GWMWater

Annual Report

2022/2023

Our vision

Vision
Healthy environment, thriving community.

Our mission

Mission
Through partnerships with our stakeholders, we will provide affordable services using our precious resources to ensure a productive and liveable region.

Our organisational values

Customer
We will promote a culture that respects the views of our customers and our people with a ‘can do’ approach.

Organisation
We will work as a team to deliver agreed organisational priorities whilst respecting the views of stakeholders.

Accountable
We will be accountable for the actions we take and responsible for those we influence.

Transparent
We will be able to promote the merit of our decision making.

Efficient
We will ensure that the performance of our people, assets and resources are optimised in the provision of services.

Disciplined
We will ensure that our policies and processes support a consistent attainment of quality and safety in all aspects of our operations.

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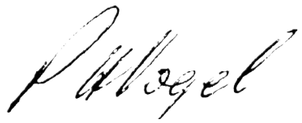
Responsible Body's declaration

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



Peter Vogel OAM
Chairman

Mark Williams
Managing Director

Dated this day 28 September 2023.

Message from the Chairman and Managing Director

A key focus for GWMWater over the past twelve months has been the five year pricing proposal that was lodged with the Essential Service Commission (ESC) in September 2022. The final decision of the ESC was released in June 2023 and the ESC generally agreed that our Water Price Submission had a significant focus on delivering value to our customers. The ESC accepted the expenditure programs, service standards and pricing structures proposed and agreed with our assessment of a submission with advanced standing when considered in the context of the ESC Performance Risk Engagement Management and Outcome (PREMO) framework.

A substantial feed into the 2023-2028 Water Price Submission was the Urban Rural Water Supply Demand Strategy. The strategy overlaid the potential impact of the climate scenarios banded between the post 1975 and 1997 period and the emerging demands of mineral sands developments in the region. The strategy concluded that there was a need to advance a number of augmentation studies and the cost of undertaking these studies was reflected in the Water Price Submission. The studies will determine the extent that additional water can be sourced and the indicative cost of this water. The additional water is likely to be required around 2040 in the event the extreme climate scenario materialises and the mining developments being proposed in the region proceed on any significant scale.

We thank the efforts of the Community Panel that was convened to facilitate the review of initiatives and policies that underpinned the development of the Water Price Submission. Chaired by one of our community leaders in Fay Hull from Ararat, the Community Panel considered the proposals and service offer in the context of the affordability challenges confronting the region. The outcome was a considerable benefit in the real price movement of water and wastewater charges as we transitioned to the new regulatory period that commenced 1 July 2023.

As we have emerged from the pandemic, we have entered a period of considerable disruption in supply chain and capability. The most significant impact has been on energy prices and the cost of delivering major capital works. There are signs that these impacts are starting to moderate and in the case of energy, avoided as we continue to expand our renewable energy program.

Our Behind the Meter Renewable Energy program that is integral to our Clean Energy Strategy is well advanced. As at 30 June 2023, we had installed 2,273 kW of solar panels across 58 sites providing 21 percent of our electricity requirements. During the year we introduced our first battery solution at Harrow and in doing so established operating and management systems that can be replicated as we expand the use of battery technology as part of our Clean Energy Strategy. The Behind the Meter Renewable Energy program combined with past investments and efficiency improvements has reduced our carbon emissions by 25 percent compared to our carbon pledge baseline of 19% reduction by 2025.

The reset of the Statement of Obligations (emissions reduction) creates an expectation that we will accelerate our timetable to become carbon neutral. Whilst stated as an obligation, we continue to see this as an opportunity as the cost of renewable energy initiatives continue to decline and the abundance of wind and sun in our region. We have advanced our 'front of meter' opportunities and are well advanced with projects in Nhill and Donald. These projects will allow us to become a net generator of renewable energy and reduce our Scope two carbon emissions to zero.

This year was one of our wettest years in recent history and as a result, our water resource position is the best it has been since the mid 1990's. Late winter and spring rains gave rise to significant inflows in our central and eastern catchments with all storages in this catchment filling and spilling. The western catchment that supports Rocklands and Toolondo had insufficient rainfall to fill but there was significant recharge. The Wimmera River flowed consistently from winter through to early summer and this gave rise to Lake Hindmarsh filling to a level of around 55% of its capacity.

Our capital program has been disrupted by the significant rainfall we experienced late winter into spring. The Mt Cole Pipeline Refurbishment was completed just before the significant rainfall events. The Lake Fyans dam rehabilitation, Ultima Pipeline (water quality) and Elmhurst Water Treatment Plant were all paused due to the wet conditions but are now complete or substantially complete. The introduction of a

Message from the Chairman and Managing Director *(cont.)*

second water treatment plant at Ouyen was completed and is providing better water quality into the northern Mallee pipeline that services the 'Mallee Track' and an area south of Ouyen. A second treatment plant that was to be installed at Piangil was deployed to Manangatang to better manage the poor source water from the Murray River. This treatment plant is now being relocated to Pinagil to benefit rural customers as well as providing better water for Manangatang. The Horsham wastewater rising main river crossing duplication was being commissioned at the end of the year. The Kaniva and Moyston water quality upgrades are well advanced in their planning and we anticipate being a positon to go to market for these projects in December 2023.

The partnership with Agriculture Victoria to deliver the Horsham Smart Farm Project is well advanced. With $4.97 million of funding from the National Water Grid Authority and a further $575,000 from the Victorian government Integrated Water Cycle Management Program, we will deliver a solution that secures water to support agricultural research at Agriculture Victoria's Vectis site west of Horsham as well as a better water product for irrigating green areas in and around Horsham. The project involves a second treatment plant to improve the quality of recycled water from the Horsham wastewater treatment plant and a desalination plant at Vectis. The improved recycled water will be used to support research activities for cereal crops with the water from the desalination plant being used for pulse plant research activities. The improved quality of recycled water will also enhance its use in Integrated Water Cycle Management applications in and around Horsham.

Planning for the East Grampians Rural Pipeline continued with considerable refinement from project concept to detailed design. Enhanced energy efficiency is integral to the design with water being delivered to high points to maximise the use of gravity. This reduces the number of pumping stations and increases the number balancing storage tanks. Through the engagement process, considerable interest was received from customers outside the nominal boundary for the project. The final design incorporates landowners on the periphery of the nominal boundary. All environmental approvals have been secured and we are close to finalising all cultural assessments to support the approval process for the project. The overall cost had been influenced by the extent that landowners on the periphery of the project. The project is also being impacted by the cost pressures created by the COVID-19 related supply chain issues. We have secured commitment with the State and Commonwealth government to commence the project and will deliver what we can inside the current funding envelope without compromising the full design intent of the project.

The climate the region has experienced over the past 30 years combined with changes in farming practice have heightened the importance of a secure water supply for agriculture and urban settlements in North West Victoria. Rural customers serviced by the recently completed South West Loddon are our most favourably predisposed customers according to our most recent customer survey. The desire to have a secure water supply was acknowledged when Pyrenees Shire in partnership with Northern Grampians and Central Goldfields were successful in securing funding for the Southern Wimmera and Northeast Pyrenees water supply feasibility study. GWMWater is leading the technical work to assess the feasibility of a water supply in the corridor that extends from Glenorchy through to Natte Yallock. West Wimmera and Southern Grampians Shire still harbour aspirations of a more secure water supply and we continue to engage with these communities in the context of possible options to secure water supply for Edenhope and possible infrastructure reconfiguration in the event that mineral sands developments advance in the region.

Urban Remote Metering is now business as usual and we continue to realise the benefits of the technology. As at the end of June 2023, approximately 12 percent of our urban customers and 17 percent of our rural customers had registered to use our customer portal to monitor their water consumption. We have started to enhance the customer experience and introduced a process to inform customers of very slow continual water flow as a starting point for a discussion about a potential leak on the customer side of the meter.

During the year we continued to work with major industries that are established or establishing in the region. We have been working with Australian Protein Plant, Luv a Duck and Eatwell to ensure we get appropriate solutions for managing their waste. Rural pipeline extensions enhance the water quality and security for intensive agriculture and viticulture activities with many of these businesses looking to expand their operations from water to be supplied from the East Grampians pipeline.

We continue to explore ways that cultural water can be delivered within the existing water entitlement and accounting framework. The Rainbow recreation water body was officially opened in December 2022 at an event hosted by Hindmarsh Shire Council. We are also working with Gannawarra Shire to deliver the Quambatook weir pool solution.

We were able to enhance the recreational amenity at our major storages with the support of the Victorian government. Funding was received to deliver boat ramp upgrades at Lake Fyans, Toolondo, Rocklands, and Lonsdale. Funding to improve the groundwater supply solution to Nhill Lake was also secured during the year.

When planning for the Wimmera Mallee Pipeline project, the funding model assumed GWMWater would potentially be carrying debt levels that would maintain a credit rating of BBB- for the foreseeable future. The success of the growth water sales program, support for the buyout of the Wimmera irrigation system and ongoing improvements in business efficiency has allowed GWMWater to improve its financial performance and financial sustainability. At the end of the 2022/23 financial year our credit rating was A- and this has now been sustained for a number of years.

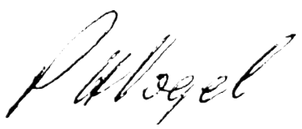
It was great to see the innovation in one of our major projects recognised during the year. The refurbishment of the Mt Cole Pipeline was awarded the Victoria Australian Water Association Regional Infrastructure Project of the year. The project was jointly nominated by GWMWater and Interflow for the innovative delivery using advanced pressurised relining technology to reline a 1.4 km section of the pipeline in an environmentally sensitive section of the Mt Cole State Forest.

Our people are our greatest asset and they are also an integral part of the community in our region. The commitment of our staff to service our community is significant and goes well beyond providing a water and wastewater service. The results of our own Customer Surveys suggest a significant level of customer loyalty with a Net Promoter Score of 24 percent. Our People Mater Survey results also indicate a high level of satisfaction that has progressively improved over the past ten years.

We acknowledge the contribution of the GWMWater Board to continue to challenge us and ensure we are delivering value to the communities of the Grampians, Wimmera and Mallee. The diversity and skills of the Board ensures a good understanding of the operating environment and gives rise to a well-articulated strategy that is mindful of the risks as well as the opportunities.

The Victorian Government is our sole shareholder and we thank the Andrews government for its continued support of the water sector in our region. The importance of water from a liveability perspective has been embraced and this was very much reflected in the policy framework of Water for Victoria. The value of reticulated rural water supplies has been acknowledged and this has been evidenced in the funding support provided to the South West Loddon Pipeline and the East Grampians Rural Pipeline.

As Chair, I Peter Vogel will be ceasing my term as a Director and Chair of GWMWater on 30 September 2023 in what has been a personally fulfilling and rewarding 25 plus year association with the water sector in our region.



Peter Vogel OAM
Chairman

Mark Williams
Managing Director

About GWMWater

Who We Are

Grampians Wimmera Mallee Water Corporation (trading as GWMWater) is a government-owned Statutory Corporation established on 1 July 2004 under the Water Act 1989. The responsible Minister for the period from 1 July 2022 to 30 June 2023 was the Hon Harriet Shing MP, Minister for Water.

GWMWater has one of the largest geographic footprints of all Victorian water businesses, covering some 62,000 square kilometres or 25 percent of Victoria. The operational area is similar in size to Tasmania and includes 13 municipalities; seven with full coverage and a further six in part. We provide services to approximately 72,000 people living either on farms or in one of 71 urban centres across Western Victoria.

What We Do

GWMWater is a vertically integrated water business directly involved in all aspects of the water cycle.

We operate water and wastewater treatment plants in many of our 71 towns and we aim to recycle 100 percent of the wastewater we produce. We use desalination technology, operate pipelines, major storages, dams, weirs and pump stations to service our customers.

We have responsibility for performing the Storage Manager functions in respect to the Wimmera and Glenelg Rivers bulk entitlement orders. GWMWater is Resource Manager for groundwater and surface water licensing and the Storage Manager in respect of the *Safe Drinking Water Act 2003.*

Our large operational area presents major challenges in the provision of water and wastewater services. We harvest water in the Grampians, extract water from groundwater bores and pump water from the River Murray. From these points we store, treat, transfer and distribute water.

To deliver these services we manage a significant number of assets including bulk water supply reservoirs, hundreds of smaller storages, tanks, water towers and approximately 16,000 km of pipes.

Water Services

Our water services are used in and around homes, in businesses, on farms, for environmental purposes and for schools, recreational and community benefit.

Sewer Services

In sewered urban areas, we collect wastewater which is transferred, treated and reused.

Our wastewater services operate mainly in our larger towns and involve extensive recycling for watering sporting fields, parks and gardens, vineyards and agricultural use.

Understanding Our Business

Strategic Directions

We operate within a dynamic region in an environment that is very much weather dependent. Our Strategic Directions for 2018-23 identify six key themes which are linked by the Corporation's vision of:

'Healthy environment, thriving community'

Strategic Themes

The below themes are integrated throughout our corporate and business planning so all actions contribute to the achievement of our vision.

Government Policy Framework

Our operational framework is strongly influenced by the economic, social and environmental policies of government.

In October 2016, the Minister for Water released 'Water for Victoria' and this substantially reset the policy context for water management in the state. From a water supply perspective, this complements the water policy framework of the Murray Darling Basin Plan and the Western Region Sustainable Water Strategy (Western Region SWS). GWMWater's 2018-23 Strategic Directions supports the Victorian Government's strategic plan for management of water resources as reflected in Water for Victoria.

Our Sustainability Framework

For GWMWater, sustainability means being able to continuously provide water and wastewater services which support customers, various stakeholders and the region as a whole in balancing social, environmental and economic outcomes.

We continue to drive sustainable resource management from our strategic planning through to our operational practice. Sustainability is also synonymous with the liveability of our region, which is a key focus of our current Strategic Directions and Vision statement.

We welcome the initiatives of the Minister for Water to have climate change formally recognised and will continue to develop initiatives that better respond and adapt to climate variability from a water resource and carbon efficiency perspective.

Our Board

GWMWater was constituted by Ministerial Order with effect from 1 July 2004, under Sections 98 and 100 of the Water Act 1989 (the Act). Section 124 of the Act provides GWMWater with the powers necessary to perform its functions, however these powers can only be exercised to perform a function given to GWMWater by an Act of Parliament.

Key responsibilities of the Board include:

a) Setting the broad strategy, objectives and performance targets for the Corporation.

b) Risk management oversight of all key business and operational risks including public health and safety, occupational health and safety, environmental protection, cyber security and being informed and aware of residual risk levels.

c) Reviewing the Corporation's progress towards achieving its specific goals.

d) Reviewing the internal financial and operational controls of the Corporation to ensure they are effective and current (including non-compliance, anti-fraud, anti-corruption and critical incident reporting systems).

e) Preparation and approval of strategic plans, corporate plans, annual reports, key procedures and policies.

Peter Vogel OAM, Chairman

Peter, a long-established primary producer in the Watchem area, now retired, has a wealth of knowledge and experience in primary production and the water industry. Peter is Chairman of the GWMWater Board of Directors.

Peter is also the Chair of the Remuneration Committee and is an ex-officio member on all Board committees.

Caroline Welsh, Deputy Chair

Caroline is a partner in Renney Farms, the family grain farm in Berriwillock. She is a former Chair and long-term Director of the Birchip Cropping Group. Caroline has 30 years' experience working in agriculture communication, community development, governance and climate variability. Caroline is a member of the Victorian Agriculture Climate Change Council and the national Future Drought Fund Consultative Committee. Caroline holds a Master of Agribusiness (Marketing), a Graduate Diploma of Rural Resource Management and a Bachelor of Agriculture Science. Caroline is a graduate of the Australian Institute of Company Directors.

Caroline is Deputy Chair to the GWMWater Board of Directors.

Andrew Nicolaou

Andrew is a recognised leader in Financial and Risk Management Reform, Governance and Performance in the Public Sector, with significant experience in large government business enterprises including the water sector, rural sector and relevant departments. Andrew has significant experience with government and private sector boards, and audit and risk committees. He has a strong knowledge of financial management, risk and regulatory frameworks. Andrew holds a Bachelor of Economics and is a member of the Australian Institute of Company Directors and a Fellow of the Institute of Chartered Accountants. He is the Chair of audit committees at the Department of Transport, Parliament of Victoria and Fire Rescue Victoria, is a Director and a member of the Audit Committee of the Victorian Funds Management Corporation and a member of the Audit Committee of the Department of Education.

Andrew is Chair of the GWMWater Audit, Governance and Risk Committee.

Jennifer Comerford

Jennifer is a professional project manager and strategic advisor with extensive experience working within both state and federal government authorities. She now lives on a rural property in the Grampians region. Jennifer has skills in business planning, procurement, statutory governance and general management. Jennifer holds a Bachelor of Commerce and Graduate Diploma in Taxation, and is a graduate of the Australia Institute of Company Directors.

Jennifer is Chair of the GWMWater Environment and Works Committee.

David Jochinke

Born and bred in the Wimmera, David is a third-generation broad acre farmer at Murra Warra. A strong advocate for rural communities and the farming industry, he has held numerous significant high-profile leadership roles representing the Wimmera and Victoria. He is currently Vice President of the National Farmers Federation and Chair of Grampians Tourism. David holds a Diploma of Applied Science, is a Nuffield Scholar, Australian Rural Leadership Fellow and a member of the Australian Institute of Company Directors.

David is Chair of the GWMWater Water Resources Committee.

Elisa de Wit

Elisa is a partner in the Melbourne office of international legal practice Norton Rose Fulbright. She leads the Melbourne environment practice and is national head of the firm's climate change and sustainability practice. Elisa has 30 years of legal experience and has practised in three Australian jurisdictions and the United Kingdom. Elisa holds a Bachelor of Laws (Hons), Bachelor of Arts, a Masters of Environmental Law and a Graduate Diploma of Legal Practice. She is the former Chair of the Carbon Market Institute, a current Director of Beyond Zero Emissions and a Graduate of the Australian Institute of Company Directors.

Elisa is Chair of the GWMWater Energy and Carbon Committee.

Judith Holt

Jude and her husband are sheep and grain farmers in Wedderburn. She has held senior management roles in local government and the water sector for the past 30 years, and is a Board Director at CVGT Australia Limited. Jude is a Fellow of the Governance Institute of Australia, has a Graduate Diploma in Applied Corporate Governance, Graduate Certificate in Risk Management, a Bachelor of Business (Accounting), and is a Graduate of the Australian Institute of Company Directors.

Mark Williams

Mark has been with GWMWater and the former Grampians Water since 1996. Mark was Chief Financial Officer until November 2011 when appointed to the position of Managing Director. In this time Mark has been responsible for overseeing the commercial implementation of water reforms in the region that include the delivery of water quality upgrades, investments that have improved water security and the introduction of independent service and price regulation by the Essential Services Commission.

Mark brings a wealth of experience to the role beyond his water industry experience which includes roles in the power industry, health and public service where he started his career in 1985. Mark served on the Wimmera Health Care Group Board from 2001 to 2016 and held the office of President in the period 2011 to 2016. During 2017 Mark joined the Wimmera Southern Mallee Regional Partnership, established by the Victorian Government in 2016, to recognise that local communities are in the best position to understand the challenges and opportunities faced by their region.

Mark is also a Director of the Board of the Horsham Golf Club in the capacity of Treasurer. Mark joined the Golf Club Board in 2017 and has assisted with the return of the club to a sustainable financial position. Mark has also committed to serve as a Director on the reconstituted Wimmera Development Association and is Chair of the Audit Committee.

Board and Committee Attendance 1 July 2022 – 30 June 2023

Director	Number of Board meetings attended	Number of Audit Governance and Risk Committees attended	Number of Environment and Works Committees attended	Number of Water Resources Committees attended	Number of Climate, Energy and Carbon Committees attended	Number of Remuneration Committees attended
Peter Vogel	12*	5*	4	2	3	3
Caroline Welsh	12*	12*	2	1	3	3
David Jochinke	11*	5*	-	2	2	-
Andrew Nicolaou	11*	5*	4	-	-	-
Elisa de Wit	10*	1*	-	-	3	-
Jennifer Comerford	12*	1*	4	2	-	-
Judith Holt	12*	5*	4	-	-	3
Mark Williams, Managing Director	12*	5*	3	2	3	3
Ross Davies, Independent	N/A	N/A	N/A	2	N/A	N/A
Total number of meetings	12*	5*	**4**	**2**	**3**	**3**

Notes to this table:

* *Includes Special Board and Committee Meetings*
1 x Special Board Meetings
1 x Special AGR Committee Meeting

N/A Not applicable

Standing Committees of the Board

Audit, Governance and Risk Committee

1 July 2022 – 30 June 2023

- Andrew Nicolaou (Chair)
- Judith Holt
- David Jochinke
- Peter Vogel (Ex-Officio)

All members of the Committee are independent in character and judgement. There are no relationships or circumstances which could affect, or appear to affect, the member's judgement.

The Committee monitors and has oversight of the following:

a) Financial performance and the financial reporting process of GWMWater, including the annual financial statements.

b) The operation and implementation of the risk management framework.

c) Matters of accountability and internal control affecting the operations of GWMWater.

d) The procurement process and oversight of probity for major capital and recurrent programs where the approval threshold is beyond that delegated to the Managing Director.

e) The effectiveness of management information systems and other systems of internal control.

f) GWMWater's process for monitoring compliance with laws and regulations and its own Code of Conduct and Code of Financial Practice.

g) GWMWater's development, implementation and maintenance of safety systems, procedures and standards and ability to comply with Occupational Health and Safety and Workers' Compensation legislation.

h) The sign off of accounting policies.

i) The appropriateness of accounting treatment for and disclosure of significant transactions which are not part of GWMWater's normal course of business.

j) The scope of work, performance and independence of internal and external audit.

k) Recommending to the Board the engagement and dismissal of any internal audit service provider(s) and where appropriate, providing input to VAGO on appointment of external audit agent(s).

The Committee Chair and members are appointed annually by the Board, and are subject to the Committee's Terms of Reference.

Meetings are held quarterly and at any other time as considered appropriate by the Chair. In 2022/23, the Committee met on five occasions, inclusive of one special meeting. Attendance of committee members is detailed in the Board and Committee Attendance table, together with attendance of members of other board committees.

Environment and Works Committee

1 July 2022 – 30 June 2023
- Jennifer Comerford (Chair)
- Andrew Nicolaou
- Judith Holt
- Peter Vogel (Ex-Officio)

The Committee has responsibility for the following:

a) Assessing the quality of GWMWater's environmental management reporting and management policies and procedures.

b) Monitoring compliance with relevant laws and regulations significantly impacting on GWMWater.

c) Monitoring actual performance against corporate and operational plans.

d) Assessing the adequacy and effectiveness of infrastructure and operating models to meet service objectives.

e) Where any technical risks give rise to the need for performance audits to be included in the internal audit program.

f) Reviewing relevant internal audit reports, incorporating management responses.

g) Reviewing operations, maintenance and capital works expenditure against adopted Business Plan budgets

h) Discussing and advising on research opportunities and innovation strategies that can be undertaken to enhance operational effectiveness and deliver cost savings..

i) Reviewing wastewater management operations to ensure compliance with the Wastewater Management Plan and statutory requirements of relevant regulatory bodies.

The Committee Chair and members are appointed annually by the Board, and are subject to the Committee's Terms of Reference.

Meetings are held quarterly and at any other time as considered appropriate by the Chair. In 2022/23, the committee met on four occasions. Attendance of committee members is detailed in the Board and Committee Attendance table, together with attendance of members of other board committees.

Remuneration Committee

1 July 2022 – 30 June 2023
- Peter Vogel (Chair)
- Caroline Welsh
- Judith Holt

The Committee has responsibility for the following:

a) Overseeing the process for the appointment of the Managing Director and where it considers appropriate, relevant input into the appointment of senior executives.

b) Determining GWMWater policy and practice for executive remuneration to the extent that the Public Entity Executive Remuneration Policy needs to be nuanced to the specific requirements of GWMWater.

c) Receiving a recommendation of executive staff remuneration if outside the guidelines established by the Victorian Independent Remuneration Tribunal (VIRT) and the Victorian Public Sector Commission (VPSC).

d) Ensuring the Victorian Government guiding principles for executive remuneration as established by VIRT and the VPSC are observed.

e) Overseeing the development of succession and performance planning processes at GWMWater.

f) Establishing the performance objectives and associated performance targets for the Managing Director.

g) Establishing processes for the review of the performance of the Managing Director, the Board and the operation of Board Committees.

h) Receiving reports on the performance of executive staff of GWMWater and their remuneration.

i) Determines GWMWater's policy and practice for staff remuneration to ensure it is consistent with the Victorian Public Sector Wages Policy as set by the Treasurer.

j) Ensuring that work conditions outside the award are consistent with Victorian government conditions of employment as established by Industrial Relations Victoria.

k) Overseeing the establishment of a remuneration policy and the associated productivity objectives for the Enterprise Bargaining Agreement.

l) Receiving reports prepared that facilitate GWMWater's compliance with the Public Sector Remuneration Policy, including disclosures in its annual report.

The Committee Chair is GWMWater's Board of Directors Chair. Members are appointed annually by the Board, and are subject to the Committee's Terms of Reference.

Meetings are held at least twice a year and at any other time as considered appropriate by the Chair, or on request of a committee member or the internal or external auditor. In 2022/23, the committee met on three occasions. Attendance of committee members is detailed in the Board and Committee Attendance table, together with attendance of members of other board committees.

Water Resources Committee

1 July 2022 - 30 June 2023

- David Jochinke (Chair)
- Elisa de Wit
- Jennifer Comerford
- Peter Vogel (Ex-Officio)
- Ross Davies (External Member)

The Committee has responsibility for the following:

a) Providing oversight of the execution of water resource related delegations from the Minister under the Water Act 1989, not limited to Storage Manager and water licensing delegations.

b) Fulfilling of GWMWater's Statement of Obligations relating to water resource activities, planning and information, including water resource security, drought response, groundwater and surface water compliance activities, water allocation, and the impact of climate change.

c) Providing oversight of GWMWater's water entitlements, including the adequacy of entitlements to meet the required level of service and provide security of supply to customers.

d) Maintaining awareness of GWMWater's multiple roles and any potential for actual or perceived conflicts of interest between its role as entitlement holder and Storage Manager/ water licensing Authority.

e) Providing oversight of compliance with the Storage Management Rules and Storage Manager Objectives in operation of the Headworks system.

f) Providing oversight of GWMWater's role in Victorian water markets, including its involvement in future refinement of water market frameworks, water market regulations and trade rules.

g) Providing oversight of development and/or implementation of climate adaptation strategies as they apply to water resources.

h) Providing oversight of modelling and forecasting in respect to the potential impacts of climate change on water resources in the region in accordance with any government or regulatory requirements.

i) Providing strategic advice and guidance on matters relating to the communication of water resource information, groundwater resource management information and water sharing arrangements.

j) Providing guidance on governance matters relating to water resource functions, and to participate within the governance framework for strategic water resource matters. matters.

k) Providing strategic advice and guidance to the process of negotiating Bulk and Environmental Entitlement Orders applicable to GWMWater.

l) Maintaining line of sight to corporate risks as they apply to water resource matters, and to the corporate compliance calendar as it applies to water resource matters.

m) Assessing the quality of GWMWater's reporting, and management policies and procedures as they relate to water resources.

n) Monitoring actual performance against corporate, and other relevant plans.

o) Providing guidance and advice in relation to the adequacy and effectiveness of internal controls and processes specific to water monitoring and water accounting.

p) Where appropriate, evaluation of internal annual audit plans and review outcomes.

