



2022-2023



Annual Report



About our cover

At Coliban Water we know we work better together to prioritise, plan and deliver the safe water and sewage services our customers and communities rely on.

The six individual elements of the featured water cycle design represent the core functions of our business which work together to achieve the best outcomes for our customers, communities and the environment.





About us

Led by our vision, water to live, grow and enjoy, it's our purpose to provide safe water and sewage services for public health and the environment, so our communities can sustain themselves.

Our Strategy 2030



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.



HEALTHY PEOPLE AND ENVIRONMENT

Water is essential to sustain life.

We will focus on providing clean, affordable water for human and environmental needs, including Aboriginal values.



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.



GREEN AND ACTIVE COMMUNITIES

Water underpins liveability.

We will focus on working with community and partner agencies to sustain active green spaces and recreational water access for our communities.

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 Djaara, Taungurung, Yorta Yorta, Barapa Barapa and their elders past, present and emerging as Traditional Owners and custodians of the land and water on which we operate and rely.

We acknowledge and respect the continued cultural, social and spiritual connections of all Aboriginal Victorians and their inherent responsibility to care for and protect them.

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 and come to them first wherever our actions impact their lives.

We will not form a view until we have heard theirs. We will ensure the aspirations of Aboriginal peoples are embedded in our business. We recognise we have much work to do to make this a reality.

Our culture and values

EARN THE CUSTOMER	We exist to serve our customers. We 'wow' them with an outstanding experience.
OWN THE RISK	We take responsibility and are accountable to our customers and communities.
ACT	We are brave in our decision making and take action. We make good judgements based on evidence and we follow-through.

While living the **Victorian Public Service** values:



Responsiveness



Integrity



Impartiality



Accountability



Respect



Leadership



Human Rights

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Where we operate

We are a water corporation under the *Water Act 1989*.

Coliban Water is a Victorian Government-owned entity. We provide water and sewage services to 49 towns, across 16,500 square kilometres in North Central Victoria – and our business is 100% funded by the residential, rural and commercial customers we serve.

We are overseen by the Minister for Water (the Hon Harriet Shing MP for the period 1 July 2022 to 30 June 2023) and are responsible to the Department of Energy, Environment and Climate Action. We are regulated by the Department of Health, Environment Protection Authority and the Essential Services Commission.

We are governed by the *Safe Drinking Water Act 2003*, the *Environment Protection Amendment Act 2018* and the *Catchment and Land Protection Act 1994*.

What we do

HARVEST, STORE, TREAT AND DISTRIBUTE WATER

COLLECT (RECLAIM) SEWAGE, INCLUDING TRADE WASTE

TREAT, REUSE AND DISPOSE OF RECLAIMED WATER AND BIOSOLIDS

SUPPLY RECYCLED WATER



Snapshot

Our business in 2022–2023

More than
12,833
megalitres of drinking
water supplied



177,582
customers
Average age of our
customers is 48 years



Approximately
260
megalitres of recycled
water supplied

The region's population is expected to grow 35% by 2040. While this means more customers to share the cost of running our systems, it also requires significant investment in upgraded networks and treatment plants to ensure we can meet the needs of a growing population.



We've now entered the final stage of the implementation of digital water meters across the region. For customers this means faster leak detection, more accurate meter reads and access to real time water use data in the near future.

34
water reservoirs and
service basins



73
WATER PUMP STATIONS

\$2.16
BILLION
net book value of
infrastructure assets,
property, plant and equipment

Once upon a time the water we flushed down our drains and toilets was considered 'wastewater'. Our focus on reclaiming and reusing the by-products of our water is important for future water security and is delivering benefits to our customers, communities and environment.



914
RECYCLED WATER
CONNECTIONS



One recycled water
factory
62 kilometres
of recycled water
infrastructure

73,856

sewerage connections



19

WATER TREATMENT PLANTS

Including three operated by Veolia Water (Bendigo, Castlemaine and Kyneton)



Our sewerage pipes and associated infrastructure are aging and, in some cases, operating beyond their design life and capacity. We're preparing now for a large-scale program of upgrades and renewals to our sewer mains and Water Reclamation Plants.



80,865

water connections



16

WATER RECLAMATION PLANTS

Including two operated by ETE Coliban Pty Ltd (Echuca and Rochester)

184

SEWER PUMP STATIONS

While inflows to our Upper Coliban storages have decreased by 53% over the past 25 years, extreme weather events, including flooding, have occurred more regularly. We have continued to innovate to secure our water supply and ensure our assets are more resilient to the future impacts of climate change.

16,233

megalitres of sewage collected, transported and treated

2,071

kilometres of sewer mains



2,391

kilometres of potable and non-potable water mains

1,235

RURAL LICENCES

396 kilometres of rural supply channels and mains



30%

of customers have a concession card



We know rising interest rates and cost of living pressures are impacting our customers. We've continued to promote our support programs and upskilled our team to ensure our Coliban Assist program is there to help those customers who need a hand.

Message from our Chair and Managing Director



BOB CAMERON
CHAIR

We are pleased to present Coliban Water's Annual Report for 2022-23.

This report provides an overview of our performance between 1 July 2022 and 30 June 2023 and documents our progress against our 2022-23 Corporate Plan. It sees us bring together material information about our operating environment, business strategy, governance, performance, audited financial statements and statutory disclosures to demonstrate how we deliver value for our customers.

We acknowledge the Traditional Owners for 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.

This year we achieved several critical milestones, but not without facing some big challenges.

Many towns throughout the Coliban Water region were significantly impacted by extreme weather events and flooding in October 2022. Throughout the crisis we remained committed to the delivery of vital water and sewage services for our customers. For more than 65 days, a 24/7 incident team worked hard to ensure the safety of customers and employees, prioritising the protection of assets and the environment to achieve the best community outcomes.

Where interruptions did occur, our immediate focus was on restoring services quickly to assist with the clean-up and recovery process. In the medium to long-term, our focus shifted to reinstating, replacing and upgrading assets to ensure the infrastructure we manage on behalf of our communities can better withstand future extreme weather events.

Despite the flood emergency, our team was able to successfully implement our largest capital works program in recent years. These works, and those earmarked across the region over the next five years, will help us navigate the challenges of climate change, population growth and aging assets, so we can deliver outstanding value to our customers – today and tomorrow.

We recognise delivering water and sewage services is energy intensive – and that we have a responsibility to ensure our activities are as energy efficient as possible.

This year, a combination of carbon reduction offset projects that maximise our land and assets for carbon sequestration, investment in renewable energy, and the purchase of green power, saw us reduce our carbon offsets by 22.7% compared with last year. These initiatives are critical to our continued efforts to reach net zero carbon emissions by 2030.



DAMIAN WELLS
MANAGING DIRECTOR



Our work to transform Coliban Water for the future also accelerated this year. This work is pivotal for our business and will facilitate the delivery of the large program of capital works included in our plans for 2023–2028, uplift our own skills and capability, and improve our core and digital services for the benefit of our customers and the environment.

We continue to strive for meaningful engagement and long-term partnership for the benefit of the communities we serve. By seeking their input, gauging their feedback, and learning from them we can ensure what we do and how we do it meets their expectations and delivers value for money.

This commitment to engagement was reflected throughout the year as we finalised our plans for the 2023–28 pricing period with our customers and, for the first time, a deliberative Community Panel whose recommendations are now central to our plans. These plans have since been approved by the Essential Services Commission.

It was important to our Community Panel, and us, that all customers have equal access to services, regardless of their situation. With cost-of-living pressures continuing to impact many, we have focussed this year on promoting the support available through Coliban Assist and now look forward to extending our investment in concessions, support and education over 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 sewage 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 for their dedication to enriching the quality of life for our customers and communities. During what can only be described as a tumultuous year, our team displayed resilience and worked hard to maintain our high standard of customer and operational excellence. We are enormously proud of our combined efforts and look forward to continuing to work toward our strategic vision.



Bob Cameron
Chair



Damian Wells
Managing Director



Our year in review



We responded to significant flood events

A third consecutive La Nina led to extreme weather events across the Coliban Water region in October 2022 and significant flooding.

In normal times, most of what we do is hidden from view. However, these events brought our work to the front of our customers' minds and enabled us to show how much we care. During and since, it was a period that has allowed us to learn and improve how we do things.

We knew the rain forecast at the time would fall on already full catchments and a saturated landscape. We knew preparation would be key in our response and recovery.

We were preparing communication, assessing risks and protecting our infrastructure before the first drops of rain fell. Charged with preparing and responding, our Incident Management Team remained in place for 65 days and used data and technology to complement their human decision-making.

Throughout the incident our team prioritised safety, the protection of assets, and the restoration of impacted services as quickly as possible.

We then set-up safe drinking water and sanitation for displaced residents in a number of towns and at long-term relief centres.

We delivered bill relief to approximately 10,000 customers. And we remain focussed on recovery and resilience long after the floods and headlines have receded.

Post-flood we have committed to the philosophy of 'build back better'. A dedicated team has assessed every piece of infrastructure impacted by the floods and is now implementing strategies to ensure climate resilience and better outcomes in the future.

While we are proud of our efforts to support customers during and since these events, we acknowledge our response has had an impact on the delivery of our plans and priorities.

Some performance measures were impacted during 2022-23, several key projects have been delayed, and our budget and teams were redirected to accommodate repair and restoration work.

The floods events of October 2022 reconfirmed the importance of the priorities set-out in our Corporate Plan and the importance of our plans to upgrade and renew vital water and sewerage infrastructure so it can meet the needs of our growing population, better withstand the impacts of climate change, and support our health, economic growth and prosperity.

AN AWARD DEDICATED TO IMPACTED COMMUNITIES

During times of crisis, people look to the helpers, and that's what we were.

The team at Coliban Water worked 24/7 during the flood event to ensure the vital community assets of water and sewer were protected as floodwaters rose.

The ripple-effect of this hard work created community connection, trust and confidence that culminated in Coliban Water receiving the 2023 Emergency Management Award from the Institute of Public Administration Australia.

In accepting the award on behalf of Coliban Water, Managing Director Damian Wells dedicated the award to the communities of Echuca and Rochester, who months on from this event are still experiencing the consequences of the flood.

Like us, for those impacted by the floods the rebuild and recovery effort continues.





We worked with our customers to shape plans for tomorrow

2022–23 saw us engage with more than 20,000 people representing the voices of customers, Traditional Owners, community groups and stakeholders, as we worked to prepare our Price Submission 2023–2028.

With our region at a critical point in its water supply and demand, with built structures aging and our climate changing, it was important a broad cross-section of voices was heard and that our customers and stakeholders understood the need for decisions that will help us better prepare for the future.

An advanced, evidence-based engagement program ensured strong community participation in our planning. For the first time, this program was supported by an independently facilitated Community Panel. The Panel completed five full days of work, including the development of nine recommendations, that were accepted and formed the basis of our plans.

Central to our plans for the next five years has been a commitment to protect the most vulnerable people in our community, with double the investment in our Coliban Assist program.

Ahead of the 2023–24 financial year, the Essential Services Commission approved a modest price increase (to be phased-in over five years) and a \$435 million program of infrastructure upgrades to secure the region's water future.

Made together with our customers and communities, we are confident the plans and pricing decisions we've made strike the right balance between what is fair today and what will be required to meet the needs of future generations.

We continued our transformation

This year we continued our Coliban of the Future transformation, an organisation-wide portfolio of work designed to drive new ways of working, strengthen our culture and uplift capability.

This transformation program will equip us with the tools, practices, and processes we need to deliver our vision and strategic goals, and drive value for our customers and community for decades to come.

This year, we launched a Culture and Governance Strategy to support us through a program of significant change and introduced new capabilities and skills including business architecture, program management, change management, and business analysis.

Our business architecture forms the foundation of our transformation and will guide our transformation and drive alignment within our business, while streamlined governance procedures are enabling more efficient, assured decision-making informed by strategy and risk. Four key workstreams have been implemented to provide greater visibility and collaboration across the business.

Our transformation is requiring us to rethink how we create value for our customers and our communities today and in the future. It is driving us to think BIG. Why? Because while incremental improvement may be enough for now, it will not be enough on its own to ensure we secure our region's water future.

THE KEY WORKSTREAMS DRIVING OUR TRANSFORMATION

COLIBAN WAYS OF WORKING

How we behave, work together and lead ourselves, others and the organisation.

COLIBAN EXPERIENCE

Focuses on our customers', partners', stakeholders' and employees' experience with Coliban Water.

BUSINESS EXCELLENCE

How we run our business and the capabilities and technologies that enable us.

OPERATIONAL EXCELLENCE

How we deliver our services, resource and manage our assets, and invest infrastructure.

Further areas of focus this year have included strategy formulation and management, planning, and enterprise portfolio management. Our transformation will enable the Coliban Water of the future to be a nimble, resilient organisation that takes change in its stride.

We invested our customers' money wisely

A wholly customer-funded organisation, we invest the revenue we receive from our customers wisely. From every \$100 we receive, here's how it was used during 2022–23.

\$45.13

Treatment (water and sewer)

19 water treatment and 16 water reclamation plants are managed to deliver top-quality drinking water and to ensure recycled water and trade waste is made safe for reuse on parks and gardens, to provide flows to inland rivers, and as biosolids in farming in accordance with our EPA Licence.

\$13.28

Technology and corporate

Includes technology to help monitor our networks, labour costs, office rental, electricity and overheads.

\$5.12

Customer service and billing

Our customer support functions, staff, and metering and billing systems.



\$4.74

Environment contribution

In addition to our stewardship of the environment through our every day working practices, we also contribute to the state government fund to support high priority environmental projects across Victoria.

Covers the maintenance, repair and replacement of more than 2,300 kilometres of water mains and 2,036 kilometres of sewer mains.

\$29.19

Operations and networks

Maintenance of three major reservoirs near Kyneton that supply water to Kyneton, Castlemaine, Bendigo and rural customers, our water entitlement to the Murray and Goulburn systems, and 18% share of volume in Lake Eppalock.

\$2.54

Headworks and water supply

AVERAGE RESIDENTIAL BILL

Average household water consumption in 2022–23 was 173 kilolitres. Based on this, the average homeowner's bill was \$1,323.95 (tenant \$395.74).

We finalised our Innovate Reconciliation Action Plan

We are committed to driving reconciliation and improving the economic, health and social opportunities for Aboriginal and Torres Strait Islander peoples.

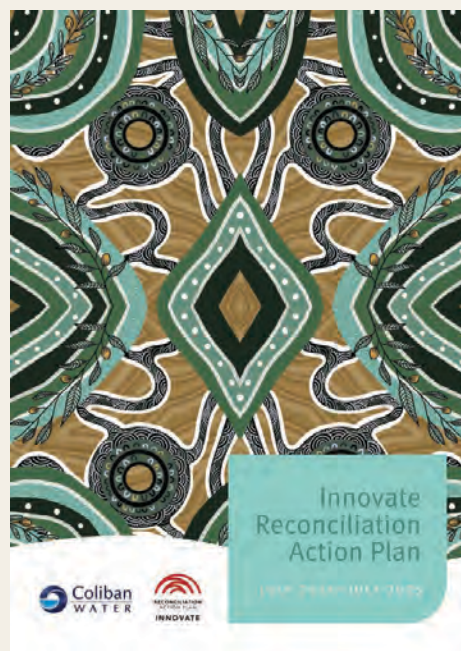
The review phase of our **Innovate Reconciliation Action Plan** continued this year.

After feedback and direct engagement with Cultural Advisors through Dumawul (an enterprise of Djaara), we were pleased to finish the 2022–23 financial year with a two-year Innovate Reconciliation Action Plan ready for endorsement.

The finished plan captures meaningful feedback from local Traditional Owners and ensures our commitments are on-track for delivery between now and July 2025.

The engagement process, on what is the second in a series of plans, ensured our intended actions are appropriate, culturally considerate and reflect our genuine commitment to reconciliation. However, our engagement process will not end here.

We look forward to ongoing dialogue as we partner to implement our Innovate Reconciliation Plan and a range of other initiatives.



Our *Innovate Reconciliation Action Plan* features the artwork of local indigenous artist, Troy Firebrace. Troy's work, entitled 'Flow', first appeared on a water fountain that forms part of the Djaara-designed garden at Lauriston Reservoir near Kyneton.

Our top 10 projects

The capital portfolio expenditure target for 2022–23 increased to \$55 million as key projects were brought forward to address risk to public safety and the environment. Many capital projects this year were also impacted by the 2022 floods – some were reprioritised or saw resources reallocated to assist with the repair and reinstatement of infrastructure as part of our flood response and recovery.

Despite these impacts we were able to achieve 100% of the capital portfolio expenditure target for the 2022–23 year and continue planning and design activities for our Big Water Build, the large-scale program of infrastructure projects to be completed during the 2023–28 pricing period.

KYNETON RECYCLED WATER IRRIGATION SCHEME	<p>Construction on this \$7.5 million, 14-kilometre recycled water pipeline is now operational. Heading north from the Kyneton Water Reclamation Plant, it will distribute recycled water to irrigation customers.</p> <p>The pipeline, the final piece of the Kyneton Solutions Project, aims to improve on-site treatment processes and prevent the release of non-compliant water to the Campaspe River, improving its long-term health and serving the Kyneton community for decades to come.</p>
MAIDEN GULLY-MARONG WATER GROWTH PROJECT	<p>\$6.2 million was invested in a pipeline between Specimen Hill and Marong as part of a program of work to secure the water supply and improve water pressure to customers in Maiden Gully and Marong. Work on the overall 12-kilometre pipeline is scheduled for completion in 2024–25.</p>
ECHUCA SEWER ODOUR MITIGATION	<p>\$1.2 million was invested as part of a \$2.4 million upgrade at two of the major sewer pump stations in Echuca. Designed to minimise odour, the project reached a major milestone and was commissioned in late 2022/23.</p>
VICTORIA STREET SIPHON REHABILITATION	<p>Decommissioned for the past 10–15 years, a \$1 million program of rehabilitation and repairs to a 90-year-old siphon in Eaglehawk will allow us to tap into raw water from Cockatoo Hill Reservoir or recycled water from the Bendigo Water Reclamation Plant delivering greater water security to parts of our rural network.</p>
DUNOLLY BIOSOLIDS HANDLING FACILITY	<p>The construction of a new biosolids facility at Dunolly, which commenced in late 2022–23, will play a vital role in the solids management of Bendigo and Castlemaine’s Water Reclamation Plants and ensure environmental compliance in the overall sewage treatment process while future upgrades are completed at both sites.</p> <p>Currently these solids are transferred, stored and processed at a dedicated biosolids handling facility in Elmore, where operations were impacted by the 2022 floods and the establishment of a temporary housing facility adjacent to the site requiring the urgent construction of the new facility.</p>
HUNTLY WATER GROWTH PROJECT	<p>\$3.6 million was invested in this six-kilometre pipeline project to secure supply and improve water pressure for customers in the growing Epsom and Huntly area.</p> <p>Originally scheduled for completion this year, the \$5.8 million project saw resources reallocated to the flood recovery and is now due to be delivered in early 2023–24.</p>
ECHUCA WATER TREATMENT PLANT UPGRADE	<p>Our \$10.2 million upgrade of the Echuca Water Treatment Plant was significantly impacted by the 2022 floods, with the project isolated and shutdown for the duration of the flood emergency. However, work totalling \$2.9 million was completed this year.</p> <p>The project, including the construction of two 3.3 megalitre treated water storage tanks and the installation of a new high-lift pump station, a new re-lift pump station, ultraviolet disinfection system and flood gate, is due to be commissioned in early 2023–24.</p>
BENDIGO WATER RECLAMATION PLANT UPGRADE	<p>A \$1.3 million planning and design project was completed for the upgrade of solids handling at the Bendigo Water Reclamation Plant. This project will upgrade major electrical infrastructure and replace the existing biosolids system with a more efficient and effective processing solution that will reduce carbon emissions and the incidence of odour generated at the plant.</p>
KORONG VALE WATER TREATMENT PLANT UPGRADE	<p>\$1.1 million was invested towards a \$2 million upgrade at the Korong Vale Water Treatment Plant. Works included a new ultraviolet light disinfection system and a new chlorine disinfection tank as well as a new electrical switchboard. The upgrades will ensure a more efficient disinfection process and continued delivery of safe drinking water that meets health-based aspects of the Australian Drinking Water Guidelines.</p>
HEINZ STREET SEWER	<p>This \$1 million sewer main will replace the aging East Bendigo sewer trunk main, improving the network’s capacity. A laser-guided boring machine was used to ensure accurate installation of the main while reducing the need for excavation.</p>

Meet our Board

Responsible for the overall strategy and corporate governance of the business, our Board comprises eight Non-Executive Directors appointed by the Victorian Minister for Water, and a Managing Director appointed by the Board.

A Statement of Obligations outlining the service, accountability and reporting obligations of our Board is available at coliban.com.au.

 <p>BOB CAMERON Chair LLB FAICD</p>	 <p>LUCY ROFFEY Deputy Chair B COM, Grad Dip Mngt, GAICD, FCA</p>	 <p>MARIKA MCMAHON BA LLB</p>
<p>Appointed to the Board 1 October 2015, Bob has been Chair since 1 October 2021.</p>	<p>Appointed to the Board 1 October 2015.</p>	<p>Appointed to the Board 1 October 2015.</p>
<p>A lawyer by profession, Bob was a Minister for 11 years in the Victorian Government. He is the Board Chair of WorkSafe Vic and a Board member of TAC. Bob has chaired local organisations including Bendigo Health, Bendigo Emergency Housing (now Haven) and Central Victoria SkillsShare.</p>	<p>Lucy is CEO of Central Goldfields Shire Council and a Director of the Homes Victoria Advisory Board. With expertise in finance, corporate governance and strategic planning, Lucy has held other executive roles in local and state government and is a fellow of Chartered Accountants Australia.</p>	<p>Lawyer and accredited specialist in family law, Marika is a Director of Bendigo law firm, O'Farrell Robertson McMahon. She is a Director of Greyhound Racing Victoria, and was previously Chair of Be.Bendigo, Bendigo Health and Ambulance Victoria.</p>
 <p>NIGEL MCGUCKIAN B Ag Sci (Hons), Grad Dip Edu, FAICD</p>	 <p>DAMIAN WELLS Managing Director B Env Mngt (Hons), MBA, GAICD</p>	 <p>HELEN SYMES B Bus (Accounting), Dip Fin Planning, CPA, GAICD</p>
<p>Appointed to the Board 1 October 2017.</p>	<p>Appointed Managing Director 5 August 2019.</p>	<p>Appointed to the Board 1 October 2017.</p>
<p>Nigel is a Board member of the Ulumbarra Foundation, President of the Bendigo Symphony Orchestra, past Chair of Loddon Campaspe Regional Partnership and co-founder of RM Consulting Group. He brings experience in agriculture, environment, economics and community development.</p>	<p>After early-career technical roles, Damian held a leadership role at Goulburn-Murray Water, was CEO of North Central Catchment Management Authority and Executive Director at EPA Victoria. He is Chair of Zero Emissions Water, is part of the La Trobe University Bendigo Advisory Board and a former Board member of Anglicare Victoria.</p>	<p>Helen is a Certified Practising Accountant with experience across a range of industries. She has held senior public and private sector finance roles with Ambulance Service Victoria, Warrakirri Pty Ltd and Wimmera Health Care Group and is currently a Director of CVGT Australia.</p>
 <p>MARIO D'ELIA B Bus (Accounting), Dip Fin Planning, CPA, GAICD</p>	 <p>GARY JONES B Sc (Hons), PHD, GAICD</p>	 <p>MELANIE MCCARTHY B Eng (Chem), BA, MENGSC, GAICD, FIEAUST</p>
<p>Appointed to the Board 1 October 2019.</p>	<p>Appointed to the Board 1 October 2019.</p>	<p>Appointed to the Board 1 October 2019.</p>
<p>Mario is an independent financial, commercial and strategic adviser. A former lead partner of PWC's Infrastructure Advisory Team, he has extensive experience advising governments on the development and implementation of major capital projects.</p>	<p>An experienced water sector director and chief executive officer with a career in water science and research, Gary has held directorships on the Boards of public and private companies, including membership of governance, audit, finance, remuneration and business risk committees.</p>	<p>Melanie has spent 20 years in operational and leadership roles in the resources industry. She brings expertise in operational and financial management, risk management, culture, leadership and community engagement. Melanie mentors engineers in leadership and runs a family farm in central Victoria.</p>

Committees of the Board

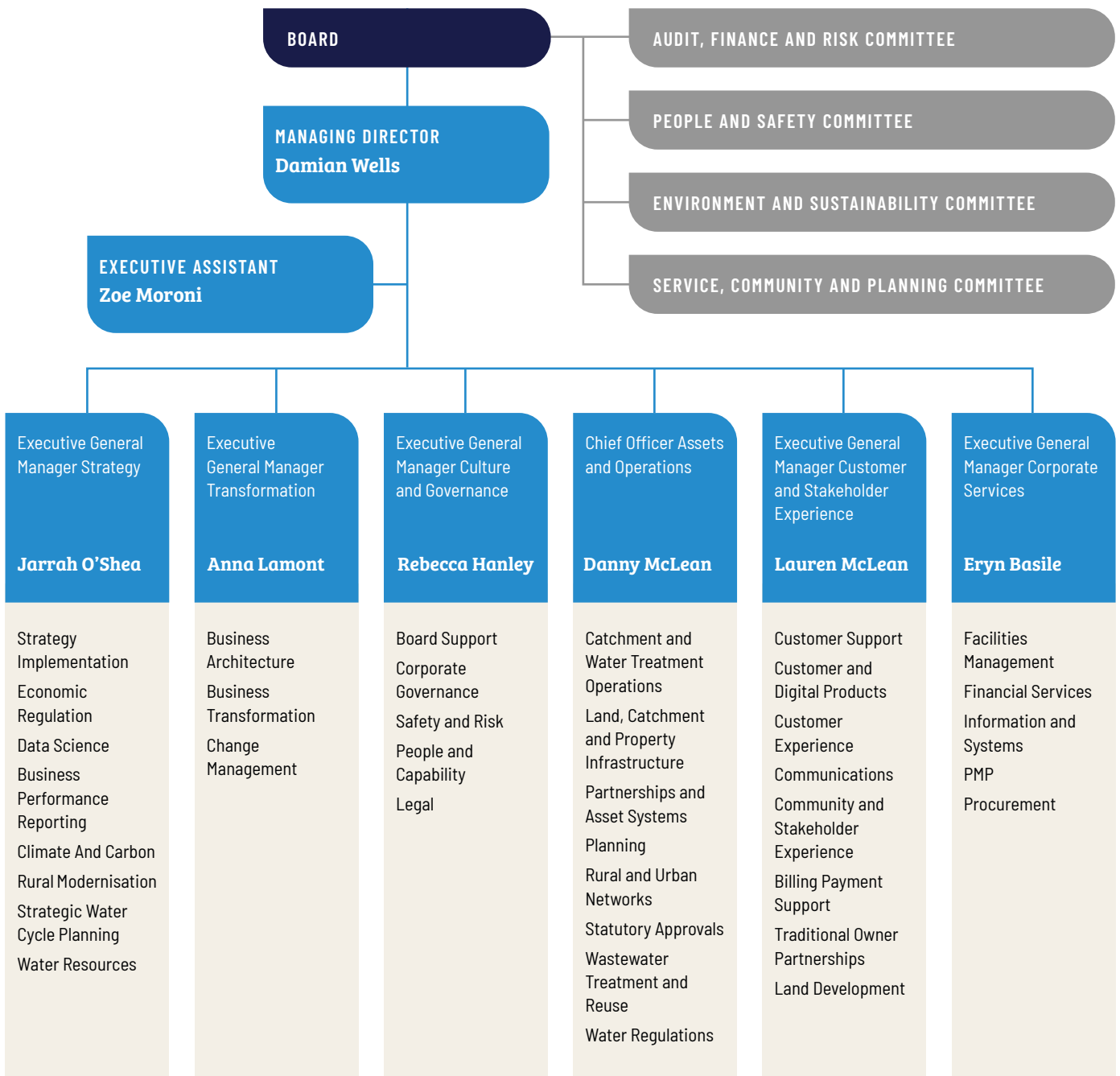
With a Charter detailing roles and responsibilities, the following committees provide advice to management and recommendations to the Board from 1 July 2022 to 30 June 2023. Membership aligns with our Strategy 2030 and strategic risks. Committees meet quarterly and at other times as required.

AUDIT, FINANCE AND RISK	Helen Symes (Chair) Lucy Roffey Mario D'Elia Gary Jones	<ul style="list-style-type: none"> Annual budgeting and forecasting. Financial accounts and external reporting. Internal and external audit activities. Risk management framework. Information management (including information and cyber security). Key financial policies and systems of internal control.
PEOPLE AND SAFETY	Marika McMahon (Chair) Lucy Roffey Melanie McCarthy	<ul style="list-style-type: none"> Health, safety and wellbeing. 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.
ENVIRONMENT AND SUSTAINABILITY	Gary Jones (Chair) Nigel McGuckian Helen Symes Bob Cameron Caitlin Dunolly-Lee (independent external Committee member employed by Djaara)	<ul style="list-style-type: none"> Protection and improvement of catchment waters, lands and urban green spaces. Collaboration with, and support for, regional organisations sharing responsibility for environmental and climate sustainability. Compliance with relevant laws, regulations, licence conditions and ethical standards.
SERVICE, COMMUNITY AND PLANNING	Nigel McGuckian (Chair) Bob Cameron Mario D'Elia Melanie McCarthy Marika McMahon	<ul style="list-style-type: none"> Service delivery requirements. Asset management. Customer and community expectations. Stakeholder engagement and collaboration. Emerging threats and opportunities. Compliance with relevant laws, regulations, codes of conduct and ethical standards.

