



Annual Report

2020/21

COLIBAN WATER SERVICE REGION



NORTH



SCALE – 1:650,000

Disclaimer: This illustration is provided as a guide only. Coliban Water reserves the right to alter information at any time. © 2021 Coliban Water.

INTRODUCTION

ABOUT THIS REPORT

This Annual Report describes the programs, initiatives and actions we undertook between 1 July 2020 and 30 June 2021. It reports on our progress in implementing our 2020/21 *Corporate Plan*.

VISION

Water to Live, Grow and Enjoy.

PURPOSE

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

OUR CULTURE

Earn the customer | Own the risk | Act

While living the Victorian Public Sector Values:
Responsiveness | Integrity | Impartiality | Accountability |
Respect | Leadership | Human Rights

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 2020 until 14 February 2021 was The Hon. Lisa Neville MP, Minister for Water. Our responsible Minister for the period 15 February 2021 until 30 June 2021 was The Hon. Richard Wynne, Acting Minister for Water. Lucy Roffey was Board Chairperson for the 2020/21 reporting year. Bob Cameron was appointed Board Chairperson effective 1 October 2021.

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

ABOUT OUR COVER

The cover design of this year's report reflects some of our key capital works in the 2020/21 year, including our \$17 million upgrade of the Kyneton Water Reclamation Plant as part of the Kyneton Solutions Project.

It also represents our commitment to the communities we serve and the environment. Our new *Environment and Sustainability Policy Statement* outlines our approach to managing our activities and assets in a sustainable manner. Protecting and enhancing our environment is central to everything we do.

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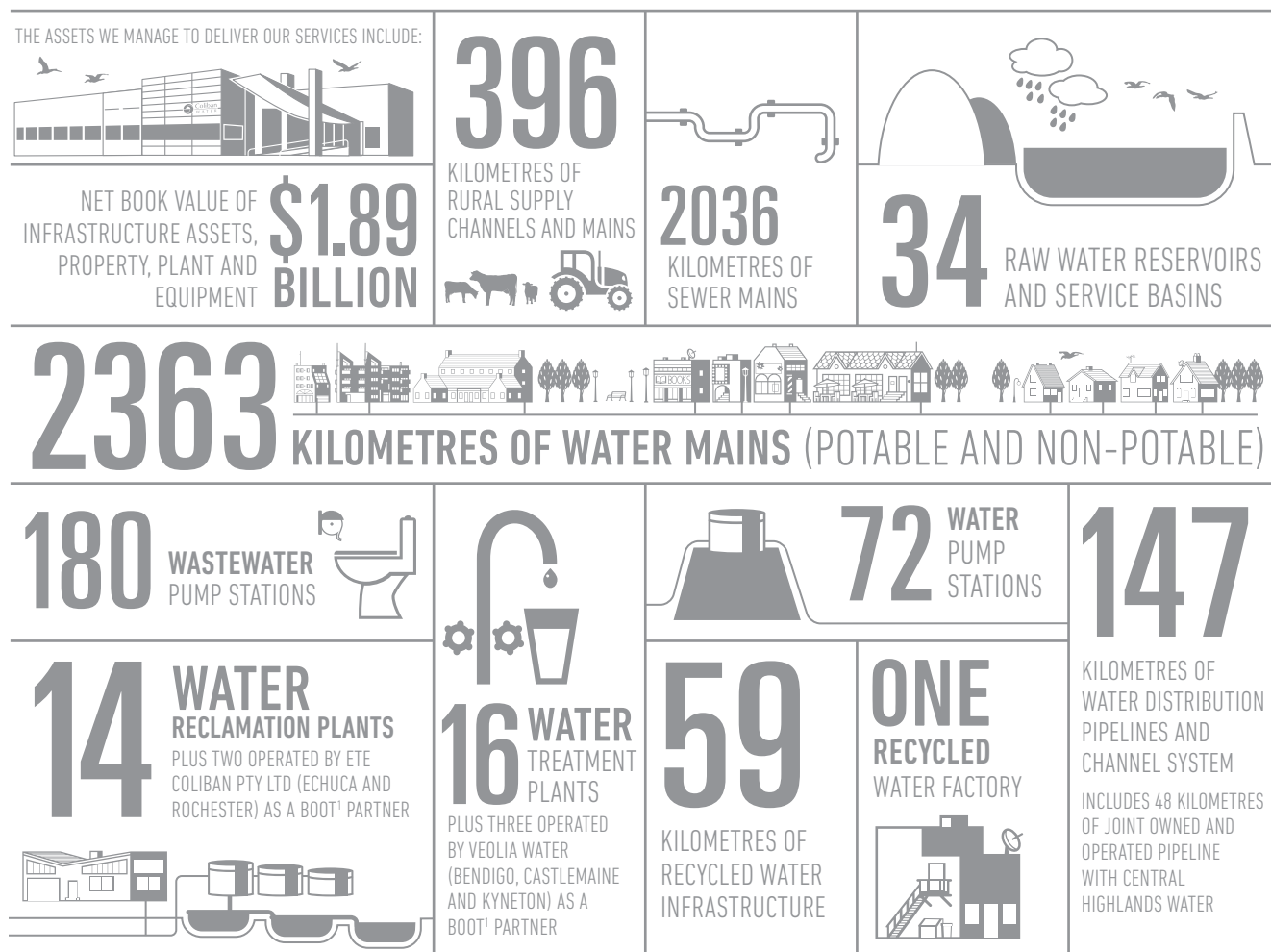
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ABORIGINAL ACKNOWLEDGEMENT

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, and further extend our appreciation to the four main rivers that flow through Country – the Loddon, the Campaspe, the Avoca and the Coliban.

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.

RESPONDING TO CORONAVIRUS (COVID-19)

As an essential service we continued to operate and service our communities throughout this global pandemic. We maintained our Incident Management Team (IMT) to provide leadership to navigate and adhere to the ever-changing public health environment and Government requirements. We strove to ensure our customers experienced no disruption to service whilst maintaining the safety of our staff and communities.

Key actions in our response to COVID-19 included:

- › supporting staff with pandemic leave
- › maintaining the support for our workforce to work from home where possible and being responsive to business and customer needs
- › ensuring all staff who work in our community have appropriate permits and PPE including facemasks and hand sanitiser
- › opening and closing our front counter and reservoirs to public in line with the restrictions as required
- › maintaining staff support and wellbeing checks
- › further alterations to our office spaces to ensure the safety of our staff and customers
- › extended our hardship provisions and financial counselling to customers
- › communicated to our communities, digitally and in print, details of available services and that we were here to help
- › held customer engagement sessions online
- › held online education sessions for schools and kindergartens
- › 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.

Photos appearing on the cover and in this report were taken in accordance with all Victorian Government COVID-19 restrictions applicable at the time.

CHAIRPERSON AND MANAGING DIRECTOR'S REPORT

On behalf of Coliban Water, we are pleased to share our Annual Report for the 2020/21 financial year. This report details our business performance during the year including our audited financial statements and statutory disclosures.

As is custom at Coliban Water, we want begin this report by acknowledging the Traditional Owners of the land and water of the region we serve. We continually seek to learn how we can better support the goals and aspirations of Aboriginal people. Our strong partnership with Dja Dja Wurrung continues as we work on building stronger links with Taungurung, Yorta Yorta and Barapa Barapa. The renewal of our Reconciliation Action Plan is nearing completion. We have adjusted our procurement policy to better recognise Aboriginal businesses and we are measuring our commercial engagement with Traditional Owner Groups while striving to support the policy and Country aspirations that they hold.

Another big year delivering water services to our customers. Coliban Water's revenue for the year was \$142.1 million, our operating expenditure was \$136.7 million and investment through capital expenditure was \$31.3 million.

Our workforce continued to navigate an operating environment dominated by the COVID-19 pandemic. We have built on previous flexible working approaches to ensure continuity of customer service as the pandemic continues. We are committed to the health and safety of our staff and contractors and we'd like to acknowledge and thank them for their perseverance and brilliant work in the middle of a 1 in 100 year global pandemic. We have supported customers experiencing vulnerability through the provision of 12,610 payment plans of which 1,424 were part of our Coliban Assist Program with additional support. This additional support included accessing financial counselling through our partnership with Anglicare Victoria and facilitating access to a range of rebates and grants. Customers who entered our Coliban Assist Program received a total of \$123K from our assistance budget which was a \$70K increase on the year before.

We deliver high quality services to our region, and it's to this point that we introduced a new culture statement for the organisation. We're focused on a culture of *Earn the customer, Own the risk and Act*. We exist to serve our customers, we take responsibility for our actions and risk and are accountable to our communities. We act decisively in our customers' best interests. This will drive us delivering on our commitments in *Strategy 2030*.

We are striving to improve the customer experience for those we serve. In July 2020, we launched new digital technology to improve customer support and billing. As we continue the roll-out of digital water meters across the region we will deliver further water saving benefits for customers and flexibility in the timing and means by which customers pay their water bill.

While we have been working on improving customer experience and supporting customers experiencing vulnerability, we are also planning for, and delivering the assets that will be required both now and into the future. These water services assets will underpin our region's ongoing prosperity as we meet the challenge of climate change and of population growth which has further accelerated throughout the pandemic.

The region continues to grow. The Calder Highway corridor as well as Murray River towns are continuing to grow while Bendigo is a hotspot for population growth, particularly in the key growth corridors of Marong, Maiden Gully, Huntly and Strathfieldsaye. This means our infrastructure is reaching capacity and we must respond with new water services assets. Some customers living in these areas experience lower water pressures, particularly on hot days when the systems become stressed. We commenced the Maiden Gully and Marong Water Growth Project in May 2021 which is part of our long-term strategy to provide additional security of supply for the continued growth of the area and improved water pressure, particularly during periods of hot weather. In Echuca, we completed a \$4.7 million Echuca West Tanks project as part of significant investment in the Echuca region, which has enabled growing demand to be addressed whilst improving the town's water security and water pressure.

Providing safe drinking water for our customers is core business. This year we delivered safe drinking water to over 78,000 residential and non-residential properties amounting to over 19,500 megalitres of water (over 7,800 Olympic-sized swimming pools). Testing, measures and audits of water quality demonstrated compliance with the health-based guideline values specified in the *Australian Drinking Water Guidelines* and the *Safe*

Drinking Water Regulations. A more detailed report of our water quality findings are found in the Water Quality and Reliability section on page 20 of this report. In late 2020, under the direction of the Department of Health, we completed works to include fluoride in the water supplied to Cohuna. In April 2021, customers in Cohuna were receiving fluoridation which is a safe and effective way to improve dental health, and is recommended by leading national and international health organisations.

We are committed to being environmental stewards. Our new *Environment and Sustainability Policy Statement* was launched and drives a strong aspiration of environmental stewardship that looks beyond regulatory compliance, while we also prepare for the launch of the new General Environmental Duty administered by the EPA. While pursuing a 'beyond compliance' aspiration we have also recognised that we have some asset renewal and augmentation that is overdue. An example worth noting is the soon to be completed, generational upgrade to the Kyneton Water Reclamation Plant overseeing approximately \$17 million of investment.

Near term water security is sound. At the end of the financial year, the storage levels of our three major catchments in the Coliban System were sitting at 81.5 per cent. The year's rainfall into our catchments has been good, when also factoring in climate change. Water inflow was approximately 40,000 megalitres, which is 10,000 megalitres more than average over the last 25 years. Whilst our region is adapting to a hotter and drier climate, we were not complacent and continue to plan and work towards reliable water security to support economic investment and sustain population growth. We remained focused on the challenges of water security and climate change outlined in our *Strategy 2030*.

Climate change is also impacting raw water quality as a result of increasing intensity and duration of Blue Green Algae (BGA) blooms. This ongoing issue requires us to invest in additional water treatment capacity in Murray River towns in particular. We are aware that this has been an inconvenience for our customers and managing the increased risk of BGA blooms is part of our climate adaptation approach set in *Strategy 2030*.

With the goal of supporting community wellbeing we provided seven local government partners with a combined 98 megalitres of discounted water (half the normal consumption fee) for the purpose of greening open spaces for recreational use to help improve community health and wellbeing. This demonstrates the role we can play in contributing to green and blue infrastructure to enable liveable, sustainable and productive cities and regions which are critical to create greener, cooler and more attractive urban spaces to live, work and play.

Further on the theme of supporting active communities, this was the first full year since the Coliban Water storages and Barkers Creek Reservoir were open for on-water recreation. We are proud to share these beautiful places with locals and visitors alike. There were further investments in facilities at these sites to enhance visitor experience, including opening a new toilet block at Barkers Creek Reservoir near Harcourt, thanks to funding from the Victorian Government.

Customer input is shaping our future. To reflect the needs of our communities, we commenced planning the most extensive customer and stakeholder engagement program in our history. We have plans for regional committees, representative of the populations of our 49 towns, to have direct input to our *Urban Water Strategy* and our *Pricing Submission 2023* which are vital to our region's future. We are engaging more deeply with customers than ever before and will diligently ensure that customer needs are central to our long-term planning. A final thank you to all staff, the Board and chairs of our Board Committees in rolling up their sleeves to help us plan for the future. This will ensure we deliver our strategic goals for the benefit of the communities that we serve.



Lucy Roffey
Chairperson

1 October 2015 to 30 September 2021



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** – Water is a precious resource. We will focus on securing our region’s water supply in challenging times through innovation, education and carbon reduction.
- 2. Healthy People and Environment** – Water is essential to sustain life. We will focus on providing clean, affordable water for human and environmental needs including for Aboriginal values.
- 3. Prosperous Economies** – Water underpins economic prosperity. We will focus on partnering with industry and government to plan and build water services that supports business, industry and employment
- 4. Green and Active Communities** – Water underpins liveability. We will focus on working with community and partner agencies to sustain attractive green spaces and recreational water access for our 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. A summary of our *Corporate Plan* initiatives and progress at 30 June 2021 is in the tables below. These are separated into our four Strategic Directions and show links between our initiatives, *Water for Victoria* (WfV), the *Letter of Expectations* (LoE) and the UN Sustainable Development Goals (SDGs).

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. Recognise recreational values
5. Resilient and liveable cities and towns
6. Leadership and culture
7. Financial sustainability

THE UN SUSTAINABLE DEVELOPMENT GOALS (SDGS)

- Goal 1: No poverty
- Goal 2: Zero hunger
- Goal 3: Good health and well-being
- Goal 4: Quality education
- Goal 5: Gender equality
- Goal 6: Clean water and sanitation
- Goal 7: Affordable and clean energy
- Goal 8: Decent work and economic growth
- Goal 9: Industry, innovation and infrastructure
- Goal 10: Reduced inequality
- Goal 11: Sustainable cities and communities
- Goal 12: Responsible consumption and production
- Goal 13: Climate action
- Goal 14: Life below water
- Goal 15: Life on land
- Goal 16: Peace and justice strong institutions
- Goal 17: Partnerships to achieve the goal

STRATEGIC DIRECTION 1: WATER SECURITY AND ZERO CARBON

INITIATIVES	PROGRESS	WfV	LoE	SDGS
WATER SECURITY				
Approve and publish water restriction (allocation) rules for rural customers.	Deferred ¹	1, 4, 5, 8	2	2
Publish water supply reliability (demand and yield) analysis in the Campaspe, Goulburn, Loddon and Wimmera Water Supply Systems. Complete stakeholder engagement regarding water supply and demand options.	Deferred ¹ Ongoing ¹	1, 5, 6, 7, 8	1, 2, 4	1, 6, 9, 11, 12, 13
Publish drought response plans in systems with a major supply or demand risk. Establish best value demand reduction opportunities.	Deferred ¹ Complete	5	1	6, 9, 11, 13
Install a fit-for-purpose urban supply bore at Trentham. Investigate groundwater augmentation for Coliban Southern.	Complete Complete	1, 5, 8	1	6, 9, 13
Establish best value projects to improve rural efficiency and seek stakeholder support for external funding.	Complete	4	1, 2	6
ZERO CARBON				
Deliver solar installations at Wedderburn WRP, Cohuna WTP, Bridgewater WTP, Bridgewater WRP, Laanecoorie WTP and Lockington WTP and undertake benefits realisation on these six installations.	Deferred ²	2	1	7, 9, 11
Endorse an internal carbon price. Embed the carbon price in internal policies and procedures.	Complete Complete	2	1	6, 7, 9, 11, 13
Establish interim targets for each five-year pledge period into the <i>Energy and Carbon Management Strategy</i> .	Complete	2	1	7, 11, 13

STRATEGIC DIRECTION 1: WATER SECURITY AND ZERO CARBON (CONTINUED)

INITIATIVES	PROGRESS	WFO	LOE	SDGS
CLIMATE CHANGE ADAPTATION				
Review the High-Level Risk Assessment on the impacts of climate change. Complete Climate Change Adaptation Plan.	Complete Complete	1, 2, 5, 7	1	6, 9, 11, 12, 13
Incorporate climate change criteria into asset risk processes. Undertake a climate change vulnerability assessment for high risk assets/sites. Identify supply chains that are more susceptible to climate change.	Complete Complete Complete	1, 2, 5	1	
Incorporate climate change variables and impacts into all long-term planning assessments.	Complete	1, 2, 5, 7, 8	1	1, 6, 9, 11, 12, 13

STRATEGIC DIRECTION 2: HEALTHY PEOPLE AND ENVIRONMENT

INITIATIVES	PROGRESS	WFO	LOE	SDGS
CATCHMENT AND ENVIRONMENTAL HEALTH				
Complete all scheduled water reclamation plant upgrades within project delivery timeframes. Complete Phase 2 Kyneton Water Reclamation Plant works.	Delayed ² Complete	3	5	3, 6, 9, 11, 12, 15
Achieve shared understanding of <i>A Healthy Coliban Catchment (AHCC) Annual Works Plan</i> with the North Central CMA. <ul style="list-style-type: none"> Continue Aquatic Environmental Stress Research Group (AQUEST) water quality monitoring of the Campaspe River at Kyneton throughout 2020/21. Share the results of the AQUEST monitoring program with the regulator and others as appropriate. 	Complete	3	5	3, 6, 15
Expand our management systems to reflect changes in environmental legislation and ensure compliance with the General Environmental Duty applying in 2020/21.	Complete	3, 6	5	3, 6, 11, 12, 15
Conduct proactive maintenance on 300 kilometres of sewer mains. Renew 2.4 kilometres of sewer mains. Inspect 500 sewer access points. Achieve a blockage rate less than 23 blockages per 100 kilometres of sewer main.	Complete Complete Complete Complete	3	5	3, 6, 9, 15
Complete a biosolids treatment and management investment plan. Sustainable reuse of biosolids in 2020/21.	Complete Complete	10	5	3, 6, 11, 12, 15
COMMUNITY				
Plan and deliver the Annual Customer Forum.	Complete	NA	2	1, 6, 11
Plan, deliver and assess customer satisfaction survey.	Complete	1, 10	2	6, 11
Conduct a benefits realisation of the new customer, billing and stakeholder systems.	Complete	NA		8
Complete 100 community education sessions.	Intent achieved with a different delivery method	1, 5	2	4, 12, 13
WATER QUALITY				
Complete water treatment projects at Echuca and Korong Vale and an investigation at Goornong within project delivery timeframes.	Complete	9	5	6, 9
TRADITIONAL OWNER CULTURAL VALUES				
Have our proposed <i>Innovate Reconciliation Action Plan (RAP)</i> submitted to Reconciliation Australia.	Delayed ³	6	2, 3	4, 11
Determine how Coliban Water can assist local Traditional Owner groups regarding economic self-determination.	Ongoing	6, 10	2, 3	NA
Understand how local Traditional Owner groups value water in our region.	Ongoing	1, 6, 10	2, 3	6, 11, 15
Develop a Cultural Heritage Management Plan for the installation of boat ramps at Premier Mine Road and Barkers Creek.	Complete	6	2	6, 11
Achieve ongoing compliance with the objectives of the Memorandum of Understanding (MoU) with Dja Dja Wurrung Clans Aboriginal Corporation.	Complete	1, 6, 10	3	6, 11

STRATEGIC DIRECTION 3: PROSPEROUS ECONOMIES

INITIATIVES	PROGRESS	WFV	LOE	SDGS
PARTNERSHIPS				
Develop and implement a community stakeholder charter and a government stakeholder charter, inclusive of measurement frameworks.	Complete	4, 5, 8, 10	3	6, 8, 17
Improve the relationship with our top four private strategic partners, measured through annual surveys, by establishing a baseline, obtaining results and implementing actions.	Complete	10	2	6, 8, 9, 17
Meet with top 20 major water and wastewater customers to identify their service needs. Complete five major customer water audits to assist customers in managing their water use.	Delayed ⁴ Delayed ⁴	5, 10	2	6, 8, 9
PROSPERITY				
Undertake a baseline survey of business perception of our provision of affordable, efficient and reliable service delivery.	Deferred ⁵	5	2	6, 9, 11
Complete preliminary designs for Echuca West, Marong and Strathfieldsaye tanks and booster pumps.	Complete	5	5	6, 9, 11
Approve and implement an updated procedure for negotiated New Customer Connections.	Complete	NA	2	9, 11, 17
Review and publicly report the effectiveness of local employment initiatives including Local Jobs First, <i>Social Procurement Policy</i> and GROW Bendigo.	Complete	10	3	8
Complete the Bendigo Town Vision to support the City of Greater Bendigo's <i>Industrial Land Strategy</i> .	Complete	5	5	6, 9, 11
Continue to deliver the Bendigo Groundwater Transitional Solution on behalf of the Victorian Government through 2020/21.	Ongoing	1	5	6, 11
ECONOMIC SUSTAINABILITY				
Obtain signed agreements from all trade waste customers.	Ongoing	5	2, 5	3, 6, 11, 12
Identify opportunities for innovative pricing agreements with large customers to optimise asset utilisation.	Complete	10	2, 5	6, 9, 11

STRATEGIC DIRECTION 4: GREEN AND ACTIVE COMMUNITIES

INITIATIVES	PROGRESS	WFV	LOE	SDGS
GREEN AND ENGAGING LANDSCAPES				
Inform councils of new criteria for accessing the Local Government Recreational Water discounts, determine allocation of water discounts and complete a post implementation review of the 2020/21 program.	Complete	5, 7	4, 5	6, 11
Complete the <i>Bendigo Recycled Water Factory Master Plan</i> .	Complete	1, 2, 5	5	6, 9, 11
Achieve greater visibility of <i>Smart Gardens</i> booklet by printing and distributing at least 5,000 copies of the updated booklet.	Complete	5	5	6, 12, 13
ACTIVE AND HEALTHY COMMUNITIES				
Develop Recreation Policy.	Delayed ³	7	4	11
Build two new boat ramps (funded by Better Boating Victoria and Victoria Fisheries Authority) at our southern storages.	Complete	7	4	11
Install five new permanent bubblers in our region. Procure two additional relocatable bubblers.	Delayed ⁶ Complete	5	2, 5	4, 6, 9, 11, 12
Participate with Campaspe Shire and the all-abilities services group Vivid in the <i>Be a Refiller</i> program throughout 2020/21.	Delayed ⁴	5	2, 5	6, 11, 12
Supply <i>Choose Tap</i> water bottles to Dental Health Services Victoria for kindergarten-age children participating in the <i>Smiles 4 Miles</i> program.	Complete	5	2, 5	6

1 Being undertaken as part of the *Urban Water Strategy* process into 2021/22.

2 Some projects deferred to the 2021/22 as part of Capital Expenditure (CAPEX) prioritisation.

3 Draft documents prepared.

4 COVID-19 restrictions made these initiatives difficult to achieve.

5 To be completed as part of *Pricing Submission 2023* Engagement Program in 2021/22.

6 Four installed and one in progress.

CUSTOMER SUPPORT

This year has seen the transition to a new Customer Relationship Management (CRM) and billing system. This work was a core foundational milestone of our multi-year digital modernisation program.

The next two to three years of this modernisation will see further improvements to our customer and digital systems, inclusive of a new contact centre platform, digital options for bills, correspondence, and other notifications as well as improvements to our forms and application processes.

Whether by increasing the number of channels customers can contact us on or continuing to improve the efficiency and effectiveness of our interactions with customers, the focus of our digital journey is about meeting and exceeding our customers' expectations.

With the challenges posed by COVID-19 over the past year our Customer Support Team implemented a work from home program while our front counter was closed, in line with Government directions. We continued to provide assistance to our customers through email, online forms and telephone across our residential, commercial and rural customer base.

We provided assistance on 75,000 occasions during the reporting period with the majority of our customer contact via telephone as the first preference, email, online forms and lastly mail. A further 2,000 requests for faults and emergencies were taken by our after hours call centre based in Melbourne.

In addition to faults and emergencies, our team predominantly assisted with account enquiries, payment arrangements, tenancies and concessions. We also welcomed customers on the Rochester, Echuca, Dunolly and Bealiba standpipes with ownership migrated across to Coliban Water from the Central Goldfields and Campaspe Shires during the course of the financial year.

This expanded the standpipe base to 17 treated and recycled water sites for both private and commercial carting, serving approximately 2,000 customers. Our standpipes were accessed on 18,000 different occasions last year delivering a volume of 116 megalitres to meet customer demand.

Our Customer Support Team also manages water ordering and assists with delivery on orders for our rural customer base. With a 100 per cent allocation in 2020/21, we managed 1,139 orders, assisted in 35 permanent and temporary transfers of water as well as 45 licence transfers across the base of 1,360 active rural licences.

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.

This year we focused on resolving complaints at a business level over the course of the financial year. In total there were 35 customer approaches to the EWOV, of which 28 were referred on to Coliban Water as a formal complaint requiring investigation and resolution. Seven enquiries did not require a formal referral to Coliban Water.

The cases received through EWOV revolved around service charges as the number one issue with the remainder of complaints evenly spread across aspects of our billing and operations.

COMMUNITY INCLUSIVENESS

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 are accredited by Scope Australia and use 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.

We participated in industry networks and programs such as Pride in Water and WaterAble. By participating in these initiatives, we gain knowledge and understanding and continue to work towards creating a more inclusive water industry for staff, contractors and customers.

RECONCILIATION ACTION PLAN (RAP)

During the year, we developed and sought feedback on our draft *Innovate Reconciliation Action Plan*. Whilst doing this, we have continued working on our relationships and understanding 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.

COVID-19 again impacted our ability to participate in National Reconciliation and NAIDOC weeks with events being cancelled or having reduced capacity. We were still able to be proud sponsors of the Bendigo NAIDOC Committee's NAIDOC Week celebrations and we encouraged staff to be engaged virtually with these events. During National Reconciliation Week we hosted an internal film screening for staff of the documentary *In My Own Words*, which shares the stories of participants in an adult literacy class operating in the Northern Territory. Through internal communications and sharing of information, we aimed to increase learning, respect and understanding.

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 met with the Managing Director of Taungurung Land and Waters Council to gain understanding and learning about their organisation and aspirations.

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.

COMMUNITY ENGAGEMENT

Our goal is to identify and create opportunities to involve our customers and the community in the decision-making process. We recognise that our communities are key stakeholders in our business and value the contributions they make. We want to use their feedback to help improve our services and provide the best value for money that we can.

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* 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 *Pricing Submission 2023*.

We have developed a new *Stakeholder Engagement Strategy* and Community Relations approach that will help to drive our current engagement activities and outcomes.

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 work together. We also use them as a sounding board for what the community value and expect from us and to promote local projects and initiatives.

These groups and committees include:

- › 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 continuing to work with landowners adjoining our water storages in and around the Kyneton area.
- › We continue to work closely with local progress associations and community groups to identify and address local issues.
- › We take 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 where we ask them to provide feedback on our self-assessment. This year the format was again held online due to the ongoing challenges associated with COVID-19. We held two online sessions which were attended by a total of 21 customers, who rated our performance against the five Outcomes using the same traffic light approach.

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 2020/21 results are now available on our website.

Due to a change in business priorities we have had to reconsider our commitment to pay \$4 million off our debt annually. So far this pricing period we have paid back \$8 million but will not continue with this. We discussed this with the Annual Customer Forum participants and sought their advice on how to communicate this to the broader customer base and stakeholders, which we have now done.

COMMUNITY CONNECT

This program engages existing community groups to inform us of community expectations and supplies insights into the customer experience. This approach 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.

The key challenge this year was being unable to attend community group meetings face-to-face. Many groups also chose not to meet online, reducing the opportunities to discuss community issues in a group setting, however we have made ourselves available to participate online if requested. We have continued to send out emails updating groups of current initiatives that may be of interest to their community and followed up with phone conversations with some groups.

This program continues to provide valuable insights into community aspirations and how we can support them. It also allows us to better understand and manage expectations around local issues.

COMMUNITY POP UP PROGRAM

This year we refreshed our community visits program with a new name – *Community Pop Up*. 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.

Many of our partners postponed events this year and the uncertainty around rules on gatherings reduced the opportunities we normally have to engage face-to-face with our customers. Overall, we were able to attend 19 events including the Bendigo Sustainability Festival.

These engagement events were crucial in giving the community a voice in our drafting of the *Urban Water Strategy* and engaging on building a sustainable water future.

With more people becoming comfortable with online community engagement, we complimented the face-to-face *Community Pop Up* program with *Connect Coliban*.

CONNECT COLIBAN

Connect Coliban is our new online engagement platform that went live in April 2021. The purpose of this platform is to increase our reach and accessibility for customers using a variety of online tools that can be tailored to suit different circumstances. We will use it to create a space that is easy to access, provides information and seeks feedback and ideas, which can be used to help shape our planning and decision making.

COMMUNITY ENGAGEMENT FOR 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.

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 in-person and online *Water Heroes* and *Flushed!* incursions to 2,599 children in 31 kindergartens across the region, encouraging water-saving behaviours, tap water as the preferred drink option, and only flushing the 3 Ps – Poo, Pee and (toilet) Paper. We have continued our partnership with Dental Health Victoria's *Smiles 4 Miles* program, providing water bottles and teaching resources.

In March 2021 we hosted an online Water Hero Educators professional development session for kindergarten and family day care educators, to provide further resources and a deeper understanding of the urban water cycle and benefits of water as a drink.

Interactive and curriculum-linked sessions have been delivered to 1,892 students in 13 primary schools across the region, using science demonstrations, story-telling and a virtual tour of a wastewater pipe. Feedback from teachers has remained positive with content delivered believed to be engaging, age-appropriate and relevant to curriculum.

To celebrate National Water Week, 49 students from seven schools participated in a poster competition. We collaborated with 15 other water organisations to deliver the Online Learning Festival, with water-themed events including: Book Week author talk, Nova Peris webinar and an on-demand school theatre performance. Event videos were viewed 2,155 times and most remain accessible. We celebrated World Toilet Day with kindergarten and primary school online events attracting 12 classrooms, allowing us to share our 3 Ps campaign with a broader audience.

Broader community education has continued to be a focus. We have engaged with a range of organisations including libraries, collaborating on a *Water Hero* online story time. We attended Tomorrow Bound Careers Expo, conducting a tap versus bottled water taste test with around 1,700 secondary school students and teachers and talking about water industry career paths.

COVID-19 continued to impact our education program's ability to provide incursions, resulting in the cancellation of 24 booked sessions in 2021. We continued to provide education via our website and social media. We provided online sessions via MS Teams, Zoom and Webex. In February 2021, we offered *The Thirsty Show* to primary schools to encourage good water drinking habits early in the school year. Four 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 347.6 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. Three winning schools were awarded SWEP registration. We collaborated with ResourceSmart Schools to provide support for schools completing the water module.

COMMUNITY HEALTH

We are 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. We also work with community and partner agencies to sustain attractive green spaces and recreational water access to support the health and wellbeing of our communities.

To support all this, we promote *Choose Tap* through education programs, installing water units in public spaces in collaboration with councils and supply portable water units to community events. We also participate in Water Sensitive Bendigo (more information about this initiative and our participation can be found in the Environment and Sustainability section on page 32 of this report).

CHOOSE TAP

A large part of the *Choose Tap* program is our portable water units attending events to keep event goers hydrated and healthy whilst educating them on the benefits of choosing tap. As many events continued to be delayed or cancelled due to COVID-19, we upgraded our water bottle refill units with touch-free sensors so that events that did go ahead were able to follow COVIDSafe processes. Our converted units were able to attend six events around our region.

We partnered with councils across our region to install *Choose Tap* public water bottle refill units and drinking fountains. These fountains are accessible and include public health and environmental messaging to educate the public on the benefits of choosing tap.

We provided teaching resources and 1,295 water bottles to 33 kindergartens participating in the *Smiles 4 Miles* program.

DIGITAL COMMUNICATIONS

A continued focus on our online presence has been key to digital communications over the last year, in light of intermittent COVID-19 restrictions for Victoria. Our website and social media channels provide engaging content, relevant information and support for customers.

This year we launched a new online engagement platform, *Connect Coliban*, making it easier for communities and stakeholders to have their say. It has provided an opportunity for the business to further connect with communities and broaden discussions within an easy-to-use, online environment. We've added a new button to the home page of our website to make our new *Connect Coliban* platform easily accessible.

Followers have grown on our Facebook platform to a total of 1,678, up from 1,378 in the last financial year. Our Twitter followers have also grown to a total of 2,653, up from 2,578 in the last financial year. We also continued to use our LinkedIn platform. The priority for digital communications has focused on ensuring it is accessible to all customers, including easy to find and easy to read information.

We continue to increase our focus on video, developing regular videos to maintain the identity of Coliban Water and tell our stories. Videos are uploaded to YouTube, and promoted across our social media platforms to further increase our online presence. In the last 12 months we have created 60 videos for use across these platforms. Videos can be promotional in nature, informative or used internally.

Our 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. It also allows our Twitter account to feed directly into the Latest News page and several other interactive pages are being created. These interactive pages will include content on Traditional Owners in our region and a user-friendly water cycle illustration.

Our website had 101,839 users in the 2020/21 financial year, compared with 77,555 users the previous year. Our website also had 395,273 page views in 2020/21, compared with 364,450 the previous year. Popular pages were our home page, account information and how to pay your bill, contact information, reservoir levels, moving house information and details for those building or developing. We also have a range of online forms available.

We mail out copies of our free, comprehensive *Smart Gardens for a Dry Climate* booklet to those who request a copy from our website. We distributed 5,000 copies of this guide in the 2020/21 financial year.

As COVID-19 has continued to impact our communities, we have promoted our customer support information via our website and social media platforms, to ensure customers are aware of the range of support functions available. This includes links to pages with information on flexible payment plans, tailored solutions and information on our water and wastewater processes. We also communicated the closures of the Customer Contact Centre as well as facilities at the reservoirs at various times throughout the reporting period.

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 has been created, if field crews are on-site or if work has been completed.

We continue to support the Victorian Government's *Target Your Water Use* campaign, as well as its *Water Safety* campaign in summer months. We share Victorian Government information on COVID-19 as required via our social media platforms.

Information continues to be provided online, by post, letterbox drop, SMS, 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

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, construction of park shelters and pathways, integrated water and urban water strategies. We have also focused on the delivery of the obligations of Schedule 16 of the *Reconciliation and Settlement Agreement* between the Dja Dja Wurrung and the State of Victoria.

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.

CULTURAL HERITAGE MANAGEMENT PLANS

During the year we continued to work with the Dja Dja Wurrung on the Cultural Heritage Management Plans (CHMPs) for an upcoming package of water main augmentation projects in the Bendigo region. We also commenced work with the Dja Dja Wurrung regarding CHMP requirements for a proposed new storage tank at the Trentham Water Treatment Plant. All plans are being developed in accordance with the *Aboriginal Heritage Act (2006)* and *Aboriginal Heritage Regulations (2018)*. These CHMPs will continue progressing over the next year and possibly beyond, depending on project timing.

LAND USE ACTIVITY AGREEMENT (LUAA)

In 2020/21 we continued the negotiation process with the Dja Dja Wurrung regarding works proposed at the Elmore Water Treatment Plant. This agreement has been finalised in early 2021/22. Notification of an advisory activity regarding revegetation works at Malmsbury Reservoir was also given during the reporting period.