The Committee Chair and Members are appointed annually by the Board, and are subject to the Committee's Terms of Reference. The appointment of an independent expert, as may be required, is for an initial term of two years. The Board may elect to re-appoint the independent expert for a further term.

Meetings are held biannually and at any other time as considered necessary by the Chair. The Water Resources Committee met on two occasions during 2022/23. Attendance of committee members is detailed in the Board and Committee Attendance table, together with attendance of members of other board committees.

Climate, Energy and Carbon Committee

1 July 2022 – 30 June 2023

- Elisa de Wit (Chair)
- Caroline Welsh
- David Jochinke
- Peter Vogel (Ex-Officio)

The Committee has responsibility for the following:

a) Assessing the quality of GWMWater's climate, carbon, energy and vegetation reporting and management policies and procedures.

b) Monitoring compliance with relevant laws and regulations specific to the energy and carbon markets on GWMWater.

c) Where any carbon or energy market risks give risk to the need for performance audits to be included in the internal audit program.

d) Reviewing relevant internal audit reports, incorporating management responses specific to the delivery of the energy and emissions reduction programs.

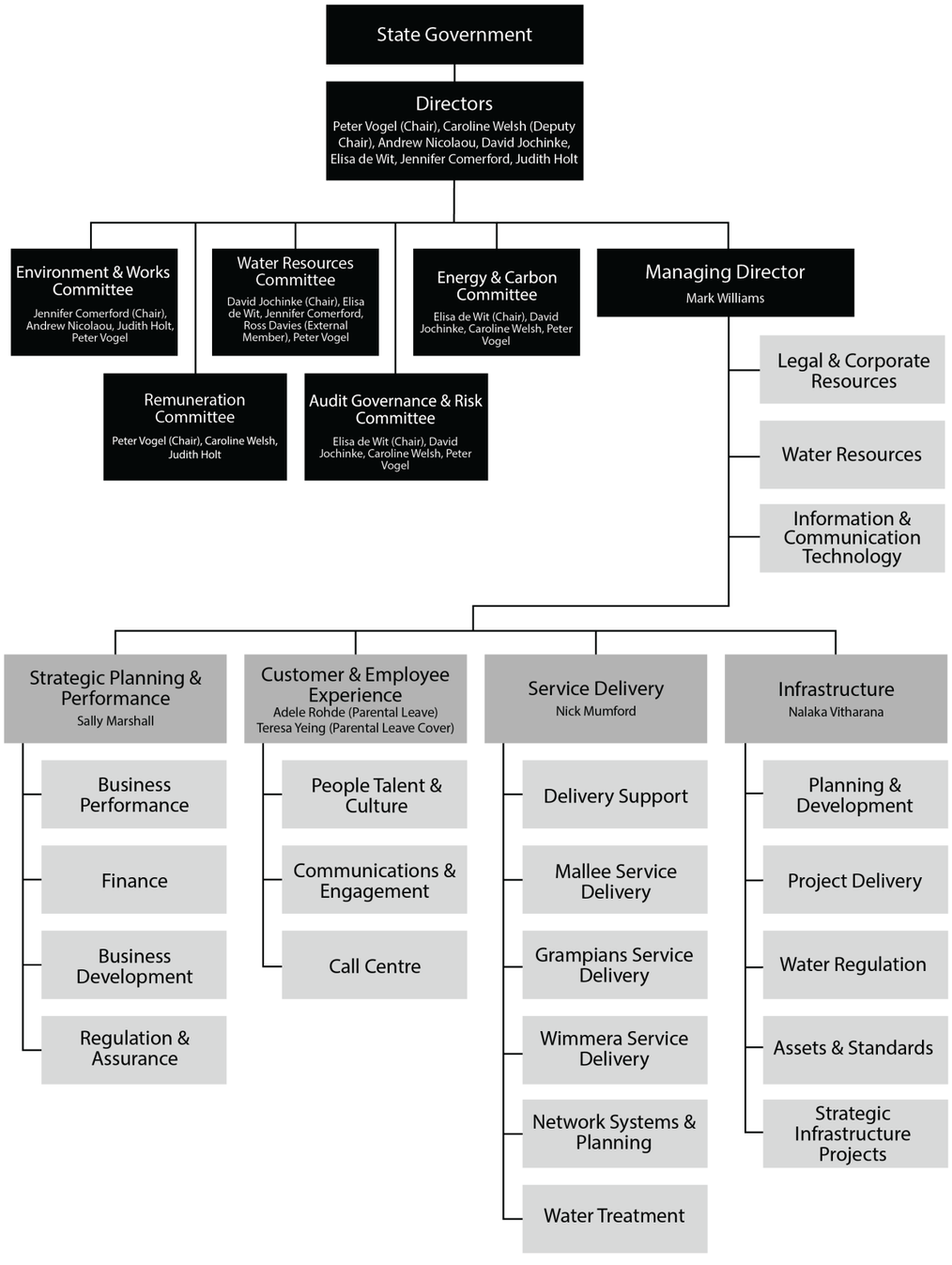
e) Oversee the effectiveness of risk mitigation strategies associated with climate mitigation programs of GWMWater.

f) Overseeing compliance with the Statement of Obligations (Emissions Reduction).

The Committee Chair and Members are appointed annually by the Board, and are subject to the Committee's Terms of Reference.

Meetings are held at least three times per year or at any other time as considered necessary by the Chair. The Climate, Energy and Carbon Committee met on three occasions during 2022/23. Attendance of committee members is detailed in the Board and Committee Attendance table, together with attendance of members of other board committees.

Organisational Structure



How We Operate

Freedom of Information

The *Freedom of Information Act 1982* (the Act) allows the public a right of access to documents. 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, such as GWMWater.

An applicant has a right to apply for access to documents held by GWMWater. This comprises documents both created by GWMWater or supplied to GWMWater by an external organisation or individual, and may also include maps, films, microfiche, photographs, computer printouts, computer discs, tape recordings and videotapes.

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

Processing time for requests received can be up to 30 days. However, when external consultation is required the processing time automatically reverts to 45 days. Processing time may also be extended by periods of 30 days, in consultation with the applicant and this may occur any number of times.

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

Making a request

When making a Freedom of Information (FOI) request, applicants should ensure requests are in writing, and clearly identify what types of material/documents are being sought. An application fee of $31.80 applies.

Requests for documents in the possession of GWMWater should be addressed via email to:
foi@gwmwater.org.au
or via post to:

GWMWater
Att: Freedom of Information Officer
PO Box 481
Horsham Victoria 3402

Freedom of Information statistics/timeliness

During 2022/23, GWMWater received one FOI application which was satisfied in full. The request was made by a member of the public. The request was not subject to a complaint/internal review by OVIC nor progressing to VCAT.

The request was completed within the statutory time period.

Further information

Further information regarding the operation and scope of FOI can be obtained from the Act; regulations made under the Act; and ovic.vic.gov.au/freedom-of-information

Statement of Availability of Other Information

Additional information available on request

In compliance with the requirements of the Standing Directions under the *Financial Management Act 1994*, details in respect of the items listed below have been retained by GWMWater and are available on request, either partially or fully, subject to the provisions of the *Freedom of Information Act 1982*:

a) Details of publications produced by GWMWater about itself, and how these can be obtained.

b) Details of any major external reviews on GWMWater.

c) Details of major research and development activities undertaken by GWMWater.

d) Details of overseas visits undertaken.

e) Details of major promotional, public relations and marketing activities undertaken by GWMWater to develop community awareness of the entity and its services.

f) Details of changes in process, fees charges, rates and levies charged.

g) A statement of completion of declarations of pecuniary interests by relevant officers.

The information is available on request from:

GWMWater
Att: Freedom of Information Officer
PO Box 481
Horsham Victoria 3402

Additional information included in Annual Report

Details in respect of the following items have been included in this annual report, on the pages indicated below:

a) Assessment and measures undertaken to improve the Occupational Health and Safety of employees (page 24).

b) A list of GWMWater's major committees, the purpose of each committee, and the extent to which the purposes have been achieved (pages 11 to 16).

Information that is not applicable to GWMWater

The following information is not relevant to GWMWater for the reason set out below:

- A declaration of shares in GWMWater held by senior officers. No shares have ever been issued in GWMWater as the Victorian Government is the shareholder.

Compliance with the *Public Interest Disclosure Act 2012*

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

What is a public interest disclosure?

A public interest disclosure is reporting corrupt or improper conduct by a public officer or a public body.

GWMWater is a public body for the purposes of the Act.

What is improper or corrupt conduct?

Improper or corrupt conduct involves substantial:

a) Mismanagement of public resources.

b) Health or safety, or the environment.

c) Corruption.

The conduct must be criminal in nature or a matter for which an officer could be dismissed

How do I make a public interest disclosure?

You can make a protected disclosure about GWMWater or its Board Directors, officers or employees by contacting the Independent Broad-based Anti-corruption Commission (IBAC) on the contact details provided below. Please note that GWMWater is not able to receive public interest disclosures.

Level 1, North Tower
459 Collins Street
Melbourne Victoria 3000

Mail: GPO Box 24234
Melbourne Victoria 3001

Website: ibac.vic.gov.au
Phone: 1300 735 135
Email: See the website above for the secure email disclosure process, which also provides for anonymous disclosures.

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

GWMWater has established procedures for the protection of persons from detrimental action in reprisal for making a public interest disclosure about GWMWater or its employees.

	2021/22	2022/23
The number of disclosures made by an individual to the Independent Broad-based Anti-corruption Commission		
Assessable disclosures	0	0

Competitive Neutrality Policy

Competitive neutrality requires government businesses to ensure 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. Competitive neutrality policy supports fair competition between public and private businesses and provides government businesses with a tool to enhance decisions on resource allocation. This policy does not override other policy objectives of government and focuses on efficiency in the provision of service.

GWMWater continues to comply with the legislative requirements and principles of the Competitive Neutrality Policy.

Compliance with the *Building Act 1993*

Buildings owned or controlled by GWMWater comply with building and maintenance provisions of the Building Act 1993, the Building Regulations 2018 and the National Construction Code.

GWMWater requires that appropriately qualified consultants and contractors are engaged for all works on land controlled by GWMWater and that their work and services comply with current building standards. All such consultants and contractors are required to have appropriate mechanisms in place to ensure compliance with the building and maintenance provisions of the Building Act 1993, the Building Regulations 2018 and the National Construction Code.

In relation to existing buildings, GWMWater conducts mandatory testing of emergency and exit lighting, lift equipment, routine inspection and maintenance of mechanical services, and annual fire service audits. These inspections then inform the works program which is delivered annual through existing maintenance contracts.

In 2022/23:

Number of major building projects undertaken by GWMWater (greater than $50,000)	4
Number of building permits, occupancy permits or certificate of final inspection issued in relation to buildings owned by the entity	4
Number of emergency orders and building orders issued in relation to buildings	0
Number of buildings that have been brought into conformity with building standards during the reporting period	0

Our Employees

Employment and Conduct Principles

GWMWater is committed to applying merit and equity principles when appointing staff. The selection process ensures that applicants are assessed and evaluated fairly and equitably on the basis of the key selection criteria and other accountabilities without discrimination.

Diversity in the Workforce

GWMWater's Diversity and Inclusion Strategy will be reviewed and modified to aspire to the targets of the Water Industry Equity Diversity and Inclusion Strategy.

Target	Target	Current %
Gender balance in senior leadership positions	50%	35%
Percentage of employees who identify as a person with a disability	10%	2%
Percentage of employees who speak a language other than English	20%	8%
Percentage of employees who identify as Aboriginal and/or Torres Strait Islander	2.5%	1%
Percentage of employees who identify as having caring responsibilities (for children, elderly family, or a person with a disability)	35%	58%
Percentage of employees who identify as belonging to the LGBTIQ+ (Lesbian, Gay, Bisexual, Transgender and Intersex) communities	7%	2%

It should be noted that:

a) Flexible work arrangements are available to all employees unless there is a specific operational constraint.

b) Approximately 75 percent of employees work flexibly (through informal and formal flexible working arrangements).

Current figures have been sourced from the People Matter Survey 2022 and current workforce data.

Our strategy will ensure:

a) We value and respect the diversity of our employees and that of the communities in which we operate.

b) We strive for a workplace that is fair, accessible, flexible, inclusive and in which unlawful discrimination, bullying, harassment or victimisation are not tolerated.

Our objectives are to:

a) Be an employer of choice for people from diverse backgrounds and improve our ability to attract, develop and retain staff from these groups.

b) Make diversity and inclusion a central part of how our organisation and employees work.

c) Support and empower our employees to be able to do their best and bring their whole selves to the workplace.

d) Ensure that all employees have equal access to opportunities available at work and are equitably rewarded and recognised for their contributions.

Diversity in this report refers to all the characteristics that make individuals different from each other. It includes characteristics such as age, caring responsibilities, cultural diversity, disability, gender, indigeneity, sexual orientation and religion. Diversity is about our commitment to equality, inclusion and treating all individuals – our employees, customers and the communities in which we operate – with fairness and respect.

The GWMWater Board consisted of four women which equated to 50 percent. Women are employed in 35 percent of senior management positions which includes Executive and Divisional Manager roles.

GWMWater provides cross-cultural training opportunities for staff.

GWMWater has developed a Gender Equality Action Plan, which has been approved by the Commissioner for Gender Equality. This plan will form part of the Diversity and Inclusion Strategy. A progress report in relation to the plan will be completed in February 2024.

Compliance with the *Disability Act 2006*

The *Disability Act 2006* reaffirms and strengthens the rights of people with a disability and recognises that this requires support across the government sector and within the community.

The Inclusive Victoria: State Disability Plan 2022–2026 is Victoria's plan for making things fairer for people with disability. The plan is a key instrument in making sure the Victorian Government keeps working to make all aspects of the community inclusive and accessible to everyone.

GWMWater will review and develop its current Disability Action Plan within the framework of the State Disability Plan.

Reducing barriers to accessing goods, services and facilities

GWMWater buildings meet current Australian Building Standards relating to physical barriers. Policies relating to discrimination, Equal Employment Opportunity (EEO) and Reasonable Adjustment have been developed.

Reducing barriers to persons with a disability obtaining and maintaining employment

Policies relating to discrimination, EEO and Reasonable Adjustment have been developed. GWMWater's Manager People, Talent and Culture is a member of VicWater's Diversity and Inclusion Steering Committee.

Promoting inclusion and participation in the community of people with a disability

GWMWater has an alliance with the Community of Respect and Equality (CoRE).

Achieving tangible changes in attitudes and practices that discriminate against people with a disability

Discrimination policies and EEO guidelines are regularly presented to staff, and a training module is completed by staff through e-Learning.

Staff Numbers 2022/23

Ongoing Employees (Excludes Casual and Fixed Term)					Fixed Term and Casual Employees
	Employee (headcount)	Full Time (headcount)	Part Time (headcount)	FTE	FTE
June 2023	189	160	29	177.51	17.33
June 2022	173	150	23	163.45	25.49

	JUNE 2023		Fixed Term and Casual Employees	JUNE 2022		Fixed Term and Casual Employees
	Employee (headcount) Excludes Casual & Fixed Term	FTE Excludes Casual & Fixed Term	FTE	Employee (headcount) Excludes Casual & Fixed Term	FTE Excludes Casual & Fixed Term	FTE
Gender						
Man (M)	131	129.26	9	120	118.75	15.63
Woman (W)	58	48.25	8.33	53	44.7	9.86
Self-described (S)	0	0	0	0	0	0
Age						
Under 25	8	7.42	2	6	6	1
25-34	56	52.65	5.82	51	46.17	8.68
35-44	42	39.31	5.51	34	31.77	7.68
45-54	43	39.5	2	43	40.49	3.5
55-64	36	35	2	31	31	3
Over 64	4	3.63	0	8	8.02	1.63
Classification						
BTWA	46	43.62	5.82	43	41.50	9.18
BTWB	59	55.9	1.51	53	49.51	4.68
BTWC	24	21.23	0	19	16.81	0.63
BTWD	11	11	0	9	9	0
PROFB	10	10	1	11	10.79	1
PROFC	6	5.26	1	5	4.47	2
PROFD	11	9.26	0	8	6.63	0
SENIOR OFFICER	22	21.24	2	25	24.74	3
EXECUTIVES						
PEERS	0	0	6	0	0	5
Total Employees	**189**	**177.51**	**17.33**	**173**	**163.45**	**25.49**

Notes to this table:
1. All figures reflect employment levels during the last full pay period in June of each year.
2. 'FTE' means full-time staff equivalent.
3. Employees have been correctly classified in workforce data collections.
4. Due to rounding some totals may not correspond with the sum of the separate figures.

Occupational Health and Safety

GWMWater has an ongoing commitment to provide a safe workplace and has policies, aspirations and measures for achieving Zero Harm. This is supported by maintaining a certified Occupational Health and Safety Management System (OHSMS) to meet the requirements of ISO 45001: 2018.

This year GWMWater transitioned from AS 4801 which was superseded to ISO 45001. ISO 45001 has replaced all other occupational health and safety management systems in Australia. The transition audit did not identify any non-conformances, either major or minor. There was a number of Opportunities for Improvement (OFI)

In 2022/23 there was an increase in incidents similar to pre COVID-19 levels confirming a robust reporting culture. Average claim costs have decreased due to a lower cost for standard claims as a result of a robust return to work processes reducing the total lost days costs. In 2022/23, Hazard reports and actions have declined. GWMWater have commenced focussing on improving the hazard reporting systems and support for staff to report and complete actions.

The delivery of occupational health and safety training was another highlight. There were 40 training sessions delivered addressing compliance, competency and licences on a wide range of subjects completed in the past 12 months. This ensures staff are trained to safely perform their duties as identified via the training needs analysis for each position.

In 2022/23 there has been 57 audits (OHS policy and procedure reviews) and 86 OHS Inspection completed for the year This action supports the ongoing continuous improvement of the OHSMS.

Occupational Health and Safety Performance Indicators

Measure	KPI	2018/19	2019/20	2020/21	2021/22	2022/23
Incidents	Number of incidents	89	87	73	60	97
	Rate per 100 FTE	51.81	50.29	43.40	36.7	54.6
Claims	Number of lost time claims	3	1	4	5	3
	Rate per 100 FTE	1.75	0.58	2.38	3.06	1.69
Claim Costs	Average cost per standard claim	$23,443	$20,946	$307,788	$42,529	$16,546
First Aid Treatment Injuries	Number of first aid treatment injuries	1	4	5	7	9
Medical Treatment Injuries	Number of medical treatment injuries	0	1	0	1	1
Lost Time Injuries	Number of lost time injuries	3	0	3	4	7
Hazards	Number of hazard reports completed	140	165	183	174	74
	Rate per 100 FTE	81.50	95.37	108.79	106.45	41.69
TRIFR	Total Recordable Injury Frequency Rate	10.13	3.69	14.85	22.98	31.57

TRIFR: Safety performance determined by how many events (Medical and Lost Time injuries) have occurred for the hours worked.

Water Consumption

Water Consumption Report 1 July 2022 to 30 June 2023

	Industrial and Concessional		Non-Residential and Municipal		Residential		Total		Average Annual Consumption*
	ML	No	ML	No	ML	No	ML	No	ML
Antwerp	0.0	1	0.0	2	2.9	9	2.9	12	3.3
Apsley	0.2	6	4.5	19	16.3	98	20.9	123	22.8
Ararat	174.7	41	265.8	436	608.7	3,859	1,049.2	4,336	1,114.3
Berriwillock	0.5	8	2.7	11	15.1	71	18.4	90	21.8
Beulah	2.7	12	4.1	30	27.7	136	34.5	178	44.1
Birchip	1.3	13	16.5	79	85.2	373	103.0	465	121.1
Brim	1.9	6	0.1	5	7.6	47	9.6	58	10.6
Buangor	0.2	3	0.2	2	7.7	37	8.0	42	9.4
Charlton	7.3	16	109.0	121	118.5	572	234.9	709	217.4
Chillingollah	-	-	0.0	1	0.8	5	0.8	6	1.1
Chinkapook	0.0	1	0.0	2	2.9	14	2.9	17	3.0
Cowangie	0.1	2	1.4	2	1.3	9	2.8	13	2.8
Culgoa	0.1	3	2.5	16	10.5	59	13.1	78	18.0
Dimboola	4.6	22	35.8	96	144.7	775	185.1	893	232.0
Donald	3.1	14	54.7	171	137.7	718	195.4	903	212.0
Dooen	-	-	0.4	3	2.8	16	3.2	19	3.9
Edenhope	2.7	16	14.9	83	60.1	450	77.7	549	94.6
Elmhurst	0.2	7	3.6	14	11.0	104	14.7	125	14.7
Glenorchy	0.0	2	0.0	3	7.5	59	7.5	64	8.2
Goroke	3.6	10	1.6	32	23.9	141	29.2	183	33.9
Great Western	27.3	6	6.7	18	26.4	130	60.3	154	60.6
Halls Gap	4.5	7	91.5	93	45.7	544	141.8	644	154.6
Harrow	1.9	8	1.4	17	18.1	71	21.3	96	24.7
Hopetoun	13.4	19	15.1	66	76.5	309	105.1	394	115.4
Horsham	10.5	60	364.6	1,028	1,665.0	8,212	2,040.1	9,300	2,379.4
Jeparit	0.6	12	8.2	42	35.3	251	44.1	305	48.9
Jung	0.1	1	0.0	2	7.6	40	7.6	43	9.7
Kaniva	2.3	16	24.5	108	83.7	411	110.4	535	149.3
Kiata	-	-	0.0	2	3.0	20	3.1	22	3.8
Lake Bolac	9.3	13	11.2	33	28.4	134	48.8	180	59.3
Lalbert	1.0	4	2.7	12	7.0	41	10.7	57	14.8
Lascelles	-	-	2.6	7	3.7	24	6.3	31	7.1
Lillimur	-	-	0.0	1	4.8	18	4.9	19	5.9
Manangatang	1.2	8	20.9	28	33.8	132	55.9	168	63.2
Marnoo	0.4	5	1.5	15	11.1	51	13.0	71	13.9
Minyip	3.4	13	13.3	33	35.2	238	51.9	284	56.2
Miram	-	-	-	1	1.0	7	1.0	8	0.9
Moyston	0.6	2	3.3	7	20.1	89	24.0	98	26.6

	Industrial and Concessional		Non-Residential and Municipal		Residential		Total		Average Annual Consumption*
	ML	No	ML	No	ML	No	ML	No	ML
Murrayville	3.0	6	43.4	33	48.6	158	95.1	197	107.8
Murtoa	2.0	17	18.6	59	80.5	413	101.2	489	105.7
Nandaly	0.7	7	1.9	5	2.4	21	5.0	33	4.9
Natimuk	8.3	14	10.9	28	44.8	232	64.0	274	73.4
Nhill	13.1	25	86.1	152	218.6	990	317.9	1,167	482.5
Nullawil	0.8	3	3.4	15	5.5	30	9.7	48	12.8
Ouyen	18.5	10	53.3	108	177.4	576	249.2	694	303.7
Patchewollock	0.8	4	0.6	12	7.9	38	9.3	54	10.9
Pimpinio	0.1	2	0.2	3	5.9	33	6.3	38	8.3
Pomonal	0.8	2	2.8	8	25.8	129	29.3	139	33.2
Quambatook	4.9	12	7.2	23	27.3	132	39.4	167	50.3
Rainbow	1.3	20	15.4	52	66.1	307	82.8	379	94.4
Rupanyup	1.8	10	9.1	43	37.3	197	48.2	250	50.7
Sea Lake	3.4	9	17.1	71	93.6	356	114.1	436	142.5
Serviceton	0.4	2	0.0	2	2.6	26	3.1	30	4.4
Speed	0.1	3	0.5	7	6.1	29	6.7	39	7.2
St Arnaud	1.7	27	103.6	206	203.7	1,215	308.9	1,448	368.5
Stawell	323.6	36	138.8	376	542.3	3,003	1,004.7	3,415	1,182.7
Streatham	0.1	4	0.5	5	2.9	41	3.5	50	5.5
Tarranyurk	-	-	0.9	4	0.8	4	1.7	8	2.5
Tempy	0.1	5	2.1	6	5.3	19	7.6	30	8.6
Ultima	0.7	6	3.9	13	23.8	86	28.4	105	33.0
Underbool	1.1	7	15.7	19	33.7	108	50.5	134	67.9
Waitchie	-	-	0.0	3	0.0	3	0.0	6	0.0
Walpeup	0.3	4	5.4	14	15.2	58	20.8	76	27.9
Warracknabeal	8.5	24	53.6	181	257.8	1,255	320.0	1,460	356.0
Watchem	0.0	3	3.5	11	9.6	73	13.1	87	15.7
Westmere	-	-	3.8	7	0.8	10	4.6	17	5.8
Wickliffe	0.0	1	4.9	9	9.3	35	14.2	45	15.8
Willaura	1.3	12	45.5	50	57.7	201	104.4	263	115.1
Woomelang	4.5	12	2.5	24	20.0	110	27.0	146	33.8
Wycheproof	2.2	14	20.5	68	83.8	355	106.5	437	121.1
Yaapeet	-	-	0.3	5	6.9	29	7.2	34	9.2
Total	**683.8**	**658**	**1,761.4**	**4,263**	**5,523.4**	**28,546**	**7,968.7**	**33,467**	**9,245.4**

Notes to this table:

1. Due to rounding some totals may not correspond with the sum of the separate figures.
2. *Average calculated between years 1 July 2018 and 30 June 2023.
3. ML = Megalitre (1,000,000 litres)
   0.0 = minimal usage less than 0.05 ML (50,000 litres)
   - = nil usage or customers during the year.

Non-revenue water

GWMWater's estimated total unaccounted for water in 2022/23 was 1,580 ML (16.7 percent) for the urban system. Unaccounted for water comprises leakages from pipes, mains flushing, fire-fighting, unmetered connections, metering errors and illegal connections.

Weekly household drinking water consumption 2022/23

We provided drinking water to a population of about 58,818. The total consumption of water was 5,107 ML across this population of our region which averages out to 238 litres per person, per day.

Total residential bill 2022/23

The total residential bill for a drinking water customer based on average consumption of 193 kL in a town with sewerage services was $1,321, or based on consumption of 200 kL was $1,333.

Supply and distribution

Inflows into the Grampians reservoir system exceeded 320,000 ML for the 2022/23 water year, equivalent to about 160 percent of the historic average. Reservoir inflows (excluding Taylors Lake) were more than three times the observed average inflow since the year 2000.

The volume stored in the Grampians reservoir system peaked in November 2022 at 445,100 ML (79.4 percent) and decreased over the year as water was released to meet entitlement holder demands and lost to evaporation. The volume in storage reached a low of 359,200 ML (64.1 percent) in early May 2023.

Towns serviced by groundwater and local surface water supply were routinely monitored, with good water availability throughout the year.

