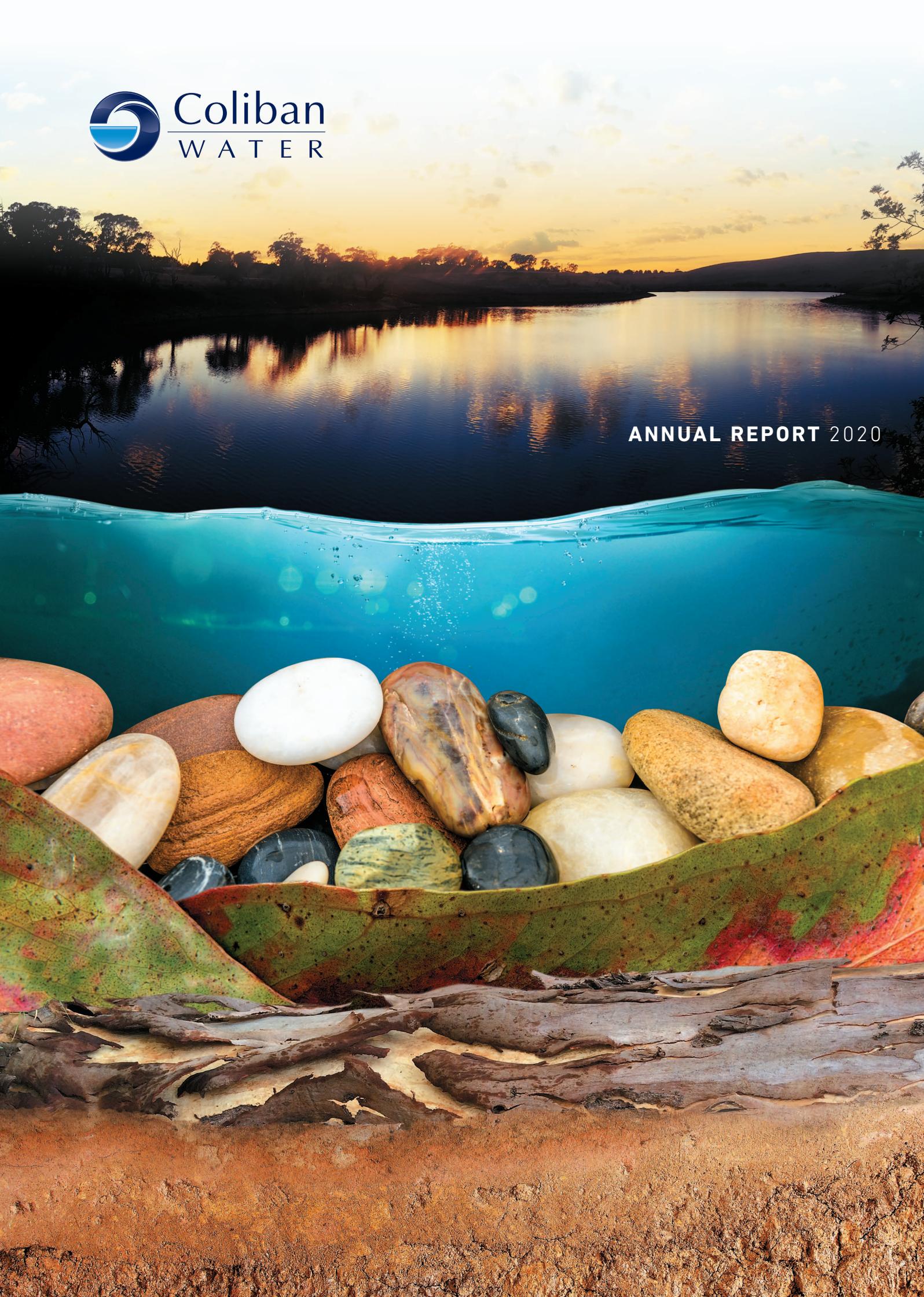
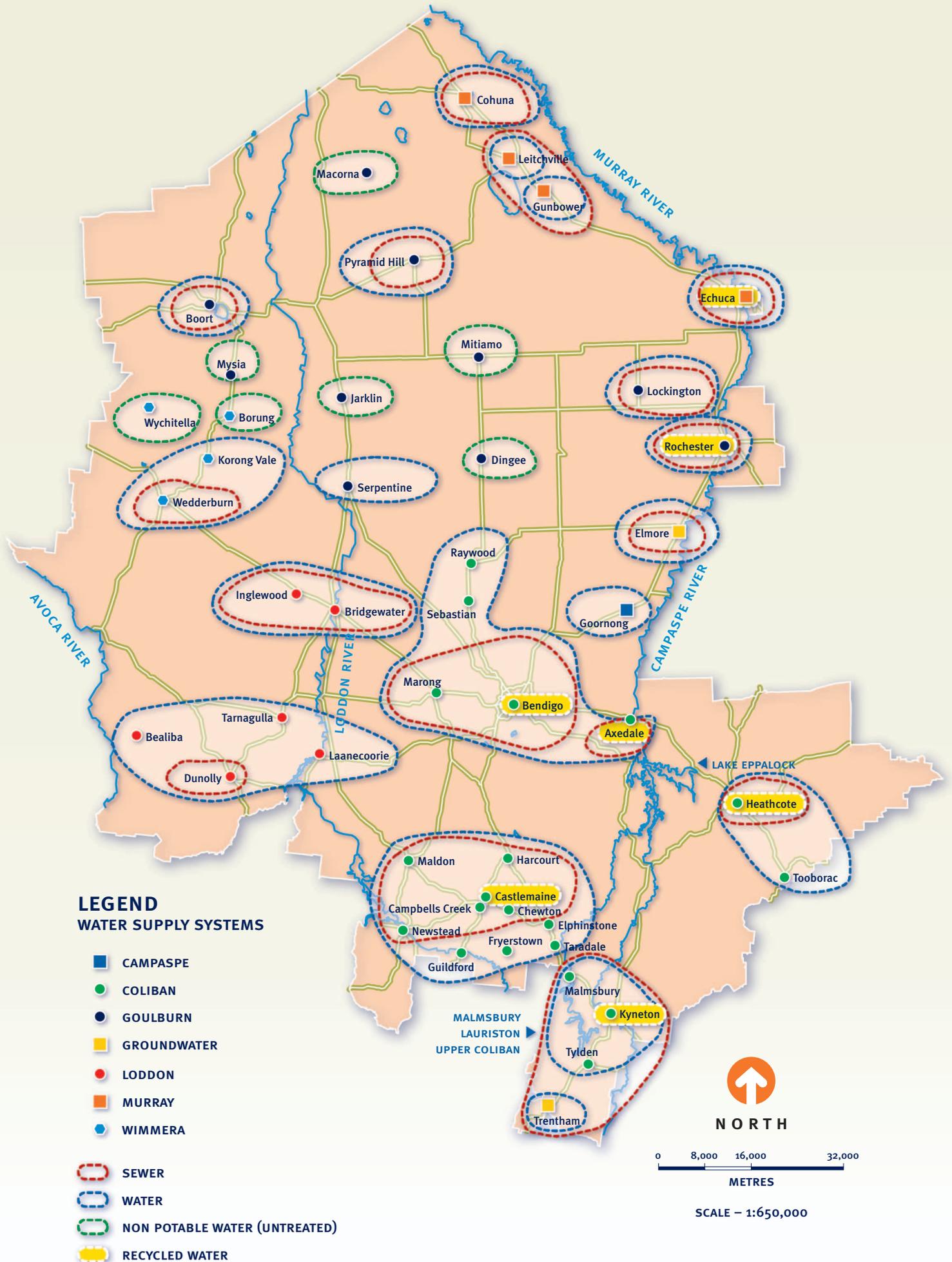




ANNUAL REPORT 2020



COLIBAN WATER SERVICE REGION DIAGRAM





INTRODUCTION

ABOUT THIS REPORT

This Annual Report describes the programs, initiatives and actions we undertook between 1 July 2019 and 30 June 2020.

It reports on our progress in implementing our 2019/20 *Corporate Plan*.

VISION

Water to Live, Grow and Enjoy.

PURPOSE

We deliver water services for community needs now and into the future.

OUR PROFILE

Coliban Region Water Authority was established on 1 July 1992 under the *Water Act 1989 (Vic)* (the Act) as a Regional Urban Water Authority. The Authority became the Coliban Region Water Corporation on 1 July 2007 and operates as Coliban Water. Our shareholder is the Victorian Government. Our responsible Minister for the period of 1 July 2019 until 30 June 2020 was The Hon. Lisa Neville MP, Minister for Water.

SERVICES

We provide urban water and wastewater services in accordance with the provisions of Part 8 – Water supply and Part 9 – Sewerage, of the *Water Act 1989 (Vic)*. Rural customers are supplied under Part 4 Division 2 Section 51 of the Act.

Our services include:

- > Water harvesting
- > Water storage
- > Water treatment
- > Water distribution
- > Urban wastewater collection
- > Treatment, re-use and disposal, including trade waste
- > Water purchase
- > Recycled water
- > Rural water supply

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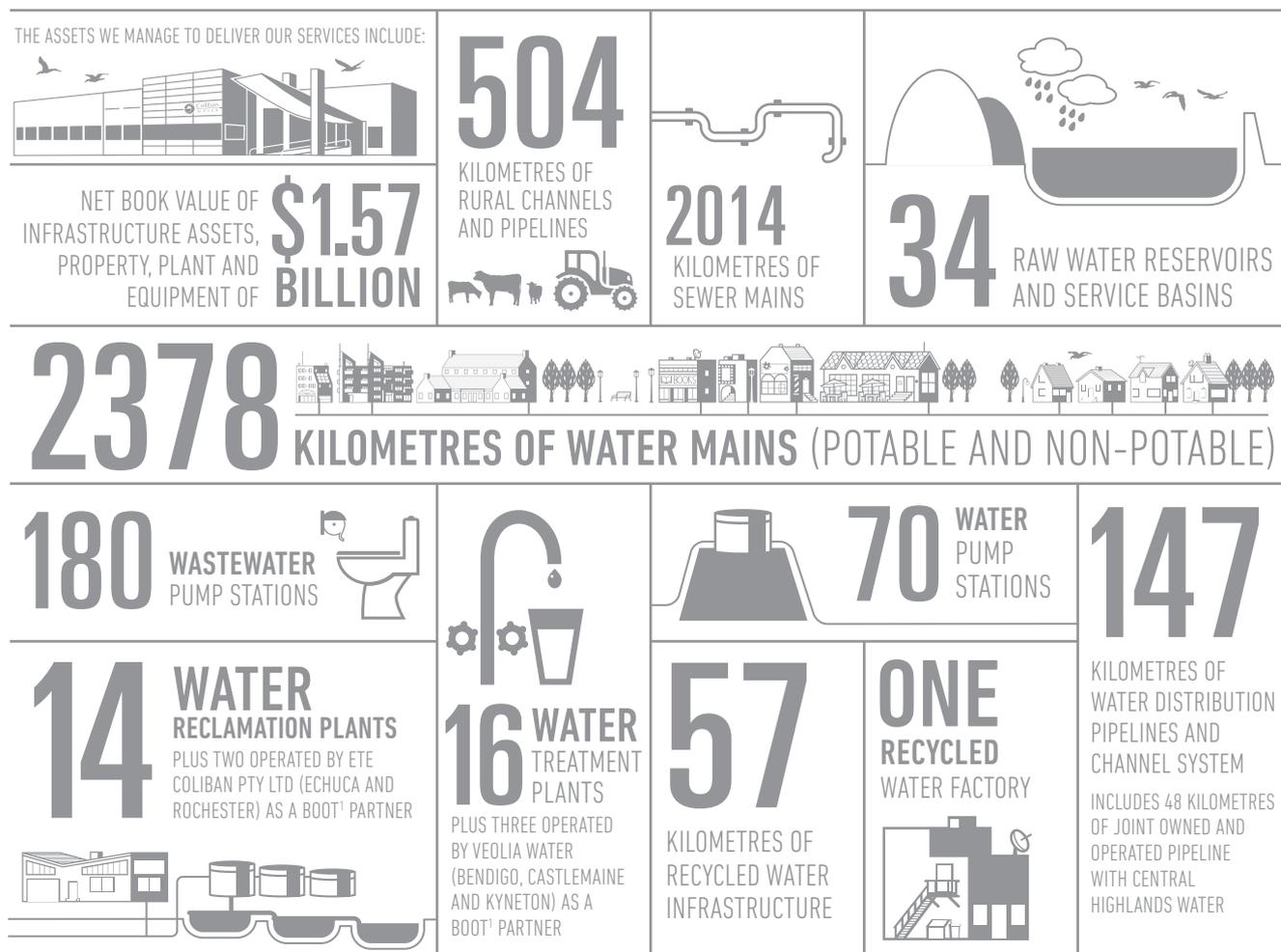
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ABORIGINAL ACKNOWLEDGEMENT

Coliban Water proudly acknowledges our region's Aboriginal community and their rich culture and pays respect to their Elders past, present and emerging.

We acknowledge Aboriginal people as Australia's first peoples and as the Traditional Owners and custodians of the land and water on which we rely. We recognise and value the ongoing contribution of Aboriginal people and communities to Victorian life and how this enriches us.

We embrace the spirit of reconciliation, working towards the equality of outcomes and ensuring an equal voice.



(1) BOOT – Build Own Operate Transfer. These assets are owned by our BOOT partners.

OUR RESPONSE TO CORONAVIRUS (COVID-19)

As an essential service, we acted swiftly, safely and responsibly to help prevent the spread of coronavirus (COVID-19). We set up an Incident Management Team (IMT) on 12 March 2020 to lead our COVID-19 response and preparedness activities; this incident team remains in place at the time of this report.

Key actions in our response to COVID-19 included:

- › ceasing non-essential travel for staff
- › introducing pandemic leave for staff
- › moving our workforce to work from home; on average, about 80 per cent of our staff are working from home with only 5 per cent working from their regular office or site
- › mobilising a Business Recovery Team on 8 April 2020 to consider and plan how we can safely return staff to the new normal when restrictions ease whilst ensuring continued and enhanced customer and community outcomes
- › ensuring all staff who work in our community have appropriate PPE including facemasks and hand sanitiser
- › closed our front counter and reservoirs to public in line with restrictions
- › introducing staff support and wellbeing checks
- › introducing a Work Status System to track which locations staff are working from

- › making alterations to our office spaces including sanitiser stations, perspex guards, floor markings to encourage physical distancing, room capacity reductions and health and safety signage.

For customers, we:

- › extended our hardship provisions
- › offered financial counselling
- › communicated to our communities, digitally and in print, details of available services and that we were here to help
- › moved customer engagement sessions online
- › used our digital channels to communicate the government's messaging and keep our communities up to date with any restrictions to activities on our reservoirs or general service information.

For suppliers and contractors, we:

- › implemented paying contractor and supplier invoices in less than 10 business days to ensure cashflow.

We have persisted throughout this pandemic to work hard to support our customers and our communities who rely on us to provide essential water and wastewater services.



CHAIRPERSON AND MANAGING DIRECTOR'S REPORT

On behalf of Coliban Water, we are pleased to share our Annual Report for the 2019/20 financial year. This report describes our business performance throughout the year including our audited financial statements and statutory disclosures.

We would like to firstly acknowledge that since the dawn of time, Aboriginal people have been custodians of the catchments that nourish and underpin central Victorian communities. Coliban Water is strongly committed to reconciliation and continuing to strengthen our relationships with the Traditional Owners of our region. We continue to actively connect, establish and build relationships that support Traditional Owner aspirations. We continue to work closely with the Dja Dja Wurrung Clans Aboriginal Corporation to deliver projects in partnership. This year a new shelter, known as a Mayam, was designed by Djandak (the commercial arm of Dja Dja Wurrung) and constructed at the Upper Coliban Reservoir near Kyneton. The project also included installation of seating, paths and landscaping adjacent to the spillway and interpretive signage. We see this project as a fantastic opportunity to support Dja Dja Wurrung in connecting with visitors to water storages and continuing to build knowledge about the region's Traditional Owners.

We welcomed Damian Wells as our new Managing Director in August 2019 and thanked Neville Pearce who acted in the role following the departure of Jeff Rigby until Damian's commencement in October 2019.

Strategy 2030 sets the direction for Coliban Water to be a trusted community partner as well as an essential service provider. The Strategy drives us to serve our customers and our communities through underpinning the economic prosperity and liveability of our region whilst responding to the challenges of water security and climate adaptation. A key step toward realising the vision of *Strategy 2030* has been changes this year to improve the alignment of the organisation to our strategic goals. We are building on our strengths, and those of our business partners, in water resource and energy management and continual improvement in operations. We have a new executive structure and team and a new approach to business planning and reporting that are all focussed on delivering the goals of *Strategy 2030*.

Climate change and the associated impacts of a hotter and drier climate are amplified in central and northern Victoria. We must get ahead of the climate adaptation curve in order to successfully serve our communities with great water services. This is why we have made climate change adaptation a core strategic goal. The 2019/20 year will be remembered for the large-scale and sustained bushfire in south-eastern Australia prior to the onset of the coronavirus (COVID-19) pandemic that ultimately continues to define this point in time. Our region was fortunate to be spared the large scale and tragic event of the bushfires that impacted heavily in eastern Victoria and New South Wales. A record annual temperature across Australia of 1.5C above average was recorded with 18 December 2019 being the hottest day on record in Australia (Bureau of Meteorology). This day coincided with the highest water consumption day for many of our water supply systems. The record for the volume of drinking water supplied in Bendigo was broken twice on consecutive days, with the new record standing at 80 megalitres. Following the extreme heat and dry conditions of spring and early summer, our region then experienced above-average rainfall across the region in late summer and into autumn.

As it has across the globe, COVID-19 has challenged us, our customers and communities in 2020. Our aim has been, and continues to be, maintaining drinking water and wastewater services to support our communities. We have encouraged customers to contact us if they are experiencing hardship and worried about paying their bill so that we can discuss how we can help. We partnered with Anglicare who can help support our customers with financial counselling and further access to practical help.

For the sixth financial year in a row, Coliban Water achieved a positive net result for the year which for 2019/20 was a \$4.9 million profit. This continued positive result in our financial performance is pivotal to financing our capital works program and underscores the importance of us being a financially sustainable corporation. We realised our financial sustainability goal to fully fund our capital investment program from the current year's operating cash flows and cash reserves whilst also maintaining our financial strategy of making a \$4.0 million repayment toward our debt.

A total of \$27.6 million was invested through our capital works program across our region to improve services to our customers, upgrade recreational facilities and improve safety and environmental performance. Some of our main achievements were the construction of approximately 10 kilometres of sewer network in Heathcote to connect over 200 properties as well as the upgrade of the Heathcote Water Treatment Plant to improve water quality.

We commenced delivery of a \$15-17 million investment in upgrades at the Kyneton Water Reclamation Plant in partnership with Hardwick Meatworks that aims to serve the region until 2040. Phase 1 of the project delivered a series of improved treatment processes including lagoons as well as tanks for the storage of class B recycled water to be used for irrigation in local agriculture. We delivered Phase 1 on time and within budget in March 2020. We are well advanced and on track to deliver Phase 2 in December 2020. These capital works were also complemented with the completion of the huge investment of \$1.8 million in river health improvement works. This included 12 kilometres of fencing and 15 hectares of revegetation in the Campaspe River with works completed on our behalf by North Central Catchment Management Authority with whom we also partner in the Healthy Coliban Catchments project to deliver fantastic environmental outcomes.

We also continue along the path toward achieving zero carbon emissions. We commenced another renewable energy project that will see six solar installations across small treatment facilities in the 2020/21 financial year. The Kiamal Solar Farm is on track to 'go-live' in October 2020 which is another element of Coliban Water's approach to emissions reductions through the Zero Emissions Water (ZEW) consortium of which we are a member along with 12 other Water Corporations.

We delivered a new customer, billing and stakeholder system which is part of our ongoing commitment to continuous improvement of the customer experience. New technology has been critical to our progress and our upgraded systems have created a strong foundation to adapt to changing customer needs and deliver operational efficiencies with integrated systems. We have also continued our large-scale roll-out of digital metering with installation complete for this new technology in 29 towns, which continue to generate operational efficiencies and significant early detection of costly leaks for the benefit of customers through saved money and water.

In addition to the critical role of water security, our reservoirs offer beautiful recreational spaces for our local communities and encourage visitors to the region. We opened the Upper Coliban, Lauriston and Malmsbury Reservoirs to on-water access in August 2019, following the opening of Barkers Creek Reservoir in April 2019. This provided some exciting new fishing and recreational opportunities including, kayaking, canoeing and small craft boating with electric motors. This was delivered in partnership with Victorian Fisheries Authority and in consultation with the Dja Dja Wurrung, to deliver the Victorian Government commitment to open more storages and improve access for recreational activities across the state.

For the first time and as part of our strategic goal of active communities, we offered discounted water to local government partners to support them in maintaining high value recreational areas for our communities. Under the new program we discounted 50 megalitres of water across nine council areas.

Our total water storages at 30 June 2020 was just over 95 gigalitres which equates to 72 per cent of our full capacity. We were able to announce to our rural customers that we would open our 2020/2021 rural season with 100 per cent allocation.

We look forward to continuing to deliver trusted water services to our communities through the delivery of *Strategy 2030*.

Lucy Roffey
Chairperson

Damian Wells
Managing Director



OUR STRATEGIC VISION

Our *Strategy 2030* identifies an exciting future. We must adapt to climate change and ensure water security in our region all whilst supporting prosperous economies and liveability. At the core of our strategy is our vision – Water to Live, Grow and Enjoy.

Strategy 2030 is guided by four strategic directions that address our future challenges and opportunities in achieving this vision.

1. **Water Security and Zero Carbon**
2. **Healthy People and Environment**
3. **Prosperous Economies**
4. **Green and Active Communities**

We have also identified the important role of business enablers that underpin the work to deliver on these four directions.

We are committed to delivering on this vision. During the year we worked hard to create a new approach to our *Corporate Plan* and we look forward to reporting our progress against these revitalised initiatives in 2020/21.

Whilst developing our new *Corporate Plan*, we focussed on key initiatives that would support the path to *Strategy 2030*. A summary of these objectives, actions and progress at 30 June 2020 is in the table below. The table also provides a link between our actions and Water for Victoria (WfV) and the Letter of Expectations (LOE) and our *Strategy 2030*. Further information is provided throughout this Annual Report for 2019/20.

WATER FOR VICTORIA IMPLEMENTATION AREAS:

1. Climate change
2. Waterway and catchment health
3. Water for agriculture
4. Resilient and liveable cities and towns
5. Recognising and managing Aboriginal values
6. Recognising recreational values
7. Water entitlements and planning
8. Realising the potential of the grid and markets
9. Jobs, economy and innovation

LETTER OF EXPECTATIONS PRIORITY AREAS:

1. Climate change
2. Customer and Community outcomes
3. Water for Aboriginal, cultural, spiritual and economic values
4. Resilient and liveable cities and towns
5. Recognising recreational values
6. Leadership and culture
7. Financial sustainability

INITIATIVES

INITIATIVES	TIMEFRAME	PROGRESS	STRAT. DIRECT.	WfV	LOE
Zero net emissions by 2050, with the intent to deliver by 2040	2040	🕒	1		1
Progress next version of Urban Water Strategy	2020	🕒	1	1	1
Facilitate climate change adaptation across all aspects of our business (excluding water supply)	Ongoing	✅	1		
Achieve first phase Carbon Reduction Pledge under Statement of Obligations (Emission Reduction)	2020+	🕒	1	1	1
Achieve renewable energy initiatives	2020+	🕒	1	1	1
Analysis to define Coliban Water's Climate Adaptation Plan	2020+	Commencing 2020/21	1	1	1
Implement the Energy and Carbon Management Strategy	Ongoing	🕒	1	1	1
Deliver on all obligations under the Recognition and Settlement Agreement	Ongoing	🕒	2	5	3
Continue proactive support program to identify customers eligible for Utility Relief Grants	Ongoing	🕒	2		2
Continued delivery of support programs including Coliban Assist for customers experiencing hardship	Ongoing	🕒	2		2
Develop 'Innovate' Reconciliation Action Plan	2020+	🕒	2	5	3,6
Deliver Digital Metering Program	2020+	🕒	2	1	2
Implement findings of Asset Management Customer Value benchmarking project conducted by Water Services Association of Australia	2020	🕒	3		2

✅ Completed and/or Ongoing

🕒 In Progress and On Track

⋯ Pending Confirmation of Timeline

INITIATIVES	TIMEFRAME	PROGRESS	STRAT. DIRECT.	WFV	LOE
Determine a methodology that will support attaining financial performance targets from a total expenditure (TOTEX) perspective while maintaining risk exposure within tolerance	2020	🕒	3		7
Joint review of transactions with major private partners	2020+	🕒	3		7
Progress Bendigo Wastewater Treatment Opportunity by major private partner	2020	🕒	3	9	7
Leverage international capability of incumbent partners	Ongoing	🕒	3		9
Complete Integrated Water Management Plans for Bendigo, Castlemaine and Kyneton	2020	✅	3	1,4	1,4
Facilitate the Coliban Integrated Water Management Forum and relevant projects	2020	🕒	3	1,4	1,4
Operate Bendigo Groundwater Project Interim Solution	2020+	🕒	3	2,4	2,4
Provide support and strategic advice to Department of Environment, Land, Water and Planning in relation to the long-term solution to manage Bendigo's groundwater	2020+	🕒	3	2,4	2,4
Support promotion and implementation of GREATER health initiative	2020+	🕒	4		2
Develop an understanding of recreational values in the Coliban Water region through stakeholder and community engagement	2020+	🕒	4	6	5
Identify and document opportunities in recognising recreational values	2020+	🕒	4	6	5
Deliver initiatives register presented in major contractor recontracting proposal	2020+	🕒	Enabler		
Participate in People Matter Survey and share survey findings with the organisation	Ongoing	🕒	Enabler		6
Progress new Customer and Stakeholder Relationship Management System project	2020	✅	Enabler	2	
Corporate office located on a single site	2020+	🕒	Enabler		
Participate in Bendigo Smart City Consortium and City Deal proposal for Bendigo	2020+	Paused	Enabler		4
Deliver Data Science Strategy	2020	🕒	Enabler		2
Implement Information Management Framework	2020+	🕒	Enabler		
Deliver Information Management Strategy	2020+	🕒	Enabler		
Deliver Information Security Program of Work	2021+	🕒	Enabler		
Review and re-set of Corporate Risk Appetite	2019	✅	Enabler		
Implement Enterprise Risk Management Framework	2020+	🕒	Enabler		
Implement Coliban Water Workforce Plan 2020	2020	✅	Enabler		6
Participate in Australian Water Association Twinning Program	2020	✅	Enabler		



CUSTOMERS AND COMMUNITY ENGAGEMENT

CUSTOMER SUPPORT

Our Customer Support Team understands the challenges and opportunities our customers face within the region and use their local knowledge to assist and deliver on a quality customer experience. Our team encompasses the Contact Centre, Complex Enquiries and Rural Services.

Our Contact Centre received over 58,000 calls last year for assistance in our water and sewer networks as well as general billing enquiries. Another 15,000 requests were raised via email, online forms and letters. Our after-hours contact centre assisted a further 2,500 customers with water leaks, mains bursts and sewer issues.

Our Contact Centre Team of 10 staff, based in Bendigo, achieved an average answer rate of 41 seconds across the year. This was in part due to a greater focus on the customer experience as well as a transition to a work from home model, as we relocated staff in March 2020 due to the pandemic.

In addition to account enquiries, payment arrangements, tenancies and concessions, our Contact Centre also manages customers' queries around our 15 accessible standpipes in the greater Bendigo region. Our standpipe base includes 13 treated water sites for both private and commercial carting, as well as two recycled water standpipes, catering to 1,500 customers. Delivering a volume of 181 megalitres in the last year, our standpipes were accessed 29,000 times over the course of 2019/20.

For customer queries that cannot be resolved at first point of contact, we refer to our Complex Enquiries Team for more detailed reviews and investigations. The issues referred to our Complex Enquiries Team heavily revolved around high usage investigations and operational water and sewer queries that extended to planned shutdowns, reinstatements as well as referrals from the Energy and Water Ombudsman.

Our Customer Support Team also manages water ordering and delivery for our rural customer base. In the 2019/20 season, our team helped deliver 4,468 megalitres across 1,015 licences on the rural network. We also processed 811 megalitres in temporary and permanent trade, processed four licence surrenders and created 68 new licences as a result of permanent trade and property transfers.

Over the last 12 months all Customer Support Teams have been heavily involved in the delivery of our new billing and customer relationship management system in readiness for 2020/21. The transition to our new system will allow us to focus on improving the customer experience by offering more efficient solutions and allows us to tailor our customer offerings. There will also be greater synergies across customer focussed teams such as Revenue and Account Solutions, with greater abilities to cross skill staff across these functions to deliver a more complete experience for customers.

ENERGY AND WATER OMBUDSMAN VICTORIA (EWOV)

EWOV is a not for profit, independent and impartial dispute resolution service for the energy and water sectors. EWOV provides customers and the water industry with a free, accessible, informal dispute resolution service.

Over the financial year, we received 34 EWOV cases with a further nine enquiries that did not require a formal referral to Coliban Water. Ten of our EWOV cases were referred to an investigation stage with EWOV taking an active role in resolution.

The cases received through EWOV were focussed predominantly on billing and tariffs, land development and usage consumption as in previous years, with resolution based on achieving a fair and reasonable outcome for the customer, consistent with water practices across the industry in Victoria.

COMMUNITY INCLUSIVENESS

We comply with the Victorian Government's policy framework on multicultural and gender issues and youth and Aboriginal affairs. We respect the diversity of our customers and our employees and aim to deliver culturally appropriate communications and engagement opportunities that meet their needs and expectations. We also continue to give consideration to heritage and cultural related issues on our capital works projects.

Telephone interpreter and text telephone (TTY) services are offered to assist non-English speaking and speech and hearing impaired customers. Our website includes accessible functionality that offers the option to have content read aloud, language translation (written and read aloud), magnification and noise reduction.

We are committed to continue to improve access and experience for all members of the communities we serve. We were the first water corporation in Australia to have achieved Scope Australia's Communication Access Accreditation (as of June 2019), meaning we are granted use of the Australian Communication Access Symbol. When people see this symbol, they know that the place or service is communication accessible. In order to display the symbol our products and services must meet specific criteria for communication access. Further work will continue in this space as we implement actions and embed practices into the organisation.

In August 2019, we signed up to be a part of Pride in Water. This initiative provides an opportunity to create a more inclusive water industry specifically for LGBTIQ+ staff, contractors and customers. The vision for Pride in Water is for ALL LGBTIQ+ people to feel safe, included and valued within the Water Industry. Pride in Water provides support and guidance for all water authorities on our LGBTIQ+ inclusion journeys.

FAMILY VIOLENCE

We recognise that customers and employees may sometimes face situations of family violence and it is our responsibility to provide appropriate support irrespective of where the family violence occurs. We remain committed to recognising and responding to family violence, providing support to our customers and employees through implementing our Family Violence policies, processes and procedures.

STAY AFLOAT PARTNERSHIP WITH ANGLICARE VICTORIA

In late 2019 we embarked on developing a partnership with a financial counselling angle. It wasn't enough to merely contribute to funding a financial counsellor for Coliban Water's customers. We were searching for a truly innovative partnership enabling greater insights into financial difficulty which ultimately provides a greater understanding when creating support programs. Our partnership with Anglicare Victoria went live 1 March 2020. There are clear deliverables required within the first 12 months in addition to accepting our referrals to supporting our customers. This partnership will deliver financial capability training for our staff and joint education events for our customers, both in person and online.

In addition to our partnership with Anglicare, we implemented a range of initiatives to support our customers during the ongoing COVID-19 pandemic. The pandemic saw us needing to pivot from our business as usual processes to ensure greater flexibility for customers on payment plans. We increased our resourcing to deliver an outreach program to all customers with overdue debts. There were 5,604 outreach calls made from April to June 2020 as part of this program which ran parallel with our Contact Centre activities that focussed on payment arrangements and other assistive measures. Other activities to let customers know that we were here to help included SMS, letters, phone calls, customer home visits (as appropriate with restrictions in place at the time) and posts on our social media.

RECONCILIATION ACTION PLAN (RAP)

While our *'Innovate'* RAP is still being developed, we have continued working with the Traditional Owners in our region.

Our Social Procurement Framework includes increasing opportunities for Aboriginal businesses and social enterprises for Victorian Aboriginal people. This encourages staff to consider sourcing quotes from a Social Benefit Supplier including businesses that are verified by Supply Nation.

Whilst coronavirus (COVID-19) impacted our ability to participate in National Reconciliation and NAIDOC weeks with events being cancelled, we encouraged staff to be engaged virtually with these events. Through internal communications and sharing of information, we aimed to increase learning, respect and understanding.

Our staff completed two e-learning modules during the year via our online learning system. 183 staff completed the Cultural Awareness module and 184 completed the Closing the Gap module. Six staff completed the more intensive Aboriginal and Torres Strait Islander (ATSI) Cultural Competence course; this training was targeted at teams and individuals identified as working with Aboriginal communities.

To ensure we work together and stay engaged a monthly meeting is held with staff from Dja Dja Wurrung Clans Aboriginal Corporation and Coliban Water to discuss projects, works and other current issues.

We have included Traditional Owner initiatives in our *Corporate Plan 2020–2025* which we will report on in our 2020/21 Annual Report.

COMMUNITY ENGAGEMENT

Our goal is to identify opportunities to include our customers and the community in the decision-making process. We recognise that our communities are a key stakeholder in our business and value the contributions they make, so that we can supply value for money for our services.

We use the *International Association for Public Participation (IAP2)* framework when conducting community engagement activities. We strive to earn greater trust and build lasting relationships with the customers and communities that we serve.

Our *Pricing Submission 2018-23* was approved by the Essential Services Commission on 19 June 2018 and came into effect on 1 July 2018. We are committed to working with our customers and communities to ensure we understand their expectations and use their feedback to help with the decision making for our next pricing submission in 2023.

We are currently reviewing our *Community Engagement Strategy*.

CUSTOMER AND COMMUNITY COMMITTEES

We work with customer committees and community groups to help work on current issues or identify emerging ones, and look for opportunities to collaborate. We also use them as a sounding board for what the community value and expect from us.

Our Committees:

- › The Rural Customer Advisory Group meets quarterly with a focus on rural engagement for future prices and services, rural operations, water trading rules, equity between urban and rural customers and seasonal forecasts.
- › We are working with landowners adjoining our water storages in and around the Kyneton area to establish a Reference Group; we have met four times so far.
- › We continue to work closely with local progress associations and community groups to identify and address local issues.

- › Coliban Water takes part in the City of Greater Bendigo Farming Advisory Committee which has a focus on the challenges and opportunities for rural communities in and around the greater Bendigo area.

ANNUAL CUSTOMER FORUM

As part of our *Pricing Submission 2018* to the Essential Services Commission (ESC), we developed five Customer Outcomes which customers told us matter most to them.

They are:

1. We will supply high quality water you can trust
2. We will provide infrastructure and services to meet the needs of our customers now and into the future
3. We will reduce our environmental footprint and achieve a socially responsible, sustainable business for future generations
4. We will be open and transparent with customers about affordable pricing, service disruptions and repairs
5. We will support the liveability in the region

Each year we are required to report on our performance against these Outcomes by carrying out a self assessment and making the results available publicly, prior to submitting them to the ESC. The assessment uses a traffic light rating system (green = met, red = not met, amber = close to or largely met).

We also check these results with a group of customers through an Annual Customer Forum and get them to provide feedback on our self assessment. This year we had to change the format to online sessions due to the challenges associated with COVID-19. We held three online sessions which were attended by a total of 25 customers, who rated our performance against the five Outcomes using the same traffic light approach. At the end of the three sessions they had given us a green confidence rating across all five Outcomes. At the time the forums are held we may only have 9 or 10 months data for some outputs, so the performance can vary based on the actual end of financial year data. Because of this our self assessment is lower than customer confidence suggests, due to the fact that we want to be open and honest about our performance. We have self rated as amber for Outcomes 1 and 4, with the other three being green.

The results have now been reported to the ESC who will publish them on their website along with the comparative results for other Victorian water corporations. Our 2019/20 results are now available on our website.

COMMUNITY CONNECT

This program engages existing community groups to inform us of community expectations and supplies insights about what customers experience. The bespoke approach to Community Connect allows us to adapt to the individual needs of the community, be open to ideas and suggested improvements and work with the community to improve outcomes.

YOUR TOWN COMMUNITY VISITS PROGRAM

Our Your Town community visits program has been running since 2013. This program offers a face-to-face, informal opportunity for staff from various areas of our business to chat with customers and community members, allowing us to learn more about our customers, understand issues at a local level and respond to enquiries.

This year we expanded the traditional program and attended established events like the Elmore Field Days. From July 2019 to February 2020 we attended 16 events and spoke with 500+ community members. Several planned events were postponed due

to COVID-19 and face to face engagement will resume once restrictions are lifted. In the meantime, we continue to look for and create opportunities to connect with customers online.

COMMUNITY ENGAGEMENT FOR CAPITAL PROJECTS

We develop communications and engagement plans for each of our capital projects, ensuring programs are in place to involve customers and stakeholders where appropriate.

Some examples of engagement completed this year with relation to our capital works program include:

- › **Digital Metering Program:** As part of our ongoing program to install digital metering technology on existing customer water meters in our region, we visited the townships of Gunbower, Pyramid Hill, Cohuna, Lockington, Inglewood, Kyneton, Maldon, Heathcote, Castlemaine, Elmore and Echuca as part of our Your Town and Community Connect programs to engage residents about the program. We have completed engagement for three of the four-stage program to take place over a six-year period.
- › **Echuca West Tanks Project:** Clear water storages are being built adjacent to schools and future residential land to supply water security and support growth in Echuca. We consulted key stakeholders early and, based on feedback, we adjusted the site access location. We then invited, by direct mail, the Echuca community to select the project colour design, attracting 50 respondents.
- › **Maldon/Kyneton Booster Pumps:** We are installing two pump stations, both in residential nature strips in order to improve water pressure. We consulted each landowner and adapted the design specifications to meet their expectations without impacting the driving operational need for the works.
- › **Heathcote Backlog Sewer Scheme:** During the 2019/20 financial year we delivered the \$5 million project that delivers sewer services to 150 houses and 60 vacant blocks in three separate areas of Heathcote. The project expanded the Heathcote sewer network so more of the local community receive safe and environmentally friendly sewerage services.

SCHOOL AND COMMUNITY EDUCATION

We deliver interactive and informative programs about the natural and urban water cycle, water efficient behaviours and the benefits of tap water to a range of audiences.

We have delivered our *Water Heroes* and *Toilet Tales* incursions to 660 children in 18 kindergartens across the region, encouraging water-saving behaviours, only flushing the 3Ps and tap water as the preferred drink option. Building on our partnership with Dental Health Victoria's Smiles for Miles program, we have also provided water bottles and teaching resources. In November 2019 we launched an online teacher resource to share how early childhood educators are increasing water efficiency and encouraging children to drink water. The resource includes photos, checklists and printable signs.

Hands-on and curriculum-linked sessions have been delivered to 905 students in 11 primary schools across the region, using science demonstrations, role plays, catchment modelling and quizzes.

Feedback from teachers remained positive with content delivered believed to be age-appropriate and relevant to curriculum. The feedback received from students was also encouraging, with participants enjoying being involved in the session explanations and taking lessons to apply at home.

To celebrate National Water Week, 218 students from seven schools participated in a poster competition. Posters were exhibited in six community locations around the region. We engaged with 250 people, including school visits and co-presenting a Curious Kids session with The Bendigo Discovery and Technology Centre in Heathcote.

Broader community education has continued to be a focus. We have engaged with a range of organisations including libraries and Bendigo University of the Third Age. We visited two secondary colleges, conducting a tap vs bottled water taste test with 50 students at Crusoe College.

COVID-19 impacted our education program's ability to provide incursions, resulting in the cancellation of 40 booked sessions. We continued to provide education via our website and social media. We partnered with Sustainability Victoria to deliver an online water efficiency webinar for ResourceSmart Schools. Our education website offerings increased, including five water-themed storytime videos, activities and worksheets. Five Education Newsletters were sent to kindergartens, schools and interested stakeholders in the region. This e-newsletter provides updates on current water-themed events and resources in an educational context.

We have continued our support for the state government Schools Water Efficiency Program (SWEP). Forty-seven schools in our region have participated in this water saving initiative which, since August 2012, has resulted in a total of 334.8 megalitres of water savings for the schools involved. Our *Share. Inspire. Save* school competition allows us to raise awareness of the water efficiency initiatives in the education sector. Winning schools were awarded SWEP registration. We collaborated with ResourceSmart Schools to provide support for schools completing the water module.

COMMUNITY HEALTH

Coliban Water is a member of the Healthy Greater Bendigo Stewardship Group. Healthy Greater Bendigo (HGB) is a partnership of local organisations, groups and individuals within the City of Greater Bendigo that want our community to be healthy and well. We work together to leverage the strong relationships in our community and take a systems approach to preventing chronic disease by addressing the systems, structure and environments that impact the health behaviours and outcomes of our population. HGB's goal is to make it easy and normal to eat well and move more. As water underpins liveability by being fundamental to creating greener, cooler and more attractive urban spaces, our contribution to this goal is to provide drinking water as a healthy alternative to sugary drinks, and to work with community and partner agencies to sustain attractive green spaces and recreational water access to support the health and wellbeing of our communities.

CHOOSE TAP

We support community events by providing our Choose Tap portable water stations to keep event goers hydrated with bubblers, a place to fill up their bottles and by educating them on the benefits of choosing tap. Our stations went to 67 events around our region; this is a huge decrease in events from last year (106) due to COVID-19 forcing many events to be cancelled or postponed.

We partnered with councils across our region to install a total of seven Choose Tap 'next generation' public water bottle refill units and drinking fountains. These fountains are accessible and include public health and environmental messaging to educate the public.

A total of 19 Early Learning Centres, participating in the Smiles for Miles program, received 477 reusable Choose Tap bottles to help enforce the message of tap water being better for their health. The centres also received Choose Tap educational resources including Water Hero program kits.

DIGITAL COMMUNICATIONS

Increasing our online presence has been a continued focus this last year, featuring engaging content and relevant information and providing support for our customers. It has become even more pertinent given the limitations of COVID-19 restrictions and the growth in digital communications and connection more broadly.

Followers have grown on our Facebook platform to a total of 1,378, up from 633 in the last financial year. Our Twitter followers have also grown to a total 2,578, up from 2,423 in the last financial year. Our priority for digital communications in the last year has been ensuring it is accessible to all customers, including easy to find and easy to read information.

This year we have utilised video more than ever before, developing regular videos to create the identity of Coliban Water and tell our stories. Videos are uploaded onto YouTube, further increasing our online presence. In the last 12 months we have created 64 videos for use across all social platforms. Videos can be promotional in nature, informative or used internally. In total, 23,300 video minutes were watched on Facebook in the last financial year.

We launched a new website in July 2019, which is much simpler to navigate than our previous website. The new website has a strong focus on accessibility, featuring language translation, Browsealoud navigation, large text and easy to read information. The website forms the basis for stronger communications and engagement with our customers in the future, with the capability for online chat and more. The new website allows our Twitter account to feed directly into the Latest News page and several other interactive pages are being created. Our website had 136,183 visits in 2019/20. Popular pages were our customer support online forms, reservoir levels, account information, and financial hardship information. We also increased promotion of the self-service Assets Map for builders and developers, which has not only decreased questions to the Customer Support Team, but increased visitation to our website. The Assets Map has become one of the most popular pages on the website; the page averages 150 visitors per week.

In March 2020 we introduced a new range of information to the website to cater for customers affected by the COVID-19 pandemic. This included pages designated to outlining our flexible payment plans and tailored solutions, as well as information about the virus and its connection to sewer and water treatment. We also needed to communicate the closures of the Customer Contact Centre as well as facilities at the reservoirs at various times throughout 2020.

The Faults and Interruptions Region Map on our website continues to be a popular feature, allowing customers to find out more about any issue throughout our service region on the spot. The map shows three different stages of works, including Issue Reported, Work in Progress and Work Complete, letting customers know if a job as been created, if field crews are onsite or if work has been completed.

We continue to support the Victorian Government's Target Your Water Use campaign with information available on our website and detail on customer accounts. We are continuing to develop programs, initiatives and opportunities to work with our communities.

Information continues to be provided by post, letterbox drop, email or in person. We continue to build electronic distribution groups to provide targeted information to groups within our community, such as land developers or schools.

We continue to make use of our customer accounts as an opportunity to provide further information to customers. This includes a bi-annual customer newsletter.

Communication campaigns are also a way in which we provide information for targeted community education including Permanent Water Saving Rules, Smart Gardens for a Dry Climate, Choose Tap and Bin It Don't Flush It.

ABORIGINAL CONSULTATION

Under the requirements of the *Aboriginal Heritage Act (2006)*, we engaged cultural heritage consultants during the project planning and delivery stages to identify and assess sites of Aboriginal cultural heritage significance.

During the year we have continued our commitment to building a respectful relationship with Traditional Owners including the Dja Dja Wurrung and Taungurung. We have greatly valued the education and advice provided by the Dja Dja Wurrung and Taungurung to help our organisation respect and value Traditional Owner rights and Country.

We have worked on projects including: Aboriginal Waterway Assessments, Natural Resource Management, Weed Management, Integrated Water and Urban Water Strategy. A major focus has been the work on our Reconciliation Action Plan and delivery of the obligations of Schedule 16 of the *Reconciliation and Settlement Agreement* between the Dja Dja Wurrung and the State of Victoria.

CULTURAL HERITAGE MANAGEMENT PLANS

During 2019/20 the Cultural Heritage Management Plans (CHMPs) for the Upper Coliban Reservoir and Barkers Creek Reservoir Boat Ramps were developed and approved in accordance with the *Aboriginal Heritage Act (2006)* and *Aboriginal Heritage Regulations (2018)*. Also during the reporting period, we commenced work with the Dja Dja Wurrung regarding the CHMP requirements for an upcoming package of water main augmentation projects in the Bendigo region. These CHMPs will continue progressing over the next year and possibly beyond, depending on project timing.

LAND USE ACTIVITY AGREEMENT (LUAA)

In 2019/20 we completed negotiations with the Dja Dja Wurrung and entered into an Agreement for the Negotiation B Activity proposed at Bendigo Water Treatment Plant. Near the end of 2019/20 we commenced the process required for a Negotiation B Activity for works proposed at the Elmore Water Treatment Plant. It is expected that this Agreement will be finalised by the end of the year.

ON-WATER RECREATION

Coliban Water continued to deliver on the Victorian Government commitment to provide more recreational fishing locations, by guaranteeing access for non-powered craft and small craft with electric motors at specified reservoirs. In August 2019, after completing a detailed risk assessment, Malmsbury, Lauriston and Upper Coliban Reservoir were opened to on-water recreation. The public are permitted to kayak or canoe on these reservoirs.

It is anticipated that early in 2020/21, additional boat ramp access will be provided at Barkers Creek and Upper Coliban reservoirs.

COMMUNITY RESILIENCE TO CLIMATE CHANGE

Coliban Water contributed to and participated in the Ramp Up Resilience program run by Make A Change Australia. Ramp Up Resilience is a community engagement and development initiative to encourage and support local solutions from community members within the Campaspe and Loddon shire areas in Central Victoria, with a focus on climate change. 140 people attended events from across seven shires where 99 per cent who completed evaluations said they came away inspired to take action, make a change and expand their impact. A wide variety of projects were uncovered and supported.



WATER SECURITY

WATER SUPPLY SYSTEMS

We have nine water supply systems, each defined by their water source, that supply 26 separate urban networks. In some cases, there are multiple sources of water that can supply a system.

