

Central Highlands Water Annual Report

2023-24



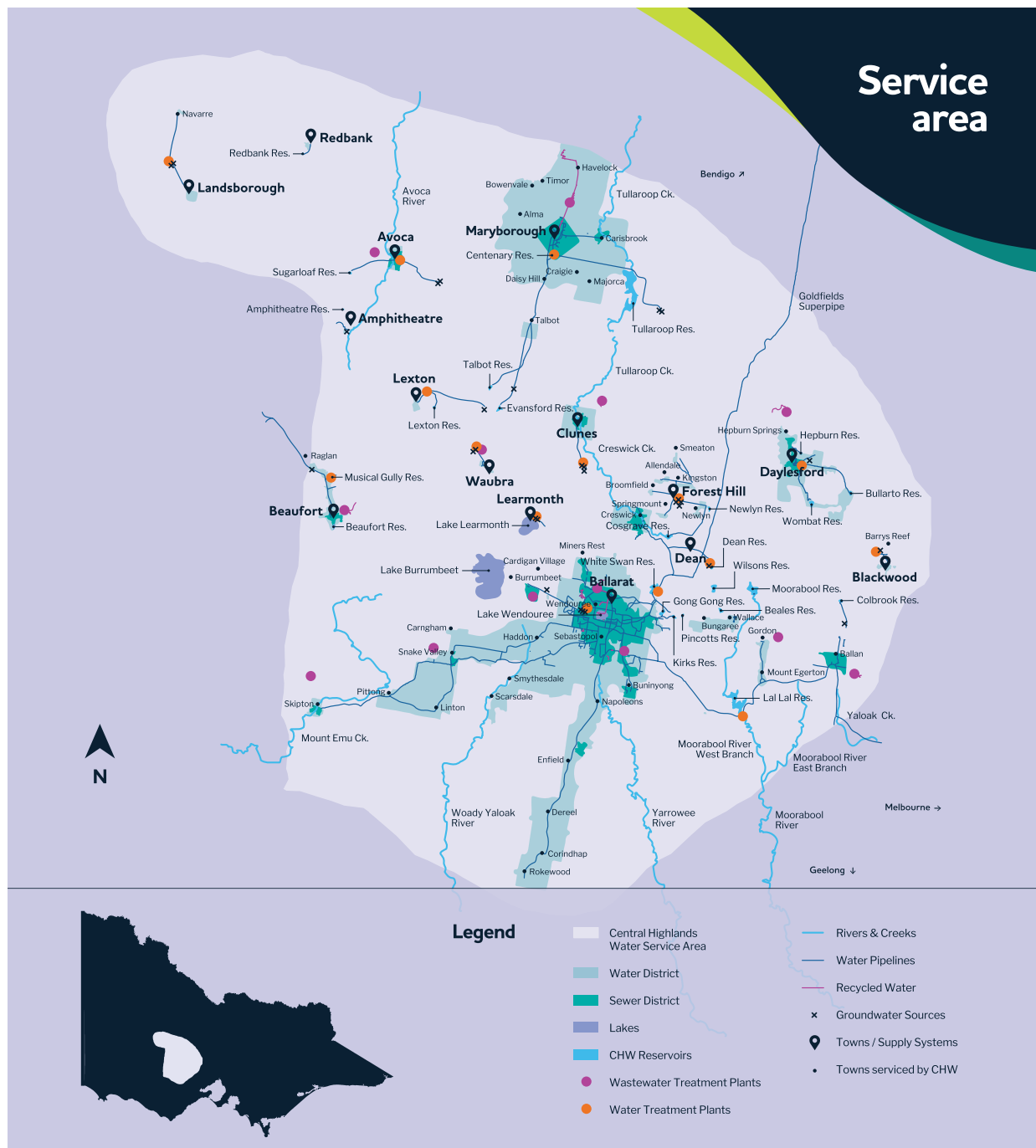
CENTRAL
HIGHLANDS
WATER

Traditional Owners Acknowledgement

We respectfully acknowledge the Traditional Owners of the region we operate within, including the Dja Dja Wurrung, Wadawurrung, Wurundjeri, Djab Wurrung, Wotjobaluk, Jaadwa, Jadawadjali, Wergaia and Jupagulk Peoples and pay our deepest respect to their Elders past and present. We acknowledge their role as custodians of land and water for thousands of years and their continuing culture, contribution and connection to Country is vital to the life of this region.

Central Highlands Water is committed to supporting Traditional Owners and local Aboriginal community groups on their journey to self-determination and the implementation of their Healthy Country Plans.

It remains our intention that our ongoing actions will deepen our partnerships with Traditional Owners and local Aboriginal community groups to better understand how we can support their desired objectives, and work together to achieve shared outcomes that enhance Country and communities.



About this report

This annual report details Central Highlands Water's operational and financial performance during 2023–24. It has been prepared in accordance with the relevant *Ministerial Reporting Directions, Financial Reporting Directions and Financial Reporting Directions FRD30D – Standard Requirements for the Publication of Annual Reports*.

The Corporation

Central Highlands Region Water Corporation is a statutory body and is one of 18 state-owned water businesses in Victoria operating under the guidance of the *Water Act 1989 (Vic)*. We operate in accordance with a Statement of Obligations issued by the Minister for Water, pursuant to the *Water Industry Act 1994 (Vic)*. Central Highlands Water's Board reports to the Minister for Water via the Department of Energy, Environment and Climate Action (DEECA). Our pricing and service standards are regulated by the Essential Services Commission (ESC), Victoria's economic regulator of prescribed essential utility services.

The Minister responsible for Central Highlands Water for the period 1 July 2023 – 30 June 2024 was the Hon. Harriet Shing MP, Minister for Water.

Responsible Body Declaration

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



Angeleen Jenkins

Chair
Central Highlands Region Water Corporation
2 October 2024

Additional copies: This annual report is available for viewing or download from Central Highlands Water's website, www.chwnet.au

To minimise our impact on the environment, we will not print hard copies of this report and encourage you to view this report online. If you require a copy of this report, please contact Central Highlands Water at:

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Year in Review

About us

Our vision

Fostering sustainable living, thriving communities and a healthy environment.

Our purpose

We care for our community and environment ensuring essential water services are safe, reliable and affordable now and in the future.

Our values

Integrity | Teamwork | Leadership | Care

Our 2040 Strategic Outcomes

- Trusted and reliable provider
- Healthy environment and caring for Country
- A valued partner in advancing our region
- Exceptional customer and community value
- Thriving, innovative workforce and culture

Central Highlands Water (referred to as CHW or the Corporation in this report) is a regional water corporation providing drinking water, sewerage, trade waste and recycled water services to customers throughout the Central Highlands region of Victoria.

Our region

We service a large geographical region of 9,275 square kilometres and manage 15 distinct water supply systems and 13 wastewater systems in the local government areas of Ballarat, Central Goldfields, Golden Plains, Hepburn, Pyrenees, Northern Grampians, Moorabool and Corangamite.

Our services

We provide water supply and sewerage services through 79,511 water supply connections and 69,559 sewerage service connections to 187,215 residents throughout the Central Highlands region.

Our core functions are:

Water supply

- collect, store, treat, transfer and distribute water
- manage and protect the water supply system
- identify current and future water needs
- develop and implement programs for the conservation and efficient use of water
- educate the public about the water supply.

Sewerage

- efficiently collect, transfer, treat and dispose of sewage
- identify current sewerage needs and plan for future needs
- develop and implement programs for the recycling and reuse of treated sewage
- investigate, promote and conduct research into the provision of sewerage services.

Trade waste

- partner with industrial and commercial customers, and the community, to provide environmentally friendly operating systems for the delivery, treatment and disposal of trade waste.

Recycled water

Provide recycled water that supports us to:

- reduce demand on our water catchments
- save a significant amount of drinking water
- reduce the amount of recycled water discharged to regional waterways
- provide a safe, alternative water source for agricultural irrigation, recreational lakes and irrigation of public parks, golf courses and sporting ovals.

We perform these functions in an environmentally sound way, recognising the need to preserve landscape, fauna and flora.



Chair and Managing Director's message

Central Highlands Water's 2023–24 Annual Report outlines both our performance target achievements, and our ongoing commitment to Customer Care, Equity, Sustainability and Reliable Services.

We continue to consider and support our growing community as we deliver essential and affordable water and wastewater services, always focusing on aligning with the Victorian government's Water for Victoria priorities.

Our *More than Water – 2040 Strategy* journey continues as we lean into our vision of fostering sustainable living, thriving communities and a healthy environment, ensuring essential water services are safe, reliable and affordable now and in the future.

Through our strategy, and this performance report for 2023–24, our Board and Central Highlands Water (CHW) team members are proud to share our progress on the following 5 priority outcomes.

Exceptional value for our customers and community

We service a population of over 187,000 customers and continue to place their needs at the centre of our decision-making.

With a commitment to continuous improvement, we listen and respond to customer needs. Our team of professionals engaged in 60,477 customer phone calls, emails and live chats over the past 12 months.

We are highly attuned to the cost-of-living impacts on many across our community and have doubled our assistance to vulnerable customers to \$2.5 million over five years.

As well as focusing on the needs of our customers today, the digital water meter roll-out program will ensure customers have better understanding and control of their water usage in the future. Upgraded digital water meters are being rolled-out over the next three years and will provide daily water usage insights, enabling households to track their usage and costs.

A trusted and reliable provider of safe and secure water

Our sights are set on future growth, liveability and resilience with significant progress made on 10 major infrastructure projects over the past 12 months.

Over 36,000 metres of water and wastewater pipes were installed across our region. These projects represent new infrastructure to prepare for future growth and proactive renewals of ageing assets.

A combined investment value of over \$51 million in 2023–24 represents our largest ever customer-funded capital program. Projects include water supply upgrades, sewer network upgrades and improvements to our treatment plant facilities.

We have provided the community with a highly reliable water and wastewater service through the operations and maintenance of our \$1.8 billion asset base, performing activities 24 hours a day, every day of the year, to support customer needs.

A valued partner in advancing our region

Our Community Water Bottle Partnership and Community Support Program are examples of how we support our region to thrive. Through the sales of our reusable water bottles we raised \$10,521 for Ballarat and District Aboriginal Co-operative, our water bottle partner, which will be used to add resources to their Elders' Village.

We also supported 17 community groups from across the Central Highlands region in the areas of environment, education, health, art and culture, sport and community engagement.

Our team continues to engage with, and educate our community, particularly around the important Choose Tap message, supporting health and hydration and reducing plastic waste.

Water literacy continued to be a focus through our role as a Ballarat Begonia Festival Community Partner and Maryborough Energy Breakthrough supporter. Water education was also delivered to over 25 schools and early education centres via in-school sessions and visits to our reservoir parks.

Our partnership continues with the Catchment Management Authorities for the benefit of our waterways, Commerce Ballarat to champion the region's business community, WaterAid to help those less fortunate and Wadawurrung Traditional Owners Aboriginal Corporation and Dja Dja Wurrung Clans Aboriginal Corporation to support their Healthy Country Plan, Healing Country Plan and Djaara Gatjin Strategy.

Collaboration also remains key in times of crisis, particularly as we prepare and respond to our changing climate. The Bayindeen Rocky Road bushfire emergency, in February, saw our Emergency Management Specialist and team work closely with the Department of Environment, Energy and Climate Action, Victoria Police, Country Fire Authority, Forest Fire Management Victoria, Parks Victoria, Emergency Recovery Victoria, Pyrenees Shire Council and local communities to preserve life, property and continuity of service.

A healthy environment and caring for Country

We've committed to our own learning, supporting self-determination and caring for Country by working with First Nations community members. This included partnering with Barwon Water to support transferring a collective total of 300 megalitres to Wadawurrung Traditional Owners for self-determined water use. This supported cultural watering of Durdidwarrah wetland, a pulse flow for the Moorabool Yaluk (River) west branch and the reintroduction of flow to a stranded section of the Moorabool Yaluk east branch.

We've commenced our second Innovate Reconciliation Action Plan (RAP) process as we continue our reconciliation journey and are also finalising the recruitment process to appoint our second Aboriginal Board Delegate. This is, consistent with Water for Victoria's policy of building capacity to increase Aboriginal participation in water management and improving participation by Traditional Owners.

We're maintaining our focus on achieving net-zero emissions, alongside 18 water corporations across Victoria, no later than 2035. Our solar arrays, located across multiple CHW sites, are one of the many innovative initiatives being utilised to achieve this outcome.

A thriving, innovative workforce and culture

Gender equality continues to be a focus as we deliver our Gender Equality Action Plan (GEAP). We developed our first Gender Impact Assessment for a major infrastructure project, Ballarat Sewer Build, resulting in lighting upgrades in the works area. We also completed our GEAP Progress Report with one key highlight being a positive shift in our gender pay gap from 14% in 2021 to 5.3% in 2023.

Supporting our team members to find the balance they need to work and thrive, both personally and professionally through flexible work arrangements, remains an important commitment for our organisation.

We are a proud and active member of Communities of Respect and Equality (CoRE) Alliance, a Women's Health Grampians initiative which champions gender equity, prevention of violence against women and who deliver the Men's Initiative, which aims to build the capacity of men in rural communities to identify and call out gender inequality, sexism and discrimination.

During Reconciliation Week we expanded the knowledge of our people. Our Organisational Development Specialist, a proud Yorta Yorta woman, delivered Cultural Awareness Training to over 80 team members. This training builds on past learning opportunities and educates our team members about Aboriginal and/or Torres Strait Islander people, their history, connection to the land, the Dreaming, Kinship, Stolen Generation, and current issues impacting on First Nation people today. The training also developed an understanding of cultural appropriateness and protocols.

As we look to the year ahead, we are excited to continue driving positive inter-generational social, environmental and economic impacts, while delivering our essential services to our valued customers and community.



Angeleen Jenkins

Angeleen Jenkins
Chair

Jeff Haydon

Jeff Haydon
Managing Director

A message of appreciation from our Board Chair

During the reporting period, our Board experienced some minor changes with the welcomed appointment of two new non-executive directors, Dianne Smith and Shu Brown. The Board also farewelled outgoing board members, Peter Le Lievre and Rachel Thomson, and we thank them for their exemplary eight years of service. I would like to thank all the Board for the energy, vision and commitment they bring to their roles. I am also thankful for the strong leadership of the Executive Leadership Team, led by Managing Director, Jeff Haydon, for driving our vision forward.

I would like to thank the Minister for Water, the Honourable Harriet Shing MP, for her ongoing guidance, strategic direction, and support. I also acknowledge the many stakeholders we have partnered with over the past 12 months to achieve positive outcomes for the region.

Finally, I would like to recognise CHW's team members, and delivery partners, who work tirelessly to deliver essential water and wastewater services and support our customers, community and the environment, in a sustainable, safe and efficient way to help our communities thrive.

At a glance



187,215
total population
served



\$1.806 B
value of infrastructure, property,
plant and equipment

\$128.1 M
current operating
revenue

224.52
full-time equivalent
employees



30
reservoirs



35
groundwater
bores



13
diversion
weirs

17
bulk water
entitlements held

47
service basins
and tanks

2,643
KM
of water
mains



17,030
ML
total water
supply volume

15
water treatment
plants



41
water pumping
stations

12,513 ML
wastewater
treated



73,397
residential water
connections

1,613
KM
sewer
mains

13
wastewater
treatment plants



69,559
wastewater
connections



6,114
non-residential
water connections

105
wastewater
pump stations

2,010
ML
effluent irrigated
to land

27
major trade
waste customers



Our urban water systems

Size, based on approximate number of water supply connections	Name of water supply system	Communities provided with water supply	Communities provided with sewerage service
Greater than 1,000 connections	Ballarat	Ballan, Ballarat and immediate suburbs, Bungaree, Buninyong, Cardigan Village, Corindhap, Creswick, Dereel, Enfield, Gordon, Haddon, Linton, Miners Rest, Mount Egerton, Napoleons, Rokewood, Scarsdale, Skipton, Smythesdale, Snake Valley, Wallace	Ballan, Ballarat and immediate suburbs, Buninyong, Cardigan Village, Creswick, Enfield, Gordon, Miners Rest, Skipton, Smythesdale, Snake Valley
	Maryborough	Alma, Bet Bet, Carisbrook, Daisy Hill, Majorca, Maryborough, Talbot	Maryborough, Carisbrook
	Daylesford	Daylesford, Hepburn	Daylesford, Hepburn
500 – 1,000 connections	Clunes	Clunes	Clunes
	Beaufort	Beaufort, Raglan*	Beaufort
	Avoca	Avoca	Avoca
	Forest Hill	Allendale, Broomfield, Newlyn, Kingston, Smeaton, Springmount	N/A
100 – 500 connections	Blackwood	Barry's Reef, Blackwood	N/A
	Lexton	Lexton	N/A
	Landsborough	Landsborough, Navarre	N/A
	Waubra	Waubra	Waubra
	Learmonth	Learmonth	Learmonth
Fewer than 100 connections	Amphitheatre	Amphitheatre*	N/A
	Redbank	Redbank*	N/A
	Dean	Dean	N/A

Note:

* Regulated (non-drinking water) supply

Summary of financial results

	2019–20 \$'000	2020–21 \$'000	2021–22 \$'000	2022–23 \$'000	2023–24 \$'000
Core business revenue	109,013	117,690	119,002	128,348	119,210
Government contributions	91	1,227	951	1,104	1,478
Other revenue	9,476	5,583	7,333	6,693	7,418
Total revenue	118,580	124,500	127,286	136,145	128,106
Operating expenditure	55,332	52,137	57,525	63,497	69,276
Depreciation expenditure	25,248	26,848	40,201	35,714	41,330
Finance costs	7,393	6,608	5,463	5,319	6,166
Other expenditure	7,957	9,674	11,896	10,292	15,563
Total expenditure	95,930	95,267	115,085	114,822	132,335
Net other economic flows ¹	n/a	1,326	(4,141)	3,626	514
Net result before tax	22,650	27,907	16,342	17,697	(4,743)
Current assets	26,289	23,557	23,912	29,578	35,557
Non-current assets	1,221,928	1,608,259	1,617,975	1,834,330	1,851,566
Total assets	1,248,217	1,631,816	1,641,887	1,863,908	1,887,123
Current liabilities	36,291	42,722	38,269	44,170	51,526
Non-current liabilities	234,159	335,053	338,560	409,130	428,510
Total liabilities	270,450	377,775	376,829	453,300	480,036
Net cash flows from operations	36,090	37,478	35,206	34,948	25,713
Payments for property, plant and equipment (including infrastructure)	27,393	22,061	27,983	36,856	49,929

1. Noting a disclosure change in the Comprehensive Operating Statement applicable from 30 June 2022 reporting periods onwards with applicable values identified and now disclosed as "Other economic flows included in net result". Only the 2020–21 and 2021–22 results have been updated to reflect the disclosure changes for comparative purposes. Further information is provided within Part 7 Financial Report.

Explanation for the summary of financial results

The annual financial performance of CHW was significantly impacted by one overarching factor, being the notable decline in developer growth during the 2023–24 year. As a result, contributions from developers, in the form of both gifted assets and cash contributions for new connections, has decreased by \$19.6 million, or 64%, on the prior year, decreasing from \$30.6 million to \$11.0 million.

This has a direct impact on CHW's end of year result, posting a net loss after tax of \$3.3 million. CHW's financial position for 2023–24 also reflects the broader economic conditions across state, nationally and globally, noting high interest rates, high inflation rates and increasing costs on materials and services. However, CHW maintains a healthy financial sustainability position as indicated by continuing to retain its "A+" proxy credit rating, based on its sound long term financial ratios, and remains committed to delivering customers exceptional value by investing over \$51 million on capital projects. Projects delivered ensure we can continue to provide water and wastewater services for future generations, enhance our climate change resilience and support liveable and sustainable communities, with CHW's asset value increasing to \$1.9 billion.

Financial management compliance attestation statement

I, Angeleen Jenkins, on behalf of the Board, certify that the Central Highlands Region Water Corporation has no Material Compliance Deficiency with respect to the applicable Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994* and Instructions.



Angeleen Jenkins
Chair
Central Highlands Region Water Corporation

2 October 2024

Strategic framework



OUR 2040 STRATEGY

OUR VISION Fostering sustainable living, thriving communities and a healthy environment.

OUR PURPOSE We care for our community and environment, ensuring essential water services are safe, reliable and affordable now and in the future.

- OUR VALUES**
- Integrity
 - Teamwork
 - Leadership
 - Care

OUR 2040 STRATEGIC OUTCOMES



- OUR STRATEGIC ACTION AREAS**
- Shape growth, drive resilience and water security
 - Engage community partner
 - Build strategic capabilities
 - Proactively embrace technology and innovation
 - Rapidly reduce our environmental impact
 - Explore strategically aligned growth opportunities



Our vision is our desired long-term, aspirational goal.



Our purpose statement summarises our role.



Our values

Performance against objectives

Trusted and reliable provider

Key: ✓ Achieved ● In progress

Key Project / Initiative	Overview	Status
Wastewater future planning	Ballarat Sewer Build works continued in Ballarat South with over half of Stage 2 (South) pipe installed and planning underway for Stage 3 in Ballarat East.	●
Supporting water supply continuity in severe weather conditions	Extreme frost conditions drove a cross-team approach to educate customers around how to protect their water meter, and how to respond if their meter froze. Our teams coordinated an effective and efficient response to assist customers who were impacted by multiple cold snaps.	✓
Reducing water loss	Through our collaboration with WaterSmart, we've supported our customers, including schools and businesses to detect leaks and save water. Water use monitoring and audits helped organisations to understand their water use, identify options and make informed decisions around efficient water use. Those who reduce their water use are not only more sustainable but have lower water bills. If hot water use is also reduced, they also use less energy leading to lower energy bills and reduced greenhouse gas emissions.	✓

Case study

Earlier in 2024, we reached our 1000th Snap Send Solve report, adding further efficiencies in the provision of reliable services to the communities we serve.

This partnership highlights our commitment to identifying viable and innovative solutions, in collaboration with community members and stakeholders, to optimise our networks and safeguard water resources.

At the end of 2023–24, our growing maturity as a Snap Send Solve partner saw us reach a 90% solve rate, and a 4.45/5 star rating for speed, a testament to the power of community collaboration to achieve positive outcomes.



Healthy environment and caring for Country

Key: ✓ Achieved ● In progress

Key Project / Initiative	Overview	Status
Improving environmental health for our community	We displayed our commitment to environmental protection, joining forces with the Environment Protection Authority Victoria (EPA), City of Ballarat, Leigh Catchment Group, Diona, Friends of the Yarrowee River and Landcare Victoria as part of the EPA's Clean Up Australia Day action.	✓
Achieving net-zero carbon emissions no later than 2035	We continue to meet our greenhouse gas emission targets through generation and sourcing of renewable energy and 35% of our total electricity use was from renewable sources. We generated 3,375 MWh of renewable energy in 2023–24, the equivalent of around 500 Victorian homes. Five large-scale solar installations continue to provide 18% of the energy needs at four of our water and wastewater plants.	✓
Continuing our Reconciliation journey	We completed our Innovate Reconciliation Action Plan, reaffirming our commitment to reconciliation and our ongoing focus on caring for water and Country.	✓

Case study

We've undertaken partnership-based work with Traditional Owners to deliver water release trials, supporting self-determined use and broader First Nations strategic water objectives. We partnered with Wadawurrung Traditional Owners, and Barwon Water, to deliver water releases along the Moorabool Yaluk (River). We also participated in the Moorabool Working Group which aims to return a total of 3,700 megalitres to the Moorabool Yaluk to be shared between the environment and Wadawurrung.

To the north of the great divide, in the Loddon River system, we supported Djaara to undertake a cultural water flow trial along Birches Creek. This included transferring temporary water to Djaara for their self-determined use, which provided water for habitat, food sources, streamside gum trees and various aquatic species. We also participated in the Wanggal Group, which brings together water industry partners to support the implementation of Djaara's Gatjin (Water) Strategy.

Valued partner in advancing our region

Key: ✓ Achieved ● In progress

Key Project / Initiative	Overview	Status
Supporting environmental and sustainability benefits	The \$3 million Beaufort Reuse for Recreation project will provide environmental and sustainable benefits through the reuse of the Beaufort community's wastewater within the urban setting, by irrigating the surfaces of the primary and secondary school oval, golf course, croquet court and the recreation reserve.	●
Collaborating for biodiversity benefits	Caring for Country and enhancing biodiversity along a landmark waterway, the Yarrowee River is central to the joint Yarrowee River Rehabilitation Project, delivered in partnership with the City of Ballarat and Wadawurrung Traditional Owners Aboriginal Corporation. Remediation and structural works to secure the banks, and actions to minimise erosion and invasive weeds were completed, along with revegetation of the space, using carefully selected native and region-appropriate plantings to enhance the environmental values of the river.	✓
Driving accessibility outcomes	Community recreation users will benefit from the construction of newly completed accessible toilet facilities at Bullarto Reservoir, a popular destination for fishing, picnics, hiking and cycling. These upgrades will improve visitor enjoyment, enhancing visitor experience while they explore and enjoy the beautiful reservoir surrounds.	✓

Case study

Following completion of the Ballarat Sewer Build works alongside the Yarrowee River, we welcomed over 100 enthusiastic locals to a Community Planting Day.

Together with members of Rotary, Friends of the Yarrowee, Mount Pleasant History Group, Friends of Canadian Corridor and Ballarat Treeworks, as well as Scouts, residents, families, children, and plenty of puppies, our team planted 2,200 shrubs and trees to revegetate the area.



Exceptional customer and community value

Key: ✓ Achieved ● In progress

Key Project / Initiative	Overview	Status
Supporting leak identification, billing process and network efficiency	We have commenced delivering more than 75,000 digital water meters over the next 3 years, revolutionising the way we work and delivering benefits to our customers and the environment, at no additional cost to customers.	●
Supporting those in need	We provided a range of concessions and grants for customers and have financial assistance programs that provide tailored options to customers who are having difficulty paying their water bill. We have doubled our support for vulnerable customers to \$2.5 million over 5 years.	✓
Protecting water quality	We maintain and clean mains throughout the entire Central Highlands region. This is completed twice each year for communities in Blackwood and Barrys Reef. We work closely with residents through this process and this year engaged with them further to seek their feedback on the process, and the communication they receive when works are undertaken. Through this we were able to continue to improve our process and customer service.	✓

Case study

Our collective focus on customer satisfaction and delivering value for money were reaffirmed in our 2023–24 Customer Service Benchmarking Australia quality assurance results.

We maintained our 4th place ranking in the Utilities and Water sector category and improved by two places in the overall ranking, now sitting at 12 out of 244 other organisations throughout Australia and New Zealand.



Thriving and innovative workforce

Key: ✓ Achieved ● In progress

Key Project / Initiative	Overview	Status
Striving for gender equality	We completed our Gender Equality Action Plan (GEAP) progress report, which included an increase in women being promoted and women in leadership, a heightened focus on opportunities for women in Science, Technology, Engineering and Mathematics (STEM) and the completion of 33% of identified actions. We continue to progress the remaining commitments detailed in this four-year plan.	✓
Focused on ongoing improvement	We were thrilled to be named as a finalist in three categories at the Australian Water Association Victoria 2023 Awards including Organisation Excellence Award, Infrastructure Project Innovation Award and in an example of the commitment and passion of our people, Water Professional of the Year Award.	✓
Championing change and the elimination of gender-based violence	We continue to raise awareness of the issue of gendered violence, educating our team members. A total of 94% of our workforce completed prevention of sexual harassment training, equating to 633 hours. We hosted a presentation from WRISC Family Violence Support and commenced participation in the Women's Health Grampians Men's Initiative which enhances men's capacity to support the elimination of gendered based violence, by challenging stereotypes in our community.	●

Case study

We currently have seven trainees working across both operational and business focused areas. Over the past 12 months, we implemented our first internal team member traineeship in our trade waste area, to increase skills development opportunities with existing employees. We have also partnered with an Aboriginal and Torres Strait Islander staffing solutions provider to offer a First Nations traineeship, continued to build knowledge and training competency in our female trainees located in operational areas, and implemented a Trainee Development Program (TDP).

The TDP is designed to enhance the trainee experience by building their leadership skills, business engagement, and opportunities to collaborate with senior team members. This program has seen our trainees exposed to major capital projects, receive career advice from the VicWater leadership team, tour major reservoirs, and participate in the 2024 WaterAid Winnovators program.



Our major infrastructure investments

With a combined value of over \$51 million, our Capital Works Program represents our largest ever customer-funded capital program.

We achieved our Capital Works Program expenditure target, and remain well established to deliver on the capital works committed in our 2023–2028 Pricing Plan.

Our investment, and construction, across the Central Highlands region, has been strategically allocated, to prepare for growth, and our changing climate.

Project name	Expenditure 2023–24	Description
Ballarat Sewer Flow Containment Project (Ballarat Sewer Build – Stage 2)	\$8.2m	Works on the \$25 million Ballarat Sewer Build continued, with Stage 2 construction progressing well. The 100-year-old sewer network is being upgraded to service the Ballarat community for future generations. Since the original sewer pipe was constructed, Ballarat's population has grown from 22,000 to over 115,000. This project prepares for the predicted population growth of Ballarat to over 160,000 residents by 2040.
Daylesford Water Supply Pipeline Project	\$10.6m	Works continued on the Daylesford Water Supply Pipeline Project, where we are preparing the region for future impacts of climate change. The new infrastructure will create the ability to deliver more than 300 million additional litres of supplementary raw water per annum for the community. This will be achieved via a 17 km pipeline, spanning from the Goldfields Super Pipeline in Blampied to Daylesford, which is 80% complete. Planning and delivery has also commenced to upgrade the Daylesford WTP.
Digital Water Metering	\$4.3m	Our Digital Water Metering project is in the final stages of its initial deployment with testing and acceptance underway, reviewing compliance with requirements and specifications.
Beaufort Reuse for Recreation Project	\$1.7m	Works continued on the Beaufort Reuse for Recreation project, a \$3 million investment that will transfer approximately 100 megalitres of recycled water per year, via a 3 km pipeline, to irrigate community playing surfaces. This reuse will enhance the Goldfields Recreation Reserve, Beaufort Primary and Secondary Schools, Golf Club and Croquet Club, benefiting recreational users.
Ballarat Southern Trunk Sewer Project	\$2.0m	We are investing in the future Ballarat West Growth Area through the \$3 million Ballarat Southern Trunk Sewer Project, located in Smythes Creek. Construction of a 1.78 km trunk sewer pipeline, around Pinnacle and Cherryside Estate, supports ongoing land development and the growth of the Ballarat community.
Ballarat North Trunk Sewer Project	\$1.9m	Ballarat's Northern Growth Area in Mount Rowan plans for 6,000 houses and 15,000 residents. We have invested \$3 million to support our wastewater infrastructure in preparation for this growth in demand, constructing a 1 km gravity sewer pipeline.
Yarrowee River Rehabilitation Project	Co-funding from City of Ballarat for works in 2022–23 offset CHW's 2023–24 investment	In partnership with the City of Ballarat, Corangamite Catchment Management Authority and Wadawurrung Traditional Owners we invested \$800,000 to stabilise Yarrowee River's riverbed and banks. These works reduce the potential for significant future erosion, re-establishing the river environment. Works included removing invasive trees and weeds, and the replanting of appropriate native vegetation.
Avoca Wastewater Treatment Plant Upgrades Project	\$1.3m	We upgraded our Avoca Wastewater Treatment Plant to expand its processing capacity, to meet the future needs of the region.
Cardigan Pipeline Project	\$3.9m	We invested \$3.9 million in the Cardigan Sewer Pipeline Project to provide secure long-term sustainability and management of wastewater, supporting the region's current and future growth. This project will provide the ability to transport wastewater from Cardigan wastewater treatment plant, via the existing sewer network, to the Ballarat South Treatment Plant. This development will enable us to service future development west of Ballarat.
Water and Sewer Main Renewals	\$4.7m	We renewed more than 8.5 km of water and sewer mains, as part of our ongoing Water and Sewer Renewal Program. These mains service water supply and wastewater connections throughout our region.

