



# Annual Report

2021–22

# Acknowledgment of Country

The Greater Western Water region covers Bunurong, Wurundjeri, Wadawurrung, Dja Dja Wurrung and Taungurung Country.

We respectfully acknowledge the Kulin Nations as the Traditional Owners of the lands and waters upon which we work, operate and rely. We acknowledge the continued cultural, social and spiritual connections that First Nations people have with Country.

We recognise and value that First Nations people have cared for and protected Country for thousands of generations. Country describes land, water, air, sky, people, animals and spirits to which First Nations people are connected.<sup>1</sup>

We are committed to working in partnership with local Traditional Owners and First Nations people, to harness collective wisdom to inform the future of the water management landscape while maintaining their cultural and spiritual connections to Country.

## Notes on reporting

### Comparative data

As the first annual report of Greater Western Water, this report uses comparative data from previous City West Water and Western Water service areas. Where it makes sense, combined data is used for comparison purposes. Otherwise, data from the previous City West Water service area is used.

### Volumes

kL kilolitre 1kL = 1,000 litres

ML megalitre 1ML = 1 million litres

GL gigalitre 1GL = 1,000 million litres

<sup>1</sup> Source: [Australian Institute of Aboriginal and Torres Strait Islander Studies website](#)

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# Our year in review

The Greater Western Water board is pleased to present the first annual report for Victoria's newest water corporation.



**David Middleton**  
Chair



**Maree Lang**  
Managing Director

## Message from the Chair and Managing Director

Greater Western Water was established on 1 July 2021, bringing together water corporations Western Water and City West Water. We are proud to serve our growing region that extends from Melbourne's central business district to the inner city, western suburbs and regional towns. We are also ready to meet the challenges facing our region – including a population that is forecast to double over the next 30 years, the impacts of climate change, and balancing the needs of our customers, community and environment.

Greater Western Water is an essential service provider focused on delivering a water supply system that is secure, efficient and climate resilient. We are working to secure equitable access to services, create opportunities for integrated water management, and plan for cost-effective infrastructure. We aim to support jobs and economic activity, have a strong local presence across the region, and deliver fair returns to government. We also recognise

and take responsibility – as custodians of water resources – for our vital role in leading and influencing local liveability and environmental outcomes.

### Meeting the challenges

Over the past year we have continued to navigate the coronavirus pandemic, while forming a new organisation. The Greater Western Water board, leadership team and people across our organisation have shown resilience and exceptional ability to work together through uncertainty to deliver the best for our customers and community in challenging times.

Our financial results for the year show a valuation write-down due to the integration of Western Water. The write-down of infrastructure asset value is due to Western Water changing from a 'Not for Profit' entity to a 'for Profit' entity. The write-down is a non-cash accounting book adjustment, required by the Australian Accounting Standards for measuring the fair value of infrastructure assets which differs between 'Not for Profit' and 'for Profit' entities. The nature of the infrastructure assets and their service delivery do not change as a result of the adjustment and there is no impact to customers or pricing.

## Our year in review

For another year our field, operational and construction teams, along with our delivery partners, continued their essential work while keeping us, their teams and the community safe. Our people answered 240,000 calls and had conversations that helped customers manage through difficult times.

We continue to work with our people, communities and delivery partners to manage the challenges of increased volumes into our recycled water treatment plants as a consequence of significant growth in the west, together with two years of high rainfall.

### On the world stage

In our first year of operating as a new entity, we are very proud to have been inaugurated into the Leading Utilities of the World (LUOW), a global network of the world's top performing and most innovative water and wastewater utilities. To achieve membership, we demonstrated outstanding achievement in data and analytics, sustainable water resource planning, and diversity and inclusion. As a LUOW member, we will continue to drive innovation and be ambitious. We look forward to being part of a global group of like-minded organisations and tapping into a wealth of knowledge and best practice.

### Foundations for the future

In our first year, we also looked to the future. We have laid the foundations for an organisation that is agile and ready for what's to come.

The culture we are building together supports an inclusive organisation, where everybody is encouraged to thrive, and where we take accountability and work together to make a difference.

We collaborated with Melbourne Water, South East Water and Yarra Valley Water to deliver the draft *Greater Melbourne Urban Water and System Strategy: Water for Life*, a plan to ensure Greater Melbourne's water needs are met for the next 50 years.

We also developed our first corporate strategy, drawing on input from our people, customers and community, to reflect what is important and to set our direction for the rest of the decade.