Meeting 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	10	10	-	-	4	4	-	-	2	1
Lucy Roffey	10	7	5	4	-	-	3	3	-	-
Nigel McGuckian	10	10	-	-	4	4	-	-	2	2
Marika McMahon	10	10	-	-	4	1	3	3	-	-
Helen Symes	10	10	5	4	-	-	-	-	2	2
Mario D'Elia	10	10	5	5	4	4	-	-	-	-
Melanie McCarthy	10	9	-	-	4	3	3	3	-	-
Gary Jones	10	10	5	4	-	-	-	-	2	2
Damian Wells	10	9	5	3	4	4	3	2	2	2
Caitlin Dunolly-Lee	-	-	-	-	-	-	-	-	2	2

Our Organisational Chart










Six focus areas represent the way we prioritise, plan and deliver our services.

Reviewed together these areas reflect the very nature of the water cycle – and the need for our whole team to work as one to deliver the best outcomes for our customers and communities. The following pages track the highlights and our performance over the past 12 months.

Further information on our controls, assurances, accountability and transparency follow.

 Coliban WATER Water	Pages 18 to 28
 Coliban WATER Sewer	Pages 29 to 35
 Coliban WATER Environment	Pages 36 to 42
 Coliban WATER Community	Pages 43 to 50
 Coliban WATER Assist	Pages 51 to 54
 Coliban WATER People	Pages 55 to 59

PROGRESS AGAINST OUR STRATEGIC DIRECTIONS

Our Strategy 2030 and its four strategic directions (page 1), guide our performance and address our future challenges and opportunities.

Coliban Water is also committed to delivering against the Minister's Letter of Expectations. A summary of our progress on 30 June 2023 against these expectations follows, and includes links to our four strategic directions and the United Nations Sustainable Development Goals.

MINISTER'S LETTER OF EXPECTATIONS		UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS	
1	Climate change	 No poverty	 Reduced inequalities
2	Customer and community outcomes	 Zero hunger	 Sustainable cities and communities
3	Water for Aboriginal cultural, spiritual and economic values	 Good health and wellbeing	 Responsible consumption and production
4	Recognising recreational values	 Quality education	 Climate action
5	Resilient and liveable cities and towns	 Gender equality	 Life below water
6	Leadership and culture	 Clean water and sanitation	 Life on land
7	Performance and financial sustainability	 Affordable and clean energy	 Peace, justice and strong institutions
8	Compliance	 Efficient work and economic growth	 Partnerships for the goals
		 Industry, innovation and infrastructure	

		PROGRESS	OUR STRATEGIC DIRECTIONS	UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS
CLIMATE CHANGE	Emission reductions and electricity consumption Identify a suite of projects from the Expressions of Interest to assist in reaching our Net Zero Carbon goals	Complete	1	7, 11
	Adaptation to climate change and variability Implement priority actions from the Climate Change Action Plan	Complete	1	1, 6, 9, 11, 13
CUSTOMER AND COMMUNITY OUTCOMES	Customer satisfaction: Flexible payments (awareness and targeted take-up) Increase awareness and take-up of payment plan options	Complete	2	1, 6, 11
	Customer and community engagement: Plan and statement published online Endorse and publish a Community Engagement statement on our website	Complete	2, 3	6

		PROGRESS	OUR STRATEGIC DIRECTIONS	UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS
WATER FOR ABORIGINAL CULTURAL, SPIRITUAL AND ECONOMIC VALUES	Aboriginal Inclusion Plan/Reconciliation Action Plan and supporting aboriginal self-determination Progression of actions on our Reconciliation Action Plan (Plan endorsed by Reconciliation Australia in July 2023)	Ongoing	2, 3	8, 11
	Partnerships with Traditional Owners: Returning water Complete the formal return of water to Dja Dja Wurrung as part of the Larni Yirrip Campground	Complete	2, 3	11
RECOGNISING RECREATIONAL VALUES	Barkers Creek Reservoir Circuit Track Submit a Planning Permit application for a new walking track circling Barkers Creek Reservoir	Delayed	4	11
RESILIENT AND LIVEABLE CITIES AND TOWNS	Integrated Water Management Forum Establish an Integrated Water Action Plan with projects identified in the Strategic Directions Statement	Complete	1, 3	6, 11, 13
	Water efficiency (urban) Go-live with automated messaging to customers for unexpected high use or suspected leaks (Currently in final stages of testing with go-live expected August/September 2023)	Ongoing	1, 2	6, 11
	Circular economy outcomes: Biosolids Prepare a Sustainability Management Plan for the Bendigo Water Reclamation Plant Solids Handling Project and undertake independent Assessment Verification (Pilot project with DEECA and Infrastructure Sustainability Council extended to 2023-24)	Ongoing	2	9, 11, 12
	Construction of the Kyneton North Agricultural Reuse Scheme Commission the Kyneton North agricultural reuse pipeline in advance of the 2022/23 irrigation season	Complete	1, 2	6, 9, 11
LEADERSHIP AND CULTURE	Diversity and inclusion: Gender Equality Action Plan Increase female participation in professional and STEM roles from 27.5% to 30%	Complete	NA	5, 8
	Health and safety: Contractor management Incorporate standardised benchmarking and reporting for contractor safety into Business Performance reports (Standardised benchmarking process from external body not yet available)	Ongoing	2	8
PERFORMANCE AND FINANCIAL STABILITY	Price Submission 2023 Submit a compliant Price Submission for 2023-2028 to the Essential Services Commission	Complete	1, 2, 3, 4	6, 9, 11
	Environment and Sustainability Policy Undertake on-ground risk assessments for all 14 Coliban Water-owned Water Reclamation Plants	Complete	2	6
COMPLIANCE	Apply a zero-tolerance approach to unauthorised take and demonstrate continuous improvement toward implementation of compliance and enforcement strategies, frameworks and reporting (including customer requirements for non-urban customers) Ensure 20 rural outlets are compliant to MBDA Metering Plans AS4747	Complete	1, 2, 3	6

It's our job to make sure our customers get the safe, trusted water they need every day. But that's just part of the story.

Based on Census data from 2021, we supply around 12,833 megalitres litres of drinking water to over 177,582 people in their homes and businesses every day (or an average of 198 litres per person).

This water comes from our storages on the Coliban River, the Campaspe, Loddon and Murray Rivers, the Waranga Western Channel, the Wimmera Mallee Pipeline and groundwater systems.

We rigorously test and monitor the water we source as it makes its way through our storages, Water Treatment Plants and network of pipes and mains to our customers' taps.



Our Urban Water Strategy 2022 considers all elements of the water cycle. The strategy is adaptive in nature, balancing social, environmental, and economic considerations to support the development of resilient and liveable communities in our region.

We report progress against the Urban Water Strategy in our Annual Water Outlook, which takes in changing legislative requirements, updated Council plans and climate variation. We also continued to implement the Northern Region Sustainable Water Strategy.

During 2022–23, we purchased water shares in both the Murray and Goulburn Systems, and continued groundwater investigations around Kyneton and Trentham. These programs help secure water supply to address the challenges of population growth, climate change and climate variation described in our Urban Water Strategy.

We adopted a revised Water Restriction By-Law to promote the efficient use and conservation of supplied drinking water. It sets out four stages of restrictions. No restrictions were imposed in 2022–23. However, several communities experienced a disruption to water services or a Boil Water Advisory due to flood impacts or other causes.

2022–23 highlights

<p>19/19</p> <p>Achieved compliance with all water-related services standards set by the Essential Services Commission for 2022–23</p>	<p>97.1%</p> <p>The number of planned or unplanned water supply interruptions restored within five hours</p>	<p>Halved</p> <p>The number of high priority bursts and leaks dropped from 42 in 2021–22 to 22 this year.</p>	<p>Digital water meters</p> <p>We are now preparing for the final roll-out of digital water meters, with more than 35,000 data loggers now installed in more than 40 towns across our region. Reducing the need for manual water meter reads, this new technology is using real-time data to deliver faster leak detection, more accurate meter reads and customer cost-savings. So far more than 500 megalitres of water has been saved (the equivalent of 200 Olympic swimming pools), saving customers \$1.2 million on their water bills.</p>
<p>5.5 kilometres</p> <p>Of water mains replaced as part of our ongoing water mains renewal program at a cost of more than \$1.5 million</p>	<p>155 kilometres</p> <p>Of water mains cleaned to remove sediment and improve chlorine residuals at a cost of approximately \$145,000</p>	<p>No water restrictions</p> <p>In place for Coliban Water customers 2022–23</p>	
<p>Permanent Water Saving Rules</p> <p>Applied in urban areas to encourage sustainable use of our water supply</p>	<p>100%</p> <p>Allocation of licence volume for rural customers for an 11th year</p>	<p>Raw water quality tested our water treatment</p> <p>Flood conditions leading to poor raw water quality delivered challenges in the north of our region for the last half of this year</p>	

Clean water mains for clean water

Each year, we carry out routine cleaning of our water main networks. It's an important investment into our water networks, not only protecting the integrity of these vital assets, but ensuring we can continue to deliver high-quality drinking water.

We use a range of techniques including flushing, free chlorination, ice-pigging and air scouring.

Using a mixture of compressed air and water introduced into water mains via hydrants, air scouring was completed this year in Tooborac, Malmsbury, Bridgewater, Bealiba, Tarnagulla, Boort, Rochester, Pyramid Hill and Trentham.

Our program of free chlorination was conducted in all Bendigo suburbs, and surrounding towns of Axedale, Huntly, Marong, Raywood and Sebastian.

We stayed in touch with customers throughout the program via mail, SMS, email and social media, letting them know when these programs would be taking place near them.



We took special care to advise customers their 'fishy' friends and their aquarium homes would require protection during free chlorination works.



Flood conditions tested our water treatment processes

Many of our customers don't think about what it takes behind the scenes to turn on a tap – or the strict regulations under which drinking water is provided.

Yet heavy rainfall, flooding and subsequent poor raw water quality in the Murray, Goulburn and Campaspe Rivers this year, impacted the drinking water we supply to our customers. In fact, the job of treating and delivering safe drinking water in some communities was challenging.

We initiated a **water you can trust** program and worked closely with our customers to help them understand the impacts to their drinking water supply caused by elevated levels of geosmin, blue-green algae and other flood contaminants.

We remained committed to delivering drinking water that met all health-based Australian Drinking Water Guidelines and the criteria set out in the *Safe Drinking Water Act 2003*.

KEY PERFORMANCE INDICATOR	2021-22 RESULT	2022-23 RESULT	VARIANCE TO PRIOR YEAR	2022-23 TARGET	VARIANCE TO TARGET
WATER AND SEWER NETWORK RELIABILITY					
Water service – minutes off supply (planned and unplanned) how many minutes on average a customer was without water supply during a year	9.3	31.2	235% ^[1]	11.5	171.3% ^[2]
Unplanned water supply interruptions percentage of customers receiving more than five unplanned interruptions in the year	0.0%	0.0%	0.0%	0.01%	100.0% ^[3]
Sewage service – sewer blockages number of sewer blockages per 100 kilometres of sewer main	24.6	19.3	-22% ^[4]	35	-44.9% ^[5]
Sewage service – sewer spills number of sewer spills reported per 100 kilometres of sewer main	22.2	17.0	-23% ^[6]	20	-15.0% ^[7]
Sewage service – containment of sewer spills sewer spills from reticulation and branch sewers contained within five hours	100.0%	100.0%	0.0%	99.0%	1.0%

- 1 & 2 A burst main in Kyneton April 2023 resulted in a 450 minute unplanned interruption affecting more than 3,600 customers. This single incident represents 64% of total customer interruption time for 2022-23
- 3 Preventative maintenance and targeted renewals of at-risk mains has again resulted in no customers in our service region experiencing more than five water supply interruptions
- 4 & 5 Preventative maintenance including extensive sewer mains cleaning has resulted in the business exceeding both target and prior year performance
- 6 & 7 Sewer spill performance exceeding both target and prior year performance is an excellent result given heavy rainfall and widespread flood events in 2022-23. This year's result has been achieved through targeted renewal of at-risk mains

INTEGRATED WATER MANAGEMENT

Integrated water management strategies are considered in our planning for each town. Our Integrated Water Management Action Plan aligns projects from the Corporate Plan with the Urban Water Strategy and Strategic Directions Statement.

This year, we continued the Coliban Integrated Water Management Forum, alongside the Department of Energy, Environment and Climate Action and other key stakeholders, contributed to the Program Lead Integrated Water Management role (a position shared between Coliban and Central Highlands Integrated Water Management Forums), and applied for funding to develop a business case for managed aquifer recharge and alternate funding for water supply for parks and gardens in the region.

The Coliban Integrated Water Management Forum has produced a Strategic Directions Statement that captures the regional context, shared vision and water-related outcomes for each of the Forum areas the region. Coliban Water supports that Strategic Directions Statement which identifies 15 priority projects across the region under three themes:

- Water for people, environment, and healing country
- Making more of water resources in a changing climate
- Integrated planning for a sustainable future

We contribute directly to the following projects in the Coliban Strategic Directions Statement:

- Macedon North Integrated Water Management Plan led by Macedon Ranges Shire Council
- Diversify water supplies to the Castlemaine Botanical Gardens led by Mount Alexander Shire Council
- Recycled water for Echuca West led by Campaspe Shire Council

Coliban Water-led projects include improved drought resilience for Bendigo with managed aquifer recharge, diversifying water supplied for parks and gardens, and increased flows in the Coliban River for cultural and ecological benefits.

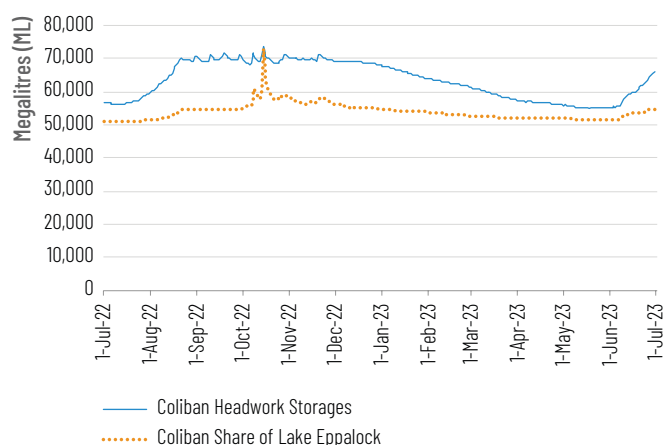
SUSTAINABLE WATER STRATEGIES

As part of our Urban Water Strategy 2022, we applied the Guidelines for Assessing the Impact of Climate Change on Water Supplies in Victoria to undertake scenario modelling of the impacts over the next 50 years and continue to stress test our water supply systems to assess the impacts of drought. The modelling shows we need to act in the Murray and Trentham systems in the short-term to ensure agreed levels of service can be maintained.

STORAGE VOLUMES

The Upper Coliban, Lauriston and Malmsbury Reservoirs filled to capacity in August 2022 and continued to spill until December 2022. Total inflows were 138,535 megalitres. We also have an 18% (54,837 megalitre) share of the storage capacity of Lake Eppalock, which also filled to capacity in August 2022 and continued to spill until December 2022.

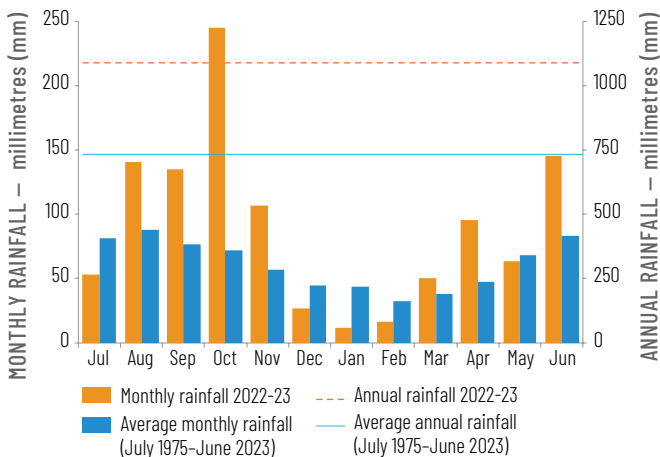
COLIBAN STORAGE CONTENTS > UPPER COLIBAN, LAURISTON & MALMSBURY RESERVOIRS



	FULL SUPPLY ML	AT 30 JUNE 2022	AT 30 JUNE 2023	% FULL AT 30 JUNE 2023
COLIBAN SYSTEM NORTHERN				
Sandhurst Reservoir	2,590	1,862	2,019	78
Caledonia Reservoir	214	174	207	97
Lake Eppalock (Coliban Water share)	54,837	51,091	54,837	100
Spring Gully Reservoir (recycled water – rural)	1,680	1,362	1,212	72
COLIBAN SYSTEM SOUTHERN				
Upper Coliban Reservoir	37,770	36,508	38,010	101
Lauriston Reservoir	19,790	14,520	18,910	96
Malmsbury Reservoir	11,800	5,524	8,881	75
McCay Reservoir	1,360	1,121	1,232	91
Barkers Creek Reservoir (rural)	1,690	1,000	1,330	79
Trentham Reservoirs	91	89	91	100
Total	131,822	113,251	126,729	96

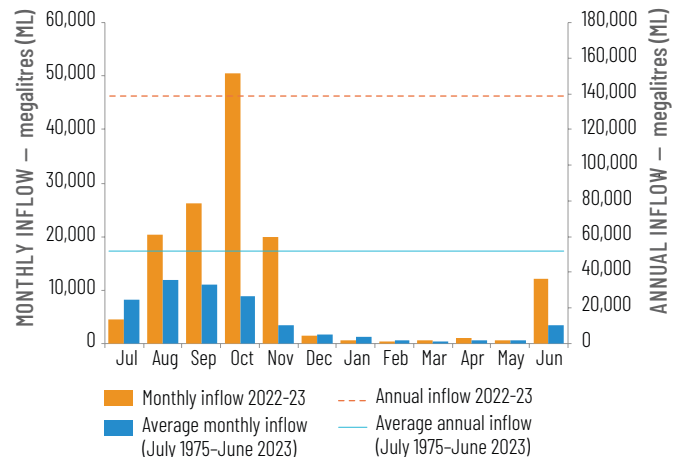
RAINFALL AND INFLOWS

MALMSBURY RESERVOIR > MONTHLY RAINFALL 2022-23



1,089mm of rain fell at Malmsbury Reservoir in 2022-23, more than the post-1975 average of 733mm.

COLIBAN HEADWORKS STORAGES > MONTHLY INFLOW 2022-23



We measured 138,535ML inflow to our headworks. Inflows to our storages in 2022-23 measured 138,535ML (greater than the 1975 average 48,026ML).

WATER ALLOCATION

We received full allocations from our bulk water suppliers for all our entitlements, except Lower Campaspe Valley (groundwater allocation at Emore) and Goulburn.

SYSTEM	HIGH RELIABILITY WATER SHARES	LOW RELIABILITY WATER SHARES
Campaspe	100%	100%
Central Victorian Mineral Springs	100%	NA
Loddon	100%	77%
Lower Campaspe Valley	75%	NA
Goulburn	100%	77%
Goulburn Bulk Entitlement	100%	NA
Murray	100%	100%
Wimmera	100%	NA

WATER PURCHASES

In 2022-23 we purchased 179 megalitres of high reliability water shares in the Goulburn System, plus 467 megalitres of high reliability and 235 megalitres of low reliability water shares in the Murray System for future water security.

PASSING FLOWS

We release water from Malmsbury Reservoir to meet passing flow requirements in the Coliban River. This year, at the request of the North Central Catchment Management Authority, the passing flow was limited to approximately 4 megalitres per day to bank water in the passing flow account.

From 6 August to 8 December 2022 Malmsbury Reservoir was spilling. The North Central Catchment Management Authority ordered an autumn fresh flow event of 50 megalitres per day for three days with managed rates of rise and fall between 19 April and 26 April 2023. The passing flow account was 573 megalitres on 30 June 2023.

BULK ENTITLEMENTS

WATER SUPPLY SYSTEM	SOURCE OF SUPPLY	ENTITLEMENT ML	ALLOCATION ML	CARRYOVER ML	WATER TAKEN ML	BALANCE ML	NOTES				
CAMPASPE											
BULK ENTITLEMENT (AXEDALE, GOORNONG AND PART ROCHESTER) CONVERSION ORDER 1999											
Axedale Goornong	Campaspe River	215	215	8	67	11	12.1(c) Any credits granted - Nil 12.1(d) Metering program - implemented 12.1(e) Temporary or permanent transfer - trade out 279 ML				
Rochester	Campaspe River	134	134	6	0	6	12.1(f) Period of restriction - Nil 12.1(g) Any amendment to bulk entitlement (BE) - Nil 12.1(h) Any new BE granted - Nil				
Total		349	349	14	67	17	12.1(i) Any failure to comply with BE - Nil 12.1(j) Difficulties in complying - Nil				
COLIBAN											
BULK ENTITLEMENT (CAMPASPE SYSTEM - COLIBAN WATER) CONVERSION ORDER 1999											
Castlemaine Bendigo Rural	Malmsbury Reservoir via channel				18,828		18.1(e) Annual inflows into the headwork storages - 138,535 ML 18.1(g) Annual evaporation loss - 6,947 ML from headwork storages; 5,935 ML from Lake Eppalock 18.1(h) Internal spill in Lake Eppalock to GMW share - 94,005 ML				
Kyneton Tylden Malmsbury	Lauriston Reservoir	50,260			1,072	30,052	18.1(i) Passing flow - 2,223 ML from Malmsbury Reservoir; 4,713 ML from Lake Eppalock 18.1(j) Any credits granted - Nil. Note assignment of water allocation 20 ML to Trentham BE				
Bendigo North Rural System	Lake Eppalock via pipeline				0		18.1(k) Temporary or permanent transfer of water allocation 20 ML to Trentham BE 18.1(l) BE or licence transferred to Coliban Water - Nil 18.1(m) Period of restriction - Nil 18.1(n) Alteration to primary entitlements - Nil 18.1(o) Transfer of primary entitlements - Nil				
Heathcote Tooborac	Lake Eppalock				288		18.1(p) Annual volume supplied to primary entitlements - rural 2,245 ML; urban 16,959 ML 18.1(q) Any amendment to BE - Nil 18.1(r) Any new BE - Nil				
Total		50,260	NA	NA	20,188	30,052	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				
Goulburn Water Shares	High Reliability	22,790	25,650	15,821	100	18,994	Trade in = 14,079 ML				
	Low Reliability	2,861	0				Trade out = 20,635 ML				
Campaspe Water Shares	High Reliability	2,591	3,237	646	54	825	Trade out = 2,357 ML				
	Low Reliability	646	0								
ELMORE											
Elmore	Groundwater	284	213	71	101	183	Take and Use Licence				
GOULBURN											
BULK ENTITLEMENT (GOULBURN CHANNEL SYSTEM - COLIBAN WATER) ORDER 2012											
Lockington	Waranga Western Channel	130	1,980	1,842	71	1,505	15.1(c) Volume from other locations - Nil 15.1(d) Any credit granted - Nil 15.1(e) Metering program - Implemented 15.1(f) Assignment of allocation or transfer of BE - Nil 15.1(g) Assignment of allocation or BE or shares transferred to Coliban Water - Nil 15.1(h) Amendments to BE - Nil 15.1(i) New BE - Nil 15.1(j) Failure to comply - Nil 15.1(k) Difficulties in complying - Nil				
Rochester		1,335			281						
Dingee		50			5						
Macorna		40			3						
Pyramid Hill		300			105						
Jarklin		5			0						
Mitiamo		60			11						
Serpentine		60			0						
Boort		425			174						
Mysia		15			5						
Total					2,420			2,420	2,214	655	1,766
Jarklin		East Loddon Pipeline			10			10	NA	2	8
Serpentine		50	50	NA	45	5					

WATER SUPPLY SYSTEM	SOURCE OF SUPPLY	ENTITLEMENT ML	ALLOCATION ML	CARRYOVER ML	WATER TAKEN ML	BALANCE ML	NOTES
LODDON							
BULK ENTITLEMENT (LODDON SYSTEM - COLIBAN WATER) CONVERSION ORDER 2005							
Bridgewater Inglewood Laanecoorie Dunolly Bealiba Tarnagulla	Loddon River	820	815	5	187	5	13.1(c) Any credits granted - Nil 13.1(d) Metering program - Implemented 13.1(e) Temporary or permanent transfer of BE - 628 ML trade out 13.1(f) Period of restriction - Nil 13.1(g) Any amendment to BE - Nil
Jarklin					0		13.1(h) New BE granted - Nil
Serpentine					0		13.1(i) Any failure to comply with BE - Nil 13.1(j) Difficulties in complying - Nil
Total			820	815	5	187	5
MURRAY							
BULK ENTITLEMENT (RIVER MURRAY - COLIBAN WATER) CONVERSION ORDER 1999							
Echuca	Murray River	5,055	5,055	1	2,989	1,066	20.1(c) New off-take points - Nil 20.1(d) Water returned - Nil
Cohuna					667		20.1(e) Metering program - Implemented 20.1(f) Transfer of BE - 1,200 ML
Gunbower		1,230	1,230	0	68	7	20.1(g) Any BE or other entitlement transferred to Coliban Water - Nil 20.1(h) Any amendment to BE - Nil
Leitchville					288		20.1(i) New BE granted - Nil 20.1(j) Any failure to comply with BE - Nil
Total			6,285	6,285	1	4,012	1,073
Murray Water Shares	High Reliability	454	887	722	0	1,165	Trade in = 623 ML Trade out = 299 ML
	Low Reliability	1,107					
TRENTHAM							
BULK ENTITLEMENT (TRENTHAM) CONVERSION ORDER 2012							
Trentham	Spring-fed Reservoir	120	120	NA	111	NA	12.1(c) Average annual amount taken over three years - 124 ML 12.1(d) Annual volume taken under licence - Nil 12.1(e) Metering program - Implemented 12.1(f) Temporary or permanent transfer of all or part of BE - Assignment of water allocation 20 ML from Campaspe BE 12.1(g) Any amendments of transfers with respect to Order - Nil 12.1(h) Any failure to comply with order - Nil 12.1(i) Any difficulties complying with Order - Required assignment of water allocation from Campaspe BE as exceeded average take of 120 ML per year
	Groundwater	103	103	NA	29	74	Take and use licence
WIMMERA							
BULK ENTITLEMENT (WIMMERA AND GLENELG RIVERS - COLIBAN WATER) ORDER 2010							
Korong Vale Wedderburn	Wimmera Mallee Pipeline				91		13.1(c) Amount and location of water taken from other than specified point - Nil 13.1(d) Final allocation for year - 100% 13.1(e) Metering program - Implemented
Borong		300	300	196	3	400	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
Wychitella					2		13.1(h) Any amendment to BE - Nil 13.1(i) New BE granted - Nil
Total			300	300	196	96	400
Bridgewater	South-West	110	110	NA	54	56	Off-Season Water Allowance
Bridgewater Korong Vale	Loddon Pipeline	0	268	NA	268	0	Peak Water Allowance - 268 ML transferred under Supply by Agreement

Our rural supply network

Originally built to service the former mining industry, our rural supply network today supports lifestyle, agricultural and primary industries through 12 rural supply systems, comprising 360 kilometres of channels and 140 kilometres of pipelines.

Channels in this aging and leaking system are largely unlined and operate at only 60% efficiency, losing approximately two gigalitres of water per year. We expect similar levels of water loss from neighbouring private supply channels. Our rural network now passes through urban districts, and does not always support what's best for rural customers in its current configuration.

We prepared a preliminary business case to seek external funding to modernise the rural system. We were successful in obtaining money from the Federal Government to progress to the next stage, which involves the development of a detailed business case following engagement with rural customers to understand current and future needs.

RURAL WATER

Our team assisted with more than 781 rural channel orders this season, delivering approximately 2,265.8 megalitres to our rural customer base. We also helped facilitate temporary and permanent transfers or 42.4 megalitres between customers and welcomed eight new rural customers. Our total rural customer numbers remain relatively steady at 1,351.

Our rural customers received 100% allocation for the 2022–23 season.