Our priorities

In partnership with our *More than Water – 2040 Strategy*, we deliver our services in alignment with both the Minister's Letter of Expectations and the United Nations' Sustainable Development Goals.

Minister's Letter of Expectations

1. Climate change and energy
2. Customer, community and engagement
3. Recognise Aboriginal values
4. Recognise recreational values
5. Resilient and liveable cities and towns
6. Leadership, diversity and culture
7. Performance and financial sustainability



Climate change and energy

We recognise climate change as an ongoing strategic and environmental risk to our operations. We continue to prioritise our response through a combination of adaption and mitigation initiatives to limit threats, reduce our energy consumption and increase our agility.

Emissions reduction

We remain committed to the Emission Reduction Target supporting the whole of Victorian Government emissions reduction pledge.

To reduce emissions as quickly as possible, we have committed to achieving net-zero emissions no later than 2035 and to sourcing 100% of electricity from renewable sources by 2025 for CHW owned and operated assets (Scope 1 & 2).

We remain a partner in the Zero Emissions Water (ZEW) Power Purchase Agreement (PPA) as a means of acquiring Renewable Energy Certificates (RECs) and further reducing emissions.

This is reported on in Part 5: Environmental and Social Sustainability (see page 61).

Electricity consumption

This is reported on in Part 5: Environmental and Social Sustainability (see page 63).

Adaptation to climate change and variability

We recognise that climate change presents current and future risks to water and wastewater service delivery for customers and the community. Accordingly, we are planning and delivering effective adaptation responses to a changing climate.

This is reported on in Part 5: Environmental and Social Sustainability (see page 61).

Customer, community and engagement

Customer satisfaction

This is reported on in Part 6: Performance Report (see page 71).

Water bills (urban)

Indicator	2023–24
Residential bill – owner occupier (\$ real 2023–24)	
The actual bill for an owner-occupier with typical (average) water use in real 2023–24 dollars	1,291.41
Percentage change from prior year	-0.5%
Residential bill – tenant (\$ real 2023–24)	
The actual bill for a tenant with typical (average) water use in real 2023–24 dollars	323.28
Percentage change from prior year	2.7%
Typical (average) water use (kL) assumed in owner-occupier and tenant bill calculations	147.03
Non-residential bill – business (\$ real 2023–24)	
The annual bill for a business using 3 ML per annum in real 2023–24 dollars	7,564.23
Percentage change from prior year	-1.5%

Customer and community engagement

In line with a commitment to meaningful engagement with customers, community and stakeholders, we continued to use the International Association of Public Participation (IAP2) framework in consultation programs with local communities.

We completed the following activities and initiatives, which also align with our Pricing Submission outcomes, including Customer Care, Equity, Sustainability and Reliable Services.

Community partnerships and support

Major events	Ballarat Begonia Festival: Alongside our major stakeholder, City of Ballarat, we engaged with over 60,000 visitors about our key themes of digital metering, water efficiency, sustainability and water quality. Ballarat Business Awards (Trade Business Award): In partnership with Commerce Ballarat, we acknowledged business and trade stakeholders. Maryborough Energy Breakthrough: We supported our second largest service region, by sponsoring this significant economic and educational state-wide event.
Ballarat & District Aboriginal Cooperative (BADAC) <i>Community Water Bottle Partner</i>	We raised \$10,561, through the sale of reusable stainless-steel water bottles, supporting BADAC's Elders' Village resources.
Community Engagement Panel	We hosted meetings in September 2023 and March 2024 online and in person, engaging with members about our 2023 Price Submission (PR23) commitments and improving the readability of customer bills.
Community Support Program	We financially supported over 20 regional community non-profit events and services through our biannual program in the areas of education, environment, art and culture, charity and welfare, health, and sport.
Waterwatch Victoria Corangamite Catchment Management Authority (CCMA)	We continued our CCMA partnership, spanning over 30 years, to support education and monitoring of healthy waterways within our catchment area. Through this we were able to increase education opportunities, awareness and training through teacher professional development sessions and school incursions/excursions.
Multi-agency incident response	We enacted our Bushfire Incident Support Plan, and established an Incident Management Team, in response to the Bayindeen Rock Road Bushfire. We supported water-supply specific customer education and communication, taking instruction from lead-agencies, to deliver concise and accurate information. We also supported those displaced by evacuation orders with drinking water and reusable water bottles. We attended community events, alongside other agencies, throughout the incident to provide information and support as needed and facilitated communication with impacted customers throughout the recovery process.
Community Housing Plumbing Retrofits	We completed works to assist with reducing water use and costs to the occupants at: • The Southerners • Carry On Victoria • Victory Community Equity Rental Housing Co-operative (CERC) Works included, but were not limited to, upgrading taps, toilets and hot water services at each facility. In total, 61 properties have been audited with works completed on 46 properties by 30 June 2024.

Major capital delivery projects engagement

All major project campaigns include digital and social media communication, as well as media relations.

Ballarat Sewer Build	We have progressed Stage 2 of Ballarat Sewer Build, liaising with stakeholders and growing project awareness. We hosted a community planting day, reinstated an Avenue of Honour, liaised with local history groups about artefacts found and supported residents and businesses in the works area. Project planning, communication and engagement is also underway in the Stage 3 project area.
Daylesford Water Supply Pipeline Project	We continued to share information about this significant program, which will support future growth and climate resilience. We liaised with residents and stakeholders and also conducted several community presentations and engagement sessions involving local groups, including Rotary and Probus Clubs.
Ballarat North Trunk Sewer	We engaged landowners located in the works area, providing important updates on the development, which focused on expansion of assets for future land use and growth within this area.
Ballarat Southern Trunk Sewer	We delivered a community awareness campaign, for this significant City of Ballarat supported project, focused on servicing the city's projected population of over 160,000 by 2040.
Yarrowee River Rehabilitation	We undertook engagement and storytelling to share this project, delivered via a valued partnership between us, City of Ballarat and CCMA to complete restoration work along the Yarrowee River.
Beaufort Reuse for Recreation	We continued close consultation and engagement with Pyrenees Shire Council, the local primary and secondary schools, recreational reserve committees, golf club and croquet club about this project. Community events and regular communication were also delivered. Once complete this project will deliver positive community wellbeing outcomes for the Beaufort community while adapting to climate change impacts using recycled water on local recreational green spaces.
Digital Water Metering	We drove customer communications and engagement to support the installation of our first digital meters in November 2023 in Forest Hill, Clunes and Lake Gardens. This included customer mailouts, promotional opportunities at the Ballarat Begonia Festival and regular website updates, including FAQs, to keep customers informed about the project.

Choose Tap awareness program

We continue to promote the Choose Tap program throughout our region, increasing access to drinking water by installing more water fountains at public spaces and schools. Our ongoing stakeholder agreements has seen us install new fountains across six local shires and councils.

Drinking water fountains	We installed nine drinking water fountains across schools, sporting clubs and community spaces.
Hydration station	We provided drinking water and reduced single-use plastic waste at 14 major public events.
Choose Tap ambassadors	We partnered with six well known identities and clubs, with strong ties to our community, to amplify our health and hydration message.



Education and water literacy

School and early learning centre incursions/excursions	We engaged with students from 26 schools and early education centres on campus and at our reservoir parks.
Water and Native Animals art competition at Ballarat Begonia Festival	We welcomed participation by 24 schools and community groups at our annual art and education focused competition.
National Water Week	We engaged with school children about water via the National Water Week poster competition with the theme 'United by Water' receiving 90 student entries from seven schools across our service region.
Education e-newsletter	We developed and distributed four Education newsletters which were delivered to 153 educators with a 38.5% average open rate.
School Water Efficiency Program (SWEP)	Our SWEP partnership involvement grew to 47 schools within our region, saving approximately 33.5 million litres of water, at an estimated avoided cost of \$117,000.
Careers in STEM	We participated in the Ballarat Seed2STEM program launch, including having a CHW representative on the panel. We also hosted 40 students and staff at White Swan Reservoir in March.
Parks and reservoirs	The community enjoyed our recreational assets which provided visitors with a range of experiences, including weddings, celebrations, water education activities, public performances as well as being an important wellbeing and social space. Over the past 12 months, 118 official events were hosted at our parks.

Social sustainability reporting

We maintained our focus on delivering positive customer outcomes via three core programs – assistance and support, community rebates, and the promotion of Permanent Water Saving Rules throughout the region.

These core programs are delivered by our Customer Assistance team, who facilitate the following:

- access to State Government concessions
- access to the Department of Families, Fairness and Housing (DFFH) Utility Relief Grant Scheme
- access to the Community Rebate Program provided in partnership with DEECA, supporting our vulnerable customers
- access to the Community Housing Retrofit Program provided in partnership with DEECA, supporting not-for-profit housing providers
- referrals to no-cost financial counselling services and other local agencies
- a range of payment options including Centrepay and flexible payment arrangements
- access to community information sessions providing information on payment options, how to read a water meter, how to identify leaks, concessions and other assistance available.

We remain a proactive member of the Network Coordination Group, who seek to collaboratively work together to address issues affecting the community's most vulnerable members. This includes the production and promotion of the Pocket Full of Help.

Refer Part 5: Environmental and Social Sustainability (see page 67).



Recognise Aboriginal values

Supporting Aboriginal self-determination

Number of formal partnership agreements with Aboriginal Community Controlled Organisations for water planning and management	0
Number of formal partnerships agreements with Traditional Owners/Traditional Owner Groups for water planning and management	2

Our partnership work included:

- The transfer of CHW water allocation in the Bullarook system to Dja Dja Wurrung for a self-determined water release along Birches Creek, and funding to support Elder involvement in developing the watering plan.
- Partnering with Wadawurrung and Barwon Water to deliver water releases along the Moorabool Yaluk (River) for self-determined use, which included the transfer of water allocation and in-kind support to navigate legal and operational issues.

Significant advancements were also made towards establishing more formal partnership agreements during the past year. This work involved:

- Membership in the Wanggal Group which is a multi-water agency partnership that develops and delivers the Gatjin (Water) Strategy, Annual Implementation Plan for Dja Dja Wurrung. This has established a framework which proposes Water Agency Partnership Agreements/Arrangements and a setting which is embedding water agency collaboration with the Dja Dja Wurrung.
- Strengthening relationships and collaborating more frequently with Wadawurrung to understand desired water objectives, and support delivery of self-determined outcomes. Our participation in the Moorabool Working Group is supporting the return of 3,700 megalitres of water to the Moorabool Yaluk for both the environment and the Wadawurrung. Discussions between Wadawurrung and CHW have also commenced to establish a formal partnership agreement.
- Our water planning and management partnership has involved Traditional Owner groups, therefore limiting scope for partnerships with Aboriginal Community Controlled Organisations (ACCOs). Tenders are publicly advertised and, where a potentially aligned Aboriginal Enterprises exists, invitations are sent to them directly, through Tenderlink.
- Kinaway and Victorian Aboriginal Business directory/search engines are also available under our procurement framework to identify potential businesses.

Number of tender requests	1
Number of tender requests received from Aboriginal Enterprises	1
Total number of tender requests accepted from Aboriginal Enterprises	0

We actively seek to provide procurement opportunities to Aboriginal Enterprises to supply goods and services to water corporations as part of our overarching Procurement Strategy.

Partnership with Traditional Owners

Refer AC1 for details relating to the nature of formal partnership agreements entered into with Traditional Owner groups for planning and management.

Reconciliation Action Plan

Refer Leadership, Diversity and Culture (see page 28).

Recognise recreational values

Recreational values

Number of site-based projects planned/delivered to improve recreational enjoyment of water storages	3 planned and 1 delivered
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Bullarto Reservoir is a popular destination for fishing, picnics, hiking and cycling. The newly commissioned Bullarto Reservoir accessible toilet facility will improve visitor enjoyment, enhancing visitor experience while they explore and enjoy the beautiful reservoir surrounds.

Number of water storage recreational areas with Recreational Area Management Plans in place	3
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We continued to engage with key users and stakeholders about recreational opportunities. This included direct engagement with users, to develop our masterplan for recreational facilities, including:

- fishing clubs
- naturalists
- local government
- Traditional Owners
- schools
- disability service providers.

We also conducted surveys with these groups to help gather their input as part of this process. Our current planning work draws on this engagement and masterplan.

Evidence relating to our provision of information to support users to plan their activities can be found at: chw.net.au/community/reservoirs,-parks-and-gardens

We continue to collaborate with other organisations and government agencies to explore and progress opportunities to support recreational objectives. These included a Memorandum of Understanding (MOU) with North Central Catchment Management Authority (NCCMA) and CCMA, partnering with Victorian Fisheries Authority to support Moorabool Reservoir fish stocks for recreational fishing benefits, and participating in DEECA's State Recreation Working Group.

We also collaborated with the Melbourne Water Grow West Program to run a community planting day at the Ballan WWTP, planting 5,000 seedlings in the Werribee River Catchment.

Resilient and liveable cities and towns

Integrated Water Management (IWM)

The Central Highlands Region Integrated Water Management Forum consists of partner organisations who play a role in water management within our region. The forum's vision is: working together to leverage opportunities across the water cycle to deliver a healthy, resilient and prosperous future for the region and its communities.

We supported the forum and the delivery of key actions within the Central Highlands region through the 2022 Central Highlands Strategic Directions Statement by:

- commencing a project to prepare an Integrated Water Management Plan for Ballan, in partnership with Melbourne Water and Moorabool Shire Council
- completing construction, and entering the testing phase, of the new Beaufort Closed Loop Recycled Water Scheme, to provide a recycled water supply for community recreation facilities in Beaufort
- completing detailed design for the Ballarat North Water Reclamation Plant upgrade, to provide additional recycled water to community recreation facilities in partnership with the City of Ballarat
- completing a feasibility study for a roof water harvesting and managed aquifer recharge scheme in a new development area in Ballarat's West, in partnership with a local developer and the Victorian Government
- supporting the Pyrenees Shire Council's master planning of the Garibaldi Creek corridor to promote recreational and environmental values in Beaufort
- developing a plan to identify regional priorities and guide integrated water management planning and projects in the future
- continuing to foster relationships and promote integrated water management through a regional IWM officer role, in partnership with the Victorian Government and the City of Ballarat.

Water Efficiency

Key achievements include:

- participation in the WaterSmart Program with our largest non-residential customers. The program consists of data logging and audits to ensure customers are aware of any possible leaks or losses of water from their infrastructure. If leaks are identified the customer can repair the issue and therefore save money and improve their water efficiency. We assisted 12 water users with data loggers, and one customer with an audit. Two customers identified and repaired leaks
- continued participation in the State Government Schools' Water Efficiency Program (SWEP) across 47 schools within our region, saving approximately 33.5 million litres of water, at an estimated avoided cost of \$117,000
- continued collaboration with The Water Conservancy and Smart Water Advice website, incorporating initiatives on our website and ongoing promotion through our quarterly education newsletter
- maintained website links to 'Target Your Water Use' information
- continued to promote Permanent Water Savings Rules throughout the Central Highlands region.

Community programs

Program	Number of customers
Community Rebate Program	274
Community Housing Retrofit Program	61

Water consumption report

Refer Part 4: Water (see page 54)

Drought preparedness

Refer Part 4: Water (see page 57)

Major non-residential water users

Refer Part 4: Water (see page 54)

Corporate water

Refer Part 4: Water (see page 54)

Circular economy

We implemented a Resource Recovery and Waste Reduction Plan that aims to achieve zero waste to landfill from operations by 2050.

Key elements included:

- an ongoing program for beneficial reuse of all biosolids generated at wastewater treatment plants for productive agricultural use
- sorting waste generated from office-based activities into co-mingled recyclables and cardboard and paper recyclables
- introduction of a composting machine at our head office to divert food waste away from landfill
- mulching pine plantation clear-fell wood residue, which was previously burnt, into the soil to retain carbon onsite, wherever practicable
- utilising office paper that is carbon-neutral in its origin and is certified by the Australian Forestry Standard, endorsed by Programme for the Endorsement of Forest Certification (PEFC) and meets ISO: 14001 standard requirements
- considered printing through the use of printers with individual user identification, plus inclusion of time-out functionality
- a procurement policy committed to sustainable business practices, including a new waste contract tender that has a stronger focus on environmental requirements, including circular economy initiatives
- we have signed a MOU with the City of Ballarat, to participate in an Expression of Interest process to seek circular economy focused solutions for waste material streams in the region, with consideration of available land in the Ballarat West Employment Zone for any associated facilities. This process commenced in 2023 and has continued through the 2023–24 period.

Biosolid mass reuse is reported in in Part 5:

Environmental and Social Sustainability within Table 12: Waste and Recycling (see page 66).

Environment Statutory Obligations

We operate 13 wastewater treatment plants. Two of these have day-to-day discharge to environment provisions in their operating licences and five are located in special water supply catchment areas.

All plants located in special water catchment areas operate as zero discharge plants with, under normal circumstances, all water reused beneficially locally. To enhance protection of zero discharge to environment systems, we have implemented recycled water management upgrades including:

- Maryborough WWTP recycled water irrigation improvements
- Avoca WWTP additional recycled water irrigation capacity
- Avoca WWTP additional brine storage and evaporation capacity
- Cardigan WWTP excess effluent transfer pipeline
- Cardigan WWTP irrigation infrastructure improvement (pivot irrigator installation)
- Ballan WWTP irrigation capacity increase (additional irrigation area)
- Gordon WWTP irrigation capacity increase (additional irrigation area)
- Beaufort WWTP additional water recycling to golf course and community facilities (commissioning).

Due to wet weather, we experienced discharges to the environment at the Clunes, Maryborough and Avoca WWTPs. These were notified to EPA and stakeholders. All other WWTPs complied with operating licences and discharge conditions.



Catchment Management Authority (CMA) Regional Catchment Strategy

We supported the Victorian Government Our Catchments, Our Communities strategy through Catchment Partnership Agreements with the CCMA and NCCMA, supported by a MOU with each.

The MOUs strengthen our collaborative relationships, promoting cooperation and joint action to maintain and improve catchment health. They focus on the following strategic areas of common interest including:

- integrated catchment management
- integrated water management planning
- building climate resilience
- environmental water entitlements
- improving water quality
- communications and engagement with the community and other regional stakeholders.

Natural resource management data sharing actions we have undertaken that specifically support the CMAs Regional Catchment Strategy include:

- contributing to the development of annual work plans
- collaborating on data sharing with partner agencies
- continuing development of an environmental asset database for use in a Geographic Information System supporting mobile field staff and long-term planning for operational and capital investment
- continuing to implement actions to reduce risks to water quality in our declared water supply catchments.



Victorian Waterway Management Strategy and River Health Projects

We contribute to the delivery of the Victorian Waterway Management Strategy through partnerships with catchment managers. Programs and projects in development or delivery under the Corangamite and North Central CMA Regional Waterway Strategies include the Integrated Catchment Management Plan (ICMP) for the Tullaroop catchment (and actions under this plan).

Based on an understanding of the benefits and costs of actions, and delivered in a partnership with Traditional Owners, the Djaara people, represented by Dja Dja Wurrung Clans Aboriginal Corporation, North Central CMA, Goulburn Murray Water and other partners, this ICMP will see considerable investment from various parties, including the Victorian Government and CHW, with action to improve environmental, social, economic and cultural values in the Tullaroop catchment and waters.

We are also delivering our Healthy Waterway Strategy Action Plan, complementing our 2021 Healthy Waterway Strategy, to address gaps in controls and opportunities for waterway improvement and progressing the development of metrics for the assessment of health of Country that CHW has responsibilities for or impacts on, including waterways, air and land.

Key actions include:

- active participation in the Tullaroop Integrated Catchment Plan
- Yarrowee Master Plan reengagement with the City of Ballarat and DEECA
- willow removal, bank stabilisation and riparian plantings on the Yarrowee River downstream of Whitehorse Road
- continued riparian weed control across the catchment to protect and enhance streamside vegetation
- engagement in the Lake Burrumbeet masterplan process
- collaboration with Wadawurrung, Barwon Water and DEECA providing for the release of water back to Wadawurrung Country as a self-determined use.
- ongoing implementation of Aboriginal Waterways Assessment (AWA) on CHW managed land
- support of Waterwatch program in the Corangamite CMA region.

Biodiversity 2037 Strategy

We actively support the delivery of the Victorian Government's Biodiversity 2037 Strategy. In 2023–24, actions that supported this strategy included:

- planting native trees, shrubs and grasses for native revegetation along waterways, decommissioned forestry coupes and selected spaces at wastewater treatment plants, including a community planting day, supported by Melbourne Water, at the Ballan WWTP and revegetation of a waterway through the Gordon WWTP which will play a part in reconnecting remnant vegetation pockets in the area
- implementing the CHW Biodiversity Strategy and associated Action Plan, including:
 - fauna camera monitoring
 - ongoing flora surveys around CHW catchments and controlled areas
 - continued management of 13 biodiversity offset sites, with biodiversity enhancement engaging with the Dja Dja Wurrung Traditional Owners at the Daylesford WWTP
 - threatened flora species management at the Moorabool Reservoir
 - blackberry removal and rabbit control at target catchment locations to enable native flora and fauna to compete and reestablish themselves.

Planning referrals (Environmental Reference Standard)

We assessed planning permit applications for developments in potable water supply catchments for compliance against the Code of Practice for Onsite Wastewater Management 891.4 and other relevant standards and guidelines.

We continue to use our powers, as a referral authority, to set conditions related to the installation and maintenance of septic tanks and effluent disposal systems. We work with municipalities in the ongoing implementation of Domestic Water Management Plans, working with the City of Ballarat, Moorabool, Pyrenees and Hepburn Shire Councils to monitor the implementation of municipal Domestic Wastewater Management Plans. This has resulted in the processing of 75 planning applications within potable water supply catchments.

Sustainable Water Use

Water Recycling

We continued to recycle water across the 13 wastewater systems we operate for a range of uses, including:

- delivery of recreational and environmental water to Lake Wendouree
- provision of recycled water for sporting facilities and open public spaces across the region, including to the Snake Valley Golf Club and to the Maryborough Golf Club
- agricultural irrigation across the region, for fodder production
- process industrial water at the Ballarat South and Ballarat North Wastewater Treatment Plants.

Irrigation system improvements completed have included:

- collaboration with the Snake Valley Golf Club to install a third solar pump and recycled water storage tank to increase irrigation capacity powered by renewable energy
- relocation of the existing pivot irrigator at the Gordon WWTP to double the area that the irrigator is able to water
- completion of the installation of a pivot irrigator at the Cardigan WWTP to enable the site to move away from diesel powered travelling irrigators to electrical powered pivot irrigation.

Central Region and Gippsland Sustainable Water Strategy

We continued to support the implementation of the Central Region and Gippsland Sustainable Water Strategy actions and policy positions. This included:

- driving regional water efficiency and education programs
- delivering integrated water management initiatives through the Central Highlands Integrated Water Management Forum
- participating in the Moorabool Working Group to support sharing water for multiple benefits via the return of 3700 megalitres to the Moorabool Yaluk for both the environment and Wadawurrung Traditional Owners Aboriginal Corporation
- commencing discussions with regional stakeholders to streamline temporary water trading in the Moorabool system
- supporting water for Traditional Owners by partnering with Barwon Water and delivering water to Wadawurrung for their self-determined use
- collaborating with State Government and CSIRO to update streamflow records used in water resource modelling and research new techniques that aim to enhance adaptive water planning.

Sustainable and Resilient Water Services Systems

We continued to research, investigate and deliver initiatives that support sustainable and resilient water supply systems. These actions included:

- contributing to the implementation of Central and Gippsland Sustainable Water Strategy
- continuing to deliver actions from our Urban Water Strategy 2022
- publishing our Annual Water Outlook
- progressing integrated water management projects
- updating long-term infrastructure planning for key regional growth and development areas
- delivering major capital projects and asset renewal programs to maintain infrastructure sustainability
- partnering with regional stakeholders to develop the Southern Wimmera North East Pyrenees Pipeline Business Case
- collaborating with the State Government and CSIRO on the Maryborough Inflows Stochastic Data Case Study project
- participating and supporting state-wide and regional working groups such as the Victorian Hydrological Modelling Group, Water Grid Partnership Technical Group and the Grampians Region Climate Adaptation Strategy Working Group
- maintaining active partnerships with DEECA, Sustainability Victoria, Regional Sustainability Alliance Ballarat, Committee for Ballarat, Federation University, registered Aboriginal parties, local councils and catchment management authorities.

Leadership, diversity and culture

Diversity, Inclusion and Accessibility Plan and Gender Equality Action Plan

Our Diversity, Inclusion and Accessibility Plan 2021–2025 and Gender Equality Action Plan (GEAP) 2021–2025 are published on our website and can be located at: chw.net.au/about-us/careers/why-work-with-us

Female Executive Officers metrics

We employ two executive officers who identify as a woman, which represents 33.3% of all CHW executives.

Aboriginal staff employed metrics

We employ four Aboriginal team members, which represents 1.7% of all CHW staff. The water industry target is 1%.

Participation of Traditional Owners on Board committee and internal committees

Shu Brown, our first Aboriginal Board Delegate, was appointed as a new CHW Board Director on 1 October.

The recruitment of our second Aboriginal Board Delegate was finalised in June.



Summary of our progress

We have continued delivering our People, Culture and Safety (PC&S) strategy roadmap which contains a number of action plans including:

- Diversity, Inclusion and Accessibility Plan 2021–2025
- Gender Equality Action Plan (GEAP) 2021–2025
- Reconciliation Action Plan 2021–2023
- Leadership Maturity Action Plan
- Health, Safety and Wellbeing Strategic Plan

These actions directly work towards achievement of our strategy outcome to create a Thriving, Innovative Workforce and Culture.

In February we submitted our first GEAP progress report to the Gender Equality Commission. Outcomes of this submission are expected later in 2024.

We have continued our partnership with Women's Health Grampians and membership to the CoRE Alliance. During this period 94% of our employees completed prevention of sexual harassment training and we hosted a presentation from WRISC Family Violence Support.

During June we commenced participation in a Men's Initiative in partnership with Women's Health Grampians, which supports men's capacity to support the elimination of gendered based violence, by challenging stereotypes in our community.

We partnered with JobAccess, and their national disability recruitment coordinator, to review our end-to-end recruitment process. This process involved understanding the current barriers people with disability face when applying for jobs, and how to make the recruitment process more inclusive. As a result of this partnership and the work undertaken, we increased team members identifying as a person with a disability from 4% to 9%.

Coinciding with National Reconciliation Week, 95 team members participated in Cultural Awareness Training, delivered by our Organisational Development Specialist, who is a proud Yorta Yorta woman. This training built on past learning opportunities and educated our employees about First Nations people, their history, connection to the land, the Dreaming, Kinship, Stolen Generation, and current issues impacting on First Nations people today.

As part of our Reconciliation Action Plan commitment to create employment and skills development opportunities, we have commenced another First Nations traineeship in our Civil Maintenance area.

We continue to build partnerships with local education institutions to develop career pathways for females in the water industry and STEM occupations. We have partnered with the Geelong Manufacturing Council's Seed2STEM program, and Ballarat Tech School's Girls in STEM Program, which engaged with over 80 local young women who aspire to careers in STEM. These events were supported by 10 female CHW team members who shared their career stories and demonstrated the important contribution of women in water.

Our team member-led Diversity and Inclusion working group continued to meet monthly to plan activities and actions both internally, and within our region to

support team member and customer awareness of our commitment to Diversity, Inclusion and Accessibility. Internally we hosted, or attended, cultural events to mark:

- Chinese New Year
- International Women's Day
- Men's Health Week
- Harmony Day
- National Day of People with Disability
- National Reconciliation Week
- Refugee Awareness Week
- National Day of the Elimination of Violence Against Women – 16 Days of Activism

We maintained a strong focus on enhancing our culture and leadership capability through continually developing and empowering all team members to improve their personal leadership skills. We facilitated catch up sessions for each stream of the Learn Lead Grow (LLG) leadership program to capture new starters and commenced the roll out of six LLG eLearning modules.

In conjunction with continuing LLG, we commenced a Management 101 program specifically targeting capabilities across the areas of ICT and digital, health and wellbeing, and informed leadership.

We completed our organisation-wide culture assessment, which reported our current culture and our desired cultural state. We developed our inaugural Culture Roadmap targeting activities to move our culture to our desired state. Year 1 activities commenced, providing feedback and consultation sessions with divisions and work groups. Our Board and Executive Leadership Team (ELT) have led from the front and developed their own cultural statement.