We hold Bulk Water Entitlements for surface water in the Campaspe, Coliban, Goulburn, Loddon, Murray, Trentham and Wimmera systems.

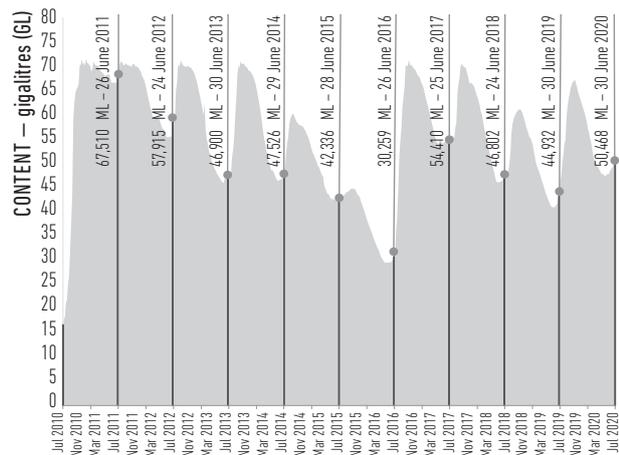
We hold water shares (high and low reliability) in the Campaspe, Goulburn and Murray Systems. We also hold licenses to take and use groundwater at Trentham and Elmore.

WATER STORAGE VOLUMES

Our major storages on the Coliban River, including Upper Coliban, Lauriston and Malmsbury Reservoirs, supply Bendigo, Castlemaine and Kyneton urban systems, as well as the rural systems. The storages, which have a combined capacity of 69,594 megalitres, reached a maximum of 66,869 megalitres (96 per cent of capacity) in October 2019.

Bendigo and the Coliban Northern Rural System can also be supplied from Lake Eppalock, or the Waranga Western Channel, via the Goldfields Superpipe. Under the bulk entitlement we can store up to 18 per cent (54,837 megalitres) of the capacity of Lake Eppalock. In 2019/20 we pumped 4,611 megalitres from Lake Eppalock.

COLIBAN STORAGE CONTENTS >
UPPER COLIBAN, LAURISTON & MALMSBURY RESERVOIRS



STORAGE VOLUME IN OUR REGION	FULL SUPPLY VOLUME MEGALITRES (ML)	AS AT 30 JUNE 2019 MEGALITRES (ML)	AS AT 30 JUNE 2020 MEGALITRES (ML)	% FULL 30 JUNE 2020
COLIBAN SYSTEM NORTHERN				
Sandhurst Reservoir	2,590	2,399	2,180	84
Caledonia Reservoir	214	124	181	84
Lake Eppalock (Coliban Water share)	54,837	34,741	39,117	71
Spring Gully Reservoir (recycled water – rural)	1,680	1,017	1,017	61
COLIBAN SYSTEM SOUTHERN				
Upper Coliban Reservoir	37,770	26,646	31,624	84
Lauriston Reservoir	19,790	16,040	16,480	83
Malmsbury Reservoir	12,034	2,246	2,364	20
McCay Reservoir	1,360	1,136	1,121	82
Barkers Creek Reservoir (rural)	1,690	783	1,090	64
Trentham Reservoirs	91	54	89	99
Total	132,056	85,186	95,263	72

ENVIRONMENTAL RESERVE AND PASSING FLOWS

We release water from the Malmsbury Reservoir to the Coliban River to meet passing flow requirements in the Coliban River. At the request of the North Central Catchment Management Authority, the passing flow has been reduced to 4 megalitres per day to accumulate reserves and provide larger flows when required. The passing flow account balance was 620 megalitres on 30 June 2019.

A total of 1,847 megalitres was released from Malmsbury Reservoir to the Coliban River in 2019/20, with no natural spilling.

We released 261 megalitres in late March and early April 2020 at the request of North Central Catchment Authority to provide a summer fresh of 50 megalitres per day for three days plus managed rate of rise and fall. The passing flow account on 30 June 2020 was 1,142 megalitres.

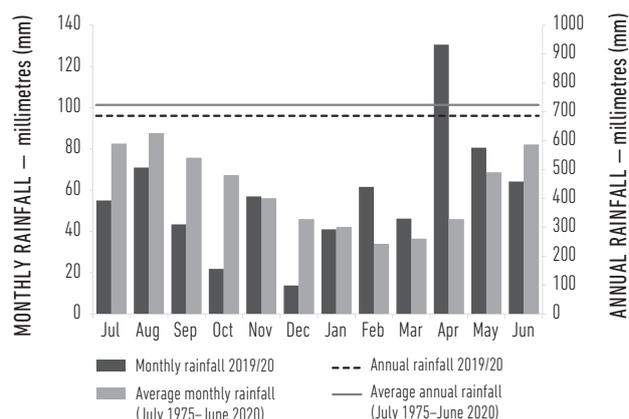
Goulburn-Murray Water, as storage manager for Lake Eppalock, is responsible for meeting the passing flow requirements on the Campaspe River downstream of Lake Eppalock.

RAINFALL AND INFLOWS

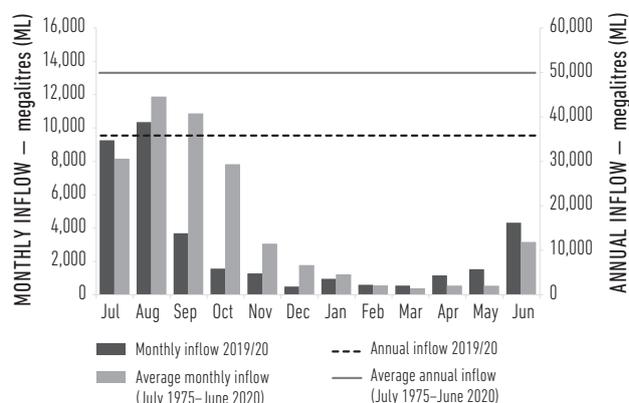
We received 686 millimetres of rainfall at Malmesbury Reservoir for the year. This is 6 per cent less than the average annual rainfall from 1975 to 2020 of 724 millimetres, although above average rainfall was received from February to May 2020.

Inflows to our catchment storages on the Coliban River were 35,779 megalitres. This is 28 per cent less than the average annual inflow from 1975 to 2020 of 49,891 megalitres.

MALMSBURY RESERVOIR > MONTHLY RAINFALL 2019/20



COLIBAN HEADWORKS STORAGES > MONTHLY INFLOW 2019/20



WATER ALLOCATION

We received the following water allocations across our region from our bulk water suppliers.

SYSTEM	ALLOCATION (%)
Campaspe	80
Central Victorian Mineral Springs	100
Loddon	80
Lower Campaspe Valley	100
Goulburn	80
Goulburn Bulk Entitlement	100
Murray	66
Wimmera	42

WATER PURCHASES AND TRADE

In 2019/20 we purchased a total of 200 megalitres of Zone 7 Low Reliability Water Shares for our Murray System; and sold a total of 17,833 megalitres of surplus allocation into the water market.

WATER RESTRICTIONS

Despite reduced allocations from our bulk water suppliers, there were no water restrictions for customers this year as we carried over unused allocation from the previous year, transferred our allocation between water supply systems and managed the volume in storages to secure supplies.

Permanent water saving rules applied to urban customers. Rural customers could access up to 100 per cent of their licence volume.

Works have been undertaken in the following water supply systems, as outlined in our Urban Water Strategy 2017, to improve water security:

- Trentham – increased licence to take and use groundwater by 55 megalitres per year
- Loddon and Wimmera – connection to the South West Loddon Pipeline and purchase of 110 megalitres of offseason water allowance
- Murray – purchase of 200 megalitres of low reliability water shares.

We are now reviewing the Drought Response Plans in these water supply systems.

WATER RESOURCE COMPLIANCE MANAGEMENT

We have a compliance management system in place to ensure that we meet our legal obligations for water resource management including bulk entitlements and licences to take and use water.

We are also responsible for compliance and enforcement of rules and legislative requirements surrounding the take and use of water and construction of works in our rural systems. In 2019/20 we developed a Non-Urban Compliance and Enforcement Strategy (Strategy). This Strategy was approved by Coliban Water's Board and includes a compliance and enforcement system built on five main principles: Risk-based, Responsive, Transparent, Accountable and Consistent.

As set out in the Strategy, when responding to contraventions of the *Water Act 1989 (Vic)* (the Act), Coliban Water will consider the level of risk presented by the particular contravention. Those with higher risks will be met with stricter penalties, allocation of greater resources and more rapid response. Monitoring, detection and enforcement action is also undertaken in consideration of a number of other factors including water resource risk, the response from and compliance history of a water user, financial or other benefit gained from offending, and environmental damage.

Coliban Water has engaged with customers through advisory groups to educate and raise awareness regarding the Strategy's development and its implementation. The Strategy and further information regarding changes to penalties under the Act has also been published on Coliban Water's website.

BULK WATER ENTITLEMENTS

The volumes available and taken from our entitlements during 2019/20 were as follows:

SUPPLY SYSTEM	SOURCE OF SUPPLY	ENTITLEMENT VOLUME (MEGALITRES)	ENTITLEMENT ALLOCATION (MEGALITRES)	CARRYOVER 01 JULY 2019 (MEGALITRES)	RAW WATER VOLUME TAKEN (MEGALITRES)	BALANCE 30 JUNE 2020 (MEGALITRES)	REPORTING REQUIREMENTS IN ACCORDANCE WITH BULK ENTITLEMENT (BE) CLAUSE/NOTES
CAMPASPE CAMPASPE RIVER		BULK ENTITLEMENT (AXEDALE, GOORNONG) CONVERSION ORDER 1999					
Axedale & Goornong		215	172	88	100	20	12.1 (b) Annual volume taken – 100 ML 12.1 (c) Any credits granted – Nil 12.1 (d) Metering Program – Implemented with Goulburn Murray Water 12.1 (e) Temporary or permanent transfer – 280 ML allocation transferred out
Rochester		134	107	47	0	14	12.1 (f) Period of restriction – Nil 12.1 (g) & (h) Any amendment to BE or new BE entitlement granted – Nil 12.1 (i) Any failure to comply with BE – Nil 12.1 (j) Difficulties in complying – Nil
TOTAL		349	279	135	100	34	
COLIBAN COLIBAN STORAGES, LAKE EPPALOCK, CAMPASPE RIVER, WARANGA WESTERN CHANNEL (GOULBURN WATER SHARES)		BULK ENTITLEMENT (CAMPASPE SYSTEM – COLIBAN WATER) CONVERSION ORDER 1999					
Castlemaine and Bendigo urban networks, Coliban Rural Systems	Malmsbury Reservoir to Coliban Main Channel				20,298		18.1 (f) Annual volume taken from headworks – 23,197 ML 18.1 (g) Annual evaporation loss – 7,000 ML from major Coliban storages; 5,793 ML from our share of Lake Eppalock 18.1 (h) Internal spill in Lake Eppalock to G-MW share – 0 ML 18.1 (i) Passing flow compliance record – refer to Passing Flows section on page 10 of this report
Kyneton, Tylden, Malmsbury	Lauriston Reservoir				1,102		18.1 (j) Any credits granted – Nil 18.1 (k) Temporary or permanent transfer of bulk entitlement – Nil 18.1 (l) Bulk entitlement or licence transferred to Coliban Water – Nil 18.1 (m) Period of restriction – NIL
Bendigo urban network and Coliban Northern Rural System	Lake Eppalock to Goldfields Superpipe				1,320		18.1 (n) Alteration to primary entitlements – Nil 18.1 (o) Transfer of primary entitlements – refer to rural system trading on page 14 18.1 (p) Annual volume supplied to primary entitlements – rural 4,478 ML (refer page 14); urban Coliban North and South 15,169 ML (refer page 22)
Heathcote, Tooborac	Lake Eppalock				477		18.1 (q) Any amendment to bulk entitlement – Nil 18.1 (r) Any new bulk entitlement – Nil 18.1 (s) Implementation of environmental and metering programs – Implemented 18.1 (t) Any failure to comply with BE – Nil 18.1 (u) Difficulties in complying – Nil 18.1 (v) Passing flows less than specified – Nil
TOTAL		50,260	N/A	N/A	23,197	N/A	
Coliban System Northern Goulburn Water Shares	Water Shares High Reliability	22,774	18,219	13,329	0	18,601	Trade in 1,830 ML and out 8,000 ML from Coliban accounts; trade out 9,733 ML to market
	Low Reliability Water Shares	2,858	0	2,956			
Coliban System Northern Campaspe Water Shares	Water Shares High Reliability	2,591	2,073	58	3,291	173	Trade in 8,000 ML and out 200 ML from Coliban accounts; trade out 6,700 ML to market
	Water Shares Low Reliability	646	0	233			Pumped from Lake Eppalock to Goldfields Superpipe, includes Central Highlands Water 253 ML
ELMORE GROUNDWATER (TAKE AND USE LICENCE)		BULK ENTITLEMENT (GOULBURN CHANNEL SYSTEM – COLIBAN WATER) ORDER 2012					
Elmore	Groundwater bore	284	284	71	128	227	Take and Use licence
GOULBURN WARANGA WESTERN CHANNEL		BULK ENTITLEMENT (GOULBURN CHANNEL SYSTEM – COLIBAN WATER) ORDER 2012					
Lockington		130	130		81		15.1 (b) Annual volume taken – 1003 ML 15.1 (c) Volume from other locations – Nil 15.1 (d) Any credit granted – Nil 15.1 (e) Metering program – Implemented with Goulburn Murray Water
Rochester		1,335	1,335		530		15.1 (f) Assignment of allocation or transfer of BE – 1,200 ML of allocation traded to market
Dingee		50	50		8		15.1 (g) Assignment of allocation or BE or shares transferred to Coliban Water – 1,280 ML
Macorna		40	40		5		15.1 (h) Amendments to BE – Nil 15.1 (i) New BE – Nil
Pyramid Hill		300	300	1,224	128	232	15.1 (j) Failure to comply – Nil 15.1 (k) Difficulties in complying – Nil
Jarklin		5	5		0		
Mitiamo		60	60		17		
Serpentine		60	60		3		
Boort		425	425	111	230	40	
Mysia		15	15		1		
TOTAL		2,420	2,420	1,335	1,003	272	
Serpentine	East Loddon	50	40	N/A	40	0	Water Allowance
Jarklin	Pipeline	10	8	N/A	1	7	

SUPPLY SYSTEM	SOURCE OF SUPPLY	ENTITLEMENT VOLUME (MEGALITRES)	ENTITLEMENT ALLOCATION (MEGALITRES)	CARRYOVER 01 JULY 2019 (MEGALITRES)	RAW WATER VOLUME TAKEN (MEGALITRES)	BALANCE 30 JUNE 2020 (MEGALITRES)	REPORTING REQUIREMENTS IN ACCORDANCE WITH BULK ENTITLEMENT (BE) CLAUSE/NOTES
LODDON		LODDON RIVER					
BULK ENTITLEMENT (LODDON SYSTEM- COLIBAN WATER) CONVERSION ORDER 2005							
Bridgewater & Inglewood					69		13.1 (b) Annual volume taken – 241 ML 13.1 (c) Any credits granted – Nil 13.1 (d) Metering Program – Implemented with Goulburn Murray Water 13.1 (e) Temporary or permanent transfer of BE – 518 ML traded to other Coliban Water accounts
Laanecoorie, Dunolly, Bealiba & Tarnagulla					172		13.1 (f) Period of restriction – Nil 13.1 (g) Any amendment to BE – Nil 13.1 (h) New BE granted – Nil
TOTAL		820	437	383	241	61	13.1 (i) Any failure to comply with BE – Nil 13.1 (j) Difficulties in complying – Nil
MURRAY		MURRAY RIVER					
BULK ENTITLEMENT (RIVER MURRAY – COLIBAN WATER) CONVERSION ORDER 1999							
Echuca		5,055	3,336	3,202	3,232	3,306	20.1 (b) Annual volume taken – 4,297 megalitres of allocation 20.1 (c) New off-take points – Nil 20.1 (d) Water returned – Nil
Cohuna					737		20.1 (e) Metering Program – Implemented with Goulburn Murray Water 20.1 (f) Transfer of BE – 300 ML of allocation transferred to other Coliban Water account
Gunbower		1,230	812	986	68	733	20.1 (g) Any BE or other entitlement transferred to Coliban Water – Nil 20.1 (h) Any amendment to BE – Nil 20.1 (i) New BE granted – Nil
Leitchville					260		20.1 (j) Any failure to comply with BE – Nil 20.1 (k) Difficulties in complying – Nil
TOTAL		6,285	4,148	4,188	4,297	3,739	
Echuca, Cohuna, Gunbower & Leitchville	High Reliability Water Shares	55	36				300 ML transferred in from other Coliban Water account
	Low Reliability Water Shares	722	0	399	0	735	Purchased 200 ML of Low Reliability Water Shares
TRENTHAM		SPRING (BE) AND GROUNDWATER BORE (TAKE AND USE LICENCE)					
BULK ENTITLEMENT (TRENTHAM) CONVERSION ORDER 2012							
Trentham	Spring fed reservoir	120	120	N/A	80	N/A	12.1 (b) Annual volume taken under entitlement – 80 megalitres 12.1 (c) Average annual amount taken over three years – 101 megalitres 12.1 (d) Annual volume taken under licence – 47 ML 12.1 (e) Metering program – Implemented 12.1 (f) Temporary or permanent transfer of all or part of BE – Nil 12.1 (g) Any amendments of transfers with respect to Order – Nil 12.1 (h) Any failure to comply with order – Nil 12.1 (i) Any difficulties complying with Order – Nil
Trentham	Groundwater bore	103	103	N/A	47	56	Take and Use licence increased by 55 ML/yr in 2019/20
WIMMERA		WIMMERA MALLEE PIPELINE (BE) AND SOUTH WEST LODDON PIPELINE (WATER ALLOWANCE)					
BULK ENTITLEMENT (WIMMERA AND GLENELG RIVERS – COLIBAN WATER) ORDER 2010							
Korong Vale & Wedderburn					255		13.1 (b) Annual volume taken – 263 ML 13.1 (c) Amount and location of water taken from other than specified point – Nil 13.1 (d) Final allocation for year – 126 ML (42%) 13.1 (e) Metering Program – Implemented with Grampians Wimmera Mallee Water 13.1 (f) Temporary or permanent transfer of all or part of BE – Nil 13.1 (g) Any BE or other entitlement transferred to Coliban Water under this order – Nil 13.1 (h) Any amendment to BE – Nil 13.1 (i) New BE granted – Nil 13.1 (j) Any failure to comply with BE – Nil 13.1 (k) Difficulties in complying – Nil
Borong	Wimmera Mallee Pipeline				3		
Wychitella					5		
TOTAL		300	126	220	263	83	
Bridgewater	South-West Loddon Pipeline	110	110	N/A	23	87	Water Allowance (off-season) under Supply by Agreement
Bridgewater		0	0	N/A	148	120	Water Allowance under Supply by Agreement – transfer in 268 ML to credit this account

RURAL USAGE

WATER SOURCES

SOURCES	NUMBER OF CUSTOMERS SUPPLIED	SUPPLIED VOLUME (MEGALITRES)
Raw	866	3,421.7
Recycled	149	1,046.3

Note: Recycled water customers can be supplied with recycled water, raw water or potable water depending on total demand and supply availability.

RURAL SYSTEM TRADING BY OUR CUSTOMERS

PERMANENT TRADE		TEMPORARY TRADE		TRADE AS PART OF LAND TRANSFERS	
NUMBER OF TRADES	VOLUME MEGALITRES	NUMBER OF TRADES (SALES)	VOLUME MEGALITRES (SALES)	NUMBER OF TRADES	VOLUME MEGALITRES
34	116.1	33	218.3	68	477.4

Note: Recycled water customers can be supplied with recycled water, raw water or potable water depending on total demand and supply.

SOUTHERN SYSTEM

CHANNEL	NO. OF LICENCES	TOTAL LICENCE VOLUME (MEGALITRES)	TOTAL USAGE (MEGALITRES)	NO. OF LICENCES SUPPLIED
COLIBAN HEADWORKS STORAGES				
Lauriston Reservoir	5	10.0	0.8	1
Malmsbury Reservoir	2	4.0	0.0	0
Upper Coliban Reservoir	1	1.0	0.0	1
System Total	8	15.0	0.8	2
COLIBAN MAIN				
Coliban Main – 1	39*	5,779.9*	133.5	23
Coliban Main – 4/1	19	182.1	31.8	12
Coliban Main – 4/3	97	491.9	164.2	58
System Total	155	6,453.9	329.5	93
EMU VALLEY SOUTH				
Abbotts	106	404.4	192.6	89
Emu Valley No 1	83	366	154.2	61
Emu Valley No 2	64	361.1	125.6	47
Mannes	17	95.8	20.8	12
Strathfieldsaye	2	5	1.4	2
System Total	272	1,232.3	494.5	211
HARCOURT				
Harcourt Modernised Pipeline	177	2,192.1	959.6	150
System Total	177	2,192.1	959.6	150
POVERTY GULLY				
Campbells Creek	0	0	0	0
Poverty Gully	0	0	0	0
System Total	0	0	0	0
SPRING GULLY				
Diamond Hill	12	64.3	15.5	10
Spring Gully	33	150.3	66.3	26
System Total	45	214.6	81.8	36
Southern System Total	657	10,107.9	1,866.4	492

*includes CW licence

NORTHERN SYSTEM

CHANNEL	NO. OF LICENCES	TOTAL LICENCE VOLUME (MEGALITRES)	TOTAL USAGE (MEGALITRES)	NO. OF LICENCES SUPPLIED
ASCOT				
Ascot	32	708.8	336.4	20
Ellesmere	47	169.6	124.9	39
Goornong	18	352.2	189.4	10
Huntly	2	18.6	7.4	2
White Hills	7	239.7	140.2	4
System Total	106	1,488.9	798.4	75
AXE CREEK				
Axe Creek	65	322.8	99.9	47
Kangaroo	2	11.4	1.5	1
System Total	67	334.2	101.4	48
COCKATOO HILL				
Cockatoo Hill	30	121.2	41.9	12
Neilborough	10	31.5	25.7	8
Raywood	65	299.3	178.8	48
Sebastian	7	61.2	11.0	6
System Total	112	513.2	257.4	74
EMU VALLEY NORTH				
Emu No 1 (Eppalock)	13	69.2	63.8	13
Emu No 2 (Eppalock)	17	172.2	137.4	10
System Total	30	241.4	201.2	23
EPPALOCK PIPELINE				
Eppalock Pipeline	82	843.3	370.3	73
System Total	82	843.3	370.3	73
JACKASS FLAT				
Ironstone	0	0	0	0
Jackass Flat	0	0	0	0
Sparrowhawk	0	0	0	0
System Total	0	0	0	0
LOCKWOOD				
Lockwood	117	592.4	134.0	79
Marong	29	252.8	109.5	20
South Lockwood Pipeline	46	397.3	159.2	45
Wilson's Hill	31	230.3	72.3	25
System Total	223	1,472.8	475.1	169
SPECIMEN HILL				
Maiden Gully	43	344.5	180.7	28
Myers Flat	16	105.2	55.5	11
Speciman Hill	30	290.4	171.1	22
System Total	89	740.1	407.3	61
Northern System Total	709	5,633.9	2,611.1	523

Our rural customers had 100 per cent allocation for the 2019/20 season.

RECYCLED WATER PRODUCTION AND USAGE

Coliban Water manages 16 Water Reclamation Plants (WRPs), of those recycled water produced at the following plants was reused during 2019/20.

AXEDALE

Axedale WRP produces recycled water equivalent to Class B quality, which is supplied to the Axedale Golf Club for irrigation use.

BENDIGO

The Bendigo WRP produces Class B and Class C quality recycled water. Class C recycled water is used for on-site irrigation. Either Class B or Class C recycled water is supplied to off-site users, such as the Fosterville Gold Mine, the Bendigo Livestock Exchange and three neighbouring farmers depending on the end use purpose. The excess water is released into Bendigo Creek in accordance with our Environment Protection Authority (EPA) licence.

The Bendigo Recycled Water Scheme uses Class A recycled water produced at the Bendigo Recycled Water Factory and/or water supplied into the scheme from our southern storages or Lake Eppalock under a water quality framework approved by the Department of Health and Human Services (DHHS) and the EPA.

The Class A recycled water is available via the recycled water pipeline network and is used by sporting facilities, parks and gardens, primary schools, rural customers, and commercial customers, who use it for dust suppression.

BOORT

Boort WRP produces recycled water equivalent to Class C quality. The Class C water is used to irrigate onsite farm usually shandied with raw water from the Waranga channel water.

CASTLEMAINE

The Castlemaine WRP produces Class C recycled water, which is supplied to the Castlemaine Golf Course via a pipeline. The excess water is released into Campbells Creek in accordance with our EPA licence.

DUNOLLY

The Dunolly WRP produces Class C recycled water, which is used for on-site irrigation.

ECHUCA

The Echuca WRP produces Class B recycled water, which is pumped to a storage tank (Singers Road Storage), located between Echuca and Rochester, and from there it is supplied to local irrigators.

GUNBOWER

The Gunbower WRP produces Class C recycled water, which is used for on-site irrigation or to manage the water level in the storage lagoons.

HEATHCOTE

The Heathcote WRP produces Class C recycled water, which is supplied to the Heathcote Golf Club for irrigation.

KYNETON

The Kyneton WRP produces Class B and Class C recycled water. The Class C recycled water is used onsite for irrigation. The Class B recycled water is supplied to the Kyneton Racecourse and the Macedon Ranges Shire Council for the watering of local sports grounds and the Botanical Gardens in Kyneton. Additionally, Class B recycled water is supplied to Hardwick Meatworks' irrigation site. The recycled water supply to this site commenced in January 2020. The excess water is released into the Campaspe River in accordance with our EPA licence or stored in on-site storage lagoons.

ROCHESTER

The Rochester WRP produces Class B recycled water, which is pumped to a storage (Singers Road Storage), located between Echuca and Rochester, and from there it is supplied to local irrigators.

WEDDERBURN

The Wedderburn WRP produces Class C recycled water, which is used for on-site irrigation.

Note that Bridgewater, Elmore, Lockington and Pyramid Hill WRPs produce Class C recycled water, which is used for on-site irrigation as required. Recycled water produced from these plants has not been used during 2019/20.

The Cohuna WRP does not have a reuse application. The treated water is stored in on-site lagoons and disposed by means of evaporation.

The table below shows the recycled water usage volumes.

WATER RECLAMATION PLANT	RECYCLED WATER USAGE VOLUME (MEGALITRES)	
	2019/20	2018/19
Axedale	6.9	7.1
Bendigo		
Class A	176.8	551.7
Class B and C	865.9	1,043.7
Boort	15.0	5.0
Bridgewater	0.0	0.0
Castlemaine	108.6	111.4
Cohuna	–	–
Dunolly	6.5	4.1
Echuca1	836.7	1,101.4
Elmore	0.0	0.0
Gunbower	10.0	0.0
Heathcote	116.2	109.7
Kyneton	404.1	327.3
Lockington	0.0	0.0
Pyramid Hill	0.0	0.0
Rochester ¹ (reuse volume is accounted in Echuca WRP reuse figure)	–	–
Wedderburn	16.0	0.0
TOTAL	2,562.7	3,261.4

Notes

1. Treated Class B recycled water produced from Rochester and Echuca Water Reclamation Plants are stored in a same storage lagoon and supplied to local irrigators.

RECYCLED WATER MANAGEMENT

All customers using recycled water must comply with management requirements contained in the Site Management Plan or Environment Improvement Plan for each site.



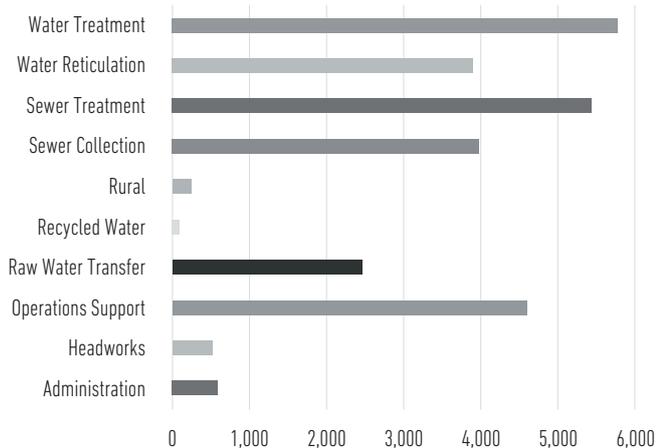
CAPITAL PROJECTS

Capital portfolio expenditure reached \$27.6 million in 2019/20, the second year toward meeting our five year capital portfolio target of \$137.9 million.

During the year two major projects were required to be brought forward to address risk to public safety and the environment. These projects were successfully brought forward and delivered without any impacts to the delivery of the other planned project outcomes and as a result the overall capital portfolio expenditure has exceeded the capital portfolio budget by \$2.7 million.

The delivery of the 2019/20 capital plan demonstrated our ability to deliver successful outcomes while dynamically managing time and funding allocations in a reduced capital portfolio.

2019/20 CAPITAL EXPENDITURE (\$'000s)



During the year, Coliban Water did not undertake or complete any project with a total investment greater than \$10 million.

The Water Treatment program had a total 2019/20 capital spend of \$5.8 million and delivered the following key achievements:

- › Heathcote Water Treatment Plant Upgrades (Heathcote): including the upgrade of UV disinfection equipment, addition of a chlorine contact tank and a permanent Powdered Activated Carbon (PAC) dosing system which will improve the aesthetic water quality and significantly reduce the occurrence and severity of taste and odour events. The \$5.6 million project was delivered across 2018/19 and 2019/20 with \$2.9 million delivered in 2019/20.
- › Water Treatment Plant Renewals and Optimisation (non-metro various*): \$0.7 million annual program to reduce operational and water quality risks at water treatment plants. Major works in 2019/20 included the installation of an additional 450 kilolitres of clear water storages tanks at the Gunbower Water Treatment Plant, replacement of a raw water pump at the Heathcote Raw Water Pump Station and the commencement of pump refurbishment works at the Echuca Raw Water Pump Station.
- › Echuca Water Treatment Plant High Lift Pump Station Valve Replacement (Echuca): \$0.6 million was expended to replace a number of critical valves that had reached the end of life and to improve the reliability of the plant.
- › Cohuna Water Treatment Facility Fluoride Dosing Facility (Cohuna): \$0.4 million for the supply and installation of a fluoride dosing facility as part of a co-funded solution to support the work of the Department of Health and Human Services (DHHS) in the promotion of dental health within the Coliban Water region.
- › Water Treatment Plant Program Logic Control (PLC) Upgrades (non-metro various*): annual program upgrades at a cost of \$0.3 million included works in Cohuna and Boort in 2019/20 to improve the treatment plans system connectivity and reliability.

The Water Reticulation program had a total 2019/20 capital spend of \$3.9 million and delivered the following key achievements:

- › Digital Metering (non-metro various*): \$1.6 million was expended on the installation of 22,324 data loggers to existing customer meters in 2019/20.
- › Water Main Renewals (non-metro various*): \$0.9 million was expended to ensure security of water supply to customers and reduce water losses from bursts and leaking mains. This included renewing 1.35 kilometres of water mains at five different locations across Castlemaine, Fryerstown and Tylden.

The Sewer Treatment program had a total 2019/20 capital spend of \$5.4 million and delivered the following key achievements:

- › Kyneton Solutions Project (Kyneton): \$3.3 million was invested in upgrades at the Kyneton Water Reclamation Plant to increase capacity and reduce operational and environmental risks. Phase 1 of the project has been completed which includes a series of improved treatment processes in the lagoons, as well as tanks for the storage of Class B recycled water to be used for irrigation at a nearby farm owned by Hardwick Meatworks. Phase 2 works have also commenced with the delivery of a Class C to Class B treatment facility and designs for an additional 200 megalitre lagoon to be completed in 2020/21.
- › Water Reclamation Plant Renewals and Optimisation (non-metro various*): \$2.0 million of the annual program was invested in works to reduce operational and environmental risks at various water reclamation plants. Major works included the refurbishment of the autothermal aerobic digesters at the Bendigo Water Reclamation Plant, refurbishment of the micro screens at the Kyneton Water Reclamation Plant, replacement of an ultraviolet disinfection unit and pump replacement works at Castlemaine Water Reclamation Plant.

* Non-metro various indicates the project will deliver outcomes to more than one town and/or system within the Coliban Water Region.

The Sewer Collection program had a total 2019/20 capital spend of \$4.0 million and delivered the following key achievements:

- › Heathcote Sewerage Scheme (Heathcote): The \$5.6 million project involves the installation of 10 kilometres of sewer main to provide a new sewer service to 149 houses and 62 vacant lots in three separate areas of Heathcote. \$1.6 million was delivered in 2019/20.
- › Sewer Main Renewals (non-metro various*): \$0.7 million was invested in the annual program for sewer main condition assessments and renewals to improve operational efficiencies, reduce blockages and overflows to the environment.
- › Sewer Pump Station Renewals (non-metro various*): \$0.7 million was invested in the annual program for renewal of submersible and dry well sewer pumps and sewer pump station refurbishment works to improve operational efficiencies and reduce operational and environment risk.
- › Bendigo Trunk Sewer Main Renewal (Bendigo): \$0.7 million was invested to deliver package 1 of the Bendigo Trunk Sewer Main works which included the renewal of 335 meters of 750 millimetre diameter sewer trunk main at Howard St, Epsom.

The Rural program had a total 2019/20 capital spend of \$0.3 million and delivered the following key achievements:

- › Channel Renewals (non-metro various*): the annual program of \$0.3 million for the renewal of various channels was invested in the region.

The Recycled Water program had a total 2019/2020 capital spend of \$0.1 million and delivered the following key achievements:

- › Bendigo Recycled Water Scheme Upgrade (Bendigo): \$0.1 million was invested in the planning of upgrades to the Class A recycled water network to improve reliability and quality.

The Raw Water Transfer program had a total 2019/20 capital spend of \$2.4 million and delivered the following key achievements:

- › Coliban Main Channel Renewals (non-metro various*): a \$0.9 million investment in the annual program was delivered for maintaining the integrity, reliability and water resource security of the Coliban Main Channel.
- › Occupational Health and Safety (OHS) Upgrades of Main Channel Offtakes (non-metro various*): \$0.8 million was invested in the annual program to reduce OHS risks on the Main Channels. This included the installation of an automated trash grate system at Elphinstone at a cost of \$0.7 million.
- › Raw Water Systems Investigation (non-metro various*): \$0.3 million in raw water investigations which includes the installation of two additional bores as part of the Trentham Groundwater Project aimed at augmenting the water supply at Trentham.

- › Water shares (non-metro various*): \$0.1 million in water share purchases were made to ensure adequate water resource security for towns in our Murray Supply System.
- › Superpipe (non-metro various*): a \$0.1 million annual program was invested for maintaining water resource security, water quality and monitoring.
- › Superpipe, Axecreek and Eppalock Pump Station Rapid Earth Fault Current Limiter (REFCL) Compliance (non-metro various*): \$0.2 million was invested to install new bushfire mitigation (REFCL) devices on networks as part of a broader bushfire safety program mandated by the Victorian Government.

The Operations Support program had a total 2019/20 capital spend of \$4.5 million and delivered the following key achievements:

- › Planned Corrective and Reactive Maintenance (non-metro various*): annual program of \$2.8 million was spent on renewals and refurbishment of water, recycled water and sewer assets to ensure levels of service are maintained.
- › Integrated Water and Sewer Planning (non-metro various*): annual program of \$1.0 million was invested in comprehensive plans to consider the long term provision of water and sewerage services.
- › Supervisory Control and Data Acquisition (SCADA) Hardware (non-metro various*): annual upgrade program of \$0.5 million was incurred to replace redundant hardware in the field to fully integrate into the Supervisory Control and Data Acquisition (SCADA) networks.
- › Occupational Health and Safety (OHS) remedial works program (non-metro various*): a \$0.5 million annual program of works was undertaken to address safety concerns raised to ensure that all of our assets meet relevant safety standards.

The Headworks program had a total 2019/20 capital spend of \$0.5 million and delivered the following key achievements:

- › Land Management (non-metro various*): a \$0.3 million annual program of works were undertaken to survey land title boundaries, install perimeter fencing and improve the land around our reservoirs.

The Administration program had a total 2019/20 capital spend of \$0.6 million and delivered the following key achievements:

- › Information Technology Equipment Improvements (non-metro various*): \$0.2 million was invested in the annual program to manage Information Technology Infrastructure and end user computing assets to ensure they are capable of supporting our computing needs.
- › Intelligent Business Program (non-metro various*): \$0.1 million was invested in the annual program to enhance or automate existing business process to be more efficient, improve data management and enhance user experience.



WATER QUALITY AND RELIABILITY

CUSTOMER SERVICE OBJECTIVES – WATER RETICULATION

We are required to report on 14 service standards, related to water, to the Essential Services Commission (ESC). These standards cover: supply interruptions, including number, duration, response time to bursts and leaks, as well as the amount of unaccounted water.

We achieved compliance in 10 of the 14 service standards in 2019/20. The service standards not met include:

- › Average planned customer minutes off water supply
- › Average duration of planned water supply interruptions
- › Average duration of unplanned water supply interruptions
- › Number of customers experiencing five unplanned water supply interruptions

The failure of Key Performance Indicators (KPIs) for planned water supply interruptions was due to air scouring preventative maintenance activities which occurred in Echuca, Boort, Raywood and Sebastian in August and September 2019.

Two incidents in November 2019 and February 2020 resulted in 29 customers being impacted by water supply interruptions lasting more than five hours. These incidents resulted in the overall average duration of unplanned water supply interruptions exceeding the KPI of 112 minutes by 0.24 minutes.

The failure to meet the remaining service standard is due to multiple bursts/leaks which resulted in 18 customers in Guildford and 11 customers in Castlemaine experiencing five or more water supply interruptions. Works have been prioritised to address the local network issues and to prevent future poor performance.

WATER MAIN RENEWAL

Across our region, we replaced approximately 4.4 kilometres of water mains as part of our ongoing water mains renewal program, at a cost of around \$900K. This included renewing 1.35 kilometres of water mains in three regional towns of Castlemaine, Fryerstown and Tylden at a cost of \$243K. The mains were renewed using directional boring, a trenchless technology that reduces the need for excavations and results in overall cost savings of 25 to 50 per cent.

We identify sites for replacement by analysing a range of criteria including the criticality, risk to customers, number of failures, number of supply interruptions, number of customers impacted and the assessed remaining useful life of the asset.

WATER MAINS CLEANING PROGRAM

At a cost of approximately \$125K, in excess of 201 kilometres of water mains cleaning was completed in Echuca, Mitiamo, Dingee, Cohuna, Guildford, Yapeen, Boort, Big Hill, Belvoir Park, Junortoun, Sebastian and Raywood.

This program removes sediment from the water mains and improves chlorine residuals across our networks using multiple techniques including air scouring. Air scouring involves forcing a mixture of compressed air and water through the system to remove naturally occurring sediment and other particles. This method of mains cleaning is safe, uses minimal water compared to other methods and is environmentally friendly.

Our ongoing water mains cleaning program helps protect the integrity of the water system, enhances the drinking water quality we supply to customers and ensures our water continues to meet Australian Drinking Water Guidelines.

WATER TREATMENT PLANT IMPROVEMENTS

This year some of the major Water Treatment Plant (WTP) improvement works included:

- › Completion of significant upgrades at Heathcote WTP to improve water quality
- › Installation of Powdered Activated Carbon (PAC) units and raw water dosing facilities at multiple sites to assist with the treatment of taste and odour
- › Installation of a new raw water pump at the Eppalock-Heathcote pump station to improve reliability of supply
- › Installation of an improved sludge handling system at Rochester WTP to assist with the management of the waste stream
- › Refurbishment of the raw water pumps at Echuca WTP to improve reliability
- › Renewal of raw water pumps and pipes at Cohuna WTP to improve reliability
- › Detailed design for significant Echuca WTP upgrades to improve water quality and security of supply
- › Renewal of control and communications systems at:
 - Cohuna WTP
 - Boort WTP

VALVE MAINTENANCE

In our water supply network, there are in excess of 10,000 water isolation valves that play an important role in ensuring supply is maintained to customers. A valve maintenance program has been implemented that involves proactively exercising (opening and closing) valves to confirm their location (mapped into our Geographic Information System [GIS]), condition and operability. This ensures that the valves can be located quickly and are functioning correctly allowing quick isolation of water mains in case of any bursts or works that are required. This year 475 valves were exercised in Echuca and areas around Bendigo (Huntly to White Hills) and in the Eaglehawk area.

SAFE DRINKING WATER ACT 2003

Coliban Water provides drinking water to a population of approximately 162,000 customers across our region, and with our strategic partners we operate 19 water treatment plants that supply drinking water to 49 separate towns. During 2019/20 the drinking water supplied to our customers was generally of a high standard.

Schedule 2 of Victoria's *Safe Drinking Water Regulations (SDWR) 2015* lists three specific drinking water quality standards that apply to all drinking water supplies in Victoria: *Escherichia coli (E. coli)*, Total Trihalomethanes (THMs) and Turbidity, all of which have mandated limits and frequencies for sampling and testing. The *SDWR 2015* also require that any drinking water that is supplied to customers must not contain any toxin, pathogen, substance or chemical, whether alone or in combination with another toxin, pathogen, substance or chemical, in such amounts that may pose a risk to human health.

All of our drinking water supplies were compliant with the Turbidity drinking water standard during 2019/20.

During 2019/20 there were three separate detections of *E. coli* in treated drinking water. In all cases, the detections were addressed immediately, and the results for the follow-up tests were found to be free of *E. coli*, avoiding the need to issue any 'Boil Water Notices'.

The circumstances associated with each *E. coli* detection are described below.

A routine sample collected on 6 January 2020 at the outlet of the Kalimna Basin in the Castlemaine water supply system was positive for the presence of *E. coli*. An investigation revealed that the performance of both the Castlemaine Water Treatment Plant (WTP) and the upstream distribution network were good, however, possible points for ingress of rainwater through the roof of the Kalimna basin were identified. The *E. coli* detection was most likely the result of the combination of the following issues: potential pathways for rainwater ingress into the basin, a rainfall event on the day the sample was collected, and low chlorine disinfectant residual in the basin. The ingress points were repaired and tested to avoid a similar event occurring in the future.

A routine sample collected on 20 January 2020 at a sampling point on a trunk main that supplies treated drinking water to Spring Gully area in the Bendigo water supply system tested positive for the presence of *E. coli*. There were no issues with performance of the Bendigo WTP, or in the upstream distribution network, except for low chlorine disinfectant residual in some parts of the affected locality. No probable root cause that could have led to secondary microbial contamination in the Bendigo distribution network was identified. Several actions are being undertaken to improve the chlorine residual in the Bendigo distribution network in order to prevent similar issues occurring in the future.

A routine sample collected on 26 February 2020 at the outlet of the Inglewood Basin in the Bridgewater-Inglewood water supply system was positive for the presence of *E. coli*. The Bridgewater WTP had a performance issue at the time of the event, however, it was unlikely to be the cause of the event, as there were no issues with the disinfection process and no out-of-specification water was supplied into the distribution network. There was no obvious root cause that could have led to secondary microbial contamination in the Bridgewater-Inglewood distribution network was identified, except possibly for low chlorine disinfectant residual in the Inglewood Basin. A number of actions are being undertaken to improve the chlorine residual at the Inglewood Basin.

There were a few instances where elevated results for some chemicals were recorded during the routine monitoring of the drinking water that we supply, and the circumstances associated with their detection are described below.

The concentration of THMs exceeded the health-based guideline value (i.e. 0.25 mg/L) specified in the *2011 Australian Drinking Water Guidelines (ADWG)* in samples collected in the Laanecoorie water supply system between March and April 2020. The raw water for the Laanecoorie WTP is sourced from the Loddon River. Historically, raw water from the Loddon River is high in Natural Organic Matter (NOM) and bromide. The water age in the Laanecoorie system is also high due to the size of storage tanks and lengthy water mains. The high-water age, along with the high levels of NOM and bromide, leads to the formation of excessive Disinfection By Products (DPBs).

To manage this issue, primary disinfection at the Laanecoorie WTP is achieved through chlorination, and then the treated water is chloraminated by the addition of ammonia. Nitrification is a common problem for chloraminated water supply systems, which causes difficulties in maintaining adequate disinfectant residual. Therefore, the disinfection process at the Laanecoorie WTP was changed from chloramination to chlorination to manage nitrification issue in the distribution network for a short period of time (i.e. between 17 February 2020 to 14 April 2020).

The elevated THM results were due to a combination of the following: the temporary switch to chlorination; high concentrations of NOM and bromide in the raw water; and the high water age in the system. Given that the health risk associated with THMs, and other DPBs, is based on life time exposure, occasional exceedances in THMs are considered low risk from a public health perspective, and measures to improve disinfectant residual in distribution networks, such as temporary chlorination in a chloraminated system, is considered important. However, we have ceased the temporary chlorination to avoid further THMs exceedances. Subsequent test results confirmed that concentration of THMs in the samples collected from the Laanecoorie water supply system were below the health-based guideline value specified in the *ADWG*.

Since June 2020, the concentration of N-Nitrosodimethylamine (NDMA) exceeded the health-based guideline value (i.e. 0.0001 mg/L) specified in the *ADWG* in samples collected from the Laanecoorie water supply system. NDMA is a disinfection by-product (DBP) of chloramination. Given the health risks associated with DPBs, including NDMA, are based on life time exposure, occasional exceedances are considered low risk from a public health perspective. However, a number of corrective actions have been completed to minimise future excessive NDMA formation. The samples tested for NDMA after the implementation of the corrective actions indicate that the actions were effective in reducing the concentration of NDMA in the treated drinking water. Further, investigations are currently underway to better understand the root cause of the issue.

A routine sample collected from the outlet of the Treated Water Storage (TWS) tanks at the Boort WTP on 10 June 2020 returned an elevated total chlorine result. An investigation was undertaken in response to the elevated result, which revealed that the customers of Boort were not supplied with drinking water containing a total chlorine concentration greater than the health-based guideline value (5.0 mg/L) specified in the *ADWG*. The investigation also indicated that the total chlorine result reported was most probably an erroneous result.

A range of organisms that grow naturally in water bodies can produce substances that can create unpleasant tastes and odours (T&O) in drinking water supplies. The most common of these substances are Geosmin and 2-Methylisoborneol (MIB). Note that these substances do not pose any health risk. Significantly, high concentration of T&O compounds, mainly Geosmin, was experienced in the Murray River System between December 2019 and March 2020, which affected the Echuca, Cohuna, Gunbower and Leitchville WTPs that draw raw water from the Murray River and its tributaries. Given that the concentration of Geosmin in the raw water was very high, the concentration of Geosmin in the treated water exceeded the T&O threshold (10 ng/L) mentioned in the *ADWG* during this period. A number of works are being undertaken to address similar events if they occur in the future.

During a period in mid-April 2020, widespread customer complaints were received from the Trentham water sampling locality, with customers describing the drinking water as being earthy or metallic in taste. In total, we received 24 complaints during the period between 8 April 2020 and 14 April 2020. Natural spring water provides the majority of the raw water supply for the Trentham WTP, with the spring flowing into the two raw water storage reservoirs. An investigation of the issue revealed that an unprecedentedly high concentration of MIB was present in the storage known as Reservoir No.1, which was supplying raw water to the Trentham WTP at the time of the event. Therefore, the raw water supply to the plant water was changed to Reservoir No. 2, which resolved the issue.

There were also some isolated incidents that occurred during the reporting period. The circumstances associated with their detection are described below.