This annual report outlines our aims and achievements. It reflects the outstanding work of our people to integrate two organisations and develop a culture and strategic direction that will support the important work ahead.

We thank our customers for their support as we continued to deliver on our important integration activities, building a water corporation that can meet the changing needs and aspirations of our communities.

We thank our people for their continued work to build one team, while remaining focused on delivering benefits for our customers and communities.

We thank all members of the previous entity boards for their service and welcome all members of the inaugural Board of Greater Western Water.



**David Middleton**  
Chair



**Maree Lang**  
Managing Director

23 August 2022

In accordance with the *Financial Management Act 1994*, I am pleased to present Greater Western Water's Annual Report for the year ending 30 June 2022.



**David Middleton**  
Chair

23 August 2022

## About us

Greater Western Water (GWW) was formed on 1 July 2021, bringing together Western Water (WW) and City West Water (CWW) to meet the demands of our region and deliver reliable, affordable and secure water services, now and for decades to come.

GWW is proud to serve one of the fastest-growing regions in Australia. We provide drinking water, recycled water, sewerage and trade waste services to more than 550,000 residential customers and 46,000 business customers.

Our service area covers 3,700 square kilometres, stretching from Melbourne's CBD, inner and north-western suburbs through the Melton and Sunbury growth corridors to Bacchus Marsh and the Macedon Ranges.

The local government areas of Brimbank, Hobsons Bay, Maribyrnong, Melton, Moonee Valley, Wyndham and Yarra are within our service area, as well as parts of the local government areas of Hume, Macedon Ranges, Melbourne and Moorabool.

We operate in Bunurong, Wurundjeri, Wadawurrung, Dja Dja Wurrung and Taungurung Country. The Maribyrnong and Werribee Rivers are the major waterways in our region and the source of some of the water we supply to customers.

### Key statistics



**\$3.7 billion**  
infrastructure asset base



**46,600+** business customers



**17** large dams



**7,500+km** of water mains



**7** water filtration plants



**6,400+km** of sewer mains



**10** recycled water plants



**113,000ML/year**  
of water consumption



**7** sewage treatment plants



**108,000ML/year**  
of sewage managed



**550,900+**  
residential properties



**6,377ML/year**  
of recycled water supplied

## Our service area

-  Treatment Plant
-  Recycled Water Plant



## Our mission and outcomes

Our mission and outcomes were designed to guide our work through our first year of operation.

### Mission

To enhance community resilience and liveability through safe and efficient water services

### Outcomes

- Exceptional and affordable customer-centric services
- Communities supported to grow and prosper
- Healthier, climate-resilient environments
- An innovative, future-ready utility for our whole region

### Strategy

Our *2030 Strategy* was developed across this year, and released on 1 July 2022. The Strategy presents GWM's purpose and vision and will guide our decision making through to 2030.

# Our year in review

## Manner of establishment and relevant Ministers

From 1 July 2021, City West Water Corporation took over the powers, functions and duties of Western Region Water Corporation pursuant to Ministerial Determinations made under the *Water Act 1989*, and began trading as Greater Western Water, bringing together the areas previously known as City West Water and Western Water. On 1 January 2022, City West Water Corporation's legal name was formally changed to Greater Western Water Corporation by legislative amendment to the *Water Act 1989*, which concluded the legal aspects of the integration between the two former organisations.

The Honourable Lisa Neville MP was the responsible Minister for Water from 1 July 2021 - 26 June 2022 and the Honourable Harriet Shing MP became the responsible Minister for Water on 27 June 2022. The Honourable Richard Wynne MP acted as the Minister for Water from 1 July to 22 August 2021.

GWW operates under Statements of Obligations issued by the Minister for Water under section 4L of the *Water Industry Act*

1994. The statements impose obligations on us regarding the performance of our functions and exercise of powers. We are required to monitor compliance with the obligations set out in the statements, report on non-compliance and take remedial action as required.

The Essential Services Commission is our economic regulator. It approves the prices we charge our customers, as well as the standards of service we deliver. We are required to submit a five-year Pricing Submission to the Essential Services Commission, which details outcomes we intend to achieve, as well as proposed prices. The Commission undertakes a public review of our Pricing Submission in consultation with all stakeholders.

Our drinking water quality is regulated by the Department of Health under the *Safe Drinking Water Act 2003*. Our recycled water quality is regulated by the Environment Protection Authority Victoria under the *Environment Protection Act 2017*. The operation of our sewage treatment plants is also regulated by the Environment Protection Authority.