Both Murray and Goulburn systems reached 100 percent seasonal determination (for high reliability water shares) during the 2022/23 water year. This allocation was sufficient to comfortably meet Permanent Water Saving Rules level of demand for GWMWater supplied towns and pipeline users serviced from the River Murray, and provide a carryover reserve for the 2023/24 water year.

GWMWater's urban customers were required to observe Permanent Water Saving Rules during the 2022/23 water year, with no water restrictions implemented in any town serviced by GWMWater.

Bulk and Environmental Entitlements

Bulk Entitlements and Environmental Entitlements grant entitlement holders the right to use and supply water. GWMWater holds bulk entitlements in the Wimmera-Glenelg, Murray, Goulburn, East Grampians and Pyrenees which are used to supply towns, and rural and commercial customers.

GWMWater is also the Storage Manager for the Wimmera-Glenelg and East Grampians headworks systems. As the Storage Manager, GWMWater is responsible for the management of the water resource on behalf of entitlement holders, making seasonal allocations where applicable and delivering water to entitlement holders. The governance and independence of GWMWater's Storage Manager activities are enhanced through the Water Resources Committee, which is a sub-committee of the Board.

Reporting for the Bulk Entitlement (Wimmera and Glenelg Rivers – GWMWater) Order 2010

The matters below relate to GWMWater's reporting requirements in accordance with Section 18.1 of this Bulk Entitlement (BE):

BE Clause	Item		Report	Notes
	Offtake Points	**Supply to**		
18.1 (b)	Dad and Dave Weir	Mt Zero Channel	2,724 ML	
	Brimpaen Storages	Wimmera Mallee Pipeline Supply System 6	412 ML	
	Taylors Lake Outlet	Wimmera Mallee Pipeline Supply Systems 1, 2, 3, 4, 6 and 7 Supply By Agreement customers	1,238 ML	1
	Licenced Diversion Offtakes	Domestic & stock diverters from Rocklands - Toolondo Channel	0 ML	2
	Rocklands Offtake	Supply By Agreement customers direct from Headworks	0 ML	
	Rocklands Offtake	Glenelg River compensation flow	0 ML	
	Lake Fyans Outlet	Urban systems and Supply By Agreement customers	1,705 ML	
	Lake Bellfield	Urban systems & Wimmera Mallee Pipeline Supply Systems 1, 2, 3, 4, 6 and 7	8,494 ML	
	Lake Lonsdale Outlet	Commonwealth Environmental Water Holder	1,228 ML	4
	Stawell Diversion Weir	Stawell urban system	608 ML	
	Mt Cole Reservoir	Ararat urban system and Supply By Agreement customers	323 ML	
	Langi Ghiran Reservoir	Urban systems and Supply By Agreement customers	0 ML	3
	Panrock Reservoir	Urban systems and Supply By Agreement customers	0 ML	3
	Green Lake Inlet Channel	Green Lake (Horsham)	0 ML	4
	Total Offtake		**16,731 ML**	**5**

BE Clause	Item		Report		Notes
	Offtake Points	**Supply to**			
18.1 (c)	**Water supplied to primary entitlements (Schedule 2, Table 1)**				
	GWMWater	Pipeline and balancing storage losses	1,276 ML		
		Commonwealth Environmental Water Holder	2,441 ML		
		Glenelg River compensation flow	0 ML		
		Recreation	1,178 ML		
		Wimmera Mallee Pipeline product	11,836 ML		
	Coliban Water	Wimmera Mallee Pipeline product	96 ML		
	Victorian Environmental Water Holder	Wetlands	115 ML		
		Wimmera Mallee Pipeline product	10,589 ML		
	Wannon Water	Wimmera Mallee Pipeline product	34 ML		
	Total Supplied to Primary Entitlements		**27,566 ML**		
18.1 (d)	**Final water allocation to GWMWater**				
	Pipeline and balancing storage losses		100%	(2,960 ML)	
	Commonwealth Environmental Water Holder		100%	(28,000 ML)	
	Glenelg River compensation flow		100%	(3,300 ML)	
	Recreation		100%	(3,090 ML)	
	Wimmera Mallee Pipeline product		100%	(44,720 ML)	
18.1 (e)	Metering Program			Pending	6
18.1 (f)	Transfers of an entitlement or part of this BE			None	
18.1 (g)	BE, licence or water right, entitlement or assignment transferred to GWMWater supply systems			None	
18.1 (h)	Amendments to this Order			None	
18.1 (i)	New BE granted to GWMWater under this Order			None	
18.1 (j)	BE compliance failures			None	
18.1 (k)	BE compliance difficulties and actions			None	

Notes to this table:

1. Volume supplied from Commonwealth Environmental Water Holdings and by agreement from Horsham Weir Pool.
2. No regulated diversion licences are held.
3. Storage was not used for urban water supply purposes during 2022/23.
4. GWMWater received agreement from the Minister for Water to supply Green Lake Horsham, and supply the Commonwealth Environmental Water Holder from Lake Lonsdale, under Clause 11.1 (b).
5. The sum of component line items does not equal to the total volume due to rounding of the respective components.
6. A metering program for this bulk entitlement was submitted to the Minister for Water in October 2011. Required amendments to the metering program are now being progressed, following the approval of revised Guidelines for Bulk Entitlement Metering Programs by the Minister for Water, in November 2021. Revised bulk entitlement metering programs must be submitted by October 2023.

Reporting for the Bulk Entitlement (Willaura, Elmhurst and Buangor Systems - GWMWater) Order 2012

The matters below relate to GWMWater's reporting requirements in accordance with Section 11.1 of this Bulk Entitlement (BE):

BE Clause	Item	Report	Notes
11.1 (b)	Annual amount of water taken	221 ML	
11.1 (c)	Metering program approved under sub-clause 10.4	Pending	1
11.1 (d)	Any temporary or permanent transfer of this BE	None	
11.1 (e)	Any BE, licence or water right in respect of the waterway transferred to GWMWater	None	
11.1 (f)	Any amendment to this BE	None	
11.1 (g)	New BE granted to GWMWater with respect to the waterway	None	
11.1 (h)	BE compliance failures	None	
11.1 (i)	BE compliance difficulties and actions	None	

Note to this table:

1. A metering program for this bulk entitlement was submitted to the Minister for Water in September 2013. Required amendments to the metering program are now being progressed, following the approval of revised Guidelines for Bulk Entitlement Metering Programs by the Minister for Water, in November 2021. Revised bulk entitlement metering programs must be submitted by October 2023.

Reporting for the Bulk Entitlement (River Murray – Grampians Wimmera Mallee Water) Order 1999

The matters below relate to GWMWater's reporting requirements in accordance with Section 21.1 of this Bulk Entitlement (BE):

BE Clause	Item		Report	Notes
21.1 (b)	**Offtake Points**	**Supply to**		
	Nyah Pump Station	Northern Mallee Pipeline (Nyah and Eureka system)	313 ML	
	Piangil Pump Station	Northern Mallee Pipeline (Piangil and Manangatang system)	347 ML	
	Swan Hill Pump Station	Wimmera Mallee Pipeline (Supply System 5 - Swan Hill and Sea Lake)	1,227 ML	
	Liparoo Pump Station	Northern Mallee Pipeline (Ouyen system)	1,627 ML	
	Annuello Pump Station	Private pipeline scheme	85 ML	
	Hayesdale Pump Station	Private pipeline scheme	45 ML	
	Koolonong Pump Station	Private pipeline scheme	57 ML	
	Total Offtake		**3,700 ML**	1
21.1 (c)	Any new offtake points		None	
21.1 (d)	Amount of water returned under sub-clause 16.2		None	
21.1 (e)	**Annual amount supplied to primary entitlement holders**			
	GWMWater	Urban supply systems	745 ML	
		Rural properties	1,425 ML	
		Supply By Agreement customer	4 ML	
		Community requirements	565 ML	
		Pipeline operating requirements (excludes private pipeline schemes)	775 ML	
		Private pipeline schemes	186 ML	
	Total Supplied to Primary Entitlements		**3,700 ML**	
21.1 (f)	Metering program approved under sub-clause 20.2		Pending	2
21.1 (g)	Any temporary or permanent transfer of this BE		None	
21.1 (h)	Transfer of BE or assignment of water allocation under the Act		None	
21.1 (i)	Amendments to this BE		None	
21.1 (j)	New BE granted to GWMWater with respect to the River Murray		None	
21.1 (k)	BE compliance failures		None	
21.1 (l)	BE compliance difficulties and actions		None	

Note to this table:

1. The sum of component line items does not equal to the total volume due to rounding of the respective components.
2. A metering program for this bulk entitlement was submitted to the Minister for Water in November 2011. Required amendments to the metering program are now being progressed, following the approval of revised Guidelines for Bulk Entitlement Metering Programs by the Minister for Water, in November 2021. Revised bulk entitlement metering programs must be submitted by October 2023.

Reporting for the Bulk Entitlement (Quambatook – Grampians Wimmera Mallee Water) Order 2006

The matters below relate to GWMWater's reporting requirements in accordance with Section 12.1 of this Bulk Entitlement (BE):

BE Clause	Item	Report	Notes
12.1 (b)	Annual amount of water taken	91 ML	
12.1 (c)	Metering program approved under sub-clause 11.2	Pending	1
12.1 (d)	Any temporary or permanent transfer of this BE	No	
12.1 (e)	Any period of restriction imposed on this entitlement	None	
12.1 (f)	Any amendment to this BE	None	
12.1 (g)	New BE granted to GWMWater with respect to this entitlement	None	
12.1 (h)	BE compliance failures	None	
12.1 (i)	BE compliance difficulties and actions	None	

Notes to this table:

1. A metering program for this bulk entitlement was submitted to the Minister for Water in November 2011. Required amendments to the metering program are now being progressed, following the approval of revised Guidelines for Bulk Entitlement Metering Programs by the Minister for Water, in November 2021. Revised bulk entitlement metering programs must be submitted by October 2023.

Recreation Water

During the past year, recreation water pricing volumetric discounts were applied to recreational, sporting clubs and schools with more than 427 organisations benefiting from the discounts.

The availability of affordable water for our recreational lakes and weirs provides significant benefits to the liveability of the region; from health and wellbeing, to local businesses and the environment.

A longitudinal study by Street Ryan and Associates quantifies these benefits in a report titled 'Wimmera Southern Mallee SocioEconomic Value of Recreational and Environmental Water Trends and Insights 2016/17 to 2019/20'.

Over the four-year period, the pipeline supplied lakes and weir pools generated approximately $10 million per annum in total economic regional contribution. Each of these pipeline supplied waterbodies has benefited from the reliable and discounted supplies made possible through the Recreation Contribution Charge. The increased confidence in secure water has had a considerable impact on both local residents and visitors making plans in advance to spend holidays and weekends at these waterbodies.

The impact of the coronavirus (COVID-19) pandemic further highlights the importance of recreation water and the contribution that it has on the future economic prosperity, health and wellbeing of our communities. The preliminary findings from the 2022-23 Street Ryan Recreational Water Assessment has found that most community held events have returned to recreational waterbodies in 2023, with new Covid safe rules in place. Also expenditure has been higher in 2023-23, partially due to longer average lengths of stay by overnight visitors. A large number of recreational water participants in the northern part of the region said they would normally spend their holidays along the Murray River, but extensive flooding along the Murray brought them to the Wimmera -Southern Mallee waterbodies which have safe and reliable water levels.

The outcomes of this longitudinal Street Ryan study confirmed the significant benefits and value of the water supplied to these sites, which would not occur to the current extent without the current volumetric discounts. Recreation water discounts are funded through a recreation contribution charge of $18.48 per customer; $9.24 for concession card holders. The contribution is collected from customer accounts through the service availability charge for urban customers and primary meter charge for rural customers.

The following table provides a summary of the value of contributions collected and discounts provided in 2022/23:

	Note	Number / Volume Delivered	2022/23 $
Revenue			
Rural Recreation Contributions		4,756	85,017
Urban Recreation Contributions		28,546	461,122
Recreation Lake Water Revenue	1		47,624
Public Recreation Facilities - Capital grant funding			1,237,500
Total Revenue			**1,831,264**
Expenditure			
Recreational and Sporting Club			
Rural Volumetric Discounts (93 entities)		255.9 ML	134,621
Urban Volumetric Discounts (241 entities)		245.8 ML	151,178
Schools Volumetric Discounts (93 entities)		179.9 ML	108,037
Distribution Costs			185,377
Public Recreation Facilities			(152,900)
Recreation Water Planning and Administration			83,142
Total Expenditure			**509,456**
Net Result for the Year			**1,321,808**

Note to this table:

1. Includes revenue from supply to Nhill Lake from a groundwater bore.

Economic Sustainability

Statement of Obligations

On 20 December 2015, the then Minister for Environment, Climate Change and Water revised the Statement of Obligations (SoO). The main objective of the review was to reintegrate planning for climate change adaptation as an integral part of the water business planning framework.

The obligations specific to emissions reductions were outlined in a separate instrument on 14 March 2018.

The GWMWater Board supports the amendments to the SoO with climate variability presenting some significant challenges to water resource management in our region. GWMWater is committed to taking a lead role in ensuring a sustainable environment for our region by investing in renewable energy to reduce our carbon footprint. In time, GWMWater will not only be self-sufficient, but expects to become a net generator of energy.

Dam Safety

GWMWater has implemented a comprehensive program of assessment, inspection, monitoring, maintenance and upgrade works across its portfolio of 170 dams and storages. This program ensured that there were no dam safety incidents or emergencies.

We are a member of Australian National Committee On Large Dams (ANCOLD) and the Victorian Dams Working Group and provide an annual report on dam safety to the state dam safety regulator, the Department of Department of Energy, Environment and Climate Action which includes Dam Safety Emergency Plans and available flood inundation mapping for use in coordinated emergency responses.

Our dam safety management program during 2022/23 included:

a) Completion of a risk review for Lake Lonsdale dam and commencement of a detailed risk assessment of Taylor's Lake dam. These assessments are undertaken by specialist consultants and the results used to update the dam safety management program to appropriately address dam safety risks.

b) Completion of an upgrade at Lake Fyans to improve embankment integrity.

c) An internal emergency exercise to test our Dam Safety Emergency Plans.

We have continued our program of ongoing visual inspection reporting, monitoring of embankments and safety inspections by specialist consultants at major dams and undertaken minor vegetation and erosion maintenance where required. We have also operated Lake Fyans, Taylors Lake and a further four minor storages at lower levels to provide greater flood reserve or reduce seepage losses.

Financial Summary 2018/19 to 2022/23 ($ Million)

	2018/19	2019/20	2020/21	2021/22	2022/23
Operating revenue	64.60	63.84	64.27	65.05	64.78
Contribution revenue	4.71	6.96	1.83	2.97	4.35
Other revenue	2.21	1.67	1.32	1.43	1.96
Total Revenue	**71.52**	**72.47**	**67.42**	**69.45**	**71.09**
Operating expenditure	35.14	35.47	32.98	35.02	37.99
Decommissioning Expenditure	0.91	0.26	0.54	0.17	0.18
Environmental Levy	2.26	2.26	2.60	2.60	2.60
Depreciation	33.90	35.90	35.33	39.84	41.16
Loss on disposal of assets	1.71	0.56	0.11	1.19	0.56
Net fair loss/(gain) on revaluation of investment properties	(0.01)	(0.00)	(0.08)	(0.19)	(0.10)
Borrowing costs	7.61	7.44	6.76	6.06	6.00
Grants and other transfers	1.94	1.60	0.99	2.50	1.94
Total Expenditure	**83.46**	**83.49**	**79.23**	**87.19**	**90.33**
Net result before tax	**(11.94)**	**(11.02)**	**(11.81)**	**(17.74)**	**(19.24)**
Current assets	22.84	38.60	34.49	23.42	38.94
Non-current assets	2,047.61	2,043.19	2,090.73	2,083.19	2,309.03
Total Assets	**2,070.45**	**2,081.79**	**2,125.22**	**2,106.61**	**2,347.97**
Current liabilities	30.98	26.11	27.57	28.91	30.62
Non-current liabilities	304.56	310.19	313.17	297.70	381.96
Total Liabilities	**335.53**	**336.30**	**340.74**	**326.61**	**412.58**
Net Cash From Operations	22.43	27.03	24.15	20.15	21.82
Payments for property, plant and equipment (including infrastructure)	73.45	34.34	23.13	24.26	25.96

Performance indicator	2018/19	2019/20	2020/21	2021/22	2022/23
Immediate Liquidity and Debt Servicing (Cash Interest Cover) Cash flow from operations before net interest and tax payments ÷ net interest payments	4.0	4.6	4.5	4.4	5.0
Long Term Financial Viability (Gearing Ratio) Total debt (including finance leases) ÷ total assets	6.2%	6.5%	6.9%	5.4%	5.5%
Internal Financing Ratio Net operating cash flow ÷ capital expenditure	30.9%	80.0%	108.4%	82.7%	78.5%
Current Ratio Current assets ÷ current liabilities (excluding long-term employee provisions and revenue in advance)	0.9	2.1	1.7	1.1	1.6
Long Term Profitability (Return on Assets) Earnings before net interest and tax ÷ average total assets	(0.2%)	(0.2%)	(0.2%)	(0.6%)	(0.6%)
EBITDA Margin Earnings before interest, tax, depreciation and amortisation ÷ total revenue	40.9%	44.3%	44.7%	40.4%	38.4%

GWMWater recorded a Net Operating loss before tax of $19.24 million and this result is strongly influenced by depreciation charge that in 2022/23 was $41.16 million and depreciation has been strongly influenced by revaluation increments over time.

Net cash flow from operations remains strong and this result continues to be strong with a result of $21.82 million in 2022/23. The significance of this is best reflected in the interest coverage which further improved year on year from 4.4 times in 2021/22 to 5 times in 2022/23.

Revenue in 2022/23 was significantly impacted by the wet winter and spring that was followed by a relatively mild summer. Volumetric consumption was significantly lower for both urban and rural customers in 2022/23 with volumetric revenue being $3.76 million less than budget. The reduced operating revenue was partly offset by contributions revenue that was higher at $4.35 million and this can be attributed to the funding for the Horsham Smart Farm project.

Operating expenditure was $3 million greater in 2022/23 and this can be significantly attributed to the accelerated program of wastewater desludging in 2022/23. The desludging program at Ararat and Donald were integral to the EPA licencing requirements and are reflected in the increased contractor costs from $3.39 million in 2021/22 to $4.53 million in 2022/23. This was partially offset by the continued benefit of the investment in behind the meter solar which saw a reduction in energy costs from $2.92 million in 2021/22 to $2.57 million in 2022/23. There was also a significant increase in the cost of chemicals in 2022/23 of $0.3 million, 18% higher than the previous year.

The significant escalation in construction costs triggered a revaluation in non-current assets. The increase in the value of non-current assets from 2021/22 of $2,083 million to $2,309 million can be substantially attributed to the revaluation that gave rise to a $237 million valuation increment. The increase in non-current liabilities can be attributed to the increase in deferred tax liabilities which increased $65 million year on year.

The reduced operating revenue and increased operating expenditure significantly influenced the 2022/23 operating result. The continued improvement in interest cover is more representative of the strength of our financial performance and financial position.

Subsequent Events

Since 30 June 2023, GWMWater has determined that there are no adjusting subsequent events. Accordingly, the financial position and results of operation as of and for the year ended 30 June 2023 have not been adjusted to reflect any impacts to subsequent events.

Local Jobs First – Victorian Industry Participation Policy

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

GWMWater is required to apply the Local Job First Policy in all regional projects valued at $1 million or more. MPSG applies to all construction projects valued at $20 million or more. Projects of value greater than $50 million are classified as Strategic Projects and they are subject to minimum local content requirements.

Projects Commenced – Local Jobs First Standard

The following 11 Local Jobs First Standard projects, with combined expected value $27.8 million, commenced or were in progress during 2022/23:

- Stage 3 of Behind the Meter Solar
- Sewer Main Renewals
- Sewer Pump Station Refurbishments
- Lake Fyans Embankment Rehabilitation
- Horsham Sewer Rising Main
- Elmhurst Water Treatment Plant
- Kaniva Water Facility Site
- Dimboola Water Treatment Plant Upgrade
- Horsham SmartWater Integrating Water Management (IWM) Pipeline
- Horsham Wastewater Treatment Dissolved Air Flotation (DAF) Plant
- TechnologyOne eServices CiA Live SaaS Flip + IntraMaps

The MPSG did not apply to these projects. The outcomes expected from the implementation of the Local Jobs First Policy to these projects where information was provided, were as follows:

a) An average of 88 percent of local content commitment was made.
b) A total of 61 jobs (annualised employee equivalent (AEE)) were committed, including the creation of 16 new jobs and retention of 45 existing jobs AEE.
c) A total of six apprentice, trainee or cadet positions are committed to being created.

Projects Completed – Local Jobs First Standard

During 2022/23, GWMWater completed three Local Jobs First Standard Project (Mt Cole pipeline renewal, Ultima drinking water supply and Ouyen/Underbool Health Based Target upgrades) with a combined value of $6.9 million. The outcomes achieved from the implementation of the Local Jobs First Policy to these projects where information was provided, were as follows:

a) An average of 82 percent local content.
b) A total of 34 jobs (AEE) were supported, including the creation of three new apprenticeships, one trainee position and retention of 30 existing jobs AEE.

Projects Commenced - Local Jobs First Strategic Projects

One Local Jobs First Strategic Project, the East Grampians Rural Pipeline project (expected value $85.2 million) was in progress during 2022/23. This project is in regional Victoria with a local content requirement of 89 percent. The MPSG also applies to this project. The outcomes expected from the implementation of the Local Jobs First Policy to this project are as follows:

a) An average of 95 percent of local content commitment was made.
b) A total of 95 jobs (AEE) were committed, including the creation of 44 new jobs and retention of 51 existing jobs AEE.
c) A total of 12 apprentice, trainee or cadet positions are committed to being created or retained.

Projects Completed - Local Jobs First Strategic Projects

During 2022/23, GWMWater did not complete any Local Jobs First Strategic Projects.

Social Sustainability

Reporting Requirements - All projects

During 2022/23, eight contractors were appointed with a Local Industry Development Plan and were not required to prepare an MPSG Plan.

Reporting Requirements – Grants

No grants were provided during 2022/23.

Consultancies and Major Contracts

In 2022/23, there were 41 consultancies where the total fees payable to the consultants were $10,000 or greater. The total expenditure incurred during 2022/23 in relation to these consultancies is $1,602,401 (excluding GST). Details of individual consultancies are outlined on GWMWater's website, at www.gwmwater.org.au.

In 2022/23, GWMWater engaged 43 consultancies where the total fees payable to the consultants were less than $10,000. The total expenditure incurred during 2022/23 in relation to these consultancies is $176,271 (excluding GST).

GWMWater did not enter into any major contracts during 2022/23. A 'major contact' is a contract entered into during the reporting period valued at $10 million or more.

Government Advertising Expenditure

GWMWater's expenditure in the 2022/23 reporting period on government campaign expenditure did not exceed $100,000.

ICT Expenditure

Business As Usual (BAU) ICT Expenditure	Non-Business As Usual (Non-BAU) ICT Expenditure (Total - Operational and Capital Expenditure)	(Non-BAU) Operational Expenditure	(Non-BAU) Capital Expenditure
$ 5,558,472	$-	$-	$-

Urban Water Restriction Levels/ Permanent Water Saving Rules

Under the Water Restrictions By-Law No.107 there were no water restrictions in place at 30 June 2023 or at any time during the year in any of the towns GWMWater services. State-wide Permanent Water Saving Rules applied in all 71 towns.

Rural Pipeline Water Restriction Levels

There were no rural pipeline customers subjected to water restrictions under the Water Restrictions By-Law No.107 as at 30 June 2023 or at any point in time over the year. Rural pipeline customers are encouraged to comply with the state-wide Permanent Water Saving Rules.

Exemptions

The Water Reference and Assessment Panel (WRAP) were not required to grant any exemption for purposes which were not permitted under the Permanent Water Savings Rules.

Enforcing Water Restrictions and Investigations of Breaches of the *Water Act 1989*

GWMWater investigations staff made 23 property visits, all of which required numerous follow-up telephone calls to investigate reports submitted by the public and GWMWater staff in relation to possible breaches of the Water Act 1989 (the Act) or GWMWater by-laws.

There were three summonses issued in relation to alleged breaches of the Act that resulted in a successful prosecution at the Magistrates' Court. There was one notice issued relating to a breach of the Act. The breach notice was resolved to the satisfaction of GWMWater.

Major non-residential water users

Under Section 122ZJ of the Water Act 1989, GWMWater must include information on any non-residential customer who consumes greater than 100 megalitres (ML) from an urban water supply system.

Customer by volume range

Volumetric range – ML per year	Number of customers
Equal to or greater than 100 ML and less than 200 ML	1
Equal to or greater than 200 ML and less than 300 ML	0
Equal to or greater than 300 ML and less than 400 ML	0
Equal to or greater than 400 ML and less than 500 ML	0
Equal to or greater than 500 ML and less than 750 ML	0
Equal to or greater than 750 ML and less than 1000 ML	0
Total number of customers	**1**

Naming of customers and participation in water conservation programs

Name of customer	Information about customers' participation in the water conservation program
Stawell Gold Mine	Nil
Frew Food International	Nil
Alindare Pty Ltd	Nil
Australian Plant Protein	Nil

Community Service Obligations

Value of Community Service Obligation Provided	2021/22	2022/23
Provision of concessions to pensioners	$2.665 M	$2.638 M
Rebates paid to not-for-profit organisations under the Water and Sewerage Rebate Scheme	$393,023	$391,162
Utility Relief Grant Scheme payments	$50,638	$133,655
Water concessions on life support machines – Haemodialysis	$215	$142
Hardship Relief Grant Scheme (Sewerage Connection Scheme)	$0	$0
Number of instalment plans at the end of the reporting period	2,136	2,466
Number of customers awarded hardship grants	40	119

Environmental Sustainability

Water Resource Strategy

Sustainable Water Strategy

The Western Region Sustainable Water Strategy (Western Region SWS) was released by the Victorian Government in November 2011 to provide a framework for protecting the needs of water users, rivers and aquifers. GWMWater has worked closely with other agencies in implementing key policy directions from the strategy.

The Department of Energy, Environment and Climate Action (DEECA) has led ongoing implementation and periodic review of the Western Region SWS. This has included a stocktake of actions and achievements of the Western Region SWS in 2022, to build understanding of strategy progress and inform future reviews. This stocktake provides an update to the action assessment undertaken through the Western Region SWS five-yearly assessment report in 2018 and the Western Region SWS progress report in 2019. The stocktake also seeks to identify how actions and policies have been delivered, highlight the achievements and legacy of the strategy, and recognise lessons for the future. It provides an overview of changes in the Western Region since 2011 to contextualise the status of actions and achievements.

Urban and Rural Water Strategy

GWMWater's Urban and Rural Water Strategy 2022-2027 was submitted to the Minister for Water in July 2022. The Strategy assessed long-term water security for urban and rural users under a range of water supply and future climate scenarios. Observations that the Grampians catchments have experienced a greater decline in rainfall and runoff compared with other catchments in Victoria were a key consideration when developing the Strategy. A significant 63 percent reduction in the average annual inflow to the Grampians reservoirs has persisted over the period 1997-2022.