In June 2019, some anomalies in Integrity Test data for one of the two membrane trains of the microfiltration (MF) process at the Rochester WTP were identified. Further investigation of the issue revealed that one membrane train was in operation without performing Integrity Tests for a period of time (identified as 2 December 2018 to 31 July 2020). Integrity Test is used to assess whether or not the MF membranes are intact, so that adequate pathogen removal is likely to have occurred. Therefore, the issue raised a concern of potential for inadequate pathogen removal in the drinking water produced through the affected membrane train. However, the health risk to customers is considered low as good chlorine residual was maintained in the treated drinking water and no non-conformances in water quality parameters were reported during the period. The issue was reported to Department of Health and Human Services (DHHS), and necessary actions have been taken to eliminate this kind of issue from occurring in the future.

On 21 August 2019, treatment operators at the Cohuna WTP undertook some maintenance work on the valves associated with the raw water pump for the WTP, which required them to isolate the raw water main to the WTP. A potential leak within the isolation valve in the back up raw water pumping arrangement was identified, which raised a concern that a small amount of raw water could be drawn through the leaking valve when the treated drinking water pumps were in operation. Since good chlorine residual was maintained in the treated drinking water and no non-conformances water quality parameters were reported for the routine treated water samples tested in the last 12 months, the drinking water supplied was assessed as not posing any unacceptable risks to customers. However, the issue was reported to DHHS and raw water back arrangement was removed to eliminate the risk.

On the evening of 3 April 2020 some parts of the Bridgewater – Inglewood water sampling locality lost water supply due to a burst water main. Consequently, the Inglewood network experienced very low pressure for a period of approximately 1.5 hours. Coliban Water also received nine customer complaints related to the loss of water. This raised a potential concern with respect to contaminated water entering the Inglewood water distribution network. The burst main was repaired at around 7 am on 4 April 2020, and the adjacent distribution network was flushed. Subsequently, drinking water samples were collected and tested for major water quality parameters. The results showed that the event did not cause unacceptable risk to customers. This issue was reported to DHHS.

Notes to water quality table:

1. Other water quality parameters monitored under our water sampling program are part of our Drinking Water Quality Risk Management Plan.
2. Concentrations of THMs exceeding the health-based guideline value (i.e. 0.25 mg/L) specified in the ADWG were reported for samples collected from the Laanecoorie water supply system between March and April 2020.
3. Concentration of N-Nitrosodimethylamine (NDMA) exceeding the health-based guideline value (i.e. 0.0001 mg/L) specified in the ADWG were reported for samples collected from the Laanecoorie water supply system in June 2020.
4. A routine sample collected on 20 January 2020 at a sampling point on a trunk main that supplies drinking water to Spring Gully returned an E. coli result of 1 orgs/100mL.
5. A routine sample collected from the outlet of the Treated Water Storage (TWS) tanks at the Boort WTP on 10 June 2020, returned with an elevated total chlorine result. An investigation undertaken in response to the elevated total chlorine result revealed that the customers of Boort were not supplied with drinking water containing a total chlorine concentration greater than the health-based guideline value (5.0 mg/L) specified in the ADWG.
6. A routine sample collected on 26 February 2020 at the outlet of the Inglewood Basin in the Bridgewater-Inglewood water supply system returned an E. coli result of 2 orgs/100mL.
7. A routine sample collected on 6 January 2020 at the outlet of the Kalimna Basin in the Castlemaine water supply system returned an E. coli result of 25 orgs/100mL.

WATER QUALITY

The following table shows the compliance of our drinking water sampling localities with the water quality standards specified in Victoria's *SDWR 2015*.

The townships of Borung, Dingee, Jarklin, Macorna, Mitiamo, Mysia and Wychitella were supplied with regulated water (non-drinking water) during 2019/20.

WATER SAMPLING LOCALITY	SDWA 2015			
	E. COLI (< 1 ORGS/100 ML)	TOTAL TRICHALOMETHANES (< 0.25 MG/L)	TURBIDITY (<=5 NTU)	OTHER PARAMETERS ⁽¹⁾
Axedale	✓	✓	✓	✓
Bealiba	✓	X ²	✓	X ³
Bendigo (Northern)	✓	✓	✓	✓
Bendigo (Southern)	✓	✓	✓	✓
Bendigo (Spring Gully)	X ⁴	✓	✓	✓
Big Hill	✓	✓	✓	✓
Boort	✓	✓	✓	X ⁵
Bridgewater – Inglewood	X ⁶	✓	✓	✓
Castlemaine	X ⁷	✓	✓	✓
Cohuna	✓	✓	✓	✓
Dunolly	✓	✓	✓	X ³
Echuca	✓	✓	✓	✓
Elmore	✓	✓	✓	✓
Epsom-Huntly	✓	✓	✓	✓
Fryerstown	✓	✓	✓	✓
Goornong	✓	✓	✓	✓
Guildford	✓	✓	✓	✓
Gunbower	✓	✓	✓	✓
Harcourt	✓	✓	✓	✓
Heathcote	✓	✓	✓	✓
Junortoun	✓	✓	✓	✓
Korong Vale	✓	✓	✓	✓
Kyneton	✓	✓	✓	✓
Laanecoorie	✓	X ²	✓	X ³
Leitchville	✓	✓	✓	✓
Lockington	✓	✓	✓	✓
Maiden Gully – Marong	✓	✓	✓	✓
Maldon	✓	✓	✓	✓
Malmsbury	✓	✓	✓	✓
Newstead	✓	✓	✓	✓
Pyramid Hill	✓	✓	✓	✓
Raywood	✓	✓	✓	✓
Rochester	✓	✓	✓	✓
Sebastian	✓	✓	✓	✓
Serpentine	✓	✓	✓	✓
Strathfieldsaye	✓	✓	✓	✓
Taradale-Elphinstone	✓	✓	✓	✓
Tarnagulla	✓	X ²	✓	X ³
Tooborac	✓	✓	✓	✓
Trentham	✓	✓	✓	✓
Tylden	✓	✓	✓	✓
Wedderburn	✓	✓	✓	✓

WATER TREATMENT PROCESS

The following table shows how Coliban Water treats water to make it safe to drink.

SYSTEM (WATER TREATMENT PLANT)	WATER SAMPLING LOCALITY	TREATMENT PROCESS							ADDED SUBSTANCES									
		COAGULATION	CLARIFICATION	FILTRATION	TASTE / ODOUR / ALGAE TOXIN REMOVAL	PH CORRECTION	DISINFECTION	DESALINATION	ALUM / ACH / POLYMER BLEND	POLYELECTROLYTE	ACTIVATED CARBON	OZONE	ULTRAVIOLET	LIME/SODA ASH/CAUSTIC SODA CARBON DIOXIDE SULPHURIC ACID	CHLORINE	AMMONIA	FLUORIDE	
Bendigo	Axedale Northern Spring Gully Southern Raywood Sebastian Big Hill Epsom – Huntly Junortoun Maiden Gully – Marong Strathfieldsaye	✓	✓	M	✓	✓	✓		✓		✓			✓	✓	✓	✓	
Boort	Boort	✓	✓	✓		✓	✓		✓	✓				✓	✓			
Bridgewater	Bridgewater – Inglewood	✓	✓	✓	✓	✓	✓	✓ ¹	✓		✓		✓	✓	✓	✓		
Castlemaine	Castlemaine Fryerstown Guildford Harcourt Maldon Newstead Taradale – Elphinstone	✓	✓	M	✓	✓	✓		✓		✓			✓	✓	✓	✓	
Cohuna	Cohuna	✓	✓	✓	✓	✓	✓		✓	✓	✓			✓	✓			
Echuca	Echuca	✓	✓	✓	✓	✓	✓		✓	P	✓			✓	✓		✓	
Elmore	Elmore					✓	✓						✓	✓	P			
Goornong	Goornong	✓	✓	✓	✓	✓	✓		✓		P			✓	✓			
Gunbower	Gunbower	✓ ²	✓	M	✓	✓	✓		✓		✓		✓	✓	✓			
Heathcote	Heathcote Tooborac	✓	✓	✓	✓	✓	✓		✓	✓	✓		✓	✓	✓	✓		
Korong Vale	Korong Vale Wedderburn	✓	✓	✓	✓	✓	✓		✓	✓	P			✓	✓	✓		
Kyneton	Kyneton Malmsbury Tylden	✓	✓	M	✓	✓	✓		✓		✓	✓		✓	✓	*	✓	
Laanecoorie	Bealiba Dunolly Laanecoorie Tarnagulla	✓	✓	✓	✓	✓	✓		✓	✓	✓		✓	✓	✓	✓		
Leitchville	Leitchville	✓	✓	M	✓	✓	✓		✓		✓		✓	✓	✓			
Lockington	Lockington	✓	✓	✓	✓	✓	✓		✓	P	✓			✓	✓			
Pyramid Hill	Pyramid Hill	✓	✓	✓	✓	✓	✓		✓	✓	P			✓	✓			
Rochester	Rochester	✓	✓	M	✓	✓	✓		✓		✓			✓	✓			
Serpentine	Serpentine	✓	✓	✓	✓	✓	✓		✓	✓	P			✓	✓			
Trentham	Trentham			M	✓		✓		✓		✓				✓			

Legend: **P** = periodic, as required; **M** = membrane filtration

Notes:

1. The raw water supply for the Bridgewater WTP was changed from the Loddon River to the South-West Loddon Pipeline in December 2019. The quality of raw water sourced from South-West Loddon Pipeline is better than the Loddon River, particularly, the salinity is very low. Therefore, operation of the Reverse Osmosis plant at the Bridgewater WTP ceased from 1 January 2020.
2. Magnetic Ion Exchange (MIEX) is periodically used to remove organics/colour from the water.

WATER, WASTEWATER CUSTOMERS AND WATER USAGE BY SYSTEM

WATER SUPPLY SYSTEM	WASTEWATER			RECYCLED WATER						TREATED WATER						
	CONNECTIONS			CONNECTIONS			USAGE (ML)			CONNECTIONS			USAGE (ML)			
	RESIDENTIAL	NON RESIDENTIAL	TOTAL	RESIDENTIAL	NON RESIDENTIAL	TOTAL	RESIDENTIAL	NON RESIDENTIAL	TOTAL	RESIDENTIAL	NON RESIDENTIAL	TOTAL	RESIDENTIAL	NON RESIDENTIAL	TOTAL	5 YEAR AVERAGE
CAMPASPE																
Goornong	0	0	0	0	0	0	0	0	0	168	24	192	34	12	46	46
Total	0	0	0	0	0	0	0	0	0	168	24	192	34	12	46	46
COLIBAN NORTHERN																
Bendigo *	43,088	3,319	46,407	769	29	798	36	267	303	45,463	3,534	48,997	8,679	3,092	11,771	11,598
Heathcote	927	107	1,034	0	0	0	0	0	0	1,099	131	1,230	150	113	263	249
Axedale	131	11	142	0	0	0	0	0	0	139	17	156	24	4	28	28
Raywood	0	0	0	0	0	0	0	0	0	83	15	98	20	6	26	27
Sebastian	0	0	0	0	0	0	0	0	0	73	5	78	18	11	29	30
Tooborac	0	0	0	0	0	0	0	0	0	49	6	55	7	2	9	10
Total	44,146	3,437	47,583	769	29	798	36	267	303	46,906	3,708	50,614	8,898	3,228	12,126	11,942
COLIBAN SOUTHERN																
Castlemaine	4,295	394	4,689	0	0	0	0	0	0	5,031	439	5,470	837	724	1,561	1,558
Kyneton	2,443	394	2,837	0	0	0	0	0	0	2,645	446	3,091	423	454	877	827
Maldon	670	89	759	0	0	0	0	0	0	970	120	1,090	169	62	231	228
Newstead	322	31	353	0	0	0	0	0	0	367	38	405	56	18	74	74
Chewton	283	18	301	0	0	0	0	0	0	353	19	372	51	10	61	62
Malmsbury	289	21	310	0	0	0	0	0	0	304	23	327	44	24	68	68
Harcourt	223	16	239	0	0	0	0	0	0	288	26	314	56	13	69	65
Taradale	0	0	0	0	0	0	0	0	0	134	12	146	24	6	30	33
Guildford	0	0	0	0	0	0	0	0	0	128	9	137	19	2	21	23
Tylden	154	7	161	0	0	0	0	0	0	126	9	135	18	5	23	26
Fryerstown	0	0	0	0	0	0	0	0	0	92	5	97	14	0	14	14
Elphinstone	0	0	0	0	0	0	0	0	0	85	6	91	13	1	14	15
Total	8,679	970	9,649	0	0	0	0	0	0	10,523	1,152	11,675	1,724	1,319	3,043	2,993
GOULBURN																
Rochester	1,224	141	1,365	0	0	0	0	0	0	1,362	177	1,539	364	105	469	751
Boort	390	65	455	0	0	0	0	0	0	402	88	490	105	35	140	139
Pyramid Hill	247	36	283	0	0	0	0	0	0	254	48	302	55	31	86	85
Lockington	190	22	212	0	0	0	0	0	0	198	29	227	39	12	51	55
Serpentine	0	0	0	0	0	0	0	0	0	64	21	85	14	3	17	17
Mitiamo **	0	0	0	0	0	0	0	0	0	43	8	51	8	3	11	12
Dingee **	0	0	0	0	0	0	0	0	0	29	11	40	4	3	7	8
Macorna **	0	0	0	0	0	0	0	0	0	8	2	10	0	0	0	1
Mysia **	0	0	0	0	0	0	0	0	0	8	1	9	0	0	0	0
Jarklin **	0	0	0	0	0	0	0	0	0	6	1	7	1	0	1	1
Total	2,051	264	2,315	0	0	0	0	0	0	2,374	386	2,760	590	192	782	1,069
GROUNDWATER																
Trentham	587	62	649	0	0	0	0	0	0	641	66	707	79	18	97	97
Elmore	357	46	403	0	0	0	0	0	0	394	59	453	64	37	101	105
Total	944	108	1,052	0	0	0	0	0	0	1,035	125	1,160	143	55	198	202
LODDON																
Dunolly	341	51	392	0	0	0	0	0	0	404	56	460	53	18	71	72
Inglewood	328	37	365	0	0	0	0	0	0	401	44	445	62	25	87	84
Bridgewater	175	27	202	0	0	0	0	0	0	197	35	232	31	34	65	62
Tarnagulla	0	0	0	0	0	0	0	0	0	108	14	122	12	5	17	16
Bealiba	0	0	0	0	0	0	0	0	0	75	12	87	9	3	12	13
Laanecoorie	0	0	0	0	0	0	0	0	0	37	4	41	5	0	5	5
Total	844	115	959	0	0	0	0	0	0	1,222	165	1,387	172	85	257	252
MURRAY																
Echuca	6,178	824	7,002	0	0	0	0	0	0	6,394	898	7,292	1,676	1,271	2,947	3,006
Cohuna	992	135	1,127	0	0	0	0	0	0	1,150	357	1,507	324	247	571	605
Leitchville	141	27	168	0	0	0	0	0	0	164	114	278	46	119	165	163
Gunbower	146	20	166	0	0	0	0	0	0	148	28	176	31	13	44	47
Total	7,457	1,006	8,463	0	0	0	0	0	0	7,856	1,397	9,253	2,077	1,650	3,727	3,821
WIMMERA																
Wedderburn	398	55	453	0	0	0	0	0	0	449	61	510	70	31	101	100
Korong Vale	0	0	0	0	0	0	0	0	0	114	8	122	16	2	18	18
Borong **	0	0	0	0	0	0	0	0	0	20	2	22	3	0	3	3
Wychitella **	0	0	0	0	0	0	0	0	0	11	3	14	2	1	3	2
Total	398	55	453	0	0	0	0	0	0	594	74	668	91	34	125	123
Grand Total	64,519	5,955	70,474	769	29	798	36	267	303	70,678	7,031	77,709	13,729	6,575	20,304	20,446

*Includes the areas of Eaglehawk, Huntly, Kangaroo Flat, Maiden Gully, Marong and Strathfieldsaye **Indicates non-treated water supply

PER CAPITA DAILY RESIDENTIAL DRINKING WATER CONSUMPTION

We provided drinking water to a population of around 164,000*. The total consumption of water was 13,729 megalitres across this population of our region which averages out to 228.3 litres per person, per day.

*The population estimate is based on total residential connections multiplied by the household density in each town (based on data from the 2016 Census).

WATER SUPPLY SYSTEM	RECYCLED WATER					
	CONNECTIONS			USAGE (MEGALITRES)		
	RESIDENTIAL	NON-RESIDENTIAL	TOTAL	RESIDENTIAL	NON-RESIDENTIAL	TOTAL
Bendigo*	769	29	798	36	267	303

RECYCLED WATER AND CUSTOMER USAGE

We supply recycled water to third-pipe customers in the Bendigo region.

In 2019/20 we supplied 35.4 megalitres to residential customers and 316.4 megalitres to non-residential customers.

AVERAGE RESIDENTIAL BILL

Average household water consumption in 2019/20 was 194 kilolitres. This is lower than in 2018/19 due to generally milder weather conditions. Based on this, the average home owner's bill was \$1,346.60 (tenant \$435.57). Based on 200 kilolitres consumption, the average home owner's bill would have been \$1,360.07 (tenant \$449.04).

A total of 5,154 customers were on instalment plans as at 30 June 2020. This includes residential (5,082) and a small number of non-residential (72) customers.

NON-REVENUE WATER

WATER SUPPLY SYSTEM	TREATED WATER (MEGALITRES)		NON-REVENUE WATER (MEGALITRES)
	SUPPLIED	USAGE	
Campaspe	79	46	33
Coliban Northern	13,577	12,126	1,451
Coliban Southern	3,676	3,043	633
Elmore	114	101	13
Goulburn	903	783	121
Loddon	330	257	73
Murray	3,939	3,727	212
Trentham	121	97	24
Wimmera	232	125	107
TOTAL	22,971	20,305	2,667

The term non-revenue water is the difference between the volume of water that leaves our treatment plants (treated water supplied) and the volume of water for which we bill customers (treated water usage). It has also been known as unaccounted for water.

We cannot accurately quantify the breakdown for Unbilled Authorised Consumption (such as fire-fighting) or Unauthorised Consumption (such as illegal use) as it is not metered.

Non-revenue water for 2019/20 was calculated to be 2,667 megalitres (11.6 per cent). The Essential Services Commission target of less than or equal to 15 per cent non-revenue water was achieved.

MAJOR NON-RESIDENTIAL WATER USERS

MAJOR NON-RESIDENTIAL CUSTOMERS BY VOLUME RANGE	NUMBER OF CUSTOMERS
USAGE RANGE – MEGALITRES (ML) PER YEAR	
Equal to or greater than 100ML and less than 200ML	2
Equal to or greater than 200ML and less than 300ML	3
Equal to or greater than 300ML and less than 400ML	1
Equal to or greater than 400ML and less than 500ML	1
Equal to or greater than 500ML and less than 750ML	0
Equal to or greater than 750ML and less than 1000ML	0
Greater than 1000ML	0

MAJOR NON-RESIDENTIAL CUSTOMERS

- > Hazeldenes Chicken Farm Pty Ltd
- > KR Castlemaine Pty Ltd
- > Kagome Foods Australia Pty Ltd
- > Hardwick Meatworks Pty Ltd
- > Lactalis Australia Pty Ltd -Bendigo
- > Simplot Australia (Properties) Pty Ltd
- > Lactalis Australia Pty Ltd – Echuca

All Major customers have had data loggers installed on potable flow meters. Coliban Water have commenced development of customer reporting tools to track daily and monthly water consumption.

There were no other formal water efficiency programs to report for the year.



WASTEWATER SYSTEM

WATER RECLAMATION – SEWAGE INFLUENT AND TREATED EFFLUENT VOLUMES

We provide wastewater services to 64,402 properties in our region, and with our partners we operate 16 Water Reclamation Plants (WRPs).

Our WRPs treat sewage to a specified quality and then release the treated water for either reuse, as recycled water, or to waterways, except the Cohuna WRP, where the treated water is stored in evaporation lagoons.

The following volumes were treated and reused, or released (discharged), during 2019/20.

TOWN	SEWAGE INFLUENT (MEGALITRES)	TOTAL EFFLUENT DISCHARGED (MEGALITRES)	EFFLUENT DISCHARGED TO WATERWAYS (MEGALITRES)	EFFLUENT DISCHARGED FOR REUSE (MEGALITRES)
Axedale	15.6	6.9	0.0	6.9
Bendigo	7,947.2	6,251.3	5,208.6	1,042.7
Boort	66.4	15.0	0.0	15.0
Bridgewater	32.2	0.0	0.0	0.0
Castlemaine	1,069.8	1,340.3	1,231.7	108.6
Cohuna	218.0	0.0	0.0	0.0
Dunolly	31.8	6.5	0.0	6.5
Echuca	1,656.5	836.7	0.0	836.7
Elmore	35.7	0.0	0.0	0.0
Gunbower	33.3	10.0	0.0	10.0
Heathcote	128.8	116.2	0.0	116.2
Kyneton	863.5	935.4	531.3	404.1
Lockington	24.6	0.0	0.0	0.0
Pyramid Hill	39.2	0.0	0.0	0.0
Rochester	238.5	0.0	0.0	0.0
Wedderburn	31.5	16.0	0.0	16.0
TOTAL	12,432.4	9,534.3	6,971.7	2,562.7

The treated water produced at the Bendigo WRP was released into the Bendigo Creek in accordance with our amended Environment Protection Authority (EPA) licence, which allows for a combined release of treated water from the Bendigo WRP and the New Moon Groundwater Treatment Plant (GWTP).

Partially treated water from the GWTP blended with the Bendigo WRP treated water was discharged to Bendigo Creek between July 2019 and September 2019 and in June 2020 due to issues with the brine (i.e. wastewater produced during the salt reduction process) transfer pipeline from the GWTP to the Bendigo WRP. There was an unlicensed discharge of treated water due to a leak in the supply channel to the Bendigo Livestock Exchange in January 2020. The leak was repaired immediately and the incident reported to the EPA. In April 2020, the treated water was discharged from an unlicensed discharge point (i.e. Mays Swamp Outlet) into the Bendigo Creek for four days as an emergency measure. The discharge was initiated to protect the embankment of storage lagoons due to high inflow to the Bendigo WRP caused by heavy rainfall events during this period. The discharge was undertaken in a controlled manner to avoid any adverse impact on the environment. This has been reported to the EPA.

The Kyneton WRP consists of two treatment systems. Domestic wastewater is treated at the Biological Nutrient Removal (BNR) plant to a quality equivalent to Class B recycled water, and wastewater from trade waste customers is treated via a lagoons system to Class C recycled water quality. Under our EPA licence for

this site, we are permitted to release treated water from the Kyneton WRP to the Campaspe River, provided that the flow in the river is adequate to achieve at least a one in five dilution with river flows.

The treated water from the Kyneton WRP was released into the Campaspe River when the river flow was adequate, which included a release of blended treated water from both the BNR plant and the lagoon system from mid June 2019 until November 2019, due to onsite storage capacity limitation and wet weather events. The treated water discharged to the Campaspe River was compliant with all the water quality parameters specified in the licence during this year. A number of works were carried out at the Kyneton WRP to ensure that ongoing compliance with licence conditions is achieved.

An agreement between Hardwick Meatworks and Coliban Water, for the supply of Class B quality recycled water to Hardwick's irrigation land, commenced in January 2020. The recycled water supply to Hardwick's irrigation land will be managed as per the *Environment Improvement Plan (EIP)* approved by EPA.

The Castlemaine WRP consists of a BNR plant, which produces treated water equivalent to Class C recycled water quality. Under our EPA licence for this site, we are permitted to release treated water from the Castlemaine WRP to Campbells Creek. The treated water discharged to Campbells Creek was compliant with all the water quality limits specified in the licence during this year.

One of the evaporation lagoons at Cohuna WRP was identified as potentially leaking. A number of measures to minimise the environmental impacts are being carried out, which includes undertaking a comprehensive monitoring of ground water and surface water (Barr Creek) quality and reduce inflow into the WRP. The treated wastewater is currently bypassing the lagoon and stored in the final evaporation lagoon. This bypass arrangement is keeping the water level in the lagoon at a level that will minimise leakage.

This year, some of the major WRP improvement works included:

- › Installation of additional aerators in the treatment lagoon to increase the trade waste treatment capacity at Kyneton WRP.
- › Installed a filter and a chlorinator to produce Class B water from the Class C lagoon at the Kyneton WRP.
- › Upgrades to the Rochester, Heathcote and Echuca Water Treatment Plants to reduce the flows to sewer which in turn reduce the inflows at the respective WRP.
- › Replacement of the aging Ultraviolet process plant at Castlemaine WRP with a modern system to maintain water quality discharges to Campbells Creek.
- › Refurbishment of the Biosolids processing plant at Bendigo WRP and establishment of a new farm in Serpentine for Biosolids reuse.
- › Continued cropping of farmland at the Bendigo WRP to enable reuse of recycled water and improve the quality of the site soils.
- › Completion of a long-term strategy to manage the biosolids produced at the WRPs.

CUSTOMERS SERVICE OBJECTIVES – SEWERAGE COLLECTION

Compliance was achieved for all five of the Essential Services Commission (ESC) service standards that we report on. These standards are in our Customer Charter and relate to sewerage blockages (number per 100 kilometres), average time to attend sewer spills and blockages, average time to rectify blockages, percentage of sewage spills contained within five hours and number of customers receiving more than three sewer blockages in a year. We have seen an overall improvement in system performance.

	SERVICE STANDARD	ACTUAL
Sewer blockages (per 100 kilometres)	43	22.3
Average time to attend sewer spills and blockages (minutes)	30	29.8
Average time to rectify a sewer blockage (minutes)	80	63.6
Spills contained within 5 hours (per cent)	99%	99.8%
Customer receiving more than 3 sewer blockages in the year (number)	2	0

In the aim of improving sewer performance and reducing service interruptions and overflows, we have continued to invest resources into gravity sewer preventative maintenance programs, including:

- › Preventative sewer cleaning of approximately 5,100 sewer mains (roughly 230 kilometres of sewer). This is one of the largest preventative cleaning programs we have undertaken.
- › Closed Circuit Television (CCTV) condition assessment of around 1,680 poor performing sewer mains (roughly 70 kilometres).
- › Sewer manhole inspections of roughly 500 sewer manholes, of which 65 were raised to the surface.
- › Undertaking relining works on poor performing mains, discussed further below.

SEWER BLOCKAGES

Blockage rates typically follow a seasonal trend, lowering over summer and peaking during winter. The blockage trend that occurred in 2019/20 was roughly the same as the blockage rate that was recorded in 2018/19. Record low blockage counts were reported in a number of months, notably in April through to June. These record lows are likely due to the enhanced and increased gravity sewer preventative maintenance program which has included sewer cleaning, condition assessment and manhole inspections.

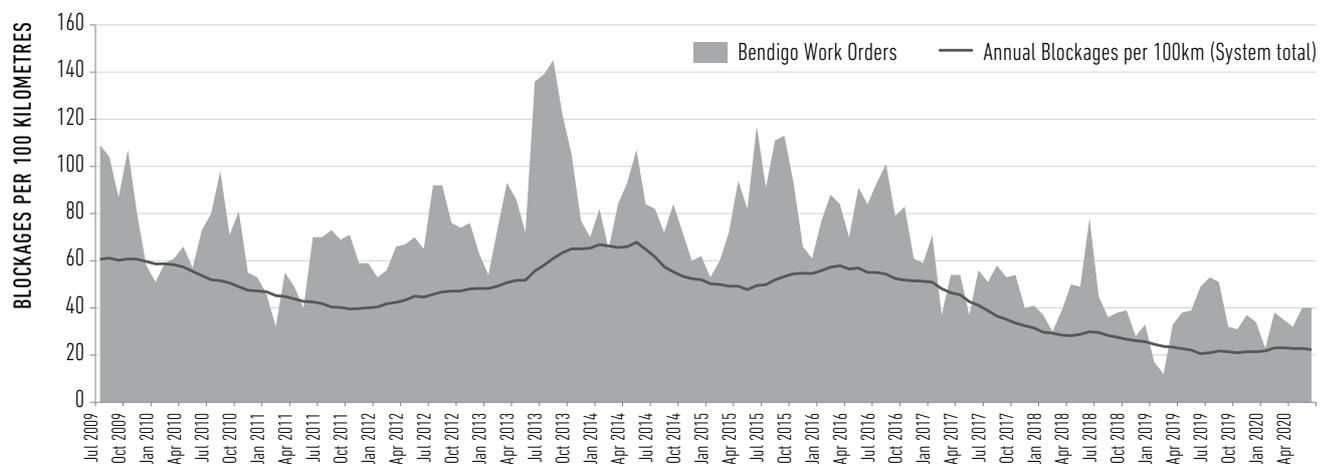
SEWER MAIN RENEWAL

Our program for sewer main condition assessment and renewal has continued this year, prioritised based on criticality (risk), age and structural condition.

This year we renewed a total of 60 sewer main sections which is equivalent to approximately 3.4 kilometres of sewer main.

Works included the relining of a 335 metre long section of 750 millimetre diameter sewer main at Howard St, Epsom.

BLOCKAGE RATE CHART (BLOCKAGES PER 100 KILOMETRES)

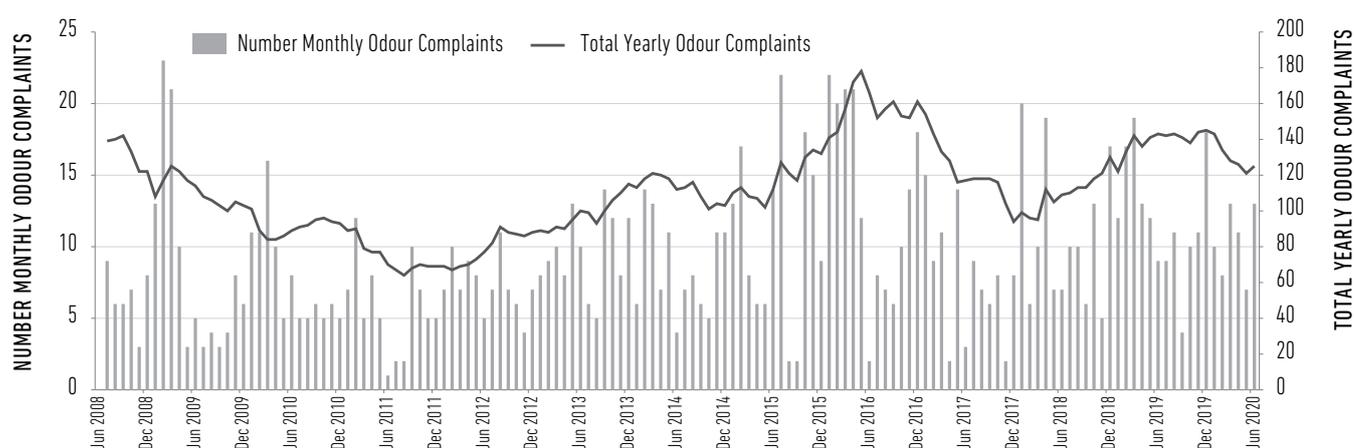


ODOUR MANAGEMENT

In 2019/20 we received 125 odour complaints. The reasoning for the complaints is broken down below:

- › 41 per cent were associated with a Coliban Water asset
- › 11 per cent Sewer Pump Stations and rising mains
- › 7 per cent gravity sewer reticulation (non-blockage)
- › 7 per cent gravity sewer reticulation (blockage)
- › 2 per cent gravity sewer reticulation (preventative maintenance)
- › 15 per cent water reclamation plants (WRPs)
- › 32 per cent were communications with customers regarding a previous complaint or a resolved issue
- › 19 per cent were non Coliban Water assets (such as private plumbing and storm water)
- › 8 per cent could not be confirmed

ODOUR COMPLAINTS



TRADE WASTE

In 2019/20 Coliban Water conducted a review of our Trade Waste classification system and associated pricing changes. Due to the unprecedented impact of COVID-19 on all of our customers we decided to withdraw our submission to the Essential Services Commission (ESC) at this time.

As part of our active program to maintain control of potential impacts on our wastewater network and WRPs from Trade Waste customers, we have actively monitored 18 Major Trade Waste customers' wastewater flows and quality under Trade Waste Agreements.

ODOUR AND CORROSION STRATEGY IMPLEMENTATION

We continued to operate and enhance our existing Odour and Corrosion Control Systems and monitor odour at critical sites within our sewer networks. During the year 2019/20 we have also:

- › Installed a new passive odour control system in Marong
- › Installed two new odour control systems and restored existing vent stacks in East Bendigo
- › Identified assets experiencing high levels of odour and prioritised rectification works.

INFLOW AND INFILTRATION STRATEGY IMPLEMENTATION

The entry of stormwater and groundwater into the sewer systems is known as Inflow and Infiltration. Our sewerage network and WRPs' performance is impacted by the additional flows. During 2019/20 we have:

- › Undertaken catchment flow monitoring in Kyneton and Bendigo to identify and prioritise asset investment
- › Undertaken sewer manhole rehabilitation
- › Installed alarming on an Emergency Relief Structure and two sewer network manholes.



WORKING AT COLIBAN WATER

OUR TRADEMARK BEHAVIOURS

Our trademark behaviours guide our interactions with each other, our customers and our stakeholders. Our trademark is:

- › Trust – the team and the people within Coliban Water
- › Honesty – always be honest, good or bad
- › Unified – one consistent message
- › Committed – do what it takes to achieve the outcomes

We are committed to providing a workplace that is inclusive, flexible, empowering and safe, where the diversity of our people is embraced. We have a rich cultural diversity with 14 per cent of our workforce not born in Australia and 10 per cent who speak languages other than English at home. Our workforce demographics for females has largely remained consistent at 42 per cent of the employees compared to 43 per cent last year. The Coliban Water Executive Leadership Team consisting of seven, comprises four males and three females. We have 46 per cent female representation within the Senior Leadership Team and are working towards achieving gender balance through the implementation of a gender equity strategy.

In 2019/20 we made further progress towards achieving an inclusive workforce through the continued implementation of our *Diversity and Inclusion Plan*, including a focus on the accessibility of our workplace for both customers and staff, and are currently seeking approval of a new *Reconciliation Action Plan*.

The *Diversity and Inclusion Plan* continued to provide opportunities for the employment of Aboriginal people through our Rural team partnering with Dja Dja Wurrung to undertake channel maintenance and by working together with secondary schools and TAFE as the host employer for two local Aboriginal students who commenced a school-based traineeship.

DEVELOPING OUR PEOPLE

Our commitment to providing training and professional development opportunities to our employees has continued this year, with employees participating in a range of leadership and technical and cultural training.

Our focus this year has been on delivering a range of cultural training and education programs. These have focused on building employee knowledge and understanding of Aboriginal and Torres Strait Islander communities and increasing the organisation's level of cultural competence.

Employees continue to actively participate in a range of professional development opportunities within the water industry and their areas of professional expertise. This participation enables our people to leverage the industry knowledge base, explore new technologies and best practice, growing our workforce knowledge and capability.

We have continued to support employees to undertake accredited training and further study at both undergraduate and postgraduate levels.

Our corporate structure can be found on page 46.

STUDENT AND GRADUATE OPPORTUNITIES

Coliban Water has a commitment to providing local employment and to building the region's skills, capability and employability.

We continue to provide opportunities through a range of programs for people starting out in their careers.

Coliban Water partnered with The Smith Family's Workplace Inspiration Program to host a careers day that provided students from disadvantaged backgrounds the opportunity to experience the workplace first hand and through a School Based Apprenticeship and Traineeship (SBAT) program, two Traineeships were offered to local Aboriginal secondary students.

We continue to build engineering talent with our Graduate Program that enables graduate engineers to rotate through up to nine different areas across the organisation. Our Summer Vacation Program offers employment to students across a range of engineering and business disciplines, and our Work Integrated Learning (WIL) program is a partnership with local universities that provides opportunities to simultaneously study and work. Our most recent WIL students studied and worked in the areas of engineering and information technology.

These programs provided an opportunity to students and new graduates in building their skills and knowledge whilst gaining valuable work experience.

WORKFORCE STATISTICS		2020						2019							
		ALL EMPLOYEES		ONGOING			FIXED TERM AND CASUAL		ALL EMPLOYEES		ONGOING			FIXED TERM AND CASUAL	
		HEADCOUNT	FTE	FULL TIME HEADCOUNT	PART TIME HEADCOUNT	FTE	HEADCOUNT	FTE	HEADCOUNT	FTE	FULL TIME HEADCOUNT	PART TIME HEADCOUNT	FTE	HEADCOUNT	FTE
DEMOGRAPHIC DATA	Gender														
	Female	84	79	60	20	75	4	4	87	81	58	21	73	8	8
	Male	117	116	111	2	112	4	4	117	116	110	3	112	4	4
	Self-described	n	n	n	n	n	n	n	n	n	n	n	n	n	n
	Age														
	15-24	5	5	4	0	4	1	1	5	5	5	0	5	0	0
	25-34	50	49	44	3	46	3	3	48	46	42	3	43	3	3
	35-44	49	46	41	8	46	0	0	50	47	39	9	45	2	2
45-54	65	63	54	8	60	3	3	65	63	52	8	58	5	5	
55-64	29	29	26	2	28	1	1	30	30	26	2	28	2	2	
65+	3	3	2	1	3	0	0	6	6	4	2	6	0	0	
CLASSIFICATION DATA	Classification ⁽ⁱ⁾														
	Band 1	12	12	11	0	11	1	1	13	13	12	0	12	1	1
	Band 2	38	36	28	9	35	1	1	40	38	30	8	36	2	2
	Band 3	50	48	40	7	45	3	3	48	45	35	9	41	4	4
	Band 4	54	52	48	5	51	1	1	54	52	48	4	50	2	2
	Band 5	22	22	21	1	22	0	0	28	28	23	3	26	2	2
	Band 6	16	16	14	0	14	2	2	16	16	15	0	15	1	1
	Executives ⁽ⁱⁱⁱ⁾														
Executives	9	9	9	0	9	0	0	5	5	5	0	5	0	0	
TOTAL EMPLOYEES	201	195	171	22	187	8	8	204	197	168	24	185	12	12	

Notes:

- n Denotes that no data has been collected
- (i) All figures reflect employment levels during the last full pay period in June each year
- (ii) Employees are classified as a Band 1 to 6 under the *Coliban Water Enterprise Agreement 2017*
- (iii) Executives refers to a person employed under a Government Sector Executive Remuneration Panel (GSERP) contract and are classified as ongoing employees.
- (iv) Excluded are those on leave without pay.

Our employees have expertise and experience in a variety of disciplines including Engineering, Water Quality, Environmental Science, Project Management, Customer Support, Accounting, Economics, Human Resources, Occupational Health and Safety, Corporate Communications, Governance and Risk, Information Technology and Administration.

SALARY ANALYSIS

Annualised total salary, by \$20,000 bands, for executives and other senior non-executive staff.

SALARY RANGES	SENIOR EMPLOYEES	EXECUTIVES
\$160,000 – \$179,999	8 [^]	0
\$180,000 – \$199,999	0	5
\$200,000 – \$219,999	0	3
\$220,000 – \$239,999	0	0
\$240,000 – \$259,999	0	0
\$260,000 – \$279,999	0	0
\$280,000 – \$299,999	0	1

The salaries reported above are for the full financial year, at a 1 – FTE rate, and excludes superannuation.

The Senior employees and Executives included in the above table have annualised total salaries above the VPS Band 6 max as at 30 June 2020 of \$161,511.

[^] All senior employees reported in this salary range are reported in the Classification Band 6 of the Workforce Statistics.

Senior employees decreased by five from 2019 as the organisation restructure and executive attrition saw them move into executive roles.

EMPLOYEE RELATIONS

The *Coliban Water Enterprise Agreement 2017* provides the employment terms and conditions for most Coliban Water employees. The Employee Consultative Committee, which includes representatives from staff and management, continues to provide a valuable forum to communicate and engage with staff on many areas across the organisation including the Enterprise Agreement. The forum builds and maintains strong relationships between staff and management and contributes to business improvement and efficiency. We have continued to work productively with relevant unions and there was no time lost due to industrial issues or disputes during the year.

EMPLOYEE TRAINING AND DEVELOPMENT

All employees participate in our Performance Development Program (PDP). This process aligns individual performance goals with business objectives and enables staff and managers to discuss career aspirations and identify opportunities for training and professional development.

PROFESSIONAL DEVELOPMENT ACTIVITIES	2019/20	2018/19
Total training hours	4,830	4,800
Total training investment	\$616,146	\$602,425

ATTRACTION AND RETENTION

We have adopted the Victorian Public Sector employment principles of:

Fair and reasonable treatment

- > Equal opportunity
- > Merit in employment
- > Reasonable avenue of redress against unfair and unreasonable treatment

These principles underpin our human resources policies and practice.

Employers must ensure that:

- > Decisions are based on merit
- > Employees are treated fairly and reasonably
- > Equal employment opportunity is provided
- > Reasonable avenues of redress against unfair or unreasonable treatment

Employees must:

- > Act with impartiality
- > Display integrity, including avoiding real or apparent conflicts of interest
- > Be accountable for their actions
- > Provide responsive service

We continue to actively promote our commitment to diversity and inclusion as part of our recruitment process and encourage people from a diverse range of backgrounds to apply. To further support a diverse workforce and contribute to an inclusive work environment we offer a range of flexible working arrangements, including the establishment of agreements to work from alternative work locations. The flexible working arrangements have been particularly important in the second half of the year with many employees required to work from home.

Together with our business partners, we provide employment for around 280 people throughout the region.

OUR BUSINESS PARTNERS

On 1 July 2013 Coliban Water's Operations and Maintenance Services Contract commenced. This contract was awarded to Lendlease Services Pty Ltd and was extended for a period of five years on 1 July 2017, with a further option of an additional five years. The scope of this contract includes operations and maintenance of water and wastewater assets in our region, excluding water treatment at Bendigo, Castlemaine and Kyneton, and wastewater treatment at Echuca and Rochester.

We also manage two public private partnerships:

AQUA 2000 – BENDIGO WATER SERVICES PTY LTD (BWS)

BWS is owned by Veolia Water Australia. The company owns and operates water treatment plants for Bendigo, Castlemaine and Kyneton areas under a 25 year Build Own Operate Transfer (BOOT) contract that started in June 2002.

CAMPASPE WATER RECLAMATION SCHEME – ETE COLIBAN PTY LTD (ETEC)

ETEC is owned by Pentair Water Operations Australia Pty Ltd. The company owns and operates the Echuca and Rochester Water Reclamation Plants under a 25 year BOOT contract that commenced in September 2004.

We also have a joint venture with Central Highlands Water (CHW) to operate and maintain the Goldfields Superpipe, constructed from Colbinabbin – Bendigo – Ballarat in 2007/08. Veolia Water is contracted to operate the Superpipe on the joint venture's behalf.



We are committed to making a positive contribution to our region's sustainability and adopting processes that benefit the environments of our region.

We aim to achieve positive environmental outcomes as a result of our actions and our certified Environmental Management System ensures our environmental impacts are controlled and minimised.

We have formed effective working relationships with stakeholders within our region, including the Department of Environment, Land, Water and Planning (DELWP), Environment Protection Authority (EPA), Department of Health and Human Services, North Central Catchment Management Authority (North Central CMA), Goulburn-Murray Water (G-MW), Parks Victoria, traditional land owners, regional sustainability groups and the nine local government areas covering our region.

Key initiatives for the year included:

- › Delivery of capital upgrades to the Kyneton Water Reclamation Plant which benefits Campaspe River water quality and provides sustainable water reclamation services for Kyneton and surrounding areas.
- › Upgrade of the Heathcote Water Treatment Plant to increase water use efficiency, which reduces the risk of releases of treated water to McIvor Creek from the Water Reclamation Plant.

SUSTAINABLE WATER USE

We continue to implement our *Urban Water Strategy 2017*, which identifies how we are meeting the challenges of increasing demand in water use due to population growth, and reduced water availability due to climate change.

We report on the implementation of the *Urban Water Strategy 2017* in our Annual Water Outlook

While we have secured additional supplies for the Trentham, Loddon, Wimmera and Murray Water Supply Systems, we continue to implement programs to reduce demand including leak detection, water mains replacement, water use efficiency at Water Treatment Plants and digital metering.

We continue to promote water efficiency measures in alignment with the Victorian Water Efficiency Strategy, including permanent water saving rules and water saving initiatives, through programs including Target Your Water Use and Smart Water Advice.

Recycled water management is an integral part of our business with several major reuse schemes across the region. We continue to work with our existing and potential new customers to enable ongoing sustainable reuse.

We continue to investigate options to improve irrigation efficiencies in our rural systems.

SUSTAINABLE AND RESILIENT WATER SERVICES SYSTEMS

Coliban Water has commenced a planning process that we call Town Visions, which will provide a long-term, strategic approach to the development of urban water supply and wastewater infrastructure for towns in our region.

The visions provide guidance on the future direction of growth areas, and major infrastructure requirements including treatment plants and water and sewer networks, as well as potable, recycled and rural water supplies over the longer term. These plans will consider the policy requirements, both internal and external for meeting long-term needs including the use of integrated water frameworks. As they are intended to align with the *Urban Water Strategy* they consider a 50-year planning horizon.

These projects are undertaken in collaboration with councils so that the overall social, environmental and economic needs and aspirations of the communities are addressed.

We also actively support implementation of the Northern Region Sustainable Water Strategy and look forward to participating in any future reviews.

Coliban Water has met its obligations to provide environmental flows as part of passing flow requirements in the Coliban River (refer to the Water Security section of this report).

INTEGRATED WATER MANAGEMENT

Since the release of the *State Government Integrated Water Management Framework for Victoria* in 2017, we have worked with DELWP and key stakeholders to build the Coliban Integrated Water Forum. The forum has been chaired by independent chair, Jenny Dawson, since June 2019. Jenny is a practised Audit Committee Chair with experience in financial services, regional development and government sector and is a non-Executive Director/Chair with current experience on listed, government and Not For Profit boards. The Coliban Integrated Water Forum involves representatives from all nine councils, Dja Dja Wurrung Aboriginal Clans Corporation, Yorta Yorta Nations Aboriginal Corporation, Taungurung Land and Waters Council, North Central CMA, local DELWP, Victorian Planning Authority, Goulburn-Murray Water and Grampians Wimmera Mallee Water. In addition to participating in this forum, Coliban Water provides a resource to coordinate the forum.

The forum has identified project opportunities for the region that can deliver on a number of integrated water objectives. These opportunities include:

- › Castlemaine Integrated Water Management Plan
- › Echuca West Recycled Water Feasibility Study
- › Newbridge water and sewer services business case
- › Coliban Water has been working with Goulburn-Murray Water and the North Central Catchment Management Authority to develop a decision support tool to assist with assessing the potential for managed aquifer recharge, an action from the *Coliban Strategic Directions Statement*. The tool is to be trialled in the lower Campaspe Valley to allow managed aquifer recharge to be assessed against other initiatives to improve water security.

Water Sensitive Bendigo (WSB) completed the first of its initial three year Implementation Plan. WSB's 50-year vision is for Bendigo to be a thriving inland city, where water innovation supports healthy people, green environments and resilient systems.

Partner organisations include Coliban Water, City of Greater Bendigo, DELWP, Dja Dja Wurrung Clans Aboriginal Corporation and North Central CMA, with supporting organisations including the CRC for Water Sensitive Cities, Department of Health and Human Services, GMW and Regional Roads Victoria.

Highlights for the year include completion of a Reimagining Bendigo Creek Plan; Dja Dja Wurrung delivering Stage 2 of their Wanyarram Dhelk Waterway Project; continuation of the WSB Network (includes consultants, developers, agency representatives and community members) including two teams exploring; options for urban cooling; and how to improve biodiversity and aesthetic values of Spring Creek, via a Lead Loddon Murray Leadership in Sustainability program.

We continue to work with all nine councils across the region with the development of innovative solutions for integrated water management.

BIODIVERSITY

Many of the sites we manage support important and rare native species and ecological communities. Our Threatened Biodiversity Register includes 28 threatened plant and 35 threatened fauna species.