## Sustainable development goals

We are proud to continue to support the United Nations Global Compact, an initiative that encourages businesses to adopt sustainable and socially responsible policies.

GWW recognises the value that water and sewerage services bring to the health, prosperity and liveability of communities. We understand our role as custodians of water resources and infrastructure and proactively contribute to enhancing the environment within our service area. We know local action can translate into bigger global outcomes.

The 17 Sustainable Development Goals (SDGs) provide a lens to view our business and explore opportunities to deliver services to achieve broader health, prosperity and liveability outcomes.

Appendix 3 lists our commitments and actions in embedding the 17 goals in our work every day.

## Sustainable development goals

Eight goals are closely aligned to our outcomes.

### Mission

To enhance community resilience and liveability through safe and efficient water services

### Communities supported to grow and prosper



### Exceptional and affordable customer-centric services



### An innovative, future-ready utility for our whole region



### Healthier, climate-resilient environments



## Key initiatives and projects

### Exceptional and affordable customer-centric services

- Launched our first Community Engagement Framework giving us the foundations to involve our diverse community in shaping our future.
- Successfully applied to the Essential Services Commission for a 12-month extension to price determinations to allow more time to engage with customers and community, and better plan our long-term pricing strategy.
- Conducted Residential Appliance Stock and Usage Pattern Study to understand how customers use water-efficient appliances at home and inform water demand predictions and network planning.
- Improved customer experience through a single contact point for all enquiries and faults including the availability of WebChat and two-way SMS allowing customers to connect directly with Customer Service consultants.
- Commenced replacement of our Customer Experience Platform to deliver improved processes and enhanced experiences for customers and employees.

### Communities supported to grow and prosper

- Appointed the delivery partner for the \$35 million upgrade of the Gisborne Recycled Water Plant.
- Completed \$20 million water and sewer projects for Bacchus Marsh and surrounds, to meet growing demand and support urban development.
- Completed design and engaged a contractor to commence construction of a 600mm pipeline which will initially supply 150 million litres per year of recycled water to the Werribee

Open Range Zoo plus enable supply to future customers.

- Commissioned the \$22 million, 4.15 kilometre Holden Reservoir Inlet Pipeline, which can hold 47 million litres of water, to support population growth.
- Announced funding to fast-track planning for vital new water, sewer and power infrastructure to service the Parwan Employment Precinct.
- Supported the creation of 15,000 lots for new homes and businesses by providing water and wastewater services.

### Healthier, climate-resilient environments

- Collaborated to deliver the draft Greater Melbourne Urban Water and System Strategy: Water for Life, a shared plan to ensure Greater Melbourne's water needs continue to be met for the next 50 years.
- Recommitted to the Chain of Ponds Collaboration, continuing to co-deliver projects to enhance the environmental, cultural and social values of Moonee Ponds Creek.
- Committed to plant more than 10,000 trees in Melton, Altona and Cocoroc as part of an initiative to create cooler, greener spaces for our communities.
- Commenced Arndell Park stormwater harvesting project in Truganina, to collect, store and treat up to 22 million litres of stormwater each year for irrigation of Arndell Park and adjacent open spaces.
- Completed construction of a 1,100 million litre recycled water storage dam at Melton Recycled Water Plant, as part of the Western Irrigation Network project.
- Completed Melbourne Ballpark stormwater harvesting project, which will save 10 million litres of drinking water each year.

- Continued to participate in planning for the Jacksons Creek Regional (Biik Wurrudha) Parkland project, which will deliver a 1,000 hectare public reserve in Sunbury.

### An innovative, future-ready utility for our whole region

- Inaugurated into the Leading Utilities of the World global network which celebrates the world's most innovative water and wastewater utilities.
- Submitted our first Gender Equality Action Plan, which was endorsed by the Commission for Gender Equality in the Public Sector.
- Consolidated systems, bringing the organisation onto single website, HR, payroll, finance, reporting, Intranet, information management, collaboration and security systems.
- Strengthened cyber secure practices among our people and customers through leadership, training and sharing information.
- Led a sector approach to prepare for, and remediate, ransomware attacks and partnered with technology providers to better protect our assets.
- Expanded our graduate program, giving more graduates experience over a two-year period, developing their skills and providing a talent pipeline for GWW.
- Continued to sponsor WaterAid, an international, not-for-profit organisation, whose purpose is to make clean water, decent toilets and good hygiene normal for everyone, everywhere, within a generation.
- Supported Pride in Water, an LGBTIQ+ Pride Network for the water industry, to show support for our LGBTIQ+ customers, colleagues and the broader community.