While the future impacts of climate change continue to pose a risk to water supplies, it is evident our fully pipelined systems have significantly improved water security for our region.

Our Drought Preparedness Plan focusses on contingencies and strategies to manage future short-term water security and water quality issues for each of GWMWater's supply areas. This Plan forms a supplementary document to the Urban and Rural Water Strategy, and was updated alongside the development of our 2022-2027 Urban and Rural Water Strategy.

Water Recycling

A total of 2845 ML (76%) of recycled wastewater was reused during 2022/23. Reuse was limited by high unseasonal rainfall which resulted in lower demand for recycled water.

Biodiversity

GWMWater continues to consider environmental matters including biodiversity in our ongoing operational and capital works projects. We aim to minimise impacts from our projects and achieve no net loss of native vegetation and habitat. All project footprints are assessed for potential impacts and we follow the avoid, minimise, offset hierarchy. We implement accepted practice to seek approvals for unavoidable impacts. Occasional impacts do occur and we work with regulators to remedy and rectify such incidents.

To aid in meeting our obligations under State and Commonwealth regulations, we maintain three parcels of land purely for their native vegetation and habitat values. These sites provide native vegetation credits which may be used to offset impacts associated with projects.

GWMWater is also continuing to contribute to the Wildlife Pond Scheme off the Wimmera Mallee Pipeline and other rural systems. This is an important scheme whereby landholders receive a rebate on their water invoice in return for providing a watering point for wildlife on their properties.

Water Resource Licensing and Compliance

Groundwater and unregulated surface water

Under section 306 of the Water Act 1989 (the Act) the Minister for Water delegated GWMWater the authority to exercise certain powers and duties under the Act in relation to licensing the take and use of surface water and groundwater water resources across GWMWater's jurisdictional area. These duties include the monitoring of compliance with licence conditions and authorisations to take water, and where necessary, undertaking enforcement activities. All compliance and enforcement activities are undertaken in accordance with the requirements of the Act, GWMWater's Compliance and Enforcement Strategy and related policies and procedures.

GWMWater undertakes a range of activities to monitor and promote compliance, including review of both local and remote meter readings, onsite inspections, issuing of water usage information statements, and communication with licence holders and water users.

Compliance exceptions and enforcement activities are reported to the Water Resources Committee of the GWMWater Board, and summary reporting occurs directly to the Board.

Compliance priorities for the 2022/23 year included:

a) Meter reading, site inspection and water use data validation activities.

b) Continuing to educate water users regarding their obligations, and reinforcing 'zero tolerance messaging through communication material and direct interaction with water users.

c) Detection and follow-up of instances of alleged unauthorised take and other non-compliances.

d) Delivery of planned metering upgrades, including installation of telemetry, consistent with GWMWater's Non-Urban Metering Action Plan.

e) Continued participation in the Department of Energy, Environment and Climate Action Compliance and Enforcement Community of Practice, Water Compliance Communications Working Group, and Authorised Water Officer Network.

Total Breaches (Rural)

	2019/20	2020/21	2021/22	2022/23	Notes
Potential breaches detected or reported - Total	19	9	12	7	

Compliance Action (Rural)

	2019/20	2020/21	2021/22	2022/23	Notes
Dismissed following investigation (insufficient evidence)	0	0	1	0	
No further action required	2	2	2	1	
Verbal warning		2	4	3	
Advisory letter	0	0	0	1	
Formal warning	14	2	1	1	1
Penalty Infringement Notices issued	N/A	N/A	0	0	
s. 151 Notice of Contravention	7	0	0	0	
s. 133 Notice of Entry	0	0	0	0	
s. 141 Lockdown	0	0	0	0	
Prosecution commenced	0	1	0	0	2
Finalised prosecution	0	0	1	0	2

Note to this table:

1. 2022/23 figure excludes one formal warning which was subsequently withdrawn following further review of the matter.
2. Matter relates to wrongful taking of water from a GWMWater transfer pipeline, however is included in this report for completeness.

Other compliance and enforcement related activities undertaken during the year included:

a) Desktop audit of water use volume per licence at mid-season and end of season.

b) Desktop review of telemetered meters reporting 'zero' water use, and risk-based prioritisation for on-ground inspection.

c) Validation of telemetry data for a large proportion of meters against on-site meter readings.

d) Site inspections to identify any non-compliances with infrastructure works or metering installation.

e) Issue of notification letter to licence holders with water use exceeding 80 percent of available volume at the time of mid-season water use audit.

f) Direct contact with licence holders to promote forward planning of water use requirements and proactive water management.

Compliance Monitoring Statistics

	2022/23	Notes
Number of meter readings manually reviewed (remote and local)	534	
Percent of meters read on-site at least once	80%	1
Number of site visits / site inspections (incl. meter inspection)	403	
Number of water usage information statements issued	168	2

Notes to this table:
1. Number includes on-site meter reading of both telemetered and non-telemetered meters as a percentage of all 325 meters (excluding urban bore meters).
2. Licence holders are generally issued with two water usage information statements per water year. Licence holders with multiple meters receive this information on a single statement.

Unauthorised Take Performance

Unauthorised take typically occurs when water users draw beyond what they have in their account – even if they have the intention of squaring it up later. Within GWMWater's jurisdiction, unauthorised take performance is reported in respect to groundwater and surface water licence holders only.

Unauthorised take performance is reported against state-wide key performance indicators (KPIs) being:

a) No more than one percent of volume of total water take is taken without authorisation at any time.

b) No more than three percent of accounts (ABAs) are to be in negative at any time.

No unauthorised take was observed during 2022/23.This is attributed to both decreased water use requirements due to climatic factors, and a good level of awareness by licence holders in relation to their obligations.

To further enhance compliance monitoring, GWMWater is progressing the installation of telemetry for non-telemetered groundwater and surface water diversion meters, consistent with its Non-Urban Metering Action Plan.

Unauthorised Take Key Performance Indicators

	Licences				Volume			
Year	Number of ABAs	Number of negative ABAs	ABAs %	ABAs % (excluding <1ML)	Volume (ML) of water taken under corporation issued licences	Volume (ML) of unauthorised take	Volume %	Notes
2019/20		8	1.8%	1.8%	31,374	875	2.8%	1, 2
2020/21		2	0.4%	0.4%	31,903	225	0.7%	1, 2
2021/22	325	2	0.6%	0.6%	30,853	15	0.05%	1, 2
2022/23	326	0	0.0%	0.0%	18,619	0	0%	1, 2

Notes to this table:
1. Domestic and Stock licences and Pipeline Water Allowances are excluded.
2. Number of Allocation Bank Accounts (ABAs) and Volume (ML) of confirmed unauthorised take.

Water Conservation

Community Rebate Program

The Community Rebate Program is a joint initiative of GWMWater and the Victorian Government. The program aims at reducing water bills through a free water audit and the repair or replacement of inefficient water fittings for eligible hardship customers. There were four GWMWater customer approved to receive rebates during 2022/23.

The Victorian Government announced during the year that the Community Rebate Program will continue to be funded until 30 June 2024.

Water Tariff Reduction

A 15 percent tariff reduction is available to not-for-profit organisations that conserve water by watering at night via dedicated timed sprinkler systems. There are currently 16 organisations benefiting from this initiative.

Sustainable and Resilient Water Services Systems

GWMWater is committed to working collaboratively to deliver the objectives of the Victorian Water Efficiency Strategy. We have representation on the Victorian Water Efficiency Resources Committee and have leveraged Smart Water Advice content to inform and educate our customers about water conservation.

We also work to ensure Permanent Water Saving Rules remain front-of-mind and incorporate Target Your Water Use messaging when appropriate in all of our customer touchpoints.

Our rural pipeline network across the Wimmera, Mallee and South West Loddon regions continues to provide security for customers and long-term sustainability through a reduction in seepage and evaporation.

Customer and community engagement

GWMWater takes pride in maintaining good relationships with the community and in our record as a good corporate citizen. We are committed to continuing to develop and implement policies and activities that will build and foster these close relationships, as reflected in our Vision, Mission and Values statements.

In November 2019, GWMWater adopted a Communications and Engagement Strategy 2019-2024. The strategy provides direction for how we can further develop our approach to customer and stakeholder engagement to support the organisation to achieve its vision. It is founded on the recognition that GWMWater's communications and engagement is at an important point in time, when it must balance the needs of its customers and stakeholders, who more than ever, have varied expectations in the way they prefer to be engaged and provided information. The strategy is available on our website.

We take a structured and planned approach to community engagement using the IAP2 Model of Engagement.

GWMWater has continued to provide Customer and Stakeholder Workshops in an in-person/online hybrid format during 2022/23 to meet changing customer engagement expectations as a result of the coronavirus (COVID-19) pandemic.
The workshops attracted attendees from councils, government departments and agencies, businesses, agricultural enterprises, community and recreational groups and members of the public (urban and rural) from across the region.

In March 2022, GWMWater appointed 19 customers to form a Community Panel for the 2023-2028 Water Price and Service Review. The review is a period of customer and stakeholder engagement, as part of a five-year pricing submission to the Essential Services Commission.

Panel members included a range of water users from across GWMWater's service region. The panel met periodically between April-August in 2022 to deliberate on proposed projects, service changes and other topics such as:

- Water quality upgrades
- Guaranteed Service Levels
- Asset standards and renewals
- Security of water supply
- Urban and Rural Water Strategy
- Customer satisfaction

In August 2022, the Community Panel submitted a final report to GWMWater with their recommendations on the proposals covered throughout the engagement. These recommendations were considered as part of GWMWater's final Price Submission to the Essential Services Commission.

Customer satisfaction survey

GWMWater conducts a biennial Customer Survey which most recently ran across May-June in 2023. The survey monitors customers' overall satisfaction and perceptions of GWMWater's services, and the value for money it provides.

Overall customer satisfaction	2022/23	Satisfaction rating out of 10
Customers satisfied with the overall service	88%	between 7 and 10
Very satisfied	56%	9 or 10

Customer and stakeholder committees

GWMWater facilitates a range of committees which meet regularly to provide advice and feedback on specific issues or developments. Our customer and stakeholder committees include:

a) East Grampians Rural Water Supply Project Steering Group.

b) Irrigation Diverters Committee (in recess).

c) Lake Fyans Committee of Management.

d) Regional Recreation Water Users Group.

e) South West Loddon Project Steering Committee.

f) Dunmunkle Creek Asset Decommissioning Project Steering Committee (in recess).

g) Storage Manager Reference Group.

h) Wimmera-Glenelg Headworks Operations Review Project Steering Committee (in recess).

i) Wimmera-Glenelg Bulk and Environmental Entitlement Storage Manager Reference Group.

j) West Grampians Rural Water Supply Project Steering Committee (in recess).

k) Wimmera Glenelg Bulk Entitlement Executive and Council Forum (in recess)

Our Customer Relations and Stakeholder Committees or Working Groups policies appear on our website.

Community events and sponsorship

GWMWater continues to support local communities and the region through in-kind support and merchandise, sponsorship, and the use of drinking water trailers and portable drinking water stations for events. Due to coronavirus (COVID-19), GWMWater received fewer sponsorship applications as many events or activities did not take place across the state. Over the course of the year, GWMWater sponsored 47 teams, groups or community events across our operational area and science excellence awards for 17 secondary colleges.

In 2022/23 GWMWater:

- Exhibited at the Western Victorian Careers Expo in June 2023 with an interactive stand and engaged with more than 150 students and job-seekers. GWMWater also had a staff member deliver a seminar to event attendees on the topic 'Local People, Local Jobs'.
- Attended the Mallee Machinery Field Days and Wimmera Machinery Field Days.
- Provided 31 temporary water units (trailers and fountains) to 26 community events across the GWMWater region.

Management Strategies

Victorian Water Efficiency Strategy

GWMWater undertakes a wide variety of operational and promotional activities in line with Victorian water efficiency strategies. Along with the promotion of Permanent Water Saving Rules, GWMWater supported the following program:

Integrated Water Management

GWMWater actively contributes to Integrated Water Management (IWM) forums established by the Department of Energy, Environment and Climate Action (DEECA). The Wimmera model leverages existing relationships and strong, strategic alignments with local government and the Wimmera Catchment Management Authority.

In 2022/23, GWMWater commenced delivery of a project to connect a recycled water supply to recreation areas and green spaces in the west and north of Horsham. The project integrates the supply with available stormwater to further realise the potential of integrating water management to contribute to community climate resilience and liveability.

'Choose Tap' Program

GWMWater provides reusable water bottles, temporary water stations and drinking water trailers to schools, sports teams and community events to promote health, hydration and encourage the consumption of tap water.

GWMWater actively promotes the Choose Tap Program through a range of customer touchpoints including our website, social media platforms and through our quarterly customer newsletter 'Tapping In'.

'Target Your Water Use'

The 'Target Your Water Use' program focuses on taking a longer-term view of our water use habits, while providing our customers with easy access to the information they need to make informed decisions about the amount of water they use. Giveaways, including trigger nozzles, shower timers, plugs and buckets, are provided at events sponsored or attended by GWMWater. We leverage Smart Water Advice content to inform and educate our customers and schools about water conservation.

GWMWater Customer Portal

The Customer Portal allows residential, commercial and rural customers to see all of their water accounts under one login, monitor water use, set alerts for high usage, identify leaks and track spending or, where allocations apply, the volume used year to date.

On various devices, they can view their historical water use and any water use patterns, reduce unnecessary water use/expense, and set up automatic SMS message alerts to notify them of high usage or potential leaks.

Potential leaks are identified if water is continuously running over a 48-hour period. Typically, customers don't use water all day every day, the Customer Portal expects the flow to stop going through the meter at some point during each 48-hour period. If it doesn't, and the flow is continuous, an alert may be triggered.

The customer sets their own threshold for what they consider high usage to trigger an email warning or text message alert. GWMWater encourages customers to look at their average daily and weekly consumption to determine their threshold, which can be set in either volume (litres or kilolitres) or cost ($). The thresholds can be amended at any time if they are triggering notifications too often or not enough.

Education and school visitation programs

GWMWater runs or supports a wide variety of educational activities in support of the Victorian Water Efficiency Strategy, including:

a) National Water Week poster competition.

b) GWMWater student high achiever awards.

c) GWMWater school education program, including visits by GWMWater's mascot 'Phil The Bucket' and tours of GWMWater facilities.

d) Teacher resources and fun educational activities for children on GWMWater's website.

e) Support for the Schools Water Efficiency Program.

Corporate Management System

GWMWater is certified to the standards ISO 9001 for Quality, ISO 14001 for Environment and ISO 45001 for Occupational Health and Safety. Operational sites continue to be periodically audited with opportunities for improvement identified and actioned as required.

Regional Catchment Strategies

GWMWater is a partner with other agencies in the delivery of regional catchment strategies across the Wimmera, Glenelg Hopkins, Mallee and North Central catchment areas. This includes managing potential impacts of capital works and operational activities on biodiversity and cultural heritage values as well as the management of invasive plants and animals on GWMWater land.

The Victorian Waterway Management Strategy is delivered through regional planning processes led by catchment management authorities.

GWMWater is a key partner in the development and implementation of regional waterway management strategies, which outline waterway management objectives over an eight-year timeframe. GWMWater directly contributes to waterway improvement actions through the delivery of targeted water releases to streams and wetlands.

GWMWater seeks to meet the General Environmental Duty (GED) and makes provision for any improvement in its capital works program and allocation of reclaimed water for beneficial reuse.

GWMWater manages its wastewater treatment facilities to avoid off-site impacts, including groundwater monitoring. GWMWater is also a partner in regional programs for surface and groundwater resource monitoring. Unseasonal heavy rain in late-2022 resulted in releases of recycled water to waterways including the Wimmera and Hopkins Rivers. No detrimental impacts to the waters have been recorded. An outcome of the releases is an Environmental Risk Assessment (ERA) for the Wimmera River downstream of the Horsham Scour Valve (discharge point for recycled water from the Horsham Wastewater Treatment Plant). The ERA will assess the environmental risk and the potential beneficial uses of recycled water in the Wimmera River.

Environmental Watering

GWMWater engages with the Commonwealth Environmental Water Office, catchment management authorities and the Victorian Environmental Water Holder (VEWH) to deliver environmental water in accordance with bulk and environmental entitlements and the relevant environmental watering plans. Seasonal Watering Plans are the overarching planning documents developed by the VEWH which set priorities for the use of water for the environment across Victoria each year. Seasonal Watering Plans are prepared using Seasonal Watering Proposals submitted by waterway managers, such as catchment management authorities. Seasonal Watering Proposals include priority watering actions to primarily maintain and enhance environmental values, but also consider aspects such as environmental, cultural and social outcomes from the use of water for the environment.

In the Wimmera catchment, environmental water releases were made between January 2023 and June 2023. Releases were made to the Glenelg River during July 2022 and then from December 2022 through until June 2023. During the 2022/23 water year, a total of 8,904 ML (including passing flows) was released from reservoirs to waterways in the Wimmera catchment, including the MacKenzie River, Burnt Creek, Mt William Creek and from Lake Lonsdale and Taylors Lake. Some 11,474 ML (including passing flows) was released to the Glenelg River to provide benefits below Rocklands Reservoir.

A volume of 116 ML was distributed to multiple wetlands connected to the Wimmera Mallee Pipeline.

	VEWH Authorised Volume (ML)	VEWH Volume Delivered (ML)	CEWO Volume Delivered (ML)
Summary - Regulated Releases			
Lake Lonsdale		1,281	1,228
Taylors Lake		1,242	1,213
MacKenzie River and Burnt Creek		3,861	0
Upper Mt William Creek		68	0
Total Wimmera Catchment	11,490	6,452	2,441
Total Glenelg Catchment	11,440	4,137	0
Wimmera Mallee Pipeline Supplied Wetlands	160	116	N/A
Summary - Passing Flow Obligations	**Volume Passed (ML)**		
Wimmera Catchment - Lake Lonsdale			11
Wimmera Catchment - Huddlestons Weir			67,293
Glenelg Catchment - Rocklands Reservoir			7,337
Glenelg River Compensation Flow			0

Notes to this table:
VEWH - Victorian Environmental Water Holder
CEWO - Commonwealth Environmental Water Office

Water for Aboriginal cultural, spiritual and economic values

GWMWater has embraced the concept of cultural water. We are supportive of projects to deliver water to enhance sites of cultural significance and have a beneficial impact for Traditional Owners and the broader community. GWMWater has recently entered into a four-way agreement with Eastern Maar Aboriginal Corporation (EMAC), Barwon Water and Wannon Water to fund a Water Partnerships Officer within EMAC. This role will improve understanding between the parties to the agreement leading to positive cultural heritage outcomes.

We are also in ongoing discussions with Djaara and Barengi Gadjin Land Council (BGLC) to identify potential cultural water sites and incorporate them into rural pipeline projects.

Climate change

GWMWater is working hard to minimise our greenhouse emissions. We have completed our Stage 3 behind the meter solar installations and now have 2.3 MW of solar panels across 59 sites in the GWMWater service area. System sizes range from 10 kW to 250 kW with further expansion planned. More than 10 percent of our electricity consumption is sourced from onsite renewable solar energy. Future opportunities include significant large-scale renewable developments with capacity from 2 MW solar to 350 MW incorporating solar / wind and battery.

GWMWater has agreed to ambitious carbon targets over the next decade. These include:

- Reducing scope 1 emissions by 10 percent from the 2015/16 baseline by 2029/30.
- Reducing scope 2 emissions by 100 percent from the 2015/16 baseline by 2025/26.

We are currently in the detailed assessment phase of a 25 ha biodiverse carbon plantation with the potential to create Australian Carbon Credit Units (ACCUs) equivalent to 20 percent of our current scope 1 emissions. Other sites are under consideration as is an industry wide approach to offsetting scope 1 emissions. Scope 1 emissions are likely to be offset using ACCUs generated within the Victorian Water Industry. Scope 3 emissions remain an area of interest within the water industry and GWMWater will take its lead from proposed industry guidance once available.

Progress towards emissions pledge

The Take2 Program was launched in 2016 with the long-term goal for the Victorian Government to be carbon neutral by 2050. Water Corporations were encouraged to set interim targets for carbon reduction for the five-year period to 2024/25 with the long-term goal of carbon neutrality for the industry. This commitment is consistent with Water for Victoria, the main policy document for Victorian Water Corporations.

GWMWater's supply system covers a vast area and pumping is often required to move water to customers and entitlement holders, therefore demand for water is the key driver of our electricity consumption and emissions.

GWMWater has embraced carbon reduction and is actively implementing renewable energy and efficiency projects to meet these demands and our carbon pledge. We have reduced our annual emissions in 2022/23 with a result 19.9 percent below the annual target for 2022/23 and 32.5 percent below the 2016 carbon pledge baseline. We remain on the path to surpass our target for 2024/25 of 16,244 t CO2-e.

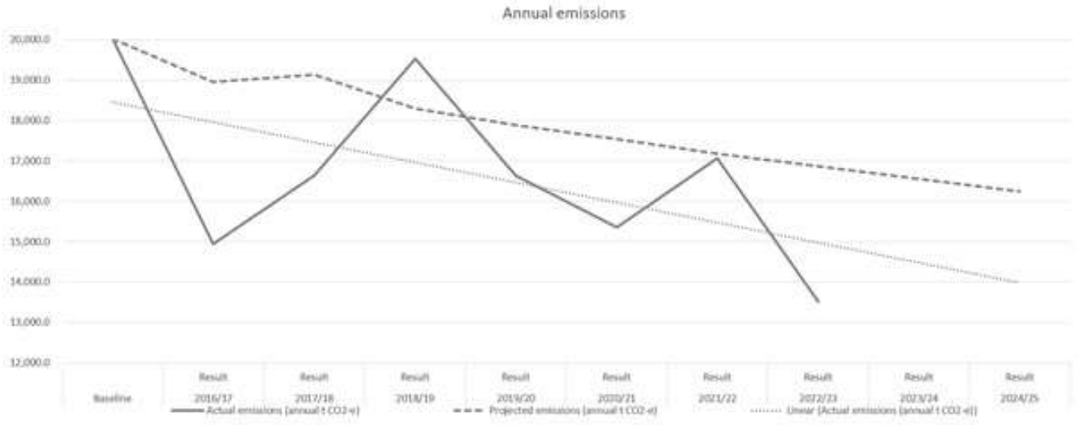
Greenhouse gas emissions

Source of Emissions	2020/21 t CO_2e	2021/22 t CO_2e	2022/23 t CO_2e
Scope 1 Emissions			
Wastewater emissions[1]	1,121.0	2,705.4	2,739.3
Vehicle fleet[2]	722.3	741.3	815.0
Stationary fuels[3]	40.6	48.0	75.5
Scope 2 Emissions			
Water treatment and supply	11,643.6	11,463.0	8,314.7
Wastewater treatment	1,829.2	2,168.8	1,806.8
Other (offices and depots)	460.3	458.4	364.8
Solar energy exported to grid	(456.0)	(520.0)	(606.7)
Total scope 1 & 2 emissions[4]	**15,361.0**	**17,064.9**	**13,509.4**
Scope 3 Emissions			
Air travel	0.4	4.7	8.8
VER Certificates Retired	**(1,206)**	**(1,161)**	**(1,245)**
Total emissions	**14,155.4**	**15,908.6**	**12,273.2**

Notes to this table:
1. Wastewater emissions are calculated according to the requirements of the National Greenhouse and Energy Reporting System (NGERS) Measurement Technical Guideline 2011.
2. Separation of liquid fuels emissions between vehicles and stationary uses began in 2022/23 and was back calculated for the Annual Report.
3. Stationary fuels includes liquid fuels and natural gas.
4. GWMWater's carbon reduction pledge is based on scope 1 & 2 emissions. This total is used for comparison to the pledge over the page.

The table below compares our actual results to our projected pledge targets to reduce carbon emissions. We are well on track to meet our 2024/25 target. We are expecting to continue this trend in the future as a significant amount of renewable energy comes online.

Year	Annual Emissions			
	Projected Tonnes CO2e	Actual Tonnes CO2e	Variance to Projection	Variance to Baseline
Baseline	20,017.0			
2016/17	18,953.0	14,945.4	(21.1)%	(25.3)%
2017/18	19,137.0	16,635.3	(13.1)%	(16.9)%
2018/19	18,302.0	19,524.8	6.7%	(2.5)%
2019/20	17,881.0	16,634.7	(7.0)%	(16.9)%
2020/21	17,549.0	15,361.0	(12.5)%	(23.3)%
2021/22	17,183.0	17,064.9	(0.7)%	(14.7)%
2022/23	16,861.0	13,509.4	(19.9%)	(32.5%)
2023/24	16,558.0			
2024/25	16,244.0			



Energy Consumption

GWMWater's energy consumption reduced significantly in 2022/23 particularly in the area of water treatment and supply. Reductions appear across the board and are attributed to reduced water demand due to wetter and milder than average conditions throughout much of the year.

Indicator	2020/21	2021/22	2022/23
Directly purchased electricity (MWh)			
Water Treatment	11,881.3	11,940.6	9,781.9
Sewage Treatment	1,866.6	2,259.2	2,125.6
Offices and Depots	426.8	479.1	429.1
Total	**14,174.7**	**14,678.9**	**12,336.6**
Directly purchased electricity (MWh)			
Water Treatment - BOOT sites1	691.9	694.1	686.1
Total	**691.9**	**694.1**	**686.1**
Onsite generated electricity (MWh)			
Solar consumed behind-the-meter	170.9	1,438.3	1,475.6
Solar exported to grid	465.4	541.7	713.4
Total	**636.3**	**1,980.0**	**2,189.0**
Total electricity consumption (MWh)	**15,037.5**	**16,811.3**	**14,498.3**
On-site installed generation capacity (MW)			
Solar PV (number of sites)			59 sites
Solar PV (capacity installed)			2.302 MW
Diesel backup generators (number)			24 units
Diesel backup generators (kW range)			9.5 kVA to 350 kVA

Notes to this table:
1. Four BOOT (build, own, operate, transfer) WTPs operate within the GWMWater service area.
2. Electricity generated by diesel backup is not currently monitored. This is expected to be a very small number (perhaps 1-2 MWh at most).

GWMWater is generating LGCs at two solar sites and we expect this to grow in the future. Certificates have not been retired.

Stationary fuel use

Stationary fuel use has been separated for the 2022/23 Annual report and determined for past years where possible. Natural gas reporting has only commenced in 2022/23.

Indicator	2020/21	2021/22	2022/23
Fuels used in buildings and machinery (MJ)			
Buildings (a)			
Natural gas	Not reported		43,955.9
Machinery (b)			
Diesel	577,576.7	689,461.9	1,043,661.8
Total	**577,576.7**	**689,461.9**	**1,087,617.7**
Greenhouse gas emissions from stationary fuel consumption (t CO2-e)	**40.6**	**48.0**	**75.5**

Transportation

GWMWater maintains a fleet of vehicles to support our delivery of services. Operational vehicles are the larger portion of the fleet. Hybrid vehicles have entered the vehicle fleet in recent years and we expect the numbers to grow in the future.