Recognising the need to minimise our impact on biodiversity and native vegetation through the delivery of our operational activities and projects, we actively contribute to the implementation of *Victoria's Biodiversity Strategy – Protecting Victoria's Environment – Biodiversity 2037*, through participation at regional events, as well as working with staff to recognise the value of biodiversity and habitat through avoiding and minimising impacts on native vegetation associated with our works, wherever possible.

Biodiversity protection and conservation continues to be considered through both capital works planning and approval processes and in the planning of operational tasks across the organisation. We continue to monitor populations of the federally-listed Growling Grass Frog species at the Bendigo Water Reclamation Plant. We have been working with adjoining landowners and Landcare Groups to identify where we could work collaboratively over the coming years to manage threats to the population, such as pest plants and animals and illegal timber removal.

Implementation of three-year land rehabilitation plans as part of the Coliban Main Channel Renewals project, and at Castlemaine Water Reclamation Plant, has continued. Infill planting at some sites has been successful following good rains in early 2020 and these projects are in their final stages of completion. We consult with adjoining Landcare groups and landowners to ensure these works are complementary to works already being implemented, and will deliver the best possible habitat outcome for native fauna, whilst working in with operational constraints.

Spring Gully Reservoir supports threatened woodland bird and mammal species and Barkers Creek Reservoir supports the federally-listed, critically endangered White Box – Yellow Box – Blakely's Red Gum Grassy Woodland Community. We have installed 50 nestboxes at Spring Gully Reservoir to complement those previously installed by the Bendigo Field Naturalists. Brush-tailed Phascogales and Sugar Gliders have taken advantage of these for sheltering and nesting.

The need for threatened species monitoring at these, and other Coliban Water managed sites, where there is a high likelihood of particular species being present given specific habitat conditions has been identified, so as to ensure that operations and/or recreational activities have minimal impact on valuable biodiversity assets.

The Bendigo Field Naturalists Group has undertaken biannual bird counts at the Bendigo Water Reclamation Plant again this year, as well as assisting in providing ecological information for Spring Gully Reservoir, providing valuable data and information to our knowledge of these sites.

CLIMATE CHANGE ADAPTION

In preparation to commence on our analysis to define Coliban Water's Climate Adaptation Plan (planned for 2020/21), we have been facilitating climate change adaption activities across the business. A climate change risk register has been developed to identify priority risks we could face from climate change. This register compares now, 2030 and 2060 as reference dates to enable short, medium and long time horizons to be captured. This includes our service categories of 'water', 'sewer', 'recycled water', 'environmental water', and 'corporate' and associated asset and service sub-categories. This will help inform the Climate Change Adaptation Plan and more detailed assessments for our ongoing work in this space. We have also provided input into some of the Victorian Pilot Water Sector Climate Change Adaptation Action Plan actions such as the 'Estimate the costs of climate change to water corporations' action with two case studies. Coliban Water was a participant in the Ramp up Resilience Program, a coordinated community approach to Climate Change resilience.

LAND AND CATCHMENT MANAGEMENT

Our catchments and operational areas are closely managed to ensure we monitor our land for fire and tree hazards and manage our pest plant obligations, whilst also protecting water quality in our storages. We also work to enhance river health and support biodiversity across our lands and catchments.

As part of our pest plant management programs, we continued to manage land around the Malmsbury, Lauriston and Upper Coliban Reservoirs, as well as along our rural channel network and around our minor storages. This program focusses on invasive terrestrial weeds, such as Gorse, Patterson's Curse and Blackberries, that impact on adjoining landowners and natural environments. The program also controls aquatic weeds, such as nut-grass and umbrella sedge, on earthen channels, which can restrict flows to our customers.

Through our fire hazard management programs, we take a proactive approach to reducing fuel loads to minimise risks to adjacent landowners' high value assets, as well as public areas. We also work collaboratively with other agencies through regional forums to prepare for upcoming and future fire seasons. We also continue to undertake a tree hazard management program to reduce risks to staff, public and assets at our Coliban River Reservoirs, and across our various land assets. We engage specialist consultants and contractors to assess and prune trees to minimise the risk of limb shedding and retain habitat for fauna wherever possible. This aids in minimising removals and maintaining trees in the landscape for biodiversity and amenity values, whilst maintaining both safe work sites and safe public open spaces.

After completing the Pines Removal Project, rehabilitation of the harvested stands in recreational and visitor areas has continued. During 2019/20, work continued to complete rehabilitation program for the Upper Coliban and Lauriston Reservoirs. Rehabilitation efforts have focused on pest plant and Pine wildling control to protect revegetation efforts, and access track enhancement. It has also involved working collaboratively with Dja Dja Wurrung Aboriginal Corporation for installation of a shelter design, overseeing the Upper Coliban dam wall and spillway, that reflects the cultural values of the area and welcomes visitors to Dja Dja Wurrung country.

We will continue to engage with Traditional Owner enterprises, such as Djandak (Dja Dja Wurrung Enterprises Pty Ltd), to deliver

land and natural resource management outcomes on Country where possible. This includes sensitively managing access to areas around the storages that contain cultural heritage.

Since the release in February 2015 of our *Drinking Water Storages and Land Management Plan*, numerous Catchment Works Agreements have been entered into with adjoining landowners, effectively removing stock access from adjoining private property to raw water supplies around the Malmsbury and Upper Coliban Reservoirs.

Achievements under these agreements include around 27 kilometres of fencing and approximately \$146K in off storage watering incentives at Malmsbury, Lauriston and Upper Coliban Reservoirs. We are continuing to negotiate with landowners adjoining Lauriston Reservoir to complete fencing to minimise risks to water quality and assist with managing on-water recreation at the storage.

CATCHMENT PLANNING AND PROTECTION

We are responsible for providing statutory and strategic land use planning engagement with municipalities where sewerage is not connected, and we are a determining referral authority under section 55 of the *Planning and Environment Act 1987*. As part of our role in special water supply catchments, declared under the *Catchment and Land Protection Act 1994*, we provided responses to planning permit applications referred to us by local government under clause 66.02-5 – ‘Special Water Supply Catchment’ of the Victorian Planning Provisions and relevant municipal planning schemes.

Our responses provide support to local government, by recommending conditions to applications for the use and development of privately-owned land in open water supply catchments, so as to ensure minimal impacts on the quality and quantity of water available to the environment and for use in water supply to the townships that we service. We have, on occasion, objected to the issuing of a planning permit, where we consider there is potential for adverse impacts.

In September 2017, DELWP released a Statewide Framework for Catchment Partnership Agreements. The purpose of Catchment Partnership Agreements is to strengthen coordination, collaboration and accountability, reduce duplication, and provide clarity on roles and responsibilities between key catchment management partners. Coliban Water is a partner organisation, established through the Catchment Partnership Agreement signed in June 2018 with the North Central Catchment Management Authority (North Central CMA) and other partner organisations. Our ongoing role as a partner organisation has seen our continued participation on the Catchment Partnership Forum and provided representation on the North Central Regional Catchment Strategy renewal steering committee.

The Memorandum of Understanding (MoU) between Coliban Water and the North Central CMA, was reviewed in 2019 and an updated 2019/20 Action Plan that supports the Coliban Water North Central CMA MoU was formulated.

The MoU enables the protection and/or enhancement of the beneficial uses of catchment areas and the environment, with a focus on risks to water security from climate change and land-use change. A key action outlined in the MoU addendum Action Plan was the continued development and implementation of the *Upper Coliban Integrated Catchment Management Plan*.

In addition to this, the North Central CMA have progressed the Kyneton Offsets Project to the implementation phase. Ten kilometres of land along the Campaspe River and Post Office Creek will see the benefits of environmental improvement works, providing an ongoing benefit to the overall health of the Campaspe River, well beyond the life of the project. At the end of 2019/20, the North Central CMA have completed 2.5 kilometres of willow and woody weed removal, and 1 kilometre of fencing, at agreed sites along the Campaspe River.

UPPER COLIBAN INTEGRATED CATCHMENT MANAGEMENT PLAN

The *Upper Coliban Integrated Catchment Management Plan (ICMP)* was developed from work that commenced in 2015/16, in response to various threats facing the Upper Coliban Catchment (UCC). Through active participation by a range of stakeholders, including landholders within the catchment, local Landcare groups, local and Victorian government agencies, and Goulburn-Murray Water, the ICMP is a comprehensive analysis of the benefits and costs of protecting and enhancing the UCC. The ICMP is a key step in the delivery of safe drinking water supply and a key principle of ‘Catchment to Tap’ multi-barrier approach for the production of safe drinking water.

The ICMP will enable the provision of a safe and secure water supply for communities in central and northern Victoria, along with enhanced river, biodiversity and catchment health outcomes. The ICMP has a 20-year horizon and has been developed around three specific, measurable, achievable, realistic and time-bound goals which address future development pressures, waterway protection and habitat connectivity goals.

Delivery and implementation of the ICMP is through a Coliban Water and North Central CMA partnership program, now entering its third year of operation, called ‘A Healthy Coliban Catchment’ (AHCC). The program involves a range of on-ground actions (stock exclusion from waterways, riparian regeneration and revegetation, willow removal) and strategic planning through municipal planning scheme amendments and the development of Environmental Significance Overlay controls to protect and enhance source water supplies.

Over 2019/20 the program delivered an increase on the previous reporting period of on-ground works outlined through the AHCC Annual Works Plan, including 15 kilometres of riparian fencing, 23 off-stream watering points, 60 hectares of weed management and 22 hectares of revegetation across the UCC. Similar targets are planned for in the works plan for 2020/21. So far, the program has seen a total investment in the on-ground works of 40 kilometres of stream-front fencing, 76 off stream watering systems installed, 320 hectares of weed control and 72 hectares of revegetation.

The 2019 Social Benchmarking survey evidence presented throughout the survey report supported the conclusion that the UCC is a multifunctional landscape; that is, there is a mix of values that shape the land use and management practices of rural landowners in the UCC. It seems likely that agriculture is an important element of the appearance and condition of the UCC, however other values, such as amenity (e.g. recreation and aesthetic) and conservation, are likely to be more important for most UCC landowners. We continued to support projects such as the DELWP Planning for Melbourne’s Green Wedges and Agricultural Land which encompasses all of the Upper Coliban Catchments.

The AHCC has initiated a partnership with the two relevant local governments, Macedon Ranges Shire Council and Hepburn Shire Council to better manage on-site domestic wastewater systems. The partnership with Macedon Ranges Shire Council also extends to supporting their delivery of a Regenerative Grazing Workshop and short course, and landholder information sessions.

Catchment water quality monitoring continues in conjunction with the AHCC program and this is being complemented with a Healthy Coliban Citizen Science water quality monitoring program, being delivered by North Central CMA.

The delivery of catchment works, through partnerships between water corporations and catchment management authorities, is a key element of the *Our Catchments, Our Communities* policy framework, which is a state-wide strategy for integrated catchment management in Victoria.

The catchment works are also achieving the outcomes of the Victorian Water Management Strategy key elements of, implementing and maintaining onground works and managing environmental water in priority waterways, fostering strong community partnerships and using regulation (legislation and statutory processes) such as including amendments to planning scheme for improved catchment outcomes. These works are not only a priority for Coliban Water but also align with the North Central Waterway Strategy 2014-2022 priority assets approach.

Dja Dja Wurrung Enterprises (DDW Enterprises Pty Ltd) are supported by the AHCC through funded inclusion on the Technical Working Group and input into the development of the Annual Works Plan. The Healthy Coliban Catchment program continues to provide support to Dja Dja Wurrung participation in the planning and management of waterways, and developing culturally-informed management objectives.

IMPROVED PLANNING OUTCOMES

We have initiated the planning process, through a planning scheme amendment in the Greater Bendigo municipal planning scheme, for the introduction of an Environmental Significance Overlay control for the Bendigo Water Reclamation Plant (WRP) at Epsom. Encroachment and development of land for sensitive uses near to water reclamation plants is a significant issue affecting all water corporations.

For Coliban Water, the Bendigo WRP is a critical piece of community infrastructure that receives and treats sewage from approximately 103,600 people in the Bendigo region – comprised of about 92,000 residents and 11,600 industrial, commercial or other customers.

Due to the nature of the treatment processes carried out at the Bendigo WRP, it can generate unpleasant odours. We hold a licence to operate the WRP, issued by the Environment Protection Agency (EPA) Victoria, which states that under normal operation offensive odours must not be discharged beyond the boundary of the plant.

However, unexpected events, such as the malfunction of equipment or abnormal weather conditions, can lead to ‘upset conditions’ in which unintended air emissions may be detected beyond the boundaries of the plant. It is for this reason the amendment is required, which will highlight any sensitive land use within the overlay, such as residential development, schools or childcare centres.

STATE ENVIRONMENTAL PROTECTION POLICY (SEPP) (WATERS)

Our obligations under SEPP (Waters) are adhered to through the management of our waterway discharges, catchment management and sewer system performance. The periodic completion of Environmental Risk Assessments utilises SEPP objectives and processes to identify our contribution to waterway health and identify activities to improve the environment in which we operate.

Projects such as the implementation of our Catchment Management Plan, Kyneton Water Reclamation Plant upgrades and sewer system upgrades and maintenance, continue to reduce nutrient and other contaminants entering local waterways. These, along with ongoing contributions to North Central Catchment Management Authority’s Caring for Campaspe Project ensure we are actively contributing to the improvement of environmental assets with our communities.

ENVIRONMENT PROTECTION AUTHORITY (EPA) AMALGAMATED LICENCE AND COMPLIANCE

We manage sewage treatment services at 14 Water Reclamation Plants (WRPs), twelve of which were regulated in 2019/20 under EPA amalgamated Licence 74405. A further two WRPs are managed by contractors operating under Build Own Operate Transfer (BOOT) schemes.

Additionally, we manage the operation of the Bendigo Groundwater Treatment Plant, located at the New Moon mine site in Sailor’s Gully, which prevents natural releases of highly saline, high arsenic-containing, water to the environment, whilst also protecting local tourist infrastructure.

Our 2019/20 Annual Performance Statement (APS) to the EPA will report that licence compliance was achieved at four WRPs, with twelve non-compliances being recorded in relation to the Kyneton WRP, Bendigo WRP, Castlemaine WRP and Cohuna WRP. A summary of the twelve non-compliances is listed below.

REQUIREMENT	LOCATION	DATE	DESCRIPTION
LI_A1	Castlemaine WRP	2/08/19	Offsite discharge of offensive odour from Solids Treatment Process
LI_A1	Kyneton WRP	4/11/2019–11/11/2019	Odour emitted from drying sludge lagoon
LI_A1	Epsom WRP	20/11/19	Offsite odour complaint most likely from ATADs being put in service after 12 months out of service
LI_DW2.10	Kyneton WRP	20/11/2019–21/11/2019	Exceeded instream flow proportion limit
LI_A1	Castlemaine WRP	19/12/19	Offsite discharge of offensive odour from biofilters following biomass replacement
LI_A1	Castlemaine WRP	2/08/19	Offsite discharge of offensive odour from solid treatment process
LI_G1	Epsom WRP	21/01/20	Offsite discharge of treated water from an irrigation channel bank failure
LI_A1	Castlemaine WRP	25/02/20	Offsite discharge of offensive odour from disruption to solids treatment process
LI_A1	Castlemaine WRP	15/03/20	Offsite discharge of offensive odour from biofilters following biomass replacement
LI_A1	Castlemaine WRP	1/04/20	Offsite discharge of offensive odour from biofilters
LI_DL1	Cohuna WRP	01/07/2019–30/06/2020	Lagoon seepage most likely causing groundwater mounding resulting in impacts to neighbouring land

We have continued to plan and upgrade our water reclamation plants over the past year. Upgrades to the Kyneton WRP has resulted in significant compliance improvements and increased capacity to beneficially reuse recycled water. We have also progressed planning upgrades for the Cohuna and Castlemaine WRPs. These upgrades will increase the environmental and service performance of sewage treatment services to our Cohuna and Castlemaine communities.

We are currently improving our compliance monitoring programs for all of our Licenced sites. This includes the development of a holistic compliance management manual to document all aspects and information regarding our Risk-Based Monitoring Program. The project has had guidance from an environmental auditor's review of the existing procedure. Furthermore, groundwater monitoring and performance reviews have been completed or are progressing at five locations with an objective to improve our groundwater monitoring networks.

Coliban Water appeared in the Kyneton Magistrates' Court in relation to unlicensed discharges from the Kyneton WRP in May and June 2019. The hearing is currently adjourned.

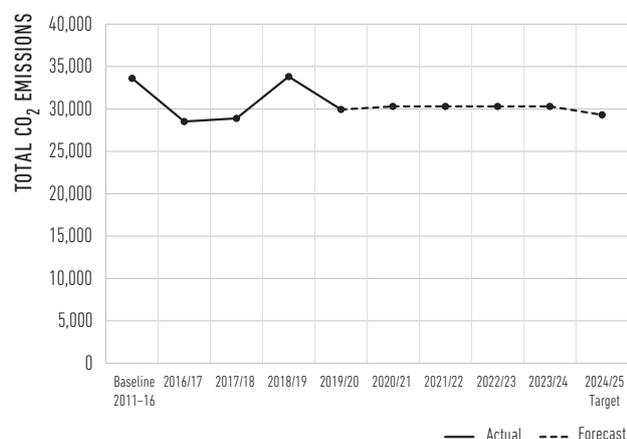
Replacement, repair and cleaning of our sewer networks have continued to maintain an improved performance and reductions in dry weather sewer spills to the environment. During 2019/20, in accordance with EPA's notification protocol, the EPA was notified of 16 high priority sewer spills from our sewer catchment systems. This is an increase on the ten high priority sewer spills that were reported in 2018/19, however decreased performance was experienced across the state. Despite this, we decreased our blockage rate and are now performing at industry average for Victorian Water Corporations. We provide immediate response and priority clean-up to any discharges, particularly in areas of unrestricted public access or sensitive land uses. Our Operations and Maintenance operational partner utilises standard operating procedures to respond to high priority sewer spills that are designed to protect public health and minimise environmental impacts.

ENERGY AND CARBON MANAGEMENT

The development of our Energy and Carbon Management Strategy has been a key strategic focus for the corporation in 2019/20. The Strategy will be implemented through an Annual Carbon and Energy Plan that will set the priorities and monitor progress against the targets.

We aim to minimise our impact on the environment through the reduction of carbon emissions and to reduce operational costs associated with the purchase of grid electricity. We do this through adopting a 'portfolio' approach that encompasses procurement, demand management, renewable generation and energy efficiency.

NET GREENHOUSE GAS EMISSIONS (TONNES OF CO₂ EQUIVALENT)



STATEMENT OF OBLIGATIONS (EMISSIONS REDUCTION)

We will reduce our carbon emissions by 13 per cent to our pledged target of 29,304 tonnes CO₂-e in 2024/25, against the baseline of 33,604 tonnes CO₂-e.

In addition to this 4,300 tonnes CO₂-e, reduction, we have a further 'stretch' target to reduce emissions by an additional 8,000 tonnes CO₂-e.

Our greenhouse emissions have decreased in 2019/20 due to the reduced operation of the Goldfields Superpipe.

GREENHOUSE GAS EMISSIONS (TONNES CO₂-E)

PERFORMANCE INDICATOR	2018/19	2019/20 RESULT			VARIANCE (%)	COMMENTARY (INTERIM TARGETS ARE RELATED TO THE BASELINE)
		SCOPE 1 EMISSIONS	SCOPE 2 EMISSIONS	TOTAL EMISSIONS		
Water Treatment and Supply	10,328	0	6,848	6,848	-33.7	The Goldfields Superpipe operation was reduced in 2019/20
Sewerage Treatment and Management	22,067	3,383	18,364	21,747	-1.4	Energy intensive equipment being offline for part of the year. 3383 tonnes CO ₂ -eq is attributed to Scope 1 fugitive emissions (nitrous oxide and methane)
Transport	878	871	0	871	-0.8	All emissions are Scope 1 direct emissions through burning of fuel.
Other	533	0	472	472	-11.5	Building energy consumption has reduced due to Work From Home situation.
Total Emissions	33,806			29,938		

We are amongst the 13 Victorian water corporations that are partners in Zero Emission Water, a Power Purchase Agreement with Total Eren's Kiamal Solar Farm. This project will enable us to generate cost neutral carbon offsets to cover between 15–20 per cent of our electricity emissions over the contract life.

We have been responsive to community energy security needs. We continue to participate in the combined Australian Energy Market Operator (AEMO)/ Australian Renewable Energy Agency (ARENA) Demand Management Program and Frequency Control Ancillary Services Program. This initiative is contributing to grid stability, as well as providing options for energy management across the business.

To increase energy understanding across our asset base, we continue to participate in a number of industry-wide energy projects, which includes sub-metering and developing training materials to assist staff. We are an active member of state and national water industry energy networks. These forums are a valuable space to share insights and knowledge across the sector.

TOTAL ELECTRICITY USE	(MWh)		COMMENTARY
	2018/19 RESULT	2019/20 RESULT	
Water Treatment and Supply	9,652.5	6,713.7	The Goldfields Superpipe had reduced operations during 2019/20
Sewerage Treatment and Management	17,700.4	18,004.1	Energy use has remained stable
Other (office, workshops, depots etc)	498.3	462.6	
Total (a)	27,851.3	25,180.4	

ENERGY GENERATED OR EXPORTED

Coliban Water has one water treatment plant that utilises a 30kW photovoltaic system. We will be delivering additional solar renewable energy projects across our asset base in 2020/21. Numerous telemetry sites are powered by solar panels.

RENEWABLE ELECTRICITY USED	(MWh)		COMMENTARY
	2018/19	2019/20	
1. Solar	56.37	65.34	30kW System at Korong Vale WTP. Solar generation made up 40% of total energy use onsite.
2. Hydro-electric	0.0	0.0	
3. Wind Power	0.0	0.0	
4. Biogas	0.0	0.0	
5. Green-power	0.0	0.0	
6. Other	0.0	0.0	
Total	56.37	65.34	
Percentage renewable electricity = (b)/(a)*100	0.20	0.26	

CORPORATE WATER CONSUMPTION

At our Bendigo head office, we consumed 5.1 kilolitres per year per Full-Time Equivalent (FTE) staff member working.

Total Water Consumption for 1/7/2019 to 30/06/2020 for 30 Bridge Street and 37-45 Bridge Street Bendigo = 988 kilolitres.

HEAD OFFICE WATER CONSUMPTION	2019/20	2018/19	2017/18
Total water consumption (kilolitres)	988	1,105	890
Full-time equivalent (FTE) staff	195	197	186
Volume per FTE (kilolitres)	5.1	5.6	4.8

Total water consumption applies to 30 & 37-45 Bridge Street Bendigo



SOCIAL SUSTAINABILITY

MANAGEMENT OF SOCIAL AND ECONOMIC IMPACTS

Our Coliban Assist Program (CAP) was developed to identify and assist customers in genuine financial hardship.

Engagement with welfare agencies in our region to seek their input helps us to assess and develop our program. We are committed to ensuring our program is relevant and effective for our customers and to do this we actively maintain and build continual relationships with welfare agencies in and around our region.

Our payment arrangement process is in place to continue to assist customers. At the end of the financial year we had 5,210 active payment arrangements. This is an increase on last year's total of 5,154 which is attributed to our continued focus on encouraging and supporting customers entering into long term sustainable arrangements.

We understand that every customer's situation is different and we work with our customers to empower them to select the most appropriate option, whilst setting up a payment arrangement that suits their circumstances and capacity to pay. Our CAP is committed to assisting and supporting our customers through financial difficulties and protecting those customers that are victims of family violence.

In September 2017, we submitted our Pricing Submission 2018 to the Essential Services Commission which included more assistance and support to vulnerable customers that may have difficulty paying bills. This included an additional \$400K over five years.

COMMUNITY REBATES PROGRAM

In 2017/18 we commenced a joint initiative with the Victorian Government to assist low income and vulnerable customers to better understand their water usage through undertaking a water audit. This water audit assists customers to reduce water bills by supporting them to be more efficient and sustainable in their consumption of their water resource.

A key element of the program is educating and empowering vulnerable and hardship customers so they can control their current and future water use through better understanding their water usage. Assistance is also provided by repairing leaks, using a registered plumber, at no cost to eligible customers. In 2019/20 the program assisted 158 customers (in 2018/19 assisted 163) at a total cost of \$30,560 (2018/19, \$56,336). We were on track to assist many more customers; however we paused this program in March 2020 to ensure the health and safety of our staff, during the COVID-19 pandemic.

COMMUNITY SERVICE OBLIGATIONS

The Victorian Government makes available concessions and rebates for eligible customers within our region. The table below summarises the value of concessions and rebates we have processed over the past three years. Eligible concession holders are provided a 50 per cent deduction off their water and sewerage charges, up to a maximum of \$320.90 per annum. If a household is billed for water usage only, the concession is capped at a maximum of \$164.45 per annum. This year the concession for both charges increased by \$7.80. We have approximately 21,986 customers in our region who are eligible for this payment.

The Utility Relief Grant (URGs) supports eligible customers who are unable to pay their account due to a temporary financial crisis. Over the past 12 months, we have continued our focus on actively providing information to eligible customers with regard to the URG. During the COVID-19 pandemic, the number of URG's approved by DHHS increased from 375 in 2018/19 to 625 in 2019/20.

At the end of the year, there were 322 customers accessing our Coliban Assist Program (CAP). This is less than at the same time last year but given COVID-19 and the Government Benefits most of these customers would qualify for, there was less need for accessing our hardship program. Customers were still asking for help, but may not have needed the additional assistance at this time that the CAP program provides.

CONCESSIONS AND REBATES	2019/20	2018/19
Not for profit rebates	\$473,321	\$429,228
Pension concession	\$6,113,667	\$5,904,178
Utility Relief Grants	\$302,507	\$197,935
Water Concessions on Life Support Machines	\$63	\$535
Hardship relief grant scheme (Coliban Assist Program)	\$52,692	\$84,366
Community Rebates Program	\$30,560	\$61,819

CUSTOMER AND COMMUNITY REBATES 2019/20

Customer and Community Rebates were developed in consultation with customers as part of our 2018-2023 pricing submission to the Essential Services Commission. The 19 rebates replace the previous four Guaranteed Service Levels (GSLs).

We paid 68 Customer and Community Rebates in 2019/20, the second year of the expanded rebate scheme. The total cost of all rebate payments was \$19,797. This is a significant improvement over 2018/19's result, where more than 1,000 water interruption rebates were paid for a single incident due to third party damage to a water main in Napier Street, White Hills.

A total of three community rebates were payable for our performance in 2019/20. These were for short-term water quality issues in Cohuna, Goornong and Laanecoorie. In each instance, we will consult with the affected community to ensure that the funds are delivered to a project that would be of maximum benefit to the local area.

CUSTOMER REBATES	VALUE	NO. PAID	VALUE
Sewer intrusion – blown seal	\$50	20	\$1,000
Sewer intrusion – under 1 hour	\$300	1	\$300
Sewer intrusion – over 1 hour	\$1,000	1	\$1,000
Special Meter Read late	\$19.24	4	\$77
3+ sewer blockages	\$100	1	\$100
4+ water outages	\$50	–	–
5+ hour water interruption(1)	\$50	34	\$1,700
Correspondence >10 days	\$10	2	\$20
Planned water outage peak times	\$100	–	–
Rural water allocation	*	–	–
Customer restriction	\$300	2	\$600
Customer unrestriction > 24 hours	\$300	–	–
Ongoing water quality issue	\$57.13	–	–
High priority inspection >2 days	\$250	–	–
High priority mains inspection >10 days	\$310.06 +\$41.25 per lot	–	–
Total Customer rebates		65	\$4,797

COMMUNITY REBATES

Large sewer spill	\$20,000	–	–
Poor water pressure / flowrate	\$5,000	–	–
Boil water / do not consume notice	\$5,000	–	–
Short-term water quality issue	\$5,000	3	\$15,000
Total Community rebates		3	\$15,000

* Rebate amount payable to rural network customers in any year where they receive less than 100 per cent allocation. The rebate amount in the applicable financial year is calculated by the difference between 100 per cent allocation and the allocation percentage as at 1 April, multiplied by the rural Infrastructure Charge payable



THE VICTORIAN GOVERNMENT'S SOCIAL PROCUREMENT FRAMEWORK

In 2018 the Victorian State Government released a *Social Procurement Framework* (SPF) which recognises the need to address disadvantage. The SPF utilises the united buying power of Victorian Government departments and agencies to generate social value above and beyond the value of the goods, services or construction being procured, providing environmental, social and economic benefits to all Victorians.

IMPLEMENTATION AND CAPABILITY DEVELOPMENT

In 2018 Coliban Water created a Social Procurement Working Group to develop a Social Procurement Strategy and implement the requirements into our day to day business activities. Representatives of the Working Group attended various workshops and forums and communicated the information to the business to create awareness and inclusion of the provisions while our Strategy was still in development. By early 2019 the SPF had been integrated into our procurement policies, procedures and templates and Social Benefit Suppliers were recognised as 'Pre-Qualified'.

Internal capability development to staff was delivered via presentations and other awareness activities. By June 2019, Social Procurement was included in our staff induction and ongoing refresher training modules. To ensure ongoing development, social procurement objectives have been developed for inclusion in employee performance development plans from 1 July 2020. External capability development was delivered to suppliers through tender briefings and the inclusion of information and online references in our 'Request for Quote' procurement template.

Coliban Water's Board and Board Committees were involved in the development, review and endorsement of our Social Procurement Strategy prior to submission to the Department of Treasury and Finance (DTF) for approval, demonstrating the importance of the SPF to the directors of our business. Our Strategy was approved by DTF in February 2020 and officially launched in April 2020. The Strategy's main purpose is to increase the social and sustainable benefit being achieved by Coliban Water for the Victorian community through deliberate and planned social procurement.

2019/20 ACTIVITY TO SUPPORT OUR STRATEGY

Results against our 2019/20 Social Procurement Strategy targets are included in the 'Social Procurement Strategy Targets – Results 2019/20' table on page 41. The table, along with the objectives and case studies, describes some of the activities undertaken in 2019/20 to support our Social Procurement Strategy.

COLIBAN WATER'S PRIORITY SOCIAL AND SUSTAINABLE OBJECTIVES

Per Coliban Water's Social Procurement Strategy, four 'Priority social and sustainable objectives for Coliban Water' were uniquely defined to encompass practical objectives and outcomes. Each objective is described below, including case studies.

OBJECTIVE 1

Sustainable Victorian social enterprise and Aboriginal business sectors: 'Opportunities for Victorian Aboriginal people through considering the extent to which procurement can be unbundled for delivery by Aboriginal businesses (verified by Supply nation or Kinaway), or directed to our Recognition Settlement Agreement (RSA) commitments and/or Reconciliation Action Plan (RAP) initiatives'.

Coliban Water participated in the employment of Aboriginal School Based Apprenticeships / Traineeships (SBAT) program by being the host employer for two students completing Certificate III in Business Administration in 2019/20.

Coliban Water also frequently interacts with local Victorian Aboriginal Businesses under both our RAP and the RSA to discuss further opportunities.

CASE STUDY

SUSTAINABLE VICTORIAN SOCIAL ENTERPRISE AND ABORIGINAL BUSINESS SECTORS

Djandak was established to deliver Dja Dja Wurrung's aspirations for their future as the Traditional Owners of Dja Dja Wurrung Country. Djandak is integral to realising the aspirations of Dja Dja Wurrung to achieve self-determination and improved community well-being through economic opportunity and independence.

Coliban Water sought to provide opportunities that would assist Djandak to achieve their aspirations through monthly meetings and policy updates. This assisted both organisations to think more strategically about future opportunities, and as a result, 2019/20 engagements with Djandak included:

- Two service agreements, including Land Management Services and Pest Plant Management focussing on revegetation, fencing, landscape design, pest animal control and fire hazard reduction.
- The operation of a Memorandum of Understanding in implementing 'A Healthy Coliban Catchment' works.
- Labour for the clearing of the Coliban Rural Channel which involved eight employees over a six week period.
- The installation of a new shelter and complete surrounding landscaping at our Upper Coliban Reservoir.

In addition:

- Coliban Water undertakes Cultural Heritage Surveys as part of our standard project management procedures and engages Dja Dja Wurrung Clans Aboriginal Corp to develop Cultural Heritage Management Plans (CHMP's) to protect identified sites of significance. The recent allowance of on-water recreation on our reservoirs has provided more opportunities to engage the Dja Dja Wurrung to assist our consultants with archaeological surveys which will feed into cultural heritage assessments.

Ongoing programs provide Djandak the confidence to continue to employ young, often unskilled staff and build their skills, confidence and knowledge. Without ongoing work opportunities, this could not continue. Work programs such as the rural channel clearing provided an opportunity for Djandak to engage new casual employees, of which several have gone on to other employment opportunities at Djandak. These programs also provide opportunities to be on Country, to share, build and capture knowledge and to feed their aspirations for the sites back into the decision-making processes.



Djandak employees delivering Coliban Water programs at Turpins Falls and the Upper Coliban Reservoir.

These photos were taken prior to coronavirus (COVID-19) restrictions and requirements of physical distancing and face coverings.

OBJECTIVE 2

Identifying existing suppliers in our community who support the social and sustainable objectives that can be matched to procurement opportunities.

The case studies relating to Dja Dja Wurrung (above) and Access Employment Enterprises (below) are examples of what Coliban Water has achieved through identifying existing suppliers and matching them to procurement opportunities.

Coliban Water also worked with our current strategic business partner, Lendlease, to ascertain their existing level of support for the Social Procurement Framework. It was found that Lendlease has significant business practices that support social and sustainable objectives, including the GyMEA Program. This is a national procurement strategy for indigenous businesses and drives a business culture that promotes equality, flexibility, wellness and respect of land and environment. They also have in place numerous policies and programs in the areas of Diversity and Inclusion, Family Violence, Equal Opportunity, workplace support and more.

OBJECTIVE 3

Directly procuring from 'Social Benefit Suppliers' where available.

Whilst local Social Benefit Suppliers are limited, Coliban Water procured from 12 social benefit suppliers in 2019/20, with a total spend of \$413,136. Coliban Water engaged a variety of Australian Disability Enterprises, Victorian Aboriginal Businesses and priority disadvantaged cohorts. Engagements included catering, traffic control, communications, carpentry, financial counselling for existing customers and more.

CASE STUDY

OPPORTUNITIES FOR VICTORIANS WITH A DISABILITY

Access Employment Enterprises (AEE) is a social enterprise of Access Australia Group (AAG), a not-for-profit organisation that provides skills training and employment for people in our community with a disability or experiencing disadvantage. They are located at PepperGreen Farm in Bendigo. As a social enterprise AEE depends on service contracts and projects to be able to continue providing employment opportunities to vulnerable cohorts within our community.

AEE was engaged by Coliban Water between July and September 2019 to build 50 new nesting boxes that will provide refuge points for mammals, including sugar gliders, and birds in the One Tree Hill National Park and the Bendigo Regional Park. The boxes will assist the Bendigo Field Naturalists volunteers to monitor various species over the years. The nesting box project provided Joel McNeill's first opportunity to be involved with the Access Employment Enterprise division and this involvement gave him his passion for work, demonstrated his exceptional skill and enthusiasm, and presented opportunities which lead to him obtaining a full carpentry apprenticeship with AAE.



L-R: Steve Davis (AAG Disability Employment Consultant), Liz March (AAG CEO), Debra Redman (MEGT), Joel McNeill (Apprentice), Michelle Taylor (Access Employment Enterprises Manager). This photo was taken prior to coronavirus (COVID-19) restrictions and requirements of physical distancing and face coverings. Images with permission. Possum image courtesy Kylie McLennan, Project Manager.

OBJECTIVE 4

Sustainable Victorian Regions: 'Achieve additional opportunities through expanding the Social Procurement objectives by adding an evaluation criterion that aims to achieve social and economic contributions to our immediate local Coliban Water Region'.

In 2019/20 Coliban Water included Social Benefit criteria in the evaluation of \$24.5 million of public tenders out of a total \$26.2 million, in addition to other minor procurement processes. Coliban Water created an additional evaluation criterion to the Social Benefit objectives which assessed social and economic contribution to our immediate local Coliban Water Region.

In October 2019 Coliban Water committed to the 'GROW Bendigo' initiative (Growing Regional Opportunities for Work, Bendigo). GROW Bendigo is a program that works with businesses across the Bendigo region to strengthen social and economic outcomes and increase job opportunities through strategic procurement and employment. Coliban Water currently directs almost 60 per cent of amenable expenditure to our local region and we have initiated ongoing processes to identify potential improvements in spend categories.

CASE STUDY

SUSTAINABLE VICTORIAN REGIONS

The requirement to formally consider the benefit of supporting local businesses and building local capability has resulted in the appointment of a local business for specialised consultancy services. The technical capability required was not expected to be available in Bendigo and the services had been outsourced to a Melbourne business for the previous three years. By sourcing locally, the spend and capability development is now retained in Bendigo.

RESULTS AGAINST STRATEGY TARGETS FOR EDUCATION

ACTIVITY	MEASURE	TARGET DESCRIPTION	RELATED OBJECTIVES	TARGET	RESULT	VARIANCE
Supplier training	Education of suppliers	Conducted for 100% of relevant public tenders with mandatory briefings	All objectives	100%	100%	0%
		Inclusion of Social Procurement in formal RFQ's for awareness at all values (other than public tendering)	All objectives	100%	100%	0%
Staff training	Education of employees via e-learnings (including encouragement to include Social Procurement at all values)	75% of staff	All objectives	75%	33% Substituted*	-42%
	Cultural awareness e-learning completion rate	75% of staff	Opportunities for Victorian Aboriginal businesses	75%	91%	16%
	Cultural awareness course completion rate	15 staff (targeted group based on roles)	Opportunities for Victorian Aboriginal businesses	15	16	1

*Electronic educational material was communicated to 100% of staff in place of the e-learnings to accommodate the changed working environment during the Covid-19 pandemic.

RESULTS AGAINST STRATEGY TARGETS FOR DIRECT SOCIAL PROCUREMENT

Expenditure categories	Catering and room hire expenditure	5% of category	All objectives	5.0%	5.3%	0.3%
	Contractors / Consultants expenditure	\$100K	Opportunities for Victorian Aboriginal businesses	\$100,000	\$298,137	\$313,136
			All other objectives		\$114,999	
Labour	Engagement of Supported Employment Services	1 work experience placement for an employee with a disability	Opportunities for Victorians with a disability	1	0 Delayed**	-1
	Instances of inclusion of diverse workforce	2 work experience placements for Aboriginal Students	Opportunities for disadvantaged Victorians	2	2	0

**This is engagement was delayed in 2019/20 due to the inability to supervise following the move to working from home during the Covid-19 pandemic.

RESULTS AGAINST STRATEGY TARGETS FOR INDIRECT SOCIAL PROCUREMENT

Public tender evaluation	Weighted social and sustainable criteria applied to procurement over \$250,000 via Buying for Victoria	20% of tenders (with a view to increase)	All objectives	20%	33%	13%
	Weighted social and sustainable criteria applied to procurement within projects over \$1 million	100% of tenders	All objectives	100%	100%	0%



BOARD RESPONSIBILITIES

Our Board comprises nine Directors, eight Non-Executive Directors who are appointed by the Victorian Minister for Water, and a Managing Director appointed by the Board.

The Board is responsible for the overall strategy and corporate governance of the business, which includes:

- › setting the strategic direction for the business
- › monitoring the performance of the business against objectives and targets
- › monitoring the strategic risks of the business
- › setting the executive remuneration policy.

The Board also establishes policies and procedures to ensure we meet all of our regulatory and legal responsibilities.

A Statement of Obligations outlining the service, accountability and reporting obligations of our Board is available from our website.

The Board meets formally, and convenes informally as required to discuss specific issues and projects.

Former Executive General Manager Service and Infrastructure Neville Pearce was appointed to the Board as Acting Managing Director on 18 February 2019. Damian Wells was appointed to the Board as Managing Director on 5 August 2019, however Damian was unable to commence in the role on this date due to serious injury. Neville continued in the role of Acting Managing Director until Damian's commencement as Managing Director on 7 October 2019.

Rowan O'Hagan, David Richardson and Bill O'Neil ceased their appointments to the Board on 30 September 2019. Melanie McCarthy, Gary Jones and Mario D'Elia commenced their appointment to the Board on 1 October 2019. Lucy Roffey, Robert (Bob) Cameron, Marika McMahon, Nigel McGuckian and Helen Symes were all reappointed to the Board on 1 October 2019. Lucy Roffey remained Chairperson and Nigel McGuckian remained Deputy Chairperson.

BOARD DIRECTORS AS AT 30 JUNE 2020

CHAIRPERSON

LUCY ROFFEY

B Com, Grad Dip Mngt, GAICD, FCA

Lucy Roffey was appointed to the Board on 1 October 2015, and was appointed as Chairperson on 1 October 2017. Ms Roffey is Chief Executive Officer of Central Goldfields Shire Council. Previously, she was Chief Executive Officer of Buloke Shire Council and has held other executive roles in Local and State Government. Her expertise includes Finance and Corporate Governance, Strategic Planning, Stakeholder Management and Commercial Operation. Ms Roffey is a member of Chartered Accountants Australia and New Zealand's Public Sector Panel and the Victorian Inclusion and Diversity Group.

DEPUTY CHAIRPERSON

NIGEL MCGUCKIAN

B. Ag. Science (Hons), Grad Dip Education, FAICD

Nigel McGuckian was appointed to the Board on 1 October 2017. Mr McGuckian is Chair of the Loddon Campaspe Regional Partnership and the Otis Foundation. He was a cofounder of RM Consulting Group – an environmental and agricultural consulting business – and worked as a consultant with the business for 28 years. Mr McGuckian has a broad range of experience in agriculture, environment, economics and community development.

MANAGING DIRECTOR

DAMIAN WELLS

B. Env. Mgmt. (Hons), MBA, GAICD

(Appointed to the Board on 5 August 2019, commenced on 7 October 2019)

Damian's career has included work in technical and leadership roles in water, environment and regulation. After early-career technical roles in catchment management and water, Damian held an operational leadership role at Goulburn-Murray Water before being appointed CEO of North Central Catchment Management Authority in 2008. In 2015 Damian was appointed an Executive Director at the Environment Protection Authority Victoria where he led the statewide regulatory operations. Damian also has over 10 years' experience as a Non-Executive Director having previously served on the Board of Anglicare Victoria and its predecessor organisations. Damian is a Non-Executive Director of Zero Emissions Water (ZEW) and is the Chair of the Bendigo Advisory Board for La Trobe University.

MARIKA MCMAHON

BA, LLB

Marika McMahon was appointed to the Board on 1 October 2015. Ms McMahon is a lawyer and Director of O'Farrell Robertson McMahon. She is a Director of Be.Bendigo, a founding member of Women.i.s.e Bendigo, life member at Women's Health Loddon Mallee and a member at the Bendigo Law Association. Ms McMahon has been a lawyer for over 20 years and has over 10 years' experience on statutory boards at Bendigo Health, Rural Ambulance Victoria and Ambulance Victoria.

BOB CAMERON

LLB FAICD

Bob Cameron was appointed to the Board on 1 October 2015. Mr Cameron is a lawyer and consultant at Petersen Westbrook Cameron and was a Minister for Local Government, Workcover and the TAC, Agriculture and Police, Emergency Services and Corrections in the Victorian Government for 11 years.

HELEN SYMES

BBus (Accounting), Dip Financial Planning, CPA, GAICD

Helen Symes was appointed to the Board on 1 October 2017. Helen is a Certified Practising Accountant and has over 25 years of diverse accounting experience across corporate agriculture, healthcare, emergency services, media and public practice. She has held senior finance roles for both private and government organisations, including Ambulance Service Victoria, Warakirri Pty Ltd, and Wimmera Health Care Group. She is also a partner in a dryland farming business. Helen was the Independent External Member on the Audit, Governance and Risk Committee for Grampians Wimmera Mallee Water from 2016 to 2017.

MARIO D'ELIA

CPA, BBus

Mario D'Elia was appointed to the Board on 1 October 2019. Mr D'Elia is an independent financial, commercial and strategic advisor. He is the National President for the United Nations Association of Australia. For over 20 years he was the lead National Partner of Price Waterhouse Cooper's (PwC) Infrastructure Advisory team and advised on infrastructure projects under various government procurement models involving the private sector. He has extensive experience in advising governments on the development and implementation of major capital projects, including transport, water (desalination) and social infrastructure. He is a Certified Practising Accountant and holds a Bachelor of Business Studies.

GARY JONES

B.Sc.(Hons), PhD, GAICD

Dr. Gary Jones was appointed to the Board on 1 October 2019. Dr. Jones is an experienced water sector director and chief executive officer with a previous international career in water science and research. He has a PhD in water chemistry and ecology, and is a graduate of the Australian Institute of Company Directors Course. He has held several directorships on the boards of public companies including membership of Governance, Audit and Finance, Recruitment and Remuneration, and Business Risk Committees. Currently Dr. Jones holds directorships on Water Stewardship Australia Ltd and International Water Resources Association Inc. As well as being a water sector specialist, Dr. Jones brings extensive experience in budget and financial management, human resources, strategic planning, risk assessment and in organisational leadership and governance.

MELANIE MCCARTHY

B Eng (Chem), BA, MEngSc, GAICD, FIEAust

Melanie McCarthy was appointed to the Board on 1 October 2019. Ms McCarthy is founder of Leading for Success, a leadership development firm for technical people. Ms McCarthy spent over twenty years in operational and leadership roles in the resources industry in regional and remote Australia and was a board member at the North Central CMA for eight years. Her expertise includes operational and financial management, risk management, culture and leadership development and community engagement. Ms McCarthy is a member of the Loddon Campaspe Regional Partnership.

As a public sector organisation, it is important that we promote and instill a culture of openness, transparency and good governance.

COMMITTEES OF THE BOARD

Committees of the Board are established to provide advice to Management and recommendations to the Board within their delegated areas of responsibility. Each committee has a charter detailing its role and responsibilities consistent with best practice corporate governance principles.

AUDIT COMMITTEE

The Audit Committee meets quarterly and at other times as required. It is responsible for making recommendations to the Board on matters including:

- › Oversight of annual budgeting and forecasting processes
- › Financial accounts and external reporting
- › Audit activities (internal and external)
- › Key financial policies and systems of internal control.

From 1 July 2019 until 30 September 2019 members of the Committee were Rowan O'Hagan (Chair), Bill O'Neil, Helen Symes, David Richardson and Bob Cameron.

From 1 October 2019 until 30 June 2020 members of the Committee were Helen Symes (Chair), Bob Cameron, Gary Jones and Mario D'Elia.

All Committee members are independent.

PEOPLE AND REMUNERATION COMMITTEE

The People and Remuneration Committee meets on at least two occasions per year, and is responsible for making recommendations to the Board on:

- › Managing Director's performance objectives and assessment
- › Succession planning for the Managing Director
- › Executive remuneration (compliance and benchmarking)
- › Diversity strategy and targets
- › Being a contemporary workplace of choice
- › Health, safety and wellbeing culture.

From 1 July 2019 until 30 September 2019 members of the Committee were Lucy Roffey (Chair), Marika McMahon, David Richardson and Nigel McGuckian.

From 1 October 2019 until 30 June 2020 members of the Committee were Lucy Roffey (Chair), Marika McMahon, Nigel McGuckian and Melanie McCarthy.

All Committee members are independent.

RISK, ASSET AND COMMUNITY COMMITTEE

The Risk, Asset and Community Committee is responsible for:

- › Risk management framework, systems and performance
- › Asset management system and performance against objectives
- › Customer engagement including advice on key initiatives and projects
- › Stakeholder engagement including the health and performance of key relationships.

From 1 July 2019 until 30 September 2019 members of the Committee were Bob Cameron (Chair), Marika McMahon, Helen Symes, Bill O'Neil and Nigel McGuckian.