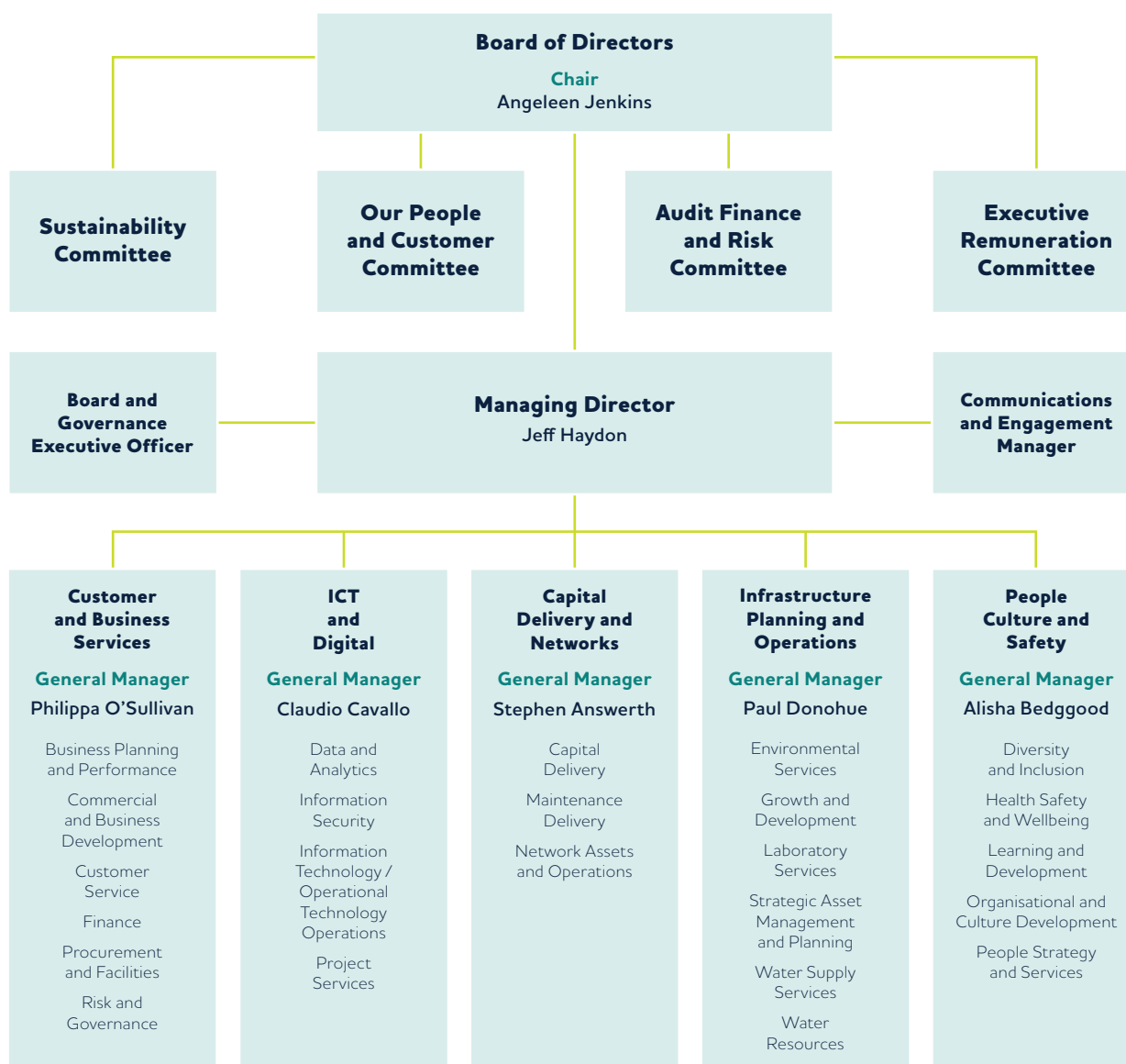
In addition to organisation-wide initiatives, and the focus on collective capability building, we have continued to provide individual leadership development opportunities enabling people to participate in the Compass Women in Leadership development program and providing support to others to gain tertiary qualifications and professional registration. Learning and development assistance has been provided to many team members, including attendance at conferences, seminars, training courses and participation in operator development programs.

Performance and financial sustainability

For more information, refer to Part 6 – Performance Report on page 68.

Our Organisation and People

Organisational structure





Our Board

Angeleen Jenkins

Chair

Appointed October 2021

Director

Appointed October 2017

Angeleen is a talented business leader passionate about safety as a basic human right, the care and protection of the environment, climate change, workplace diversity, risk management, impactful ESG practices, sound governance and sustainable business performance.

Angeleen has been a company director since 2007 and currently serves as Board Chair of Central Highlands Regional Water Corporation, Director of RPMGlobal Holdings Limited, Taumata Plantations Limited, and Tiaki Plantations Company. Angeleen is also a former long-term Director of McConnell Dowell, a major multi-national construction group.

As an experienced company director, Angeleen has skills in board governance frameworks, board culture, board surveys, director development, succession planning, contemporary governance practices, agenda shaping, chairing meetings to achieve meeting outcomes in a high performance safe and inclusive environment; MD/CEO recruitment and performance oversight, strategy development and oversight of implementation, commercial acumen and risk management, measured and impactful crisis and emergency response capability, committee chair in the areas of health, safety, wellbeing, the environment, people, culture, remuneration, sustainability and ESG, and a long-term audit and risk committee member.

Prior to transitioning into a non-executive board career in 2016, Angeleen worked extensively in high-risk global commercial contracting industries throughout her executive career, including almost 25 years in the multi-national construction sector where she was previously employed as a Director and Executive of a major construction group. A highlight of Angeleen's career is being an impactful proven safety leader with an ability to transform culture to protect people from harm.

Angeleen is a Fellow of the Australian Institute of Company Directors, and Fellow of the Governance Institute of Australia.



Tony Peake (OAM)

Deputy Chair

Appointed October 2023

Director

Appointed October 2021

In a career at PwC, Tony held many senior roles including Chief Operating Officer and member of the Executive Board, Melbourne Managing Partner, Global Leader Government and Public Sector, National Government and Public Sector Leader, and Lead Partner for Victorian Government.

Tony is a Fellow and Graduate of the Australian Institute of Company Directors (FAICD), Fellow of the Chartered Accountants ANZ (FCA) and a Victorian Fellow of the Institute of Public Administration Australia.

Tony is a current Non-Executive Director at Domino's Pizza Enterprises Limited (ASX:DMP), PeopleIN Limited (ASX:PPE), Bakers Delight Holdings, Country Fire Authority, Scanlon Capital, Brencorp Properties, The Australian Ballet and Chairs the Museum of Australian Photography.

Previous board roles include Chair of Methodist Ladies' College, Council Member of The University of Melbourne, and Director and Treasurer of both the Melbourne Fashion Festival and the Melbourne International Arts Festival.



Shu Brown

Director

Appointed October 2023

In October 2023, the Minister for Water appointed Shu Brown to the CHW Board of Directors. Shu is a proud Adnyamathanha Yura man, who has lived in Ballarat since he was a child.

Shu is the Chief of Culture, Public Relations and Engagement at the Ballarat and District Aboriginal Cooperative (BADAC), working extensively in family support services, including family violence programs, kinship care, mental health, drug and alcohol, and housing and justice.

With a passion for land, water, fire management, cultural and heritage awareness, Shu has been a valuable addition to our Board, supporting and advising Central Highlands Water to achieve our environmental strategic aspirations as it relates to our important connection and care for healthy land and waterways. This shared Aboriginal cultural knowledge within our organisation is positively influencing our ways of working, now and into the future.



Lynne McLennan

Director

Appointed October 2021

Lynne is an experienced Company Director and CEO across both government and the commercial sector. She was most recently the CEO of UFS Dispensaries Ltd, a social enterprise founded in Ballarat in 1881, which operates pharmacies, medical centres and other innovative healthcare services.

Lynne has a Bachelor of Science, MBA (Melbourne Business School), an Honorary Doctorate awarded by Federation University, in recognition of services to health, and is a Graduate and Fellow of the Australian Institute of Company Directors.

Lynne is committed to the local community in the areas of health and wellbeing, sustainability, and business development. Her current professional and community involvement includes being the Vice-President of Not In My Workplace (NIMWP) and Chair of the Board at Keystone Radiology Pty and the Art Gallery Ballarat. She has previously been the President of Ballarat Health Services, a Director of Ambulance Victoria, Vice-President of the Committee for Ballarat and founding Chair of Leadership Ballarat and Western Region.



Mark McKenzie

Director

Appointed October 2019

Mark is a wine and olive grower in the Grampians region and a consultant in strategic communications. His experience includes business management, corporate affairs, marketing, and communications.

Mark holds tertiary qualifications in agricultural science. Mark held senior wine industry roles as CEO of the Victorian Wine Industry Association, Executive Director of Wine Grape Growers Australia, and CEO of Murray Valley Winegrowers. Mark was CEO of the NSW Irrigators Council, before returning to farming. He was a Director of the National Irrigators Council and a Member of the National Farmers Federation Water Taskforce. He is a past Director of the NSW TAFE Commission.



Linda Scott

Director

Appointed October 2021

Linda is a Certified Practising Risk Manager (CPRM) and Certified International Organisation for Standardisation (ISO) and National Disability Insurance Scheme (NDIS) Lead Auditor. She has a Bachelor of Business and is a Graduate of the Australian Institute of Company Directors. She is an active Risk Management Consultant in the region and has previously sat on a range of boards and audit and risk committees for local organisations.

Linda is Director of local companies Run the Risk (OHS and risk consulting) and Central Victoria Certification (ISO certification), whose clients include Dheklunya Dja Land Management Board, VicRoads, Coliban Water, City of Melbourne, Macedon Ranges Shire Council, Campaspe Shire Council, Swan Hill Rural City Council, RMG Engineers, Swanbuild and BLR Construction.



Dianne Smith

Director

Appointed October 2023

Dianne's previous senior positions include CEO of Industry Network (Victoria), Chief Executive at the Melbourne Chamber of Commerce, Chief Executive of the Victoria Tourism Industry Council, Manager Tourism Parks Victoria, and CEO of Ballarat Tourism (1999–2003). She is also a Board Director of Puffing Billy Railway.

Dianne is a graduate of the Australian Institute of Company Directors and has a Bachelor of Economics from Monash University. Her skills are in the areas of government relations, advocacy and communications, business and industry development, and commercial operational management.



Jeff Haydon

Managing Director

Appointed July 2022

Jeff is the Managing Director of Central Highlands Water.

Since joining the organisation in 2009 as General Manager Infrastructure Planning and Operations, Jeff has been responsible for a large and diverse portfolio including managing water and wastewater treatment, water supply systems, network operations, catchment health and sustainability, growth and development, climate change, infrastructure planning, and our laboratory services.

Jeff's values-based leadership style is underpinned by integrity, strategic thinking, collaboration, and inclusion, with proven ability delivering positive environmental, social and governance outcomes.

Jeff was previously the Director of Infrastructure at the City of Ballarat and has worked globally as a water engineering consultant.

Jeff holds a degree in Civil Engineering, a Master of Business Administration and is a Graduate of the Australian Institute of Company Directors. As a Board Member for Committee for Ballarat, Jeff's skills and experience are utilised in supporting their vision for a thriving and vibrant regional community.



Scott Williams

Director

Appointed October 2021

Scott is a consultant providing technical, management and governance services to the animal health and agriculture industries.

Scott has a Bachelor and Masters degrees in Veterinary Science, Graduate Diplomas of Management and Strategic Foresight and is a Graduate of the Australian Institute of Company Directors.

His career of over 30 years has included roles in veterinary practice, farm consultancy, the AgVet pharmaceutical industry and agricultural research and development.

Scott is a Director of the Australian Wool Testing Authority Ltd and the Sovereign Hill Museums Trust, Deputy Chair of the Animal Welfare Advisory Committee (Vic), and Melbourne Veterinary School Advisory Board member. He is a former chair of Leadership Ballarat and Western Region and Board member of the Committee for Ballarat.



Corporate governance

Role of the Board

The Board is responsible for the overall corporate governance of CHW which includes overseeing strategic direction in line with the governance framework to ensure compliance with the legal and policy requirements of the Victorian Government including the *Water Act 1989 (Vic)*, the *Public Administration Act 2004 (Vic)* and the *Financial Management Act 1994 (Vic)*.

Board composition

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

Board meeting attendance (ordinary meetings)

		Eligible to attend	Attended
Angeleen Jenkins (Board Chair)	1 July 2023 – 30 June 2024	6	6
Shu Brown	1 Oct 2023 – 30 June 2024	4	2 ^{1/2}
Mark McKenzie	1 July 2023 – 30 June 2024	6	6
Lynne McLennan	1 July 2023 – 30 June 2024	6	6
Tony Peake (Deputy Chair)	1 July 2023 – 30 June 2024	6	6
Linda Scott	1 July 2023 – 30 June 2024	6	6
Dianne Smith	1 Oct 2023 – 30 June 2024	4	4
Scott Williams	1 July 2023 – 30 June 2024	6	5 ²
Jeff Haydon	1 July 2023 – 30 June 2024	6	6

1 Cultural leave

2 Annual leave (international travel, uncontactable)

Board committees

The Board has four committees (as of 30 June 2024) to assist it in carrying out its responsibilities:

- Audit Finance and Risk Committee
- Our People and Customers Committee ¹
- Sustainability Committee
- Executive Remuneration Committee

1 The Board rationalised committees in financial year 2024 to align to portfolio executive roles, amalgamating the former Customer and Community Committee and the People Culture and Safety Committee into one committee called Our People and Customers Committee. Further information on these committees, including the purpose of each major committee can be found on the following page.

Audit Finance and Risk Committee attendance

	Term	Eligible to attend	Attended
Rachel Thomson (Chair)	1 July 2023 – 30 Sept 2023	1	1
Tony Peake (Chair)	1 Oct 2023 – 30 June 2024	4	4
Angeleen Jenkins	1 July 2023 – 30 June 2024	4	4
Linda Scott	1 July 2023 – 30 June 2024	4	4
Dianne Smith ¹	1 Oct 2023 – 30 June 2024	3	3
Scott Williams ¹	1 Oct 2023 – 30 June 2024	3	3

¹ Total number of meetings reflects appointment to the committee on 1 October 2023

Audit Finance and Risk Committee

Purpose: The Audit Finance and Risk Committee assists the Board in the organisation's governance and exercising of due care, diligence and skill.

The committee's key responsibilities are to:

- oversee and appraise the scope and quality of the audits conducted by internal and external auditors
- maintain, by holding quarterly meetings, open lines of communication among the Board, internal auditors and the external auditors to exchange views and information, and confirm their respective authorities and responsibilities
- serve as an independent and objective party to review the reliability and integrity of financial information
- determine the adequacy of CHW administrative, operating and accounting controls
- oversee the organisation's Risk Management Framework including the integration of risk management principles into CHW's strategic objectives, policies and reporting
- ensure compliance with laws, regulations, financial code of conduct and ethical standards.

The committee's authority and role is set out in the Audit and Risk Committee Charter, a regulatory requirement that covers governance responsibilities including but not limited to those outlined in the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994*.

1 July 2023 to 30 September 2023		1 October 2023 to 30 June 2024	
Committee member	Role	Committee member	Role
Rachel Thomson	Committee Chair - Non-Executive Director (member)	Tony Peake	Committee Chair – Non-Executive Director (member)
Angeleen Jenkins	Board Chair - Non-Executive Director (member)	Angeleen Jenkins	Non-Executive Director (member)
Linda Scott	Non-Executive Director (member)	Linda Scott	Non-Executive Director (member)
Tony Peake	Non-Executive Director (member)	Dianne Smith	Non-Executive Director (member)
		Scott Williams	Non-Executive Director (member)

Membership of the committee is reviewed annually, and members are eligible for re-appointment. The committee comprises at least three independent non-executive Directors, with the option to include one independent external member. The members collectively, will have diverse backgrounds with a broad and complementary range of skills and experience relevant to CHW's operations. Meetings are held quarterly. Special meetings of the committee can be called, in accordance with CHW's Board Charter.

Supporting policies

- Board Charter
- Audit and Risk Committee Charter
- *Water Act 1989*
- Standing Directors of the Minister for Finance under the *Financial Management Act 1994*

Other major Board committees

Executive Remuneration Committee

Purpose: To ensure proactive governance acting in an advisory capacity. The committee's key responsibilities include:

- oversight of Executive Remuneration Charter and Policy
- oversight of setting the annual performance targets, objectives and development plan for the Managing Director prior to Board approval
- annual review of Managing Director performance and remuneration package including succession planning for the Managing Director and Executive roles
- oversight of annual review process undertaken by Managing Director of Executive Team performance and remuneration
- oversight of annual reporting to the Victorian Public Sector Commission (VPSC).

1 July 2023 to 30 September 2023		1 October 2023 to 30 June 2024	
Committee member	Role	Committee member	Role
Angeleen Jenkins	Committee Chair – Non-Executive Director (member)	Angeleen Jenkins	Committee Chair – Non-Executive Director (member)
Peter Le Lievre	Non-Executive Director (member)	Tony Peake	Non-Executive Director (member)
Linda Scott	Non-Executive Director (member)	Lynne McLennan	Non-Executive Director (member)
Tony Peake	Non-Executive Director (member)		

Sustainability Committee

Purpose: To ensure the Board maintains a focus on sustainability throughout its policies, operations, service delivery and innovation. The committee's key responsibilities are:

- oversight of the CHW Sustainability Framework
- thought leadership on sustainability principles, processes and practices including, but not limited to, water supply and demand, water quality, climate resilience, carbon emissions, catchment health, circular economy, strategic land use planning, property growth and development, integrated water management, infrastructure lifecycle management and Traditional Owner engagement in water management
- monitor the enterprise risk threats and opportunities associated with sustainability.

1 July 2023 to 30 September 2023		1 October 2023 to 30 June 2024	
Committee member	Role	Committee member	Role
Peter Le Lievre	Committee Chair – Non-Executive Director (member)	Scott Williams	Committee Chair – Non-Executive Director (member)
Mark McKenzie	Non-Executive Director (member)	Mark McKenzie	Non-Executive Director (member)
Lynne McLennan	Non-Executive Director (member)	Lynne McLennan	Non-Executive Director (member)
Scott Williams	Non-Executive Director (member)	Shu Brown	Non-Executive Director (member)
Jeff Haydon	Managing Director (member)	Jeff Haydon	Managing Director (member)

Our People and Customers Committee (merged from People Culture and Safety Committee, and Customer and Community Partnerships)

Purpose: To ensure the Board maintains a focus on people, safety and customers through exceptional customer and community value and a thriving innovative workforce and culture. The committee's key responsibilities are to:

- review CHW's performance and measures of success in line with the 2040 strategic outcome areas
- monitor delivery of customer commitments in line with the price submission and corporate plan
- oversight of business performance against regulatory commitments
- oversight of matters impacting CHW's health safety and wellbeing vision.

1 July 2023 to 30 September 2023	1 October 2023 to 30 June 2024												
Please refer to the People Culture and Safety, and Customer and Community Partnerships section	<table> <tr> <th>Committee member</th><th>Role</th></tr> <tr> <td>Lynne McLennan</td><td>Committee Chair – Non-Executive Director (member)</td></tr> <tr> <td>Tony Peake</td><td>Non-Executive Director (member)</td></tr> <tr> <td>Dianne Smith</td><td>Non-Executive Director (member)</td></tr> <tr> <td>Mark McKenzie</td><td>Non-Executive Director (member)</td></tr> <tr> <td>Jeff Haydon</td><td>Managing Director (member)</td></tr> </table>	Committee member	Role	Lynne McLennan	Committee Chair – Non-Executive Director (member)	Tony Peake	Non-Executive Director (member)	Dianne Smith	Non-Executive Director (member)	Mark McKenzie	Non-Executive Director (member)	Jeff Haydon	Managing Director (member)
Committee member	Role												
Lynne McLennan	Committee Chair – Non-Executive Director (member)												
Tony Peake	Non-Executive Director (member)												
Dianne Smith	Non-Executive Director (member)												
Mark McKenzie	Non-Executive Director (member)												
Jeff Haydon	Managing Director (member)												

Customer and Community Partnerships (merged to Our People and Customers Committee on 1 October 2023)

Purpose: To ensure the Board remains informed on issues that impact customers and customer perceptions of CHW.

1 July 2023 to 30 September 2023	1 October 2023 to 30 June 2024												
<table> <tr> <th>Committee member</th><th>Role</th></tr> <tr> <td>Mark McKenzie</td><td>Committee Chair – Non-Executive Director (member)</td></tr> <tr> <td>Angeleen Jenkins</td><td>Board Chair – Non-Executive Director (member)</td></tr> <tr> <td>Peter Le Lievre</td><td>Non-Executive Director (member)</td></tr> <tr> <td>Linda Scott</td><td>Non-Executive Director (member)</td></tr> <tr> <td>Jeff Haydon</td><td>Managing Director (member)</td></tr> </table>	Committee member	Role	Mark McKenzie	Committee Chair – Non-Executive Director (member)	Angeleen Jenkins	Board Chair – Non-Executive Director (member)	Peter Le Lievre	Non-Executive Director (member)	Linda Scott	Non-Executive Director (member)	Jeff Haydon	Managing Director (member)	The Customer and Community Partnerships Committee was merged with People Culture and Safety Committee to create the Our People and Customers Committee on 1 October 2023.
Committee member	Role												
Mark McKenzie	Committee Chair – Non-Executive Director (member)												
Angeleen Jenkins	Board Chair – Non-Executive Director (member)												
Peter Le Lievre	Non-Executive Director (member)												
Linda Scott	Non-Executive Director (member)												
Jeff Haydon	Managing Director (member)												

People Culture and Safety Committee (merged to Our People and Customers Committee on 1 October 2023)

Purpose: To assist the Board to fulfil its governance responsibilities in relation to organisational development and employee related activities including leadership, safety, wellbeing, diversity and inclusion.

1 July 2023 to 30 September 2023	1 October 2023 to 30 June 2024												
<table> <tr> <th>Committee member</th><th>Role</th></tr> <tr> <td>Scott Williams</td><td>Committee Chair – Non-Executive Director (member)</td></tr> <tr> <td>Lynne McLennan</td><td>Non-Executive Director (member)</td></tr> <tr> <td>Tony Peake</td><td>Non-Executive Director (member)</td></tr> <tr> <td>Rachel Thomson</td><td>Non-Executive Director (member)</td></tr> <tr> <td>Jeff Haydon</td><td>Managing Director (member)</td></tr> </table>	Committee member	Role	Scott Williams	Committee Chair – Non-Executive Director (member)	Lynne McLennan	Non-Executive Director (member)	Tony Peake	Non-Executive Director (member)	Rachel Thomson	Non-Executive Director (member)	Jeff Haydon	Managing Director (member)	The People Culture and Safety Committee and Customer and Community Partnerships Committee were merged to create the Our People and Customers Committee on 1 October 2023.
Committee member	Role												
Scott Williams	Committee Chair – Non-Executive Director (member)												
Lynne McLennan	Non-Executive Director (member)												
Tony Peake	Non-Executive Director (member)												
Rachel Thomson	Non-Executive Director (member)												
Jeff Haydon	Managing Director (member)												

People and culture

Public sector values and employment principles

We have policies, practices and values consistent with the Victorian Public Sector Commission's (VPSC) employment standards, *Public Administration Act 2004* and *Charter of Human Rights and Responsibilities Act 2006*, providing for fair treatment, caring for each other, collaboration, early resolution of workplace issues and career opportunities.

We provide regular training to team members to embed our values, how to avoid conflicts of interest and how to respond to offers of gifts. Leaders and team members receive targeted training on managing conflict, as well as responding to misconduct, harassment and bullying.

We recognise the importance of workplace culture in creating a positive and safe environment for our employees. A strong culture is a driving factor behind employee engagement, fostering a deeper connection to their work and aligning with our strategic priorities. We have worked to define our target culture and are implementing a roadmap to mature and monitor progress against the desired state. This work has contributed to strong engagement from our workforce with 89 per cent of employees providing valuable feedback through the 2024 People Matters Survey. We aim to connect our team members to the value of their work and how they deliver it, with 91 per cent feeling they achieve something meaningful through their work and 73 per cent of team members highlighting they are satisfied with their jobs, work life balance, and career opportunities indicating a connected and fulfilled workforce.

Culture and connection are supported throughout the employee lifecycle with team member development and awards programs to encourage and reward behaviour that supports values and the strategic direction of CHW.

All recruitment we undertake follows a consistent process to ensure selection is based on merit. We have enhanced recruitment practices as part of our diversity and inclusion plan to ensure equity for all. Applicants are assessed and evaluated on the basis of the key selection criteria and key capabilities while controlling risks for unconscious bias. CHW is committed to providing a diverse and inclusive workforce.

We encourage applications from Aboriginal and Torres Strait Islander people, people with disability, people from culturally and linguistically diverse backgrounds, mature age workers and lesbian, gay, bisexual, transgender, queer/questioning, intersex and asexual (LGBTQIA+) people.

Our workforce

	30 June 2024							30 Jun 2023						
	All Employees		Ongoing			Fixed Term & Casual		All Employees		Ongoing			Fixed Term & Casual	
	No	FTE	Full-time	Part-time	FTE	No	FTE	No	FTE	Full-time	Part-time	FTE	No	FTE
Women	94	84.72	55	25	71.50	14	13.22	97	86.16	49	28	67.95	20	18.22
Men	140	139.8	121	0	121	19	18.8	129	127.46	110	2	111.26	17	16.19
Self-described	0	0	0	0	0	0	0.00	0	0	0	0	0	0	0
Age														
15–24	4	4	2	0	2	2	2	6	6	5	0	5	1	1
25–34	41	41	35	0	35	6	6	39	37.3	30	2	31.11	7	6.19
35–44	67	61.28	47	15	56.28	5	5	69	62.87	48	17	58.87	4	4
45–54	68	65.25	50	7	54.74	11	10.51	63	59.87	38	7	43.13	17	16.74
55–65	50	49.15	39	2	40.64	9	8.51	44	42.95	34	3	36.48	6	6.47
65+	4	3.84	3	1	3.84	0	0	5	4.63	4	1	4.63	0	0
Enterprise Agreement Classification														
Level 1	0	0	0	0	0	0	0	2	1.19	0	0	0	2	1.19
Level 2	0	0	0	0	0	0	0	6	3.95	1	3	2.47	2	1.47
Level 3	7	7	7	0	7	0	0	17	16.58	13	1	13.57	3	3
Level 4	25	21.72	16	6	19.01	3	2.71	24	22.46	19	4	21.46	1	1
Level 5	46	45.76	42	1	42.76	3	3	39	37.93	32	5	35.92	2	2
Level 6	39	36.26	30	8	35.46	1	0.8	41	38.83	33	6	36.92	2	2
Level 7	49	46.62	38	8	43.62	3	3	47	44.19	35	8	40.66	4	3.53
Level 8	18	17.8	17	2	17	1	0.8	9	8.37	5	2	6.47	2	1.9
Level 9	32	31.46	25	0	26.64	5	4.81	28	27.62	21	1	21.8	6	5.81
Individual Employment Contracts														
Senior Leadership	12	11.9	1*	0	1	11	10.9	7	6.5	0	0	0	7	6.5
General Manager	5	5	0	0	0	5	5	5	5	0	0	0	5	5
Managing Director	1	1	0	0	0	1	1	1	1	0	0	0	1	1
Total Employees	234	224.52	176	25	192.50	33	32.02	226	213.62	159	30	179.27	37	34.4

Notes:

* There is an ongoing employee on secondment to an individual employment contract senior leadership position.

The number of full-time equivalent employees in the period increased by 10.9. The increase supports key initiatives during the reporting period including the Water 6 Project, technology program of works and investment in our capital program.

- Excludes Board Directors and Aboriginal Board Delegate.
- Employees are classified as Level 1 – 9 under the 2021 Central Highlands Water Enterprise Agreement. Senior Leaders are engaged under individual contracts, governed by the Public Entity Executive Remuneration Policy.
- Individual employment contracts listed under Senior Leadership include head of and senior technical positions.
- FTE means full-time employee equivalent.

Occupational health and safety

We have continued our focus on maturing our safety culture and performance with the following key achievements completed:

- development of a refreshed Health Safety and Wellbeing Policy
- significant focus on initiatives to control mental health related workplace hazards
- successful continued certification to the new International Standard for OHS Management Systems (MS) (ISO 45001)
- continued improvement initiatives in maturity of our Safety Culture with the next 2-year strategic work plan developed
- a significant increase in leading indicators through safety leadership interactions, as a result of improved awareness and capabilities of leaders
- significant increase in hazard and near miss reporting, demonstrating a strong reporting culture
- strong contractor safety performance for the year, with no lost time or medical treatment injuries reported.

Health and Safety Reporting – Leading the Way Measures

Measurement of implementation	2021–22	2022–23	2023–24
Hazards reported (per 100 FTE)	12.1	26.2	59.2
All incidents* (per 100 FTE)	19.7	22.9	29.8
All injuries (per 100 FTE)	6.1	7	9.4
Near misses (per 100 FTE)	13.6	15.9	20.5
Process (lead)- Measures of implementation			
OHS Induction training completed	100%	100%	100%
Consultation – OHS Committee	92%	89%	85%
Consultation – Senior Management commitment	100%	100%	100%
OHSMS implementation, review and improvement	100%	100%	100%
Outcome (lag)			
No of standard Workcover claims	0	3	2
Average cost per claim	\$0	\$40,285	\$6,408
Fatalities	0	0	0

Note:

* All incidents includes injuries and near misses.

Supporting This is a Conversation Starter (TIACS) mental health counselling with TradeMutt social impact workwear.

Leading safety strategically

We reviewed our Health Safety and Wellbeing (HSW) policy and developed the next HSW strategic work plan in consultation with our Health Safety and Wellbeing Committee, designated work group representatives and leadership team. Priority areas in focus for the next 2-years include:

- strengthening of safety leadership capability
- strengthening emergency response controls
- improving physical and mental injury management processes
- continued development of mental health and wellbeing framework
- develop resilience mechanisms of team members
- ageing workforce
- contractor safety framework
- critical risk reviews
- launch of the revised Life Saving Rules
- digital forms and third-party confidential reporting platform for negative behaviours
- annual HSW operational improvement plans within divisions.

We recognise that some of the services we provide, and activities we carry out, involve inherently high risks and therefore the risk of harm and negative impacts cannot entirely be eliminated. We implemented an OHS system that operates within the risk tolerance level by only accepting exposure to risks where controls are implemented as far as reasonably practicable.

Safety culture

Our focus on safety and wellbeing is ongoing and we continue to build on our safety culture and performance through a range of programs, including a focus on transitioning from a Proactive to a Generative safety culture. The model used to assess our safety culture is Professor Patrick Hudson's model of Safety Maturity. Patrick Hudson is a leading academic and researcher in the field of safety culture.

The key areas of focus in strengthening our safety culture were:

- safety leadership capability
- contractor management

We are building capability in our people leaders through leading critical risk/control focused safety interactions. The safety interactions help to ensure our leaders demonstrate leadership commitment, set clear expectations, and improve understanding of exposure to risk awareness, controls, safe behaviours and personal ownership for safety.

The completion of safety interactions have been introduced as a key performance indicator of all people leaders, with 247 interactions completed for the year. The introduction of the new KPI in 2023–24 for all people leaders in the completion of safety leadership interactions has strengthened our reporting culture. A positive outcome of this program has improved our reporting culture through a 137% increase in hazard reporting and a 35% increase in near miss reporting.

Identifying hazards enables us to be proactive in eliminating them before an injury occurs. These reports are proactively managed and promptly addressed.

There has been a strong focus on strengthening contractor monitoring and assurance activities during the year. This has included the introduction of additional safety KPIs and strengthening the monitoring capabilities of our contract managers, including performing field-based audits. Positively, we observed strong contractor safety performance for the year with no lost time or medical treatment injuries reported.