Number and proportion of vehicles

Indicator	2020/21	%	2021/22	%	2022/23	%
Fleet and passenger vehicles						
Diesel	23	20%	21	19%	20	17%
Petrol	9	8%	4	4%	2	2%
Hybrid (unleaded)	1	1%	2	2%	3	3%
Total	**33**	**28%**	**29**	**24%**	**25**	**22%**
Service delivery (light vehicles)						
Diesel	69	59%	69	61%	74	64%
Petrol	-	-	2	2%	1	1%
Total	**69**	**59%**	**71**	**63%**	**75**	**65%**
Service delivery (heavy vehicles)						
Diesel	14	12%	15	13%	15	13%
Total	**14**	**12%**	**15**	**13%**	**15**	**13%**
Road vehicles total1	**116**	**100%**	**113**	**100%**	**115**	**100%**

1. Vehicle count as of 30 June each year,

Total energy used in transportation (MJ)

Indicator	Total energy used in transportation (MJ)		
	2020/21	2021/22	2022/23
Fleet and passenger vehicles			
Diesel	2,244,503.3	1,766,010.1	1,471,764.3
Petrol	436,293.5	594,089.9	460,886.4
Hybrid (unleaded)	-	14,183.1	121,966.8
Total	**2,680,796.8**	**2,374,283.1**	**2,054,617.5**
Service delivery (light vehicles)			
Diesel	7,284,998.7	7,160,365.9	8,114,828.1
Unleaded	-	-	196,045.0
Total	**7,284,998.7**	**7,160,365.9**	**8,310,873.1**
Service delivery (heavy vehicles)			
Diesel	790,010.2	900,890.2	1,142,060.4
Total	**790,010.2**	**900,890.2**	**1,142,060.4**
Final total	**10,755,805.5**	**10,435,539.1**	**11,507,551.0**

Greenhouse gas emissions from transportation (t COE-e)

Indicator	2020/21	2021/22	2022/23
Fleet and passenger vehicles			
Diesel	159.6	125.6	104.4
Petrol	30.5	41.5	32.0
Hybrid (unleaded)	-	1.0	8.4
Total	**190.1**	**168.1**	**144.8**
Service delivery (light vehicles)			
Diesel	518.0	509.2	575.6
Unleaded	-	-	13.6
Total	**518.0**	**509.2**	**589.3**
Service delivery (heavy vehicles)			
Diesel	56.2	64.0	81.0
Total	**56.2**	**64.0**	**81.0**
Final total	**764.3**	**741.3**	**815.0**

Air travel (km)

Indicator	2020/21	2021/22	2022/23
Total distance travelled by commercial air travel (passenger km)	650	15,994	28,911

Total energy use (MJ)

Reduced demand for water is reflected in the reduced grid energy used in 2022/23.

Indicator	2020/21	2021/22	2022/23
Fuels			
Transportation	10,755,875.5	10,435,539.1	11,507,550.9
Stationary	577,576.7	689,461.9	1,087,617.7
Total	11,333,452.2	11,125,001.0	12,595,168.6
Electricity			
Grid electricity	51,028,647.8	52,838,562.7	44,412,023.7
Solar electricity	170,854.0	1,438,263.0	954,350.3
Total	**51,199,501.8**	**54,276,825.7**	**45,366,374.0**
Totals			
Renewable	170,854.0	1,438,263.0	954,350.3
Non-renewable	62,362,100.0	63,963,563.7	57,007,192.3
Total energy used	62,532,954.0	65,401,826.7	57,961,542.6

Energy Intensity

Energy is a vital component in both the production of drinking (potable) water and moving water around our system. Additional energy is required to meet higher levels of demand and service new customers at the far edges of networks, which drives up our energy intensity figures.

GWMWater's systems have operated more efficiently overall. Further efficiencies are expected in the future with operational and infrastructure improvements.

Source[1]	Result 2020/21	Result 2021/22	Result 2022/23
Water MJ/ML	2,441.6	2,720.8	2,400.4
Sewage MJ/ML	1,901.7	1,778.4	1,546.9
Water kWh/ML	679.2	755.8	666.8
Sewage kWh/ML	528.3	494.0	429.7

Note to this table:

1. The energy component of each energy intensity measure includes both energy consumed from the grid, and solar energy produced onsite. Solar energy exported to the grid is excluded.

Carbon Intensity

Managing carbon emissions is an important aspect of GWMWater's business. Climate change has the potential to impact water yields in our catchments, demand for our services and the lifecycle of infrastructure. Monitoring and reducing our emissions helps us make a positive contribution to climate change mitigation efforts and meets our obligations under Victorian policy.

The following table shows carbon intensity in t CO2-e/ML for water and sewage services.

Source[1]	Result 2020/21	Result 2021/22	Result 2022/23
Water t CO_2/ML	0.620	0.657	0.483
Sewage t CO_2/ML	0.380	0.447	0.342

Note to this table:

1. The carbon component of each carbon intensity measure is calculated from energy consumed from the grid and does not include wastewater emissions.

Office Based Environmental Data

GWMWater's Sustainability Strategy details actions and outcomes for sustainable practice across the Corporation. All staff contribute to these outcomes and are encouraged to continually improve performance. The environmental footprint of workplaces is measured in terms of greenhouse gas emissions and use of energy, water, waste and paper. The results of these programs are communicated to staff quarterly and strategies are developed to further reduce GWMWater's environmental impact.

Energy

Indicator	Result 2019/20	Result 2020/21	Result 2021/22
Energy Use, all Offices & Depots			
Grid (MWh)	426.8	477.5	429.1
Solar (MWh)	48.2	53.5	51.4
Total energy use (electricity) (MWh)[1]	**475.0**	**531.0**	**480.5**
Greenhouse emissions associated with energy use (tonnes CO2e)[2]	418.3	459.9	364.8
Greenhouse emissions associated with energy use – offset (tonnes CO2e)[2]	(419)	(460)	(365)
Energy use per FTE (MJ per FTE)3	9,016.7	10,996.3	9,332.4
Energy per square metre of office space (MJ per m^2)[3]	498.5	494.5	419.7
Renewable energy generation installed (kW)[3]	29	29	46.7

Notes to this table:

1. Total energy use includes solar production from 2019/20 onwards.
2. Emissions for offices, depots and fleet vehicles are offset to achieve zero net emissions from those aspects of the business.
3. Data is for the Corporate Office only.
4. Data from all offices and depots

Waste Consumption

Strategies to raise staff awareness of waste issues have assisted us to achieve ongoing improvements in our performance. Coronavirus (COVID-19) public health measures meant that most staff were working from home for much of 2020/21 and 2021/22. Direct monitoring of waste and recycling was not completed in this financial year. Intermittent periods of low numbers of staff working from the office meant accurate and comparable reporting was not considered practical. Full reporting was reinitiated for 2022/23. Greenhouse gas emissions for waste management will be calculated in 2023/24.

Activity	2020-21	%	2021-22	%	2022-23	%
Total units of waste disposed (kg and %)	No record		No record		7,500 kg	
Landfill (disposal)					6,220 kg	
Recycling/recovery (disposal)					1,280 kg	
Percentage of office sites which are covered by dedicated collection services for:	No record		No record			
Printer cartridges						100%
Batteries						100%
E-waste						100%
Soft plastics						0%
Total units of waste disposed of normalised by FTE (kg/FTE)	No record		No record		41 kg	
Recycling Rate (%)	No record		No record			97%
Greenhouse gas emissions associated with waste disposal (Tonnes CO2-e)	No record		No record		No record	

Paper use

Paper use has further decreased per FTE in 2022/23. GWMWater promoted paper saving measures including technology and behavioural change. Most of the operational work allocation process is now paperless. Paper use has not returned to pre-pandemic levels since most staff returned to the office, indicating an embedded change in practice.

Activity	Result 2020/21	Result 2021/22	Result 2022/23	Target
Total units A4 equivalent copy paper used (reams)	444	374	325	No target set
Units of A4 equivalent copy paper used per FTE (reams)	2.6	2.2	1.78	6
Percentage of recycled content of all copy paper purchased (% white copy paper)	100	100	100	100

Water

Water use at GWMWater facilities has been reasonably consistent in recent years. Water use has returned to expected levels following rectification of an undetected water leak in 2021/22.

Activity	2020/21	2021/22	2022/23
Total water consumption by an Entity (kilolitres)	1,490	2,166	1,478
Potable water consumption	1,490	2,166	1,478
Metered reused water consumption	0.0	0.0	0.0
Units of metered water consumed normalised by FTE	8.6	12.2	8.1

Procurement

GWMWater procurement activities are underpinned by the following principles:

a) Value for money.

b) Probity, transparency and fair competition.

c) Compliance, accountability and risk management.

d) Safety and environmental sustainability.

e) Social value.

Proper consideration of the impact of proposed purchases is undertaken where it is deemed appropriate and practicable to satisfy the underlying principles. Suppliers that demonstrate responsibility through accredited quality, safety and environmental systems and policies are highly regarded. Consideration is also given to products which minimise environmental impacts through efficient use of raw materials, energy and water, and minimisation of waste and greenhouse gas emissions.

Emergency Procurement

Nil Emergency Procurement was undertaken during 2022/23.

Social Procurement

GWMWater leverages its buying power to deliver social, economic and environmental outcomes benefiting our region, the Victorian community, the economy and the environment - above and beyond the goods, services and construction works procured.

We are guided by the Victorian Government's Social Procurement Framework (SPF), released in April 2018. The SPF applies to the procurement of all goods, services and construction undertaken by, or on behalf of, GWMWater and it is defined by 10 objectives:

a) Opportunities for Victorian Aboriginal people.

b) Opportunities for Victorians with disability.

c) Women's equality and safety.

d) Opportunities for disadvantaged Victorians.

e) Supporting safe and fair workplaces.

f) Sustainable Victorian social enterprise and Aboriginal business sectors.

g) Sustainable Victorian regions. Environmentally sustainable outputs.

h) Environmentally sustainable outputs.

i) Environmentally sustainable business practices.

j) Implementation of the Climate Change Policy objectives.

During 2022/23, social value outcomes were achieved across a variety of procurement activities, including the procurement of goods, services and construction works. GWMWater is guided by its Social Procurement Strategy to build capability of staff and suppliers on social procurement.

Social Procurement Achievements

During 2022/23, GWMWater:

a) Engaged 45 Social Enterprises.

b) Spent a total of $982,422 with Social Enterprises, Aboriginal businesses and Traditional Owner Corporations, Disability Enterprises, and social outcome companies.

Aboriginal Business Engagement

During 2022/23, GWMWater:

a) Engaged seven Aboriginal businesses and Traditional Owner Corporations.

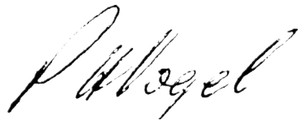
b) Spent a total of $471,400 with Aboriginal businesses and Traditional Owner Corporations.

c) Achieved 1.2 percent of direct supplier engagement of Aboriginal businesses above the whole-of-Victorian Government commitment that 1 percent of all contracts will be from Aboriginal businesses.

Financial Management Compliance Attestation

Financial Management Compliance Attestation Statement

I, Peter Vogel, on behalf of the Responsible Body, certify that GWMWater has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.



Peter Vogel OAM
Chairman

Dated this day 20 September 2023.

Performance Statements

Financial Performance Indicators

KPI Number	Key Performance Indicator	2021/22 Result	2022/23 Result	Variance to Prior Year %	2022/23 Target	Variance to Target %
F1	**Interest Cover (Cash)**					
	Net operating cash flows before net interest and tax payments / net interest payments (times)	4.4	5.0	13.6%[1a]	4.5	12.6%[1b]
F2	**Gearing Ratio**					
	Total debt (including finance leases) / total assets (%)	5.4%	5.5%	1.9%	7.7%	(28.6%)[2b]
F3	**Internal Financing Ratio**					
	Net operating cash flow / net capital expenditure (%)	82.7%	78.5%	5.1%	38.0%	106.5%[3a]
F4	**Current Ratio**					
	Current assets / current liabilities (excluding long-term employee provisions and revenue in advance) (times)	1.1	1.6	41.8%[4a]	0.6	143.8%[4b]
F5	**Return on Assets**					
	Earnings before net interest and tax / average total assets (%)	(0.6%)	(0.6%)	0.0%	0.2%	(400.0%)[5a]
F6	**Return on Equity**					
	Net profit after tax / average total equity (%)	(0.7%)	(0.7%)	0.0%	(0.4%)	(84.2%)[6a]
F7	**EBITDA Margin**					
	Earnings before interest, tax, depreciation and amortisation / total revenue (%)	40.4%	38.4%	(5.0%)	50.5%	(24.0%)[7a]

1a. The Interest Cover ratio measures the net operating cash available to pay for GWMWater's interest on borrowings and is expressed as a ratio. The favourable movement in the Cash Interest cover ratio in 2022/23 year compared to the previous year is predominantly due to higher net operating cash flows. Net operating cash flow increased from $20.14 million to $21.82 million due to combination of 1) increase in receipts from rates and charges and 2) reduced cash payments to suppliers. A significant number of invoices from suppliers were received post 30 June 2023, resulting in higher accruals and reduced cash payments. 3) Increased net interest payments due to new borrowings taken out in June 2023.

1b. The favourable movement in Interest Cover ratio compared to target is due to increase in net operating cash resulting from increase in receipts from rates and charges and reduced cash payments to suppliers.

2b. The Gearing ratio is favourable to target as the 2022/23 budget did not forecast the significant increase in asset values resulting from the managerial revaluation conducted during the financial year. The last full revaluation was conducted in 2021.

3a. The Internal Financing Ratio is favourable to target due to improvement in net operating cash flow and lower capital expenditure.

4a. The Current ratio measures how comfortably payment of short-term liabilities can be covered by GWMWater's short term assets. The result is significantly favourable to last year as cash balances were higher due to: 1) New borrowings effected in June 2023 to manage cash flow requirements. 2) Reductions in cash payments to suppliers as asignificant amount of supplier invoices relating to services provided for the financial year were received in July 23, these were recorded asaccruals (non cash transactions).

4b. The current ratio is better than target largely due to funds received in advance of expenditure for the East Grampians Water Supply project which increased cash balances and reduced balances in short- term borrowings.

5a. Return on Assets measures how much profit GWMWater has generated from every dollar in assets owned. The ratio is significantly unfavourable as the budget did not forecast the significant increase in asset values resulting from the managerial revaluation conducted during the financial year.

6a. Return on Equity indicates how much profit GWMWater has generated from every dollar of equity (ownership). Increase in deficit saw a decline in this ratio.

7a. EBITDA Margin measures GWMWater's operating profitability and its ability to generate an accounting surplus. The result is unfavourable to target due to a decrease in earnings arising from higher other operating expenditure, net grant expense from the Horsham Agriculture SmartWater and Integrated Water Management project, and loss on disposal of redundant channel assets. The increase in other operating expenditure was largely the result of various contractor engagements for desludging, water sampling and testing.

Water and Sewerage Network Reliability Indicators

Key Performance Indicator	2021/22 Result	2022/23 Result	Variance to Prior Year %	2022/23 Target	Variance to Target %
Water Service - minutes off supply (planned and unplanned)[i]					
How many minutes on average a customer was without water supply during a year.	167.70	179.80	7.2%[8a]	170.41	5.5%[8b]
Unplanned water supply interruptions					
No. of customers receiving more than (5) unplanned interruptions in the year.	0.17	0.08	-52.0%[9a]	0.62	-87.1%[9b]
Sewerage Service - sewer blockages[i]					
Number of sewer blockages reported per 100 kilometers of sewer main	43.67	43.61	-0.1%	35.00	24.6%[10b]
Sewerage Service - sewer spills[i]					
Number of sewer spills reported per 100 kilometers of sewer main	18.13	15.90	-12.30%[11a]	11.25	41.25[11b]
Sewerage Service - containment of sewer spills[i]					
Sewer spills from reticulation and branch sewers contained within five hours.	100.00	93.81	-6.2%[12a]	98	-4.3%

8a. There were significantly greater planned interruptions undertaken as opposed to unplanned interruptions in the reporting period. Our ongoing water mains renewals and maintenance programs continue to be targeted to focus on priority areas to reduce multiple interruptions.

8b. There is a minor variance to target. The variance to target is due to water main renewals and maintenance programs being undertaken to improve overall performance.

9a. This is a positive variance to last year, with continued reduction in unplanned interruptions. Our ongoing water mains renewals and maintenance programs continue to be targeted to focus on priority areas to reduce multiple interruptions.

9b. GWMWater has made significant improvements in this indicator over the last six years with a targeted approach to its mains replacement programs that has potential impacts on customer interruptions, we strive to have no customers impacted with more than five unplanned outages.

10b. Tree root incursion has led to the rate of sewer blockages above the target.

11a. Improvement is due to a targeted sewer lining program and jetting being undertaken.

11b. Sewer lining and jetting has been an ongoing program to improve performance, a particularly wet year led to a number of spills over and above the average

12a. Six sewer spills occurred in Horsham due to wet weather events that were unable to be contained until flooding subsided. One sewer spill in Stawell due to fat also affected this indicator, the exceedance was due to the unavailability of plumbing contractors and staff.

Water Service Indicators

Key Performance Indicator	2021/22 Result	2022/23 Result	Variance to Prior Year %	2022/23 Target	Variance to Target %
Unavailability of Stock and Domestic supply					
Percentage of time that stock and domestic service is unavailable in excess of on-property storage requirement	0.55	5.48	899.8%[13a]	2.50	119.2%[13b]
Groundwater supply					
Percentage of transfers processed within target period	95.00	50.00	47.4%[14a]	100.00	-50.0%[14b]

13a. Five unplanned incidents with outage times in excess of 72 hours were experienced this year, majority on the South West Loddon pipeline associated with commissioning. This was due to a number of reasons including delays due to wet weather and difficulty accessing sites, needing to let site dry out due to wet weather and complex repairs on large pipelines.

13b. This is a negative variation to target, the considerable number of unplanned interruption incidents in excess of 72 hours impacted the overall result.

14a. Ongoing vacancies in key roles throughout 2022/23 year impacted performance by reducing capacity to complete technical assessments for applications within nominated timeframes.

14b. Ongoing vacancies in key roles throughout 2022/23 year impacted performance by reducing capacity to complete technical assessments for applications within nominated timeframes.

Customer Responsiveness Indicators

Key Performance Indicator	2021/22 Result	2022/23 Result	Variance to Prior Year %	2022/23 Target	Variance to Target %
Water bills - average household use (193 kL - 2022/23)[1i]					
Typical household bill (based on average use above) in real 2022/23 dollars, owner occupiers "An increase in customer bills has been interpreted to be an unfavourable variance, as this indicator is based on customer focus rather than financial factors and reflects Essential Services Commission price determnation position and water corporations's commitment to keep bills affordable for customers." "A decrease in customer bills has been interpreted to be a favourable variance, as this indicator is based on customer focus rather than financial factors and reflects Essential Services Commission price determnation position and water corporations's commitment to keep bills affordable for customers."	1,319	1,321	0.2%	1,404	-5.9%[15b]

Key Performance Indicator	2021/22 Result	2022/23 Result	Variance to Prior Year %	2022/23 Target	Variance to Target %
Water bills - average household use (193 kL - 2022/23) [2i]					
Typical household bill (based on average use above) in real 2022/23 dollars, tenants "A decrease in customer bills has been interpreted to be a favourable variance, as this indicator is based on customer focus rather than financial factors and reflects Essential Services Commission price determnation position and water corporations's commitment to keep bills affordanle for customers."	380	339	-10.8%[16a]	422	-19.6%[16b]
Water bills - customers on flexible payment plans [i]					
Number of customers with instalment plans "An increase in customers on flexible payment plans has been interpreted to be a favourable variance, as this indicator is based on customer focus rather than financial factors and reflects the position that customers consistently support greater help for vulnerable customers, including those in hardship. This is also consistent with government policy."	2,136	2,466	15.4%[17a]	NA	NA[17b]
Water bills - customers awarded hardship grants [i]					
Number of customers awarded hardship grants "An increase in customers awarded hardship grants has been interpreted to be a favourable variance, as this indicator is based on customer focus rather than financial factors and reflects the position that customers consistently support greater help for vulnerable customers, including those in hardship. This is also consistent with government policy." "A decrease in customers awarded hardship grants has been interpreted to be an unfavourable variance, as this indicator is based on customer focus rather than financial factors and reflects the position that customers consistently support greater help for vulnerable customers, including those in hardship. This is also consistent with government policy."	40	119	197.5%[18a]	150	-20.7%[18b]
Customer Responsiveness - drinking water quality complaints[i]					
Number of complaints per 100 customers	0.16	0.16	0.0%	0.40	-60.0%[19b]
Customer Responsiveness - number of payment issue complaints[i]					
Number of complaints per 100 customers	0.10	0.10	0.0%	0.10	0.0%
Customer Responsiveness - total complaints[i]					
Number of complaints per 100 customers	0.60	0.60	0.0%	NA	NA[20b]

Notes to this table:

1. Results calculated based on average actual residential consumption across all drinking water towns. Water service availability charges, usage charges and sewerage service availability charges included. Target based on average consumption of 240kL included in the 2023 Water Price Review.
2. Results calculated based on average actual residential consumption across all drinking water towns (usage charges only). Target based on average consumption of 240kL included in the 2023 Water Price Review.

15b. A positive variance to target has been recorded due to a wet year leading to reduced water usage.

16a. A positive variance to prior year has been recorded due to a wet year leading to reduced water usage.

16b. A positive variance to target has been recorded due to a wet year leading to reduced water usage.

17a. A focus on customer support has seen an increase in customers on flexible payment plans.

17b. A target for this indicator was not set for 2022/23.

18a. A focus on customer support has had a significant positive impact on the number of customers awarded hardship grants.

18b. While hardship grants awarded are not yet at the target, progress is being made towards meeting this in the coming financial period.

19b. Customer complaints in urban potable systems are minimised by: production of fully treated water within critical limits; processes in place to ensure minimal quality impact from work on reticulation mains; sampling to enable preventative response to potential events; and rapid response when customer complaints are received to resolve issues before repetition or spread of poor water quality.

20b. A target for this indicator was not set for 2022/23.

Water Reuse Indicators

Key Performance Indicator	2021/22 Result	2022/23 Result	Variance to Prior Year %	2022/23 Target	Variance to Target %
Recycled water - effluent treatment and reuse[i]					
Proportion of water recycled as a percentage of the volume of effluent produced	98.00	76.00	-22.4%[21a]	80.00	-5.0%[21b]

21a. Reduced demand as a result of unseasonal wet weather resulted in recycled water being released in accordance with licence conditions.

21b. Excess water carryover from the previous year.

Operational Performance - Summary of Changes:

To simplify reporting, the following updates have been made in line with updated guidance issued under MRD07 Performance and Sustainability Reporting.

i Indicators and definitions updated to align with ESC or DTF reporting.

ii Indicators with * are new performance indicators based on existing ESC reporting.

iii Removed indicators:

- Total net CO2 emissions - net tonnes CO2 equivalent.
- Sewer spills interruptions - No. of residential sewerage customers affected by sewerage interruptions restored within (x) hours.
- Restoration of unplanned water supply interruption - Percentage of unplanned water supply interruptions restored within (x) hours.

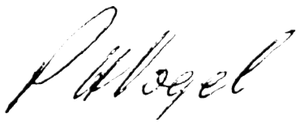
Performance Reporting

Certification of Performance Report for 2022/23

We certify that the accompanying Performance Report of Grampians Wimmera Mallee Water Corporation (trading as GWMWater) in respect of the 2022/23 financial year is presented pursuant to Section 51 of the Financial Management Act 1994 and Ministerial Reporting Direction (MRD) 07 Performance and Financial Sustainability.

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

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



Peter Vogel OAM
Chairman

Mark Williams
Managing Director
(Accountable Officer)

Sally Marshall
Executive Manager Strategic Planning and Performance
(Chief Financial Officer)

Dated this day 20 September 2023.

VAGO
Victorian Auditor-General's Office

Independent Auditor's Report

To the Board of the Grampians Wimmera Mallee Water Corporation

Opinion

I have audited the performance report of the Grampians Wimmera Mallee Water Corporation (the corporation) for the year ended 30 June 2023, which comprises the:

- financial performance indicators
- water and sewerage network reliability performance indicators
- water service performance indicators
- customer responsiveness performance indicators
- water reuse performance indicator
- certificate of performance report.

In my opinion, the performance report of the Grampians Wimmera Mallee Water Corporation for the year ended 30 June 2023, presents fairly, in all material respects, in accordance with the performance reporting requirements of Part 7 of the *Financial Management Act 1994*.