	NUMBER OF CUSTOMERS SUPPLIED	SUPPLIED VOLUME (ML)
Raw	653	1,639.4
Recycled	116	626.4

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

RURAL WATER BILLS

RURAL BILLS (WHERE RELEVANT)	AREA	2021-22	2022-23
Total rural bill modernised (10 ML licence volume customer)	Harcourt modernised system	\$3,570	\$3,682
Total rural bill unmodernised (6 ML licence volume customer)	All other unmodernised systems	\$1,965	\$2,027

RURAL SYSTEM TRADING BY OUR CUSTOMERS

PERMANENT TRADE		TEMPORARY TRADE		TRADE AS PART OF LAND TRANSFERS	
NUMBER OF TRADES	VOLUME ML	NUMBER OF TRADES SALES	VOLUME ML SALES	NUMBER OF TRADES	VOLUME ML
5	14.6	4	27.8	63	327.9



SOUTHERN SYSTEM	CHANNEL	NUMBER OF LICENCES	TOTAL LICENCE VOLUME ML	TOTAL USAGE ML	LICENCES SUPPLIED
COLIBAN HEADWORKS STORAGEES	Lauriston Reservoir	5	10.0	1.0	3
	Malmsbury Reservoir	2	4.0	0.5	1
	Upper Coliban Reservoir	1	1.0	0	0
	System Total	8	15.0	1.5	4
COLIBAN MAIN	Coliban Main - 1	38	5,985.3	73.2	21
	Coliban Main - 4/1	19	170.0	13.7	9
	Coliban Main - 4/3	100	474.9	66.6	36
	System Total	157	6,630.2	153.5	66
EMU VALLEY SOUTH	Abbotts	106	415.0	113.1	72
	Emu Valley No 1	83	370.6	57.9	38
	Emu Valley No 2	64	341.2	32.5	27
	Mannes	19	82.2	7.8	5
	System Total	272	1,209.0	211.3	142
HARCOURT	Harcourt Modernised Pipeline	184	2,211.9	381.5	147
	System Total	184	2,211.9	381.5	147
SPRING GULLY	Diamond Hill	13	64.3	13.4	7
	Spring Gully	34	149.8	34.9	14
	System Total	47	214.1	48.3	21
TOTAL		668	10,280.2	796.1	380

NORTHERN SYSTEM	CHANNEL	NUMBER OF LICENCES	TOTAL LICENCE VOLUME ML	TOTAL USAGE ML	LICENCES SUPPLIED
ASCOT	Ascot	32	704.6	189.6	17
	Ellesmere	44	164.3	68.3	30
	Goornong	18	352.2	94.3	8
	Huntly	2	18.6	0.6	1
	White Hills	6	223.8	116.3	3
	System Total	102	1,463.5	469.1	59
AXE CREEK	Axe Creek	61	286.9	50.2	28
	Kangaroo	0	0	0	0
	System Total	61	286.9	50.2	28
COCKATOO HILL	Cockatoo Hill	27	113.3	13.3	8
	Neilborough	13	34.5	15.4	9
	Raywood	63	307.5	123.5	36
	Sebastian	7	61.2	5.3	4
	System Total	110	516.5	157.5	57
EMU VALLEY NORTH	Emu No 1 (Eppalock)	14	71.7	12.5	5
	Emu No 2 (Eppalock)	3	19.7	0.3	1
	Strathfieldsaye	2	5.0	0.6	1
	System Total	19	96.4	13.4	7
EPPALOCK PIPELINE	Eppalock Pipeline	85	895.4	233.8	79
	System Total	85	895.4	233.8	79
LOCKWOOD	Lockwood	113	578.8	56.0	46
	Marong	29	258.0	73.2	18
	South Lockwood Pipeline	46	397.3	90.3	41
	Wilson's Hill	29	224.0	30.4	14
	System Total	217	1,458.1	249.9	119
SPECIMEN HILL	Maiden Gully	43	378.7	132.5	19
	Myers Flat	16	105.2	31.4	6
	Specimen Hill	30	260.9	132.1	15
	System Total	89	744.8	296.0	40
TOTAL		683	5,461.6	1,469.9	389

Water resource compliance management

We have a compliance management system in place to ensure 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), we consider the level of risk presented. Those with higher risks are met with stricter penalties, allocation of greater resources and more rapid response.

Our priorities for 2022–23 included:

- Updating Non-Urban Water Services – Compliance and Enforcement Procedure to support the implementation of Coliban Water’s Non-Urban Compliance and Enforcement Strategy.
- Updating processes and training following our registration 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 consistent across all water corporations.

Continued implementation of our Metering Action Plan. 24 sites (of 38) are now compliant with Victoria’s Non-Urban Metering Policy.

- Increasing physical presence in the field through additional meter reads and spot checks to detect unauthorised activities.
- Communications and engagement activities.

A ZERO-TOLERANCE APPROACH TO UNAUTHORISED WATER TAKE

We apply a zero-tolerance approach to unauthorised take and adopt a consistent risk-based approach to manage compliance and enforcement with improved oversight.

Compliance actions – rural

	2019-20	2020-21	2021-22	2022-23
Total number of breaches	1	3	4	2
No further action required	0	0	0	1
Dismissed (insufficient evidence)	0	0	0	0
Advisory letter	1	0	2	0
Formal warning	0	3	2	1
Penalty infringement notices	N/A	N/A	0	0
Notice of contravention	0	0	0	0
Notice of entry	0	0	0	0
Lockdown	0	0	0	0
Prosecutions commenced	0	0	0	0
Prosecutions finalised	0	0	0	0

Unauthorised take (key performance indicators)

YEAR	ALLOCATION BANK ACCOUNTS OR LICENCES				VOLUME			
	NUMBER OF ABAS	NUMBER OF NEGATIVE ABAS	ABAS %	ABAS % (EXCLUDING <1 ML)	VOLUME (ML OF WATER TAKEN UNDER CORPORATION ISSUED SHARES/LICENCES)	VOLUME (ML) OF UNAUTHORISED TAKE	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
2022-23	1,351	25	1.80	0	2,266	<0.1	<0.1	<0.1

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 2022-23 was calculated to be 1,537 megalitres (7.4%).

WATER SUPPLY SYSTEM	TREATED WATER ML		NON-REVENUE WATER ML
	SUPPLIED	USAGE	
Campaspe	57	44	13
Coliban Northern	11,507	11,601	94
Coliban Southern	3,523	3,030	493
Goulburn	757	607	150
Elmore	93	88	6
Trentham	122	94	28
Loddon	382	228	155
Murray	3,988	3,319	669
Wimmera	222	104	117
Total	20,651	19,115	1,725


MAJOR NON-RESIDENTIAL WATER USERS

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

We've been actively working with the top 50 non-residential customers to identify leaks, prevent water loss and improve efficiency.

VOLUME RANGE (ML PER YEAR)	NUMBER OF CUSTOMERS
Equal to or >100 ML and <200 ML	1
Equal to or >200 ML and <300 ML	3
Equal to or >300 ML and >400 ML	1
Equal to or >400 ML and <500 ML	1
Equal to or >500 ML and <750 ML	0
>1,000 ML	0





Once upon a time, the water our customers flushed down the drains and toilets at 73,856 residential and non-residential properties was considered ‘wastewater’.

But in a changing and drying climate, improving how we manage our sewer network and reclaim and reuse the by-products of our water use is important for future water security.

We haven't just renamed our 16 wastewater plants Water Reclamation Plants, we've committed to embedding more sustainable treatment practices and increasing the use of the by-products of the treatment process to benefit our customers, communities and the environment.

The used water collected from houses and businesses across our region contains nutrients, organic matter, bacteria, cleaning products, and trade waste from commercial and industrial customers. Left untreated, it can harm our health, the environment and the animals that live in it.

To protect the environment, we treat sewage to a specified quality for either reuse or release within the operating licence set by the Environment Protection Authority. We continually monitor our environmental performance, measure the water after it's treated, and evaluate its impact on local waterways.

Sewerage, reuse and recycling

2022–23 highlights

5/5

Achieved compliance with all five service standards set by the Essential Services Commission for 2022–23



4,100

The number of sewer mains that were part of our preventative cleaning program (equivalent to 230 kilometres)

Record low number of sewer blockages

335 blockages this year marked the continuation of a declining trend in sewer spills and leaks thanks to our preventative maintenance program

120 kilometres

Of poor-performing sewer mains were inspected using closed circuit television

3,000

Sewer maintenance inspection access points inspected and repairs carried out

11 of 13 sewer pump stations inundated

At risk of being without a safe sewer service for an extended period after the floods, our rapid assessment teams in Rochester repaired 11 pump stations in a matter of days

14,113 metres

Of sewer mains were renewed as part of our ongoing program of condition assessments

Flood conditions

Several towns in the north of our region were impacted by flooding in October 2022, severely impacting sewage services



Bendigo and Castlemaine

The Bendigo and Castlemaine Water Reclamation Plants have been serving our two largest population centres for around 100 years. These critical pieces of infrastructure support our health and continued growth and success.

But aging infrastructure, and the impacts of climate change and a growing population, mean we are acting now to ensure our sewerage infrastructure can continue to meet community needs.

Works in Castlemaine, including new water reclamation and biosolids treatment facilities, are due for completion in 2030.

While planning for Phase One of a five-year upgrade of the Bendigo Water Reclamation Plant is underway, planned work to improve biosolid treatment will include new thickening and dewatering equipment and aerobic digesters.

Both projects will increase capacity, decrease the incidence of odour emissions and reduce our carbon footprint as we target net zero emissions by 2030.

Stopping the block

The number of reported sewer blockages continues to decrease year-on-year thanks to our proactive **Stop the Block** program. Since its launch in 2016, we have increased investment to more than \$1 million per year to improve sewer performance and reduce service interruptions, overflows, and the impact to communities and the environment.

Despite the impact of long periods of wet weather and flood conditions throughout the region, this year we recorded 335 blockages per 100 kilometres of sewer – 89 blockages fewer than the previous year.

Before cleaning sewer mains we assess their condition using CCTV cameras, before choosing the best cleaning technique. Typically, a high-pressure hose is used to clean sections of main between two access points.

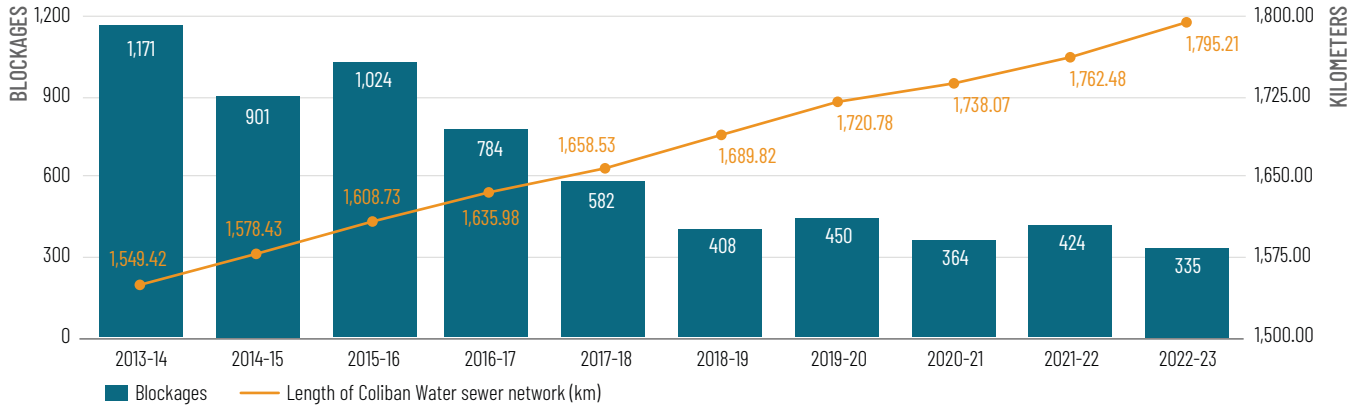
In total, the **Stop the Block** program has helped us avoid more than 4,000 blockages over the past eight years, saving our customers' money on reactive repairs and clean-up costs.

SEWER BLOCKAGES

We have seen a record low number of sewer blockages.

Since our **Stop the Block** sewer cleaning campaign began in 2016, our blockage rates have reduced regularly. At the same time the size of the sewer network we care for continues to grow.

BLOCKAGE RATE CHART (BLOCKAGES PER 100 KILOMETRES)



Big milestone in Kyneton

Construction of a \$7.5 million recycled water pipeline was completed in Kyneton this year.

Reaching 14-kilometres north of the Kyneton Water Reclamation Plant, the pipeline is distributing Class C recycled water to irrigation customers, meeting the Environment Protection Authority’s guidelines for reuse in agricultural irrigation.

The project was the final piece to the Kyneton Solutions Project, which aims to improve on-site treatment processes and prevent the release of non-compliant water to the Campaspe River, improving its long-term health while serving the Kyneton community for decades to come.



Upgrade uses state-of-the-art technology

Our team employed state-of-the-art laser-guided tunnel boring techniques to install a new sewer trunk main in White Hills this year. The techniques used meant we could avoid the need for open-cut trenching, limiting customer disruption and damage to native trees.

The new trunk main has improved network capacity, allowing us to better serve the growing areas of Strathfieldsaye, Junortoun, East Bendigo and parts of Strathdale.



Smoking out issues in Malmsbury

Following consultation with the local community, a program of smoke testing and inspections was carried out in Malmsbury in early 2023. The work helped to identify locations where the inflow and infiltration of stormwater to local sewer mains is suspected to have contributed to inundation and overflow at a local sewer pump station. The findings will now inform work to upgrade the Malmsbury sewer network to ensure it meets community needs for the next 25 years.

PERFORMANCE AGAINST SERVICE STANDARDS

	SERVICE STANDARD	WHAT WE DELIVERED IN 2022-23
Sewer blockages per 100 kilometres	39.96	16.14
Average time to attend spill or blockage	30	28.44
Average time to rectify a sewer blockage	80	76.88
Spills contained within five hours	99%	100%
Customers receiving >3 sewer blockages in the year	2	0

VOLUME OF SEWAGE TREATED, REUSED OR RELEASED

TOWN	SEWAGE INFLUENT (ML)	TOTAL EFFLUENT DISCHARGED (ML)	EFFLUENT DISCHARGED TO WATERWAYS (ML)	EFFLUENT DISCHARGED FOR REUSE (ML)
Axedale	20	5.0	-	5
Bendigo	10,727.6	7,029.5	6,571.4	458.1
Boort	74.4	70.8	-	70.8
Bridgewater	36.6	0	-	0
Castlemaine	1,406.7	1,464.9	1,463.9	1.0
Cohuna	294.4	0.0	-	0.0
Dunolly	40.1	46.0	-	46.0
Echuca	1,682.0	798.4	-	798.4
Elmore	49.7	0.0	-	0.0
Gunbower	104.7	15.6	-	15.6
Heathcote	182.3	73.0	-	73.0
Kyneton	1,327.9	1,241.7	855.2	386.4
Lockington	29.8	0.0	-	0.0
Pyramid Hill	75.6	22.2	-	22.2
Rochester	139.2	0.0	-	0.0
Wedderburn	42.2	42.3	-	42.3
Total	16,233.2	10,809.4	8,890.5	1,918.8

Wet weather and our Water Reclamation Plants

High rainfall and subsequent flooding in October 2022, caused unprecedented inflows to our Water Reclamation Plants. As a result, we undertook wet weather releases of treated recycled water from our Axedale, Heathcote, Kyneton, Bendigo and Wedderburn plants. All releases were undertaken in consultation with the EPA.

In 2022-23, high quality treated water produced at the Bendigo Water Reclamation Plant was released into the Bendigo Creek, which is permitted under our Environment Protection Authority Licence.

However, there were two occasions where treated water was released to Bendigo Creek outside the conditions of our EPA Licence:

- During 2022-23, our average daily discharge of high quality treated water to Bendigo Creek was 18.01 megalitres per day, exceeding the 16 megalitres allowed by our licence.
- During the October floods, additional releases to the Bendigo Creek occurred due to unprecedented inflows into the Plant.

Both of these non-compliant events were communicated to the EPA.

In 2022-23, all treated water produced at the New Moon Groundwater Treatment Plant under a separate EPA Licence, and as part of the interim Bendigo Groundwater Solutions Project, was released to the Woodvale Evaporation Pond Complex.

The Kyneton Water Reclamation Plant (WRP) consists of two treatment systems. Domestic sewage 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 Water Reclamation Plant 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 released to the Campaspe River was compliant with all the water quality parameters specified in the licence.

The Castlemaine Water Reclamation plant consists of a Biological Nutrient Removal 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 Plant to Campbells Creek. The treated water released to Campbells Creek was compliant with all the water quality limits specified in the licence during this year.

This year, some of the major improvement works at our Water Reclamation Plants included:

- Renewal of aerator paddles at Bendigo WRP to improve aeration within the BNR.
- Renewal and installation of groundwater monitoring bores at Bendigo WRP and Heathcote WRP.
- Refurbishment of the Bendigo WRP centrifuge bowl and rotating assembly.
- Renewal of aerators at Bridgewater WRP and Kyneton WRP.
- Replacement of the Return Activated Sludge (RAS) pumps at Bendigo WRP.
- Refurbishment of odour filter media at Castlemaine WRP.
- Instrument renewals at multiple sites to ensure accurate measurements.

ODOUR MANAGEMENT

78 ODOUR COMPLAINTS WERE RECEIVED IN 2022-23

19%	Non-Coliban Water assets (eg private plumbing and stormwater)
62%	Reticulation
13%	Water Reclamation Plants
6%	Sewer pump stations

MITIGATION WORKS 2022-23

IN OUR SEWER NETWORK:

- Installed new odour treatment units at two major sewer pump stations in Echuca.
- Replaced air valves on several rising mains in Epsom, Kyneton and Harcourt.
- Replaced pumps at sewer pump stations in Marong and Axedale.

AT OUR WATER RECLAMATION PLANTS:

- Refurbished carbon odour filter and media at Castlemaine.
- Installed a biofilter wetting system at Bendigo.
- Replaced the aerator at Bridgewater.

TRADE WASTE

In 2022-23 we prepared for new trade waste pricing principles and classification systems and communicated these as part of our Price Submission 2023-2028. The classification of trade waste customers was updated and includes a new medium trade waste category, reforms to sampling regimes, and pricing models to more accurately quantify and proportionately mitigate risks to the sewer network.

Agreements were also renewed for all major customers following a review of system capacity and customer needs in consultation with the Essential Services Commission.

As part of our program to maintain control of potential impacts from trade waste customers, we actively monitored wastewater flows and quality of all major trade waste customers.

We continued to engage with our major trade waste customers to improve release water quality, reducing risk to downstream assets and improving environmental and customer outcomes.

Recycled water management, production and usage

You'll see recycled water from our 16 Water Reclamation Plants at work in local green spaces, at neighbouring farms, and in local industry.

High quality recycled water is also released to local waterways in accordance with Environment Protection Authority licences.

Customers using recycled water must comply with management requirements contained in the Site Management Plan or Environment Improvement Plan for each site. All major customers were audited in 2022-23 to ensure the use of recycled water was sustainable and in accordance with Environment Protection Authority guidelines. Monitoring was also undertaken at Coliban Water and customer sites to ensure environmental management requirements were met.

FROM 'WASTE' TO 'GREAT' FOR COMMUNITY BENEFIT

51 megalitres of recycled water was supplied to residential customers (via 1,077 connections).

Some residential customers in Bendigo can receive recycled water via a third-pipe scheme.

209
megalitres

was supplied to non-residential customers (via 32 connections).

These customers included public open spaces, golf clubs, schools, farms and businesses.



Recycled water story

While Bendigo's well-known tulip display may be among the most visible, and beautiful, beneficiaries of our reuse program, recycled water is 'greening' many of the parks, gardens and public spaces used regularly by people across the region.

From golf courses in Bendigo, Castlemaine, Heathcote, to Botanic Gardens in Kyneton and White Hills, to soccer grounds, football ovals and local primary schools, reuse of our precious water supply has continued to contribute to community wellbeing.



Dunolly biosolids

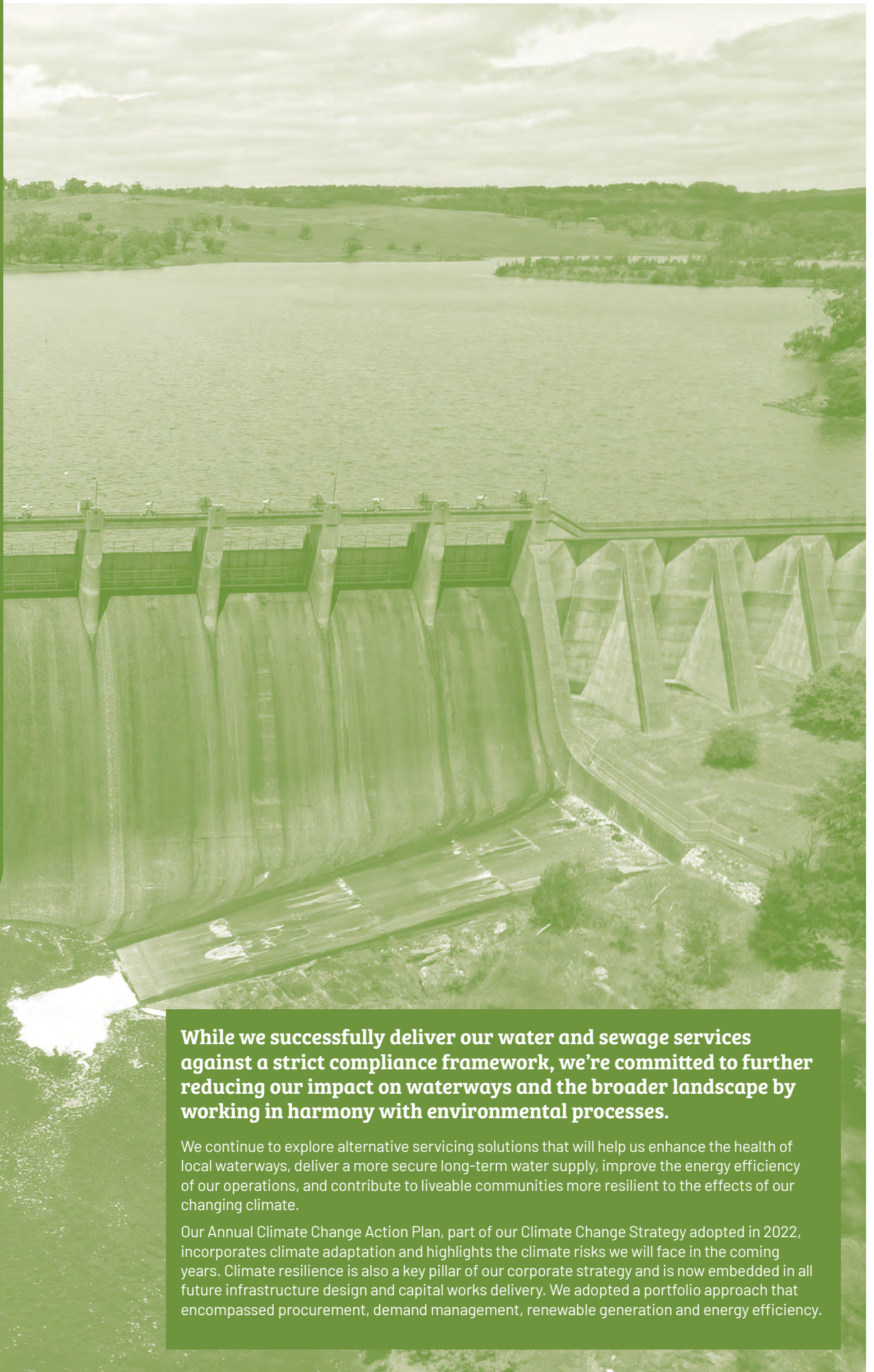
The by-product of the sewage treatment process, biosolids are rich in nutrients and similar to the look and smell of soil once dried. They can be applied to maintain productive soils and boost crop growth.

This year, we continued to make essential improvements to the way we manage biosolids, support regional sewage treatment operations, and better meet the needs of our growing population centres.

Work is nearing completion at a new 10-hectare Biosolids Base at our Dunolly Water Reclamation Plant, which will complement our current base in Elmore. Here, biosolids will be air-dried onsite before being made available for reuse.

WATER RECLAMATION PLANT		RECYCLED WATER USAGE VOLUME		
		2022-23	2021-22	
AXEDALE	Recycled water (equivalent to Class B) is supplied to Axedale Golf Club for irrigation.	5.0	11.9	
BENDIGO	Class C quality recycled water is used for onsite irrigation. Class B or Class C recycled water is supplied to offsite users including Fosterville Gold Mine, the Bendigo Livestock Exchange and three neighbouring farmers. Excess recycled water is released to Bendigo Creek in accordance with our Environment Protection Authority licence.	Class A ¹	109.7	359.2
	The Bendigo Recycled Water Scheme uses Class A recycled water produced at the Bendigo Recycled Water Factory or water supplied to the scheme from our southern storages or Lake Eppalock under a water quality framework approved by the Department of Health and Environment Protection Authority. It is used by sporting facilities, parks, gardens, primary schools, rural customers, car washes and for dust suppression.	Class B and C	348.4	820.6
BOORT	Recycled water (equivalent to Class C) is used to irrigate an off-site farm and is usually blended with raw water from the Waranga Channel.	70.8	36.2	
BRIDGEWATER	Class C recycled water is used for on-site irrigation.	0	0	
CASTLEMAINE	Class C recycled water is supplied via pipeline to the Castlemaine Golf Course and to an earthworks company for dust suppressions and construction. Excess recycled water is released to Campbells Creek when required in accordance with our Environment Protection Authority licence.	1.0	72.9	
COHUNA	Does not have a reuse application. Treated water is stored in on-site lagoons and disposed of via evaporation.	0	0	
DUNOLLY	Class C recycled water is used for on-site irrigation.	46.0	14.7	
ECHUCA ²	Class B recycled water is pumped to a storage tank located between Echuca and Rochester, before it is used by local irrigators.	798.4	946.2	
ELMORE	Class C recycled water is used for on-site irrigation.	0	0	
GUNBOWER	Class C recycled water is used for on-site irrigation.	15.6	30	
HEATHCOTE	Class C recycled water is supplied to the Heathcote Golf Course for irrigation.	73.0	72.7	
KYNETON	Class C recycled water is used for on-site irrigation and supplied to Crofton Park for irrigation off-site. Class B recycled water is supplied to Hardwicks' irrigation land and to the Kyneton Racecourse and Macedon Ranges Shire Council for irrigation at local sporting grounds and Kyneton Botanic Gardens. When not irrigating, excess recycled water is released to the Campaspe River in accordance with Environment Protection Authority licence or stored in on-site lagoons.	386.4	272.6	
LOCKINGTON	Class C recycled water is used for on-site irrigation.	0	0	
PYRAMID HILL	Class C recycled water is used for on-site irrigation.	22.2	0	
ROCHESTER	Volume accounted is Echuca figures			
WEDDERBURN	Class C recycled water is used for on-site irrigation.	42.3	22	
TOTAL		1,918.8	2,659.0	

- Class A recycled water usage volume only includes the recycled water produced at the Bendigo Recycled Water Factory, whereas the reuse customers are supplemented with water stored in the Spring Gully Reservoir, which is a mixture of recycled water and raw water received from our southern storages or Lake Eppalock.
- Treated Class B recycled water produced from Rochester and Echuca Water Reclamation Plants are stored in the same storage lagoon and supplied to local irrigators.



While we successfully deliver our water and sewage services against a strict compliance framework, we're committed to further reducing our impact on waterways and the broader landscape by working in harmony with environmental processes.

We continue to explore alternative servicing solutions that will help us enhance the health of local waterways, deliver a more secure long-term water supply, improve the energy efficiency of our operations, and contribute to liveable communities more resilient to the effects of our changing climate.

Our Annual Climate Change Action Plan, part of our Climate Change Strategy adopted in 2022, incorporates climate adaptation and highlights the climate risks we will face in the coming years. Climate resilience is also a key pillar of our corporate strategy and is now embedded in all future infrastructure design and capital works delivery. We adopted a portfolio approach that encompassed procurement, demand management, renewable generation and energy efficiency.

2022–23 highlights

REAL PROGRESS TOWARD AMBITIOUS TARGETS

100% renewable by 2025

We recognise the process of delivering water and sewage services to our region is energy intensive and that we have a responsibility to our planet, and current and future customers, to ensure our activities are as energy efficient as possible.

It's why we're increasing our investment in renewable energy sources. As well as reducing emissions, it also makes good business sense by reducing our operating costs over time. As a customer-funded organisation, we know that's important.

Carbon net zero by 2030

A combination of carbon reduction offset projects that will maximise our land and assets for carbon sequestration, investment in renewable energy, the purchase of green power, and one-percenters like our plans to transition our fleet to electric vehicles, will assist in our journey to net zero carbon emissions by 2030.

PARTNERING IN OUR JOURNEY TO NET ZERO



Harnessing the sun

Together with other Victorian water corporations, we've invested in the Zero Emissions Water project.

The project is underpinned by a Power Purchase Agreement to procure renewable electricity from the 200MW Kiamal Solar Farm, near Ouyen.

The renewable component is measured by Large-Scale Generation Certificates (LGCs). Each certificate represents one megawatt hour of renewable electricity that Coliban Water can use to reduce our grid-based emissions. In 2022–23, we voluntarily surrendered 3,737 LGCs, which contributed to a 15% reduction in our carbon emissions.

We expect the project to cover 15-20% of our electricity emissions over the contract's life.

In early 2023, we also finalised the installation of solar arrays on physical assets across our region. During daylight hours, these arrays will fulfil a significant percentage of our energy demand.

New solar arrays were installed on our assets at:

- Bridgewater Water Treatment Plant – 39KW
- Bridgewater Water Reclamation Plant – 39KW
- Leitchville Water Treatment Plant – 39KW
- Pyramid Hill Water Treatment Plant – 25KW
- Wedderburn Water Treatment Plant – 15KW



Greater Bendigo Climate Collaboration

In July 2022, we were proud to be a founding-member of the Greater Bendigo Climate Collaboration, to bring local businesses, community organisations, households and schools together for three years of climate change action.

The launch of the city's pathway to zero climate-changing emissions by 2030 was launched Greater Bendigo Climate Summit in May 2023.

Highlights of the summit included an evening with Saul Griffiths and a great transport debate broadcast on ABC Radio National.

Supporting biodiversity on the land we manage

Many sites, across the 4,500 hectares of land we manage, support threatened native plant and animal species and ecological communities.

In line with Victoria's Protecting Victoria's Environment – Biodiversity 2037 Strategy, we take care in our interactions with all plants, animals, microbes and fungi. We seek first to prevent harm, and work hard to positively enhance biodiversity outcomes.



Meet our Growling Grass Frogs

This endangered species continues to thrive in the 67 hectares of lagoons and treatment ponds at the Bendigo Water Reclamation Plant. In March 2023, after six years of preparation, we successfully returned a community of Growling Grass Frogs to their home in the Winton Wetlands as part of Taskforce Growler.