ON-WATER RECREATION

We support the Victorian Government's commitment to provide more recreational fishing locations. A range of improvements have been made in the 2020/21 financial year to facilitate better access to our reservoirs for on-water recreation. Malmsbury, Lauriston, Upper Coliban and Barkers Creek reservoirs are open for on-water recreation.

Members of the public can use non-powered craft and small craft with electric motors at specified reservoirs. Improvements to facilities in the last year have included boat ramp and car parking upgrades at Barkers Creek and Lauriston reservoirs. A new toilet block has been completed at Barkers Creek and a new shelter and landscaped area has been built at Upper Coliban Reservoir, with work and input from Djandak.

We maintained up-to-date information on our website to inform visitors about access to our reservoirs for recreational purposes. This includes access hours, maps, available facilities, safety information, expectations of users at each reservoir and information on what is and is not allowed at each site. There is also up to date notifications for each reservoir about closures for safety or spilling purposes. General and historical information is also provided, as well as reservoir levels. This information aims to enhance the experience for users of these sites and to assist recreational users when planning their visit.

CUSTOMER RESEARCH AND INSIGHTS

In collaboration with other Victorian regional water authorities, Coliban Water embarked on an *Annual Customer Satisfaction Survey* during the last financial year. This aimed to support understanding about how customers view Coliban Water, track performance over time and improve the delivery of services to better meet customer expectations.

In October 2020, a phone survey collected responses from 400 customers. The results have been shared broadly across the organisation, promoting understanding about customer perception of the organisation's performance.

When comparing results with 2019, improvements were recorded in community reputation, overall satisfaction, trust and value for money. An outcome of the report was to focus on improving Coliban Water's reputation in the community; in this study 61 per cent of respondents agreed with the statement that the organisation is a valued member of the local community.

An online customer data portal, *Voice of the Customer*, was launched across the business. This tool has created a central location for data on customer interactions. This new tool will be utilised by teams across the business to better understand and respond to customer expectations.

WATER SECURITY

We manage a number of water supply systems, each defined by their water source. In some cases, there are multiple sources of water that can supply a system.

The Campaspe System sources water from the Campaspe River. The Coliban System sources water from our storages on the Coliban River or Lake Eppalock. We can also access water from the Waranga Western Channel via the Goldfields Superpipe for the Coliban System.

The Loddon and Wimmera System can source water from the Wimmera Mallee Pipeline, South-West Loddon Pipeline and Loddon River. The Goulburn System Sources water from the Waranga Western Channel and the East Loddon Pipeline. The Murray System sources water from the Murray River and associated channel systems.

The Trentham System sources water from a spring which is supplemented by groundwater. The Elmore System is supplied by groundwater.

Our water holdings include Bulk Entitlements, High Reliability Water Shares (HRWS), Low Reliability Water Shares (LRWS), Water Allowances (WA), and licenses to take and use groundwater.

We have Bulk Water Entitlements in the Campaspe, Loddon and Murray Rivers as well as from the Goulburn Channel System, Wimmera Mallee System and spring fed reservoirs at Trentham.

We hold high and low reliability water shares in the Campaspe, Goulburn and Murray systems.

We have water allowances from the East Loddon Pipeline for our Goulburn System, and from the South West Loddon Pipeline and Wimmera Mallee Pipeline for the Loddon and Wimmera System.

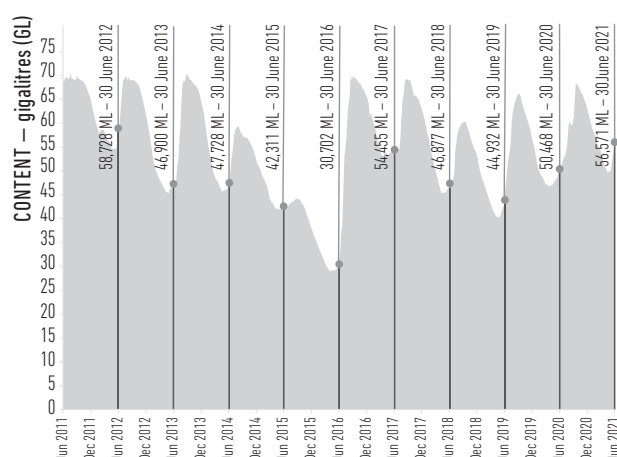
We hold licenses to take and use groundwater in the Trentham and Elmore systems.

WATER STORAGE VOLUMES

Our major storages on the Coliban River, including Upper Coliban, Lauriston and Malmsbury Reservoirs supply the Coliban System. The storages reached a maximum of 69,240 megalitres (99 per cent of capacity) in October 2020.

We also have an 18 per cent (54,837 megalitres) share of the storage capacity in Lake Eppalock that can supply the Northern Coliban System (i.e. Bendigo, Heathcote and Coliban Northern Rural). In the 2020/21 period we held a maximum of 47,285 megalitres in November 2020. We only pumped from Lake Eppalock to supply Heathcote this year.

COLIBAN STORAGE CONTENTS > UPPER COLIBAN, LAURISTON & MALMSBURY RESERVOIRS



STORAGE VOLUME IN OUR REGION	FULL SUPPLY VOLUME MEGALITRES (ML)	AS AT 30 JUNE 2020 MEGALITRES (ML)	AS AT 30 JUNE 2021 MEGALITRES (ML)	% FULL 30 JUNE 2021
COLIBAN SYSTEM NORTHERN				
Sandhurst Reservoir	2,590	2,180	1,966	76
Caledonia Reservoir	214	181	145	68
Lake Eppalock (Coliban Water share)	54,837	39,117	43,425	79
Spring Gully Reservoir (recycled water – rural)	1,680	1,017	1,044	62
COLIBAN SYSTEM SOUTHERN				
Upper Coliban Reservoir	37,770	31,624	35,379	94
Lauriston Reservoir	19,790	16,480	18,220	92
Malmsbury Reservoir	12,034	2,364	3,152	26
McCay Reservoir	1,360	1,121	1,121	82
Barkers Creek Reservoir (rural)	1,690	1,090	887	52
Trentham Reservoirs	91	89	88	97
Total	132,056	95,263	105,427	80

ENVIRONMENTAL RESERVE AND PASSING FLOWS

We release water from Malmsbury Reservoir to meet passing flow requirements in the Coliban River.

At the request of the North Central Catchment Management Authority (North Central CMA), the passing flow was limited to four megalitres per day, to build reserves in the passing flow account, to provide larger flows when required. From 11 August to 3 November 2020 we released eight megalitres per day to the Coliban River at the request of the North Central CMA.

A total of 4,494 megalitres passed from Malmsbury Reservoir to the Coliban River in 2020/21. This included natural spilling in October 2020.

The passing flow account balance was 633 megalitres on 30 June 2020.

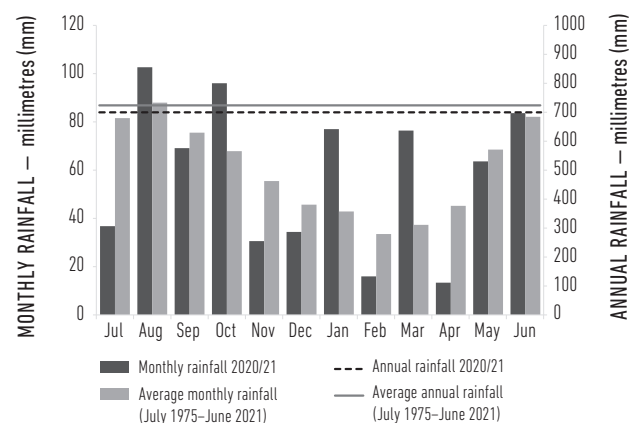
Goulburn-Murray Water, as storage manager for Lake Eppalock, is responsible for meeting the passing flow requirements on the Campaspe River downstream of Lake Eppalock.

RAINFALL AND INFLOWS

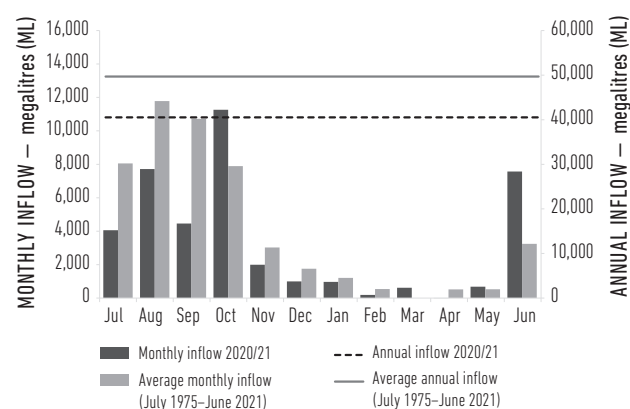
We received 700 millimetres of rainfall at Malmsbury Reservoir for the year. This is three per cent less than the average annual rainfall from 1975 to 2021 of 724 millimetres, although above average rainfall was received August and October 2020, and in January, March and June 2021.

Inflows to our catchment storages on the Coliban River were 40,538 megalitres. This is 18 per cent less than the average annual inflow from 1975 to 2021 of 49,688 megalitres.

MALMSBURY RESERVOIR > MONTHLY RAINFALL 2020/21



COLIBAN HEADWORKS STORAGES > MONTHLY INFLOW 2020/21



WATER ALLOCATION

We received full allocations from our bulk water suppliers for all water sources except the Wimmera Mallee Pipeline and for groundwater from the Lower Campaspe Valley Water Supply Protection Area.

SYSTEM	ALLOCATION (%)
Campaspe	100
Central Victorian Mineral Springs	100
Loddon	100
Lower Campaspe Valley	75
Goulburn	80
Goulburn Bulk Entitlement	100
Murray	100
Wimmera	57

WATER PURCHASES AND TRADE

In 2020/21 we sold a total of 23,991 megalitres of surplus allocation into the water market.

WATER RESTRICTIONS

There were no water restrictions for customers in 2020/21. We carried over allocation in the Wimmera Mallee Pipeline where we did not receive full allocation 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 were undertaken in the following water supply systems, as outlined in our *Urban Water Strategy 2017* and *Annual Water Outlook*, to improve water security:

- › Applied to increase licence to take and use groundwater by 62 megalitres at Trentham
- › Investigate options for groundwater augmentation at Kyneton
- › Case study for managed aquifer recharge in the Campaspe Deep Lead

We are also revising our *Drought Response Plans* to include in our *Urban Water Strategy 2022*.

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.

Our *Non-Urban Compliance and Enforcement Strategy*, available on our website, includes a compliance and enforcement system built on five main principles: Risk-based, Responsive, Transparent, Accountable and Consistent. When responding to contraventions of the *Water Act 1989* (Vic) (the Act), Coliban Water considers the level of risk presented by the particular contravention. Those with higher risks are met with stricter penalties, allocation of greater resources and more rapid response.

PRIORITIES

Our priorities for 2020/21 included:

- › Implementing Coliban Water's *Non-Urban Compliance and Enforcement Strategy*, including supporting policies, procedures and plans.
- › Addressing the recommendation made by Des Pearson, independent adviser engaged by the Hon. Lisa Neville, Minister for Water, specific to Coliban Water's compliance and enforcement function.
- › Participating in industry Community of Practice meetings and workshops to deliver a statewide approach which is consistent across all water corporations.
- › Implementing Coliban Water's *Metering Action Plan* (available on our website).
- › Increasing physical presence in the field through additional meter reads and spot checks to detect unauthorised activities.
- › Undertaking communications and engagement activities.

ACTIONS

Our compliance and enforcement actions for 2020/21 were:

COMPLIANCE ACTIONS - RURAL	2019/20	2020/21
Potential breaches detected	1	3
Investigations commenced	1	3
Investigations finalised	1	3
Advisory Letter	1	0
Formal Warning	0	3
Total no. of breaches	1	3

PERFORMANCE

The table below summarises the number of Allocation Bank Accounts (ABAs) and volume of water involved in unauthorised take (UT).

YEAR	ABAS (OR LICENCES)					VOLUME			
	NUMBER OF ABAS	NUMBER WITH UT	KPI TARGET	ACTUAL	ADJUSTED ACTUAL*	VOLUME (ML) OF WATER	VOLUME (ML) OF UT	KPI TARGET	ACTUAL
2019/20	1,366	87	< 3%	6.3%	0.6%	4,463ML	31.8ML	<1%	0.7%
2020/21	1,362	2	< 3%	0.2%	<0.1%	3,081ML	1.0ML	<1%	<0.1%

* Adjusted actual excludes UT amounts <1ML

BULK WATER ENTITLEMENTS

The volumes available and taken from our entitlements during 2020/21 were as follows:

SUPPLY SYSTEM	SOURCE OF SUPPLY	ENTITLEMENT VOLUME (MEGALITRES)	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	215	20	72	13	12.1 (b) Annual volume taken – 72 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 – trade out 295 ML
Rochester		134	134	14	0	3	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
TOTAL		349	349	33	72	15	12.1 (j) Difficulties in complying – Nil
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				21,617		18.1 (f) Annual volume taken from headworks – 23,007 ML 18.1 (g) Annual evaporation loss – 7,058 ML from major Coliban storages; 6,351 ML from Coliban Share of Lake Eppalock 18.1 (h) Internal spill in Lake Eppalock to GMW share – 0 ML 18.1 (i) Passing flow – 4,494 ML passed Malmsbury Reservoir; 511 ML from from Lake Eppalock as discussed under the Environmental Reserve and Passing Flows section on page 12
Kyneton, Tylden, Malmsbury	Lauriston Reservoir				1,079		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 18.1 (n) Alteration to primary entitlements – Nil 18.1 (o) Transfer of primary entitlements – Nil 18.1 (p) Annual volume supplied to primary entitlements – rural 3,081 ML; urban 19,557 ML
Bendigo urban network and Coliban Northern Rural System	Lake Eppalock to Goldfields Superpipe				0		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
Heathcote, Tooborac	Lake Eppalock				312		
TOTAL		50,260	N/A	N/A	23,007	N/A	
Coliban System Northern Goulburn Water Shares	Water Shares High Reliability	22,774	22,790	17,679	0	21,035	Trade in 12,284 ML; trade out 31,709 ML
	Low Reliability Water Shares	2,858	0				
Coliban System Northern Campaspe Water Shares	Water Shares High Reliability	2,591	2,591	164	0	4	Trade out 2,751 ML
	Water Shares Low Reliability	646	0				
ELMORE GROUNDWATER (TAKE AND USE LICENCE)		Elmore Groundwater bore					
Elmore		284	213	71	141	144	Take and Use licence
GOULBURN WARANGA WESTERN CHANNEL		BULK ENTITLEMENT (GOULBURN CHANNEL SYSTEM – COLIBAN WATER) ORDER 2012					
Lockington		130			83		15.1 (b) Annual volume taken – 989 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 15.1 (f) Assignment of allocation or transfer of BE – Nil 15.1 (g) Assignment of allocation or BE or shares transferred to Coliban Water – Nil 15.1 (h) Amendments to BE – Nil 15.1 (i) New BE – Nil 15.1 (j) Failure to comply – Nil 15.1 (k) Difficulties in complying – Nil
Rochester		1,335			586		
Dingee		50			10		
Macorna		40	1,980	220	3	1,385	
Pyramid Hill		300			115		
Jarklin		5			0		
Mitiamo		60			18		
Serpentine		60			0		
Boort		425	440	38	173	304	
Mysia		15			1		
TOTAL		2,420	2,420	259	989	1,690	
Serpentine	East Loddon	50	50	N/A	47	3	Water Allowance
Jarklin	Pipeline	10	10	N/A	1	9	Water Allowance

SUPPLY SYSTEM	SOURCE OF SUPPLY	ENTITLEMENT VOLUME (MEGALITRES)	ENTITLEMENT ALLOCATION (MEGALITRES)	CARRYOVER 01 JULY 2020 (MEGALITRES)	RAW WATER VOLUME TAKEN (MEGALITRES)	BALANCE 30 JUNE 2021 (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					0		13.1 (b) Annual volume taken – 133 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 – 678 ML trade out 13.1 (f) Period of restriction – Nil 13.1 (g) Any amendment to BE – Nil 13.1 (h) New BE granted – Nil 13.1 (i) Any failure to comply with BE – Nil 13.1 (j) Difficulties in complying – Nil
Laanecoorie, Dunolly, Bealiba & Tarnagulla					133		
TOTAL		820	762	58	133	9	
MURRAY	MURRAY RIVER						
BULK ENTITLEMENT (RIVER MURRAY – COLIBAN WATER) CONVERSION ORDER 1999							
Echuca		5,055	5,055	2,856	3,344	4,544	20.1 (b) Annual volume taken – 4,402 ML 20.1 (c) New off-take points – Nil 20.1 (d) Water returned – Nil 20.1 (e) Metering Program – Implemented with Goulburn-Murray Water 20.1 (f) Transfer of BE – Nil 20.1 (g) Any BE or other entitlement transferred to Coliban Water – Trade out 23 ML 20.1 (h) Any amendment to BE – Nil 20.1 (i) New BE granted – Nil 20.1 (j) Any failure to comply with BE – Nil 20.1 (k) Difficulties in complying – Nil
Cohuna					764		
Gunbower		1,230	1,230	697	72	869	
Leitchville					222		
TOTAL		6,285	6,285	3,553	4,402	5,413	
Echuca, Cohuna, Gunbower & Leitchville	High Reliability Water Shares	55	55	698	0	776	Trade in 23 ML
	Low Reliability Water Shares	722	0				
TRENTHAM	SPRING (BE) AND GROUNDWATER BORE (TAKE AND USE LICENCE)						
BULK ENTITLEMENT (TRENTHAM) CONVERSION ORDER 2012							
Trentham	Spring fed reservoir	120	120	N/A	140	N/A	12.1 (b) Annual volume taken under entitlement – 140 ML 12.1 (c) Average annual amount taken over three years – 119 ML 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	9	94	
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					110		13.1 (b) Annual volume taken – 226 ML 13.1 (c) Amount and location of water taken from other than specified point – Nil 13.1 (d) Final allocation for year – 171 ML (57%) 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				4		
Wychitella					3		
TOTAL		300	171	172	117	226	
Bridgewater	South-West	110	110	N/A	65	45	Off-season Water Allowance – Supply by Agreement
Bridgewater & Korong Vale	Loddon Pipeline	0	0	N/A	268	0	Peak Water Allowance – Supply by Agreement – trade in 268 ML transfer to credit this account

RURAL USAGE

WATER SOURCES

SOURCES	NUMBER OF CUSTOMERS SUPPLIED	SUPPLIED VOLUME (MEGALITRES)
Raw	724	2,293.0
Recycled	116	787.8

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
22	74.5	13	128.9	45	273.4

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	5.0	3
Malmsbury Reservoir	2	4.0	2.0	1
Upper Coliban Reservoir	1	1.0	0.0	0
System Total	8	15.0	7.0	4
COLIBAN MAIN				
Coliban Main – 1	38	5,857.9	110.8	22
Coliban Main – 4/1	19	176.0	23.9	15
Coliban Main – 4/3	99	477.0	111.2	51
System Total	156	6,510.9	245.9	88
EMU VALLEY SOUTH				
Abbotts	107	417.5	136.6	78
Emu Valley No 1	82	367.5	91.5	43
Emu Valley No 2	64	361.1	58.8	34
Mannes	17	95.8	14.8	10
System Total	270	1,241.9	301.7	165
HARCOURT				
Harcourt Modernised Pipeline	180	2,193.1	512.3	136
System Total	180	2,193.1	512.3	136
SPRING GULLY				
Diamond Hill	12	64.3	9.8	7
Spring Gully	34	145.3	34.5	14
System Total	46	209.6	44.3	21
Southern System Total	660	10,170.5	1,111.2	414

NORTHERN SYSTEM

CHANNEL	NO. OF LICENCES	TOTAL LICENCE VOLUME (MEGALITRES)	TOTAL USAGE (MEGALITRES)	NO. OF LICENCES SUPPLIED
ASCOT				
Ascot	32	708.8	271.1	21
Ellesmere	46	169.6	84.0	33
Goornong	18	352.2	136.9	8
Huntly	2	18.6	1.5	1
White Hills	6	222.8	131.7	3
System Total	104	1,472.0	625.2	66
AXE CREEK				
Axe Creek	62	317.8	55.7	35
Kangaroo	2	11.4	0.0	0
System Total	64	329.2	55.7	35
COCKATOO HILL				
Cockatoo Hill	29	119.2	36.7	12
Neilborough	11	31.5	20.0	8
Raywood	64	305.3	101.8	30
Sebastian	7	61.2	4.1	3
System Total	111	517.2	162.6	53
EMU VALLEY NORTH				
Emu No 1 (Eppalock)	14	71.7	32.0	10
Emu No 2 (Eppalock)	12	170.1	115.0	7
Strathfieldsaye	2	5.0	0.8	1
System Total	28	246.8	147.8	18
EPPALOCK PIPELINE				
Eppalock Pipeline	82	792.2	231.4	76
System Total	82	792.2	231.4	76
LOCKWOOD				
Lockwood	117	592.4	99.8	58
Marong	29	258.8	96.5	18
South Lockwood Pipeline	46	397.3	131.3	44
Wilson's Hill	31	230.3	48.8	20
System Total	223	1,478.8	376.4	140
SPECIMEN HILL				
Maiden Gully	43	344.5	166.4	23
Myers Flat	16	105.2	43.7	11
Specimen Hill	29	285.4	160.4	19
System Total	88	735.1	370.4	53
Northern System Total	700	5,571.3	1,969.6	441

Our rural customers had 100 per cent allocation for the 2020/21 season.

RECYCLED WATER PRODUCTION AND USAGE

Coliban Water manages 16 Water Reclamation Plants (WRPs). Recycled water produced at the following plants was reused during 2020/21.

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 (DoH) 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, car washes, 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 an on-site farm, usually blended with raw water from the Waranga channel.

CASTLEMAINE

The Castlemaine WRP produces Class C recycled water, which is supplied to the Castlemaine Golf Course via a pipeline, and to an earthworks company for dust suppression and construction works via tanks located at the company's plant. 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 as required.

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 on-site 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's irrigation land. 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 2020/21.

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)	
	2020/21	2019/20
Axedale	19.3	6.9
Bendigo		
Class A ¹	480.6	176.8
Class B and C	850.5	865.9
Boort	15.0	15.0
Bridgewater	0.0	0.0
Castlemaine	108.9	108.6
Cohuna	–	–
Dunolly	5.45	6.5
Echuca ²	1,157.8	836.7
Elmore	0.0	0.0
Gunbower	23.5	10.0
Heathcote	98.5	116.2
Kyneton	439.8	404.1
Lockington	0.0	0.0
Pyramid Hill	0.0	0.0
Rochester (reuse volume is accounted in Echuca WRP reuse figure) ²	–	–
Wedderburn	29.5	16.0
TOTAL	3,228.8	2,562.7

Notes

- Class A recycled water usage volume only includes the recycled water produced at the Bendigo Recycled Water Factory, whereas the reuse customers are supplemented with water stored in the Spring Gully Reservoir, which is a mixture of recycled water and raw water received from our southern storages or Lake Eppalock.
- 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.

All Major customers were audited in 2020/21 to ensure the use of recycled water is sustainable and in accordance with EPA guidelines.

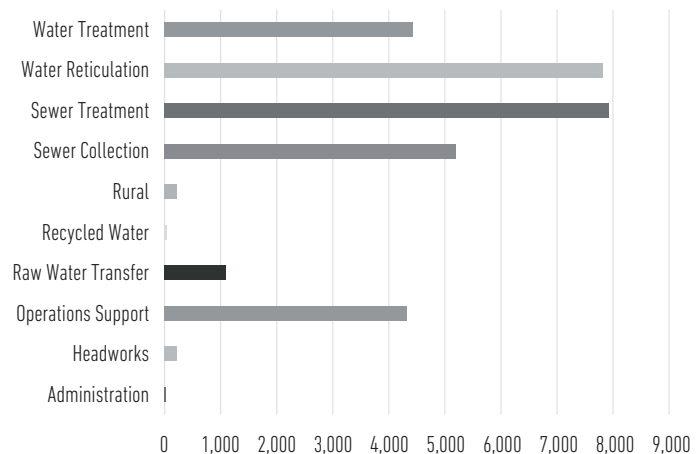
CAPITAL PROJECTS

Capital portfolio expenditure reached \$31.3 million in 2020/21, the third year toward meeting our five-year capital portfolio target of \$137.9 million.

During the year, capital projects continued to be impacted by COVID-19, including shutdowns, travel restrictions and materials availability.

The delivery of the 2020/21 capital plan demonstrated our ability to deliver successful outcomes while dynamically managing time and funding allocations.

2020/21 CAPITAL EXPENDITURE (\$'000s)



During the year, Coliban Water did not undertake or complete any project with a total investment greater than \$10.0 million.

The Water Treatment program had a total 2020/21 capital spend of \$4.4 million and delivered the following key achievements:

- › **Bendigo Water Treatment Plant (WTP) Sludge Drying Beds Upgrade (Bendigo):** \$2.0 million was invested in the construction of three new sludge drying beds at the Bendigo WTP to increase treatment capacity and reduce operational risk. The project will be completed in 2021/22.
- › **WTP Renewals and Optimisation (non-metro various*):** \$0.9 million annual program to reduce operational and water quality risks at water treatment plants. Major works included installation of a calcium hypochlorite dosing system at Lockington WTP to improve the efficiency of water disinfection; installation of a Powder Activated Carbon (PAC) contact tank at Cohuna WTP to improve the treatment of taste and odour issues; renewal of raw water and town delivery pipes at Cohuna WTP to improve reliability of supply; upgrade of Trentham WTP blower and motor unit to improve the efficiency of the backwash system.
- › **Echuca WTP High Lift Pump Station Valve Replacement Project (Echuca):** \$0.2 million was invested to replace valves within the Echuca WTP High Lift Pump Station. The valves had reached the end of life and required replacement to improve reliability of the plant and enable the commencement of a \$9.0 million upgrade project at the Echuca WTP. The works commenced in 2019/20 and were completed in 2021/21 at a total cost of \$0.8 million.
- › **Echuca WTP Upgrade Project (Echuca):** \$0.4 million was invested towards the \$9.0 million Echuca WTP upgrade. The project which includes the construction of two 3.3 megalitre treated water storage tanks, installation of a new high lift pump station, installation of a new re-lift pump station, installation of a new ultraviolet filtration device and a new flood gate commenced in 2020/21 and is planned to be completed in 2022/23.

- › **Mobile PAC Project (non-metro various):** \$0.4 million was invested in the supply and commissioning of a PAC facility which can be deployed quickly to address taste and odour issues at multiple treatment plants including Boort, Goomong, Korong Vale, Pyramid Hill and Serpentine.
- › **Cohuna Water Treatment Fluoride Dosing Facility (Cohuna):** \$0.1 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 in the promotion of dental health within the Coliban Water region. The project commenced in 2019/20 and was completed in 2020/21 at a total cost of \$0.6 million.

The Water Reticulation program had a total 2020/21 capital spend of \$7.8 million and delivered the following key achievements:

- › **Echuca West Tanks Project (Echuca):** \$4.7 million was invested in the construction of two, three megalitre clear water storage tanks and a pump station to provide additional security of supply for customers in the growing region of Echuca West. The project was completed in 2020/21.
- › **Digital Metering (non-metro various*):** \$1.3 million was expended on the installation of 4,465 data loggers to existing customer meters in 2020/21.
- › **Water Main Renewals (non-metro various*):** \$0.5 million was expended to ensure security of water supply to customers and reduce water losses from bursts and leaking mains. We replaced approximately 2.14 kilometres of water mains as part of our ongoing water mains renewal program.
- › **Tilwinda Views and Church Street Booster Pump Stations (Kyneton and Maldon):** \$0.4 million was invested in the supply and installation of two booster pump stations. One at Tilwinda Views in Kyneton and in Church St Maldon to improve pressure and reliability of service for customers. The project was completed in 2020/21.
- › **Maiden Gully Marong Water Growth Project Package A (Marong):** \$0.3 million was invested towards a three megalitre storage tank and a pump station at Marong to provide additional security of supply for customers in the growing region of Marong. On-site construction commenced in 2020/21 and works will be completed in 2021/22.

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

The Sewer Treatment program had a total 2020/21 capital spend of \$7.9 million and delivered the following key achievements:

- › **Kyneton Solutions Project (Kyneton):** \$5.0 million was invested in upgrades at the Kyneton Water Reclamation Plant to increase capacity and reduce operational and environmental risks. Phase 2 works have been completed which includes an additional 200 megalitre lagoon. Phase 3 works have commenced with the completion of a 30 megalitre Biological Nutrient Removal (BNR) lagoon in 2020/21 and design underway for a Recycled Water Pipeline. Construction of the pipeline will commence in 2021/22.
- › **Water Reclamation Plant (WRP) Renewals and Optimisation (non-metro various*):** \$2.5 million of the annual program was invested in works to reduce operational and environmental risks at various WRPs. Major works at the Bendigo WRP included renewal of the wash press and inlet pump station valves, renewal of multiple mixers to improve the BNR process and refurbishment of the centrifuge bowl and rotating assembly. Other investment included the construction of a biosolids receipt facility at the Elmore WRP, renewal of the Kyneton ultra violet system to improve disinfection and renewal of the Castlemaine WRP biofilter to improve odour treatment.
- › **Bendigo WRP Sludge Processing Upgrades (Bendigo):** \$0.3 million was invested in planning and design for the Bendigo WRP Sludge Processing Upgrades project. The project will replace the existing biosolids processing system with a more efficient and effective system. The solution will also reduce the carbon emissions generated as a result of operations within the plant.

The Sewer Collection program had a total 2020/21 capital spend of \$5.2 million and delivered the following key achievements:

- › **Bendigo Trunk Sewer Main Renewal (Bendigo):** \$3.8 million was invested to deliver package 2 of the Bendigo Trunk Sewer Main works which included the renewal of 1,898 metres of 900 millimetre diameter sewer trunk main, 13 new sewer maintenance holes and the rehabilitation of a further three existing access points in Epsom and White Hills.
- › **Sewer Main Renewals (non-metro various*):** \$0.5 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. Forty sections of sewer main totalling 1.9 kilometers was renewed as part of the ongoing program.
- › **Sewer Pump Station Renewals (non-metro various*):** \$0.5 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.

The Rural program had a total 2020/21 capital spend of \$0.2 million and delivered the following key achievements:

- › **Channel Renewals (non-metro various*):** the annual program of \$0.2 million for the renewal of various channels was invested in the region.

The Recycled Water program had a total 2020/21 capital spend of \$0.04 million and delivered the following key achievements:

- › **Bendigo Recycled Water Scheme Upgrade (Bendigo):** \$0.03 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 2020/21 capital spend of \$1.1 million and delivered the following key achievements:

- › **Raw Water Systems Investigation (non-metro various*):** \$0.14 million in raw water investigations which included testing of new urban supply bores at Trentham and application to amend the existing licence to include new bores and increase licence volume; and groundwater investigations to provide an alternative supply for Kyneton including the installation of two investigation bores.
- › **Superpipe (non-metro various*):** \$0.7 million annual program was invested for maintaining water resource security, water quality and monitoring. Works undertaken included an upgrade of the electricity network to allow for the Superpipe to operate at its maximum pumping capacity and improvements to the cathodic protection infrastructure at various sites to increase the longevity of pipeline assets. Additional works included re-coating of a section of pipeline at the Eppalock Pump Station to prevent corrosion, and installation of solar panels at the Colbinabbin and Axe Creek Pump Stations to reduce baseline operational electricity costs.

The Operations Support program had a total 2020/21 capital spend of \$4.3 million and delivered the following key achievements:

- › **Planned Corrective and Reactive Maintenance (non-metro various*):** annual program of \$2.3 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 used to replace redundant hardware in the field to fully integrate into the SCADA networks.
- › **Occupational Health and Safety (OHS) remedial works program (non-metro various*):** a \$0.2 million annual program of works was undertaken to ensure that our assets meet relevant safety standards.

The Headworks program had a total 2020/21 capital spend of \$0.2 million and delivered the following key achievements:

- › **Land Management (non-metro various*):** a \$0.2 million annual program of works were undertaken to survey land title boundaries for perimeter fencing, revegetate newly fenced off areas and plan projects that enhance and protect our land at reservoirs.

The Administration program had a total 2020/21 net capital spend of \$0.02 million.

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

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 all 14 service standards in 2020/21. The average water interruption duration dropped to 111 minutes. Additionally, unplanned water supply interruptions restored within five hours improved to 98.72 per cent in 2020/21.

WATER MAIN RENEWAL

Across our region, we replaced approximately 2.14 kilometres of water mains as part of our ongoing water mains renewal program, at a cost of around \$495K. 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 \$90K, in excess of 291 kilometres of water mains cleaning was completed in Bendigo, Axedale, Junortoun, Goornong, Malmsbury and Eaglehawk.

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.

To improve disinfection levels across the Bendigo water network, a 12-week free chlorination program was undertaken to manage nitrification.

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:

- › Commissioning of fluoride dosing system at Cohuna WTP
- › Installation of a calcium hypochlorite dosing system at Lockington WTP to improve the efficiency of water disinfection
- › Delivery of a Mobile Powdered Activated Carbon (PAC) unit to assist with the treatment of taste and odour at multiple sites
- › Upgrade of PAC contact tank at Cohuna WTP to improve the treatment of taste and odour
- › Upgrade of Trentham WTP blower and motor unit to improve the efficiency of the backwash system.
- › Renewal of raw water and town delivery pipes at Cohuna WTP to improve reliability

VALVE MAINTENANCE

In our water supply network, there are in excess of 11,500 water isolation valves that play an important role in ensuring water 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 isolation of water mains in case of any planned or unplanned events. This year 532 valves were exercised in the suburbs of Eaglehawk, Kangaroo Flat, and Bendigo.

SAFE DRINKING WATER ACT 2003

Coliban Water provides drinking water to 78,739 residential and non-residential properties across our region, and with our strategic partners we operate 19 water treatment plants that supply drinking water to 49 separate towns. During 2020/21 the drinking water supplied to our customers was of a high standard, except as described below.

Schedule 2 of Victoria's *Safe Drinking Water Regulations 2015 (SDWR)* 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* 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.

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

The concentration of N-Nitrosodimethylamine (NDMA) exceeded the health-based guideline value of 0.0001 mg/L specified in the *Australian Drinking Water Guidelines (ADWG)* in samples collected from the Laanecoorie water supply system in June and July 2020. NDMA is a disinfection by-product (DBP) of the disinfection process known as chloramination.

The investigation that was undertaken showed that the elevated NDMA results were due to a transient change in raw water quality. Given the health risks associated with DBPs, including NDMA, are based on life-time exposure, occasional exceedances above the listed guideline value are considered a low risk from a public health perspective. Regardless, a number of corrective actions were initiated and completed to minimise excessive NDMA formation in the future.

The samples tested for the presence of NDMA after the implementation of the corrective actions indicated that the actions were effective in reducing the concentration of NDMA in the treated drinking water. This issue was reported to the Department of Health (DoH) under the *Safe Drinking Water Act 2003* (the Act).

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). While these substances create unpleasant T&Os in drinking water, they do not pose a risk to public health.

Elevated concentrations of these T&O compounds, but mainly Geosmin, were experienced across the Murray River System between late November 2020 and February 2021, which affected the drinking water produced by the Cohuna, Echuca, Gunbower and Leitchville Water Treatment Plants (WTPs) that draw raw water from the Murray River and its tributaries. Given that the concentration of Geosmin in the raw water was extremely high, the concentration of Geosmin in the treated drinking water leaving these four WTPs exceeded the T&O threshold of 10 ng/L mentioned in the *ADWG* on a few occasions during this period.

Given the potential for widespread customer complaints to occur as a result of the presence of these compounds in drinking water, the DoH was proactively notified under the Act. In response, a number of works have been completed to minimise impacts to customers should these T&O compounds once again be present at elevated concentrations in the future.