From 1 October 2019 until 30 June 2020 members of the Committee were Bob Cameron (Chair), Marika McMahon, Helen Symes, Nigel McGuckian, Lucy Roffey, Melanie McCarthy, Gary Jones and Mario D'Elia.

All Committee members are independent.

KYNETON WATER RECLAMATION PLANT COMMITTEE

The Kyneton Water Reclamation Plant Committee meets as determined by the Committee, meeting twelve times in 2019/20 including the first meeting on 15 August 2019. The Kyneton Water Reclamation Plant Committee is responsible for making recommendations to the Board on strategic direction with regard to the Kyneton Water Reclamation Plant, including stakeholder engagement.

From 15 August 2019 until 30 September 2019 members of the Committee were Nigel McGuckian (Chair), Lucy Roffey, Bill O'Neil and David Richardson.

From 1 October 2019 to 30 June 2020 members of the Committee were Nigel McGuckian (Chair), Lucy Roffey, Marika McMahon, Melanie McCarthy and Gary Jones.

All Committee members are independent.

ON-WATER RECREATION COMMITTEE

The On-Water Recreation Committee met as determined by the Committee, meeting five times in 2019/20 and dissolving on 10 October 2019. The On-Water Recreation Committee was responsible for making recommendations to the Board on strategic oversight of the implementation of on-water recreation at Coliban Water's reservoirs, the development of a risk management strategy, and stakeholder engagement.

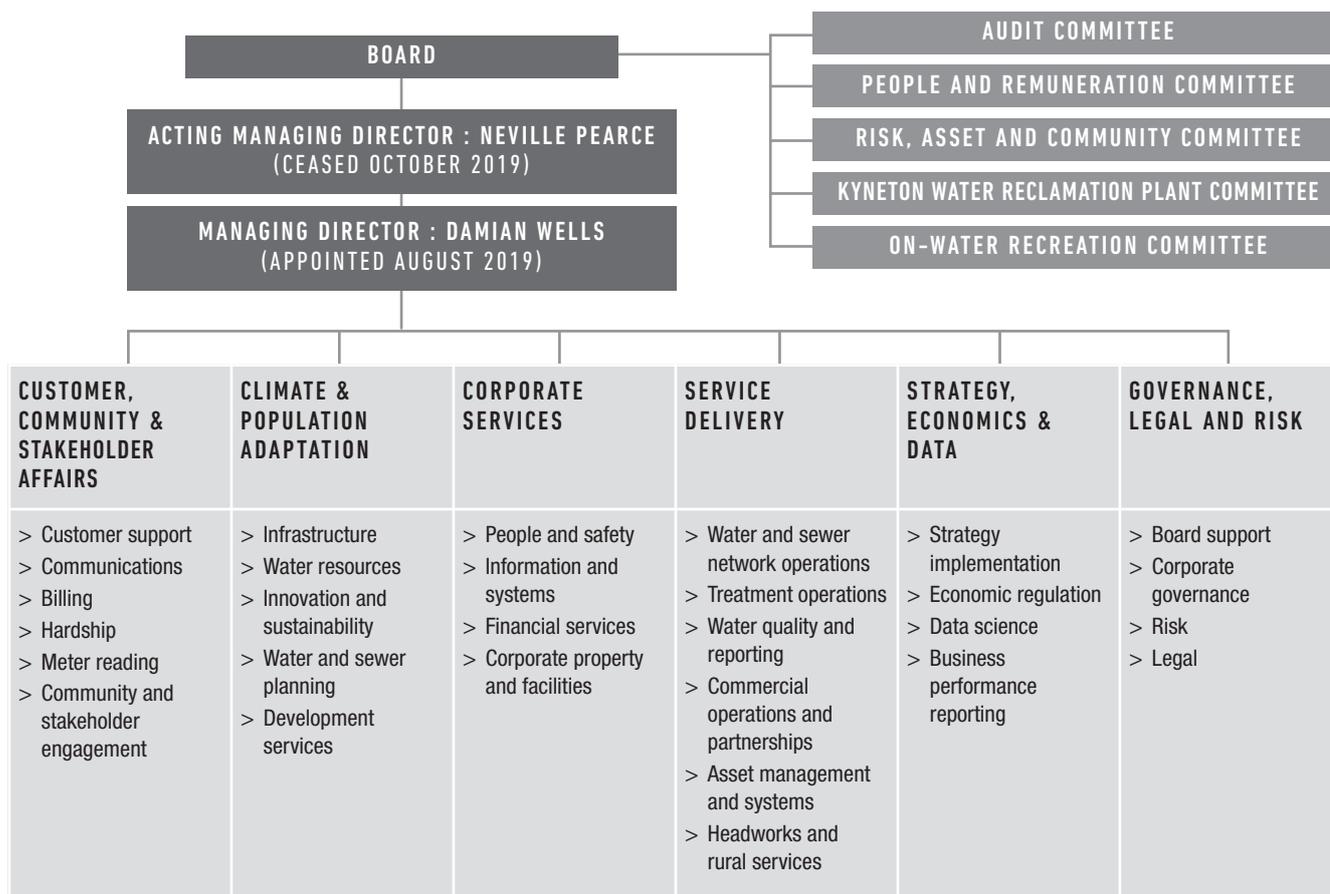
From 1 July 2019 until 10 October 2019 members of the Committee were Bob Cameron (Chair), Lucy Roffey and Nigel McGuckian.

All committee members were independent.



BOARD AND COMMITTEE MEETINGS	BOARD OF DIRECTORS		AUDIT		RISK, ASSET AND COMMUNITY		PEOPLE & REMUNERATION		ON-WATER RECREATION		KYNETON WATER RECLAMATION PLANT	
			COMMITTEE		COMMITTEE		COMMITTEE		COMMITTEE		COMMITTEE	
	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED
DIRECTOR												
Neville Pearce ⁽¹⁾	2	2	–	–	–	–	–	–	–	–	–	–
Damian Wells ⁽²⁾	8	8	–	–	–	–	–	–	–	–	–	–
Lucy Roffey	11	11	–	–	3	3	4	4	5	5	12	11
Nigel McGuckian	11	11	–	–	4	4	4	4	5	5	12	12
Marika McMahon	11	11	–	–	4	4	4	4	–	–	7	7
Bob Cameron	11	11	5	5	4	4	–	–	5	5	–	–
Helen Symes	11	11	5	5	4	4	–	–	–	–	–	–
David Richardson ⁽³⁾	3	3	2	2	–	–	–	–	–	–	5	5
William (Bill) O'Neil ⁽³⁾	3	3	2	2	1	1	–	–	–	–	5	5
Rowan O'Hagan ⁽³⁾	3	3	2	2	–	–	–	–	–	–	–	–
Mario D'Elia ⁽⁴⁾	8	7	4	4	3	3	–	–	–	–	–	–
Melanie McCarthy ⁽⁴⁾	8	8	–	–	3	2	3	3	–	–	6	5
Gary Jones ⁽⁴⁾	8	8	4	4	3	3	–	–	–	–	6	5

- (1) Term ceased 7 October 2019
- (2) Term commenced 7 October 2019
- (3) Term ceased 30 September 2019
- (4) Term commenced 1 October 2019



EXECUTIVE LEADERSHIP TEAM

<i>Customer, Community and Stakeholder Affairs</i>	<i>Climate and Population Adaptation</i>	<i>Corporate Services</i>
Lauren McLean Executive General Manager Customer, Community and Stakeholder Affairs	Steve Healy Executive General Manager Climate and Population Adaptation	Eryn Basile Executive General Manager Corporate Services
<i>Service Delivery</i>	<i>Strategy, Economics and Data</i>	<i>Governance, Legal and Risk</i>
Danny McLean Executive General Manager Service Delivery	Jarrah O'Shea Executive General Manager Strategy, Economics and Data	Rebecca Hanley General Counsel and Corporate Secretary

FINANCIAL MANAGEMENT COMPLIANCE ATTESTATION STATEMENT

I, Lucy Roffey, on behalf of the Board, certify that Coliban Region Water Corporation has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.

Lucy Roffey, Chairperson
 Date: 24 September 2020

OUR EMERGENCY MANAGEMENT SYSTEM

Our emergency management systems provide a consistent framework for managing all types of hazards and incidents.

We actively participate to build community resilience through managing vulnerabilities and operational interdependencies at Municipal and Regional Emergency Management Planning Committee meetings in locations where we have assets.

At a state and national level, we participate in two water network groups to build sector-wide resilience; these are:

- › Sector Resilience Network, convened by the Department Environment, Land, Water and Planning (DELWP);
- › Water Sector Services Group convened by the Department of Home Affairs.

In the past twelve months we have validated our preparedness by undertaking emergency management exercises that assess our policies, procedures and the competency of staff.

On 12 March 2020, Coliban Water enacted an Incident Management Team (IMT) to manage the COVID-19 pandemic response. The IMT was established to focus on the pandemic emergency and will remain in place into 2020/21. The IMT has undertaken scenario planning and put in place a range of controls to minimise the transmission of the virus and reduce the risk to the business. Existing emergency management structures required for the management of other emergency types, such as fires, floods and service delivery disruptions have remained in place.

HEALTH, SAFETY AND WELLBEING CULTURE

Our Health, Safety and Wellbeing Management System (HSWMS) is certified to AS/NZS 4801:2001. The HSWMS outlines how Coliban Water will manage health, safety and wellbeing related risks, with the aim of preventing injury and improving overall performance.

Coliban Water promotes a safety culture where everyone is responsible and empowered to prioritise safety.

Coliban Water has a Health, Safety and Wellbeing Committee that meets quarterly and is chaired by the Managing Director. The Committee is well attended by health and safety representatives and management representatives.

Significant achievements and focuses in HSW for 2019/20 include:

- › Coliban Water transitioning towards the new international standard for safety (AS/NZ ISO 45001:2018)
- › Implementation of safety system improvements to further enhance existing processes to manage workplace safety risks.
- › Establishment of an Incident Management Team and adaption of business operations to continue operating safely and efficiently during the COVID-19 pandemic.
- › Utilising a risk-based approach to determine priorities for Health and Safety remedial works on assets, and business safety initiatives.
- › The online contractor induction platform fully implemented.
- › Building safety capability through the delivery of a Health, Safety and Wellbeing training plan
- › Working collaboratively with our strategic partners and contractors to share information and learn collectively from safety incidents and events.

- › Developing tools to standardise the risk management approach to high risk work activities.
- › Authorised officer patrols commenced at the beginning of August. Interactions that identify a “prohibited activity” are being tracked and reported via the Safety Incident Management system.

EXTERNAL AUDIT – INTEGRATED MANAGEMENT SYSTEM

In July 2017 Coliban Water undertook an external audit to certify three management systems:

- › AS/NZS 4801:2001: Occupational Health and Safety
- › ISO 14001:2015 Environmental Management System
- › ISO 9001:2015: Quality Management System

External surveillance audits have been conducted in 2018 and 2019. The 2019 audit contained one minor nonconformance relating to document management. A series of actions have been implemented to address the issues raised.

Accreditation is required every three years and was planned to occur in August 2020, however due to the impacts of COVID-19 on resources a six month extension review was granted in June 2020 by an external auditor. In 2020/21 Coliban Water will continue to remain certified and will transition to the revised safety standard, ISO45001:2018.

SAFETY COMPETENCE AND CAPABILITY

We have grown staff safety capability this year with a focus on training, education and skills, including:

- › Building the knowledge and capability of managers in the area of Mental Health First Aid
- › Education and training related to fatal risk areas including confined space and working at heights.
- › Provided safety training in the areas of Defensive Dog Training, CPR refresher training and Health and Safety Representative training and Construction Induction

HEALTH AND WELLBEING

We continue to focus on the area of wellbeing of employees. Staff were invited to participate in a range of initiatives throughout the year, including:

- › Staff health checks
- › Employer funded immunisations
- › Six-week mindfulness course
- › Support for a range of initiatives, such as Pride Month
- › Continued engagement of the Employee Assistance Program.

OH&S PERFORMANCE MANAGEMENT AND REPORTING

To ensure the health, safety and wellbeing of our employees and contractors it is critical that all hazards and incidents are reported. Significant incidents are subject to a thorough investigation and reported to the HSW Committee.

Incidents include hazards, near misses and injuries. Incidents reported across the business at Coliban Water increased by 73 per cent per 100 FTE in 2019/20. This equates to 40 additional reported incidents compared with the previous year. This increase is due to a 77 per cent increase in the number of hazards reported in 2019/20.

The WorkCover premium for Coliban Water has remained steady over the past five years and during the 2019/20 period, there were no standard or lost time claims accepted.

OH&S PERFORMANCE

MEASURE	KPI	2017/18	2018/19	2019/20
Incidents	No. of incidents	48	56	96
	Rate per 100 FTE	25.81	28.43	49.23
	No. of incidents requiring first aid and/or further medical treatment	6	6	15
Claims	No. of standard claims accepted	0	0	0
	Rate per 100 FTE	0	0	0
	No. of lost time claims accepted	0	0	0
	Rate per 100 FTE	0	0	0
	No. of claims exceeding 13 weeks	0	0	0
	Rate per 100 FTE	0	0	0
Fatalities	Fatality claims	0	0	0
Return to work	Percentage of claims with RTW Plan <30 days	n.a	n.a	n.a
Management Commitment	Evidence of OHS Policy statement, OHS Objectives, regular reporting to senior management of OHS and OHS plans	Completed	Completed	Completed
Consultation and Participation	Evidence of agreed structure of designated workgroups (DWGs), health and safety representatives (HSRs) and issue resolution procedures (IRPs)	Completed	Completed	Completed
	Compliance with agreed structure on DWGs, HSRs and IRPs	Completed	Completed	Completed
	Number of quarterly HSW meetings	4	4	4

N/A = data not available FTE = full time equivalent



STATUTORY PERFORMANCE

FREEDOM OF INFORMATION (FOI)

The *Freedom of Information Act 1982* allows public access to documents held by government entities.

Application must be in writing to the Authorised Officer at Coliban Water PO Box 2770, Bendigo DC 3554, or via email at foi@coliban.com.au and accompanied by a fee as detailed in s17 of the *Freedom of Information Act 1982*.

The following officers have been appointed under the *Freedom of Information Act 1982*:

- Principal Officer – Managing Director
- Authorised Officer – Manager Risk and Compliance

During 2019/20 Coliban Water received six FOI applications. Of these requests, five were from the general public and one from the media. All applications were processed in accordance with the *Freedom of Information Act 1982* and *Freedom of Information (Access Charges) Regulations 2014*.

The table below shows the outcome of each FOI application for the 2019/20 period as reported to the Office of the Victorian Information Commissioner.

OUTCOME	NUMBER
Full Access Granted	–
Partial Access Granted	3
No Access Granted	1
Application withdrawn	1
Not Yet Finalised (in progress)	1
Provided outside the FOI Act	–
Reviews and complaints received by the FOI Commissioner	2
Number of appeals to VCAT by FOI applicants	–

COMPETITIVE NEUTRALITY POLICY

We have implemented our Competitive Neutrality Policy. We have had ‘pay for use’ water pricing, consisting of a fixed and a variable (volumetric) charge for many years, and cross subsidies between business units are transparent and are disclosed through the Annual Report.

Vertical structural and financial separation of business functions has been in place for several years and the performance of business functions is reported separately in our annual financial statements. We have introduced competition in service delivery by the involvement of the private sector through competitively bid Public-Private Partnership contracts for infrastructure projects and by outsourcing other functions. We continue to monitor developments in the Competitive Neutrality Policy.

TAXATION

In common with the rest of the water industry, we are subject to a National Tax Equivalent Regime. This means we are subject to the *Income Tax Assessment Act 1997*, managed through the Australian Taxation Office, to ensure we do not gain a competitive advantage over the private industry in relation to taxation matters.

EXTERNAL FINANCING

Under the *Borrowing and Investment Powers Act 1987*, we may only source debt funding from Treasury Corporation Victoria and we are subject to a Financial Accommodation Levy (FAL). As a Victorian Government Agency our borrowings carry an implicit State Government guarantee that commands lower borrowing prices in financial markets. To offset this advantage, a FAL is levied on all borrowings, using a formula based on business credit ratings to ensure we do not obtain an unfair advantage when compared against the private sector.

PERFORMANCE BENCHMARKING

We participate in annual performance benchmarking studies through:

- > Essential Services Commission (ESC) – Service standards auditing and reporting
- > Department of Health and Human Services – Water Quality
- > Water Services Association of Australia (WSAA) – Asset Management, Customer Service, Civil Maintenance and Mechanical and Electrical Maintenance

These processes measure the successful implementation of improvements and practices using risk management frameworks, standards of service and encourage continuous improvement. All these activities help identify areas where performance can be improved.

MEMBERSHIP OF INDUSTRY ASSOCIATIONS

Our industry and business association memberships contribute to our organisational capability through collaboration, benchmarking, networking and training. Involvement in these groups also allows us to participate in the review and development of industry codes of practice and to share our knowledge and expertise with others:

Some of our key membership associations include:

- > Water Services Association of Australia (WSAA) – Operational Performance Benchmarking along with many networks or communities of practice in relation to Customer Service, Asset Management, Civil Assets, and Mechanical, Electrical and SCADA.
- > Victorian Water Industry Association (VWIA)
- > Institute of Water Administration (IWA)
- > International Water Association (IWA)
- > International Association for Public Participation (IAP2)
- > Australian Water Association (AWA)
- > Water Services Sector Group (WSSG)
- > Australian National Committee on Large Dams (ANCOLD)
- > Water Industry Operators Association of Australia (WIOA)
- > CRC for Water Sensitive Cities
- > Water Quality Research Australia (Water RA)
- > Diversity Council of Australia (DCA)

PRIVACY AND DATA PROTECTION ACT 2014

The *Privacy and Data Protection Act 2014* (the Act) came into effect on 17 September 2014. It is the Act that provides for responsible collection and handling of personal information in the Victorian public sector. Our employees receive ongoing information and training on importance of privacy and what is required to comply with Coliban Water’s Privacy Policy and the Act.

BUILDING ACT 1993

We met all relevant compliance provisions of the *Building Act 1993* in our building and maintenance activities during the year.

GOVERNMENT ADVERTISING EXPENDITURE

We did not produce any advertising campaigns valued at \$100K or greater during the year.

SPONSORSHIP AND DONATIONS

Sponsorships, both financial and in-kind, totalling \$43,498 were provided to 66 school, sporting and community events throughout our region in 2019/20. Of this amount, \$26,886 was committed to the provision of our portable water stations, including associated plumbing costs. Due to COVID-19, many events that we were due to support with in-kind sponsorship were cancelled or rescheduled for future years.

All sponsorship applications were assessed for their suitability, in accordance with the *Victorian Government Sponsorship Policy*, including their alignment with our strategic vision and to the areas of water, health and the environment.

PUBLIC INTEREST DISCLOSURES ACT 2012

(FORMERLY KNOWN AS THE PROTECTED INTEREST DISCLOSURE ACT 2012)

Coliban Water is not able to receive disclosures under section 13 of the *Public Interest Disclosures Act 2012 (Vic)* (the Act). However, section 58 of the Act requires us to establish procedures setting out how we will protect people against detrimental action that might be taken against them in reprisal for making a public interest disclosure.

We are not aware of any complaints or disclosures considered to be Public Interest Disclosures in accordance with the Act occurring between 1 July 2019 and 30 June 2020.

For further information regarding how to make a public interest disclosure, contact:

Rebecca Hanley,

General Counsel and Corporate Secretary – Coliban Water
PO Box 2770 Bendigo VIC 3554
Phone: 1300 363 200 | Website: www.coliban.com.au

Independent Broad-Based Anti-Corruption Commission (IBAC)

Victoria, Level 1, North Tower,
459 Collins Street Melbourne VIC 3000
Phone: 1300 735 135 | Website: www.ibac.vic.gov.au

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) EXPENDITURE

For the 2019/20 reporting period, we had a total ICT expenditure of \$10 million, with the details shown below.

BUSINESS AS USUAL (BAU) ICT EXPENDITURE (\$'000)	NON BUSINESS AS USUAL (NON BAU) ICT EXPENDITURE (\$'000)	OPERATIONAL EXPENDITURE (\$'000)	CAPITAL EXPENDITURE (\$'000)
3,989.38	5,974.52	5,402.77	571.75

ICT expenditure refers to costs of providing business enabling ICT services. It comprises Business As Usual (BAU) ICT expenditure and Non Business As Usual (Non BAU) ICT expenditure. Non BAU ICT expenditure relates to extending or enhancing our current ICT capabilities.

The \$6 million Non BAU ICT expenditure represents a combination of investment in cloud projects which are delivered using operational expenditure and multiple premise projects delivered within the capital portfolio.

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

LOCAL JOBS FIRST

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

Coliban Water is required to apply the Local Jobs First policy in all projects valued at \$1 million or more as we are located in regional Victoria.

MPSG applies to all construction projects valued at \$20 million or more. The MPSG guidelines and VIPP guidelines will continue to apply to MPSG applicable and VIPP applicable projects respectively where contracts have been entered prior to 15 August 2018.

PROJECTS COMMENCED – LOCAL JOBS FIRST STANDARD

During 2019/20 Coliban Water commenced six Local Jobs First Standard projects valued at \$27.2 million. All projects are based in regional Victoria.

MPSG did not apply.

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

- › an average of 95.3 per cent local content commitment was made;
- › a total of 52 jobs (annualised employee equivalent (AEE)) were committed, including the creation of five new jobs and the retention of 47 existing jobs (AEE); and
- › a total of two positions for apprentices and trainees were committed to be retained.

PROJECTS COMPLETED – LOCAL JOBS FIRST STANDARD

During 2019/20 Coliban Water completed four Local Jobs First Standard projects valued at \$25.4 million. All projects were based in regional Victoria.

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

- › an average of 97.5 per cent of local content outcome was recorded;
- › a total of 23 jobs (AEE) were recorded, including the creation of eight new jobs and the retention of 15 existing jobs (AEE); and
- › a total of five positions for apprentices and trainees were recorded, including the creation of one new apprenticeship, one new traineeship and the retention of the remaining three existing traineeships.

REPORTING REQUIREMENTS – ALL PROJECTS

During 2019/20 there were five small to medium sized businesses and one large sized business that prepared a Local Industry Development Plan (LIDP) for a contract and were successfully appointed as Principal Contractor.

MAJOR CONSULTANCIES

A consultant is a particular type of contractor that is engaged primarily to perform a discrete task for an entity that facilitates decision making through provision of expert analysis and advice and/or development of a written report or other intellectual output.

During 2019/20 Coliban Water engaged 65 separate consultants with a value over \$10,000*. The total cost, excluding GST, incurred during this period for major operational consultancies was \$5,230,710 (2018/19: \$3,122,670) and major capital consultancies was \$2,873,616 (2018/19: \$2,953,415).

OPERATIONAL		TOTAL APPROVED (EXC GST) (\$'000)	EXPENDITURE (EXC GST) (\$'000)	FUTURE EXPENDITURE (EXC GST) (\$'000)
CONSULTANT	PURPOSE OF CONSULTANCY			
AFS & Associates Pty Ltd	Financial assessments and advice	70.69	45.91	24.78
Australian Water Quality Centre	Water treatment plant analysis and advice	17.26	10.98	6.28
Biosis Research Pty Ltd	Environmental management advice	48.41	38.19	10.22
Bowles Management Group	Business recovery and reporting framework advice	49.50	31.50	18.00
Canine Ecological Pty Ltd	Growling grass frog monitoring and advice	25.93	25.93	–
CDM Smith Australia Pty Ltd	Groundwater assessment	15.66	15.66	–
Consulting Environmental Engineers	Environmental consultancy services	15.60	15.60	–
City Water Technology Pty Ltd	Water quality review	17.50	17.50	–
Davidson Executive and Boards Pty Ltd	Recruitment services and advice	32.55	32.55	–
Department of Environment Land Water and Planning	Property valuations	13.65	13.65	–
East Gippsland Water	Customer satisfaction survey	19.84	19.84	–
Echo Managed Services Ltd	Information technology solutions	1,076.80	1,076.80	–
Ektimo	Environmental consultancy services	14.67	14.67	–
Engage Squared	Information technology solutions	248.73	201.96	46.77
Envisian Pty Ltd	Analysis and review of IT backup and disaster recovery	38.50	24.50	14.00
ESS Earth Sciences Pty Ltd	Seismic monitoring services	30.95	23.04	7.91
GHD Pty Ltd	Engineering, architecture, environmental and construction services	1,389.95	899.62	490.33
Glossop Town Planning Pty Ltd	Environmental significance advice	21.75	12.78	8.97
Infracorr Consulting Pty Ltd	Structural repair and durability services	50.38	28.06	22.32
Infor Global Solutions (ANZ) Pty Ltd	Information technology solutions	205.00	144.45	60.55
Information Management Services Pty Ltd	Data migration and quality assurance services	302.17	259.20	42.97
Insync Surveys Pty Ltd	Stakeholder forums	45.54	36.19	9.35
Jacobs Group (Australia) Pty Ltd	Legislative requirements interpretation and advice	58.86	33.16	25.70
Janelle Ryan	Change management services	90.82	90.82	–
John Petrie	Tree risk assessment	17.38	17.38	–
Landair Surveys	Sam safety structural surveying	35.41	35.41	–
Leah Walls Consulting	Human resource advice	11.34	11.34	–
MosaicLab	Community engagement consultancy advice	20.88	20.88	–
Niltech Consulting Pty Ltd	IT Services	62.75	44.69	18.06
Obviate Pty Ltd	SCADA engineering support	25.55	22.03	3.52
OurSay Pty Ltd	Online engagement tool advice	14.50	14.50	–
Outplacement Australia	Human resource advice	12.50	10.70	1.80
P3 Outcomes Pty Ltd	Contract related advice	183.98	129.59	54.39
PBJ & Associates Pty Ltd	Engineering, organisational development and strategic planning services	87.00	60.81	26.19
Practical Ecology Pty Ltd	Ecological consultation and advice	37.24	37.24	–
Red Strategic Communications Pty Ltd	Communications and engagement plan advice	46.80	41.15	5.65
RepuTex (AU) Pty Ltd	Electricity market modelling services	16.81	16.81	–
RM Consulting Group Pty Ltd	Environmental and agricultural advice	86.71	86.71	–
RXP Services Ltd	Information technology solutions	1,383.36	1,231.09	152.27
Shearwater Solutions Pty Ltd	IT security testing	64.25	28.00	36.25
SMEC Australia Pty Ltd	Environmental supervision services	49.27	47.77	1.50
Stantec Australia Pty Ltd	Options analysis report	18.50	18.50	–
Streamology Pty Ltd	Waterways assessment	14.48	14.48	–
Tech Duinn Pty Ltd	Archaeological and heritage services	77.68	77.00	0.68
Third Horizon Consulting Pty Ltd	Strategy implementation and transformation advice	32.98	32.98	–
Tony Kelly Consulting	Management and strategic planning advice	42.25	42.25	–
Uber Arbor	Arboriculture advice	11.40	11.40	–
WaterQPlus Pty Ltd	Water quality advice	46.80	11.10	35.70
Webplace Pty Ltd	Website and content redevelopment	57.01	54.34	2.67
		6,357.54	5,230.71	1,126.83

CAPITAL		TOTAL APPROVED (EXC GST) (\$'000)	EXPENDITURE (EXC GST) (\$'000)	FUTURE EXPENDITURE (EXC GST) (\$'000)
CONSULTANT	PURPOSE OF CONSULTANCY			
AFS & Associates Pty Ltd	Probity advice	74.18	59.68	14.50
Cruse Partnership Australia	OHS and systems audits	23.50	23.50	–
DTM Services Pty Ltd	OHS and environmental reviews	10.05	10.05	–
Engage Squared Pty Ltd	Information technology solutions	87.64	87.64	–
GHD Pty Ltd	Engineering, architecture, environmental and construction services	2,210.15	2,210.15	–
Irritech Consulting Pty Ltd	Irrigation infrastructure upgrade advice	10.26	10.26	–
Obviate Pty Ltd	SCADA engineering support	33.24	28.16	5.08
PBJ & Associates Pty Ltd	Engineering services	32.10	32.10	–
Project Management Partners Pty Ltd	Asset management system review	32.50	32.50	–
PT Tomkinson & Associates Pty Ltd	Site surveying and advice	11.50	11.50	–
RM Consulting Group Pty Ltd	Wastewater management advice	46.20	46.20	–
SAFEgroup Automation Pty Ltd	Engineering and SCADA services	73.02	73.02	–
Spiire Australia Pty Ltd	Planning, surveying and urban design	92.28	92.28	–
Ten Consulting	Engineering and project management services	20.99	11.11	9.88
White Technics Pty Ltd	Electrical engineering advice	104.25	104.25	–
WSP Australia Pty Ltd	Sewer flow monitoring strategy advice	41.22	41.22	–
		2,903.08	2,873.62	29.46

MINOR CONSULTANCIES

During the year there were 33 minor consultancies at a cost of less than \$10,000 each*. The total cost, excluding GST, of these minor consultancies was \$137,077 (2018/19: \$230,168).

*Further information about these consultancies can be requested under the *Freedom of Information Act 1982*, see page 49 for details.

DISCLOSURE OF MAJOR CONTRACTS

In 2019/20 Coliban Water awarded one major contract valued at over \$10 million to GHD Pty Ltd for Engineering Consultancy Services. This contract is due for completion in late 2024.

ADDITIONAL INFORMATION AVAILABLE ON REQUEST

In compliance with the requirements of the Standing Directions of the Minister for Finance, details in respect of the items listed below have been retained by Coliban Water and are available (in full) on request, subject to the provisions of the *Freedom of Information Act 1982*:

- current and previous Annual Reports, the Customer Charter, Pricing Submission 2018 and other publications produced by Coliban Water about itself
- details of any major external reviews carried out on Coliban Water
- details of major research and development activities undertaken by Coliban Water
- details of major promotional, public relations and marketing activities undertaken by Coliban Water to develop community awareness of the entity and its services
- details of changes in prices, fees, charges, rates and levies charged
- details of overseas visits undertaken

Also available on our website:

- > Reconciliation Action Plan
- > Diversity and Inclusion Plan
- > Community Engagement Plan

THE INFORMATION IS AVAILABLE ON REQUEST FROM:

Authorised Officer – Corporate Secretary, Coliban Water Phone: 1300 363 200 | Email: coliban@coliban.com.au

ADDITIONAL INFORMATION INCLUDED IN THIS ANNUAL REPORT

Details in respect of the following items have been included in Coliban Water's Annual Report, on the pages indicated below:

- assessments and measures undertaken to improve the occupational health and safety of employees (on page 48.)
- a statement on industrial relations within Coliban Water (on page 29.)
- a list of Coliban Water's major committees, the purposes of each committee, and the extent to which the purposes have been achieved (on pages 44-45.)
- a statement of completion of declarations of pecuniary interests by relevant officers (on page 114.)

INFORMATION THAT IS NOT APPLICABLE TO COLIBAN WATER

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

- a declaration of shares held by senior officers (No shares have ever been issued in Coliban Water)



DIRECTORS CERTIFICATION

We certify that the accompanying Performance Report of Coliban Region Water Corporation in respect of the period ended 30 June 2020 is presented fairly in accordance with the *Financial Management Act 1994*.

The Performance Report outlines the relevant performance indicators for the financial year as determined by the responsible Minister for Water, and as set out in the 2019/20 *Corporate Plan*. We have reported our actual and comparative results achieved for the financial year against predetermined performance targets and these indicators. We have reported 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.

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.

Signed at Bendigo on 24 September 2020 on behalf of the Board.

Lucy Roffey
Chairperson
Coliban Region Water Corporation

Damian Wells
Managing Director
Coliban Region Water Corporation

Eryn Basile
Chief Financial Officer
Coliban Region Water Corporation

FINANCIAL PERFORMANCE INDICATORS

KPI NO.	KEY PERFORMANCE INDICATOR	2018/19 RESULT	2019/20 RESULT	2019/20 TARGET	VARIANCE TO PRIOR YEAR	NOTES	VARIANCE TO TARGET	NOTES
F1	Cash Interest Cover Net operating cash flows before net interest and tax / net interest	2.1 times	2.2 times	2.1 times	4.8%		4.8%	
F2	Gearing Ratio Total debt (including finance leases) / total assets * 100	26.8%	26.3%	26.6%	-1.9%		-1.1%	
F3	Internal Financing Ratio Net operating cash flow less dividends / net capital expenditure * 100	133.3%	115.2%	130.7%	-13.6%	1a	-11.9%	1b
F4	Current Ratio Current assets / current liabilities (excluding long term employee provisions and revenue in advance)	1.4 times	1.2 times	1.2 times	-14.3%	2a	0.0%	
F5	Return on Assets Earnings before net interest and tax / average assets * 100	1.9%	2.0%	2.0%	5.3%		0.0%	
F6	Return on Equity Net profit after tax / average total equity * 100	0.3%	0.5%	0.4%	66.7%	3a	25.0%	3b
F7	EBITDA Margin Earnings before interest, tax, depreciation and amortisation / total revenue * 100	43.4%	44.5%	46.0%	2.5%		-3.3%	

Reasons for variations greater than 10 per cent compared to that budgeted or significant variations to prior year actual result

- 1a & 1b Our internal financing ratio has decreased when compared to the prior year and to that targeted due to an increase in net capital outflows in 2019/20. Payments for infrastructure assets, property, plant and equipment increased by \$5.0 million in 2019/20 and by \$3.5 million compared to target. The increase was due to a higher capital portfolio spend which included high priority works at the Kyneton Water Reclamation facility. Operating cash flows were \$1.3 million higher than the prior year and \$2.2 million lower compared to target. This indicator is anticipated to remain consistent in future years as we continue to fund capital expenditure from cash inflows from operating activities
- 2a Our current ratio decreased from last year due to a reduction of \$2.6 million in current assets, mainly in cash and cash equivalents. This is the result of increased cash outflows for capital investment and financing activities of \$5.4 million, coupled with an improvement in cash inflows from operating activities from last year of \$1.3 million. The \$1.3 million improvement was the impact of \$4.6 million increase in receipts as a result of increase household consumption offset by a \$3.3 million increase in associated outgoings of operating expenditure compared to last year. It is expected that this indicator will remain stable in the following year, consistent with planned operating performance and anticipated asset base.
- 3a & 3b Our return on equity ratio has increased when compared to the prior year due to an increase in net profit after tax of \$1.2 million and an increase of \$1.6 million compared to target. Contributing to the results was an increase of \$1.4 million in reserves due to a managerial revaluation of land and building assets which increased the overall asset values.

WATER AND SEWERAGE SERVICE PERFORMANCE INDICATORS

KPI NO.	KEY PERFORMANCE INDICATOR	2018/19 RESULT	2019/20 RESULT	2019/20 TARGET	VARIANCE TO PRIOR YEAR	NOTES	VARIANCE TO TARGET	NOTES
WS1	Unplanned water supply interruptions No. of customers receiving >5 unplanned interruptions in the year / total number of water (domestic and non-domestic) customers * 100	0.02%	0.02%	0.01%	0.0%		100.0%	4b
WS2	Interruption time Average duration of unplanned water supply interruptions	140.7	112.5	112.0	-20.0%	5a	0.4%	
WS3	Restoration of unplanned water supply Unplanned water supply interruptions restored within (5) hours / total unplanned water supply interruptions * 100	84.7%	99.6%	98.0%	17.6%	6a	1.6%	
SS1	Containment of sewer spills Sewer spills from reticulation and branch sewers contained within 5 hours / total sewer spills from reticulation and branch sewers * 100	100.0%	99.8%	99.0%	-0.2%		0.8%	
SS2	Sewer spill interruptions No. of residential sewerage customers affected by sewerage interruptions restored within 5 hours	97.7%	99.1%	99.0%	1.4%		0.1%	

Reasons for variations greater than 5 per cent compared to that budgeted or significant variations to prior year actual result

- 4b 17 customers experienced 6 water supply interruptions in 2019/20 due to multiple bursts on mains in close proximity in Guildford. Coliban Water prioritised works to address the local network issues and prevent future poor performance. While this result is 12 more than the annual target, it is comparable to 15 customers receiving 6 or more interruptions in 2018/19.
- 5a This year's result for the average duration of unplanned interruptions was in line with the target. It represents a significant improvement compared to the 2018/19 result, where in excess of 1,000 customers experienced an outage of more than 5 hours duration in the White Hills area.
- 6a Coliban Water achieved an 18% improvement in the proportion of customers with water service restored within 5 hours when compared to the 2018/19 result. This year's result was also slightly better than the annual target. The key driver for this improvement is a return to Coliban Water's strong performance following the incident in White Hills in 2018/19 caused by third party damage.

CUSTOMER RESPONSIVENESS PERFORMANCE INDICATORS

KPI NO.	KEY PERFORMANCE INDICATOR	2018/19 RESULT	2019/20 RESULT	2019/20 TARGET	VARIANCE TO PRIOR YEAR	NOTES	VARIANCE TO TARGET	NOTES
CR1	Water quality complaints (colour, taste, odour, other) No. of complaints per 1,000 customers	3.52	2.77	3.5	-21.3%	7a	-20.9%	7b
CR4	Billing complaints No. of complaints per 1,000 customers	0.10	0.24	0.28	144.5%	8a	-12.7%	8b

Reasons for variations greater than 5 per cent compared to that budgeted or significant variations to prior year actual result

- 7a & 7b This year's result for water quality complaints was well above the current year target and showed a significant improvement when compared to the previous year. This improvement is largely attributable to greater community acceptance of the Castlemaine Chlorination Program, designed to improve overall water quality and safety in the Castlemaine supply system, and higher quality water sourced, including more water sourced from Coliban Water's high quality catchment storages.
- 8a & 8b While 2019/20 saw an increase in the number of billing complaints compared to the previous year, Coliban Water performed better than the current year target. With complaints spread evenly across the year, and minimal tariff changes compared to the previous year, no specific incident is attributable to the increased number of complaints. While the business continued to provide additional opportunities for customers to provide feedback via the Your Town community program and other forums in the first half of 2019/20, COVID-19 restrictions in the second half of the year limited opportunities to hold these events.

ENVIRONMENTAL PERFORMANCE INDICATORS

KPI NO.	KEY PERFORMANCE INDICATOR	2018/19 RESULT	2019/20 RESULT	2019/20 TARGET	VARIANCE TO PRIOR YEAR	NOTES	VARIANCE TO TARGET	NOTES
E1	Effluent re-use volume (end use) Percentage recycled for each category	36.8%	27.1%	39.0%	-26.4%	9a	-30.5%	9b
E2	Total net CO₂ emissions Net tonnes CO ₂ equivalent	33,857	29,938	32,505	-11.6%	10a	-7.9%	10b

Reasons for variations greater than 5 per cent compared to that budgeted or significant variations to prior year actual result

- 9a & 9b 2019/20 saw low irrigation demand at all reclamation plants due to weather events across spring and autumn. Class A water production was limited due to operational issues encountered at the Bendigo recycled water factory.
- 10a & 10b Net greenhouse gas emissions were significantly lower than prior year and the 2019/20 target. This excellent result has been driven by strong inflows to Coliban Water's catchments despite otherwise relatively dry conditions, meaning lower than forecast pumping from Lake Eppalock to supply water to Bendigo.

Independent Auditor's Report

To the Board of the Coliban Region Water Corporation

Opinion I have audited the accompanying performance report of the Coliban Region Water Corporation (the corporation) for the year ended 30 June 2020, which comprises the:

- financial performance indicators
- water and sewerage service performance indicators
- customer responsiveness performance indicators
- environmental performance indicators
- directors' certification.

In my opinion, the performance report of the Coliban Region Water Corporation in respect of the year ended 30 June 2020 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.

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 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 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
30 September 2020



Paul Martin
as delegate for the Auditor-General of Victoria



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FINANCIAL PERFORMANCE SUMMARY

Financial result	Plan 2019/20 (\$'000)	Actual 2019/20 (\$'000)	Actual 2018/19 (\$'000)	Actual 2017/18 (\$'000)	Actual 2016/17 (\$'000)	Actual 2015/16 (\$'000)
REVENUE						
Service charges	73,276	73,170	71,999	71,870	69,026	67,537
Usage charges	51,763	57,675	56,605	52,839	45,605	46,517
Contributions & gifted assets	11,222	13,469	14,529	14,366	10,365	11,835
Government funding	4,000	3,230	2,278	5,725	6,235	4,561
Interest income	139	68	116	77	74	52
Net gain / (loss) on disposal of non-financial assets	618	(3,101)	0	0	0	0
Other income	2,151	2,117	1,888	2,118	2,162	3,853
Total revenue	143,170	146,628	147,414	146,995	133,468	134,355
EXPENSES						
Operations, administration & employee	67,685	72,903	71,463	66,624	58,750	59,392
Expenditure of Government funding	4,625	3,261	5,218	2,010	1,624	1,300
Depreciation & amortisation	32,670	31,939	30,836	30,645	29,991	31,637
Borrowing & finance charges	26,564	26,346	27,725	28,831	30,052	30,557
Environmental contributions	5,116	5,116	5,116	3,272	3,272	3,272
Total expenditure	136,660	139,565	140,358	131,382	123,689	126,158
Net result before tax	6,509	7,063	7,056	15,613	9,778	8,197
Net result for the year	4,557	4,864	3,704	11,360	5,389	4,094
ASSETS						
Total current assets	36,929	38,553	41,241	41,201	35,243	36,120
Total non-current assets	1,630,628	1,638,836	1,629,824	1,631,358	1,629,008	1,627,031
Total assets	1,667,557	1,677,388	1,671,065	1,672,559	1,664,251	1,663,151
LIABILITIES						
Total current liabilities	33,724	43,066	33,490	30,689	29,902	29,336
Total non-current liabilities	571,137	569,330	575,454	583,876	588,152	593,007
Total liabilities	604,860	612,396	608,944	614,565	618,054	622,343
Net assets	1,062,696	1,064,922	1,062,121	1,057,994	1,046,197	1,040,808
Net cash inflows from operations	30,138	32,322	30,994	30,716	39,548	29,546
Payments for assets	(23,055)	(28,050)	(23,255)	(19,870)	(29,595)	(47,400)
Performance indicator						
	Plan 2019/20 (\$'000)	Actual 2019/20 (\$'000)	Actual 2018/19 (\$'000)	Actual 2017/18 (\$'000)	Actual 2016/17 (\$'000)	Actual 2015/16 (\$'000)
Interest cover (cash)	2.1	2.2	2.1	2.1	2.3	2.0
Gearing ratio	26.6%	26.3%	26.8%	27.3%	27.9%	28.4%
Internal financing ratio	130.7%	115.2%	133.3%	154.6%	133.6%	62.3%
Current ratio	1.2	1.2	1.4	1.5	1.3	1.3
Return on assets	2.0%	2.0%	1.9%	2.6%	2.3%	2.4%
Return on equity	0.4%	0.5%	0.3%	1.1%	0.5%	0.4%
EBITDA margin	46.0%	44.5%	43.4%	50.8%	52.2%	51.5%



FINANCIAL OVERVIEW

Coliban Water achieved a net result for the year of a \$4.9 million profit, which is the sixth consecutive year of positive results. This continued strengthening in our financial performance and position since 2013 is pivotal to financing our capital works and underscores the importance to our region of Coliban Water being a financially sustainable corporation.

We maintained our financial sustainability goal during 2019/20 to fully fund our capital investment program from the current years' operating cash flows and cash reserves, whilst also maintaining a \$4.0 million repayment toward our debt in line with our financial strategy.

Our water resources were secure throughout the year, with Permanent Water Savings Rules in place for all urban supplies and our rural customers received full allocations for the 2019/20 season.

Our performance indicators summarise our financial performance over the years. Indicators that varied significantly to plan or the previous year are explained in the Performance Report section of the Annual Report.

SIGNIFICANT CHANGES OR FACTORS AFFECTING OUR FINANCIAL PERFORMANCE – COMPREHENSIVE OPERATING STATEMENT

The net result for the year was a profit of \$4.9 million compared to the \$4.6 million budgeted, and \$3.7 million achieved last year.

Total revenue increased \$1.7 million compared to the previous year, with movements in revenue components comprising:

- › An increase in service charges remained consistent with an increase of \$1.2 million due to growth in customer connections and the approved price path for rates and charges;
- › An increase in usage charges of \$1.1 million due to an increase in temporary bulk water sales of \$1.7 million offset by a decrease in consumption, represented by 210kl per household in 2018/19 down to 194kl in 2019/20;
- › A decrease in contributions and gifted assets from the previous year by \$1.1 million representing the change in accounting treatment (AASB 15) where revenue from new customer contributions is recognised when a performance obligation has been met; and
- › An increase of \$1.0 million in Government funding recognised, reflecting the meeting of performance obligations for the Bendigo Groundwater Project: Transitional Solution.

Total revenue increased \$3.5 million compared to the Corporate Plan budget for 2019/20, with material movements in revenue components including:

- › An increase in usage charges of \$5.9 million due to temporary water sales exceeding budget by \$4.0 million and household water consumption exceeding that budgeted by 4kl per household;
- › An increase in contributions and gifted assets of \$2.3 million due to gifted assets exceeding anticipated levels due to increased development in the region;
- › A decrease in Government funding from DELWP for the Bendigo Groundwater Project: Transitional Solution of \$0.8 million due to the phasing of funding received; and
- › Recognition of a loss on disposal of non-financial assets of \$3.7 million.

Total expenditure decreased by \$1.0 million compared to the previous year, with material movements in expenditure components including:

- › A decrease in operating and administration expenses of \$0.5 million resulting from:
 - An increase in general services of \$2.0 million predominantly due to cloud expenditure for the Relationship Systems Project and various contractor, consultants and legal costs;
 - A decrease in outsourced operations, maintenance and BOOT contracts of \$0.5 million;
 - A decrease in electricity of \$1.0 million due to decreased pumping; and
 - A decrease resulting from other general efficiencies of \$1.0 million.
- › An increase employee expenses \$1.8m million due to the implementation of year three of the approved 2017 Enterprise Agreement, and an increase in provisions as a result of less leave being taken due to the COVID-19 pandemic and the Relationship Systems Project;
- › A decrease in expenditure of Government funding of \$2.0 million, reflecting changes in the timing of the planned operational costs relating to the Bendigo Groundwater Project: Transitional Solution;
- › An increase in depreciation and amortisation of \$1.1 million reflecting the impact of additional assets being commissioned during the year; and
- › A decrease in borrowing and finance charges of \$1.4 million due to more favorable interest rates over the year for refinanced loans and the continued impact of loan repayments that commenced in 2016/17.

Total expenditure increased \$2.9 million (excluding tax) compared to the Corporate Plan budget for 2019/20, with material movements in expenditure components including:

- › An increase in operations, administration and employee expenses of \$5.2 million resulting from;
 - An increase in general services of \$4.2 million and an increase in employee expenses of \$3.4 million due to the reasons noted above;
 - A decrease in outsourced operations, maintenance and BOOT contracts of \$0.7 million;
 - A decrease in electricity costs of \$0.9 million due to decreased pumping; and
 - A decrease in other operating and administration expenses of \$0.8 million.
- › A decrease in Government funding expenditure of \$1.4 million, reflecting changes in the timing of the planned operational costs relating to the Bendigo Groundwater Project: Transitional Solution;
- › A decrease in depreciation and amortisation of \$0.7 million reflecting less commissioning than anticipated; and
- › A decrease in borrowing and finance charges of \$0.2 million due to favorable interest rates over the year.



FINANCIAL OVERVIEW

SIGNIFICANT CHANGES IN OUR FINANCIAL POSITION – BALANCE SHEET

Total assets increased by \$6.3 million compared to the previous year, with material movements in asset components of the balance sheet being as follows:

- › A net decrease in current assets of \$2.7 million due to a decrease in cash held of \$5.4 million due to cash outflow increases during the COVID-19 response period with the implementation of the Government policy to pay creditors within 10 days, offset by an increase in receivables and contract assets of \$3.0 million, reflecting a change in disclosure of advance payments from customers and higher annual water consumption; and
- › An increase in non-current assets of \$9.0 million due to a net increase in infrastructure property plant and equipment of \$6.4 million due to asset commissioning and capital spend and the recognition of right of use assets of \$3.1 million as required by accounting policy changes.