## Financial overview

### 2022 highlights

Full year revenue was \$878.0 million. This was impacted by lower water consumption and the absence of water trading revenues, with both being affected by the La Nina weather phenomenon and the coronavirus (COVID-19) pandemic. Full year loss before tax was \$749.5 million and was mainly driven by the integration of Western Water (WW) which resulted in a write-down of infrastructure asset value of approximately \$703.0 million. The valuation write-down is a non-cash accounting book adjustment, required by the Australian Accounting Standards for measuring the fair value of infrastructure assets which differs between 'Not for Profit' entities such as WW and 'for Profit' entities such as CWW. The nature of WW's infrastructure assets and their service delivery do not change as a result of the adjustment. Importantly, there is no resulting impact to customers or pricing.

### Five-year financial summary

#### Summary of financial results

|  | 2022 <sup>1</sup><br>\$'m | 2021<br>\$'m | 2020<br>\$'m | 2019<br>\$'m | 2018<br>\$'m |
|--|---------------------------|--------------|--------------|--------------|--------------|
| Revenue from contracts with customers          | 878.0                     | 702.7        | 757.0        | 704.8        | 697.9        |
| Other income                                   | 6.3                       | 0.4          | 0.6          | 0.5          | 0.4          |
| <b>Total revenue</b>                           | <b>884.3</b>              | <b>703.1</b> | <b>757.6</b> | <b>705.3</b> | <b>698.3</b> |
| Bulk charges                                   | 346.4                     | 352.9        | 364.7        | 349.2        | 341.6        |
| Environmental contribution                     | 33.9                      | 29.8         | 26.5         | 26.5         | 18.6         |
| Employee benefits                              | 86.9                      | 46.6         | 42.4         | 41.9         | 45.1         |
| Depreciation and amortisation                  | 93.4                      | 69.0         | 65.5         | 52.5         | 50.9         |
| Finance expenses                               | 84.3                      | 68.4         | 68.8         | 66.4         | 64.9         |
| Other operating expenses                       | 123.5                     | 79.6         | 73.3         | 73.1         | 64.5         |
| <b>Total expenses</b>                          | <b>768.4</b>              | <b>646.3</b> | <b>641.0</b> | <b>609.6</b> | <b>585.5</b> |
| Infrastructure assets revaluation <sup>2</sup> | 865.4                     | -            | -            | -            | -            |
| <b>(Loss)/Profit before tax</b>                | <b>(749.5)</b>            | <b>56.8</b>  | <b>116.6</b> | <b>95.7</b>  | <b>112.8</b> |

#### Summary of financial position

|  | 2022 <sup>1</sup><br>\$'m | 2021<br>\$'m   | 2020<br>\$'m   | 2019<br>\$'m   | 2018<br>\$'m   |
|--|---------------------------|----------------|----------------|----------------|----------------|
| Current assets   | 168.6                     | 143.7          | 116.7          | 111.5          | 114.9          |
| Non-current assets   | 3,384.2                   | 2,584.5        | 2,474.2        | 2,362.6        | 2,255.2        |
| <b>Total assets</b>  | <b>3,552.8</b>            | <b>2,728.2</b> | <b>2,590.9</b> | <b>2,474.1</b> | <b>2,370.1</b> |
| Current liabilities  | 257.6                     | 164.2          | 164.8          | 168.2          | 145.6          |
| Non-current liabilities                                    | 2,229.7                   | 1,763.3        | 1,641.9        | 1,455.1        | 1,388.2        |
| <b>Total liabilities</b>                                   | <b>2,487.3</b>            | <b>1,927.5</b> | <b>1,806.7</b> | <b>1,623.3</b> | <b>1,533.7</b> |
| <b>Net assets</b>  | <b>1,065.5</b>            | <b>800.7</b>   | <b>784.2</b>   | <b>850.8</b>   | <b>836.3</b>   |
| Net cash flows from operating activities                   | 122.2                     | 62.5           | 88.5           | 88.1           | 92.0           |
| Payments for infrastructure, property, plant and equipment | 244.6                     | 158.9          | 155.0          | 126.6          | 101.8          |

## Our year in review

| Summary of capital expenditure | 2022 <sup>1</sup><br>\$'m | 2021<br>\$'m | 2020<br>\$'m | 2019<br>\$'m | 2018<br>\$'m |
|--------------------------------|---------------------------|--------------|--------------|--------------|--------------|
| Total capital expenditure      | 230.6                     | 155.3        | 153.2        | 124.3        | 109.8        |