Manganese (Mn) is a naturally-occurring element which is often found in a variety of natural environments, including raw water sources. On 12 January 2021, Coliban Water detected elevated levels of Mn in both the raw water and treated drinking water at the Heathcote WTP.

The identified cause of the elevated level of Mn in the raw water was that water was being drawn from a lower level than usual from Lake Eppalock. The issue with the treated water was linked to a partial blockage in the pre-filter chlorine dosing lines at the WTP. As a result of these issues, the concentration of Mn in the drinking water supplied to the townships of Heathcote and Tooborac exceeded the aesthetic guideline value of 0.1 mg/L listed in the *ADWG* for a short period of time, but it remained well below the health-based guideline value of 0.5 mg/L.

With the potential for widespread customer complaints due to discolouration of water that can be caused by elevated Mn, the DoH were notified. The pre-filter chlorine dosing system at the Heathcote WTP was repaired and the treatment process was optimised. Additionally, changes were made to the management of the offtakes from Lake Eppalock.

There were also some other isolated water quality incidents that occurred during the reporting period. The circumstances leading to the events, and actions taken in response, are described below.

Widespread customer complaints were received from the township of Marong, with customers describing the drinking water that they received between 12 and 14 September 2020 as discoloured and cloudy. In total, twenty-three complaints were received during this period. The root cause of the issue was air that was trapped within the water distribution network after repair work that was undertaken on a water main that had a significant leak. Corrective actions included flushing the Marong water distribution network, which successfully resolved the issue. Water quality test results and pressure observations showed that the event did not cause an unacceptable risk to customers. This issue was reported to the DoH under the Act.

On 26 October 2020, there was a significant burst on a trunk water main in Cohuna. The burst and subsequent repair works resulted in low or no water pressure to a number of customers in Cohuna for up to eight hours. Despite the large number of customers who were impacted by the event, Coliban Water received only five direct customer enquiries in response. The burst main was repaired and the affected part of the distribution network was flushed. Due to the duration of the issue and the size of the area impacted, it was determined at the time there was a heightened risk to water quality. Therefore, the event was reported to the DoH. The subsequent investigation included a review of water quality results for the drinking water samples collected in response to the event, network pressure readings and

other risk factors, and these showed that the event did not cause an unacceptable risk to customers.

On 15 February 2021, Coliban Water received widespread customer complaints from the townships of Harcourt and Castlemaine, as a result of a loss of water supply due to a burst water main. In total, 32 complaints were received. It took a while to identify the location of the burst, which resulted in approximately 50 properties being without water for about eight hours. The burst main was repaired and the affected part of the distribution network was flushed. Due to the duration of the issue, and number of properties impacted, it was determined at the time there was a heightened risk to water quality. Therefore, the event was reported to the DoH. As with Cohuna, the subsequent investigation included the review of water quality results for the drinking water samples collected in response to the event, network pressure reading and other risk factors, and these showed that the event did not cause an unacceptable risk to customers.

During the period 2 to 5 May 2021, Coliban Water received six customer complaints from the township of Raywood, with customers describing the drinking water being supplied as having an earthy or muddy taste. An investigation revealed that the T&O issue was due to a failure in a redundant pipeline, which resulted in under-treated water entering the water supply system. Based on a review of relevant water quality data and that re-chlorination was maintained at all times, the public health risk associated with the drinking water supplied during the period was considered low. A number of corrective actions, including cleaning and inspection of the Treated Water Storage (TWS) tanks at Raywood, isolation of all redundant pipework, and flushing of the distribution network, were completed to address the issue. This event was reported to the DoH under the Act.

As a consequence of severe weather conditions that affected most of the state on the evening of 9 June 2021, the mains power supply to the Trentham WTP was interrupted between the night of 9 June 2021 and 13 June 2021, resulting in the WTP being offline for a significant period of time. Given the safety risks posed by fallen trees, or trees that may fall, access to the WTP was also restricted by Emergency Services.

Access to the Trentham WTP was gained on the afternoon of 10 June, and the WTP was brought back online using the on-site generator, with normal operation being restored. However, the water demand was higher than the plant's production capacity, causing the water level in the TWS tank to drop significantly. It was suspected that the higher than usual water demand was caused by a burst water main. Considering the low water level in the TWS tank, and the suspected burst main, there was a concern regarding the potential safety of the drinking water being supplied. Therefore, as a precaution, a "do not drink" advisory was issued, in consultation with the DoH.

Subsequently, the burst water main was identified and repaired, and the affected distribution network was flushed. Based on information related to the Trentham WTP operation, water quality test results, distribution network pressure readings, and the identification and isolation of the burst water main, the "do not drink" advisory was lifted in consultation with the DoH on the evening of 12 June 2021.

At the request of the DoH, we were required to complete a regulatory audit of our *Drinking Water Quality Risk Management Plan*, under Section 11 of the Act. The independent audit was scheduled for April 2020, however COVID-19 restrictions in Victoria delayed the audit until July 2020. The audit result was compliant, with a number of opportunities for improvement being identified by the auditor. The identified opportunities for improvement have been reviewed and an action plan developed.

WATER QUALITY

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

All the water quality parameters measured during 2020/21 were compliant with the health-based guideline values specified in the *ADWG* and the *SDWR*, except for an elevated concentration of a disinfection by-product that was found in a water sample collected from Bealiba water sampling locality.

The townships of Borung, Dingee, Jarklin, Macorna, Mitiamo, Mysia and Wychitella were supplied with regulated water (non-drinking water) during 2020/21.

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

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. The concentration of N-Nitrosodimethylamine (NDMA) exceeded the health-based guideline value (i.e. 0.0001 mg/L) specified in the *ADWG* for a sample collected from the Laanecoorie water supply system in July 2020.

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	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	✓	✓	✓		✓	✓	✓	✓	P			✓	✓		
Bridgewater	Bridgewater – Inglewood	✓	✓	✓	✓	✓	✓	✓		✓		✓	✓	✓	✓	
Castlemaine	Castlemaine Fryerstown Guildford Harcourt Maldon Newstead Taradale – Elphinstone	✓	✓	M	✓	✓	✓	✓		✓	✓		✓	✓	✓	✓
Cohuna	Cohuna	✓	✓	✓	✓	✓	✓	✓	✓	✓			✓	✓		✓ ¹
Echuca	Echuca	✓	✓	✓	✓	✓	✓	✓	✓	P	✓		✓	✓		✓
Elmore	Elmore					✓	✓					✓	✓	P		
Goornong	Goornong	✓	✓	✓	✓	✓	✓	✓		P			✓	✓		
Gunbower	Gunbower	✓ ²	✓	M	✓	✓	✓	✓		✓		✓	✓	✓		
Heathcote	Heathcote Tooborac	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	
Korong Vale	Korong Vale Wedderburn	✓	✓	✓	✓	✓	✓	✓	✓	P			✓	✓	✓	
Kyneton	Kyneton Malmesbury 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:

- Fluoride is added to the drinking water from 24 April 2021 at the Cohuna WTP.
- Magnetic Ion Exchange (MIEX) is used as required 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																
Goormong	0	0	0	0	0	0	0	0	0	169	23	192	36	9	46	44
Total	0	0	0	0	0	0	0	0	0	169	23	192	36	9	46	44
COLIBAN NORTHERN																
Bendigo *	44,205	3,332	47,537	884	30	914	44	262	305	46,367	3,538	49,905	8,853	2,881	11,734	11,528
Heathcote	945	105	1,050	0	0	0	0	0	0	1,114	125	1,239	155	75	229	240
Axedale	141	11	152	0	0	0	0	0	0	146	16	162	26	4	30	29
Raywood	0	0	0	0	0	0	0	0	0	83	14	97	18	5	22	25
Sebastian	0	0	0	0	0	0	0	0	0	73	5	78	16	10	27	29
Tooborac	0	0	0	0	0	0	0	0	0	49	6	55	6	2	8	9
Total	45,291	3,448	48,739	884	30	914	44	262	305	47,832	3,704	51,536	9,074	2,977	12,051	11,861
COLIBAN SOUTHERN																
Castlemaine	4,373	396	4,769	0	0	0	0	0	0	5,106	441	5,547	839	683	1,523	1,525
Kyneton	2,478	399	2,877	0	0	0	0	0	0	2,713	451	3,164	440	391	831	831
Maldon	679	87	766	0	0	0	0	0	0	985	112	1,097	156	47	202	224
Newstead	330	31	361	0	0	0	0	0	0	373	38	411	61	16	77	74
Chewton	293	18	311	0	0	0	0	0	0	363	19	382	52	10	62	61
Harcourt	245	18	263	0	0	0	0	0	0	313	27	340	56	11	66	65
Malmsbury	295	21	316	0	0	0	0	0	0	315	23	338	45	21	66	67
Taradale	0	0	0	0	0	0	0	0	0	135	12	147	23	7	30	32
Guildford	0	0	0	0	0	0	0	0	0	128	9	137	20	3	23	22
Tylden	156	7	163	0	0	0	0	0	0	126	9	135	18	7	26	26
Fryerstown	0	0	0	0	0	0	0	0	0	94	4	98	15	0	15	14
Elphinstone	0	0	0	0	0	0	0	0	0	87	6	93	14	5	19	15
Total	8,849	977	9,826	0	0	0	0	0	0	10,738	1,151	11,889	1,740	1,201	2,941	2,958
GOULBURN																
Rochester	1,230	141	1,371	0	0	0	0	0	0	1,364	175	1,539	371	94	464	621
Boort	391	66	457	0	0	0	0	0	0	402	88	490	96	28	123	135
Pyramid Hill	247	35	282	0	0	0	0	0	0	254	47	301	51	27	78	83
Lockington	194	22	216	0	0	0	0	0	0	202	29	231	39	11	50	53
Serpentine	0	0	0	0	0	0	0	0	0	64	21	85	13	3	16	17
Mitiamo **	0	0	0	0	0	0	0	0	0	43	8	51	6	3	10	11
Dingee **	0	0	0	0	0	0	0	0	0	29	11	40	3	3	6	7
Macorna **	0	0	0	0	0	0	0	0	0	8	2	10	0	0	0	0
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	2,062	264	2,326	0	0	0	0	0	0	2,380	383	2,763	580	170	750	928
GROUNDWATER																
Trentham	613	61	674	0	0	0	0	0	0	669	63	732	80	18	98	97
Elmore	369	46	415	0	0	0	0	0	0	402	63	465	69	37	106	98
Total	982	107	1,089	0	0	0	0	0	0	1,071	126	1,197	149	55	204	196
LODDON																
Dunolly	344	51	395	0	0	0	0	0	0	405	54	459	52	18	70	72
Inglewood	331	37	368	0	0	0	0	0	0	406	43	449	59	15	74	81
Bridgewater	187	26	213	0	0	0	0	0	0	203	33	236	28	33	61	63
Tarnagulla	0	0	0	0	0	0	0	0	0	109	14	123	12	4	15	16
Bealiba	0	0	0	0	0	0	0	0	0	75	12	87	8	2	10	12
Laanecoorie	0	0	0	0	0	0	0	0	0	37	4	41	5	0	5	5
Total	862	114	976	0	0	0	0	0	0	1,235	160	1,395	164	72	236	247
MURRAY																
Echuca	6,306	837	7,143	0	0	0	0	0	0	6,507	901	7,408	1,693	1,313	3,006	2,956
Cohuna	1,010	135	1,145	0	0	0	0	0	0	1,179	353	1,532	322	224	546	585
Leitchville	141	27	168	0	0	0	0	0	0	162	114	276	45	111	156	160
Gunbower	146	19	165	0	0	0	0	0	0	150	26	176	32	10	42	46
Total	7,603	1,018	8,621	0	0	0	0	0	0	7,998	1,394	9,392	2,093	1,657	3,750	3,746
WIMMERA																
Wedderburn	400	55	455	0	0	0	0	0	0	452	61	513	67	22	89	95
Korong Vale	0	0	0	0	0	0	0	0	0	114	8	122	15	0	15	17
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	1	1	2	2
Total	400	55	455	0	0	0	0	0	0	597	74	671	86	23	109	117
Grand Total	66,049	5,983	72,032	884	30	914	44	262	305	72,020	7,015	79,035	13,922	6,165	20,086	20,097

* 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 167,234*. The total consumption of water was 19,554 megalitres across this population of our region which averages out to 320.3 litres per person, per day.

*The population estimate is based on latest Census data for each town.

WATER SUPPLY SYSTEM	RECYCLED WATER					
	CONNECTIONS			USAGE (MEGALITRES)		
	RESIDENTIAL	NON-RESIDENTIAL	TOTAL	RESIDENTIAL	NON-RESIDENTIAL	TOTAL
Bendigo*	874	28	902	44	260	304

*Bendigo Class A recycled water residential and non-residential service connections and usage only.

RECYCLED WATER AND CUSTOMER USAGE

In 2020/21 Coliban Water supplied 44 megalitres of recycled water to residential customers and 2,746 megalitres to non-residential customers. Some residential customers in Bendigo can receive recycled water via a third-pipe scheme, however, these customers are supplied with potable water due to the risks associated with the supply from Spring Gully Reservoir, when the recycled water plant is not operational. The water in Spring Gully Reservoir is a mixture of recycled water and raw water received from Coliban Water's southern storages or Lake Eppalock.

The non-residential customers include public open spaces, golf clubs, farms and industries.

AVERAGE RESIDENTIAL BILL

Average household water consumption in 2020/21 was 194 kilolitres. This is lower than in 2019/20 due to generally milder weather conditions. Based on this, the average homeowner's bill was \$1,345.56 (tenant \$435.24). Based on 200 kilolitres consumption, the average homeowner's bill would have been \$1,359.02 (tenant \$448.70).

A total of 5,062 customers were on instalment plans as at 30 June 2021.

NON-REVENUE WATER

WATER SUPPLY SYSTEM	TREATED WATER (MEGALITRES)		NON-REVENUE WATER (MEGALITRES)
	SUPPLIED	USAGE	
Campaspe	52	46	7
Coliban Northern	13,036	12,051	985
Coliban Southern	3,549	2,941	608
Goulburn	905	750	155
Elmore	109	106	3
Trentham	113	98	16
Loddon	312	236	76
Murray	4,112	3,750	362
Wimmera	230	109	121
Total *	22,419	20,086	2,332

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 firefighting) or Unauthorised Consumption (such as illegal use) as it is not metered.

Non-revenue water for 2020/21 was calculated to be 2,332 megalitres (10.4 per cent). The Essential Services Commission target of less than or equal to 15 per cent non-revenue water was achieved.

*Rounded numbers

MAJOR NON-RESIDENTIAL WATER USERS

MAJOR NON-RESIDENTIAL CUSTOMERS BY VOLUME RANGE

VOLUMETRIC RANGE – MEGALITRES (ML) PER YEAR	NUMBER OF CUSTOMERS
Equal to or greater than 100ML and less than 200ML	2
Equal to or greater than 200ML and less than 300ML	2
Equal to or greater than 300ML and less than 400ML	1
Equal to or greater than 400ML and less than 500ML	1
Equal to or greater than 500ML and less than 750ML	1
Equal to or greater than 750ML and less than 1000ML	0
Greater than 1000ML	0
Total no. customers	7

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
- > Lactalis Australia Pty Ltd – Echuca
- > Simplot Australia (Properties) Pty Ltd

All major customers have had data loggers installed on potable flow meters. We 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. We are looking at how data from the digital metering project can assist major customers with monitoring water use.

WASTEWATER SYSTEM

WATER RECLAMATION – SEWAGE INFLUENT AND TREATED EFFLUENT VOLUMES

We provide wastewater services to 71,464 residential and non-residential 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 this treated water for either reuse, as recycled water, or to waterways, except at the Cohuna WRP, where the treated water is stored in evaporation lagoons, but not reused.

The following volumes were treated and reused, or released (discharged), during 2020/21.

TOWN	SEWAGE INFLUENT (MEGALITRES)	TOTAL EFFLUENT DISCHARGED (MEGALITRES)	EFFLUENT DISCHARGED TO WATERWAYS (MEGALITRES)	EFFLUENT DISCHARGED FOR REUSE (MEGALITRES)
Axedale	17.3	19.3	0.0	19.3
Bendigo	8,311.8	7,049.2	5,718.1	1,331.1
Boort	32.2	0.0	0.0	0.0
Bridgewater	72.4	15.0	0.0	15.0
Castlemaine	1,160.6	1,477.7	1,368.8	108.9
Cohuna	214.9	0.0	0.0	0.0
Dunolly	34.7	5.4	0.0	5.4
Echuca	1,798.1	1,157.8	0.0	1,157.8
Elmore	40.2	0.0	0.0	0.0
Gunbower	50.2	23.5	0.0	23.5
Heathcote	114.6	98.5	0.0	98.5
Kyneton	884.9	812.1	372.3	439.8
Lockington	22.3	0.0	0.0	0.0
Pyramid Hill	41.5	0.0	0.0	0.0
Rochester	195.3	0.0	0.0	0.0
Wedderburn	33.1	29.5	0.0	29.5
TOTAL	13,024.1	10,688.0	7,459.1	3,228.8

During 2020/21 the treated water produced at the Bendigo WRP was released into Bendigo Creek in accordance with our amended Environment Protection Authority (EPA) licence, which allows for a combined release of treated water from both the Bendigo WRP and the New Moon Groundwater Treatment Plant (GWTP) to the creek.

Between July 2020 and October 2020, partially-treated water from the GWTP was blended with the treated water from the Bendigo WRP and discharged to Bendigo Creek. This was done because of issues with the transfer pipeline that transfers brine from the GWTP to the Bendigo WRP.

In January and February 2021, treated water was discharged from an unlicensed discharge point (i.e. the Mays Swamp Outlet) into the Bendigo Creek for six days as an emergency measure. The discharge was initiated to protect the embankments of the site's storage lagoons due to high inflow to the Bendigo WRP caused by two consecutive days of heavy rainfall in late January. The discharge was undertaken in a controlled manner to avoid any adverse impact on the environment. This release was 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 of a specified quality 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.

Treated water from the Kyneton WRP was released into the Campaspe River when the river flow was sufficient to meet the dilution requirement in the licence. For the financial year, the treated water discharged to the Campaspe River was compliant with all the water quality parameters specified in the licence. Additionally, during this financial year a range of works were carried out at the Kyneton WRP to ensure that ongoing compliance with licence conditions is achieved. A 200 megalitre treated water storage lagoon was constructed on-site and commissioned in early June 2021. Another treated water storage lagoon is under construction to balance treated water discharges to the Campaspe River.

An agreement between Hardwick Meatworks and Coliban Water, for the supply of Class B quality recycled water to Hardwick's irrigation land, commenced in early 2020. A large storage lagoon was constructed to store Class B recycled water during non-irrigation periods on Hardwick's land. A Class C to B Plant was also constructed near the on-site storage lagoons. The recycled water supply to Hardwick's irrigation land is managed through an *Environment Improvement Plan (EIP)* that has been approved by the EPA.

In June 2021, a sewage overflow caused by a blockage in the inlet works of the Kyneton WRP resulted in sewage entering a neighbouring property. This was a breach of an EPA licence condition. The blockage, which occurred in the reclamation plant's grit chamber, was removed, the affected area was cleaned, and the operation of the plant was brought back to normal in a timely manner. This issue was reported to the 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 include undertaking comprehensive monitoring of groundwater and surface water (i.e. Barr Creek) quality and reducing inflow into the WRP.

The treated wastewater is currently bypassing the lagoon that is likely to be leaking and is being stored in the final evaporation lagoon. This bypass arrangement is keeping the water level in the relevant lagoon at a level that will minimise leakage.

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

- › Construction of a 200 megalitre storage lagoon and a 35 megalitre balancing storage at Kyneton WRP.
- › Installation of a new UV system at Kyneton WRP to improve water quality to the Campaspe River.
- › Renewal of the Bendigo WRP wash-press to improve the initial screening process of wastewater.
- › Construction of a biosolids receival facility at Elmore WRP.
- › Renewal of multiple mixers at Bendigo WRP to improve the treatment performance of the Biological Nutrient Removal (BNR) process.
- › Renewal of the biofilter at Castlemaine WRP to improve odour management.
- › Replacement of the inlet pump station valves at Bendigo WRP to allow greater operational flexibility.
- › Refurbishment of the centrifuge bowl and rotating assembly at Bendigo WRP to enable the efficient treatment of solids.

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. There has been an overall improvement in system performance.

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 5,000 sewer mains equating to roughly 270 kilometres of sewer. Including 70 kilometres of sewer mains adjacent to creeks and waterways.
- › Closed Circuit Television (CCTV) condition assessment of around 3,500 poor performing sewer mains equating to roughly 150 kilometres of sewer.
- › Inspections of approximately 600 sewer maintenance holes.
- › Undertaking relining works on poor performing sewer mains, discussed further below.

	SERVICE STANDARD	ACTUAL
Sewer blockages (per 100 kilometres)	39.96	17.78
Average time to attend sewer spills and blockages (minutes)	30	27.60
Average time to rectify a sewer blockage (minutes)	80	65.96
Spills contained within 5 hours (per cent)	99%	100%
Customer receiving more than 3 sewer blockages in the year (number)	2	0

SEWER BLOCKAGES

Blockage rates typically follow a seasonal trend, lowering over summer and peaking during winter.

During 2020/21 there were record low blockage counts in several months. This contributed to an overall record low blockage rate for the year.

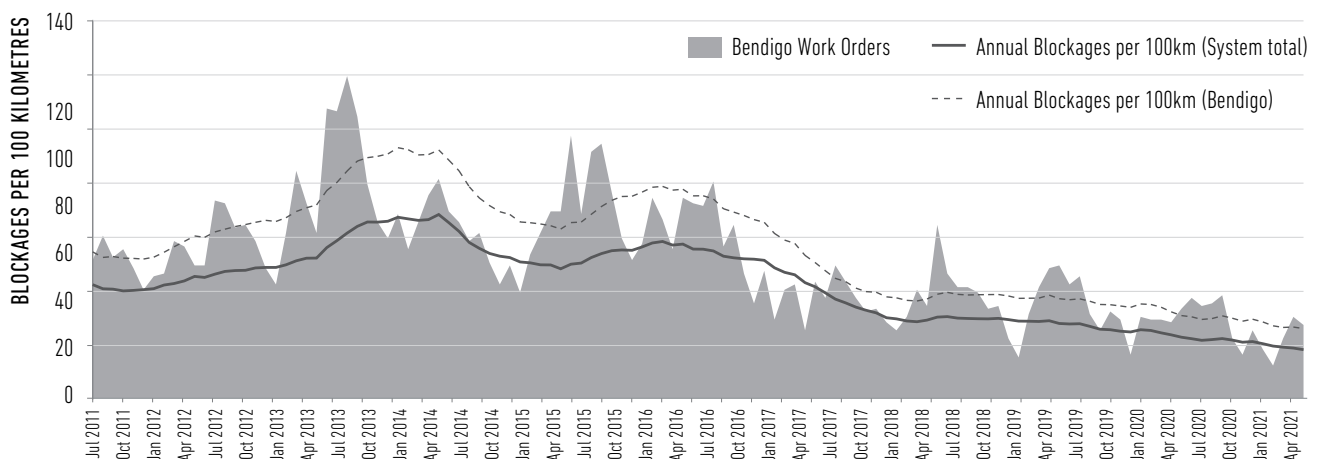
These record lows are due to the enhanced and increased gravity sewer preventative maintenance program which has included sewer cleaning, condition assessment and maintenance hole inspections.

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 40 sewer main sections which is equivalent to 1.9 kilometres of sewer main.

BLOCKAGE RATE CHART (BLOCKAGES PER 100 KILOMETRES)

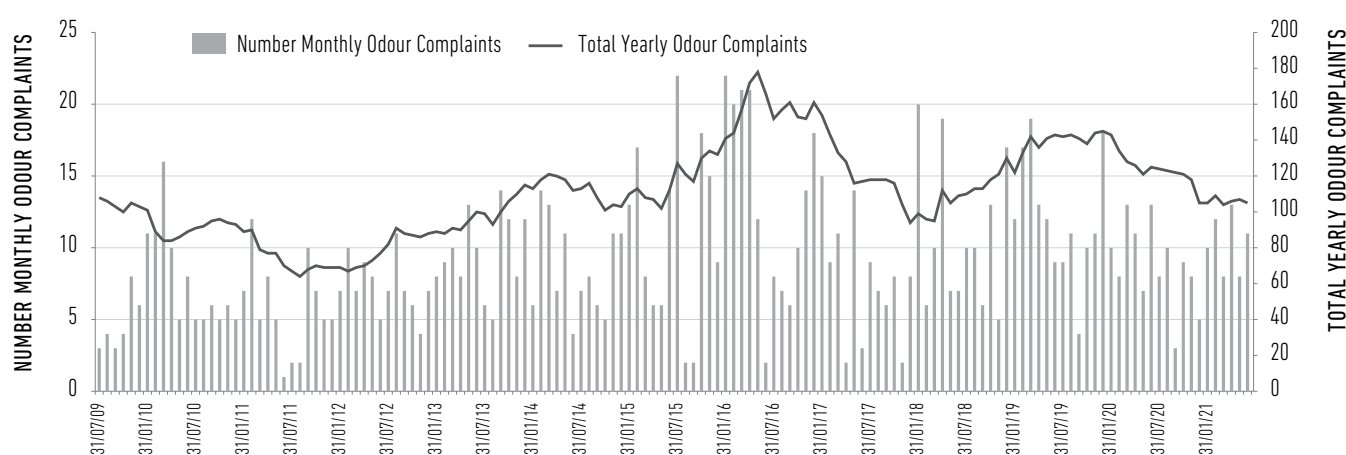


ODOUR MANAGEMENT

In 2020/21, 105 odour complaints were received. These complaints related to the following:

- › 68 per cent with a Coliban Water asset
- › 16 per cent Sewer Pump Stations and rising mains
- › 30 per cent gravity sewer reticulation (non-blockage)
- › 4 per cent gravity sewer reticulation (blockage)
- › 1 per cent gravity sewer reticulation (preventative maintenance)
- › 10 per cent water reclamation plants (WRPs)
- › 6 per cent were communications with customers regarding a previous complaint or a resolved issue
- › 32 per cent were non-Coliban Water assets (such as private plumbing and storm water)

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.

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 2020/21 we have:

- › Undertaken maintenance and repairs of monitoring stations in the sewer network.
- › Undertaken sewer main inspections and rehabilitation.
- › Undertaken sewer maintenance hole inspections.

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 2020/21 we have also:

- › Installed a new temporary odour control filter in Echuca.
- › Replaced air valves on a number of rising mains in the Bendigo region and in Leitchville-Gunbower.
- › Installed two new odour control units in Bendigo and Castlemaine.
- › Undertaken a maintenance hole inspection program in Bendigo.

WORKING AT COLIBAN WATER

OUR TRADEMARK BEHAVIOURS

Our trademark behaviours have served to guide our interactions with each other, our customers and our stakeholders. Our trademark has been:

- › 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

OUR CULTURE

Culture drives organisational performance and success. With that in mind, the Executive and Senior Leadership Teams have worked hard to reflect on our current culture and what changes need to occur to set us up for success in serving our customers and community, as well as delivering on *Strategy 2030*. The new culture statement, *Earn the customer, Own the risk and Act*, is the outcome of that reflection to continue driving the business and our customer focus. The Victorian Public Sector Values serve to echo the previous Trademark Behaviours.

OUR DIVERSITY

We are committed to providing a workplace that is inclusive, flexible, empowering and safe, where the diversity of our people is embraced. We are culturally diverse with nine per cent of our workforce not born in Australia and 11 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 for this year and last. The Coliban Water Executive Leadership Team consists of seven, comprising of four males and three females.

We have 38 per cent female representation within the Senior Leadership Team and are working towards achieving gender balance through the continued implementation of a gender equity plan.

In 2020/21 we made further progress towards building an inclusive workforce through the continued implementation of our *Diversity and Inclusion Plan*. Coliban Water joined more than 30 local organisations to be part of the Greater Bendigo Coalition for Gender Equality that works collectively to advance gender equity and the prevention of violence against women. We continued to provide opportunities for the employment of Aboriginal people through our Rural team partnering with Dja Dja Wurrung Clans Aboriginal Corporation to undertake channel maintenance and by working together with secondary schools and TAFE as the host employer for a local Aboriginal student 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, technical and cultural training.

Our focus this year has been on delivering a new leadership program aiming at building a strong culture, together with developing competence in a range of key areas including water operations, cyber security and asset management.

We have continued our focus on cultural competence and, to support staff through COVID-19, offered fatigue management and resilience building programs.

Employees were provided the opportunity to participate in workshops and conferences aligned to their field of professional expertise, with the aim of leveraging the industry knowledge base. These opportunities enabled the growth of our workforce knowledge and capability through employees exploring new technologies and best practice.

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 47 of this report.

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 young 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. Through the School Based Apprenticeship and Traineeship (SBAT) program, we are currently hosting a traineeship being undertaken by a local Aboriginal secondary school student.

Coliban Water participated in Tomorrow Bound this year; an education, training and careers expo that highlighted the range of exciting courses, pathways and employment opportunities available throughout the City of Greater Bendigo and beyond.

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 Work Integrated Learning (WIL) program is a partnership with local universities that provides opportunities to simultaneously study and work. Our most recent WIL student has studied and worked in engineering. These programs provided an opportunity to students and new graduates in building their skills and knowledge whilst gaining valuable work experience.

WORKFORCE STATISTICS		2021							2020						
		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	78	63	16	74	5	4	84	79	60	20	75	4	4
	Male	115	114	104	4	107	7	7	117	116	111	2	112	4	4
	Self-described	n	n	n	n	n	n	n	n	n	n	n	n	n	n
	Age														
	15-24	6	6	5	0	5	1	1	5	5	4	0	4	1	1
	25-34	40	38	34	3	36	3	3	50	49	44	3	46	3	3
	35-44	55	53	46	6	50	3	3	49	46	41	8	46	0	0
45-54	63	61	52	7	57	4	3	65	63	54	8	60	3	3	
55-64	31	30	27	3	29	1	1	29	29	26	2	28	1	1	
65+	4	4	3	1	4	0	0	3	3	2	1	3	0	0	
CLASSIFICATION DATA	Classification⁽ⁱ⁾														
	Band 1	12	12	11	0	11	1	1	12	12	11	0	11	1	1
	Band 2	38	36	29	7	34	2	2	38	36	28	9	35	1	1
	Band 3	45	42	33	8	38	4	4	50	48	40	7	45	3	3
	Band 4	54	53	48	3	50	3	3	54	52	48	5	51	1	1
	Band 5	25	24	23	2	24	0	0	22	22	21	1	22	0	0
	Band 6	18	18	16	0	16	2	2	16	16	14	0	14	2	2
	Executives⁽ⁱⁱⁱ⁾														
Executives	7	7	7	0	7	0	0	9	9	9	0	9	0	0	
TOTAL EMPLOYEES	199	192	167	20	181	12	11	201	195	171	22	187	8	8	

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.

SALARY ANALYSIS

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

SALARY RANGES	SENIOR EMPLOYEES	EXECUTIVES
\$160,000 – \$179,999	8 [^]	0
\$180,000 – \$199,999	1	4
\$200,000 – \$219,999	0	2
\$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 1.0 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 2021 of \$165,983.

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

EMPLOYEE RELATIONS

The *Coliban Water Enterprise Agreement 2017* provides the employment terms and conditions for most employees. Due to the expiry of this agreement during 2020/21, negotiations for a new enterprise agreement commenced with the relevant unions and staff bargaining representatives.

Coliban Water also has an Employee Consultative Committee (ECC), which provides a valuable forum to communicate and engage with staff on many employee related matters. The ECC includes representatives from staff and management and provides the forum to build and maintain strong relationships while contributing to business improvement and efficiency.

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	2020/21	2019/20
Total training hours	3,857	4,830
Total training investment	\$430,717	\$616,146

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 are available

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. Our recruitment processes acknowledge that diversity is about recognising, respecting and valuing differences based on ethnicity, gender, age, race, religion, disability and sexuality. 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 continue to be important this 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 to operate and maintain the Goldfields Superpipe, constructed from Colbinabbin to Bendigo and to Ballarat in 2007/08. Veolia Water is contracted to operate the Superpipe on the joint venture's behalf.

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

We are committed to the philosophy and practices of environmental stewardship and sustainability. Our Board has approved an amended *Environment and Sustainability Policy Statement* that supports our enhanced EMS and directs the business towards achieving a high level of environmental performance. This includes meaningful and consistent consideration of Traditional Owner values and healing of Country, as well as processes in line with new General Environmental Duty obligations.

We continue to foster effective relationships with stakeholders within our region, including the Department of Environment, Land, Water and Planning (DELWP), Environment Protection Authority (EPA), Department of Health (DoH), 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:

- › Completion of the *Climate Change Adaptation Plan*
- › Completion of Phase 1 and 2 of the Kyneton Water Reclamation Plant (WRP) Solutions Project
- › Board approval of our amended *Environment and Sustainability Policy Statement*
- › Enhancement of our ISO 14001:2015 certified EMS
- › Upgrade of the Heathcote Water Treatment Plant (WTP) to increase water use efficiency, which reduces the risk of releases of treated water to Mclvor Creek from the WRP.

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 undertaken investigations to source additional groundwater supplies at Trentham and Kyneton, we continue to implement programs to reduce demand including leak detection, water mains replacement, water use efficiency at WTPs 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.

We have started to prepare our *Urban Water Strategy 2022*.

SUSTAINABLE AND RESILIENT WATER SERVICES SYSTEMS

Coliban Water has commenced a planning process that we call *Town Visions*, which provides 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 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 our *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.

In the last year we finalised the 50-year *Town Visions* for some of the larger local government areas in our region – namely the City of Greater Bendigo, Macedon Ranges and Mount Alexander Shires. Combined with the *Town Vision* for Campaspe Shire, which was completed in 2020, these provide an important basis for future planned works including our *Pricing Submission 2023*.

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 (more information is available in the Water Security section, starting on page 11 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 practiced 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 Clans Aboriginal Corporation, Yorta Yorta Nations Aboriginal Corporation, Taungurung Land and Waters Council, North Central CMA, local DELWP, Victorian Planning Authority, G-MW 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 including *Water Sensitive Bendigo (WSB)*.

WSB completed the second 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 Cooperative Research Centre for Water Sensitive Cities (CRCWSC), DoH, G-MW and Regional Roads Victoria. During the year, a communications plan was developed for a WSB and a Reimagining Bendigo Creek Implementation Group was formed to progress the items outlined in the *Reimagining Bendigo Creek Strategy*.

The working group continued to share information across the organisations and influence strategies. Two teams made up of staff members from the WSB Network (Coliban Water, CoGB, North Central CMA and local consultants) completed the Lead Loddon Murray Leadership in Sustainability program; one team focused on options for urban cooling; and the other on how to improve the biodiversity and aesthetic values of Spring Creek.

We will support development of a revised *Strategic Directions Statement* in 2021/22.

Integrated water planning is considered through our planning strategies for each town – in particular the *Town Visions* described in the previous section.

ENVIRONMENT AND SUSTAINABILITY

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

The amended *Environment and Sustainability Policy Statement* was endorsed in 2021, and reaches beyond compliance by focusing on stewardship of the environment.

Our *Climate Change Adaptation Plan* was released in early 2021 and will guide our response to climate change and increase resilience across the business. Climate change has touchpoints across the whole business and is therefore a key to our sustainable future.

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 41 threatened fauna species.

We recognise the need to minimise our impacts on biodiversity and actively contribute to the implementation of Victoria's Biodiversity Strategy, *Protecting Victoria's Environment – Biodiversity 2037*, through various actions including:

- › Participation at regional biodiversity events.
- › Monitoring our land for threatened flora, fauna and vegetation communities, to understand where they occur, and to avoid and minimise the impacts of projects and operational activities.
- › Work with staff to raise their awareness and understanding of biodiversity and native vegetation values and how work practices can be undertaken to reduce impacts.
- › Implementing land management works to achieve both operational outcomes and biodiversity values where possible.
- › Sharing biodiversity information with agency stakeholders, field naturalists and other volunteer groups who work on, or adjoining, our land to enhance knowledge.