The reintroduction of the species will help to stabilise and rebalance the local ecosystem.



In flight at Spring Gully Reservoir

Discovered at Spring Gully Reservoir, the nationally-threatened Eltham Copper Butterfly continues to thrive in this protected environment.

Active from late November to early April each year, this butterfly relies on the presence of Sweet Bursaria and Notoncus Ants to complete their lifecycle.



A habitat for Phascogales

With its characteristic black, bushy bottlebrush tail, the Brush-tailed Phascogale can be found at several of our properties.

This year, we were proud to partner again with local social enterprise, Peppergreen Farm, to build nesting boxes to improve their habitat – and our capacity to study their numbers and movements.

A focus on a circular economy

We grow our knowledge and capability to incorporate principles of sustainable design and construction as part of the DEECA Circular Economy Working Group and tested these skills via the Infrastructure Sustainability Essentials pilot.

In a changing and drying climate, we are improving how we reclaim and reuse the by-products of our wastewater, particularly biosolids and potential future management options, including biochar.

We have maintained our involvement in biosolids networks at a state and national network to understand and capitalise on circular economy opportunities.

'Designing out' carbon

With our biggest program of infrastructure investment now in the planning stages, we're working hard to ensure all new projects are designed to be low carbon from the outset, because the best carbon offset is the one you don't need.

Energy and carbon management

STATEMENT OF OBLIGATIONS: EMISSIONS REDUCTION

Our greenhouse gas emissions continued to fall during 2022–23 as we strive for net zero carbon emissions for Scope 1 and 2 by 2030 (reflected in the updated Statement of Obligations (Emissions Reduction)).

22.7%
lower than 2021–22

33% lower

than our 2024–25 target of
29,304 tonnes CO₂-e

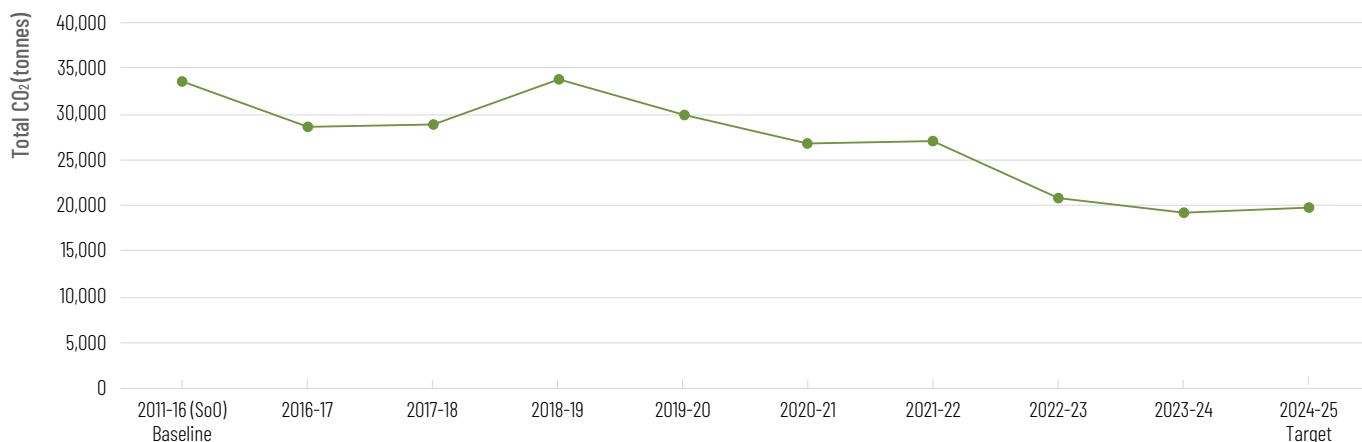
Following reduced operation of the
Goldfields Superpipe

On track for 100%
renewable electricity
use from 2025

Accounting for 90% of our emissions

PROGRESS TOWARD OUR JULY 2025 EMISSIONS REDUCTION TARGET

Net greenhouse gas emissions (tonnes of CO₂ equivalent)



GREENHOUSE GAS EMISSIONS (T CO₂-e)

PERFORMANCE INDICATOR	2021-22	2022-23			VARIANCE %	COMMENTS
		SCOPE 1	SCOPE 2	TOTAL		
Water treatment and supply	4,790	0	3,929	3,929	-18.0	Wet conditions reduced demand and the Goldfields Superpipe did not operate in 2022-23.
Sewage collection, treatment and recycling	20,939	2,556	13,053	15,609	-25.5	Includes reduction attributed to LGC surrender.
Transport	887	931	0	931	4.9	Staff returning from home-based work to the office.
Other	437	0	435	435	-0.4	
Total emissions	27,053	3,487	17,417	20,904	-22.7	

SCOPE 1 AND 2 EMISSIONS BY GHG (IN TONNES AND CONVERTED TO T CO₂-E)

SERVICE DELIVERY CATEGORY	CARBON DIOXIDE (CO ₂)		METHANE (CH ₄)		NITROUS OXIDE (N ₂ O)		VARIANCE % COMMENTS
	TONNES	T CO ₂ -e	TONNES	T CO ₂ -e	TONNES	T CO ₂ -e	
Water treatment and supply	-	3,929	-	-	-	-	
Sewage collection, treatment and recycling	-	13,053	15	414	8.1	2,142	CO2 emissions includes reduction attributed to LGC surrender.
Transport	-	931	-	-	-	-	
Other	-	435	-	-	-	-	
Total emissions	-	18,348	-	414	8.1	2,142	

TOTAL ELECTRICITY USE AND SOURCES

ELECTRICITY USE	2021-22 (MWH)	2022-23 (MWH)	COMMENTS
Water treatment and supply	4,990	4,622	
Sewage collection, treatment and recycling	19,914	22,830	High levels of inflow and infiltrations during wet conditions have impacted sewage collection and treatment, impacting energy use.
Other (office, workshops, depots, etc)	455	512	Staff returning from home-based work to the office.
Total	25,359	27,965	

ELECTRICITY SOURCE	2021-22 (TOTAL CONSUMPTION MWH)	2022-23 (TOTAL CONSUMPTION MWH)
Purchased directly from an electricity retailer	25,359	27,965
Not directly purchased but sourced from outside the organisation	-	-
Corporation-led/self-sourced activities and initiatives (self-generated)	65	77
Total	25,424	28,042

ENERGY GENERATED OR EXPORTED

Coliban Water has one Water Treatment Plant with a 30KW photovoltaic system, two 20KW systems are located on the Axe Creek and Colbinabbin Pump Stations to offset standby usage at each site. In 2022-23 construction commenced on an ongoing program of renewable projects, including five Solar PV systems with a combined capacity of 156KW. Recently commissioned, benefits will be realised from 2023-24 onwards.

RENEWABLE ELECTRICITY CONSUMPTION CATEGORIES	2021-22 (MWH)	2022-23 (MWH)	2022-23 (% OF TOTAL CONSUMPTION)	VARIANCE BETWEEN CURRENT AND PREVIOUS YEAR	COMMENTS
TOTAL RENEWABLE ELECTRICITY CONSUMPTION FROM GRID-SOURCED ELECTRICITY (reported because of the Commonwealth Government's LRET)					
Total grid-sourced: Mandatory	4,714.3	5,257.4	19%		
RENEWABLE ELECTRICITY CONSUMPTION RESULTING FORM CORPORATION-LED/SELF-SOURCED ACTIVITIES AND INITIATIVES					
Solar	65	77.6	0.28%	20%	157 KW was added to the existing 70 KW during 2022-23.
Biogas	-	-	-	-	
Hydroelectric	-	-	-	-	
Wind	-	-	-	-	
Other renewable	-	-	-	-	
Total	65	77.6			

TOTAL 2022-23 GRID-SOURCED ELECTRICITY CONSUMPTION	2022 RPP	2023 RPP	RENEWABLES FROM LRET (MANDATORY) ESTIMATIONS CALCULATION	RENEWABLES FROM LRET (MANDATORY) (MWH)
27,965	18.64	18.96	$((18.64+18.96)/2)/100*27965$	5,257

RENEWABLE ELECTRICITY SOURCE	2022-23 TOTAL ON-SITE RENEWABLE ELECTRICITY GENERATION CAPACITY (MW)	2022-23 TOTAL ON-SITE RENEWABLE ELECTRICITY GENERATION CAPACITY (MWH)			
		RENEWABLE (SMALL-SCALE SYSTEM)			2022-23 TOTAL BY SOURCE
		CONSUMED ON-SITE	EXPORTED	OTHER	
Biogas	-	-	-	-	-
Hydroelectric	-	-	-	-	-
Solar	70	77.6	18.75	-	96.35
Wind	-	-	-	-	-
Other renewables	-	-	-	-	-
Total	70	77.6	18.75	-	96.35

GREENHOUSE GAS EMISSIONS (TONNES CO₂-e)

REC RETIREMENT METHOD	RECS RETIRED 2022-23 (1REC = 1 MWH RENEWABLE ELECTRICITY)
Voluntarily retired by Corporation	3,737 (LGCs from Zero Emissions Water)
GreenPower	-
Certified carbon neutral electricity purchased	-
Total voluntarily retired	3,737
Mandatorily retired	-
Total	3,737

ADDITIONAL REPORTING

STATIONARY FUELS	MEASURE	FUEL TYPE	MJ	T CO ₂ -E
F1	Total fuels used in buildings and machinery segmented by fuel type	Unleaded petrol	32.22	-
F2	Greenhouse gas emissions from fuels used in buildings and machinery	Unleaded petrol	-	2.23

TRANSPORT FUELS

NUMBER OF VEHICLES	FUEL TYPE	VEHICLE CATEGORY
95	Diesel	Passenger road vehicle
11	Unleaded petrol	Passenger road vehicle
2	Hybrid (Unleaded petrol/battery)	Passenger road vehicle

ENERGY AND GHG EMISSIONS FROM VEHICLE FLEET

ENERGY CONSUMPTION MEASURE	MJ
E1 Total energy usage from fuels	13,018
E2 Total energy usage from electricity	100,953,884
E3 Total energy usage from renewable sources	279,360
E3 Total energy usage from non-renewable sources (including fuels)	100,687,543
E4 Units of energy used nominalised by connection	1,232

2022-23 connections = 81,974

HEAD OFFICE WATER CONSUMPTION | 30 BRIDGE STREET, 37-45 BRIDGE STREET

	2022-23	2021-22
Total water consumption	963 KL	483 KL
Volume per full-time equivalent staff member	4.8 KL	2.4 KL

ENVIRONMENTAL STATUTORY OBLIGATIONS

North Central Regional Catchment Strategy

Since its approval by the Minister for Water in early 2022, we have been actively partnering with the North Central Catchment Management Authority on the implementation of the North Central Regional Catchment Strategy.

We are an active member of the North Central Catchment Partners Forum and our support has been driven by a joint Memorandum of Understanding.

Commonly known as the Healthy Coliban Catchment Program, the Upper Coliban Integrated Catchment Plan responds to various threats to the Upper Coliban Catchment and sets out an analysis of the benefits and costs of protecting and enhancing the Upper Coliban Catchment.

Traditional Owner groups, landholders, Landcare groups, local and Victorian Government agencies, Goulburn-Murray Water and other stakeholders participated in the development and delivery of the Plan, which incorporates the principles of catchment to tap for the production and delivery of safe drinking water, enhanced river biodiversity and better catchment health over a 20-year horizon.

- 2.06 kilometres of fencing
- Six off-stream watering troughs or tanks
- Seven hectares of revegetation
- 1.3 hectares of weed control
- 20 community engagement events (including Chicks in the Sticks, Kyneton Show stall, Healthy Landscapes Program with Macedon Ranges Shire Council)

Delivery of on-ground works was impacted by the 2022 floods with all North Central Catchment Management Authority staff redirected to recovery works between October 2022 and March 2023.

Regional Water Strategy

Coliban Water, together with the North Central Catchment Management Authority, has been part of a Steering Group charged with revising the Regional Waterway Strategy.

State Environmental Protection Policy (Waters)

The clauses most relevant to Coliban Water in the Environment Protection Transitional Regulations 2021 are as follows.

Projects such as the implementation of our Catchment Management Plan, upgrades to the Kyneton Water Reclamation Plant, operation of the New Moon Groundwater Treatment Plant and sewer system upgrades and maintenance, continue to reduce nutrient and other contaminants entering local waterways.

Alongside waterway health assessment, sampling and analysis in the Upper Campaspe River, Environmental Risk Assessments of treated water discharges, and hydrogeological assessments to review risks to groundwater, these works ensure we actively working to improve the local environment.

A	Clause 30	Obligation on water corporations to plan sewage services.
E	Clause 35 (1)	Obligation on saline wastewater management.
	Clause 35 (5)	Obligation on DELWP to ensure saline discharges do not contribute to increasing the salinity of the land and waters, or exceed targets.
	Clause 35 (6)	Obligation on water corporations to use regional land and water management plans and regional irrigation development guidelines.
F	Clause 37	Outlines the numerous responsibilities of agencies (water corporations, catchment management authorities, DELWP, Department of Economic Development, Jobs, Transport and Resources) to manage irrigation drains.

* The Department of Environment, Land, Water & Planning (DELWP) became the Department of Energy, Environment & Climate Action (DEECA) on 1 January 2023.



The provision of quality water and sewage services is fundamental to the health and wellbeing of our communities, the social and economic value of which is indisputable.

Yet we are also committed to exploring opportunities and solutions beyond our core services to further contribute to the prosperity of our region.

Our customers and the communities in which we operate are at the centre of everything we do. Our Coliban of the Future transformation will further embed a customer-centric mindset within our business, and help us turn customer insights into actions, and deliver a more effortless customer experience.

We continue to work to improve the technology that enables interaction with our customers through the channel of their choice. This year, we implemented new customer SMS capability and continued our roll-out of e-billing.

Our customers continue to tell us they also value our role in providing education and awareness programs on topics including the natural water cycle and where their water comes from, sustainable water use and conservation, smart gardening in a drying climate, Choose Tap, and our Water Heroes and 3Ps (pee, poo and toilet paper) programs.

2022–23 highlights

Connect Coliban

12,840 views

(up from 11, 638)

948 customer contributions
(up from 594)



coliban.com.au

119,379 visits

(up from 106,702)

50+ community events

Allowed us to hear from customers face-to-face

Value for money sentiment trends upward

Following a program of robo-calls to customers by the Essential Services Commission, value for money sentiment went up five places in 12 months. A focus on service, engagement and community education led to an improved value for money score from customers

39 schools tracking their water consumption

The School Water Efficiency Program helped local schools save more than 352 megalitres of water, helping to identify leaking taps, urinals, water bubblers and broken pipes

Submitted our Innovate Reconciliation Action Plan

For approval by Reconciliation Australia

97 school and kindergarten visits (up from 89)

We reached 2,832 junior water heroes and their teachers in person this year, and more through our education newsletters and online resources

Increasing customer trust

We were one of only two water corporations that improved trust scores with customers from 2021 to 2022

Source: Customer robo-calls by Essential Services Commission

Facebook

152,813 overall reach (up from 84,698)

31,840 page visits (up from 4,995)

YouTube

7,600 (up from 6,200 views)

Twitter

123,500 total impressions (down from 178,800)

LinkedIn

6,339 total impressions

Community pop ups and events

This year, we championed a range of community events and initiatives through participation and sponsorship in-person at these events.

We also provided in-kind donation to 72 community events during 2022-23 with our Choose Tap water refillers, encouraging healthy hydration and limiting single-use plastic waste.



- Kyneton PS23 Pop Up
- Castlemaine PS23 Pop Up
- Echuca PS23 Pop Up
- Bendigo PS23 Pop Up
- Bendigo Water Mains Cleaning
- Bendigo Pop Up
- Bendigo Water Mains Cleaning Kangaroo Flat Pop Up
- Epsom Digital Water Meter Pop Up
- Echuca Water Quality Pop Up
- Malmsbury Community Pop Up
- Mitiamo Community Meeting
- Heathcote Flood Recovery Expo
- Dunolly Biosolids Field Day
- Long Gully Neighbourhood House 'Chatty Café'
- Central Victorian Careers Expo
- Bendigo Jobs Expo
- Heathcote Jobs Expo
- La Trobe University Careers Fair
- Elmore Field Days
- Castlemaine Emergency Expo
- Zinda Festival
- Rochester Show
- Huntly Family Fun Day
- Kangaroo Flat Family Fun Day
- Bendigo Sustainability Festival
- Bendigo Climate Summit
- Echuca Discovery Day
- Castlemaine Gardening Club
- Smart Gardens Promotion
- Eaglehawk Rotary Club
- Bendigo Field Naturalists @ Bendigo Water Reclamation Plant
- Bendigo District Aboriginal Corporation Deadly Day Out
- Weeroona College Health Expo
- Choose Tap
- Water Hero Training Bendigo Library

How we engage

As a water and sewage service provider, the important work we do has the ability to impact a wide range of people, customers, communities and stakeholders alike. Equally, external activities, such as policy changes and planning decisions, can influence our activities and the way we work. To help us prioritise and plan, and better meet our customers’ stakeholders’ needs, we engage with them through a wide range of forums.

With our customers and communities we engaged regularly on our prices and billing, customer service and available assistance, environmental impact, community support and education, capital works and infrastructure maintenance programs, our performance against their expectations, and more.

Our Customer Support Team is the day-to-day face of our customers interactions, and monitors customer feedback and sentiment in real-time.

While our customer and community advisory groups; digital platforms; direct communication; social media activity; presence at local events; and customer surveys allows us to hear directly from customers where they are.

With key stakeholders and major customers, we share insights into our strategic directions; opportunities and challenges; performance; compliance; financial and environmental management; technical standards; policy and procedures; advocacy for customers; forward visibility of work and infrastructure delivery.

Our stakeholder relations program continues to improve in its sophistication, and we combine a program of steering committee and working group memberships, operational committees and regional planning groups, industry connections and forums, site and facility tours, workshops, meetings and partnerships to create two-way dialogue and boost engagement and understanding.

COLIBAN.COM.AU	CONNECT COLIBAN	SOCIAL MEDIA	IN THE COMMUNITY
<p>We continued to enhance the functionality of our website, introducing new navigation and interactive options.</p> <p>Improvements to our Coliban Assist content were introduced to promote the range of support options available for our customers.</p>	<p>Our online engagement platform, Connect Coliban, provides a digital platform for two-way engagement with our customers and stakeholders. The platform is home to project information, news and surveys and allows users to follow important projects.</p>	<p>Together with daily updates on our website, our social media channels were used to deliver trusted information during the flood emergency and other interruptions. Customers knew they could rely on us to provide accurate information in a timely way.</p>	<p>To ensure we heard from our customers about what matters most to them, we continued our program of community events and pop-ups.</p> <p>These face-to-face opportunities allow us to raise awareness of the natural water cycle and promote the work we do to deliver trusted water and sewage services.</p>
SCOPE ACCREDITATION	ACCESSIBLE COMMUNICATION	ADAPTABLE ONLINE PRESENCE	A REPRESENTATIVE VOICE
<p>We maintained our Scope Communication Access Accreditation and continued to deliver Easy English communication material.</p>	<p>Telephone interpreter and text telephone services are offered to assist non-English speaking customers and those with a speech or hearing impairment.</p>	<p>Our website and engagement platform, Connect Coliban, feature accessible functionality, including read-aloud, translation, magnification and noise reduction.</p>	<p>With a broad cross-section of members, our Community Panel, Rural Customer Advisory Group and two new Customer Advisory Groups are providing a direct voice from the customer into our project planning and performance evaluation.</p>

A focus on engagement before, during and after the flood emergency

Given direct impacts to customers’ essential drinking water and sewage services, a clear and consistent communication and engagement program was required.

Commencing before the crisis with communication to ensure safety and help our customers prepare for likely impacts, and continuing during and after the floodwater receded, our communication was kept simple to cut through noise, dispel myths and create trust.

We created a single source of truth on our website with twice daily updates and combined a multi-channel approach to reach the largest number of people possible.

Our newly implemented customer SMS capability was tested and proved highly successful in keeping customers informed in real-time. This was coupled with a regular program of social media updates, which were also shared with online community groups and partners to further disseminate key messages.

As the emergency passed, our approach shifted again to educate customers about the risks to their drinking water following floods. With raw water quality impacts, a **we make water you can trust** campaign addressed the one thing customers wanted to know – that they could trust the drinking water coming through their taps (or trust us to tell them if it wasn’t safe).

Customer Advisory Groups

Our various customer committees ensure a cross-section of residential, commercial and rural customers from across our region can influence our decision making around services, future planning, investment and pricing.

We also work with our customer committees to consider current or emerging issues across the region and they act as a sounding board for what the community values and expects from us.

Two new groups sharing the voice of our customers

To help us set our prices and plans for 2023-28, we used a Community Panel for the first time.

Following this process, we recruited customers to form two new Customer Advisory Groups, representing a broad cross-section of communities from the northern and southern areas of our region.

Our Customer Advisory Groups met on 19 November 2022 and 21 February, 29 March, 4 May and 24 June 2023.

Rural Customer Advisory Group

Our long-established Rural Customer Advisory Group continued to advocate for rural pricing and services. Their focus this year has been assisting with the development of options identified in the preliminary business case for rural channel modernisation. This proposal was successful in attracting further funding to carry out more detailed investigations into the modernisation of the rural system.

The Rural Customer Advisory Group met on 28 September and 7 December 2022, and 15 March and 24 June 2023.



Annual Customer Forum

Each year an Annual Customer Forum helps us report on our performance against our five customer outcomes.

On 24 June 2023, we brought together our Customer and Rural Advisory Groups to check our performance and complete a scorecard on behalf of all customers. The results are available on our website and have been reported to the Essential Services Commission.

Educating the next generation about the water cycle

Our customers have told us they also value our role in providing education and awareness programs on topics including the natural water cycle and where their water comes from, sustainable water use and conservation, smart gardening in a drying climate, Choose Tap, and our Water Heroes and 3Ps programs.

This year, we launched a new education hub and education programs for students.

Our Precious Water is helping our next generation of customers gain an appreciation for the fact that fresh, accessible water is both rare and precious. With help from a scale model, students gain an overview of the urban water cycle, learn about current and future demands on our water, and how those demand impacts the environment.

The program challenges students to think critically about how they can sustainably use water in a future where a changing climate may deliver drought conditions.

Flushed! is helping local students learn about sewerage and how it is treated before being returned to the environment. The program encourages young learners to consider how we are all responsible for what goes 'down the drain'.

Coupled with some surprising facts about how cities dealt with wastewater in the past, students learn how our sewerage system is an essential modern service for the health of both people and the environment.



100%

Of students and teachers would recommend our education programs to other schools.

Recognising recreational values

With walking paths to explore, access for unpowered boats and watercraft, pristine fishing spots, picnic and barbeque facilities, our reservoirs are a popular year-round destination.

To help users plan their visit, our website contains up-to-date information, including information about our facilities, the latest water levels, rules and regulations, plus any closures or changes to access due to maintenance or safety issues.



During the year, we delivered a range of projects to improve recreational enjoyment at our water storages:

- Upper Coliban Reservoir: Works to stabilise the reservoir embankment, prevent erosion and maintain access.
- Barkers Creek Reservoir: Planning stages for the construction of a circuit track, including preferred location, construction style and consideration of cultural heritage and ecological values.
- Pest plant management at all storages open to recreation.
- Participation in the working group formulating new water regulations at water storages to improve user experiences and manage risks.
- Liaised with Mount Alexander Shire Council on how the proposed Barkers Creek Circuit Track can integrate into their Shire's Active Transport Strategy, particularly for North Harcourt.

We followed the three Water for Victoria themes and undertook community engagement through our social media channels, website and on Connect Coliban. No new facilities were constructed or made accessible this year.

Customer responsiveness, complaints and escalations

In the past 12 months our Customer Support and Customer Care Teams have responded to more than 80,000 customer contacts across our online, email and phone channels. A further 2,100 calls were received to our afterhours faults and emergency line.

In an effort to earn the customer, we continued to focus on first-contact resolution in all interactions and strive to resolve any dissatisfaction at a business level.

When a complaint cannot be resolved by us, customers can approach the Energy Water Ombudsman for advice and support. In the past 12 months, 29 customer complaints were referred to Coliban Water for further follow-up and investigation.

The complaints were predominantly billing-related, including billing issues, fees and charges, and usage/consumption costs. The remainder were related to network assets, service provision and supply issues (including water quality and service interruptions).

CUSTOMER RESPONSIVENESS	2021-22	2022-23	VARIANCE TO PRIOR YEAR	TARGET	VARIANCE	COMMENT
WATER BILL: AVERAGE HOUSEHOLD USE (KL)	191	174	-8.9%	NA	NA	Extreme wet conditions and a mild summer resulted in lower household water consumption.
TYPICAL HOUSEHOLD BILL (OWNER-OCCUPIERS 2022-23)	\$1,391	\$1,326	-4.7%	NA	NA	Prices increasing by less than inflation in 2022-23, together with suppressed demand for water, has seen a fall in average (real) bills for owner-occupiers.
TYPICAL HOUSEHOLD BILL (TENANTS 2022-23)	\$445	\$398	-10.7%	NA	NA	Coliban Water's tenants pay only water usage costs. The combination of prices increasing by less than inflation and lower demand has resulted in tenants average (real) bills falling by more than 10 percent.
CUSTOMERS ON FLEXIBLE PAYMENT/ INSTALMENT PLANS	4,565	4,730	3.6%	NA	NA	Follows a targeted push to help customers budget and plan.
CUSTOMERS PROVIDED HARDSHIP SUPPORT	317	2,084	557.4%	NA	NA	In addition to our Coliban Assist program, we provided hardship support to more than 1,700 customers severely impacted by flooding, principally in Rochester and Echuca.
WATER QUALITY COMPLAINTS (PER 100 CUSTOMERS)	0.25	0.34	36%	0.35	-2.9%	Water quality complaints were driven by poor source water quality due to heavy rainfall and flooding. 109 (41%) water quality complaints were received in January 2023 primarily from Echuca, where source water quality was compromised by flooding locally and upstream. Water provided to customers remained safe to drink despite taste and odour concerns (due to geosmin).
PAYMENT ISSUE COMPLAINTS (PER 100 CUSTOMERS)	0.18	0.08	-55.6%	0.03	185.7%	We experienced an increase in billing complaints in 2021-22 with the introduction of our new billing system, which resulted in delayed invoicing for some customers. These issues have now been resolved. There was an increase in billing complaints late in 2022-23 with 33 (57%) in the final four months of the year coinciding with the end of government pandemic assistance.
TOTAL COMPLAINTS (PER 100 CUSTOMERS)	0.78	0.88	12.8%	0.8	10%	Nearly 40% of complaints received related to water quality, with a further 29% unspecified (the other category). The increase was driven by poor water quality due to flooding, a lengthy service outage in Kyneton and Malmesbury in April 2023, and seven boil water advisories issued over the year.

Social procurement

Recognising the need to address social disadvantage, the Victorian State Government released its Social Procurement Framework in 2018.

The Framework uses 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.

Our Social Procurement Working Group developed a Social Procurement Strategy that has since become part of our day-to-day policies, procedures, templates and activities. Social Benefit Suppliers are recognised as 'pre-qualified'.

Social Procurement forms part of our onboarding procedures and performance development plans, and staff members complete

regular refresher training modules. External capability development is delivered to suppliers through tender briefings and the inclusion of information and online references in our 'Request for Tender' procurement templates.

This year, we implemented internal evaluation requirements that better support Social Procurement at the direction of the Board.

Our objectives this year

This year, we identified three priority social and sustainable objectives to focus on this financial year. These are described in the following case studies. While local social enterprises are limited, we procured from 12 social enterprises in 2022-23, with a total spend of \$212,249.

OBJECTIVE 1. OPPORTUNITIES FOR VICTORIAN ABORIGINAL PEOPLE

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 commitments and/or Reconciliation Action Plan initiatives.

Engagements directly with social enterprises contributing to this objective totalled \$56,306. This year we:

- Participated in the employment of Aboriginal School-Based Apprenticeships/Traineeships program.
- Sponsored the NAIDOC events held by the Bendigo & District Aboriginal Co-operative.
- Interacted with local Victorian Aboriginal Businesses under both our Reconciliation Action Plan and Recognition Settlement Agreement to discuss requirements and opportunities.
- Continued two service agreements with Dja Dja Wurrung, including Land Management Services and Pest Plant Management (works focussed on revegetation, fencing, pest plant and animal management, and fire hazard reduction).
- Engage Dja Dja Wurrung Clans Aboriginal Corp to conduct site investigations and develop Cultural Heritage Management Plans (CHMPs) to protect identified sites of significance.

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 contributing to this objective totalled \$21,523:

- Peppergreen Farm (Access Australia Group) for 10% of our catering expenses.
- GAME Traffic and Contracting for the preparation of a traffic guidance scheme.
- We sponsored 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 us to directly deliver social and sustainable outcomes.

Engagements directly with social enterprises contributing to this objective totalled \$147,960 and included:

- Ongoing engagement of the Dja Dja Wurrung Clans Aboriginal Corporation.
- Peppergreen Farm (Access Australia Group) for 10% of our catering expenses.
- We continue to purchase 'Who gives a crap' toilet paper from Good Goods Pty Ltd.
- (AQUEST) RMIT University to undertake stream water quality/river health monitoring in the Campaspe River.
- 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 sponsor the Bendigo Sustainability Group Festival and the NAIDOC events held by the Bendigo & District Aboriginal Co-operative.
- The Anna Centre provided onsite counselling for staff.

