

Annual Report

2021 - 22

Our region <<<<



Introduction

ABOUT THIS REPORT

This Annual Report describes the programs, initiatives and actions we undertook between 1 July 2021 and 30 June 2022.

It also reports on our progress in implementing our 2021/22 Corporate Plan.

ABOUT US

Led by our vision of *Water to Live, Grow and Enjoy*, we exist to deliver water services for community needs now and into the future.

We provide water and sewage services to 49 towns across 16,500 square kilometres in North Central Victoria. We operate 365 days a year to ensure our customers – residential, commercial and rural – have access to safe drinking water, a secure water supply and reliable sewage services.

We are a 100% customer funded business, with a culture that is centred around delivering for them.

WHAT WE DO

- Water harvest, storage, treatment and distribution to customers;
- Urban wastewater collection, including trade water from industrial and commercial customers;
- Wastewater treatment, re-use and disposal of the reclaimed water;
- Rural water supply; and
- Supply of recycled water to rural customers and urban residential and non-residential customers.

We're a water corporation under the *Water Act 1989*.

We are a Victorian Government owned entity, with shareholder responsibility overseen by the Minister for Water. The responsible Minister for the period from 1 July 2021 to 27 June 2022 was the Hon. Lisa Neville MP, Minister for Water and for the period from 27 June to 30 June 2022 was the Hon. Harriet Shing MP, Minister for Water. The Hon. Richard Wynne acted as the Minister for Water from 1 July 2021 to 22 August 2021.

A number of other Acts govern us as a water corporation including the *Safe Drinking Water Act 2003*, the *Environment Protection Amendment Act 2018* and the *Catchment and Land Protection Act 1994*.

We are responsible to the Department of Environment, Land, Water and Planning (DELWP) and are regulated by the Department of Health (DH), Environment Protection Authority (EPA) and the Essential Services Commission (ESC).

CONTENTS

Coliban Water Service Region	Inside front cover
Coliban Water Rural System.....	Inside back cover
Introduction	1
Chairperson and Managing Director's Report	4
Our Strategic Vision.....	6
Customer and Community Engagement	10
Water, Wastewater Customers and Water Usage by System.....	15
Water Security.....	17
Capital Projects	26
Water Quality and Reliability.....	29
Wastewater System.....	34
People and Development.....	37
Environment and Sustainability	40
Social Sustainability	47
Social Procurement	49
Governance and Risk	55
Statutory Performance.....	61
Performance Report.....	67
Independent Auditor's Report.....	70
Financial Performance Summary.....	72
Financial Overview	73
Financial Contents	74
Financial Statements	75
Notes to the Financial Statements.....	80
Independent Auditor's Report.....	143
Disclosure Index.....	145

ABOUT OUR COVER:

Our core business is the provision of safe drinking water, wastewater and rural water services for public health and environmental protection so that the communities we serve can sustain themselves.



ACKNOWLEDGEMENT OF COUNTRY

We respectfully acknowledge Aboriginal and Torres Strait Islander peoples as the Traditional Owners and custodians of the land and water on which all Australians rely.

We pay our respects to Dja Dja Wurrung, Taungurung, Yorta Yorta, Barapa Barapa, their Elders past, present and emerging, as Traditional Owners and the custodians of the land and water on which we rely and operate. We acknowledge Aboriginal Victorians as Traditional Owners and, in the spirit of reconciliation, we remain committed to working in partnership with Traditional Owners to ensure meaningful, ongoing contributions to the future of land and water management.

We commit to empower Aboriginal peoples, wherever our actions impact their lives, by firstly coming to them. We will not form a view until we have heard their view. We will ensure that the aspirations of Aboriginal peoples are embedded in our business. We recognise we have much work to do to make this a reality.

Asset snapshot

The assets we manage to deliver our services.

2,379km
Water Mains
(potable and non-potable)



62km
Recycled Water
Infrastructure



2,050km
Sewer Mains

396km
Rural Supply
Channels and Mains



147km
Water
Distribution
Pipelines
and Channel
System

includes 48 kilometres of joint owned and operated pipeline with Central Highlands Water



16 Water
Treatment
Plants

+ 3 operated by Veolia Water (Bendigo, Castlemaine and Kyneton) as a BOOT¹ partner

14

Water Reclamation
Plants

+2 operated by ETE Coliban Pty Ltd (Echuca and Rochester) as a BOOT¹ partner

34 Water
Reservoirs and
Service Basins



1 Recycled
Water
Factory

182
Wastewater
Pump
Stations



73
Water
Pump
Stations

\$1.91b

Net Book Value of
Infrastructure, Assets,
Property, Plant and
Equipment

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

OUR RESPONSE TO CORONAVIRUS (COVID-19)

As an essential service provider, Coliban Water continues to operate and service our communities whilst managing the risks of COVID-19. We implemented a three-stage roadmap to provide clarity for our staff and contractors on COVID-19 protocols and safely returning to the office under our Flexible Workplace Arrangements policy.

Coliban Water's Incident Management Team (IMT) managed the initial threat of COVID-19 until March 2022. The IMT was stood down with accountability for the ongoing management of COVID-19 transferred to Coliban Water's Executive General Manager Culture and Governance.

Whilst maintaining the safety of our staff and communities, Coliban Water has not experienced any service delivery disruptions that directly relate to impacts associated with COVID-19.

Key actions taken in our response to COVID-19 in 2021/22 included:

- implementation of specific COVID-19 related policies, procedures and processes
- requiring COVID-19 vaccination of all staff in line with state government requirements
- providing staff with rapid antigen test kits
- supporting staff to work from home in line with our Flexible Workplace Arrangements policy
- ensuring our staff who work in our community have appropriate personal protective equipment (PPE) including facemasks, antibacterial wipes and hand sanitiser
- monitoring and reporting positive COVID-19 cases to regulators.

Chairperson and Managing Director's Report

Our core business is to provide safe drinking water and waste water services for public health and environmental protection so our communities can sustain themselves. We are 100% customer funded.

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We are pleased to present Coliban Water's Annual Report for 2021/22. This report provides an overview of our business performance, audited financial statements and statutory disclosures.

We acknowledge the Traditional Owners of the land on which we live and work and pay our respects to the Dja Dja Wurrung, Taungurung, Yorta Yorta, Barapa Barapa, their Elders past, present and emerging.

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OUR FUTURE TOGETHER

This annual report details another year of work for the benefit of our region. While we reflect on this work, it is important to recognise there is much more to be done.

Three major drivers continue to shape Coliban Water's future plans – the impacts of climate change, population growth and aging infrastructure.

Despite recent La Niña conditions, we have already seen a 53% reduction in inflows to the region's water storages over the last 25 years, and know forecast population growth will almost double water use in the region by 2070.

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PRICE SUBMISSION 2023-28

With our region at a critical point in its water supply and demand outlook, preparations for our 2023-28 Price Submission were led by our most advanced, evidence-based engagement program to date.

We asked customers, community groups, businesses and other stakeholders to help shape our future by considering *'How do we prepare for tomorrow, while being fair to customers today?'*

Their responses support our proposed modest price increase (phased-in over five years) and an ambitious \$435 million 'big water build', a program of infrastructure upgrades and renewals to provide water security for generations to come.

For the first time, we used an independently run 32-member Community Panel to consider our services

and pricing. Each of the Panel's nine recommendations were incorporated into our final Price Submission.

When approved by the Victorian Essential Services Commission, our submission will work hand-in-hand with the Coliban Water Corporate Plan, Strategy 2030, Urban Water Strategy, and Environment & Sustainability Policy Statement.

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2022: A SNAPSHOT

In the final year of the current pricing period, most customer bills were lower in real terms, even considering the cost of inflation. This means the amount they paid for water and sewerage services in 2022 was less than they paid in 2014 for the same amount.

Providing high quality, trusted water for our customers to live, grow and enjoy at fair prices is core to our business. We continued focus on being easy to deal with, enhancing the environment, and helping to make our region a better place to live – all driven by our internal culture of *Earn the customer, Own the risk and Act.*

2022



Delivered water to 175,411 people

via 80,073 residential and non-residential water connections.



Met all health-based

Safe Drinking Water Regulations and guidelines.



Managed 2,379 kilometres of water mains

2,050 kilometres of sewer mains, 16 water treatment plants and 14 water reclamation plants.

At the end of the financial year, our storages on the Coliban River and our share of Lake Eppalock were holding 7.4 gigalitres more than at the same time last year, or 87% capacity.

Despite strong short-term water availability resulting from La Niña conditions, we remained focussed on the challenges of water security and climate change as our region adapts to a hotter and drier climate overall.

The next big drought is never far away, and we are preparing for it.

In line with our Corporate Plan, we delivered significant infrastructure programs and brought forward other key initiatives to support our growing communities, including projects to improve services for customers in Marong, Maiden Gully, Strathfieldsaye, Echuca and Kyneton.

At the end of the financial year, revenue was \$145.9 million and our operating expenditure was \$146.8 million. Investment through capital expenditure was \$44.2 million, which is up by 41% compared to the previous year and will continue to increase over coming years.

A CULTURE OF TRANSFORMATION AND INNOVATION

We have a large program of work ahead to ensure we continue to deliver a trusted and reliable service. We have commenced a transformation program that will build our capacity, enhance the capability of our people and assets, and help us deliver on major projects in order to meet future challenges.

CARING FOR THE ENVIRONMENT

We continue to deliver against the intent of our Environment and Sustainability Policy so we can play a regenerative role enhancing the health of our waterways and landscapes.

We are upgrading and renewing our water reclamation plants to protect the environment, continue our pathway to net zero carbon emissions by 2030, and actively invest in river restoration works in our upper catchment for environmental and water quality outcomes.

Our dedicated sewer maintenance and prevention program resulted in 18 blockages per 100 kilometres, down from 22 last financial year, and an average of more than 60 blockages seven years ago. The Stop the Block program resulted in fewer sewer blockages and spills, minimised our impact to the environment, and saved money in responding to these spills.

STAYING CONNECTED WITH OUR CUSTOMERS AND COMMUNITY

Throughout the year, our team continued to deliver education programs for all ages, centred around water literacy, Choose Tap and 3Ps programs.

We connected face-to-face and virtually via a series of Community Pop Ups, at water stations and refillers at community events, and via our Community Rebate Program.

At the end of the financial year, we were assisting more than 4,500 customers experiencing vulnerability with active payment plans, and we helped more than 1,000 customers through the Coliban Assist Program and with Utility Relief Grants. We look forward to doubling the budget available for these programs in the coming years.

We take this opportunity to thank our government stakeholders, partners, suppliers and the community for their part in helping us provide the water and sewerage services we all rely on.

Finally, we extend our appreciation and thanks to the whole team at Coliban Water, the Board and Chairs of our Board sub-Committees. Your resilience and commitment to the vision we share will ensure we deliver on our strategic goals.



Bob Cameron
Chairperson



Damian Wells
Managing Director


Our Strategic Vision


Our Strategy 2030 identifies an exciting future. We must adapt to climate change and ensure water security in our region whilst supporting prosperous economies and liveability.


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STRATEGIC DIRECTIONS (SD)

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 support 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 2022 is in the tables on the following pages. 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 United Nation’s Sustainable Development Goals (SDGs).

WATER FOR VICTORIA (WfV) IMPLEMENTATION AREAS

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

MINISTER’S LETTER OF EXPECTATIONS (LoE)

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

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs)



1. Engaging and Partnering with our Communities

INITIATIVES	PROGRESS	SD	WfV	LoE	SDGs
1.1 Traditional Owner Reconciliation, Inclusion and Self Determination: <ul style="list-style-type: none"> i. Have our second Reconciliation Action Plan endorsed by Reconciliation Australia and commence implementation (2-year lifespan). ii. Through conversations, listening and understanding, we will be able to translate tangible initiatives that support self-determination into our Price Submission 2023, Urban Water Strategy 2022 and future Corporate Plans for engaged Traditional Owner groups. 	Ongoing ¹ Complete	SD2 SD3	6, 10	3	6, 9, 11, 15, 17
1.2 Solutions and Actions for Vulnerable Customers: <ul style="list-style-type: none"> i. Commence engagement with regional and industry experts to develop a financial support model to assist vulnerable customers. 	Complete	SD2 SD3	5, 10	2	1, 6, 11
1.3 Community Education: <ul style="list-style-type: none"> i. Build an interactive and online water literacy tool on our website. 	Complete	SD2	5, 8, 10	2	12, 13
1.4 New Digital Billing: <ul style="list-style-type: none"> i. The digital billing function will be available to customers. 	Complete	Enabler	5, 10	2	

2. Water Security and Livability

INITIATIVES	PROGRESS	SD	WfV	LoE	SDGs
2.1 Complete Urban Water Strategy engagement and submit a compliant Urban Water Strategy. <ul style="list-style-type: none"> i. We will plan and deliver the Urban Water Strategy engagement plan ii. Address the requirements for preparing an Urban Water Strategy as outlined in the Statement of Obligations. 	Complete Complete	All SDs	1, 2, 3, 4, 5, 6, 7, 8, 9, 10	2 5	6, 9, 11, 12, 13
2.2 Compliance and Enforcement: <ul style="list-style-type: none"> i. Set 2021/22 compliance and enforcement key performance indicators targeting unauthorised water take. ii. Establish the reporting mechanism to the Board to provide oversight and monitor progress throughout 2021/22. 	Complete Complete	SD1	4, 8, 10	8	6
2.3 Digital Metering: <ul style="list-style-type: none"> i. Install data loggers for all public open spaces in the City of Greater Bendigo and develop a shared data dashboard. 	Complete	SD1 SD4	2, 5, 10	4	6, 11
2.4 Upgrade of the Bendigo Recycled Water System: <ul style="list-style-type: none"> i. Priority network upgrades to improve recycled water capacity and quality. 	Ongoing ²	SD1 SD3 SD4	2, 5	4	6
2.5 Improve Water Security and Reliability in Echuca: <ul style="list-style-type: none"> i. Complete works in Echuca to improve water security and reliability. 	Complete	SD1 SD2 SD3	2, 5		6, 9

3. Climate Change Mitigation and Adaptation

INITIATIVES	PROGRESS	SD	WfV	LoE	SDGs
3.1 Climate Change Mitigation: i. Complete a feasibility study into alternative green energy or green energy products.	Complete	SD1	2, 10	1	7
3.2 Climate Change Adaptation: i. Complete documentation review and include climate change considerations in all core decision-making processes and procedures.	Ongoing ⁴	All SDs	2, 3, 5	1	1, 6, 9, 11, 13
3.3 Business Resilience: i. Strengthen governance of the Emergency Management System by conducting a review of the current governance structure. ii. Review the Asset Resilience Analysis to determine if it identifies improvement opportunities for the Emergency Management System.	Complete Complete	SD1 SD3	2, 10	1	1, 11, 13

4. Protecting the Environment

INITIATIVES	PROGRESS	SD	WfV	LoE	SDGs
4.1 A Healthy Coliban Catchment: i. Deliver the 2021/22 Annual Works Plan.	Complete	SD2	3, 6, 10		6, 11, 15
4.2 Bendigo Water Reclamation Plant Biosolids Upgrade: i. Complete planning for the Bendigo Water Reclamation Plant Biosolids Upgrade.	Complete	SD2	3		7, 9, 11
4.3 Bendigo Sewer System Long Term Planning: i. Completion of Bendigo Sewer Network Augmentation Plan. ii. Completion of Bendigo Water Reclamation Plant Master Plan including incorporation of class A recycled water production.	Complete Complete	SD2 SD4	3, 5, 10		6, 9, 11, 13

5. Business Excellent and Financial Stability

INITIATIVES	PROGRESS	SD	WfV	LoE	SDGs
5.1 Price Submission 2023: i. Plan and execute engagement for Price Submission 2023 inclusive of a full deliberative process with regional panels. ii. Establish a Price Submission 2023 Board attestation framework and measure progress demonstrating Price Submission 2023 is on track with necessary Board ownership throughout 2021/22.	Complete Complete	All SDs	1, 2, 3, 4, 5, 6, 7, 8, 9, 10	2 7	6, 9, 11
5.2 Digital Technology: i. Establish a program of works across all digital systems.	Complete	Enabler	10		
5.3 Integrity Framework: i. Consolidate existing integrity policies into an Integrity Framework Implementation Plan including: <ul style="list-style-type: none"> · An integrity training plan; and · Integrity reporting enhancements through an Integrity Dashboard. 	Complete	Enabler	10		16
5.4 Asset Management Accountability Framework: i. Demonstrate 'maturity' in at least three elements of Coliban Water's top 10 priority areas of the Asset Management Accountability Framework.	Complete	SD3	10		9, 13
5.5 Financial Strategies: i. Develop financial strategy(s).	Complete	SD2 SD3	10		

6. Leadership and Culture

INITIATIVES	PROGRESS	SD	WfV	LoE	SDGs
6.1 Gender Equity: i. Publish our Gender Equity Plan online and submit a Gender Equality Action Plan to the Public Sector Gender Equality Commissioner. ii. Progress with meeting the Gender Equity Plan Targets.	Complete	Enabler	10	6	5, 8, 10, 16
6.2 Diversity and Inclusion Plan: i. Develop a renewed Diversity and Inclusion Plan.	Ongoing ³	Enabler	10	6	10
6.3 Wellbeing and Contractor Management: i. Throughout 2021/22, implement initiatives in the Health, Safety and Wellbeing Strategic Plan 2021-2023, including wellbeing and contractor management.	Complete	Enabler	10		8, 16

1. We are still in the review and approval process with Reconciliation Australia. We are also working with Dumawal to engage Djaara Elders to participate in our Reconciliation Action Plan review, implementation plan development and working group.
2. The project is scheduled for delivery across multiple years; however, the plan works to commence relining of the Victoria Street Siphon in 2021/22. The awarding of this contract is behind schedule with the deliver phase approval needing to go to Board in August. Design works for the tank are also behind schedule.
3. The renewal of the Diversity and Inclusion Plan continues to be underway. *The Gender Equality Act 2020* requirements which form a large part of the plan are complete. The renewal of the remaining plan components will be provided to the People and Safety Committee at the next meeting.
4. Some plans and templates have been updated in the lead up to the Price Submission 2023. Climate change considerations being progressively implemented as business as usual (BAU) activity.

INTRODUCING COLIBAN OF THE FUTURE

During the 2021/22 year, we have been developing the Coliban of the Future transformation program. Our core business is to provide safe drinking water, sewage and rural water services for public health and environmental protection so the communities we serve can sustain themselves. We are committed to a growing and prosperous region and we know we are fundamental to this vision.

Fit for purpose assets are essential to underpin our communities. In response to the Millennium Drought, we necessarily invested over \$250 million to fund the Goldfields Superpipe, Goulburn Water Shares, Harcourt Rural Modernisation and the Bendigo Recycled Water Factory and network. Following this debt funded investment, we needed to focus on restoring the financial health of the business. Over \$35 million of long-term debt has been repaid and we have stabilised our financial position.

In achieving financial stability, customer bills have increased by less than inflation and we have squeezed as much value as possible from our existing assets. To sustainably deliver services to our communities, we need to change our approach.

We have identified the need to undertake a transformation. We need to align and integrate our strategic priorities which will involve the delivery of a large program of capital works as we simultaneously digitally enable our core services.

Extra investment in enabling services will equip us to deliver our core services while recognising the challenges presented by climate change and population growth.

We are planning for the challenge ahead. We are preparing for a tripling of our capital investment program, and this will form the cornerstone of our Price Submission 2023. We are not currently set up to deliver the scale of this change while simultaneously maintaining core business operations.

While most of the capital investment will be funded by increased debt, we are seeking for some of the capital investment to be funded by modest price increases above inflation. We have engaged our customers, our stakeholders and a Community Panel on this increase during the development of our Price Submission 2023.

We are planning a staged approach to delivering our future state. Spanning three strategic time horizons over two full pricing periods (2023-2028 and 2028-2033), we will continually adapt to best deliver the strategic priority at the time. Digital enablement will be key as we progress through the strategic time horizons.

Horizon One will focus on our core business in order to lay the foundations from which to ramp up the capital program, improve our customer experience and deliver core services. Horizon Two will focus on building smart and safe infrastructure. Horizon Three will focus on building and maturing capability and capacity to deliver smarter and more efficient operations.

This will be an exciting time for Coliban Water as we genuinely transform our ways of working to benefit our customers and communities into the future.

Customer and Community Engagement

In the past year our Contact Centre have responded to over 75,000 enquiries across our online, email and phone channels, as well as a further 2,100 calls for faults and emergencies at our after-hours Contact Centre

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Our focus is on first contact resolution and providing a customer experience that provides an opportunity to earn the customer. We measure our performance, in part, through the Annual Customer Satisfaction Survey which supports our understanding about how customers view Coliban Water. These survey results allow us to track performance over time to better meet customer expectations.

In October 2021, 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 2020, improvements were recorded in trust and value for money.

Building on the introduction of a new Customer Relationship and Billing System in the previous year, we introduced email billing as part of our drive to meet customer expectations.

Email billing achieves both cost savings and ease of access for customers in our digital transformation journey.

Digital meters also allowed us to extensively trial a proactive outbound contact program to alert customers to the possibility of leaks on their property (based on continuous usage over several days) well in advance of the quarterly bill. This achieved customer savings of \$170K and 75 megalitres in leaks based on the 3-month billing cycle.

Across our rural channel system, our team assisted with over 1,400 rural channel orders this season, delivering in excess of 4,400 megalitres to our rural customer base. We also helped facilitate temporary and permanent transfers of 130 megalitres between customers and welcomed 16 new rural customers. Our overall rural customer base remains relatively steady at 1,365 customers.

Our standpipes continue to play an important role in water availability and liveability across the region and we assisted customers accessing water in excess of 22,000 times, peaking across the summer months. Customers without access to a mains supply were able to draw on 143 megalitres of water for stock, commercial and residential purposes across our 17 sites.

COMPLAINTS AND ESCALATIONS

Our focus continues in the areas of customer dissatisfaction and complaints and this past year has seen an alignment to both the Victorian Water Industry and the Australian Standards for defining, recognising and managing complaints as they arise.

We have concentrated on staff education and awareness to ensure we are capturing complaints in a transparent manner and acting on the opportunity to resolve dissatisfaction at a business level.

We empower our staff to resolve complaints and dissatisfaction where achievable at the first point of contact and have recorded a 43% resolution rate on the initial customer contact. For complaints that require further investigation, we refer through to our Complex Enquiries Team.

Where a complaint cannot be resolved with Coliban Water, or in some instances as an alternate point of contact, customers can approach the Energy Water Ombudsman (EWOV) for advice, support and assistance as required.

In the past year there were 39 customer contacts with EWOV, of which 29 were referred on to Coliban Water as a formal complaint requiring us to investigate and resolve.

As part of the complaint referrals, five of the 29 complaints were escalated to an investigative stage, with EWOV taking up an active conciliation role.

The complaints referred to Coliban Water centred around billing, provision, land development and supply. A detailed breakdown is provided in the table below.

Billing	General	3
	High Billing	2
	Fees & Charges / Regulated Fees	3
	Billing Format	1
	Leak	5
	Refund / Credit	2
Land Development	Network Assets / Placement	2
	Property Damage	1
Provision	Existing Connection	2
	Supply Upgrade Costs	2
	New Customer Contributions	3
Supply	Planned Interruptions	1
	Service Supply	2

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.

We also continue to consider 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 and engagement platform (Connect Coliban) includes accessible functionality that offers the option to have content read aloud, language translation (written and read aloud), magnification and noise reduction. We 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. We develop resources into Easy English formats for customers to access and further work will continue in this space as we implement actions and embed practices into the organisation.

We participate 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.

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.

WORKING WITH TRADITIONAL OWNERS

We progressed our draft Innovate Reconciliation Plan to the review stage with Reconciliation Australia.

Our Innovate Reconciliation Plan will enable us to continue to contribute to greater awareness and respect for the diversity of Aboriginal and Torres Strait Islander peoples, values, cultures and ideas. It is a guide for how we will work towards achieving outcomes including a more culturally respectful workforce. We acknowledge the dispossession, loss and harm experienced by Aboriginal peoples since the arrival of Europeans in Australia and are committed to reconciliation, truth-telling and the Victorian Treaty process.

We will continue to build and maintain cultural competency across our workforce so that we can participate in strong and productive partnerships with Traditional Owners, ensuring we understand and embed protection and advancement of Traditional Owner values of the Country on which we work to serve the community. Our Board, Executive Leadership Team and five staff participated in a Cultural Immersion Day in May 2022, arranged by Dumawul (a commercial arm of Djaara). The Cultural Immersion Day included visits to key cultural sites for Djaara and educated staff about culture, joint managed sites and the healing of Country that Djaara is working towards.

During the development of our Urban Water Strategy 2022 and Price Submission 2023, we incorporated Traditional Owner voices and values that we have heard over the last few years in conversations and through reviewing Country Plans. We met with Taungurung Land and Waters Council and Djaara to capture key initiatives and understand how we can tangibly contribute to Traditional Owner goals.

Our Social Procurement Framework includes increasing opportunities for Aboriginal businesses and social enterprises for Victorian Aboriginal peoples. This encourages staff to consider sourcing quotes from a Social Benefit Supplier including businesses that are verified by Supply Nation. We will support Aboriginal enterprises through our procurement of goods and services and will partner with Traditional Owners to progress their cultural and economic outcome goals in relation to water ownership and management.

We engaged Djandak (one of the commercial arms of Djaara) to complete rural channel cleaning, maintenance and decommissioning. Djandak also undertook natural resource management and weed management. The Upper Coliban Recreational Site was also completed with interpretive signage added for visitors to learn about Traditional Owner culture and use of the Upper Coliban area.

We are also providing project management support to Djandak in their delivery of the Larni Yirrip campground as part of the State Government's Great Victorian Outdoors initiative. This initiative has also resulted in the return of cultural water to Djaara to enable a broad range of cultural practises to be carried out at the site.

We have also focussed on the delivery of the obligations of Schedule 16 of the *Reconciliation and Settlement Agreement* between Djaara 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.

During the year we continued to work with Djaara on the Cultural Heritage Management Plans (CHMPs) for an upcoming package of water main augmentation projects in the Bendigo region, with the CHMP for the Huntly Water Main augmentation project approved in March 2022. A CHMP for track and carpark works at Malmsbury Reservoir was also approved by Djaara in March 2022. We are continuing to work with Djaara 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.

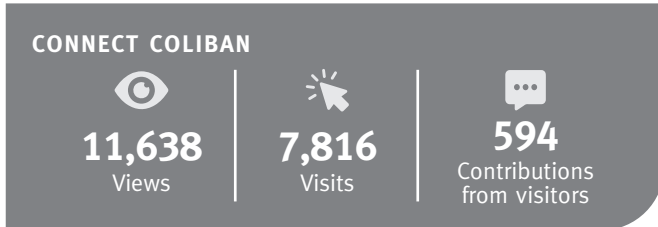
In July 2021, the Negotiation Agreement was signed off with Djaara regarding works proposed at the Elmore Water Treatment Plant. There were no new negotiations commenced during the reporting period.

ENGAGEMENT

We have an ongoing engagement program which covers:

Connect Coliban

Connect Coliban is our online engagement platform that allows us to interact with customers in an online setting. We 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 Pop-Ups

This program offers a face-to-face, informal opportunity for our staff to chat with customers and community members. It allows us to learn more about our customers, understand issues at a local level and respond to enquiries.



Customer committees

We work with customer committees to consider 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.

Our focus this year was working with the panel for the Price Submission 2023-28 and setting the ground work for ongoing advisory groups.

These groups and committees include:

- The Rural Customer Advisory Group which 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 continue to work closely with local progress associations and community groups to identify and address local issues.

- We regularly attend 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.

Community Connect

We connect with existing community groups who provide valuable feedback and 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. COVID-19 has meant less opportunity for these groups to meet, however we have made ourselves available to participate online.

This year we met with the City of Greater Bendigo Youth Council to discuss our Price Submission 2023. We also met with Salvation Army's Local Community Sector Network.

Annual Customer Forum and workshops

We held a forum with customers to check our performance whilst also holding a number of workshops to ask for feedback on our Price Submission 2023.

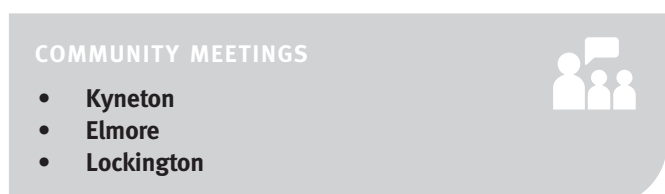


Festivals and community events

We attend community and partner events which provide us with insights and information from our customers and the broader community. Any feedback we receive is documented in our internal database, Voice of the Customer. This ensures we always have customer feedback available to us when making business decisions.

Project engagement

We develop communications and engagement plans for each of our capital projects. We identify opportunities for influence and feedback from our customers and stakeholders. This year, we held various community meetings to engage our customers and stakeholders on local matters.



Regional Advisory Groups

We are planning to establish four Regional Advisory Groups in 2022 that will have representation from across our entire region. The purpose of these groups will be to have an ongoing role that helps us deliver on our promises to customers and assist with future planning.

Community Panel for Price Submission 2023

To help inform our next Price Submission we undertook a deliberative process and engaged an independent organisation to recruit a randomly selected group of

45 customers. The recruitment of the panel was carried out via an independent selection process. Expressions of interest were sent to 15,000 randomly selected customers from across our region. People who received this invitation were able to nominate to be on the panel and were assessed and appointed by an independent third party.

The Community Panel sat for five sessions between February and June 2022. The output of the panel was a number of recommendations to our Board of Directors and Senior Management about our Price Submission 2023.