We continue to monitor the population of the federally listed Growling Grass Frog at the Bendigo WRP and were pleased to see a positive change in numbers detected from what was observed in 2019/20, and more in line with what was recorded in 2018/19. Spring Gully Reservoir supports threatened woodland bird and mammal species, and recent surveys have further confirmed the importance of the site for biodiversity through the recent identification of a previously unrecorded colony of the federally listed Eltham Copper Butterfly, as well as the ongoing presence of Bibrons Toadlet. Information obtained through these surveys will help to ensure operations and proposed activities at the site are appropriately planned and managed to protect and conserve these values.

The Bendigo Field Naturalists Group continues to undertake biannual bird counts at the Bendigo WRP, providing valuable data and information to our knowledge of these sites.

CLIMATE CHANGE ADAPTATION

In 2020/21, the *Coliban Water Climate Change Adaptation Plan (CCAP)* was completed. This plan was underpinned by a significant risk assessment that identified a total of 53 Climate Change Adaptation Risks across the business:

- › Seven Immediate Priority Risks
- › Eight Medium Term Priority Risks (2030)
- › 15 Long Term Priority Risks (2060)
- › 23 Low Priority Risks

Actions have been identified to address the immediate and medium priority risks; these actions will complement the ongoing adaptation controls that are already in place. In 2021/22, the CCAP will be reviewed in light of further work being undertaken by the business and DELWP.

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 focuses 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 have undertaken a fuel load and fire risk assessment at our Coliban River storages this year to help inform management actions. We have undertaken a similar exercise at Jackass Flat Reservoir where we need to balance bushfire risk in an increasingly urbanised environment with significant biodiversity values. In addition to this, we 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.

Coliban Water engages with Traditional Owner enterprises, such as Djandak (Dja Dja Wurrung Enterprises Pty Ltd), to deliver land and natural resource management outcomes on Country and identify opportunities to work together collaboratively. This includes sensitively managing access to areas around the storages and across sites 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. Negotiations with landowners around fencing at Lauriston Reservoir are continuing with positive progress being made towards the protection of water quality from catchment to tap.

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. This ensures 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 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 2020/21 Action Plan, that supports the MoU, was formulated. The MoU enables the protection and 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 has progressed the Kyneton Offsets Project to the monitoring and maintenance phase with on-site stream frontage works now complete. These works prevent nutrients and pathogens from entering the waterway.

UPPER COLIBAN INTEGRATED CATCHMENT MANAGEMENT PLAN (ICMP)

The 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 G-MW, 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 the Coliban Water and North Central CMA partnership program, *A Healthy Coliban Catchment (AHCC)*, now entering its third year of operation. 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 2020/21 COVID-19 related restrictions impacted upon the delivery of on-ground works. With works crews being restricted, the program delivered a decrease on the previous reporting period of on-ground works outlined through the *AHCC Annual Works Plan*, including 1.5 kilometres of riparian fencing, two off-stream watering points, 32 hectares of weed management and 30 hectares of revegetation across the UCC. Increased targets are planned for in the works plan for 2021/22 with landholder agreements put in place over the preceding six months. So far, the program has seen a total investment in the on-ground works of 48 kilometres of stream-front fencing, 97 off-stream watering systems installed, 354 hectares of weed control and 102 hectares of revegetation.

Evidence presented from the 2019 social benchmarking 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 DELWP's *Planning for Melbourne's Green Wedges and Agricultural Land* which encompasses all of the Upper Coliban Catchments.

The AHCC has initiated a partnership with Macedon Ranges Shire Council supporting their delivery of a regenerative grazing workshop and short course, and landholder information sessions. We continue to support the Healthy Landscapes – Practical Regenerative Agricultural Communities project. 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's* key elements, including implementing and maintaining on-ground works, managing environmental water in priority waterways, fostering strong community partnerships and using regulation (legislation and statutory processes), such as including amendments to planning schemes, 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. Feedback provided by DELWP to North Central CMA noted the positive impacts the delivery of priority on-ground works provided to the catchment community and the continued support for future works funding.

Dja Dja Wurrung Enterprises 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 WRP at Epsom. Encroachment and development of land for sensitive uses near to WRPs is a significant issue affecting all water corporations. In early 2021 a new planning tool was gazetted into the Victoria Planning Provisions. The Buffer Area Overlay (BAO) is now available as a tool to be used to manage land use conflict. As a result, we have embarked on more detailed odour assessment for the Bendigo WRP to better define the extents of the new planning tool.

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 (ERAs) utilises *SEPP (Waters)* objectives and processes to identify our contribution to waterway health and identify activities to improve the environment in which we operate.

The *Environment Protection Act 2017* as amended by the *Environment Protection Amendment Act 2018* (the new Act) commenced on 1 July 2021. With this amendment came changes to the subordinate legislation of the *State Environmental Protection Policy (SEPP)*. Some of the content in *SEPP* will be rehoused in fit-for-purpose subordinate instruments, such as the *Environment Reference Standard*, which includes environmental values, segments, indicators and objectives. Clauses in *SEPP* that are regulatory in nature are included (with changes) in the *Environment Protection Regulations*. *SEPP* clauses that contain rules for the EPA's decision-making also in the proposed *Regulation*. Some *SEPP* clauses will not be rehoused in subordinate instruments as they are not needed as the General Environmental Duty (GED) and other clauses will be reframed as EPA guidance.

A *SEPP (Waters)* clause may inform the standard of care expected of a person conducting an activity for them to comply with the GED. In this way *SEPP (Waters)* will continue to contribute to the state of knowledge on relevant risks and risk control measures. In addition, the proposed *Environment Protection Transitional Regulations* save some specific clauses in *SEPP (Waters)* for two years from 1 July 21. The clauses most relevant to Coliban Water in the *Environment Protection Transitional Regulations* are the following:

- a. clause 30 obligation on water corporations to plan sewerage services;
- e. clause 35(1) obligation on saline wastewater management, (5) obligation on DELWP to ensure saline discharges do not contribute to increasing salinity of land and waters or exceed targets and (6) obligation on water corporations to use regional land and water management plans and regional irrigation development guidelines;

- f. clause 37 outlines numerous responsibilities of agencies (water corporations, catchment management authorities, DELWP, Department of Economic Development, Jobs, Transport and Resources) to manage irrigation drains;

Projects such as the implementation of our *Catchment Management Plan*, Kyneton WRP 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 CMA's Caring for Campaspe Project ensure we are actively contributing to the improvement of environmental assets with our communities.

Our operational activities are conducted in consideration of *SEPP (Waters)*. This includes undertaking ERAs of our discharges to waterways and hydrogeological assessments to review risks to groundwater. The completion of works at Kyneton WRP has resulted in improvements to the water quality of the discharge from this site.

The 2019 establishment of the Onsite Domestic Wastewater Steering Committee (ODWSC) was an action from the *SEPP (Waters) Implementation Plan Critical Action 5 – Managing Onsite Domestic Wastewater* and the *DELWP Management Plan* under the VAGO audit 2018. Coliban Water continues to be represented on the steering committee along with four other water corporations, nine local government areas, EPA, DoH and DELWP. We provide input to the ODWSC which includes actions such as the updating of the Code of Practice for on-site wastewater management and model domestic wastewater management planning.

ENVIRONMENT PROTECTION AUTHORITY (EPA) AMALGAMATED LICENCE AND COMPLIANCE

There are 16 Water Reclamation Plants (WRP) within Coliban Water's region, twelve operate under the EPA Amalgamated Licence 74405, two WRPs operate under Environmental Improvement Plans (EIP) and two additional WRPs are managed by contractors operating under Build Own Operate Transfer (BOOT) schemes. We also continue to manage the operation of the Bendigo Groundwater Treatment Plant, also under Licence 74405, which prevents natural releases of highly saline, high arsenic-containing, water to the environment.

Our 2020/21 Annual Performance Statement (APS) to the EPA will report that licence compliance was achieved at eight WRPs and the ground water treatment plant, with six non-compliances being recorded in relation to the Kyneton WRP, Epsom WRP, Castlemaine WRP and Cohuna WRP. A summary of the six non-compliances is listed on page 36 of this report.

The Kyneton WRP Project has progressed with the completion of Phase 1 and on-site construction in Phase 2. The discharge to Campaspe River was compliant with all Licence requirements for 2020/21. Coliban Water was found guilty and convicted of charges by the Kyneton Magistrate Court relating to EPA charges following non-compliant discharges in 2019. Sentencing included a contribution to an environmental project on Snipes Creek and a two-year good behaviour bond.

Upgrades and improvements to the Castlemaine WRP odour management infrastructure have also been completed. Planning projects for other WRPs will enable prioritisation of continual improvements across all sites for our *Pricing Submission 2023*. We have completed a full enhancement of our risk-based monitoring program and continue to ground proof risks and controls across our sites.

The routine replacement, repair and cleaning of sewer mains continues to produce improved performance of our networks. Climate conditions have also been favourable, resulting in record low blockage rates and the number of spills reported to EPA via the EPA's Sewer Spill Notification Protocol. Increased performance of our network is a contribution to lowering our environmental footprint, protecting the ecologies of our region and supporting our Traditional Owners in healing Country.

SUMMARY OF ANNUAL PERFORMANCE STATEMENT (APS) TO EPA

LOCATION	DATE	DESCRIPTION	ACTIONS
Castlemaine WRP	1/07/2020 to 31/01/2021	Emission of offensive odours	Completion of odour management improvement projects
Epsom WRP	2/10/20	Emission of offensive odours	Review of on-site odour management infrastructure Odour modelling Project planning and EPA approval to improve odour management of brine lagoon
Kyneton WRP	8/10/20	Emission of offensive odours	Review of sludge drying bed operations
Epsom WRP	29/01/21	Wet weather discharge not compliant with EPA Publication 1322.9 conditions	Recycled Water Factory in service Project planning and EPA approval to utilise existing evaporation storage
Kyneton WRP	26/06/21	Off-site discharge of waste water to neighbouring land	Review of preventative maintenance program
Cohuna WRP	01/07/2020 to 30/06/2021	Lagoon seepage most likely causing groundwater mounding resulting in impacts to neighbouring land	Project planning for solution Prioritisation to occur in <i>Pricing Submission 2023</i> development

ENERGY AND CARBON MANAGEMENT

The implementation of our *Energy and Carbon Management Strategy* has been a key strategic focus for the corporation in 2020/21. The *Strategy* is 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.

GREENHOUSE GAS EMISSIONS (TONNES CO₂-E)

PERFORMANCE INDICATOR	2020/21 RESULT				VARIANCE (%)	COMMENTARY (INTERIM TARGETS ARE RELATED TO THE BASELINE)
	2019/20	SCOPE 1 EMISSIONS	SCOPE 2 EMISSIONS	TOTAL EMISSIONS		
Water Treatment and Supply	6,848	0	4,265	4,265	-37.7	The Goldfields Superpipe did not operate in 2020/21.
Sewerage Treatment and Management	21,747	1,774	19,574	21,348	-1.8	There was a significant reduction in the emissions factors for Scope 1 calculations.
Transport	871	901	0	901	3.4	All emissions are Scope 1 direct emissions through burning of fuel. Slight increase can be attributed to COVID-19 vehicle procedures.
Other	472	0	428	428	-9.3	Building energy consumption has reduced due to Work From Home situation.
Total Emissions	29,938	2,675	24,267	26,941		

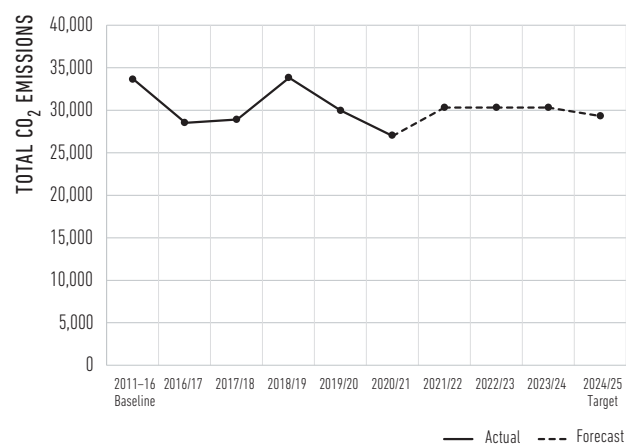
STATEMENT OF OBLIGATIONS (EMISSIONS REDUCTION)

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 2020/21 to below our 2024/25 target due to the reduced operation of the Goldfields Superpipe and adjustments in calculation methodology. It is the preference of the business to maintain this trajectory, however water security will influence emissions significantly over the coming years.

NET GREENHOUSE GAS EMISSIONS (TONNES OF CO₂ EQUIVALENT)



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 to 20 per cent of our electricity emissions over the contract life. The solar farm commenced generating in 2020/21.

We have been responsive to community energy security needs. We continue to participate in the combined Australian Energy Market Operator (AEMO) and 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
	2019/20 RESULT	2020/21 RESULT	
Water Treatment and Supply	6,713.7	4,496.2	The Goldfields Superpipe had reduced operations during 2020/21
Sewerage Treatment and Management	18,004.1	19,973.5	Bendigo WRP recorded a 10 per cent increase in consumption due to increased use of the Recycled Water Factory and management of the process.
Other (office, workshops, depots etc)	462.6	436.7	
Total	25,180.4	24,906.3	

ENERGY GENERATED OR EXPORTED

Coliban Water has one water treatment plant that utilises a 30 kilowatt photovoltaic system. In mid-2021 two 20 kilowatt systems were installed on the Axe Creek and Colbinabbin Pump Stations to offset standby usage at each site. We will be delivering additional solar renewable energy projects across our asset base in 2021/22. Numerous telemetry sites are powered by solar panels.

	2019/20 RENEWABLE ELECTRICITY USED (MWH)	2020/21 RENEWABLE ELECTRICITY CONSUMPTION (MWH)	2020/21 RENEWABLE ELECTRICITY CONSUMPTION (% OF TOTAL CONSUMPTION)	COMMENTARY
Renewable electricity consumption from the electricity Coliban Water receives from the electricity grid as a result of the Commonwealth Government's LRET				
Total Grid-sourced: Mandatory		4713.5	19%	
Renewable electricity consumption as a result of Corporation led/self-sourced activities and initiatives				
1. Solar	65.34	65	0.26%	30kW System at Korong Vale WTP. Solar generation made up 40% of total energy use on-site. In June 2021, a further 40kW was installed on Superpipe pumpstations.
2. Hydro-electric	0.0	0.0	0.0	
3. Wind Power	0.0	0.0	0.0	
4. Biogas	0.0	0.0	0.0	
5. Green-power	0.0	0.0	0.0	
6. Other	0.0	0.0	0.0	
Total	65.34	65.0	0.26%	

CORPORATE WATER CONSUMPTION

At our Bendigo head offices, we consumed 4.5 kilolitres per year per Full-Time Equivalent (FTE) staff member.

Total water consumption for 2020/21 for 30 Bridge Street and 37-45 Bridge Street Bendigo was 862.4 kilolitres.

HEAD OFFICE WATER CONSUMPTION	2020/21	2019/20	2018/19
Total water consumption (kilolitres)	862	988	1,105
Full-time equivalent (FTE) staff	192	195	197
Volume per FTE (kilolitres)	4.5	5.1	5.6

MANAGEMENT OF SOCIAL AND ECONOMIC IMPACTS

Our Coliban Assist Program (CAP) was developed to identify and assist customers experiencing financial vulnerability.

Engagement with welfare agencies in our region to seek their input helps us to assess and develop our program. We are committed to ensuring the 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.

In 2020/21, Coliban Water partnered with Anglicare Victoria to form the *Stay Afloat Program*. This program was established to provide financial capability and support to our customers. Internally, our Account Solutions Team were trained in financial capability to enhance the service we provide customers. The program delivered online education sessions for customers, one-on-one financial counselling and customer home visits, in-line with restrictions in place at the time.

Our payment arrangement process is in place to assist any customer who cannot pay by the due date. At the end of the financial year we had 5,639 active payment arrangements. This is an increase on last year's total of 5,210 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 empower customers 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 who are victims of family violence. We have strong family violence policies and processes for customers and staff, which have been vetted and approved by White Ribbon Australia.

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. This year we provided \$123,225 worth of financial relief to customers in our hardship program.

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 were clear deliverables required within the first 12 months in addition to accepting our referrals to supporting our customers. This partnership aimed to deliver financial capability training for our staff and joint education events for our customers, both in person and online.

In March 2021 the official partnership came to an end with a perceived conflict raised at Anglicare Victoria with financial counselling legislation. It is important to know that Coliban Water has not breached any legislation, regulation or codes. We have maintained a close relationship since the partnership ended, to discuss trends and insights on the residents of our region, to allow for continuous improvement to our hardship policies and processes.

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. Other activities to let customers know that we were here to help included SMS, letters, phone calls, customer home visits and posts on our social media.

COMMUNITY REBATE 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 customers experiencing vulnerability 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 2020/21 the program assisted 60 customers (in 2019/20 assisted 158) at a total cost of \$41,119 (2019/20, \$30,560). We were on track to assist many more customers, however we paused this program until November 2020 to ensure the health and safety of our staff. It was at this time, COVID-19 restrictions eased in Victoria and a COVIDSafe Plan was implemented.

COMMUNITY SERVICE OBLIGATIONS

The Victorian Government makes available concessions and rebates for eligible customers within our region. The following table summarises the value of concessions and rebates we have processed over the past two years. Eligible concession holders are provided a 50 per cent deduction off their water and sewerage charges, up to a maximum of \$337.10 per annum. If a household is billed for water usage only, the concession is capped at a maximum of \$168.55 per annum. This year the concession for both charges increased by \$8.20 for water and sewer charges and \$4.10 for water usage only. We have approximately 24,546 customers in our region who have registered their eligibility for this payment which is just over 30 per cent of our customer base.

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 URGs. During this financial year with COVID-19 restrictions in place at times, the number of URG's approved by the Department of Families, Fairness and Housing (DFFH) decreased from 625 in 2019/20 to 275 in 2020/21. This decrease was led by an increase in Government benefits, relieving many customers of temporary financial vulnerability.

At the end of the year, there were 335 customers accessing our CAP. This is similar to the same time last year which is lower than previous years. Given COVID-19 and the Government benefits that many 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 provides.

This year we have been promoting concessions, URGs and our CAP with social media campaigns, stronger conversations with customers with additional training for staff, messages on bills, customer surveys and SMS campaigns. All have driven incoming contact from customers to discuss elements of these programs.

CONCESSIONS AND REBATES	2020/21	2019/20
Not For Profit Rebates	\$453,186	\$473,321
Pension Concession	\$6,312,015	\$6,113,667
Utility Relief Grants	\$123,923	\$302,507
Water Concession on Life Support Machines	\$0	\$63
Hardship Relief Grant Scheme (Coliban Assist Program)	\$123,225	\$52,692
Community Rebate Program	\$41,119	\$30,560

CUSTOMER AND COMMUNITY REBATES 2020/21

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

We paid 49 customer and seven community rebates in 2020/21, the third year of the expanded rebate scheme. The total cost of all rebate payments was \$45,638. This is fewer rebates paid but a higher cost than the 2019/20 result, mainly due to the higher cost of community rebates.

A total of seven community rebates were payable for our performance in 2020/21. These were for short-term water quality issues in Boort, Cohuna, Echuca and Leitchville, persistent low pressure in Bealiba, Gunbower and Lockington, and issue of a 'do not drink' notice following a severe weather event in Trentham in June 2021. 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 2020/21	VALUE	INVESTIGATED	PAYABLE	TOTAL
Sewer intrusion – blown seal	\$50	21	19	\$950
Sewer intrusion – under 1 hour	\$300	1	–	–
Sewer intrusion – over 1 hour	\$1,000	4	1	\$1,000
Special Meter Read late	\$19.24	14	2	\$38
3+ sewer blockages ⁽¹⁾	\$100	14	9	\$900
4+ water outages	\$50	–	–	–
5+ hour water interruption ⁽²⁾	\$50	117	–	–
Correspondence >10 days	\$10	–	–	–
Planned water outage peak times	\$100	–	–	–
Rural water allocation	*	–	–	–
Customer restriction	\$300	–	–	–
Customer unrestricted > 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/lot	–	–	–
Total Customer rebates		171	31	\$2,888
COMMUNITY REBATES 2020/21	VALUE	INVESTIGATED	PAYABLE	TOTAL
Large sewer spill	\$20,000	–	–	–
Poor water pressure / flowrate ⁽³⁾	\$5,000	3	3	\$15,000
Boil water / do not consume notice ⁽⁴⁾	\$5,000	1	1	\$5,000
Short-term water quality issue ⁽⁵⁾	\$5,000	4	3	\$15,000
Total Community rebates		8	7	\$35,000

Notes

- Eight of the nine rebates paid for 3+ sewer blockages had one or more events where the blockage did not result in a full service interruption, hence should not have been paid.
 - Contractor Lendlease closed a number of open work orders where potential 5+ hour outage after 30 June 2021. These are currently being investigated.
 - Management has determined to pay low pressure rebates to Bealiba, Gunbower and Lockington systems due to combination of customer complaints and persistent modelled low pressure.
 - 'Do not drink' notice issued in Trentham June 2021 following severe weather event. Total loss of power to treatment plant and potential for water quality to be compromised.
 - Ongoing issues with taste and odour compounds in source water for Murray townships Cohuna, Echuca and Leitchville in early 2021. These issues have now been resolved, however quality of Murray River source water is an ongoing concern.
- * Rebate amount payable to rural network customers in any year where they receive less than 100 per cent allocation. The rebate 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.

From 1 January 2021 responsibility for the *SPF* transferred from the Department of Treasury and Finance (DTF) to the Department of Jobs, Precincts and Regions (DJPR).

IMPLEMENTATION AND ONGOING 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 were included in employee performance development plans from 1 July 2020.

External capability development continues to be 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.

Coliban Water's Board continue to encourage social procurement considerations in all aspects of procurement. In 2021 they initiated the development of internal procurement evaluation requirements that better support social procurement which will be implemented in the 2021/22 financial year.

2020/21 ACTIVITY TO SUPPORT OUR STRATEGY

Results against our 2020/21 *Social Procurement Strategy* targets are included in the Social Procurement Strategy Targets – Results 2020/21 table on page 42 of this report. The table, along with the objectives and case studies, describes some of the activities undertaken in 2020/21 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 one student.

Coliban Water also frequently interacts with local Victorian Aboriginal Businesses under both our *RAP* and the *RSA* to discuss requirements and opportunities. We continued to implement two service agreements with Dja Dja Wurrung, including Land Management Services and Pest Plant Management. The works focus on revegetation, fencing, pest plant and animal management and fire hazard reduction. We also engage Dja Dja Wurrung Clans Aboriginal Corporation to conduct site investigations and develop Cultural Heritage Management Plans (CHMPs) to protect identified sites of significance. Other services are provided where opportunities arise (refer case study following).



OBJECTIVE 1 CASE STUDY

SUSTAINABLE VICTORIAN SOCIAL ENTERPRISE AND ABORIGINAL BUSINESS SECTORS, AND OPPORTUNITIES FOR VICTORIAN ABORIGINAL PEOPLE

Dja Dja Wurrung (Djandak) is a diversity employer with a skilled local work crew and qualified technical experts in Environmental Sciences, Conservation Management and Cultural Heritage. Djandak's mission is to provide a platform for the development of the Dja Dja Wurrung people and their lands and for the knowledge and culture of the Dja Dja Wurrung People to be recognised and incorporated into the management of the Dja Dja Wurrung Parks (DDW Parks).

Coliban Water seeks to provide opportunities to assist them to achieve their vision. Dja Dja Wurrung has been involved with our Rural Services team for a number of years and the relationship continues to strengthen. In 2020/21 we have utilised their services in a revised capacity due to the restrictions we were facing operationally during the pandemic, resulting in:

- The secondment of two people from Dja Dja Wurrung who were trained during October 2020, not only to assist in the usual pre-season channel cleaning, but trained to run the

channel system, open and close outlets and input the outlet reads into the computer system. Due to this training they were able to cover resourcing gaps in the lead up to Christmas, with one role continuing through to March 2021. This experience was very positive for both parties.

- Dja Dja Wurrung undertaking channel decommissioning works on some of our closed channel systems, with the majority of works being undertaken in the Harcourt area.

Other special 2020/21 engagements with Dja Dja Wurrung included:

- The construction of a boat ramp at our Upper Coliban Reservoir.
- The construction of a new shelter ('Mayam'), seating, paths and surrounding landscaping at our Upper Coliban Reservoir. The design incorporates the history and geography of the site including a Dja Dja Wurrung Tachylite mine that was submerged as part of the construction of the reservoir. The area has been designed for passive use and to provide an interesting perspective on aspects of aboriginal culture.



OBJECTIVE 2

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

The engagement of Dja Dja Wurrung for channel management and Access Employment Enterprises for our catering needs are examples of how Coliban Water have identified existing suppliers and matched them to procurement opportunities.

Coliban Water also continued working with our strategic business partner, Lendlease, who has significant business practices that support social and sustainable objectives. This includes the GyMEA Program which is a national procurement strategy for indigenous businesses and drives a business culture that promotes equality, flexibility, wellness and respect of land and environment. In addition, Lendlease operates under 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 nine social benefit suppliers in 2020/21, with a total spend of \$547,749.

Coliban Water engaged a variety of Australian Disability Enterprises, Victorian Aboriginal Businesses and priority disadvantaged cohorts. Engagements included land management, catering, financial counselling, contributions to community resilience programs and sponsorship of NAIDOC and sustainability events.

CASE STUDY

ENGAGING SUSTAINABLE VICTORIAN SOCIAL ENTERPRISES

Coliban Water partnered with Anglicare Victoria to offer a financial wellness program called *Stay Afloat* to customers experiencing financial hardship. Anglicare Victoria staff provided free one-to-one advice for Coliban Water customers about:

- understanding your finances
- developing and managing a budget
- understanding credit arrangements
- planning for the future

OBJECTIVE 4

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

In 2020/21 Coliban Water included Social Benefit criteria in the evaluation of 100 per cent of public tenders, totalling \$25.9 million in addition to other minor procurement processes. Coliban Water utilised an additional evaluation criterion to the Social Benefit objectives which assessed social and economic contribution to our immediate local Coliban Water Region.

CASE STUDY

GROW BENDIGO INITIATIVE

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 50 per cent of amenable expenditure to our local region and we have initiated ongoing processes to identify potential improvements in spend categories.

In March 2021 Coliban Water finalised a *GROW Action Plan* which will assist Coliban Water to find new approaches to:

- Spend Local and Spend Social: Buy or sell to support local businesses and suppliers and to improve social outcomes;
- Be inclusive: Increase employment and training opportunities for *GROW* communities; and
- Advocate and Collaborate: Work together with *GROW* to identify new opportunities to support everyone in our region.

SOCIAL PROCUREMENT STRATEGY TARGETS – RESULTS 2020/21

RESULTS AGAINST STRATEGY TARGETS FOR EDUCATION

ACTIVITY	MEASURE	TARGET DESCRIPTION	RELATED OBJECTIVES	2021 TARGET	RESULT	VARIANCE	COMMENT
Supplier training	Education of suppliers	Conducted for 100% of relevant public tenders with mandatory briefings	All objectives	100%	100%	0%	Included for all tenders above \$1 million with mandatory briefings. Information and references included in all tendering documents.
		Inclusion of Social Procurement in formal RFQ's for awareness at all values (other than public tendering)	All objectives	100%	100%	0%	Education and information was provided to 100% of suppliers where the updated formal 'Request for Quotation' template was utilised. Note that the use of this template is not mandated.
Staff training	Education of employees via e-learnings (including encouragement to include Social Procurement at all values)	75% of staff	All objectives	75%	95%	20%	Social Procurement is now a component of Coliban Water's overall Procurement e-learning which employees are required to complete every two years.
	Cultural awareness e-learning completion rate	75% of staff	Opportunities for Victorian Aboriginal businesses	75%	95%	20%	A strong completion rate from employees was observed.
	Aboriginal and Torres Strait Islander Cultural Competence Course completion rate	15 staff (targeted group based on roles)	Opportunities for Victorian Aboriginal businesses	15	20	5	A strong completion rate of the Aboriginal and Torres Strait Islander Cultural Competence Course was observed. Thirteen employees and seven Board Directors completed the course in 2020/21.
	Recognition of Social Procurement in formal performance assessment processes	Portion of staff with Social Procurement objectives included in their annual Performance Development Plan	All objectives	20%	48%	28%	Staff were able to choose from different Social Procurement objectives depending on the level of transactions they govern on behalf of the business. We experienced a high level of take up of the optional objectives, creating awareness and discussion during performance management planning.

RESULTS AGAINST STRATEGY TARGETS FOR DIRECT SOCIAL PROCUREMENT

ACTIVITY	MEASURE	TARGET DESCRIPTION	RELATED OBJECTIVES	2021 TARGET	RESULT	VARIANCE	COMMENT
Expenditure categories	Catering and room hire expenditure	5% of category	All objectives	5.0%	13.0%	8%	Achieved, despite minimal catering and room hire being procured due to the move to working from home during the COVID-19 pandemic. Staff awareness of Peppergreen Farm's catering services increased after a related Coliban Water case study was published in the Department of Treasury and Finance's Annual Report for 2019/20.
	Contractors / Consultants expenditure	\$200,000 (A relatively low target was set for 2020/21 in light of the uncertainty surrounding pandemic related lockdowns at the beginning of the year)	Opportunities for Victorian Aboriginal businesses	\$200,000	\$277,564	\$270,185	Coliban Water engaged Dja Dja Wurrung to undertake Rural Channel clearing and decommissioning, various Land Management Services and Pest Plant Management activities, the construction of a boat ramp, and the completion of the construction of a shelter and landscaping at our Upper Coliban Reservoir. We also engaged Dja Dja Wurrung Clans Aboriginal Corporation to assist us with site investigations and Cultural Heritage Management Plans for a range of projects and activities.
			All other objectives		\$347,749		Various other engagements took our direct Social Procurement spend to a total of \$547,749 to a total of 9 social benefit suppliers.
Labour	Engagement of Supported Employment Services	1 work experience placement for an employee with a disability	Opportunities for Victorians with a disability	1	0	-1	This engagement was delayed in 2020/21 due to the inability to supervise following the move to working from home during the COVID-19 pandemic.
	Instances of inclusion of diverse workforce	Work experience placements for Aboriginal Students (Program was on hold due to the pandemic)	Opportunities for disadvantaged Victorians	0	1	1	Coliban Water participated in the employment of Aboriginal School Based Apprenticeships/ Traineeships (SBAT) program by being the host employer for one student. The program was on hold due to the inability to supervise following the move to working from home during the COVID-19 pandemic, but the placement was able to commence late in the 2020/21 financial year.

RESULTS AGAINST STRATEGY TARGETS FOR INDIRECT SOCIAL PROCUREMENT

Public tender evaluation	Weighted social and sustainable criteria applied to procurement under \$1 million conducted via public tender	50% of tenders	All objectives	50%	NA	NA	No procurement above Coliban Water's public tender threshold and under \$1 million was publicly tendered in 2020/21. Regardless, we continue to make improvements for when this is next required. It is currently not compulsory that Social Procurement provisions are included for procurement under \$1 million, however, during 2020/21 internal evaluation requirements were developed and will be implemented in 2021/22 to encourage wider use of social and sustainable criteria at lower levels in future.
	Weighted social and sustainable criteria applied to procurement within projects over \$1 million	100% of tenders	All objectives	100%	100%	0%	It is compulsory that Social Procurement provisions are included in all tenders for procurement over \$1 million. Coliban Water have met this requirement. Seven public tenders totalling \$25.9 million included Social Procurement objectives as an evaluation criteria in 2020/21. Four contracts totalling \$20 million were awarded and included Social Procurement Commitments.

BOARD RESPONSIBILITIES

Our Board comprises nine Directors, including 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.

Lucy Roffey was Chairperson for the 2020/21 reporting year. Bob Cameron was appointed Chairperson effective 1 October 2021.

BOARD DIRECTORS AS AT 30 JUNE 2021

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 and a Director on the Homes Victoria Board.

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

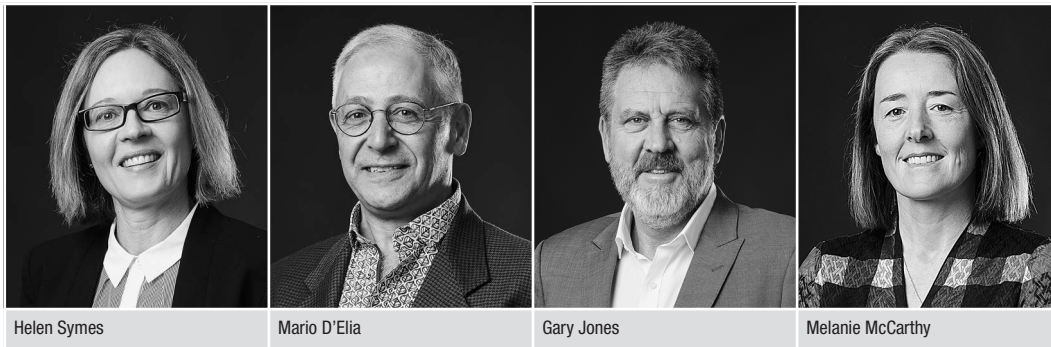
Nigel McGuckian was appointed to the Board on 1 October 2017. Mr McGuckian is a Board member of the Ulumbarra Foundation and committee member of the Bendigo Symphony Orchestra. He is past Chair of the Loddon Campaspe Regional Partnership and the Otis Foundation. He was a cofounder of RM Consulting Group – 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

Damian Wells was appointed as Managing Director, commencing in 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 Regional 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.

HELEN SYMES

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

Helen Symes was appointed to the Board on 1 October 2017. Ms Symes is a Director of CVGT Australia. She 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. He is a member of the Office of Projects Victoria Advisory Board and an Advisor to Ontoit Global. 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.

BOB CAMERON

LLB FAICD

Bob Cameron was appointed to the Board on 1 October 2015. Mr Cameron is Chair of Bendigo Health. He 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.

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. Dr Jones is a Director of the International Water Resources Association and a former Director of Water Stewardship Australia. 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 Catchment Management Authority 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.

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.

On 21 August 2020 the Coliban Water Board approved the dissolution of its existing Committees and the formation and membership of the below Committees to align with Coliban Water's *Strategy 2030* and Strategic Risks. Each Committee meets quarterly and at other times as required.

AUDIT, FINANCE AND RISK COMMITTEE

The Audit, Finance and Risk Committee 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)
- › Risk Management Framework
- › Information management, including information security and cyber security
- › Key financial policies and systems of internal control.

From 21 August 2020 until 30 June 2021 the members of the Committee were Helen Symes (Chair), Lucy Roffey, Mario D'Elia and Gary Jones. All Committee members are independent.

PEOPLE AND SAFETY COMMITTEE

The People and Safety Committee is responsible for making recommendations to the Board on:

- › Health, safety and wellbeing
- › Ensuring public safety
- › Safety culture and leadership
- › Organisational culture
- › Executive remuneration and Managing Director performance
- › Compliance with relevant laws, regulations, codes of conduct and ethical standards.

From 21 August 2020 to 30 June 2021 the members of the Committee were Marika McMahon (Chair), Lucy Roffey, Bob Cameron and Melanie McCarthy.

ENVIRONMENT AND SUSTAINABILITY COMMITTEE

The Environment and Sustainability Committee is responsible for making recommendations to the Board on:

- › Climate readiness
- › Protection and improvement of catchment waters, lands and urban green spaces affected by our operations
- › Collaboration with, and support for, regional organisations sharing responsibility for environmental and climate sustainability
- › Compliance with relevant laws, regulations and licence conditions.

From 21 August 2020 to 30 June 2021 the members of the Committee were Gary Jones (Chair), Nigel McGuckian and Helen Symes.