SOCIAL PROCUREMENT STRATEGY TARGETS: RESULTS 2022-23

ACTIVITY	MEASURE	TARGET DESCRIPTION	RELATED OBJECTIVES	2023 TARGET	RESULT	VARIANCE	NOTE
RESULTS FOR AWARENESS							
SUPPLIER TRAINING	Supplier education	Information included for 100% of relevant public tenders	All objectives	100%	100%	0%	Included all tenders over \$1 million with mandatory briefings. Information and references included in all tendering documents.
	Weighted social and sustainable criteria applied to procurement over \$1 million	100% of tenders	All objectives	100%	100%	0%	
STAFF TRAINING	Employee education via e-learning (including encouragement to include social procurement at all values)	75% of staff	All objectives	75%	96%	21%	A strong completion rate was observed.
	Cultural awareness e-learning	75% of staff	Opportunities for Victorian Aboriginal businesses	75%	94%	19%	
RESULTS FOR DIRECT SOCIAL PROCUREMENT							
EXPENDITURE CATEGORIES	Catering and room hire expenditure	5% of category	All objectives	5%	10%	5%	Various other engagements took over our social procurement direct spend to \$212,249 to a total of 12 social benefit suppliers.
	Contractors/consultants expenditure	\$200,000 of total expenditure to be spent with social enterprises	All objectives	\$200,000	\$212,249	\$12,249	
LABOUR	Engagement of supported employment services	One work experience placement for an employee with a disability	Opportunities for Victorians with a disability	1	0	-1	Still remains a target and will be incorporated as a focus in our recruitment uplift project.
	Instances of inclusion of diverse workforces	One work experience placement for Aboriginal students	Opportunities for disadvantaged Victorians	1	1	0	We participate in the Aboriginal School-based Apprenticeship / Traineeship program.
RESULTS FOR INDIRECT SOCIAL PROCUREMENT							
PUBLIC TENDER EVALUATION	Weighted social and sustainable criteria applied to procurement under \$1 million conducted via public tender	50% of tenders	All objectives	50%	100%	50%	While not compulsory on tenders under \$1 million, this year we implemented internal evaluation requirements to encourage the use of social and local criteria for procurement above \$50,000.
	Weighted social and sustainable criteria applied to procurement over \$1 million	100% of tenders	All objectives	100%	100%	0%	We met this compulsory requirement.

OTHER ACHIEVEMENTS

We also contributed to Social Procurement Objective ‘Opportunities for Victorians with a disability’. Engagements directly with social enterprises that contributed to this objective totalled \$122,654 and included engagements with Access Australia Group, Scope (Aust) Ltd, RMIT University and GAME Traffic and Contracting.

Our Board continues to encourage local and social procurement considerations and we use an evaluation criteria to assess our social and sustainable/economic contribution to the region, in particular through procurement that builds the capability of suppliers in our region.

Our Gender Equality Action Plan, which complies with the *Gender Equality Act 2020*, will continue until 2025. The plan seeks to remove any barriers to staff succeeding at Coliban Water. Initial work has included a Gender Audit to gauge where we should focus future efforts.

The following actions were submitted to the Commission for Gender Equality in March 2022 to promote and increase:

- Female participation in professional and STEM roles.
- The uptake of flexible workplace arrangements for all staff.
- Employment of people with a disability.
- Safety to speak up about any occurrence of negative workplace behaviours, including sexual harassment, bullying, discrimination, violence or aggression.

Meet our school-based apprentice

This year, we championed a range of community events and initiatives. We partner with Social Enterprise CVGT and Nalderun to provide paid on-the-job training to Aboriginal students completing secondary school. The program secures paid traineeship positions with host employers who are committed to improving employment outcomes for Indigenous Australians.

We were joined this year by two female Aboriginal students, Jaylee and Olivia. Jaylee has recently finished her business administration traineeship, and Olivia commenced the same two-year traineeship in February 2023.

Engaging with Traditional Owners

ENGAGEMENT ACTIVITY/PROJECT NOTES

Bendigo Victoria's Great Outdoors Program: Larni Yirrip	Design for the campsite completed. Waste clearance commenced as a Parks Victoria project.
Land management services	Grounds and maintenance works at Headworks.
Rural channels	Fuel reduction works around various channels and rural storages.
Site investigations and Cultural Heritage Management Plans (CHMP)	In line with Aboriginal Heritage Regulations 2018, Cultural Heritage Assessments were completed at the Trentham Water Treatment Plant and water mains delivery in Maiden Gully. Cultural Heritage meeting for the proposed Barkers Creek Circuit Track to seek input into the boardwalk design and location. Future CHMP planned. Cultural Heritage Permits applied for in Malmsbury and Springhill Road, Kyneton, and at Upper Coliban Reservoir for erosion control.
Burnewang Road property	Site clean-up.
Innovate Reconciliation Action Plan	Engaged two Cultural Advisors from Djaara to review our Innovate Reconciliation Plan. Engaged and contracted a local First Nations artist to produce associated artwork.
Price Submission 2023	Engaged various Traditional Owner groups to continue to build relationships and allow us to incorporate their needs and aspirations into our pricing plans for 2023-28. Discussions commenced on our PS23 capital delivery program (support required by Coliban Water and opportunities for Djandak).
Traditional Owner artwork	Engaged local artist Sharlee Dunolly-Lee to create artwork for the Land Use Activity Agreements unit to be installed along Bendigo Creek.
NAIDOC Week	Platinum Sponsors of the Bendigo NAIDOC Week Program.
Land Use Activity Agreements	Section 45 Agreement, <i>Traditional Owner Settlement Act 2010</i> (Vic) approved through the LUAA process (Negotiation B Activity), for Reservoir Road – Portwines Road Track resurfacing project. Discussions commenced for Djaara to supply Coliban Water with an annual LUAA for enterprise activities.
Welcome to Country	Welcome to Country by Djaara at Customer Advisory Group meeting 19 November 2022.
Coliban Main Channel Shelter	Provide continuing support and advice to the project. Reviewing permits, plans and signage.
Kapa Gatjin Advisory Group	Upper Coliban Wartaka supporting role sharing land management updates.
Upper Coliban Aboriginal Waterway Assessments	Supporting role, sharing land management information and assisting with plant and animal identification.
A Healthy Coliban Catchment Project	Joint partnership with North Central Catchment Management Authority and Djaara; funding AWA implementation.

We know life doesn't always go to plan. We know our customers' circumstances can change and so can their financial position.




We focused on supporting customers impacted by the food events of October 2022. In the second half of the year we completed improvements to our Coliban Assist program and increased our promotion of the program in an environment where many people are experiencing financial vulnerability due to rising interest rates and greater cost of living pressures.

We also implemented new training programs to upskill our Customer Care and Customer Support teams to treat every conversation with our customers with respect and confidentiality, and to identify solutions that cater to individual customer circumstances.







During consultation with customers and our Community Panel to finalise our plans for the 2023-2028 Price Submission, and through engagement with regional and industry experts, the continuation and growth of the Coliban Assist program remains fundamentally important. We look forward to doubling our financial support and expanding our offerings from 1 July 2023 to ensure as many customers as possible are supported.



2022–23 highlights

<p>2,084 Customers helped through our Coliban Assist program</p>		<p>\$279,906.80 In support payments to customer accounts</p>	<p>\$19,382.33 Further payments through Coliban Assist</p>
	<p>727 applications For Utility Relief Grants</p>	<p>\$328,364 allocated For Utility Relief Grants</p>	

How we can help

 <p>Customers can request a two-week extension via our website</p>	<p>Accountholders with a valid pension or health care card can claim a discount on their water bill</p> 	 <p>Payments can be 'smoothed' over the course of the year to remove the highs and lows from water bills</p>	 <p>We assist Centrelink customers to set up automatic deductions via Centrepay</p>
 <p>Those on a low income or experiencing financial difficulty may be eligible for a Utility Relief Grant of up to \$650</p>	<p>Our Plumber Assist program offers a free household water audit and essential plumbing (to a capped amount) for eligible residential customers</p>	<p>Our team signed-up to the One Stop One Story initiative and is trained to provide care and assistance to customers experiencing violence at home</p>	<p>Our team regularly refers customers to financial and community service providers for confidential support</p> 

Concessions and rebates

	2022-23	2021-22
Not-for-profit rebates	\$453,785.82	\$459,701
Pension/Concession	\$6,412,934.45	\$6,347,826
Utility Relief Grants	\$328,364.22	\$323,887
Water concessions on life support machines	\$192.16	\$0
Coliban Assist	*\$300,319.36	\$119,422
Community Rebate Program	\$53,491.36	\$50,343.13
Hardship Relief Grant Scheme (sewer and water connections)	\$0	\$0

* Amount includes Plumber Assist payments.

Financial support for customers impacted by flooding

We advocated on behalf of our customers impacted by the October 2022 floods for government-funded bill relief.

The Department of Energy, Environment and Climate Action announced a support package on 1 November 2022, and bill relief was applied to eligible customers' bills as follows:

- In the significantly flooded towns of Rochester and Echuca, all customers received either a \$600 credit if they experienced above-floor flooding in the primary dwelling on the property, or a \$300 credit in recognition of the widespread impact of the floods on their town.
- For customers in Tylden, Axedale, and Mysia, a \$300 credit was applied in recognition of the significant disruption to water and sewer services.
- For all other areas where flooding was localised to specific properties, customers were eligible for a \$600 credit if flooding was experienced above floor level in the primary dwelling on the property.

In total, we issued relief payments valued at \$3,449,700 to 9,633 eligible customers.

	NUMBER OF CUSTOMERS	AMOUNT
Total	9,663	\$3,449,700
Number of \$600 payments	1,836	\$1,101,600
Number of \$300 payments	7,827	\$2,348,100

A large portion of our customers in Rochester and Echuca continue to live off-site and are unable to utilise their primary residential dwellings. As a measure of further support, a further \$50 support credit was applied in June 2023 to properties previously identified with above floor flooding. A further credit will be made in the first quarter of 2023/24.

Support for customers experiencing family violence

Coliban Water has zero tolerance for violence, including family violence.

Our Customer Care and Customer Support teams continued to work with customers impacted by family violence. Our ability to support our customers is strengthened by our relationships with local family violence and financial counselling services.



Tapping-in to a thriving partnership

Because we understand vulnerability can be experienced in different ways and does not discriminate, we were pleased this year to join the Thriving Communities Partnership as a signatory to their partnership charter. This cross-sector collaboration aims to ensure everyone has access to the modern essential services required to thrive in contemporary Australia and connects over 320 organisations from across Australia.

The industry connections, collaboration, platforms and education facilitated by the Partnership are already improving our understanding and capacity to assist customers. Their website provided an invaluable resource for flood-affected communities, bringing together information on response packages, support and information from multiple agencies.

One Stop One Story

Run by the Thriving Communities Partnership, this world-first digital customer platform helps people in financial difficulty to access the support they need from multiple agencies, from one place. The One Stop One Story Hub reduces stress and protects dignity by ensuring people only tell their story once to receive support from multiple agencies, including Coliban Water.

With an original focus on supporting those impacted by family and domestic violence, the program was extended this year to assist others in the community experiencing financial vulnerability.

Customer and Community Rebates

We know an extended interruption to water supply, poor water pressure, a Boil Water Advisory, or sewer spill can be inconvenient – and not the standard of service we've committed to as a customer-funded service provider. That's why we developed a program of Customer and Community Rebates.

First developed in consultation with customers for our 2018 Price Submission, the program helps us remain accountable to the customers who fund our business through their water bills and deliver tangible benefits when we do not meet customer expectations.

CUSTOMER REBATES 2022-23	VALUE	PAYABLE	TOTAL
Sewer intrusion – blown seal	\$50	19	\$950
Sewer intrusion – under one hour	\$300	2	\$600
Sewer intrusion – over one hour	\$1,000	9	\$9,000
Special meter read – late	\$19.24	0	\$0
3+ sewer blockages	\$100	0	\$0
4+ water outages ¹	\$50	105	\$5,250
5+ hour water interruption ²	\$50	2,450	\$122,500
Correspondence >10 days	\$10	0	\$0
Planned water outage in peak times	\$100	0	\$0
Less than 100% rural water allocation	*	0	\$0
Customer restriction	\$300	0	\$0
Failure to remove restriction device >24 hours	\$300	0	\$0
Ongoing water quality issue	\$57.13	0	\$0
High priority inspection >2 days	\$250	0	\$0
High priority mains inspection >10 days	\$310.06 (+41.25/lot)	0	\$0
Total customer rebates		2,585	\$138,300

*Rebate amount payable to rural network customers in any year where they receive less than 100% allocation (calculated by the difference between 100% allocation and the allocation % as at 1 April, multiplied by the rural infrastructure charge payable).

COMMUNITY REBATES 2022-23	VALUE	PAYABLE	TOTAL
Large sewer spill	\$20,000	0	\$0
Poor water pressure/flowrate ³	\$5,000	1	\$5,000
Boil water/Do not consume notice ⁴	\$5,000	5	\$25,000
Short-term water quality issue ⁵	\$5,000	1	\$5,000
Total Community Rebates		7	\$35,500

- 103 customers in East Bendigo impacted by four or more water service outages. No single systemic cause for outages has been identified.
- A burst main in Kyneton in April 2023 resulted in Kyneton and Malmsbury experiencing a 450 minute service outage. Based on a review of water availability during this period, more than 2,300 customers received a Guaranteed Service Level (GSL). A further 1,260 customers received a customer service gesture payment in recognition of the wider community impacts for those that did not meet the GSL requirements. These have not been included in this total.
- Capital works to rectify low pressure issues in Lockington have been deferred beyond the expected date. Given this, the business has paid a low-pressure rebate.
- Five boil water notices were issued in 2022-23 due primarily to flood-related poor source water quality. These were in Heathcote, Echuca, Gunbower, Kyneton and Cohuna.
- Boort experienced short-term water quality issues in July – August 2022 due to persistent presence of taste and odour compounds in water samples.

Enriching quality of life starts with employing the right people, people who are purpose-driven, skilled, resilient and who care about delivering the best products and services for our customers and communities.

We aim to provide a positive employee experience and ensure every one of our team has clarity on how their role aligns to our purpose and that they feel engaged, enabled and rewarded. We know if we take care of our people, they will take care of our customers, communities and our business.



2022–23 highlights

<p>74% Employee Engagement Index (up from 67%) 2023 People Matter Survey result</p>		<p>75% Increase in job satisfaction (up from 64%) 2023 People Matter Survey</p>	<p>87% Employee Inclusion Score (up from 80%) 2023 People Matter Survey</p>
<p>Development of our Wellbeing Hub and calendar of events</p>	<p>Continuation of our mental health literacy program</p>	<p>Flu immunisation and skin checks provided</p>	<p>Promotion of our Employee Assistance program</p>

Developing a workforce and culture for the future

We're focussed on ensuring our customer and communities experience our authenticity and care. Our culture statement and values flow through every part of our business. The way we work and how we're organised allows us to be productive and responsive.

This year, we've been focussed on developing our team so we are ready to flex, adapt, innovate and be responsive to change. Our **Coliban of the Future** transformation program will deliver cultural transformation and a high-performing, future-ready workforce with an operating model to deliver on our strategy and the capability and skills to implement inter-generational infrastructure projects, all while keeping our customers front of mind.

Systems, policies, procedures and standards continue to govern our approach to managing our people, and to support their safety and wellbeing.

We're refining our processes, investing in leadership capability and training, providing analytics that support insight-based decisions, measuring culture and employee experience through our **People Matter Survey**, and removing risks and inefficiencies to enhance our culture over the long-term.

- EARN THE CUSTOMER
- OWN THE RISK
- ACT

Celebrating what's common, and different, so we can all be ourselves

We genuinely believe it's our differences that contribute to our achievements. Through our focus on diversity and inclusion, we work hard to empower all team members to bring their best and whole selves to work. We are proud to welcome people from a wide range of backgrounds, with a variety of skills, mindsets, ages and identities.

<p>2% Of our team are Aboriginal and/or Torres Strait Islanders</p>	<p>11% Of our team members were not born in Australia</p>	<p>8% Speak languages other than English at home</p>	<p>6% Identify as a person with a disability</p>	<p>44% Of our team are female</p>	<p>4 women Are part of our seven-member Executive team (Executive team became six after 30 June)</p>	<p>Our Gender Equity Action Plan Is driving actions to improve gender balance</p>
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Data sourced from our 2023 People Matter Survey.

Pride in Water

We're proud to be part of this cross-sector initiative for LGBTQ+ team members, contractors, customers and their allies and are passionate about ensuring every LGBTQ+ person feels valued, safe and included.

Our team turned out in numbers this year to celebrate visibility days, celebrate culture, highlight prejudice and promote belonging. They freely share pronouns and inclusion stories and are encouraged to be allies.



A better world free from discrimination starts in the workplace

We maintained our membership of the WaterAble network, to bring together people with disability and their allies from across the water sector.

Our Diversity and Inclusion Policy is improving inclusion and access for employees with a disability and helping them to progress their careers.



Women in leadership

This year, we increased female representation in leadership roles. And the proportion of women working in professional, specialist and STEM roles increased from 27.5% to 32%.

Our team continued to be part of the Greater Bendigo Coalition for Gender Equality and the cross-sector Women in Water initiative.



Our road to reconciliation

Significant work has been undertaken in the past 12-months to prepare our Innovate Reconciliation Plan. Ready for launch at the end of 2022-23, the Plan is another step in our journey to be a more purposeful organisation in creating and enabling social change and supporting self-determination for Aboriginal peoples.

We support the employment of local Aboriginal peoples, our Rural Team partnered with Djandak to undertake fire management, and we once again hosted local Aboriginal students for a school-based traineeship.



Caring for our people

We're equally as invested in our team's physical, mental and social wellbeing as we are in providing career opportunities and growth.

WELLBEING

We continued our focus on the three key priorities that are central to our annual Wellbeing Plan:

1. To create an environment where mental health is valued and prioritised.
2. To develop the wellbeing literacy of our staff through training, education and accessible wellbeing services.
3. To own our psychological risks and act to protect mental health and wellbeing at Coliban Water.

We implemented mental health training for all staff, continued to provide mental health first-aiders, promoted our Employee Assistance Program and the services our employees can tap into for self-care and wellbeing. Alongside our regular calendar of events, this resulted in a regular focus on health and wellbeing that continued throughout the year.

FLEXIBLE WORK

COVID-19 changed the very nature of Australian workplaces. While we continue to see a significant return to the office, we invested this year in further improvements to our remote working technology and security to enable our people to balance their working week to reflect business and personal requirements. We also retained programs in 2022-23 to equip our leaders and staff to manage flexible and hybrid work arrangements.

Our team can take up the option to purchase additional leave, arrange for flexible start and finish times, or part-time employment.

DOMESTIC AND FAMILY VIOLENCE SUPPORT

This year we continued education and training for all leaders and employees about how to support those affected by family violence. This complements the range of support services for employees experiencing or at risk of family violence.

We have appointed Family Violence Contact Officers who are trained to support and assist employees affected by family violence or perpetrating family violence. Our Contact Officers are available for confidential conversations to help members of our team understand the supports and services available internally or externally to Coliban Water.

Under the current Coliban Water Enterprise Agreement, employees experiencing, or supporting a person who is experiencing, family violence can access up to 20 days paid leave.

EMPLOYEE TRAINING AND DEVELOPMENT

Our people participated in a range of leadership and cultural training activities. This year, we focussed on enhancing our teams' awareness and understanding of mental health and wellbeing, with more than 50% completing training.

We continued our focus on technical training, which spanned asset management, sewer and water operations, environmental management, cyber security, digital communication, cultural competence, and customer and community engagement. Team members completed safety-related training in working in confined spaces, trenching awareness, manual handling, working at heights and defensive dog training.

Everyone at Coliban Water can participate in workshops and conferences aligned to their field of professional expertise. These opportunities enable our team to grow their knowledge, capability and awareness of new technologies and best practice.

We also continued our Emerging Leaders Program to build the capability of current and future leaders and supported employees to undertake accredited training and further study at undergraduate and post-graduate levels.

GRADUATE AND WORK INTEGRATED LEARNING PROGRAMS

Through the School Based Apprenticeship and Traineeship program, we hosted two local secondary students completing traineeships.

We continue to build engineering talent with our Graduate program where young engineers rotate through nine different areas across Coliban Water. While our Work Integrated Learning program is a partnership with local universities that provides opportunities to simultaneously work and study.

Throughout the year we participated in careers expos in Bendigo and Heathcote to connect with tertiary and secondary school students across the region. We partnered with Bendigo Senior Secondary College to provide inspiration and career information for First Nations students.



WORKFORCE STATISTICS

	2022-23							2021-22						
	ALL EMPLOYEES		ONGOING			FIXED-TERM AND CASUAL		ALL EMPLOYEES		ONGOING			FIXED-TERM AND CASUAL	
	Headcount	FTE	Full-time	Part-time	FTE	Headcount	FTE	Headcount	FTE	Full-time	Part-time	FTE	Headcount	FTE
GENDER														
FEMALE	107	99.1	70	15	84.6	15	14.2	89	84	62	12	74	10	10
MALE	137	134.8	121	4	124.7	10	9.6	119	117	109	4	113	4	4
SELF-DESCRIBED	N	N	N	N	N	N	N	N	N	N	N	N	N	N
AGE														
15-24	5	5	4	0	4	1	1	3	3	3	0	3	0	0
25-34	51	49.2	45	2	46.9	2	2	43	42	38	3	41	1	1
35-44	76	72	56	7	63.2	10	8.8	58	56	47	6	53	3	3
45-54	71	69	54	5	59	10	10	66	64	53	4	57	7	7
55-64	35	33.3	28	3	30.8	2	2	33	32	27	3	30	2	2
65+	0	0	0	0	0	0	0	5	5	3	1	4	1	1
CLASSIFICATION														
BAND 1	4	3.5	2	1	2	1	1	14	14	13	0	13	1	1
BAND 2	43	41.2	35	4	39.2	2	2	36	34	25	4	29	5	5
BAND 3	50	46.2	35	6	40.9	6	5	40	39	34	5	39	0	0
BAND 4	72	70.1	65	4	69.1	1	1	60	58	50	4	54	4	4
BAND 5	40	38.6	34	2	35.8	3	2.8	29	28	26	2	28	0	0
BAND 6	12	11.5	8	1	12.8	2	2	8	8	6	1	7	1	1
BAND 7	8	8	7	0	7	1	1	14	14	11	1	12	2	2
EXECUTIVES	8	8	7	0	7	1	1	7	7	6	0	6	1	1
TOTAL EMPLOYEES	244	234	191	18	209	25	24	208	201	171	16	187	14	14

N: No data was collected

Figures reflect employment levels during the last full pay period in June each year. Employees are Classified as Band 1 to 7 under the Coliban Water Enterprise Agreement 2021. Executives are employed under a Victorian Public Entity Executive Remuneration Contract and are classified as ongoing employees. Excluded are those on leave without pay.

SALARIES

Annualised total salary for Executives officers

SALARY RANGE EXECUTIVES

The salaries reported are the total remuneration for the full financial year (at a 1 FTE rate) including superannuation

\$250,000 – \$269,999	4
\$270,000 – \$289,999	1
\$290,000 – \$309,999	0
\$310,000 – \$329,999	0
\$330,000 – \$349,999	1
\$350,000 – \$369,999	0
\$370,000 – \$389,999	1

ATTRACTION AND RETENTION

We adopt the following Victorian Public Sector employment principles.

Employers must ensure:

- 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

EMPLOYEE RELATIONS

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 this year.

Our controls and assurances

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

Chair from 1 October 2021

Date: 21 September 2023

Safety, governance and risk

OUR EMERGENCY MANAGEMENT SYSTEM

Our previous focus on the continuous improvement of our emergency management governance and frameworks paid dividends this year. Our processes and procedures, and highly trained team of Incident Managers, proved effective during a range of events, particularly those that followed wet weather and flooding in October 2022.

Throughout the year we continued our involvement with Municipal and Regional Emergency Management Planning Committees in the communities we operate, the Sector Resilience Network convened by DEECA and Department of Home Affairs' Water Sector Services Group. We continued to review our emergency management systems to provide a consistent framework for managing all types of hazards and incidents.

Our cyber security framework enables us to prevent, detect and manage cyber risks and incidents. The framework includes four pillars: compliance, risk management and awareness; effective collaboration with state and federal agencies; proactive cyber security monitoring; and regular updates and security enhancements to our infrastructure.

HEALTH, SAFETY AND WELLBEING CULTURE

Our Health, Safety and Wellbeing Management System is certified to ISO 45001:2018. It outlines how we will manage health, safety and wellbeing related risks to prevent injury and improve overall performance and supports our safety culture, in which everyone is responsible and empowered to prioritise safety.

Management and health and safety representatives form part of our Health, Safety and Wellbeing Committee, which meets bi-monthly.

Achieved re-certification to AS/NZ ISO 45001 2018	Supported the safe and efficient operation of our incident response during the October 2022 floods	Improved a Safety Walk and Talk program and increased staff hazard reporting by 157%	Continued focus on our management of activities involving critical risks
Use of pulse surveys to improve wellbeing management for our team	Used a risk-based approach to prioritise remedial health and safety works for assets and initiatives	Grew our Health and Safety Team to improve safety capability through increased training and presence in the field	Collaborated with partners and contractors to share information and learn collectively Our reporting dashboard was improved this year with the addition of partner performance

Safety and compliance capability

Our team is encouraged and supported to report all hazards and incidents. Significant incidents are reported to the Health, Safety and Wellbeing Committee and thoroughly investigated.

Our performance rating is better than the industry average (increasing slightly from 0.5 to 0.7 during 2022-23). Our WorkCover premium has remained steady for the past five years.



OH&S performance management and reporting

MEASURE	KEY PERFORMANCE INDICATOR	2021-2022	2022-2023
INCIDENTS	Number of incidents	37	58
	Rate per 100 FTE	18.20	24.66
	Number of incidents requiring first aid and/or further medical treatment	8	8
CLAIMS	Number of standard claims accepted	2	0
	Rate per 100 FTE	0.984	0
	Number of lost time claims accepted	1	0
	Rate per 100 FTE	0.49	0
	Number of claims exceeding 13 weeks	1	1
	Rate per 100 FTE	0.49	0.425
FATALITIES	Fatality claims	0	0
RETURN-TO-WORK	Percentage of claims with Return-to-Work Plan	N/A	100%
MANAGEMENT COMMITMENT	Evidence of OHS Policy Statement, OHS Objectives, regular reporting to senior management of OHS and OHS plans	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
	Compliance with agreed structure on DWGs, HSRs and IRPs	Completed	Completed
	Number of quarterly OHS meetings	6	6

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

Key performance indicators for 2021-22 have been reviewed and updated.

Accountability and transparency

FREEDOM OF INFORMATION

Through the *Freedom of Information Act 1982* (the Act) the public has the right to apply for access to documents held by Coliban Water. During 2022–23, we received no Freedom of Information applications and made no decisions. At 30 June 2023, we were preparing a Part II Information Statement on the sort of material produced by Coliban Water that will be available on our website.

How to make a request

Requests can be lodged online at ovic.vic.gov.au for a fee of \$31.80 (at 1 July 2023). Access charges may also be payable if the document pool is large and the search time consuming.

Documents can also be obtained through a written request to our Freedom of Information Officer, as detailed in s17 of the *Freedom of Information Act 1982*. Requests must be in writing and identify the material/documents being sought.

Requests should be addressed to:

Freedom of Information Officer

Coliban Water
PO Box 2770
Bendigo DC VIC 3554

What can be accessed?

Documents created by us or supplied by an organisation or individual. These documents may also include maps, films, microfiche, photographs, computer printouts, computer discs, tape recordings and videotapes.

What can't be accessed?

We can refuse access, either fully or partially, to certain documents or information, including 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.

Timeframes

The typical processing times for requests is 30 days. However, when external consultation is required under ss29, 29A, 31, 31A, 33, 34 or 35, the processing time is 45 days. Processing times may also be extended by periods of 30 days, in consultation with the applicant. While these extensions can occur any number of times, they cannot occur after the expiry of the timeframe for declining a request.

If an applicant is not satisfied

Under section 49A of the Act, applicants can seek a review by the Office of the Victorian Information Commissioner (OVIC) within 28 days of receiving a decision letter.

Further information

Information about the operation and scope of Freedom of Information and the regulations made under the Act are available at ovic.vic.gov.au.

PRIVACY AND DATA PROTECTION ACT 2014

The *Privacy and Data Protection Act 2014* provides for the responsible collection and handling of personal information in the Victorian. 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 our Privacy Policy and the Act.

PUBLIC INTEREST DISCLOSURE ACT 2012

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

Coliban Water is not able to receive public interest disclosures, but has procedures to protect those who make a disclosure about us, our Board members, officers or employees. For information contact:

Rebecca Hanley
EGM Culture & Governance
Coliban Water
PO Box 2770
Bendigo VIC 3554
T 1300 363 200
W www.coliban.com.au

To make a public interest disclosure about Coliban Water or its Board members, officers or employees, contact the:

Independent Broad-Based Anti-Corruption Commission Victoria

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

COMPETITIVE NEUTRALITY POLICY

Coliban Water continues to comply with the requirements of the Competitive Neutrality Policy.

Competitive neutrality requires government businesses to ensure where services compete, or potentially compete, with the private sector that any advantage arising solely from their government ownership be removed if it is not in the public interest. Government businesses are required to cost these services as if they were privately owned.

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

TAXATION

Like the rest of the water industry, Coliban Water is part of the 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 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 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 to the private sector.

MEMBERSHIP OF INDUSTRY ASSOCIATIONS

The following memberships contribute to our organisational capability through collaboration, benchmarking, networking and training.