SCHOOL AND COMMUNITY EDUCATION

Education visits

In the past year we conducted 89 kindergarten and school sessions to an audience of 2,332 students and teachers.

The topics we presented on included:

- how water gets to your tap
- what happens after you flush the toilet
- the natural and urban water cycle
- the health benefits of tap water
- saving water at school and home.

National Water Week

Due to COVID-19 restrictions and uncertainty, National Water Week 2021 was celebrated online with a state-wide collaboration of Victorian water organisations.

Costa the Garden Gnome and our Managing Director, Damian Wells, launched National Water Week across Victoria with a live online chat. The event covered water availability, climate change, waterwise gardening and featured a local school and kindergarten. Highlights of National Water Week included an online Bee and Butterfly webinar, the Dirtgirlworld water education pack and water-themed videos from a range of organisations.

Our poster competition received 120 entries from primary school students.

Website

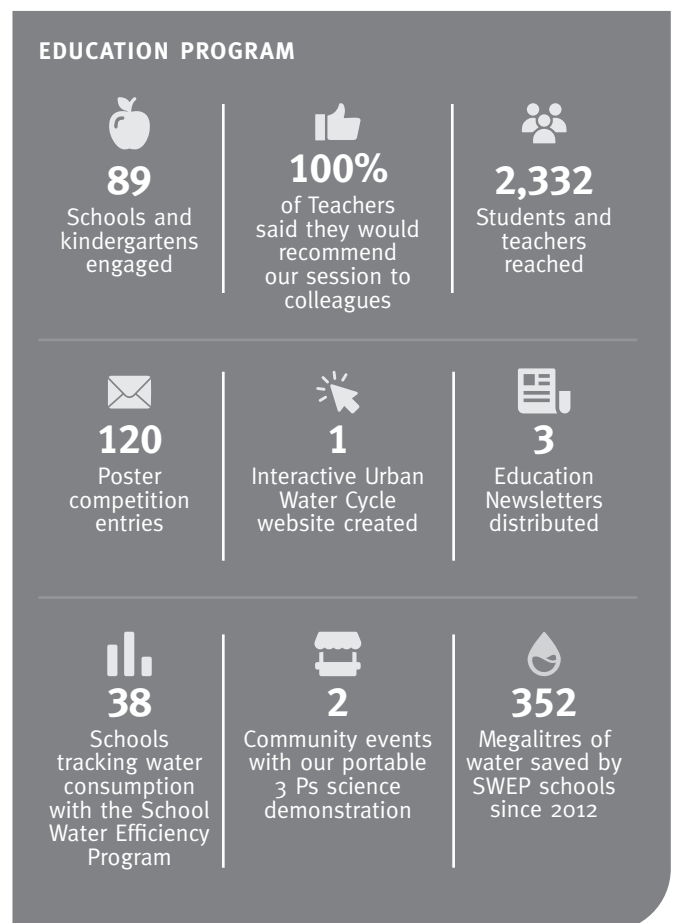
We created an urban water cycle interactive animation to increase water literacy. The webpage has pop-up windows for further information and links to our website. We will update the pop-up windows to keep content fresh and highlight different areas of the business. The page features customer stories, definitions, maintenance crews and local landmarks.

3 Ps demonstration

We developed a portable science demonstration to compare how quickly wet wipes, tissues and toilet paper breakdown in moving water. The demonstration was set up at Tomorrow Bound Careers Expo and the Kangaroo Flat Family Fun Day to educate and start conversations about items that are unsuitable to flush.

Schools Water Efficiency Program

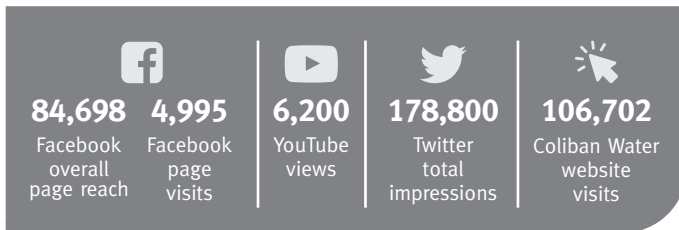
We support the state government Schools Water Efficiency Program (SWEP). We have 38 schools in our region participating in this water saving initiative which, since August 2012, has resulted in a total of 352 megalitres of water savings for the schools involved. We collaborate with ResourceSmart Schools to provide support for schools completing the water module.



DIGITAL COMMUNICATIONS

Our website has a strong focus on accessibility, featuring translation options, Reachdeck 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. We have also launched our user-friendly water cycle illustration.



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 counter function of the Customer Contact Centre as well as facilities at the reservoirs at various times throughout the reporting period. The planned works and interruptions information on our website continues to be a popular feature, allowing customers to find out more about any issue throughout our service region. 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 (for our child audience, this is known as the 3 P's).

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 who 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 supplying portable water units to community events. We also participate in Water Sensitive Bendigo.

CHOOSE TAP

As part of our in-kind sponsorship program, we supply portable water stations at community events to offer a healthy and sustainable hydration choice for event goers.

Our touch-free portable water stations were at 30 events around our region. We partnered with councils across our region to purchase five Choose Tap public water bottle refill

units and drinking fountains that councils then install in public spaces. These fountains are accessible and include public health and environmental messaging to educate the public on the benefits of choosing tap. We provided Choose Tap teaching resources to schools and kindergartens across our region.

ON-WATER RECREATION

A focus area for the 2021/22 financial year was improved facilities for visitors at the Premier Mine Road boat ramp access location at Upper Coliban Reservoir.

Members of the public can use non-powered craft and small craft with electric motors at this location. Finishing works and signage were installed at a new shelter and landscaped area 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 permitted 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 and to assist recreational users when planning their visit.

Water, Wastewater Customers and Water Usage by System

WATER SUPPLY SYSTEM	WASTEWATER			TREATED WATER						
	CONNECTIONS			CONNECTIONS			USAGE (ML)			
	Residential	Non Residential	Total	Residential	Non Residential	Total	Residential	Non Residential	Total	5 Year Average
CAMPASPE										
Goornong	0	0	0	173	25	198	36	9	45	45
Total	0	0	0	173	25	198	36	9	45	45
COLIBAN NORTHERN										
Bendigo*	44,946	3,319	48,265	47,042	3,547	50,589	8,989	2,996	11,986	11,818
Heathcote	962	106	1,068	1,127	130	1,257	150	79	229	243
Axedale	143	11	154	148	17	165	33	5	37	31
Raywood	0	0	0	86	15	101	18	3	22	25
Sebastian	0	0	0	75	5	80	18	10	28	29
Tooborac	0	0	0	49	6	55	7	1	8	9
Total	46,051	3,436	49,487	48,527	3,720	52,247	9,215	3,094	12,309	12,155
COLIBAN SOUTHERN										
Castlemaine	4,448	399	4,847	5,174	446	5,620	797	739	1,536	1,547
Kyneton	2,520	404	2,924	2,757	461	3,218	420	359	779	839
Maldon	691	86	777	995	116	1,111	165	47	212	227
Newstead	337	31	368	382	38	420	57	16	73	77
Chewton	301	18	319	369	19	388	53	9	62	63
Malmsbury	309	21	330	329	23	352	44	19	64	69
Harcourt	262	18	280	323	28	351	59	9	69	67
Taradale	0	0	0	136	12	148	23	4	27	32
Guildford	0	0	0	131	9	140	20	3	22	23
Tylden	157	7	164	126	9	135	18	6	24	25
Fryerstown	0	0	0	94	4	98	15	0	15	15
Elphinstone	0	0	0	88	6	94	18	1	19	16
Total	9,025	984	10,009	10,904	1,171	12,075	1,690	1,213	2,903	3,000
GOULBURN										
Rochester	1,237	142	1,379	1,372	175	1,547	358	97	456	519
Boort	393	67	460	404	88	492	94	30	124	134
Pyramid Hill	247	35	282	254	47	301	52	24	76	82
Lockington	196	22	218	203	29	232	35	10	45	53
Serpentine	0	0	0	64	21	85	13	2	16	17
Mitiamo**	0	0	0	43	8	51	7	3	10	11
Dingee**	0	0	0	29	11	40	3	3	6	7

WATER SUPPLY SYSTEM	WASTEWATER			TREATED WATER						
	CONNECTIONS			CONNECTIONS			USAGE (ML)			
	Residential	Non Residential	Total	Residential	Non Residential	Total	Residential	Non Residential	Total	5 Year Average
GOULBURN (CONTINUED)										
Macorna**	0	0	0	8	2	10	1	0	1	0
Mysia**	0	0	0	8	1	9	0	0	0	0
Jarklin**	0	0	0	6	1	7	1	0	1	1
Total	2,073	266	2,339	2,391	383	2,774	565	169	735	824
GROUNDWATER										
Trentham	638	66	704	683	70	753	77	14	91	98
Elmore	375	46	421	407	65	472	64	35	100	101
Total	1,013	112	1,125	1,090	135	1,225	142	49	191	199
LODDON										
Dunolly	345	52	397	407	58	465	50	19	69	72
Inglewood	333	37	370	407	44	451	59	16	75	80
Bridgewater	191	26	217	205	34	239	29	33	63	64
Tarnagulla	0	0	0	109	14	123	10	3	13	16
Bealiba	0	0	0	76	12	88	8	2	9	11
Laanecoorie	0	0	0	37	4	41	5	0	5	5
Total	869	115	984	1,241	166	1,407	161	74	235	249
MURRAY										
Echuca	6,373	838	7,211	6,562	906	7,468	1,658	1,325	2,982	3,005
Cohuna	1,021	134	1,155	1,195	353	1,548	322	213	534	581
Leitchville	142	25	167	165	112	277	49	112	161	162
Gunbower	147	19	166	151	28	179	32	11	43	45
Total	7,683	1,016	8,699	8,073	1,399	9,472	2,060	1,660	3,720	3,792
WIMMERA										
Wedderburn	402	56	458	454	62	516	63	25	88	96
Korong Vale	0	0	0	115	8	123	14	1	15	16
Borong **	0	0	0	20	2	22	3	0	3	3
Wychitella **	0	0	0	11	3	14	1	1	1	2
Total	402	56	458	600	75	675	81	26	107	117
Grand Total	67,116	5,985	73,101	72,999	7,074	80,073	13,950	6,293	20,244	20,382

* Includes the areas of Eaglehawk, Huntly, Kangaroo Flat, Maiden Gully, Marong and Strathfieldsaye

** Indicates non-treated water supply

Water Security

WATER SUPPLY SYSTEMS

We have eight water supply systems, each defined by their water source (refer to our region map inside the front cover). In some cases, there are multiple sources of water that can supply a system which provides greater security.

The Campaspe System sources water from the Campaspe River. The Coliban Systems are supplied from our storages on the Coliban River, and the Coliban Northern System can also access water from Lake Eppalock and the Waranga Western Channel via the Goldfields Superpipe.

The Goulburn System sources water from the Waranga Western Channel and the East Loddon Pipeline.

The Loddon and Wimmera System can source water from the Wimmera Mallee Pipeline, South-West Loddon Pipeline and Loddon River. The Murray System sources water from the Murray River.

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

Our water holdings include Bulk Entitlements, high and low reliability water shares, water allowances, and licenses to take and use groundwater.

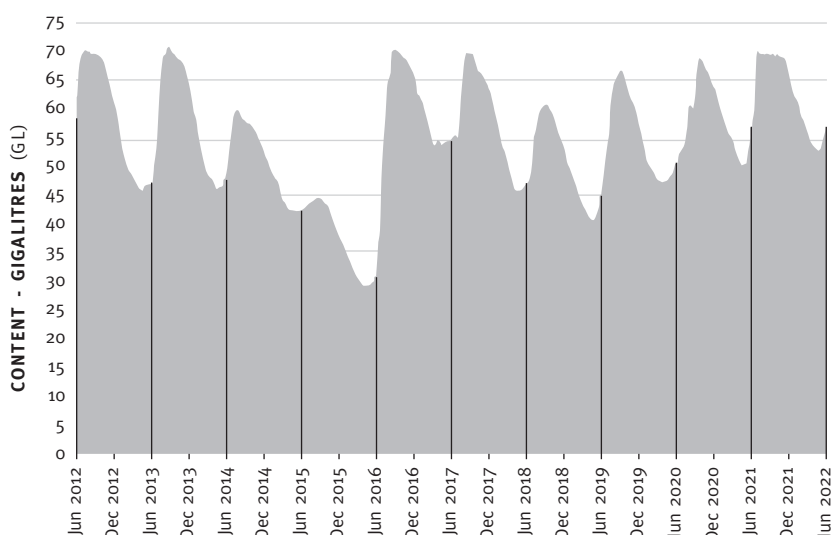
WATER STORAGE VOLUMES

Our storages on the Coliban River, namely the Upper Coliban, Lauriston and Malmsbury Reservoirs, filled to capacity in July 2021, and continued to spill until December 2021.

We also have an 18% (54,837 megalitres) share of the storage capacity in Lake Eppalock, which also filled to capacity in September 2021.

COLIBAN STORAGE CONTENTS

(UPPER COLIBAN, LAURISTON AND MALMSBURY RESERVOIRS)



Storage volume in our region

	FULL SUPPLY VOLUME MEGALITRES (ML)	AS AT 30 JUNE 2021 MEGALITRES (ML)	AS AT 30 JUNE 2022 MEGALITRES (ML)	% FULL 30 JUNE 2022
COLIBAN SYSTEM NORTHERN				
Sandhurst Reservoir	2,590	1,966	1,862	72
Caledonia Reservoir	214	145	174	81
Lake Eppalock (Coliban Water share)	54,837	43,425	51,091	93
Spring Gully Reservoir (recycled water – rural)	1,680	1,044	1,362	81
COLIBAN SYSTEM SOUTHERN				
Upper Coliban Reservoir	37,770	35,379	36,508	97
Lauriston Reservoir	19,790	18,220	14,520	73
Malmsbury Reservoir	12,034	3,152	5,524	46
McCay Reservoir	1,360	1,121	1,121	82
Barkers Creek Reservoir (rural)	1,690	887	1,000	59
Trentham Reservoirs	91	88	89	99
Total	132,056	105,427	113,251	86

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.

We started to pre-release from the Malmsbury Reservoir as it approached capacity in July 2021, and spills continued until December 2021. From 20 to 28 April 2022, we released 285 megalitres to the Coliban River at the request of the North Central CMA.

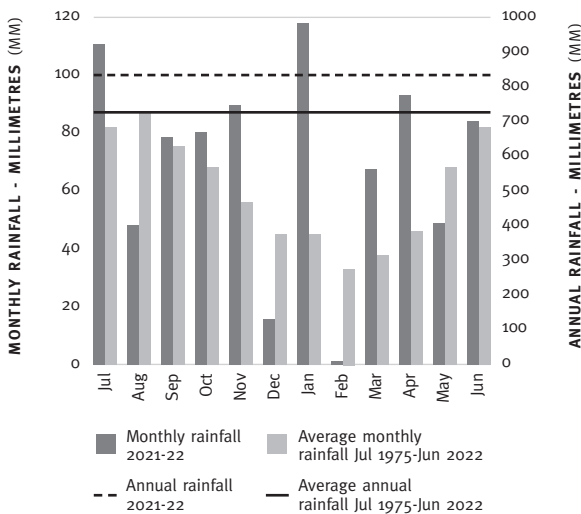
A total of 34,083 megalitres passed from Malmsbury Reservoir to the Coliban River in 2021/22. The passing flow account balance was 462 megalitres on 30 June 2022.

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. Coliban Water's share of the passing flow was 1,974 megalitres.

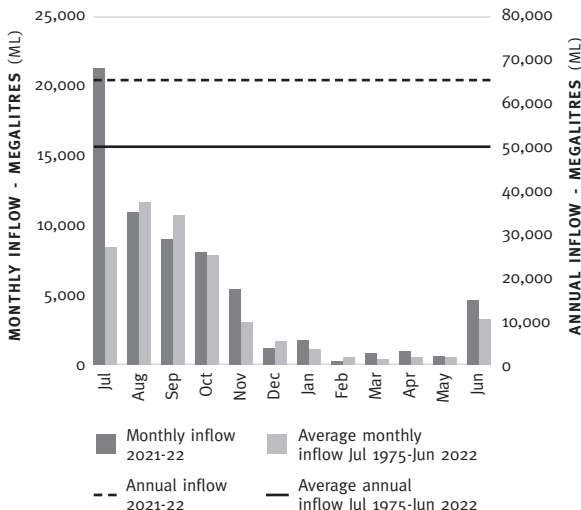
RAINFALL AND INFLOWS

We received 834 millimetres of rainfall at Malmsbury Reservoir for the year. This is 15% more than the average annual rainfall from 1975 to 2022 of 726 millimetres. Inflows to our storages on the Coliban River were 64,946 megalitres. This is 30% greater than the average annual inflow from 1975 to 2022 of 50,013 megalitres.

MALMSBURY RESERVOIR > MONTHLY RAINFALL 2021/22



COLIBAN HEADWORKS STORAGES > MONTHLY INFLOW 2021/22



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

SYSTEM	ALLOCATION (%)	
	High reliability water share/allowance/licence	Low reliability water share
Campaspe	100	0
Central Victorian Mineral Springs	100	N/A
Loddon	100	0
Lower Campaspe Valley	75	N/A
Goulburn	100	0
Goulburn Bulk Entitlement	100	N/A
Murray	100	100
Wimmera	57	N/A

WATER PURCHASES AND TRADE

In 2021/22 we sold a total of 29,724 megalitres of surplus allocation into the water market.

We purchased 399 megalitres of high reliability water shares and 151 megalitres of low reliability waters shares in the Murray System.

WATER RESTRICTIONS

There were no water restrictions for customers in 2021/22. 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% 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:

- Continued work with Goulburn-Murray Water to progress our application to amend our licence to take and use groundwater at Trentham by 62 megalitres
- Investigated options for groundwater augmentation at Kyneton
- Purchased of water shares

BULK WATER ENTITLEMENTS

The volumes available and taken from our entitlements during 2021/22 were as follows:

SUPPLY SYSTEM	SOURCE OF SUPPLY	ENTITLEMENT VOLUME (ML)	ALLOCATION (ML)	CARRYOVER 1-JUL-21 (ML)	RAW WATER VOLUME TAKEN (ML)	BALANCE 30-JUN-22 (ML)	REPORTING REQUIREMENTS IN ACCORDANCE WITH BE CLAUSE / NOTES
CAMPASPE CAMPASPE RIVER							
BULK ENTITLEMENT (AXEDALE, GOORNONG) CONVERSION ORDER 1999							
Axedale and Goornong		215	215	12	84	8	12.1 (b) Annual volume taken – 84 ML 12.1 (c) Any credits granted – Nil 12.1 (d) Metering Program – Implemented with Goulburn Murray Water
Rochester		134	134	2	0	6	12.1 (e) Temporary or permanent transfer – trade out 265 ML 12.1 (f) Period of restriction – Nil 12.1 (g) & (h) Any amendment to BE or new BE entitlement granted – Nil
Total		349	349	15	84	15	12.1 (i) – Any failure to comply with BE – Nil 12.1 (j) – Difficulties in complying – Nil
COLIBAN COLIBAN STORAGES, LAKE EPPALOCK, CAMPASPE RIVER, WARANGA WESTERN CHANNEL							
BULK ENTITLEMENT (CAMPASPE SYSTEM – COLIBAN WATER) CONVERSION ORDER 1999							
Castlemaine and Bendigo urban networks, Coliban Rural Systems	Malmsbury Reservoir to Coliban Main Channel				22,814		18.1 (f) Annual volume taken from headworks – 24,237 ML 18.1 (g) Annual evaporation loss - 7,004 ML from major Coliban storages; 6,113 ML from Coliban Share of Lake Eppalock 18.1 (h) Internal spill in Lake Eppalock to GMW share – 4,228 ML
Kyneton, Tylden, Malmsbury	Lauriston Reservoir				1,053		18.1 (i) Passing flow – 4,494 ML passed Malmsbury Reservoir; 1,974 ML from Lake Eppalock 18.1 (j) Any credits granted – Nil
Bendigo urban network and Coliban Northern Rural System	Lake Eppalock to Goldfields Superpipe				0		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
Heathcote, Tooborac	Lake Eppalock				370		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 3,112 ML; urban 15,079 ML
Total		50,260	N/A	N/A	24,237	N/A	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
Coliban System Northern	Water Shares High Reliability	22,790	22,790	19,983	0	16,653	Trade in 13,538 ML; trade out 39,657 ML
Goulburn Water Shares	Low Reliability Water Shares	2,858	0				
Coliban System Northern	Water Shares High Reliability	2,591	2,591	4	0	680	Trade in 669 ML; trade out 2,584 ML
Campaspe Water Shares	Water Shares Low Reliability	646	0				

SUPPLY SYSTEM	SOURCE OF SUPPLY	ENTITLEMENT VOLUME (ML)	ALLOCATION (ML)	CARRYOVER 1-JUL-21 (ML)	RAW WATER VOLUME TAKEN (ML)	BALANCE 30-JUN-22 (ML)	REPORTING REQUIREMENTS IN ACCORDANCE WITH BE CLAUSE / NOTES
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ELMORE GROUNDWATER

Elmore	Groundwater bore	284	213	71	121	163	Take and Use licence
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GOULBURN WARANGA WESTERN CHANNEL

BULK ENTITLEMENT (GOULBURN CHANNEL SYSTEM – COLIBAN WATER) ORDER 2012

Location	Source	Entitlement (ML)	Allocation (ML)	Carryover (ML)	Raw Water Taken (ML)	Balance (ML)	Notes
Lockington		130	1,980	1,316	82	1,919	15.1 (b) Annual volume taken – 944 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 – 620 ML 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			523		
Dingee		50			11		
Macorna		40			6		
Pyramid Hill		300			114		
Jarklin		5			0		
Mitiamo		60			20		
Serpentine		60			0		
Boort		425			440		
Mysia		15	1				
TOTAL		2,420	2,420	1,605	944	2,310	
Jarklin	East Loddon Pipeline	10	10	N/A	1	9	Water Allowance
Serpentine	Pipeline	50	50	N/A	46	4	Water Allowance

LODDON LODDON RIVER

BULK ENTITLEMENT (LODDON SYSTEM- COLIBAN WATER) CONVERSION ORDER 2005

Location	Source	Entitlement (ML)	Allocation (ML)	Carryover (ML)	Raw Water Taken (ML)	Balance (ML)	Notes
Bridgewater and Inglewood					0	5	13.1 (b) Annual volume taken – 132 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 – 683 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 and Tarnagulla		820	812	8	132		
Jarklin					0		
Serpentine					0		
Total		820	812	8	132		

MURRAY MURRAY RIVER

BULK ENTITLEMENT (RIVER MURRAY – COLIBAN WATER) CONVERSION ORDER 1999

Location	Source	Entitlement (ML)	Allocation (ML)	Carryover (ML)	Raw Water Taken (ML)	Balance (ML)	Notes
Echuca		5,055	5,055	4,316	3,504	4,317	20.1 (b) Annual volume taken - 4,370 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 – 1,914 ML 20.1 (g) Any BE or other entitlement transferred to Coliban Water - Nil 20.1 (h) Any amendment to BE – Nil 20.1 (i) New BE granted – Nil 20.1 (j) Any failure to comply with BE – Nil 20.1 (k) Difficulties in complying - Nil
Cohuna					552	0	
Gunbower		1,230	1,230	826	56		
Leitchville					258		
Total		6,285	6,285	5,142	4,370	4,317	

SUPPLY SYSTEM	SOURCE OF SUPPLY	ENTITLEMENT VOLUME (ML)	ALLOCATION (ML)	CARRYOVER 1-JUL-21 (ML)	RAW WATER VOLUME TAKEN (ML)	BALANCE 30-JUN-22 (ML)	REPORTING REQUIREMENTS IN ACCORDANCE WITH BE CLAUSE / NOTES
Echuca, Cohuna, Gunbower and Leitchville	High Reliability Water Shares	55	55	737	0	760	Trade out 17 ML
	Low Reliability Water Shares	722	722				
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 or 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
	Groundwater bore	103	103	N/A	24	79	Take and Use licence
WIMMERA WIMMERA MALLEE PIPELINE (BE) AND SOUTH WEST LODDON PIPELINE (WATER ALLOWANCE)							
BULK ENTITLEMENT (WIMMERA AND GLENELG RIVERS – COLIBAN WATER) ORDER 2010							
Korong Vale and Wedderburn	Wimmera Mallee Pipeline				144		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					3		
Wychitella						4	
TOTAL		300	189	192	150	231	
Bridgewater	South-West Loddon Pipeline	110	110	N/A	65	45	Off-Season Water Allowance
Bridgewater and Korong Vale		0	0	N/A	268	0	Peak Water Allowance - 268 ML transfer to credit account under Supply by Agreement

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.

Actions

Our compliance and enforcement actions for 2021/22 were:

COMPLIANCE ACTIONS - RURAL	2019/20	2020/21	2021/22
Total no. of breaches	1	3	4
No further action required	0	0	0
Dismissed (insufficient evidence)	0	0	0
Advisory letter	1	0	2
Formal warning	0	3	2
Penalty Infringement Notices	N/A	N/A	0
Notice of contravention	0	0	0
Notice of entry	0	0	0
Lockdown	0	0	0
Prosecutions commenced	0	0	0
Prosecutions finalised	0	0	0

Priorities

Our priorities for 2021/22 included:

- Implementing Coliban Water's Non-Urban Compliance and Enforcement Strategy, including supporting policies, procedures and plans.
- Registering with Fines Victoria for the provision of agency infringement and enforcement services.
- Participating in industry Community of Practice meetings and workshops to deliver a state-wide 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.

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 of negative ABAs	ABAs %	ABAs % (Excluding <1ML)	Volume (ML) of water taken under corp. issued shares/licences	Volume (ML) of UT	Volume %	Volume % (Excluding previous FY)
2019/20	1,366	87	6.37	0.6	4,463	31.8	0.7	0.7
2020/21	1,362	54	3.96	0.14	3,081	1	<0.1	<0.1
2021/22	1,365	54	3.96	0.44	3,111	<1	<0.1	<0.1
30 Sep (Q1)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
31 Dec (Q2)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
31 Mar (Q3)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
30 Jun (Q4)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note: Coliban Water is unable to provide a quarterly breakdown for this performance information due to system limitations, but has updated its processes to enable the capture of this information in the future.

RURAL USAGE

WATER SOURCES

SOURCES	NUMBER OF CUSTOMERS SUPPLIED	SUPPLIED VOLUME (MEGALITRES)
Raw	771	2,171.4
Recycled	139	940.1

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
19	48.7	12	81	45	186

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	4.825	3
	Malmsbury Reservoir	2	4.0	2.000	1
	Upper Coliban Reservoir	1	1.0	0	0
	System Total	8	15.0	6.825	4
Coliban Main	Coliban Main – 1	39	5,871.4	112.766	22
	Coliban Main – 4/1	19	159.0	27.286	12
	Coliban Main – 4/3	104	478.9	111.083	50
	System Total	162	6,509.3	251.135	84
Emu Valley South	Abbotts	111	417.5	177.121	87
	Emu Valley No 1	87	370.6	85.293	37
	Emu Valley No 2	65	351.1	70.372	37
	Mannes	19	98.8	16.238	12
	System Total	282	1,238.0	349.024	173
Harcourt	Harcourt Modernised Pipeline	193	2,241.1	527.106	151
	System Total	193	2,241.1	527.106	151
Spring Gully	Diamond Hill	13	63.3	10.699	8
	Spring Gully	37	147.3	73.258	24
	System Total	50	210.6	83.957	32
Southern System Total		695	10,214.0	1,218.047	444

NORTHERN SYSTEM

	CHANNEL	NO. OF LICENCES	TOTAL LICENCE VOLUME (MEGALITRES)	TOTAL USAGE (MEGALITRES)	NO. OF LICENCES SUPPLIED
Ascot	Ascot	35	696.6	250.908	21
	Ellesmere	47	170.6	92.194	35
	Goornong	18	352.2	245.887	10
	Huntly	2	18.6	1.356	1
	White Hills	6	222.8	102.030	3
	System Total	108	1,460.8	692.375	70
Axe Creek	Axe Creek	65	307.9	52.199	34
	Kangaroo	3	11.4	2.291	1
	System Total	68	319.3	54.490	35

NORTHERN SYSTEM CONTINUED

	CHANNEL	NO. OF LICENCES	TOTAL LICENCE VOLUME (MEGALITRES)	TOTAL USAGE (MEGALITRES)	NO. OF LICENCES SUPPLIED
Cockatoo Hill	Cockatoo Hill	30	116.5	34.052	12
	Neilborough	13	34.5	19.440	9
	Raywood	68	310.5	189.720	44
	Sebastian	7	61.2	4.467	4
	System Total	118	522.7	247.679	69
Emu Valley North	Emu No 1 (Eppalock)	14	71.7	37.250	9
	Emu No 2 (Eppalock)	14	46.8	.900	1
	Strathfieldsaye	2	5.0	.879	1
	System Total	30	123.5	39.029	11
Eppalock Pipeline	Eppalock Pipeline	89	898.4	228.410	82
	System Total	89	898.4	228.410	82
Lockwood	Lockwood	119	568.4	104.544	64
	Marong	31	259.8	88.765	19
	South Lockwood Pipeline	48	397.3	138.225	43
	Wilson's Hill	32	230.3	61.196	22
	System Total	230	1,455.8	392.730	148
Specimen Hill	Maiden Gully	43	381.5	150.212	22
	Myers Flat	16	105.2	56.531	12
	Specimen Hill	31	260.6	32.058	17
	System Total	90	747.3	238.801	51
Northern System Total		733	5,527.8	1,893.514	466

Our rural customers had 100% allocation for the 2021/22 season.