SERVICE, COMMUNITY AND PLANNING COMMITTEE

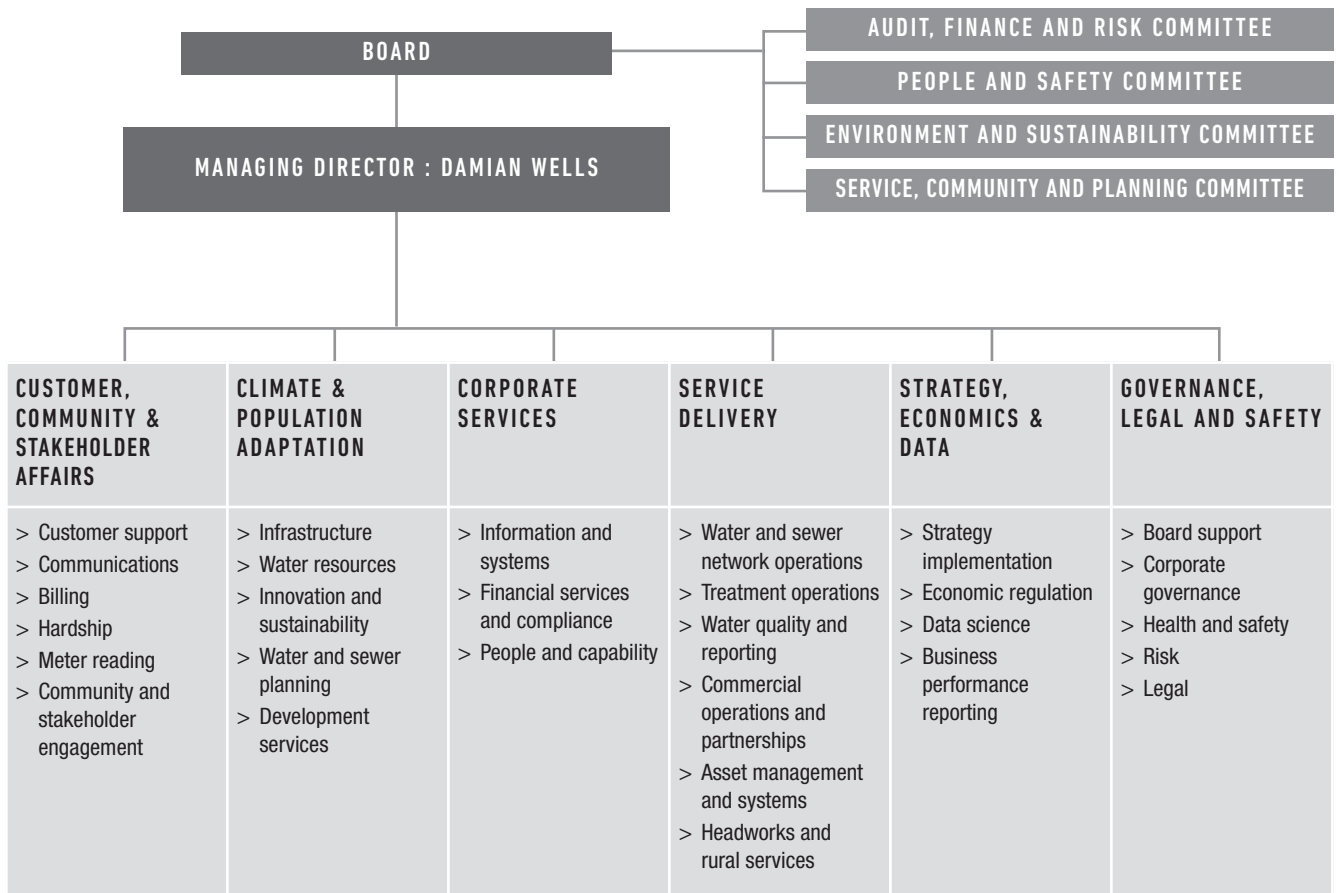
The Service, Community and Planning Committee is responsible for making recommendations to the Board on:

- › Service delivery requirements
- › Asset management
- › Customer and community needs and expectations
- › Stakeholder engagement and collaboration to develop meaningful relationships with partners
- › Emerging threat and opportunities which could disrupt achievement of business objectives
- › Compliance with relevant laws, regulations and codes of conduct and ethical standards.

From 21 August 2020 to 30 June 2021 members of the Committee were Bob Cameron (Chair), Mario D'Elia, Melanie McCarthy, Marika McMahon and Nigel McGuckian.

BOARD AND COMMITTEE MEETINGS	BOARD OF DIRECTORS		AUDIT, FINANCE AND RISK		SERVICE, COMMUNITY AND PLANNING		PEOPLE AND SAFETY		ENVIRONMENT AND SUSTAINABILITY	
			COMMITTEE		COMMITTEE		COMMITTEE		COMMITTEE	
	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED
DIRECTOR										
Lucy Roffey	8	8	5	5	–	–	4	4	–	–
Nigel McGuckian	8	8	–	–	3	3	–	–	3	3
Marika McMahon	8	8	–	–	3	3	4	4	–	–
Bob Cameron	8	8	–	–	3	3	4	4	–	–
Helen Symes	8	8	5	5	–	–	–	–	3	3
Mario D'Elia	8	7	5	5	3	3	–	–	–	–
Melanie McCarthy	8	8	–	–	3	3	4	4	–	–
Gary Jones	8	8	5	5	–	–	–	–	3	3
Damian Wells	8	8	–	4	–	3	–	4	–	3

CORPORATE STRUCTURE



EXECUTIVE LEADERSHIP TEAM

Customer, Community and Stakeholder Affairs

Lauren McLean

Executive General Manager Customer, Community and Stakeholder Affairs

Climate and Population Adaptation

Steve Healy

Executive General Manager Climate and Population Adaptation

Corporate Services

Eryn Basile

Executive General Manager Corporate Services

Service Delivery

Danny McLean

Executive General Manager Service Delivery

Strategy, Economics and Data

Jarrah O'Shea

Executive General Manager Strategy, Economics and Data

Governance, Legal and Safety

Rebecca Hanley

Executive General Manager Governance, Legal and Safety

FINANCIAL MANAGEMENT COMPLIANCE ATTESTATION STATEMENT

I, Bob Cameron, 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.

Bob Cameron

Bob Cameron

Chairperson from 1 October 2021

Date: 11 October 2021

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

With a declaration from the Bureau of Meteorology of a strong La Nina weather pattern for late 2020 and early 2021, Coliban Water hosted a multi-agency exercise to evaluate its readiness and response to a major flood event in September 2020. Due to the ongoing pandemic restrictions this exercise was also hosted virtually and included some COVID-19 related complexities.

In August 2021 Coliban Water will be participating in a national water sector cyber security exercise which will continue to validate our preparedness and response to an increasing high-risk event.

Since March 2020, Coliban Water's Incident Management Team (IMT) has continued to manage the COVID-19 pandemic response by developing and maintaining an organisational COVIDSafe plan in line with State and Federal Government requirements. 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 ISO 45001:2018. 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.

We have a Health, Safety and Wellbeing Committee that meets bi-monthly. The Committee is well attended by health and safety representatives and management representatives. During 2020/21 the Committee held six meetings.

Significant achievements and focuses in the Health, Safety and Wellbeing (HSW) space for 2020/21 include:

- › HSW Policy reviewed and updated utilising language and principles to align with the promotion of safety culture, leadership and individual empowerment.
- › Coliban Water certified to AS/NZ ISO 45001:2018.
- › Ongoing incident management approach and adaption of business operations to continue operating safely and efficiently during the COVID-19 pandemic.
- › Development of a critical risk management approach to work activities involving fatal risks.
- › Monitoring and promoting wellbeing including the implementation of a Wellbeing Working Group and the drafting of a *Wellbeing Plan*.
- › Utilising a risk-based approach to determine priorities for Health and Safety remedial works on assets, and business safety initiatives.

- › 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.

EXTERNAL AUDIT – INTEGRATED MANAGEMENT SYSTEM

In December 2020, Coliban Water undertook an external audit to certify three management systems, transitioning to the revised safety standard, ISO45001:2018:

- › AS/NZS 45001: 2018 Occupational Health and Safety Management System
- › ISO 14001:2015 Environmental Management System
- › ISO 9001:2015: Quality Management System

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 by the external auditor.

The 2020 audit contained two minor non-conformances relating to Environmental Management System planning and Records Management in the rural works area. A series of actions have been implemented to address the issues raised.

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 mental health by supporting staff to attend Mental Health First Aid Training.
- › Education and training related to fatal risk management, with sessions tailored to staff and people managers.
- › Provided safety training for high risk work such as confined space entry, working at heights and construction induction.
- › Maintained the skills of our Workplace First Aiders and Fire Wardens through the provision of First Aid training and Fire Warden and Fire Extinguisher training.

HEALTH AND WELLBEING

We continue to focus on the area of wellbeing of employees. In response to the COVID-19 pandemic, and to support employees working from home, we introduced:

- › virtual check-in of staff by Managers
- › regular wellbeing surveys
- › a no internal meeting block out period for staff

Responses to the wellbeing survey led to a Wellbeing Working Group being formed to assist the business in developing a Wellbeing Plan and Charter.

Staff were also invited to participate in a range of initiatives throughout the year, including:

- › 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. Our reporting dashboard for Health, Safety and Wellbeing continued to improve this year and includes strategic partner performance.

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 decreased by 23 per cent per 100 FTE, or 22 reports, compared to 2019/20.

This decrease can be attributed in part to the extended period of COVID-19 lockdown in Victoria, when our employees worked from home, undertaking meetings online that were previously conducted on site.

The WorkCover premium for Coliban Water has remained steady over the past five years and during the 2020/21 period, there was one lost time claim accepted. The Coliban Water employee performance rating continues to improve, dropping from 0.51 to 0.49 at the end of the 2020/21 financial year.

OH&S PERFORMANCE

MEASURE	KPI	2017/18	2018/19	2019/20	2020/21
Incidents	No. of incidents	48	56	96	74
	Rate per 100 FTE	25.81	28.43	49.23	37.94
	No. of incidents requiring first aid and/or further medical treatment	6	6	15	10
Claims	No. of standard claims accepted	0	0	0	0
	Rate per 100 FTE	0	0	0	0
	No. of lost time claims accepted	0	0	0	1
	Rate per 100 FTE	0	0	0	0.51
	No. of claims exceeding 13 weeks	0	0	0	0
	Rate per 100 FTE	0	0	0	0
Fatalities	Fatality claims	0	0	0	0
Return to work	Percentage of claims with RTW Plan <30 days	n/a	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	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	Completed
	Compliance with agreed structure on DWGs, HSRs and IRPs	Completed	Completed	Completed	Completed
	Number of HSW meetings	4	4	4	6

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

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 – Board Chairperson
Authorised Officer – Risk and Compliance Manager

During 2020/21 Coliban Water received four FOI applications from the general public. 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 2020/21 period as reported to the Office of the Victorian Information Commissioner.

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

COMPETITIVE NEUTRALITY POLICY

We have implemented the *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 through the involvement of the private sector via competitively bid Public-Private Partnerships and Services Agreement contracts for the design, construction, operations and maintenance of infrastructure projects. 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 – 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)
- > Victorian Water Industry Association (VWIA)
- > Institute of Water Administration (IWA)
- > International Association for Public Participation (IAP2)
- > Australian Water Association (AWA)
- > Australian National Committee on Large Dams (ANCOLD)
- > Water Industry Operators Association of Australia (WIOA)
- > Cooperative Research Centre for Water Sensitive Cities
- > Water Research Australia (Water RA)
- > Diversity Council of Australia (DCA)
- > Engineers Australia
- > CPA Australia
- > Choose Tap Coalition
- > Be.Bendigo

PRIVACY AND DATA PROTECTION ACT 2014

The *Privacy and Data Protection Act 2014* (the Act) provides for responsible collection and handling of personal information in the Victorian public sector. Our employees receive ongoing information and training on the 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 for our office buildings 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 \$18,875.46 were provided to 19 school, sporting and community events throughout our region in 2020/21. Of this amount, \$2,230 was committed to the provision of our portable water stations, including associated plumbing costs. Our sponsorship contributions were significantly less than previous years, due to the impact of the COVID-19 pandemic on local events.

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 DISCLOSURE ACT 2012

(FORMERLY KNOWN AS THE PROTECTED INTEREST DISCLOSURE ACT 2012)

The *Public Interest Disclosure Act 2012* (the Act) encourages and assists people in making disclosures of improper conduct by public officers and public bodies in Victoria. The Act provides protection to people who make disclosures in accordance with the Act and establishes a system for the matters disclosed to be investigated and rectifying action to be taken.

Coliban Water is not able to receive disclosures under the Act. However, in accordance with section 58 of the Act we have established 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 2020 and 30 June 2021.

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

Rebecca Hanley, Executive General Manager Governance, Legal and Safety – Coliban Water, PO Box 2770 Bendigo VIC 3554.
Phone: 1300 363 200 | Website: www.coliban.com.au

or

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 2020/21 reporting period, we had a total ICT expenditure of \$5.7 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)
4,641.43	1,057.21	842.84	214.37

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 \$1.1 million Non BAU ICT expenditure represents a combination of investment in cloud projects which are delivered using operational expenditure and multiple on-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 (VIIP)* 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 VIIP guidelines will continue to apply to MPSG applicable and VIIP applicable projects respectively where contracts have been entered prior to 15 August 2018.

PROJECTS COMMENCED – LOCAL JOBS FIRST (STANDARD)

During 2020/21 Coliban Water commenced four *Local Jobs First* Standard projects valued at \$20 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 90 per cent local content commitment was made;
- › a total of 21.4 jobs (annualised employee equivalent (AEE)) were committed, including the creation of 1.1 new jobs and the retention of 20.3 existing jobs (AEE); and
- › a total of 1.32 positions for apprentices, cadets and trainees were recorded, including the creation of 0.36 positions (AAE) and the retention of the remaining 0.96 positions (AAE).

PROJECTS COMPLETED – LOCAL JOBS FIRST (STANDARD)

During 2020/21 Coliban Water did not complete any *Local Jobs First* Standard projects.

REPORTING REQUIREMENTS – ALL PROJECTS

During 2020/21 there were three 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 2020/21 Coliban Water engaged 57 separate consultants with a value over \$10,000*. The total cost, excluding GST, incurred during this period for major operational consultancies was \$3,951,955 (2019/20: \$5,230,710) and major capital consultancies was \$2,257,975 (2019/20: \$2,873,616).

OPERATIONAL CONSULTANT	PURPOSE OF CONSULTANCY	TOTAL APPROVED (EXC GST) ('000)	EXPENDITURE (EXC GST) ('000)	FUTURE EXPENDITURE (EXC GST) ('000)
AFS & Associates Pty Ltd	Financial assessments and advice	53.49	43.30	10.19
Aither Pty Ltd	Industry benchmarking and trends report and sustainability assessment	95.00	77.42	17.58
Akers & Associates Pty Ltd	Project advice	274.47	245.16	29.31
Biosis Research Pty Ltd	Environmental management advice	55.87	42.44	13.43
Bowles Management Group	Business recovery consultancy and professional advice	21.00	18.00	3.00
City Water Technology Pty Ltd	Operations modelling consultancy services	27.18	27.18	–
Courage No Regrets Pty Ltd	Collaborative leadership and strategic futures facilitation	11.09	11.09	–
D & K Stroud Family Trust	Operating model and organisation design review	49.20	13.20	36.00
DELWP	Property valuations	728.33	602.16	126.17
East Gippsland Water	2020 customer satisfaction survey and presentation	19.29	19.29	–
Energetics Pty Ltd	Electricity procurement advice	16.73	15.20	1.53
Engage Squared	Information technology solutions	356.27	227.07	129.20
ESS Earth Sciences Pty Ltd	Seismic monitoring services	31.43	23.40	8.03
FieldForce4 Pty Limited	Operations and maintenance contract review and advice	36.00	36.00	–
Fire Risk Consultants	Bushfire risk assessment and advice	23.95	23.95	–
Fitch Australia Pty Ltd	Credit opinion	47.50	47.50	–
GHD Pty Ltd	Engineering, architecture, environmental and construction services	639.58	534.85	104.73
Glossop Town Planning Pty Ltd	Environmental significance overlay advice	19.09	11.60	7.49
Governance Evaluator Pty Ltd	Board performance review	26.86	26.86	–
Grantus Pty Ltd	Funding agreement assistance and advice	22.26	14.53	7.73
Greencap Pty Ltd	Business wide safety review	29.71	14.33	15.38
Infor Global Solutions (ANZ) Pty Ltd	Information technology solutions	48.88	48.88	–
Information Management Services Pty Ltd	Data migration expertise	90.02	84.56	5.46
Infracorr Consulting Pty Ltd	Structural repair and durability services	22.32	11.16	11.16
Inside Infrastructure Pty Ltd	Technical advice	64.94	54.94	10.00
Insync Surveys Pty Ltd	Stakeholder forums	25.99	25.99	–
Jacobs Group (Australia) Pty Ltd	Odour modelling review and report	26.24	26.24	–
Karen Willis Holdings Pty Ltd	OHS consultancy services	67.75	35.94	31.81
K J Ross & Associates Pty Ltd	System upgrade support and advice	14.53	14.53	–
Landair Surveys	Dam safety structural surveying	42.07	42.07	–
LifeWorks.com Pty Ltd	Employee assistance program	12.50	12.50	–
Maher Projects	Specialist contract management support	20.01	18.23	1.78
Marsden Jacob Associates Pty Ltd	Contract advice	216.13	175.63	40.50
MosaicLab	Community engagement consultancy advice	95.67	95.67	–
Obviate Pty Ltd	SCADA engineering support	27.73	27.73	–
P3 Outcomes Pty Ltd	Contract related advice	148.66	148.48	0.18
Pitcher Partners Consulting Pty Ltd	Contract advice	11.96	11.96	–
Practical Ecology Pty Ltd	Ecological consultation and advice	66.65	66.65	–
RecordPoint Software Pty Ltd	Records migration	34.00	34.00	–
RepuTex (AU) Pty Ltd	Wholesale electricity forecast	16.81	16.81	–
RM Consulting Group Pty Ltd	Environmental and agricultural advice	114.47	98.32	16.15
RXP Services Limited	Information technology solutions	396.47	396.47	–
SMEC Australia Pty Ltd	Environmental supervision services	79.66	55.33	24.33
Sphere Infrastructure Partners Pty Ltd	Technical assessments and reviews	661.04	321.94	339.10
The Business Agility Group Aus	IT support and advice	56.79	36.93	19.86
WaterQPlus Pty Ltd	Specialised water quality services	16.50	16.50	–
Total		4,962.09	3,951.99	1,010.10

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	23.27	19.77	3.50
Dja Dja Wurrung Clans Aboriginal Corporation	Cultural heritage assessment advice	32.16	27.56	4.60
DTM Services Pty Ltd	OHS and environmental reviews	23.05	17.10	5.95
Edwards & Associates Environmental Service Pty Ltd	Environmental assessment advice	13.90	13.90	–
EPS Consultants	Peer review	14.00	14.00	–
Geoff Michell	Peer review	15.40	15.40	–
GHD Pty Ltd	Engineering, architecture, environmental and construction services	2,586.52	1,630.73	955.79
Infor Global Solutions (ANZ) Pty Ltd	Information technology support	24.51	22.56	1.95
Infracorr Consulting Pty Ltd	Structural assessment and advice	41.38	41.38	–
Irritech Consulting Pty Ltd	Irrigation infrastructure upgrade support and advice	11.38	11.38	–
Maher Projects	Specialist contract management support	39.60	15.34	24.26
Obviate Pty Ltd	SCADA engineering support	32.79	32.79	–
Practical Ecology Pty Ltd	Ecological consultation and advice	62.33	32.49	29.84
Regional Management Group Pty Ltd	Pump station structural condition assessment and advice	16.20	16.20	–
RM Consulting Group Pty Ltd	Water reclamation plant management advice	110.60	109.12	1.48
SAFEgroup Automation Pty Ltd	IT security review and advice	21.65	17.20	4.45
Spiire Australia Pty Ltd	Planning, surveying and urban design	460.90	156.61	304.29
Tech Duinn Pty Ltd	Cultural heritage assessment advice	46.37	34.22	12.15
White Technics	Electrical design services	40.10	30.24	9.86
Total		3,616.11	2,257.99	1,358.12

MINOR CONSULTANCIES

During the year there were 32 minor consultancies at a cost of less than \$10,000 each*. The total cost, excluding GST, of these minor consultancies was \$146,541 (2019/20: \$137,077).

*Further information about these consultancies can be requested under the *Freedom of Information Act 1982*, see page 50 of this report for details.

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*

DISCLOSURE OF MAJOR CONTRACTS

In 2020/21 Coliban Water continued one major contract valued at over \$10 million with GHD Pty Ltd for Engineering Consultancy Services. This contract is due for completion in late 2024.

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 31.)
- 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 46–47.)
- a statement of completion of declarations of pecuniary interests by relevant officers (on pages 126–128.)

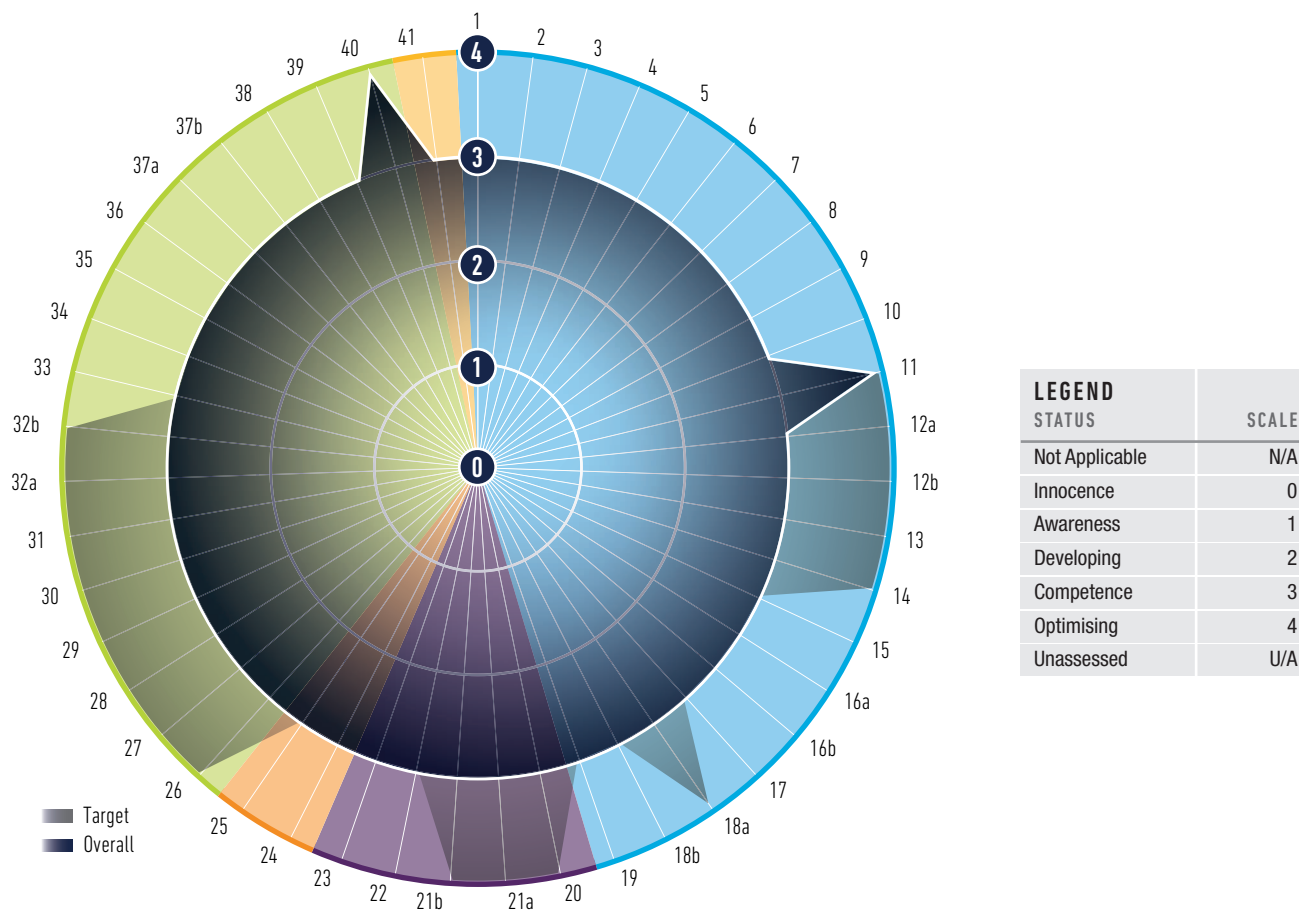
INFORMATION THAT IS NOT APPLICABLE TO COLIBAN WATER

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)

ASSET MANAGEMENT ACCOUNTABILITY (AMAF) MATURITY ASSESSMENT

The following sections summarise Coliban Water's assessment of maturity against the requirements of the *Asset Management Accountability Framework (AMAF)*. Coliban Water's target maturity rating is 'competence' for 29 subjects meaning systems and processes fully in place, consistently applied and systematically meeting the AMAF requirement, including a continuous improvement process to expand system performance above AMAF minimum requirements. Coliban Water's target maturity rating is 'Optimising' for 18 subjects, meaning systems and processes are now leading practice, exceeding the AMAF mandatory requirement, and constantly being improved to align with, support and drive the organisation's objectives.



LEADERSHIP AND ACCOUNTABILITY (REQUIREMENTS 1–19)

Coliban Water has met maturity competence targets for all requirements within this category.

Coliban Water has met the 'Competence' maturity status and has set the target of 'Optimising' in a number of areas, particularly around Monitoring Asset Performance.

PLANNING (REQUIREMENTS 20–23)

Coliban Water has met maturity competence targets for all requirements within this category.

Coliban Water has met the 'Competence' maturity status and has set the target of 'Optimising' in the Asset Management Strategy area.

ACQUISITION (REQUIREMENTS 24 AND 25)

Coliban Water has met all maturity targets in this category.

OPERATION (REQUIREMENTS 26–40)

Coliban Water has met maturity competence targets for all requirements within this category.

Coliban Water has a target set as 'Optimising' in the areas of Monitoring and Preventative Action and Maintenance of Assets.

Coliban Water has met a target maturity level of 'Optimising' in the Asset Valuation area.

DISPOSAL (REQUIREMENT 41)

Coliban Water has met all maturity targets in this category.

DIRECTORS CERTIFICATION

We certify that the accompanying Performance Report of Coliban Region Water Corporation in respect of the period ended 30 June 2021 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 2020/21 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 11 October 2021 on behalf of the Board.



Bob Cameron
Chairperson from 1 October 2021
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	2019/20 RESULT	2020/21 RESULT	2020/21 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	2.2 times	2.2 times	2.1 times	0.0%		4.8%	
F2	Gearing Ratio Total debt (including finance leases) / total assets * 100	26.3%	22.3%	21.4%	-15.2%	1a	4.2%	
F3	Internal Financing Ratio Net operating cash flow less dividends / net capital expenditure * 100	115.2%	87.0%	94.9%	-24.5%	2a	-8.3%	
F4	Current Ratio Current assets / current liabilities (excluding long term employee provisions and revenue in advance)	1.2 times	1.6 times	1.0 times	33.3%	3a	60.0%	3b
F5	Return on Assets Earnings before net interest and tax / average assets* 100	2.0%	1.6%	1.7%	-20.0%	4a	-5.9%	
F6	Return on Equity Net profit after tax / average total equity * 100	0.5%	0.3%	0.4%	-40.0%	5a	-25.0%	5b
F7	EBITDA Margin Earnings before interest, tax, depreciation and amortisation / total revenue * 100	44.5%	43.8%	42.8%	-1.6%		2.3%	

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

- 1a The favourable gearing ratio compared to 2019/20 is due to the impact of the 5 yearly scheduled asset revaluation which has resulted in a \$314 million increase to the asset base.
- 2a The unfavourable internal financing ratio compared to 2019/20 is due to lower net cash from operating activities and higher capital expenditure. The net cash from operating activities were impacted by the wetter climatic conditions experienced in 2020/21 resulting in lower revenue and therefore lower receipts. Capital expenditure was increased as planned including high priority works at the Kyneton Water Reclamation facility. This indicator is anticipated to increase in future years under a median climatic outlook assumption, increasing cash inflows from operating activities.
- 3a & 3b The favourable current ratio compared to 2019/20 and the 2020/21 target is an outcome of a higher current assets result for 2020/21 due to the increase in cash and cash equivalents held at June 30, 2021. The increase in cash and cash equivalents is a result of higher borrowings to limits targeted to meet capital commitments. Borrowings for the year remained within Coliban Water's borrowings accommodation limits.
- 4a The unfavourable return of assets ratio compared to 2019/20 is due to the impact of the 5 yearly scheduled asset revaluation which has resulted in a \$314 million increase to the asset base compounded by a decrease in earnings impacted by the wetter climatic conditions experienced in 2020/21. This indicator is anticipated to remain consistent in future years under a median climatic outlook assumption.
- 5a & 5b The unfavourable return on equity ratio, compared to 2019/20 and the 2020/21 target, is the result of a lower after tax result due to lower revenue generated from usage and contribution charges, further compounded by the lower asset revaluation increment than that targeted.

WATER AND SEWERAGE SERVICE PERFORMANCE INDICATORS

KPI NO.	KEY PERFORMANCE INDICATOR	2019/20 RESULT	2020/21 RESULT	2020/21 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%	0.00%	0.01%	-100.0%	6a	-100.0%	6b
WS2	Interruption time Average duration of unplanned water supply interruptions	112.5	107.9	112.0	-4.1%		-3.7%	
WS3	Restoration of unplanned water supply Unplanned water supply interruptions restored within (5) hours / total unplanned water supply interruptions * 100	99.6%	99.2%	98.0%	-0.4%		1.2%	
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	99.8%	100.0%	99.0%	0.2%		1.0%	
SS2	Sewer spill interruptions No. of residential sewerage customers affected by sewerage interruptions restored within 5 hours	99.1%	99.6%	99.0%	0.5%		0.6%	

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

6a & 6b No customers experienced 6 or more unplanned water service interruptions in 2020/21, down from 17 the prior year. This excellent result was driven by a focus on renewing high risk mains, operational improvements to reduce pressure stress on aged assets, increased use of inline stop (supply maintained while repairs conducted) and improved GIS mapping to identify the location of valves to minimise number of service disruptions.

CUSTOMER RESPONSIVENESS PERFORMANCE INDICATORS

KPI NO.	KEY PERFORMANCE INDICATOR	2019/20 RESULT	2020/21 RESULT	2020/21 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	2.77	2.85	3.5	2.9%		-18.6%	7b
CR4	Billing complaints No. of complaints per 1,000 customers	0.24	8.26	0.28	3280.1%	8a	2851.6%	8b

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

- 7b Performance in this area has again been well above the target. High inflows meant that most water was sourced from Coliban Water's high quality catchment storages. The business has continued its program of activities to deliver high quality and safe water to customers, initiatives that have been broadly supported by our customers.
- 8a & 8b Coliban Water introduced a new billing and customer relationship management system in July 2020, which resulted in a significant increase in billing complaints when compared to 2019/20 and the 2020/21 target. Complaints spanned from incorrect fees and charges being applied on invoices, to general queries regarding the changed bill format and timeliness of receiving invoices. Coupled with the inherent challenges of implementing a system during a pandemic, with key staff and technical support working remotely, many of the billing issues experienced by customers were only identifiable in a real time operating landscape and in the first 6 months of the financial year.
- Dedicated additional resources were engaged over the course of the year as well as ongoing continuous product improvement to ensure adverse customer impacts were quickly resolved. Of the 652 billing complaints in 2020/21, over 72 per cent were in the first 6 months of the financial year, falling dramatically as improvements were progressively implemented.

ENVIRONMENTAL PERFORMANCE INDICATORS

KPI NO.	KEY PERFORMANCE INDICATOR	2019/20 RESULT	2020/21 RESULT	2020/21 TARGET	VARIANCE TO PRIOR YEAR	NOTES	VARIANCE TO TARGET	NOTES
E1	Effluent re-use volume (end use) Percentage recycled for each category	27.1%	30.2%	39.0%	11.5%	9a	-22.5%	9b
E2	Total net CO₂ emissions Net tonnes CO ₂ equivalent	29,938	26,941	32,505	-10.0%	10a	-17.1%	10b

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

- 9a & 9b Effluent reuse was again below target, with low demand for irrigation resulting from above average wet weather across spring and summer for most of our region. Conversely, the increased reuse compared to the prior year result was largely driven by increased production of Class A recycled water in 2020/21.
- 10a & 10b Net greenhouse gas emissions were significantly lower than both target and prior year. This result has been driven by a continued focus on operational efficiency, as well as good inflows to Coliban Water's catchment storages, which means most water was supplied from the gravity-fed Coliban main channel rather than pumped. In addition, legislative amendment to the definition of nitrous emissions factor for wastewater treatment resulted in a 45% reduction in Scope 1 fugitive emissions (-1,600 tonnes).

Independent Auditor's Report

To the Board of the Coliban Region Water Corporation

Opinion I have audited the performance report of the Coliban Region Water Corporation (the corporation) for the year ended 30 June 2021, 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 for the year ended 30 June 2021 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
12 October 2021



Paul Martin
as delegate for the Auditor-General of Victoria

FINANCIAL PERFORMANCE SUMMARY

	Plan 2020/21 (\$'000)	Actual 2020/21 (\$'000)	Actual 2019/20 (\$'000)	Actual 2018/19 (\$'000)	Actual 2017/18 (\$'000)	Actual 2016/17 (\$'000)
REVENUE						
Service charges	74,340	73,596	73,170	71,999	71,870	69,026
Usage charges	55,458	52,875	57,675	56,605	52,839	45,605
Contributions & gifted assets	11,875	11,232	13,468	14,529	14,366	10,365
Government funding	4,126	2,698	3,230	2,278	5,725	6,235
Interest income	93	11	68	116	77	74
Net gain / (loss) on disposal of assets	0	(470)	(2,998)	(2,446)	(441)	(1,829)
Other income	1,862	2,188	2,014	1,888	2,118	2,162
Total revenue	147,754	142,131	146,627	144,968	146,554	131,639
EXPENSES						
Operations, administration & employee	75,127	71,681	72,903	71,666	66,965	59,013
Expenditure of Government funding	4,166	2,513	3,261	5,218	2,010	1,624
Depreciation & amortisation	31,518	32,238	31,801	30,836	30,645	29,991
Borrowing Costs & Finance Charges	24,607	24,537	26,429	27,725	28,831	30,052
Environmental Contribution	5,116	5,734	5,116	5,116	3,272	3,272
Total expenditure	140,534	136,703	139,510	140,561	131,382	123,689
Net result before tax	7,220	5,428	7,117	4,407	15,613	9,778
Net result for the year	5,054	3,332	4,864	3,704	11,360	5,389
ASSETS						
Total current assets	32,465	43,320	38,552	41,241	41,201	35,243
Total non-current assets	1,986,457	1,959,029	1,638,836	1,629,824	1,631,358	1,629,008
Total assets	2,018,922	2,002,349	1,677,388	1,671,065	1,672,559	1,664,251
LIABILITIES						
Total current liabilities	37,891	39,608	43,066	33,490	30,689	29,902
Total non-current liabilities	667,104	674,626	569,330	575,454	583,876	588,152
Total liabilities	704,995	714,234	612,396	608,944	614,565	618,054
Net assets	1,313,927	1,288,115	1,064,992	1,062,121	1,057,994	1,046,197
Net cash inflows from operations	27,767	28,797	32,322	30,994	30,716	39,548
Payments for assets	(29,261)	(33,107)	(28,050)	(23,255)	(19,870)	(29,595)
Performance indicator						
	Plan 2020/21 (\$'000)	Actual 2020/21 (\$'000)	Actual 2019/20 (\$'000)	Actual 2018/19 (\$'000)	Actual 2017/18 (\$'000)	Actual 2016/17 (\$'000)
Interest Cover (Cash)	2.1	2.2	2.2	2.1	2.1	2.3
Gearing Ratio	21.4%	22.3%	26.3%	26.8%	27.3%	27.9%
Internal Financing Ratio	94.9%	87.0%	115.2%	133.3%	154.6%	133.6%
Current Ratio	1.0	1.6	1.2	1.4	1.5	1.3
Return on Assets	1.7%	1.6%	2.0%	1.9%	2.6%	2.3%
Return on Equity	0.4%	0.3%	0.5%	0.3%	1.1%	0.5%
EBITDA Margin	42.8%	43.8%	44.5%	43.4%	50.8%	52.2%

FINANCIAL OVERVIEW

In the third year of the 2018 Pricing Submission, Coliban Water achieved a net profit before tax of \$5.4 million, \$1.6 million lower compared to the previous year.