Disclosures

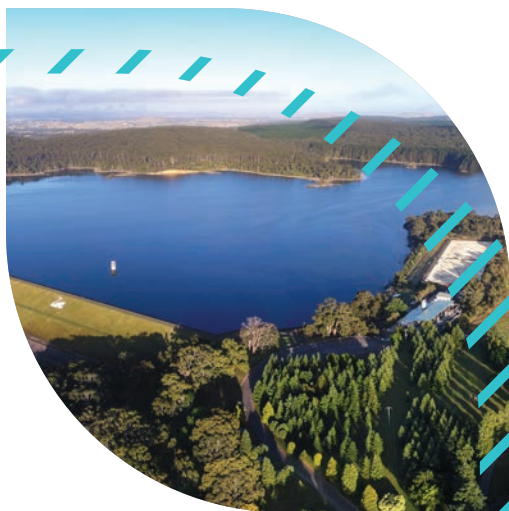
Local jobs first

Local Jobs First Act 2003

Reporting on all Local Jobs First projects, except those related to grants.

The following information relates to projects commenced and/or completed, to which Local Jobs First applied, during the 2023–24 reporting period.

The number of projects that the Major Projects Skills Guarantee (MPSG) has been applied, the total number of hours completed, or to be completed, by apprentices, trainees or cadets on these projects, and the total number of opportunities created for apprentices, trainees and cadets on these projects: 0



Projects commenced – Local Jobs First standard

During 2023–24, we commenced four Local Jobs First Standard projects totalling \$11.95 million.

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

- an average of 87.9% per cent of local content commitment was made
- a total of 12 jobs (AEE) were committed, including the creation of 2 new jobs and the retention of 10 existing jobs (AEE)
- a total of 2 positions for apprentices, trainees and cadets were committed, including the creation of 1 new traineeship, and the retention of 1 existing traineeship
- 4 small to medium enterprises prepared a Local Industry Development Plan (LIDP) for contracts
- 80 small to medium-sized businesses were engaged through the supply chain on commenced standard projects.

Projects completed – Local Jobs First standard

During 2023–24, we completed 0 Local Jobs First standard projects.

Projects commenced – Local Jobs First strategic

During 2023–24, we commenced 0 Local Jobs First Strategic projects.

Projects completed – Local Jobs First strategic

During 2023–24, we commenced 0 Local Jobs First Strategic projects.

Reporting on grants provided

The total number of conversations with the Industry Capability Network that correspond with the registration and issue of an Interaction Reference Number: 0



Social procurement framework

Social Procurement is reported in Part 5: Environmental and Social Sustainability. Refer page 67.

Government advertising expenditure

Our expenditure during 2023–24 did not exceed \$100,000.

Consultancy expenditure

Details of consultancies (valued at \$10,000 or greater)

In 2023–24, there were 15 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2023–24 in relation to these consultancies was \$1,990,919 (excl. GST).

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

In 2023–24, there were 12 consultancies where the total fees payable to the consultants was less than \$10,000. The total expenditure incurred during 2023–24 in relation to these consultancies was \$53,317 (excl. GST).



Reviews and studies expenditure

In 2023–24 there were 11 reviews and studies undertaken which were not commercially sensitive with the total cost of \$299,385. Details of the individual reviews and studies are outlined below.

Name of the review/study	Reasons for review / study	Scope	Anticipated outcomes	Estimated cost for the year (excl GST) \$	Final cost if completed (excl GST) (total project cost) \$	Publicly available
Project Assurance – Digital Metering	Internal audit	Review project life-cycle phases relating to the Digital Metering Project	Confirm project is adhering to specified project management framework	15,000	15,000	No
End of Financial Year Audit	Regulatory audit	Review financial report, in accordance with the <i>Financial Management Act 1994</i> and the Australian Accounting Standards	Confirm compliance	96,972	96,972	No
Essential Services Commission (ESC)	Regulatory audit	Review ESC performance requirements and KPIs, including water industry service standards	Confirm compliance	28,748	28,748	No
IT General Controls	Internal audit	Review ICT applications with regard to governance, configuration, change management, access, validity, security, operations and support in line with established frameworks	Confirm our compliance and maturity	18,750	18,750	No
Family Violence Policies per Water Industry Standard	Internal audit	Review compliance of Family Violence policies in line with ESC requirements	Confirm compliance	15,000	15,000	No
Privacy	Internal audit	Review Privacy Framework compliance in line with Information Privacy Principles (IPP)	Confirm compliance	15,000	15,000	No
Occupational Health & Safety (OHS) / Environment Management System (EMS)	Certification audit	Review of management systems in relation to the requirements of ISO 14001:2015 and ISO 45001:2018	Management system certification	24,050	24,050	No
Review of Tariff Revenue	Internal audit	Review of policies and procedures relating to tariff revenue function and compliance with applicable legislation	Confirm compliance	17,500	17,500	No
Interim Financial Audit	Regulatory audit	Review interim mid-year financial report, in accordance with the <i>Financial Management Act 1994</i> and the Australian Accounting Standards	Confirm compliance	25,775	25,775	No
Gap Drinking Water Quality Audit	Internal audit	Review our Water Quality Risk Management Plan in line with <i>Safe Drinking Water Act 2023</i> and <i>Safe Drinking Water Regulations 2015</i>	Confirm compliance	25,090	25,090	No
Procurement	Internal audit	Review of procurement management framework	Confirm our compliance and maturity	17,500	17,500	No

ICT expenditure

For the 2023–24 reporting period, Central Highlands Water had a total ICT expenditure of \$15,853,070 with the details shown below.

All operational ICT expenditure		ICT expenditure relating to projects to create or enhance ICT capabilities	
Business as usual (BAU) ICT expenditure (total)	Non-business as usual (non-BAU) ICT expenditure (total = operational expenditure and capital expenditure)	Operational expenditure (OPEX)	Capital expenditure (CAPEX)
\$8,234,134	\$7,618,936	\$2,608,975	\$5,009,961

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

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

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

Subsequent event

There were no events occurring after the balance date which may significantly affect the CHW operations in subsequent reporting periods.

Major contracts

CHW did not enter into any contracts valued at \$10 million or more in 2023–24.

Freedom of information

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

An applicant has a right to apply for access to documents held by CHW. This comprises documents both created by CHW or supplied to CHW by an external organisation or individual. This may also include maps, photographs and audio-visual material. Information about the type of material produced by CHW is available on our website, under Freedom of Information Part II – Information Statement, within the Freedom of Information (FOI) page.

The Act allows CHW to refuse access, either fully or partially, to certain documents or information. Examples 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 CHW in-confidence.

Under the Act, CHW is required to process valid requests within 30 days of receiving the request. In some cases, this time may need to be extended. If an applicant is not satisfied by a decision made by CHW, 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.

Making a request

Access to documents may be obtained through a FOI request to CHW. Each application must clearly identify the documents sought and must be accompanied by the required application fee of \$32.70. Access charges may also be payable if the document pool is large, and the search for material time consuming.

When making an FOI request, applicants should ensure requests are in writing, and clearly identify what types of material/documents are being sought. People wanting access to CHW documents under the Freedom of Information Act can use the online FOI application form at chw.net.au

We will also accept applications made in writing to:

Freedom of Information Officer
Central Highlands Water
PO Box 152
Ballarat Vic 3353

General enquiries about FOI may be made by contacting us on 1800 061 514 or via email to GovernanceandServicesTeam@chw.net.au

FOI responsiveness

We received three requests for access to documents under the Act. The three requests were from members of the public.

Two requests, once validated, were responded to within the statutory 30 days, one request was granted an extension and response was provided within 30 days by agreement with the applicant and in accordance with the Act.

Full access was granted in all three requests.

No requests were subject to review by the Office of the Victorian Information Commissioner (OVIC).

Additional information available on request

In compliance with the requirements of Standing Directions of the Assistant Treasurer, details in respect of the items listed below have been retained by CHW and are available (in full) on request from our FOI Officer (contact details follow), subject to the provisions of the *Freedom of Information Act 1982*.

- a) A statement that declarations of pecuniary interests have been duly completed by all relevant officers of CHW.
- b) Details of publications produced by CHW about itself, and how these can be obtained.
- c) Details of major promotional, public relations and marketing activities undertaken by CHW to develop community awareness of the corporation and its services.
- d) Details of changes in prices, fees, charges, rates and levies charged by CHW.
- e) Details of any major external reviews carried out on CHW.
- f) Details of major research and development activities undertaken by CHW.
- g) Details of overseas visits undertaken, including a summary of the objectives and outcomes of each visit.
- h) A list of CHW's major committees, the purpose of each committee and the extent to which the purpose has been achieved.
- i) A general statement on industrial relations within CHW and details of time lost through industrial accidents and disputes.
- j) Details of assessments and measures undertaken to improve the occupational health and safety of employees.

Available on request and included in this Annual Report

- k) Details of all consultancies and contractors, including consultants/contractors engaged, services provided and expenditure committed for each engagement (on page 46 – see also chw.net.au).

Information not applicable to CHW

The following is not applicable for the reason set out below:

- l) Details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary (no shares have ever been issued in the name of CHW).

Further information

Further information regarding the operation and scope of FOI can be obtained from the Act, regulations made under the Act, and at ovic.vic.gov.au

Building Act 1993

We do not own or control any government buildings and therefore are exempt from notifying its compliance with the building and maintenance provisions of the *Building Act 1993*. We conduct a regular program to ensure compliance with all relevant provisions of the *Building Act 1993* in building and maintenance activities. Any areas of concern are logged and addressed.

Competitive Neutrality Policy

We continue to comply with the requirements of the Competitive Neutrality Policy. This policy requires government businesses to ensure that, where services compete, or potentially compete with the private sector, any advantage arising solely from their government ownership be removed if it is not in the public interest.

Government businesses are required to cost and price these services as if they were privately owned. This policy supports fair competition between public and private businesses and provides government businesses with a tool to enhance decisions on resource allocation. It does not override other policy objectives of government and focuses on efficiency in the provision of service.

Public Interest Disclosure Act 2013

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.

- A public interest disclosure is a complaint of corrupt or improper conduct by a public officer or a public body. We are a public body for the purposes of the PID Act.
- 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.
- You can make a public interest disclosure about CHW, or our Board members, officers or employees by contacting the Independent Broad-Based Anti-Corruption Commission (contact details follow).
- CHW is not able to receive public interest disclosures.

We have an established procedure for the protection of persons from detrimental action in reprisal for making a public interest disclosure about CHW or its employees. You can access our procedure at chw.net.au

Contacts

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

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

Mail: IBAC, GPO Box 24234 Melbourne Vic 3001

Website: www.ibac.vic.gov.au

Phone: 1300 735 135

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

Emergency procurement

We did not enact our Emergency Procurement policy in 2023–24.

Procurement complaints

We did not receive any procurement complaints in 2023–24.

DataVic Access Policy

To comply with the Victorian Government's DataVic Access Policy, the information included in this Annual Report, including the Performance Report and Financial Report, will be made available online at data.vic.gov.au in a readable format.



Asset Management Accountability Framework (AMAF) maturity assessment

Self-assessment compliance report

We utilised a comprehensive external review process to support our assessment of AMAF compliance evidence.

Maturity assessment

We have a minimum target rating of 3 (competence), shown as the red circle. This reflects a compliance rating meaning that systems and processes are fully in place, consistently applied and systematically meet the AMAF requirement.

Status	Scale	Compliance
Not applicable	N/A	Not applicable
Innocence	0	Non-comply
Awareness	1	Non-comply
Developing	2	Non-comply
Competence	3	Comply
Optimising	4	Comply
Unassessed	U/A	Unassessed



Leadership and accountability (requirements 1–19)

– Maturity level met for all 19 requirements.

Planning (requirements 20–23)

– Maturity level met for all 4 requirements.

Acquisition (requirements 24–25)

– Maturity level met for all requirements in this category.

Operation (requirements 26–40)

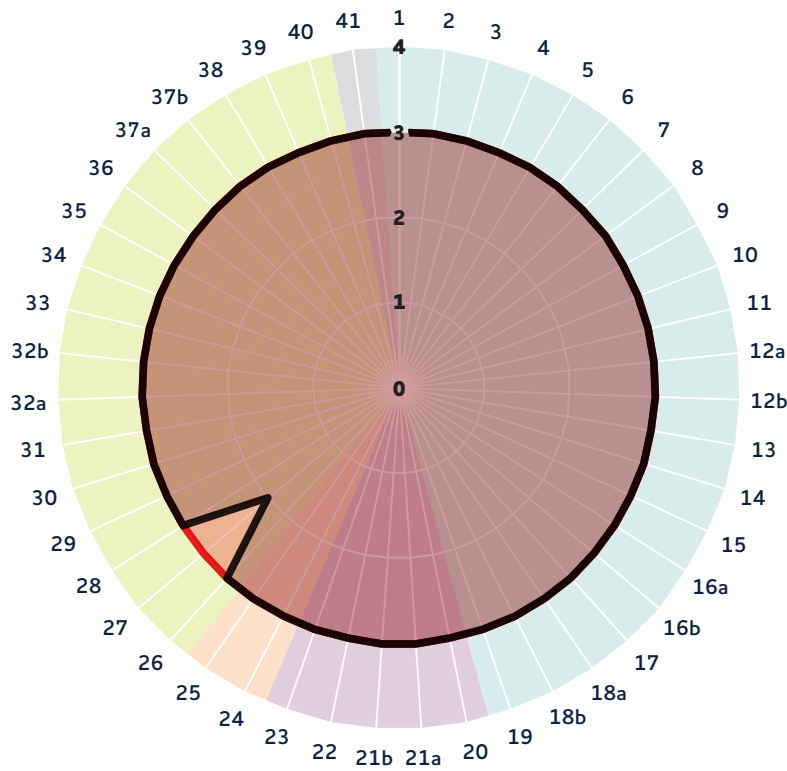
– Maturity level met for 13 requirements, with 1 area that is not fully compliant. Monitoring and preventative action (requirement no. 27) was deemed compliant deficient due to asset performance monitoring practices not being formally documented and proactively managed.

Disposal (requirement 41)

– Maturity level met for the requirement in this category.

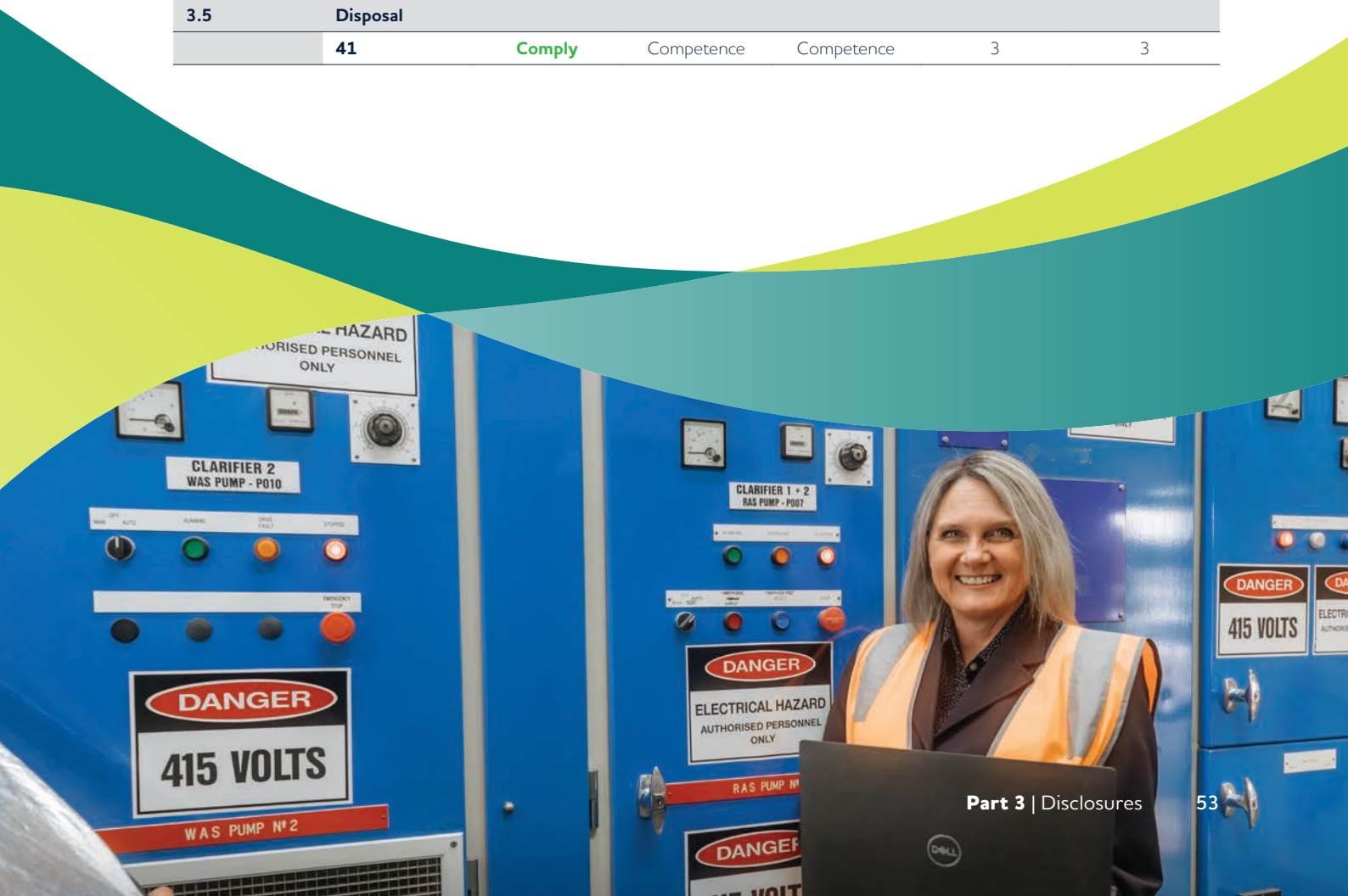
Compliance and maturity summary

The following tables summarise compliance and maturity assessments across all areas of the asset life cycle.



AMAF Clause	Index	Compliance	Maturity system status	Maturity effectiveness of application	Overall assessment (black)	Target maturity (red)
3.1	Overview and key requirements (leadership and accountability)					
	1	Comply	Competence	Competence	3	3
3.1.1	Resourcing and skills					
	2	Comply	Competence	Competence	3	3
	3	Comply	Not Applicable	Not Applicable	3	3
3.1.2	Governance					
	4	Comply	Competence	Competence	3	3
	5	Comply	Competence	Competence	3	3
3.1.2	Allocating asset management responsibility					
	6	Comply	Competence	Competence	3	3
	7	Comply	Competence	Competence	3	3
	8	Comply	Competence	Competence	3	3
	9	Comply	Competence	Competence	3	3
	10	Comply	Competence	Competence	3	3
3.1.3	Attestation requirements					
	11	Comply	Competence	Competence	3	3
3.1.4	Monitoring asset performance					
	12a	Comply	Competence	Competence	3	3
	12b	Comply	Competence	Competence	3	3
	13	Comply	Competence	Competence	3	3
	14	Comply	Competence	Competence	3	3
3.1.4	Asset management system performance					
	15	Comply	Competence	Competence	3	3
	16a	Comply	Competence	Competence	3	3
	16b	Comply	Competence	Competence	3	3
3.1.4	Reporting to Government					
	17	Comply	Competence	Competence	3	3
3.1.4	Evaluation of asset performance					
	18a	Comply	Competence	Competence	3	3
	18b	Comply	Competence	Competence	3	3
3.1.5	Other requirements					
	19	Comply	Competence	Competence	3	3
3.2	Planning					
3.2.2	Asset management strategy					
	20	Comply	Competence	Competence	3	3
	21a	Comply	Competence	Competence	3	3
	21b	Comply	Competence	Competence	3	3
	Risk management and contingency planning					
	22	Comply	Competence	Competence	3	3
	23	Comply	Competence	Competence	3	3
3.3	Acquisition					
3.3.1	Overview					
	24	Comply	Competence	Competence	3	3
3.3.2	Acquisition process					
	25	Comply	Competence	Competence	3	3

AMAF Clause	Index	Compliance	Maturity system status	Maturity effectiveness of application	Overall assessment (black)	Target maturity (red)
3.4	Operation					
3.4.2	Monitoring and preventive action					
	26	Comply	Competence	Competence	3	3
	27	Non-Comply	Developing	Competence	2	3
	28	Comply	Competence	Competence	3	3
	29	Comply	Competence	Competence	3	3
	30	Comply	Competence	Competence	3	3
3.4.3	Maintenance of assets					
	31	Comply	Competence	Competence	3	3
	32a	Comply	Competence	Competence	3	3
	32b	Comply	Competence	Competence	3	3
3.4.3	Information management					
	33	Comply	Competence	Competence	3	3
	34	Comply	Competence	Competence	3	3
	35	Comply	Competence	Competence	3	3
	36	Comply	Competence	Competence	3	3
	37a	Comply	Competence	Competence	3	3
	37b	Comply	Competence	Competence	3	3
	38	Comply	Competence	Competence	3	3
3.4.3	Record keeping					
	39	Comply	Competence	Competence	3	3
3.4.4	Asset valuation					
	40	Comply	Competence	Competence	3	3
3.5	Disposal					
	41	Comply	Competence	Competence	3	3



Water

Corporate water consumption

Consumption	2021–22 Value	2022–23 Value	2023–24 Value	Units
Consumption	860	1080	930	kL
No. of employees	197.8	213.6	224.5	FTE
Annual use	4.3	5.1	4.1	kL per person
Daily use	11.9	13.9	11.3	L per person
Per m ² office space	159.6	200.4	172.5	L

Major non-residential water users

Major customers – use by volume range

Volumetric range – ML per year	Number of customers
Equal to or greater than 100 ML and less than 200 ML	4
Equal to or greater than 200 ML and less than 300 ML	1
Equal to or greater than 300 ML and less than 400 ML	-
Equal to or greater than 400 ML and less than 500 ML	1
Equal to or greater than 500 ML and less than 750 ML	-
Equal to or greater than 750 ML and less than 1000 ML	1
Greater than 1,000 ML	-
Total number of customers equal to or greater than 100 ML	7

Major customers – participation in water efficiency programs

Customer	Comment
McCain Australia Pty Ltd	Long-term collaboration continues to ensure best practice for water efficiency, while increasing productivity
City of Ballarat	Ongoing collaboration in the Ballarat Integrated Water Management Plan, actively participating in WaterSmart
Grampians Health – Ballarat	Long-term commitment to ongoing water efficiency during a period of continuing expansion
Hepburn Shire Council	Maintaining a commitment to optimising water usage through water source substitution and efficient practices
Federation University	Maintaining commitment to water efficiency, water source substitution, where appropriate, and engaged in efficiency programs
Mars Australia Pty Ltd	Ongoing collaborative focus to reduce water consumption, through more efficient processes and source substitution, where practicable
Suvo Strategic Minerals	Continuing commitment to water efficiency and best practice principles



Water consumption table

Water Consumption Report – 2023–24			
Volumes to be reported in ML (or as otherwise specified)			
Residential Connections	(1) Number of residential connections	73,397 (count)	
	(2) Potable water volume consumed by residential connections	10,791.82	
	Per capita daily residential potable water consumption	157.50 L	
	(3) Recycled water volume used by residential connections	0	
	(4) Treated stormwater volume used by residential connections	0	
Non-Residential Connections	(5) Number of non-residential connections.	6,114 (count)	
	(6) Potable water volume consumed by non-residential connections	4,235.48	
	(7) Recycled water volume (end use) used by non-residential connections	Commercial purposes	34.17
		Industrial purposes	0
		Agricultural purposes	1,175.81
		Municipal purposes	283.80
		Beneficial Allocation	0
		Within Process	516.58
		Total (7)	2,010.36
	(8) Treated stormwater volume (end use) or harvested stormwater for beneficial use used by non-residential connections	Commercial purposes	0
		Industrial purposes	0
		Agricultural purposes	0
		Municipal purposes	0
		Beneficial Allocation	0
		Within Process	0
		Total (8)	0
	(9) Total number of connections (1)+(5)	79511	
	(10) Total potable water consumed (2)+(6)	15,027.30	
	(11) Total recycled water and stormwater volume (3)+(4)+(7)+(8)	2,010.36	
	(12) Total volume of water used by connections (10)+(11)	17,037.66	
	Average annual potable water consumption	14,484.36	
Non-Revenue Water	(13) Leakage	1,341.76	
	(14) Firefighting	3.80	
	(15) Other	556.83	
	(16) Total non-revenue water (13)+(14)+(15)	1,902.39	
Total volume of water from all sources (12)		18,940.05	

Note:

CHW also provided 29 ML of non-potable water to customers.

Drought response

After successive La Nina seasons, the 2023–24 season returned to drier conditions with reduced inflow to storages and higher demand. With a dry end to spring through to winter, storage volumes decreased in a more traditional manner, with inflows ceasing across most of the region.

After starting the year strongly, all the systems across the Central Highlands region remained in a healthy position at year end. All systems had their drought response measures tested and prepared as part of our seasonal operational planning, with all measures ready and available.

There were no drought response actions required in 2023–24, however the flexibility of groundwater supply at both Beaufort and Maryborough was beneficial after

bushfires and blue green algae impacted the systems respectively.

Measures implemented to maximise water supply resilience to drought conditions included:

- construction nearing completion of the Daylesford Water Supply Pipeline Project
- commencement of digital water meter project roll-out
- relining works undertaken on the White Swan Clear Water Storage Basin
- purchase of critical spare pumps for groundwater systems

The water restriction status remained at Permanent Water Saving Rules across all supply systems.

System	Date	Drought response action	Comment
Amphitheatre	All year	PWSRs	Amphitheatre Reservoir volumes remained high all season. Groundwater was not required during 2023–24 and not anticipated for the remainder of 2024.
Avoca	All year	PWSRs	Groundwater levels remained steady throughout 2023–24.
Ballarat	All year	PWSRs	The Ballarat system almost filled in 2023 and has been drawing down since summer. A dry start to 2024 has resulted in a later than usual start to the filling season. The system finished the year above 70%.
Beaufort	All year	PWSRs	Storage volumes have remained relatively high throughout 2023–24. Groundwater has been used extensively since late February after the Mt Cole catchment was devastated from bushfire. A return to surface water to occur as the catchments recover.
Blackwood	All year	PWSRs	The Blackwood basins remained close to full, with surface water diversions available all season. No groundwater was required during 2023–24.
Clunes	All year	PWSRs	Groundwater levels remained steady throughout 2023–24.
Daylesford	All year	PWSRs	After a dry start to 2024 the Daylesford system has drawn down to around 60% and has experienced a delayed start to the filling season. A small amount of groundwater was used through the treatment plant to maintain operational capability and readiness.
Dean	All year	PWSRs	Groundwater levels remained steady throughout 2023–24.
Forest Hill	All year	PWSRs	CHW received full allocation in groundwater system with levels remaining high throughout 2023–24.
Landsborough	All year	PWSRs	Groundwater levels remained steady throughout 2023–24.
Learmonth	All year	PWSRs	Extensive water quality assessments and monitoring were undertaken to maximise use and knowledge of both groundwater bores.
Lexton	All year	PWSRs	The system was stressed by high demand during the nearby bushfire event. A short period of water carting was required to restore treated water supplies after the event ended.
Maryborough	All year	PWSRs	The surface water system was impacted by BGA for large periods of the summer and autumn period. Groundwater and salt reduction used to supply during this period. Surface water levels remain strong heading into the winter period.
Redbank	All year	PWSRs	The system remained on groundwater during 2023–24 due to the water quality preferences.
Waubra	All year	PWSRs	A reliable groundwater supply system that performed well throughout the year.

Environmental and Social Sustainability

Environmental sustainability

Groundwater

Water Supply System	Bore Name	Groundwater Licence Number	RWA Licence Authority	Annual Licence Volume (ML)	Volume Extracted in 2023–24**
Amphitheatre	Amphitheatre Bore	BEE059427	GWM Water	20	0
Avoca	Bung Bung Bores	BEE069412	G-MW	250	199
Ballarat	Ballarat West	BEE031536	SRW	1700	641
	Bungaree Bore	BEE027683	SRW	69	0
Beaufort	Raglan	BEE030997	SRW	200	74
Blackwood	Barrys Reef Bore	BEE027580	SRW	50	0
Clunes	Clunes	BEE069135	G-MW	350	222
Daylesford	Coomoora Bore	BEE069510	G-MW	268*	2
Dean	Dean Bore	BEE025842	SRW	30	12
Forest Hill	Forest Hill Bores	BEE004957	G-MW	350	173
Landsborough / Navarre	Navarre Bore	BEE062916	GWM Water	150	39
Learmonth	Bankin Hill	BEE005382	G-MW	98	38
Lexton	Gordon Hill	BEE071487	G-MW	30	29
Maryborough	Moolort Bores	BEE018090	G-MW	1070.8*	258
	Stoney Creek Bore	BEE069615	G-MW	5	0
Redbank	Redbank Bores	BEE056519	GWM Water	50	4
Waubra	Waubra Bores	BEE014898	G-MW	65	35

Notes:

* Includes temporary transfer to/from CHW licence in 2023–24.

** Can include volume not utilised for urban supply e.g. bore maintenance and testing, raw water customers.

Bulk entitlement compliance

We hold 17 Bulk Entitlement (BE) Conversion Orders which define our legal rights to extract water to supply water supply systems. These orders are summarised below.

We also maintain a Bulk Entitlement Metering Plan to ensure repairs, replacements, operational processes and data control is conducted in accordance with Bulk Entitlement requirements. The 2023 revision of the Metering Plan has been reviewed by DEECA and will undergo a formal Ministerial approval process.