RECYCLED WATER PRODUCTION AND USAGE

Coliban Water manages 16 water reclamation plants (WRPs). Recycled water produced at the following plants was reused during 2021/22.

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 onsite 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 (DH) 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 recycled water is used to irrigate an onsite farm and is 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 onsite 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 onsite 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 onsite for irrigation. The Class B recycled water is supplied to the Kyneton Racecourse and the Macedon Ranges Shire Council for the watering of local sports grounds and the Botanical Gardens in Kyneton. Additionally, Class B recycled water is supplied to Hardwicks' irrigation land. The excess water is released into the Campaspe River in accordance with our EPA licence or stored in onsite 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 onsite irrigation. Note that Bridgewater, Elmore, Lockington and Pyramid Hill WRPs produce Class C recycled water, which is used for onsite 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 onsite lagoons and disposed by means of evaporation.

The table below shows the recycled water usage volumes.

WATER RECLAMATION PLANT	RECYCLED WATER USAGE VOLUME (MEGALITRES)	
	2021/2022	2020/21
Axedale	11.9	19.3
Bendigo		
- Class A ¹	359.2	480.6
- Class B and C	820.6	850.5
Boort	36.2	15.0
Bridgewater	0	0
Castlemaine	72.9	108.9
Cohuna	0	0
Dunolly	14.7	5.45
Echuca ²	946.2	1,157.8
Elmore	0	0
Gunbower	30	23.5
Heathcote	72.7	98.5
Kyneton	272.6	439.8
Lockington	0	0
Pyramid Hill	10	0
Rochester (reuse volume is accounted in Echuca WRP reuse figure) ²	0	0
Wedderburn	22	29.5
Total	2,669.0	3,228.8

1. 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.

2. 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 (EIP) for each site.

All major customers were audited in 2021/22 to ensure the use of recycled water is sustainable and in accordance with EPA guidelines. Monitoring is also undertaken at Coliban Water and customer sites to ensure environmental management requirements are met.

Capital Projects

Capital portfolio expenditure reached \$44.3 million in 2021/22.

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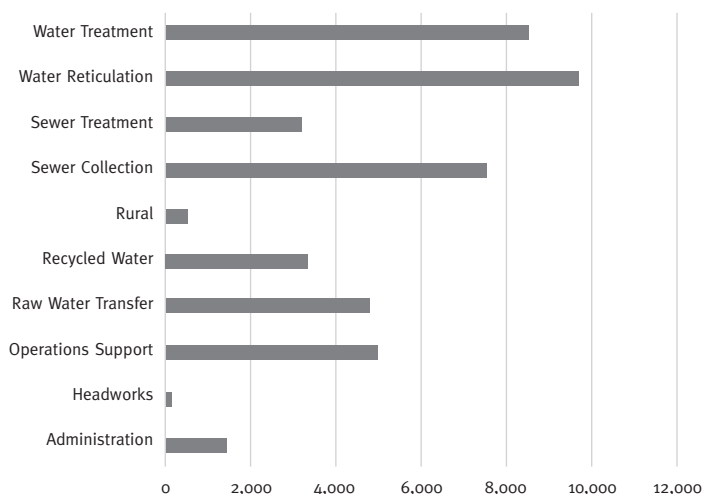
The five-year capital portfolio target has increased due to a number of major capital programs that were required to be brought forward to address risks to public safety and the environment.

During the 2021/22 year, capital projects continued to be impacted by COVID-19, including shutdowns, travel restrictions and materials availability. Despite these impacts, we were able to achieve 100% of the capital portfolio expenditure target for the 2021/22 year. The delivery of the 2021/22 capital plan demonstrates our ability to deliver successful outcomes while dynamically managing time and funding allocations.

The water treatment program had a total 2021/22 capital spend of \$8.6 million and delivered the following key achievements:

- **Echuca WTP Upgrade Project (Echuca):** \$6.0 million was invested towards the \$10.2 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 disinfection system and a new flood gate commenced in 2020/21 and is planned to be completed in 2022/23.
- **WTP Renewals and Optimisation (non-metro various*):** \$1.0 million annual program to reduce operational and water quality risks at water treatment plants. Major works included installation of a Powder Activated Carbon (PAC) contact tank at Boort WTP to improve the treatment of taste and odour issues, procurement of a second raw water pump for the Heathcote Raw Water Pump Station, with a parallel upgrade to the pump station to be completed in 2022/23, and the commencement of works for our program to renew and optimise air compressor systems, which are used mainly for the functionality of plant instruments, including valves.
- **Bendigo WTP Sludge Drying Beds Upgrade (Bendigo):** \$0.6 million was invested in the construction of three new sludge drying beds at the Bendigo WTP in order to increase treatment capacity and reduce operational risk. The project was completed in 2021/22 at a total cost of \$2.6 million.
- **Bendigo, Castlemaine and Kyneton WTPs Health Based Targets (HBT) Upgrades (non-metro various):** \$0.4 million was invested towards disinfection upgrades at the Bendigo, Castlemaine and Kyneton WTPs to ensure the ongoing safety of the drinking water supplied to customers, as well as compliance with

2021/22 CAPITAL EXPENDITURE (\$'000s)



any future Department of Health (DH) requirements in relation to microbial Health-Based Targets.

- **Trentham WTP Clear Water Storage (CWS) (Trentham):** \$0.2 million was invested towards the construction of an additional 1.2 megalitre clear water storage tank to provide additional security of supply for customers in the growing region of Trentham. The project is scheduled for completion in 2022/23.
- **Bendigo WTP Clear Water Storage (CWS) (Bendigo):** \$0.2 million was invested towards the construction of an additional 15 megalitre clear water storage tank to provide additional security of supply for customers in Bendigo and allow the liner of the existing 47 megalitre storage to be renewed. The project is scheduled for completion in 2022/23.

The Water Reticulation program had a total 2021/22 capital spend of \$9.8 million and delivered the following key achievements:

- **Maiden Gully Marong Water Growth Project Package A (Marong):** \$3.2 million was invested towards a three megalitre storage tank and a pump station at Marong to provide additional security of supply and improved pressure for customers in this growing region. The project was completed in 2021/22 at a total cost of \$3.5 million.
- **Elmore Water Tower Rectification (Elmore):** \$0.3 million was invested in site works at the Elmore Water Tower. This includes preparation works for ground level tanks and a pressure booster pump station, which will allow the water tower to be taken offline for repair works. The pressure booster pump station will remain in service following completion of the works, which will result in improved pressure to customers. The project is scheduled for completion in 2022/23.

- **Huntly Water Growth Project (Huntly):** \$1.7 million was invested towards a 6 kilometre pipeline augmentation project to provide additional security of supply and improved pressure for customers in the growing regions of Epsom and Huntly. The project is scheduled to be completed in 2022/23.
- **Water Main Renewals (non-metro various*):** \$1.1 million was expended to ensure security of water supply to customers and reduce water losses from bursts and leaking mains. We replaced approximately 6.67 kilometres of water mains as part of our ongoing water mains renewal program, including 2 kilometres of mains in Castlemaine.
- **Digital Metering (non-metro various*):** \$0.7 million was expended on the installation of data loggers to existing customer meters in 2021/22, with 4,803 installed across the Bendigo region, including 281 at sites managed by the City of Greater Bendigo.
- **Maiden Gully Marong Water Growth Project Package B (Marong):** \$0.7 million was invested towards a pipeline between Specimen Hill and Maiden Gully, as part of a program of works to provide additional security of supply and improved pressure for customers in the growing region of Marong. This includes works completed for the connection point to the existing network at Aspinall Street in 2021/22, and works in this package are scheduled for completion in 2022/23.

The Sewer Treatment program had a total 2021/22 capital spend of \$3.2 million and delivered the following key achievements:

- **Water Reclamation Plant (WRP) Renewals and Optimisation (non-metro various*):** \$1.9 million of the annual program was invested in works to renew multiple mixers to improve the Biological Nutrient Removal (BNR) process at Bendigo WRP. Other major works at the Bendigo WRP included refurbishment of the centrifuge bowl and rotating assembly, and replacement of the return activated sludge (RAS) flow meters. Other investment included the installation of an odour filter media unit and the renewal of the Demand Aeration Tank (DAT), RAS pumps and associated pipework at Castlemaine WRP, and major infrastructure upgrades to the Axedale WRP irrigation system.
- **Kyneton WRP Class B Storage Lagoon (Kyneton):** \$0.5 million was invested towards upgrades at the Kyneton WRP to increase capacity and reduce operational and environmental risks. This included the completion of fencing and access roads for two new lagoons that were constructed in 2020/21. These works completed the upgrades for an additional 200 megalitre lagoon and a 30 megalitre BNR lagoon, at a total project \$5.3 million.
- **Kyneton WRP Centre Pivot Irrigator (Kyneton):** \$0.4 million was invested towards the installation of a new centre pivot irrigator at the Kyneton WRP to improve operability and efficiency of the reclaimed

water irrigation system on site.

- **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 project will also include the renewal of major electrical infrastructure which has reached the end of life.

The Sewer Collection program had a total 2021/22 capital spend of \$7.6 million and delivered the following key achievements:

- **Bendigo Trunk Sewer Main Renewal (Bendigo):** \$1.6 million was invested to deliver packages three and four of the Bendigo Trunk Sewer Main works, which included the renewal of 680 metres of 750 millimetre diameter sewer trunk mains, 170 metres of 675 millimetre sewer trunks mains, six new sewer maintenance holes, and the rehabilitation of a further two existing access points in Epsom and White Hills.
- **Strathfieldsaye East Sewer Collection Augmentation (Strathfieldsaye):** \$1.5 million was invested towards the construction of a new Sewer Pump Station (SPS) in Strathfieldsaye to accommodate future growth in the region.
- **Sewer Main Renewals (non-metro various*):** \$1.6 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. This year we renewed a total of 155 sewer main sections, which is equivalent to 8,537 metres of sewer main.
- **Eaglehawk Sewer Unblocking and Renewal (Bendigo):** \$1.4 million was invested in the unblocking and renewal of sewer mains in Eaglehawk to ensure service levels were maintained.
- **Echuca Sewer Odour Mitigation (Echuca):** \$0.6 million was invested towards infrastructure upgrades at two of the major sewer pump stations in Echuca to minimise odour from these sites.
- **Sewer Pump Station Renewals (non-metro various*):** \$0.4 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 to reduce operational and environment risk.

The Rural program had a total 2021/22 capital spend of \$0.5 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 2021/22 capital spend of \$3.4 million and delivered the following key achievements:

- **Kyneton Recycled Water Pipeline (Kyneton):**
\$3.2 million was invested towards the construction of a 14 kilometre pipeline to transfer reclaimed water from the Kyneton WRP to rural customers for irrigation purposes, which will also help to reduce operational and environmental risk. Works are scheduled for completion in 2022/23.
- **Recycled Water Class A Reconfiguration (Bendigo):**
\$0.2 million was invested in the planning of upgrades to the Class A recycled water network in Bendigo to improve reliability and quality.

The Raw Water Transfer program had a total 2021/22 capital spend of \$4.8 million and delivered the following key achievements:

- **Purchase Water Entitlements (non-metro various*):**
\$3.5 million was invested in the purchase of water shares to ensure reliable supplies in the Murray System to meet the challenges of population growth and climate change.
- **Superpipe (non-metro various*):** \$0.1 million annual program was invested in the Superpipe for maintaining water resource security, water quality and monitoring.

The Operations Support program had a total 2021/22 capital spend of \$5.0 million and delivered the following key achievements:

- **Planned Corrective and Reactive Maintenance (non-metro various*):** annual program of \$2.9 million was spent on renewals and the refurbishment of water, recycled water and sewer assets to ensure levels of service are maintained.

- **Supervisory Control and Data Acquisition (SCADA) Hardware (non-metro various*):** annual upgrade program of \$0.8 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 2021/22 capital spend of \$0.2 million and delivered the following key achievements:

- **Land Management (non-metro various*):**
\$0.06 million was invested in our annual program of works, which 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 \$1.4 million.

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

Water Quality and Reliability

CUSTOMER SERVICE OBJECTIVES – WATER RETICULATION

We are required to report on 19 service standards, related to water, to the Essential Services Commission (ESC). These standards cover: supply interruptions, including number, duration and response time to bursts and leaks, as well as the amount of unaccounted water. We achieved compliance in all 19 service standards in 2021/22. The minutes to respond to a burst or leak dropped by 14% from 2020/21, the average response time was 54 minutes in 2021/22. Additionally, 99.3% of planned or unplanned water supply interruptions were restored within five hours.

WATER MAIN RENEWAL

Across our region, we replaced approximately 6.67 kilometres of water mains as part of our ongoing water mains renewal program, at a cost of just over one million dollars. 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%. 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. This year, two kilometres of water main were renewed in the regional township of Castlemaine.

WATER MAINS CLEANING PROGRAM

At a cost of approximately \$130K, in excess of 195 kilometres of water mains cleaning were completed in Castlemaine, Epsom, Guildford, Raywood, Sebastian, and Spring Gully. This program removes sediment from the water mains and improves chlorine residuals across our networks using multiple techniques, including air scouring.

Air scouring involves forcing a mixture of compressed air and water through the system to remove naturally occurring sediment and other particles. This method of mains cleaning is safe, uses minimal water compared to other methods and is environmentally friendly. Our ongoing water mains cleaning program helps protect the integrity of the water system, enhances the drinking water quality we supply to customers and ensures our water continues to meet Australian Drinking Water Guidelines.

WATER TREATMENT PLANT IMPROVEMENTS

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

- Replacement of the air compressor at Gunbower WTP.
 - Replacement of the Granular Activated Carbon (GAC) media at Gunbower and Trentham WTPs.
 - Installation of chlorguard automatic shut off systems, which are used to shut down faulty chlorine systems, at Cohuna, Heathcote, Leitchville, Pyramid Hill, Bridgewater, Laanecoorie and Korong Vale WTPs.
 - Installation of ultrasonic algae buster systems at Lockington, Boort and Trentham WTPs.
 - Cleaning of the clarifiers at the Cohuna WTP.
-

VALVE MAINTENANCE

In our water supply network, there are in excess of 10,400 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 718 valves were exercised in the suburbs of Bendigo (Central Bendigo District), Castlemaine, and Kyneton.

SAFE DRINKING WATER ACT 2003

Together with our strategic partners, Coliban Water operates 19 water treatment plants that supply drinking water to 49 separate towns. During 2021/22 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.

In April 2022, a weekly routine chlorine sample collected from our Belvoir Park tank exceeded the health-based guideline value of 5.0 mg/L specified in the *Australian Drinking Water Guidelines* (ADWG). On the same day, chlorine samples were also taken from customer tap sites that are supplied from this tank and all were compliant with the chlorine guideline value in the ADWG, confirming that no customers were supplied with non-compliant drinking water. The subsequent investigation concluded there was a chlorine spike in the sample line at the time of sampling. As this was an exceedance of a health-based guideline value in the ADWG, a Section 18 notification, under the *Safe Drinking Water Act*, was made to the Department of Health (DH).

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 primarily Geosmin, were experienced across the Murray River System in August 2021, which affected the quality of drinking water produced by the Cohuna 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 two WTPs exceeded the T&O threshold of 10 ng/L mentioned in the ADWG on a couple of 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 DH was proactively notified under the Act. We continue to optimise our water treatment processes to manage these raw water events.

Following a burst water event on the pipeline that supplies Maldon in October 2021, widespread customer complaints were received from customers in Maldon, describing the drinking water that they were receiving as discoloured and cloudy. During the work to mend the burst main, air became trapped in the main, and due to the length of the main, it required a large volume of water to remove the air. While flushing was being undertaken, it took a few days for the air to be removed at the extremities of the network. Work has been undertaken on the network to better manage the removal of air. Due to the number of complaints received, Coliban Water advised DH of the event, and completed a Section 22 notification under the *Safe Drinking Water Act*.

A high windstorm event occurred in the Wedderburn area in November 2021. A site inspection of the Wedderburn tank identified a roof sheet on the ground in the tank compound. Access to the tank roof could not be undertaken until the following day, as a cherrypicker was required. During discussions with DH, it was agreed to issue a precautionary 'Boil Water Notice', as we were unable to confirm if the drinking water had been potentially contaminated. Social media was used to advise Wedderburn customers of the advisory, followed by a town doorknock the next day, with information given directly to customers or notices were left at properties, if the customer was not home. An information table was established outside the local supermarket as another mechanism of informing customers.

When the tank roof was accessed the following day, it was identified that there was another loose roof panel, which was mended at the same time as the other roof sheet was replaced. The roof was also investigated for any other issues.

Water sampling was undertaken in the morning, and again in the afternoon, from both the tank and around the town. All results were within the ADWG guideline values, which enabled the 'Boil Water Notice' to be removed later that day. The DH was continually updated with information throughout the event. A Section 22 notification was completed and forwarded to DH.

Echuca Water Treatment Plant (WTP) pumps water to a high-level storage tank in Echuca, as required, to supply the Echuca network. In February 2022, a power flicker disabled the automatic starting of the pumps to supply the high-level storage. While the issues were being rectified, the supply to the section of Echuca supplied by this storage tank was impacted by low pressure. Positive pressure was maintained during this time, but as the pressure was lower than normal, it triggered numerous customer contacts. The DH were advised of the event and a Section 22 notification was completed.

WATER QUALITY

The table to the right 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 2021/22 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 2021/22.

WATER SAMPLING LOCALITY	SAFE DRINKING WATER REGULATIONS 2015			
	<i>E. coli</i> (\leq 1 Orgs/100 mL)	Total Trihalomethanes (\leq 0.25 mg/L)	Turbidity (\leq 5 NTU)	Other Parameters ¹
Axedale	✓	✓	✓	✓
Bealiba	✓	✓	✓	✓
Bendigo (Northern)	✓	✓	✓	✓
Bendigo (Southern)	✓	✓	✓	✓
Bendigo (Spring Gully)	✓	✓	✓	✓
Big Hill	✓	✓	✓	X ²
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	✓	✓	✓	✓

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 Chlorine exceeded the health-based guideline value (i.e. 5.0 mg/L) specified in the ADWG for a sample collected from the Belvoir Park tank, which is part of the Big Hill sampling locality, supplied from Bendigo water supply system in April 2022.

WATER TREATMENT

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	✓	✓	m	✓	✓	✓	✓		✓	✓		✓	✓	✓	✓
	Big Hill															
	Epsom - Huntly															
	Junortoun															
	Maiden Gully - Marong															
Strathfieldsaye																
Boort	Boort	✓	✓	✓		✓	✓	✓	✓	p		✓	✓			
Bridgewater	Bridgewater - Inglewood	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓		
Castlemaine	Castlemaine															
	Fryerstown															
	Guildford															
	Harcourt	✓	✓	m	✓	✓	✓	✓		✓	✓		✓	✓	✓	✓
	Maldon															
	Newstead															
Taradale - Elphinstone																
Cohuna	Cohuna	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓		✓	
Echuca	Echuca	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓		✓	
Elmore	Elmore					✓	✓				✓	✓				
Goornong	Goornong	✓	✓	✓	✓	✓	✓	✓		✓		✓	✓			
Gunbower	Gunbower	✓ ¹	✓	m	✓	✓	✓	✓		✓	✓	✓	✓			
Heathcote	Heathcote	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓		
	Tooborac															
Korong Vale	Korong Vale	✓	✓	✓	✓	✓	✓	✓	✓	p		✓	✓	✓		
	Wedderburn															
Kyneton	Kyneton															
	Malmsbury	✓	✓	m	✓	✓	✓	✓		✓	✓		✓	✓		✓
	Tylden															
Laanecoorie	Bealiba															
	Dunolly	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓		
	Laanecoorie															
	Tarnagulla															
Leitchville	Leitchville	✓	✓	m	✓	✓	✓	✓		✓	✓	✓	✓			
Lockington	Lockington	✓	✓	✓	✓	✓	✓	✓	p	p		✓	✓			
Pyramid Hill	Pyramid Hill	✓	✓	✓	✓	✓	✓	✓	✓	p		✓	✓			
Rochester	Rochester	✓	✓	m	✓	✓	✓	✓		✓		✓	✓			
Serpentine	Serpentine	✓	✓	✓	✓	✓	✓	✓	✓			✓	✓			
Trentham	Trentham			m	✓		✓	✓		✓			✓			

Legend: p = periodic, as required, m = membrane filtration

1. Magnetic Ion Exchange (MIEX) is used as required to remove organics/colour from the water.

PER CAPITA DAILY RESIDENTIAL DRINKING WATER CONSUMPTION

We provided drinking water to a population of around 175,411*. The total consumption of water was 20,244 megalitres across this population of our region which averages out to 316.2 litres per person, per day.

* The population estimate is based on latest Census data (2021) for each town.

RECYCLED WATER AND CUSTOMER USAGE

In 2021/22 Coliban Water supplied 51 megalitres of recycled water to residential customers and 301 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.

SUPPLY SYSTEM	RECYCLED WATER					
	Connections			Usage (ML)		
	Residential	Non-Residential	Total	Residential	Non-Residential	Total
Bendigo *	1,012	31	1,043	51	301	352

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

AVERAGE RESIDENTIAL BILL

Average household water consumption in 2021/22 was 191 kilolitres. Based on this, the average homeowner's bill was \$1,338.83 (tenant \$428.51). Based on 200 kilolitres consumption, the average homeowner's bill would have been \$1,359.02 (tenant \$448.70).

A total of 4,616 customers were on instalment plans as at 30 June 2022.

NON-REVENUE WATER

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 2021/22 was calculated to be 2,947 megalitres (12.7%).

This compares favourably to our customer outcome target of 15%. The Essential Services Commission target of less than or equal to 15% non-revenue water was achieved.

* Rounded numbers

NON-REVENUE WATER

WATER SUPPLY SYSTEM	TREATED WATER (MEGALITRES)		NON-REVENUE WATER (MEGALITRES)
	Supplied	Usage	
Campaspe	68	45	23
Coliban Northern	13,757	12,309	1,448
Coliban Southern	3,420	2,903	518
Goulburn	957	735	222
Elmore	107	100	7
Trentham	124	91	33
Loddon	308	235	72
Murray	4,206	3,720	486
Wimmera	244	107	137
Total	23,191	20,244	2,947

MAJOR NON-RESIDENTIAL CUSTOMERS

- Hazeldenes Chicken Farm Pty Ltd
- N & C Enterprise Pty Ltd
- Kagome Foods Australia Pty Ltd
- Hardwicks Meatworks Pty Ltd
- Lactalis Australia Pty Ltd - Bendigo
- Lactalis Australia Pty Ltd - Echuca
- Simplot Australia (Properties) Pty Ltd

Coliban Water has been working with the top 50 non-residential customers to identify leaks. The objective of this initiative is to decrease not only water loss but also cost to businesses in the region. Coliban Water has been able to achieve this with the rollout of the digital metering project across the region.

MAJOR NON-RESIDENTIAL WATER USERS

VOLUMETRIC RANGE – MEGALITRES (ML) PER YEAR	NO. CUSTOMERS
Equal to or greater than 100ML and less than 200ML	4
Equal to or greater than 200ML and less than 300ML	0
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

Wastewater System

WATER RECLAMATION – SEWAGE INFLUENT AND TREATED EFFLUENT VOLUMES

We provide wastewater services to 73,101 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 2021/22.

TOWN	SEWAGE INFLUENT (ML)	TOTAL EFFLUENT DISCHARGED (ML)	EFFLUENT DISCHARGED TO W'WAYS (ML)	EFFLUENT DISCHARGED FOR REUSE (ML)
Axedale	19.1	12	N/A	12.0
Bendigo	8,628.7	7,124.6	5,944.8	1,179.8
Boort	77.7	33.1	N/A	33.1
Bridgewater	33.6	0	N/A	0
Castlemaine	1,205.2	1,414.3	1,341.7	72.6
Cohuna	222.5	0	N/A	0
Dunolly	33.1	14.6	N/A	14.6
Echuca	1,808.80	946.07	N/A	946.07
Elmore	45.8	0	N/A	0
Gunbower	76.4	15	N/A	15
Heathcote	123.5	72.7	N/A	72.7
Kyneton	1,064.5	884.1	611.5	272.6
Lockington	22.9	0	N/A	0
Pyramid Hill	52.5	10	N/A	10
Rochester	247.48	0	N/A	0
Wedderburn	36.7	25	N/A	25
Total	13,698.48	10,551.47	7,898	2,653.47

During 2021/22 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. During this period, the mean daily volume of treated water discharged to Bendigo Creek exceeded the 16ML/day allowable under the EPA licence by 0.54ML per day. Coliban Water has reported this non-compliance to the EPA.

During 2021/22, treated water produced at the New Moon GWTP was released into Bendigo Creek in accordance with our amended EPA Licence. Treated Water in accordance with Coliban Water's EPA Discharge License conditions was sent from the New Moon GWTP to the Epsom WRP for discharge to Bendigo Creek between July 2021 and October 2021. Between October 2021 and June 2022 treated water was sent from the New Moon Groundwater Treatment Plant (GWTP) to the Woodvale Evaporation Pond Complex.

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

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

- Commencement of construction of a recycled water pipeline in Kyneton to a new customer north of the Kyneton Water Reclamation Plant.
- Renewal of multiple mixers to improve the Biological Nutrient Removal (BNR) process at Bendigo Water Reclamation Plant (WRP).
- Refurbishment of the Bendigo WRP centrifuge bowl and rotating assembly.
- Replacement of the return activated sludge (RAS) flow meters at Bendigo WRP.
- Installation of new Ultrafiltration (UF) membranes at Rochester WRP.
- Installation of odour filter media unit at Castlemaine WRP.
- Renewal of Demand Aeration Tank (DAT) RAS pumps and associated pipework at Castlemaine WRP.
- Installation of a strainer basket at Wedderburn WRP.
- Upgrades to the effluent pump station switchboard at Heathcote WRP.
- Major infrastructure upgrades to the Axedale WRP irrigation system.
- Instrument renewals at multiple sites to ensure accurate measurements.

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. Overall, excellent service performance has been maintained. With 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 4,500 sewer mains, equating to roughly 230 kilometres of sewer, including 70 kilometres of sewer mains adjacent to creeks and waterways.
- Closed Circuit Television (CCTV) condition assessment of around 3,000 poor performing sewer mains, equating to roughly 120 kilometres of sewer.
- Inspections of approximately 1,000 sewer maintenance holes.
- Undertaking relining works on poor performing sewer mains, as discussed further below.

SERVICE STANDARD/ACTUAL

	SERVICE STANDARD	ACTUAL
Sewer blockages (per 100 kilometres)	39.96	20.68
Average time to attend sewer spills and blockages (minutes)	30	26.69
Average time to rectify a sewer blockage (minutes)	80	68.44
Spills contained within 5 hours (%)	99%	100%
Customer receiving more than 3 sewer blockages in the year (number)	2	1

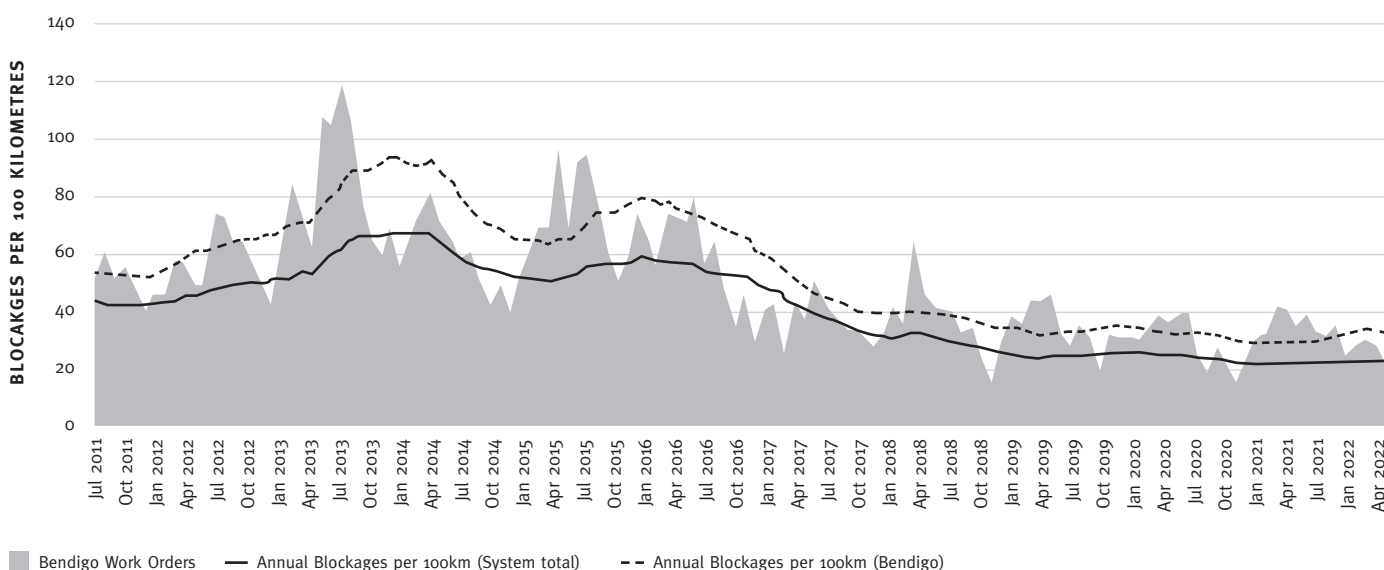
SEWER BLOCKAGES

Blockage rates typically follow a seasonal trend, lowering over summer and peaking during winter. During 2021/22 there were 502 blockages. The continuation of record low blockage rates is due to the optimisation of our gravity sewer preventative maintenance program, which includes sewer cleaning, condition assessment and maintenance hole inspections.