Revenue came in \$6.6 million lower than in 2019/20 impacted by the following:

- › A reduction in rates and charges (\$4.4 million) due to lower consumption as a result of a wetter climatic outlook and less temporary water sales;
- › Lower developer installed works (\$2.9 million) due to the timing of the completion of developments in the region;
- › A reduction in government funding (\$0.5 million) reflecting the Bendigo Groundwater funding schedule; and
- › An improvement in the net loss on disposal of non-current assets (\$2.5 million) with a sale of land in Echuca (\$1.05 million) and less disposals than the prior year (\$1.5 million).

Expenditure was \$2.8 million less than the prior year due to the following:

- › An overall decrease in employee costs (-\$0.4 million) due to the net impact of increases in the 2017 Enterprise Agreement and employee provisions as a result of less leave being taken due to the COVID-19 pandemic, offset with a decrease in overall labour due to the cloud-based billing and customer relationship system project going live on 1 July 2020;
- › Lower operating and administration expenses (-\$0.8 million) were the result of the net impact of lower electricity (-\$0.7 million) and contractors and consultants (-\$1.4 million), offset by higher operations and maintenance contract costs (\$0.5m), increased BOOT costs (\$0.4 million) and the recognition of the initial cost of the investment in the Zero Emissions Water agreement (\$0.7million); and
- › Non-operating activity expenditure was lower overall (-\$1.6 million) with less Government funding expenditure relating to the Bendigo Groundwater Project (-\$0.7 million), lower interest costs due to favourable interest rates (-\$1.8 million) offset with increased depreciation (\$0.3m) and the environmental contribution levy (\$0.6 million).

Cashflows from operating activities generated \$29 million, a reduction of \$4 million from the prior year primarily due to the lower income as result of the wetter year. Less operating cashflows, coupled with the increased need for risk-based asset investment, resulted in the decision to not repay \$4 million of borrowings, but to instead borrow \$12 million of the approved financial accommodation. This ensured service levels were maintained and high-risk capital works were delivered.

SIGNIFICANT CHANGES IN FINANCIAL POSITION

With a commitment to ensuring long term asset resilience and the planned increase to the capital investment portfolio, Coliban Water borrowed an additional \$12 million in 2020/21, increasing total borrowings to \$384.8 million.

The 5 yearly scheduled asset revaluation took place, posting a \$314.0 million increase to the \$1.6 billion asset base and increased the deferred tax liabilities by \$94.2 million.

POST BALANCE DATE EVENTS

At the time of printing this annual report Coliban Water was not aware of any events after balance date that would significantly impact its operations.

Coliban Region Water Corporation
 Financial Statements
 For the year ended 30 June 2021

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Coliban Region Water Corporation

Financial Statements

For the year ended 30 June 2021

Statutory Certification

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 2021 and the financial position of Coliban Region Water Corporation as at 30 June 2021.

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 11 October 2021.



Bob Cameron
Chairperson from 1 October 2021
Coliban Region Water Corporation



Damian Wells
Managing Director
Coliban Region Water Corporation



Eryn Basile
Chief Financial Officer
Coliban Region Water Corporation

Coliban Region Water Corporation
 Comprehensive operating statement
 For the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
Revenue and income from transactions			
Revenue from contracts with customers	2.1	137,704	144,314
Government funding	2.2 & 10.1	2,698	3,230
Interest income	2.3	11	68
Net gain/(loss) on disposal of non-current assets	4.1.5	(470)	(2,998)
Other income	2.4	2,188	2,014
Total revenue and income from transactions		142,131	146,628
Expenses from transactions			
Employee benefits	3.1.1	19,831	20,266
Operating and administration expenses	3.2	51,850	52,637
Expenditure of Government funding	10.1	2,513	3,261
Depreciation	4.1.1 & 6.2.1	31,057	30,718
Amortisation	4.2	1,181	1,221
Interest expense	6.1.2	24,537	26,346
Environmental contribution	8.2	5,734	5,116
Total expenses from transactions		136,703	139,565
Net result from transactions		5,428	7,063
Income tax expense	8.1.1	(2,096)	(2,199)
Net result		3,332	4,864
Other economic flows - other comprehensive income			
Changes in physical asset revaluation surplus	4.1.1	313,992	1,983
Deferred income tax relating to components of other comprehensive income	8.1.1	(94,197)	(595)
Total other economic flows - other comprehensive income		219,795	1,388
Comprehensive result		223,127	6,252

The accompanying notes form part of these financial statements.

Coliban Region Water Corporation
Balance sheet
As at 30 June 2021

	Notes	2021 \$'000	2020 \$'000
Assets			
Current assets			
Cash and cash equivalents	6.4	10,250	8,348
Receivables	5.1	14,064	13,164
Contract assets	5.2	16,638	14,467
Inventories	5.5	1,769	1,693
Non-financial physical assets classified as held for sale	4.4	4	504
Other non-financial assets	5.7	595	376
Total current assets		43,320	38,552
Non-current assets			
Receivables	5.1	793	608
Other financial assets	5.6	15	-
Infrastructure, property, plant and equipment	4.1.1	1,890,355	1,568,801
Right-of-use assets	6.2.1	2,460	3,099
Intangibles	4.2	65,406	66,328
Total non-current assets		1,959,029	1,638,836
Total assets		2,002,349	1,677,388
Liabilities			
Current liabilities			
Trade and other payables	5.3	17,245	18,318
Contract liabilities	5.4	8,746	7,468
Employee benefits provision	3.1.2	6,259	6,401
Interest bearing liabilities	6.1	7,358	10,879
Total current liabilities		39,608	43,066
Non-current liabilities			
Trade and other payables	5.3	34	208
Employee benefits provision	3.1.2	689	820
Interest bearing liabilities	6.1	438,568	429,890
Other financial liabilities	7.3.4	630	-
Net deferred tax liabilities	8.1.2	234,705	138,413
Total non-current liabilities		674,626	569,330
Total liabilities		714,234	612,396
Net assets		1,288,115	1,064,992
Equity			
Contributed capital		304,025	304,025
Physical asset revaluation reserve	9.1.2	609,276	389,482
Accumulated surplus/(deficit)		374,814	371,485
Total equity		1,288,115	1,064,992

The accompanying notes form part of these financial statements.

Coliban Region Water Corporation
Cash flow statement
For the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
Cash flows from operating activities			
<i>Receipts</i>			
Service and usage charges / Revenue from contracts with customers		123,842	129,634
Receipts from Government		2,698	2,822
Interest received		11	68
Goods and Services Tax received from the ATO ⁽¹⁾		8,971	8,637
Other customer revenue		6,602	6,443
Total receipts		142,124	147,604
<i>Payments</i>			
Payments to suppliers and employees		(82,637)	(84,856)
Interest and other cost of finance paid		(24,956)	(26,589)
Environmental contribution levy paid		(5,734)	(3,837)
Total payments		(113,327)	(115,282)
Net cash flows from/(used in) operating activities	6.4	28,797	32,322
Cash flows from investing activities			
Payments for infrastructure, property, plant and equipment		(32,848)	(27,311)
Proceeds from sale of infrastructure, property, plant & equipment		1,054	59
Payments for intangible assets		(259)	(739)
Net cash flows from/(used in) investing activities		(32,053)	(27,991)
Cash flows from financing activities			
Proceeds from borrowings		12,000	-
Repayment of borrowings		-	(4,000)
Principal payments of lease liabilities		(6,842)	(5,776)
Net cash flows from/(used in) financing activities		5,158	(9,776)
Net increase/(decrease) in cash and cash equivalents		1,902	(5,445)
Cash and cash equivalents at the beginning of the financial year		8,348	13,793
Cash and cash equivalents at the end of the financial year	6.4	10,250	8,348

The accompanying notes form part of these financial statements.

⁽¹⁾ Goods and services tax paid to the ATO is presented on a net basis.

Coliban Region Water Corporation
Statement of changes in equity
For the year ended 30 June 2021

	Notes	Contributed capital \$'000	Physical asset revaluation reserve \$'000	Accumulated surplus / deficit \$'000	Total equity \$'000
Balance at 1 July 2019		304,025	388,094	370,002	1,062,121
Impact of restatement (adoption of AASB 15 Revenue from contracts with customers)		-	-	(3,381)	(3,381)
Restated balance at 1 July 2019		304,025	388,094	366,621	1,058,740
Net result for the year		-	-	4,864	4,864
Other comprehensive income		-	1,388	-	1,388
Balance at 30 June 2020		304,025	389,482	371,485	1,064,992
Balance at 1 July 2020		304,025	389,482	371,485	1,064,992
Net result for the year		-	-	3,332	3,332
Other comprehensive income	9.1.2	-	219,794	-	219,794
Other movement		-	-	(3)	(3)
Total comprehensive income		-	219,794	3,329	223,123
Balance at 30 June 2021		304,025	609,276	374,814	1,288,115

The accompanying notes form part of these financial statements.

Coliban Region Water Corporation

Notes to the financial statements

Note 1 Basis of preparation

Introduction

This note outlines the basis of preparation and compliance information relating to the financial statements.

Structure

- 1.1 General
- 1.2 Accounting estimates
- 1.3 COVID-19

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.

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

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

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 dollars.

Historical cost convention

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

Comparative information

In these financial statements, Coliban Water has changed the classification or presentation of certain disclosures (and relevant comparative information) to improve readability by the user. This change in the presentation has not arisen as a result of the identification of errors or changes in accounting policies by Coliban Water. Where adjustments have been made to comparative information as a result of the correction of errors and changes in accounting policies, the nature of error and its magnitude has been disclosed in line with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Compliance information

These general-purpose financial statements have been prepared in accordance with the Financial Management Act 1994 (FMA) and applicable *Australian Accounting Standards* (AASs), which include Interpretations, issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of AASB 1049 *Whole of Government and General Government Sector Financial Reporting (AASB 1049)*. Where appropriate, those AASs paragraphs applicable to not-for-profit entities have been applied.

Coliban Region Water Corporation

Notes to the financial statements

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.

1.2 Accounting estimates

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

The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. 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 Australian accounting standards or "AAS" that have significant effects on the financial statements and estimates relate to:

Significant judgement and estimation area	Note number
Accrued water usage charges	5.2
The fair value of land, buildings, infrastructure, plant and equipment	7.3
Estimation of useful life	4.1.4
Impairment of assets	4, 5.1 and 6.2
Contractual receivables and associated impairment	5.1 and 5.1.1
Employee benefit provisions	3.1.2
Actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates	3.1.2
Determining whether the performance obligations are sufficiently specific so as to determine whether the arrangement is within the scope of AASB 15 <i>Revenue from Contracts with Customers (AASB 15)</i> or AASB 1058 <i>Income of not-for-profit entities (AASB 1058)</i>	2.1 and 10.1
The timing of satisfaction of performance obligations	2.1
Determining transaction price and amounts allocated to performance obligations	2.1
For leases, determining whether the arrangement is in substance short-term arrangement	6.2
Estimating discount rate when not implicit in the lease	6.2
Contingent assets and liabilities	7.2
Deferred tax assets and liabilities	8.1.2

1.3 COVID-19

The Novel Coronavirus (COVID-19) outbreak first reported in late 2019 is currently having an unprecedented health and economic impact both internationally and domestically. To reduce the spread of the virus, a series of public health measures were imposed across the world and in Australia, including travel restrictions, a nation-wide call to work from home and significantly reduced levels of activity in both the economy and community. In response to the global health pandemic, the Federal and State governments have been providing a number of economic stimulus packages and policies in support of Victorian families and businesses.

The consequential impacts on Coliban Water have included, but are not limited to:

- ensuring a strong response and putting provisions in place to continue to provide essential water and sewerage services for Coliban Water customers;
- support for employees transitioning to working from home;

Coliban Region Water Corporation

Notes to the financial statements

- uplifting our IT network capability to support remote working; and
- supporting customers experiencing financial difficulties through arrangements such as our hardship program, more time to pay arrangements and payment plans.

Management are continuously reviewing budgets and forecasts while monitoring cash flow requirements and customer payment trends during this period of uncertainty and conclude that the going concern assumption still remains appropriate.

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

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

2.1 Revenue from contracts with customers
3.1.2 Employee benefits provision in the balance sheet
4.1.1 Reconciliation of movements in carrying values of infrastructure, property, plant and equipment
5.1 Receivables
5.3 Payables
6.1.1 Maturity analysis of interest-bearing liabilities
6.1.2 Interest expense
7.1.2 Financial risk management objectives and policies
7.3 Fair value determination
7.3.4 Fair value determination of derivative financial liabilities
9.7 Events occurring after the balance date

Coliban Region Water Corporation

Notes to the financial statements

Note 2 Funding delivery of services

Introduction

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

Revenue and income are 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 Revenue from contracts with customers
 - 2.1.1 Revenue from service, usage and trade waste charges
 - 2.1.2 Contributions and gifted assets
 - 2.1.3 Timing of recognition of revenue from customers
- 2.2 Government grants and contributions
- 2.3 Interest income
- 2.4 Other income

2.1 Revenue from contracts with customers

	Notes	2021 \$'000	2020 \$'000
Revenue from service, usage and trade waste charges	2.1.1	126,472	130,845
Contributions and gifted assets	2.1.2	11,232	13,469
Total revenue from contracts with customers		137,704	144,314

Coliban Water derives revenue from the transfer of goods and/or services over time and at a point in time in the above 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 5.2.

2.1.1 Revenue from service, usage and trade waste charges

	2021 \$'000	2020 \$'000
Service charges		
Water	19,740	19,535
Waste water	48,444	47,664
Rural water	2,118	2,924
Recycled water	42	41
Trade waste	3,254	3,006
	73,598	73,170
Usage charges		
Water	45,867	47,207
Waste water	1,478	1,331
Rural water	731	1,157
Recycled water	491	471
Trade waste	893	1,324
Temporary water sales	3,414	6,185
	52,874	57,675
Total revenue from service, usage and trade waste charges	126,472	130,845

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

Coliban Region Water Corporation

Notes to the financial statements

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Service charges (water, waste water, rural water, recycled water and trade waste)	<p>Service charges are recognised as revenue when the services have been provided or service charge has been made. 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>	Revenue is recognised over time as service is provided.
Usage charges (water, wastewater, rural water, recycled water, trade waste)	<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>	Revenue is recognised over time as service is provided.
Temporary water sales	<p>Water trading revenue is recognised at a point in time when the trade occurs. This is when the performance obligation is satisfied. The charges are payable within 7 days.</p>	Revenue is recognised at a point in time.

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

2.1.2 Contributions and gifted assets

	2021 \$'000	2020 \$'000
Developer contributed assets	7,526	10,439
New customer contributions	3,411	3,030
Deferred scheme contributions	295	-
Total contributions and gifted assets	11,232	13,469

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Developer contributed assets	<p>Developer contributed assets arise when developers pay for the cost of construction of new infrastructure assets and subsequently gift these assets to Coliban Water to maintain in perpetuity.</p> <p>Depending on the type of developer application, this can result in the performance obligation being satisfied:</p> <ul style="list-style-type: none"> when the Statement of Compliance is issued to the customer, or when the customer is connected to Coliban Water's infrastructure network for the provision of water and sewerage services when no Statement of Compliance is required to be issued. <p>Revenue is recognised at the fair value of the gifted assets by assessing the value of the works using schedule of rates.</p>	Revenue is recognised at a point in time.

Coliban Region Water Corporation

Notes to the financial statements

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
New customer contributions	<p>New customer contributions represent non-refundable upfront charges applicable when customers request to build or develop a property and connect to Coliban Water's water supply and sewerage infrastructure network. The charges contribute towards the cost of augmenting Coliban Water's water supply distribution systems and sewerage disposal systems.</p> <p>Depending on the type of new customer contribution application, this can result in the performance obligation being satisfied at a point in time. As a result, a performance obligation can be satisfied when:</p> <ul style="list-style-type: none"> the Statement of Compliance is issued to the customer; or the customer is connected to Coliban Water's infrastructure network for the provision of water and sewerage services when no Statement of Compliance is required to be issued; or the customer receives consent from Coliban Water to proceed with their application. <p>The rates applied to calculate the new customer contributions are regulated by the Essential Services Commission.</p>	Revenue is recognised at a point in time.
Deferred scheme contributions	<p>Customer contributions toward the construction cost of water and/or sewer schemes. The performance obligation is met upon the customer connecting to the service. Payment of this revenue is made over a maximum 20 year term.</p>	Revenue recognised at a point in time.

2.1.3 Timing of recognition of revenue from customers

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

Service charges	Water	Waste water	Rural water	Recycled water	Trade waste	Total revenue from service charges
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2020						
Over time	19,535	47,664	2,924	41	3,006	73,170
Total	19,535	47,664	2,924	41	3,006	73,170
2021						
Over time	19,740	48,444	2,118	42	3,254	73,598
Total	19,740	48,444	2,118	42	3,254	73,598

Usage charges	Water	Waste water	Rural water	Recycled water	Trade waste	Temporary water sales	Total revenue from usage charges
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2020							
At a point in time	-	-	-	-	-	6,185	6,185
Over time	47,207	1,331	1,157	471	1,324	-	51,490
Total	47,207	1,331	1,157	471	1,324	6,185	57,675
2021							
At a point in time	-	-	-	-	-	3,414	3,414
Over time	45,867	1,478	731	491	893	-	49,460
Total	45,867	1,478	731	491	893	3,414	52,874

Contributions and gifted assets	Developer contributed assets	New customer contributions	Deferred scheme contributions	Total revenue from contributions and gifted assets
	\$'000	\$'000	\$'000	\$'000
2020				
At a point in time	10,439	3,030	-	13,469
Total	10,439	3,030	-	13,469
2021				
At a point in time	7,526	3,411	295	11,232
Total	7,526	3,411	295	11,232

Coliban Region Water Corporation

Notes to the financial statements

2.2 Government grants and contributions

	2021 \$'000	2020 \$'000
Government funding	2,698	3,230
Total government grants and contributions	2,698	3,230

Coliban Water's government funding is recognised when a specific performance obligation is met and is accounted for as revenue from contracts with customers in accordance with AASB 15.

The funding payments are normally received in advance or shortly after the relevant obligation is satisfied.

2.3 Interest income

	2021 \$'000	2020 \$'000
Interest from financial assets not at fair value through profit and loss		
Interest on bank deposits	11	68
Total interest income	11	68

Interest income includes interest received on bank term deposits. Interest income is recognised using the effective interest method, which allocates the interest over the relevant period.

2.4 Other income

	2021 \$'000	2020 \$'000
Other income	1,937	1,876
Rental income	149	138
ZEW settlement income	102	-
Total other income	2,188	2,014

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Other Income	Other income consists of special meter reads, information statements, project management and application fees, property connections and other miscellaneous income.	Revenue is recognised at a point in time
Rental income	Rental income from leasing of properties in the form of operating leases are recognised on a straight-line basis over the lease term.	Revenue is recognised over time as service is provided.
ZEW settlement income	Relates to Coliban Water's investment in Zero Emissions Water Limited (ZEW). The Corporation recognised compensation settlements received during the reporting period due to delays in reaching the commercial operational date. Refer note 5.7 for further details on the arrangement between Coliban Water and ZEW.	Revenue is recognised over time as service is provided

Coliban Region Water Corporation

Notes to the financial statements

Note 3 The cost of delivering our services

Introduction

This section provides an account of the expenses incurred by Coliban Water 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 Expenses incurred in delivery of services
 - 3.1.1 Employee benefits in the comprehensive operating statement
 - 3.1.2 Employee benefits provision in the balance sheet
- 3.2 Operating and administration expenses

3.1 Expenses incurred in delivery of services

	Notes	2021 \$'000	2020 \$'000
Employee benefit expenses	3.1.1	19,831	20,266
Operating and administration expenses	3.2	51,850	52,637
Expenditure of Government funding	10.1	2,513	3,261
Total expenses incurred in delivery of services		74,194	76,164

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.

3.1.1 Employee benefits in the comprehensive operating statement

	2021 \$'000	2020 \$'000
Salaries and wages	15,433	16,413
Annual leave	1,494	1,149
Termination benefits	25	-
Accrued days off	811	637
Long service leave	171	256
Superannuation	1,897	1,811
Total employee benefit costs	19,831	20,266

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

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

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

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

Coliban Region Water Corporation

Notes to the financial statements

3.1.2 Employee benefits provision in the balance sheet

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

	2021 \$'000	2020 \$'000
Current provisions:		
Annual leave		
Unconditional and expected to settle within 12 months	1,558	1,433
Unconditional and expected to settle after 12 months	308	342
Accrued Days Off		
Unconditional and expected to settle within 12 months	303	356
Long service leave		
Unconditional and expected to settle within 12 months	313	274
Unconditional and expected to settle after 12 months	3,112	3,300
Provisions for on-costs		
Unconditional and expected to settle within 12 months	257	249
Unconditional and expected to settle after 12 months	408	447
Total current provisions for employee benefits	6,259	6,401
Non-current provisions:		
Long service leave - conditional	615	730
On-costs	74	90
Total non-current provisions for employee benefits	689	820
Total provisions for employee benefits	6,948	7,221

Reconciliation of movements in on-cost provisions

The number of employees at the end of the financial year was 199 (2020: 201).

Wages and salaries, annual leave and accrued days off

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accrued days off that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

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

Personal leave

No provision has been made for personal leave as all personal leave is non-vesting and it is not considered probable that the average personal leave taken in the future will be greater than the benefits accrued in the future. As personal leave is non-vesting, an expense is recognised in the Comprehensive income statement as it is taken.

On-costs

On costs, such as payroll tax and workers' compensation insurance, are not employee benefits. They are disclosed separately as a component of the provision for employee benefits when the employment to which they relate has occurred.

Long service leave

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

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

The components of this current LSL liability are measured at:

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

Coliban Region Water Corporation

Notes to the financial statements

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

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

3.1.3 Superannuation

Superannuation contributions

Coliban Water's obligations for contributions to the fund are recognised as an expense in comprehensive operating statement when they are made or due.

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 (excluding any unfunded liability payments) to the superannuation plans for the financial year ended 30 June 2021 and 30 June 2020 are detailed below:

Scheme	Type of scheme	Rate (%)	2021 \$'000	2020 \$'000
Vision Super	Defined benefits	9.5% - 12.5%	9	33
Vision Super	Accumulation	9.5%	746	749
Emergency Services & State Superannuation	Defined benefits	9.5% - 10.3%	28	25
VicSuper Scheme	Accumulation	9.5%	125	109
Other Superannuation Funds	Accumulation	9.5%	915	830
Employee Personal Superannuation Funds	Accumulation	9.5%	74	65
Total contributions to all funds			1,897	1,811

	2021 \$	2020 \$
Contributions outstanding	163,633	157,695
Loans issued	nil	nil
Expected contributions to be paid to the defined benefit category of Emergency Services & State Superannuation and Vision Super	37,092	34,063

Accumulation

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

Defined benefit fund

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

Funding arrangements

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.

Coliban Region Water Corporation

Notes to the financial statements

The 2020 full actuarial investigation

A full actuarial investigation was held on 30 June 2020 as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) was 104.6%. Because the VBI was above 100%, the full actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

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

	2021	2020
Net investment returns	5.6 % p.a.	7.0% p.a.
Salary information	2.5% p.a. for two years 2.75% p.a. thereafter	4.25% p.a.
Price inflation (CPI)	2.0% p.a.	2.5% p.a.

As at 30 June 2021 an interim actuarial investigation is underway as the Fund provides lifetime pensions in the Defined Benefit Category.

Vision Super has advised that the actual VBI at 30 June 2021 was 109.7%

The Fund's full actuarial investigation as at 30 June 2020 identified the following:

	2021	2020
	\$m	\$m
VBI surplus/(deficit)	100.0	151.3
Total service liability surplus/(deficit)	200.0	233.4
Discounted accrued benefits surplus	217.8	256.7

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.

Funding calls

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

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

Coliban Region Water Corporation

Notes to the financial statements

3.2 Operating and administration expenses

	2021 \$'000	2020 \$'000
Partnership contract expenses	16,834	16,342
General services	13,597	15,013
Service concession arrangements	8,714	8,365
Water purchases	2,279	2,110
Electricity	4,088	4,779
Initial recognition – expense from derivative financial instruments	659	-
Other operational costs	5,679	6,028
Total operating and administration expenses	51,850	52,637

Expense	Description	Recognition policy
Partnership contract expenses	Costs incurred in operating and maintaining both water and wastewater treatment plants and reticulation networks under the current contract with Lendlease. Refer to Note 6.5.4.	Accruals basis. Recognised in the Comprehensive operating statement.
General services	Costs relating to cloud investment, information technology services, legal, consultant and contractor costs incurred outside of the partnership contract expenses.	Accruals basis. Recognised in the Comprehensive operating statement.
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.	Accruals basis. Recognised in the Comprehensive operating statement.
Water purchases	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.	Accruals basis. Recognised in the Comprehensive operating statement.
Electricity	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.	Accruals basis. Recognised in the Comprehensive operating statement.
Expense from derivative financial instruments	<p>Relates to Coliban Water's investment in Zero Emissions Water Limited (ZEW). Refer Note 5.6 for further details on the arrangement between Coliban Water and ZEW.</p> <p>Coliban Water pays or receives the difference between the floating electricity price and the fixed price set under the agreement for the units of energy supplied into the National Electricity Market by the solar farm. The future settlements of Contract for Difference (CfD) are classified as derivative financial instruments.</p> <p>Coliban Water has initially recognised the CfD derivative financial instrument which is measured at fair value based on the best available information. The initial recognition expense represents the fair value of the expected future settlements at the initial recognition, currently in a liability position.</p> <p>Refer to Note 7.3.4 for more information about the judgements and assumptions used in measuring fair value determination of derivative financial instruments.</p>	Accruals basis. Recognised in the Comprehensive operating statement.
Other operating and administration expenses	General operating costs, general maintenance, repair costs and minor renewal costs relating to corporate buildings that are expensed as incurred.	Accruals basis. Recognised in the Comprehensive operating statement.

Coliban Region Water Corporation

Notes to the financial statements

Note 4 Key assets available to support output delivery

Introduction

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.

Structure

- 4.1 Infrastructure, property, plant and equipment
 - 4.1.1 Reconciliation of movements in carrying values of infrastructure, property, plant and equipment
 - 4.1.2 Initial recognition
 - 4.1.3 Accounting for revaluation movements
 - 4.1.4 Depreciation and impairment
 - 4.1.5 Net gain/loss on disposal of non-current assets
- 4.2 Intangible assets
- 4.3 Joint operations
- 4.4 Non-financial physical assets classified as held for sale

4.1 Infrastructure, property, plant and equipment

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

	Land	Buildings	Leasehold improvements	Plant and equipment	Infrastructure assets	Service concession assets ⁽ⁱ⁾	Capital works in progress ⁽ⁱⁱ⁾	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 30 June 2021								
Opening net book amount - 1 July 2020	48,861	2,111	624	1,693	1,360,426	130,689	24,397	1,568,801
Additions	-	-	-	-	-	-	31,464	31,464
Disposals	(1)	-	-	-	(1,095)	(1)	-	(1,097)
Transfers in/(out) of assets under construction	508	180	4	369	33,395	-	(34,456)	-
Transfer between asset classes	72	(3)	-	3	-	-	(36)	36
Fair value of asset received free of charge	-	-	-	-	-	-	7,526	7,526
Depreciation charge	-	(144)	(278)	(554)	(24,657)	(4,734)	-	(30,367)
Revaluation	525	139	-	-	263,055	50,273	-	313,992
Closing net book amount	49,965	2,283	350	1,511	1,631,124	176,227	28,895	1,890,355
Total as at 30 June 2021 represented by:								
Gross book value	49,965	2,284	4,508	5,153	1,631,603	176,227	28,895	1,898,635
Accumulated depreciation	-	(1)	(4,158)	(3,642)	(479)	-	-	(8,280)
Net book value as at 30 June 2021	49,965	2,283	350	1,511	1,631,124	176,227	28,895	1,890,355

⁽ⁱ⁾ Water and wastewater treatment facilities.

⁽ⁱⁱ⁾ The capital works in progress includes amounts relating to the Bendigo Groundwater Project: Transitional Solution. Refer to Note 10.1.

Coliban Region Water Corporation

Notes to the financial statements

	Land	Buildings	Leasehold improvements	Plant and equipment	Infrastructure assets	Service concession assets ⁽ⁱ⁾	Capital works in progress ⁽ⁱⁱ⁾	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 30 June 2020								
Opening net book amount - 1 July 2019	46,831	1,685	898	1,772	1,355,644	134,047	21,488	1,562,365
Additions	-	-	-	-	-	-	27,061	27,061
Disposals	-	-	-	(58)	(3,000)	-	-	(3,058)
Transfers in/(out) of assets under construction	259	95	9	312	33,818	-	(34,493)	-
Transfer between asset classes	-	227	-	151	(1,768)	1,390	(98)	(98)
Fair value of assets received free of charge	-	-	-	-	-	-	10,439	10,439
Depreciation charge	-	(108)	(283)	(484)	(24,268)	(4,748)	-	(29,891)
Revaluation	1,771	212	-	-	-	-	-	1,983
Closing net book amount	48,861	2,111	624	1,693	1,360,426	130,689	24,397	1,568,801
Total as at 30 June 2020 represented by:								
Gross book value	48,861	2,529	4,503	4,780	1,453,636	149,619	24,397	1,688,325
Accumulated depreciation	-	(418)	(3,879)	(3,087)	(93,210)	(18,930)	-	(119,524)
Net book value as at 30 June 2020	48,861	2,111	624	1,693	1,360,426	130,689	24,397	1,568,801

⁽ⁱ⁾Water and wastewater treatment facilities.

⁽ⁱⁱ⁾The capital works in progress includes amounts relating to the Bendigo Groundwater Project: Transitional Solution. Refer to Note 10.1.

The Right-of-use assets have not been included in the tables above. Refer to Note 6.2.1.

Coliban Region Water Corporation

Notes to the financial statements

4.1.2 Initial recognition

Infrastructure, property, plant and equipment

Items of infrastructure, property, plant and equipment comprise substructures or underlying systems held to facilitate harvesting, storage, treatment and transfer of water to meet customer needs. They also include wastewater systems. These items are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a machinery of government change are transferred at their carrying amount.

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

Items with a cost or value in excess of \$1,000 (2020: \$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.

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

Leasehold improvements

The cost of a leasehold improvement is capitalised and depreciated over the shorter of the remaining term of the lease or their estimated useful lives. At balance date, leasehold improvements are amortised over a 2 to 50 year period.

Service Concession Asset

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

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

Coliban Water recognises a service concession asset constructed, developed or acquired from a third party or by the operator, including an upgrade to an existing asset of Coliban Water, when Coliban Water controls the asset. Coliban Water controls the services the operator must provide, 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 (AASB 13)*. Subsequent to the initial recognition, or reclassification of the asset, Coliban Water measures the service concession asset in accordance with AASB 116 *Property, Plant and Equipment*.

After initial recognition, Coliban Water depreciates the service concession asset over its useful life using the principles in AASB 116 *Property, Plant and Equipment (AASB 116)*. SCAs are subject to revaluation as required by Financial Reporting Direction 103I Non-Financial Physical Assets (**FRD 103I**). Refer to Note 7.3 Fair value determination for a summary of revaluation details by asset category with further details provided on accounting for revaluation in Note 4.1.3.

Revaluation of infrastructure, property, plant and equipment

Non-financial physical assets are revalued at fair value every five years in accordance with the Government purpose classifications defined in FRD 103I.

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

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 may occur more frequently if fair value assessments indicate material changes in values. In such instances, interim managerial revaluations are undertaken in accordance with the requirements of FRD 103I.

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Notes to the financial statements

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

Coliban Water assets relating to land, buildings, infrastructure and service concession assets were independently valued by the VGV as at 30 June 2021. The market that the assets are valued in is being impacted by the uncertainty that the coronavirus (COVID-19) outbreak has caused. The valuer has advised that the current market environment, impacted by COVID-19, creates significant valuation uncertainty. The value assessed at the valuation date may therefore change over a relatively short time period.

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

4.1.3 Accounting for revaluation movements

Infrastructure, property, plant and equipment

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

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

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

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

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

4.1.4 Depreciation and impairment

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

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

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

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

Asset class	Useful life (years)
Buildings and leasehold improvements	3 to 100 years
Infrastructure and leasehold improvements	2 to 400 years
Plant and equipment	1 to 40 years
Right-of-use-assets (see note 6.2)	1 to 51 years
Service concession assets – water and wastewater treatment facilities	25 to 100 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate.

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

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

Impairment

Non-financial assets, including items of infrastructure, property, plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired, except for:

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

Assets with indefinite useful lives are tested annually.

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

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

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

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

Whilst the potential risks and related opportunities from climate related change are considered as part of Coliban Water's asset impairment review methodology and processes, based on what is currently known, it is not expected that climate risks will have a significant impact on Coliban Water's principal activities, particularly from an asset impairment standpoint.

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

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

	2021 \$'000	2020 \$'000
Proceeds from disposal of assets	1,054	59
Written down value (WDV) of assets disposed	(1,524)	(3,057)
Net gain/(loss) on disposal	(470)	(2,998)

Coliban Region Water Corporation

Notes to the financial statements

4.2 Intangible assets

	Water entitlements \$'000	Software costs \$'000	Works in progress \$'000	Total \$'000
Year ended 30 June 2020				
Opening net book amount - 1 July 2019	60,391	4,922	1,497	66,810
Additions	-	-	739	739
Transfer between asset classes	127	429	(556)	-
Impairment of assets	-	-	-	-
Amortisation	-	(1,221)	-	(1,221)
Closing net book amount	60,518	4,130	1,680	66,328
Total as at 30 June 2020 represented by:				
Cost of fair value	60,518	16,892	1,680	79,090
Accumulated amortisation	-	(12,762)	-	(12,762)
Net book value as at 30 June 2020	60,518	4,130	1,680	66,328
Year ended 30 June 2021				
Opening net book amount - 1 July 2020	60,518	4,130	1,680	66,328
Additions	-	-	259	259
Transfer between asset classes	-	762	(762)	-
Amortisation	-	(1,181)	-	(1,181)
Closing net book amount	60,518	3,711	1,177	65,406
Total as at 30 June 2021 represented by:				
Cost of fair value	60,518	17,654	1,177	79,349
Accumulated amortisation	-	(13,943)	-	(13,943)
Net book value as at 30 June 2021	60,518	3,711	1,177	65,406

Recognition and measurement

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

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

Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets with finite useful lives are amortised as an expense on a systematic basis (typically straight-line), commencing from the time the asset is available for use (when it is in the location and condition necessary for it to be capable of operating in the manner intended by management). The amortisation periods are reviewed and adjusted if appropriate at each balance date. Intangible assets with indefinite useful lives are not amortised. However, all intangible assets are assessed for impairment annually as outlined below

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

	Permanent Water Entitlements	Software costs
Useful lives	Indefinite	Finite
Amortisation method used	Not amortised or revalued	1 to 10 years
Internally generated/acquired	Acquired	Both
Impairment test/Recoverable amount testing	Annually and where an indicator of impairment exists	Annually and where an indicator of impairment exists

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 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 an impairment exists, any excess of the carrying amount over the recoverable amount is recognised as an impairment loss in the Comprehensive operating statement.