Total assets increased by \$9.8 million compared to the Corporate Plan budget for 2019/20, with material movements in asset components of the balance sheet being as follows:

- › An increase in current assets of \$1.6 million due to:
 - A decrease of \$3.6 million in cash held due to cash outflow increases noted above;
 - An increase in assets held for sale of \$0.5 million due to the parcel of land in Echuca being actively marketed but not sold in 2019/20;
 - An increase in receivables and contract assets of \$5.8 million due to changes in disclosures and consumption noted above; and
 - A decrease in inventory of \$0.7 million due to the impact of stocktake results.
- › An increase in non-current assets of \$8.2 million reflecting an increase in capital spend and the recognition of right of use assets.

Total liabilities increased by \$3.5 million compared to the previous year, with material movements in liability components of the balance sheet being as follows:

- › An increase in current liabilities of \$9.6 million due to:
 - The recognition of \$8.0 million of contract liabilities (advanced customer payments) and right of use asset lease liabilities;
 - An increase in interest bearing liabilities of \$0.5 million reflecting the scheduled finance lease repayments anticipated for 2019/20; and
 - An increase in employee benefits of \$1.1 million reflecting the current Enterprise Agreement increments and also resulting from less leave being taken due to the COVID-19 pandemic and the Relationship Systems Project.
- › A decrease in non-current liabilities of \$6.1 million due to an increase of \$1.5 million in deferred taxes relating to the net result and the managerial revaluation, offset by a reduction in loans and finance lease liabilities of \$10.2 million and a \$2.5 million increase in lease liabilities relating to right of use assets.

Total liabilities on the balance sheet increased by \$7.5 million compared to the Corporate Plan budget for 2019/20, with material movements as follows:

- › An increase in current liabilities of \$9.3 million due to the recognition of \$8.0 million of contract liabilities (advanced customer payments) and right of use asset lease liabilities and an increase of \$1.5 million in employee benefits due to the reasons noted above; and
- › A decrease in non-current liabilities of \$1.8 million due to the non-current component of lease liabilities recognised being \$2.1 million less than expected.

Our improvement in total net assets (equity) compared to last year of \$2.9 million is attributed to the net of accumulated funds increasing due to our financial operating performance for the year and an adjustment to retained earnings relating to the adoption of the new accounting standard AASB 15 *Revenue from contracts with customers*. This also applies to the increase in total net assets (equity) of \$2.3 million when comparing against the Corporate Plan budget for 2019/20.

SIGNIFICANT CHANGES IN OUR CASH FLOW STATEMENT

Net cash flows from operations were \$1.3 million higher compared to the previous year with an increase of \$4.6 million in receipts and an increase in payments to suppliers and borrowing costs of \$3.3 million during the year.

Net cash flows from operating activities increased by \$2.2 million compared to the 2019/20 Corporate Plan budget due to the net impact of an increase of \$5.6 million in receipts from service and usage charges resulting from the higher consumption per household than budgeted and increased payments to suppliers and borrowing costs of \$3.5 million.

Payments for assets increased by \$4.8 million compared to the previous year due to an increased capital portfolio and the timing of payments made for capital works.

Payments for assets exceeded the 2019/20 Corporate Plan budget by \$5.0 million reflecting the higher capital portfolio spend than planned.

POST BALANCE DATE EVENTS

There are no post balance date events that materially affect Coliban Water's 2019/20 financial statements.



UNDERSTANDING THE FINANCIAL STATEMENTS

COMPREHENSIVE OPERATING STATEMENT

The Comprehensive Operating Statement measures our performance over the year and shows if a surplus or deficit has been made in delivering products and services. The statement includes all sources of income less all expenses incurred in earning that income.

For the year ending 30 June 2020, Coliban Water's net result for the year was a profit of \$4.9 million.

BALANCE SHEET

The Balance Sheet sets out our net accumulated financial worth at the end of the financial year. It shows the assets we own as well as liabilities or claims against those assets.

Both assets and liabilities are expressed as current or non-current. Current assets or current liabilities are expected to be converted to cash receipts or outlays within the next twelve months. Non-current assets or liabilities are longer-term.

Equity is total capital, and reserves and accumulated profits that have been reinvested in the business over the years.

STATEMENT OF CHANGES IN EQUITY

The Statement of Changes in Equity shows the changes in equity from last year to this year.

The total overall change in equity during a financial year comprises the net result for the year after tax items charged directly to the equity account from revaluation of assets.

CASH FLOW STATEMENT

The Cash Flow Statement summarises our cash receipts and payments for the financial year and the net cash position at the end of the year. It differs from the Comprehensive Operating Statement in that it excludes non-cash expenses such as depreciation and the accruals taken into account in the Comprehensive Operating Statement. It includes, payments or receipts in relation to capital items and any financing activities such as movements in borrowings.

For the year ending 30 June 2020, we had a net cash flow from operating activities of \$32.3 million.

NOTES TO THE ACCOUNTS

The Notes to the Accounts provide further information about how the Financial Statements are prepared as well as additional information and detail about specific items within them.

The Notes also describe any changes to accounting standards, policy or legislation that may affect the way the statements are prepared. Information in the Notes is particularly helpful if there has been a significant change from the previous year's comparative figures.

STATUTORY CERTIFICATE AND AUDITOR GENERAL'S REPORT

These provide the reader with a written undertaking that the Financial Statements fairly represent our financial position and performance for 2019/20. The Report from the Auditor General provides an independent view and outlines any issues of concern.



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STATUTORY CERTIFICATION

FOR THE YEAR ENDED 30 JUNE 2020

We certify that the attached financial statements for Coliban Region Water Corporation have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994* and applicable Financial Reporting Directions, applicable Australian Accounting Standards including interpretations and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and the accompanying notes, presents fairly the financial transactions during the financial year ended 30 June 2020 and the financial position of Coliban Region Water Corporation as at 30 June 2020.

At the date 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 24 September 2020.

Lucy Roffey
Chairperson

Coliban Region Water Corporation

Damian Wells
Managing Director

Coliban Region Water Corporation

Eryn Basile
Chief Financial Officer

Coliban Region Water Corporation



COMPREHENSIVE OPERATING STATEMENT

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 (\$'000)	2019 (\$'000)
REVENUE			
Revenue from contracts with customers	2.2	144,314	143,132
Government funding	10.1	3,230	2,278
Interest income		68	116
Net gain / (loss) on disposal of non-financial assets	4.1.3	(3,101)	(2,446)
Other income		2,117	1,888
Total revenue		146,628	144,968
EXPENSES			
Operating and administration expenses	3.2	52,637	53,167
Employee benefits	3.3.1	20,266	18,499
Expenditure of Government funding	10.1	3,261	5,218
Depreciation	4.1.2, 5.3	30,718	29,293
Amortisation	4.2	1,221	1,543
Borrowing and finance charges	6.1.2	26,346	27,725
Environmental contributions	8.2	5,116	5,116
Total expenses		139,565	140,561
Net result before tax		7,063	4,407
Income tax (expense)/benefit	8.1.1	(2,199)	(703)
Net result for the year		4,864	3,704
OTHER COMPREHENSIVE INCOME			
Change in asset revaluation reserves	4.1.1	1,983	1,328
Income tax (expense)/income relating to components of other comprehensive income	8.1.1	(595)	(437)
Total other comprehensive income for the year		1,388	891
Total comprehensive result for the year		6,252	4,595

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

BALANCE SHEET

AS AT 30 JUNE 2020

	Notes	2020 (\$'000)	2019 (\$'000)
ASSETS			
Current assets			
Cash and cash equivalents	6.2, 10.1	8,348	13,793
Receivables	5.1	13,164	24,619
Contract assets	5.4	14,467	–
Inventories	4.4	1,693	1,707
Prepayments		376	618
Assets held for sale	7.3.2	504	504
Total current assets		38,552	41,241
Non-current assets			
Receivables	5.1	608	649
Infrastructure, property, plant and equipment	4.1	1,568,801	1,562,365
Right of use assets	5.3	3,099	–
Intangible assets	4.2	66,328	66,810
Total non-current assets		1,638,836	1,629,824
TOTAL ASSETS		1,677,388	1,671,065
LIABILITIES			
Current liabilities			
Payables	5.2	18,318	18,462
Contract liabilities	5.4	7,468	–
Interest bearing liabilities	6.1	10,201	9,727
Lease liabilities	5.3, 6.1	678	–
Employee benefits	3.3.2	6,401	5,301
Total current liabilities		43,066	33,490
Non-current liabilities			
Payables	5.2	208	126
Lease liabilities	5.3, 6.1	2,540	–
Interest bearing liabilities	6.1	427,350	437,550
Net deferred tax liability	8.1.2	138,413	137,068
Employee benefits	3.3.2	820	710
Total non-current liabilities		569,330	575,454
TOTAL LIABILITIES		612,396	608,944
NET ASSETS		1,064,992	1,062,121
EQUITY			
Contributed capital	9.1.1, 10.1	304,025	304,025
Asset revaluation reserves	9.1.2	389,482	388,094
Accumulated funds		371,485	370,002
TOTAL EQUITY		1,064,992	1,062,121

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



STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	Contributed Capital (\$'000)	Asset Revaluation Reserves (\$'000)	Accumulated Funds (\$'000)	Total (\$'000)
Balance at 1 July 2018		304,464	387,203	366,327	1,057,994
Net result after income tax (restated)		–	–	3,704	3,704
Change in new accounting policy (net of tax):		–	–	(29)	(29)
Other comprehensive income for the year after tax (restated)		–	891	–	891
Transactions with the State in its capacity as owner:					
Contributions by owners	9.1.1, 10.1	(439)	–	–	(439)
Balance at 30 June 2019		304,025	388,094	370,002	1,062,121
Adoption of new accounting standards:					
AASB 15 Revenue from contracts with customers	9.8	–	–	(3,381)	(3,381)
Restated balance at 1 July 2019		304,025	388,094	366,621	1,058,740
Net result after income tax		–	–	4,864	4,864
Other comprehensive income for the year after tax		–	1,388	–	1,388
Balance at 30 June 2020		304,025	389,482	371,485	1,064,992

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



CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 (\$'000)	2019 (\$'000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Service and usage charges		129,634	127,795
Other customer revenue		6,443	5,580
Receipts from Government		2,822	2,278
GST received from the ATO ⁽ⁱ⁾		8,637	7,244
Interest received		68	116
		147,604	143,013
Payments			
Payments to suppliers and employees		(84,856)	(79,041)
Borrowing costs and finance charges		(26,589)	(27,862)
Environmental contribution		(3,837)	(5,116)
		(115,282)	(112,019)
Net cash inflows from operating activities	6.2.1	32,322	30,994
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for infrastructure, property, plant and equipment		(27,311)	(22,266)
Payments for intangible assets		(739)	(989)
Proceeds from sale of infrastructure, property, plant and equipment		59	188
Net cash outflows from investing activities		(27,991)	(23,067)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(4,000)	(4,000)
Repayment of lease liabilities		(5,727)	(5,275)
Principal element of lease liabilities		(49)	–
Net cash outflows from financing activities		(9,776)	(9,275)
Net increase in cash and cash equivalents		(5,445)	(1,348)
Cash and cash equivalents at the beginning of the financial year		13,793	15,141
Cash and cash equivalents at the end of the financial year	6.2, 10.1	8,348	13,793

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

(i) Goods and Services Tax paid to the ATO is presented on a net basis.



NOTE 1: ABOUT THIS REPORT

INTRODUCTION	STRUCTURE
<p>This note outlines the basis of preparation and compliance information relating to the financial statements.</p>	<ul style="list-style-type: none"> 1.1 General 1.2 New accounting policies 1.3 Estimates and judgements 1.4 Impact of COVID-19 on financial report 1.5 COVID-19 developments subsequent to balance sheet date 1.6 Going concern

1.1 GENERAL

This financial report of Coliban Region Water Corporation (Coliban Water) is a general purpose financial report that consists of a Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes accompanying these statements. The general purpose financial report has been prepared in accordance with Australian Accounting Standards (AASs), Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board, and the requirements of the *Financial Management Act 1994* and applicable Ministerial Directions.

Coliban Water is a not-for-profit entity for the purpose of preparing the financial statements. Where appropriate, those AASs paragraphs applicable to not-for-profit entities have been applied.

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

The annual financial statements were authorised for issue by the Board of Coliban Water on 24 September 2020.

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. Where appropriate, comparative figures have been amended to align with current presentation and disclosure.

Functional and presentation currency

Items included in this financial report are measured using the currency of the primary economic environment in which Coliban Water operates ("the functional currency"). The financial statements are presented in Australian dollars, which is Coliban Water'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 Coliban Water's operational cycle.

Rounding

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

Historical cost convention

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

1.2 NEW ACCOUNTING POLICIES

AASB 15 *Revenue from contracts with customers*, which replaces AASB 118 *Revenue* and AASB 111 *Construction Contracts* and related interpretations requires Coliban Water to recognise revenue when Coliban Water satisfies a performance obligation by transferring a promised good or service to a customer. Further disclosures in relation to AASB 15 are at Changes in Equity, where a transition adjustment of \$3.4 million was required, Note 2.2 and Note 9.8 of this report.

AASB 16 *Leases* was issued in February 2016 and replaces AASB 117 *Leases*. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed for lessees. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay the obligation for lease payments are recognised. Further disclosures in relation to AASB 16 are at Note 5.3 and 9.8 of this report.

The Australian Accounting Standards Board (AASB) has issued AASB 1059 *Service Concession Arrangements: Grantors* (AASB 1059) to account for service concession arrangements from the grantor's perspective. The standard applies to both not-for-profit and for-profit public sector entities that are grantors in a service concession arrangement. These are arrangements that involve an operator providing public services related to a service concession asset on behalf of a grantor for a specified period of time and managing at least some of those services under its own discretion. Coliban Water has adopted AASB 1059 as at 1 July 2019 using a full retrospective approach with 1 July 2018 ('being the date of initial application'). As a result, all comparative information in the financial statements are prepared as if AASB 1059 had always been in effect with a cumulative adjustment between the recognition of service concession assets and financial liabilities. The impact was that finance leases were reclassified as service concession arrangements, and there was nil impact on retained earnings on transition. Further disclosures in relation to AASB 1059 are in Note 4.1.1, 6.4 and 9.8 of this report.

Prior to the issuance of AASB 1059, there was no definitive accounting guidance in Australia for service concession arrangements, which include a number of public private partnership (PPP) arrangements.

1.2 NEW ACCOUNTING POLICIES (CONTINUED)

The AASB issued the new standard to address the lack of specific accounting guidance and based the content thereof broadly on its international equivalent: International Public Sector Accounting Standard 32: Service Concession Arrangements: Grantor.

Where appropriate, comparative figures have been amended to align with current presentation and disclosure and related notes have been added to present the impact on adoption of AASB 1059. As AASB 15 and AASB 16 have been adopted on modified retrospective basis, no third balance sheet has been presented for the adoption of these standards.

1.3 ACCOUNTING ESTIMATES

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.

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. The impacts of the global COVID-19 pandemic have also been assessed in management's judgements. 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 AASs that have significant effects on the financial statements and estimates relate to:

- > fair value determination of non-financial physical assets (Note 7.3.1);
- > estimation of useful life (Note 4.1.2);
- > impairment of non-financial assets (Note 4.1.1);
- > recognition of deferred tax balances (Note 8.1.2);
- > employee benefits provisions (Note 3.3 and Note 3.3.2);
- > contingent assets and contingent liabilities (Note 7.2);
- > actuarial assumptions of the defined benefits superannuation (Note 3.3.3); and
- > accrued revenue and expenses (Note 5.1, Note 5.2).

1.4 IMPACT OF COVID-19 ON FINANCIAL REPORT

Background

In March 2020 Australia was impacted by the COVID-19 global health pandemic. The pandemic resulted in a Government response that included a declaration of a state of emergency and the application of multiple stages of restrictions upon communities, including social distancing and limitations on gatherings to deal with the spread of the coronavirus. Federal JobKeeper and JobSeeker policies were implemented as the negative economic impact on the community grew. Effects of the Government response to the pandemic resulted in workforces being diverted to working from home models, businesses closing and increasing unemployment rates.

Impact on Delivery

COVID-19 had the potential to adversely impact on the ability of Coliban Water as an essential service, and its strategic partners, to achieve service delivery requirements.

Key areas of impact were maintaining adequate staff numbers to operate core business systems including the delivery of services and implementing a working from home model where possible for staff to do so.

Impact on Customers

Businesses in the region were closed or provided limited services during the restrictions and many customers in the region faced unemployment. To support our customers experiencing hardship, Coliban Water escalated the existing Coliban Assist Program to an outreach model, increasing resources to actively reach out to, and assist customers in hardship. Coliban Water has seen an increase in customers accessing this program.

Coliban Water also assisted in stimulating the local economy by implementing the Government policy to pay creditors within 10 days.

Impact on Financial Report

Management have assessed the COVID-19 impacts on the financial statements and the notes affected include:

- Note 2.1 Summary of income that funds the delivery of our services
- Note 3.3.2 Employee benefits – balance sheet
- Note 3.3.3 Superannuation
- Note 4.1.1 Reconciliation of movements in carrying values of infrastructure, property, plant and equipment
- Note 5.1.1 Impairment of contractual receivables
- Note 5.2 Payables
- Note 6.1.1 Maturity analysis of interest bearing liabilities
- Note 6.1.2 Borrowing and finance charges
- Note 7.1.2 Financial risk management objectives and policies
- Note 7.3 Fair value determination
- Note 9.6 Subsequent balance day events

1.5 COVID-19 DEVELOPMENTS SUBSEQUENT TO BALANCE SHEET DATE

While the initial state of emergency was lifted and certain restrictions eased, in July 2020 cases of coronavirus began to increase and the State Government reintroduced strict measures. In August 2020 a state of disaster was declared with further restrictions introduced.

Regional Victoria was placed under a Stage 3 lockdown protocol, while metropolitan Melbourne was placed under more stringent Stage 4 measures.

At the time of certification of the financial report an easing of restrictions was planned, commencing on 14 September 2020.

GDP figures from the Australian Bureau of Statistics have shown that the economy shrank by 7% in the April to June quarter as a result of the coronavirus pandemic.

1.6 GOING CONCERN

Coliban Water continues to manage the impacts of COVID-19. We have created an incident team to lead the response and preparedness activities to ensure the protection of our people while delivering essential water and sewer services to support the community. The impact of the pandemic is not anticipated to have a material impact on our ability to operate as a going concern.

NOTE 2: FUNDING DELIVERY OF OUR SERVICES

INTRODUCTION

This note presents the sources and amounts of income raised by Coliban Water, and the accounting policies that are relevant for an understanding of the items reported in the financial statements.

Income is recognised to the extent it is probable the economic benefits will flow to Coliban Water and the income can be reliably measured at fair value. The income generated from these services we provide and the associated usage are Coliban Water's key sources of funding.

STRUCTURE

- 2.1 Summary of income that funds the delivery of our services
- 2.2 Revenue from contracts with customers
 - 2.2.1 Service charges
 - 2.2.2 Usage charges
 - 2.2.3 Contributions and gifted assets

2.1 SUMMARY OF INCOME THAT FUNDS THE DELIVERY OF OUR SERVICES

	Notes	2020 (\$'000)	2019 (\$'000)
Service charges	2.2.1	73,170	71,999
Usage charges	2.2.2	57,675	56,604
Contributions and gifted assets	2.2.3	13,469	14,529
Revenue from contracts with customers		144,314	143,132
Government funding	10.1	3,230	2,278
Interest income		68	116
Other income		2,117	1,888
		149,729	147,414

Coliban Water derives revenue from the transfer of goods and/or services over time and at a point in time in the following revenue streams. Revenue is recognised when, or as, the performance obligations to the customer are satisfied. Consideration received in advance of recognising the associated revenue from the customer is recorded as a contract liability. Where the performance obligations are satisfied but not yet billed, a contract asset is recorded. Refer to Note 5.4.

Coliban Water did not observe any noteworthy changes in the water consumption in the final quarter of the financial year associated with COVID-19. Ref to Note 1.4.

2.2 REVENUE FROM CONTRACTS WITH CUSTOMERS

Coliban Water has transitioned to AASB 15 *Revenue from contracts with customers* from 1 July 2019 (date of initial application). In accordance with the transition provisions in AASB 15 and as mandated by FRD 121 Transitional requirements on the application of AASB 15 *Revenue from contracts with customers*, this new standard has been adopted retrospectively (under the modified retrospective method). Comparatives for the 2019 financial year have not been restated. The reclassifications and the adjustments arising from this new standard are therefore recognised in the opening balance of retained earnings on 1 July 2019 only for contracts that are not 'completed contracts' at the date of initial application.

Additionally, as mandated by the DTF, Coliban Water applied the practical approach described in AASB16.C5 (c), for contracts that were modified before the date of initial application. In applying this practical expedient, Coliban Water did not retrospectively restate the contract for those modifications in accordance with AASB15.20-21. Instead, it reflected the aggregate effect of all of the modifications that occur before the date of initial application when:

- > identifying the satisfied and unsatisfied performance obligations;
- > determining the transaction price; and
- > allocating the transaction price to the satisfied and unsatisfied performance obligation.

Coliban Water has applied this practical approach consistently to all contracts within the current reporting period.

AASB 15 accounting policies are disclosed in Note 1.1.

NOTE 2: FUNDING DELIVERY OF OUR SERVICES continued

	Notes	2020 (\$'000)	2019 (\$'000)
2.2.1 SERVICE CHARGES			
Water service charges		19,535	19,329
Rural water service charges		2,924	2,555
Wastewater service charges		47,664	47,028
Recycled water service charges		41	37
Trade waste service charges		3,006	3,050
		73,170	71,999
<p>Service charges are billed quarterly based on a fixed fee and revenue is recognised over time as the customer simultaneously receives and consumes the services provided by Coliban Water. Where payments are made in advance by customers to unbilled accounts at the reporting date, these payments are classified as contract liabilities as Coliban Water has yet to provide the service. AASB 15 usually requires the disclosure of the aggregate amount of revenue expected to be derived from performance obligations which are unsatisfied as at the end of the reporting period. Management consider that such an amount cannot be reliably estimated, primarily because Coliban Water's obligation to supply customers with major services will continue in perpetuity. As a result, Coliban Water has applied the practical expedient given in AASB 15, paragraph 121(b), not to disclose this amount in relation to service charges.</p>			
2.2.2 USAGE CHARGES			
Water usage charges		47,207	47,499
Rural water usage charges		1,157	1,431
Wastewater usage charges		1,331	1,449
Recycled water usage charges		471	704
Trade waste usage charges		1,324	1,064
Temporary water sales		6,185	4,457
		57,675	56,604
<p>Usage charges are billed quarterly in arrears and revenue is recognised over time as Coliban Water has the right to receive an amount of consideration based on the unit of water consumed, and sewage, recycled water and trade waste disposed of during the financial year at the regulated price. Usage charges are accrued, and contract assets are booked.</p> <p>Coliban Water has applied the practical approach given in AASB 15, paragraph B16, where revenue can be recognised in the amount which it has a right to invoice, since the amount is considered to correspond directly with the value to the customer of Coliban Water's performance to date.</p>			
2.2.3 CONTRIBUTIONS AND GIFTED ASSETS			
Developer contributions and gifted assets		10,439	10,169
New customer contributions		3,030	4,360
		13,469	14,529
<p>Developer contributions and gifted assets are recognised at their fair value as revenue upon Coliban Water obtaining control for maintenance in perpetuity. Water, recycled water and wastewater mains within estate developments are often constructed and financed by property developers and on completion, the ownership of the mains are transferred to Coliban Water as a gifted asset upon satisfying a performance obligation. The performance obligation is met when the Statement of Compliance is issued to the customer, or when the customer is connected to the network for the provision of water and sewerage services when no Statement of Compliance is required to be issued.</p> <p>Under AASB 15 <i>Revenue from new customer contributions</i> is recognised at a point in time when the developer has satisfied its performance obligation. This will vary depending upon the type of application submitted by the customer. The performance obligation can occur when the Statement of Compliance is issued to the customer, the customer is connected to the network for the provision of water and sewerage services where no Statement of Compliance is required to be issued, or the customer receives consent to proceed with their application.</p>			

NOTE 3: THE COST OF DELIVERING OUR SERVICES

INTRODUCTION

This note provides information about how Coliban Water's funding is applied in delivering services and outputs, and the accounting policies that are relevant for an understanding of the items reported in the financial statements.

STRUCTURE

- 3.1** Summary of expenses incurred in the delivery of our services
- 3.2** Operating and administration expenses
- 3.3** Employee benefits
 - 3.3.1 Employee benefits – comprehensive operating statement
 - 3.3.2 Employee benefits – balance sheet
 - 3.3.3 Superannuation

	Notes	2020 (\$'000)	2019 (\$'000)
3.1 SUMMARY OF EXPENSES INCURRED IN THE DELIVERY OF OUR SERVICES			
Operating and administration expenses	3.2	52,637	53,167
Employee benefits	3.3.1	20,266	18,499
Expenditure of Government funding	10.1	3,261	5,218
		76,164	76,884
Expenses are recognised net of goods and services tax (GST), except where the amount of GST is not recoverable from the ATO. In these circumstances, the GST is recognised as part of an item of expense.			
3.2 OPERATING AND ADMINISTRATION EXPENSES			
Partnership contract expenses		16,342	17,162
General services		15,013	13,047
Service concession arrangements		8,365	8,060
Electricity		4,779	5,758
Water purchases		2,110	2,118
Other operating and administration expenses		6,028	7,022
		52,637	53,167

Partnership contract expenses refer to the costs incurred in operating and maintaining both water and wastewater treatment plants and reticulation networks under the current contract with Lendlease. Refer to Note 6.3.4.

General services include costs relating to cloud investment, information technology services, legal, consultant and contractor costs incurred outside of the partnership contract expenses.

Service concession arrangements represent the Build, Own, Operate, Transfer Scheme (BOOTS) operating costs incurred to operate the Bendigo, Castlemaine and Kyneton water treatment plants and the Echuca and Rochester water reclamation plants.

Electricity costs are expensed as incurred. These costs include the electricity for office administration buildings and costs associated with operating all Coliban Water assets, excluding those operated under the service concession arrangements.

Water purchases are expensed as incurred. These costs relate to long term entitlement licenses held by Coliban Water with neighbouring water corporations and include a fixed fee associated with the volume of the license and a variable component based on volumes utilised.

Other operating and administration expenses include general operating costs, general maintenance, repair costs and minor renewal costs relating to corporate buildings that are expensed as incurred.

NOTE 3: THE COST OF DELIVERING OUR SERVICES continued

	Notes	2020	2019
3.3 EMPLOYEE BENEFITS			
3.3.1 EMPLOYEE BENEFITS – COMPREHENSIVE OPERATING STATEMENT			
Salaries and wages		16,413	14,620
Annual leave		1,149	1,316
Accrued days off		637	590
Long service leave		256	258
Superannuation	3.3.3	1,811	1,715
		20,266	18,499
<p>Employee benefits in the Comprehensive Operating Statement are a major component of operating costs and include all costs related to employment, including wages and salaries, superannuation, fringe benefits tax, leave entitlements, redundancy payments and WorkCover payments.</p> <p>The amount recognised in the Comprehensive Operating Statement in respect of superannuation represents contributions made or due by Coliban Water to the relevant superannuation plans in respect to the services of Coliban Water's staff (both past and present). Superannuation contributions are made to the plans based on the relevant rules of each plan and any relevant compulsory superannuation requirements that Coliban Water is required to comply with.</p>			
3.3.2 EMPLOYEE BENEFITS – BALANCE SHEET			
<p>As part of annual operations, Coliban Water provides for benefits accruing to employees but payable in future periods in respect of annual leave, accrued days off, time in lieu, long service leave and related on-costs for services rendered to the reporting date.</p>			
CURRENT PROVISIONS			
Employee benefits – annual leave:			
Unconditional and expected to be wholly settled within 12 months		1,433	1,380
Unconditional and expected to be wholly settled after 12 months		342	24
Employee benefits – accrued days off, purchase leave and time in lieu:			
Unconditional and expected to be wholly settled within 12 months		356	200
Employee benefits – long service leave:			
Unconditional and expected to be wholly settled within 12 months		274	227
Unconditional and expected to be wholly settled after 12 months		3,300	2,867
		5,705	4,698
On-costs relating to employee benefits:			
Unconditional and expected to be wholly settled within 12 months		249	229
Unconditional and expected to be wholly settled after 12 months		447	374
		696	603
Total current provisions for employee benefits		6,401	5,301
NON-CURRENT PROVISIONS			
Employee benefits – long service leave		730	629
On costs relating to employee benefits		90	81
Total non-current provisions for employee benefits		820	710
Total provision for employee benefits		7,221	6,011

The increase in annual leave, accrued days off, time in lieu and long service leave balances has been a result of the restrictions put in place due to COVID-19. Refer Note 1.4.

NOTE 3: THE COST OF DELIVERING OUR SERVICES continued

3.3.2 EMPLOYEE BENEFITS – BALANCE SHEET (CONTINUED)

	2020	2019
Employee numbers at end of financial year	201	204

Wages and salaries, annual leave and accrued days off

Liabilities for wages, salaries, annual leave and accrued days off to be wholly settled within 12 months of the reporting date are measured at their nominal values. Employee benefits which are not expected to be wholly settled within 12 months are measured at the present value. Regardless of the expected timing of settlements, provisions made in respect of employee benefits are classified as a current liability, unless there is an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date, in which case it would be classified as a non-current liability.

Long service leave

Current liability – unconditional Long Service Leave (LSL) (representing 7 or more years of continuous service) is disclosed as a current liability even where Coliban Water does not expect to wholly settle the liability within 12 months because it does not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current liability for LSL are measured at:

- > Present value – component that Coliban Water does not expect to wholly settle within 12 months; and
- > Nominal value – component that Coliban Water expects to wholly settle within 12 months.

Non-current liability – conditional LSL (representing less than 7 years of continuous service) is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the required years of service. Conditional LSL is required to be measured at present value.

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

Employee benefit on-costs

Employee benefit on-costs, including superannuation, payroll tax and workers compensation are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

3.3.3 SUPERANNUATION

Superannuation contributions

Coliban Water 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, each of which is funded differently. Obligations for contributions to the Fund are recognised as an expense in the Comprehensive Operating Statement when they are made or become due.

Contributions by Coliban Water to the various superannuation plans for the financial year ended 30 June 2020 are detailed below:

Scheme	Type of Scheme	Rate	2020 (\$'000)	2019 (\$'000)
Vision Super	Defined Benefits	9.5%-12.5%	33	36
Vision Super	Accumulated Contribution	9.5%	749	727
Emergency Services & State Superannuation	Defined Benefits	9.5%-10.3%	25	23
VicSuper Scheme	Accumulated Contribution	9.5%	109	94
Other Superannuation Funds	Accumulated Contribution	9.5%	830	785
Employee Personal Superannuation Funds	Accumulated Contribution	9.5%	65	50
Total contributions to all funds			1,811	1,715

NOTE 3: THE COST OF DELIVERING OUR SERVICES continued

3.3.3 SUPERANNUATION CONTINUED

Coliban Water was not required to pay any unfunded liability payments to Vision Super during 2019/20 (2018/19: \$nil).

There were \$157,695 contributions outstanding and \$nil loans issued from or to the above schemes as at 30 June 2020 (30 June 2019, \$149,205 contributions outstanding and \$nil loans issued).

The expected contributions to be paid to the defined benefit category of Emergency Services & State Superannuation and Vision Super for the year ending 30 June 2021 is \$34,063.

Accumulation

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

Defined benefit

Coliban Water does not use defined benefit accounting for Vision Super's defined benefit obligation because sufficient information is not available. This is due to the Fund's Defined Benefit category being a multi-employer sponsored plan.

There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made by the Fund. As a result, the level of participation of Coliban Water in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119

Superannuation.

Funding arrangements

On the basis of the results of the 2020 interim actuarial investigation conducted by the Fund Actuary, Coliban Water 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, Coliban Water reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

The 2020 interim actuarial investigation surplus amounts

As at 30 June 2020, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) was 102.0%. Because the VBI was above 100%, the 2020 interim actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years. To determine the VBI, the Fund Actuary used the following long-term assumptions:

Net investment returns	7.0% pa
Salary information	4.25% pa
Price inflation (CPI)	2.5% pa

Vision Super has advised that the actual VBI at 30 June 2020 was 104.6%.

The Fund's interim actuarial investigation as at 30 June 2019 identified the following:

- > a VBI surplus of \$151.3 million; and
- > a total service liability surplus of \$233.4 million.

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.

The total service liability surplus means that the current value of the assets in the Fund's defined benefit category plus expected future contributions exceeds the value of expected future benefits and expenses.

The 2020 full triennial actuarial investigation

A full actuarial investigation is being conducted for the Fund's position as at 30 June 2020. It is anticipated that this actuarial investigation will be completed in December 2020.

Funding calls

If the Defined Benefit category is in an unsatisfactory financial position, as determined by an actuarial investigation or the Defined Benefit category's VBI is below its shortfall limit at any time other than at the date of the actuarial investigation, 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%. While an actuarial investigation is underway, the shortfall limit is 100%.

COVID-19 may impact the expected returns and valuation of fund assets, refer Note 1.4.

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

NOTE 4: KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

INTRODUCTION	STRUCTURE
Coliban Water controls infrastructure and other assets that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources that have been entrusted to Coliban Water to be utilised for delivery of those outputs.	4.1 Infrastructure, property, plant and equipment <ul style="list-style-type: none"> 4.1.1 Reconciliation of movements in carrying values of infrastructure, property, plant and equipment 4.1.2 Depreciation 4.1.3 Net gain / (loss) on disposal of non-financial assets 4.2 Intangible assets 4.3 Joint operations 4.4 Inventories

4.1 INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT

4.1.1 RECONCILIATION OF MOVEMENTS IN CARRYING VALUES OF INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT

Movements in infrastructure, property, plant and equipment can occur under a number of circumstances. These include the addition of new works or assets, disposals, transfers between asset categories, depreciation or amortisation, impairment assessments, managerial revaluations and the five yearly scheduled revaluation. All movements are shown below.

2019–2020	Opening WDV at 1 July 2019 (\$'000)	Additions (\$'000)	Disposals / Writeoffs (\$'000)	Transfers in(out) of assets under construction (\$'000)	Transfers between categories (\$'000)	Fair value of assets received free of charge (\$'000)	Depreciation (\$'000)	Impairments (\$'000)	Revaluation (\$'000)	Closing WDV at 30 June 2020 (\$'000)
Land										
At fair value	46,831	–	–	259	–	–	–	–	1,771	48,861
Buildings										
At fair value	1,685	–	–	95	227	–	(108)	–	212	2,111
Buildings – Leasehold										
At fair value	898	–	–	9	–	–	(283)	–	–	624
Plant and Equipment										
At fair value	1,772	–	(58)	312	151	–	(484)	–	–	1,693
Infrastructure										
At fair value	1,355,644	–	(3,000)	33,818	(1,768)	–	(24,268)	–	–	1,360,426
Service Concession Assets⁽ⁱ⁾										
At fair value	134,047	–	–	–	1,390	–	(4,748)	–	–	130,689
Works in Progress⁽ⁱⁱ⁾										
At cost	21,488	27,061	–	(34,493)	(98)	10,439	–	–	–	24,397
Totals	1,562,365	27,061	(3,058)	–	(98)	10,439	(29,891)	–	1,983	1,568,801

2018–2019	Opening WDV at 1 July 2018 (\$'000)	Additions (\$'000)	Disposals / Writeoffs (\$'000)	Transfers in(out) of assets under construction (\$'000)	Transfers between categories (\$'000)	Fair value of assets received free of charge (\$'000)	Depreciation (\$'000)	Impairments (\$'000)	Revaluation (\$'000)	Closing WDV at 30 June 2019 (\$'000)
Land										
At fair value	45,574	–	(5)	149	(265)	–	–	–	1,378	46,831
Buildings										
At fair value	1,757	–	–	32	–	–	(104)	–	–	1,685
Buildings – Leasehold										
At fair value	1,137	–	–	47	–	–	(286)	–	–	898
Plant and Equipment										
At fair value	1,526	–	(85)	817	–	–	(486)	–	–	1,772
Infrastructure										
At fair value	1,355,762	–	(1,790)	25,480	25	–	(23,705)	(128)	–	1,355,644
Service Concession Assets⁽ⁱ⁾										
At fair value	138,510	–	–	249	–	–	(4,712)	–	–	134,047
Works in Progress⁽ⁱⁱ⁾										
At cost	18,931	20,968	–	(26,774)	(1,806)	10,169	–	–	–	21,488
Totals	1,563,197	20,968	(1,880)	–	(2,046)	10,169	(29,293)	(128)	1,378	1,562,365

(i) Water and wastewater treatment facilities.

(ii) Refer Note 10.1 for amounts relating to the Bendigo Groundwater Project: Transitional Solution.

4.1.1 RECONCILIATION OF MOVEMENTS IN CARRYING VALUES OF INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Initial recognition and measurement of assets

Infrastructure, property, plant and equipment represent non-current physical assets comprising land, buildings, water and wastewater infrastructure assets, plant, equipment, vehicles and finance lease infrastructure used by Coliban Water in its operations. These assets comprise substructures or underlying systems held to facilitate harvesting, storage, treatment and transfer of water to meet customer needs. They also include wastewater systems.

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

Items with a cost value in excess of \$1,000 (2018/19: \$1,000) and a useful life of more than one year are recognised as an asset. All other assets acquired are expensed. Where assets are constructed by Coliban Water, the cost at which they are recorded includes an appropriate share of overheads. Assets acquired at no cost or for nominal consideration by Coliban Water are recognised at fair value at the date of acquisition.

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

Coliban Water 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, Coliban Water measures the service concession asset in accordance with AASB 16 *Property Plant and Equipment* or AASB 138 *Intangible Assets* as appropriate as relevant.

Where an existing asset of Coliban Water is reclassified as a service concession asset, Coliban Water measures the asset at current replacement cost as at the date of reclassification.

Subsequent measurement

Infrastructure assets, property, plant and equipment are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset). Refer to Note 4.1.1 for fair value disclosures.

Revaluation of infrastructure, property, plant and equipment

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

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

A fair value assessment for infrastructure occurred as at 30 June 2016 and was undertaken with involvement from VGV. Further details of the valuation exercise are provided in Note 7.3.1.

For the plant, equipment and vehicle asset classes, where Coliban Water is able to demonstrate that there is no evidence that a reliable market-based fair value (or other fair value indicators) exists for these assets, depreciated cost is used to represent fair value.

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

COVID-19 has not had any impact on the valuation of infrastructure, property, plant and equipment as the valuation of infrastructure is calculated using depreciated replacement cost, and not discounted cash flows.

Revaluation increments are credited directly to equity in the asset revaluation reserve, except when an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in determining the net result, the increment is then recognised as revenue in determining the net result.

Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are then debited to the asset revaluation reserve.

Revaluation increases and revaluation decreases relating to individual assets within a class of infrastructure and property are offset against one another within that class but are not offset in respect of assets in different classes.

Asset revaluation reserves are not transferred to accumulated funds on derecognition of the relevant asset.

Impairment

Assets with indefinite useful lives are tested annually as to whether their carrying value exceeds their recoverable amount. All other assets are assessed annually for indicators of impairment, except for:

- > inventories;
- > deferred tax assets;
- > financial instrument assets; and
- > non-current assets held for sale.

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

The recoverable amount for non-financial assets is measured at the higher of value in use (VIU) and fair value less costs of disposal. As Coliban Water is a not-for-profit entity, VIU is based on depreciated replacement cost where the future economic benefits of the asset are not primarily dependent on the asset's ability to generate cash inflows and where in the event of the loss of an asset, the future economic benefits arising from the use of the asset will be replaced.

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

Service Concession Arrangements

Service concession assets (water and waste water treatment plants) are now accounted for based on adoption of AASB 1059. Previously they were accounted for as finance leases under AASB 117 (replaced by AASB 16 in 2019/20). The impact on the operating statement and statement of financial position is identical, and therefore represented a change in classification. No restatement or adjustments of previously reported quantitative financial information was required.

Refer to Note 6.4 for contract and liability information.

4.1.2 DEPRECIATION

All non-current physical assets that have a limited useful life are depreciated. Where assets have separate identifiable components that have distinct useful lives and/or residual values, a separate depreciation rate is determined for each component.

Leasehold improvements are recognised at fair value and are depreciated over the unexpired period of the lease or the estimated useful life of the improvement, whichever is shorter. At balance date:

- > building leasehold improvements are depreciated over a 20 year and 5 year period consistent with the terms of the two leases (2018/19: 20 year and 5 year period); and
- > infrastructure leasehold improvements are depreciated over a 15 to 40 year period which is the shorter of the expected asset life and the 70 year lease (2018/19: 15 to 40 year period).

Land is not depreciated. Depreciation on all infrastructure, buildings, plant and equipment, and other non-current physical assets is calculated using the straight line method to allocate their costs or revalued amounts, net of their residual values, over their estimated useful lives, commencing from the time the asset is available and ready for use. The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Useful lives used are listed below and include a comparison to the prior year.

Asset	2019/20 Useful life	2018/19 Useful life
Buildings and leasehold improvements	3 to 100 years	3 to 100 years
Plant and equipment	1 to 40 years	1 to 40 years
Infrastructure and leasehold improvements	2 to 400 years	2 to 400 years
Right-of-use-assets	1 to 52 years	Not applicable
Service concession assets – water and wastewater treatment facilities	25 to 100 years	25 to 100 years

	Notes	2020 (\$'000)	2019 (\$'000)
4.1.3 NET GAIN / (LOSS) ON DISPOSAL OF NON-FINANCIAL ASSETS			
The surplus/(deficit) from ordinary activities includes the following specific net gains and expenses:			
Proceeds from disposal of assets		59	188
Written down value (WDV) of assets disposed		(3,160)	(2,634)
Net gain/(loss) on disposal		(3,101)	(2,446)

4.2 INTANGIBLE ASSETS

Intangible assets represent identifiable non-monetary assets without physical substance. Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to Coliban Water.

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

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

	Permanent Water Entitlements 2019/20	Software 2019/20
Useful lives	Indefinite	Finite
Amortisation method used	Not amortised or revalued	1 to 10 years
Internally generated or acquired	Acquired	Both
Impairment test or recoverable amount testing	Reviewed annually for indicators of impairment.	Amortisation method reviewed at each financial year end and reviewed annually for indicators of impairment.

2019/2020	Water Entitlements (\$'000)	Software (\$'000)	Works in Progress (\$'000)	Total (\$'000)
Opening WDV at 1 July 2019	60,391	4,922	1,497	66,810
Additions	–	–	739	739
Transfers	127	429	(556)	–
Impairment	–	–	–	–
Amortisation	–	(1,221)	–	(1,221)
Closing WDV at 30 June 2020	60,518	4,130	1,680	66,328

2018/2019	Water Entitlements (\$'000)	Software (\$'000)	Works in Progress (\$'000)	Total (\$'000)
Opening WDV at 1 July 2018	60,145	6,124	1,095	67,364
Additions	–	–	989	989
Transfers	246	341	(587)	–
Disposals	–	–	–	–
Impairment	–	–	–	–
Amortisation	–	(1,543)	–	(1,543)
Closing WDV at 30 June 2019	60,391	4,922	1,497	66,810

Amortisation of temporary water entitlements

–

Permanent water entitlements

Permanent water entitlements purchased are recognised as an intangible asset on the Balance Sheet at cost (in accordance with AASB 138 *Intangible Assets* and FRD 109A *Intangible Assets*), and it has been determined there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for Coliban Water, therefore the entitlements will not be subject to amortisation, as the permanent water entitlements have an indefinite life. Permanent water entitlements will be tested annually for impairment.

Permanent water entitlements are tested for impairment at the cash generating unit (CGU) level by comparing the assets or CGU's recoverable amount with its carrying amount annually. Whenever there is an indication that the impairment exists, any excess of the carrying amount over the recoverable amount is recognised as an impairment loss in the Comprehensive Operating Statement.

4.2 INTANGIBLE ASSETS (CONTINUED)

In accordance with AASB 136 *Impairment of Assets*, Coliban Water has reviewed the carrying value of water entitlements at 30 June 2020. The VIU at the CGU level has been applied in determining the recoverable amount as at 30 June 2020 on the basis that the future economic benefits of the asset are primarily dependent on the asset's ability to generate cash flows consistent with the prior year. Where the VIU of the CGU is higher than its carrying value, the fair value less costs to sell is not required to be calculated. As the VIU at CGU is higher than the carrying amount as at 30 June 2020 no impairment of the permanent water entitlements has been recognised for the financial year ended 30 June 2020 (30 June 2019: no impairment recognised).

In determining VIU, the permanent water entitlements have been allocated to the Echuca CGU and Bendigo CGU. The recoverable amount of each CGU has been determined based on a VIU calculation using cash flow projections from the five year approved Corporate Plan. Cash flows beyond the final year forecast period in the Corporate Plan have been extrapolated using a 2.5% growth rate (2018/19: 2.5% growth rate).

The carrying amount of the intangible asset with an indefinite useful life allocated to each CGU and the significant assumptions used in the calculation of the VIU is as follows:

	Bendigo CGU	Echuca CGU
Permanent water entitlements allocated to the CGU (\$ million)	59.85	0.67
Pre-tax discount rate (%)	5.63	7.13
Water use per customer (kilolitres)	190	190
Growth rate (%)	2.50	2.50
Headroom (\$ million)	348.81	19.20

Discount Rate: Represents the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have been incorporated into the cash flow estimates. The weighted average cost of capital discount rate calculation is based on specific circumstances relating to Coliban Water.

Growth rate: Estimates are based on CPI level price rises.

Water use per customer: Based on historical averages of water usage for customers within the regions covered by the CGUs.

Sensitivity to key assumptions: Management has performed an assessment and consider that no reasonable possible change in a key assumption would cause either the Bendigo CGU or the Echuca CGU carrying amount to exceed its recoverable amount.

4.3 JOINT OPERATIONS

Joint operations are contractual arrangements between the entity and one or more other parties to undertake an economic activity that is subject to joint control. Joint control only exists when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

Jointly controlled operations and assets are accounted for using proportionate consolidation.

For all investments in jointly controlled operations and assets, in respect of any interest in jointly controlled assets, Coliban Water recognises in the financial statements:

- > its share of jointly controlled assets;
- > any liabilities that it had incurred;
- > its share of liabilities incurred jointly by the joint operation;
- > any income earned from the selling or using of its share of the output from the joint operation; and
- > any expenses incurred in relation to being an investor in the joint operation.

Coliban Water recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

On 6 May 2008, Coliban Water established with Central Highlands Water (CHW) a joint operation for the development, operation and maintenance of the pipelines and infrastructure associated with the Goldfields Superpipe. The joint operation involves the use of assets and other resources of both parties. Each party uses its own assets and incurs its own expenses and liabilities.

Under the agreement, the assets are jointly owned as tenants in common in their respective percentage interests. Coliban Water's capital share has been determined by the total expenditure on the Goldfields Superpipe less the incremental proportion of capital expenditure that relates to the additional capacity required to service CHW. The incremental proportion has been funded by CHW.

Coliban Water's operational cost share is calculated on a combination of a fixed component based on capacity share, a variable component based on volumes of water pumped and an energy charges share based on volumes stored or pumped from Lake Eppalock.