Basis for Opinion

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

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

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

Board's responsibilities for the performance report

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

Level 31 / 35 Collins Street, Melbourne Vic 3000
T 03 8601 7000 enquiries@audit.vic.gov.au www.audit.vic.gov.au

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
23 September 2023

Paul Martin
as delegate for the Auditor-General of Victoria

Financial Reporting

Financial Statements

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Grampians Wimmera Mallee Water Corporation

Consolidated Comprehensive Operating Statement
For the Financial Year ended 30 June 2023

	Notes	2022/23 $'000	2021/22 $'000
Revenue and income from transactions			
Revenue from contracts with customers	2.1.1	64,783	65,046
Developer contributions	2.1.2	1,573	1,826
Government grants and contributions	2.2	2,773	1,145
Interest	2.3	626	115
Other income	2.1.3	1,337	1,318
Total revenue and income from transactions		**71,092**	**69,450**
Expenses from transactions			
Employee benefits	3.1.1	(17,755)	(16,594)
Depreciation and amortisation expense	4.2	(41,161)	(39,835)
Other operating expenses	3.2	(20,236)	(18,423)
Decommissioning expenditure relating to redundant assets	3.2	(176)	(173)
Environmental contributions	8.2	(2,601)	(2,601)
Finance cost	6.1.2	(6,008)	(6,062)
Grants and transfers	3.3	(1,945)	(2,501)
Total expenses from transactions		**(89,882)**	**(86,189)**
Net result from transactions (net operating balance)		**(18,790)**	**(16,739)**
Other economic flows included in net result			
Net (loss) on disposal of non-current assets	4.5	(561)	(1,190)
Net fair gain on revaluation of investment properties	4.3	105	191
Total other economic flow included in net result		**(456)**	**(999)**
Net result before tax		**(19,246)**	**(17,738)**
Income tax revenue	8.1.1	5,868	5,336
Net result		**(13,378)**	**(12,402)**
Other comprehensive income			
Items that will not be reclassified to net result			
Change in asset revaluation surplus	9.1.2	237,210	8,465
Income tax relating to these items	8.1.1	(71,163)	(2,540)
Comprehensive result		**152,669**	**(6,477)**

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

Grampians Wimmera Mallee Water Corporation

Consolidated Balance Sheet
As at 30 June 2023

	Notes	2022/23 $'000	2021/22 $'000
ASSETS			
Current assets			
Cash and deposits	6.4	20,270	4,507
Receivables	5.1	11,843	11,966
Contract assets	5.2	3,760	4,207
Prepayments		567	386
Inventories	5.5	2,503	2,360
Total current assets		**38,943**	**23,426**
Non-current assets			
Receivables	5.1	778	1,007
Infrastructure, property, plant and equipment	4.1.1	2,299,668	2,073,541
Right-of-use assets	6.2.1	32	79
Intangible assets	4.4	7,589	7,501
Investment properties	4.3	964	1,059
Total non-current assets		**2,309,031**	**2,083,187**
TOTAL ASSETS		**2,347,974**	**2,106,613**
LIABILITIES			
Current liabilities			
Payables	5.3	10,648	5,884
Contract liabilities	5.4	2,650	3,712
Employee benefits	3.1.2	6,717	6,689
Interest bearing liabilities	6.1	10,585	12,585
Lease liabilities	6.2.3	18	42
Total current liabilities		**30,618**	**28,912**
Non-Current Liabilities			
Employee benefits	3.1.2	494	426
Interest bearing liabilities	6.1	119,337	100,522
Lease liabilities	6.2.3	94	6
Deferred tax liabilities	8.1.2	262,038	196,743
Total non-current liabilities		**381,963**	**297,697**
TOTAL LIABILITIES		**412,581**	**326,609**
NET ASSETS		**1,935,393**	**1,780,004**
EQUITY			
Contributed capital	9.1.1	1,270,573	1,267,853
Asset revaluation reserve	9.1.2	847,433	681,386
Accumulated surplus/(deficit)	9.1.3	(182,613)	(169,235)
TOTAL EQUITY		**1,935,393**	**1,780,004**

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

Grampians Wimmera Mallee Water Corporation

Consolidated Cash Flow Statement
For the Financial Year ended 30 June 2023

	Notes	2022/23 $'000	2021/22 $'000
Cash Flows from Operating Activities			
Receipts			
Service and usage charges/Contracts with customers		67,585	64,356
Receipts from government		1,612	2,789
Interest received	2.3	626	115
Goods and Services Tax received from the ATO		1,866	3,925
		71,689	**71,185**
Payments			
Payments to suppliers and employees		(39,705)	(40,144)
Payments for specific projects	3.3	(1,945)	(2,501)
Goods and Services Tax paid to the ATO		(2,103)	(2,378)
Interest and other costs of finance paid		(6,053)	(5,968)
Payments for short term leases		(46)	(31)
Payments for low value leases		(14)	(14)
		(**49,866**)	**(51,036)**
Net cash inflow from Operating Activities	**6.4.1**	**21,823**	**20,149**
Cash Flows from Investing Activities			
Payments for infrastructure, property, plant and equipment		(25,595)	(25,062)
Payments for intangible assets	4.4	(360)	(18)
Proceeds from sale of infrastructure, property, plant & equipment	4.5	385	823
Net cash (outflow)/inflow from Investing Activities		**(25,570)**	**(24,257)**
Cash Flows from Financial Activities			
Proceeds from borrowings		17,900	-
Repayment of borrowings		-	(10,500)
Proceeds from contributed capital by State Government	9.1.1	2,720	2,000
Principal element of lease liability		(25)	(99)
Repayment of service concession liability		(1,085)	(974)
Net cash (outflow)/inflow from Financing Activities		**19,510**	**(9,573)**
Net increase/(decrease) in cash and cash equivalents		**15,763**	**(13,681)**
Cash and cash equivalents at beginning of the financial year		4,507	18,188
Cash and cash equivalents at the end of the financial year	**6.4**	**20,270**	**4,507**

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

Grampians Wimmera Mallee Water Corporation

Consolidated Statement of Changes in Equity
For the Financial Year ended 30 June 2023

	Notes	Contributed Capital $'000	Asset Revaluation Reserves $'000	Accumulated Funds Surplus/(Deficit) $'000	Total $'000
Balance at 1 July 2021		**1,265,853**	**675,460**	**(156,833)**	**1,784,480**
Net result after tax	9.1	-	-	(12,402)	(12,402)
Other comprehensive income	9.1	-	5,926	-	5,926
Transactions with the State in its capacity as owner	9.1	2,000	-	-	2,000
Balance at 30 June 2022		**1,267,853**	**681,386**	**(169,235)**	**1,780,004**
Balance at 1 July 2022		**1,267,853**	**681,386**	**(169,235)**	**1,780,004**
Net result after tax	9.1	-	-	(13,378)	(13,378)
Other comprehensive income	9.1	-	166,047	-	166,047
Transactions with the State in its capacity as owner	9.1	2,720	-	-	2,720
Balance at 30 June 2023		**1,270,573**	**847,433**	**(182,613)**	**1,935,393**

1 Notes to the accounts

Introduction

Grampians Wimmera Mallee Water Corporation (trading as GWMWater) is a government owned statutory Corporation established on 1 July 2004 under the Water Act 1989.

GWMWater has one of the largest geographic footprints of all Victorian water businesses, covering some 62,000 square kilometers or 25 percent of Victoria. We provide services to approximately 72,000 people either living on farms or in one of the 71 urban centres across Western Victoria.

GWMWater is a vertically integrated water business directly involved in all aspects of the water cycle. We operate wastewater treatment plants in many of our 71 towns and we aim to recycle 100 percent of the wastewater we produce. We use desalination technology, operate pipelines, major storages, dams, weirs and pump stations to service our customers. To deliver these services we manage a significant number of assets including bulk water supply reservoirs, hundreds of smaller storages, tanks, water towers and approximately 14,000 km of pipes.

1.1 Basis of preparation

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

The financial statements were prepared on a going concern basis. Budgets prepared for the year ending 30 June 2024 indicate that the entity is expected to achieve an operating deficit of $26.8 million for 2023-24. Despite this, the Corporation is forecasting to maintain positive cash flows from operations of $18.2 million for 2023-24 compared to $21.8 million in the current financial year. The Corporation is also monitoring key financial sustainability cash and borrowing related indicators as part of its corporate performance scorecard. On this basis the Board believe the going concern basis is appropriate for preparation of the financial statements.

Accounting policies

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

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

Functional and presentation currency

Items included in this financial report are measured using the currency of the primary economic environment in which GWMWater operates (‘the functional currency’). The financial statements are presented in Australian Dollars, which is GWMWater’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 GWMWater’s operational cycle.

Rounding

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

Grampians Wimmera Mallee Water Corporation
Notes to the Financial Statements
30 June 2023

Historical cost convention

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

Accounting estimates

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

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

- Accrued water usage charges (Note 5.2);
- The fair value of land, buildings, infrastructure, plant and equipment (Note 7.3);
- Estimation of useful life (Note 5.1);
- Impairment of assets (Note 4.2);
- Determining whether the performance obligations are sufficiently specific so as to determine whether the arrangement is within the scope of AASB 15 or AASB 1058 (Note 2.2);

Controlled Entities

These financial statements cover GWMWater as an individual reporting entity and include all the controlled activities of GWMWater.

Where control of an entity is obtained during the financial period, its results are included in the comprehensive operating statement from the date on which control is demonstrated. Where control ceases during a financial period, the entity’s results are included for that part of the period in which control existed. Where entities adopt dissimilar accounting policies and their effect is considered material, adjustments are made to ensure consistent policies are adopted in these financial statements.

In preparing consolidated financial statements for GWMWater, all material transactions and balances between consolidated entities are eliminated.

Compliance information

These general-purpose financial statements have been prepared in accordance with the 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*.

Where appropriate, those AASs paragraphs applicable to not-for-profit entities have been applied. Accounting policies selected and applied in these financial statements ensure 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.

2 FUNDING DELIVERY OF OUR SERVICES

Introduction

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

Revenue and income that fund delivery of the GWMWater'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

	Notes	2022/23 $'000	2021/22 $'000
Revenue from service and usage charges	2.1.1	64,783	65,046
Developer contributions	2.1.2	1,573	1,826
Other revenue	2.1.3	1,337	1,318
Total revenue from contracts with customers		**67,693**	**68,190**

2.1.1 Revenue from service and usage charges

	2022/23 $'000	2021/22 $'000
Service charges		
Urban water service charges	15,115	14,574
Wastewater service charges	14,553	13,717
Rural water service charges	13,036	12,355
Usage charges		
Urban water usage charges	12,670	14,811
Rural water usage charges	8,756	9,079
Recycled water usage charges	133	162
Trade waste	520	348
Total service and usage charges	**64,783**	**65,046**

Revenue from service, usage and trade waste charges is determined in accordance with AASB15 *Revenue from Contracts with Customers*.

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Service charges (urban water, rural water 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 advance 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 sewerage disposal. The charges are payable within 28 days.	Revenue is recognised over time as service is provided.

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Usage charges	Water usage charges are recognised as revenue when water is consumed by customers. Meter reading is undertaken progressively during the year and is billed quarterly in arrears. An estimation of usage 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. At balance date, any portion of service charges that is billed in advance and the performance obligation is not satisfied, is recognised as contract liabilities (refer Note 5.4).The charges for fully satisfied performance obligations that are unbilled at year end that are estimated and contract assets are recognised (refer Note 5.2).	Revenue is recognised over time as service is provided.
Trade waste disposal charges	Revenue related to trade waste disposal is based on the volume of waste disposed by customers.	Revenue is recognised over time as service is provided.
Recycled water charges	Recycled water charges are recognised as revenue over time as the performance obligation is satisfied. GWMWater 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 28 days.	Revenue is recognised over time as service is provided

Contract assets and liabilities in notes 5.2 and 5.4.

2.1.2 Developer contributions

	2022/23 $'000	2021/22 $'000
Developer contributed assets	1,245	1,512
New customer contributions	277	197
Rural growth water sales	51	117
Total developer contributions	**1,573**	**1,826**

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
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 GWMWater 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 GWMWater's infrastructure network for the provision of water and sewerage 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.

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
New customer contributions	Depending on the type of new customer contribution application, this can result in the performance obligation being satisfied at a point in time when GWMWater satisfies 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 GWMWater'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 GWMWater to proceed with their application. The framework applied to calculate the new customer contributions is regulated by the Essential Services Commission.	Revenue is recognised at a point in time.
Rural growth water sales	Sale of unallocated rural water allowances held by GWMWater traded in the Victorian Water Register.	Revenue is recognised at a point in time when the trade occurs and the performance obligation is satisfied.

2.1.3 Other revenue

	2022/23 $'000	2021/22 $'000
Water hydrants/standpipe sales	303	310
Information statements	219	187
Tapping/inspection fees	246	150
Lake Fyans committee of management revenue	250	232
Other revenue	319	439
Total other revenue	**1,337**	**1,318**

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Other Revenue	Performance obligation relating to various tapping and inspection fees, water hydrant and standpipe sales, information statement income, connection and supervision charges are satisfied when GWMWater renders the specified service requested by the customer GWMWater uses pricing principles to calculate the price of individual services rather than direct regulation by the Essential Services Commission. The charges are payable within 28 days.	Revenue is typically recognised when the service is performed at a point in time; for services provided on a continuous basis, revenue is recognized as services are provided to the customer, over time.

2.1.4 Timing of recognition of revenue from customers

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

	Service charges - water $'000	Usage charges - water $'000	Service charges - wastewater $'000	Tradewaste charges - $'000	Recycled water charges $'000	Developer contributions $'000	New customer contributions $'000	Other revenue $'000	Total revenue with customers $'000
2022									
At a point in time	-	-	-	-	-	1,512	197	117	1,826
Over time	26,929	23,890	13,717	348	162	-	-	1,318	66,364
Total	**26,929**	**23,890**	**13,717**	**348**	**162**	**1,512**	**197**	**1,435**	**68,190**
2023									
At a point in time	-	-	-	-	-	1,245	277	51	1,573
Over time	28,151	21,426	14,553	520	133	-	-	1,337	66,120
Total	**28,151**	**21,426**	**14,553**	**520**	**133**	**1,245**	**277**	**1,388**	**67,693**

2.2 Government grants and contributions

	Notes	2022/23 $'000	2021/22 $'000
Income recognised as income for not for profit entities			
Government grants and contributions		1,594	425
Specific purpose contributions for on-passing to recipient entities			
Horsham Smartwater Agriculture and Integrated Water Management		1,179	720
Total government grants and contributions		**2,773**	**1,145**

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

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

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

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

2.3 Interest income

	2022/23 $'000	2021/22 $'000
Interest from financial assets not at fair value through profit and loss		
Interest on bank deposits	600	78
Other miscellaneous interest income	26	37
Total interest income	**626**	**115**

Interest income includes interest received on bank term deposits and other investments and the unwinding over time of the discount on financial assets. Interest income is recognised using the effective interest method, which allocates the interest over the relevant period.

2.4 Non-cancellable operating lease receivables

Operating leases relate to the investment property owned by GWMWater with lease terms between 1 and 20 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period. The risks associated with rights that GWMWater retains in underlying assets are not considered to be significant, GWMWater employs strategies to further minimise these risks. For example, ensuring all contracts include clauses requiring the lessee to compensate GWMWater when a property has been subject to excess wear and tear during the lease term.

	2022/23 $'000	2021/22 $'000
Not later than 1 year	78	57
Longer than 1 year and not longer than 5 years	172	107
Longer than 5 years	223	211
Total operating lease receivables	**473**	**375**

3 THE COST OF DELIVERING SERVICES

Introduction

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

3.1 Expenses incurred in the delivery of services

	Notes	2022/23 $'000	2021/22 $'000
Employee benefits – expense	3.1.1	17,755	16,594
Direct operating expenses	3.2	20,236	18,423
Grants and other transfers	3.3	1,945	2,501
Total expenses incurred in the delivery of services		**39,936**	**37,518**

3.1.1 Employee benefits – expense

	2022/23 $'000	2021/22 $'000
Salaries and wages	13,976	13,160
Annual leave	1,284	1,237
Long service leave	417	402
Employer superannuation contributions	1,501	1,332
Other	577	463
Total employee benefits - expenses	**17,755**	**16,594**

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 GWMWater 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.

Grampians Wimmera Mallee Water Corporation
Notes to the Financial Statements
30 June 2023

3.1.2 Employee benefits – 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.

	2022/23 $'000	2021/22 $'000
Current provisions		
Annual leave		
- Unconditional and expected to settle within 12 months	1,042	1,060
- Unconditional and are expected to settle after 12 months	883	882
RDO accrual		
- Unconditional and expected to settle within 12 months	258	242
Long service leave		
- Unconditional and expected to settle within 12 months	404	357
- Unconditional and are expected to settle after 12 months	3,325	3,399
Provision for on-costs		
- Provisions for on-costs - Unconditional and expected to settle within 12 months	230	208
- Provisions for on-costs - Unconditional and are expected to settle after 12 months	575	541
Total employee benefits - current provisions	**6,717**	**6,689**
Non- current provisions		
Long service leave		
- Long service leave	435	378
- Long service leave on costs	59	48
Total employee benefits - non-current provisions	**494**	**426**
Total provisions for employee benefits	**7,211**	**7,115**
Reconciliation of movement in on-cost provisions		
Opening balance	797	857
Additional provisions recognised	2,616	2,423
Reductions arising from payments/other sacrifices of future economic benefits	(2,592)	(2,526)
Unwind of discount and effect of changes in the discount rate	43	43
Closing balance on-cost provision	**864**	**797**
Current on-cost provision	805	749
Non-current on-cost provision	59	48
Closing balance on-cost provision	**864**	**797**

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 GWMWater does not have an unconditional right to defer settlements of these liabilities.

The components of this liability are measured at:

- Undiscounted value – the component GWMWater expects to wholly settle within 12 months, or
- Present value – the component GWMWater 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.

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 GWMWater does not expect to settle the liability within 12 months. GWMWater 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 GWMWater expects to wholly settle within 12 months; or
- Present value – the component GWMWater 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 in the operating statement.

3.1.3 Superannuation (Vision Super)

GWMWater's obligations for contributions to the fund are recognised as an expense in Consolidated Comprehensive Operating Statement when they are made or due. GWMWater 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 Consolidated Comprehensive Operating Statement when they are made or become due.

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 2023, this was 10.5% 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.

Grampians Wimmera Mallee Water Corporation
Notes to the Financial Statements
30 June 2023

GWMWater has made the following contributions to superannuation plans (excluding any unfunded liability payments) to the superannuation plans for the financial year ended 30 June 2023 and 30 June 2022 as detailed below:

Fund		Contributions	
		2022/23	2021/22
	Rate (%)	$'000	$'000
Accumulation funds			
- State super accumulation scheme	10.5	1	-
- Vision super saver plan	10.5	772	756
- Other	10.5	910	794
Defined benefit funds			
- State super new scheme	10.3%	99	97
- Local authorities superannuation fund	11%	45	51
Total superannuation contributions		**1,827**	**1,698**

GWMWater has no unfunded liability payments to Vision Super during the 2022/23 year (2021/22 $nil). There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2023.

Defined benefit fund

GWMWater 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*.

Funding arrangements

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

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

Vision Super has advised that the VBI at 30 June 2023 was 104.1% (2022:102.2%). The financial assumptions used to calculate the VBI were:

	2023 %	2022 %
Net investment returns	5.7	5.5
Salary information up to 30 June 2023	2.5	2.5
Salary information after 30 June 2023	3.5	3.5
Price inflation (CPI)	2.8	3.0

	2023 %	2022 %
VBI surplus	104.1	102.2

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2020.

Employer contributions

On the basis of the results of the 2020 triennial actuarial investigation conducted by the Fund Actuary, GWMWater makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2023, this rate was 10.5% of members' salaries (10% in 2021/2022). This rate is expected to increase in line with any increases in the SG contribution rate and was reviewed as part of the 30 June 2020 triennial valuation.

In addition, GWMWater reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

Funding calls

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

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

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3.2 Direct operating expenses

	2022/23	2021/22
	$'000	$'000
Bulk charges	187	196
Operating contracts	1,427	1,437
Contractor costs	4,532	3,390
Information & Communication technology	2,533	2,494
Energy	2,569	2,928
License fees	85	111
Billing and collection	224	212
Bad debts from transactions	338	174
Chemicals and materials	1,911	1,616
Analysis and sampling	467	601
Audit fees	279	282
Insurance	806	693
Asset maintenance and risk assessment projects	468	580
Plant & motor vehicle expenses	770	529
Other operating expenses	3,517	3,058
Victorian water register fees	123	122
Total other operating expenses	**20,236**	**18,423**
Decommissioning expenditure relating to redundant assets	176	173

Expense	Description	Recognition policy
Bulk charges	Fees from the Northern Victorian Resource Manager based on total Water Share volume, covering the costs of maintaining and operating headwork's and river regulation.	As incurred. Recognised in the Comprehensive operating statement.
Operating contracts	Operating expense component of outsourced operations water treatment services provided under the WTSA (refer Note 6.3); and water sample testing laboratory services.	Accruals basis. Recognised in the Comprehensive operating statement. Principal lease component recognised in the Comprehensive balance sheet; Interest lease component recognised in finance costs in the Comprehensive operating statement.
Contractor costs (scheduled, planned and unplanned works)	All contractor expenses incurred in relation to scheduled, planned and unplanned operation and maintenance activities. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold.	Accruals basis. Recognised in the Comprehensive operating statement. Where applicable, replacement cost is capitalised on the balance sheet and depreciated.
Information and communication technology expenditure	All operating expenses, maintenance contracts, licence fees and other costs associated with operating the information and communication technology environment of GWMWater.	Accruals basis. Recognised in the Comprehensive operating statement.
Energy	Utility expenses incurred in relation to electricity and gas consumption.	Accruals basis. Recognised in the Comprehensive operating statement.

Expense	Description	Recognition policy
Billing and collection costs	Costs relating to the issuing of bills and the collection of debt.	Accruals basis. Recognised in the Comprehensive operating statement.
Chemicals and materials	Chemicals and materials consumed in water and wastewater operations and maintenance.	Accruals basis. Recognised in the Comprehensive operating statement.
Analysis and sampling	Samples are sent to a National Association of Testing Authorities (NATA) accredited laboratory for analysis against drinking water regulations and for other operational purposes.	Accruals basis. Recognised in the Comprehensive operating statement.
Other operating expenses	Generally represent the day to day running costs incurred in normal operations.	Accruals basis. Recognised in the Comprehensive operating statement.
Decommissioning expenditure	Expenditure associated with the decommissioning and removal of redundant infrastructure.	Accruals basis. Recognised in the Comprehensive operating statement.

3.3 Grants and other transfers

Grant expenses are contributions of the GWMWater's resources to another party for specific or general purposes where there is no expectation that the amount will be repaid in equal value.

Other transfers to third parties (other than contribution to owners) are recognized as an expense in the reporting period in which they are paid or payable.

	2022/23 $'000	2021/22 $'000
*Horsham SmartWater Agriculture and Integrated Water Management project		
- GWMWater funds paid	766	1,781
- Specific purpose contributions on- passed to recipient entities	1,179	720
Total grants and other transfers	**1,945**	**2,501**

*Through the National Water Grids Connections Funding Pathway the Australian Government committed to $20 million funding for the Victorian Infrastructure Projects. Of the funding an amount of $4.98 million has been committed by the State for the Horsham Agriculture SmartWater and Integrated Water Management Project (total project cost $9.94 million). The project is a joint initiative between Grampians Wimmera Mallee Water Corporation (GWMWater) and Agriculture Victoria (AgVic) who will collectively co-contribute an additional $4.96 million to the project.
On completion of the project GWMwater will incur project management costs and own assets to the value of $5.22 million and AGVic will own assets to the value of $4.72 million. The project is expected to be completed in 2023-24.

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4 KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

Introduction

GWMWater 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 GWMWater to be utilised for delivery of those outputs.

4.1.2 Initial recognition and subsequent measurement

Infrastructure, property, plant and equipment represent non-current assets and are grouped into the following classes comprising of; land, buildings, fixtures and fittings, urban water infrastructure, wastewater infrastructure, rural distribution infrastructure, headworks infrastructure, service concession assets, energy assets and plant, equipment and vehicles used by GWMWater in its operations. Intangible assets and investment properties are disclosed separately. Items with a useful life of more than one year and cost or fair value in excess of the values identified in the table below, are recognised as an asset. All other assets acquired are expensed.

The level at which expenditure is recognised as capital in each of these categories is consistent with the previous year and fall within the following ranges:

Asset Class	2022/23 $
Land	1
Buildings	1,000
Fixtures and fittings	100
Urban water infrastructure	1,000
Wastewater Infrastructure	1,000
Headworks infrastructure	1,000
Rural distribution infrastructure	1,000
Service concession assets	1,000
Energy assets	1,000
Plant, equipment and vehicles	100
Intangible assets	300
Investment properties	1,000
Right-of-use assets	10,000

Infrastructure, property, plant and equipment
Infrastructure, property, plant and equipment are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where assets acquired at no cost or nominal consideration, by GWMWater, the cost is its fair value at the date of acquisition.

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.

Service Concession Asset
A Service Concession Asset (SCA) under AASB 1059 *Service Concession Assets: Grantors* is an asset other than goodwill, to which a private operator has right of access to provide public services on behalf of GWMWater 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 GWMWater, 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.

GWMWater recognises a service concession asset constructed, developed or acquired from a third party by the operator, including an upgrade to an existing asset of GWMWater, when GWMWater controls the asset. GWMWater 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.

GWMWater initially measures Service concession assets at current replacement cost in accordance with the cost approach to fair value in AASB 13 *Fair Value Measurement*. Subsequent to the initial recognition, or reclassification of the asset, GWMWater measures the service concession asset in accordance with AASB 16 or AASB 138 *Intangible Assets* as appropriate as relevant.

4.1 Infrastructure, property, plant and equipment: carrying amount

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

	Land Specialised	Buildings Specialised	Fixtures and Fittings	Infrastructure Urban Water	Infrastructure Waste Water	Infrastructure Headworks	Infrastructure Rural Distribution	Service concession assets	Energy assets	Plant, Equipment and Vehicles	Capital Work in Progress	Total
30 June 2023	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Fair Value	55,267	6,829	2,434	452,538	171,898	672,388	846,339	17,922	3,277	15,278	66,989	2,311,159
Accumulated depreciation	-	(237)	(1,988)	(44)	(140)	-	(167)	-	-	(8,915)	-	(11,491)
Carrying amount 2022/23	**55,267**	**6,592**	**446**	**452,494**	**171,758**	**672,388**	**846,172**	**17,922**	**3,277**	**6,363**	**66,989**	**2,299,668**
Opening net book value	55,070	6,488	466	408,131	152,966	607,123	767,248	16,447	2,743	5,864	50,995	2,073,541
Additions	-	-	-	416	676	-	153	-	-	-	29,500	30,745
Disposals	(31)	-	-	(430)	(90)	-	(15)	-	-	(346)	-	(912)
Transfer between asset classes	228	(29)	9	461	6	-	(469)	-	-	(9)	-	197
Revaluation	-	478	-	49,731	19,612	70,784	93,844	2,368	393	-	-	237,210
Depreciation	-	(383)	(57)	(11,171)	(5,050)	(6,428)	(15,389)	(893)	(123)	(1,381)	-	(40,875)
WIP movement	-	38	28	5,356	3,638	909	800	-	264	2,235	(13,506)	(238)
Closing carrying amount	**55,267**	**6,592**	**446**	**452,494**	**171,758**	**672,388**	**846,172**	**17,922**	**3,277**	**6,363**	**66,989**	**2,299,668**
30 June 2022												
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Fair Value	55,070	6,903	2,397	420,164	157,933	613,219	782,952	17,340	2,853	13,611	50,995	2,123,437
Accumulated depreciation	-	(415)	(1,931)	(12,033)	(4,967)	(6,096)	(15,704)	(893)	(110)	(7,747)	-	(49,896)
Carrying amount 2021/22	**55,070**	**6,488**	**466**	**408,131**	**152,966**	**607,123**	**767,248**	**16,447**	**2,743**	**5,864**	**50,995**	**2,073,541**
Opening net book value	46,875	6,468	512	416,395	156,369	611,229	783,705	17,340	-	5,651	36,295	2,080,839
Additions	-	-	-	613	481	-	417	-	-	-	24,229	25,740
Disposals	(22)	-	-	(544)	(77)	(14)	(749)	-	-	(609)	-	(2,015)
Transfer between asset classes	-	-	(103)	(6)	9	6	-	-	-	94	-	-
Revaluation	8,201	264	-	-	-	-	-	-	-	-	-	8,465
Depreciation	-	(418)	(55)	(11,010)	(4,881)	(5,481)	(15,342)	(893)	(110)	(1,283)	-	(39,473)
WIP movement	16	174	112	2,683	1,065	1,383	(783)	-	2,853	2,011	(9,529)	(15)
Closing carrying amount	**55,070**	**6,488**	**466**	**408,131**	**152,966**	**607,123**	**767,248**	**16,447**	**2,743**	**5,864**	**50,995**	**2,073,541**

Right of use assets not included in above table, see note 6.2.1

Where an existing asset of GWMWater is reclassified as a service concession asset, GWMWater 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, GWMWater depreciates the service concession asset over its useful life using the principles in AASB 116 *Property, Plant and Equipment*. SCAs are subject to revaluation as required by Financial Reporting Direction 103H Non-Financial Physical Assets (FRD 103). Refer to Note 6.3 Service concession arrangements for a summary of revaluation details by asset category with further details provided on accounting for revaluation in Note 7.3.2 Fair value determination: non-financial physical assets.

Motor Vehicles
Vehicles are valued using the current replacement cost method. GWMWater 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 GWMWater who set relevant depreciation rates during use to reflect the utilisation of the vehicles.

4.1.3 Revaluation of infrastructure, property, plant and equipment

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

The Valuer-General Victoria (VGV) is the Government's independent valuation agency and is used by GWMWater 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. GWMWater 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.

Refer to Note 7.3.2 Fair value determination: non-financial physical assets.