Coliban Region Water Corporation

Notes to the financial statements

In accordance with AASB 136 *Impairment of Assets*, Coliban Water has reviewed the carrying value of water entitlements at 30 June 2021. The VIU at the CGU level has been applied in determining the recoverable amount as at 30 June 2021 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. The fair value assessment has identified that the key assumptions have not materially deviated from the previous year, and therefore the VIU of the CGU remains higher than the carrying amount as at 30 June 2021. No impairment of the permanent water entitlements has been recognised for the financial year ended 30 June 2021 (30 June 2020: 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 (2020: 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)	349.70	19.40

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.

Coliban Region Water Corporation

Notes to the financial statements

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.

	Interest ⁽ⁱ⁾	Water Distribution ⁽ⁱⁱ⁾	Operational costs ⁽ⁱⁱⁱ⁾
Principal Activity 2021			
Waranga Channel to Lake Eppalock to Sandhurst Reservoir	2/3	77,670	888
Principal Activity 2020			
Waranga Channel to Lake Eppalock to Sandhurst Reservoir	2/3	42,758	1,128

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

⁽ⁱⁱ⁾Disclosed as Infrastructure Assets. Refer to Note 4.1.1

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

As at 30 June 2021, there were \$64,462 outstanding liabilities incurred by Coliban Water and the joint operation (as at 30 June 2020: \$61,509).

4.4 Non-financial physical assets classified as held for sale

	2021 \$'000	2020 \$'000
Freehold land held for sale	4	504
	<u>4</u>	<u>504</u>

One package of land in Huntly with a fair value of \$4,000 meets this classification. The land was first recognised as held for sale in September 2020. As at 30 June 2021 an offer of the land had been accepted.

In 2020/21 a package of land in Echuca West with a fair value of \$503,587 was sold.

Coliban Region Water Corporation

Notes to the financial statements

Note 5 Other assets and liabilities

Introduction

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

Structure

- 5.1 Receivables
 - 5.1.1 Impairment of contractual receivables
 - 5.1.2 Reconciliation of the expected credit loss allowance
- 5.2 Contract assets
- 5.3 Payables
 - 5.3.1 Ageing analysis of contractual payables
- 5.4 Contract liabilities
- 5.5 Inventories
- 5.6 Other financial assets
- 5.7 Other non-financial assets

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.

	2021 \$'000	2020 \$'000
Current		
Contractual		
Rates and charges receivable	11,699	10,717
Allowance for expected credit losses	(215)	(228)
Other receivables	121	483
Statutory		
Amounts owing from the Victorian Government	1,454	1,180
GST Receivables	1,005	1,012
Total current receivables	14,064	13,164
Non-current		
Contractual		
Customer receivables	793	608
Total non-current receivables	793	608
Total receivables	14,857	13,772

Receivables consist of:

Receivable	Initial measurement	Subsequent measurement
Contractual receivables (debtors in relation to goods and services supplied)	Measured at transaction price, unless they contain a significant financing component, when they are recognised at fair value. Coliban Water does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. Trade receivables for water corporation debtors and other debtors are due for settlement no more than 28 days from the date of recognition.	Classified as financial instruments and categorised as loans and receivables. Subsequently measured at amortised cost using the effective interest rate method less any provision for impaired receivables.
Statutory receivables (amounts owing from the Victorian Government and GST input tax credits recoverable)	Recognised at fair value plus any directly attributable transaction costs.	Subsequently measured at amortised cost using the effective interest rate method less any provision for impaired receivables.

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

Coliban Region Water Corporation

Notes to the financial statements

5.1.1 Impairment of contractual receivables

Coliban Water applies the AASB 9 *Financial Instruments* simplified approach to measure 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 2021 and 30 June 2020 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 1.3.

On that basis, the loss allowance as at 30 June 2021 was determined as follows for receivables – service and usage charges and other receivables:

	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
30 June 2021					
Expected loss rate	1%	1%	3%	4%	9%
Gross carrying amount of contractual receivables	5,889	2,601	1,344	2,779	12,613
Loss allowance	31	26	40	118	215
30 June 2020					
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

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.

Loss allowance on receivables are presented in operating and administration expenses within the comprehensive operating statement.

5.1.2 Reconciliation of the expected credit loss allowance

	2021 \$'000	2020 \$'000
Opening balance 1 July	(228)	(186)
Transfers in	-	-
Transfers out	-	-
Increase in provision recognised in the net result	(368)	(155)
Expected credit losses written off	165	136
Reversal of unused provision recognised in the net result	216	(23)
Balance as at 30 June	(215)	(228)

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

COVID-19 impacts have been considered along with unemployment rates, gross domestic product, specific management actions including improving hardship eligibility, observable customer behaviours and how the pandemic may impact our industry in particular.

As a result, the allowance for expected credit losses has decreased by \$13,000 to reflect similar risks and uncertainties brought about by the COVID-19 pandemic that were experienced in the previous year. Should the macroeconomic assumptions change in the future, it could have a material impact on our allowance for doubtful debts in the subsequent years.

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

Coliban Region Water Corporation

Notes to the financial statements

5.2 Contract assets

	2021 \$'000	2020 \$'000
Service and usage charges - accrued revenue	16,638	14,467
Total contract assets	16,638	14,467
<i>Represented by</i>		
Current contract assets	16,638	14,467
		Service and usage charges - accrued revenue \$'000
Opening balance as at 1 July 2020		14,467
Less: Amounts billed during the year		(14,445)
Add: Amount accrued at year end (to be billed)		16,638
Additional provisions (raised)/reversed		(22)
Carrying amount as at 30 June 2021		16,638

Contract asset	Description	Recognition
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 recognised as revenue when the service or other goods have been provided. The contract assets are transferred to contractual receivables when the rights become unconditional. This usually occurs when Coliban Water issues a bill to the customer.

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.

Significant changes in contract assets

Contract assets have increased as Coliban Water has provided more services ahead of the agreed payment schedules for fixed price contracts. Coliban Water does not recognise a loss allowance for contract assets.

Coliban Region Water Corporation

Notes to the financial statements

5.3 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.

	2021	2020
	\$'000	\$'000
Current		
<i>Contractual</i>		
Trade creditors	4,167	4,542
Accrued expenses	12,596	12,686
Other payables	473	1,070
<i>Statutory</i>		
FBT payable	9	20
Total current payables	17,245	18,318
Non-current		
<i>Contractual</i>		
Retention and advance deposits	34	208
Total non-current payables	34	208
Total trade and other payables	17,279	18,526

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 for part of the year to assist in stimulating the economy.

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.

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

Coliban Region Water Corporation

Notes to the financial statements

5.3.1 Ageing analysis of contractual payables

	Carrying amount \$'000	Nominal amount \$'000	Maturity dates			
			Less than 1 month \$'000	1 - 3 months \$'000	3 months - 1 year \$'000	1 - 5 years \$'000
30 June 2021						
Supplies and services	13,346	13,346	11,398	1,921	27	-
Other payables	3,924	3,924	3,407	388	95	34
Total	17,270	17,270	14,805	2,309	122	34
30 June 2020						
Supplies and services	13,396	13,396	11,413	1,982	1	-
Other payables	5,129	5,129	4,611	64	246	208
Total	18,525	18,525	16,024	2,046	247	208

5.4 Contract liabilities

	2021 \$'000	2020 \$'000
Customers paid in advance	2,922	2,350
Unearned income	5,824	5,118
Total contract liabilities	8,746	7,468
<i>Represented by</i>		
Current contract liabilities	8,746	7,468

	Customer paid in advance \$'000	Unearned income \$'000	Total \$'000
Carrying amount as at 1 July 2019	2,350	4,830	7,180
Less: Revenue recognised that was included in the contract liability balance at the beginning of the period	-	(3,220)	(3,220)
Add: Contract liabilities recognised in the reporting period	-	3,993	3,993
Less: Revenue recognised in the reporting period for the completion of performance obligations	-	(485)	(485)
Closing balance at 30 June 2020	2,350	5,118	7,468
Add: Developers contribution received for performance obligations yet to be completed during the year	-	7,880	7,880
Add: Payments received in advance for provision of goods and services	2,922	-	2,922
Less: Revenue recognised in the reporting period for the completion of performance obligations	(2,350)	(7,174)	(9,524)
Total contract liabilities at 30 June 2021	2,922	5,824	8,746

Contract liabilities	Description	Recognition
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.	Recognised as revenue, once it has performed the performance obligations associated with the payments.
Unearned income	Payments received for the funding of the Bendigo Groundwater Project, developer contributed assets, new customer contributions and application fees in the reporting period, where the performance obligations are outstanding at balance date.	Recognised as revenue, once it has performed the performance obligations associated with the payments

Significant changes in contract liabilities

The increase in 2021 contract liability was due to the recognition of Government project funding in advance for the Bendigo Groundwater Project and an increase in overall contract activity.

Coliban Region Water Corporation

Notes to the financial statements

5.5 Inventories

	2021 \$'000	2020 \$'000
Current		
Inventories held for sale	7	-
Inventories held for distribution	1,762	1,693
Total inventories	<u>1,769</u>	<u>1,693</u>

Inventories held for sale comprise of Large Generation Certificates (LGCs) purchased through the Members Agreement entered into with Zero Emissions Water (ZEW) Limited. Refer to Note 5.6.1. These inventories are held for consumption in the ordinary course of business operations and measured at the lower of cost and net realisable value. Costs are assigned to inventory quantities on hand at balance date at 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.

5.6 Other financial assets

	2021 \$'000	2020 \$'000
Other financial assets		
Investment in Zero Emissions Water (ZEW) Ltd	15	-
Total other financial assets	<u>15</u>	<u>-</u>

Amounts held by Coliban Water with a maturity of three months or more are disclosed as 'Other financial assets'.

5.6.1 Investment in ZEW Ltd

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. The Members' Agreement establishes the operating activities of ZEW and the decision-making responsibilities of the ZEW Directors.

Under the Members' Agreement Coliban Water 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 resulted in an extension of the commercial operation date to 1 October 2020 and a compensation settlement to ZEW for the delay. Coliban Water's share of the settlement is \$102,369 which has been recognised in the Comprehensive operating statement as other income.

Coliban Region Water Corporation

Notes to the financial statements

Along with the settlement funds, Coliban Water was also able to purchase 1,912 replacement LGCs at the PPA price which have been recognised as inventory assets (refer note 5.5).

On 22 January 2021, the conditions precedent in the PPA was completed and the CfD derivative was recognised as a financial liability measured at its fair value. Subsequent changes in the derivative's fair value have been recognised in profit and loss. Refer to Note 7.3.4 for more information about the judgements and assumptions used in measuring fair value determination of derivative financial instruments.

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

The Members' Agreement specifies that ZEW may call on Coliban Water to make a loan available to 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 us to receive cash from ZEW at the end of the loan term. At 30 June 2021, ZEW had requested and received a loan payment of \$14,500. As this loan is concessional, it has been treated as an investment in ZEW and measured at amortised cost.

5.7 Other non-financial assets

	2021	2020
	\$'000	\$'000
Current		
Prepayments	595	376
Total other non-financial assets	595	376

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

Coliban Region Water Corporation

Notes to the financial statements

Note 6 How we financed our operations

Introduction

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

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

Structure

- 6.1** Interest bearing liabilities
 - 6.1.1 Maturity analysis of interest-bearing liabilities
 - 6.1.2 Interest expense
- 6.2** Leases
 - 6.2.1 Right-of-use assets
 - 6.2.2 Amounts recognised in the Comprehensive operating statement
 - 6.2.3 Amounts recognised in the Cash Flow
- 6.3** Service concession arrangements
- 6.4** Cash flow information and balances
 - 6.4.1 Reconciliation of net result for the period to cash flow from operating activities
- 6.5** Commitments for expenditure
 - 6.5.1 Total commitments payable
 - 6.5.2 Service concession arrangement commitments
 - 6.5.3 Capital commitments
 - 6.5.4 Other commitments

6.1 Interest bearing liabilities

	Notes	2021 \$'000	2020 \$'000
Current interest-bearing liabilities			
Lease liabilities ⁽ⁱ⁾	6.2	658	679
Loans from Treasury Corporation of Victoria (TCV)		-	4,000
Service Concession Arrangement - water and wastewater treatment facilities	6.3	6,700	6,200
Total current interest-bearing liabilities		7,358	10,879
Non-current interest-bearing liabilities			
Lease liabilities	6.2	1,917	2,540
Loans from Treasury Corporation of Victoria (TCV)		384,832	368,832
Service Concession Arrangement - water and wastewater treatment facilities	6.3	51,819	58,518
Total non-current interest-bearing liabilities		438,568	429,890
Total interest-bearing liabilities		445,926	440,769

⁽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 the Treasury Corporation of Victoria (TCV), pursuant to section 8 of the Borrowings and *Investment Powers Act 1987*.

Borrowings known as 11am debt are classified as non-current borrowings.

Coliban Region Water Corporation

Notes to the financial statements

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.

	Carrying amount	Nominal amount ⁽ⁱ⁾	Floating amount	Maturity dates				
				Less than 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	5+ years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2021								
Lease liabilities	2,575	-	-	56	113	488	1,021	897
Loans from TCV Service concession arrangements ⁽ⁱⁱ⁾	384,832	420,344	-	-	-	21,000	154,000	209,832
	58,519	-	-	538	1,089	5,074	32,989	18,829
Total	445,926	420,344	-	594	1,202	26,562	188,010	229,558
30 June 2020								
Lease liabilities	3,218	-	-	59	117	503	1,502	1,037
Loans from TCV Service concession arrangements ⁽ⁱⁱ⁾	372,832	422,505	4,000	-	-	-	148,000	220,832
	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

⁽ⁱ⁾Nominal amount represents fair value

⁽ⁱⁱ⁾Water and wastewater treatment facilities

6.1.2 Interest expense

	2021	2020
	\$'000	\$'000
Interest on loans from Treasury Corporation of Victoria (TCV)	14,056	15,372
Interest on lease liability	93	137
Financial accommodation levy	5,579	5,565
Interest on financial liabilities - service concession arrangements	4,809	5,272
Total interest expense	24,537	26,346

Interest expenses are recognised as expenses in the financial period in which they are incurred. Interest expense includes 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.

Coliban Water has entered into two service concession arrangements to operate water and wastewater treatment facilities in the region (see Note 6.3). The interest element of financial liabilities is charged to the Comprehensive operating statement over the lease period.

6.2 Leases

Information about leases for which Coliban Water is a lessee is presented below

Coliban Water's leasing activities

Coliban Water leases various properties, equipment and vehicles. Rental contracts are made for fixed periods of 1 to 51 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 of information technology (IT) equipment with contract terms of up to 3 years are either short-term and/or leases of low-value items. Coliban Water has elected not to recognise right-of-use assets and lease liabilities for these leases.

At 30 June 2021, Coliban Water was committed to short term and/or leases of low-value leases and the total commitment at that date was \$125,271.

Coliban Region Water Corporation

Notes to the financial statements

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

Definition of a lease

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

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

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

Separation of lease and non-lease components

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

Right-of-use assets

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

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

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

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

The recoverable amount of right-of-use assets is expected to be materially the same as fair value determined under AASB 13 *Fair Value Measurement*.

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.

Critical judgements in determining the lease term

In determining the lease term, Coliban Water 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.

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Lease liabilities

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

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

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

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

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

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

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

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

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

Short-term leases and leases of low-value assets

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

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

Coliban Region Water Corporation

Notes to the financial statements

6.2.1 Right-of-use assets

The following tables are subsets of buildings, plant and equipment, and vehicles by right-of-use assets (see note 4.1).

	Buildings \$'000	Plant and Equipment \$'000	Infrastructure other than roads \$'000	Vehicles \$'000	Total \$'000
Year ended 30 June 2020					
Carrying amount as at 1 July 2019 at cost	-	-	-	-	-
Recognition of right-of-use asset on initial application of AASB 16	2,488	95	190	1,153	3,926
Depreciation expense	(352)	(6)	(4)	(465)	(827)
Carrying amount at end of year	2,136	89	186	688	3,099
Total as at 30 June 2020 represented by:					
Cost	2,488	95	190	1,153	3,926
Less: Accumulated depreciation	(352)	(6)	(4)	(465)	(827)
Carrying amount at end of year	2,136	89	186	688	3,099
Year ended 30 June 2021					
Carrying amount at beginning of year	2,136	89	186	688	3,099
Additions to right-of-use assets	-	-	-	48	48
Modification adjustments	-	-	-	47	47
Depreciation expense	(352)	(6)	(4)	(328)	(690)
Other movements	-	-	-	(44)	(44)
Carrying amount at end of year	1,784	83	182	411	2,460
Year ended 30 June 2021					
Cost	2,488	95	190	1,075	3,848
Less: Accumulated depreciation	(704)	(12)	(8)	(664)	(1,388)
Carrying amount at end of year	1,784	83	182	411	2,460

6.2.2 Amounts recognised in the Comprehensive operating statement

The following amounts are recognised in the Comprehensive operating statement relating to leases:

	2021 \$'000	2020 \$'000
Interest on lease liabilities	93	137
Depreciation on right-of-use assets	690	827
Expenses relating to short-term leases	17	-
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	38	56
Income from sub-leasing right-of-use assets	(53)	(52)
Total	785	968

6.2.3 Amounts recognised in the Cash Flow Statement

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

	2021 \$'000	2020 \$'000
Total cash outflow for leases	789	835

Coliban Region Water Corporation

Notes to the financial statements

6.3 Service concession arrangements

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

Coliban Water has adopted AASB 1059 *Service Concession Arrangements: Grantors* to account for PPP arrangements that meet the definition of a service concession arrangements (SCAs) in accordance with AASB 1059. Where a PPP is not considered a SCA, 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.

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.

The accumulation of costs incurred during construction results in a progressive build-up of the SCA asset (see section 4.1 for the initial and subsequent measurement of SCA assets). A corresponding liability would be progressively recognised in line with the fair value of the SCA asset. The nature of the liability and the subsequent accounting depends on the consideration exchanged in reference to the contract arrangements between the grantor and the operator. An exception to this principle occurs when the grantor reclassifies an existing asset to a SCA.

Coliban Water has two SCA 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 SCA.

The table below illustrates commitments for SCA's (excluding the GST of \$5.9 million as at 30 June 2021 (2020: \$6.5 million)).

	Notes	Minimum future payments		Present value of minimum future payments	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Service concession arrangement liability					
Water treatment facilities		39,500	46,176	31,548	35,587
Wastewater treatment facilities		36,658	40,989	26,971	29,131
Minimum future liability payments		76,158	87,165	58,519	64,718
Less: Future finance charges		(17,639)	(22,447)	-	-
Total service concession arrangement liability		58,519	64,718	58,519	64,718
Representing service concession arrangement liability					
Current	6.1			6,700	6,200
Non-current	6.1			51,819	58,518
Total service concession arrangement liability				58,519	64,718

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Notes to the financial statements

6.4 Cash flow information and balances

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.

The bank overdraft limit of Coliban Water is \$400,000. This facility is subject to annual review and at 30 June 2021 the amount of unused credit was \$400,000 (2020: \$400,000). The bank overdraft is secured by way of mortgage over the revenue of Coliban Water.

Loan facilities from TCV have various maturity dates through to 30 October 2031 and may be extended by mutual agreement between Coliban Water and TCV.

	Notes	2021 \$'000	2020 \$'000
Cash at bank	10.1	10,250	5,948
Deposits at call		-	2,400
Balance as per cash flow statement		10,250	8,348

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

	2021 \$'000	2020 \$'000
Net result for the period	3,332	4,864
Non-cash movements		
Depreciation and amortisation of non-current assets	32,238	31,939
(Gain)/loss on sale or disposal of non-current assets	470	3,101
Payments for fixed assets in payables movement	1,357	(413)
Non cash developer contributions and gifted assets	(7,526)	(10,439)
Income tax (expense)/benefit	2,096	2,199
Movements in assets and liabilities		
(Increase)/decrease in receivables	(1,085)	11,496
(Increase)/decrease in inventories	(76)	14
(Increase)/decrease in contract assets	(2,171)	(14,467)
(Increase)/decrease in prepayments	(219)	242
(Increase)/decrease in other financial assets	615	-
Increase/(decrease) in payables	(1,239)	(4,892)
Increase/(decrease) in contract liabilities	1,278	7,468
Increase/(decrease) in employee benefits	(273)	1,210
Net cash provided by/(used in) operating activities	28,797	32,322

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.

6.5 Commitments for expenditure

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

Coliban Region Water Corporation

Notes to the financial statements

6.5.1 Total commitments payable

	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Total \$'000
Nominal Amounts 2021				
Service concession arrangement	10,274	45,891	19,025	75,190
Capital expenditure commitments payable	18,746	-	-	18,746
Environmental contribution levy commitments	5,734	11,469	-	17,203
Other commitments payable	26,955	-	-	26,955
Total commitments (inclusive of GST)	61,709	57,360	19,025	138,094
Less GST recoverable	(4,556)	(4,172)	(1,730)	(10,457)
Total commitments (exclusive of GST)	57,153	53,188	17,295	127,637
Nominal Amounts 2020				
Service concession arrangement	9,614	43,021	30,656	83,291
Capital expenditure commitments payable	11,280	-	-	11,280
Environmental contribution levy commitments	5,734	17,203	-	22,937
Other commitments payable	24,854	18,643	-	43,497
Total commitments (inclusive of GST)	51,482	78,867	30,656	161,005
Less GST recoverable	(4,159)	(5,606)	(2,787)	(12,552)
Total commitments (exclusive of GST)	47,323	73,261	27,869	148,453

6.5.2 Service concession arrangement commitments

These commitments represent the service component of the service concession arrangement schemes for the provision of wastewater and water treatment services.

	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Total \$'000
Nominal Amounts 2021				
Water treatment facilities	7,765	34,985	8,978	51,728
Wastewater treatment facilities	2,509	10,906	10,047	23,462
Total commitments (inclusive of GST)	10,274	45,891	19,025	75,190
Less GST recoverable	(934)	(4,172)	(1,730)	(6,835)
Total commitments (exclusive of GST)	9,340	41,719	17,295	68,355
Nominal Amounts 2020				
Water treatment facilities	7,210	32,458	17,757	57,425
Wastewater treatment facilities	2,404	10,563	12,899	25,866
Total commitments (inclusive of GST)	9,614	43,021	30,656	83,291
Less GST recoverable	(874)	(3,911)	(2,787)	(7,572)
Total commitments (exclusive of GST)	8,740	39,110	27,869	75,719

6.5.3 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.

	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Total \$'000
Nominal Amounts 2021				
Capital expenditure commitments payable	18,746	-	-	18,746
Total capital expenditure commitments (inclusive of GST)	18,746	-	-	18,746
Less GST recoverable	(1,703)	-	-	(1,703)
Total capital expenditure commitments (exclusive of GST)	17,043	-	-	17,043
Nominal Amounts 2020				
Capital expenditure commitments payable	11,280	-	-	11,280
Total capital expenditure commitments (inclusive of GST)	11,280	-	-	11,280
Less GST recoverable	(1,025)	-	-	(1,025)
Total capital expenditure commitments (exclusive of GST)	10,255	-	-	10,255

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Notes to the financial statements

6.5.4 Other commitments

These commitments represent operating commitments, including a requirement to pay an Environmental Contribution to Department of Environment, Land, Water and Planning (DELWP) and a major contract for the provision of operations and maintenance services with Lendlease. This contract was extended for a further five years from 1 July 2017.

Operating expenditure commitments are due and payable as follows:

	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Total \$'000
Nominal Amounts 2021				
Environmental contribution levy commitments	5,734	11,469	-	17,203
Other commitments payable	21,221	-	-	21,221
Total other commitments (inclusive of GST)	26,955	11,469	-	38,424
Less GST recoverable	(1,919)	-	-	(1,919)
Total other commitments (exclusive of GST)	25,036	11,469	-	36,505
Nominal Amounts 2020				
Environmental contribution levy commitments	5,734	17,203	-	22,937
Other commitments payable	24,854	18,643	-	43,497
Total other commitments (inclusive of GST)	30,588	35,846	-	66,434
Less GST recoverable	(2,259)	(1,695)	-	(3,954)
Total other commitments (exclusive of GST)	28,329	34,151	-	62,480

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Notes to the financial statements

Note 7 Risks, contingencies and valuation judgements

Introduction

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

Structure

- 7.1 Financial instruments
 - 7.1.1 Financial instruments: categorisation
 - 7.1.2 Financial risk management objectives and policies
- 7.2 Contingent assets and contingent liabilities
- 7.3 Fair value determination
 - 7.3.1 Fair value determination – Non-financial physical assets
 - 7.3.2 Reconciliation of Level 3 fair value movements
 - 7.3.3 Fair value determination of non-financial physical assets held for sale

7.1 Financial instruments

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

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 2020/21 reporting period.

These financial instruments include:

Financial assets

- Cash and deposits
- Receivables (excluding statutory receivables)
- Investment in Zero Emission Water (ZEW)

Financial liabilities

- Payables:
 - contractual payables (e.g. trade creditors, sundry creditors, accrued expenses, and other expenses)
- Interest bearing liabilities:
 - Bank overdraft
 - Lease liabilities
 - Loans from TCV
- Service concession asset
- Derivative financial instrument in Zero Emission Water (ZEW)

Coliban Region Water Corporation

Notes to the financial statements

Categories of financial instruments

Financial instrument	Initial measurement	Subsequent measurement
Financial assets at amortised cost		
Financial assets include: <ul style="list-style-type: none"> Loans and receivables cash and deposits; receivables; term deposits; certain debt securities; and Investment in ZEW 	Fair value plus or minus any directly attributable transaction costs	Amortised cost only using the effective interest rate method less impairment if both of the following criteria are met: <ul style="list-style-type: none"> the asset is held within a business model whose objective is to collect the contractual cash flows, and the contractual terms give rise to cash flows that are solely payments of principal and interest
Financial liabilities at amortised cost		
Financial liabilities include: <ul style="list-style-type: none"> payables (excluding statutory payables); Service concession assets; and borrowings (including lease liabilities) 	Fair value, plus or minus any directly attributable transaction costs.	Amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the profit and loss, over the period of the interest-bearing liability using the effective interest rate method.
Financial assets and liabilities at fair value through net results		
Derivative financial instruments	Fair value through net result. The initial expense recognised represents the fair value of the expected future settlements at initial recognition (refer note 3.2).	Fair value through net result. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from changes in fair value of derivatives after initial recognition are recognised in the Statement of comprehensive income.

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 and liabilities

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

- the rights to receive cash flows from the asset have expired; or
- 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.

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Notes to the financial statements

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.

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

Impairment of financial assets

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

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

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Notes to the financial statements

7.1.1 Financial instruments: categorisation

The carrying amount of the contractual financial assets and financial liabilities by category are disclosed below:

		Cash and deposits	Financial assets at amortised cost (AC)	Financial assets / liabilities designated at fair value through profit/loss (FVTPL)	Financial liabilities at amortised cost (AC)	Total
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000
2021						
Contractual financial assets						
Cash and deposits	6.4	10,250	-	-	-	10,250
Receivables⁽ⁱ⁾						
Rates and charges receivable	5.1	-	12,398	-	-	12,398
Contract assets	5.2	-	16,638	-	-	16,638
Other receivables	5.1	-	121	-	-	121
Investments and other contractual financial assets						
Investment in Zero Emissions Water (ZEW) Ltd	5.6	-	-	15	-	15
Total contractual financial assets		10,250	29,157	15	-	39,422
Contractual financial liabilities						
Payables⁽ⁱⁱ⁾						
Trade creditors	5.3	-	-	-	4,167	4,167
Accrued expenses	5.3	-	-	-	12,596	12,596
Other payables	5.3	-	-	-	507	507
Borrowings						
Lease liabilities	6.1	-	-	-	2,575	2,575
Loans from Treasury Corporation of Victoria (TCV)	6.1	-	-	-	384,832	384,832
Service Concession Arrangement - water and wastewater treatment facilities	6.1	-	-	-	58,519	58,519
Total contractual financial liabilities		-	-	-	463,196	463,196
2020						
Contractual financial assets						
Cash and deposits	6.4	8,348	-	-	-	8,348
Receivables⁽ⁱ⁾						
Rates and charges receivable	5.1	-	11,808	-	-	11,808
Contract assets	5.2	-	14,467	-	-	14,467
Investments and other contractual financial assets						
Investment in Zero Emissions Water (ZEW) Ltd	5.6	-	-	-	-	-
Total contractual financial assets		8,348	26,275	-	-	34,623
Contractual financial liabilities						
Payables⁽ⁱⁱ⁾						
Trade creditors	5.3	-	-	-	4,542	4,542
Accrued expenses	5.3	-	-	-	12,686	12,686
Other payables	5.3	-	-	-	1,278	1,278
Borrowings						
Lease liabilities	6.1	-	-	-	3,218	3,218
Loans from Treasury Corporation of Victoria (TCV)	6.1	-	-	-	372,832	372,832
Service Concession Arrangement - water and wastewater treatment facilities	6.1	-	-	-	64,718	64,718
Total contractual financial liabilities		-	-	-	459,274	459,274

⁽ⁱ⁾The total amounts disclosed exclude statutory receivables

⁽ⁱⁱ⁾The total amounts disclosed exclude statutory payables.

Coliban Region Water Corporation

Notes to the financial statements

7.1.2 Financial risk management objectives and policies

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

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 a central treasury Corporation (Group Treasury) under policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with 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 risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) 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 Coliban Water's 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. Coliban Water applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all receivables (refer to Note 5.1).

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

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

Coliban Water is continuously monitoring and assessing its credit risk profile due to the current economic impacts affecting customers. Coliban Water has adjusted the credit risk profile in assessing the expected loss allowance in 2020/21 (refer to Note 5.1).

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

At 30 June 2021, Coliban Water has no other significant credit risk. There has been no material change to Coliban Water's credit risk profile in 2020/21.

Credit quality of financial assets

	Financial institutions (A-1+) ⁽ⁱ⁾ \$'000	Government agencies (AAA) ⁽ⁱ⁾ \$'000	Other \$'000	Total \$'000
2021				
Financial assets				
Cash and cash equivalents	6,459	3,790	1	10,250
Receivables (excl. statutory receivables)	-	-	12,398	12,398
Total financial assets	6,459	3,790	12,399	22,648

Coliban Region Water Corporation

Notes to the financial statements

2020

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

⁽ⁱ⁾Standard and Poor's Corporation credit rating

(b) Climate related risk

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

Coliban Water is primarily exposed to climate change risk through extreme weather events, reduction in rainfall and increased water demand across the region. A comprehensive Climate Change Adaptation Risk Assessment was completed in February 2021 which identified 53 risks that the business will monitor and manage where appropriate.

The Environment and Sustainability Board Committee has oversight of climate change mitigation and adaptation across the business. The business manages climate change through the Energy and Carbon Management Strategy, Annual Carbon and Energy Plans and the Coliban Water Climate Change Adaptation Plan.

Coliban Water will further enhance the understanding of exposure of climate change risk in the process of executing Coliban Water's climate change action plan over the next 3 years.

As at 30 June 2021, the Directors considered climate-related risk in the preparation of the financial statements. Based on these considerations the impact of climate change on the financial report remains uncertain and cannot be reliably measured, therefore no adjustments specific to climate change have been made to the value of assets or liabilities in the financial report.

(c) Liquidity risk

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

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

Coliban Water manages its liquidity risk by:

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

(d) 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 and derivative financial instruments.

Market risk comprises of interest rate risk, foreign exchange risk and other price risk. Coliban Water's exposure to market risk is primarily through interest rate risk and electricity prices under the ZEW PPA.

There is no exposure or insignificant exposure to foreign exchange risk and insignificant exposure to other price risks.

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

Coliban Region Water Corporation

Notes to the financial statements

i. Interest Rate Risk

Coliban Water's exposure to market interest rates relates primarily to Coliban Water's long-term interest-bearing liabilities 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.

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 are set out in the following table.

	Weighted average interest rate %	Carrying amount \$'000	Fixed interest rate \$'000	Variable interest rate \$'000	Non-interest bearing \$'000
2021					
Financial assets					
Cash	0.12	10,250	-	10,250	-
Total financial assets		10,250	-	10,250	-
Financial liabilities					
Lease liabilities	4.45	2,575	2,575	-	-
Loans from Treasury Corporation of Victoria (TCV)	3.36	384,832	384,501	331	-
Service Concession Arrangement - water and wastewater treatment facilities	7.76	58,519	58,519	-	-
Total financial liabilities		445,926	445,595	331	-
2020					
Financial assets					
Cash	0.61	8,348	-	8,347	1
Total financial assets		8,348	-	8,347	1
Financial liabilities					
Lease liabilities	4.45	3,219	3,219	-	-
Loans from Treasury Corporation of Victoria (TCV)	3.84	374,163	368,832	5,331	-
Service Concession Arrangement - water and wastewater treatment facilities	7.77	64,718	64,718	-	-
Total financial liabilities		442,100	436,769	5,331	-

Interest rate risk sensitivity

Coliban Water cannot be expected to predict movements in market rates and prices. Sensitivity analyses shown are for illustrative purposes only. A movement of 50 basis points up and down (50 basis points up and down) in market interest rates (AUD) is 'reasonably possible'.

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

Coliban Region Water Corporation

Notes to the financial statements

	Carrying amount \$'000	Profit or Loss		Equity	
		-50 basis points \$'000	+50 basis points \$'000	-50 basis points \$'000	+50 basis points \$'000
2021					
Cash and deposits	10,250	(51)	51	(51)	51
Interest bearing liabilities	331	2	(2)	2	(2)
Total		(49)	49	(49)	49
2020					
Cash and deposits	8,347	(42)	42	(42)	42
Interest bearing liabilities	5,331	27	(27)	27	(27)
Total		(15)	15	(15)	15

ii. Foreign Exchange Risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. Coliban Water's exposure to changes in the foreign exchange rate is not material.

iii. Other Price Risk

Coliban Water uses the Contract for Difference derivative financial instrument to manage energy related commodities purchased in the normal course of business, and therefore entered into this PPA to minimise a portion of the price risk. Coliban Water's sensitivity to price risk is set out in Note 7.3.4.

7.2 Contingent assets and contingent liabilities

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

There were no material contingent assets or liabilities at 30 June 2021 (30 June 2020: \$nil).

7.3 Fair value determination

This section sets out information on how Coliban Water determined fair value for financial reporting purposes.

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

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 2021.

The Valuer-General Victoria (VGV) is Coliban Water's independent valuation agency. In accordance with FRD 103I scheduled revaluations must be performed by the VGV every five years. Coliban Water were required to undertake and implement an independent asset revaluation as at 30 June 2021.

Land was valued at 30 June 2021 on behalf of the VGV by Liquid Pacific Asset Consultants using the market approach which is adjusted by the Community Service Obligation reduction percentage where land is specialised in nature.

Buildings were valued at 30 June 2021 on behalf of the VGV by Liquid Pacific Asset Consultants using the cost approach or depreciated replacement cost method under the key assumption that the buildings are specialised in nature.

Infrastructure plant and equipment were valued at 30 June 2021 by KPMG using the depreciated replacement cost method under the key assumption that the infrastructure assets are specialised in nature. The independent valuers relied on significant representations by Coliban Water management during the valuation process. This included operational staff and engineers on matters such as current replacements costs and identifying various components of infrastructure during site visits.

Coliban Region Water Corporation

Notes to the financial statements

The opinions of the valuers are based on prevailing market economic and other conditions at the date of their report and correspond with a period of significant volatility in global financial markets and widespread macro-economic uncertainty. The impact of any subsequent changes in these conditions could impact upon the value in the future, either positively or negatively. Specifically, significant uncertainty exists as a result of the COVID-19 pandemic and fair values may be subject to significant changes since the valuation took place.

Fair value hierarchy

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

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

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

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 2020/21 reporting period.