4.3 JOINT OPERATIONS (CONTINUED)

Principal Activity 2019/20	Interest ⁽ⁱ⁾	Water Distribution ⁽ⁱⁱ⁾ (\$'000)	Operational Costs ⁽ⁱⁱⁱ⁾ (\$'000)
Waranga Channel to Lake Eppalock to Sandhurst Reservoir	2/3	42,758	1,128

Principal Activity 2018/19	Interest ⁽ⁱ⁾	Water Distribution ⁽ⁱⁱ⁾ (\$'000)	Operational Costs ⁽ⁱⁱⁱ⁾ (\$'000)
Waranga Channel to Lake Eppalock to Sandhurst Reservoir	2/3	43,303	1,787

(i) Certain administration and operational costs are split 50/50 in line with agreement.

(ii) Disclosed as Infrastructure Assets. Refer Note 4.1.

(iii) Disclosed as part of other operating and administration expenses. Refer to Note 3.2.

As at 30 June 2020, there were \$61,509 outstanding liabilities incurred by Coliban Water and the joint operation (as at 30 June 2019: \$189,877).

	Notes	2020 (\$'000)	2019 (\$'000)
4.4 INVENTORIES			
Inventories held for distribution		1,693	1,707
Total inventories		1,693	1,707

Inventories 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. The basis 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.

NOTE 5: OTHER ASSETS AND LIABILITIES

INTRODUCTION

This note sets out other assets and liabilities that arise from Coliban Water's operations.

STRUCTURE

- 5.1 Receivables
 - 5.1.1 Impairment of contractual receivables
- 5.2 Payables
 - 5.2.1 Ageing analysis of contractual payables
- 5.3 Leases
- 5.4 Contract assets and contract liabilities

	Notes	2020 (\$'000)	2019 (\$'000)
5.1 RECEIVABLES			
Receivables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Balance Sheet.			
Current receivables			
<i>Contractual</i>			
Rates and charges receivables		10,717	8,230
Sundry customer receivables		483	537
Less: Allowance for expected credit losses		(228)	(186)
<i>Statutory</i>			
Accrued Revenue		–	13,351
Amount owing from the Victorian Government		1,180	1,685
GST receivables		1,012	1,002
		13,164	24,619
Non-current receivables			
<i>Contractual</i>			
Customer receivables		608	649
		608	649
Total receivables		13,772	25,268

Receivables consist of:

- > contractual receivables, such as debtors in relation to goods and services supplied; and
- > statutory receivables, such as amounts owing from the Victorian Government and GST input tax credits recoverable.

Contractual receivables are classified as financial instruments and categorised as loans and receivables.

Statutory receivables, are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments because they do not arise from a contract.

Contractual receivables are recognised initially at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest rate method less any provision for impaired receivables. Trade receivables for water corporation debtors and other debtors are due for settlement no more than 28 days from the date of recognition.

5.1.1 IMPAIRMENT OF CONTRACTUAL RECEIVABLES

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

To measure the expected credit losses, receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 12 months before 30 June 2020 and 30 June 2019 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

No loss allowance is recognised for statutory receivables because there is minimal risk of default.

Expected COVID-19 impacts on debt collection have been factored into the expected credit loss. Refer to Note 1.4.

NOTE 5: OTHER ASSETS AND LIABILITIES | CONTINUED

5.1.1 IMPAIRMENT OF CONTRACTUAL RECEIVABLES (CONTINUED)

On that basis, the loss allowance as at 30 June 2020 and 1 July 2019 was determined as follows for both trade receivables:

30 June 2020	Days past due (\$'000)				Total
	Current	> 30	> 60	> 120	
Expected loss rate	1%	2%	2%	7%	12%
Gross carrying amount of contractual receivables	7,944	1,187	952	1,341	11,424
Loss allowance	95	24	22	87	228

1 July 2019	Days past due (\$'000)				Total
	Current	> 30	> 60	> 120	
Expected loss rate	1%	2%	3%	4%	10%
Gross carrying amount of contractual receivables	7,810	708	1,321	1,277	11,116
Loss allowance	78	14	43	51	186

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on receivables are presented in operating and administration expenses within the comprehensive operating statement.

Reconciliation of the movement in the loss allowance for contractual receivables:

	2020 (\$'000)	2019 (\$'000)
Balance at the beginning of the year	(186)	(345)
Opening retained earnings adjustment on adoption of AASB 9	–	(29)
Opening loss allowance	(186)	(374)
Transfers In	–	(133)
Transfers Out	–	115
Increase in provision recognised in the net result	(155)	(168)
Reversal of provision of receivables written off during the year as uncollectible	136	392
Reversal of unused provision recognised in the net result	(23)	(18)
Balance at the end of the year	(228)	(186)

5.2 PAYABLES

Payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Balance Sheet.

Current payables

Contractual:

Trade payables	4,542	3,358
Accrued expenses	12,686	14,194
Other payables	1,070	891

Statutory:

FBT payable	20	19
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18,318 **18,462**

Non-current payables

Contractual:

Retention and advance deposits	208	126
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208 **126**

Total payables

18,526 **18,588**

5.2 PAYABLES (CONTINUED)

Payables consists of:

- > contractual payables, such as accounts payable and accrued expenses. Accounts payable represent liabilities for goods and services provided to Coliban Water prior to the end of the financial year that are unpaid, and arise when Coliban Water becomes obliged to make future payments in respect of the purchase of those goods and services; and
- > statutory payables such as goods and services tax and fringe benefits tax payables.

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and are not included in the category of financial liabilities at amortised cost because they do not arise from a contract.

Contractual payables are unsecured and are usually paid within 30 days of recognition. Due to COVID-19 requirements, creditors were paid within 10 working days to assist in stimulating the economy. Refer to Note 1.4.

Accrued expenses are recognised when Coliban Water, as a result of a past event, has a present obligation that can be estimated reliably, and it is probable that a payment will be required to settle the obligation.

The amount recognised as accrued expenses is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

5.2.1 AGEING ANALYSIS OF CONTRACTUAL PAYABLES

The ageing at 30 June 2020 includes trade payables, accrued expenses and other payables. Statutory payables are excluded.

	Carrying Amount (\$'000)	Nominal amount (\$'000)	Maturity dates			
			Less than one month (\$'000)	1 to 3 months (\$'000)	3 months to 1 year (\$'000)	1 to 5 years (\$'000)
2019/2020						
Supplies and services	13,396	13,396	11,413	1,982	1	–
Other payables	5,129	5,129	4,611	64	246	208
	18,525	18,525	16,024	2,046	247	208

	Carrying Amount (\$'000)	Nominal amount (\$'000)	Maturity dates			
			Less than one month (\$'000)	1 to 3 months (\$'000)	3 months to 1 year (\$'000)	1 to 5 years (\$'000)
2018/19						
Supplies and services	13,490	13,490	11,405	2,056	29	–
Other payables	5,079	5,079	4,720	21	212	126
	18,569	18,569	16,125	2,077	241	126

5.3 LEASES

Coliban Water has transitioned to AASB 16 *Leases* from 1 July 2019. In accordance with the transition provisions in AASB 16 and as mandated by FRD 123 Transitional requirements on the application of AASB 16 *Leases*, the new rules have been adopted retrospectively (under the modified retrospective method). Comparatives for the 2019 financial year have not been restated. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance of retained earnings on 1 July 2019. Coliban Water has applied this approach to transition consistently to all of its leases for which it is a lessee.

On adoption of AASB 16, Coliban Water recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 4.45%. On transition, DTF mandates measurement of Right of Use (ROU) assets at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019.

AASB 16 accounting policies are disclosed in Note 1.1 and adjustments recognised for each individual line item on adoption of AASB 16 is disclosed in Note 9.8.

5.3 LEASES (CONTINUED)

(i) Practical expedients applied

In applying AASB 16 for the first time, Coliban Water has used the following practical expedients to all its contracts as permitted by the standard and as mandated by the DTF:

- > applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- > relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 July 2019;
- > accounting for leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases;
- > excluding initial direct costs from the measurement of the right-of-use asset at the date of initial application;
- > using hindsight in determining the lease term where the contract contains options to extend or terminate the lease; and
- > accounting for low value leases.

Coliban Water has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date Coliban Water relied on its assessment made applying AASB 117 and Interpretation 4 – *Determining Whether an Arrangement Contains a Lease*.

(ii) Reconciliation of operating lease commitment to lease liability

	(\$'000)
Operating lease commitments disclosed as at 30 June 2019	2,090
Discounted using the lessee's incremental borrowing rate at the date of initial application	2,001
Add/(less): contracts reassessed as lease contracts	95
Add/(less): adjustments as a result of a different treatment of extension and termination options	1,172
Lease liability recognised as at 1 July 2019	3,267
Of which are:	
Current lease liabilities	594
Non-current lease liabilities	2,673
	3,267

(iii) Low value leases

Coliban Water is not required to make any adjustments on transition for leases for which the underlying asset is of low value. Coliban Water shall recognise the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis. Coliban Water shall apply another systematic basis if that basis is more representative of the pattern of Coliban Water's benefit. Coliban Water shall account for those leases applying this Standard from the date of initial application.

(iv) Adjustments recognised in the balance sheet on 1 July 2019

The change in accounting policy affected the following items in the balance sheet on 1 July 2019:

- > right of use assets – increase by \$3,267,495
- > right of use lease liabilities – increase by \$3,267,495

The net impact on retained earnings on 1 July 2019 was an increase/decrease of \$nil.

(v) Lessor and intermediate lessor

Coliban Water as a lessor is not required to make any adjustments on transition for leases in which it is a lessor and accounts for those leases applying this Standard from the date of initial application.

Coliban Water acts as an intermediate lessor for one property. As an intermediate lessor Coliban Water reassess subleases that were classified as operating leases applying AASB 117 and are ongoing at the date of initial application, to determine whether each sublease should be classified as an operating lease or a finance lease. Coliban Water performs this assessment at the date of initial application on the basis of the remaining contractual terms and conditions of the head lease and sublease at that date. For subleases that were classified as operating leases applying AASB 117 but finance leases applying this Standard, Coliban Water accounts for the sublease as a new finance lease entered into at the date of initial application.

This note provides information for leases where Coliban Water is a lessee.

NOTE 5: OTHER ASSETS AND LIABILITIES | CONTINUED
(vi) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	2020 (\$'000)	2019 ⁽ⁱ⁾ (\$'000)
Right of use assets		
Buildings	2,136	–
Plant, equipment and vehicles	777	–
Infrastructure other than roads	186	–
	3,099	–
Lease liabilities		
Current	678	–
Non-current	2,540	–
	3,218	–

(i) In the previous year, Coliban Water only recognised lease assets and lease liabilities in relation to leases that were classified as 'finance leases' under AASB 117 *Leases*. For adjustments recognised on adoption of AASB 16 on 1 January 2019, refer to Note 9.8.

Additions to the right-of-use assets during the 2020 financial year were \$658,326.

(vii) Amount recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

Depreciation charge of right-of-use assets		
Buildings	352	–
Plant, equipment and vehicles	471	–
Infrastructure other than roads	4	–
	827	–
Expense relating to leases of low-value assets that are not short-term leases (included in other expenses)	56	–
Income from sub-leasing rights of use assets	(52)	–
	4	–
The total cash outflow for leases in 2020	835	–

Coliban Water leases various properties, equipment and vehicles. Rental contracts are made for fixed periods of 1 to 52 years. 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.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by Coliban Water. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

5.3 LEASES (CONTINUED)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- > fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- > variable lease payment that are based on an index or a rate;
- > amounts expected to be payable by the lessee under residual value guarantees;
- > the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- > payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

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 if that rate can be determined, or Coliban Water's incremental borrowing rate.

Right-of-use assets are 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.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise photocopiers.

(viii) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across Coliban Water. 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 Coliban Water and not by the respective lessor.

(ix) Critical judgements in determining the lease term

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

5.4 CONTRACT ASSETS AND CONTRACT LIABILITIES

	30 June 2020 (\$'000)	30 June 2019 (\$'000)	1 July 2019 (\$'000)
Accrued revenue	14,467	–	13,351
Total contract assets	14,467	–	13,351
Customers paid in advance	(2,350)	–	(1,929)
Unearned income	(5,118)	–	(4,830)
Total contract liabilities	(7,468)	–	(6,759)

5.4 CONTRACT ASSETS AND CONTRACT LIABILITIES (CONTINUED)

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. An accrual is done to account for water and sewage services provided for but not billed at the end of the reporting period.

Coliban Water's accrued revenue for usage charges is calculated by multiplying the number of days from the last read date to the end of the reporting period, multiplied by the daily average water consumption for that period multiplied by the associated tariff. This revenue stream includes an estimate of the sewage and trade waste disposed of and recycled water for customers that are not yet billed at the end of the period.

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 required to be performed by Coliban Water to settle the terms of receipt of income is considered as customers paid in advance. Coliban Water will recognise these advance payments as revenue, once it has performed the performance obligations associated with the payments.

Contract liabilities relating to developer contributions and government funding:*Unearned Income*

Unearned income represents Government project funding for the Bendigo Groundwater Project, new customer contributions and application fees received in the reporting period from developers, but the performance obligations are outstanding at balance date.

Disclosure of significant changes in contract assets and liabilities are required by Coliban Water

Contract assets have increased as Coliban Water has provided more services ahead of the agreed payment schedules for fixed price contracts. Coliban Water do not recognise a loss allowance for contract assets.

The increase in the contract liability on 1 July was due to the recognition of Government project funding in advance for the Bendigo Groundwater Project and an increase in overall contract activity.

Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in a prior year.

	2020 (\$'000)	2019 (\$'000)
Opening balance of revenue in contract liabilities 1 July	(4,830)	–
Revenue recognised that was included in the contract liability balance at the beginning of the period	3,220	–
	(1,610)	–
Contract liabilities recognised in the reporting period	(3,993)	–
Revenue recognised in the reporting period from performance obligations satisfied	485	–
Closing balance	(5,118)	–

There was nil revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods (for example, changes in transaction price).

NOTE 6: FINANCING OUR OPERATIONS

INTRODUCTION

This note provides information on the sources of finance utilised by Coliban Water, including financial commitments at year end. Coliban Water's recurrent operations are generally financed from cash flows from operating activities (see Cash Flow Statement). Asset investments are generally financed from a combination of surplus cash flows from operating activities, asset sales and loans from Treasury Corporation of Victoria (TCV).

STRUCTURE

- 6.1** Interest bearing liabilities
 - 6.1.1 Maturity analysis of interest bearing liabilities
 - 6.1.2 Borrowing and finance charges
- 6.2** Cash and cash equivalents
 - 6.2.1 Reconciliation of net result to cash flow from operating activities
- 6.3** Commitments for expenditure
 - 6.3.1 Total Commitments Payable
 - 6.3.2 Service Concession Arrangement Commitments
 - 6.3.3 Capital Commitments
 - 6.3.4 Other Commitments
- 6.4** Service Concession Arrangements

	2020 (\$'000)	2019 (\$'000)
6.1 INTEREST BEARING LIABILITIES		
Current interest bearing liabilities:		
Lease Liabilities ⁽ⁱ⁾	679	–
Loans from Treasury Corporation of Victoria	4,000	4,000
Service Concession Arrangement – water and wastewater treatment facilities	6,200	5,727
	10,879	9,727
Non-current interest bearing liabilities:		
Lease Liabilities	2,540	–
Loans from Treasury Corporation of Victoria	368,832	372,832
Service Concession Arrangement – water and wastewater treatment facilities	58,518	64,718
	429,890	437,550
Total interest bearing liabilities	440,769	447,277

(i) Secured by the assets leased. Leases are effectively secured, as the rights to the leased assets revert to the lessor in the event of default.

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

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

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

Borrowings known as 11am debt are classified as current borrowings.

Refer to Note 6.4 for details relating to the Service Concession Arrangement – water and wastewater treatment facilities and relevant accounting policy.

6.1.1 MATURITY ANALYSIS OF INTEREST BEARING LIABILITIES

The following table sets out Coliban Water's exposure to interest rate risk, including the contractual repricing dates and the effective weighted average interest rate by maturity periods. Exposures arise predominantly from liabilities bearing variable interest rates as Coliban Water to date holds fixed interest rate liabilities to maturity.

Coliban Water is not expecting an increase in borrowing requirements due to COVID-19 cash flow decreases. Refer to Note 1.4.

As the financial assets and financial liabilities are at amortised value, the carrying amount equals fair value.

	Carrying Amount	Nominal Amount ⁽ⁱ⁾	Floating Amount	Fixed Interest Rate Maturing				
				Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	5 years plus
2019/2020	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Lease liabilities	3,218	–	–	59	117	503	1,502	1,037
Loans from TCV	372,832	422,505	4,000	–	–	–	148,000	220,832
Service Concession Arrangements ⁽ⁱⁱ⁾	64,718	–	–	498	1,006	4,696	30,354	28,164
Total	440,768	422,505	4,000	557	1,123	5,199	179,856	250,033

	Carrying Amount	Nominal Amount ⁽ⁱ⁾	Floating Amount	Fixed Interest Rate Maturing				
				Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	5 years plus
2018/2019	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Loans from TCV	376,832	422,912	5,332	–	–	–	140,000	231,500
Service Concession Arrangements ⁽ⁱⁱ⁾	70,445	–	–	458	924	4,345	27,961	36,757
Total	447,277	422,912	5,332	458	924	4,345	167,961	268,257

(i) Nominal amount represents fair value.

(ii) Water and wastewater treatment facilities

6.1.2 BORROWING AND FINANCE CHARGES
Borrowing Costs:

	2020 (\$'000)	2019 (\$'000)
Borrowing Costs – Treasury Corporation of Victoria	15,372	16,445
Borrowing Costs – Financial Accommodation Levy	5,565	5,584
	20,937	22,029

Finance Charges:

Financial liabilities interest charges under AASB 116	137	–
Financial Liabilities – Service Concession Agreements for water and wastewater treatment facilities under AASB 1059	5,272	5,696
	5,409	5,696
Total borrowing and finance charges	26,346	27,725

Borrowing costs are recognised as expenses in the financial period in which they are incurred. Borrowing costs include interest on short term and long term borrowings held with TCV and costs relating to the Financial Accommodation Levy (FAL) set by the Treasurer of the State of Victoria under section 40N(2) of the *Financial Management Act 1994*. The FAL is in place to remove the financial benefit obtained by Coliban Water in securing lower than market interest rates as a result of being guaranteed by the State of Victoria.

Interest rates are anticipated to fall due to COVID-19, however due to fixed rate long term loans there will be limited short term impacts on borrowing costs. Refer Note 1.4.

Coliban Water has entered into two service concession arrangements to operate water and wastewater treatment facilities in the region (see Note 6.4). The interest element of financial liabilities is charged to the Comprehensive Operating Statement over the lease period.

NOTE 6: FINANCING OUR OPERATIONS | CONTINUED

	Notes	2020 (\$'000)	2019 (\$'000)
6.2 CASH AND CASH EQUIVALENTS			
Cash at bank and cash on hand	10.1	5,948	6,886
Deposits at call		2,400	6,907
Total cash and cash equivalents		8,348	13,793
<p>Cash and cash equivalents recognised on the Balance Sheet comprise cash on hand, cash at bank and deposits at call which are held for the purpose of meeting short term cash commitments rather than for investment purposes, which are readily convertible to known amounts of cash with an insignificant risk of changes in value.</p> <p>The bank overdraft limit of Coliban Water is \$400,000. This facility is subject to annual review and at 30 June 2020 the amount of unused credit was \$400,000 (2018/19: \$400,000). The bank overdraft is secured by way of mortgage over the revenue of Coliban Water.</p> <p>Loan facilities from TCV have various maturity dates through to 30 April 2030 and may be extended by mutual agreement between Coliban Water and TCV.</p>			
6.2.1 RECONCILIATION OF NET RESULT TO CASH FLOW FROM OPERATING ACTIVITIES			
Net result for the year		4,864	3,704
Add/(less) non-cash movements in net result			
Depreciation and amortisation		31,939	30,836
Net (gain)/loss on disposal of non-current assets		3,101	2,446
Payments for fixed assets in payables movement		(413)	1,855
Non cash developer contributions & gifted assets		(10,439)	(10,169)
Income tax (expense)/benefit		2,199	703
		31,251	29,375
Movements in assets and liabilities			
Decrease/(increase) in receivables		11,496	(1,722)
Decrease/(increase) in contract assets		(14,467)	–
Decrease/(increase) in inventories		14	669
Decrease/(increase) in prepayments		242	155
Decrease/(increase) in other financial assets		–	–
(Decrease)/increase in payables		(4,892)	1,778
Decrease/(increase) in contract liabilities		7,468	–
(Decrease)/increase in employee benefits		1,210	739
Net cash inflows from operating activities		32,322	30,994

Cash flows arising from operating activities are disclosed inclusive of GST.

The GST component of cash flows arising from investing and financing activities which is recoverable or payable to the taxation authority is classified as operating cash flows.

6.3 COMMITMENTS FOR EXPENDITURE

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed at their nominal value and inclusive of the GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the Balance Sheet.

6.3.1 TOTAL COMMITMENTS PAYABLE

Nominal amounts 2020	Less than 1 year	1–5 years	5+ years	Total
Service Concession Arrangement ⁽ⁱ⁾	9,614	43,021	30,656	83,291
Capital commitments payable	11,280	–	–	11,280
Other commitments payable	24,854	18,643	–	43,497
Less GST recoverable	(4,159)	(5,606)	(2,787)	(12,552)
Total commitments (exclusive of GST)	41,589	56,058	27,869	125,516

Nominal amounts 2019	Less than 1 year	1–5 years	5+ years	Total
Service Concession Arrangement ⁽ⁱ⁾	8,356	37,456	38,262	84,075
Capital commitments payable	8,288	4	–	8,292
Lease commitments payable ⁽ⁱⁱ⁾	656	1,233	201	2,090
Other commitments payable	29,290	37,915	–	67,205
Less GST recoverable	(4,235)	(6,964)	(3,497)	(14,697)
Total commitments (exclusive of GST)	42,355	69,644	34,967	146,966

(i) Water and wastewater facilities

(ii) For 2019 operating lease commitments related to leases held for vehicles, buildings and the Lake Eppalock pump station for lease terms between three and fifty two years. These have been recorded on the balance sheet as lease liabilities at 30 June 2020.

6.3.2 SERVICE CONCESSION ARRANGEMENT COMMITMENTS

These commitments represent the service component of the Service Concession Arrangement Schemes for the provision of water and wastewater treatment services.

Nominal amounts 2020	Less than 1 year	1–5 years	5+ years	Total
Water treatment facilities	7,210	32,458	17,757	57,425
Wastewater treatment facilities	2,404	10,563	12,899	25,866
Less GST recoverable	(874)	(3,911)	(2,787)	(7,572)
Total commitments (exclusive of GST)	8,740	39,110	27,869	75,719

Nominal amounts 2019	Less than 1 year	1–5 years	5+ years	Total
Water treatment facilities	6,869	30,992	26,433	64,294
Wastewater treatment facilities	2,323	10,210	15,656	28,189
Less GST recoverable	(836)	(3,746)	(3,826)	(8,408)
Total commitments (exclusive of GST)	8,356	37,456	38,262	84,075

6.3.3 CAPITAL COMMITMENTS

These capital commitments arise from contracts and 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 balance sheet.

Nominal amounts 2020	Less than 1 year	1–5 years	5+ years	Total
Capital expenditure commitments payable	11,280	–	–	11,280
Less GST recoverable	(1,025)	–	–	(1,025)
Total capital expenditure commitments (exclusive of GST)	10,255	–	–	10,255

Nominal amounts 2019	Less than 1 year	1–5 years	5+ years	Total
Capital expenditure commitments payable	8,288	4	–	8,292
Less GST recoverable	(754)	–	–	(754)
Total capital expenditure commitments (exclusive of GST)	7,534	4	–	7,538

6.3.4 OTHER COMMITMENTS

These commitments represent operating commitments, including a major contract for the provision of operations and maintenance services. This contract was extended for a further five years from 1 July 2017. Operating expenditure commitments are due and payable as follows:

Nominal amounts 2020	Less than 1 year	1–5 years	5+ years	Total
Other commitments payable	24,854	18,643	–	43,497
Less GST recoverable	(2,259)	(1,695)	–	(3,954)
Total other commitments (exclusive of GST)	22,594	16,949	–	39,543

Nominal amounts 2019	Less than 1 year	1–5 years	5+ years	Total
Other commitments payable	29,290	37,915	–	67,205
Lease commitments payable	656	1,233	201	2,090
Less GST recoverable	(2,663)	(3,447)	–	(6,110)
Total other commitments (exclusive of GST)	27,283	35,701	201	63,185

6.4 SERVICE CONCESSION ARRANGEMENTS

Service concession assets (water and waste water treatment plants) are now accounted for based on adoption of AASB 1059. Previously they were accounted for as finance leases under AASB 117 (replaced by AASB 16 in 2019/20). Refer to 9.8 for the impacts of adopting the new standard.

Coliban Water has entered into arrangements with private/public sector participants to design, construct and upgrade assets used to provide public services. These arrangements 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).

Coliban Water has adopted AASB 1059 *Service Concession Arrangements: Grantors* to account for PPP arrangements that meet the definition of a Service Concession Arrangement (SCA) in accordance with AASB 1059. Where a PPP is not considered a SCA, Coliban Water 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.

NOTE 6: FINANCING OUR OPERATIONS | CONTINUED

SCAs usually take one of two main forms. In the more common form, the 'financial liability' model, Coliban Water pays the operator over the arrangement period, subject to specified performance criteria being met. At the date of commitment to the principal provisions of the arrangement, these estimated periodic payments are allocated between a component related to the design and construction or upgrading of the asset, and the components related to the ongoing operation and maintenance of the asset.

For arrangements within the scope of AASB 1059 that take the 'financial liability' model, Coliban Water records the asset(s) used in the SCAs at current replacement cost in accordance with the cost approach to Fair Value under AASB 13 *Fair Value Measurement* (AASB 13), with a related financial liability(s). The valuation of SCA's, when they were previously accounted for as leased assets, was at fair value, which was the same as replacement cost.

Service concession assets are recognised under Infrastructure, property plant and equipment in Note 4.1 and related liabilities are disclosed under Payables in section 5.2 and under Interest bearing liabilities under section 6.1 respectively.

Coliban Water has two Service Concession Arrangement contracts.

Bendigo Water Services Pty Ltd

A contract deed was signed on 5 May 1999 with Bendigo Water Services Pty Ltd for the provision of water treatment services for Bendigo, Castlemaine and Kyneton. Commercial acceptance of this facility was granted on 1 June 2002.

ETE Coliban Pty Ltd

Coliban Water signed a contract deed on 26 November 2002 with ETE Coliban Pty Ltd for the provision of water reclamation and reuse services for Echuca and Rochester. Commercial acceptance of this facility was granted on 28 September 2004.

The above contracts, which comprise both fixed and variable components, commit Coliban Water to the payment of tolls over the 25 year contract periods.

As ownership of the assets will be transferred to Coliban Water at the end of the contractual term and control of the asset and public services is held by Coliban Water, the assets are accounted for as a Service Concession Arrangement.

Commitments for Service Concession Arrangements

Commitments for minimum payments (excluding the GST of \$6.4 million as at 30 June 2020 and \$7.0 million as at 30 June 2020) are payable as follows:

Commissioned Service Concession Arrangement	Minimum future payments ⁽ⁱ⁾		Present value of minimum future payments	
	2020 (\$'000)	2019 (\$'000)	2020 (\$'000)	2019 (\$'000)
Water treatment facilities	46,176	52,852	35,587	39,323
Wastewater treatment facilities	40,989	45,312	29,131	31,122
Minimum future payment	87,165	98,164	64,718	70,445
Less future finance charges	(22,447)	(27,719)	–	–
Present value of minimum payments	64,718	70,445	64,718	70,445
Included in the financial statements as:				
Current liability	–	–	6,200	5,727
Non-current liability	–	–	58,518	64,718
Total SCA liabilities	–	–	64,718	70,445

(i) Minimum future payments include the aggregate of all base payments and any guaranteed residual.

NOTE 7: RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

INTRODUCTION	STRUCTURE
<p>Coliban Water is exposed to risks from both its activities and external factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements.</p> <p>This section presents information on financial instruments, contingent assets and liabilities, and fair value determinations on Coliban Water's assets and liabilities.</p>	<p>7.1 Financial instruments specific disclosures</p> <p>7.1.1 Financial instruments: categorisation</p> <p>7.1.2 Financial risk management objectives and policies</p> <p>7.2 Contingent assets and contingent liabilities</p> <p>7.3 Fair value determination</p> <p>7.3.1 Fair value determination of non-financial physical assets</p> <p>7.3.2 Fair value determination of non-financial physical assets held for sale</p>

7.1 FINANCIAL INSTRUMENTS SPECIFIC DISCLOSURES

Introduction

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

Coliban Water currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts are a reasonable approximation of fair value, either due to their short-term nature or with the expectation that they will be paid in full by the end of the 2019/20 reporting period.

Classification of financial instruments

The principal financial instruments comprise of cash assets, receivables (excluding statutory receivables), payables (excluding statutory payables), borrowings and finance lease liabilities.

Loans and receivables and cash are financial instrument assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recorded at fair value plus any directly attributable transaction cost. Subsequent to initial measurement they are measured at amortised cost only if both of the following criteria are met:

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

Coliban Water recognises the following assets in this category:

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

Financial liabilities are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest bearing liability, using the effective interest rate method. Coliban Water recognises the following liabilities in this category:

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

Offsetting financial instruments

Financial instrument assets and liabilities are offset and the net amount presented in the consolidated balance sheet when, and only when, Coliban Water 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 Coliban Water 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

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

Impairment of financial assets

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

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, Coliban Water applies professional judgement 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 on equity instruments classified as available for sale are not reversed through comprehensive operating statement.

7.1.1 FINANCIAL INSTRUMENTS: CATEGORISATION

The carrying amounts of the contractual financial assets and financial liabilities by category are disclosed below:

2019/2020	Cash and deposits (\$'000)	Financial assets at amortised cost (\$'000)	Financial liabilities at amortised cost (\$'000)	Total (\$'000)
CONTRACTUAL FINANCIAL ASSETS				
Cash and deposits	8,348	–	–	8,348
Receivables⁽ⁱ⁾				
Rates and charges and sundry receivables	–	11,808	–	11,808
Accrued revenue	–	14,467	–	14,467
Total contractual financial assets	8,348	26,275	–	34,623
CONTRACTUAL FINANCIAL LIABILITIES				
Payables				
Trade payables and accrued expenses ⁽ⁱⁱ⁾	–	–	17,228	17,228
Other payables	–	–	1,278	1,278
Borrowings				
Lease Liabilities	–	–	3,218	3,218
Loans from TCV	–	–	372,832	372,832
Service Concession Arrangement liabilities	–	–	64,718	64,718
Total contractual financial liabilities	–	–	459,274	459,274

2018/2019	Cash and deposits (\$'000)	Financial assets at amortised cost (\$'000)	Financial liabilities at amortised cost (\$'000)	Total (\$'000)
CONTRACTUAL FINANCIAL ASSETS				
Cash and Deposits	13,793	–	–	13,793
Receivables⁽ⁱ⁾				
Rates and charges and sundry receivables	–	9,416	–	9,416
Accrued revenue	–	13,351	–	13,351
Total contractual financial assets	13,793	22,767	–	36,560
CONTRACTUAL FINANCIAL LIABILITIES				
Payables				
Trade payables and accrued expenses ⁽ⁱⁱ⁾	–	–	17,552	17,552
Other payables	–	–	1,017	1,017
Borrowings				
Service Concession Arrangement liabilities	–	–	70,445	70,445
Loans from TCV	–	–	376,832	376,832
Total contractual financial liabilities	–	–	465,846	465,846

(i) The total amounts disclosed exclude statutory receivables.

(ii) The total amounts disclosed exclude statutory payables.

7.1.2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The Board of Coliban Water has the overall responsibility for the establishment and oversight of the risk management framework. All borrowings are sourced through TCV and Coliban Water's total borrowing limit is regulated by DTF via approval from the Treasurer. Coliban Water operates within the risk management requirements that are imposed by TCV and DTF over these borrowings. The overall risk management program seeks to minimise potential adverse effects on the financial performance of Coliban Water. Coliban Water uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, other price risks and ageing analysis for credit.

Risk management is carried out by Coliban Water under policies approved by the Board of Directors. The finance department of Coliban Water identifies, evaluates and hedges financial risks in close co-operation with Coliban Water'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 risks, credit risk and non-derivative financial instruments plus investment of excess liquidity.

The main risks that Coliban Water is exposed to through its financial instruments are as follows:

(a) **Market risk**

Market risk is the risk that changes in market prices will affect the fair value or future cash flows of Coliban Water's financial instruments. Market risk comprises of foreign exchange risk, interest rate risk and other price risk. Coliban Water's exposure to market risk is primarily through interest rate risk. There is insignificant exposure to foreign exchange risk and other price risk.

Objectives, policies and processes used to manage interest rate risk is disclosed in the paragraphs below:

(i) **Interest rate risk**

Coliban Water's exposure to market interest rates relates primarily to Coliban Water's long term borrowings and funds invested on the money market.

Coliban Water minimises its exposure to interest rate changes on its borrowings by holding a mix of fixed and floating rate debt. Long term borrowings are fixed rate interest only loans. Short term borrowings are variable rate interest only loans. Debt is sourced from TCV as approved by the Treasurer and is managed within a range of Board approved limits with debt levels and interest rates being monitored regularly.

Coliban Water has minimal exposure to interest rate risk through its holding of cash assets and other financial assets.

(b) **Credit risk**

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

Coliban Water minimises concentrations of credit risk by undertaking transactions with a large number of customers. The receivables balance consists of a large number of residential and business customers which are spread across a diverse range of industries. Coliban Water is therefore not materially exposed to any individual customer. Receivable balances recognised on the balance sheet are the carrying amount net of any provision for impaired receivables. The group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all receivables.

COVID-19 impacts has been factored into Coliban Water's expected credit losses. Refer Note 1.4 and Note 5.1.1.

2019/2020	Financial Institutions (A-1+) ⁽ⁱ⁾ (\$'000)	Government Agencies (AAA) ⁽ⁱ⁾ (\$'000)	Other (\$'000)	Total (\$'000)
FINANCIAL ASSETS				
Cash and cash equivalents	5,947	2,400	1	8,348
Receivables (excl. statutory receivables)	–	–	11,580	11,580
Total financial assets	5,947	2,400	11,581	19,928

2018/2019	Financial Institutions (A-1+) ⁽ⁱ⁾ (\$'000)	Government Agencies (AAA) ⁽ⁱ⁾ (\$'000)	Other (\$'000)	Total (\$'000)
FINANCIAL ASSETS				
Cash and cash equivalents	6,885	6,907	1	13,793
Receivables (excl. statutory receivables)	–	–	22,581	22,581
Total financial assets	6,885	6,907	22,582	36,374

(i) Standard and Poor's Corporation credit rating

An analysis of the ageing of Coliban Water's receivables as at the reporting date has been provided in Note 5.1.2.

(c) **Liquidity risk**

Liquidity risk is the risk that Coliban Water will not be able to meet its financial obligations as they fall due. Coliban Water's policy is to settle financial obligations within 30 days and in the event of a dispute make payments within 30 days from the date of resolution. This obligation was reduced to 10 days during the COVID-19 pandemic to assist in stimulating the economy.

Future borrowing requirements are not anticipated to be impacted as a result of COVID-19. Refer to 1.4.

Coliban Water manages liquidity risk by maintaining adequate reserves, banking facilities and approved borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and financial liabilities.

Interest rate exposure of financial instruments

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

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Coliban Water minimises exposure to cash flow interest rate risk by managing cash and deposits, term deposits and bank overdrafts at floating rates. Coliban Water invests cash into maturities that reflect the best interest rate opportunities whilst ensuring that cash is available when required to meet projected expenditures.

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

2019/2020	Weighted Av Interest Rate (%)	Carrying Amount (\$'000)	Fixed Interest Rate (\$'000)	Floating Interest Rate (\$'000)	Non-interest Bearing (\$'000)
CONTRACTUAL FINANCIAL ASSETS					
Cash and cash equivalents	0.61%	8,348	–	8,347	1
Receivables (excl. statutory receivables)	n/a	11,580	–	–	11,580
Total financial assets		19,928	–	8,347	11,581
CONTRACTUAL FINANCIAL LIABILITIES					
Payables (excl. statutory payables)	n/a	18,506	–	–	18,506
Service Concession Agreements – water and wastewater treatment facilities	7.77%	64,718	64,718	–	–
Loans from TCV	3.84%	374,163	368,832	5,331	–
Total financial liabilities		457,387	433,550	5,331	18,506

2018/2019	Weighted Av Interest Rate (%)	Carrying Amount (\$'000)	Fixed Interest Rate (\$'000)	Floating Interest Rate (\$'000)	Non-interest Bearing (\$'000)
FINANCIAL ASSETS					
Cash and cash equivalents	0.80%	13,793	–	13,792	1
Receivables (excl. statutory receivables)	n/a	22,581	–	–	22,581
Total financial assets		36,374	–	13,792	22,582
FINANCIAL LIABILITIES					
Payables (excl. statutory payables)	n/a	18,569	–	–	18,569
Service Concession Agreements – water and wastewater treatment facilities	7.77%	70,445	70,445	–	–
Loans from TCV	4.19%	376,832	371,500	5,332	–
Total financial liabilities		465,846	441,945	5,332	18,569

7.1.2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

The interest rate sensitivity analysis below has taken into consideration past performance, future expectations, economic forecasts and management's knowledge and experience of the financial markets. The table below shows the impact before tax and only includes financial instruments subject to variable interest. Coliban Water believes that a movement between -0.5% and 0.5% in interest rates is reasonable over the next 12 months.

	Carrying Amount (\$'000)	Interest Rate Risk			
		-0.5%		+0.5%	
		Result (\$'000)	Equity (\$'000)	Result (\$'000)	Equity (\$'000)
2019/2020					
Financial assets					
Cash and cash equivalents	8,347	(42)	(42)	42	42
Total financial assets	8,347	(42)	(42)	42	42
Financial liabilities					
Borrowings – floating interest rate loans	5,331	27	27	(27)	(27)
Total financial liabilities	5,331	27	27	(27)	(27)
Total increase/(decrease)		(15)	(15)	15	15

	Carrying Amount (\$'000)	Interest Rate Risk			
		-1.0%		+1.0%	
		Result (\$'000)	Equity (\$'000)	Result (\$'000)	Equity (\$'000)
2018/2019					
Financial assets					
Cash and cash equivalents	13,792	(138)	(138)	138	138
Total financial assets	13,792	(138)	(138)	138	138
Financial liabilities					(53)
Borrowings – floating interest rate loans	5,332	53	53	(53)	
Total financial liabilities	5,332	53	53	(53)	(53)
Total increase/(decrease)		(85)	(85)	85	85

7.2 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

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

There were no material contingent assets or liabilities at 30 June 2020 (30 June 2019, \$nil), however, a contingent liability may exist. EPA Victoria issued proceedings against Coliban Water in the Magistrates' Court for alleged breaches of the *Environment Protection Act 1970 (Vic)* relating to wastewater discharges to the Campaspe River occurring in mid-2019. This matter is next due to be heard before the Court on 9 November 2020.

7.3 FAIR VALUE DETERMINATION

Significant judgement: Fair value measurements of assets and liabilities

Fair value determination requires judgement and the use of assumptions. This section discloses the most significant assumptions used in determining fair values. Changes to assumptions could have a material impact on the results and financial position of Coliban Water. 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.

Consistent with AASB 13 *Fair Value Measurement*, Coliban Water determines the policies and procedures for both recurring fair value measurements such as infrastructure, property, plant and equipment, financial instruments and for non-recurring fair value measurements, such as non-financial physical assets held for sale, in accordance with the requirements of AASB 13 and the relevant Financial Reporting Directions.

There were no changes in valuation techniques throughout the period to 30 June 2020. Coliban Water conducted an assessment at 30 June 2020 with no material movement identified since the 2016 valuation for infrastructure assets. Land and buildings were assessed as having material movements as described below.

After applying the indices for land supplied by the VGV for the 2019/20 financial year, land was assessed as increasing in value by 23.9% since the last independent valuation (2018/19, 19.6%). As this exceeds 10%, Coliban Water undertook a managerial revaluation on 30 June 2020, increasing Coliban Water's valuation of land by \$1.8 million for 2019/20, to a total of \$9.4 million since the last independent valuation (2018/19, \$7.7 million).

After applying the indices for buildings supplied by the VGV for the 2019/20 financial year, buildings were assessed as increasing in value by 11.2% since the last independent valuation (2018/19, 9.4%). As this exceeds 10%, Coliban Water undertook a managerial revaluation on 30 June 2020, increasing Coliban Water's valuation of buildings by \$0.2 million for 2019/20 (2018/19 \$nil). This was the first managerial revaluation for this asset class.

Fair Value Hierarchy

All assets 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;
- > 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.

Fair value determination of financial assets and liabilities

The fair values and net fair values of financial assets and liabilities are determined as follows:

- > Level 1: The fair value of financial instrument with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;
- > Level 2: The fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and
- > Level 3: The fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

Financial asset and liabilities classified as Level 1 include cash and cash equivalents. Receivables, payables, finance lease liabilities and loans from TCV are classified as Level 2.

Coliban Water currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts are a reasonable approximation of fair value, either due to their short-term nature or with the expectation that they will be paid in full by the end of the 2019/20 reporting period.

Specialised land, specialised buildings and specialised buildings – leasehold

For Coliban Water's specialised buildings and specialised buildings – leasehold the depreciated replacement cost method is used, adjusted for associated depreciation. As depreciation adjustments are considered as significant unobservable inputs in nature, specialised buildings are classified as Level 3 for fair value measurements.

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

7.3 FAIR VALUE DETERMINATION (CONTINUED)

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

An independent valuation of Coliban Water's specialised land, specialised buildings and specialised buildings – leasehold was performed by Egan National Valuers on behalf of the VGV. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation was 30 June 2016.

Non-specialised land

Non-specialised land is valued using the market approach. Under this valuation method, the land is compared to recent comparable sales or sales of comparable assets which are considered to have nominal or no added improvement value.

An independent valuation was performed by independent valuers Egan National Valuers to determine the fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the land being valued. From the sales analysed, an appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation was 30 June 2016.

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

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

Infrastructure

Infrastructure is valued using the depreciated replacement cost method. 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 depreciated replacement cost calculation.

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

An independent valuation of Coliban Water's infrastructure was performed by KPMG on behalf of the VGV. The valuation was performed using the depreciated replacement cost of the assets, based on the condition assessment of aboveground assets, age and material for underground assets and remaining useful lives. The effective date of the valuation was 30 June 2016.

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

Service concession assets

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

Vehicles

Coliban Water 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 within Coliban Water who set relevant depreciation rates during use to reflect the utilisation of the vehicles. Coliban Water uses depreciated replacement cost for vehicles hence they are classified as Level 3 for fair value measurements.

Plant and equipment

Plant and equipment is held at fair value. When plant and equipment is specialised in its use, such that it is rarely sold other than as part of a going concern, fair value is determined using the depreciated replacement cost method hence they are classified as Level 3 for fair value measurements.

Valuation of infrastructure, property, plant and equipment

COVID-19 has not had any impact on the valuation of infrastructure, property, plant and equipment as the valuation of infrastructure is calculated using depreciated replacement cost, and not discounted cash flows. Refer Note 1.4.

7.3.1 FAIR VALUE DETERMINATION OF NON-FINANCIAL PHYSICAL ASSETS

2019/2020	Carrying amount as at 30 June 2020 (\$'000)	Fair value measurement at end of reporting period using:		
		Level 1 (\$'000)	Level 2 (\$'000)	Level 3 (\$'000)
Land at fair value				
Specialised	29,874	–	–	29,874
Non-specialised	18,988	–	18,988	–
	48,862	–	18,988	29,874
Buildings at fair value				
Specialised	2,111	–	–	2,111
	2,111	–	–	2,111
Buildings – leasehold at fair value				
Specialised	624	–	–	624
	624	–	–	624
Plant and equipment at fair value				
Specialised	1,693	–	–	1,693
	1,693	–	–	1,693
Infrastructure at fair value				
Specialised Water Infrastructure	391,534	–	–	391,534
Specialised Water Distribution Assets	174,881	–	–	174,881
Specialised Water Distribution Assets – Leasehold	452	–	–	452
Specialised Wastewater Infrastructure	465,709	–	–	465,709
Specialised Recycling Infrastructure	34,293	–	–	34,293
Specialised Rural Infrastructure	135,878	–	–	135,878
Specialised Headworks Infrastructure	157,679	–	–	157,679
	1,360,426	–	–	1,360,426
Service concession assets at fair value				
Specialised Water and Wastewater treatment facilities	130,690	–	–	130,690
	130,690	–	–	130,690
Total assets at fair value (excluding works in progress)	1,544,406	–	18,988	1,525,418

7.3.1 FAIR VALUE DETERMINATION OF NON-FINANCIAL PHYSICAL ASSETS (CONTINUED)

2018/2019	Carrying amount as at 30 June 2020 (\$'000)	Fair value measurement at end of reporting period using:		
		Level 1 (\$'000)	Level 2 (\$'000)	Level 3 (\$'000)
Land at fair value				
Specialised	28,540	–	–	28,540
Non-specialised	18,291	–	18,291	–
	46,831	–	18,291	28,540
Buildings at fair value				
Specialised	1,685	–	–	1,685
	1,685	–	–	1,685
Buildings – leasehold at fair value				
Specialised	898	–	–	898
	898	–	–	898
Plant and equipment at fair value				
Specialised	1,772	–	–	1,772
	1,772	–	–	1,772
Infrastructure at fair value				
Specialised Water Infrastructure	392,843	–	–	392,843
Specialised Water Distribution Assets	174,895	–	–	174,895
Specialised Water Distribution Assets – Leasehold	463	–	–	463
Specialised Wastewater Infrastructure	456,121	–	–	456,121
Specialised Recycling Infrastructure	34,524	–	–	34,524
Specialised Rural Infrastructure	137,878	–	–	137,878
Specialised Headworks Infrastructure	158,920	–	–	158,920
	1,355,644	–	–	1,355,644
Service concession assets at fair value				
Specialised Water and Wastewater treatment facilities	134,047	–	–	134,047
	134,047	–	–	134,047
Total assets at fair value (excluding works in progress)	1,540,877	–	18,291	1,522,586

7.3.1 FAIR VALUE DETERMINATION OF NON-FINANCIAL PHYSICAL ASSETS (CONTINUED)
Description of significant unobservable inputs to Level 3 valuations

Asset Class 2020 and 2019		Valuation technique	Significant unobservable inputs
Specialised land	Land	Market approach	Community Service Obligation (CSO) adjustment ⁽ⁱ⁾
Specialised buildings	Buildings	Depreciated replacement cost	Direct cost per square metre Useful life of specialised assets
Specialised buildings – Leasehold	Buildings – Leasehold	Depreciated replacement cost	Direct cost per square metre Useful life of Leasehold Improvements
Plant and Equipment	Plant and Equipment	Depreciated replacement cost	Cost per unit Useful life of Plant and Equipment
Water Infrastructure	Water Mains	Depreciated replacement cost	Cost per metre Useful life of the Infrastructure
	Water Treatment Plants	Depreciated replacement cost	Average cost per treatment plant Useful life of the Infrastructure
Wastewater Infrastructure	Wastewater Mains	Depreciated replacement cost	Cost per metre Useful life of the Infrastructure
	Wastewater Treatment Plants	Depreciated replacement cost	Average cost per treatment plant Useful life of the Infrastructure
Water Distribution Infrastructure	Distribution Mains	Depreciated replacement cost	Cost per metre Useful life of the Infrastructure
	Distribution Channel	Depreciated replacement cost	Cost per metre Useful life of the Infrastructure
Water Distribution Infrastructure – Leasehold	Infrastructure – Leasehold	Depreciated replacement cost	Cost per metre Useful life of Leasehold Improvements
Recycling Infrastructure	Recycled Water Mains	Depreciated replacement cost	Cost per metre Useful life of the Infrastructure
	Recycled Water Factory	Depreciated replacement cost	Average cost per recycled water factory Useful life of the Infrastructure
Rural Infrastructure	Channels	Depreciated replacement cost	Cost per metre Useful life of the Infrastructure
	Mains	Depreciated replacement cost	Cost per metre Useful life of the Infrastructure
Headworks Infrastructure	Reservoirs & Basins	Depreciated replacement cost	Average cost per reservoir & basin Useful life of the Infrastructure
Service concession assets	Treatment Plants	Depreciated replacement cost	Average cost per treatment plant Useful life of the Infrastructure

(i) CSO adjustments of 20% were applied to reduce the market approach value for Coliban Water's specialised land for Level 3 assets. Refer Note 7.3.