4.1.4 Accounting for revaluation movements

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

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

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

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

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

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4.2 Depreciation and amortisation

Depreciation and amortisation expenses

	2022/23	2021/22
	$'000	$'000
Buildings	383	418
Fixtures and fittings	57	55
Urban water infrastructure	11,171	11,010
Wastewater infrastructure	5,050	4,881
Headworks infrastructure	6,428	5,481
Rural distribution infrastructure	15,389	15,342
Service concession assets	893	893
Energy assets	123	110
Plant, equipment and vehicles	1,381	1,283
Intangibles	239	295
Right-of-use assets	47	67
Total depreciation and amortisation expenses	**41,161**	**39,835**

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

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

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

Asset Class	Useful Life Years
Land	Indefinite
Buildings	10 - 50
Fixtures and fittings	5 - 40
Urban water infrastructure	10 - 350
Wastewater infrastructure	10 - 350
Headworks infrastructure	15-350 & Indefinite
Embankment excavation	15-350 & Indefinite
Earthern embankment	15-350 & Indefinite
Tunnel excavation	15-350 & Indefinite
Rural distribution infrastructure	10 - 350
Service concession assets	10 - 80
Energy assets	10 - 50
Plant, equipment and vehicles	3 - 50
Intangible assets - other than water entitlements	2 - 25
Intangible assets - water entitlements	Indefinite
Investment properties	N/A
Right-of-use assets	1 - 25

Indefinite life assets
Land is considered to have an indefinite life and does not depreciate. 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 property, plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired. Whilst the potential risks and related opportunities from climate related change are considered as part of GWMWater'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 GWMWater's principal activities, particularly from an asset impairment standpoint.

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

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

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

The recoverable amount of specialised non-cash-generating assets which are held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13 *Fair Value Measurement*.

4.3 Investment properties

Investment properties represent properties held to earn rentals or for capital appreciation or both, but exclude properties held to meet service delivery objectives of GWMWater.

Investment properties are initially recognised at cost. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefits, in excess of the originally assessed performance of the asset, will flow to GWMWater. Where an investment property is acquired at no cost or for nominal consideration, its cost shall be deemed to be its fair value as at the date of acquisition.

Subsequent to initial recognition at cost, investment properties are revalued to fair value with changes in the fair value recognised as revenue or expenses in the period that they arise. These properties are not depreciated nor tested for impairment.

An independent valuation of GWMWater's investment properties was performed by VGV, to determine the fair value. This conforms to Australian Valuation Standards, and was based on independent assessments with an effective date 30 June 2023. GWMWater obtains independent valuations for its investment properties annually.

GWMWater has four investment properties; all investment properties were valued using market evidence to ascertain fair value. Fair value of investment properties are classified as level 2 in accordance with AASB Standards. Inputs such as sales evidence and unit of value on a comparative basis ($ per m2), were used to evaluate these properties.

Rental revenue from the leasing of investment properties is recognised in the Comprehensive Operating Statement in the periods in which it is receivable, as this represents the pattern of service rendered through the provision of the properties.

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	Carrying Amount	Fair Value Measurement at end of reporting period using:		
		Level 1	Level 2	Level 3
2022/23	**$'000**	**$'000**	**$'000**	**$'000**
Investment properties	964	-	964	-
Total fair value measurement of assets	**964**	**-**	**964**	**-**
2021/22				
Investment properties	1,059	-	1,059	-
Total fair value measurement of assets	**1,059**	**-**	**1,059**	**-**

	2022/23	2021/22
	$'000	**$'000**
Balance at beginning of financial year	1,059	868
Transfer to Land	(200)	-
Revaluation uplift	105	191
Balance at end of financial year	964	1,059

4.4 Intangible assets

	Opening Value	Additions	Disposals	Transfer	Amortisation	Closing Balance
2022/23	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Intangible assets						
Water entitlements	6,706	-	-	-	-	**6,706**
Software	150	66	-	363	(177)	402
Native Vegetation Offsets	177	-	(33)	6	-	150
Other – technical assessments	468	294	-	(369)	(62)	331
Total intangible assets	**7,501**	**360**	**(33)**	**-**	**(239)**	**7,589**
2021/22						
Intangible assets						
Water entitlements	6,706	-	-	-	-	6,706
Software	323	18	-	-	(191)	150
Native Vegetation Offsets	178	-	(1)	-	-	177
Other – technical assessments	572	-	-	-	(104)	468
Total intangible assets	**7,779**	**18**	**(1)**	**-**	**(295)**	**7,501**

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. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

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

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

Subsequent measurement

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

	Water Share Entitlements	***Software Costs***	***Other***
Useful lives	Indefinite	2-25 years	2-25 years
Amortisation method used	Not amortised	Straight line	Straight line
Internally generated/acquired	Acquired	Acquired	Internally generated and acquired
Impairment test/Recoverable amount testing	Annually and where an indicator of impairment exists	Annually and where an indicator of impairment exists	Annually and where an indicator of impairment exists

Permanent water entitlements

Permanent water entitlements purchases are treated as an intangible asset on the Balance Sheet at cost (in accordance with AASB 138 *Intangible Assets* and FRD 109 *Intangible Assets*), and will not be subject to amortisation or revaluation, as permanent water entitlements have an indefinite life. Permanent entitlements will be 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 the above table.

4.5 Net gain/(loss) in disposal of non-current assets

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

	2022/23	**2021/22**
	$'000	**$'000**
Proceeds on disposal of non-financial assets	385	823
Less written down value on disposal	(946)	(2,013)
Total net (loss) in disposal of non-current assets	**(561)**	**(1,190)**

5 OTHER ASSETS AND LIABILITIES

Introduction

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

5.1 Receivables

	2022/23 $'000	2021/22 $'000
Receivables - current		
Contractual receivables		
Service and usage charges debtors	10,725	10,402
Pensioner debtors	34	40
Other debtors	911	1,930
Allowance for expected credit losses	(335)	(677)
Statutory receivables		
GST receivable	508	271
Total receivables - current	**11,843**	**11,966**
Receivables - non-current		
Contractual receivables		
Sewerage schemes	778	1,007
Total receivables - non-current	**778**	**1,007**
Total receivables	**12,621**	**12,973**

Receivables consist of:

Expense	Initial measurement	Subsequent measurement
Contractual receivables (other receivables and loans)	Recognised at fair value plus any directly attributable transaction costs. GWMWater holds contractual receivables with the objective of collecting the contractual cash flows.	Classified as a financial instrument and measured at amortised cost, less any expected credit loss.
Service and usage charges debtors	Measured at transaction price, unless they contain a significant financing component, when they are recognised at fair value. GWMWater 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.	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.

5.1.1 Impairment of contractual receivables

GWMWater applies the AASB 9 simplified approach to measure expected credit losses (ECL) which uses a lifetime expected loss allowance for contractual and statutory receivables.

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

2022/23	Current $000	1-3 Months $'000	3 months -1 year $'000	Greater than 1 year $'000	Total $'000
Expected loss rate	0.01%	0.09%	1.28%	5.88%	
Gross carrying amount - rates and charges	495	2,329	2,924	5,011	10,759
Loss allowance	0	(2)	(37)	(295)	(334)
2021/22					
Expected loss rate	0.27%	0.75%	0.84%	13.66%	
Gross carrying amount - rates and charges	2,206	898	2,636	4,702	10,442
Loss allowance	(6)	(7)	(22)	(642)	(677)

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, and the failure of a debtor to engage in a repayment plan.

Loss allowance on receivables from service and usage charges are presented in administrative and other operating expenses within the Consolidated Comprehensive Operating Statement.

No interest is charged for the first 28 days from the invoice date. Thereafter, interest is charged at 4 per cent on the outstanding balance. The average credit period for sales of goods / services and for other receivables is 74 days. There are no material financial assets that are individually determined to be impaired.

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

5.2 Contract Assets

	2022/23 $'000	2021/22 $'000
Accrued revenue	3,760	4,207
Total contract assets	**3,760**	**4,207**

Contract asset	Description	Recognition
Contract assets relating to service and usage charges - Accrued revenue	Accrued revenue is recognised for water and sewage usage as well as other works and services that have been provided to customers at balance date but not yet invoiced.	Usage charges are all recognised as revenue when the service has been provided. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when GWMWater issues an invoice to the customer.

5.3 Payables

	2022/23 $'000	2021/22 $'000
Contractual payables		
General creditors	318	730
Accrued expenditure	9,544	4,492
Other payables	786	662
Total payables - current	**10,648**	**5,884**

Payables	Description	Recognition
Contractual payables	Liabilities for goods and services provided to GWMWater prior to the end of the financial year that are unpaid.	Classified as financial instruments and measured at amortised cost.

Payables are unsecured and are usually paid within 28 days of recognition. 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.

5.3.1 Ageing analysis of contractual payables

	Carrying amount	Nominal amount	Maturity Date			
			Less than 1 Month	1-3 Months	3 months - 1 year	Greater than 1 year
2022/23	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
General creditors	318	318	318	-	-	-
Accrued expenses	9,544	9,544	9,544	-	-	-
Other payables	786	786	481	-	304	1
	10,648	**10,648**	**10,343**	**-**	**304**	**1**
2021/22						
General creditors	730	730	730	-	-	-
Accrued expenses	4,492	4,492	4,492	-	-	-
Other payables	662	662	542	-	119	1
	5,884	**5,884**	**5,764**	**-**	**119**	**1**

5.4 Contract Liabilities

	2022/23 $'000	2021/22 $'000
Service usage charges - customer paid in advance	1,909	1,820
Contributions - unearned income	15	30
Grants received in advance	726	1,862
Total current contract liabilities	**2,650**	**3,712**

Contract liabilities	Description	Recognition
Contract liabilities relating to service usage charges - Customers paid in advance	Payments received in advance of the provision of goods or services or performance obligation yet to be performed by GWMWater to settle the terms of receipt of income.	Recognised as revenue, once it has performed the performance obligations associated with the payments.
Contract liabilities relating to contributions - Unearned Income	Payments received for developer contributed assets, new customer contributions and application fees in the reporting period, 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/grants	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

	2022/23 $'000	2021/22 $'000
Maintenance stock	2,503	2,360
Total inventories	**2,503**	**2,360**

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.

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.

6 HOW WE FINANCED OUR OPERATIONS

Introduction

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

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

6.1 Interest bearing liabilities

	2022/23 $'000	2021/22 $'000
Current interest bearing liabilities		
Borrowings - current (i)	9,500	11,500
Financial liabilities – Service concession arrangements	1,085	1,085
Total current interest bearing liabilities	**10,585**	**12,585**
Non-current interest bearing liabilities		
Borrowings - non-current (i)	116,400	96,500
Finance liabilities – Service concession arrangements	2,937	4,022
Total non-current interest bearing liabilities	**119,337**	**100,522**
Total interest bearing liabilities	**129,922**	**113,107**

(i) Borrowings from Treasury Corporation Victoria (TCV) for the year ended 30 June 2023 is $125,900,000 (30 June 2022 $108,000,000). These borrowings are secured by the Victorian Government.

Interest bearing liabilities are initially recognised at the fair value of the consideration received less directly attributable transaction costs. Financial liabilities – service concession arrangements are measured initially at the fair value (current replacement cost) of the service concession asset, adjusted for any other consideration between GWMWater and the operator. 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 Consolidated Comprehensive Operating Statement over the period of the interest-bearing liabilities, using the effective interest method.

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

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6.1.1 Maturity analysis of interest bearing liabilities

2022/23	Carrying amount $'000	Nominal amount $'000	Maturity Date: Less than 1 Month $'000	1-3 Months $'000	3 months - 1 year $'000	1 - 20 years $'000
Borrowings – TCV	125,900	125,900	-	4,500	5,000	116,400
Financial liabilities - Service concession arrangements	4,022	4,022	96	194	795	2,937
	129,922	**129,922**	**96**	**4,694**	**5,916**	**119,216**
2021/22						
Borrowings – TCV	108,000	108,000	-	6,000	5,500	96,500
Financial liabilities – Service concession arrangements	5,107	5,107	86	174	825	4,022
	113,107	**113,107**	**86**	**6,174**	**6,325**	**100,522**

6.1.2 Interest expenses

	2022/23 $'000	2021/22 $'000
Interest paid/payable	4,373	4,274
Financial accommodation levy	1,274	1,350
Interest on financial liabilities – service concession arrangements/leases	361	438
Total interest expenses	**6,008**	**6,062**

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 and lease charges.

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

Financial accommodation levy

When GWMWater carries borrowings in excess of $5 million it is obligated to pay to the Victorian Government a Financial Accommodation Levy (FAL).

The amount of the levy is based on the credit risk of GWMWater relative to the State of Victoria as assessed by an independent ratings agency. FAL rates had been capped at 110 basis points for the period 1 July 2008 to 30 June 2013. From 1 July 2013 FAL margins reverted to market based rates which are applied to all financial accommodation accessed from Treasury Corporation Victoria (TCV).

After a Department of Treasury and Finance (DTF) desk top review for 2022/23, FAL incurred by GWMWater was 63 basis points (2021/22 64 basis points) and is accounted for as a borrowing cost for the purpose of presentation in general purpose financial statements.

6.2 Leases

Information about leases for which GWMWater is a lessee is presented below:

GWMWater's leasing activities

GWMWater leases various properties and IT equipment. The lease contracts are typically made for fixed periods of one to ten years with an option to renew the lease after that date. Lease payments for properties are renegotiated regularly to reflect market rentals.

Leases of IT equipment with contract terms are either short-term and or/leases of low-value items. GWMWater has elected not to recognise right-of-use assets and lease liabilities for these leases.

Contracts may contain both lease and non-lease components. GWMWater allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Right-of-use assets are initially measured at cost comprising the following:
- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term. Where GWMWater obtains ownership of the underlying leased asset or if the cost of the right-of-use asset reflects that the entity will exercise a purchase option, the entity depreciates the right-of-use asset over its useful life. While GWMWater revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by GWMWater.

GWMWater applies the fair value model in AASB 140 *Investment Property* to its investment property, including right-of-use assets that meet the definition of investment property in AASB 140.

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

Extension and termination options

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

Residual value guarantee

To optimise lease costs during the contract period, GWMWater sometimes provides residual value guarantees in relation to equipment leases.

Critical judgements in determining the lease term

In determining the lease term, GWMWater considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment.

Definition of a lease

A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition GWMWater assesses whether the contract meets three key evaluations:

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

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

Separation of lease and non-lease components

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

Lease liabilities

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

Lease payments included in the measurement of the lease liability comprise the following:
- fixed payments (including in-substance fixed payments) less any lease incentive receivable;
- variable payments based on an index or rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- payments arising from purchase and termination options reasonably certain to be exercised; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

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

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

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

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

GWMWater is exposed to future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities. This includes exposure arising from:
- variable lease payments;
- extension options and termination options; and
- residual value guarantees.

6.2.1 Right-of-use assets

	2022/23 $'000	2021/22 $'000
Carrying amount as at 1 July at cost	79	146
Depreciation expense	(47)	(67)
Carrying amount at end of year	**32**	**79**
Total as at 30 June represented by:		
Cost	294	294
Less: Accumulated depreciation	262	215
Carrying amount at end of year	**32**	**79**

6.2.2 Amounts recognised in the Statement of Comprehensive Statement

The following amounts are recognised in the Statement of Comprehensive Operating Statement relating to leases.

	2022/23 $'000	2021/22 $'000
Interest on lease liabilities	14	14
Depreciation on ROU Assets	47	67
Total	**61**	**81**

6.2.3 Lease liabilities recognised in the Balance Sheet

The balance sheet shows the following amounts relating to leases.

	2022/23 $'000	2021/22 $'000
Current	18	42
Non-Current	94	6
Total lease liabilities	**112**	**48**

6.2.4 Amounts recognised in the Statement of Cash Flows

The following amounts are recognised in the Statement of Cashflows relating to leases.

	2022/23 $'000	2021/22 $'000
Total cash outflow for leases	39	113

6.3 Service concession arrangements

GWMWater sometimes enters into arrangements with private 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).

In 1999 GWMWater entered into a Water Treatment Services Agreement (WTSA) with Aquatower Pty Ltd to provide water treatment services to Ararat, Stawell, Halls Gap, Great Western and Pomonal.

The WTSA relates to the construction of four water treatment plants on a Build Own Operate/Transfer (BOOT) basis. The contract term for the WTSA is 25 years. Under the contract, the GWMWater will pay a volumetric charge for water treated as metered at the point of delivery to GWMWater's reticulation system. At the end of the 25 year period, ownership of the water treatment plants reverts to the GWMWater for one dollar.

Under the WTSA the assets are accounted as Service Concession Arrangement as the ownership of the assets will transfer to GWMWater at the end of the contract and GWMWater has control of the public services provided by Aquatower. Toll payments under the agreement are based solely on the volume of water treated and toll reductions apply for excursions from agreed water quality parameters. The risks assumed by the contractor under the agreement include raw water supply risk, demand risk, raw water quality risk and risk of technical obsolescence.

Beijing Enterprises Water Group International Pte Ltd, a Singaporean wholly owned subsidiary of Beijing Enterprises Water Group Limited, purchased all of the issued shares of Aquatower Pty Ltd on 5 September 2017. This transaction was not finalised until early 2018 as all the entities that held a contract with Aquatower were required to consent. GWMWater forwarded its consent on 18 January 2018.

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

GWMwater uses the 'financial liability' model, the Entity 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.

GWMWater 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 4.1.1 for SCA assets).

However, when GWMWater 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, GWMWater will determine if the liability represents a Financial liability. Where 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 Interest bearing liabilities for the amounts disclosed as financial liability.

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

The table below illustrates commitments for service concession arrangements – water treatment service agreement.

	Minimum future financial payments		Present value of minimum future financial payments	
	2022/23	2021/22	2022/23	2021/22
	$'000	$'000	$'000	$'000
Less than 1 year	1,467	1,432	1,206	1,085
Between 1 year and 5 years	3,043	4,510	2,816	4,022
Over 5 years	-	-	-	-
Minimum financial payments	**4,510**	**5,942**	**4,022**	**5,107**
Less future interest charged in accounts	(488)	(835)	-	-
Total future financial liabilities payments	**4,022**	**5,107**	**4,022**	**5,107**
Representing financial liabilities – Service concession arrangements				
Current			1,206	1,085
Non-current			2,816	4,022
Total financial liabilities			**4,022**	**5,107**

6.4 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.

	2022/23 $'000	2021/22 $'000
Cash at bank	19,128	3,579
Short - term deposits	1,142	928
Balance as per cash flow statement	**20,270**	**4,507**

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

	2022/23 $'000	2021/22 $'000
Net result for the year before tax	(13,378)	(12,402)
Non-cash movements:		
Assets acquired for nil consideration	(1,245)	(1,512)
Depreciation and amortisation	41,161	39,835
(Gain)/loss on disposal of fixed assets	561	1,190
(Gain)/loss on revaluation of investment properties	(105)	(191)
Increase/(decrease) in allowance for credit loss	(342)	83
Change in assets and liabilities:		
(Increase)/decrease in receivables	694	(1,012)
(Increase)/decrease in contract assets	447	(1,222)
(Increase)/decrease in prepayments	(181)	(4)
Increase/(decrease) in operating payables	1,188	(207)
Increase/(decrease) in employee provisions	96	(490)
Increase/(decrease) in contract liabilities	(1,062)	1,702
Increase/(decrease) in inventory	(143)	(285)
Increase/(decrease) in tax liabilities	(5,868)	(5,336)
	21,823	**20,149**

6.5 Total Commitments Payable

2022/23	Less than1 year $'000	Between 1and 5 years $'000	Over 5 years $'000	Total $'000
Service concession	1,206	2,816	-	4,022
Capital commitments	12,898	154	-	13,052
Other commitments	1,625	585	-	2,210

2021/22	Less than1 year $'000	Between 1and 5 years $'000	Over 5 years $'000	Total $'000
Service concession	1,085	4,022	-	**5,107**
Capital commitments	11,990	-	-	**11,990**
Other commitments	4,093	3,778	315	**8,186**

6.5.1 Capital commitments

	2022/23 $'000	2021/22 $'000
East Grampians rural pipeline	534	899
Dimboola WTP Capacity Upgrade	2,762	-
Horsham SmartWater Integrated Water Transfer System	1,590	-
Design, Construction of the Kaniva Facility Site & Pipeline	1,107	-
Ultima drinking water quality upgrade	-	271
Decommissioning of road structures	490	490
Behind the meter solar installations	-	707
Horsham Wastewater Treatment -DAF Plant	937	-
Ararat Reclaimed Water Supply Network Upgrades	403	-
Ouyen and Underbool WTP upgrades	-	2,636
Elmhurst drinking water upgrade	909	2,290
Lake Fyans Embankment Upgrade	-	1,748
Horsham sewer pump station	1,073	1,269
Mt. Cole pipeline renewal	-	510
Water main renewals	405	1,006
Other works	2,842	164
Total capital commitments	**13,052**	**11,990**

These commitments are recorded at their nominal value and inclusive of GST. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the Consolidated Balance Sheet.

7 RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

Introduction
GWMWater 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 GWMWater related mainly to fair value determination.

7.1 Interest bearing liabilities

Introduction

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

These financial instruments include:

Financial assets	*Financial liabilities*
Cash and deposits	Payables:
Receivables (excluding statutory receivables)	For supplies and services
Term deposits	Other payables
	Interest bearing liabilities:
	Borrowings
	Service concession liability
	Lease liabilities

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

Categories of financial instruments

Financial instrument	Initial measurement	Subsequent measurement
Financial assets at amortised cost		
Financial assets include: • receivables • cash and deposits; and • term deposits;	Fair value plus or minus any directly attributable transaction costs	Amortised cost only using the effective interest rate method less impairment if both of the following criteria are met: • 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) • Service Concession arrangements and; • Borrowings (including lease liabilities) .	Fair value plus or minus any directly attributable transaction costs	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

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Offsetting financial instruments

Financial instrument assets and liabilities are offset, and the net amount presented in the consolidated balance sheet when, and only when, GWMWater 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 GWMWater does not have a legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as default, insolvency or bankruptcy, they are reported on a gross basis.

Derecognition of financial assets and liabilities

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

- the rights to receive cash flows from the asset have expired; or
- GWMWater 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
- GWMWater 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 GWMWater has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of GWMWater'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, GWMWater assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

GWMWater records the allowance for expected credit loss for the relevant financial instruments applying AASB 9's Expected Credit Loss approach. Subject to AASB 9's impairment assessment includes GWMWaters contractual receivables, statutory receivables and its investment in debt instruments. Although not a financial asset, contract assets recognised applying AASB 15 (refer to Note 7.3.1 Fair value of financial instruments measured at amortised cost) are also subject to impairment however it is immaterial. Equity instruments are not subject to impairment under AASB 9. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

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

7.1.1.2 Interest rate risk and exposure of contractual financial liabilities

2022/23	Carrying amount $'000	Weighted average effective interest rate	Interest rate risk -1% Result $'000	Interest rate risk -1% Equity $'000	Interest rate risk +1% Result $'000	Interest rate risk +1% Equity $'000	Interest rate exposure Fixed interest rate $'000	Interest rate exposure Variable interest rate $'000	Interest rate exposure Non-interest bearing $'000
Financial liability									
General creditors	318	0.0%	-	-	-	-	-	-	318
Borrowings – TCV	125,900	3.7%	1,259	1,259	(1,259)	(1,259)	125,900	-	-
Finance liabilities – Service concession arrangement	4,022	7.5%	-	-	-	-	4,022	-	-
Accrued expenditure	9,544	0.0%	-	-	-	-	-	-	9,544
Other payables	786	0.0%	-	-	-	-	-	-	786
	140,570						**129,922**		**10,648**
2021/22									
General creditors	730	0.0%	-	-	-	-	-	-	730
Borrowings – TCV	108,000	3.8%	1,080	1,080	(1,080)	(1,080)	108,000	-	-
Finance liabilities –Service concession arrangement	5,107	7.5%	-	-	-	-	5,107	-	-
Accrued expenditure	4,492	0.0%	-	-	-	-	-	-	4,492
Other payables	662	0.0%	-	-	-	-	-	-	662
	118,991	0.0%	-	-	-	-	**113,107**	**-**	**5,884**

7.1.1 Financial instruments: Categorisation

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

7.1.1.1 Interest rate risk and exposure of contractual financial assets

2022/23	Carrying amount $'000	Weighted average effective interest rate	Interest rate risk -1% Result $'000	Interest rate risk -1% Equity $'000	Interest rate risk +1% Result $'000	Interest rate risk +1% Equity $'000	Interest rate exposure Fixed interest rate $'000	Interest rate exposure Variable interest rate $'000	Interest rate exposure Non-interest bearing $'000
Financial assets									
Cash and cash equivalents ^	20,270	4.06%	(202)	(202)	202	202	-	20,270	-
Rates and charges debtors *	10,390	0.00%	-	-	-	-	-	-	10,390
Pensioner rebate debtors	34	0.00%	-	-	-	-	-	-	34
Other debtors	911	0.00%	-	-	-	-	-	-	911
Private schemes	778	3.26%	-	-	-	-	778	-	-
Accrued income	3,760	0.00%	-	-	-	-	-	-	3,760
	36,143						**778**	**20,270**	**15,095**
2021/22									
Cash and cash equivalents ^	4,507	1.60%	(45)	(45)	45	45	-	4,505	2
Rates and charges debtors *	9,725	0.00%	-	-	-	-	-	-	9,725
Pensioner rebate debtors	40	0.00%	-	-	-	-	-	-	40
Other debtors	1,930	0.00%	-	-	-	-	-	-	1,930
Private schemes	1,007	4.1%	-	-	-	-	1,007	-	
Accrued income	4,212	0.00%	-	-	-	-	-	-	4,212
	21,421						**1,007**	**4,505**	**15,909**

** Rates and charges debtors are net of provisions.*

^ All Cash and cash equivalents are held in financial institutions with an AAA credit quality rating.

7.1.2 Financial risk management objectives and policies

GWMWater's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. As a whole, GWMWater'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 GWMWater's financial risks within the government policy parameters. GWMWater's main financial risks include credit risk, liquidity risk and interest rate risk.

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

GWMWater'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 bad debts is not significant.

The group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all receivables. Refer to section 5.1.1

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

Except as otherwise detailed in section 7.3.1 Contingent assets, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents GWMWater's maximum exposure to credit risk without taking account of the value of any collateral obtained.

GWMWater is continuously monitoring and assessing its credit risk profile due to the current economic impacts affecting customers. As a result, GWMWater has adjusted the credit risk profile in assessing the expected loss allowance in 2022-23 (refer to Note 5.3.1 Ageing analysis of contractual payables.).

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

Climate related risk
Climate change is a risk to GWM Water. 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.

GWMWater will further enhance the understanding of exposure of climate change risk in the process of executing the GWMWater's climate change action plan over the next 5 years. As at 30 June 2023, the Directors considered climate-related risk in the preparation of the financial statements.

Liquidity risk

Liquidity risk arises from being unable to meet financial obligations as they fall due. GWMWater'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.

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GWMWater 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.

GWMWater 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;
- holding investments and other contractual financial assets that are readily tradeable in the financial markets;
- 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).

GWMWater's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Cash for unexpected events is generally sourced from liquidation of available-for-sale financial investments.