Our involvement also allows us to participate in the development and review of industry codes of practice and to share our knowledge and expertise.

- Australian Institute of Company Directors
- Australian National Committee on Large Dams
- Australian Payroll Association
- Australian Water Association
- Be.Bendigo
- Bureau of Meteorology
- Choose Tap Coalition
- CPA Australia
- Diversity Council of Australia
- Engineers Australia
- Gartner Australasia Pty Ltd
- Institute of Water Administration
- Intelligent Water Networks
- International Association for Public Participation
- Thriving Communities Partnership
- Victorian Water Industry Association
- Victorian Chamber of Commerce
- Water Industry Operators Association of Australia
- Water Research Australia
- Water Services Association of Australia

BUILDING ACT 1993

Building and maintenance activities at our two office locations in Bendigo this year met all relevant compliance provisions in the *Building Act 1993*.

Our Facilities Department is responsible for arranging mandatory testing of emergency and exit lighting, lift equipment inspections, the preventive maintenance routine of mechanical services, and fire service audits.

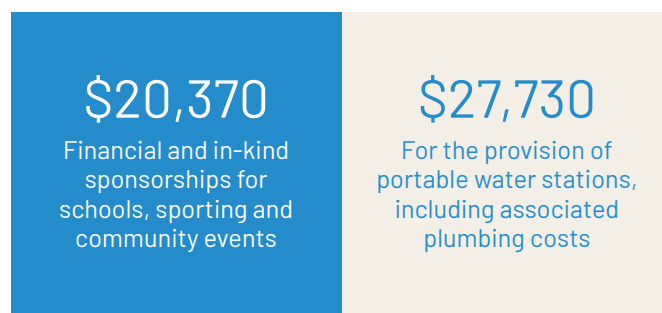
0	Number of major works projects undertaken (>\$50,000)
0	Number of building permits, occupancy permits or certificates of final inspection issued in relation to our buildings
0	Number of emergency or building orders issued in relation to our buildings
0	Number of buildings brought into conformity with building standards

GOVERNMENT ADVERTISING EXPENDITURE

No advertising campaigns valued at more than \$100,000 were produced during the year.

SPONSORSHIPS AND DONATIONS

With community events and activities returning to normal following COVID-19, our sponsorships increased this year compared with the past three years. All sponsorship applications were assessed for their suitability against the Victorian Government Sponsorship Policy and their alignment with our vision to provide **water to live, grow and enjoy**.



INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) EXPENDITURE

Costs to provide business enabling ICT services

\$7,024,917	\$4,077,037		\$11.1 million Total
Business as usual	Non-Business as usual		
	Consisting of:		
	\$2,559,949	\$1,517,088	
	Operational expenditure	Capital expenditure	

Information and communication technology (ICT) expenditure refers to the costs of providing business enabling ICT services. It comprises business as usual expenditure and non-business as usual expenditure. The \$4.1 million non-BAU ICT expenditure relates to extending or enhancing our current capabilities and represents a combination of investment in cloud projects, which are delivered using operational expenditure and multiple on-premises and telemetry communication projects delivered within capital projects. BAU ICT expenditure is all remaining ICT expenditure which primarily relates to ongoing activities to operate and maintain the current ICT capability and security.

DISCLOSURE OF EMERGENCY PROCUREMENT

We adopted the Emergency Procurement Policy in November 2022 (after the flood events of October 2022). Emergency procurement was not activated in the period between November 2022 and June 2023, resulting in nil disclosures.

LOCAL JOBS FIRST

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

Located in regional Victoria, Coliban Water is required to apply the Local Jobs First Policy for all project valued at \$1 million or more. The Major Project Skills Guarantee is applied to construction projects valued at \$20 million or more. MPSG and VIPP guidelines continue to apply to applicable projects where contracts were entered prior to 15 August 2018.

2022-23	LOCAL JOBS FIRST	TOTAL VALUE	MPSG	OUTCOMES
PROJECTS COMMENCED	Six Local Jobs First standard projects and one strategic project (all based in regional Victoria)	\$60.7 million	1	<ul style="list-style-type: none"> An average of 97.6% local content 25 jobs (annualised employee equivalent, including 5.8 new jobs and the retention of 1.4 existing jobs) 1.9 positions for apprentices, cadets or trainees (including 0.6 new positions (AAE) and the retention of 1 position (AAE))
PROJECTS COMPLETED	One Local Jobs First standard project (based in regional Victoria)	\$3 million	NA	<ul style="list-style-type: none"> 97.18% local content Retention of 0.3 existing jobs (annualised employee equivalent)

REPORTING REQUIREMENTS: ALL PROJECTS

During 2022-23 there were eight small to medium-sized businesses and one large business that prepared a Local Industry Development Plan and were appointed as principal contractors. The contract completed in 2022-23 was by a large enterprise as principal contractor.

CONSULTANCIES

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

Major consultancies 2022-23

- 47 separate consultants each valued over \$10,000.
- Total cost (excluding GST) for major operational consultancies was \$4,527,529 (compared to \$3,098,262 in 2021-22).
- Major capital consultancies were valued at \$4,338,128 (compared to \$2,483,208 in 2021-22).

Minor consultancies 2022-23

- 31 minor consultancies each valued at less than \$10,000.
- Total cost (excluding GST) for minor consultancies was \$134,690 (compared to \$86,455 in 2021-22).

Information about these consultancies can be requested under the *Freedom of Information Act 1982* (see page 62 for details).

OPERATIONAL

CONSULTANT	PURPOSE	TOTAL APPROVED (EXC GST) \$'000	EXPENDITURE (EXC GST) \$'000	FUTURE EXPENDITURE (EXC GST) \$'000
460 Degrees MG	Business analyst consultant	27.20	27.20	-
AFS & Associates	Probity advice	32.78	32.78	-
Akers Project Advisory	Contract negotiation advisory services	5,148.28	334.48	4,813.80
Biosis Pty Ltd	Environmental management advice	51.82	51.82	-
Capability Coach Trading Trust	Leadership support program	31.35	31.35	-
Central Highlands Reg Water Corp	Staff secondment	29.43	29.43	-
Chris Smith & Associates	Project design review	39.59	39.59	-
City Water Technology Pty Ltd	Asset management review	44.79	22.11	22.68
Clear Advice and Strategy	Pricing submission advice	14.90	14.90	-
Coverge International Pty Ltd	Staff health and wellbeing support services	15.01	15.01	-
Customer Service Benchmarking Aust	Customer service quality assurance review	40.00	40.00	-
Department of Environment Land Water & Planning	Infrastructure, asset and building revaluations	130.60	130.60	-
Echo Managed Services Ltd	Application management consultancy	53.42	53.42	-
ESS Earth Sciences Pty Ltd	Seismic monitoring services	25.68	25.68	-
Experian Australia Pty Ltd	Data analytic services	90.50	51.15	39.35
GHD Pty Ltd	Engineering, architecture, environmental and construction services	4,531.19	1,123.93	3,407.26
Grantus Pty Ltd	Strategic funding advice	31.50	20.92	10.58
Inside Infrastructure Pty Ltd	Asset management advice	102.36	26.29	76.07
Insync Surveys Pty Ltd	Customer satisfaction survey	92.72	92.72	-
Landair Surveys	Dam safety structural surveying	50.42	50.42	-
Maher Projects	Strategic environmental planning and advice	133.35	133.35	-
Marsden Jacob Associates Pty Ltd	Contract advice	526.87	149.36	377.51
MosaicLab	Community engagement consultancy advice	34.97	34.97	-
Niltech Pty Ltd	TechnologyOne consulting services	26.74	26.74	-
P3 Outcomes Pty Ltd	Contract-related advice	541.77	74.12	467.65
Peachy Cypher Pty Ltd	Application management consultancy	28.05	28.05	-
Practical Ecology Pty Ltd	Ecological consultation and advice	26.90	26.90	-
Resilient Futures	Strategy development services	17.87	17.87	-
RM Consulting Group Pty Ltd	Environmental and agricultural advice	168.42	168.42	-
RPS AAP Consulting Pty Ltd	Business transformation and consultant services	294.77	294.77	-
RXP Services Limited	Information technology solutions	2,495.35	466.15	2,029.20
Sequana Partners Pty Ltd	Rural channel modernisation advice	5,033.08	577.39	4,455.69
SMEC Australia Pty Ltd	Environmental supervision services	128.02	53.17	74.85
Sphere Infrastructure Partners Pty Ltd	Operations and maintenance services delivery model and review	240.74	60.16	180.58
Utilities Regulation Advisory Pty Ltd	Pricing submission new customer contribution advice	92.19	75.35	16.84
Victorian Chamber of Commerce & Industry	Change management assistance and advice	33.58	33.58	-
Viridis Consultants Pty Ltd	Regulation assistance and advice	16.00	16.00	-
Water Services Association of Victoria	Research project advice	17.00	17.00	-
Zemek Environmental Pty Ltd	Development of operational strategies	1,275.90	60.38	1,215.52
Total			4,527.53	

CAPITAL

CONSULTANT	PURPOSE	TOTAL APPROVED (EXC GST) \$'000	EXPENDITURE (EXC GST) \$'000	FUTURE EXPENDITURE (EXC GST) \$'000
AFS & Associates	Probity advice	26.78	26.78	-
Alison Worland T/as Hatchwings	Business case peer review	11.00	11.00	-
Department of Environment Land Water & Planning	Infrastructure, asset and building revaluations	130.14	130.14	-
DTM Services Pty Ltd	OHS and environmental reviews	26.90	26.90	-
GHD Pty Ltd	Engineering, architecture, environmental and construction services	2,458.89	2,458.89	-
Grantus Pty Ltd	Strategic funding advice	99.55	99.55	-
Infor Global Solutions (ANZ) Pty Ltd	Information technology support	443.41	241.13	202.28
Infracorr Consulting Pty Ltd	Asset management advice	38.67	38.67	-
Obviate Pty Ltd	SCADA engineering support	92.07	92.07	-
P3 Outcomes Pty Ltd	Contract related advice	64.45	55.45	9
PBJ & Associates	Engineering and strategic planning services	304.41	292.35	12.06
PMO Solutions Pty Ltd	Project management office advisory services	481.84	481.84	-
Regional Management Group Pty Ltd	Project and engineering consultancy services	71.41	66.60	4.81
RM Consulting Group Pty Ltd	Environmental and agricultural advice	21.17	21.17	-
Sphere Infrastructure Partners Pty Ltd	Operations and maintenance services delivery model review	201.52	201.52	-
Utilities Regulation Advisory Pty Ltd	Pricing submission new customer contribution advice	126.90	94.08	32.82
Total			4,338.14	

Additional information

ADDITIONAL INFORMATION AVAILABLE ON REQUEST	<p>In compliance with the requirements of the Standing Directions of the Minister for Finance, details of the following items have been retained by Coliban Water and are available (in full) on request, subject to the provisions of the <i>Freedom of Information Act 1982</i>.</p> <ul style="list-style-type: none"> • Current and previous Annual Reports, Customer Charter, Price Submission 2018 and other publications produced by Coliban Water about itself. • Details of major external reviews carried out on Coliban Water. • Details of major research and development activities undertaken by Coliban Water. • Details of major promotional, public relations and marketing activities for community awareness. • Details of changes in prices, fees, charges, rates and levies. • Details of overseas visits undertaken. <p>Details can be requested from our Authorised Officer – Corporate Secretary Coliban Water on 1300 363 200 or by emailing coliban@coliban.com.au</p> <p>Our Reconciliation Action Plan, Diversity & Inclusion Plan and Community Engagement Plan are available at coliban.com.au</p>								
ADDITIONAL INFORMATION INCLUDED IN THIS ANNUAL REPORT	<table border="0"> <tr> <td>Assessments and measures undertaken to improve occupational health and safety for employees</td> <td style="text-align: right;">Page 60</td> </tr> <tr> <td>Industrial relations statement.</td> <td style="text-align: right;">Page 59</td> </tr> <tr> <td>Coliban Water’s major committees, their purpose, and the extent to which this purpose has been achieved.</td> <td style="text-align: right;">Page 13</td> </tr> <tr> <td>A statement of completion of declarations of pecuniary interests by relevant officers.</td> <td style="text-align: right;">Page 67</td> </tr> </table>	Assessments and measures undertaken to improve occupational health and safety for employees	Page 60	Industrial relations statement.	Page 59	Coliban Water’s major committees, their purpose, and the extent to which this purpose has been achieved.	Page 13	A statement of completion of declarations of pecuniary interests by relevant officers.	Page 67
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Coliban Water’s major committees, their purpose, and the extent to which this purpose has been achieved.	Page 13								
A statement of completion of declarations of pecuniary interests by relevant officers.	Page 67								
INFORMATION NOT APPLICABLE TO COLIBAN WATER	<p>A declaration of shares held by senior officers. (No shares have ever been issued in Coliban Water)</p>								

DIRECTORS CERTIFICATION

We certify that the accompanying Performance Report of Coliban Region Water Corporation in respect of the period ended 30 June 2023 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 2022/23 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 22 September 2023 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

FINANCIAL PERFORMANCE INDICATORS

KEY PERFORMANCE INDICATOR	2021/22 RESULT	2022/23 RESULT	VARIANCE TO PRIOR YEAR	2022/23 TARGET	VARIANCE TO TARGET
Cash Interest Cover Net operating cash flows before net interest and tax / net interest	2.4 times	1.8 times	-25.0% (1)	2.2	-18.2% (2)
Gearing Ratio Total debt (including finance leases) / total assets * 100	22.7%	21.7%	-4.4%	23.9%	-9.2%
Internal Financing Ratio Net operating cash flow less dividends / net capital expenditure * 100	81.8%	37.0%	-54.8% (3)	52.0%	-28.8% (4)
Current Ratio Current assets / current liabilities (excluding long term employee provisions and revenue in advance)	184.5%	160.0%	-13.3% (5)	130.9%	22.2% (6)
Return on Assets Earnings before net interest and tax / average assets * 100	1.1%	0.7%	-36.4% (7)	0.9%	-22.2%
Return on Equity Net profit after tax / average total equity * 100	-0.1%	-0.4%	300.0% (8)	-0.3%	33.3% (9)
EBITDA Margin Earnings before interest, tax, depreciation and amortisation / total revenue * 100	40.6%	33.3%	-18.0% (10)	37.9%	-12.1% (11)

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

- 1 & 2 The unfavourable variance to target is due to lower net cash flows from operating activities due to the wet year impacting upon residential and non-residential consumption. The net cash flows from operating were \$8.3 million below target. This was the result of \$7.1 million of additional expenses, driven by water reclamation plant optimisation works at the Bendigo plant and flood response and rectification works post the October 2022 flood event.
- 3 & 4 The unfavourable variance to prior year and target is due to lower actual operating cashflows of \$8.3 million to prior year, and \$9.0 million to target due to the wetter climatic conditions and higher operational payments as a result of water reclamation plant optimisation works and flood event response and rectification works.
- 5 The unfavourable variance to prior year is due to higher levels of liabilities than prior year, including expenditure accruals and deposits paid in advance. This is due to the increased capital portfolio and the timing of payments being made.
- 6 The favourable variance to target is due to a higher than planned cash at bank balance at year end. This was due to \$9.1 million of additional borrowings drawn upon to fund the Flood Recovery capital program of works.
- 7 The unfavourable variance to prior year is the result of the annual fair value assessment of our asset base. This resulted in the recognition of a managerial revaluation to our infrastructure assets due to related indices exceeding 10%, amounting to \$219.5 million net off with an impairment to the Echuca cash generating unit of \$5.6 million. This was compounded by a decrease in earnings impacted by the wetter climatic conditions experienced during the financial year.
- 8 & 9 The unfavourable return on equity ratio, compared to prior year and target, is the result of a lower after tax result due to lower usage revenue due to the wetter climatic conditions, as well as increased expenses due to flood response and recovery.
- 10 & 11 The unfavourable EBITDA ratio's compared to prior year and target is the result of the pre tax loss of -\$8.7 million recorded in the current year compared to a prior year profit of \$5.4 million and a planned loss of \$5.0 million. The movement in result was due to lower usage revenue due to the wetter climatic conditions and increased expenses due to flood response and recovery.

OPERATIONAL PERFORMANCE INDICATORS

KEY PERFORMANCE INDICATOR	2021/22 RESULT	2022/23 RESULT	VARIANCE TO PRIOR YEAR	2022/23 TARGET	VARIANCE TO TARGET
WATER AND SEWERAGE NETWORK RELIABILITY					
Water service - minutes off supply (planned and unplanned) * How many minutes on average a customer was without water supply during a year	9.3	31.2	235% [1]	11.5	171.3% [2]
Unplanned water supply interruptions Percentage of customers receiving more than 5 unplanned interruptions in the year	0.0%	0.0%	0.0%	0.01%	-100.0% [3]
Sewerage Service - sewer blockages * Number of sewer blockages per 100 kilometres of sewer main	24.6	19.3	-22% [4]	35	-44.9% [5]
Sewerage Service - sewer spills * Number of sewer spills reported per 100 kilometres of sewer main	22.2	17.0	-23% [6]	20	-15.0% [7]
Sewerage Service - containment of sewer spills Sewer spills from reticulation and branch sewers contained within 5 hours	100.0%	100.0%	0.0%	99.0%	1.0%
CUSTOMER RESPONSIVENESS					
Water bills - average household use (kL) * [A]	191	174	-8.9% [8]	n/a	n/a
Typical household bill (based on average use above) (owner occupiers) \$22-23	\$1,391	\$1,326	-4.7% [9]	n/a	n/a
Typical household bill (based on average use above) (tenants) \$22-23	\$445	\$398	-10.7% [10]	n/a	n/a
Water bills - customers on flexible payment plans * [A] No. of customers with instalment plans	4,565	4,730	3.6%	n/a	n/a
Water bills - customers awarded hardship grants * [A] No. of customers awarded hardship grants	317	2,084	557.4% [11]	n/a	n/a
Customer Responsiveness - water quality complaints [B] No. of complaints per 100 customers	0.23	0.34	47.8% [12]	0.35	-2.9%
Customer Responsiveness - number of payment issue complaints [B] No. of complaints per 100 customers	0.17	0.08	-51.5% [13]	0.03	185.7% [14]
Customer Responsiveness - total complaints * No. of complaints per 100 customers	0.78	0.88	12.8% [15]	0.8	10.0% [16]
WATER REUSE					
Recycled water - effluent treatment and reuse Proportion of water recycled as a percentage of the volume of effluent produced	25%	17.8%	-29.4% [17]	39.0%	-54.4% [18]

* New indicator for 2022/23. In the 2022/23 year the Ministerial Direction for Performance and Financial Sustainability (MRD07) was updated to change how sewer blockages and spills were reported and to include measures in relation to bills and customer support. Therefore, the format of the 2022/23 Performance Report does not fully align with the 2021/22 Performance Report.

[A] Indicators for water bills and customers on instalment plans and awarded hardship grants are new requirements for 2022/23 from MRD07. As per MRD07 requirements, these indicators do not have a target value for 2022-23.

[B] Complaints indicators this year are per 100 customers. In prior reported Performance Statements these were calculated per 1,000 customers. This means that results (and targets) shown in the above table are significantly lower than prior years (e.g. a result of 3 per 1,000 customers is 0.3 per 100).

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

- 1 & 2 A burst main in Kyneton in April 2023 resulted in a 450 minute unplanned interruption affecting more than 3,600 customers. This single incident represents 64% of total customer interruption time for 2022/23.
- 3 Preventative maintenance and targeted renewals of at-risk mains has resulted in no customers in our service region experiencing more than 5 water supply interruptions.
- 4 & 5 Preventative maintenance including extensive sewer mains cleaning has resulted in the business exceeding both target and prior year performance.
- 6 & 7 Sewer spill performance exceeding both target and prior year performance is an excellent result given heavy rainfall and widespread flood events in 2022/23. This year's result has been achieved through targeted renewal of at-risk mains.
- 8 Extreme wet conditions and a mild summer across our region has resulted in the significant drop in household consumption of water.
- 9 Prices increasing by less than inflation in 2022/23, together with suppressed demand for water, has seen a fall in average (real) bills for owner-occupiers.
- 10 Tenants pay only water usage costs. The combination of prices increasing by less than inflation and lower demand has resulted in tenants average bills falling by more than 10 percent.
- 11 We provided hardship support to more than 1,700 customers severely impacted by flooding, principally in Rochester and Echuca.
- 12 Water quality complaints were driven by poor source water quality due to heavy rainfall and flooding. 109 (41%) water quality complaints were received in January 2023 primarily from Echuca, where source water quality was compromised by flooding locally and upstream. Water provided to customers remained safe to drink despite taste and odour (due to geosmin) concerns.
- 13 We experienced an increase in billing complaints in 2021/22 during the initial introduction of Coliban Water's new billing system, which resulted in delayed invoicing for some customers. These issues have now been resolved.
- 14 We saw an increase in billing complaints late in 2022/23 with 33 (57%) in the final four months of the year. This coincided with the phasing out of most government assistance provided post-pandemic.
- 15 & 16 Nearly 40% of complaints received related to water quality, with a further 29% unspecified (the "other" category). The increase in complaints has been driven by poor water quality due to flooding events and several incidents that affected a large number of customers, including the lengthy service outage in Kyneton in April 2023 due to a burst water main and 'boil water' notices being issued over the year on seven separate occasions.
- 17 & 18 Heavy rainfalls and flooding reduced opportunities to irrigate, with irrigation at most sites commencing in December 2022 (usually October). With drier and hotter weather forecast, we expect a return to normal longer-term reuse in 2023/24.

Independent Auditor’s Report

To the Board of the Coliban Region Water Corporation

Opinion I have audited the performance report of the Coliban Region Water Corporation (the corporation) for the year ended 30 June 2023, which comprises the:

- financial performance indicators
- water and sewerage network reliability performance indicators
- customer responsiveness performance indicators
- water reuse performance indicator
- directors' certification.

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

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

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

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

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

Auditor’s responsibilities for the audit of the performance report

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

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

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

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

MELBOURNE
23 September 2023



Paul Martin
as delegate for the Auditor-General of Victoria

Financial Performance Summary

FINANCIAL RESULT	PLAN 2022/23	ACTUAL 2022/23	ACTUAL 2021/22	ACTUAL 2020/21	ACTUAL 2019/20	ACTUAL 2018/19
REVENUE						
Service charges	77,439	77,881	74,561	73,596	73,170	71,999
Usage charges	55,145	48,769	52,838	52,875	57,675	56,605
Government funding	1,275	6,057	1,998	2,698	3,230	2,278
Contributions & gifted assets	12,395	20,445	14,338	11,232	13,468	14,529
Interest income	69	406	31	11	68	116
Other income	1,788	2,230	2,088	2,188	2,014	1,888
Total revenue	148,112	155,788	145,854	142,131	146,627	144,968
EXPENSES						
Operations, administration & employee	85,469	89,661	78,938	71,681	72,903	71,666
Expenditure of Government funding	60	4,807	1,845	2,513	3,261	5,218
Borrowing Costs & Finance Charges	23,774	23,941	22,978	24,537	26,429	27,725
Depreciation & amortisation	37,030	37,144	37,328	32,238	31,801	30,836
Environmental Contribution	5,734	5,734	5,734	5,734	5,116	5,116
Total expenditure	152,067	161,287	146,823	136,703	139,510	140,561
Net result before tax	(3,955)	(5,499)	(969)	5,428	7,117	4,407
Net result for the year	(4,955)	(6,130)	(803)	3,332	4,864	3,704
ASSETS						
Total current assets	46,719	67,364	59,905	43,320	38,552	41,241
Total non-current assets	1,998,572	2,223,447	1,979,083	1,959,029	1,638,836	1,629,824
Total assets	2,045,291	2,290,811	2,038,988	2,002,349	1,677,388	1,671,065
LIABILITIES						
Total current liabilities	49,155	63,042	50,844	39,608	43,066	33,490
Total non-current liabilities	713,554	788,297	693,531	674,626	569,330	575,454
Total liabilities	762,709	851,339	744,375	714,234	612,396	608,944
Net assets	1,282,582	1,439,472	1,294,613	1,288,115	1,064,992	1,062,121
Net cash inflows from operations	27,847	18,800	31,205	28,797	32,322	30,994
Payments for assets	(53,526)	(50,791)	(38,448)	(33,107)	(28,050)	(23,255)
PERFORMANCE INDICATOR						
	PLAN 2022/23	ACTUAL 2022/23	ACTUAL 2021/22	ACTUAL 2020/21	ACTUAL 2019/20	ACTUAL 2018/19
Interest Cover (Cash)	2.2	1.8	2.4	2.2	2.2	2.1
Gearing Ratio	23.9%	21.7%	22.7%	22.3%	26.3%	26.8%
Internal Financing Ratio	52.0%	37.0%	81.8%	87.0%	115.2%	133.3%
Current Ratio	130.9%	160.0%	180.0%	160.0%	120.0%	140.0%
Return on Assets	0.9%	0.7%	1.1%	1.6%	2.0%	1.9%
Return on Equity	-0.3%	(0.4%)	(0.1%)	0.3%	0.5%	0.3%
EBITDA Margin	37.9%	33.3%	40.6%	43.8%	44.5%	43.4%

Financial Overview

In the final year of the 2018 Pricing Submission, Coliban Water made a net loss before tax of \$5.5 million, a movement of \$4.5 million when compared to the previous year result.

Revenue was \$9.9 million higher than prior year due to:

- An increase in service charges (\$3.3 million) reflecting the growth in customer connections.
- A reduction in revenue (-\$4.1 million) from water usage for both rural and residential customers due to the wetter climatic outlook.
- Increased developer installed works (\$6.1 million) due to progress of development in the region; and
- An increase government funding (\$4.1 million) due to the Victorian Flood Event Recovery Project Part A and Financial Assistance Water Bill Relief Part B received from Department of Energy, Environment and Climate Action (DEECA).

Expenditure was \$14.5 million higher than the prior year as a result of:

- An overall increase in employee costs (\$2.5 million) due to the net impact of increases in the 2021 Enterprise Agreement, and new positions & vacancies being filled;
- Increased operating and administration expenses (\$8.3 million). This resulted from higher partnership contract expenses (\$3.7 million) a result of the flood event, and increases in contractors and consultants (\$3.9 million) mainly due to works at the Bendigo Water Reclamation Plant; and
- Non-operating activity expenditure was higher overall (\$3.7 million) due to the combination of increased Government funding expenditure relating to the Victorian Flood Event Funding (\$3.0 million), and increased interest costs due to higher interest rates and an increasing loan portfolio (\$1.0 million). This was offset by decreased amortisation (\$0.2 million) due to software moving to cloud platforms.

Cashflows from operating activities generated \$18.8 million, a decrease of \$12.4 million from the prior year primarily due to the increased payments to Suppliers and Employees. This was due to flood impacts, expenditure of government funding, and investment required to deliver on the transformation program.

Payments for infrastructure and intangible assets were \$46.4 million, \$12.3 million higher than the prior year reflecting the commitment to invest in our assets and increase the capital portfolio.

SIGNIFICANT CHANGES IN FINANCIAL POSITION

With a commitment to ensuring long term asset resilience, Coliban Water delivered a \$54.5 million capital portfolio, resulting in an additional \$41.1 million of borrowings. This increased total borrowings in 2022/23 to \$450.3 million.

POST BALANCE DATE EVENTS

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

COLIBAN REGION WATER CORPORATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

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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 2023 and the financial position of Coliban Region Water Corporation as at 30 June 2023.


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 22 September 2023.



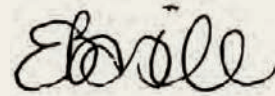
Bob Cameron
Chairperson

Coliban Region Water Corporation



Damian Wells
Managing Director

Coliban Region Water Corporation



Eryn Basile
Chief Financial Officer

Coliban Region Water Corporation

Comprehensive operating statement

FOR THE YEAR ENDED 30 JUNE 2023

	NOTES	2023 \$'000	2022 \$'000
REVENUE AND INCOME FROM TRANSACTIONS			
Revenue from contracts with customers	2.1	147,095	141,737
Government funding	2.2	6,057	1,998
Interest income		406	31
Other income	2.3	2,230	2,088
Total revenue and income from transactions		155,788	145,854
EXPENSES FROM TRANSACTIONS			
Employee benefits	3.1.1	23,441	20,987
Operating and administration expenses	3.2	66,220	57,951
Expenditure of Government funding		4,807	1,845
Depreciation	4.1.1 & 6.2.1	36,305	36,345
Amortisation	4.2	839	983
Interest expense	6.1.2	23,941	22,978
Environmental contribution	8.2	5,734	5,734
Total expenses from transactions		161,287	146,823
Net result from transactions (net operating balance)		(5,499)	(969)
OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT			
Net gain/(loss) on disposal of non-current assets	9.2	(2,027)	(1,401)
Net gain/(loss) on financial instruments	9.2	(1,226)	1,240
Total other economic flow included in net result		(3,253)	(161)
Net result from transactions		(8,752)	(1,130)
Income tax (expense)/benefit	8.1.1	2,622	327
Net result		(6,130)	(803)
OTHER COMPREHENSIVE INCOME			
<i>Items that will not be reclassified to net result</i>			
Changes in physical asset revaluation surplus	4.1.1	213,877	6,859
Deferred income tax relating to components of other comprehensive income	8.1.1	(64,163)	(2,058)
Total other comprehensive income		149,714	4,801
Comprehensive result		143,584	3,998

The accompanying notes form part of these financial statements.