Bulk Entitlement Order	Annual amount taken from specified point(s) under Order (*)	Volume remaining in reservoirs at 30 June 2024 (*)	Transfers of BE to supply system, amendments, new entitlements or credits (*)	Failures or difficulties with complying with requirements of BE (*)	Comment (*)
Bulk Entitlement (Upper West Moorabool System) Conversion Order 1995	4089 ML (14.1 (e))	Beales 0 ML Wilsons 111 ML Moorabool 3953 ML (14.1 (d))	None (14.1 (g)), (14.1 (h)), (14.1 (i)), (14.1 (j))	None (14.1 (k)), (14.1 (l))	Nil
Bulk Entitlement (Lal LalwvCHW) Conversion Order 1995	4162 ML (CHW) 2437 ML (VEWH) 3890 ML (Barwon Water) (18.1 (g))	CHW share of Lal Lal Reservoir 31127 ML (18.1 (e))	(18.1 (m)) 100 ML transferred from Barwon Water into CHW share of Lal Lal None (18.1 (l)), (18.1 (n)), (18.1 (o))	None (18.1 (p)), (18.1 (q))	Total net gain to CHW's share of the reservoir was 285 ML (18.1 (f)), (18.1 (j)). No water was taken from any point other than the specified point (18.1 (i)). 200 ML released to Wadawurrung Traditional Owners Aboriginal Corporation.
Bulk Entitlement (Ballan) Conversion Order 1998	0 ML (12.1 (c))	Colbrook 164 ML	None (12.1 (d)), (12.1 (e)), (12.1 (f)), (12.1 (g)), (12.1 (h))	None (12.1 (i)), (12.1 (j))	Reservoir remained out of service during 2023–24.
Bulk Entitlement (Blackwood and Barry's Reef) Conversion Order 1998	54 ML (11.1 (e))	Not applicable	None (11.1 (g)), (11.1 (h)), (11.1 (i)), (11.1 (j))	None (11.1 (k)), (11.1 (l))	Nil
Bulk Entitlement (Yarrowee – White Swan System) Conversion Order 2002	10089 ML (14.1 (e))	White Swan 6860 ML Gong 638 ML Kirks 358 ML Pincotts 204 ML (14.1 (d))	None (14.1 (g)), (14.1 (h)), (14.1 (i)), (14.1 (j))	None (14.1 (k)), (14.1 (l))	Nil
Bulk Entitlement (Landsborough/Navarre) Conversion Order 2003	0 ML (12.1 (d))	82 ML (12.1 (c))	None (12.1 (f)), (12.1 (g)), (12.1 (h)), (12.1 (i))	None (12.1 (j)), (12.1 (k))	No surface water used during 2023–24. System now relies on groundwater supply.
Bulk Entitlement (Lexton) Conversion Order 2004	0 ML (12.1 (c))	91 ML (12.1 (b))	None (12.1 (e)), (12.1 (f)), (12.1 (g)), (12.1 (h))	None (12.1 (i)), (12.1 (j))	Reservoir remained out of service during 2023–24.
Bulk Entitlement (Redbank) Conversion Order 2003	0 ML (12.1 (d))	21 ML (12.1 (c))	None (12.1 (f)), (12.1 (g)), (12.1 (h)), (12.1 (i))	None (12.1 (j)), (12.1 (k))	System reliant on groundwater supply for 2023–24. Surface water use consumed by raw water customers.

Bulk Entitlement Order	Annual amount taken from specified point(s) under Order (*)	Volume remaining in reservoirs at 30 June 2024 (*)	Transfers of BE to supply system, amendments, new entitlements or credits (*)	Failures or difficulties with complying with requirements of BE (*)	Comment (*)
Bulk Entitlement (Avoca) Conversion Order 2003	19 ML (12.1 (d))	Sugarloaf 222 ML (12.1 (c))	None (12.1 (f)), (12.1 (g)), (12.1 (h)), (12.1 (i))	None (12.1 (j)), (12.1 (k))	System reliant on groundwater supply for 2023–24. Surface water use consumed by raw water customers.
Bulk Entitlement (Daylesford – Hepburn Springs) Conversion Order 2004	776 ML (12.1 (c))	Wombat 334 ML Bullarto 135 ML Hepburn 28 ML (12.1 (b))	None (12.1 (e)), (12.1 (f)), (12.1 (g)), (12.1 (h))	None (12.1 (i)), (12.1 (j))	There was 2 ML of groundwater used during 2023–24.
Bulk Entitlement (Creswick) Conversion Order 2004	429 ML (12.1 (c))	Cosgrave 414 ML Russells 25 ML Dean 84 ML (12.1 (b))	None (12.1 (e)), (12.1 (f)), (12.1 (g)), (12.1 (h))	None (12.1 (i)), (12.1 (j))	Transferred into the White Swan Reservoir during 2023–24.
Bulk Entitlement (Beaufort) Conversion Order 2005	186 ML (12.1 (d))	Musical Gully 198 ML Troys 16 ML (12.1 (b))	None (12.1 (f)), (12.1 (g)), (12.1 (h)), (12.1 (i))	None (12.1 (j)), (12.1 (k))	February bushfire impacted water supply catchment on Mt Cole.
Bulk Entitlement (Amphitheatre) Conversion Order 2003	9.7 ML (12.1 (c))	42 ML (12.1 (b))	None (12.1 (e)), (12.1 (f)), (12.1 (g)), (12.1 (h))	None (12.1 (i)), (12.1 (j))	Nil
Bulk Entitlement (Skipton) Conversion Order 2004	0 ML (12.1 (c))	Not applicable	None (12.1 (e)), (12.1 (f)), (12.1 (g)), (12.1 (h))	None (12.1 (i)), (12.1 (j))	Reservoir remained out of service during 2023–24.
Bulk Entitlement (Loddon System – Part Maryborough – CHW) Conversion Order 2005	212 ML (14.1 (b))	Not applicable	(14.1 (e)) 960 ML traded into Goulburn System None (14.1 (c)), (14.1 (g)), (14.1 (h))	None (14.1 (i)), (14.1 (j))	There were no periods of restrictions during 2023–24 (14.1(f)).
Bulk Entitlement (Evansford – Talbot System – Part Maryborough – CHW) Conversion Order 2006	1249 ML (17.1 (b))	Evansford 858 ML 340.57 mAHD Talbot 404 ML 337.04 mAHD Centenary 151 ML (17.1 (c)) 281.34 mAHD	None (17.1 (d)), (17.1 (f)), (17.1 (g)), (17.1 (h)), (17.1 (i)), (17.1 (j))	None (17.1 (k)), (17.1 (l))	Reflects the total volume of water taken for Maryborough (i.e. volume leaving Centenary Reservoir less any groundwater into Centenary Reservoir). There were no periods of restrictions during 2023–24 (17.1 (h)).
Bulk Entitlement (Bullarook System – CHW) Conversion Order 2009	9 ML (12.1 (b))	Not applicable	(12.1 (d)) 150ML Transferred to ABA122487 held by Dja Dja Wurrung Clans Aboriginal Corporation None (12.1 (f)), (12.1 (g))	Not applicable (12.1 (h)), (12.1 (i))	Small volume used for pump station maintenance. There were no periods of restrictions during 2023–24 (12.1).

Notes:

* The numbers in brackets refer to the relevant clause of the Bulk Entitlement Order.

CHW did not make any applications for changes under any of the "Making Allowances" clauses in its bulk entitlements in 2023–24.

CHW undertakes an extensive river health program in order to fulfil our environmental obligations.

Metering programs were in place for all bulk entitlements and no changes were made to the programs.

Climate change resilience

We recognise that climate change presents risks to water and wastewater service delivery for customers and the community. Accordingly, we are preparing effective adaptation responses to a changing climate.

The Central Highlands region can expect increased average temperatures, more severe heatwaves, more intense storms and declining rainfall, as a result of climate change. These changes will potentially result in higher costs being incurred by the organisation, in order to manage and mitigate risks.

Guided by our published organisational Climate Change Adaptation Plan (CCAP), we continue to address both threats and opportunities presented by climate change.

We are pursuing the following objectives:

- reduce vulnerability to the direct and indirect consequences of climate change
- build resilience to climate change impacts and extreme weather events
- innovate to take advantage of new and emerging opportunities that may arise through changes in the climate
- greenhouse gas emissions reduction
- continuously grow capacity and capability for adaptation
- support the implementation of State Government policy, including Water for Victoria and the Central and Gippsland Region Sustainable Water Strategy.

The CCAP was reviewed in 2023–24, with consideration of the recently released Victorian Water Cycle Climate Change Adaptation Action Plan 2022–2026 and will be finalised in 2024–25.

Greenhouse gas emissions

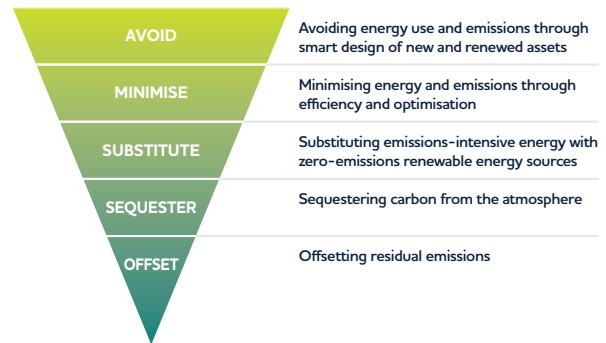


Figure 1: Emissions management hierarchy (WSAA, November 2021)

In 2022, through the Statement of Obligations (Emission Reduction) for all Victorian Corporations, CHW has pledged to source 100% of electricity from renewable sources (scope 2) by July 2025 and to achieve net-zero emissions no later than 2035.

Our greenhouse gas emissions reduction performance for 2023–24 is outlined below. The format of our greenhouse gas emissions report is consistent with DEECA's reporting guidelines.

Our 2023–24 Emissions Reduction Pledge target of 14,772 tonnes CO₂e was achieved, as demonstrated in Table 1.

Table 1: Total scope 1 and 2 greenhouse gas emissions

Service delivery category	Scope 1 and 2 emissions (tonnes CO ₂ -e) ^{1,2}				Variance from last year
	2022–23 Total emissions	2023–24 emissions			
		Scope 1	Scope 2	Total emissions	
Water treatment and supply	1,705	0	1,735	1,735	2% ³
Sewage collection, treatment and recycling	11,149	8,075 ⁴	3,727 ^{5,6}	11,802	6%
Transport	635	630	0	630	-1%
Other	628	118	486	604	-4%
Total	14,117	8,823	5,949	14,772	5% ⁷

Notes:

1. Greenhouse gas emissions have been calculated in accordance with the National Greenhouse and Energy Reporting (Measurement) Determination 2008 as amended in 2023 and National Greenhouse Accounts Factors, August 2023.
2. Tonnes CO₂-e represents the greenhouse gas emission in carbon dioxide equivalence by applying the relevant Global Warming Potentials.
3. Scope 1 and 2 emissions for water treatment and supply, transport and offices were consistent with 2022–23.
4. Scope 1 emissions associated with sewage treatment have increased by around 1,800 tCO₂-e, compared to 2022–23. This is primarily due to an increase in organic load received from the sewer network at Ballarat South Wastewater Treatment Plant (WWTP).
5. Overall energy use associated with sewage collection, treatment and recycling is consistent with 2022–23.
6. The greenhouse gas equivalent of 811 retired Renewable Energy Certificates (RECs) have been subtracted from scope 2 emissions associated with sewerage collection, treatment and recycling.
7. Overall greenhouse gas emissions have increased by 5% compared to 2022–23 primarily due to the increase in load received at the Ballarat South WWTP.

We have adopted a renewable energy led strategy to help reduce our greenhouse gas emissions, with 35% of our total electricity consumption in 2023–24 coming from renewable sources.

Current initiatives supporting our emissions reduction efforts include:

- a 2,690 MWh reduction in the consumption of grid electricity was achieved in 2023–24, primarily due to behind the meter solar generation systems at:
 - White Swan Water Treatment Plant (WTP) and Pump Station
 - Lal Lal WTP
 - Ballarat South WWTP
 - Ballarat North Water Reclamation Plant

- participation in the Zero Emissions Water (ZEW) Ltd. Power Purchase Agreement (PPA).

We have retired 811 RECs, gained from CHW led initiatives, namely offsite solar generation and participation in the ZEW PPA to support meeting the emissions pledge target for 2023–24.

We have also retired 772 RECs associated with behind the meter generation and consumption of solar electricity at the Ballarat South WWTP, as required by greenhouse gas accounting obligations to classify this electricity as renewable, hence this electricity usage is not counted in Table 1.

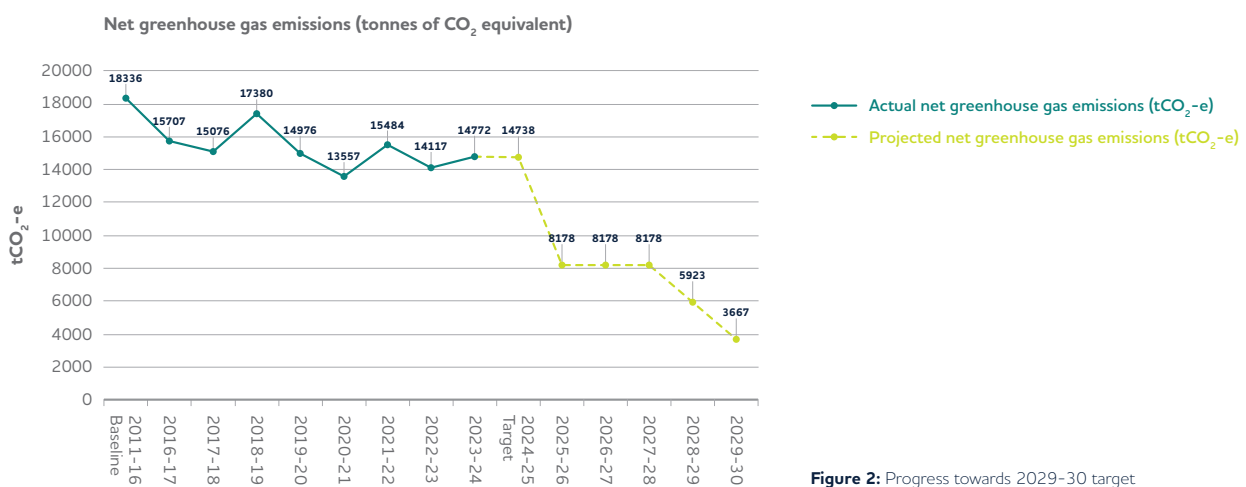


Figure 2: Progress towards 2029-30 target

Figure 2 shows emissions performance since 2016–17 and includes 2023–24. The graph depicts projected emission reductions to 2029–30.

We monitor scope 3 emissions associated with outsourced treatment plant operations, commercial air travel, waste disposal and land use. The organisation has commenced the assessment of the scope 3 emissions in accordance with the Water Services Association of Australia Guide to scope 3 emissions management for the water sector, released in May 2024, to inform future reporting.

Projects and initiatives completed to reduce scope 1, 2 and 3 greenhouse gas emissions and increase renewable electricity consumption and/or generation include:

- ongoing operation of renewable energy generation facilities
- preparation of an organisation-wide plan to guide all emissions reduction activities over the next five years
- continued active investigation of self-generation of carbon offsets and participation in a Vicwater-led initiative to collectively source offsets for the Victorian water sector
- identification and assessment of new opportunities for behind the meter renewable energy
- review into opportunities to reduce greenhouse gas emissions at Ballarat South WWTP and Ballarat North WRP, primarily considering sludge treatment processes.

This included an investigation into a shared sludge carbonisation facility with Barwon and Wannon Water

- assessment of opportunities to utilise wood residue from our forestry operations as a bioenergy source, to reduce greenhouse gas emissions, in a project co-funded by Sustainability Victoria
- participation in the Water Minister's Climate Innovation Challenge, assessing the feasibility of reducing natural gas use in the Ballarat area with green hydrogen, to reduce greenhouse gas emissions and strengthen local climate resilience
- repair of the Lal Lal mini-hydro plant, which was damaged in the 2022 floods, including improvements to mitigate flood vulnerability
- initiation of repairs to the Ballarat South WWTP solar facility damaged by vandalism

Annual reporting requirement notes:

- no Climate Active eligible offset units were retired to reduce scope 1 emissions
- CHW does not have non-renewable generators, aside from backup generators accounted for in Table 10, to report
- CHW does not have energy storage systems to report.

Table 2: Scope 1 emissions by greenhouse gas

Service delivery category	Scope 1 emissions by greenhouse gas (tonnes CO ₂ -e)				Commentary
	Carbon dioxide	Methane	Nitrous oxide	Other	
Water treatment and supply	0	0	0	0	
Sewage collection, treatment and recycling	0	6,710	1,365	0	The main contribution of emissions is from methane generated during the biological treatment of sewage
Transport	626	0	4	0	The main source of emissions is from the combustion of petrol and diesel in our corporate fleet
Other (office, workshops, depot etc)	118	0	0	0	Primary contribution is from the combustion of natural gas for heating and hot water at offices
Total	744	6,710	1,369	0	

Energy use and production

Table 3: Total electricity consumption reporting by service delivery category

Service delivery category	2022–23 Total electricity consumption (MWh)	2023–24 Total electricity consumption (MWh)
Water treatment and supply	2,047	2,238
Sewage collection, treatment and recycling	6,561	6,301 ¹
Other	714	659
Total	9,322	9,198

Note:

1 Not adjusted for the 811 retired RECs identified in table 1.

Total electricity consumption for 2023–24 was consistent with the previous reporting year.

Table 4: Total electricity consumption reporting by source

Electricity source	2022–23 Total electricity consumption (MWh)	2023–24 Total electricity consumption (MWh)
Purchased directly through an electricity retailer	8,251	8,341
Not directly purchased but sourced from outside the organisation	-	-
Corporation led/self-sourced activities and initiatives ¹	1,071	857 ²
Total	9,322	9,198

Notes:

1 This includes electricity consumed from on-site solar facilities only and does not include electricity exported to the grid.

2 Not adjusted for the 811 retired RECs identified in table 1.

Table 5: Total renewable electricity consumption reporting

Renewable electricity consumption categories	2022–23 Renewable electricity consumption (MWh)	2023–24 Renewable electricity consumption (MWh)	2023–24 Renewable electricity consumption (% of total consumption)	Variance from last year
Total renewable electricity consumption from grid-sourced electricity reported because of Commonwealth's LRET				
Total grid-sourced: mandatory	1,564	1,561	17%	0%
Total renewable electricity consumption from CHW led/self-sourced activities and initiatives				
Biogas	0	0	0%	NA
Hydroelectric	0	0	0%	NA
Solar	1071	857 ¹	9%	-20%
Wind	0	0	0%	NA
Other renewable	0	811 ²	9%	NA
Total CHW led/self-sourced	1071	1,668	18%	56%
Total²	2,635	3,229	35%	23%

Notes:

- 1 This includes electricity consumed from on-site solar facilities only and does not include electricity exported to the grid. A reduction in renewable electricity consumption from the Ballarat South WWTP ground-mounted solar array was experienced due to damage by vandalism.
- 2 This is the 811 retired RECs retired identified in table 1.

Table 6: Total on-site renewable electricity generation capacity and generation reporting

Renewable electricity source	2023–24 Total on-site renewable electricity generation capacity (MW)	2023–24 Total on-site renewable electricity generated (MWh)		Total generated
		Consumed on-site	Exported	
Biogas	0.00	0	0	0
Hydroelectric	0.00	0	0	0
Solar	0.96	857	74	931
Wind	0.00	0	0	0
Other renewable	0.00	0	0	0
Total	0.96	857	74	931

We also generate additional renewable energy annually through solar facilities and a mini hydro plant at off-site or outsourced treatment facilities.

Table 7: Total REC retirement reporting to reduce scope 2 emissions

REC retirement method	RECs retired for 2023–24
Voluntarily retired by CHW	811 ¹
Other (GreenPower; Certified carbon neutral electricity purchased and voluntarily retired on CHW's behalf)	0
Total RECs retired	811

Notes:

1 This is 811 retired RECs identified in table 1.

1 REC = 1 MWh of renewable electricity.

Table 8: Total energy usage from fuels and electricity segregated by energy source

Total energy usage	Renewable (MJ)	Non-renewable (MJ)	Total (MJ)
From fuels	0	11,300,753	11,300,753
From electricity	11,625,364	21,486,128	33,111,493
Total	11,625,364	32,786,881	44,412,246

Total energy usage was consistent with performance in 2022–23, which was 44,998,221 MJ.

Table 9: Total energy usage per volume of water produced

Total energy usage (fuels and electricity) (MJ)	44,412,246
2023–24 Total water supplied (ML)	17,030
2023–24 Energy usage per volume of water supplied (MJ/ML)	2,608

Energy usage per volume of water supplied was consistent with performance in 2022–23, which was 2,837 MJ/ML.

Table 10: Total stationary fuel use in buildings and machinery

Fuel type	Total stationary fuel use (buildings and machinery)	
	(MJ)	(tCO ₂ -e)
Fossil gas	2,294,353	118
Biogas	-	0
Diesel	1,003,600	26
LPG	-	0
Petrol	136,800	9
Other	-	0
Total	3,434,753	154

The heat generated from the combustion of biogas generated from anaerobic digestion of sludge at Ballarat South WWTP is used to support the anaerobic digestion process. It is intended to report this usage in future years.

Transportation

Table 11: Transportation

	Unit	2022–23	2023–24
Road vehicle – petrol	Megajoules	1,147,506	1,265,400
Road vehicle – diesel		6,261,062	6,600,600
Total energy used in transportation¹		7,408,568	7,866,000
Internal combustion engine – petrol	Number (% of fleet)	31 (34%)	26 (24%)
Internal combustion engine – diesel		60 (65%)	80 (74%)
Electric propulsion		1 (1%)	1 (1%)
Total number of vehicles		92 (100%)	107 (100%)
Road vehicle petrol – petrol	Tonnes CO ₂ -e	80	86
Road vehicle – diesel		441	465
Electric vehicle charging		-	-
Greenhouse gas emissions from vehicle fleet		521	550

Note:

1 CHW has one electric vehicle. This is not currently metered separately – the electricity consumed is reported through the other category.

Waste and recycling

Table 12: Waste and Recycling

	Unit	2022–23	2023–24
Office based general waste and recycling	Kilograms	41,056	50,989
Industrial waste		1,502,309	2,160,183 ^{1,2}
Hazardous waste		310,735	121,021 ³
Total units of waste disposed ⁴		1,854,100	2,332,193
Recycling rate	% of total waste by weight	81%	51% ⁶
Total units of waste to landfill	Tonnes	345	171
Greenhouse gas emissions associated with waste disposal ⁵	Tonnes CO ₂ -e	551	274

Notes:

- 1 Increased in 2023–24 in part due to previous reclassification of WWTP inlet works screenings in this table.
- 2 Includes 825 tonnes of pine wildings which were removed from bushland.
- 3 Reduced as per footnote 1 above.
- 4 Does not include sewage solids which are sustainably reused as biosolids.
- 5 Greenhouse gas emissions associated with waste to landfill only.
- 6 Recycling rate decrease due to burning of pine wildings referred to in note 2. The amount of wood waste material varies considerably from year to year.

Social sustainability

Community Service Obligations	2022–23 (\$)	2022–23 No. of customers	2023–24 (\$)	2023–24 No. of customers
Provision of water and sewerage concessions	5,600,968	21,483	5,677,203	21,483
Rebates paid to not-for-profit organisations under the water and sewerage rebate scheme	340,510	1,345	349,267	1,336
Utility relief grant scheme payments ¹	414,889	1,270	452,270	1,393
Water concession on life support machines	0	0	0	0
Hardship Relief Grant Scheme ²	11,387	67	58,088	109

Notes:

1 Customers receive payment for the Utility Relief Grant Scheme directly from the Department of Health.

2 CHW Hardship Program customers. Sewerage and Wastewater Connection Scheme is delivered by Department of Families, Fairness and Housing.

Procurement

Our major procurement activities included requirements for supplier compliance with ISO14000.

Social procurement

Our Social Procurement Strategy supports the opportunity to use buying power within our region to deliver positive social impacts to the community being:

- opportunities for Victorian Aboriginal people, Victorians with a disability and disadvantaged Victorians
- women's equality and safety
- supporting safe and fair workplaces
- sustainable Victorian social enterprise and Aboriginal business sectors
- sustainable Victoria regions
- environmentally sustainable outputs and business practices
- implementation of the Climate Change Policy objectives.

We have engaged social procurement suppliers to complete works and services under the following categories:

- waste management
- labour hire/recruitment
- traineeships
- catering
- supply of native plants
- landscaping services
- supply of artwork for recognition awards
- conservation programs
- water bottles and merchandise featuring Traditional Owner designs.

Our Strategic Procurement team, in collaboration with Victorian Government's Social Procurement team, has conducted information sessions for our team members to increase their awareness of the strategy and to promote an increased engagement with social procurement suppliers.

Overall social procurement activities 2023–24

Number of social benefit suppliers engaged during the reporting period	10
Total amount spent with social benefit suppliers (direct spend) during the reporting period (SGST exclusive)	\$542,950
Total number of mainstream suppliers engaged that have made social procurement commitments in their contracts with the Victorian Government	1
Total number of contracts that include social procurement commitments	1

Case study

As part of our commitment to social procurement, this year we worked with McCallum Disability Services. We utilised their car washing service for our vehicle fleet and their document management service to collect and sensitively dispose of printed materials. Through this commitment we supported the creation of employment opportunities, specifically for the benefit of Victorians with a disability.

Performance Report

Statement of performance for the 2023–24 financial year

Financial performance indicators

Key performance indicator	2022–23 result	2023–24 result	Variance to prior year	Notes	2023–24 target	Variance to target	Notes
Cash Interest Cover							
Net operating cash flows before net interest and tax/net interest payments	6.98	4.73	(32.2)%	1	4.50	5.1%	
Gearing Ratio							
Total Debt (including finance leases)/total assets*100	5.98%	7.45%	24.6%	2	12.00%	(37.9)%	3
Internal Financing Ratio							
Net operating cash flow less dividends/net capital expenditure *100	94.82%	51.50%	(45.7)%	4	85.00%	(39.4)%	5
Current Ratio							
Current assets/current liabilities (excluding long-term employee provisions and revenue in advance) *100	0.69	0.71	3.9%		0.80	(10.9)%	6
Return on Assets							
Earnings before net interest and tax/average assets *100	1.31%	0.08%	(94.2)%	7	1.75%	(95.7)%	8
Return on Equity							
Net profit after tax/average total equity *100	0.92%	(0.24)%	(125.7)%	9	1.00%	(123.7)%	10
EBITDA Margin							
Earnings Before Interest, Tax, Depreciation and Amortisation/total revenue *100	43.14%	33.37%	(22.6)%	11	43.00%	(22.4)%	12

Notes:

1	The cash interest cover is unfavourable to the prior year due to combination of higher interest payments as a result of the timing of new borrowings and increases in payments to suppliers and employees.	6	The current ratio is unfavourable to target driven by higher payables as a result of the higher capital expenditure program and an increase in current borrowings.
2	The gearing ratio is unfavourable to the prior year due to increased borrowings as a result of the higher capital expenditure program in 2023–24.	7 & 8	The return on assets ratio is unfavourable to prior year and target due to lower developer contributions revenue from the slowing of growth in the region and increased depreciation from the fair value asset valuation in 2022–23.
3	The gearing ratio is favourable to the target driven by an increase in total assets as a result of the fair value managerial asset valuation required in 2022–23 for infrastructure and building assets.	9 & 10	The return on equity ratio is unfavourable to prior year and target as a result of lower developer contributions from the slowing of growth in the region and increased depreciation from the fair value asset valuation in 2022–23.
4 & 5	The internal financing ratio is unfavourable to the prior year and target mainly due to an increase in the capital expenditure program in 2023–24 and higher payments to suppliers and employees.	11 & 12	The EBITDA Margin is unfavourable to prior year and target mainly due to a reduction in developer contributions revenue from the slowing of growth in the region and increased employee expenses.



Water and sewerage service performance indicators

Key performance indicator	2022–23 result	2023–24 result	Variance to 2022–23	Notes	2023–24 target	Variance to target	Notes
Water Service – minutes off supply (planned) how many minutes on average a customer was without water supply during a year	207	177	-14.5%	1	175	1.1%	
Water Service – minutes off supply (unplanned) how many minutes on average a customer was without water supply during a year	117	116	-0.9%		120	-3.3%	
Unplanned water supply interruptions percentage of customers receiving 5 unplanned interruptions in the year	0%	0.02%	n/a	2	0%	n/a	3
Sewerage Service – sewer blockages number of sewer blockages reported per 100 kilometres of sewer main	16.4	15.1	-7.9%	4	25	-39.6%	5
Sewerage Service – sewer spills number of sewer spills reported per 100 kilometres of sewer main	7.4	8.1	9.5%	6	20	-59.5%	7
Sewerage Service – containment of sewer spills sewer spills from reticulation and branch sewers contained within 5 hours	95.8%	100.0%	4.4%		100%	0.0%	

Notes:

- | | | | |
|-------|---|---|---|
| 1 | Planned interruption duration has improved due to experienced workforce investing more time in planning and preparation to minimise customer water outage durations. | 6 | Total Sewer spills increased from 117 in FY23 to 130 in FY24. This noted variance is small and typical as a count for year to year results. The result is well within target however focus will be maintained on the sewer spill event count to ensure that any ongoing upward trend is managed.

CHW has continued to perform well within the target for sewer spill rate. Despite a slightly increased count this year, the overall successful performance is attributed to the positive affect through delivery of our sewer preventive maintenance program. |
| 2 & 3 | Variances to prior year and target cannot be calculated due to 0 denominator. | | |
| 4 | FY22–23 recorded a total count of 262 sewer main blockages which reduced to 243 in FY23–24. This positive result is attributed to the increased investment in sewer main inspections. | 7 | |
| 5 | CHW has continued to perform well within the target for sewer blockage rate. This is attributed to successful delivery of our sewer preventive maintenance program. | | |

Water reuse indicators

Key performance indicator	2022–23 result	2023–24 result	Variance to 2022–23	Notes	2023–24 target	Variance to target	Notes
Recycled water – effluent treatment and reuse proportion of water recycled as a percentage of the volume of effluent produced	10.2%	17.7%	73.2%	1	15.0%	18.0%	2

Notes:

- | | | | |
|---|---|---|--|
| 1 | Previous AR Year result was adversely affected by wet weather, causing increase in inflows and decrease in reuse. | 2 | Current AR Year result has seen lower inflows and an increase in reuse over the previous year due to overall drier conditions. |
|---|---|---|--|

Customer responsiveness performance indicators

Key performance indicator	2022–23 result	2023–24 result	Variance to 2022–23	Notes	2023–24 target	Variance to target	Notes
Water bills – customers on flexible payment plans No. of customers with instalment plans	3,986	3,263	-18.1%	1			
Water bills – customers awarded hardship grants No. of customers awarded hardship grants	67	109	62.7%	2			
Customer Responsiveness – water quality complaints No. of complaints per 100 customers	0.107	0.050	-53.3%	3	0.180	-72.2%	4
Customer Responsiveness – number of payment issue complaints No. of complaints per 100 customers	0.023	0.021	-8.7%	5	0.032	-34.4%	6
Customer Responsiveness – total complaints No. of complaints per 100 customers	0.280	0.215	-23.2%	7	0.500	-57.0%	8

Notes:

- | | |
|---|--|
| <p>1 During the 2023–24 financial year Central Highlands Water reviewed broken payment arrangements that had placed on hold during the COVID period. This resulted in a net loss of active payment arrangements. Payment assistance was offered to these customers.</p> <p>2 Due to an increase in staffing in the care team resulting in CHW reaching more customers. CHW has been actively able to process more customer hardship grants.</p> <p>3 & 4 An enhanced focus on preventative programs, better operational response procedures and targeted mains cleaning have contributed to the decrease in water quality complaints for 2023–24 compared to the previous year.</p> | <p>5 & 6 CHW has seen a decrease in payment related complaints during the 2023–24 financial year, there is no obvious reason for the reduction. However, CHW continues to focus heavily on identifying and assisting customers that require assistance with payment related issues.</p> <p>7 & 8 CHW continues to promote proactive actions, relating to customer complaints, that have a positive reputational and social impact on the business and assists in providing prompt responses to our customers. This includes improved response times, planned maintenance, further innovations delivered through business projects, and reviewing maintenance programs to ensure continuous reliability of service. This has contributed to the overall decrease in complaints over the 2023–24 financial year.</p> |
|---|--|



Statutory certification

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

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

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



Jeff Haydon
Managing Director
Central Highlands Region Water Corporation



Philippa O'Sullivan
General Manager Customer and Business Services
Central Highlands Region Water Corporation



Angeleen Jenkins
Board Chair
Central Highlands Region Water Corporation

On this 2nd day of October 2024

Victorian Auditor-General's report



Independent Auditor's Report

To the Board of the Central Highlands Region Water Corporation

Opinion	I have audited the performance report of the Central Highlands Region Water Corporation (the corporation) for the year ended 30 June 2024, which comprises the: • financial performance indicators • water and sewerage service performance indicators • customer responsiveness performance indicators • water reuse performance indicator • certification of performance report. In my opinion, the performance report of the Central Highlands Region Water Corporation for the year ended 30 June 2024, presents fairly, in all material respects, in accordance with the performance reporting requirements of Part 7 of the <i>Financial Management Act 1994</i>.
Basis for Opinion	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. 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Board's responsibilities for the performance report	The Board is responsible for the preparation and fair presentation of the performance report in accordance with the performance reporting requirements of the <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.