Market risk

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

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

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

(a) Interest rate risk

GWMWater's exposure to market interest rates relates primarily to GWMWater's long-term interest-bearing liabilities and funds invested on the money market. The interest rate on GWMWater's long-term interest-bearing liabilities is fixed and therefore GWMWater is not exposed to any material interest rate risk.

(b) Foreign exchange risk

GWMWater has no exposure to changes in the foreign exchange rate.

(c) Other price risk

GWMWater has no significant exposure to other price risk.

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7.2 Contingent assets and contingent liabilities

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

7.2.1 Contingent assets

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

As at 30 June 2023 there are no known contingent assets.

7.2.2 Contingent liabilities

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- present obligations that arise from past events but are not recognised because:
  - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations; or
  - the amount of the obligations cannot be measured with sufficient reliability.

As at 30 June 2023 there are no known contingent liabilities.

7.3 Fair value determination

This section sets out information on how GWMWater 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;
- available-for-sale financial assets;
- 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.

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

Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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For the purpose of fair value disclosures, GWMWater has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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

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 2023 $'000	Fair value 2023 $'000	Carrying amount 2022 $'000	Fair value 2022 $'000
Financial liabilities				
Lease liabilities	112	112	48	48
Service concession financial liability	4,022	4,022	5,107	5,107
Loans from TCV	125,900	125,900	108,000	108,000

The carrying amount of financial assets as stated in 7.1.1 are equivalent to their fair value.

7.3.2 Fair value determination: non-financial physical assets

Fair value measurement hierarchy for assets as at 30 June

	Carrying Amount	Fair Value Measurement at end of reporting period using:		
		Level 1	Level 2	Level 3
2022/23	**$'000**	**$'000**	**$'000**	**$'000**
Land - specialised	55,267	-	-	55,267
Buildings - specialised	6,592	-	-	6,592
Fixtures and fittings	446	-	-	446
Infrastructure - urban water	452,494	-	-	452,494
Infrastructure - wastewater	171,758	-	-	171,758
Infrastructure - headworks	672,388	-	-	672,388
Infrastructure - rural distribution	846,172	-	-	846,172
Service concession assets	17,922	-	-	17,922
Energy assets	3,277	-	-	3,277
Plant and equipment	3,382	-	-	3,382
Vehicles	2,981	-	2,981	-
Total Fair value measurement of assets	**2,232,679**	**-**	**2,981**	**2,229,698**
2021/22				
Land - specialised	55,070	-	-	55,070
Buildings - specialised	6,488	-	-	6,488
Fixtures and fittings	466	-	-	466
Infrastructure - urban water	408,131	-	-	408,131
Infrastructure - wastewater	152,966	-	-	152,966
Infrastructure - headworks	607,123	-	-	607,123
Infrastructure - rural distribution	767,248	-	-	767,248
Service concession assets	16,447	-	-	16,447
Energy assets	2,743	-	-	2,743
Plant and equipment	2,870	-	-	2,870
Vehicles	2,994	-	2,994	-
Total fair value measurement of assets	**2,022,546**	**-**	**2,994**	**2,019,552**

Capital work in progress are also level 3 assets at fair value and are disclosed in Note 4.1.1

There have been no transfers between levels during the period.

The Valuer-General Victoria (VGV) is GWMWater's independent valuation agency in relation to valuation of property, plant and equipment and infrastructure.

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

Although it is intended that asset valuations will be based on a five year cycle, FRD 103I *Non financial physical assets* 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 valuations.

Management performs interim valuations when the change is less than 40% and greater than 10% and triggers for FRD103 are met. GWMWater conducted an assessment at 30 June 2023, and on the basis of the review of indices and other fair value indicators, material movement was identified, a revaluation of headworks, renewable energy, rural distribution, urban water, wastewater infrastructure assets (percentage increase of 12.44% and 15.22% for pipelines, dams/reservoirs, channels and all other assets respectively)

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was necessary resulting in revaluation increment of $236 million and a revaluation of buildings (percentage increase of 11.39%) resulting in revaluation increment of $0.5 million.

Non -specialised land and non-specialised buildings

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

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

Specialised land and specialised buildings

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

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

For the majority of GWMWater'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 GWMWater's specialised land and specialised buildings was performed by the Valuer General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation was 30 June 2021.

Vehicles

Vehicles are valued at level two, using the replacement cost method. GWMWater 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 active market, is managed by experienced fleet managers at GWMWater who set relevant depreciation rates during use to reflect the utilisation of the vehicles.

Plant and equipment

Plant and equipment is held at fair value. When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the current replacement cost method. As plant and equipment are specialised in nature and modified to meet our requirements, fair value is measured at level three. There were no changes in valuation techniques throughout the period to 30 June 2023.

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

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.

Property, plant, equipment and infrastructure

7.3.3 Reconciliation of level 3 fair value movements

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

	Land Specialised	Buildings Specialised	Fixtures and Fittings	Infrastructure Urban Water	Infrastructure Waste Water	Infrastructure Headworks	Infrastructure Rural Distribution	Service concession assets	Energy assets	Plant and Equipment
2022/23	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Opening balance	55,070	6,488	466	408,131	152,966	607,123	767,248	16,447	2,743	5,864
Additions/(disposals)	(31)	38	28	5,342	4,224	909	938	-	264	1,889
Transfer between financial classes	228	(29)	9	461	6	-	(469)	-	-	(9)
Gains or losses recognised in net result										
Depreciation	-	(383)	(57)	(11,171)	(5,050)	(6,428)	(15,389)	(893)	(123)	(1,381)
Impairment loss	-	-	-	-	-	-	-	-	-	-
Subtotal	*55,267*	*6,114*	*446*	*402,763*	*152,146*	*601,604*	*752,328*	*15,554*	2,884	*6,363*
Revaluation	-	478	-	49,731	19,612	70,784	93,844	2,368	393	-
Subtotal	-	*478*	-	*49,731*	*19,612*	*70,784*	*93,844*	*2,368*	*393*	-
Closing balance	**55,267**	**6,592**	**446**	**452,494**	**171,758**	**672,388**	**846,172**	**17,922**	3,277	**6,363**
2021/22										
Opening balance	46,874	6,468	512	416,395	156,369	611,229	783,705	17,340	-	2,606
Additions (disposals)	(5)	174	112	2,752	1,469	1,369	(1,115)	-	2,853	1,402
Transfers between financial classes	-	-	(103)	(6)	9	6	-	-	-	94
Gains or losses recognised in net result										
Depreciation	-	(418)	(55)	(11,010)	(4,881)	(5,481)	(15,342)	(893)	(110)	(1,108)
Impairment loss	-	-	-	-	-	-	-	-	-	-
Subtotal	*46,869*	*6,224*	*466*	*408,131*	*152,966*	*607,123*	*767,248*	*16,447*	*2,743*	*2,994*
Revaluation	8,201	264	-	-	-	-	-	-	-	-
Subtotal	*8,201*	*264*	-	-	-	-	-	-	-	-
Closing balance	**55,070**	**6,488**	**466**	**408,131**	**152,966**	**607,123**	**767,248**	**16,447**	**2,743**	**2,994**

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 GWMWater's water and sewer infrastructure was carried out by Price Waterhouse Coopers Tangible Asset Valuations and Advisory Services 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 assumptions applied to the valuations have been reviewed state-wide by VicWater, VGV and internally by GWMWater infrastructure and finance. The cost approach was used as the valuation technique, which reflects the amount that would be required currently to replace the service capacity of an asset.

Service concession assets

Service concession assets are valued using the current replacement cost method adjusted for the associated depreciation. Service concession assets are classified as level 3 fair value measurements as they contain significant unobservable inputs and adjustments.

Description of significant unobservable inputs to Level 3 valuations for 2022 and 2023

Asset Class	Examples of Types of Assets	Valuation Technique	Significant Inputs (Level 3 Only)
Specialised land	• Land subject to restriction as to use and/or sale • Land in areas where there is not an active market	Market Approach	• CSO Adjustments
Specialised buildings	• Specialised buildings with limited alternative uses and/or substantial customisation e.g. water treatment plant, water pump stations etc.	Current Replacement Cost	• Cost per square metre • Useful life
Fixtures and fittings	• Specialised items with limited alternative uses and/or substantial customisation	Current Replacement Cost	• Cost per square metre/unit • Useful life
Plant and equipment	• Specialised items with limited alternative uses and/or substantial customisation	Current Replacement Cost	• Cost per metre/unit • Useful life
Waste water infrastructure	• Waste water mains • Waste water treatment plants • Sewer pump stations	Current Replacement Cost	• Cost per unit/metre • Useful life
Urban water infrastructure	• Water mains • Water treatment plants • Water pump stations • Water bores • Water storages	Current Replacement Cost	• Cost per unit/metre • Useful life
Rural distribution infrastructure	• Pipeline • Channels and structures • Water (distribution) pump stations • Water bores • Water storages • Recycled water mains	Current Replacement Cost	• Cost per unit/metre • Useful life
Headworks infrastructure	• Major structures • Storages • Headworks channels and structures • Water pump stations • Water bores • Water storages	Current Replacement Cost	• Cost per unit/metre • Useful life
Service concession assets	• Water Treatment Service Agreement (WTSA)	Current Replacement Cost	• Cost per unit/metre • Useful life
Energy assets	• Solar panels • Specialised items with limited alternative uses and/or substantial customisation	Current Replacement Cost	• Cost per unit • Useful life

8 STATUTORY OBLIGATIONS

Introduction

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

8.1 Tax

GWMWater is subject to the National Tax Equivalent Regime (NTER), which is administered by the Australian Taxation Office (ATO). 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.

8.1.1 Income tax

The income tax expense for the financial year differs from the amount calculated on the net result. The differences are reconciled as follows:

	2022/23 $'000	2021/22 $'000
Components of tax revenue		
Income tax on profit before tax	5,868	5,336
Income tax revenue disclosed in Income Statement	**5,868**	**5,336**
Deferred income tax expense included in income tax expense comprises:		
(Decrease)/increase in deferred tax liabilities	(5,868)	(5,336)
	(5,868)	**(5,336)**
Reconciliation of income tax to prima facie tax payable		
Net result before income tax expense	(19,246)	(17,738)
Tax at the Australian tax rate of 30% (2021/22: 30%)	5,774	5,321
Adjustment in respect of income tax of previous year	94	15
Income tax on profit before tax	**5,868**	**5,336**
Tax expense (relating to items of other comprehensive income)		
Gain/(loss) on revaluation of property, plant, equipment and infrastructure	71,163	2,540

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 at balance date. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

GWMWater's deferred tax liabilities exceed the level of deferred tax assets and therefore a net deferred tax liability has been disclosed in the Balance Sheet.

Current and deferred tax is recognised in the Consolidated Comprehensive Operating Statement, except to the extent that it relates to items recognised in other Comprehensive Income or directly in Equity.

	2022/23 $'000	2021/22 $'000
The balance comprises (tax effect) of temporary differences in tax book attributable to:		
Amounts recognised in the comprehensive operating statement		
Cumulative tax losses	(142,859)	(140,898)
Depreciation	44,042	48,027
Provisions	(2,332)	(2,403)
Other net deferred tax liabilities/(assets)	(24)	-
	(101,173)	**(95,274)**
Amounts recognised directly in equity		
Revaluation of property, plant, equipment and infrastructure	363,211	292,017
Net deferred tax liabilities	**262,038**	**196,743**
Movements:		
Opening balance at 1 July	196,743	199,541
(Credited)/debited to the comprehensive operating statement	(5,868)	(5,336)
(Credited)/debited to other comprehensive income	71,163	2,538
Closing balance at 30 June	**262,038**	**196,743**
Deferred tax liabilities to be recovered within 12 months	-	-
Deferred tax liabilities to be recovered after more than 12 months	**262,038**	196,743

8.2 Environmental contributions

	2022/23 $'000	2021/22 $'000
Total environmental contribution levy	2,601	2,601

The Water Industry (Environmental Contributions) Act 2004 (the Act) amended the Water Industry Act 1994 to make provision for environmental contributions to be paid by water authorities. The Act establishes an obligation for authorities to pay into a consolidated fund annual 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 until 30 June 2024.

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.

GWMWater has a statutory obligation to pay an environmental contribution to the Department of Energy, Environment and Climate Action. This contribution is recognised as an expense during the reporting period as incurred.

8.2.1 Environmental contribution levy

At 30 June 2023, GWMWater had outstanding environmental contribution commitments, to be paid is follows:

	2022/23 $'000	2021/22 $'000
Not later than 1 year	2,601	2,601
Longer than 1 year and not longer than 5 years	-	2,601
Total environmental contribution levy commitments	**2,601**	**5,202**

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 Equity

Consistent with the requirements of AASB 1004 *Contributions* and FRD 119A *Contributions by Owners* (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of GWMWater.

9.1.1 Contributed capital

	2022/23 $'000	2021/22 $'000
Balance at 1 July	1,267,853	1,265,853
Contributions for Horsham SmartWater project - DEECA	2,720	2,000
Balance at 30 June	**1,270,573**	**1,267,853**

Additions to net assets which have been designated as contributions by owners are recognised as contributed equity. Other transfers that are in the nature of contributions or distributions (capital repatriation) have been recognised in contributed equity.

9.1.2 Asset revaluation reserves

The asset revaluation reserve is used to record the asset revaluation increments and decrements in the value if non-current physical assets.

	2022/23 $'000	2021/22 $'000
Balance at 1 July	681,385	675,460
Gain on revaluation of property, plant, equipment and infrastructure	237,210	8,465
Tax effect on revaluation increment revenue/(expense)	(71,163)	(2,540)
Balance at 30 June	**847,432**	**681,385**

Representing asset revaluation reserves:	2022/23 $'000	2021/22 $'000
Land	33,256	33,255
Buildings	1,711	1,377
Urban water infrastructure	202,341	165,872
Wastewater infrastructure	50,226	36,496
Headworks infrastructure	277,815	228,267
Rural distribution infrastructure	281,809	216,118
Renewable energy	274	-
Balance at 30 June	**847,432**	**681,385**

9.1.3 Accumulated deficit

	2022/23 $'000	2021/22 $'000
Balance at 1 July	(169,235)	(156,833)
Net result for the period after income tax	(13,378)	(12,402)
Balance at 30 June	**(182,613)**	**(169,235)**

9.2 Events occurring after the balance date

No matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of GWMWater, the results of those operations, or the state of affairs of GWMWater in future financial years.

9.3 Responsible persons

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

Name	*Title*	*Period of appointment*
The Hon. Harriet Shing MLC	Minister for Water	Since June 2022
Mr. Peter Vogel	Chairperson of the Board	01 July 2022 - 30 June 2023
Ms. Caroline Welsh	Board of Directors	01 July 2022 - 30 June 2023
Mr. David Jochinke	Board of Directors	01 July 2022 - 30 June 2023
Ms. Elisa De Wit	Board of Directors	01 July 2022 - 30 June 2023
Mr. Andrew Nicolaou	Board of Directors	01 July 2022 - 30 June 2023
Ms. Jennifer Comerford	Board of Directors	01 July 2022 - 30 June 2023
Ms. Judith Holt	Board of Directors	01 July 2022 - 30 June 2023
Mr. Mark Williams	Managing Director/Accountable Officer	01 July 2022 - 30 June 2023

All responsible persons list above are also considered as key management personnel and are included with in Note 9.5 Related parties.

9.3.1 Remuneration of responsible persons

The numbers of responsible persons are shown below in their relevant income bands (excluding the Responsible Minister).

$		$	2022/23 No.	2021/22 No.
0	-	9,999	-	3
20,000	-	29,999	-	1
30,000	-	39,999	6	4
40,000	-	49,999	-	1
70,000	-	79,999	1	1
330,000	-	339,999	1	1
Total			8	11

Total remuneration received or due and receivable to responsible persons from the reporting entity amounted to $622,463 (2021/22 $658,425). The Minister's remuneration is disclosed in the financial statements of the State's Annual financial report

9.4 Remuneration of executives

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

Remuneration comprises employee benefits (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.

Executive remuneration	2022/23 $'000	2021/22 $'000
Short-term benefits	959	975
Post-employment benefits	94	87
Other long-term benefits	25	26
Total remuneration	1,078	1,088
Total number of executive officers	5	5
Total annualised employee equivalent	4	4

The total number of executive officers includes some persons who meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 *Related Party Disclosures* and are also reported within the related parties note disclosure (Note 9.5).

Annualised employee equivalent is based on working 38 ordinary hours per week over the reporting period.

9.5 Related parties

GWMWater is a wholly owned and controlled entity of the State of Victoria. Related parties of GWMWater 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 GWMWater, directly or indirectly, this comprises independent Directors and the Managing Director. Key management personnel (as defined in AASB 124 *Related Party Disclosures*) includes the Portfolio Minister, all Directors listed under responsible persons and senior executive officers in Note 9.3. 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 of Victoria's financial report.

Key management personnel	2022/23 $'000	2021/22 $'000
Short-term benefits	1,535	1,568
Post-employment benefits	147	139
Other long-term benefits	34	40
Total remuneration	1,716	1,747
Total number of key management personnel	13	16

Total remuneration paid to KMPs employed as a contractor during the reporting period through an external service provider has been reported under short-term employee benefits.

9.6 Significant transactions with government-related entities

GWMWater received funding and made the following payments:

	2022/23 $'000	2021/22 $'000
Funding received from government authorities		
DEECA - contributed capital		
Horsham SmartWater project	2,720	2,000

GWMWater also had significant transactions with the following corporations

Treasury Corporation of Victoria (TCV) as outlined in Note 6.1 - Interest bearing liabilities
Department of Energy, Environment and Climate Action (DEECA) as outlined in Notes 6.1 Interest bearing liabilities and 8.2 Environmental contributions
Department of Families, Fairness and Housing (DFFH) pension concession rebates provided on behalf of customers
State Revenue Office (SRO) for payments of payroll tax
Agriculture Victoria (AgVic) for disbursement of grant funding for joint initiative in relation to Horsham Smartwater Agriculture and Integrated Water Management project.
Lake Fyan's Recreational Area Committee of Management –operation of Lake Fyans's Holiday Park

Transactions with key management personnel and other related parties

Given the breadth and depth of GWMWater 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 GWMWater, 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.

No provision has been required, nor any expense recognised, for impairment of receivables from related parties.
Transactions with key management personnel and other related parties.

9.7 Audit Fees of Victorian Auditor-General

	2022/23 $'000	2021/22 $'000
Amounts received or due and receivable, by the auditor of GWMWater for auditing the accounts of GWMWater.	75	75

Controlled entities

The consolidated financial statements at 30 June 2023 include the following controlled entity. The financial year of the controlled entity is the same as that of the parent entity.

Controlled Entity	Place of incorporation
Lake Fyans Committee of Management Incorporated	Australia

The Lake Fyans Reserve is Crown Land, managed and operated by GWMWater as a water supply reservoir. The Lake Fyans Recreational Area Committee of Management Incorporated (LFRACoM) was constituted in 1978 through regulation pursuant to powers conferred by section 20A of the *Water Act 1958*, to oversee and manage the areas “above the water” of the Lake Reserve.

LFRACoM incorporated as an association, trading as Lake Fyans Committee of Management Inc, on 18 March 2011 under the *Associations Incorporation Reform Act 2012*. In March 2017, the Board of Directors resolved to appoint three officers of GWMWater as the Committee of Management of the Lake Fyans Recreational Area, under Section 122C (1)(b) of the *Water Act 1989*. This was for an interim period, and that this Interim Management Committee be delegated the full functions and responsibilities of the LFRACoM.

Financial Information relating to Lake Fyans Recreational Area Committee of Management Incorporated

9.7.1 Balance sheet

	2022/23 $'000	2021/22 $'000
Current assets	1,328	1,218
Non-current assets	1,925	1,994
Total assets	**3,253**	**3,212**
Current liabilities	41	36
Total Liabilities	**41**	**36**
Accumulated surplus/(deficit)	3,212	3,176
Total Equity	**3,212**	**3,176**

9.7.2 Operating statement

	2022/23 $'000	2021/22 $'000
Revenue		
Revenue from operating activities	250	232
Total Revenue	**250**	**232**
Expenses		
Expenses from operating activities	213	209
Total Expenses	**213**	**209**
Total Profit (Loss)	**37**	**23**

9.8 Parent entity information – Grampians Wimmera Mallee Water Corporation

	2022/23 $'000	2021/22 $'000
Current assets	37,615	22,208
Non-current assets	2,307,105	2,081,193
Total assets	**2,344,720**	**2,103,401**
Current liabilities	30,577	28,876
Non-current liabilities	381,963	297,697
Total Liabilities	**412,540**	**326,573**
Contributed capital	1,270,573	1,267,853
Reserves	847,432	681,386
Accumulated surplus/(deficit)	(185,825)	(172,411)
Total Equity	**1,932,180**	**1,776,828**
Net result of the parent entity	**(13,414)**	(12,689)
Total comprehensive result of the parent	152,632	**(6,762)**

9.9 New accounting standards and interpretations issued that are not yet effective

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

Certain new Australian Accounting Standards (AAS) have been published that are not mandatory for the 30 June 2023 reporting period. DTF assesses the impact of all these new standards and advises GWMWater of their applicability and early adoption where applicable.

Topic	Key requirements	Effective date
AASB 2022-6 *Non-current Liabilities with Covenants*	Requires AASB 2022-6 *Non-current Liabilities with Covenants* Requires a liability be classified as a non-current liability if at the end of the reporting period the entity has a right to defer settlement of the liability for at least twelve months after the reporting period.	1 January 2024

Several other amending standards and AASB interpretations have been issued that apply to future reporting periods but are considered to have limited impact on the Department's reporting.

AASB 17 Insurance Contracts.

AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definitions of Accounting Estimates.

AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

AASB 2021-6 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards.

AASB 2022-1: Amendments to Australian Accounting Standards – Initial Application of AASB 17 and AASB 9 Comparative Information

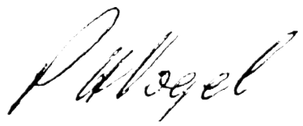
Financial Statutory Certificate for 2022/2023

We certify the, attached financial statements for the Grampians Wimmera Mallee Water Corporation (trading as GWMWater) have been prepared in accordance with Standing Directions 5.2.2 of the Financial Management Act 1994, applicable Financial Reporting Directions, Australian Accounting Standards, Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2023 and financial position of the Corporation at 30 June 2023.

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

We authorise the attached financial statements for issue on 20 September 2023.



Peter Vogel OAM
Chairman

Mark Williams
Managing Director
(Accountable Officer)

Sally Marshall
Executive Manager Strategic Planning and Performance
(Chief Financial Officer)

Dated this day 20 September 2023

Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of the Grampians Wimmera Mallee Water Corporation

Opinion

I have audited the consolidated financial report of the Grampians Wimmera Mallee Water Corporation (the corporation) and its controlled entity (together the consolidated entity), which comprises the:

- consolidated balance sheet as at 30 June 2023
- consolidated comprehensive operating statement for the year then ended
- consolidated statement of changes in equity for the year then ended
- consolidated cash flow statement for the year then ended
- notes to the financial statements, including significant accounting policies
- financial statutory certificate.

In my opinion, the consolidated financial report presents fairly, in all material respects, the financial positions of the consolidated entity and the corporation as at 30 June 2023 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.

Basis for Opinion

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

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

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

Board's responsibilities for the financial report

The Board of the corporation is responsible for the preparation and fair presentation of the consolidated financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a consolidated financial report that is free from material misstatement, whether due to fraud or error. In preparing the consolidated financial report, the Board is responsible for assessing the corporation and the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

Level 31 / 35 Collins Street, Melbourne Vic 3000
T 03 8601 7000 enquiries@audit.vic.gov.au www.audit.vic.gov.au

Auditor's responsibilities for the audit of the financial report

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

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

- identify and assess the risks of material misstatement of the consolidated financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the corporation and the consolidated entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the corporation's and the consolidated entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the corporation and the consolidated entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial report, including the disclosures, and whether the consolidated financial report represents the underlying transactions and events in a manner that achieves fair presentation
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the consolidated financial report. I remain responsible for the direction, supervision and performance of the audit of the corporation and the consolidated entity. I remain solely responsible for my audit opinion.

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

MELBOURNE
23 September 2023

Paul Martin
as delegate for the Auditor-General of Victoria

Appendices

Appendix A

Disclosure Index

The Annual Report of GWMWater has been prepared in accordance with all relevant Victorian legislation and pronouncements. This index has been prepared to facilitate identification of the Corporation's compliance with statutory disclosure requirements.

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Appendix B

Disclosure of Information of Letter of Expectations

This index has been prepared to facilitate identification of the Corporation's compliance with the statutory disclosure requirements of Letter of Expectations Reporting.

Priority Area	Key Performance Indicator	Page Reference
Climate change Continuation of activities and services that reduce exposure to climate risks and greenhouse gas emissions and demonstrate reasonable progress by integrating climate change adaption into planning and decision-making across the business.	E1 Emissions reductions	51
	E2 Electricity consumption	53
	E3 Adaption to climate change and variability	50
Customer and community outcomes Ensure services will be customer and community centred and will continue to engage with the community and grow partnerships in planning and implementation of service delivery.	C1 Customer satisfaction	47
	C2 Customer and community engagement	47
Deliver water for Aboriginal cultural, spiritual and economic outcomes Promote self-determination of Traditional Owners and will support the treaty process as required. Implementation of the 'Water is Life:Traditional Owner Access to Water Roadmap' by allowing increased access to water entitlements under current frameworks to enhance cultural benefits from the way water is stored, delivered and used.	AC1 Supporting Aboriginal self-determination	50
	AC2 Partnership with Traditional Owners	50
	AC3 Aboriginal Inclusion Plan / Reconciliation Action Plan	50
Recognising recreational values Support community wellbeing by considering the recreational values in water management.	Rec 1 Recreational values	33
Resilient and liveable cities and towns Contribute to healthy communities by supporting safe, affordable, high quality services,resilient and liveable environments and by improving resilience against future risks and emergency events.	L1 Integrated water management	48
	L2 Water efficiency	48
	L2 a (b) Community programs	46
	L2 b Water consumption and drought response	41
	L2 b Corporate water consumption	61
	L3 Circular economy outcomes	41
	L4 Environmental statutory obligations	41
	L5 Sustainable water use	41
Leadership, diversity and culture Reflect the needs of our diverse communities and develop strategies and goals that will increase cultural diversity in the workforce, gender equity in executive leadership and throughout the organisation, meeting the requirements of the *Gender Equality Act 2020*	G1 Diversity and inclusion	21
	G3 Health and safety	24
Performance and financial sustainability Improving efficiency and consistency when reporting performance. Delivering safe and cost-effective water and wastewater services in a financially sustainable way.	PF1 Audited statement of performance	70
	PF1.1 Financial Performance Indicators	64
	PF1.2 Water and Sewerage Network Performance Indicators	66
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Compliance and enforcement Apply a consistent, transparent and risk-based approach to manage compliance and enforcement of the *Water Act 1989.*	CE1 Apply an effective zero-tolerance approach to unauthorised water take at any time	44
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Operational area map

GWMWater

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ISO 9001 Quality Management Systems CERTIFIED
ISO 14001 Environmental Management CERTIFIED
ISO 45001 Occupational Health and Safety Management CERTIFIED