Balance sheet

AS AT 30 JUNE 2023

	NOTES	2023 \$'000	2022 \$'000
Assets			
CURRENT ASSETS			
Cash and cash equivalents	6.4	26,964	23,804
Receivables	5.1	15,683	14,063
Contract assets	5.2	21,725	19,922
Inventories		2,160	1,802
Non-financial physical assets classified as held for sale		7	40
Other non-financial assets		825	274
Total current assets		67,364	59,905
NON-CURRENT ASSETS			
Receivables	5.1	626	690
Other financial assets	5.5	15	655
Infrastructure, property, plant and equipment	4.1.1	2,149,551	1,907,699
Right-of-use assets	6.2.1	1,799	1,921
Intangibles	4.2	71,456	68,118
Total non-current assets		2,223,447	1,979,083
Total assets		2,290,811	2,038,988
Liabilities			
CURRENT LIABILITIES			
Trade and other payables	5.3	30,346	22,730
Contract liabilities	5.4	17,216	13,817
Employee benefits provision	3.1.2	7,105	6,553
Interest bearing liabilities	6.1	8,375	7,744
Total current liabilities		63,042	50,844
NON-CURRENT LIABILITIES			
Trade and other payables	5.3	174	598
Employee benefits provision	3.1.2	613	534
Interest bearing liabilities	6.1	488,948	455,962
Other financial liabilities	5.5	586	-
Net deferred tax liabilities	8.1.2	297,976	236,437
Total non-current liabilities		788,297	693,531
Total liabilities		851,339	744,375
Net assets		1,439,472	1,294,613
Equity			
Contributed capital	9.1.1	307,800	306,525
Physical asset revaluation reserve	9.1.2	763,791	614,077
Accumulated surplus / deficit		367,881	374,011
Total equity		1,439,472	1,294,613

The accompanying notes form part of these financial statements.

Cash flow statement

FOR THE YEAR ENDED 30 JUNE 2023

	NOTES	2023 \$'000	2022 \$'000
Cash flows from operating activities			
RECEIPTS			
Service and usage charges / Revenue from contracts with customers		123,112	124,571
Receipts from Government		6,967	5,759
Interest received		406	31
Goods and Services Tax received from the ATO ⁽¹⁾		12,192	9,070
Other customer revenue		9,829	7,221
Total receipts		152,506	146,652
PAYMENTS			
Payments to suppliers and employees		(104,302)	(86,991)
Interest and other cost of finance paid		(23,670)	(22,722)
Environmental contribution levy paid		(5,734)	(5,734)
Total payments		(133,706)	(115,447)
Net cash flows from/(used in) operating activities	6.4	18,800	31,205
Cash flows from investing activities			
Payments for infrastructure, property, plant and equipment		(46,614)	(34,381)
Proceeds from sale of infrastructure, property, plant & equipment		228	316
Proceeds from sale of investments		31	201
Payments for intangible assets		(4,177)	(4,067)
Net cash flows from/(used in) investing activities		(50,532)	(37,931)
Cash flows from financing activities			
Proceeds from borrowings		41,100	25,000
Proceeds from contributions by state in it's capacity as owner		1,275	2,500
Principal payments of lease liabilities		(7,483)	(7,220)
Net cash flows from/(used in) financing activities		34,892	20,280
Net increase/(decrease) in cash and cash equivalents		3,160	13,554
Cash and cash equivalents at the beginning of the financial year		23,804	10,250
Cash and cash equivalents at the end of the financial year	6.4	26,964	23,804

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

The accompanying notes form part of these financial statements.

Statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2023

	NOTES	CONTRIBUTED CAPITAL \$'000	PHYSICAL ASSET REVALUATION RESERVE \$'000	ACCUMULATED SURPLUS / DEFICIT \$'000	TOTAL EQUITY \$'000
Balance at 1 July 2021		304,025	609,276	374,814	1,288,115
Restated 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
Balance at 1 July 2022		306,525	614,077	374,011	1,294,613
Net result for the year		-	-	(6,130)	(6,130)
Other comprehensive income	9.1.2	-	149,714	-	149,714
Capital contributions by State Government		1,275	-	-	1,275
Total comprehensive income		1,275	149,714	(6,130)	144,859
Balance at 30 June 2023		307,800	763,791	367,881	1,439,472

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.

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

1.2 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, estimates and assumptions made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Revisions to accounting estimates are made in the period in which the estimate is revised and also in future periods that are affected by the revision.

Judgements and assumptions made by management in applying Australian Accounting Standards or "AAS" that have significant effects on the financial statements and estimates relate to:

Significant judgement and estimation area	Note number
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
The timing of satisfaction of performance obligations	2.1
Determining transaction price and amounts allocated to performance obligations	2.1
For leases, determining whether the arrangement is in substance short-term arrangement	6.2
Estimating discount rate when not implicit in the lease	6.2
Deferred tax assets and liabilities	8.1.2

1.3 COVID-19

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

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

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

Coliban Region Water Corporation

Notes to the financial statements

Management continue to review budgets and forecasts while monitoring cash flow requirements and customer payment trends 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:

3.1.2 Employee benefits provision in the balance sheet

5.1.1 Impairment of contractual receivables

1.4 Flood Event

During Victoria's major flooding event of October 2022 (the Flood Event) Coliban Water customers and a range of assets were impacted. Sewer pump stations were submerged, electrical assets damaged, and parts of the rural channel network eroded or collapsed. In some towns, flood walls, which were installed at water treatment plants after the 2011 floods, were put to the test. During the event, investment was required in carrying out emergency work to protect critical water services infrastructure and ensure essential services were reinstated as soon as possible.

The additional operating expenditure incurred as a result of the flood event was approximately \$5.1 million, net of insurance. Capital works projects were also needed to restore services to towns affected. A \$9.1 million capital Flood Recovery Program was established with \$2.3 million expended in 2022/23. Future works will be delivered over coming years as the principle of 'Build Back Better' is adopted to ensure climate resilience and better outcomes for our communities.

Management have assessed the Flood Event impacts on the financial statements and the notes affected include:

2.1 Revenue from contracts with customers

2.2 Government grants and contributions

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

5.1.1 Impairment of contractual receivables

5.3 Payables

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.

2.1 Revenue from contracts with customers

	Notes	2023 \$'000	2022 \$'000
Revenue from service, usage and trade waste charges	2.1.1	126,650	127,399
Contributions and gifted assets	2.1.2	20,445	14,338
Total revenue from contracts with customers		147,095	141,737

Revenue is recognised when, or as, the performance obligations to the customer are satisfied in accordance with AASB 15 *Revenue from Contracts with Customers* (AASB 15). 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

	2023 \$'000	2022 \$'000
Service charges		
Water	20,749	19,960
Waste water	51,128	49,010
Rural water	2,555	2,504
Recycled water	50	43
Trade waste	3,398	3,044
	77,880	74,561
Usage charges		
Water	44,893	47,341
Waste water	1,529	1,377
Rural water	559	797
Recycled water	502	642
Trade waste	956	874
Temporary water sales	331	1,807
	48,770	52,838
Total revenue from service usage and trade waste charges	126,650	127,399

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. Payment term are 28 days from date of invoice. 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.	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. Payment term are 28 days from date of invoice.	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.

Coliban Region Water Corporation

Notes to the financial statements

2.1.2 Contributions and gifted assets

	2023 \$'000	2022 \$'000
Developer contributed assets	15,642	10,390
New customer contributions	4,803	3,953
Deferred scheme contributions	-	(5)
Total developer contributions	20,445	14,338

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. 	Revenue is recognised at a point in time.
	Revenue is recognised at the fair value of the gifted assets by assessing the value of the works using schedule of rates.	
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.

Coliban Region Water Corporation

Notes to the financial statements

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 \$'000	Waste water \$'000	Rural water \$'000	Recycled water \$'000	Trade waste \$'000	Total revenue from service charges
						\$'000
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
2023						
Over time	20,749	51,128	2,555	50	3,398	77,880
Total	20,749	51,128	2,555	50	3,398	77,880

Usage charges	Water \$'000	Waste water \$'000	Rural water \$'000	Recycled water \$'000	Trade waste \$'000	Temporary water sales \$'000	Total revenue from usage charges
							\$'000
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
2023							
At a point in time	-	-	-	-	-	331	331
Over time	44,893	1,529	559	502	956	-	48,439
Total	44,893	1,529	559	502	956	331	48,770

Contributions and gifted assets	Developer contributed assets \$'000	New customer contributions \$'000	Deferred scheme contributions \$'000	Total revenue from contributions	
				\$'000	
2022					
At a point in time		10,390	3,953	(5)	14,338
Total		10,390	3,953	(5)	14,338
2023					
At a point in time		15,642	4,803	-	20,445
Total		15,642	4,803	-	20,445

2.2 Government grants and contributions

	2023 \$'000	2022 \$'000
Government funding	6,057	1,998
Total government grants and contributions	6,057	1,998

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 *Revenue from Contracts with Customers* and AASB1058 *Income of Not-for-Profit Entities*.

A government grant is not recognised until there is reasonable assurance that Coliban Water 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.

In 2022/23, Coliban Water recognised \$4,123,500 in Government flood funding to assist customers and flood recovery works (AASB 1058). Funding of \$586,000 was recognised from the Victorian Flood Event Recovery Project Part A (DEECA), \$3,457,500 was recognised from Financial Assistance Water Bill Relief Part B (DEECA) and \$80,000 was recognised for the Provision of generators for critical assets (DEECA).

Other major funding recognised included \$1,302,247 for the Bendigo Groundwater Project (AASB 15)

Coliban Region Water Corporation

Notes to the financial statements

2.3 Other income

	2023	2022
	\$'000	\$'000
Other income	1,889	1,736
Rental income	169	151
ZEW derivative income	172	201
Total other income	2,230	2,088

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 derivative income	Relates to Coliban Water's investment in Zero Emissions Water Limited (ZEW). Upon expiration or exercise of the cash flow derivative, Coliban Water will receive income depending on the position of the cash flow derivative. The fair value of the cash flow derivative is adjusted in other comprehensive income (OCI) upon settlement with the difference being recognised as income or expense. Refer note 5.5 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.

3.1 Expenses incurred in delivery of services

	Notes	2023 \$'000	2022 \$'000
Employee benefit expenses	3.1.1	23,441	20,987
Operating and administration expenses	3.2	66,220	57,951
Expenditure of Government funding		4,807	1,845
Total expenses incurred in delivery of services		94,468	80,783

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

	2023 \$'000	2022 \$'000
Salaries and wages	18,190	16,416
Annual leave	1,823	1,509
Termination benefits	30	18
Accrued days off	824	722
Long service leave	78	266
Superannuation	2,496	2,056
Total employee benefit costs	23,441	20,987

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.

	2023 \$'000	2022 \$'000
Current provisions:		
Annual leave		
Unconditional and expected to settle within 12 months	2,033	1,692
Unconditional and expected to settle after 12 months	-	310
Accrued Days Off		
Unconditional and expected to settle within 12 months	386	316
Long service leave		
Unconditional and expected to settle within 12 months	329	301
Unconditional and expected to settle after 12 months	3,535	3,224
Provisions for on-costs		
Unconditional and expected to settle within 12 months	381	285
Unconditional and expected to settle after 12 months	441	425
Total current provisions for employee benefits	<u>7,105</u>	<u>6,553</u>
Non-current provisions:		
Long service leave - conditional	545	477
On-costs	68	57
Total non-current provisions for employee benefits	<u>613</u>	<u>534</u>
Total provisions for employee benefits	<u>7,718</u>	<u>7,087</u>

The number of employees at the end of the financial year was 244 (2022: 213).

Wages and salaries, annual leave and accrued days off

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.

The components of this 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.

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

Long service leave

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

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

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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 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, both are funded differently. Obligations for contributions to the Fund are recognised as an expense in the Comprehensive operating statement when they are made or become due.

Contributions by Coliban Water (excluding any unfunded liability payments) to the superannuation plans for the financial year ended 30 June 2023 and 30 June 2022 are detailed below:

Scheme	Type of scheme	Rate (%)	2023	2022
			\$'000	\$'000
Vision Super	Defined benefits	11.0%	10	9
Vision Super	Accumulation	10.5%	851	746
Emergency Services & State Superannuation	Defined benefits	9.9%	18	27
VicSuper Scheme	Accumulation	10.5%	183	140
Other Superannuation Funds	Accumulation	10.5%	1,304	1,082
Employee Personal Superannuation Funds	Accumulation	10.5%	130	52
Total contributions to all funds			2,496	2,056

	2023	2022
	\$'000	\$'000
Contributions outstanding	230.2	190.0
Loans issued	nil	nil
Expected contributions to be paid to the defined benefit category of Emergency Services & State Superannuation and Vision Super	25.2	27.1

Accumulation

The Fund's accumulation category, Vision Super, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2023, this was 10.5% as required under Superannuation Guarantee (SG) legislation (2022: 10%)).

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 2022 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 102.2%.

A triennial actuarial investigation is currently underway for the Defined Benefit category which is expected to be completed by 31 December 2023.

The financial assumptions used to calculate the 30 June VBI were:

	2023	2022
Net investment returns	5.7% p.a.	5.5% p.a.
Salary information	3.5% p.a.	2.5% p.a. to 30 June 2023, and 3.5% p.a. thereafter
Price inflation (CPI)	2.8% p.a.	3.0% pa.

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2022 actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

Coliban Water was notified of the 30 June 2022 VBI during August 2022 (2021: August 2021).

Vison Super has advised that the estimated VBI at 30 June 2023 was 104.1%

Regular contributions

On the basis of the results of the 2022 interim actuarial investigation conducted by the Fund Actuary, Coliban Water makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2023, this rate was 10.5% of members' salaries (10% in 2021/22). This rate is expected to increase in line with any increases in the SG contribution rate and was reviewed as part of the 30 June 2022 interim valuation.

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.

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.

The 2022 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 2022 and the last full investigation was conducted at 30 June 2021.

Coliban Region Water Corporation

Notes to the financial statements

The Fund's actuarial investigation identified the following for the Defined Benefit category of which Coliban Water is a contributing employer:

	2022	2021
	\$m	(Interim)
	\$m	\$m
VBI surplus/(deficit)	44.6	214.7
Total service liability surplus/(deficit)	105.8	270.3
Discounted accrued benefits surplus	111.9	285.2

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2021.

3.2 Operating and administration expenses

	2023	2022
	\$'000	\$'000
Partnership contract expenses	21,027	17,314
General services	22,481	18,576
Service concession arrangements	10,178	9,337
Water purchases	2,318	2,213
Electricity	3,890	4,030
ZEW derivative expense	20	-
Other operational costs	6,306	6,481
Total operating and administration expenses	66,220	57,951

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 6.5.1.	Accrual 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.	Accrual 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.	Accrual 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.	Accrual 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.	Accrual basis. Recognised in the Comprehensive operating statement.
ZEW derivative expense	Relates to Coliban Water's investment in Zero Emissions Water Limited (ZEW). 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. Refer Note 5.5 for further details on the arrangement between Coliban Water and ZEW	Upon expiration or exercise of the cash flow derivative, Coliban Water 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 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.	Accrual basis. Recognised in the Comprehensive operating statement.

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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.

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 ⁽¹⁾	Capital works in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 30 June 2023								
Opening net book amount - 1 July 2022	61,123	2,034	130	1,283	1,636,280	169,024	37,825	1,907,699
Additions	-	-	-	-	-	-	50,418	50,418
Disposals	(40)	-	-	(26)	(2,191)	-	-	(2,257)
Transfers in/(out) of assets under construction	1,097	321	(4)	868	41,843	915	(45,040)	-
Transfer between asset classes	33	-	-	-	-	-	(249)	(216)
Fair value of asset received free of charge	-	-	-	-	-	-	15,642	15,642
Impairment of assets	-	-	-	-	(5,620)	-	-	(5,620)
Depreciation charge	-	(143)	(10)	(385)	(29,560)	(5,514)	-	(35,612)
Revaluation	-	-	-	-	196,182	23,315	-	219,497
Closing net book amount	62,213	2,212	116	1,740	1,836,934	187,740	58,596	2,149,551
Total as at 30 June 2023 represented by:								
Gross book value	62,213	2,525	4,565	5,734	1,895,760	198,758	58,596	2,228,151
Accumulated depreciation	-	(313)	(4,449)	(3,994)	(58,826)	(11,018)	-	(78,600)
Net book value as at 30 June 2023	62,213	2,212	116	1,740	1,836,934	187,740	58,596	2,149,551

⁽¹⁾Water and wastewater treatment facilities..

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	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 assets 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.

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

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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 (2022: \$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 (AASB 116)*

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

Revaluation of infrastructure, property, plant and equipment

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

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

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

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

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Notes to the financial statements

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

Coliban Water assets relating to land, buildings, infrastructure and service concession assets were independently valued by the VGV as at 30 June 2021. The market that the assets are valued in is being impacted by the uncertainty that the rising interest rates and increased construction costs have caused. The valuer has advised that the current market environment 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, noting that no material impairment has arisen as a result of the flood event.

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.

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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:

	2023	2022
	\$'000	\$'000
Proceeds from disposal of assets	228	316
Written down value (WDV) of assets disposed	(2,255)	(1,717)
Net gain/(loss) on disposal	(2,027)	(1,401)

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 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
Year ended 30 June 2023				
Opening net book amount - 1 July 2022	63,981	3,272	865	68,118
Additions	-	-	4,177	4,177
Transfer between asset classes	3,695	750	(4,445)	-
Amortisation	-	(839)	-	(839)
Closing net book amount	67,676	3,183	597	71,456
Total as at 30 June 2023 represented by:				
Cost of fair value	67,676	18,948	597	87,221
Accumulated amortisation	-	(15,765)	-	(15,765)
Net book value as at 30 June 2023	67,676	3,183	597	71,456

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 2023. The value in use (VIU) at the CGU level has been applied in determining the recoverable amount as at 30 June 2023 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 deviated from the previous year, resulting in the recoverable amount of the Echuca CGU being lower than the carrying amount as at 30 June 2023. An impairment has been recognised against the Echuca CGU physical assets and applied to the asset revaluation reserve.

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 (2022: 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)	60.80	6.88
Pre-tax discount rate (%)	7.8	9.6
Water use per customer (kilolitres)	190	190
Growth rate (%)	2.50	2.50
Headroom (Shortfall) (\$ million)	75.78	(5.62)

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 the Bendigo CGU carrying amount to exceed its recoverable amount. The Echuca CGU is more susceptible to possible changes in key assumptions.

Coliban Region Water Corporation

Notes to the financial statements

4.3 Joint operations

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

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

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

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

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

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

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

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

	Interest ⁽ⁱ⁾	Water Distribution ⁽ⁱⁱ⁾	Operational costs ⁽ⁱⁱⁱ⁾
Principal Activity 2023			
Waranga Channel to Lake Eppalock to Sandhurst Reservoir	2/3	85,258	769
Principal Activity 2022			
Waranga Channel to Lake Eppalock to Sandhurst Reservoir	2/3	76,717	621

⁽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 2023, there were \$497,232 outstanding liabilities incurred by Coliban Water and the joint operation (as at 30 June 2022:\$46,692).

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.

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.

	2023 \$'000	2022 \$'000
Current		
Contractual		
Rates and charges receivable	13,951	11,607
Allowance for expected credit losses	(249)	(280)
Other receivables	-	93
Statutory		
Amounts owing from the Victorian Government	501	1,268
GST Receivables	1,480	1,375
Total current receivables	15,683	14,063
Non-current		
Contractual		
Customer receivables	626	690
Statutory		
Total non-current receivables	626	690
Total receivables	16,309	14,753

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.	Measured at amortised cost 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 2023 and 30 June 2022 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 2023 was determined as follows for receivables – service and usage charges and other receivables:

	Current	1 - 30 days	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
30 June 2023						
Expected loss rate	1%	0%	2%	7%	4%	2%
Gross carrying amount of contractual receivables	7,426	2,001	1,036	753	3,361	14,577
Loss allowance	20	20	42	30	137	249
30 June 2022						
Expected loss rate	1%	1%	2%	5%	6%	2%
Gross carrying amount of contractual receivables	5,340	2,336	804	660	3,251	12,391
Loss allowance	26	15	29	33	177	280

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

	2023 \$'000	2022 \$'000
Opening balance 1 July	(280)	(215)
Increase in provision recognised in the net result	(207)	(346)
Expected credit losses written off	313	178
Reversal of unused provision recognised in the net result	(75)	103
Balance as at 30 June	(249)	(280)

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 rising interest rates, unemployment rates, gross domestic product, specific management actions including improving hardship eligibility, observable customer behaviours and how the pandemic and cost of living pressures may impact our industry in particular.

As a result, and considering specific prior year write offs, the allowance for expected credit losses has decreased by \$31,000. Should the macroeconomic assumptions change in the future, it could have a material impact on our allowance for doubtful debts in the subsequent years.

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

Coliban Region Water Corporation

Notes to the financial statements

5.2 Contract assets

	2023 \$'000	2022 \$'000
Service and usage charges - accrued revenue	21,725	19,922
Total contract assets	21,725	19,922
<i>Represented by</i>		
Current contract assets	21,725	19,922
		Service and usage charges - accrued revenue \$'000
Opening balance as at 1 July 2022		19,922
Less: Amounts billed during the year		(19,922)
Add: Amount accrued at year end (to be billed)		21,725
Carrying amount as at 30 June 2023		21,725

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.

	2023 \$'000	2022 \$'000
Current		
<i>Contractual</i>		
Trade creditors	6,152	3,326
Accrued expenses	23,014	18,835
Other payables	1,172	558
<i>Statutory</i>		
FBT payable	8	11
Total current payables	30,346	22,730
Non-current		
Contractual		
<i>Contractual</i>		
Retention and advance deposits	174	598
Total non-current payables	174	598
Total trade and other payables	30,520	23,328

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	Less than 1 month \$'000	Maturity dates		
				1 - 3 months \$'000	3 months - 1 year \$'000	1 - 5 years \$'000
30 June 2023						
Supplies and services	25,235	25,235	21,967	2,877	391	-
Other payables	5,285	5,285	4,194	484	433	174
Total	30,520	30,520	26,161	3,361	824	174
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

Coliban Region Water Corporation

Notes to the financial statements

5.4 Contract liabilities

	2023 \$'000	2022 \$'000
Customers paid in advance	3,845	3,221
Unearned income	13,371	10,596
Total contract liabilities	17,216	13,817
<i>Represented by</i>		
Current contract liabilities	17,216	13,817

	Customer paid in advance \$'000	Unearned income \$'000	Total \$'000
Carrying amount as at 1 July 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)
Closing balance at 30 June 2022	3,221	10,596	13,817
Add: Developers contribution received for performance obligations yet to be completed during the year	-	6,787	6,787
Add: Payments received in advance for provision of goods and services	3,845	6,794	10,639
Less: Revenue recognised in the reporting period for the completion of performance obligations	(3,221)	(10,806)	(14,027)
Total contract liabilities at 30 June 2023	3,845	13,371	17,216

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 2023 contract liability was due to the recognition of Government project funding in advance for the Bendigo Groundwater Project and an increase in developer contributions.

5.5 Other financial assets and liabilities

	2023 \$'000	2022 \$'000
Other financial assets		
Investment in Zero Emissions Water (ZEW) Ltd	15	15
Derivative financial instrument asset	-	640
Total other financial assets	15	655
Other financial liabilities		
Derivative financial instrument liability	586	-
Total other financial liabilities	586	-

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

Coliban Region Water Corporation

Notes to the financial statements

5.5.1 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 2023, ZEW had requested and received a loan payment of \$14,500. As this loan is concessional, it has been treated as an investment in ZEW and measured at amortised cost.

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

On 22 January 2021, the conditions precedent in the PPA 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 instrument. This year, Coliban Water surrendered LGC's towards meeting the net zero carbon target.

The balance of the PPA in the statements reflects the 2022 valuation. The audited net loss on the PPA for 2023 was made available in September. With the difference not considered material, Coliban Water has elected to recognise the valuation in the 2023/24 accounts.

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.

6.1 Interest bearing liabilities

	Notes	2023 \$'000	2022 \$'000
Current interest-bearing liabilities			
Lease liabilities ⁽ⁱ⁾	6.2	553	505
Service Concession Arrangement - water and wastewater treatment facilities	6.3	7,822	7,239
Total current interest-bearing liabilities		8,375	7,744
Non-current interest-bearing liabilities			
Lease liabilities	6.2	1,259	1,551
Loans from Treasury Corporation of Victoria (TCV)		450,932	409,832
Service Concession Arrangement - water and wastewater treatment facilities	6.3	36,757	44,579
Total non-current interest-bearing liabilities		488,948	455,962
Total interest-bearing liabilities		497,323	463,706

⁽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.

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 2023							
Lease liabilities	1,812	-	70	76	407	725	534
Loans from TCV Service concession arrangements ⁽ⁱⁱ⁾	450,932	428,214	-	-	39,000	168,000	243,932
	44,579	-	628	1,270	5,923	31,394	5,364
Total	497,323	428,214	698	1,346	45,330	200,119	249,830
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

⁽ⁱ⁾Nominal amount represents fair value

⁽ⁱⁱ⁾Water and wastewater treatment facilities

6.1.2 Interest expense

	2023 \$'000	2022 \$'000
Interest on loans from Treasury Corporation of Victoria (TCV)	14,257	12,977
Interest on lease liability	76	83
Financial accommodation levy	5,839	5,609
Interest on financial liabilities - service concession arrangements	3,769	4,309
Total interest expense	23,941	22,978

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*.

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 50 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 2023, Coliban Water was committed to short term and/or leases of low-value leases. 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

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

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

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

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term. Where 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 the Coliban Water.

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

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.

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.

Residual value guarantee

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

Critical judgements in determining the lease term ⁴²

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.

Peppercorn leases and asset valuation

A lease that Coliban Water has entered into results in a transaction where the consideration to acquire the asset is significantly less than its fair value principally to enable Coliban Water to further its objectives. In December 2018, the Australian Accounting Standards Board provided temporary relief from the requirement to measure right-of-use assets from peppercorn (or "concessionary") leases to fair value at initial recognition and subsequent measurement. Entities that apply this temporary exemption may recognise right-of-use assets at cost. Coliban Water has elected to initially and subsequently measure right-of-use assets from peppercorn leases at cost.

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.

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

Separation of lease and non-lease components

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

Lease liabilities

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or 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 and termination options
- residual value guarantees.

Variable lease payments

Some property leases contain variable payment terms. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established Corporation.

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.

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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 2022					
Carrying amount as at 1 July 2021 at cost	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
Total as at 30 June 2022 represented by:					
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
Year ended 30 June 2023					
Carrying amount at beginning of year	1,432	86	178	225	1,921
Additions to right-of-use assets	-	(1)	-	419	418
Derecognition of right-of-use assets	-	1	-	(505)	(504)
Modification adjustments	-	-	-	652	652
Depreciation expense	(337)	(8)	(3)	(344)	(692)
Other movements	5	-	(1)	-	4
Carrying amount at end of year	1,100	78	174	447	1,799
Year ended 30 June 2023					
Cost	2,488	104	189	661	3,442
Less: Accumulated depreciation	(1,388)	(26)	(15)	(214)	(1,643)
Carrying amount at end of year	1,100	78	174	447	1,799

6.2.2 Amounts recognised in the Comprehensive operating statement

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

	2023 \$'000	2022 \$'000
Interest on lease liabilities	76	83
Depreciation on right-of-use assets	692	687
Expenses relating to short-term leases	41	33
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	58	100
Income from sub-leasing right-of-use assets	(51)	(54)
Total	816	849

6.2.3 Amounts recognised in the Cash flow statement

The following amounts are recognised in the Cash flow statement relating to leases.

	2023 \$'000	2022 \$'000
Total cash outflow for leases	863	730

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

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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.

Coliban Water uses the financial liability method to account for SCAs.

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

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

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

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.

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The table below illustrates commitments for SCAs.

	Notes	Minimum future payments		Present value of Minimum future payments	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Service concession arrangement liability					
Water treatment facilities		26,148	32,824	22,463	27,182
Wastewater treatment facilities		27,991	32,323	22,116	24,636
Minimum future liability payments		54,139	65,147	44,579	51,818
Less: Future finance charges		(9,560)	(13,329)	-	-
Total service concession arrangement liability		44,579	51,818	44,579	51,818
Representing service concession arrangement liability					
Current	6.1			7,822	7,239
Non-current	6.1			36,757	44,579
Total service concession arrangement liability				44,579	51,818

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 2023 the amount of unused credit was \$400,000 (2022: \$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 31 October 2033 and may be extended by mutual agreement between Coliban Water and TCV.

	2023 \$'000	2022 \$'000
Cash at bank	26,964	23,804
Balance as per cash flow statement	26,964	23,804

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

	2023 \$'000	2022 \$'000
Net result for the period	(6,130)	(803)
Non-cash movements		
Depreciation and amortisation of non-current assets	37,144	37,328
(Gain)/loss on sale or disposal of non-current assets	1,996	1,200
Payments for fixed assets in payables movement	(2,542)	54
Non-cash developer contributions and gifted assets	(15,642)	(10,390)
Income tax (expense)/benefit	(2,622)	(327)
Movements in assets and liabilities		
(Increase)/decrease in receivables	(1,546)	94
(Increase)/decrease in inventories	(358)	(33)
(Increase)/decrease in contract assets	(1,803)	(3,284)
(Increase)/decrease in prepayments	(551)	321
(Increase)/decrease in deferred tax assets	(10)	10
(Increase)/decrease in derivative financial instruments	1,226	(1,270)
Increase/(decrease) in payables	5,608	3,095
Increase/(decrease) in contract liabilities	3,399	5,071
Increase/(decrease) in employee benefits	631	139
Net cash provided by/(used in) operating activities	18,800	31,205

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.