SEWER MAIN RENEWAL

Our program for sewer main condition assessment and renewal has continued this year, which is prioritised based on criticality (risk), age and structural condition. This year we renewed a total of 155 sewer main sections, which is equivalent to 8,537 metres of sewer main.

BLOCKAGE RATE CHART (BLOCKAGES PER 100 KILOMETRES)

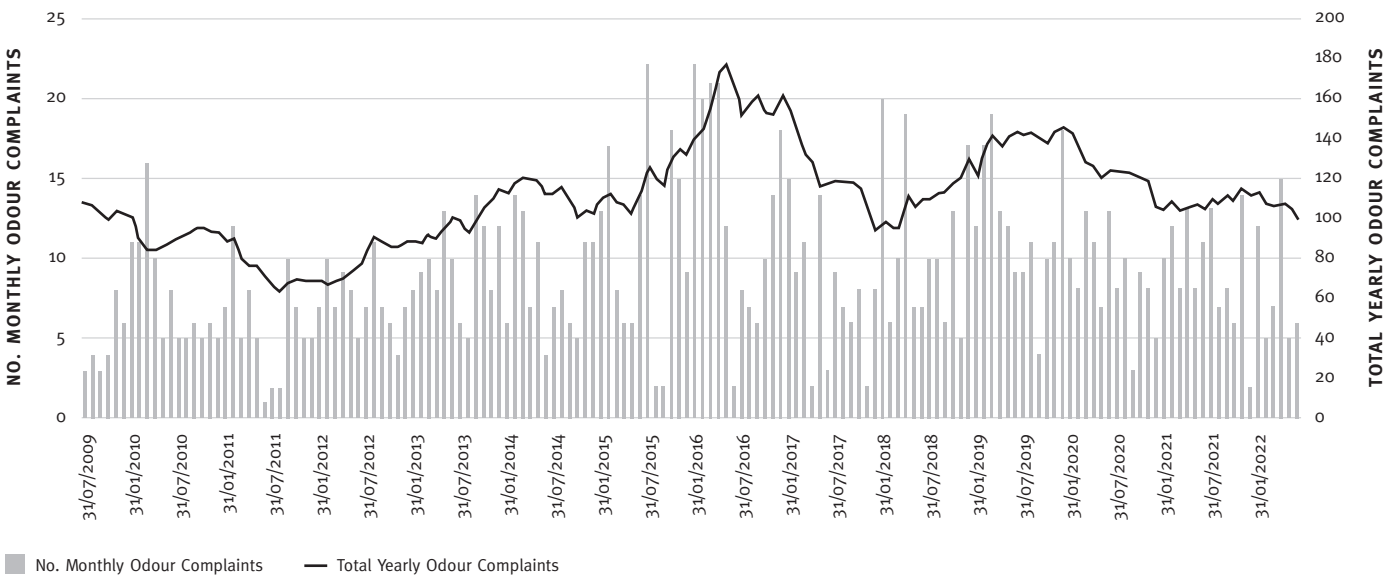


ODOUR MANAGEMENT

In 2021/22, 100 odour complaints were received. These complaints related to the following:

- 24% with a Coliban Water asset
- 4% sewer pump stations and rising mains
- 9% gravity sewer reticulation (non-blockage)
- 3% gravity sewer reticulation (blockage)
- 1% gravity sewer reticulation (preventative maintenance)
- 0% water reclamation plants (WRPs)
- 7% were due to other causes
- 76% were non-Coliban Water assets (such as private plumbing and storm water)

COLIBAN WATER ODOUR COMPLAINTS



TRADE WASTE

In 2021/22 Coliban Water reviewed Trade Waste pricing principles and classification systems in preparation for the upcoming Price Submission 2023 to the Essential Services Commission (ESC). 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 wastewater flows and quality of 14 major trade waste customers under Trade Waste Agreements. We have also engaged with various major Trade Waste customers to improve discharge water quality, reducing risk to downstream assets and improving customer outcomes.

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 2021/22 we have also:

- Replaced air valves on a number of rising mains in the Eaglehawk, Kyneton and Castlemaine regions.
- Undertaken maintenance on odour control units across the region.
- Installed two new odour treatment units.
- Undertaken a maintenance hole inspection program in Bendigo.

INFLOW AND INFILTRATION STRATEGY IMPLEMENTATION

The entry of stormwater and groundwater into the sewer systems is known as inflow and infiltration. The performance of our sewerage network and WRPs is impacted by these additional flows. During 2021/22 we have:

- Undertaken maintenance and repairs of flow monitoring stations in Bendigo and Kyneton sewer network.
- Undertaken sewer maintenance hole inspections and repairs in Kyneton.

People and Development

WORKING AT COLIBAN WATER

Our culture

Culture drives organisational performance and success. Coliban Water is focussed on a culture of *Earn the customer, Own the risk and act*. This underpins our ability to deliver high quality services across our region. Together with our culture of Earn, Own, Act, we are committed to upholding the Victorian Public Sector values of responsiveness, integrity, impartiality, accountability, respect, leadership and human rights. Upholding these values strengthens our capacity to operate as an effective public sector organisation and to achieve our vision.

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 currently have 7%* of our workforce not born in Australia and 4%* who speak languages other than English at home. Our workforce demographics for women has risen slightly to 43% of the employees for this year with the Coliban Water Executive Leadership Team consisting of seven employees, four women and three men. We have women representing 40% of the Senior Leadership Team and are working towards achieving gender balance through the implementation of our Gender Equity Action Plan.

We have continued our focus on building a diverse and inclusive workforce. In 2021/22, we offered a range of flexible work practices to help with the work-life balance of our people. Purchasing of extra leave, working from home, part-time employment and flexible start and finish times were some of the practices the organisation facilitated to help work towards being an inclusive employer.

Coliban Water continued to participate as part of the Greater Bendigo Coalition for Gender Equality that works collectively to advance gender equity and the prevention of violence against women. We have supported the employment of local Aboriginal peoples through our Rural team partnering with Djaara to undertake fire management and by working together with secondary schools and TAFE as the host employer for a local Aboriginal student who is completing a school-based traineeship.

*data based on demographics collected via the 2021 People Matter Survey.

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 activities. One focus this year has been on the commencement of an Emerging Leaders Program aimed at building the leadership capability of current and future managers. The development of employee skill and competence has also been achieved in a range of key areas including water operations, dam safety, cyber security and customer and community engagement.

We have continued our focus on cultural competence. To support staff returning to the workplace after significant periods working from home, a suite of programs was offered to help equip management and staff with knowledge and skills about managing flexible work arrangements, working in a hybrid workplace and how to prepare for a successful return to the workplace. 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.

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 participated in the Tomorrow Bound Careers Expo that provided the opportunity to connect with secondary students across the Bendigo region and highlight the many careers they could pursue at Coliban Water. We also 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 firsthand. Through the School Based Apprenticeship and Traineeship (SBAT) program, we are currently hosting a traineeship being undertaken by a local secondary school student. 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 students have studied and worked in engineering and information technology. These programs provided opportunities for students and new graduates to build their skills and knowledge whilst gaining valuable work experience.

	ALL EMPLOYEES		ONGOING			FIXED TERM AND CASUAL		ALL EMPLOYEES		ONGOING			FIXED TERM AND CASUAL		
	Head-count	FTE	Full Time Headcount	Part Time Headcount	FTE	Head-count	FTE	Head-count	FTE	Full Time Headcount	Part Time Headcount	FTE	Head-count	FTE	
DEMOGRAPHIC DATA	Gender														
	Female	89	84	62	12	74	10	10	84	78	63	16	74	5	4
	Male	119	117	109	4	113	4	4	115	114	104	4	107	7	7
	Self-described	n	n	n	n	n	n	n	n	n	n	n	n	n	n
	Age														
	15-24	3	3	3	0	3	0	0	6	6	5	0	5	1	1
	25-34	43	42	38	3	41	1	1	40	38	34	3	36	3	3
	35-44	58	56	47	6	53	3	3	55	53	46	6	50	3	3
45-54	66	64	53	4	57	7	7	63	61	52	7	57	4	3	
55-64	33	32	27	3	30	2	2	31	30	27	3	29	1	1	
65+	5	5	3	1	4	1	1	4	4	3	1	4	0	0	
CLASSIFICATION DATA	Classification(ii)														
	Band 1	14	14	13	0	13	1	1	12	12	11	0	11	1	1
	Band 2	36	34	25	4	29	5	5	38	36	29	7	34	2	2
	Band 3	40	39	34	5	39	0	0	45	42	33	8	38	4	4
	Band 4	60	58	50	4	54	4	4	54	53	48	3	50	3	3
	Band 5	29	28	26	2	28	0	0	25	24	23	2	24	0	0
	Band 6	8	8	6	1	7	1	1	18	18	16	0	16	2	2
	Band 7	14	14	11	1	12	2	2	n	n	n	n	n	n	n
	Executives(iii)														
Executives	7	7	6	0	6	1	1	7	7	7	0	7	0	0	
Total employees		208	201	171	16	187	14	14	199	192	167	20	181	12	11

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 7 under the *Coliban Water Enterprise Agreement 2021*

(iii) Executives refers to a person employed under a Victorian Public Entity Executive Remuneration contract and are classified as ongoing employees.

(iv) Excluded are those on leave without pay.

SALARY ANALYSIS

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

SALARY RANGES	SENIOR EMPLOYEES	EXECUTIVES
\$170,000 - \$189,999	6 [^]	0
\$190,000 - \$209,999	9	1
\$210,000 - \$229,999	0	5
\$230,000 - \$249,999	0	0
\$250,000 - \$269,999	0	0
\$270,000 - \$289,999	0	0
\$290,000 - \$309,999	0	0
\$310,000 - 329,999	0	1

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

The Senior employees and Executives included in the above table have annualised total salaries above the VPS Band 6 max as at 30 June 2022 of \$170,579.

[^] All senior employees reported in this salary range are reported in the Classification Band 6 or 7 of the Workforce Statistics

EMPLOYEE RELATIONS

During 2021/22 management, staff and the unions successfully negotiated a new Enterprise Agreement that commenced operation in February 2022. The *Coliban Water Enterprise Agreement 2021* is a four year agreement that provides the employment conditions for most Coliban Water employees. There was no time lost due to industrial issues or disputes during the year.

MAJOR CHANGES

In April 2022 we undertook a realignment of our Executive Leadership Team to enable the delivery of Coliban Water's Strategy 2030. The realignment at the Executive level was implemented to change the way the organisation operates and enable the successful navigation of future challenges such as climate change, population growth and changes to the needs of our customers and communities.

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	2021/22	2020/21
Total training hours	5,268	3,857
Total training investment	\$586,756	\$430,717

ATTRACTION AND RETENTION

We have adopted the Victorian Public Sector employment principles of:

Fair and reasonable treatment

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

These principles underpin our human resources policies and practice.

Employers must ensure that:

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

Employees must:

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

We continue to actively promote our commitment to diversity and inclusion as part of our recruitment process and encourage people from a diverse range of backgrounds to apply. 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

Coliban Water holds an Operations and Maintenance Services Contract with Service Stream (formally Lendlease Services) which was extended for a final five-year term, beginning 1 July 2022. The scope of this contract includes operations and maintenance of water and wastewater assets in our region, excluding water treatment at Bendigo, Castlemaine and Kyneton, and wastewater treatment at Echuca and Rochester.

We also manage two public private partnerships:

- **Aqua 2000**
— **Bendigo Water Services Pty Ltd (BWS)**
BWS is owned by Veolia Water Australia. The company owns and operates water treatment plants for Bendigo, Castlemaine and Kyneton areas under a 25 year Build Own Operate Transfer (BOOT) contract that started in June 2002.
- **Campaspe Water Reclamation Scheme**
— **ETE Coliban Pty Ltd (ETEC)**
ETEC is owned by Pentair Water Operations Australia Pty Ltd. The company owns and operates the Echuca and Rochester Water Reclamation Plants under a 25 year BOOT contract that commenced in September 2004.

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

Environment and Sustainability

Our Environment and Sustainability Policy sets the tone for our organisation in regards to environmental stewardship and genuine Traditional Owner acknowledgement and engagement.

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We aspire to achieve environmental improvements and positive outcomes as a result of our operations. The certified Environmental Management System provides the framework for environmental risk management and fulfilment of Coliban Water's general environmental duty.

We are building our capacity to mitigate and manage climate change, including progression towards our target of net zero carbon in 2030.

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 (DH), North Central Catchment Management Authority (North Central CMA), Goulburn-Murray Water (G-MW), Parks Victoria, Traditional Owners, regional sustainability groups and the nine local government areas covering our region.

Key initiatives for the year included:

- Development of our Climate Change Strategy, combining the Climate Change Adaptation Plan and Energy and Carbon Management Strategy
- Preparation of our Urban Water Strategy 2022

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SUSTAINABLE WATER USE

Last year, we continued to implement actions in our Urban Water Strategy 2017. We implemented programs to reduce demand including leak detection, water mains replacement, water use efficiency at water treatment plants and digital metering. We progressed investigations to source additional groundwater supplies at Trentham and Kyneton and purchased additional water shares in the Murray System.

We continued 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 have also commenced investigations to modernise our aging and inefficient rural system.

Our Urban Water Strategy 2022 has recently been approved by DELWP following extensive consultation with our customers and stakeholders. It identifies the best mix of actions to provide water services in our towns and cities now and into the future.

It aims to support the development of resilient and liveable communities and balance social, environmental and economic costs and benefits for proposed actions. It considers all elements of the water cycle from where our raw water comes from, through to how it is treated and supplied to customers and then how we receive, treat and reuse wastewater from our various water reclamation plants throughout our region.

This Strategy aims to ensure a secure water future for each of the systems in our region as well as to provide more information to customers around how our water systems operate and some of the challenges we are likely to face over the next 50 years. This is done while considering a range of factors such as population growth, changes in climate and expected usage demands of our customers and communities.

We sought input from the community and our key partners to understand the values each of us place on water in our region. These values and ideas have been incorporated into this Urban Water Strategy 2022 and help to shape our proposed actions and recommendations.

The Strategy is adaptive in nature, with a revision undertaken every five years to provide our customers and communities an opportunity for renewed feedback on what we have planned. It also allows us to consider any additional information that we received from our key partners, including changes in legislation, updated council growth plans and updates on predicted future climate conditions. Each year we also release our Annual Water Outlook that provides information on our water security position as well as how we are tracking against priority actions highlighted within this strategy.

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SUSTAINABLE AND RESILIENT WATER SERVICES SYSTEMS

Coliban Water has completed 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 2022, 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, providing an important basis for future planned works including our Price 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 17 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 support the Coliban Integrated Water Forum.

The Coliban Integrated Water Forum involves representatives from all nine councils, Djaara, Yorta Yorta Nations Aboriginal Corporation, Taungurung Land and Waters Council, North Central CMA, local DELWP, Victorian Planning Authority, Goulburn-Murray Water and Grampians Wimmera Mallee Water. The forum has an independent chair, Jenny Dawson, who is an experienced Audit Committee Chair with experience in financial services, regional development and government sector.

The Coliban Strategic Directions Statement 2018 identified fifteen opportunities to deliver on integrated water objectives. Some of these opportunities have now been realised.

This includes development of a business case for Lake Eppalock Hydroelectricity Project which considers an environmental release from Malmsbury Reservoir to enhance cultural and environmental benefits in the Coliban River while also utilising releases from Lake Eppalock via a hydroelectric scheme to support pumping to Bendigo.

A decision support tool was also developed to provide guidance to water corporations on the viability of managed aquifer recharge within integrated water management. The tool was applied as a case study in the lower Campaspe Valley which concluded that managed aquifer recharge is a technically viable means of improving Bendigo's water security during drought events.

More recently, the Coliban Integrated Water Forum has been revising the Strategic Directions Statement, identifying further opportunities to work together to create water cycle outcomes that support the future health and resilience of our environment and communities.

At Coliban Water, integrated water planning is considered through our planning strategies for each town.

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, endorsed in 2021, focuses on environmental stewardship. Our Climate Change Strategy was released in March 2022 and guides our response to climate change and increasing resilience across the business. Climate change has touchpoints across the whole business and is therefore a key to our sustainable future.

BIODIVERSITY

We recognise our dependence on biodiversity, the life forms we rely on for resources and ecosystem services. Our actions impact on biodiversity both positively and negatively.

We recognise the need to minimise our negative impacts on biodiversity and actively contribute to the implementation of Victoria's Biodiversity Strategy, Protecting Victoria's Environment – Biodiversity 2037, through 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 new infrastructure and our operational activities.
- Assisting planning for land management and asset maintenance by developing spatial data layers for biodiversity values.
- Working 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 manage threats to biodiversity and enhance biodiversity values while achieving operational outcomes. Weed control and native plant revegetation has significantly lowered fire risk at our southern storages.

Many of our sites support threatened native species and ecological communities, with 26 threatened flora and 31 threatened fauna species recorded on our land. Of these, two thirds are either endangered or critically endangered.

We monitor populations of the federally listed Growling Grass Frog at Bendigo Water Reclamation Plant (WRP) and Eltham Copper Butterfly at Spring Gully Reservoir and Big Hill annually. Healthy numbers of breeding Brush-tailed Phascogales were observed in nest boxes at Spring Gully Reservoir this year. The Bendigo WRP continues to attract birdwatchers in the region.

CLIMATE CHANGE ADAPTATION

A Climate Change Strategy was adopted by the business in March 2022, incorporating both adaptation and mitigation elements. In response to the climate forecasts, Coliban Water undertook a comprehensive Climate Change Risk Assessment in 2019, which was reviewed and updated in February 2021. In February 2022, the risk assessment was brought into alignment with the Corporate Risk Framework. The Risk Assessment adopts RCP8.5 which is the worst-case scenario. A total of 55 Climate Change Adaptation Risks were identified across the business:

- 12 Immediate Priority Risks
- 15 Medium Term Priority Risks (2030)
- 24 Long Term Priority Risks (2060)
- 31 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 following actions were delivered to address the immediate priority risks:

- Development of a Bushfire Management Strategy
- Completion of the Urban Water Strategy 2022
- Developing future projects to address the impacts of climate change through the Price Submission 2023 process
- Promote Coliban Water's 'Smart Gardens for a Dry Climate' booklet
- Commence the analysis of data from permanent network flow monitoring and the Digital Metering Program

LAND AND CATCHMENT MANAGEMENT

Our catchments and operational areas are closely managed to ensure we monitor our land for fire and tree hazards and manage our pest plant obligations, whilst also protecting water quality in our storages. We also work to enhance river health and support biodiversity across our lands and catchments. As part of our pest plant management programs, we continued to manage land around the Malmsbury, Lauriston and Upper Coliban Reservoirs, as well as along our rural channel network and around our minor storages. This program focusses on invasive terrestrial weeds, such as gorse, Patterson's Curse and blackberries, that impact on adjoining landowners and natural environments. The program also controls aquatic weeds, such as nut-grass and umbrella sedge, on earthen channels, which can restrict flows to our customers. Through our fire hazard management programs, we take a proactive approach to reducing fuel loads to minimise risks to adjacent landowners' high value assets, as well as public areas. We continue to 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, which was 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 in the Catchment Partnership Forum, providing us with representation on the steering committee for the renewal of the North Central Regional Catchment Strategy (RCS), which was approved in early 2022.

The Memorandum of Understanding (MoU) between Coliban Water and the North Central CMA was reviewed in 2019, and an updated 2021/22 Action Plan, which 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 the collaborative work undertaken under the MoU, North Central CMA has continued work under the monitoring and maintenance phase of the Kyneton Offsets Project. This includes pest plant management of revegetated sites and replanting of revegetation to ensure an 80% survival rate for planted vegetation. These works are re-establishing riparian zones and will prevent nutrients and pathogens from entering the waterway where the works were undertaken.

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 the 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 fourth 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.

As was the case during the previous year, COVID-19-related issues continued to impact the delivery of on-ground works, including the unavailability of Loddon Prison work crews. Other contractors were engaged in storm damage repairs, post the June 2019 storm event, so were unavailable to undertake on-grounds for this project.

Weed control works were delayed by the loss of a significant contractor due to COVID-19, which also delayed associated revegetation works.

Whilst the delivery of on-ground works was delayed, interest in the program is still strong. North Central CMA's Project Manager and Catchment Restoration Officer are currently working through a backlog of approximately 50 landholders who wish to participate in the program.

Branded farm gate signage has been produced for distribution to program participants across the Upper Coliban catchment. These are being distributed by North Central CMA's Catchment Restoration Officer.

The table below summarises both the 2021/22 outputs, and the four-year outputs for the AHCC program.

2021/22 AND OVERALL OUTPUTS FOR THE AHCC PROGRAM

ACTIVITY	UNITS	2021/22 OUTPUTS	TOTAL OUTPUTS
Fence Installed	Kilometres (km)	6	30.3
Weed Control	Hectares (Ha)	38	277.8
Grazing Management Change	Hectares (Ha)	2.1	90.1
Native Vegetation Established	Hectares (Ha)	33.9	99.5
Off Stream Watering	Off Stream Watering Points (OSWP)	9	69
Workshops	No. Participants	112	131
Field Days	No. Participants	43	93
Training Events	No. Participants	28	53

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) – clauses saved in the *Environment Protection Transitional Regulations 2021*

The clauses and obligations 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, operation of the

New Moon Groundwater Treatment Plant and sewer system upgrades and maintenance, continue to reduce nutrient and other contaminants entering local waterways. These works ensure we are actively contributing to the improvement of environmental assets with our communities. In addition, Coliban Water have continued to fund extensive waterway health assessment sampling and analysis in the Upper Campaspe River. Other assessments of our operational activities include the undertaking of Environmental Risk Assessments of treated water discharges and hydrogeological assessments to review risks to groundwater.

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, DH and DELWP. We provide input to the ODWSC, which includes actions such as the updating of the Code of Practice for onsite wastewater management and model domestic wastewater management planning.

ENVIRONMENT PROTECTION AUTHORITY (EPA) AMALGAMATED LICENCE AND COMPLIANCE

There are 16 water reclamation plants (WRP) within our region. Twelve sites operated under the EPA Amalgamated Licence 74405 during 2021/22 are ready to transition to operating licences under the EPA’s new permission framework. 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 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.

During 2021/22, licence compliance was achieved at nine WRPs and the ground water treatment plant, with four non-compliances being recorded in relation to the Epsom WRP, Cohuna WRP, and Heathcote WRP. A summary of these non-compliances is provided in the table below.

LOCATION	DATE	DESCRIPTION	ACTIONS
Bendigo WRP	1/07/2021 to 30/06/2022	Mean daily flow to Bendigo Creek exceeded Licence requirement of 16ML/day	Bendigo WRP solids treatment project will assist management of treated water volumes including availability of increased production at Recycled Water Factory.
Bendigo WRP	17/09/2021	Recycled water discharge beyond premises boundaries	Completed refurbishment of section of irrigation channel.
Bendigo WRP	1/11/2021	Emission of offensive odours	Bendigo WRP solids treatment project will decrease odour generation and increase odour management.
Cohuna WRP	1/07/2021 to 30/06/2022	Lagoon seepage most likely causing groundwater mounding resulting in impacts to neighbouring land	Project planning for solution. Prioritisation in Price Submission 2023 development.
Heathcote WRP	18/08/2021	Emission of offensive odours	Increased aeration and resetting of aeration controls.

ENERGY AND CARBON MANAGEMENT

The implementation of our Climate Change Strategy has been a key strategic focus for Coliban Water in 2021/22. The Strategy is implemented through an Annual Climate Change Action Plan that sets 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.

We became founding partners in the Greater Bendigo Climate Collaboration in 2021/22, an initiative bringing together local government, business, schools and community to achieve a goal of zero carbon for the region.

PERFORMANCE INDICATOR	GREENHOUSE GAS EMISSIONS (T-CO ₂ -E)				VARIANCE (%)	COMMENTARY (INTERIM TARGETS ARE RELATED TO THE BASELINE)
	2020/21	2021/22 RESULT				
		Scope 1 Emissions	Scope 2 Emissions	Total Emissions		
Water Treatment and Supply	4,406.2	0	4,790	4,790.4	8.7	The Goldfields Superpipe did not operate in 2020/21. However, there was an increase in raw water transfer across the region
Sewerage Treatment and Management	21,348.0	1,822	19,117	20,938.8	-1.9	
Transport	900.6	887	0	887.0	-1.5	
Other	428.0	0	437	437.2	2.1	
Total Emissions	27,083	2,709	24,345	27,053	-0.1	

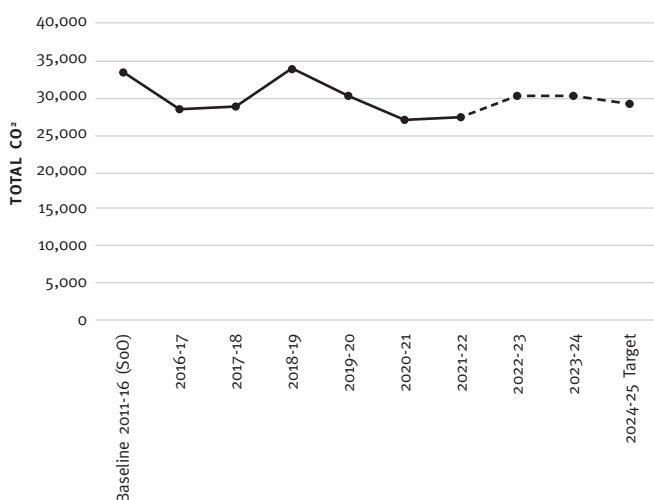
STATEMENT OF OBLIGATIONS (EMISSIONS REDUCTION)

We will reduce our carbon emissions by 13% to our pledged target of 29,304 tonnes CO₂-e in 2024/25, against the baseline of 33,604 tonnes CO₂-e. Our greenhouse emissions have remained below our 2024/25 target in 2021/22 due to the reduced operation of the Goldfields Superpipe.

We have committed to net zero carbon emissions by 2030, a Board endorsed position which was included in the updated Statement of Obligations (Emissions Reduction). In addition to this target, we will use 100% renewable electricity from 2025 onwards, accounting for 90% of our emissions.

GREENHOUSE GAS EMISSIONS (TONNES CO₂-E)

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 (PPA) with Total Eren's Kiamal Solar Farm. This project will enable us to generate cost neutral carbon offsets to cover between 15 to 20% of our electricity emissions over the contract life. The solar farm commenced generating in 2020/21.

We continue to be responsive to community energy security needs, participating in the Frequency Control Ancillary Services Program to assist with grid stabilisation. To increase energy understanding across our asset base, we continue to participate in a number of industry-wide climate mitigation projects. 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

TOTAL ELECTRICITY USE	(MWH)		COMMENTARY
	2020-21 Result	2021-22 Result	
Water Treatment and Supply	4,496.2	4,990.0	The Goldfields Superpipe had reduced operations during 2021/22. However, other raw water transfer pump stations have increased.
Sewerage Treatment and Management	19,973.5	19,913.8	
Other (office, workshops, depots etc)	436.7	455.4	
Total	24,906.3	25,359.2	

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. In 2021/22, we entered into a Provision of Service Contract for Solar PV installations to commence an ongoing program of renewable projects, with construction commencing in 2022/23.

	2020-21 Renewable Electricity Consumption (MWh)	2021-22 Renewable Electricity Consumption (MWh)	2021-22 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 large-scale Renewable Energy Target (LRET)				
Total Grid-sourced: Mandatory	4,713.5	4,714.3	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 onsite. In June 2021, a further 40kW was installed on Superpipe pumpstations.
2. Hydro-electric	0	0	0	
3. Wind Power	0	0	0	
4. Biogas	0	0	0	
5. Green-power	0	0	0	
6. Other	0	0	0	
Total	65.34	65	0.26%	

CORPORATE WATER CONSUMPTION

At our Bendigo head offices, we consumed 2.4 kilolitres per year per full-time equivalent (FTE) staff member.

Total water consumption for 2021/22 for 30 Bridge Street and 37-45 Bridge Street Bendigo was 483 kilolitres.

HEAD OFFICE WATER CONSUMPTION	2021/22	2020/21	2019/20
Total water consumption (kilolitres)	483	862	988
Full-time equivalent (FTE) staff	203	192	195
Volume per FTE (kilolitres)	2.4	4.5	5.1

Social Sustainability

MANAGEMENT OF SOCIAL AND ECONOMIC IMPACTS

Our Coliban Assist Program was developed to identify and assist customers experiencing financial vulnerability. This year we have continued engagement with both regional and industry experts to help identify and develop a financial support model to assist vulnerable customers.

We provide support to customers experiencing hardship and vulnerability through a dedicated customer care team who focus on solutions that cater to individual circumstances and allow for individual case management.

The COVID-19 pandemic restricted our ability for customer visits in the first six months of the year, however this did

not hamper our efforts to provide assistance to some 2,000 customers over the course of the 12 months, through payment plans and extensions, Community Rebate Program, Utility Relief Grants and Coliban Assist Program.

Working with our customers, we were able to facilitate approximately 807 applications for Utility Relief Grants providing a little over \$323,000 in support payments to customer accounts and a further \$120,000 in payments through the Coliban Assist Program.

COMMUNITY REBATE PROGRAM AND SERVICE OBLIGATIONS

Since 2017/18, we've had 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. The program aims to reduce water bills by supporting customers to be more efficient and sustainable in their consumption, through water audits and a check of plumbing fixtures for leaks and other anomalies that may be contributing to their bill. In the last year the program assisted 92 customers at a cost of \$50,000.