NOTE 7: RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS | CONTINUED
7.3.1 FAIR VALUE DETERMINATION OF NON-FINANCIAL PHYSICAL ASSETS (CONTINUED)
Reconciliation of Level 3 at fair value movements

	Specialised land (\$'000)	Specialised buildings (\$'000)	Specialised buildings – leasehold (\$'000)	Specialised plant and equipment (\$'000)	Specialised infrastructure (\$'000)	Specialised service concession infrastructure (\$'000)
2019/2020						
Fair Value						
Opening WDV at 1 July 2019	28,540	1,685	898	1,772	1,355,644	134,047
Purchases (sales)	260	95	9	254	30,818	–
Impairment loss	–	–	–	–	–	–
Transfers between categories	–	227	–	151	(1,768)	–
Transfers in (out) of level 3	–	–	–	–	–	–
<i>Gains or losses recognised in net result</i>						
Depreciation	–	(108)	(283)	(484)	(24,268)	(4,748)
	28,800	1,899	624	1,693	1,360,426	129,299
Revaluation	1,074	212	–	–	–	–
Closing WDV at 30 June 2020	29,874	2,111	624	1,693	1,360,426	129,299

	Specialised land (\$'000)	Specialised buildings (\$'000)	Specialised buildings – leasehold (\$'000)	Specialised plant and equipment (\$'000)	Specialised infrastructure (\$'000)	Specialised service concession infrastructure (\$'000)
2018/2019						
Fair Value						
Opening WDV at 1 July 2018	27,364	1,757	1,137	1,526	1,355,762	138,510
Purchases (sales)	149	32	47	732	23,690	249
Impairment loss	–	–	–	–	(128)	–
Transfers between categories	–	–	–	–	25	–
Transfers in (out) of level 3	–	–	–	–	–	–
<i>Gains or losses recognised in net result</i>						
Depreciation	–	(104)	(286)	(486)	(23,705)	(4,712)
	27,513	1,685	898	1,772	1,355,644	134,047
Revaluation	1,027	–	–	–	–	–
Closing WDV at 30 June 2019	28,540	1,685	898	1,772	1,355,644	134,047

7.3.2 FAIR VALUE DETERMINATION OF NON-FINANCIAL PHYSICAL ASSETS HELD FOR SALE

Assets held for sale are valued using the market approach. Under this valuation method, the assets are compared to recent comparable sales.

	Carrying amount as at 30 June 2020 (\$'000)	Fair value measurement at end of reporting period using:		
		Level 1 (\$'000)	Level 2 (\$'000)	Level 3 (\$'000)
2019/2020				
Assets held for sale	504	–	504	–
Total current assets held for sale	504	–	504	–
	Carrying amount as at 30 June 2019 (\$'000)	Fair value measurement at end of reporting period using:		
		Level 1 (\$'000)	Level 2 (\$'000)	Level 3 (\$'000)
2018/2019				
Assets held for sale	504	–	504	–
Total current assets held for sale	504	–	504	–

Assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell, as their carrying amount will be recovered principally through a sale transaction, rather than through continuing use. Coliban Water considers that the sale is highly probable, the asset is available for immediate sale in its present condition and the sale is expected to be completed within 12 months from the date of classification. Assets are not depreciated or amortised while they are classified as held for sale. Assets classified as held for sale are classified as current assets. An asset with a fair value of \$503,587 meets this classification.

One package of land in Echuca West with a fair value of \$503,587 meets this classification. The Land was first recognised as held for sale in February 2019. At 30 June 2020 the land is under contract with settlement pending.

NOTE 8: STATUTORY OBLIGATIONS

INTRODUCTION	STRUCTURE
This note provides information on the statutory obligations of Coliban Water.	8.1 Tax 8.1.1 Income tax 8.1.2 Deferred tax assets and liabilities 8.2 Environmental contributions

	Notes	2020 (\$'000)	2019 (\$'000)
8.1 TAX			
8.1.1 INCOME TAX			
(a) Income statement			
Current income tax expense (paid or payable)		765	1,409
Deferred income tax expense			
Temporary differences		(2,964)	(2,824)
Adjustment for prior years		–	712
Income tax reported in the Income Statement		(2,199)	(703)
(b) Statement of changes in equity			
Net deferred tax – debited/(credited) directly to equity	8.1.2	595	437
Income tax reported in equity		595	437
(c) Tax reconciliation			
Net result before income tax expense		10,358	7,056
Tax at the Australian tax rate of 30% (2019: 30%)		(3,107)	(2,118)
Tax effect of non-deductible/(non-taxable) amounts in calculating taxable income		(80)	(92)
> Previously not recognised tax losses now recognised to increase deferred tax asset		–	476
Under/over for items not previously brought to account to decrease deferred tax liability			
> Service concession arrangement		–	236
Income tax on profit before tax		(3,188)	(1,498)
(d) Tax expense (income relating to items of other comprehensive income)			
Gain/(loss) on revaluation of infrastructure, property, plant and equipment		(595)	(437)
Net gain/(loss) on disposal of assets		935	734
Fair value increase/(decrease) in other financial assets		53	61
		394	358
(e) Tax losses			
Unused tax losses for which no deferred tax asset has been recognised		–	–
Potential tax benefit @ 30%		63,054	62,289
		63,054	62,289

Coliban Water will not pay income tax for 2019/20. Tax losses have been brought to account.

National Tax Equivalent Regime (NTER)

Coliban Water 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.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantially enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction that at the time of the transaction did not affect either accounting profit or taxable profit or loss. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Coliban Water's deferred tax liabilities exceed the level of deferred tax assets and therefore it is required to bring to account tax expense, tax assets and tax liabilities in the Comprehensive Operating Statement, Balance Sheet and Statement of Changes in Equity as Coliban Water's projections show it is likely to generate tax profits in the foreseeable future against which unused tax losses can be utilised.

NOTE 8: STATUTORY OBLIGATIONS | CONTINUED

	Notes	2020 (\$'000)	2019 (\$'000)
8.1.2 DEFERRED TAX ASSETS AND LIABILITIES			
(a) Deferred tax assets			
Amounts recognised in the Comprehensive Operating Statement			
Doubtful debts		68	56
Property, plant and equipment		20,403	21,157
Accrued expenses		2,898	3,279
Employee benefits		2,166	1,814
Tax losses		63,054	62,289
Total deferred tax assets		88,590	88,595
Movements			
Opening balance at 1 July		88,595	87,585
Credited/(debited) to the Comprehensive Operating Statement		(1,454)	1,447
Credited/(debited) to other comprehensive income	8.1.1	1,449	(437)
Closing balance at 30 June		88,590	88,595
Deferred tax asset to be recovered after more than 12 months		20,403	21,157
Deferred tax asset to be recovered within 12 months		5,133	5,149
Tax losses		63,054	62,289
Ending balance at 30 June		88,590	88,595
(b) Deferred tax liabilities			
Amounts recognised in Comprehensive Operating Statement			
Accrued income		138	127
Property, plant and equipment		223,948	223,213
Other deferred tax liabilities		–	1
Amounts recognised directly in equity			
Revaluation of infrastructure property, plant and equipment		2,917	2,322
Total deferred tax liabilities		227,003	225,663
Movements			
Opening balance at 1 July		225,663	223,515
Credited/(debited) to the net result		745	2,585
Credited/(debited) to other comprehensive income		595	(437)
Closing balance at 30 June		227,003	225,663
Deferred tax liabilities to be recovered after more than 12 months		226,865	225,536
Deferred tax liabilities to be recovered within 12 months		138	127
Ending balance at 30 June		227,003	225,663
Total net deferred tax asset/(liability)		(138,413)	(137,068)

AASB 112 *Income Tax* requires deferred tax assets arising from temporary differences to be offset against deferred tax liabilities on the basis that the deferred tax assets will be fully utilised against the deferred tax liabilities. Coliban Water's deferred tax liabilities exceed the level of deferred tax assets at 30 June 2020, therefore a net tax liability has been disclosed in the Balance Sheet.

8.2 ENVIRONMENTAL CONTRIBUTIONS

The *Water Industry (Environmental Contributions) Act 2004* (the Act) amended the *Water Industry Act 1994* to make provision for environmental contributions to be paid by water corporations.

The Act established an obligation for Coliban Water to pay into the consolidated fund annual contributions for the first period, from 1 October 2004 to 30 June 2008 in accordance with the pre-established schedule of payments. The contribution period was then extended to 30 June 2020. In June 2020, Environmental Contributions Tranche 5 was finalised, committing Coliban Water to \$22.9 million for the period 1 July 2020 to 30 June 2024.

Coliban Water has a statutory requirement to pay an Environmental Contribution to DELWP. This contribution is recognised as an expense during the reporting period as incurred.

The purpose of the Environmental Contribution is set out in the Act, and the funding may be used for the purpose of funding initiatives that seek to promote the sustainable management of water or address water-related initiatives.

Notes	2020 (\$'000)	2019 (\$'000)
Environmental Contribution commitments		
Not later than one year	5,734	5,116
Later than one year and not later than five years	17,203	–
Total Environmental Contribution commitments	22,937	5,116

The Environmental Contribution in the current year totalled \$5.1 million (2018/19: \$5.1 million).

NOTE 9: OTHER DISCLOSURES

INTRODUCTION	STRUCTURE
This note provides information on other disclosures that impact Coliban Water.	<p>9.1 Equity</p> <p>9.1.1 Contributed capital</p> <p>9.1.2 Asset revaluation reserves</p> <p>9.2 Responsible persons</p> <p>9.3 Remuneration of executives</p> <p>9.4 Related parties</p> <p>9.5 Ex-gratia expense</p> <p>9.6 Events occurring after the balance date</p> <p>9.7 Auditors remuneration</p> <p>9.8 Impacts of changes in accounting policies</p> <p>9.9 Australian Accounting Standards issued that are not yet effective</p>

	Notes	2020 (\$'000)	2019 (\$'000)
9.1 EQUITY			
9.1.1 CONTRIBUTED CAPITAL			
Opening balance at 1 July		304,025	304,464
Contributions to the Victorian Government	10.1	–	(439)
Closing balance at 30 June		304,025	304,025
<p>The individual circumstances of a particular entity may require that certain State Government capital contributions, normally those associated with major asset acquisition programs, be accounted for as equity contributions. In accordance with FRD 119A <i>Transfers through Contributed Capital</i>, the Minister for Water, after consultation with the Minister for Finance, may direct that such contributions be recognised as Equity – Contributed capital.</p>			
9.1.2 ASSET REVALUATION RESERVES			
Asset revaluation reserve: Land			
Opening balance at 1 July		34,667	33,648
Revaluation increment/(decrement) on current and non-current assets net of tax effect		1,240	1,019
Closing balance at 30 June		35,907	34,667
Asset revaluation reserve: Buildings			
Opening balance at 1 July		146	146
Revaluation increment/(decrement) on non-current assets net of tax effect		148	–
Closing balance at 30 June		294	146
Asset revaluation reserve: Infrastructure			
Opening balance at 1 July		353,281	353,409
Impairment losses		–	(128)
Closing balance at 30 June		353,281	353,281
Total reserves		389,482	388,094

9.2 RESPONSIBLE PERSONS

In accordance with the Ministerial Directions issued by the Minister for Finance under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period.

The following lists the responsible persons for Coliban Water during the year:

Name	Title	Period of appointment	
		From	To
The Hon. Lisa Neville MP	Minister for Water	01 Jul 2019	30 Jun 2020
Lucy Roffey	Director (Chairperson)	01 Jul 2019	30 Jun 2020
Marika McMahon	Director	01 Jul 2019	30 Jun 2020
Robert Cameron	Director	01 Jul 2019	30 Jun 2020
Helen Symes	Director	01 Jul 2019	30 Jun 2020
Nigel McGuckian	Director	01 Jul 2019	30 Jun 2020
Rowan O'Hagan	Director	01 Jul 2019	30 Sep 2019
William O'Neil	Director	01 Jul 2019	30 Sep 2019
David Richardson	Director	01 Jul 2019	30 Sep 2019
Gary Jones	Director	01 Oct 2019	30 Jun 2020
Melanie McCarthy	Director	01 Oct 2019	30 Jun 2020
Mario D'Elia	Director	01 Oct 2019	30 Jun 2020
Damian Wells	Managing Director	05 Aug 2019	30 Jun 2020
Neville Pearce	Acting Managing Director	01 Jul 2019	04 Aug 2019

Remuneration

Remuneration received, or due and receivable, during 2019/20 by Responsible Persons including the Managing Director in connection with the management of Coliban Water was \$691,402 (2018/19: \$619,510).

9.3 REMUNERATION OF EXECUTIVES

The number of executive officers, other than the Minister and Accountable Officer listed in Note 9.2 and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalents provides a measure of full time equivalent executive officers over the reporting period. Annualised employee equivalent is based on the time fraction worked 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; and
- > termination benefits include termination of employment payments, such as severance packages.

Remuneration is determined on an accrual basis. As such, 'other long-term benefits' represents long service leave accrued less long service leave taken during the year for executive officers.

No Executive Officers meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 *Related Party Disclosures* and as such, are not included in the related parties note disclosure (Note 9.4).

	2020 (\$'000)	2019 (\$'000)
Remuneration of Executive Officers		
Short-term employee benefits	1,160	1,113
Post-employment benefits	113	110
Other long-term benefits	11	(10)
Termination benefits	1	–
Total remuneration	1,285	1,213
Total number of executives	13	8
Total annualised employee equivalents	6	6

9.3 REMUNERATION OF EXECUTIVES (CONTINUED)

The total annualised employee equivalents remained unchanged during 2019/20 at six. The actual number of executive officers increased from eight to 13 due to a full changeover in the Executive Leadership Team and the requirement for five acting arrangements during the financial year due to the following:

- > Coliban Water appointed a new Managing Director in August 2019;
- > a new organisational structure was implemented in November 2019; and
- > three Executive Officers resigned from their position. Two were refilled and one was redirected in a restructure process.

Executive officer remuneration does not include remuneration for staff acting on a temporary basis while the substantive executive officer is on paid leave.

9.4 RELATED PARTIES

Coliban Water is a wholly owned and controlled entity of the State of Victoria.

Related parties of Coliban Water include:

- > all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over);
- > all cabinet ministers and their close family members; and
- > all departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

All related party transactions have been entered into on an arm's length basis.

Key management personnel (KMP)

KMP (as defined in AASB 124 *Related Party Disclosures*) are those persons having authority and responsibility for planning, directing and controlling the activities of Coliban Water, directly or indirectly. KMP of Coliban Water includes the Portfolio Minister, all Directors and the Managing Director as listed under responsible persons in Note 9.2.

	Notes	2020 (\$'000)	2019 (\$'000)
Compensation of Key Management Personnel⁽ⁱ⁾⁽ⁱⁱ⁾			
Short-term employee benefits		632	565
Post-employment benefits		53	52
Other long-term benefits		6	2
Total		691	619

(i) Coliban Water did not employ any KMPs as a contractor through an external service provider during the reporting period.

(ii) The compensation detailed above excludes the salaries and benefits the Portfolio Minister receives. The Minister's remuneration and allowances are set by the *Parliamentary Salaries and Superannuation Act 1968* and are reported within the Department of Parliamentary Services' Financial Report.

9.4 RELATED PARTIES (CONTINUED)

Significant transactions with government-related entities

During the year, Coliban Water had the following government-related entity transactions (inclusive of GST):

Notes	2020 (\$'000)	2019 (\$'000)
Amounts recognised as revenue in the Comprehensive Operating Statement		
Entity and nature of transaction		
Central Highlands Water (Goldfields Superpipe joint operation)	974	678
Dept. of Health and Human Services (pensioner concessions)	4,785	5,346
Dept. of Environment, Land, Water and Planning (Bendigo Groundwater Project)	2,640	2,420
Dept. of Environment, Land, Water and Planning (secondment)	–	111
Dept. of Environment, Land, Water and Planning (community rebates program)	–	40
Dept. of Environment, Land, Water and Planning (other project contributions)	121	8
Treasury Corporation of Victoria (interest on Bendigo Groundwater Project)	–	76
Total revenue	8,520	8,679
Amounts recognised as an expense in the Comprehensive Operating Statement		
Entity and nature of transaction		
Dept. of Environment, Land, Water and Planning (Environmental Contribution)	5,116	5,116
Dept. of Environment, Land, Water and Planning (valuations, monitoring, licences etc)	154	128
Dept. of Health and Human Services (Centrepay transaction fees)	30	29
Dept. of Health and Human Services (administration levies)	38	37
Dept. of Treasury and Finance (Financial Accommodation Levy)	5,625	5,594
Environmental Protection Authority (license renewals)	178	184
Goulburn Murray Rural Water Corp (water share fixed and bulk water charges)	1,660	1,852
Grampians Wimmera Mallee Water (rural water supply)	204	396
Grampians Wimmera Mallee Water (South West Loddon Rural Water Supply Project)	–	39
North Central Catchment Management Authority (Kyneton offset works)	1,006	609
Treasury Corporation of Victoria (borrowings repayments)	4,000	4,000
Treasury Corporation of Victoria (interest on borrowings)	15,372	16,446
Western Water (entitlement transfer)	–	114
Total expenses	33,383	34,544

Transactions with key management personnel and other related parties

Given the breadth and depth of Coliban Water's activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. service fees and usage 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 guided by the Victorian Government Purchasing Board requirements.

Related party transactions – ESE Consulting

During the year ESE Consulting was engaged for recruitment and temporary employment services with an aggregated value of transactions totalling \$222,340 in 2019/20 (\$146,947 in 2018/19).

Coliban Water's Managing Director, Damian Wells, is a related party to this entity. Mr. Wells' wife and her sister are directors of, and hold 100% shareholding in, ESE Consulting.

Coliban Water was aware of the related party relationship prior to Mr. Wells' appointment as Managing Director which became effective on 5 August 2019. The relationship was formally declared by Mr. Wells on 27 August 2019 noting that he did not commence his duties as Managing Director until 7 October 2019 due to an injury sustained in the week prior to his official commencement date. The value of transactions with ESE Consulting from the date of Mr. Wells' official appointment on 5 August 2019 totalled \$201,092.

Mr. Wells has actively taken steps to remove himself from all relevant decisions associated with the related party.

The engagement of ESE Consulting has been conducted under terms and conditions equivalent for those that prevail in arms-length transactions under Coliban Water's procurement processes.

As at 30 June 2020 the amounts still owing to ESE Consulting totalled \$7,049.

No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

9.4 RELATED PARTIES (CONTINUED)

ZEW Emissions Water

Coliban Water is one of 13 water corporation Members of Zero Emissions Water (ZEW) Limited, a public company limited by guarantee. ZEW's substantial objective is to acquire electricity, contracts for difference and other derivative products in relation to electricity, and/or green products from an energy and emissions reduction facility(ies) in Victoria and in turn supply these products to its Members. This vehicle provides the opportunity for water corporation members to collaboratively promote energy and emissions reduction initiatives in Victoria and to reduce emissions.

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

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

On 30 October 2018, ZEW entered into an 11-year Power Purchasing Agreement (PPA) with a solar farm energy generator. In relation to the PPA, ZEW will act as a central intermediary between the energy generator and the water corporations. The PPA contains a contract for difference (CFD) payment mechanism in respect of electricity generated by the facility and the sale and supply of large-scale generation certificates (LGCs) from the facility. The PPA contains certain conditions precedent which were due to be satisfied during the 2019/20 financial year.

The solar farm energy generator experienced a construction delay due to the redesign of electrical infrastructure and a connection delay relating to generator restrictions and revised connection procedures advised by the Australian Electricity Market Operator (AEMO). Renegotiated terms have resulted in an extension of the target commercial operation date to 1 October 2020 and a compensation settlement to ZEW for the delay. Coliban Water's share of the settlement is \$248,326 which has been recognised in the Comprehensive Operating Statement as other income.

At 30 June 2020 the conditions precedent in the PPA are not completed and ZEW does not have a contractual obligation for the CFD derivative. Therefore, there are no other transactions to be recognised.

Upon satisfaction of the conditions precedent, the CFD derivative will be recognised as a financial liability and will be measured at its fair value. Subsequent changes in the fair value of the derivative will be recognised in the comprehensive operating statement.

The Members' Agreement specifies that ZEW may call on Coliban Water to make a loan available to the ZEW amounting to \$142,544. The loan, if requested by ZEW, would meet the definition of a financial asset as it gives rise to a contractual right for Coliban Water to receive cash from ZEW at the end of the loan term. As at 30 June 2020, no request has been made by ZEW.

Once the facility is operational, the financial impact of the Members' Agreement with ZEW is expected to be an increase in revenue, expenses, and recognition of LGCs as assets held for sale (current asset).

9.5 EX-GRATIA EXPENSE

Ex-gratia expenses are the voluntary payments of money or other non-monetary benefit that is not made to either acquire goods, services or other benefits for Coliban Water or to meet legal liability, or to settle or resolve a possible legal liability of or claim against Coliban Water. Those greater than or equal to \$5,000 or those considered material in nature for 2019/20 totalled \$32,555 (2018/19: \$33,182).

	Notes	2020 (\$'000)	2019 (\$'000)
Forgiveness or waiver of debt ⁽ⁱ⁾		33	18
Property damage payments		–	15
Total ex-gratia expenses		33	33

(i) Includes ex-gratia expenses for individual items relating to financial hardship or being uneconomical to pursue.

9.6 EVENTS OCCURRING AFTER THE BALANCE DATE

There have been no matters and/or circumstances that have arisen since the end of the reporting period which significantly affect or may significantly affect the operations of Coliban Water, the results of those operations, or the state of affairs of Coliban Water in future financial years.

A noteworthy event was the easing of COVID-19 restrictions with the initial state of emergency lifted. However, in July 2020 cases of coronavirus began to increase and in August 2020 the State Government reintroduced strict measures and declared a state of disaster. Refer to Note 1.4 and Note 1.5.

9.7 AUDITORS REMUNERATION

Auditors remuneration for auditing the financial statements of Coliban Water excluding GST for 2019/20 has been set at \$95,500 (2018/19: \$93,100) by the Victorian Auditor-General Office. No other benefits were received or are receivable by the Victorian Auditor-General Office.

9.8 IMPACTS OF CHANGES IN ACCOUNTING POLICIES

(a) Impact on 1 July 2018 Statement of Financial Position – AASB 1059 Service Concession Arrangements

Service concession assets (water and waste water treatment plants) are now accounted for based on adoption of AASB 1059. Previously they were accounted for as finance leases under AASB 117 (replaced by AASB 16 in 2019/20). The impact of AASB 1059 on transition at 1 July 2018 and as at 30 June 2019 was the reclassification of the 'finance lease liability' to a 'service concession liability', \$75.7 million (30 June 2019: \$70.5 million) and the 'finance lease infrastructure assets' to 'Service concession asset – water and waste infrastructure', \$138.5 million (30 June 2019: \$134.0 million). No restatement or adjustments of previously reported quantitative financial information was required. There is no impact on the 2018/19 and 2019/20 operating statement as the measurement of depreciation expense and interest expenses are unchanged.

(b) Impact on 1 July 2019 Statement of Financial Position (AASB 15 and AASB 16)

The tables below show:

- > the adjustments recognised for each individual line item on adoption of AASB 15; and
- > the amount by which each individual line item is affected in the current reporting period under AASB 15 as compared to AASB 118, AASB 111 and AASB 1004.

	30 June 2019 as originally presented (\$'000)	AASB 15 (\$'000)	AASB 16 (\$'000)	1 July 2019 restated (\$'000)
ASSETS				
Current assets				
Cash and cash equivalents	13,793	–	–	13,793
Receivables	24,619	(11,422)	–	13,197
Contract assets	–	13,351	–	13,351
Inventories	1,707	–	–	1,707
Prepayments	618	–	–	618
Assets held for sale	504	–	–	504
Total current assets	41,241	1,929	–	43,170
Non-current assets				
Receivables	649	–	–	649
Infrastructure, property, plant and equipment	1,562,365	–	–	1,562,365
Right of use assets ⁽ⁱ⁾	–	–	3,267	3,267
Intangible assets	66,810	–	–	66,810
Total non-current assets	1,629,824	–	3,267	1,633,091
TOTAL ASSETS	1,671,065	1,929	3,267	1,676,261
LIABILITIES				
Current liabilities				
Payables	18,462	–	–	18,462
Contract liabilities ⁽ⁱⁱ⁾	–	6,759	–	6,759
Interest bearing liabilities	9,727	–	–	9,727
Lease liabilities ⁽ⁱ⁾	–	–	594	594
Employee benefits	5,301	–	–	5,301
Total current liabilities	33,490	6,759	594	40,843
Non-current liabilities				
Payables	126	–	–	126
Lease liabilities ⁽ⁱ⁾	–	–	2,673	2,673
Interest bearing liabilities	437,550	–	–	437,550
Net deferred tax liability ⁽ⁱⁱ⁾	137,068	(1,449)	–	135,619
Employee benefits	710	–	–	710
Total non-current liabilities	575,454	(1,449)	2,673	576,678
TOTAL LIABILITIES	608,944	5,310	3,267	617,521
NET ASSETS	1,062,121	(3,381)	–	1,058,740
EQUITY				
Contributed capital	304,025	–	–	304,025
Asset revaluation reserves	388,094	–	–	388,094
Accumulated funds ⁽ⁱⁱⁱ⁾	370,002	(3,381)	–	366,621
TOTAL EQUITY	1,062,121	(3,381)	–	1,058,740

(i) Recognition of operating leases for office buildings, vehicles, Eppalock pump station and Mount Moliagul radio repeater station.

(ii) Transition adjustment for funding received from DELWP for the Bendigo Groundwater Project: Transitional Solution \$4.8 million (tax impact \$1.4 million). This funding had previously been recognised in the comprehensive operating statement however had not satisfied the performance obligation required under AASB 15.

(iii) Transition adjustment of \$1.9 million to reflect advanced payments from customers.

9.8 IMPACT OF NEW ACCOUNTING STANDARDS (CONTINUED)

(c) Impact on 2018/19 Comprehensive Operating Statement (AASB 1059)

Service concession assets (water and waste water treatment plants) now accounted for based on adoption of AASB 1059 were previously accounted for as finance leases under AASB 117 (replaced by AASB 16 in 2019/20). The impact on the comprehensive operating statement is identical, and therefore no restatement or adjustments of previously reported quantitative financial information was required.

(d) Impact of AASB 15 and AASB 1058 compared to AASB 118 and AASB 1004 for 2019/20

	Notes	AASB 15/1058 2019/20 (\$'000)	AASB 118/1004 2019/20 (\$'000)	Difference (\$'000)
Revenue				
Revenue from contracts with customers	2.2	144,314	145,010	(696)
Government funding	10.1	3,230	4,271	(1,041)
Interest income		68	68	–
Net gain / (loss) on disposal of non-financial assets	4.1.3	(3,101)	(3,101)	–
Other income		2,117	2,117	–
Total revenue		146,628	148,365	(1,737)
Expenses				
Operating and administration expenses	3.2	52,637	52,637	–
Employee benefits	3.3.1	20,266	20,266	–
Expenditure of Government funding	10.1	3,261	3,261	–
Depreciation	4.1.2, 5.3	30,718	30,718	–
Amortisation	4.2	1,221	1,221	–
Borrowing and finance charges	6.1.2	26,346	26,346	–
Environmental contributions	8.2	5,116	5,116	–
Total expenses		139,565	139,565	–
Net result before tax		7,063	8,800	(1,737)
Income tax (expense)/benefit	8.1.1	(2,199)	(2,199)	–
Net result for the period		4,864	6,601	(1,737)
Other comprehensive income		1,388	1,388	–
<i>Items that will not be reclassified to net result:</i>				
Change in asset revaluation surplus	9.1.2			
Income tax relating to these items	8.1.1			
Other comprehensive income for the period, net of income tax				
Total comprehensive income for the period				
Comprehensive result				

9.9 AUSTRALIAN ACCOUNTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE

As at 30 June 2020, the following applicable standards and interpretations had been issued but were not mandatory for the financial year ending 30 June 2020. Coliban Water has not and does not intend to adopt these standards early.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Effective date for the entity	Impact on financial statements
AASB 2018-7 <i>Amendments to Australian Accounting Standards – Definition of Material</i>	This Standard principally amends AASB 101 <i>Presentation of Financial Statements</i> and AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> . The amendments refine and clarify the definition of material in AASB 101 and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendments also include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material.	1-Jan-20	1-Jul-20	The standard is not expected to have a significant impact on Coliban Water.
AASB 2020-1 <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</i>	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. A liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.	1-Jan-22. However, ED 301 has been issued with the intention to defer application to 1 January 2023.	1-Jul-23	The standard is not expected to have a significant impact on Coliban Water

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2019/20 reporting period (as listed below). In general, these amending standards include editorial and reference changes that are expected to have insignificant impacts on public sector reporting:

- > AASB 2018-6 *Amendments to Australian Accounting Standards – Definition of a Business*.
- > AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework*.
- > AASB 2019-3 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform*.
- > AASB 2019-5 *Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia*.
- > AASB 2019-4 *Amendments to Australian Accounting Standards – Disclosure in Special Purpose Financial Statements of Not-for-Profit Private Sector Entities on Compliance with Recognition and Measurement Requirements*.
- > AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (Appendix C)*.

NOTE 10: FINANCIAL IMPACT OF LIMITED TERM PROJECTS

INTRODUCTION	STRUCTURE
This section provides the high level financial impact of limited term projects on Coliban Water's financial statements. Limited term projects should be considered separately to segregate the impacts on the recurring business of Coliban Water.	10.1 Bendigo Groundwater Project: Transitional Solution

10.1 BENDIGO GROUNDWATER PROJECT: TRANSITIONAL SOLUTION

Background

On 24 June 2016, Coliban Water entered into a four year funding agreement with the Victorian Government, through the Department of Environment, Land, Water and Planning (DELWP), to deliver the Bendigo Groundwater Project: Transitional Solution on behalf of the State. The funding agreement provides total funding of \$26.9 million to cover the construction and operational costs for the four year period of the transitional solution.

The Bendigo Groundwater Project: Transitional Solution addresses an emerging risk for the Bendigo community in relation to the groundwater that is rising up through currently disused mine shafts under the central part of Bendigo. Left unmanaged, this water will pose a risk to the tourism sector and decrease the general amenity of the central business district area of Bendigo. DELWP, as the lead agency on behalf of the Victorian Government, and in consultation with Coliban Water, a State and Local Government Advisory Group (SLGAG) and a Community Reference Group (CRG), has developed a four year transitional solution for the groundwater issue.

	Bendigo Groundwater Project		Coliban Region Water Corporation		Consolidated	
	2020 (\$'000)	2019 (\$'000)	2020 (\$'000)	2019 (\$'000)	2020 (\$'000)	2019 (\$'000)
FINANCIAL IMPACT ON THE COMPREHENSIVE OPERATING STATEMENT						
Revenue						
Revenue from contracts with customers	–	–	144,314	143,132	144,314	143,132
Government funding	3,220	2,200	10	78	3,230	2,278
Interest income	58	76	10	40	68	116
Net gain / (loss) on disposal of non-financial assets	–	–	(3,101)	(2,649)	(3,101)	(2,649)
Other	–	–	2,117	1,888	2,117	1,888
Total revenue	3,278	2,276	143,350	142,489	146,628	144,765
Expenses						
Operating, administration and employee benefits expenses	–	–	72,903	71,463	72,903	71,463
Expenditure of Government funding	3,220	5,142	41	76	3,261	5,218
Depreciation and amortisation	3	3	31,936	30,833	31,939	30,836
Borrowing and finance charges	–	–	26,346	27,725	26,346	27,725
Environmental Contributions	–	–	5,116	5,116	5,116	5,116
Total expenses	3,223	5,145	136,342	135,213	139,565	140,358
Net result before tax	55	(2,869)	7,008	7,276	7,063	4,407

In 2018/19 Government funding was recognised as operating revenue on receipt or when Coliban Water obtained control of the funding and met certain other criteria as outlined by AASB 1004 *Contributions*, whichever was the sooner, and disclosed in the Comprehensive Operating Statement as Government funding. Per Note 9.8, on 1 July 2019 Coliban Water transitioned to AASB 15 *Revenue from contracts with customers* and Government funding is now recognised as an unearned revenue liability until performance obligations are satisfied under the contract. Comparatives for the 2019 financial year have not been restated. Expenditure of Government funding reflects the costs of operating and maintaining the Groundwater Treatment Plant.

NOTE 10: FINANCIAL IMPACT OF LIMITED TERM PROJECTS | CONTINUED
10.1 BENDIGO GROUNDWATER PROJECT: TRANSITIONAL SOLUTION (CONTINUED)

	Bendigo Groundwater Project		Coliban Region Water Corporation		Consolidated	
	2020 (\$'000)	2019 (\$'000)	2020 (\$'000)	2019 (\$'000)	2020 (\$'000)	2019 (\$'000)
FINANCIAL IMPACT ON THE BALANCE SHEET						
Assets						
Total current assets	3,966	5,006	34,586	36,235	38,552	41,241
Total non-current assets	561	496	1,638,275	1,629,328	1,638,836	1,629,824
Total assets	4,527	5,502	1,672,862	1,665,563	1,677,388	1,671,065
Liabilities						
Total current liabilities	4,465	666	38,601	32,824	43,066	33,490
Total non-current liabilities	(1,449)	–	570,779	575,454	569,330	575,454
Total liabilities	3,016	666	609,380	608,278	612,396	608,944
Net assets	1,510	4,836	1,063,482	1,057,285	1,064,992	1,062,121
Equity						
Contributed capital	(3,336)	(3,336)	307,361	307,361	304,025	304,025
Asset revaluation reserves	–	–	389,482	388,094	389,482	388,094
Accumulated funds	4,846	8,172	366,639	361,830	371,485	370,002
Total equity	1,510	4,836	1,063,482	1,057,285	1,064,992	1,062,121

Cash held relating to the project is held in a separate deposit account exclusively for the delivery of this project. Costs incurred in building the assets are recognised on Coliban Water's Balance Sheet as work in progress up until the assets are operational at which time, the completed assets are transferred to DELWP through a capital contribution and reported on DELWP's Balance Sheet, based on allocation statements authorised by the Minister for Water.

	Bendigo Groundwater Project		Coliban Region Water Corporation		Consolidated	
	2020 (\$'000)	2019 (\$'000)	2020 (\$'000)	2019 (\$'000)	2020 (\$'000)	2019 (\$'000)
FINANCIAL IMPACT ON THE CASH FLOW STATEMENT						
Net cash inflows/(outflows) from operating activities	(973)	(2,723)	33,295	33,717	32,322	30,994
Net cash outflows from investing activities	(67)	(209)	(27,924)	(22,858)	(27,991)	(23,067)
Net cash outflows from financing activities	–	–	(9,776)	(9,275)	(9,776)	(9,275)
Net increase/(decrease) in cash and cash equivalents	(1,040)	(2,932)	(4,405)	1,584	(5,445)	(1,348)
Cash at the beginning of the financial year	5,006	7,938	8,787	7,203	13,793	15,141
Cash at the end of the financial year	3,966	5,006	4,382	8,787	8,348	13,793

Independent Auditor's Report

To the Board of the Coliban Region Water Corporation

Opinion	<p>I have audited the financial report of the Coliban Region Water Corporation (the corporation) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2020 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • statutory certification. <p>In my opinion, the financial report presents fairly, in all material respects, the financial position of the corporation as at 30 June 2020 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the corporation in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's <i>APES 110 Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the financial report	<p>The Board of the corporation is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

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

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

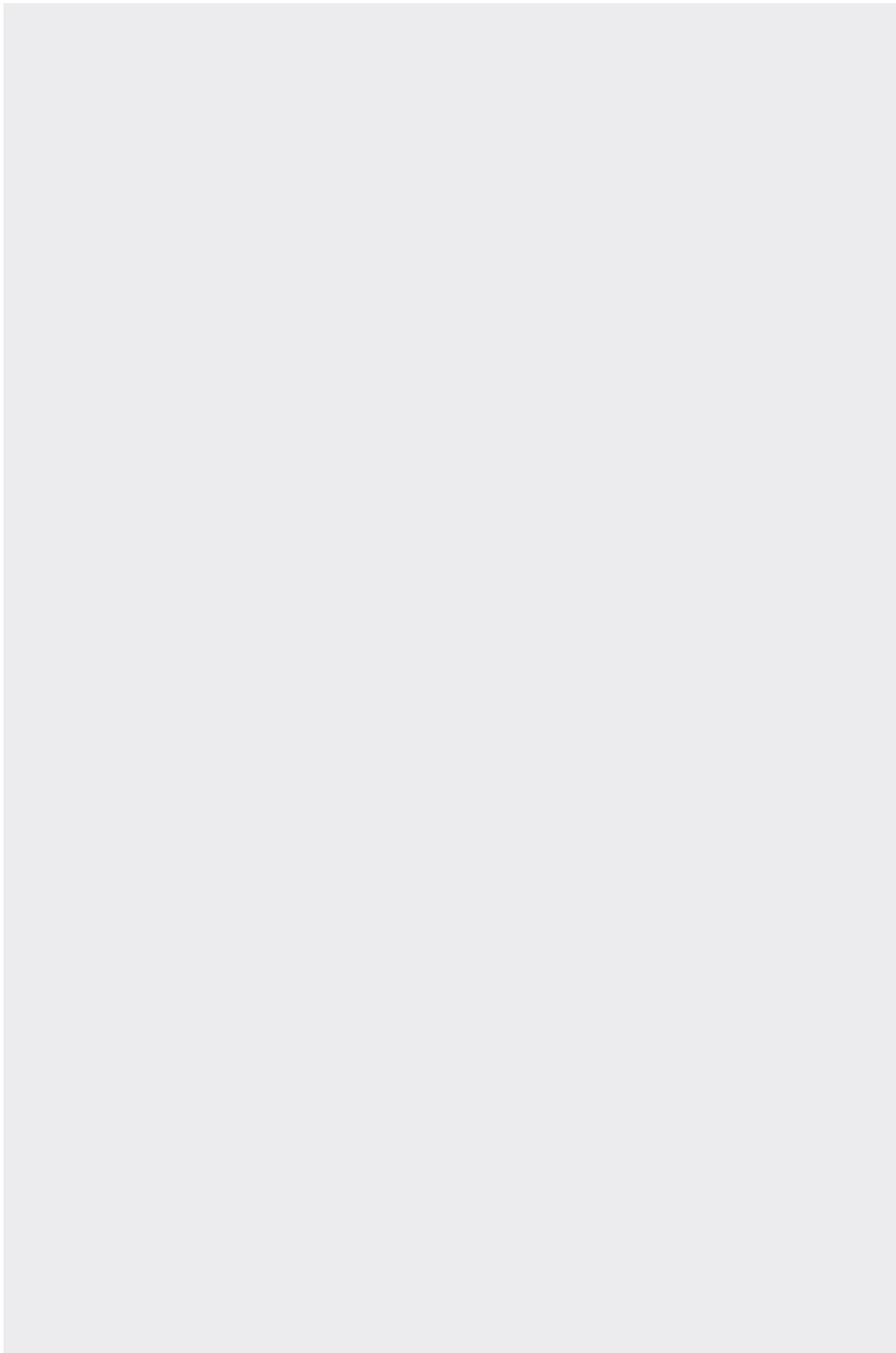
- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the corporation's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the corporation to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

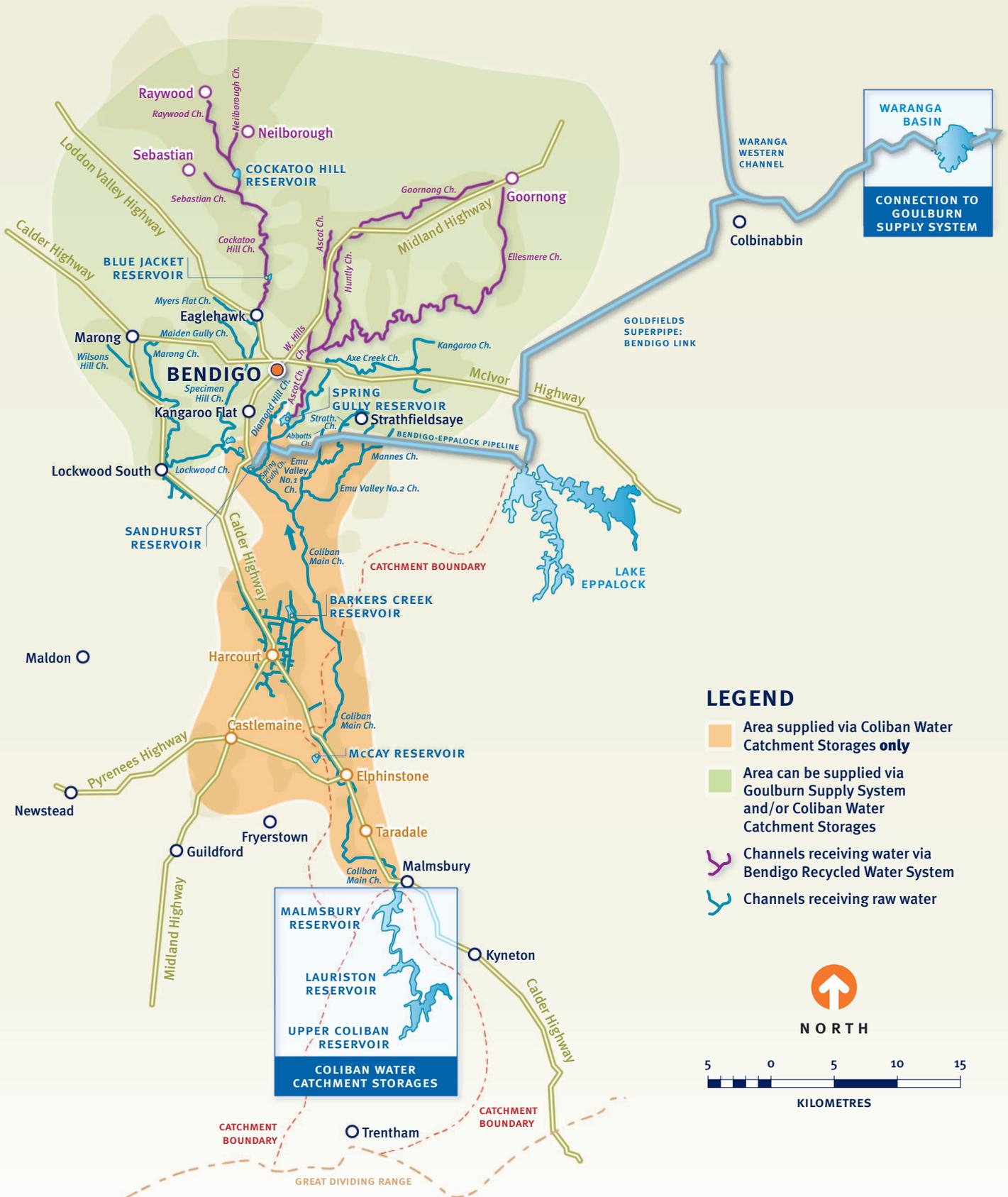
MELBOURNE
30 September 2020



Paul Martin
as delegate for the Auditor-General of Victoria

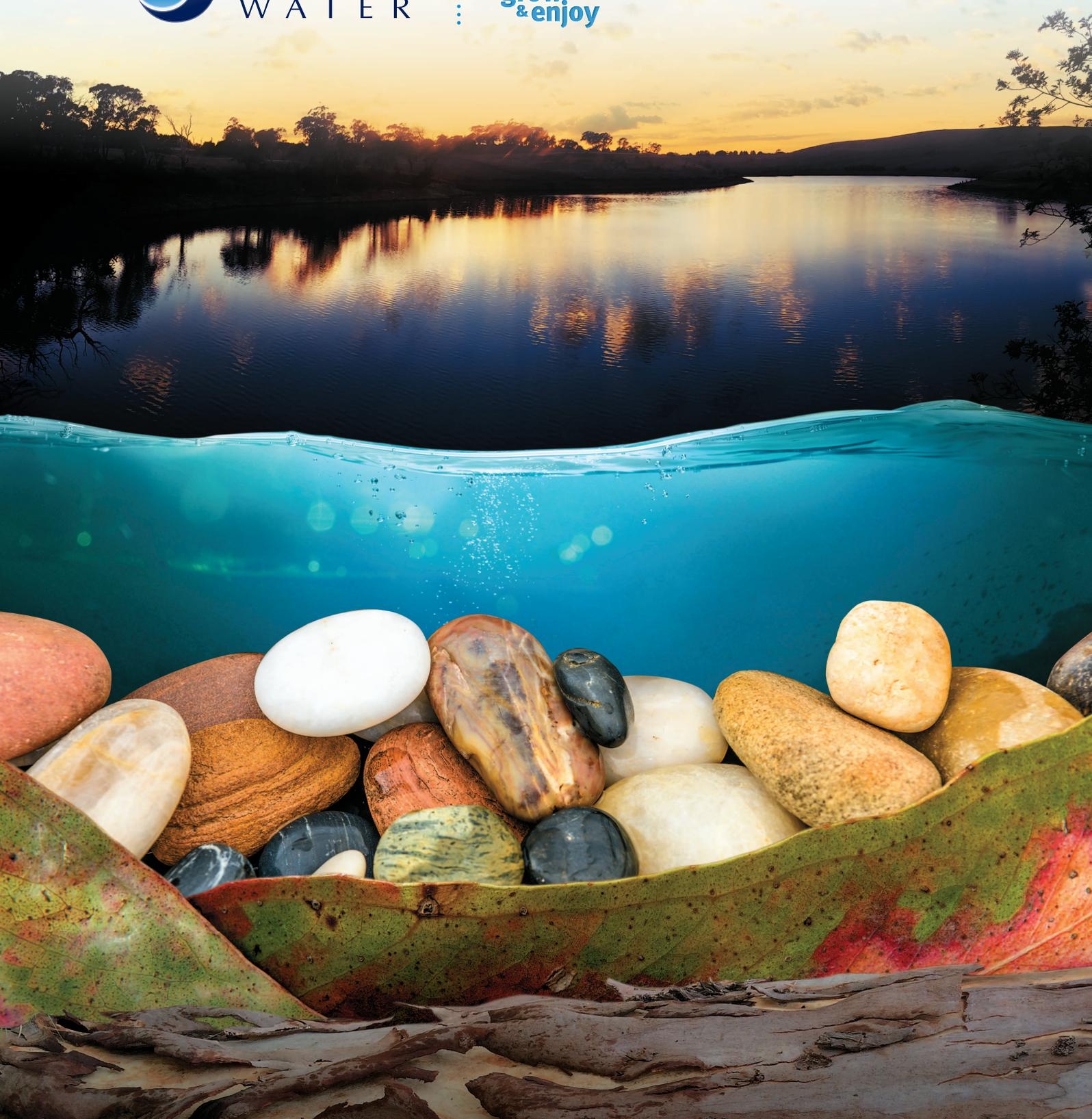


COLIBAN WATER RURAL SYSTEM DIAGRAM





Water
to live,
grow
& enjoy



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