**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
4 October 2024



Paul Martin
as delegate for the Auditor-General of Victoria

Financial Report

Central Highlands Water Comprehensive Operating Statement For the year ended 30 June 2024

	Note	2024 \$'000	2023 \$'000
Revenue and income from transactions			
Service charges	2.1.1	70,793	66,063
Usage charges	2.1.1	37,446	31,667
Other revenue	2.1.1	3,594	1,070
Developer contributions	2.1.2	10,971	30,618
Government grants	2.2	1,478	1,104
Other income	2.3	3,824	5,623
Total revenue and income from transactions		128,106	136,145
Expenses from transactions			
Depreciation	4.1.1	(40,335)	(34,760)
Amortisation	4.2	(995)	(954)
Employee benefits	3.1.1	(29,623)	(25,091)
Service concession arrangement tolls	6.2	(13,075)	(11,025)
Direct operating expenses	3.2	(12,140)	(12,158)
Repairs and maintenance	3.3	(9,966)	(10,751)
Environmental contribution	8.2	(4,472)	(4,472)
Interest expense	6.1.2	(6,166)	(5,319)
Other expenses	3.4	(15,563)	(12,381)
Total expenses from transactions		(132,335)	(116,911)
Net result from transactions (net operating balance)		(4,229)	19,234
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	4.1.5	(302)	(1,105)
Other gains/(losses) from economic flows	9.2	(212)	(432)
Total other economic flow included in net result		(514)	(1,537)
Net result before income tax		(4,743)	17,697
Income tax expense	8.1.1	1,398	(5,337)
Net result for the period		(3,345)	12,360
Other economic flow - other comprehensive income (OCI)			
<i>Items that will not be reclassified to net result</i>			
Changes in physical asset revaluation surplus	9.1	(251)	190,002
Deferred income tax relating to components of OCI	8.1	75	(57,001)
Total comprehensive income for the period		(176)	133,001
Comprehensive result		(3,521)	145,361

The accompanying notes form part of these financial statements.

Central Highlands Water
Balance Sheet
As at 30 June 2024

	Note	2024 \$'000	2023 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	6.3	7,184	2,897
Receivables	5.1	11,502	9,721
Contract assets	5.2	13,116	13,018
Inventories	5.5	812	743
Biological assets	5.9	1,396	1,773
Other non-financial assets	5.8	1,547	1,426
Total current assets		35,557	29,578
Non-current assets			
Receivables	5.1	170	170
Infrastructure, property, plant and equipment	4.1.1	1,806,178	1,788,872
Intangible assets	4.2	40,677	41,355
Biological assets	5.9	4,526	3,918
Other financial assets	5.6	15	15
Total non-current assets		1,851,566	1,834,330
Total assets		1,887,123	1,863,908
LIABILITIES			
Current liabilities			
Payables	5.3	20,885	22,698
Contract liabilities	5.4	1,642	1,052
Interest bearing liabilities	6.1	21,763	13,980
Employee benefits provision	3.1.2	7,236	6,440
Total current liabilities		51,526	44,170
Non-current liabilities			
Contract liabilities	5.4	-	191
Interest bearing liabilities	6.1	118,880	97,544
Net deferred tax liabilities	8.1.2	308,141	309,615
Employee benefits provision	3.1.2	653	702
Other financial liabilities	5.7	836	1,078
Total non-current liabilities		428,510	409,130
Total liabilities		480,036	453,300
Net assets		1,407,087	1,410,608
EQUITY			
Contributed capital		358,241	358,241
Physical asset revaluation reserve	9.1	643,052	643,228
Accumulated surplus / deficit		405,794	409,139
Total equity		1,407,087	1,410,608

The accompanying notes form part of these financial statements.

Central Highlands Water
Cash Flow Statement
For the year ended 30 June 2024

	Note	2024 \$'000	2023 \$'000
Cash flows from operating activities			
Receipts			
Service and usage charges		104,694	98,017
Receipts from Government grants - other		1,916	909
Interest received		69	103
Developer contribution fees		3,024	3,029
Other receipts		8,782	6,895
Total receipts		118,485	108,953
Payments			
Payments to suppliers and employees		(79,559)	(64,892)
Interest and other cost of finance paid		(6,894)	(5,849)
Goods and Services Tax paid to the ATO		(356)	(283)
Environmental contribution levy paid		(5,963)	(2,981)
Total payments		(92,772)	(74,005)
Net cash inflow from operating activities	6.3.1	25,713	34,948
Cash flows from investing activities			
Payments for infrastructure, property, plant and equipment		(49,929)	(36,856)
Proceeds from sale of infrastructure, property, plant and equipment		486	55
Payments for investment in ZEW Ltd		(100)	-
Proceeds from investment in ZEW Ltd		-	54
Payments for intangible assets		(426)	(1,181)
Net cash outflow from investing activities		(49,969)	(37,928)
Cash flows from financing activities			
Repayment of borrowings		(20,050)	(7,950)
Proceeds from borrowings		53,050	17,050
Principal payments of service concession liability		(4,457)	(4,377)
Net cash outflow from financing activities		28,543	4,723
Net (decrease)/increase in cash and cash equivalents		4,287	1,743
Cash and deposits at the beginning of the financial year		2,897	1,154
Cash and deposits at the end of the financial year	6.3	7,184	2,897

The accompanying notes form part of these financial statements.

Central Highlands Water
Statement of changes in equity
For the year ended 30 June 2024

	Contributed capital \$'000	Physical asset revaluation reserve \$'000	Accumulated surplus \$'000	Total equity \$'000
Opening balance at 1 July 2022	358,241	510,038	396,779	1,265,058
Net result for the year	-	-	12,360	12,360
Other comprehensive income	-	133,001	-	133,001
Deferred tax adjustment	-	189	-	189
Balance at 30 June 2023	358,241	643,228	409,139	1,410,608
Balance at 1 July 2023	358,241	643,228	409,139	1,410,608
Net result for the year	-	-	(3,345)	(3,345)
Other comprehensive income	-	(176)	-	(176)
Balance at 30 June 2024	358,241	643,052	405,794	1,407,087

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR END 30 JUNE 2024

1. BASIS OF PREPARATION

Introduction

Central Highlands Water (The Corporation) manages 15 distinct water supply systems and 13 wastewater systems in a service area of 9,275 km², which is equivalent to just over 6% of Victoria's total area. Services are provided to approximately 187,215 residents and businesses in more than 60 towns. These communities range in population from less than 100 people to more than 100,000 in the Ballarat and District water supply system. These services are provided in a fully integrated 'catchment-to-tap' approach which involves:

- collection and storage of water via surface water and groundwater sources
- filtration and disinfection via 15 water treatment plants
- water delivery through 2,643 km of water mains
- the collection and treatment of wastewater via 1,613 km of sewer mains
- the beneficial reuse of reclaimed water and biosolids.

Significant events

There were no significant events during the 2023/24 financial year.

1.1 Basis of preparation

A description of the nature of its operations and the Corporation's principal activities is included in the Report of Operations, which does not form part of these financial statements.

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.

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

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

Functional and presentation currency

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

Classification between current and non-current

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

Rounding

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

Central Highlands Water

Notes to the financial statements

Historical cost convention

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

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 Central Highlands Water.

Accounting estimates

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

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

Significant judgement and estimation area	Note number
Contract Assets - Accrued water usage charges	5.2
Estimated fair value of derivative financial instrument	5.7
Estimated fair value of land, buildings, infrastructure, plant and equipment	7.3
Estimation of useful life of non-financial assets	4.1.4
Impairment of assets	4.1.4 and 5.1.1
Employee benefit provisions	3.1.2
Superannuation defined benefit scheme - Actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates	3.1.3
Revenue recognition - Determining whether the performance obligations are sufficiently specific so as to determine whether the arrangement is within the scope of AASB 15 <i>Revenue from Contracts with Customers</i> (AASB 15) or AASB 1058 <i>Income of Not-For-Profit Entities</i> (AASB 1058)	2.1
Revenue recognition - The timing of satisfaction of performance obligations and determining transaction price and amounts allocated to performance obligations	2.1.3
Recognition and measurement of Software as-a-Service (SaaS) arrangements	4.2
Impairment – Calculation of the expected credit loss	5.1.2

Controlled Entities

These financial statements cover the Corporation as an individual reporting entity and include all the activities of the Corporation. The Corporation has no controlled entities.

For the year ended 30 June 2024, the Corporation recognised a net loss of \$3.3m. The Corporation's net current liabilities as at 30 June 2024 were \$16m. The Corporation has \$7.2m of resources comprising cash, cash equivalents and deposits, other highly liquid assets and unused credit lines available at the date of authorisation of these financial statements.

Management continuously review budgets and forecasts while monitoring cash flow requirements and customer payment trends and conclude that the going concern assumption still remains appropriate.

Central Highlands Water

Notes to the financial statements

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

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 not impact the accounting policy information disclosed throughout.

Central Highlands Water

Notes to the financial statements

2. FUNDING DELIVERY OF SERVICES

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

2.1 Revenue from contracts with customers

	Note	2024 \$'000	2023 \$'000
Revenue from service, usage, trade waste charges and other revenue	2.1.1	111,833	98,800
Developer contributions	2.1.2	10,971	30,618
Total revenue from contracts with customers		122,804	129,418

2.1.1 Revenue from service, usage, trade waste charges and other revenue

	2024 \$'000	2023 \$'000
Service charges		
Water service charges	18,811	14,957
Wastewater service charges	51,419	50,555
Trade waste service charges	563	551
Total service charges	70,793	66,063
Usage charges		
Water volume	33,442	28,174
Wastewater volume	1,568	960
Trade waste volume	2,196	2,317
Recycled water volume	240	216
Total usage charges	37,446	31,667
Other revenue		
Forestry timber sales	2,379	741
Temporary water sales	1,215	329
Total other revenue	3,594	1,070
Total service and usage charges and other revenue	111,833	98,800

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

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Service charges (trade waste and wastewater)	Service charges are recognised as revenue when the services have been provided or service charge has been made. Service charges are billed in arrears and recognised evenly throughout the financial year to reflect continuous service being provided to customers. Service charges are based on fixed fee for access to water, recycled water and wastewater disposal. The charges are payable within 28 days.	Revenue is recognised over time as service is provided.

Central Highlands Water

Notes to the financial statements

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Usage charges, Disposal charges - sewerage	Usage and sewer disposal charges are recognised as revenue when water is consumed by customers, and sewage waste is disposed of by customers. Meter reading is undertaken progressively during the year and customers are billed triannually in arrears. An estimation of usage and disposal charges is made at the end of each accounting period for connection where meters were not read at balance date. This is calculated by determining the level of billable service provided multiplied by the cost of each service. The charges are payable within 28 days.	Revenue is recognised over time as service is provided.
Trade waste disposal charges	Revenue related to trade waste disposal is based on the volume of waste disposed by customers.	Revenue is recognised at a point in time.
Recycled water charges	Recycled water charges are all recognised as revenue over time as the performance obligation is satisfied. The Corporation measures these charges based on the regulated prices and the volume of water consumed by customers, and sewage and trade waste disposed by customers. The charges are payable within 30 days.	Revenue is recognised over time as service is provided.
Forestry timber sales	Revenue related to the sale of timber from commercial pine plantations based on the weight of timber sold.	Revenue is recognised at a point in time.
Temporary water sales	Revenue is recognised at the fair value of the temporary water sale.	Revenue is recognised at a point in time.

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

Central Highlands Water

Notes to the financial statements

2.1.2 Developer contributions

	2024 \$'000	2023 \$'000
New customer contributions	3,024	3,029
Developer contributed assets	7,947	27,589
Total contributions	10,971	30,618

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
New customer contributions	New customer contributions represent non-refundable upfront charges applicable when customers request to build or develop a property and connect to the Corporation's water supply and sewerage infrastructure network. The charges contribute towards the cost of augmenting the Corporation's water supply distribution systems and sewage disposal systems. Depending on the type of new customer contribution application, this can result in the performance obligation being satisfied at a point in time when the Corporation meets its performance obligation. This will vary depending on the type of application submitted by the customer. As a result, a performance obligation can be satisfied when: - the Statement of Compliance is issued to the customer; or - the customer is connected to the Corporation's infrastructure network for the provision of water and sewerage services when no Statement of Compliance is required to be issued; or - the customer receives consent from the Corporation to proceed with their application. The rates applied to calculate the new customer contributions are regulated by the Essential Services Commission.	Revenue is recognised at a point in time.
Developer contributed assets	Developer contributed assets arise when developers pay for the cost of construction of new infrastructure assets and subsequently gift these assets to the Corporation to maintain in perpetuity. Depending on the type of developer application, this can result in the performance obligation being satisfied: - when the Statement of Compliance is issued to the customer, or - when the customer is connected to the Corporation's infrastructure network for the provision of water and wastewater services when no Statement of Compliance is required to be issued. Revenue is recognised at the fair value of the gifted assets by assessing the value of the works using schedule of rates.	Revenue is recognised at a point in time.

Central Highlands Water

Notes to the financial statements

2.1.3 Timing of recognition of revenue from customers

The Corporation derives revenue from the transfer of goods and services over time and at a point in time for the following charges.

	Service charges		Usage charges		Service charges		Disposal charges		Recycled water charges		Developer contributions		New customer contributions		Other revenue		Total revenue with customers	
	Water	\$'000	Water	\$'000	Wastewater*	\$'000	Wastewater	\$'000		\$'000		\$'000		\$'000		\$'000		\$'000
2023																		
At a point in time	-	-	-	-	-	-	3,277	-	-	-	27,589	-	3,029	-	1,070	-	34,965	-
Over time	14,957	28,174	28,174	51,106	51,106	-	-	216	-	-	-	-	-	-	-	-	94,453	-
Total	14,957	28,174	28,174	51,106	51,106	3,277	3,277	216	216	27,589	3,029	1,070	3,029	1,070	1,070	1,070	129,418	129,418
2024																		
At a point in time	-	-	-	-	-	-	3,764	-	-	-	7,947	-	3,024	-	3,594	-	18,329	-
Over time	18,811	33,442	33,442	51,982	51,982	-	-	240	-	-	-	-	-	-	-	-	104,475	-
Total	18,811	33,442	33,442	51,982	51,982	3,764	3,764	240	240	7,947	3,024	3,594	3,024	3,594	3,594	3,594	122,804	122,804

* Service charges wastewater includes trade waste

Central Highlands Water

Notes to the financial statements

2.2 Government grants

	2024 \$'000	2023 \$'000
Income recognised as income of not-for-profit entities		
General purpose grants	1,061	1,027
Income recognised as revenue from contract with customers		
Other specific purpose grants	417	77
Total government grants	1,478	1,104

The Corporation has determined that all grant income is recognised as income of not-for-profit entities in accordance with AASB 1058 *Income of Not-For-Profit Entities*, 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 *Revenue from Contracts with Customers*.

Income from grants that are enforceable and with sufficiently specific performance obligations are accounted for as revenue from contracts with customers (AASB 15). This is recognised based on the consideration specified in the funding agreement and to the extent that it is highly probable a significant reversal of the revenue will not occur. The funding payments are normally received in advance or shortly after the relevant obligation is satisfied.

Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised under AASB 1058 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); or
- a provision, in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* (AASB 137).

2.3 Other Income

	2024 \$'000	2023 \$'000
Insurance settlement income	614	1,056
Non-tariff fees and charges	2,337	2,102
Legal settlement income	-	558
Reimbursements	336	708
Other	537	1,199
Total other income	3,824	5,623

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Insurance settlement income	Relates to non-recurring income received from insurance settlements. Includes claim settlements from damage caused by extreme storm/flood events.	Revenue is recognised at a point in time.
Non-tariff fees and charges	Revenue from fees and charges other than water and wastewater fees. Includes application fees, consent fees, information fees and laboratory service fees.	Revenue is recognised at a point in time.
Legal settlement income	Relates to non-recurring income received from the outcome of legal settlements.	Revenue is recognised at a point in time.
Reimbursements	Revenue related to the reimbursement of expenditure incurred by the Corporation on behalf of other parties.	Revenue is recognised at a point in time.

Central Highlands Water

Notes to the financial statements

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Other	Revenue from other services rendered upon provision of the goods or service provided to the customer.	Revenue is recognised at a point in time when service is provided.

3. THE COST OF DELIVERING OUR SERVICES

Introduction

This section provides an account of the expenses incurred by the Corporation in delivering services and outputs.

3.1 Expenses incurred in the delivery of services

	Note	2024 \$'000	2023 \$'000
Employee benefit expenses	3.1.1	29,623	25,091
Direct operating expenses	3.2	12,140	12,158
Repairs and maintenance	3.3	9,966	10,751
Other expenses	3.4	15,563	12,381
Total expenses incurred in delivery of services		67,292	60,381

3.1.1 Employee benefits – comprehensive operating statement

	2024 \$'000	2023 \$'000
Salaries and wages	25,494	21,146
Employer superannuation contributions	2,903	2,429
Termination benefits	355	610
Other	871	906
Total employee benefit costs	29,623	25,091

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

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

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

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

Central Highlands Water

Notes to the financial statements

3.1.2 Employee benefits provision in the balance sheet

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

	2024 \$'000	2023 \$'000
Current provisions:		
<i>Rostered days off</i>		
Unconditional and expected to settle within 12 months	263	358
<i>Annual Leave</i>		
Unconditional and expected to settle within 12 months	1,765	1,588
Unconditional and expected to settle after 12 months	176	208
<i>Long Service Leave</i>		
Unconditional and expected to settle within 12 months	497	371
Unconditional and expected to settle after 12 months	3,639	3,158
<i>Provisions for on-costs</i>		
Unconditional and expected to settle within 12 months	330	275
Unconditional and expected to settle after 12 months	566	482
Total current provisions for employee benefits	7,236	6,440
Non-current provisions:		
<i>Long service leave - conditional</i>	569	614
<i>On-costs</i>	84	88
Total non-current provisions for employee benefits	653	702
Total provisions for employee benefits	7,889	7,142

Reconciliation of movements in on-cost provisions

	2024 \$'000	2023 \$'000
Opening balance	845	834
Additional provisions recognised	450	305
Amounts utilised recognised	(321)	(307)
Effect of changes in the discount rate	6	13
Closing balance	980	845
Current	896	757
Non-current	84	88

Wages and salaries, annual leave and sick leave

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

The components of this liability are measured at:

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

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 Statement of Comprehensive Income as it is taken.

Central Highlands Water

Notes to the financial statements

On-costs

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.

Long service leave

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

Unconditional LSL (representing seven or more years of continuous service) is disclosed as a current liability even where 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 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 contributions

Superannuation contributions

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

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

Scheme	Type of scheme	Rate	2024 \$'000	2023 \$'000
Vision Super	Defined benefits	11.00%	234	221
Vision Super	Accumulation	11.00%	1,187	953
Superannuation funds - other	Accumulation	11.00%	1,482	1,255
			2024 \$'000	2023 \$'000
Unfunded liability payments to Vision Super			(6)	16
Contributions outstanding to Vision Super			-	7
Expected contributions to be paid to Vision Super			115	86

Central Highlands Water

Notes to the financial statements

Accumulation

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% (10.5% in 2022-23) as required under Superannuation Guarantee (SG) legislation. Our commitment to accumulation plans is limited to making contributions in accordance with our minimum statutory requirements. No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

The Superannuation Guarantee (SG) rate will eventually increase to 12% from 1 July 2025 based on the current SG legislation.

Defined benefit fund

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

Defined benefit fund members receive a lump sum benefit on retirement, death, disablement or withdrawal from the fund. Benefits are calculated on a multiple of an employee's final salary. The multiple is dependent on an employee's length of service and their contribution rate. The fund ceased including new members from September 1994. A liability or asset in respect of defined benefits superannuation is recognised and measured as the difference between the present value of employees' accrued benefits at reporting date and the net market value of the superannuation plan's assets at that date.

The Corporation is not the trustee of the defined benefit fund.

The plan's trustee is responsible for the governance of the plan. The trustee has a legal obligation to act solely in the best interests of plan beneficiaries. The trustee has the following roles:

- administration of the plan and payment to beneficiaries from plan assets when required in accordance with the plan rules;
- management and investment of the plan assets; and
- compliance with superannuation law and other applicable regulations.

There are a number of risks to which the plan exposes the Corporation. The more significant risks relating to the defined benefits are investment risk, salary growth risk, legislative risk and pension risk.

The Corporation's plan assets are invested by the trustee in a pool of assets with assets from other employers' plans. The assets have a benchmark weighting to equities of 50 per cent and therefore the plan has a significant concentration of equity market risk. However, within the equity investments the allocation both globally and across sectors is diversified.

There were no plan amendments affecting the defined benefits payable, curtailments or settlements during the year.

Central Highlands Water

Notes to the financial statements

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 investigation for the Defined Benefit category as at 30 June 2023 was conducted and completed by 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.

The financial assumptions used to calculate the 30 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, the Corporation 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.

Funding calls

If the Defined Benefit category is in an unsatisfactory financial position at an actuarial investigation or the Defined Benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the Defined Benefit category has a shortfall for the purposes of Prudential Standard SPS 160 Defined Benefit Matters (SPS160) and the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 98% from 26 July 2024 (previously 97%).

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.

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.

Central Highlands Water

Notes to the financial statements

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

	2023 \$'000	2022 \$'000
VBI surplus	84,700	44,600
Total service liability surplus	123,600	105,800
Discounted accrued benefits surplus	141,900	111,900

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.

Central Highlands Water

Notes to the financial statements

3.2 Direct operating expenses

	2024 \$'000	2023 \$'000
Fleet	884	991
Power	1,688	1,677
Water and wastewater network	4,655	5,928
Bulk and temporary water charges	790	768
Forestry (biological assets)	1,514	842
Catchments and grounds	936	450
Monitoring and testing	1,137	909
Other direct operational expense	536	593
Total direct operating expenses	12,140	12,158

Expense	Description	Recognition policy
Fleet	Expenses related to the management of fleet, including repairs and maintenance, insurance and registration and fuel.	Accruals basis. Recognised in the Comprehensive operating statement.
Power	Energy and electricity charges.	Accruals basis. Recognised in the Comprehensive operating statement.
Water and wastewater network	Expenses related to the management of water and wastewater assets, including mains and tank cleaning, sidelines and wet wells clearing, chemicals and inspections.	Accruals basis. Recognised in the comprehensive operating statement.
Bulk and temporary water charges	Expenses related to bulk and temporary water charges.	Accruals basis. Recognised in the Comprehensive operating statement.
Forestry (biological assets)	Expenses related to the management of forestry assets, including harvesting, road maintenance and plantation management.	Accruals basis. Recognised in the Comprehensive operating statement.
Catchment and grounds	Expenses relating to catchment and ground assets, including biosolid waste disposal, bio-diversity maintenance, catchment assessments and waterway protection.	Accruals basis. Recognised in the Comprehensive operating statement.
Monitoring and testing	Monitoring and testing expenses related to monitoring of the water, wastewater and groundwater network.	Accruals basis. Recognised in the Comprehensive operating statement.
Other direct operational expense	Generally, represent the day to day running costs incurred in normal operations.	Accruals basis. Recognised in the Comprehensive operating statement.

Central Highlands Water

Notes to the financial statements

3.3 Repairs and maintenance

	2024 \$'000	2023 \$'000
Catchments and grounds	1,906	3,223
Water and sewer network	7,690	6,659
Facilities maintenance	281	236
Other repairs and maintenance	89	633
Total repairs and maintenance	9,966	10,751

Expense	Description	Recognition policy
Planned maintenance, repair costs and minor renewal costs	Where the repair relates to the replacement of a component of an asset.	Routine maintenance that does not enhance the performance of the asset is expensed as incurred.

3.4 Other expenses

	2024 \$'000	2023 \$'000
Audit fees	332	211
Bad and doubtful debts	437	199
Bank and merchant fees	364	306
Community engagement	478	536
Insurance	881	610
Other operating	2,164	1,966
Printing and postage	563	428
Professional and technical services	5,253	5,526
Telephone and communication links	571	430
Information technology expenditure	4,520	2,169
Total operating expenses	15,563	12,381

Expense	Description	Recognition policy
Audit fees	Audit fees paid to VAGO, and to internal auditors.	Accruals basis. Recognised in the Comprehensive operating statement.
Bad and doubtful debts	Represents bad and doubtful debts written off during the period.	As incurred. Recognised in the Comprehensive operating statement.
Bank and merchant fees	Bank charges and fees.	As incurred. Recognised in the Comprehensive operating statement.
Community engagement	Includes expenditure for website development, advertising, art and design, education and community sponsorship.	As incurred. Recognised in the Comprehensive operating statement.
Insurance	Insurance charges from the Corporation's insurance policies held with Marsh Insurance Brokers, who provides insurance cover Victorian water corporations.	Accruals basis. Recognised in the Comprehensive operating statement.
Other operating	Generally, represent the day to day running costs incurred in normal operations including customer hardship, community rebate program and the community housing retrofit program.	As incurred. Recognised in the Comprehensive operating statement.

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Notes to the financial statements

Expense	Description	Recognition policy
Printing and postage	Printing and postage expenses.	As incurred. Recognised in the Comprehensive operating statement.
Professional and technical services	Includes expenditure for consultants, contractors, recruitment services, subscriptions and memberships and other professional fees.	As incurred. Recognised in the Comprehensive operating statement.
Telephone and communication links	Telephone and communication expenses.	As incurred. Recognised in the Comprehensive operating statement.
Information technology expenditure	All operating expenses, maintenance contracts, license fees and other costs associated with operating the information technology environment of the Corporation.	As incurred. Recognised in the Comprehensive operating statement.

4. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

Introduction

The Corporation controls infrastructure and other investments 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.

Central Highlands Water

Notes to the financial statements

4.1 Infrastructure, property, plant and equipment

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

	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Infrastructure - water \$'000	Infrastructure - wastewater \$'000	Service concession assets \$'000	Capital works in progress \$'000	Total \$'000
Year ended 30 June 2024								
Opening net book amount	78,132	37,420	15,310	1,126,319	413,158	54,810	63,723	1,788,872
Additions	-	-	-	-	-	-	49,929	49,929
Gifted assets	-	-	-	-	-	-	7,947	7,947
Disposals	(3)	(27)	(512)	(1,589)	(1,286)	(240)	-	(3,657)
Transfer between asset classes	478	1,184	4,429	11,869	25,331	-	(43,291)	-
Transfers to intangibles	-	-	-	-	-	-	(89)	(89)
Revaluation	1,695	244	-	-	499	-	-	2,438
Adjustments	-	-	-	-	-	-	1,435	1,435
Write-offs	-	-	-	-	-	-	(362)	(362)
Depreciation	-	(1,080)	(1,712)	(21,783)	(14,169)	(1,591)	-	(40,335)
Closing net book amount	80,302	37,741	17,515	1,114,816	423,533	52,979	79,292	1,806,178
At 30 June 2024								
Cost or fair value	80,302	38,829	31,910	1,139,210	438,381	54,555	79,292	1,862,479
Accumulated depreciation	-	(1,088)	(14,395)	(24,394)	(14,848)	(1,576)	-	(56,301)
Net book amount	80,302	37,741	17,515	1,114,816	423,533	52,979	79,292	1,806,178
Year ended 30 June 2023								
Opening net book amount	70,720	33,626	15,433	1,008,515	348,671	48,834	44,016	1,569,815
Additions	-	-	-	-	-	-	37,147	37,147
Gifted assets	-	-	-	-	-	-	27,589	27,589
Disposals	(11)	-	(191)	(298)	(319)	-	-	(819)
Transfer between asset classes	2,800	517	1,517	11,210	28,985	-	(45,029)	-
Revaluation	4,622	4,214	-	125,997	47,817	7,352	-	190,002
Adjustments	1	(3)	(8)	(55)	(34)	(3)	-	(102)
Depreciation	-	(934)	(1,441)	(19,050)	(11,962)	(1,373)	-	(34,760)
Closing net book amount	78,132	37,420	15,310	1,126,319	413,158	54,810	63,723	1,788,872
At 30 June 2023								
Cost or fair value	78,132	37,430	29,079	1,129,050	413,935	54,814	63,723	1,806,163
Accumulated depreciation	-	(10)	(13,769)	(2,731)	(777)	(4)	-	(17,291)
Net book amount	78,132	37,420	15,310	1,126,319	413,158	54,810	63,723	1,788,872

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Notes to the financial statements

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, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Items with a cost or value in excess of \$1,000 and a useful life of more than one year are recognised as an asset. All other assets acquired are expensed.

Service concession assets

A Service Concession Asset (SCA) under AASB 1059 *Service Concession Arrangement: Grantors* (AASB 1059) is an asset other than goodwill, to which a private operator has right of access to provide public services on behalf of the Corporation in a service concession arrangement that:

- the operator constructs, develops, upgrades or replaces major components, or acquires from a third party or is an existing asset of the operator, or
- is an existing asset of the Corporation, including a previously unrecognised identifiable intangible asset and land under roads, or an upgrade to or replacement of a major component of an existing asset of the grantor.

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

The Corporation initially measures service concession arrangements at current replacement cost in accordance with the cost approach to fair value in AASB 13 *Fair Value Measurement* (AASB 13). Subsequent to the initial recognition, or reclassification of the asset, the Corporation measures the service concession asset in accordance with AASB 116 *Property, Plant and Equipment* (AASB 116) or AASB 138 *Intangible Assets* (AASB 138) as appropriate as relevant.