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6.4.2 Financing facilities

	2023 \$'000	2022 \$'000
Unsecured bank overdraft facility, reviewed annually and payable at call		
Amount used	-	-
Amount unused	(400)	(400)
Total	(400)	(400)

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.

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 2023				
Service concession arrangement	11,009	37,486	5,644	54,139
Capital expenditure commitments payable	45,056	13,570	-	58,626
Environmental contribution levy commitments	5,734	-	-	5,734
Operational expenditure commitments payable	45,440	99,492	120	145,052
Total commitments (inclusive of GST)	107,239	150,548	5,764	263,551
Less GST recoverable	(9,227)	(12,820)	(524)	(22,571)
Total commitments (exclusive of GST)	98,012	137,728	5,240	240,980
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

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 2023				
Water treatment facilities	6,676	19,472	-	26,148
Wastewater treatment facilities	4,333	18,014	5,644	27,991
Total commitments (inclusive of GST)	11,009	37,486	5,644	54,139
Less GST recoverable	(1,001)	(3,408)	(513)	(4,922)
Total commitments (exclusive of GST)	10,008	34,078	5,131	49,217
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

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Notes to the financial statements

Note 7 Risks, contingencies and valuation judgements

Introduction

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

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 2022/23 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)

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

Offsetting financial instruments

Financial instrument assets and liabilities are offset, and the net amount presented in the consolidated balance sheet when, and only when, Coliban Water has a legal right to offset the amounts and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Some master netting arrangements do not result in an offset of balance sheet assets and liabilities. Where Coliban Water does not have a legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as default, insolvency or bankruptcy, they are reported on a gross basis.

Derecognition of financial assets and liabilities

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

- the rights to receive cash flows from the asset have expired; or
- Coliban Water retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- Coliban Water has transferred its rights to receive cash flows from the asset and either:
 - has transferred substantially all the risks and rewards of the asset; or
 - has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

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Notes to the financial statements

Where Coliban Water has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of Coliban Water's continuing involvement in the asset.

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

Impairment of financial assets

At the end of each reporting period, Coliban Water assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. 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.

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.

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
2023						
Contractual financial assets						
Cash and deposits	6.4	26,964	-	-	-	26,964
Receivables⁽ⁱ⁾						
Rates and charges receivable	5.1	-	14,328	-	-	14,328
Contract assets	5.2	-	21,725	-	-	21,725
Investments and other contractual financial assets						
Investment in Zero Emissions Water (ZEW) Ltd	5.5	-	-	15	-	15
Total contractual financial assets		26,964	36,053	15	-	63,032
Contractual financial liabilities						
Payables⁽ⁱ⁾						
Trade creditors	5.3	-	-	-	6,152	6,152
Accrued expenses	5.3	-	-	-	23,014	23,014
Other payables	5.3	-	-	-	1,346	1,346
Borrowings						
Lease liabilities	6.1	-	-	-	1,812	1,812
Loans from Treasury Corporation of Victoria (TCV)	6.1	-	-	-	450,932	450,932
Service Concession Arrangement - water and wastewater treatment facilities	6.1	-	-	-	44,579	44,579
Derivative financial liabilities						
Financial liabilities designated at fair value through profit or loss	5.5	-	-	586	-	586
Total contractual financial liabilities		-	-	586	527,835	528,421
2022						
Contractual financial assets						
Cash and deposits	6.4	23,804	-	-	-	23,804
Receivables						
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	5.5	-	-	15	-	15
Other	5.5	-	-	640	-	640
Total contractual financial assets		23,804	32,032	655	-	56,491
Contractual financial liabilities						
Payables						
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
Total contractual financial liabilities		-	-	-	487,023	487,023

⁽ⁱ⁾The total amounts disclosed exclude statutory receivables and payables.

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

	Net holding gain / (loss)	Total interest income / (expense)	Total
	\$'000	\$'000	\$'000
2023			
Contractual financial asset/liabilities			
Financial liabilities at amortised cost	-	(23,941)	(23,941)
Financial assets	-	406	406
Financial liabilities designated at fair value through profit/loss	(1,226)	-	(1,226)
Total contractual financial assets/liabilities	(1,226)	(23,535)	(24,761)
2022			
Contractual financial assets/liabilities			
Financial liabilities at amortised cost	-	(22,978)	(22,978)
Financial assets	-	31	31
Financial liabilities designated at fair value through profit/loss	1,240	-	1,240
Total contractual financial assets/liabilities	1,240	(22,947)	(21,707)

7.1.3 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 the Department of Treasury and Finance (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 2022/23 (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 2023, Coliban Water has no other significant credit risk. There has been no material change to Coliban Water's credit risk profile in 2022/23.

Credit quality of financial assets

	Financial institutions (A-1+) ⁽ⁱ⁾	Government agencies (AA) ⁽ⁱ⁾	Government agencies (triple-B credit rating)	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
2023					
Financial assets					
Financial assets with loss allowance measured at 12-month expected credit loss:					
Cash and cash equivalents	17,401	9,563	-	-	26,964
Receivables (excl. statutory receivables)	-	-	-	14,328	14,328
Total financial assets	17,401	9,563	-	14,328	41,292
2022					
Financial assets					
Financial assets with loss allowance measured at 12-month expected credit loss:					
Cash and cash equivalents	16,109	7,693	1	1	23,804
Receivables (excl. statutory receivables)	-	-	-	12,017	12,017
Total financial assets	16,109	7,693	1	12,018	35,821

⁽ⁱ⁾Standard and Poor's Corporation credit rating

(b) Liquidity risk

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

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

Coliban Water manages its liquidity risk by:

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

(c) 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.

	Weighted average interest rate %	Carrying amount \$'000	Fixed interest rate \$'000	Variable interest rate \$'000	Non-interest bearing \$'000
2023					
Financial assets					
Cash	1.60	26,964	-	26,964	-
Receivables (excl. statutory receivables)	n/a	14,328	-	-	14,328
Contract assets	n/a	21,725	-	-	21,725
Total financial assets		63,017	-	26,964	36,053
Financial liabilities					
Payables (excl. statutory payables)	n/a	30,512	-	-	30,512
Lease liabilities	4.45	1,812	1,812	-	-
Loans from Treasury Corporation of Victoria (TCV)	3.53	450,932	411,932	39,000	-
Service Concession Arrangement - water and wastewater treatment facilities	7.76	44,579	44,579	-	-
Total financial liabilities		527,835	458,323	39,000	30,512
2022					
Financial assets					
Cash	0.07	23,804	-	23,803	1
Receivables (excl. statutory receivables)	n/a	12,110	-	-	12,110
Contract assets	n/a	19,922	-	-	19,922
Total financial assets		55,836	-	23,803	32,033
Financial liabilities					
Payables (excl. statutory payables)	n/a	23,317	-	-	23,317
Lease liabilities	4.45	2,056	2,056	-	-
Loans from Treasury Corporation of Victoria (TCV)	3.39	409,832	371,500	38,332	-
Service Concession Arrangement - water and wastewater treatment facilities	7.76	51,818	51,818	-	-
Total financial liabilities		487,023	425,374	38,332	23,317

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' (2022: 100 basis points)

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	
		-50 basis points \$'000	+50 basis points \$'000	-50 basis points \$'000	+50 basis points \$'000
2023					
Cash and deposits	26,964	(135)	135	(135)	135
Interest bearing liabilities	39,000	195	(195)	195	(195)
Total		60	(60)	60	(60)
	Carrying amount \$'000	-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	38,332	383	(383)	383	(383)
Total		145	(145)	145	(145)

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.

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 2023 (30 June 2022: \$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.

The following assets and liabilities are carried at fair value:

- financial assets and liabilities at fair value through operating result or OCI;
- land, buildings, infrastructure, plant and equipment; and
- service concession assets.

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

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, 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 2023.

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 a managerial revaluation was undertaken in 2021/22, however, no managerial revaluation was undertaken on 30 June 2023.

Buildings were last valued at 30 June 2021 on behalf of the VGV by Liquid Pacific Asset Consultants using the cost approach or current replacement cost method under the key assumption that the buildings are specialised in nature. There was no managerial revaluation for buildings.

Infrastructure plant and equipment (including Service Concession Assets) were valued at 30 June 2021 by KPMG using the current 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. After applying the dual index system recommended by the VGV, infrastructure assets were assessed as increasing in value by 12.34% since the 2021 independent valuation. As this exceeds 10%, Coliban Water undertook a managerial revaluation on 30 June 2023, increasing Coliban Water's valuation of infrastructure and service concession assets by \$196.2 million and \$23.3 million respectively for 2022/2023 (total \$219.5 million).

Fair value hierarchy

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

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

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

Fair value determination of financial assets and liabilities

The fair values and net fair values of financial assets and liabilities are determined as follows:

- Level 1: The fair value of financial instrument with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;
- Level 2: The fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and
- Level 3: The fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

7.3.1 Fair value of financial instruments measured at amortised cost

	Carrying amount as at 30 June 2023 \$'000	Fair value as at 30 June 2023 \$'000	Carrying amount as at 30 June 2022 \$'000	Fair value as at 30 June 2022 \$'000
Financial Liabilities				
Lease liabilities	1,812	-	2,056	-
Service concession financial liability	44,579	-	51,818	-
Loans from TCV	450,932	428,215	409,832	394,085

7.3.2 Fair value determination – Non-financial physical assets

	Carrying amount as at 30 June 2023 \$'000	Fair value measurement at end of reporting period using:		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Land at fair value				
Specialised land	46,316	-	-	46,316
Non-specialised land	15,897	-	15,897	-
Total Land at fair value	62,213	-	15,897	46,316
Buildings at fair value				
Specialised buildings	2,212	-	-	2,212
Total Buildings at fair value	2,212	-	-	2,212
Leasehold improvements at fair value				
Specialised	116	-	-	116
Total Leasehold improvements at fair value	116	-	-	116
Plant and equipment at fair value				
Specialised	1,740	-	-	1,740
Total Plant and equipment at fair value	1,740	-	-	1,740
Infrastructure assets at fair value				
Specialised Water Infrastructure	794,001	-	-	794,001
Specialised Water Distribution Assets	204,853	-	-	204,853
Specialised Water Distribution Assets - Leasehold	667	-	-	667
Specialised Wastewater Infrastructure	424,444	-	-	424,444
Specialised Recycling Infrastructure	58,601	-	-	58,601
Specialised Rural Infrastructure	108,185	-	-	108,185
Specialised Headworks Infrastructure	246,183	-	-	246,183
Total Infrastructure assets at fair value	1,836,934	-	-	1,836,934
Service concession assets at fair value				
Specialised Water and Wastewater treatment facilities	187,740	-	-	187,740
Total Service concession assets at fair value	187,740	-	-	187,740
Total assets at fair value (excluding works in progress)	2,090,955	-	15,897	2,075,058

	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

There were no transfers between levels during the period. There were no changes in valuation techniques throughout the period to 30 June 2023.

Specialised land, specialised buildings and specialised buildings - leasehold

For Coliban Water's specialised buildings and specialised buildings - leasehold the current 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. 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 2023.

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 current 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 current 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 related factors and fair value measurement

Coliban Water's infrastructure, property, plant and equipment assets are exposed to the risk of damage from extreme weather events such as storms, high winds, floods and drought. Changes in global climate conditions could intensify one or more of these events. In addition, extreme weather events may also increase the cost of operations. Coliban Water has extensive processes in place aimed at identifying, monitoring and mitigating these risks through proactive management and early detection.

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 has incorporated considerations for climate change into its risk management practices, such as considering climate resilience in design processes, the establishment and maintenance of flood management systems and increased monitoring during fire danger periods. Physical risks arising from fires, floods and drought are to a great extent subject to risk transfer and thereby within the cover of Coliban Water's property and business interruption insurance programmes. However, should the frequency and severity of these events increase as a result of climate change, the cost of such coverage may increase.

A comprehensive Climate Change Adaptation Risk Assessment was completed in February 2021 which identified 54 risks that the business will monitor and manage where appropriate. The Risk Assessment was updated in March 2023 to incorporate learning from the 2022 flood event.

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.

As at 30 June 2023, 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.

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.

7.3.3 Reconciliation of Level 3 fair value movements

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

	Specialised land \$'000	Specialised buildings \$'000	Specialised buildings - leasehold \$'000	Specialised plant and equipment \$'000	Specialised infrastructure \$'000	Specialised service concession infrastructure \$'000
2023						
Fair Value						
Opening balance	45,220	2,034	130	1,283	1,636,280	169,024
Purchases (sales)	1,096	-	-	-	-	-
Transfers between categories	-	321	(4)	868	41,843	915
Disposals	-	-	-	(26)	(2,191)	-
Depreciation charge	-	(143)	(10)	(385)	(29,560)	(5,514)
Impairment loss	-	-	-	-	(5,620)	-
Net revaluation increments / decrements	-	-	-	-	196,182	23,315
Closing balance	46,316	2,212	116	1,740	1,836,934	187,740
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

Description of significant unobservable inputs to Level 3 valuations

2023 and 2022	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.

7.3.4 Fair value determination of derivative financial assets / (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 Department of Energy, Environment, Climate Action'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.

The audited valuation for 2023 was made available in September. Coliban Water have elected not to recognise the movement in the 2022/23 accounts as the movement is not considered material. The loss will be recognised in the 2023/24 accounts.

	Carrying amount as at 30 June 2023 \$'000	Fair value measurement at end of reporting period using:		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Derivative financial assets / (liabilities) at fair value				
Derivative instrument - Zero Emissions Water	(586)	-	-	(586)
Total Derivative financial liabilities at fair value	(586)	-	-	(586)

	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 assets / (liabilities) at fair value				
Derivative instrument - Zero Emissions Water	640	-	-	640
Total Derivative financial liabilities at fair value	640	-	-	640

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

	Financial liability at fair value through profit or loss \$'000
2023	
Fair Value	
Opening balance	(640)
(Gains)/losses recognised in profit or loss	1,226
Closing balance	586
2022	
Fair Value	
Opening balance	630
Gains/(losses) recognised in profit or loss	(1,240)
Net cash settlement paid/(received)	(30)
Closing balance	(640)

Description of significant unobservable inputs to Level 3 valuations for 2022

	Valuation technique	Significant unobservable inputs	2022 range (weighted average) ⁽¹⁾	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.

⁽¹⁾ The fair value at 2023 is based upon the 2022 inputs.

Note 8 Statutory obligations

Introduction

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

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	2023 \$'000	2022 \$'000
(a) Income statement			
Current income tax expense		(325)	(3,717)
Temporary differences		2,947	4,044
Income tax reported in the Income Statement		2,622	327
(b) Statement of changes in equity			
Net deferred tax - debited/(credited) directly to equity	8.1.2	64,163	2,058
Income tax reported in equity		64,163	2,058
(c) Tax reconciliation			
Profit (loss) from continuing operations before income tax expense		(8,752)	(1,130)
Tax at the Australian tax rate of 30.0% (2022 - 30.0%)		2,626	339
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:			
Permanent differences		(4)	(12)
Income tax benefit on net result before tax		2,622	327
(d) Tax expense (income relating to items of other comprehensive income)			
Gain/(loss) on revaluations of infrastructure, property, plant and equipment		(64,163)	(2,058)
Net gain/(loss) on disposal of assets		596	361
Fair value increase/(decrease) in other financial assets		75	84
		(66,492)	(1,613)
(e) Tax losses			
Potential tax benefit @ 30%	8.1.2	58,978	59,352
		58,978	59,352

Coliban Water will not pay income tax for 2022/2023. Tax losses have been brought to account.

8.1.2 Deferred tax assets and liabilities

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantially enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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.

Deferred tax assets

	2023 \$'000	2022 \$'000
Amounts recognised in Comprehensive Operating Statement		
Loss allowance	75	84
Property, plant and equipment	14,112	16,178
Employee benefits	2,316	2,126
Accrued expenses	5,796	4,652
Tax losses	58,978	59,352
Total deferred tax assets	81,277	82,392
Movements:		
Opening balance at 1 July	82,392	86,797
to the Comprehensive operating statement	(1,115)	(4,405)
Closing balance at 30 June	81,277	82,392
Deferred tax asset expected to be recovered within 12 months	8,187	6,862
Deferred tax asset expected to be recovered after more than 12 months	14,112	16,178
Tax losses	58,978	59,352
Closing balance at 30 June	81,277	82,392

Deferred tax liabilities

	2023 \$'000	2022 \$'000
Amounts recognised in Comprehensive Operating Statement		
Accrued income	110	125
Property, plant and equipment	215,808	219,340
Other deferred tax liabilities	-	192
Amounts recognised directly in equity		
Revaluation of infrastructure, property, plant and equipment	163,335	99,172
Total deferred tax liabilities	379,253	318,829
Movements:		
Opening balance at 1 July	318,829	321,502
Credited/(debited):		
to the net result	(3,739)	(4,731)
to the consolidated statement of comprehensive income	64,163	2,058
Closing balance at 30 June	379,253	318,829
Deferred tax liabilities expected to be settled within 12 months	110	125
Deferred tax liabilities expected to be settled after more than 12 months	379,143	318,704
Closing balance at 30 June	379,253	318,829
Total net deferred tax asset/(liability)	(297,976)	(236,437)

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

	2023	2022
	\$'000	\$'000
Environmental contribution levy	5,734	5,734

The environmental contribution commitments have been disclosed in note 6.5.1

Note 9 Other disclosures

Introduction

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

9.1 Equity

9.1.1 Contributed capital

	2023 \$'000	2022 \$'000
Opening balance at 1 July	306,525	304,025
Contributions from the Victorian Government	1,275	2,500
Accumulated surplus/(deficit) at end of financial year	307,800	306,525

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 2022/23 a \$1,275,000 capital contributions was received from DEECA representing funds from the Victorian Grid Connections Package for the Kyneton Recycled Water Irrigation Project (2022: \$2,500,000)

9.1.2 Asset revaluation reserves

	2023 \$'000	2022 \$'000
Asset revaluation reserve: Land		
Opening balance at 1 July	44,247	36,274
Revaluation increments/(decrements)	-	7,973
Closing balance at 30 June	44,247	44,247
Asset revaluation reserve: Buildings		
Opening balance at 1 July	391	391
Closing balance at 30 June	391	391
Asset revaluation reserve: Infrastructure		
Opening balance at 1 July	569,439	572,611
Revaluation increments/(decrements)	149,714	(3,172)
Closing balance at 30 June	719,153	569,439
Total reserves	763,791	614,077

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;
- 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; and
- the revaluation gain or loss on the fair value of derivative financial instrument

	2023 \$'000	2022 \$'000
Net gain/(loss) on disposal of infrastructure, property plant and equipment (including intangible assets)	(2,027)	(1,401)
Net (gain)/loss arising from derivatives for ZEW transactions	(1,226)	1,240
Total other gains/(losses) from other economic flows	(3,253)	(161)

(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	1 July 2022 to 30 June 2023
Bob Cameron	Director (Chairperson)	1 July 2022 to 30 June 2023
Lucy Roffey	Director	1 July 2022 to 30 June 2023
Marika McMahon	Director	1 July 2022 to 30 June 2023
Helen Symes	Director	1 July 2022 to 30 June 2023
Nigel McGuckian	Director	1 July 2022 to 30 June 2023
Gary Jones	Director	1 July 2022 to 30 June 2023
Melanie McCarthy	Director	1 July 2022 to 30 June 2023
Mario D'Elia	Director	1 July 2022 to 30 June 2023
Damian Wells	Managing Director	1 July 2022 to 30 June 2023

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:

	2023 number	2022 number
\$30,000 – \$39,999	-	6
\$40,000 – \$49,999	7	1
\$60,000 – \$69,999	-	1
\$80,000 – \$89,999	1	-
\$300,000 - \$309,999	-	1
\$360,000 - \$369,999	1	-
Total	9	9
Total remuneration	\$737,051	\$664,814

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 decreased from seven to six due to one changeover within the Executive Leadership Team in 2021/22. The total annualised employee equivalents remained unchanged at six. The total remuneration for executives increased in 2022/2023 due to a revision to the Public Entity Executive Remuneration (PEER) Policy which introduced a framework for regulating public entity executive remuneration to ensure greater consistency and clarity of remuneration of executives across the public sector.

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).

	2023	2022
	\$'000	\$'000
Short-term employee benefits	1,567	1,172
Post-employment benefits	158	120
Long-term benefits	38	30
Total remuneration	1,763	1,322
Total number of executives	6	7
Total annualised employee equivalents	6	6

Executive officer remuneration does not include remuneration for staff acting on a temporary basis while the substantive executive officer is on paid leave.

9.5 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.

Compensation of Key Management Personnel:

	2023	2022
	\$'000	\$'000
Short-term employee benefits	683	607
Post-employment benefits	61	56
Long-term benefits	(7)	2
Total remuneration	737	665

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	2023 \$'000	2022 \$'000
Central Highlands Water	Goldfields Superpipe joint operation	978	607
Dept. of Families, Fairness and Housing	Pensioner Concessions	6,444	5,542
Dept. of Energy, Environment and Climate Action	Bendigo Groundwater Project	2,600	5,686
Dept. of Energy, Environment and Climate Action	Flood Recovery	4,124	-
Dept. of Energy, Environment and Climate Action	Other project contributions	102	72
Dept. of Justice and Community Safety	Energy Resilience project contribution	154	-
Total revenue		14,402	11,907

Amounts recognised as an expense in the Comprehensive operating statement

Entity name	Brief description of main activity	2023 \$'000	2022 \$'000
Central Highlands Water	Bulk Water Allocation	140	-
City Of Greater Bendigo	Rates and Charges	130	-
Dept. of Energy, Environment and Climate Action	Environmental Contribution	5,734	5,734
Dept. of Energy, Environment and Climate Action	Valuations, monitoring, licences etc	305	205
Dept. of Families, Fairness and Housing	Administration levies	40	39
Dept. of Treasury and Finance	Financial Accommodation Levy	5,840	6,986
Dept. of Treasury and Finance	Regional Water and Sewerage Recovery Fee	110	187
Environmental Protection Authority	License renewals and applications	429	117
Goulburn Murray Rural Water Corporation	Water share fixed and bulk water charges	1,703	1,691
Grampians Wimmera Mallee Water	South West Loddon Rural Water Supply	759	794
North Central Catchment Management Authority	Kyneton offset works and Healthy Coliban Catchment	494	540
Services Australia	Centrepay transaction fees	26	30
Treasury Corporation of Victoria	Interest on borrowings	14,257	12,977
Total expenses		29,967	29,300

As at 30 June 2023, amounts receivable from related entities included the Department of Families, Fairness and Housing, \$689,180 for pensioner concessions (2022: \$1,115,670) and Central Highlands Water, \$108,734 for the Goldfields Superpipe joint operation (2022: \$0). Amounts payable to related entities included Central Highlands Water, \$7,810 for Secondment (2022: \$0); the Department of Energy, Environment and Climate Action (DEECA), \$1,598,477 for Environmental Contribution Levy quarterly instalment, Instrumentation and Valuations (2022: \$1,433,580); Goulburn Murray Rural Water Corporation, \$382,050 for Bulk Water Charges (2022: \$0) and North Central Catchment Management Authority, \$114,662 for Kyneton offset works and 'A Healthy Coliban Catchment program' (2022: \$4,375).

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 – Zero Emissions Water (ZEW)

Coliban Water's Managing Director, Damian Wells, is a Director of ZEW. Refer to Note 5.5.1 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.

	2023 \$'000	2022 \$'000
Payments	30	125
Receipts	(141)	(45)
Investment in ZEW	15	15
Derivative financial instrument in ZEW	(586)	(640)

9.6 Remuneration of auditors

Auditors remuneration for auditing the financial statements of Coliban Water excluding GST has been set at \$145,000 (2022: \$155,000) 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

	2023 \$	2022 \$
Forgiveness or waiver of debt ⁽ⁱ⁾	27	24
Total ex-gratia expense	27	24

⁽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 2022/2023 totalled \$26,918 (2021/2022: \$23,882).

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.

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 2023 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 2022-6 Non-current Liabilities with Covenants	Requires a liability be classified as a non-current liability if at the end of the reporting period the entity has a right to defer settlement of the liability for at least twelve months after the reporting period.	1 January 2024	The standard is expected to have no significant impact on Coliban Water.

Several other amending standards and AASB interpretations have been issued that apply to future reporting periods but are considered to have limited impact on the Department's reporting.

- AASB 17 Insurance Contracts.
- AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definitions of Accounting Estimates.
- AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction.
- AASB 2021-6 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards.
- AASB 2022-1: Amendments to Australian Accounting Standards – Initial Application of AASB 17 and AASB 9 Comparative Information

Independent Auditor's Report

To the Board of Coliban Region Water Corporation

<p>Opinion</p>	<p>I have audited the financial report of Coliban Region Water Corporation (the corporation) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2023 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • statutory certification. <p>In my opinion, the financial report presents fairly, in all material respects, the financial position of the corporation as at 30 June 2023 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
<p>Basis for Opinion</p>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the corporation in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<p>Board's responsibilities for the financial report</p>	<p>The Board of the corporation is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the corporation's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the corporation to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

MELBOURNE
23 September 2023



Paul Martin
as delegate for the Auditor-General of Victoria

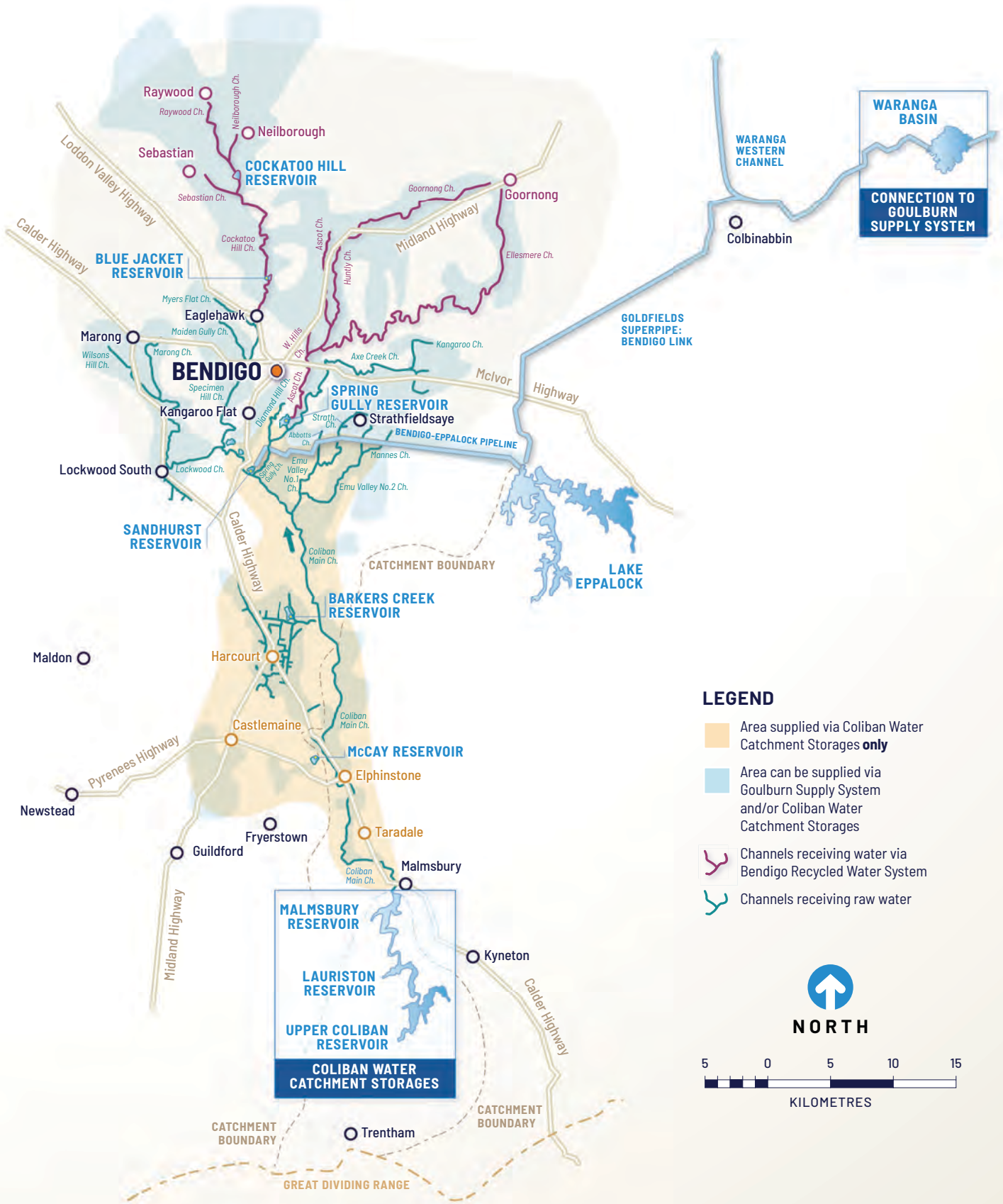
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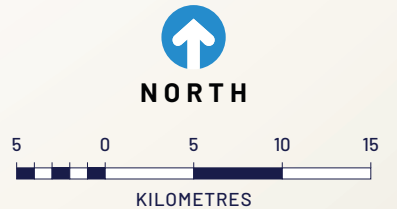
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COLIBAN WATER RURAL SYSTEM DIAGRAM



LEGEND

- Area supplied via Coliban Water Catchment Storages **only**
- Area can be supplied via Goulburn Supply System and/or Coliban Water Catchment Storages
- Channels receiving water via Bendigo Recycled Water System
- Channels receiving raw water





Tell us what
you think

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Provide your feedback online:
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