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. We have approximately 24,000 customers in our region who have registered their eligibility for this payment which is just over 30% of our customer base.

CONCESSION AND REBATES	2021/22	2020/21
Not for Profit Rebates	\$459,701	\$453,186
Pension Concession	\$6,347,826	\$6,312,015
Utility Relief Grants	\$323,887	\$123,923
Water Concession on Life Support Machines	\$0	\$0
Hardship Relief Grant Scheme (Coliban Assist Program)	\$119,422	\$123,225
Community Rebate Program	\$50,343.13	\$41,119

CUSTOMER AND COMMUNITY REBATES 2021/22

Customer and Community Rebates were developed in consultation with customers as part of our Price Submission 2018 to the Essential Services Commission. The 19 rebates replace the previous four Guaranteed Service Levels (GSLs). We paid 157 customer rebates and one community rebate in the last financial year.

CUSTOMER REBATES

	VALUE	INVESTIGATED	PAYABLE	TOTAL
Sewer intrusion – blown seal	\$50	28	27	\$1,350.00
Sewer intrusion – under 1 hour	\$300	3	3	\$900.00
Sewer intrusion – over 1 hour	\$1,000	6	4	\$4,000.00
Special Meter Read late	\$19.24	24	20	\$384.80
3+ sewer blockages ¹	\$100	1	1	\$100.00
4+ water outages	\$50	32	30	\$1,550.00
5+ hour water interruption ²	\$50	63	37	\$1,850.00
Correspondence >10 days	\$10	0	0	\$0.00
Planned water outage peak times	\$100	0	0	\$0.00
Rural water allocation	*	0	0	\$0.00
Customer restriction	\$300	0	0	\$0.00
Customer unrestricted >24 hours	\$300	0	0	\$0.00
Ongoing water quality issue	\$57.13	0	0	\$0.00
High priority inspection >2 days	\$250	0	0	\$0.00
High priority mains inspection >10 days	\$310.06 +41.25/lot	0	0	\$0.00
Total Customer Rebates		157	122	\$15,085.00

COMMUNITY REBATES

	VALUE	INVESTIGATED	PAYABLE	TOTAL
Large sewer spill	\$20,000	0	0	\$0.00
Poor water pressure / flowrate ³	\$5,000	0	0	\$0.00
Boil Water / do not consume Notice ⁴	\$5,000	1	1	\$5,000.00
Short-term water quality issue ⁵	\$5,000	0	0	\$0.00
Total Community Rebates		1	1	\$5,000.00

1. System outage in April 2022 resulted in 22 Special Meter Read requests not being submitted within timeframe.
 2. All incidents relate to two water mains in Castlemaine with multiple bursts and leaks during the reporting period.
 3. Three incidents in Kennington, Bendigo and on the Maldon-Newstead Pipeline resulted in 63 customers experiencing a 5+ hour water outage.
 4. Decision has been made to prioritise investment in systems with known poor pressure to address the underlying issues
 5. Boil Water Notice issued in Wedderburn November 2021.
- * Rebate amount payable to rural network customers in any year where they receive less than 100% allocation. The rebate in the applicable financial year is calculated by the difference between 100% allocation and the allocation percentage as at 1 April, multiplied by the rural Infrastructure Charge payable.

Social Procurement

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 consolidate initial support for the framework, social procurement objectives were included in employee performance development plans from 1 July 2020 through to 2022. External capability development continues to be delivered to suppliers through tender briefings and the inclusion of information and online references in our 'Request for Tender' procurement templates.

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 2021/22 we implemented internal evaluation requirements that better support Social Procurement at the direction of the Board.

ACTIVITY TO SUPPORT OUR STRATEGY 2021/22

Results against our 2021/22 Social Procurement Strategy targets are included in the 'Social Procurement Strategy Targets – Results 2021/22' table on page 53. The table, along with the objectives and case studies, describes some of the activities undertaken in 2021/22 to support our Social Procurement Strategy.

COLIBAN WATER'S PRIORITY SOCIAL AND SUSTAINABLE OBJECTIVES

In our 2021/22 Social Procurement Strategy, we identified three 'Priority social and sustainable objectives' to focus on this financial year. Each objective is described below with case studies supporting how we actioned each objective.

Whilst local social enterprises are limited, Coliban Water procured from 12 social enterprises in 2021/22, with a total spend of \$412,070.

OBJECTIVE 1. OPPORTUNITIES FOR VICTORIAN ABORIGINAL PEOPLES

Consideration of the extent to which procurement can be unbundled for delivery from Aboriginal businesses (verified by Supply nation or Kinaway), or directed to Coliban Water's Recognition Settlement Agreement (RSA) commitments and/or Reconciliation Action Plan (RAP) initiatives.

Engagements directly with social enterprises that contributed to this objective totalled \$260,214.

Coliban Water participated in the employment of Aboriginal School Based Apprenticeships/Traineeships (SBAT) program by being the host employer for one student. Coliban Water sponsored the NAIDOC events held by the Bendigo & District Aboriginal Co-operative.

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 Djandak (commercial arm of Djaara), 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 Djaara to conduct site investigations and develop Cultural Heritage Management Plans (CHMP's) to protect identified sites of significance. Other services are provided and engagements pursued where opportunities arise (refer case studies below).

CASE STUDY

Sustainable Victorian social enterprise and Aboriginal business sectors, and opportunities for Victorian Aboriginal people.

Djaara (Djandak is the commercial arm) 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 peoples and their lands and for the knowledge and culture of the Dja Dja Wurrung peoples 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.

Djandak has been involved with our Rural Services team for a number of years and the relationship continues to strengthen. Some of the special engagements for 2021/22 included:

- Undertaking channel decommissioning works on some of our closed channel systems, with the majority of works being undertaken in the Harcourt area. They have built a very good rapport with the land owners as they are timely and their work is of a high standard.
- Construction works to improve the car parking area at the Premier Mine Road on-water recreation access point for Upper Coliban Reservoir. The works involved enlarging the area available for vehicles to access, turn around and park, as well as levelling the surface, widening the entry access road and improving drainage.
- Supply and installation of interpretive signage at the new shelter, 'Mayam', constructed by Djandak, at our Upper Coliban Reservoir.

Coliban Water also seeks to understand Djaara's vision. In May 2022, our Board Directors, Executive Leadership Team and select staff participated in a Cultural Immersion Tour Day hosted by Djaara (the



Dja Dja Wurrung people). The tour took participants to a diverse range of culturally significant sites on Dja Dja Wurrung Country. Elders shared knowledge that contextualise the complexity and richness of Djaara and their historic 60,000 years+ care of Dja Dja Wurrung Djandak (Country). The tour explored vastly different ecological and environmental settings, bush medicines, gathering places and customs, and the impact of colonisation and settlement on Djaara peoples, and Dja Dja Wurrung Country. Truth telling was shared throughout the day for the group to be able to reflect and gain deeper understanding. The group visited Kooyoora to hear about the cultural significance of the site and the joint land management by Djaara and the State Government. Tang Tang Swamp near Dingee was also a stopping point to hear about the work that Djaara had undertaken to share the history of the site, protect it and show its importance to the ecosystem whilst encouraging cultural tourism with the recently installed interpretive signage. The tour concluded at the Knight Street site where Djaara has revegetated a site next to the creek for Djaara peoples to gather including practicing of crafts. During the tour, participants saw scar trees, artefacts, ecosystems, waterways, landscapes and Djaara through a culturally rich and insightful lens.

OBJECTIVE 2. OPPORTUNITIES FOR DISADVANTAGED VICTORIANS

Purchasing from Victorian social enterprises and including job readiness and sustained pathways to employment for:

- Long term unemployed people,
- Single parents and disengaged youth,
- Migrants, refugees and workers in transition.

Engagements directly with social enterprises that contributed to this objective totalled \$21,726 and included:

- Contribution for two Deakin University students to participate in the Work Integrated Learning Program.
- Peppergreen Farm (Access Australia Group) for 14% of

our catering expenses, and for a second nesting box building program to develop carpentry skills for people with a disability.

- GAME Traffic and Contracting for the preparation of a traffic guidance scheme.
- Coliban Water sponsored the Bendigo Sustainability Group Festival and the NAIDOC events held by the Bendigo & District Aboriginal Co-operative.

OBJECTIVE 3. SUSTAINABLE VICTORIAN SOCIAL ENTERPRISES AND ABORIGINAL BUSINESS SECTORS

Achieved through procurement from Victorian social enterprises, Victorian Aboriginal businesses or other 'Social Benefit Suppliers' engaged by Coliban Water to directly deliver social and sustainable outcomes.

Engagements directly with social enterprises that contributed to this objective totalled \$182,029 and included:

- Ongoing engagement of the Dja Dja Wurrung Clans Aboriginal Corp as outlined in Objective 1.
- Contribution for two Deakin University students to participate in the Work Integrated Learning Program.
- Peppergreen Farm (Access Australia Group) for 14% of our catering expenses, and for a second nesting box building program to build an additional 100 nesting boxes (double the previous 50) to develop carpentry skills for people with a disability. Refer to the Case Study below for information regarding how we have promoted this program.

- Coliban Water continues to purchase 'Who gives a crap' toilet paper from Good Goods Pty Ltd.
- RMIT University to conduct a review of agrochemical use and site monitoring to inform Coliban Water's ambient water quality monitoring program.
- GAME Traffic and Contracting for the preparation of a traffic guidance scheme.
- Scope (Aust) Ltd to provide us with Communication Access accreditation and licences as well as e-learning and training.
- We purchased a Geobag for Rochester Water Treatment Plant from Geofabrics Australasia Pty Ltd.
- Coliban Water sponsored the Bendigo Sustainability Group Festival and the NAIDOC events held by the Bendigo & District Aboriginal Co-operative.

CASE STUDY

Promoting procurement from Victorian social enterprises to create opportunities for people with a disability.

In May 2022 a Coliban Water representative attended a Social Procurement Event at Peppergreen Farm to present the significant outcomes achieved in the first nesting box building program, to encourage others to get involved, and to demonstrate how a relatively low spend can have a high impact.

The first program saw one participant obtain a full carpentry apprenticeship due to the opportunity provided by Coliban Water.



OTHER ACHIEVEMENTS

Coliban Water procurement also contributed to Social Procurement Objective 'Opportunities for Victorians with a disability'. Engagements directly with social enterprises that contributed to this objective totalled \$149,366 and included the above noted engagements with Deakin University, Access Australia Group, Scope (Aust) Ltd, RMIT University and GAME Traffic and Contracting.

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% of amenable expenditure to our local region and we have initiated ongoing processes to identify potential improvements in spend categories, and to seek out employment opportunities for disadvantaged groups. Our GROW Action Plan will be updated in 2022 and continues to assist us 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.

Our Board continue to encourage Local and Social Procurement considerations in all aspects of procurement. In 2021/22 we implemented additional internal evaluation requirements that more strongly support Social Procurement at the direction of the Board. In addition, we now utilise an evaluation criterion which assesses the social and sustainable/economic contribution to our region, and specifically, the potential for the procurement to build the

capability of suppliers in our region. In 2021/22 Coliban Water included Social Procurement in the evaluation of \$40 million of tenders and Local Benefit evaluation criteria in the evaluation of \$17.3 million. A number of other minor procurement processes also include Social and Local evaluation criteria on a lower scale.

We are developing a Gender Equality Action Plan (GEAP) in compliance with the *Gender Equality Act 2020*. The plan seeks to remove any barriers to staff succeeding at Coliban Water. The initiative aims to ensure that all people, no matter what their gender, background or circumstance, feel welcome. Initial work in the development of the GEAP involved a Gender Audit and the resulting data provided a baseline to gauge where we should focus future efforts. From that data, specific targets and corresponding actions were developed in the form of the GEAP which was submitted to the Commission for Gender Equality in March 2022. The targets are:

1. Promoting and seeking to increase female participation in professional and STEM roles;
2. Promoting and seeking to increase the uptake of flexible workplace arrangements for all staff;
3. Promoting and seeking to increase employment of people with a disability; and
4. Promoting and seeking to increase safety to speak up about any occurrence of negative workplace behaviours; Sexual Harassment, Bullying, Discrimination and Violence/Aggression.

The GEAP highlights the above four targets and articulates actions and percentages for improvement. The four targets against each item provide a clear incentive for which we can aim. A progress report against these targets is due in 2023 and the second GEAP is due in 2025.

SOCIAL PROCUREMENT STRATEGY TARGETS - RESULTS 2021/22

RESULTS FOR EDUCATION

ACTIVITY	MEASURE	TARGET DESCRIPTION	RELATED OBJECTIVE/S	2022 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.
Staff training	Education of employees via e-learning (including encouragement to include Social Procurement at all values)	75% of staff	All objectives	75%	96%	21%	Social Procurement is a component of Coliban Water's overall Procurement e-learning which employees are required to complete every two years. To cater for the implementation of the Victorian Government Purchasing Board (VGPB) expansion requirements in 2022, the business also provided whole of business live training sessions which included Social Procurement.
	Cultural awareness e-learning completion rate	75% of staff	Opportunities for Victorian Aboriginal businesses	75%	94%	19%	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	5	-10	Five employees completed the course in 2021/22. This is down from previous years as employees in targeted roles have already completed the course over the past two years.
	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	40%	59%	19%	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 FOR DIRECT SOCIAL PROCUREMENT

ACTIVITY	MEASURE	TARGET DESCRIPTION	RELATED OBJECTIVE/S	2022 TARGET	RESULT	VARIANCE	COMMENT
Expenditure categories	Catering and room hire expenditure	5% of category	All objectives	5%	14%	9%	Achieved, despite low levels of catering and room hire being procured due to continued, partial working from home conditions during the COVID-19 pandemic.
	Contractors / Consultants expenditure	\$400,00 (A relatively high target was set for 2021/22 to recognise upcoming projects)	Opportunities for Victorian Aboriginal businesses	\$400,000	\$260,214	\$12,070	Coliban Water engaged Djandak to undertake Rural Channel clearing and decommissioning, various Land Management Services and Pest Plant Management activities, construction works to improve the carpark at our Upper Coliban Reservoir and the provision of interpretive signage for the new shelter, also at our Upper Coliban Reservoir. We engaged Djaara to assist us with site investigations and Cultural Heritage Management Plans for a range of projects and activities. In May 2022, our Board Directors, Executive Leadership Team and select staff participated in a Cultural Immersion Tour Day hosted by Djaara.
			All other objectives		\$151,856		Various other engagements took our direct Social Procurement direct spend to a total of \$412,070 to a total of 12 social benefit suppliers.

RESULTS FOR DIRECT SOCIAL PROCUREMENT CONTINUED

ACTIVITY	MEASURE	TARGET DESCRIPTION	RELATED OBJECTIVE/S	2022 TARGET	RESULT	VARIANCE	COMMENT
Labour	Engagement of Supported Employment Services	Work experience placements for employees with a disability	Opportunities for Victorians with a disability	1	0	-1	This target was not achieved in 2021/22 due to the inability to supervise during continued periods of working from home during the COVID-19 pandemic. Disability employment remains a target and is a focus for our future employment opportunities.
	Instances of inclusion of diverse workforce	Work experience placements for Aboriginal Students (Program was on hold due to the pandemic)	Opportunities for disadvantaged Victorians	1	1	0	Coliban Water again participated in the employment of Aboriginal School Based Apprenticeships/Traineeships (SBAT) program by being the host employer for one student. The placement commenced in June 2021 and is due to continue through to June 2023.

RESULTS FOR INDIRECT SOCIAL PROCUREMENT

ACTIVITY	MEASURE	TARGET DESCRIPTION	RELATED OBJECTIVE/S	2022 TARGET	RESULT	VARIANCE	COMMENT
Open Tender Evaluation	Weighted social and sustainable criteria applied to procurement under \$1 million conducted via open tender	50% of tenders	All objectives	50%	100%	50%	Seven open tenders below \$1 million (totalling \$3.6 million) included Social Procurement objectives as an evaluation criteria in 2021/22. It is not compulsory that Social Procurement provisions are included for procurement under \$1 million, however, during 2021/22 Coliban Water implemented internal evaluation requirements that encourage the use of social and local criteria for procurement above \$50,000. This led to an additional eight selective tenders below \$1 million (totalling \$2.9 million) also including social and sustainable criteria.
	Weighted social and sustainable criteria applied to procurement 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 tenders above \$1 million (totalling \$33.5 million) included Social Procurement objectives as an evaluation criteria in 2021/22.

Governance and Risk

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.

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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, succeeding Lucy Roffey who was subsequently appointed Deputy Chairperson.

BOARD DIRECTORS AS AT 30 JUNE 2022

BOB CAMERON
(CHAIRPERSON)
LLB FAICD

Bob Cameron was appointed to the Board on 1 October 2015 and appointed as Chairperson on 1 October 2021.



Mr Cameron was a Minister for 11 years in the Victorian Government (Local Government, Workcover and the TAC, Agriculture and Fisheries, Police, Emergency Services and Corrections.) He has chaired local organisations including Bendigo Health during the construction of the new hospital and subsequent expansion, Bendigo Emergency Housing (now Haven) and Central Victoria SkillShare. He is a lawyer by profession.

LUCY ROFFEY
(DEPUTY CHAIRPERSON)
B COM, GRAD DIP MNGT, GAICD, FCA

Lucy Roffey was appointed to the Board on 1 October 2015.



Ms Roffey is Chief Executive Officer of Central Goldfields Shire Council and a Director on the Homes Victoria Board.

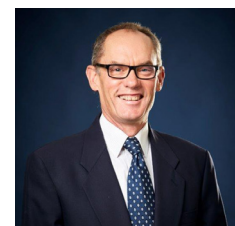
Previously, she was Chief Executive Officer of Buloke Shire Council and has held other executive roles in Local and State Government.

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.

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 Vice President of and flute player in the Bendigo Symphony Orchestra.

He is past Chair of the Loddon Campaspe Regional Partnership. 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. He is a fellow of the Australian Institute of Company Directors and an Ally of Women in Water supporting women directors in the water industry.

DAMIAN WELLS
(MANAGING DIRECTOR)
B. ENV. MGMT. (HONS), MBA, GAICD

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 Chair of Zero Emissions Water (ZEW) and the Bendigo Advisory Board for La Trobe University.

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.

**MARIKA MCMAHON**

BA, LLB

Marika McMahon was appointed to the Board on 1 October 2015.

Marika has worked as a Family Lawyer in Bendigo for over 25 years and is a Director of Bendigo law firm, O'Farrell Robertson McMahon.

Marika is also currently the Chair of Be Bendigo and a Director of Greyhound Racing Victoria.

Marika has extensive experience on statutory boards including previously being the Chair of Bendigo Health and Rural Ambulance Victoria.

**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.

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.

**HELEN SYMES**

BBUS (ACCOUNTING), DIP FINANCIAL PLANNING, CPA, GAICD

Helen Symes was appointed to the Board on 1 October 2017. She is also the chair of the Audit, Risk and Finance Committee.

Helen is a Certified Practising Accountant and has over 28 years of diverse finance experience across a wide range of industries from healthcare, emergency services, corporate agriculture, media and public practice. She has held senior finance roles in 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 enterprise.

Helen is also a Director of CVGT Australia, chairing the Finance Committee.

**MELANIE MCCARTHY**

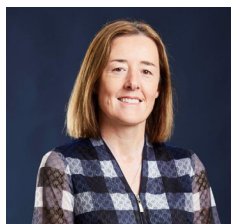
B ENG (CHEM), BA, MENGSC, GAICD, FIEAUST

Melanie McCarthy was appointed to the Board on 1 October 2019.

Ms McCarthy spent over twenty years in operational and leadership roles in the resources industry in regional and remote Australia.

Her expertise includes operational and financial management, risk management, culture and leadership development and community engagement.

Ms McCarthy mentors engineers in leadership skills and runs a family farm in central Victoria.



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. The formation and membership of the below Committees intend 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 1 July 2021 until 30 June 2022 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 1 July 2021 to 30 June 2022 the members of the Committee were Marika McMahan (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 1 July 2021 to 30 June 2022 the members of the Committee were Gary Jones (Chair), Nigel McGuckian and Helen Symes. Additional Committee members Bob Cameron and Caitlin Dunolly-Lee joined on 1 October 2021 and 2 March 2022 respectively. Caitlin Dunolly-Lee is an independent external Committee member employed by Djaara.

SERVICE, COMMUNITY AND PLANNING COMMITTEE

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

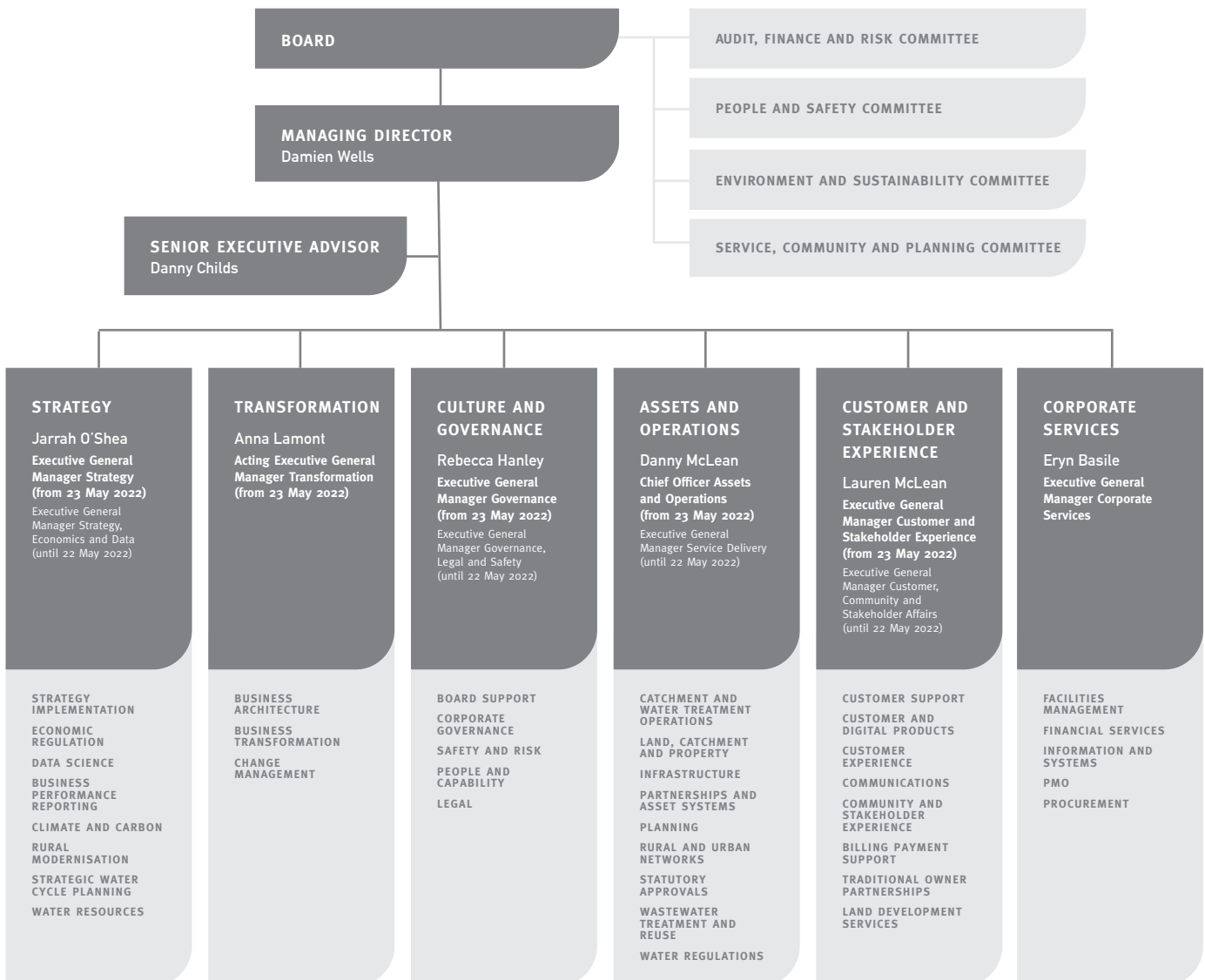
- Service delivery requirements
- Asset management
- Customer and community needs and expectations
- Stakeholder engagement and collaboration to develop meaningful relationships with partners
- Emerging threat and opportunities which could disrupt achievement of business objectives
- Compliance with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

From 1 July 2021 to 30 June 2022 members of the Committee were Nigel McGuckian (Chair), Bob Cameron, Mario D'Elia, Melanie McCarthy and Marika McMahan.

BOARD AND COMMITTEE MEETINGS ATTENDANCE

	BOARD OF DIRECTORS		AUDIT, FINANCE AND RISK COMMITTEE		SERVICE, COMMUNITY AND PLANNING COMMITTEE		PEOPLE AND SAFETY COMMITTEE		ENVIRONMENT AND SUSTAINABILITY COMMITTEE	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Bob Cameron	12	12	-	-	4	4	4	4	3	3
Lucy Roffey	12	11	3	3	-	-	4	4	-	-
Nigel McGuckian	12	12	-	-	4	4	-	-	4	4
Marika McMahon	12	12	-	-	4	4	4	4	-	-
Helen Symes	12	12	3	3	-	-	-	-	4	4
Mario D'Elia	12	11	3	3	4	4	-	-	-	-
Melanie McCarthy	12	12	-	-	4	4	4	4	-	-
Gary Jones	12	11	3	3	-	-	-	-	4	4
Damian Wells	12	11	-	3	-	4	-	4	-	4
Caitlin Dunolly-Lee (external)	-	-	-	-	-	-	-	-	2	2

OUR ORGANISATIONAL CHART



* Steve Healy, Executive General Manager Climate and Population Adaptation (until 22 May 2022)

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: 21 September 2022

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.

We participated in a national cyber security exercise specifically developed for the water sector in August 2021. The exercise planning and delivery has significantly enhanced Coliban Water's readiness and response procedures and processes to a cyber attack.

Coliban Water has trained and experienced Incident Managers on a 24/7 roster. During 2021/22 incidents such as COVID-19, a major storm event in Trentham and other various service disruption events were effectively managed, with continuous improvement to processes and systems identified and prioritised.

The business has strengthened its focus on emergency management governance with a review of the committee participants and terms of reference. The committee is represented by two Executive General Managers and key subject matter experts.

HEALTH, SAFETY AND WELLBEING CULTURE

Our Health, Safety and Wellbeing Management System (HSWMS) is certified to ISO 45001:2018. The HSWMS outlines how we 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 2021/22 the Committee held six meetings. Significant achievements and focuses in the Health, Safety and Wellbeing (HSW) space for 2020/21

include:

- Coliban Water retained certification to AS/NZ ISO 45001:2018.
- Ongoing incident management approach and adaptation of business operations to continue operating safely and efficiently during the COVID-19 pandemic.
- All staff now reporting incidents, injuries and near misses through Lucidity, which has streamlined the workflow
- Ongoing development of a critical risk management approach to work activities involving fatal risks.
- Monitoring and promoting of wellbeing management moved to the People and Capability Team.
- 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 and Safety 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 2021, Coliban Water undertook an external surveillance audit to assess certification scopes remain appropriate to the three management systems.

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

The 2021 audit contained three minor non-conformances relating to an environmental internal audit, non-conformance and corrective actions management and occupational health and safety evaluation of compliance.

Two minor non-conformances relating to documented information and significant environmental aspects remain open from the previous assessment.

One minor non-conformance relating to the determination of occupational health and safety legal requirements and other requirements not fully established.

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 staff through education and training related to fatal risk management, with sessions tailored to staff and people managers.
- Providing safety training for high-risk work such as confined space entry, working at heights and construction induction.
- Maintaining 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

To demonstrate our commitment to wellbeing, a dedicated resource was allocated to the management of wellbeing in December 2021. This enabled us to further enhance our focus on wellbeing and achieve the following:

- Implementation of Wellbeing Plan for 2021/22
- Introduction of mental health literacy program across the business, at all levels
- Introduction of mental health first aid officers
- Introduction of a wellbeing pulse check
- Development of a Wellbeing Hub
- Implementation of wellbeing calendar of events
- Flu immunisation program
- Wide promotion of our Employee Assistance Program provider

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 Health, Safety and Wellbeing Committee. Incidents include hazards, near misses and injuries. Incidents reported across the business at Coliban Water have decreased by 23% compared to last year. Hazards remained the same. There have been two WorkCover Claims, five Medical Treatment Injuries and one Lost Time Injury.

The WorkCover premium for Coliban Water has remained steady over the past five years and during the 2021/22 period, there was one lost time claim accepted. The Coliban Water employee performance rating continues to improve, dropping from 0.54 to 0.5 at the end of the 2021/22 financial year.

OH&S PERFORMANCE

MEASURE	KPI	2018-19	2019-20	2020-21	2021-22
Incidents	No. of incidents	56	96	74	113
	Rate per 100 FTE	28.43	49.23	37.94	54
	No. of incidents requiring first aid and/or further medical treatment	6	15	10	2
Claims	No. of standard claims accepted	0	0	0	2
	Rate per 100 FTE	0	0	0	0.95
	No. of lost time claims accepted	0	0	1	1
	Rate per 100 FTE	0	0	0.51	0.48
	No. of claims exceeding 13 weeks	0	0	0	1
	Rate per 100 FTE	0	0	0	0.48
Fatalities	Fatality claims	0	0	0	0
Return to work	Percentage of claims with Return To Work Plan <30 days	N/A	N/A	N/A	N/A
Management Commitment	Evidence of OH&S Policy statement, OH&S Objectives, regular reporting to senior management of OH&S and OH&S plans	Completed	Completed	Completed	Completed
Consultation and Participation	Evidence of agreed structure of Designated Work Groups (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 quarterly OHS meetings	4	4	6	6

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

Statutory Performance

FREEDOM OF INFORMATION

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

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

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

The Act was amended on 1 September 2017 to reduce the Freedom of Information (FOI) processing time for requests received from 45 to 30 days. However, when external consultation is required under ss29, 29A, 31, 31A, 33, 34 or 35, the processing time automatically reverts to 45 days. Processing time may also be extended by periods of 30 days, in consultation with the applicant. With the applicant's agreement this may occur any number of times. However, obtaining an applicant's agreement for an extension cannot occur after the expiry of the timeframe for deciding a request.