Coliban Region Water Corporation

Notes to the financial statements

7.3.1 Fair value determination – Non-financial physical assets

	Carrying amount as at 30 June 2021 \$'000	Fair value measurement at end of reporting period using:		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Land at fair value				
Specialised land	36,396	-	-	36,396
Non-specialised land	13,569	-	13,569	-
Total Land at fair value	49,965	-	13,569	36,396
Buildings at fair value				
Specialised buildings	2,283	-	-	2,283
Total Buildings at fair value	2,283	-	-	2,283
Leasehold improvements at fair value				
Specialised	350	-	-	350
Total Leasehold improvements at fair value	350	-	-	350
Plant and equipment at fair value				
Specialised	1,511	-	-	1,511
Total Plant and equipment at fair value	1,511	-	-	1,511
Infrastructure assets at fair value				
Specialised Water Infrastructure	717,127	-	-	717,127
Specialised Water Distribution Assets	184,730	-	-	184,730
Specialised Water Distribution Assets - Leasehold	701	-	-	701
Specialised Wastewater Infrastructure	354,758	-	-	354,758
Specialised Recycling Infrastructure	53,673	-	-	53,673
Specialised Rural Infrastructure	99,222	-	-	99,222
Specialised Headworks Infrastructure	220,913	-	-	220,913
Total Infrastructure assets at fair value	1,631,124	-	-	1,631,124
Service concession assets at fair value				
Specialised Water and Wastewater treatment facilities	176,227	-	-	176,227
Total Service concession assets at fair value	176,227	-	-	176,227
Total assets at fair value (excluding works in progress)	1,861,460	-	13,569	1,847,891

Coliban Region Water Corporation

Notes to the financial statements

	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 land	29,874	-	-	29,874
Non-specialised land	18,988	-	18,988	-
Total Land at fair value	48,862	-	18,988	29,874
Buildings at fair value				
Specialised buildings	2,111	-	-	2,111
Total Buildings at fair value	2,111	-	-	2,111
Leasehold improvements at fair value				
Specialised	624	-	-	624
Total Leasehold improvements at fair value	624	-	-	624
Plant and equipment at fair value				
Specialised	1,693	-	-	1,693
Total Plant and equipment at fair value	1,693	-	-	1,693
Infrastructure assets 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
Total Infrastructure assets at fair value	1,360,426	-	-	1,360,426
Service concession assets at fair value				
Specialised Water and Wastewater treatment facilities	130,690	-	-	130,690
Total Service concession assets at fair value	130,690	-	-	130,690
Total assets at fair value (excluding works in progress)	1,544,406	-	18,988	1,525,418

Following the independent asset revaluation process, \$5.9 million of non-specialised Land (Level 2) was transferred to specialised land (Level 3). There were no other transfers between levels during the period. There were no changes in valuation techniques throughout the period to 30 June 2021.

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.

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.

The 2021 independent valuation of Coliban Water's specialised land, specialised buildings and specialised buildings - leasehold was performed using the market approach adjusted for CSO. The effective date of the valuation was 30 June 2021.

Coliban Region Water Corporation

Notes to the financial statements

Non-specialised land

Non-specialised land and non-specialised buildings are valued using the market approach, whereby assets are compared to recent comparable sales or sales of comparable assets that are considered to have nominal value.

The 2021 independent valuation was performed using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. From this analysis, an appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2021.

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

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

Plant and equipment

Plant and equipment are held at fair value. When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the current replacement cost method. Hence, they are classified as Level 3 for fair value measurements.

There were no changes in valuation techniques throughout the period to 30 June 2021.

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

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.

Infrastructure assets

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

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

The 2021 independent valuation of Coliban Water's infrastructure assets 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 2021.

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.

Coliban Region Water Corporation Notes to the financial statements

7.3.2 Reconciliation of Level 3 fair value movements

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

	Specialised land	Specialised buildings	Specialised buildings - leasehold	Specialised plant and equipment	Specialised infrastructure	Specialised service concession infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2021						
Fair Value						
Opening balance	29,874	2,111	624	1,693	1,360,426	129,299
Purchases (sales)	508	180	4	369	33,395	1,389
Transfers between categories	-	(3)	-	3	-	-
Transfers in (out) of Level 3	5,899	-	-	-	-	-
Disposals	-	-	-	-	(1,095)	-
Depreciation charge	-	(144)	(278)	(554)	(24,657)	(4,734)
Net revaluation increments / decrements	115	139	-	-	263,055	50,273
Closing balance	36,396	2,283	350	1,511	1,631,124	176,227
2020						
Fair Value						
Opening balance	28,540	1,685	898	1,772	1,355,644	134,047
Purchases (sales)	260	95	9	254	30,818	-
Transfers between categories	-	227	-	151	(1,768)	-
Depreciation charge	-	(108)	(283)	(484)	(24,268)	(4,748)
Net revaluation increments / decrements	1,074	212	-	-	-	-
Closing balance	29,874	2,111	624	1,693	1,360,426	129,299

Coliban Region Water Corporation
Notes to the financial statements

Description of significant unobservable inputs to Level 3 valuations

2021 and 2020	Valuation technique	Significant unobservable inputs
Specialised land	Market approach	Community Service Obligations (CSO) adjustment ⁽ⁱ⁾
Specialised buildings	Current replacement cost	Average cost per square metre Useful life of specialised buildings
Specialised buildings – leasehold	Current replacement cost	Average cost per square metre Useful life of leasehold improvements
Plant and equipment	Current replacement cost	Cost per unit Useful life of plant and equipment
Water infrastructure		
Water Mains	Current replacement cost	Average cost per metre Useful life of the infrastructure
Water Treatment Plants	Current replacement cost	Average cost per treatment plant Useful life of the infrastructure
Wastewater infrastructure		
Wastewater Mains	Current replacement cost	Average cost per metre Useful life of the infrastructure
Wastewater Treatment Plants	Current replacement cost	Average cost per treatment plant Useful life of the infrastructure
Water distribution infrastructure		
Distribution Mains	Current replacement cost	Average cost per metre Useful life of the infrastructure
Distribution Channel	Current replacement cost	Average cost per metre Useful life of the infrastructure
Water distribution infrastructure – leasehold	Current replacement cost	Average cost per asset Useful life of leasehold improvements
Recycling infrastructure		
Recycled Water Mains	Current replacement cost	Average cost per metre Useful life of the infrastructure
Recycled Water Factory	Current replacement cost	Average cost of recycled water factory Useful life of the infrastructure
Rural infrastructure		
Channels	Current replacement cost	Average cost per metre Useful life of the infrastructure
Mains	Current replacement cost	Average cost per metre Useful life of the infrastructure
Headworks infrastructure – reservoirs & basins	Current replacement cost	Average cost per reservoir & basin Useful life of the infrastructure
Service concession assets – treatment plants	Current 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.

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Notes to the financial statements

7.3.3 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. Refer to Note 4.4 for details of specific assets in this class.

	Carrying amount as at 30 June 2021 \$'000	Fair value measurement at end of reporting period using:		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Assets held for sale	4	-	4	-
Total current assets held for sale	4	-	4	-

	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
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.

7.3.4 Fair value determination of derivative financial liabilities

The fair value of derivative instruments is based on the discounted cash flow technique. The selection of variables requires significant judgement and assumptions in estimating the fair value of derivatives. In the absence of an active market, the fair value of Coliban Water's CfD derivative is valued using unobservable inputs such as future wholesale electricity prices provided by DELWP's independent advisor and comparable risk free rates of zero coupon government bonds obtained from the Reserve Bank of Australia. The assumptions underpinning the estimate of future wholesale electricity prices included factors influencing supply and demand fluctuations, and the economic impact of coronavirus (COVID-19). In addition, assumptions are applied to forecast the renewable energy generation volumes over the life of the derivative instrument.

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

	Financial liability at fair value through profit or loss \$'000
2021	
Fair Value	
Opening balance	-
Initial recognition of derivative financial instruments	659
Net cash settlement paid/(received)	(29)
Closing balance	630

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Notes to the financial statements

Description of significant unobservable inputs to Level 3 valuations for 2021

	Valuation technique	Significant unobservable inputs	2021 range (weighted average)	Sensitivity of fair value measurement to changes in significant unobservable inputs
		Wholesale electricity price forecasts	\$20.83/MWh to \$53.79/MWh (\$37.33/MWh)	An increase/ (decrease) in the wholesale electricity price forecasts of 10% would result in an increase/ (decrease) fair value by \$195,478.
Derivative financial instruments	Income approach (discounted cash flow)	Discount rate – risk free rates of zero coupon government bonds	0.0185% to 1.7853% (0.6383%)	An increase/ (decrease) in the discount rate of 1% would result in an increase/ (decrease) fair value by \$29,543.
		Credit value adjustment – Australian Corporate Bond Spreads and Yields FNFSBBB10M	136.34	An increase/ (decrease) in the credit value adjustment of 1% would result in an increase/ (decrease) fair value by \$29,542.

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Notes to the financial statements

Note 8 Statutory obligations

Introduction

This section included disclosures in relation to Coliban Water's statutory obligations.

Structure

- 8.1 Tax
 - 8.1.1 Income Tax
 - 8.1.2 Deferred tax assets and liabilities
- 8.2 Environmental contribution

8.1 Tax

8.1.1 Income Tax

Coliban Water is subject to the National Tax Equivalent Regime (NTER), pursuant to section 88(1) of the *State Owned Enterprises Act 1992*, which is administered by the Australian Taxation Office (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.

The differences are reconciled as follows:

	Notes	2021 \$'000	2020 \$'000
(a) Income statement			
Current income tax expense		395	765
Temporary differences		(2,491)	(2,964)
Income tax reported in the Income Statement		(2,096)	(2,199)
(b) Statement of changes in equity			
Net deferred tax - debited/(credited) directly to equity	8.1.2	94,197	595
Income tax reported in equity		94,197	595
(c) Tax reconciliation			
Profit from continuing operations before income tax expense		5,623	10,358
Tax at the Australian tax rate of 30.0% (2020 - 30.0%)		(1,687)	(3,107)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:			
Permanent differences		(80)	(80)
Income tax on profit before tax		(1,767)	(3,188)
(d) Tax expense (income relating to items of other comprehensive income)			
Gain/(loss) on revaluations of infrastructure, property, plant and equipment		(94,197)	(595)
Net gain/(loss) on disposal of assets		13	935
Fair value increase/(decrease) in other financial assets		46	53
		(94,138)	394
(e) Tax losses			
Potential tax benefit @ 30%	8.1.2	63,135	63,054
		63,135	63,054

Coliban Water will not pay income tax for 2021/20. Tax losses have been brought to account.

Coliban Region Water Corporation

Notes to the financial statements

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.

8.1.2 Deferred tax assets and liabilities

Deferred tax assets

	2021 \$'000	2020 \$'000
Amounts recognised in Comprehensive operating statement		
Loss allowance	65	68
Property, plant and equipment	18,634	20,403
Employee benefits	2,085	2,166
Accrued expenses	2,802	2,898
Intangible assets	76	-
Tax losses	63,135	63,054
Total deferred tax assets	86,797	88,590
Movements:		
Opening balance at 1 July	88,590	88,595
Amounts restated through opening retained earnings to the Comprehensive operating statement	(1,793)	(1,454)
to other comprehensive income	-	1,449
Closing balance at 30 June	86,797	88,590
Deferred tax asset expected to be recovered within 12 months	4,952	5,133
Deferred tax asset expected to be recovered after more than 12 months	18,710	20,403
Tax losses	63,135	63,054
Closing balance at 30 June	86,797	88,590

Coliban Region Water Corporation

Notes to the financial statements

Deferred tax liabilities

	2021 \$'000	2020 \$'000
Amounts recognised in Comprehensive operating statement		
Accrued income	138	138
Property, plant and equipment	224,250	223,948
Amounts recognised directly in equity		
Revaluation of infrastructure, property, plant and equipment	97,114	2,917
Total deferred tax liabilities	321,502	227,003
Movements:		
Opening balance at 1 July	227,003	225,663
Credited/(debited):		
to the net result	302	745
to the consolidated statement of comprehensive income	94,197	595
Closing balance at 30 June	321,502	227,003
Deferred tax liabilities expected to be settled within 12 months	138	138
Deferred tax liabilities expected to be settled after more than 12 months	321,364	226,865
Closing balance at 30 June	321,502	227,003
Total net deferred tax asset/(liability)	(234,705)	(138,413)

8.2 Environmental contribution

The *Water Industry (Environmental Contributions) Act 2004* (the Act) amended the *Water Industry Act 1994* to make provision for environmental contributions to be paid by water corporations. The Act establishes an obligation for corporations to pay into a consolidated fund annual contribution for the first period, from 1 October 2004 to 30 June 2008 in accordance with the pre-established schedule of payments, which sets out the amounts payable by each Corporation. The contribution period has been extended to 30 June 2024. 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.

The purpose of the environmental contribution is set out in the Act, and the funding may be used for financing initiatives that seek to promote the sustainable management of water or address water-related initiatives.

Coliban Water has a statutory obligation to pay an environmental contribution to the Department of Environment, Land, Water and Planning (DELWP). This contribution is recognised as an expense during the reporting period as incurred.

	2021 \$'000	2020 \$'000
Environmental contribution levy	5,734	5,116

The Environmental contribution in the current year totalled \$5.7 million (2020 \$5.1 million). The environmental contribution commitments have been disclosed in note 6.5.4.

Coliban Region Water Corporation

Notes to the financial statements

Note 9 Other disclosures

Introduction

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

Structure

- 9.1 Equity
 - 9.1.1 Contributed capital
 - 9.1.2 Asset revaluation reserves
- 9.2 Responsible persons
- 9.3 Remuneration of executives
- 9.4 Related parties
- 9.5 Remuneration of auditors
- 9.6 Ex-gratia expenses
- 9.7 Events occurring after the balance date
- 9.8 Australian Accounting Standards issued that are not yet effective

9.1 Equity

9.1.1 Contributed capital

	2021 \$'000	2020 \$'000
Opening balance at 1 July	304,025	304,025
Accumulated surplus/(deficit) at end of financial year	304,025	304,025

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 *Transfers through Contributed Capital, the Minister for Water*, after consultation with the Minister for Finance, may direct that such contributions be recognised as Equity - Contributed capital.

9.1.2 Asset revaluation reserves

	2021 \$'000	2020 \$'000
Asset revaluation reserve: Land		
Opening balance at 1 July	35,907	34,667
Revaluation increments/(decrements)	367	1,240
Closing balance at 30 June	36,274	35,907
Asset revaluation reserve: Buildings		
Opening balance at 1 July	294	146
Revaluation increments/(decrements)	97	148
Closing balance at 30 June	391	294
Asset revaluation reserve: Infrastructure		
Opening balance at 1 July	353,281	353,281
Revaluation increments/(decrements)	219,330	-
Closing balance at 30 June	572,611	353,281
Total reserves	609,276	389,482

9.2 Responsible persons

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

Coliban Region Water Corporation

Notes to the financial statements

Name	Title	Period of appointment
The Hon. Lisa Neville MP	Minister for Water	Since May 2016
The Hon. Richard Wynne MP	Acting Minister for Water	15 February 2021 to 30 June 2021
Lucy Roffey	Director (Chairperson)	1 July 2020 to 30 June 2021
Marika McMahon	Director	1 July 2020 to 30 June 2021
Bob Cameron	Director	1 July 2020 to 30 June 2021
Helen Symes	Director	1 July 2020 to 30 June 2021
Nigel McGuckian	Director	1 July 2020 to 30 June 2021
Gary Jones	Director	1 July 2020 to 30 June 2021
Melanie McCarthy	Director	1 July 2020 to 30 June 2021
Mario D'Elia	Director	1 July 2020 to 30 June 2021
Damian Wells	Managing Director	1 July 2020 to 30 June 2021

Remuneration

Remuneration received or receivable by the Responsible Persons including the Managing Director in connection with the management of Coliban Water during the reporting period is reported in the table below:

	2021 number	2020 number
\$0 – \$9,999	-	1
\$10,000 - \$19,999	-	2
\$20,000 – \$29,999	-	2
\$30,000 – \$39,999	7	2
\$40,000 – \$49,999	-	4
\$70,000 – \$79,999	1	-
\$80,000 – \$89,999	-	1
\$290,000 - \$299,999	-	1
\$310,000 - \$319,999	1	-
Total	9	13
Total remuneration	\$663,377	\$691,402

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 provide 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.
- 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.

Coliban Region Water Corporation

Notes to the financial statements

The actual number of Executive Officers decreased from 13 to six due to a full changeover of the Executive Leadership Team in 2019/20 and the resulting requirement for acting arrangements. In 2020/21 there was no movement in Executive Officer roles. The total annualised employee equivalents remained unchanged at six.

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).

	2021	2020
	\$'000	\$'000
Short-term employee benefits	1,183	1,160
Post-employment benefits	112	113
Long-term benefits	29	11
Termination benefits	-	1
Total remuneration	1,324	1,285
Total number of executives	6	13
Total annualised employee equivalents	6	6

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)

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of Coliban Water, directly or indirectly. Key management personnel (as defined in AASB 124 *Related Party Disclosures*) includes the Portfolio Minister and all Directors listed under responsible persons in Note 9.2 who have the authority and responsibility for planning, directing and controlling the activities of Coliban Water directly or indirectly, during the financial year.

Remuneration of key management personnel

The compensation detailed below excludes the salaries and benefits the Portfolio Minister receives. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported within the Department of Parliamentary Services' financial report.

Coliban Water did not employ any KMPs as a contractor through an external service provider during the reporting period.

Compensation of Key Management Personnel:

	2021	2020
	\$'000	\$'000
Short-term employee benefits	604	632
Post-employment benefits	53	53
Long-term benefits	7	6
Total remuneration	664	691
Total number of Key Management Personnel	9	13
Total annualised employee equivalents	9	9

Coliban Region Water Corporation

Notes to the financial statements

Significant transactions with government-related entities

During the year, Coliban Water had the following government-related entity transactions (inclusive of GST):

Amounts recognised as revenue in the Comprehensive operating statement

Entity name	Brief description of main activity	2021 \$'000	2020 \$'000
Central Highlands Water	Goldfields Superpipe joint operation	1,025	974
Dept. of Health and Human Services	Pensioner concessions	6,480	4,785
Dept. of Environment, Land, Water and Planning	Bendigo Groundwater Project	2,250	2,640
Dept. of Environment, Land, Water and Planning	Other project contributions	-	121
Environment Protection Authority Victoria	Entitlement transfer	144	-
Total revenue		9,899	8,520

Amounts recognised as an expense in the Comprehensive operating statement

Entity name	Brief description of main activity	2021 \$'000	2020 \$'000
Dept. of Environment, Land, Water and Planning	Environmental Contribution	5,734	5,116
Dept. of Environment, Land, Water and Planning	Valuations, monitoring, licences etc	136	154
Dept. of Health and Human Services	Centrepay transaction fees	87	30
Dept. of Health and Human Services	Administration levies	38	38
Dept. of Treasury and Finance	Financial Accommodation Levy	5,590	5,625
Environmental Protection Authority	License renewals	178	178
Goulburn Murray Rural Water Corporation	Water share fixed and bulk water charges	1,684	1,660
Grampians Wimmera Mallee Water	Rural water supply	612	204
Grampians Wimmera Mallee Water	South West Loddon Rural Water Supply	652	-
North Central Catchment Management Authority	Kyneton offset works and 'A Healthy Coliban Catchment program'	757	1,006
Treasury Corporation of Victoria	Borrowings repayments	-	4,000
Treasury Corporation of Victoria	Interest on borrowings	14,056	15,372
Western Water	Entitlement transfer	156	-
Total expenses		29,680	33,383

As at 30 June 2021, amounts receivable from related entities included the Department of Health and Human Services, \$453,078 for pensioner concessions (2020: \$464,253). Amounts payable to related entities included the Department of Environment, Land, Water and Planning, \$1,433,580 for Environmental Contribution Levy quarterly instalment (2020: \$1,288,375); Goulburn Murray Water, \$59,928 for variable and bulk water charges (2020: \$0); and North Central Catchment Management Authority, \$234,369 for Kyneton offset works and 'A Healthy Coliban Catchment program' (2020: \$0).

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. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements.

Outside of normal citizen type transactions with Coliban Water, there were no related party transactions that involved key management personnel and their close family members, with the exception of those noted below.

No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

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 \$131,929 (2020: \$222,340).

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. Mr. Wells has actively taken steps to remove himself from all relevant decisions associated with the related party.

Coliban Region Water Corporation Notes to the financial statements

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 2021 the amounts still owing to ESE Consulting totalled \$3,806 (2020: \$7,049).

Related party transactions – Zero Emissions Water (ZEW)

Coliban Water's Managing Director, Damian Wells, is a Director of ZEW. Refer to Note 5.6.1 for details.

The engagement with ZEW has been conducted under terms and conditions equivalent for those that prevail in arms-length transactions.

Below is a summary of transactions and holdings with ZEW.

	2021	2020
	\$'000	\$'000
Payments	88	-
Receipts	(102)	-
Investment in ZEW	15	-
Derivative financial instrument in ZEW	630	-

9.5 Remuneration of auditors

Auditors remuneration for auditing the financial statements of Coliban Water excluding GST has been set at \$147,000 (2020: \$95,500) by the Victorian Auditor-General Office. No other benefits were received or are receivable by the Victorian Auditor-General Office.

9.6 Ex-gratia expenses

	2021	2020
	\$'000	\$'000
Forgiveness or waiver of debt ⁽ⁱ⁾	62	33
Total ex-gratia expense	62	33

⁽ⁱ⁾Includes ex-gratia expenses for individual items relating to financial hardship or being uneconomical to pursue.

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 2020/21 totalled \$62,397 (2019/20: \$32,555).

9.7 Events occurring after the balance date

Since the balance date, regional Victoria has entered a number of lockdowns, including from 16 July 2021 to 27 July 2021, 5 to 9 August 2021, and from 21 August 2021 to 9 September 2021. Various restrictions remain in place at the time of this report. Lockdowns bring uncertainties and challenges for our customers and communities. As an essential service we continue to operate during lockdowns with our employees working from home where their roles allowed.

No other matters or circumstances have arisen that, in the opinion of the Directors, has significantly affected 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.

Coliban Region Water Corporation

Notes to the financial statements

9.8 Australian Accounting Standards issued that are not yet effective

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

Certain new Australian Accounting Standards (AAS) have been published that are not mandatory for the 30 June 2021 reporting period. DTF assesses the impact of all these new standards and advises Coliban Water of their applicability and early adoption where applicable.

Topic	Key requirements	Effective date	Estimated impact
AASB 2020-1 <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</i>	Amends AASB 101 to require a liability to be classified as current when companies do not have a substantive right to defer settlement at the end of the reporting period.	1 January 2023	The standard is expected to have no significant impact on Coliban Water.
AASB 2020-3 <i>Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments</i>	<p>Amendments to existing accounting standards, particularly in relation to:</p> <p>AASB 3 - to update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.</p> <p>AASB 9 - to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.</p> <p>AASB 116 - to require an entity to recognise the sales proceeds from selling items produced while preparing infrastructure, property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset.</p> <p>AASB 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i> - to specify the costs that an entity includes when assessing whether a contract will be loss-making.</p> <p>AASB 141 <i>Investment Property</i>-to remove the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards.</p>	1 January 2022	The standard is expected to have no significant impact on Coliban Water.

Coliban Region Water Corporation

Notes to the financial statements

Note 10 Financial impact of limited term projects

Introduction

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.

Structure

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. A further one year extension has been agreed to by Coliban Water, to allow further time for development of a long-term solution. This extends the project end date to 30 June 2022.

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 Water		Consolidated	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Financial impact on the Comprehensive operating statement						
Revenue						
Revenue from contracts with customers	-	-	137,704	144,314	137,704	144,314
Government funding	2,407	3,220	291	10	2,698	3,230
Interest income	11	58	-	10	11	68
Net gain/(loss) on disposal of non-current assets	-	-	(470)	(2,998)	(470)	(2,998)
Other income	-	-	2,188	2,014	2,188	2,014
Total revenue	2,418	3,278	139,713	143,350	142,131	146,628
Expenses						
Operating, administration and employee benefits expense	-	-	71,681	72,903	71,681	72,903
Expenditure of Expenditure of Government funding	2,407	3,220	106	41	2,513	3,261
Depreciation and amortisation	3	3	32,235	31,936	32,238	31,939
Interest expense	-	-	24,537	26,346	24,537	26,346
Environmental contribution	-	-	5,734	5,116	5,734	5,116
Total expenses	2,410	3,223	134,293	136,342	136,703	139,565
Net result before tax	8	55	5,420	7,008	5,428	7,063

Government funding is recognised as an unearned revenue liability until performance obligations are satisfied under the contract in line with *AASB 15 Revenue from contracts with customers (AASB 15)*. Expenditure of Government funding reflects the costs of operating and maintaining the Groundwater Treatment Plant.

Coliban Region Water Corporation

Notes to the financial statements

	Bendigo Groundwater Project		Coliban Water		Consolidated	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Financial impact on the Balance Sheet						
Assets						
Total current assets	3,790	3,966	39,530	34,586	43,320	38,552
Total non-current assets	490	561	1,958,539	1,638,275	1,959,029	1,638,836
Total assets	4,280	4,527	1,998,069	1,672,861	2,002,349	1,677,388
Liabilities						
Total current liabilities	4,211	4,465	35,397	38,601	39,608	43,066
Total non-current liabilities ⁽ⁱ⁾	(1,449)	(1,449)	676,075	570,779	674,626	569,330
Total liabilities	2,762	3,016	711,472	609,380	714,234	612,396
Net assets	1,518	1,510	1,286,597	1,063,482	1,288,115	1,064,992
Equity						
Contributed capital	(6,717)	(3,336)	310,742	307,361	304,025	304,025
Asset revaluation reserves	-	-	609,276	389,482	609,276	389,482
Accumulated funds	8,235	4,846	366,579	366,639	374,814	371,485
Total equity	1,518	1,510	1,286,597	1,063,482	1,288,115	1,064,992

⁽ⁱ⁾The debit balance is the result of the transition to AASB 15 *Revenue from contracts with customers*. To comply with the new accounting standard \$4,829,867 of previously recognised revenue was transferred from retained earnings to unearned revenue in the 2019/20 financial year reflecting revenue for which performance obligations had not yet been satisfied. To recognise that the revenue was taxed in a prior period, a Deferred Tax Asset (30%, \$1,448,960) was recognised which offsets the unearned revenue current liability.

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.

Financial impact on the Cash Flow Statement						
Net cash flows from/(used in) operating activities	(243)	(973)	29,040	33,295	28,797	32,322
Net cash flows from/(used in) investing activities	67	(67)	(32,120)	(27,924)	(32,053)	(27,991)
Net cash flows from/(used in) financing activities	-	-	5,158	(9,776)	5,158	(9,776)
Net increase/(decrease) in cash and cash equivalents	(176)	(1,040)	2,078	(4,405)	1,902	(5,445)
Cash at the beginning of the financial year	3,966	5,006	4,382	8,787	8,348	13,793
Cash at the end of the financial year	3,790	3,966	6,460	4,382	10,250	8,348

Independent Auditor's Report

To the Board of the Coliban Region Water Corporation

Opinion I have audited the financial report of the Coliban Region Water Corporation (the corporation) which comprises the:

- balance sheet as at 30 June 2021
- 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.

In my opinion, the financial report presents fairly, in all material respects, the financial position of the corporation as at 30 June 2021 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.

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

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

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

Board's responsibilities for the financial report The Board of the corporation is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board is responsible for assessing the corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

Auditor's responsibilities for the audit of the financial report

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the corporation's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the corporation to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

MELBOURNE
12 October 2021



Paul Martin
as delegate for the Auditor-General of Victoria

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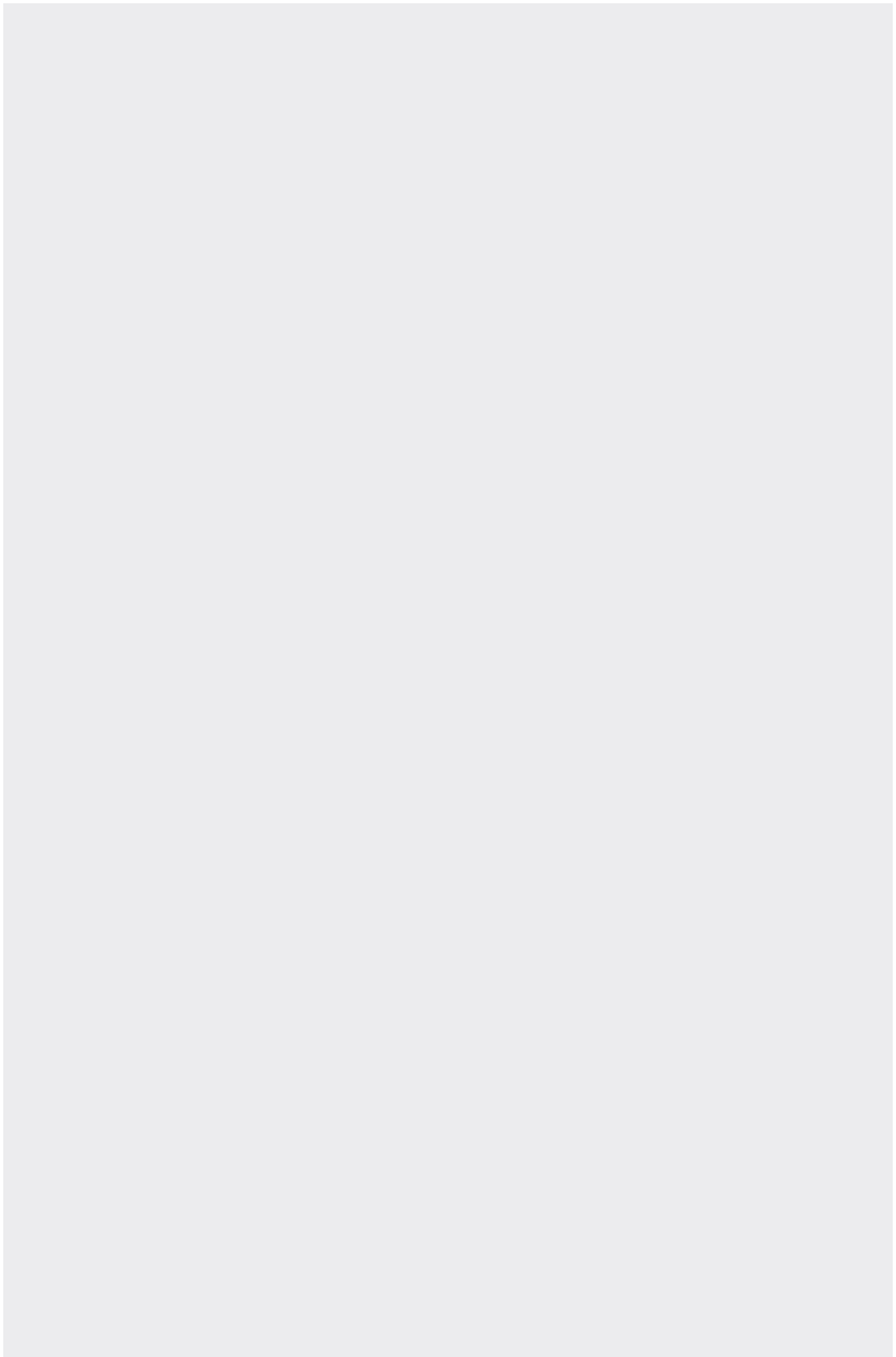
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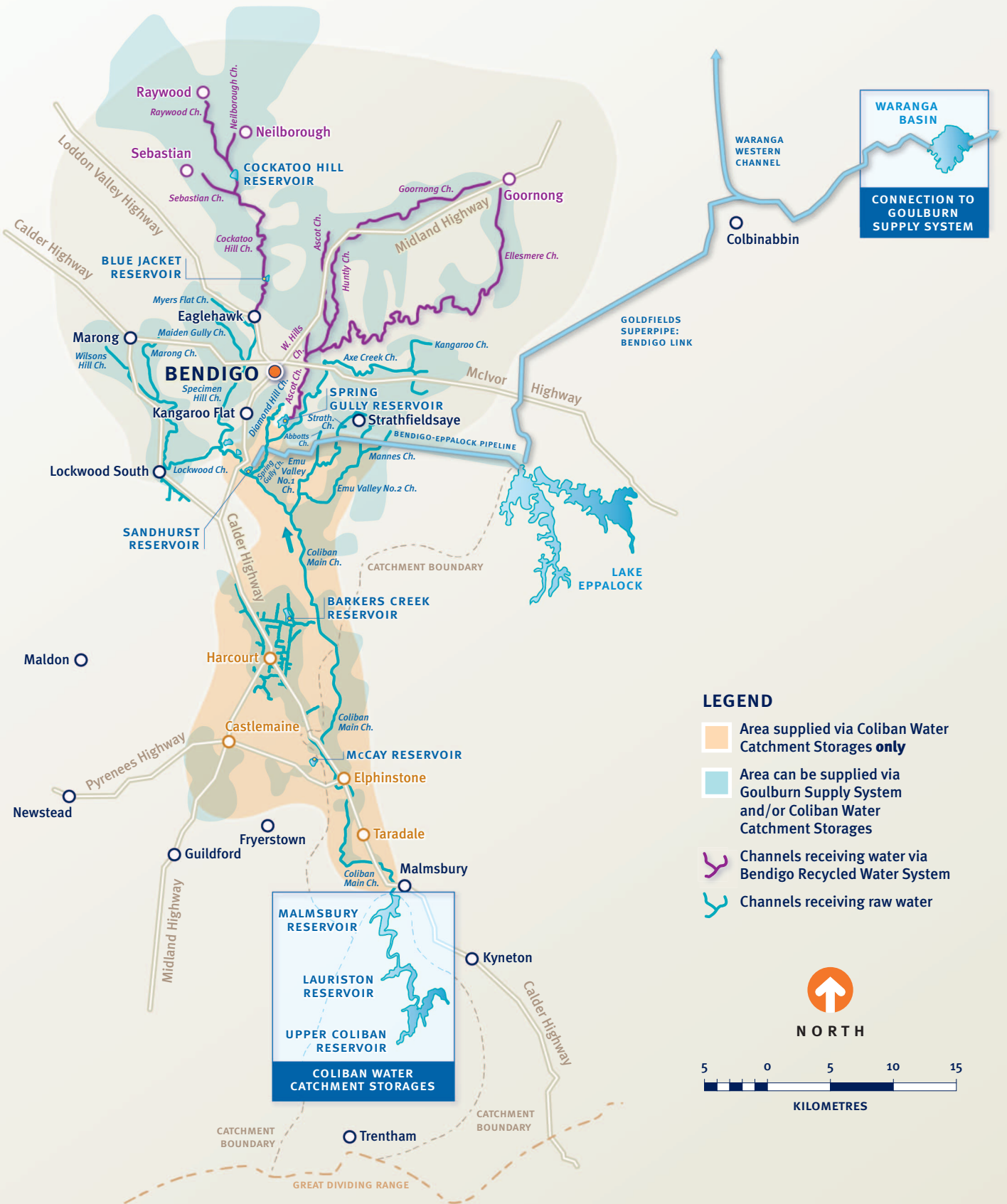
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COLIBAN WATER RURAL SYSTEM DIAGRAM



WARANGA BASIN

WARANGA WESTERN CHANNEL

Colbinabbin

GOLDFIELDS SUPERPIPE: BENDIGO LINK

CONNECTION TO GOULBURN SUPPLY SYSTEM

LEGEND

- Area supplied via Coliban Water Catchment Storages **only**
- Area can be supplied via Goulburn Supply System and/or Coliban Water Catchment Storages
- Channels receiving water via Bendigo Recycled Water System
- Channels receiving raw water



NORTH



KILOMETRES

Disclaimer: This illustration is provided as a guide only. Coliban Water reserves the right to alter information at any time. © 2021 Coliban Water.



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