Where an existing asset of the Corporation is reclassified as a service concession asset, the Corporation measures the asset at current replacement cost as at the date of reclassification. Any difference between the fair value of the asset using current replacement cost and the carrying value of the asset being accounted for as if it were a revaluation is taken to the asset revaluation reserve.

After initial recognition, the Corporation depreciates the service concession arrangement over its useful life using the principles in AASB 116. SCAs are subject to revaluation as required by Financial Reporting Direction 103 Non-Financial Physical Assets (FRD 103). Refer to note 7.3 Fair value determination for a summary of revaluation details by asset category with further details provided on accounting for revaluation in note 4 Revaluations of Infrastructure, Property, Plant and Equipment.

Motor vehicles

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

Central Highlands Water

Notes to the financial statements

Revaluation of infrastructure, property, plant and equipment

Non-financial physical assets are revalued at fair value every five years in accordance with the Government purpose classifications defined in FRD 103. The Valuer-General Victoria (VGV) is the Government's independent valuation agency and is used by the 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. The market that the assets are valued in were impacted by the uncertainty that the coronavirus (COVID-19) outbreak caused. In 2022, the valuer has advised that the current market environment, created significant valuation uncertainty. The value assessed at the valuation date may therefore change over a relatively short time period.

Where an independent valuation has not been undertaken at balance date, the Corporation performs a managerial assessment to estimate possible changes in fair value of infrastructure since the date of the latest independent valuation with reference to Valuer-General of Victoria (VGV) indices and other indices as directed.

An adjustment is recognised if the assessment concludes that the fair value of land and buildings has changed by 10% or more since the last revaluation (whether that be the most recent independent valuation or managerial valuation). Any estimated change in fair value of less than 10% is deemed immaterial to the financial statements and no adjustment is recorded. A fair value assessment indicated material changes in values and an interim managerial revaluation of property and infrastructure assets was completed in June 2023, in accordance with the requirements of FRD 103. There was no material change in the fair value of property and infrastructure assets during 2023/24.

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

4.1.3 Accounting for revaluation movements

Infrastructure, property, plant and equipment

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

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

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

Biological assets

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

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Notes to the financial statements

4.1.4 Depreciation and impairment

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

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

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

	Periods
Buildings	
Buildings	5-100 years
Water infrastructure	
Storages	40 years to perpetual
Distribution network	40-100 years
Treatment plants	12-100 years
Wastewater infrastructure	
Distribution network	20-100 years
Treatment plants	25-100 years
Service concession assets	5-15 years
Plant and equipment	3-20 years
Motor vehicles	8-15 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.

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

Impairment

Non-financial assets, including items of infrastructure, property, plant and equipment, are 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*.

Central Highlands Water

Notes to the financial statements

4.1.5 Net loss on disposal of non-current assets

The loss from ordinary activities includes the following specific net gains and expenses:

	2024 \$'000	2023 \$'000
Net gain/(loss) on disposal of non-current assets	(302)	(1,105)
Net gain/(loss) on disposal	(302)	(1,105)

4.2 Intangible assets

	Water entitlements \$'000	Computer software \$'000	Large scale generation certificates \$'000	Total \$'000
Year ended 30 June 2023				
Opening net book amount	31,855	9,386	37	41,278
Additions	-	1,062	119	1,181
Disposals	-	(122)	(28)	(150)
Amortisation	-	(954)	-	(954)
Closing net book amount	31,855	9,372	128	41,355
At 30 June 2023				
Cost or Fair Value	31,855	17,141	128	49,124
Accumulated amortisation	-	(7,769)	-	(7,769)
Net book amount	31,855	9,372	128	41,355
Year ended 30 June 2024				
Opening net book amount	31,855	9,372	128	41,355
Additions	211	89	126	426
Disposals	-	(1)	(108)	(109)
Amortisation	-	(995)	-	(995)
Closing net book amount	32,066	8,465	146	40,677
At 30 June 2024				
Cost or Fair Value	32,066	17,226	146	49,438
Accumulated amortisation	-	(8,761)	-	(8,761)
Net book amount	32,066	8,465	146	40,677

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.

The Corporation has no intangible assets in respect to:

- Service concession arrangements

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.

Central Highlands Water

Notes to the financial statements

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

	Water Share Entitlements	Software costs	Large-scale generation certificates
Useful lives	Indefinite	Finite	Indefinite
Amortisation method used	Not amortised	Straight-line	Not amortised
Internally generated/acquired	Acquired	Acquired	Acquired
Impairment test/recoverable amount testing	Annually and where an indicator of impairment exists	Amortisation method reviewed each year-end: reviewed annually for indicators of impairment	Annually and where an indicator of impairment exists

Software costs

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

Software as-a-Service (SaaS) arrangements

SaaS arrangements are service contracts providing the Corporation with the right to access the cloud provider's application software over the contract period. As such the Corporation does not receive a software intangible asset at the contract commencement date. A right to receive future access to the supplier's software does not, at the contract commencement date, give the customer the power to obtain the future economic benefits flowing from the software itself and to restrict others' access to those benefits.

The following outlines the treatment (see note 3.4) of costs incurred in relation to SaaS arrangements:

Recognise as an other expense (note 3.4) over the term of the service contract	• Fee for use of application software • Customisation costs
Recognise as an other expense (note 3.4) as the service is received	• Configuration costs • Data conversion and migration costs • Testing costs • Training costs

Central Highlands Water

Notes to the financial statements

The Corporation made the following key judgements that may have an effect on the amounts recognised in the financial statements.

Determination whether configuration and customisation services are distinct from the SaaS access

Implementation costs including costs to configure or customise the cloud provider's application software are recognised as operating expenses as the costs do not meet the recognition criteria under AASB 138 *Intangible Assets*.

Where the SaaS arrangement supplier provides both configuration and customisation services, judgement has been applied to determine whether each of these services are distinct or not from the underlying use of the SaaS application software.

- 1 Distinct configuration and customisation costs are expensed as incurred as the software is configured or customised (i.e. upfront).
- 2 Non-distinct configuration and customisation costs are expensed over the SaaS contract term.

Non-distinct customisation activities significantly enhance or modify a SaaS cloud-based application. Judgement has been applied in determining whether the degree of customisation and modification of the SaaS cloud-based application is significant or not.

As at 30 June 2024, the Corporation held \$305,019 (2023: \$93,287) as prepayments in respect of configuration and customisation activities undertaken in implementing SaaS arrangements which are considered not to be distinct from the access to the SaaS application software over the contract term.

Permanent water entitlements

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

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.

5. OTHER ASSETS AND LIABILITIES

Introduction

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

5.1 Receivables

	2024 \$'000	2023 \$'000
Current		
Contractual		
Service and usage charges	8,964	6,414
Other receivables	1,774	2,710
Allowance for expected credit losses	(479)	(403)
Statutory		
GST input tax credit recoverable	1,243	1,000
Total current receivables	11,502	9,721
Non-current		
Contractual		
Other receivables	170	170
Total non-current receivables	170	170
Total receivables	11,672	9,891

Receivables consist of:

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

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

Central Highlands Water

Notes to the financial statements

5.1.1 Impairment of contractual receivables

The Corporation applies the AASB 9 *Financial Instruments* simplified approach to measure 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 receivables – service and usage charges and other receivables:

	Current \$'000	More than 30 days due \$'000	More than 60 days due \$'000	More than 120 days past due \$'000	Total \$'000
30 June 2024					
Expected loss rate	2%	6%	10%	7%	
Gross Carrying amount - receivables from service and usage charges	4,415	976	695	2,878	8,964
Gross Carrying amount - other receivables	845	307	-	792	1,944
Loss allowance	(85)	(73)	(71)	(250)	(479)
30 June 2023					
Expected loss rate	2%	7%	13%	7%	
Gross Carrying amount - receivables from service and usage charges	3,684	609	513	1,608	6,414
Gross Carrying amount - other receivables	1,829	37	-	1,014	2,880
Loss allowance	(93)	(48)	(67)	(195)	(403)

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 90 days past due.

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

The average credit period for sales of goods / services and for other receivables is 33 days. There are no material financial assets that are individually determined to be impaired.

Central Highlands Water

Notes to the financial statements

5.1.2 Reconciliation of expected credit loss allowance

	2024 \$'000	2023 \$'000
Opening balance 1 July	(403)	(2,560)
Expected credit losses written off	437	281
Amounts previously written off recovered	(62)	(82)
Movement in the provision of expected credit losses	(451)	1,958
Balance as at 30 June	(479)	(403)

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

Due to the current macro-economic environment, it is expected that an increase in unemployment rates, interest rates and inflation will exceed the relevant thresholds. Therefore, when estimating the expected credit losses, we have incorporated assumptions for increases to interest rates and inflation as well as multiple possible recovery scenarios. We have also considered impacts from specific management actions and our observable customer behaviours so far.

As a result, management has increased the allowance for doubtful debts by \$287,057 (2023: 217,775) to reflect risks and uncertainties brought about by rising inflation. Should the macroeconomic assumptions change in the future, it could have a material impact on our allowance for doubtful debts in the subsequent years.

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

5.2 Contract assets

	2024 \$'000	2023 \$'000
Current		
Service and usage charges	13,116	13,018
Total contract assets	13,116	13,018

	Service and usage charges \$'000
Opening balance as at 1 July 2023	13,018
Less: Amounts billed during the year	(13,018)
Add: Amount accrued at year end (to be billed)	13,116
Carrying amount as at 30 June 2024	13,116

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

Central Highlands Water

Notes to the financial statements

5.3 Payables

	2024 \$'000	2023 \$'000
Current payables		
Contractual		
Trade creditors	11,472	5,542
Sundry creditors	1,278	2,607
Accrued expenses	5,014	4,687
Accrued expenses capital	3,060	9,749
Total contractual	20,824	22,585
Statutory		
GST payable	-	113
Payroll tax	61	-
Total statutory	61	113
Total payables	20,885	22,698

Payables for supplies and services have an average credit period of 43 days.

The terms and conditions of amounts payable to the government and agencies vary according to the particular agreements and as they are not legislative payables, statutory payables are not classified as financial instruments.

Accrued expenses capex relate to the acquisition of goods and services associated with the implementation of capital infrastructure where an invoice has not yet been received.

Ageing analysis of contractual payables

	Carrying amount \$'000	Nominal amount \$'000	Less than 1 month \$'000	Maturity dates	
				1 - 3 months \$'000	3 months - 1 year \$'000
2024					
Trade and sundry creditors	12,750	12,750	7,920	2,667	2,163
Accrued and other payables	8,074	8,074	8,074	-	-
Total	20,824	20,824	15,994	2,667	2,163
2023					
Trade and sundry creditors	8,149	8,149	7,033	-	1,116
Accrued and other payables	14,436	14,436	14,436	-	-
Total	22,585	22,585	21,469	-	1,116

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Notes to the financial statements

5.4 Contract liabilities

	Government grants paid in advance \$'000	Other income paid in advance \$'000	Total \$'000
Carrying amount as at July 2022	1,471	-	1,471
Add: government grants received for performance obligations yet to be completed during the year	368	173	541
Less: revenue recognised in the reporting period for the completion of performance obligations	(596)	(173)	(769)
Closing balance at 30 June 2023	1,243	-	1,243
Add: government grants received for performance obligations yet to be completed during the year	1,955	375	2,330
Less: revenue recognised in the reporting period for the completion of performance obligations	(1,478)	(373)	(1,851)
Less: government grants repaid	(80)	-	(80)
Total contract liabilities at 30 June 2024	1,640	2	1,642
<i>Represented by</i>			
Current contract liabilities	1,640	2	1,642
Non-current contract liabilities	-	-	-

Contract liabilities	Description	Recognition
Contract liabilities relating to government grants	Payments received for government grants where the performance obligations are outstanding at balance date.	Recognised as revenue, once it has performed the performance obligations associated with the payments.
Contract liabilities relating to other income	Payments received for other goods and services (e.g. rental), where the performance obligations are outstanding at balance date.	Recognised as revenue, once it has performed the performance obligations associated with the payments.

5.5 Inventories

	2024 \$'000	2023 \$'000
Current		
Stock - at cost	812	743
Total inventories	812	743

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

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

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

Central Highlands Water

Notes to the financial statements

5.6 Other financial assets

	2024 \$'000	2023 \$'000
Investment in ZEW Ltd	15	15
Total other financial assets	15	15

5.6.1 ZEW transactions and balances

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 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's liability 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 \$147,872. The loan, if requested by ZEW, would meet the definition of a financial asset as it gives rise to a contractual right for the Corporation to receive cash from ZEW at the end of the loan term. At 30 June 2024, ZEW had requested and received a loan payment of \$14,500. As this loan is concessional, it has been treated as an investment in ZEW and measured at amortised cost.

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

On 22 January 2021, the conditions precedent in the PPA were completed and the CfD derivative was recognised as a financial liability measured at its fair value. Subsequent changes in the derivative's fair value have been recognised in profit and loss. Refer to note 7.3 for more information about the judgements and assumptions used in measuring fair value determination of derivative financial instruments.

The Corporation now has an obligation to purchase its percentage of energy allocation under the Members' Agreement, via the CfD derivative. The financial impact of the Members' Agreement with ZEW has resulted in increased revenue and expenses, and the recognition of a derivative financial instruments and LGCs as intangible assets.

5.7 Other financial liabilities

	2024 \$'000	2023 \$'000
Derivative financial instrument (ZEW-related Power Purchasing Agreement)	836	1,078
Total other financial liabilities	836	1,078

Refer to note 5.6.1 for further information on ZEW transactions and balances.

Central Highlands Water

Notes to the financial statements

5.8 Other non-financial assets

	2024 \$'000	2023 \$'000
Current		
Prepayments	1,547	1,426
Total other non-financial assets	1,547	1,426

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

5.9 Biological assets

Biological assets comprise nature forests and their quantities and measurement bases are disclosed below.

Biological asset	Measurement basis	Quantities		Carrying amount	
		2024 Hectares	2023 Hectares	2024 \$'000	2023 \$'000
Timber forests	Timber volume - current			1,396	1,773
Timber forests	Timber volume - non-current			4,526	3,918
Total		1,301	1,307	5,922	5,691

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

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

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

Biological assets refer to commercial pine plantation forestry which does not include native vegetation.

5.9.1 Reconciliation of movement in carrying amounts

	2024 \$'000	2023 \$'000
Carrying amount at beginning of period	5,691	6,092
Gains arising from changes in fair value less estimated point of sale costs attributable to physical changes	2,584	1,718
Gain/(loss) arising from changes in fair value less estimated point of sale costs attributable to price changes	26	(1,378)
Decreases due to harvest	(2,379)	(741)
Carrying amount at end of period	5,922	5,691

5.9.2 Cost of biological assets sold

	2024 \$'000	2023 \$'000
Cost of biological assets sold - Nature forests	2,224	955
Total cost of biological assets sold	2,224	955

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 5 provides additional, specific financial instrument disclosures.

6.1 Interest bearing liabilities

	2024 \$'000	2023 \$'000
Current		
Financial liabilities - service concession arrangements	4,163	3,880
Loans from TCV	17,600	10,100
Total current interest bearing liabilities	21,763	13,980
Non-current		
Financial liabilities - service concession arrangements	1,380	5,544
Loans from TCV	117,500	92,000
Total non-current interest bearing liabilities	118,880	97,544
Total interest-bearing liabilities	140,643	111,524

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

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

6.1.1 Maturity analysis of interest-bearing liabilities

	Carrying amount \$'000	Less than 1 month \$'000	1-3 months \$'000	3 months - 1 year \$'000	1 - 5 years \$'000	5+ years \$'000
30 June 2024						
Financial liabilities						
Financial liabilities - service concession arrangements	5,543	340	689	3,134	1,380	-
Loans from TCV	135,100	-	-	17,600	54,000	63,500
Total	140,643	340	689	20,734	55,380	63,500
30 June 2023						
Financial Liabilities						
Financial liabilities - service concession arrangements	9,424	309	626	2,945	5,544	-
Loans from TCV	102,100	-	-	10,100	38,000	54,000
Total	111,524	309	626	13,045	43,544	54,000

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Notes to the financial statements

6.1.2 Interest expense

	2024 \$'000	2023 \$'000
Interest on secured TCV loans	4,536	3,561
Interest on financial liabilities - service concession arrangements	585	853
Financial accommodation levy	1,045	905
Total	6,166	5,319

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, financial liabilities recognised for service concession arrangements, amortisation of discounts or premiums relating to borrowings, lease charges and financial accommodation levy.

Financial accommodation levy is a levy applied to the Corporation to remove the market advantage that government entities may experience in borrowings as a result of being guaranteed by the State of Victoria.

The financial accommodation levy is a commercial rate charged for new borrowings based on the Corporation's underlying credit rating and is paid into the State's Consolidated Fund in accordance with section 40N of the Financial Management Act 1994 in respect of financial accommodation provided to the Corporation by the State Government of Victoria.

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

6.2 Service concession arrangements

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

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

The Corporation uses the 'financial liability' model to account for SCAs. The Corporation pays the operator over the arrangement period, subject to specified performance criteria being met. At the date of commitment to the principal provisions of the arrangement, these estimated periodic payments are allocated between a component related to the design and construction or upgrading of the asset, and the components related to the ongoing operation and maintenance of the asset.

The accumulation of costs incurred during construction results in a progressive build-up of the Service Concession Arrangement asset (see note 4.1.2 for the initial and subsequent measurement of SCA assets). A corresponding liability would be progressively recognised in line with the fair value of the SCA asset. The nature of the liability and the subsequent accounting depends on the consideration exchanged in reference to the contract arrangements between the grantor and the operator. An exception to this principle occurs when the grantor reclassifies an existing asset to a SCA.

The Corporation in a service concession arrangement recognises a service concession liability (SCL) at the same amount as the SCA asset, adjusted by the amount of any other consideration from the grantor to the operator, or from the operator to the grantor. Therefore, any State contributions made prior to the recognition of the liability would reduce this amount (see note 4.1.2).

Central Highlands Water

Notes to the financial statements

However, when the Corporation reclassifies an existing asset as a SCA, no liability is recognised unless additional consideration is provided by the operator. Instead, the Corporation will recognise a SCA asset and a corresponding SCL for the amounts spent on upgrade/expansion work.

After initial recognition, the Corporation will determine if the liability represents a financial liability. Where the Corporation has a contractual obligation to pay to the operator as compensation for providing the SCA. It is measured as a liability in accordance with AASB 9 *Financial Instruments*. Interest is charged on the liability of some SCAs, refer to note 6.1.2 Interest expense. The liability will be increased by interest charges, based on the interest rate implicit in the arrangement. Where the interest rate is not specified in the arrangement, prevailing market rate of interest for a similar instrument with similar credit ratings should be used. Refer to note 6.1 for the amounts disclosed as financial liability.

Subsequently, the liability will also be reduced by any payments made by the Corporation to the operator if required by the contract.

The table below illustrates commitments for service concession arrangements.

	Notes	Minimum future payments		Present value of minimum future payments	
		2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Less than 1 year	6.4.1	4,436	4,457	4,163	3,880
Between 1 and 5 years	6.4.1	1,406	5,842	1,380	5,544
Over 5 years		-	-	-	-
Minimum financial payments		5,842	10,299	5,543	9,424
Less future interest charged in accounts		(299)	(875)	-	-
Total future financial liabilities payments		5,543	9,424	5,543	9,424
Representing service concession arrangement liability					
Current	6.1			4,163	3,880
Non-current	6.1			1,380	5,544
Total financial liabilities				5,543	9,424

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.

	2024 \$'000	2023 \$'000
Cash and cash equivalents		
Cash at bank and on hand	7,184	2,897
Balance as per cash flow statement	7,184	2,897

Central Highlands Water

Notes to the financial statements

6.3.1 Reconciliation of net results to cash flow from operating activities

	2024 \$'000	2023 \$'000
Net result for the period	(3,345)	12,360
Non-cash movements		
Depreciation and amortisation	41,330	35,714
Gifted assets income	(7,947)	(27,589)
(Profit)/loss on sale of non-current assets	302	1,105
(Profit)/loss from other economic flows	223	786
(Profit)/loss from derivative financial instruments (ZEW Ltd)	(243)	1,735
(Profit)/loss from internally generated LGCs	(118)	-
Capital works in progress written off	362	-
Movements in assets and liabilities		
Decrease/(increase) in receivables	(1,780)	(1,581)
Decrease/(increase) in inventory and biological assets	(300)	445
Decrease/(increase) in contract assets	(98)	-
Decrease/(increase) in prepayments	(121)	(228)
(Decrease)/increase in payables	(1,692)	6,896
(Decrease)/increase in provisions	215	544
(Decrease)/increase in deferred tax liabilities	(1,474)	4,761
(Decrease)/increase in contract liabilities	399	-
Net cash flows from operating activities	25,713	34,948

6.3.2 Financing facilities

	2024 \$'000	2023 \$'000
Unsecured TCV borrowing facility		
Amount used	135,100	102,100
Amount unused	-	9,600

Refer note 6.1 for loan details.

Central Highlands Water

Notes to the financial statements

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

	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Total \$'000
Nominal Amounts 2024				
Service concession arrangement commitments	4,163	1,380	-	5,543
Capital commitments payable	32,703	39,718	-	72,421
Environmental contribution levy	4,652	13,956	-	18,608
Other commitments payable	13,816	7,339	8,724	29,879
Total commitments (inclusive of GST)	55,334	62,393	8,724	126,451
Less GST receivable	(4,229)	(4,278)	(793)	(9,300)
Total commitments (exclusive of GST)	51,105	58,115	7,931	117,151
Nominal Amounts 2023				
Service concession arrangement commitments	3,880	5,544	-	9,424
Capital commitments payable	42,418	16,148	11,883	70,449
Environmental contribution levy	4,472	-	-	4,472
Other commitments payable	14,130	-	-	14,130
Total commitments (inclusive of GST)	64,900	21,692	11,883	98,475
Less GST recoverable	(5,141)	(1,468)	(1,080)	(7,689)
Total commitments (exclusive of GST)	59,759	20,224	10,803	90,786

7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

Introduction

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

7.1 Interest bearing financial instruments

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:	- Contractual payables (e.g., trade creditors, sundry creditors, accrued expenses and other expenses)
- Service and usage charges	Interest bearing liabilities:
- Other receivables	- Loans from TCV
Investment in Zero Emissions Water (ZEW) Ltd	Service concession liability
Derivative financial asset	

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.

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Notes to the financial statements

Categories of financial instruments

Financial instrument	Initial measurement	Subsequent measurement
Financial assets at amortised cost		
Financial assets include: • Cash and deposits • Receivables • Investment in ZEW	Fair value plus or minus any directly attributable transaction costs.	Amortised cost only using the effective interest rate method less impairment if both of the following criteria are met: - the asset is held within a business model whose objective is to collect the contractual cash flows, and - the contractual terms give rise to cash flows that are solely payments of principal and interest
Financial liabilities at amortised cost		
Financial liabilities include: • Payables (excluding statutory payables) • Borrowings (including lease liabilities) • Service concession liability	Fair value, plus or minus any directly attributable transaction costs subsequent to initial recognition.	Amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the profit and loss, over the period of the interest-bearing liability using the effective interest rate method.
Derivative financial instruments		
Derivative financial instruments	Fair value on the date on which a derivative contract is entered into, through net result.	Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from changes in the fair value of derivatives after initial recognition are recognised in the comprehensive operating statement as an 'other economic flow' included in the net result.

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.

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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 or loss, are subject to annual review for impairment.

The Corporation records the allowance for expected credit loss for the relevant financial instruments applying AASB 9's Expected Credit Loss approach. This is subject to AASB 9 *Financial Instruments* impairment assessment and 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 *Revenue from Contracts with Customers* (refer to note 5.2) are also subject to impairment however it is immaterial. Equity instruments are not subject to impairment under AASB 9 *Financial Instruments*. While cash and cash equivalents are also subject to the impairment requirements of AASB 9 *Financial Instruments*, 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.

Derivative financial instruments

Derivative financial instruments are classified as held for trading financial assets and liabilities. They are initially recognised at fair value on the date on which all contractual obligations under Conditions Precedent are met and on subsequent measurement.

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

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Notes to the financial statements

7.1.1 Financial instruments: Categorisation

2024	Notes	Cash and deposits \$'000	Financial assets / liabilities designated at fair value through profit/ loss (FVPL) \$'000	Financial assets / liabilities at amortised cost \$'000	Total \$'000
Contractual financial assets					
Cash and deposits	6.3	7,184	-	-	7,184
Receivables					
Service and usage charges	5.1	-	-	8,485	8,485
Other receivables	5.1	-	1,944	-	1,944
Contract assets	5.2	-	13,116	-	13,116
Investments in ZEW Ltd	5.6	-	15	-	15
Total contractual financial assets		7,184	15,075	8,485	30,744
Contractual financial liabilities					
Payables					
Supplies and services	5.3	-	-	20,824	20,824
Derivative financial liabilities					
ZEW Power Purchasing Agreement	5.7	-	836	-	836
Borrowings					
Service concessions liability	6.1	-	-	5,543	5,543
TCV loans	6.1	-	-	135,100	135,100
Total contractual financial liabilities		-	836	161,467	162,303

2023	Notes	Cash and deposits \$'000	Financial assets / Liabilities designated at fair value through profit/loss (FVTPL) \$'000	Financial assets / liabilities at amortised cost \$'000	Total \$'000
Contractual financial assets					
Cash and deposits	6.3	2,897	-	-	2,897
Receivables					
Service and usage charges	5.1	-	-	6,011	6,011
Other receivables	5.1	-	2,880	-	2,880
Contract assets	5.2	-	13,018	-	13,018
Investments in ZEW Ltd	5.6	-	15	-	15
Total contractual financial assets		2,897	15,913	6,011	24,821
Contractual financial liabilities					
Payables					
Supplies and services	5.3	-	-	22,585	22,585
Derivative financial liabilities					
ZEW Power Purchasing Agreement	5.7	-	1,078	-	1,078
Borrowings					
Service concessions liability	6.1	-	-	9,424	9,424
TCV loans	6.1	-	-	102,100	102,100
Total contractual financial liabilities		-	1,078	134,109	135,187

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Notes to the financial statements

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

	Total interest income / (expense) \$'000	Total \$'000
2024		
Contractual financial assets		
Contractual financial assets	69	69
Total contractual financial assets	69	69
Contractual financial liabilities		
Financial liabilities at amortised cost	(6,166)	(6,166)
Total contractual financial liabilities	(6,166)	(6,166)
2023		
Contractual financial assets		
Contractual financial assets	99	99
Total contractual financial assets	99	99
Contractual financial liabilities		
Financial liabilities at amortised cost	(5,319)	(5,319)
Total contractual financial liabilities	(5,319)	(5,319)

7.1.3 Financial risk management objectives and policies

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

Financial risk management is carried out by a central treasury Corporation (Group Treasury) under policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Corporation's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

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 of a large number of residential and business customers which are spread across a diverse range of industries. Receivable balances are monitored on an on-going basis to ensure that exposure to credit losses is not significant. The Corporation applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all receivables (refer to note 5.1).

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

The Corporation is continuously monitoring and assessing its credit risk profile due to the current economic impacts affecting customers. As a result, the Corporation has adjusted the credit risk profile in assessing the expected loss allowance in 2023/24 (refer to note 5.1.2).

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

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 2023-2024.

Credit quality of financial assets

	Financial institution (triple-A credit rating) \$'000	Other (min triple-B credit rating) \$'000	Non-rated \$'000	Total \$'000
2024				
Financial assets				
Cash and deposits (not assessed for impairment due to materiality)	7,184	-	-	7,184
Statutory receivables (with no impairment loss recognised)	-	1,243	-	1,243
Contractual receivables applying the simplified approach for impairment	-	-	10,429	10,429
Total financial assets	7,184	1,243	10,429	18,856
2023				
Financial assets				
Cash and deposits (not assessed for impairment due to materiality)	2,897	-	-	2,897
Statutory receivables (with no impairment loss recognised)	-	1,000	-	1,000
Contractual receivable applying the simplified approach for impairment	-	-	8,891	8,891
Total financial assets	2,897	1,000	8,891	12,788

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 low-carbon economy.

The Corporation is primarily exposed to climate change risk through regulations, our corporate emissions reduction pledge and the impacts of increased severe weather events. The internal Environment Committee which reports to the Board's Sustainability Committee, oversees work in this area.

The Corporation will further enhance the understanding of exposure of climate change risk in the process of executing the Corporation's climate change action plan over the next 26 years. As at 30 June 2024, the Corporation considered climate-related risk in the preparation of the financial statements. The Corporation is not required to make any forward-looking statements regarding financial disclosures on climate related impacts and is currently in a reporting monitoring phase.

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Liquidity risk

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

The Corporation is exposed to liquidity risk mainly through the financial liabilities as disclosed in the face of the balance sheet and the amounts related to financial guarantees.

The Corporation manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and financial liabilities.

The Corporation obtains annual approval from the Treasurer of Victoria for new borrowings, borrowings to refinance maturing and non-maturing loans and temporary purpose borrowing facilities.

The Corporation manages its liquidity risk by:

- close monitoring of its short-term and long-term borrowings by senior management, including monthly reviews on current and future borrowing levels and requirements;
- maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short-term obligations;
- careful maturity planning of its financial obligations based on forecasts of future cash flows; and
- a high credit rating for the State of Victoria (Moody's Investor Services and Standard & Poor's triple-A, which assists in accessing debt market at a lower interest rate).

The Corporation's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. The carrying amount in table of contractual financial liabilities recorded in the financial statements represents the Corporation's maximum exposure to liquidity risk.

Market risk

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

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

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

a. Interest Rate Risk

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

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

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The carrying amounts of financial assets and financial liabilities that are exposed to interest rates are set out in the following table.

	Carrying amount	Interest rate exposure			
		Weighted average interest rate %	Fixed interest rate	Variable interest rate	Non-interest bearing
2024	\$'000		\$'000	\$'000	\$'000
Contractual financial assets					
Cash and deposits	7,184	3.34%	-	7,184	-
Receivables	10,429		-	-	10,429
Investments in ZEW Ltd	15		-	-	15
Total financial assets	17,628		-	7,184	10,444
Contractual financial liabilities					
Payables	20,824		-	-	20,824
Service concession arrangements	5,543	10.40%	5,543	-	-
TCV loans	135,100	4.00%	117,500	17,600	-
Total financial liabilities	161,467		123,043	17,600	20,824
	Carrying amount	Interest rate exposure			
		Weighted average interest rate %	Fixed interest rate	Variable interest rate	Non-interest bearing
2023	\$'000		\$'000	\$'000	\$'000
Contractual financial assets					
Cash and deposits	2,897	3.41%	-	2,897	-
Receivables	8,891		-	-	8,891
Investments in ZEW Ltd	15		-	-	15
Total financial assets	11,803		-	2,897	8,906
Contractual financial liabilities					
Payables	22,585		-	-	22,585
Service concession arrangements	9,424	9.06%	9,424	-	-
TCV loans	102,100	3.89%	92,000	10,100	-
Total financial liabilities	134,109		101,424	10,100	22,585

Interest rate risk sensitivity

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 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.