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

Making a request

FOI requests can be lodged online at <https://ovic.vic.gov.au>. From 1 July 2022, the fee is \$30.60. Access charges may also be payable if the document pool is large, and the search for material, time consuming.

Access to documents can also be obtained through a written request to Coliban Water's Freedom of Information officer, as detailed in s17 of the *Freedom of Information Act 1982*.

When making an FOI request, applicants should ensure requests are in writing, and clearly identify what types of material/documents are being sought.

Requests for documents in the possession of Coliban Water should be addressed to:

Freedom of Information Officer
Coliban Water, PO Box 2770, Bendigo DC 3554

FOI statistics/timeliness

During 2021/22, Coliban Water received three applications. Of these requests, all were from the general public.

Coliban Water made three FOI decisions during the 12 months ended 30 June 2022. All these were made within the statutory 30-day time period.

Further information

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

COMPETITIVE NEUTRALITY POLICY

Competitive neutrality requires government businesses to ensure where services compete, or potentially compete with the private sector, any advantage arising solely from their government ownership be removed if it is not in the public interest. Government businesses are required to cost and price these services as if they were privately owned. Competitive neutrality policy supports fair competition between public and private businesses and provides government businesses with a tool to enhance decisions on resource allocation. This policy does not override other policy objectives of government and focusses on efficiency in the provision of service.

Coliban Water continues to comply with the requirements of 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 performance benchmarking studies through:

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

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

MEMBERSHIP OF INDUSTRY ASSOCIATIONS

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

Some of our key membership associations include:

- Water Services Association of Australia (WSAA)
- 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)
- Australian Institute of Company Directors (AICD)
- Engineers Australia
- Gartner Australasia Pty Ltd
- CPA Australia
- Bureau of Meteorology
- Choose Tap Coalition
- Be.Bendigo

PRIVACY AND DATA PROTECTION ACT 2014

The *Privacy and Data Protection Act 2014* (the Act) provides for the responsible collection and handling of personal information in the Victorian public sector. Coliban Water is committed to protecting the personal information we collect in the delivery of our services and 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 two office buildings located in Bendigo during the year. In relation to these buildings, Coliban Water's Facilities Department is responsible for arranging mandatory testing of emergency and exit lighting and lift equipment, inspections and preventive maintenance routine of mechanical services and fire service audits. In respect of 2021/22:

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

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 \$28,750 were provided to 34 school, sporting and community events throughout our region in 2021/22. Of this amount, \$14,223 was committed to the provision of our portable water stations, including associated plumbing costs. Our sponsorship contributions increased from previous years, due to events being able to run after the COVID-19 pandemic had previously forced them to cancel or postpone. 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

The *Public Interest Disclosures Act 2012* enables people to make a disclosure about corrupt or improper conduct by a public officer or a public body or detrimental action by a public officer or a public body. 'Improper or corrupt conduct' involves substantial mismanagement of public resources, risk to public health or safety or the environment, or corruption and 'detrimental action' is action taken against a person in reprisal for making a public interest disclosure.

You can make a public interest disclosure about Coliban Water or any of its Board members, officers or employees by contacting the Independent Broad-Based Anti-Corruption Commission Victoria. Address: Level 1, North Tower, 459 Collins Street Melbourne VIC 3000. Phone: 1300 735 135. Website: www.ibac.vic.gov.au

Coliban Water is **not** able to receive public interest disclosures but has established procedures for the protection of persons from detrimental action after making a public interest disclosure about Coliban Water, any of its board members, officers or employees. For further information contact Rebecca Hanley, Executive General Manager Culture and Governance – Coliban Water, PO Box 2770 Bendigo VIC 3554. Phone: 1300 363 200. Website: www.coliban.com.au

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) EXPENDITURE

For the 2021/22 reporting period, we had a total ICT expenditure of \$9.4 million, with the details shown below.

ICT EXPENDITURE

Business As Usual (BAU) ICT expenditure (\$'000)	NonBusiness As Usual (nonBAU) ICT expenditure (\$'000)	Operational expenditure (\$'000)	Capital expenditure (\$'000)
6,266.81	3,178.50	1,839.82	1,338.68

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 \$3.2 million Non BAU ICT expenditure represents a combination of investment in cloud projects which are delivered using operational expenditure and multiple on-premise and telemetry communication 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 (VIPPP) 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 VIPPP guidelines will continue to apply to MPSG applicable and VIPPP applicable projects respectively where contracts have been entered prior to 15 August 2018.

PROJECTS COMMENCED – LOCAL JOBS FIRST (STANDARD)

During 2021/22 Coliban Water commenced nine Local Jobs First Standard projects valued at \$28.6 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 90.6% local content commitment was made;
- a total of 58.3 jobs (annualised employee equivalent (AEE)) were committed, including the creation of 14.9 new jobs and the retention of 43.4 existing jobs (AEE); and
- a total of 3.4 positions for apprentices, cadets and trainees were recorded, including the creation of 0.9 positions (AAE) and the retention of the remaining 2.5 positions (AAE).

PROJECTS COMPLETED – LOCAL JOBS FIRST (STANDARD)

During 2021/22 Coliban Water completed six Local Jobs First Standard projects valued at \$16 million. All projects were based in regional Victoria.

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

- an average of 98.9% of local content outcome was recorded;
- a total of 21.2 jobs (AEE) were recorded, including the creation of 3.2 new jobs and the retention of 18 existing jobs (AEE); and
- a total of one position for apprentices and trainees were recorded, including the retention of 0.24 apprentices, 0.66 trainees and 0.1 cadet.

REPORTING REQUIREMENTS – ALL PROJECTS

During 2021/22 there were four small to medium sized businesses and two 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 2021/22 Coliban Water engaged 45 separate consultants with a value over \$10,000*. The total cost, excluding GST, incurred during this period for major operational consultancies was \$3,098,262 (2020/21: \$3,951,955) and major capital consultancies was \$2,483,208 (2020/21: \$2,257,975).

OPERATIONAL

CONSULTANT	PURPOSE OF CONSULTANCY	TOTAL APPROVED (EXC GST) (\$'000)	EXPENDITURE (EXC GST) (\$'000)	FUTURE EXPENDITURE (EXC GST) (\$'000)
AFS & Associates Pty Ltd	Probity advice	\$64.52	\$44.94	\$19.58
Aither Pty Ltd	Change modelling sustainability assessment	\$27.84	\$11.94	\$15.90
Akers Project Advisory	Contract negotiation advisory services	\$114.84	\$10.54	\$104.30
Biosis Pty Ltd	Environmental management advice	\$103.50	\$46.91	\$56.59
Capability Coach Trading Trust	Leadership support program	\$21.36	\$19.11	\$2.25
Cesar Pty Ltd	Habitual assessment for platypuses	\$10.48	\$10.48	-
Converge International Pty Ltd	Staff health and wellbeing support services	\$15.81	\$14.50	\$1.31
D & K Stroud Family Trust	Operating model review	\$37.20	\$33.60	\$3.60
Department of Environment Land Water & Planning	Infrastructure and asset and building revaluations	\$147.81	\$68.30	\$79.51
Dja Dja Wurrung Clans Aboriginal Corp	Cultural heritage assessment advice	\$13.51	\$8.86	\$4.65
ESS Earth Sciences Pty Ltd	Seismic monitoring services	\$32.06	\$23.93	\$8.13
Experian Australia Pty Ltd	Data analytic services	\$95.12	\$51.27	\$43.85
GHD Pty Ltd	Engineering, architecture, environmental and construction services	\$1,211.87	\$577.65	\$634.22
Governance Evaluator Pty Ltd	Board/committees review	\$13.50	\$13.50	-
Grantus Pty Ltd	Strategic funding advice	\$25.91	\$11.40	\$14.51
Infracorr Consulting Pty Ltd	Asset management advice	\$31.56	\$13.60	\$17.96
Inside Infrastructure Pty Ltd	Asset management advice	\$256.50	\$119.34	\$137.16
Insync Surveys Pty Ltd	Customer satisfaction survey	\$70.08	\$40.94	\$29.14
Isle Utilities Pty Ltd	Asset management process review	\$148.00	\$93.60	\$54.40
JTA Health, Safety & Noise Specialists	Occupational hygiene review	\$16.50	\$16.50	-
Landair Surveys	Dam safety structural surveying	\$53.01	\$51.05	\$1.96
Marsden Jacob Associates Pty Ltd	Contract advice	\$210.35	\$104.43	\$105.92
Mercer Consulting (Australia) Pty Ltd	EA classification advice	\$40.20	\$24.80	\$15.40
MosaicLab	Community engagement consultancy advice	\$196.28	\$189.37	\$6.91
Ndevr Environmental Pty Ltd	ERF eligibility assessment	\$63.04	\$42.33	\$20.71
Niltech Pty Ltd	TechnologyOne consulting services	\$14.67	\$12.86	\$1.81
P3 Outcomes Pty Ltd	Contract related advice	\$237.27	\$126.31	\$110.96
PBJ & Associates	Engineering and strategic planning services	\$59.94	\$11.50	\$48.44
Practical Ecology Pty Ltd	Ecological consultation and advice	\$75.06	\$56.61	\$18.45
Regional Management Group Pty Ltd	Project and engineering consultancy services	\$10.58	\$10.58	-
RM Consulting Group Pty Ltd	Environmental and agricultural advice	\$276.88	\$155.71	\$121.17
RXP Services Limited	Information technology solutions	\$820.36	\$472.73	\$347.63
Sequana Partners Pty Ltd	Rural channel modernisation advice	\$517.23	\$164.06	\$353.17
SMEC Australia Pty Ltd	Environmental supervision services	\$329.81	\$170.14	\$159.67
Sphere Infrastructure Partners Pty Ltd	Operations and maintenance services delivery model review	\$220.98	\$106.91	\$114.07
Utilities Regulation Advisory Pty Ltd	Price submission new customer contribution advice	\$25.21	\$19.01	\$6.20
Victoria Chamber of Commerce and Industry	Change management assistance and advice	\$42.96	\$42.96	-
Victorian Water Industry Assoc.	Victorian Water Industry new customer contribution review	\$45.54	\$19.32	\$26.22
Zemek Environmental Pty Ltd	Development of operational strategies	\$102.20	\$86.69	\$15.51
Total			\$3,098.26	

CAPITAL

CONSULTANT	PURPOSE OF CONSULTANCY	TOTAL APPROVED (EXC GST) (\$'000)	EXPENDITURE (EXC GST) (\$'000)	FUTURE EXPENDITURE (EXC GST) (\$'000)
AFS & Associates Pty Ltd	Probity advice	\$57.80	\$21.89	\$35.91
Dja Dja Wurrung Clans Aboriginal Corp	Cultural heritage assessment advice	\$61.69	\$12.92	\$48.77
DTM Services Pty Ltd	OHS and environmental reviews	\$27.41	\$13.45	\$13.96
GHD Pty Ltd	Engineering, architecture, environmental and construction services	\$2,956.97	\$1,743.53	\$1,213.44
Infor Global Solutions (ANZ) Pty Ltd	Information technology support	\$26.14	\$11.50	\$14.64
Infracorr Consulting Pty Ltd	Structural assessment and advice	\$76.06	\$65.46	\$10.60
Obviate Pty Ltd	SCADA engineering support	\$128.64	\$71.62	\$57.02
P3 Outcomes Pty Ltd	Contract related advice	\$52.60	\$32.78	\$19.82
PBJ & Associates	Engineering and strategic planning services	\$109.24	\$79.10	\$30.14
PMO Solutions Pty Ltd	Project management office advisory services	\$322.00	\$40.25	\$281.75
Practical Ecology Pty Ltd	Ecological consultation and advice	\$43.44	\$23.02	\$20.42
RM Consulting Group Pty Ltd	Business case preparation advice	\$46.07	\$31.98	\$14.09
Sphere Infrastructure Partners Pty Ltd	Expert contract agreement negotiation services	\$331.35	\$231.29	\$100.06
Stantec Australia Pty Ltd	Project end of term transaction review	\$19.46	\$19.46	-
Tech Duinn Pty Ltd	Cultural heritage assessment advice	\$35.65	\$13.81	\$21.84
Utilities Regulation Advisory Pty Ltd	Development of capital forecast to assist with Price Submission	\$126.99	\$71.15	\$55.84
Total			\$2,483.21	

MINOR CONSULTANCIES

During the year there were 30 minor consultancies at a cost of less than \$10,000 each*. The total cost, excluding GST, of these minor consultancies was \$86,455 (2020/21: \$146,541).

* Further information about these consultancies can be requested under the *Freedom of Information Act 1982*, see page 61 of this report for details.

DISCLOSURE OF MAJOR CONTRACTS

Coliban Water did not enter into any new major contracts (valued at more than \$10 million) during 2021/22.

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*:

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

Also available on our website:

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

The information is available upon 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:

- f. assessments and measures undertaken to improve the occupational health and safety of employees (on page 60.)
- g. a statement on industrial relations within Coliban Water (on page 38.)
- h. 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 57-58.)
- i. a statement of completion of declarations of pecuniary interests by relevant officers (on page 137.)

INFORMATION THAT IS NOT APPLICABLE TO COLIBAN WATER

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

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

Performance Report

FINANCIAL PERFORMANCE INDICATORS

KEY PERFORMANCE INDICATOR	2020/21 RESULT	2021/22 RESULT	VARIANCE TO PRIOR YEAR	2021/22 TARGET	VARIANCE TO TARGET
Cash Interest Cover Net operating cash flows before net interest and tax / net interest	2.2 times	2.4 times	9.1%	2.2 times	9.1%
Gearing Ratio Total debt (including finance leases) / total assets * 100	22.3%	22.7%	1.8%	24.5%	-7.5%
Internal Financing Ratio Net operating cash flow less dividends / net capital expenditure * 100	89.9%	81.8%	-9.0%	70.0%	16.9% ¹
Current Ratio Current assets / current liabilities (excluding long term employee provisions and revenue in advance)	1.6 times	1.8 times	12.5% ²	1.3 times	35.0% ³
Return on Assets Earnings before net interest and tax / average assets * 100	1.6%	1.1%	-31.3% ⁴	1.3%	-18.4% ⁵
Return on Equity Net profit after tax / average total equity * 100	0.3%	-0.1%	-133.3% ⁶	0.1%	-200.0% ⁷
EBITDA Margin Earnings before interest, tax, depreciation and amortisation / total revenue * 100	43.8%	40.6%	-7.3%	41.4%	-2.0%

NOTES FOR VARIATIONS GREATER THAN 10 PER CENT COMPARED TO THAT BUDGETED OR SIGNIFICANT VARIATIONS TO PRIOR YEAR ACTUAL RESULT.

- The favourable variance to target is due to higher net cash flows from operating activities and less capital payments being made than planned. The net cash flows from operating generated \$3.2m of net cashflows above target. This was the result of receiving \$4.8 million of additional revenue, driven by funding received from the Department of Environment, Land, Water and Planning (DELWP) for the Bendigo Groundwater Project (\$5.7 million), additional service and usage receipts (\$1.0 million) net off with lower than expected cash receipts from other customer revenue (-\$1.8 million). Capital expenditure outflows were \$2.2 million less than planned as a result capital accruals being posted and payments not being made until July.
- The favourable current ratio variance to prior year is due to \$16.5 million in additional current assets being recognised in comparison to \$11.2 million in additional liabilities. The increase in assets has been driven by an increase in cash from prior year of \$13.6 million, the result of funds being held for the Bendigo Groundwater project (+\$4.5 million) due to an extension of the project, and funds held over to pay for the capital expenditure accrued in June 2023. Contract assets were \$3.3 million higher than prior year, representing accrued customer revenue reflecting growth in service charges and higher water consumption levels per household than prior year. The increase in current liabilities was the result of higher Contract Liabilities at year end of \$5.1 million, reflecting the increase in unearned income received from DELWP for the Bendigo Groundwater Project as a result of the project end date being extended. A further \$5.5 million in Payables was also recorded reflecting the increase in capital expenditure accruals at year end.
- The favourable current ratio variance compared to target is due to \$18.6 million in additional current assets in comparison to \$11.9 million in additional liabilities. The increase in assets has been driven by an increase in cash from target of \$13.2 million, the result of funds being held for the Bendigo Groundwater project (+\$4.8 million) and funds held over to pay for the capital expenditure accrued in June 2022. Contract assets also recorded \$4.5 million higher than target, representing accrued customer revenue not yet billed, reflective of the current years actual usage and growth. The increase in current liabilities was the result of higher Contract Liabilities at year end compared to target of \$10.1 million, reflecting the increase in unearned income received from DELWP for the Bendigo Groundwater Project as a result of the project end date being extended, plus an increase in Payables of \$1.2 million was recorded reflecting less payments being made at year end than planned.
- The unfavourable return on assets variance is due to the \$8.1 million reduction in earnings before interest and tax compared to the prior year. This is mainly represented by a one off \$3.0 million transfer of costs from Works in Progress to operational expenditure and a \$5.1 million increase in depreciation, the impact of the \$314 million 5 yearly scheduled asset revaluation and current year asset commissioning.
- The unfavourable return on assets variance to target is due to the \$3.2 million reduction in Earnings before interest and tax compared to the prior year. This is mainly represented a \$2.8 million increase in depreciation, the impact of the \$314 million 5 yearly scheduled asset revaluation and current year asset commissioning.
- The unfavourable return on equity ratio to prior year is the result of an after tax loss of \$-0.8 million compared to a \$3.3 million profit in 2020/21. This result was due to higher operating expenditure of \$4.4 million, made up of a one off \$3.0 million expenditure transfer from Works in Progress that was deemed to be operational in nature, \$0.6m in IT spend to maintain cloud platforms, \$0.5m in operations and maintenance costs due to extra services provided outside of the agreed O&M Contract and \$0.6m relating to increased operating costs due to increased demand being serviced under the Service Concession arrangement at the Bendigo, Castlemaine and Kyneton water treatment plants. In addition, there was a \$5.1 million increase in depreciation, the result of the prior years scheduled Asset Revaluation, increasing the asset base by \$314 million. The additional expenditure has been partly offset with an increase of \$3.2 million in revenue, the result of increased activity in developer contributions and gifted assets, reflecting the growth in the region.
- The unfavourable return on equity ratio to target is the result of an after tax loss of \$-0.8 million compared to a planned \$0.9 million profit. This result was due to higher operating expenditure of \$2.9 million, represented by a one off \$3.0 million expenditure transfer from Works in Progress that was deemed to be operational in nature, and a \$2.8 million increase in depreciation, the result of the prior years scheduled Asset Revaluation, increasing the asset base by \$314 million. This is net off with an under spend in borrowing costs of \$-0.7 million due to lower interest rates during the period than anticipated, along with a Government funding \$-0.8 million underspend due to lower operating costs for the Bendigo Groundwater Project. The additional expenditure was partly offset with a \$1.2 million increase in actual revenue compared to planned revenue, mainly the result of above expected activity in developer contributions and gifted assets, reflecting the growth in the region.

Operational Performance Indicators

KEY PERFORMANCE INDICATOR	2020-21 RESULT	2021-22 RESULT	VARIANCE TO PRIOR YEAR	2021-22 TARGET	VARIANCE TO TARGET
WATER AND SEWERAGE					
Unplanned water supply interruptions No. of customers receiving >5 unplanned interruptions in the year / total number of water (domestic and non-domestic) customers * 100	0.0%	0.0%	0.0%	0.01%	-100.0% ¹
Interruption time Average duration of unplanned water supply interruptions	107.9	105.8	-1.9%	112.0	-5.5% ²
Restoration of unplanned water supply Unplanned water supply interruptions restored within (5) hours / total unplanned water supply interruptions * 100	99.2%	99.4%	0.2%	98.0%	1.5%
Containment of sewer spills Sewer spills from reticulation and branch sewers contained within 5 hours / total sewer spills from reticulation and branch sewers * 100	100.0%	100.0%	0.0%	99.0%	1.0%
Sewer spill interruptions No. of residential sewerage customers affected by sewerage interruptions restored within 5 hours	99.6%	98.7%	-0.9%	99.0%	-0.3%
CUSTOMER RESPONSIVENESS					
Water quality complaints (colour, taste, odour, other) No. of complaints per 1,000 customers	2.85	2.30	-19.3% ³	3.5	-34.3% ⁴
Billing complaints No. of complaints per 1,000 customers	8.26	1.65	-80.0% ⁵	0.28	488.7% ⁶
ENVIRONMENTAL PERFORMANCE					
Effluent re-use volume (end use) Percentage recycled for each category	30.2%	25.2%	-16.7% ⁷	39.0%	-35.5% ⁸
Total net CO₂ emissions Net tonnes CO ₂ equivalent	27,083	27,057	-0.1%	32,505	-16.8% ⁹

1. This result was driven by a continued focus on renewing high risk mains, the provision of additional emergency works funding to repair mains with high frequency failures, 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 the number of service disruptions.
2. The average duration of unplanned water supply interruptions has decreased largely due the increased use of inline stop where the supply is maintained while repairs are conducted.
3. Over the past two years there has been a continuing decrease in events or activities that are likely to generate water quality complaints. We have also been more proactive in advising customers of potential issues, which is likely to assist in reducing the number of calls that we receive
4. Refer above.
5. Substantive reduction in billing complaints are resulted from embedding a new billing system introduced in the previous financial year and realising efficiencies from the new systems in addition to change acceptance by the customer base on new billing formats and system and work flow changes.

6. Variance to target attributable to a billing incident early in the financial year, together with the introduction of email billing and some minor implementation issues that resulted in delivery delays. There has also been a targeted focus on accurately capturing and recording customer dissatisfaction as part of a broader business framework
7. Reuse percentage is down from previous year primarily due to La Niña weather increasing plant inflows and reduced reuse by major recycled water customers.
8. Refer above.
9. The Goldfield Superpipe did not operate in 2021/22, therefore the electricity was lower than the target.

Directors Certification

We certify that the accompanying Performance Report of Coliban Region Water Corporation in respect of the period ended 30 June 2022 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 2021/22 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 21 September 2022 on behalf of the Board.



BOB CAMERON
CHAIRPERSON

Coliban Region
Water Corporation



DAMIAN WELLS
MANAGING DIRECTOR

Coliban Region
Water Corporation



ERYN BASILE
CHIEF FINANCIAL OFFICER

Coliban Region
Water Corporation

Independent Auditor's Report

To the Board of the Coliban Region Water Corporation

Opinion	<p>I have audited the accompanying performance report of the Coliban Region Water Corporation (the corporation) for the year ended 30 June 2022, which comprises the:</p> <ul style="list-style-type: none">• financial performance indicators• water and sewerage service performance indicators• customer responsiveness performance indicators• environmental performance indicators• directors' certification. <p>In my opinion, the performance report of the Coliban Region Water Corporation for the year ended 30 June 2022 presents fairly, in all material respects, in accordance with the performance reporting requirements of Part 7 of the <i>Financial Management Act 1994</i>.</p>
----------------	---

Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the performance report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the corporation in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance report in Victoria and have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
--------------------------	---

Board's responsibilities for the performance report	<p>The Board is responsible for the preparation and fair presentation of the performance report in accordance with the performance reporting requirements of the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of the performance report that is free from material misstatement, whether due to fraud or error.</p>
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Auditor's responsibilities for the audit of the performance report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the performance report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance Engagements will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance report.

As part of an audit in accordance with the Australian Standards on Assurance Engagements, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the performance report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the corporation's internal control
- evaluate the overall presentation, structure and content of the performance report, including the disclosures, and whether the performance report represents the underlying events and results in a manner that achieves fair presentation.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
27 September 2022



Paul Martin
as delegate for the Auditor-General of Victoria

Financial Performance Summary

FINANCIAL RESULT	PLAN 2021/22	ACTUAL 2021/22	ACTUAL 2020/21	ACTUAL 2019/20	ACTUAL 2018/19	ACTUAL 2017/18
REVENUE						
Service charges	74,729	74,561	73,596	73,170	71,999	71,870
Usage charges	53,576	52,838	52,875	57,675	56,605	52,839
Government funding	2,543	1,998	2,698	3,230	2,278	5,725
Contributions & gifted assets	11,993	14,338	11,232	13,468	14,529	14,366
Interest income	67	31	11	68	116	77
Other income	1,718	2,088	2,188	2,014	1,888	2,118
Total revenue	144,626	145,854	142,131	146,627	144,968	146,554

EXPENSES						
Operations, administration & employee	75,697	78,938	71,681	72,903	71,666	66,965
Expenditure of Government funding	2,603	1,845	2,513	3,261	5,218	2,010
Borrowing Costs & Finance Charges	23,711	22,978	24,537	26,429	27,725	28,831
Depreciation & amortisation	34,546	37,328	32,238	31,801	30,836	30,645
Environmental Contribution	5,734	5,734	5,734	5,116	5,116	3,272
Total expenditure	142,291	146,823	136,703	139,510	140,561	131,382
Net result before tax	2,335	(969)	5,428	7,117	4,407	15,613
Net result for the year	934	(803)	3,332	4,864	3,704	11,360

ASSETS						
Total current assets	41,341	59,905	43,320	38,552	41,241	41,201
Total non-current assets	1,822,298	1,979,083	1,959,029	1,638,836	1,629,824	1,631,358
Total assets	1,863,638	2,038,988	2,002,349	1,677,388	1,671,065	1,672,559

LIABILITIES						
Total current liabilities	38,944	50,844	39,608	43,066	33,490	30,689
Total non-current liabilities	640,215	693,531	674,626	569,330	575,454	583,876
Total liabilities	679,159	744,375	714,234	612,396	608,944	614,565
Net assets	1,184,479	1,294,613	1,288,115	1,064,992	1,062,121	1,057,994
Net cash inflows from operations	28,039	31,205	28,797	32,322	30,994	30,716
Payments for assets	(39,682)	(38,448)	(33,107)	(28,050)	(23,255)	(19,870)

PERFORMANCE INDICATOR	PLAN 2021/22	ACTUAL 2021/22	ACTUAL 2020/21	ACTUAL 2019/20	ACTUAL 2018/19	ACTUAL 2017/18
REVENUE						
Interest Cover (Cash)	2.2	2.4	2.2	2.2	2.1	2.1
Gearing Ratio	24.5%	22.7%	22.3%	26.3%	26.8%	27.3%
Internal Financing Ratio	70.0%	81.8%	87.0%	115.2%	133.3%	154.6%
Current Ratio	1.3	1.8	1.6	1.2	1.4	1.5
Return on Assets	1.3%	1.1%	1.6%	2.0%	1.9%	2.6%
Return on Equity	0.1%	(0.1%)	0.3%	0.5%	0.3%	1.1%
EBITDA Margin	41.4%	40.6%	43.8%	44.5%	43.4%	50.8%

Financial Overview

In the fourth year of the 2018 Price Submission, Coliban Water made a net loss before tax of \$1.0 million, a movement of \$6.4 million when compared to the previous year result.

Revenue was \$3.7 million higher than in 2020/21 as a result of:

- An increase in rates and charges (\$1.0 million) due to increased service charges for waste water.
- Increased developer installed works (\$3.1 million) due to the timing of the completion of the developments in the region; and
- A reduction in Government funding (-\$0.7 million) reflecting the Bendigo Groundwater funding schedule.

Expenditure was \$10.1 million higher than the prior year as a result of:

- An overall increase in employee costs (\$1.2 million) due to the net impact of increases in the 2021 Enterprise Agreement, new positions and vacancies being filled and less leave being taken due to the COVID-19 pandemic.
- Increased operating and administration expenses (\$6.1 million) was the result of increased partnership contract expenses (\$0.5 million), an increase in contractors and consultants (\$5.0 million) and increased BOOT operating costs (\$0.6 million); and
- Non-operating activity expenditure was higher overall (\$2.9 million) due to the combination of less Government funding expenditure relating to the Bendigo Groundwater Project (-\$0.7 million), lower interest costs due to favourable interest rates (-\$1.6 million) and increased depreciation (\$5.3 million) as a result of the prior year asset revaluation.

Cashflows from operating activities generated \$31.2 million, an increase of \$2.4 million from the prior year primarily due to the increased receipts received from Government for the Bendigo Groundwater Project. Payments for infrastructure and intangible assets were \$38.4 million, \$5.3 million higher than the prior year reflecting the increased capital portfolio.

SIGNIFICANT CHANGES IN FINANCIAL POSITION

With a commitment to ensuring long term asset resilience, Coliban Water delivered a \$44.2 million capital portfolio, resulting in an additional \$25 million of borrowings. This increased total borrowings in 2021/22 to \$409.8 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.

An immaterial event has been disclosed in the Financial Statements in relation to the valuation of the ZEW derivative. Refer to Note 9.8.

Coliban Region Water Corporation

Financial Statements

For the year ended 30 June 2022

Contents

	Page
Financial statements	
Statutory certification	75
Comprehensive operating statement	76
Balance sheet	77
Cash flow statement	78
Statement of changes in equity	79
Notes to the financial statements	
Note 1	Basis of preparation80
1.1	General.....80
1.2	Accounting estimates.....81
Note 2	Funding delivery of services83
2.1	Revenue from contracts with customers.....83
2.2	Government grants and contributions.....86
2.3	Interest income.....86
2.4	Other income.....86
Note 3	The cost of delivering our services87
3.1	Expenses incurred in delivery of services.....87
3.2	Operating and administration expenses.....91
Note 4	Key assets available to support output delivery92
4.1	Infrastructure, property, plant and equipment.....92
4.2	Intangible assets.....97
4.3	Joint operations.....98
4.4	Non-financial assets classified as held for sale.....99
Note 5	Other assets and liabilities.....100
5.1	Receivables.....100
5.2	Contract assets.....102
5.3	Payables.....103
5.4	Contract liabilities.....103
5.5	Inventories.....104
5.6	Other financial assets.....105
Note 6	How we financed our operations106
6.1	Interest bearing liabilities.....106
6.2	Leases.....107
6.3	Service concession arrangement.....111
6.4	Cash flow information and balances.....112
6.5	Commitments for expenditure.....112
Note 7	Risks, contingencies and valuation judgements115
7.1	Interest bearing liabilities.....115
7.2	Contingent assets and contingent liabilities.....123
7.3	Fair value determination.....123
Note 8	Statutory obligations131
8.1	Tax.....131
8.2	Environmental contribution.....133
Note 9	Other disclosures134
9.1	Reserves.....134
9.2	Responsible persons.....135
9.3	Remuneration of executives.....136
9.4	Related parties.....136
9.5	Remuneration of auditors.....139
9.6	Ex-gratia expenses.....139
9.7	Events occurring after the balance date.....139
9.8	Australian Accounting Standards issued that are not yet effective.....140
Note 10	Financial impact of limited term projects141
10.1	Bendigo groundwater project: Transitional solution.....141

Coliban Region Water Corporation

Financial Statements

For the year ended 30 June 2022

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 2022 and the financial position of Coliban Region Water Corporation as at 30 June 2022.

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.

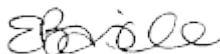
We authorise the attached financial statements for issue on 21 September 2022.



Bob Cameron
Chairperson
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 2022

	Notes	2022 \$'000	2021 \$'000
Revenue and income from transactions			
Revenue from contracts with customers	2.1	141,737	137,704
Government funding	2.2 & 10.1	1,998	2,698
Interest income	2.3	31	11
Other income	2.4	2,088	2,228
Total revenue and income from transactions		145,854	142,641
Expenses from transactions			
Employee benefits	3.1.1	20,987	19,831
Operating and administration expenses	3.2	57,951	51,890
Expenditure of Government funding	10.1	1,845	2,513
Depreciation	4.1.1 & 6.2.1	36,345	31,057
Amortisation	4.2	983	1,181
Interest expense	6.1.2	22,978	24,537
Environmental contribution	8.2	5,734	5,734
Total expenses from transactions		146,823	136,743
Net result from transactions (net operating balance)		(969)	5,898
Other economic flows included in net result			
Net gain/(loss) on disposal of non-current assets	9.2	(1,401)	(470)
Net gain/(loss) on financial instruments	9.2	1,240	-
Total other economic flow included in net result		(161)	(470)
Net result from transactions		(1,130)	5,428
Income tax expense	8.1.1	327	(2,096)
Net result		(803)	3,332
Other comprehensive income			
<i>Items that will not be reclassified to net result</i>			
Changes in physical asset revaluation surplus	4.1.1	6,859	313,992
Deferred income tax relating to components of other comprehensive income	8.1.1	(2,058)	(94,197)
Total other comprehensive income		4,801	219,795
Comprehensive result		3,998	223,127

The accompanying notes form part of these financial statements.

Coliban Region Water Corporation

Balance sheet

As at 30 June 2022

	Notes	2022 \$'000	2021 \$'000
Assets			
Current assets			
Cash and cash equivalents	6.4	23,804	10,250
Receivables	5.1	14,063	14,064
Contract assets	5.2	19,922	16,638
Inventories	5.5	1,802	1,769
Non-financial physical assets classified as held for sale	4.4	40	4
Other non-financial assets		274	595
Total current assets		59,905	43,320
Non-current assets			
Receivables	5.1	690	793
Other financial assets	5.6	655	15
Infrastructure, property, plant and equipment	4.1.1	1,907,699	1,890,355
Right-of-use assets	6.2.1	1,921	2,460
Intangibles	4.2	68,118	65,406
Total non-current assets		1,979,083	1,959,029
Total assets		2,038,988	2,002,349
Liabilities			
Current liabilities			
Trade and other payables	5.3	22,730	17,245
Contract liabilities	5.4	13,817	8,746
Employee benefits provision	3.1.2	6,553	6,259
Interest bearing liabilities	6.1	7,744	7,358
Total current liabilities		50,844	39,608
Non-current liabilities			
Trade and other payables	5.3	598	34
Employee benefits provision	3.1.2	534	689
Interest bearing liabilities	6.1	455,962	438,568
Other financial liabilities		-	630
Net deferred tax liabilities	8.1.2	236,437	234,705
Total non-current liabilities		693,531	674,626
Total liabilities		744,375	714,234
Net assets		1,294,613	1,288,115
Equity			
Contributed capital	9.9	306,525	304,025
Physical asset revaluation reserve	9.1.2	614,077	609,276
Accumulated surplus / deficit		374,011	374,814
Total equity		1,294,613	1,288,115

The accompanying notes form part of these financial statements.

Coliban Region Water Corporation

Cash flow statement

For the year ended 30 June 2022

	Notes	2022 \$'000	2021 \$'000
Cash flows from operating activities			
<i>Receipts</i>			
Service and usage charges / Revenue from contracts with customers		124,571	123,842
Receipts from Government		5,759	2,698
Interest received		31	11
Goods and Services Tax received from the ATO ⁽¹⁾		9,070	8,971
Other customer revenue		7,221	6,602
Total receipts		146,652	142,124
<i>Payments</i>			
Payments to suppliers and employees		(86,991)	(82,637)
Interest and other cost of finance paid		(22,722)	(24,956)
Environmental contribution levy paid		(5,734)	(5,734)
Total payments		(115,447)	(113,327)
Net cash flows from/(used in) operating activities	6.4	31,205	28,797
Cash flows from investing activities			
Payments for infrastructure, property, plant and equipment		(34,381)	(32,848)
Proceeds from sale of infrastructure, property, plant & equipment		316	1,054
Proceeds from sale of investments		201	-
Payments for intangible assets		(4,067)	(259)
Net cash flows from/(used in) investing activities		(37,931)	(32,053)
Cash flows from financing activities			
Proceeds from borrowings		25,000	12,000
Proceeds from contributions by state in it's capacity as owner		2,500	-
Principal payments of lease liabilities		(7,220)	(6,842)
Net cash flows from/(used in) financing activities		20,280	5,158
Net increase/(decrease) in cash and cash equivalents		13,554	1,902
Cash and cash equivalents at the beginning of the financial year		10,250	8,348
Cash and cash equivalents at the end of the financial year	6.4	23,804	10,250

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 2022

	Notes	Contributed capital \$'000	Physical asset revaluation reserve \$'000	Accumulated surplus / deficit \$'000	Total equity \$'000
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		-	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
Balance at 1 July 2021		304,025	609,276	374,814	1,288,115
Net result for the year		-	-	(803)	(803)
Other comprehensive income	9.1.2	-	4,801	-	4,801
Capital contributions by State Government		2,500	-	-	2,500
Total comprehensive income		2,500	4,801	(803)	6,498
Balance at 30 June 2022		306,525	614,077	374,011	1,294,613

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

1.1. General (continued)

Going concern

Coliban Water continues to manage the impacts of COVID-19. An incident team was established 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 incident team was stood down mid-year with the Covid response now being managed as part of normal business activities. 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
Estimated fair value of derivative financial instrument	7.3.4
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
Recognition and measurement of Software as-a-Service (SaaS) arrangements	4.2
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.

Coliban Region Water Corporation

Notes to the financial statements

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;
- 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 expenses

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

7.1.2 Financial risk management objectives and policies

7.3 Fair value determination

7.3.4 Fair value determination of derivative financial liabilities

9.8 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	2022 \$'000	2021 \$'000
Revenue from service, usage and trade waste charges	2.1.1	127,399	126,472
Contributions and gifted assets	2.1.2	14,338	11,232
Total revenue from contracts with customers		141,737	137,704

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

	2022 \$'000	2021 \$'000
Service charges		
Water	19,960	19,740
Waste water	49,010	48,444
Rural water	2,504	2,118
Recycled water	43	42
Trade waste	3,044	3,254
	74,561	73,598
Usage charges		
Water	47,341	45,867
Waste water	1,377	1,478
Rural water	797	731
Recycled water	642	491
Trade waste	874	893
Temporary water sales	1,807	3,414
	52,838	52,874
Total revenue from service usage and trade waste charges	127,399	126,472

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)	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.	Revenue is recognised over time as service is provided.
Usage charges (water, wastewater, rural water, recycled water, trade waste)	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. 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.	Revenue is recognised over time as service is provided.
Temporary water sales	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.	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

	2022 \$'000	2021 \$'000
Developer contributed assets	10,390	7,526
New customer contributions	3,953	3,411
Deferred scheme contributions	(5)	295
Total developer contributions	14,338	11,232

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	\$'000
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
2022							
Over time	19,960	49,010	2,504	43	3,044		74,561
Total	19,960	49,010	2,504	43	3,044		74,561

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
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
2022							
At a point in time	-	-	-	-	-	1,807	1,807
Over time	47,341	1,377	797	642	874	-	51,031
Total	47,341	1,377	797	642	874	1,807	52,838

Contributions and gifted assets	Developer contributed assets	New customer contributions	Deferred scheme contributions	Total revenue from contributions
	\$'000	\$'000	\$'000	\$'000
2021				
At a point in time		7,526	3,411	295
Total		7,526	3,411	295
2022				
At a point in time		10,390	3,953	(5)
Total		10,390	3,953	(5)

Coliban Region Water Corporation

Notes to the financial statements

2.2 Government grants and contributions

	2022 \$'000	2021 \$'000
Government funding	1,998	2,698
Total government grants and contributions	1,998	2,698

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.

A government grant is not recognised until there is reasonable assurance that the Corporation will comply with the conditions attaching to it, and that the grant will be received.

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

2.3 Interest income

	2022 \$'000	2021 \$'000
Interest from financial assets not at fair value through profit and loss		
Interest on bank deposits	31	11
Total interest income	31	11

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

	2022 \$'000	2021 \$'000
Other income	1,736	1,977
Rental income	151	149
ZEW investment income	201	102
Total other income	2,088	2,228

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 investment 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. Upon expiration or exercise of the cash flow derivative, the Corporation will receive income depending on the position of the cash flow derivative. The fair value of the cash flow derivative is adjusted in OCI upon settlement with the difference being recognised as income or expense. Refer note 5.6 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	2022 \$'000	2021 \$'000
Employee benefit expenses	3.1.1	20,987	19,831
Operating and administration expenses	3.2	57,951	51,890
Expenditure of Government funding	10.1	1,845	2,513
Total expenses incurred in delivery of services		80,783	74,234

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

	2022 \$'000	2021 \$'000
Salaries and wages	16,416	15,433
Annual leave	1,509	1,494
Termination benefits	18	25
Accrued days off	722	811
Long service leave	266	171
Superannuation	2,056	1,897
Total employee benefit costs	20,987	19,831

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.

	2022 \$'000	2021 \$'000
Current provisions:		
Annual leave		
Unconditional and expected to settle within 12 months	1,692	1,558
Unconditional and expected to settle after 12 months	310	308
Accrued Days Off		
Unconditional and expected to settle within 12 months	316	303
Long service leave		
Unconditional and expected to settle within 12 months	301	313
Unconditional and expected to settle after 12 months	3,224	3,112
Provisions for on-costs		
Unconditional and expected to settle within 12 months	285	257
Unconditional and expected to settle after 12 months	425	408
Total current provisions for employee benefits	6,553	6,259
Non-current provisions:		
Long service leave - conditional	477	615
On-costs	57	74
Total non-current provisions for employee benefits	534	689
Total provisions for employee benefits	7,087	6,948

The number of employees at the end of the financial year was 213 (2021: 199).

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 as other economic flows included in the net result within 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 2022 and 30 June 2021 are detailed below:

Scheme	Type of scheme	Rate (%)	2022 \$'000	2021 \$'000
Vision Super	Defined benefits	9.5% - 12.5%	9	9
Vision Super	Accumulation	9.5%	746	746
Emergency Services & State Superannuation	Defined benefits	9.5% - 10.3%	27	28
VicSuper Scheme	Accumulation	9.5%	140	125
Other Superannuation Funds	Accumulation	9.5%	1,082	915
Employee Personal Superannuation Funds	Accumulation	9.5%	52	74
Total contributions to all funds			2,056	1,897

	2022 \$	2021 \$
Contributions outstanding	190,032	163,633
Loans issued	nil	nil
Expected contributions to be paid to the defined benefit category of Emergency Services & State Superannuation and Vision Super	27,139	37,092

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

As at June 2021 an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category.

The vested benefit index (VBI) of the Defined Benefit category of which Coliban Water is a contributing employer was 109.8%.

As at 30 June 2022, an interim actuarial investigation is underway as the Fund provides lifetime pensions in the Defined benefit category. It is expected to be completed by 31 October 2022.

Vision Super has advised that the VBI at 30 June 2022 was 102.2%. Coliban Water was notified of the 30 June 2022 VBI during August 2022 (2021: August 2021). The Fund Actuary used the following long-term assumptions:

	2022	2021
Net investment returns	5.5% p.a.	5.6% p.a.
Salary information	2.5% p.a. to 30 June 2023, and 3.5% p.a. thereafter	2.5% p.a. for two years thereafter 2.75% p.a. thereafter
Price inflation (CPI)	3.0% p.a.	2.0% p.a.

The 2021 Interim actuarial investigation surplus amounts

An actuarial investigation is conducted annually for the Defined Benefit category of which Coliban Water is a contributing employer. Generally, a full actuarial investigation is conducted every three years and interim actuarial investigations are conducted for each intervening year. An interim investigation was conducted at 30 June 2021 and the last full investigation was conducted at 30 June 2020.

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

	2021 (Interim) \$m	2020 (Triennial) \$m
VBI surplus/(deficit)	214.7	100.0
Total service liability surplus/(deficit)	270.3	200.0
Discounted accrued benefits surplus	285.2	217.8

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

	2022 \$'000	2021 \$'000
Partnership contract expenses	17,314	16,834
General services	18,576	13,597
Service concession arrangements	9,337	8,714
Water purchases	2,213	2,279
Electricity	4,030	4,088
Initial recognition - expense from derivative financial instrument	-	659
Other operational costs	6,481	5,719
Total operating and administration expenses	57,951	51,890

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 Service Stream. 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.
Initial recognition - expense from derivative financial instrument	<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. Upon expiration or exercise of the cash flow derivative, the Corporation will recognise an expense depending on the position of the cash flow derivative. The fair value of the cash flow derivative is adjusted in OCI upon settlement with the difference being recognised as an expense.</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 2022								
Opening net book amount - 1 July 2021	49,965	2,283	350	1,511	1,631,124	176,227	28,895	1,890,355
Additions	-	-	-	-	-	-	40,471	40,471
Disposals	(202)	(82)	-	-	(1,433)	-	-	(1,717)
Transfers in/(out) of assets under construction	6	4	61	182	35,968	2,833	(39,054)	-
Transfer between asset classes	(36)	-	-	-	(88)	-	(2,877)	(3,001)
Fair value of asset received free of charge	-	-	-	-	-	-	10,390	10,390
Depreciation charge	-	(171)	(281)	(410)	(29,291)	(5,505)	-	(35,658)
Revaluation	11,390	-	-	-	-	(4,531)	-	6,859
Closing net book amount	61,123	2,034	130	1,283	1,636,280	169,024	37,825	1,907,699
Total as at 30 June 2022 represented by:								
Gross book value	61,123	2,204	4,568	5,335	1,665,902	174,529	37,825	1,951,486
Accumulated depreciation	-	(170)	(4,438)	(4,052)	(29,622)	(5,505)	-	(43,787)
Net book value as at 30 June 2022	61,123	2,034	130	1,283	1,636,280	169,024	37,825	1,907,699

⁽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

	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 assets 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.

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 (2021: \$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.

Coliban Region Water Corporation

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.

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.

Coliban Region Water Corporation

Notes to the financial statements

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.

Exposure to climate-related matters could be an indicator that an asset (or a group of assets) is impaired.

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:

	2022	2021
	\$'000	\$'000
Proceeds from disposal of assets	316	1,054
Written down value (WDV) of assets disposed	(1,717)	(1,524)
Net gain/(loss) on disposal	(1,401)	(470)

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 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
Year ended 30 June 2022				
Opening net book amount - 1 July 2021	60,518	3,711	1,177	65,406
Additions	-	-	4,067	4,067
Transfer between asset classes	3,463	544	(4,007)	-
Amortisation	-	(983)	-	(983)
Other movements	-	-	(372)	(372)
Closing net book amount	63,981	3,272	865	68,118
Total as at 30 June 2022 represented by:				
Cost of fair value	63,981	18,198	865	83,044
Accumulated amortisation	-	(14,926)	-	(14,926)
Net book value as at 30 June 2022	63,981	3,272	865	68,118

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

Software costs

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

Coliban Region Water Corporation

Notes to the financial statements

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.

In accordance with AASB 136 *Impairment of Assets*, Coliban Water has reviewed the carrying value of water entitlements at 30 June 2022. The VIU at the CGU level has been applied in determining the recoverable amount as at 30 June 2022 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 2022. No impairment of the permanent water entitlements has been recognised for the financial year ended 30 June 2022 (30 June 2021: 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 (2021: 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)	63.31	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)	244.87	0.51

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 Region Water Corporation

Notes to the financial statements

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

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

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

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

	Interest ⁽ⁱ⁾	Water Distribution ⁽ⁱⁱ⁾	Operational costs ⁽ⁱⁱⁱ⁾
Principal Activity 2022			
Waranga Channel to Lake Eppalock to Sandhurst Reservoir	2/3	76,717	621
Principal Activity 2021			
Waranga Channel to Lake Eppalock to Sandhurst Reservoir	2/3	77,670	888

⁽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 2022, there were \$46,692 outstanding liabilities incurred by Coliban Water and the joint operation (as at 30 June 2021:\$64,462).

4.4 Non-financial physical assets classified as held for sale

	2022 \$'000	2021 \$'000
Freehold land held for sale	40	4
	<u>40</u>	<u>4</u>

Two packages of land meet this classification.

Land in Huntly with a fair value of \$4,000, the land was first recognised as held for sale in September 2020.

Land in Faraday with a fair value of \$35,516, the land was recognised as held for sale in December 2021.

As at 30 June 2022 an offer of on both packages of land had been accepted.

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

5.1 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.

	2022 \$'000	2021 \$'000
Current		
Contractual		
Rates and charges receivable	11,607	11,699
Allowance for expected credit losses	(280)	(215)
Other receivables	93	121
Statutory		
Amounts owing from the Victorian Government	1,268	1,454
GST Receivables	1,375	1,005
Total current receivables	14,063	14,064
Non-current		
Contractual		
Customer receivables	690	793
Total non-current receivables	690	793
Total receivables	14,753	14,857

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 2022 and 30 June 2021 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 2022 was determined as follows for receivables – service and usage charges and other receivables:

30 June 2022	Current	1 - 30 days	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
Expected loss rate	1%	1%	2%	5%	6%	2%
Gross carrying amount of contractual receivables	5,340	2,336	804	660	3,249	12,391
Gross carrying amount - other receivables	-	-	-	-	-	-
Loss allowance	26	15	29	35	177	280
30 June 2021						
Expected loss rate	1%	1%	3%	3%	4%	2%
Gross carrying amount of contractual receivables	5,889	2,601	574	770	2,779	12,613
Gross carrying amount - other receivables	-	-	-	-	-	-
Loss allowance	29	26	17	23	119	215

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

	2022 \$'000	2021 \$'000
Opening balance 1 July	(215)	(228)
Increase in provision recognised in the net result	(345)	(368)
Expected credit losses written off	178	165
Reversal of unused provision recognised in the net result	103	216
Balance as at 30 June	(280)	(215)

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 increased by \$65,000 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.

Coliban Region Water Corporation

Notes to the financial statements

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

5.2 Contract assets

	2022 \$'000	2021 \$'000
Service and usage charges - accrued revenue	19,922	16,638
Total contract assets	19,922	16,638
<i>Represented by</i>		
Current contract assets	19,922	16,638
		Service and usage charges - accrued revenue \$'000
Opening balance as at 1 July 2021		16,638
Less: Amounts billed during the year		(16,638)
Add: Amount accrued at year end (to be billed)		19,922
Carrying amount as at 30 June 2022		19,922

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.

	2022 \$'000	2021 \$'000
Current		
<i>Contractual</i>		
Trade creditors	3,326	4,167
Accrued expenses	18,835	12,596
Other payables	558	473
<i>Statutory</i>		
FBT payable	11	9
Total current payables	22,730	17,245
Non-current		
Contractual		
<i>Contractual</i>		
Retention and advance deposits	598	34
Total non-current payables	598	34
Total trade and other payables	23,328	17,279

Contractual payables are unsecured and are usually paid within 28 days of recognition.

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, considering 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.

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 2022						
Supplies and services	18,535	18,535	16,227	2,291	17	-
Other payables	4,793	4,792	3,788	147	259	598
Total	23,328	23,327	20,015	2,438	276	598
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

5.4 Contract liabilities

	2022 \$'000	2021 \$'000
Customers paid in advance	3,221	2,922
Unearned income	10,596	5,824
Total contract liabilities	13,817	8,746
<i>Represented by</i>		
Current contract liabilities	13,817	8,746

Coliban Region Water Corporation

Notes to the financial statements

	Customer paid in advance \$'000	Unearned income \$'000	Total \$'000
Carrying amount as at 1 July 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)
Closing balance at 30 June 2021	2,922	5,824	8,746
Add: Developers contribution received for performance obligations yet to be completed during the year	-	5,126	5,126
Add: Payments received in advance for provision of goods and services	3,221	5,686	8,907
Less: Revenue recognised in the reporting period for the completion of performance obligations	(2,922)	(6,040)	(8,962)
Total contract liabilities at 30 June 2021	3,221	10,596	13,817

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 2022 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.

5.5 Inventories

	2022 \$'000	2021 \$'000
Current		
Inventories held for sale	-	7
Inventories held for distribution	1,802	1,762
Total inventories	1,802	1,769

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.

Coliban Region Water Corporation

Notes to the financial statements

5.6 Other financial assets

	2022 \$'000	2021 \$'000
Other financial assets		
Investment in Zero Emissions Water (ZEW) Ltd	15	15
Derivative financial instrument	640	-
Total other financial assets	<u>655</u>	<u>15</u>

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

5.6.1 ZEW transactions and balances

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

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

Under the Members' Agreement 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.

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 2022, ZEW had requested and received a loan payment of \$14,500. As this loan is concessional, it has been treated as an investment in ZEW and measured at amortised cost.

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

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).

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.

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 Operational Expenditure Commitments Payable

6.1 Interest bearing liabilities

	Notes	2022 \$'000	2021 \$'000
Current interest-bearing liabilities			
Lease liabilities ⁽ⁱ⁾	6.2	505	658
Service Concession Arrangement - water and wastewater treatment facilities	6.3	7,239	6,700
Total current interest-bearing liabilities		7,744	7,358
Non-current interest-bearing liabilities			
Lease liabilities	6.2	1,551	1,917
Loans from Treasury Corporation of Victoria (TCV)		409,832	384,832
Service Concession Arrangement - water and wastewater treatment facilities	6.3	44,579	51,819
Total non-current interest-bearing liabilities		455,962	438,568
Total interest-bearing liabilities		463,706	445,926

⁽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*.

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 \$'000	Nominal amount ⁽ⁱ⁾ \$'000	Less than 1 month \$'000	Maturity dates			
				1 - 3 months \$'000	3 months - 1 year \$'000	1 - 5 years \$'000	5+ years \$'000
30 June 2022							
Lease liabilities	2,056	-	53	103	348	795	757
Loans from TCV Service concession arrangements ⁽ⁱⁱ⁾	409,832	394,085	332	-	38,000	159,000	212,500
	51,818	-	582	1,174	5,482	35,281	9,299
Total	463,706	394,085	967	1,277	43,830	195,076	222,556
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

⁽ⁱ⁾Nominal amount represents fair value

⁽ⁱⁱ⁾Water and wastewater treatment facilities

6.1.2 Interest expense

	2022 \$'000	2021 \$'000
Interest on loans from Treasury Corporation of Victoria (TCV)	12,977	14,056
Interest on lease liability	83	93
Financial accommodation levy	5,609	5,579
Interest on financial liabilities - service concession arrangements	4,309	4,809
Total interest expense	22,978	24,537

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 arrangement 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 2022, Coliban Water was committed to short term and/or leases of low-value leases and the total commitment at that date was \$53,754. 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.

Coliban Region Water Corporation

Notes to the financial statements

Definition of a lease

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

Coliban Region Water Corporation

Notes to the financial statements

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 2021					
Carrying amount as at 1 July 2020 at cost	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
Total as at 30 June 2021 represented by:					
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
Year ended 30 June 2022					
Carrying amount at beginning of year	1,784	83	182	411	2,460
Additions to right-of-use assets	-	10	-	138	148
Depreciation expense	(352)	(7)	(4)	(324)	(687)
Carrying amount at end of year	1,432	86	178	225	1,921
Year ended 30 June 2022					
Cost	2,488	105	189	1,150	3,932
Less: Accumulated depreciation	(1,056)	(19)	(11)	(925)	(2,011)
Carrying amount at end of year	1,432	86	178	225	1,921

6.2.2 Amounts recognised in the Comprehensive Operating Statement

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

	2022 \$'000	2021 \$'000
Interest on lease liabilities	83	93
Depreciation on right-of-use assets	687	690
Expenses relating to short-term leases	33	17
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	100	38
Income from sub-leasing right-of-use assets	(54)	(53)
Total	849	785

6.2.3 Amounts recognised in the Cash Flow Statement

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

	2022 \$'000	2021 \$'000
Total cash outflow for leases	730	789

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 \$5.2 million as at 30 June 2022 (2021: \$5.9 million)).

	Notes	Minimum future payments		Present value of minimum future payments	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Service concession arrangement liability					
Water treatment facilities		32,824	39,500	27,182	31,548
Wastewater treatment facilities		32,323	36,658	24,636	26,971
Minimum future liability payments		65,147	76,158	51,818	58,519
Less: Future finance charges		(13,329)	(17,639)	-	-
Total service concession arrangement liability		51,818	58,519	51,818	58,519
Representing service concession arrangement liability					
Current	6.1			7,239	6,700
Non-current	6.1			44,579	51,819
Total service concession arrangement liability				51,818	58,519

Coliban Region Water Corporation

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 2022 the amount of unused credit was \$400,000 (2021: \$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 29 October 2032 and may be extended by mutual agreement between Coliban Water and TCV.

	Notes	2022 \$'000	2021 \$'000
Cash at bank	10.1	23,804	10,250
Balance as per cash flow statement		23,804	10,250

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

	2022 \$'000	2021 \$'000
Net result for the period	(803)	3,332
Non-cash movements		
Depreciation and amortisation of non-current assets	37,328	32,238
(Gain)/loss on sale or disposal of non-current assets	1,200	470
Payments for fixed assets in payables movement	54	1,357
Non-cash developer contributions and gifted assets	(10,390)	(7,526)
Income tax (expense)/benefit	(327)	2,096
Movements in assets and liabilities		
(Increase)/decrease in receivables	94	(1,085)
(Increase)/decrease in inventories	(33)	(76)
(Increase)/decrease in contract assets	(3,284)	(2,171)
(Increase)/decrease in prepayments	321	(219)
(Increase)/decrease in other financial assets	-	(15)
(Increase)/decrease in deferred tax assets	10	-
(Increase)/decrease in derivative financial instruments	(1,270)	630
Increase/(decrease) in payables	3,095	(1,239)
Increase/(decrease) in contract liabilities	5,071	1,278
Increase/(decrease) in employee benefits	139	(273)
Net cash provided by/(used in) operating activities	31,205	28,797

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 2022				
Service concession arrangement	9,786	42,798	6,430	59,014
Capital expenditure commitments payable	28,371	13,403	3,551	45,325
Environmental contribution levy commitments	5,734	5,734	-	11,468
Operational expenditure commitments payable	36,665	88,095	23,172	147,932
Total commitments (inclusive of GST)	80,556	150,030	33,153	263,739
Less GST recoverable	(6,372)	(13,529)	(3,073)	(22,974)
Total commitments (exclusive of GST)	74,184	136,501	30,080	240,765
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)	57,154	53,188	17,295	127,637

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 2022				
Water treatment facilities	7,404	32,562	-	39,966
Wastewater treatment facilities	2,382	10,236	6,430	19,048
Total commitments (inclusive of GST)	9,786	42,798	6,430	59,014
Less GST recoverable	(979)	(4,280)	(643)	(5,902)
Total commitments (exclusive of GST)	8,807	38,518	5,787	53,112
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

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 2022				
Capital expenditure commitments payable	28,371	13,403	3,551	45,325
Total capital expenditure commitments (inclusive of GST)	28,371	13,403	3,551	45,325
Less GST recoverable	(2,504)	(1,217)	(323)	(4,044)
Total capital expenditure commitments (exclusive of GST)	25,867	12,186	3,228	41,281
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

Coliban Region Water Corporation

Notes to the financial statements

6.5.4 Operational expenditure commitments payable

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 Service Stream. 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 2022				
Environmental contribution levy commitments	5,734	5,734	-	11,468
Operations and maintenance services	30,931	88,095	23,172	142,198
Total other commitments (inclusive of GST)	36,665	93,829	23,172	153,666
Less GST recoverable	(2,889)	(8,032)	(2,107)	(13,028)
Total other commitments (exclusive of GST)	33,776	85,797	21,065	140,638
Nominal Amounts 2021				
Environmental contribution levy commitments	5,734	11,469	-	17,203
Operations and maintenance services	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

Coliban Region Water Corporation

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 2021/21 reporting period.