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2024	Carrying amount	Interest rate risk sensitivity		Equity	
		-100 basis points	+100 basis points	-100 basis points	+100 basis points
	\$'000	Net Result \$'000	Equity \$'000	Net Result \$'000	Equity \$'000
Contractual financial assets					
Cash and deposits	7,184	(72)	72	(72)	72
Total financial assets	7,184	(72)	72	(72)	72
Contractual financial liabilities					
TCV loans	135,100	1,351	(1,351)	1,351	(1,351)
Total financial liabilities	135,100	1,351	(1,351)	1,351	(1,351)

2023	Carrying amount	Interest rate risk sensitivity		Equity	
		-100 basis points	+100 basis points	-100 basis points	+100 basis points
	\$'000	Net Result \$'000	Equity \$'000	Net Result \$'000	Equity \$'000
Contractual financial assets					
Cash and deposits	2,897	(29)	29	(29)	29
Total financial assets	2,897	(29)	29	(29)	29
Contractual financial liabilities					
TCV loans	102,100	1,021	(1,021)	1,021	(1,021)
Total financial liabilities	102,100	1,021	(1,021)	1,021	(1,021)

As at 30 June 2024, if interest rates changed by +/- 100 basis points from the year end rates with all other variables held constant, post-tax profit would have changed by the results shown above as a result of lower / higher interest expense from variable interest rate borrowings.

b. Price Risk

The Corporation uses the Contract for Difference derivative financial instrument to manage energy related commodities purchased in the normal course of business, and therefore entered into this PPA to minimise a portion of the price risk to the Corporation.

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7.2 Contingent assets and liabilities

Contingent assets are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value. Contingent assets are presented inclusive of GST receivable or payable respectively.

7.2.1 Contingent assets

At the date of this report the authority has no known contingent assets.

7.2.2 Contingent liabilities

At the date of this report the authority has no known contingent liabilities.

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;
- investment properties; and
- biological assets.

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

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

Fair value hierarchy

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

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

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

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

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How this section is structured

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

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

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

7.3.1 Fair value of financial instruments measured at amortised cost

	Carrying amount 2024 \$'000	Fair value 2024 \$'000	Carrying amount 2023 \$'000	Fair value 2023 \$'000
Financial assets				
Receivables	10,429	10,429	8,891	8,891
ZEW Ltd investment	15	15	15	15
Financial liabilities				
Service concession financial liability	5,543	5,543	9,424	9,424
Loans from TCV	135,100	130,692	102,100	98,031

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7.3.2 Fair value determination - *Non-financial physical assets*

	Carrying amount as at 30 June 2024 \$'000	Fair value measurement at end of reporting period using:		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Land at fair value				
Specialised land	80,302	-	-	80,302
Total of land at fair value	80,302	-	-	80,302
Buildings at fair value				
Specialised buildings	37,741	-	-	37,741
Total of buildings at fair value	37,741	-	-	37,741
Plant and equipment at fair value				
Vehicles	3,553	-	-	3,553
Plant and equipment	13,962	-	-	13,962
Total of plant and equipment at fair value	17,515	-	-	17,515
Service concession assets at fair value				
Service concession assets	52,979	-	-	52,979
Total of service concession assets at fair value	52,979	-	-	52,979
Water infrastructure at fair value				
Water treatment plants	18,133	-	-	18,133
Water mains	726,448	-	-	726,448
Reservoirs	261,970	-	-	261,970
Water infrastructure - other	108,265	-	-	108,265
Total water infrastructure at fair value	1,114,816	-	-	1,114,816
Wastewater infrastructure at fair value				
Wastewater treatment plants	130,792	-	-	130,792
Wastewater sewer mains	176,302	-	-	176,302
Wastewater infrastructure - other	116,439	-	-	116,439
Total wastewater infrastructure at fair value	423,533	-	-	423,533
Biological assets				
Nature forests	5,922	-	5,922	-
Total biological assets	5,922	-	5,922	-

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	Carrying amount as at 30 June 2023 \$'000	Fair value measurement at end of reporting period using:		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Land at fair value				
Specialised land	78,132	-	-	78,132
Total of land at fair value	78,132	-	-	78,132
Buildings at fair value				
Specialised buildings	37,420	-	-	37,420
Total of buildings at fair value	37,420	-	-	37,420
Plant, equipment and vehicles at fair value				
Vehicles	2,751	-	-	2,751
Plant and equipment	12,559	-	-	12,559
Total of plant, equipment and vehicles at fair value	15,310	-	-	15,310
Service concession assets at fair value				
Service concession assets	54,810	-	-	54,810
Total service concession assets at fair value	54,810	-	-	54,810
Water infrastructure at fair value				
Water treatment plants	19,175	-	-	19,175
Water mains	733,842	-	-	733,842
Reservoirs	262,225	-	-	262,225
Water infrastructure - other	111,077	-	-	111,077
Total water infrastructure at fair value	1,126,319	-	-	1,126,319
Wastewater infrastructure at fair value				
Wastewater treatment plants	132,995	-	-	132,995
Wastewater sewer mains	164,391	-	-	164,391
Wastewater infrastructure - other	115,772	-	-	115,772
Total wastewater infrastructure at fair value	413,158	-	-	413,158
Biological assets				
Nature forests	5,691	-	5,691	-
Total biological assets	5,691	-	5,691	

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

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 performs interim valuations when the triggers of FRD103 are met. An interim managerial revaluation was completed on property and infrastructure assets as at 30 June 2023.

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Specialised land and specialised buildings

The market approach is also used for specialised land, although is adjusted for the community service obligation (CSO) to reflect the specialised nature of the land being valued.

The CSO adjustment reflects 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 considers the use of the asset that is physically possible, legally permissible, and financially feasible. As adjustments of CSO are considered as significant unobservable inputs, specialised land would be classified as Level 3 assets.

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

An independent valuation of the Corporation's specialised land and specialised buildings was performed by Liquid Pacific. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation was 30 June 2021. An interim managerial revaluation was completed as at 30 June 2023 in accordance with the requirements of FRD 103.

Plant and equipment

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

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

Infrastructure assets

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

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

An independent valuation of the Corporation's water and wastewater infrastructure was carried out by KPMG on behalf of the Valuer General Victoria as at 30 June 2021. These assets are classified as level 3 fair value as the lowest level input, the absence of an active market, has a significant impact on the fair value which is unobservable.

The KPMG analysis of the value of the Subject Assets at the Valuation Date is based upon a number of assumptions which are discussed below:

- *The infrastructure assets were valued on an "as-is, where is" basis and valued on the basis that they will be continue to be used at their present location for the continuation of business operations for their useful life.*
- *The asset type classification has been completed based on the asset facility location and this could result in some, likely non-material, misrepresentation of some asset types.*
- *The Fixed asset register used for the fair value analysis was dated as at 27 November 2020.*
- *Management have provided a listing of decommissioned assets which we have valued at \$0.*
- *The indices sourced from Australian Bureau of statistics used within the Valuation were as at 31 December 2020.*
- *Based on discussions with managers on site during the site inspections and subsequent discussions with Management we have applied fair value adjustments at a number of sites, based on assets which are no longer in use or removed.*
- *Whilst neither we nor Central Highlands Water has performed a detailed inspection, KPMG has undertaken site inspection of assets and based on visual inspections we have considered the replacement timing and condition of the assets as part of our valuation work.*

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- *Certain reservoirs where no information was able to be provided have been carried at Net book value. This represents less than 1% of the total replacement cost.*
- *As discussed with the management, we have not applied any functional obsolescence or economic obsolescence due to excess operating cost, overcapacity at site or overcapacity due to demand.*
- *Discussions with management in regard to condition of assets did not signify any condition issues that would have an adverse effect on the Valuation. We have however considered and adopted the visual inspections.*
- *We have valued the assets based on age/life only as no condition ratings were provided by management.*
- *For certain Water treatment plant and tanks which had a capacity between those presented within the Marsh report (Marsh was engaged by the Valuer-General Victoria) and had their Replacement cost new (RCN) determined using numbers within the Marsh report we have applied cost to capacity formula to determine the appropriate RCN.*
 - *As confirmed by management, we have adopted the following assumptions when calculating the unit cost build up for the below ground assets.*
 - *The wastewater and water pipelines have been constructed within the minimum depth and therefore no premium has been applied within the unit cost build up.*
 - *For certain diameters of modern equivalent piping that exceeded those expressed in Marsh we have determined the price per meter of the piping based on a proportional increase of the largest Marsh category.*
 - *We have assumed all length, diameter and material information for linear assets provided in the Geographic information systems extracts to be correct.*
 - *We have excluded the following assets from the Valuation; general Plant & Equipment, computer equipment, management systems, buildings, depots, land improvement, and leasehold improvements as they are not part of the work scope.*

An interim managerial revaluation was completed as at 30 June 2023 in accordance with the requirements of FRD 103.

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.

Biological assets

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

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

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Nature forests

The fair value for nature forests is determined using a discounted cash flow method whereby expected net future cash flows are discounted at a current market determined rate. After harvest, productive trees are treated as inventories.

Nature forests refer to commercial pine plantation forestry which do not include native vegetation.

Climate related factors and fair value measurement

Market participants' views of potential climate-related matters, including legislation, may affect the fair value measurement of assets and liabilities in the financial statements. Where relevant, climate-related matters may also affect the disclosure of fair value measurements, particularly those categorised within Level 3 of the fair value hierarchy. AASB 13 *Fair Value Measurement* requires disclosure of unobservable inputs used in fair value measurements. Those inputs should reflect the assumptions that market participants would use, including assumptions about climate-related risk.

At the time of preparing these financial statements, the Corporation acknowledges the risk that climate change may impact on the assumptions that market participants may use. However, the effect of these risks cannot be reliably measured and therefore no allowance has been made for Climate Change Factors in the calculation of Fair Value of property and infrastructure.

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

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.

2024	Specialised land	Specialised buildings	Plant and Equipment	Service concession assets	Water infrastructure	Wastewater infrastructure	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	78,132	37,420	15,310	54,810	1,126,319	413,158	1,725,149
Purchases (sales)	475	1,157	3,917	(240)	10,280	24,045	39,634
Revaluation	1,695	244	-	-	-	499	2,438
Depreciation	-	(1,080)	(1,712)	(1,591)	(21,783)	(14,169)	(40,335)
Closing balance	80,302	37,741	17,515	52,979	1,114,816	423,533	1,726,886

2023	Specialised land	Specialised buildings	Plant and Equipment	Service concession assets	Water infrastructure	Wastewater infrastructure	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	70,720	33,626	15,433	48,834	1,008,515	348,671	1,525,799
Purchases (sales)	2,789	517	1,326	-	10,912	28,666	44,210
Revaluation	4,622	4,214	-	7,352	125,997	47,817	190,002
Adjustments	1	(3)	(8)	(3)	(55)	(34)	(102)
Depreciation	-	(934)	(1,441)	(1,373)	(19,050)	(11,962)	(34,760)
Closing balance	78,132	37,420	15,310	54,810	1,126,319	413,158	1,725,149

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Description of significant unobservable inputs to Level 3 valuations

2020 and 2021	Valuation technique	Significant unobservable inputs
Specialised land	Market approach	Community Service Obligations (CSO)
Specialised buildings	Current replacement cost	Average cost per Asset Useful life of the specialised buildings
Plant and equipment	Current replacement cost	Cost per square metre Useful life
Infrastructure – wastewater treatment Wastewater retic mains infrastructure	Current replacement cost	Average cost per square metre Useful life of the infrastructure
Wastewater rising mains infrastructure	Current replacement cost	Average cost per square metre Useful life of the infrastructure
Number of wastewater pump stations infrastructure	Current replacement cost	Average cost per facility Useful life of the infrastructure
Wastewater treatment plants	Current replacement cost	Average cost per facility Number of treatment plants Useful life of the infrastructure
Wastewater treatment plants mechanical/electrical	Current replacement cost	Average cost per asset Useful life of the infrastructure
Reticulation mains	Current replacement cost	Average cost per facility Number of facilities Useful life of the infrastructure
Service basins & tanks	Current replacement cost	Average cost per facility Number of treatment plants Useful life of the infrastructure
Infrastructure – Water treatment Wastewater treatment plants	Current replacement cost	Average cost per facility Number of treatment plants Useful life of the infrastructure
Wastewater treatment plants mechanical/electrical	Current replacement cost	Average cost per asset Useful life of the infrastructure
Reticulation mains	Current replacement cost	Average cost per asset Useful life of the infrastructure
Service basins & tanks	Current replacement cost	Average cost per facility Number of facilities Useful life of the infrastructure
Service concession assets	Current replacement cost	Average cost per facility Useful life of the infrastructure
Other assets	Current replacement cost	Average cost per facility Number of facilities Useful life of the assets

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7.3.3 Fair value determination – Financial instruments

The fair value of derivative instruments is based on the discounted cash flow technique. The selection of variables requires significant judgement and assumptions in estimating the fair value of derivatives. In the absence of an active market, the fair value of the Corporation's contract for difference (CfD) derivative is valued using unobservable inputs such as future wholesale electricity prices provided by DEECA's independent advisor and comparable risk-free rates of zero-coupon government bonds obtained from the Reserve Bank of Australia. The assumptions underpinning the estimate of future wholesale electricity prices included factors influencing supply and demand fluctuations, and the current economic climate. In addition, assumptions are applied to forecast the renewable energy generation volumes over the life of the derivative instrument.

To the extent that the significant inputs are unobservable, the Corporation categorises these derivatives as Level 3 within the fair value hierarchy.

A reconciliation from the opening balances to the closing balances for fair value measurements is set out within the following table categorised within Level 3 of the fair value hierarchy for derivative instruments, disclosing separately changes during the period.

	Derivative financial instrument \$'000
2024	
Opening balance	(1,078)
Gains/(losses) recognised in profit or loss	142
Net cash settlements paid/(received)	100
Closing balance	(836)

Description of significant unobservable inputs to Level 3 valuations

	Valuation technique	Significant unobservable inputs	2024 range (weighted average)	Sensitivity of fair value measurement to changes in significant unobservable inputs
		Wholesale electricity price forecasts	\$19.87/MWh to \$55.10/MWh (\$31.25/MWh)	An increase/ (decrease) in the wholesale electricity price forecasts of 10% would result in an increase/ (decrease) fair value by \$121,566.
Derivative financial instrument	Income approach (discounted cash flow)	Discount rate – risk free rates of zero-coupon government bonds	4.0551% to 4.4131% (4.1414%)	An increase/ (decrease) in the discount rate of 1% would result in an increase/ (decrease) fair value by \$21,876.
		Credit value adjustment – Australian Corporate Bond Spreads and Yields FNFSBBB10M	156.86	An increase/ (decrease) in the credit value adjustment of 1% would result in an increase/ (decrease) fair value by \$21,876.

8. STATUTORY OBLIGATIONS

Introduction

This 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 30%, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

The differences are reconciled as follows:

(a) Income tax on net result

	2024 \$'000	2023 \$'000
Deferred income tax expense		
Temporary differences	(3,021)	(5,337)
Utilisation of losses	4,419	-
Income tax reported in the comprehensive operating statement	(1,398)	5,337
Tax reconciliation		
Net result before income tax expense	(4,743)	17,697
Tax at the Australian tax rate of 30% (2023: 30%)	1,423	(5,309)
Non-deductible items	(8)	(20)
Adjustment in respect of income tax of previous year	(17)	(8)
Income tax on net result before tax	1,398	(5,337)

(b) Income tax on other comprehensive income

	2024 \$'000	2023 \$'000
Changes in physical asset revaluation reserve	(251)	190,002
Tax at the Australian tax rate of 30% (2023: 30%)	(75)	57,001
Income tax on other comprehensive income	(75)	57,001

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Notes to the financial statements

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.

Deferred tax assets

	2024 \$'000	2023 \$'000
Amounts recognised in Comprehensive Operating Statement		
Doubtful debts	144	121
Employee benefits	2,368	2,150
Tax losses	27,988	32,407
Other	655	626
Total deferred tax assets	31,155	35,304
Movements:		
Opening balance at 1 July	35,304	33,374
Credited/(debited) to the Comprehensive Operating Statement	(4,149)	1,930
Ending balance at 30 June	31,155	35,304
Deferred tax asset expected to be recovered after more than 12 months	27,988	32,407
Deferred tax asset expected to be recovered within 12 months	3,167	2,897
Ending balance at 30 June	31,155	35,304

Deferred tax liabilities

	2024 \$'000	2023 \$'000
Amounts recognised in Comprehensive Operating Statement		
Depreciation	88,919	94,466
Amounts recognised directly in equity		
Revaluation of infrastructure, property, plant and equipment	250,377	250,453
Total deferred tax liabilities	339,296	344,919
Movements		
Opening balance at 1 July	344,919	280,842
(Credited)/Debited to the net result	(5,623)	64,077
Ending balance at 30 June	339,296	344,919
Deferred tax liabilities expected to be settled after more than 12 months	344,919	344,919
Deferred tax liabilities expected to be settled within 12 months	(5,623)	-
Total at 30 June	339,296	344,919
Ending balance at 30 June	339,296	344,919
Net deferred tax liability	308,141	309,615

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Notes to the financial statements

8.2 Environmental contribution

The *Water Industry (Environmental Contributions) Act 2004* (the Act) amended the *Water Industry Act 1994* to make provision for environmental contributions to be paid by water corporations. The Act establishes an obligation for corporations to pay into a consolidated fund annual contribution 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 to 30 June 2028.

In accordance with the Ministerial Order published in the Victorian Government Gazette No. G23 on 11 June 2020, Environmental contributions tranche 5 was set for the period 1 July 2020 until 30 June 2024. The Corporation's environmental contribution calculation was 5.00% of a revenue base of \$89.44 million which resulted in an environmental contribution of \$4.47 million per year during this period.

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 the Department of Energy, Environment and Climate Action (DEECA). This contribution is recognised as an expense during the reporting period as incurred.

8.2.1 Environmental contribution expense

	2024 \$'000	2023 \$'000
Environmental contribution levy	4,472	4,472

9. OTHER DISCLOSURES

Introduction

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

9.1 Reserves

	2024 \$'000	2023 \$'000
Physical asset revaluation surplus		
Balance at the beginning of financial year	643,228	510,038
Revaluation increments / (decrements)	(251)	190,002
Tax effect of revaluation (increments) / decrements	75	(57,001)
Deferred tax adjustment	-	189
Balance at the end of financial year	643,052	643,228

9.2 Other economic flows included in net results

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. Other gains/(losses) from other economic flows include the gains or losses from:

- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates; and
- reclassified amounts relating to available-for-sale financial instruments from the reserves to net result due to a disposal or derecognition of the financial instrument. This does not include reclassification between equity accounts due to machinery of government changes or 'other transfers' of assets.
- the revaluation gain or loss on the fair value of derivative financial instrument.

	Note	2024 \$'000	2023 \$'000
Net gain/(loss) on other non-financial assets			
Net gain/(loss) arising from changes in fair value less estimated point-of-sale costs of biological assets	5.9	230	(400)
Capital works in progress written off	4.1.1	(362)	-
Total net gain/(loss) on non-financial assets		(132)	(400)
Net gain/(loss) on financial instruments			
Net gain/(loss) arising from derivatives	7.3.4	143	(1,735)
Total net gain/(loss) on financial instruments		143	(1,735)
Other gains/(losses) from economic flows			
Net gain/(loss) arising from revaluation of long service liability	3.1.2	(112)	(386)
Net gain/(loss) arising from revaluation of expected credit losses	5.1.2	(111)	2,089
Total other gains/(losses) from economic flows		(223)	1,703
Total other gains/(losses) from other economic flows		(212)	(432)

Gain/(loss) on the fair value of derivative financial instrument represents the movement in the fair value of the financial instrument compared to initial recognition. This net gain/loss reflects a positive/negative fair value movement in the Corporation's electricity derivative in the PPA as a result of higher/lower floating electricity prices. Any gain/loss is recognised as an other economic flow included in net result.

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Notes to the financial statements

9.3 Events occurring after the balance date

At balance date, the Corporation was aware of a payment to the value of \$672,000 to be made to DEECA in July 2024 relating to the Victorian Government's State Efficiency Payment. This payment will be treated as a capital repatriation payment in the 2024-25 financial statements, recognised in contributed capital.

9.4 Responsible persons

In accordance with the Ministerial Directions issued by the Assistant Treasurer under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period, as required by AASB 124 *Related Party Disclosure*. The names of persons who held the positions of Ministers and Accountable Officers in the Corporation are as follows:

Name	Title	Period of appointment
The Hon. Harriet Shing MP	Minister for Water	Since June 2022
Jeff Haydon	MD (Accountable Officer)	Since July 2022
Angeleen Jenkins	Director - Board Chairperson	Since October 2021
Tony Peake OAM	Director - Deputy Board Chairperson	Since October 2021
Peter Le Lievre	Director	October 2015 - September 2023
Mark McKenzie	Director	Since October 2019
Lynne McLennan	Director	Since October 2021
Linda Scott	Director	Since October 2021
Rachel Thomson	Director	October 2015 - September 2023
Scott Williams	Director	Since October 2021
Shu Brown	Director	Since October 2023
Dianne Smith	Director	Since October 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: \$10,000 – \$379,999 (\$30,000 – \$339,999 in 2022-23).

	Number 2024	Number 2023
\$10,000 - \$19,999	2	-
\$20,000 - \$29,999	2	-
\$30,000 - \$39,999	5	8
\$60,000 - \$69,000	1	1
\$330,000 - \$339,999	-	1
\$370,000 - \$379,999	1	-
Total responsible persons	11	10
Total remuneration (\$'000)	724	699

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9.5 Remuneration of executives

The number of executive officers, other than Responsible Persons, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalents provide a measure of full time equivalent executive officers over the reporting period.

Remuneration comprises employee benefits (as defined in AASB 119 *Employee Benefits*) in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered. Accordingly, remuneration is determined on an accrual basis, and is disclosed in the following categories.

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Post-employment benefits include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Other long-term benefits include long service leave, other long-service benefit or deferred compensation.

Termination benefits include termination of employment payments, such as severance packages.

	2024 \$'000	2023 \$'000
Remuneration of executives		
Short-term employee benefits	1,326	1,073
Post-employment benefits	131	106
Other long-term benefits	6	6
Total remuneration	1,463	1,185
Total number of executives	5	7
Total annualised employee equivalents	5.0	4.2

9.6 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

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation, directly or indirectly. Key management personnel (as defined in AASB 124 *Related Party Disclosures*) includes the Portfolio Minister and all Directors listed under responsible persons in note 9.4 and members of the executive leadership team who have the authority and responsibility for planning, directing and controlling the activities of the Corporation directly or indirectly, during the financial year.

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Remuneration of key management personnel

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.

	2024 \$'000	2023 \$'000
Compensation of key management personnel		
Short-term employee benefits	1,977	1,697
Post-employment benefits	194	171
Other long-term benefits	15	16
Total	2,186	1,884

Significant transactions with government-related entities

During the year, the following government-related entity transactions occurred:

Government-related entity receipts

	2024 \$'000	2023 \$'000
Significant funds received		
Barwon Water	407	-
Central Goldfields Shire	439	268
City of Ballarat	404	698
Coliban Water	95	-
Department of Energy, Environment and Climate Action (DEECA)	2,130	1,022
Department of Families, Fairness and Housing (DFFH)	8,587	8,751
Moorabool Shire Council	85	-
State Revenue Office (SRO)	336	335
Total revenue	12,483	11,074

Government-related entity payments

	2024 \$'000	2023 \$'000
Significant payments		
Coliban Water	1,875	622
Department of Energy, Environment and Climate Action (DEECA)	5,410	3,541
Department of Treasury and Finance (DTF)	992	909
Melbourne Water	134	127
Treasury Corporation of Victoria (TCV)	1,259	1,219
Total significant payments	9,670	6,418

Transactions with key management personnel and other related parties

Given the breadth and depth of Corporation's activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g., stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements. Outside of normal citizen type transactions with the department, 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.

All other transactions that have occurred with KMP and their related parties have been trivial or domestic in nature. In this context, transactions are only disclosed when they are considered of interest to users of the financial report in making and evaluation decisions about the allocation of scarce resources.

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ZEW Ltd transactions

ZEW is a related party of The Corporation. Below is a summary of transactions and holdings with ZEW:

	2024 \$'000	2023 \$'000
Receipts from ZEW Ltd	29	69
Payments to ZEW Ltd	(212)	(196)

9.7 Remuneration of auditors

	2024 \$'000	2023 \$'000
Victorian Auditor-General's Office		
Audit or review of the financial statements and performance statement	97	84
Total remuneration of auditors	97	84

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Notes to the financial statements

9.8 Changes in accounting policies

Corporation applied for the first-time certain standards and/or amendments, which are effective for annual periods beginning on or after 1 July 2023 (unless otherwise stated). The impact has been disclosed in the table below:

Title	Key requirements	Impact	Effective Date
AASB2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates	AASB2021-2 amends: AASB7, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements; AASB101, to require entities to disclose their material accounting policy information rather than their significant accounting policies; AASB108, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates; AASB134 Interim Financial Reporting, to identify material accounting policy information as a component of a complete set of financial statements; and AASB Practice Statement 2, to provide guidance on how to apply the concept of materiality to accounting policy disclosures	The implementation of this standard did not have a substantial direct or indirect impact on the Corporation.	1 July 2023
AASB2021-6 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards	AASB2021-6 amends: AASB1049 Whole of Government and General Government Sector Financial Reporting, to require entities to disclose their material accounting policy information rather than their significant accounting policies AASB1054 Australian Additional Disclosures, to reflect the updated terminology used in AASB101	The implementation of this standard did not have a substantial direct or indirect impact on the Corporation.	1 July 2023
AASB2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (note 1)	The standard amends AASB112 Income Taxes to introduce a further exception from the initial recognition exemption relating to deferred tax assets and liabilities. Applying this exception, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. The Standard also amends AASB1 to require deferred tax related to leases and decommissioning, restoration and similar obligations to be recognised by first-time adopters at the date of transition to Australian Accounting Standards, despite the exemption set out in AASB112.	The implementation of this standard did not have a substantial direct or indirect impact on the Corporation.	1 July 2023
AASB2023-2 Amendments to Australian Accounting Standards – International Tax Reform – Pillar Two Model Rules	The amendment applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes described in those rules. Such tax law, and the income taxes arising from it, are hereafter referred to as 'Pillar Two legislation' and 'Pillar Two income taxes'. As an exception, an entity shall neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.	The implementation of this standard did not have a substantial direct or indirect impact on the Corporation.	1 July 2023

*The effective date mentioned above refers to the date when Corporation would apply standards, amendments and interpretations and this may not be the actual application date of the standard/amendment and interpretation.

Note 1: Applicable to entities in the Group with deferred tax assets/liabilities.

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Notes to the financial statements

Material accounting policy information

The Corporation also adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 July 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

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Notes to the financial statements

9.9 Australian Accounting Standards issued that are not yet effective

The following AASs become effective for reporting periods commencing after the operative dates stated:

Certain new Australian Accounting Standards (AAS) have been published that are not mandatory for the 30 June 2024 reporting period. DTF assesses the impact of all these new standards and advises the Corporation of their applicability and early adoption where applicable.

Topic	Key requirements	Effective date	Estimated impact
AASB2014-10	Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments	1 January 2027	The Corporation does not expect these amendments to have a substantial direct or indirect impact on the business or competition.
AASB2022-8	Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector	1 January 2027	The Corporation does not expect these amendments to have a substantial direct or indirect impact on the business or competition.
AASB2022-9	Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to AASB10 and AASB128	1 January 2025	The Corporation does not expect these amendments to have a substantial direct or indirect impact on the business or competition.
AASB2014-10	Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non current – Amendments to AASB101	1 January 2024	The Corporation does not expect these amendments to have a substantial direct or indirect impact on the business or competition.
AASB2020-1	Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback – Amendments to AASB16	1 January 2024	The Corporation does not expect these amendments to have a substantial direct or indirect impact on the business or competition.
AASB2022-5	Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities	1 January 2024	The Corporation does not expect these amendments to have a substantial direct or indirect impact on the business or competition.
AASB2022-10	Non-current Liabilities with Covenants	1 January 2024	The Corporation does not expect these amendments to have a substantial direct or indirect impact on the business or competition.
AASB2022-6	Supplier Finance Arrangements	1 January 2024	The Corporation does not expect these amendments to have a substantial direct or indirect impact on the business or competition.

Central Highlands Water

Notes to the financial statements

DECLARATION IN THE FINANCIAL STATEMENTS

The attached financial statements for Central Highlands Region Water Corporation have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under 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 financial position of the Corporation at 30 June 2024.

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

We authorise the attached financial statements for issue on 2nd October 2024.



Jeff Haydon
Managing Director
Central Highlands Region Water Corporation



Philippa O'Sullivan
General Manager Customer and Business Services
Central Highlands Region Water Corporation



Angeleen Jenkins
Board Chairperson
Central Highlands Region Water Corporation

Victorian Auditor-General's report



Independent Auditor's Report

To the Board of the Central Highlands Region Water Corporation

Opinion	I have audited the financial report of the Central Highlands Region Water Corporation (the corporation) which comprises the: • 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 • declaration in the financial statements. 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.
Basis for Opinion	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. 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Board's responsibilities for the financial report	The Board of the corporation is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <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. 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.

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
4 October 2024



Paul Martin
as delegate for the Auditor-General of Victoria

Disclosure Index

The annual report of the Corporation is prepared in accordance with all relevant Victorian legislations and pronouncements. This index has been prepared to facilitate identification of the Corporation's compliance with statutory disclosure requirements.

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Glossary

AASs	Australian Accounting Standards
CHW	Central Highlands Water
CMAs	Catchment Management Authorities
DELWP	Department of Environment, Land, Water and Planning
EPA	Environment Protection Authority
FTE	Full-time equivalent
IWM	Integrated Water Management
Kilolitre (kL)	One thousand litres
Megalitre (ML)	One million litres
Gigalitre (GL)	One thousand megalitres
NGERS	National Greenhouse and Energy Reporting System Measurement
OHS	Occupational health and safety
PWSR	Permanent water saving rules
tCO ₂ -e	Tonnes of CO ₂ equivalent
VWES	Victorian Water Efficiency Strategy
WTP	Water Treatment Plant
WWTP	Waste Water Treatment Plant

Central Highlands Water

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