These financial instruments include:

Financial assets	Financial liabilities
<ul style="list-style-type: none"> • Cash and deposits • Receivables (excluding statutory receivables) • Investment in Zero Emission Water (ZEW) • Derivative financial instrument in Zero Emissions Water (ZEW) 	<ul style="list-style-type: none"> • Payables: <ul style="list-style-type: none"> • contractual payables (e.g. trade creditors, sundry creditors, accrued expenses, and other expenses) • Interest bearing liabilities: <ul style="list-style-type: none"> • 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.

Coliban Region Water Corporation

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. Climate-related matters may be relevant in the calculation of expected credit losses if, for example, they impact the range of potential future economic scenarios or assessment of significant increases in credit risk. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

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

Derivative financial instruments

Derivative financial instruments are classified as held for trading financial assets and liabilities. They are initially recognised at fair value on the date on which all contractual obligations under Conditions Precedent are met and on subsequent measurement. The initial expense recognised represents the fair value of the expected future settlements at initial recognition (refer note 3.2).

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

Coliban Region Water Corporation

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
2022						
Contractual financial assets						
Cash and deposits	6.4	23,804	-	-	-	23,804
Receivables⁽ⁱ⁾						
Rates and charges receivable	5.1	-	12,017	-	-	12,017
Contract assets	5.2	-	19,922	-	-	19,922
Other receivables	5.1	-	93	-	-	93
Investments and other contractual financial assets						
Investment in Zero Emissions Water (ZEW) Ltd	5.6	-	-	15	-	15
Other	5.6	-	-	640	-	640
Total contractual financial assets		23,804	32,032	655	-	56,491
Contractual financial liabilities						
Payables⁽ⁱ⁾						
Trade creditors	5.3	-	-	-	3,326	3,326
Accrued expenses	5.3	-	-	-	18,835	18,835
Other payables	5.3	-	-	-	1,156	1,156
Borrowings						
Lease liabilities	6.1	-	-	-	2,056	2,056
Loans from Treasury Corporation of Victoria (TCV)	6.1	-	-	-	409,832	409,832
Service Concession Arrangement - water and wastewater treatment facilities	6.1	-	-	-	51,818	51,818
Derivative financial liabilities						
Total contractual financial liabilities		-	-	-	487,023	487,023
2021						
Contractual financial assets						
Cash and deposits	6.4	10,250	-	-	-	10,250
Receivables						
Rates and charges receivable	5.1	-	12,398	-	-	12,398
Sale of goods and services		-	-	-	-	-
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						
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
Derivative financial liability						
Financial liabilities designated at fair value through profit or loss		-	-	630	-	630
Total contractual financial liabilities		-	-	630	463,196	463,826

⁽ⁱ⁾The total amounts disclosed exclude statutory receivables and 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 2021/22 (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 2022, Coliban Water has no other significant credit risk. There has been no material change to Coliban Water's credit risk profile in 2021/21.

Coliban Region Water Corporation

Notes to the financial statements

Credit quality of financial assets

	Financial institutions (A-1+) ⁽ⁱ⁾	Government agencies (AAA) ⁽ⁱ⁾	Government agencies (triple-B credit rating)	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
2022					
Financial assets					
Financial assets with loss allowance measured at 12-month expected credit loss:					
Cash and cash equivalents	16,110	7,693	-	1	23,804
Receivables (excl. statutory receivables)	-	-	-	12,017	12,017
Total financial assets	16,110	7,693	-	12,018	35,821
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

⁽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, and updated in March 2022, which identified 54 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 Climate Change Strategy and the Annual Climate Change Action 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 2022, Coliban Water 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;

Coliban Region Water Corporation

Notes to the financial statements

- 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 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:

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.

Coliban Region Water Corporation

Notes to the financial statements

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
2022					
Financial assets					
Cash	0.07	23,804	-	23,803	1
Total financial assets		23,804	-	23,803	1
Financial liabilities					
Lease liabilities	4.45	2,056	2,056	-	-
Loans from Treasury Corporation of Victoria (TCV)	3.39	409,832	409,500	332	-
Service Concession Arrangement - water and wastewater treatment facilities	7.76	51,818	51,818	-	-
Total financial liabilities		463,706	463,374	332	-
2021					
Financial assets					
Cash	0.12	10,250	-	10,249	1
Total financial assets		10,250	-	10,249	1
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	-

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 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.

	Carrying amount \$'000	Profit or Loss		Equity	
		-100 basis points \$'000	+100 basis points \$'000	-100 basis points \$'000	+100 basis points \$'000
2022					
Cash and deposits	23,803	(238)	238	(238)	238
Interest bearing liabilities	332	3	(3)	3	(3)
Total		(235)	235	(235)	235
2021					
Cash and deposits	10,249	(102)	102	(102)	102
Interest bearing liabilities	331	3	(3)	3	(3)
Total		(99)	99	(99)	99

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.

Coliban Region Water Corporation

Notes to the financial statements

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 2022 (30 June 2021: \$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 2022.

The Valuer-General Victoria (VGV) is Coliban Water's independent valuation agency. In accordance with FRD 1031 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. After applying the indices for land supplied by the VGV for the 2021/22 financial year, land was assessed as increasing in value by 19% since the 2021 independent valuation. As this exceeds 10%, Coliban Water undertook a managerial revaluation on 30 June 2022, increasing Coliban Water's valuation of land by \$11.4 million for 2021/22.

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. There was no managerial valuation for buildings.

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. There was no managerial valuation for infrastructure.

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.

Coliban Region Water Corporation

Notes to the financial statements

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 2021/22 reporting period.

7.3.1 Fair value determination – Non-financial physical assets

	Carrying amount as at 30 June 2022 \$'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	45,220	-	-	45,220
Non-specialised land	15,903	-	15,903	-
Total Land at fair value	61,123	-	15,903	45,220
Buildings at fair value				
Specialised buildings	2,034	-	-	2,034
Total Buildings at fair value	2,034	-	-	2,034
Leasehold improvements at fair value				
Specialised	130	-	-	130
Total Leasehold improvements at fair value	130	-	-	130
Plant and equipment at fair value				
Specialised	1,283	-	-	1,283
Total Plant and equipment at fair value	1,283	-	-	1,283
Infrastructure assets at fair value				
Specialised Water Infrastructure	719,291	-	-	719,291
Specialised Water Distribution Assets	182,151	-	-	182,151
Specialised Water Distribution Assets - Leasehold	702	-	-	702
Specialised Wastewater Infrastructure	363,784	-	-	363,784
Specialised Recycling Infrastructure	53,327	-	-	53,327
Specialised Rural Infrastructure	97,630	-	-	97,630
Specialised Headworks Infrastructure	219,395	-	-	219,395
Total Infrastructure assets at fair value	1,636,280	-	-	1,636,280
Service concession assets at fair value				
Specialised Water and Wastewater treatment facilities	169,024	-	-	169,024
Total Service concession assets at fair value	169,024	-	-	169,024
Total assets at fair value (excluding works in progress)	1,869,874	-	15,903	1,853,971

Coliban Region Water Corporation

Notes to the financial statements

	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

There were no transfers between levels during the period. There were no changes in valuation techniques throughout the period to 30 June 2022.

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.

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.

Coliban Region Water Corporation

Notes to the financial statements

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 was 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 2022.

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.

Climate change factors

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

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
2022						
Fair Value						
Opening balance	36,396	2,283	350	1,511	1,631,124	176,227
Purchases (sales)	6	-	-	-	-	-
Transfers between categories	-	4	-	182	35,880	2,833
Transfers in (out) of Level 3	-	-	60	-	-	-
Disposals	-	(82)	-	-	(1,433)	-
Depreciation charge	-	(171)	(280)	(410)	(29,291)	(5,505)
Net revaluation increments / decrements	8,818	-	-	-	-	(4,531)
Closing balance	45,220	2,034	130	1,283	1,636,280	169,024
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

Coliban Region Water Corporation

Notes to the financial statements

Description of significant unobservable inputs to Level 3 valuations

2022 and 2021	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.

Coliban Region Water Corporation

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 2022 \$'000	Fair value measurement at end of reporting period using:		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Assets held for sale	40	-	40	-
Total current assets held for sale	40	-	40	-

	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	-

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.

	Carrying amount as at 30 June 2022 \$'000	Fair value measurement at end of reporting period using:		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Derivative financial liabilities at fair value				
Derivative instrument - Zero Emissions Water	-	-	-	-
Total Derivative financial liabilities at fair value	-	-	-	-

	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
Derivative financial liabilities at fair value				
Derivative instrument - Zero Emissions Water	630	-	-	630
Total Derivative financial liabilities at fair value	630	-	-	630

Coliban Region Water Corporation

Notes to the financial statements

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 loss \$'000
2022	
Fair Value	
Opening balance	630
Initial recognition of derivative financial instruments	-
(Gains)/losses recognised in profit or loss	(1,240)
Net cash settlement paid/(received)	(30)
Closing balance	(640)
2021	
Fair Value	
Opening balance	-
Initial recognition of derivative financial instruments	659
Net cash settlement paid/(received)	(29)
Closing balance	630

Description of significant unobservable inputs to Level 3 valuations for 2022

	Valuation technique	Significant unobservable inputs	2022 range (weighted average)	Sensitivity of fair value measurement to changes in significant unobservable inputs
		Wholesale electricity price forecasts	\$34.05/MWh to \$90.48/MWh (\$56.43/MWh)	An increase/ (decrease) in the wholesale electricity price forecasts of 10% would result in an increase/ (decrease) fair value by \$309,647.
Derivative financial instruments	Income approach (discounted cash flow)	Discount rate – risk free rates of zero coupon government bonds	0.85% to 4.3781% (3.5281%)	An increase/ (decrease) in the discount rate of 1% would result in an increase/ (decrease) fair value by \$1,767.
		Credit value adjustment – Australian Corporate Bond Spreads and Yields FNFSBBB10M	322.80	An increase/ (decrease) in the credit value adjustment of 1% would result in an increase/ (decrease) fair value by \$1,767.

Coliban Region Water Corporation

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	2022 \$'000	2021 \$'000
(a) Income statement			
Current income tax expense		(3,717)	395
Temporary differences		4,044	(2,491)
Income tax reported in the Income Statement		327	(2,096)
(b) Statement of changes in equity			
Net deferred tax - debited/(credited) directly to equity	8.1.2	2,058	94,197
Income tax reported in equity		2,058	94,197
(c) Tax reconciliation			
Profit from continuing operations before income tax expense		(1,130)	5,623
Tax at the Australian tax rate of 30.0% (2021 - 30.0%)		339	(1,687)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:			
Permanent differences		(12)	(80)
Income tax on profit before tax		327	(1,767)
(d) Tax expense (income relating to items of other comprehensive income)			
Gain/(loss) on revaluations of infrastructure, property, plant and equipment		(2,058)	(94,197)
Net gain/(loss) on disposal of assets		361	13
Fair value increase/(decrease) in other financial assets		84	46
		(1,613)	(94,138)
(e) Tax losses			
Potential tax benefit @ 30%	8.1.2	59,352	63,135
		59,352	63,135

Coliban Water will not pay income tax for 2021/22. 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

	Notes	2022 \$'000	2021 \$'000
Amounts recognised in Comprehensive Operating Statement			
Loss allowance		84	65
Property, plant and equipment		16,178	18,634
Employee benefits		2,126	2,085
Accrued expenses		4,652	2,802
Intangible assets		-	76
Tax losses		59,352	63,135
Total deferred tax assets		82,392	86,797
Movements:			
Opening balance at 1 July		86,797	88,590
Amounts restated through opening retained earnings to the Comprehensive Operating statement		(4,405)	(1,793)
Closing balance at 30 June		82,392	86,797
Deferred tax asset expected to be recovered within 12 months		6,862	4,952
Deferred tax asset expected to be recovered after more than 12 months		16,178	18,710
Tax losses		59,352	63,135
Closing balance at 30 June		82,392	86,797

Coliban Region Water Corporation

Notes to the financial statements

Deferred tax liabilities

	2022 \$'000	2021 \$'000
Amounts recognised in Comprehensive Operating Statement		
Accrued income	125	138
Property, plant and equipment	219,340	224,250
Other deferred tax liabilities	192	-
Amounts recognised directly in equity		
Revaluation of infrastructure, property, plant and equipment	99,172	97,114
Total deferred tax liabilities	318,829	321,502
Movements:		
Opening balance at 1 July	321,502	227,003
Credited/(debited):		
to the net result	(4,731)	302
to the consolidated statement of comprehensive income	2,058	94,197
Closing balance at 30 June	318,829	321,502
Deferred tax liabilities expected to be settled within 12 months	125	138
Deferred tax liabilities expected to be settled after more than 12 months	318,704	321,364
Closing balance at 30 June	318,829	321,502
Total net deferred tax asset/(liability)	(236,437)	(234,705)

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.

	2022 \$'000	2021 \$'000
Environmental contribution levy	5,734	5,734

The Environmental contribution in the current year totalled \$5.7 million (2021 \$5.7 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 Other economic flows included in net results
- 9.3 Responsible persons
- 9.4 Remuneration of executives
- 9.5 Related parties
- 9.6 Remuneration of auditors
- 9.7 Ex-gratia expenses
- 9.8 Events occurring after the balance date
- 9.9 Australian Accounting Standards issued that are not yet effective

9.1 Equity

9.1.1 Contributed capital

	2022 \$'000	2021 \$'000
Opening balance at 1 July	304,025	304,025
Contributions from the Victorian Government	2,500	-
Accumulated surplus/(deficit) at end of financial year	306,525	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.

In 2021/22 a \$2,500,000 capital contribution was received from the Department of Environment, Land, Water and Planning (DELWP) representing funds from the Victorian Grid Connections Package for the Kyneton Recycled Water Irrigation Project.

9.1.2 Asset revaluation reserves

	2022 \$'000	2021 \$'000
Asset revaluation reserve: Land		
Opening balance at 1 July	36,274	35,907
Revaluation increments/(decrements)	7,973	367
Closing balance at 30 June	44,247	36,274
Asset revaluation reserve: Buildings		
Opening balance at 1 July	391	294
Revaluation increments/(decrements)	-	97
Closing balance at 30 June	391	391
Asset revaluation reserve: Infrastructure		
Opening balance at 1 July	572,611	353,281
Revaluation increments/(decrements)	(3,172)	219,330
Closing balance at 30 June	569,439	572,611
Total reserves	614,077	609,276

Coliban Region Water Corporation

Notes to the financial statements

9.2 Other economic flows included in net results

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

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

	2022	2021
	\$'000	\$'000
Net gain/(loss) on disposal of infrastructure, property plant and equipment (including intangible assets)	(1,401)	(470)
Net (gain)/loss arising from derivatives for ZEW transactions	1,240	-
Total other gains/(losses) from other economic flows	(161)	(470)

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

9.3 Responsible persons

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

Name	Title	Period of appointment
The Hon. Harriet Shing MP	Minister for Water	27 June 2022 to 30 June 2022
The Hon. Lisa Neville MP	Minister for Water	1 July 2021 to 26 June 2022
The Hon. Richard Wynne MP	Acting Minister for Water	1 July 2021 to 22 August 2021
Bob Cameron	Director (Chairperson from 1 October 2021)	1 July 2021 to 30 June 2022
Lucy Roffey	Director (Chairperson to 30 September 2021)	1 July 2021 to 30 June 2022
Marika McMahan	Director	1 July 2021 to 30 June 2022
Helen Symes	Director	1 July 2021 to 30 June 2022
Nigel McGuckian	Director	1 July 2021 to 30 June 2022
Gary Jones	Director	1 July 2021 to 30 June 2022
Melanie McCarthy	Director	1 July 2021 to 30 June 2022
Mario D'Elia	Director	1 July 2021 to 30 June 2022
Damian Wells	Managing Director	1 July 2021 to 30 June 2022

Coliban Region Water Corporation

Notes to the financial statements

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:

	2022 number	2021 number
\$30,000 – \$39,999	6	7
\$40,000 – \$49,999	1	-
\$50,000 – \$59,999	-	-
\$60,000 – \$69,999	1	-
\$70,000 – \$79,999	-	1
\$300,000 - \$309,999	1	1
Total	9	9
Total remuneration	\$664,814	\$663,377

9.4 Remuneration of executives

The number of executive officers, other than the Minister and Accountable Officer listed in Note 9.3 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.

The actual number of Executive Officers increased to seven due to one changeover within the Executive Leadership Team in 2021/22. 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 9.5).

	2022 \$'000	2021 \$'000
Short-term employee benefits	1,172	1,183
Post-employment benefits	120	112
Long-term benefits	30	29
Total remuneration	1,322	1,324
Total number of executives	7	6
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.

Coliban Region Water Corporation

Notes to the financial statements

9.5 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 9.3 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 State of Victoria's Annual 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:

	2022 \$'000	2021 \$'000
Short-term employee benefits	607	604
Post-employment benefits	56	53
Long-term benefits	2	7
Total remuneration	665	664

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	2022 \$'000	2021 \$'000
Central Highlands Water	Goldfields Superpipe joint operation	607	1,025
Dept. of Families, Fairness and Housing	Pensioner concessions	5,542	6,480
Dept. of Environment, Land, Water and Planning	Bendigo Groundwater Project	5,686	2,250
Dept. of Environment, Land, Water and Planning	Victorian Grid Connections Package Grant	2,500	-
Dept. of Environment, Land, Water and Planning	Other project contributions	72	-
Environment Protection Authority Victoria	Entitlement transfer	-	144
Total revenue		14,407	9,899

Amounts recognised as an expense in the Comprehensive operating statement

Entity name	Brief description of main activity	2022 \$'000	2021 \$'000
Dept. of Environment, Land, Water and Planning	Environmental Contribution	5,734	5,734
Dept. of Environment, Land, Water and Planning	Valuations, monitoring, licences etc	205	136
Dept. of Families, Fairness and Housing	Centrepay transaction fees	30	87
Dept. of Families, Fairness and Housing	Administration levies	39	38
Dept. of Treasury and Finance	Financial Accommodation Levy	6,986	5,590
Dept. of Treasury and Finance	Regional Water and Sewerage Recovery Fee	187	-
Environmental Protection Authority	License renewals	117	178
Goulburn Murray Rural Water Corporation	Water share fixed and bulk water charges	1,691	1,684
Grampians Wimmera Mallee Water	Rural water supply	-	612
Grampians Wimmera Mallee Water	South West Loddon Rural Water Supply	794	652
North Central Catchment Management Authority	Kyneton offset works	540	757
Treasury Corporation of Victoria	Interest on borrowings	12,977	14,056
Western Water	Entitlement transfer	-	156
Total expenses		29,300	29,680

As at 30 June 2022, amounts receivable from related entities included the Department of Families, Fairness and Housing, \$1,115,670 for pensioner concessions (2021: \$453,078). Amounts payable to related entities included the Department of Environment, Land, Water and Planning, \$1,433,580 for Environmental Contribution Levy quarterly instalment (2021: \$1,433,580); and North Central Catchment Management Authority, \$4,375 for Kyneton offset works and 'A Healthy Coliban Catchment program' (2021: \$234,369).

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

Up to 31 December 2021 ESE Consulting was engaged for recruitment and temporary employment services with an aggregated value of transactions totalling \$79,503 (2021: \$131,929). Coliban Water's Managing Director, Damian Wells, is a related party to this entity. Mr. Wells' wife and her sister are directors of, and hold 100% shareholding in, ESE Consulting.

Coliban Region Water Corporation

Notes to the financial statements

Mr. Wells declared the relationship prior to commencing as Managing Director. At that time, a management plan, approved by the Board Chairperson, was put in place to appropriately manage this conflict of interest. The management plan included the removal of delegations from Mr. Wells in relation to the procurement of employment services and Mr. Wells actively removing himself from relevant business discussions and decisions relating to the engagement of services of this nature.

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 2022 there were no amounts still owing to ESE Consulting (2021: \$3,806). The engagement of ESE Consulting ceased in December 2021 after which time Coliban Water transitioned to the Staffing Services State Purchase Contract.

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.

	2022	2021
	\$'000	\$'000
Payments	125	88
Receipts	(45)	(102)
Investment in ZEW	15	15
Derivative financial instrument in ZEW	(640)	630

9.6 Remuneration of auditors

Auditors remuneration for auditing the financial statements of Coliban Water excluding GST has been set at \$155,000 (2021: \$147,000) by the Victorian Auditor-General Office. No other benefits were received or are receivable by the Victorian Auditor-General Office.

9.7 Ex-gratia expenses

	2022	2021
	\$	\$
Forgiveness or waiver of debt ⁽ⁱ⁾	24	62
Total ex-gratia expense	24	62

⁽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 2021/22 totalled \$23,882.78 (2020/21: \$62,397).

9.8 Events occurring after the balance date

Since the balance date, 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.

A subsequent immaterial event however has arisen in relation to the ZEW derivative. The original valuation provided to Coliban Water by ZEW used a central price scenario in valuing the ZEW PPA derivative. VAGO's audit of the central case scenario concluded that it was not reasonable, as the future wholesale electricity prices were too high.

Coliban Region Water Corporation

Notes to the financial statements

ZEW advised Coliban Water and its other members of this outcome on 13 September 2022, resulting in the application of a low-price scenario to value the ZEW PPA. This scenario resulted in the financial derivative being valued as a liability. Due to the timing of the advice, the immateriality of the adjustment, and the planned clearance of the financial accounts, an adjustment to the derivative asset has not been made. The adjustment will be posted in the 2022/23 financial year.

9.9 Australian Accounting Standards issued that are not yet effective

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

Certain new Australian Accounting Standards (AAS) have been published that are not mandatory for the 30 June 2022 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 2024.

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	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Financial impact on the Comprehensive Operating Statement						
Revenue						
Revenue from contracts with customers	-	-	141,737	137,704	141,737	137,704
Government funding	1,785	2,407	213	291	1,998	2,698
Interest income	16	11	15	-	31	11
Other income	-	-	2,088	2,228	2,088	2,228
Total revenue	1,801	2,418	144,053	140,223	145,854	142,641
Expenses						
Operating, administration and employee benefits expense	-	-	78,938	71,721	78,938	71,721
Expenditure of Government funding	1,785	2,407	60	106	1,845	2,513
Depreciation and amortisation	9	3	37,319	32,235	37,328	32,238
Cost of biological assets sold	-	-	-	-	-	-
Interest expense	-	-	22,978	24,537	22,978	24,537
Environmental contribution	-	-	5,734	5,734	5,734	5,734
Total expenses	1,794	2,410	145,029	134,333	146,823	136,743
Net result from transactions (net operating balance)	7	8	(976)	5,890	(969)	5,898
Other economic flows included in net result						
Net gain/(loss) on disposal of non-current assets	-	-	(1,401)	(470)	(1,401)	(470)
Net gain/(loss) on financial instruments	-	-	1,240	-	1,240	-
Total other economic flow included in net result	-	-	(161)	(470)	(161)	(470)
Net result before tax	7	8	(1,137)	5,420	(1,130)	5,428

Coliban Region Water Corporation

Notes to the financial statements

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)*. Refer note 2.2. Expenditure of Government funding reflects the costs of operating and maintaining the Groundwater Treatment Plant.

	Bendigo Groundwater Project		Coliban Water		Consolidated	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Financial impact on the Balance Sheet						
Assets						
Total current assets	7,693	3,790	52,212	39,530	59,905	43,320
Total non-current assets	1,096	490	1,977,987	1,958,539	1,979,083	1,959,029
Total assets	8,789	4,280	2,030,199	1,998,069	2,038,988	2,002,349
Liabilities						
Total current liabilities	8,098	4,211	42,746	35,397	50,844	39,608
Total non-current liabilities	-	(1,449)	693,531	676,075	693,531	674,626
Total liabilities	8,098	2,762	736,277	711,472	744,375	714,234
Net assets	691	1,518	1,293,922	1,286,597	1,294,613	1,288,115
Equity						
Contributed capital	(6,717)	(6,717)	313,242	310,742	306,525	304,025
Asset revaluation reserves	615	-	613,462	609,276	614,077	609,276
Accumulated funds	6,793	8,235	367,218	366,579	374,011	374,814
Total equity	691	1,518	1,293,922	1,286,597	1,294,613	1,288,115

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	3,903	(243)	27,302	29,040	31,205	28,797
Net cash flows from/(used in) investing activities	-	67	(37,931)	(32,120)	(37,931)	(32,053)
Net cash flows from/(used in) financing activities	-	-	20,280	5,158	20,280	5,158
Net increase/(decrease) in cash and cash equivalents	3,903	(176)	9,651	2,078	13,554	1,902
Cash at the beginning of the financial year	3,790	3,966	6,460	4,382	10,250	8,348
Cast at the end of the financial year	7,693	3,790	16,111	6,460	23,804	10,250

Independent Auditor's Report



Victorian Auditor-General's Office

To the Board of Coliban Region Water Corporation

Opinion I have audited the financial report of Coliban Region Water Corporation (the corporation) which comprises the:

- balance sheet as at 30 June 2022
- 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 2022 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
27 September 2022



Paul Martin
as delegate for the Auditor-General of Victoria

Disclosure Index

REPORT OF OPERATIONS		
LEGISLATION	REQUIREMENT	PAGE NUMBER
CHARTER AND PURPOSE		
FRD 22	Manner of establishment and the relevant Ministers	1
FRD 22	Purpose, functions, powers and duties	1
FRD 22	Key initiatives and projects	3
FRD 22	Nature and range of services provided	3-9
MANAGEMENT AND STRUCTURE		
FRD 22	Organisational structure	58
FINANCIAL AND OTHER INFORMATION		
FRD 10	Disclosure index	145-146
FRD 12	Disclosure of major contracts	64-65
FRD 15	Executive officer disclosure	136
FRD 22	Employment and conduct principles	38
FRD 22	Occupational health and safety policy	59-60
FRD 22	Summary of the financial results for the year	72-73
FRD 22	Significant changes in financial position during the year	73
FRD 22	Major changes or factors affecting performance	73
FRD 22	Subsequent events (nil response required)	73
FRD 22	Details of consultancies over \$10,000 (consultancy expenditure)	64-65
FRD 22	Details of consultancies under \$10,000 (consultancy expenditure)	65
FRD 22	Application and operation of the <i>Freedom of Information Act 1982</i>	66
FRD 22	Compliance with building and maintenance provisions of the <i>Building Act 1993</i>	62
FRD 22	Application and operation of the <i>Public Interest Disclosures Act 2012</i>	62-63
FRD 22	Statement of availability of other information	66
FRD 22	Statement on National Competition Policy (Competitive Neutrality Policy)	61
FRD 22	Disclosure of government advertising expenditure	62
FRD 24	Reporting of office-based environmental impacts	45-46
FRD 25	Local Jobs First	63
FRD 27	Performance Reporting	67-69
FRD 29	Workforce Data disclosures	38
FRD 22	Workforce inclusion policy	37
FRD 22	Disclosure of ICT expenditure	63
FRD 22	Five-year financial summary	72
SPF	Social Procurement Framework	11, 49

REPORT OF OPERATIONS		
LEGISLATION	REQUIREMENT	PAGE NUMBER
MINISTERIAL DIRECTIONS		
MRD 01	Performance Reporting	67-69
MRD 02	Water Consumption and Drought response	15-25, 29-33
MRD 03	Environmental and Social Sustainability	40-46
MRD 04	Bulk Entitlements and Compliance Activities	19-22
MRD 05	Major Non-Residential Water Users	33
MRD 06	Greenhouse Gas and Energy Reporting	45-46
MRD 07	Letters of Expectation	6-14, 33, 37-39, 58-59, 66

FINANCIAL STATEMENTS		
LEGISLATION	REQUIREMENT	PAGE NUMBER
COMPLIANCE ATTESTATION AND DECLARATION		
SD 5.1.4	Attestation for Financial Management Compliance	59
SD 5.2.3	Declaration in report of operations	69

LEGISLATION	
<i>Aboriginal Heritage Regulations 2018</i>	11
<i>Audit Act 1994</i>	70, 71, 143-144
<i>Borrowing and Investment Powers Act 1987</i>	61, 106
<i>Building Act 1993</i>	62
<i>Catchment and Land Protection Act 1994</i>	1, 42
<i>Constitution Act 1975</i>	70, 143
<i>Copyright Act 1968</i>	back cover
<i>Environment Protection Amendment Act 2018</i>	1
<i>Financial Management Act 1994</i>	59, 69, 70, 75, 80, 107, 135, 143
<i>Freedom of Information Act 1982</i>	61, 65
<i>Income Tax Assessment Act 1997</i>	61
<i>Local Jobs Act 2003</i>	63
<i>Parliamentary Salaries and Superannuation Act 1968</i>	137
<i>Planning and Environment Act 1987</i>	42
<i>Privacy and Data Protection Act 2014</i>	62
<i>Public Administration Act 2004</i>	138
<i>Public Interest Disclosures Act 2012</i>	62
<i>Safe Drinking Water Act 2003</i>	1, 30
<i>Water Act 1989</i>	1, 22
<i>Water Industry Act 1994</i>	133
<i>Water Industry (Environmental Contributions) Act 2004</i>	133

COLIBAN WATER RURAL SYSTEM DIAGRAM



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