Significant capital projects for 2022 included the Melton additional recycled water storage \$17.8 million, Gisborne Recycled Water Plant upgrade \$10.7 million, Melton to Bacchus Marsh interconnector \$8.0 million, Western Irrigation Network (WIN) Stage 1 and 2 (Parwan Balliang Irrigation District) \$6.9 million, Grant Street Sewer Pumping Station upgrade \$6.6 million, CBD Stage 3 Elizabeth St Sewer Augmentation \$6.3 million, Victoria St North and South water main renewal \$4.9 million, Pascoe Vale water main renewal \$3.1 million, Werribee Open Range Zoo pipeline \$2.8 million, Sunbury Road Outfall sewer \$1.2 million and the Romsey Recycled Water Plant upgrade Stage 1 \$1.2 million.

| Summary of financial performance | 2022 <sup>1</sup><br>\$'m | 2021<br>\$'m | 2020<br>\$'m | 2019<br>\$'m | 2018<br>\$'m |
|----------------------------------|---------------------------|--------------|--------------|--------------|--------------|
| Cash interest cover (times)      | 2.9                       | 2.3          | 2.6          | 3.0          | 3.1          |
| Gearing ratio (%)                | 61.7                      | 59.2         | 57.5         | 50.5         | 49.8         |
| Internal financing ratio (%)     | 47.9                      | 26.4         | 8.2          | 44.9         | 18.2         |
| Current ratio (times)            | 0.8                       | 1.1          | 0.8          | 0.9          | 0.8          |
| Return on assets (%)             | (21.2)                    | 4.7          | 7.3          | 6.7          | 7.6          |
| Return on equity (%)             | (56.3)                    | 5.0          | 10.9         | 7.5          | 9.4          |
| EBITDA margin %                  | (64.7)                    | 27.6         | 33.1         | 30.4         | 32.7         |

<sup>1</sup> This is the first set of financial statements prepared by GWW which includes the financials of the former Western Water corporation for the 2022 year. The historical comparatives are those of GWW's former legal entity name, City West Water. The impact of this change has been explained in the various notes throughout the annual report.

<sup>2</sup> In prior years, infrastructure asset revaluation adjustments were made against available asset revaluation reserve and accordingly there was no impact to profit before tax.

Further information on current year financial performance can be found in the Performance Report section of this report.

### Matters subsequent to end of financial year

Other than the disclosures on page 136 of the annual report, no matter or circumstance has arisen since 30 June 2022 which has significantly affected, or may significantly affect:

- the corporation's operations
- the results of those operations, or
- the corporation's state of affairs in the financial year subsequent to 30 June 2022.

# Customers and communities

GWW provides services to a diverse customer base, including residential properties (homes) and business properties (such as councils, schools, and commercial, industrial, agricultural and small businesses).

### Sustainable development goals



We service critical community infrastructure, including 21 hospitals and 10 university campuses. We support the agriculture industry, providing recycled water to farms across our region. Our communities are diverse and include regional townships, Melbourne’s north-western suburbs, the inner city and the CBD.

### Snapshot

 550,909 residential customers

 46,642 business customers

 130+ cultural groups

 26% of people in our service area speak a language other than English

 0.54% of people in our service area identify as First Nations people

 260,800+ calls handled by Customer Service

 63,200+ emails handled by Customer Service

## Customers and communities

GWW, as a customer-centric organisation, actively seeks to have customers contribute to our service development, delivery and improvement processes. We survey customers throughout the year to seek their feedback on customer satisfaction, service delivery and resolution, water quality, network reliability and on issues such as value for money, trust and our reputation in the community.

Over the 2021-22 financial year, several initiatives were launched to progress the development of our customer research and insights capability, and to ensure we become even more responsive to customer feedback, needs and preferences.

We have started work to develop a customer insights framework that will ensure we collect customer feedback and incorporate it into decision-making across our organisation. The framework will also inform our new Voice of the Customer program, which will enable us to better reach our customers, connect with them and have ongoing access to their feedback. By understanding what is important to customers, we can improve our processes and services.

### **Trade waste customers**

GWW provides a reliable and affordable sewer network that accepts trade waste to support business and industry.

Our Business Customer Service team helps food businesses minimise the risk of fat blockages in our network by tracking grease trap pump out compliance and making sure that businesses that require a grease trap have one. The team monitors trade waste and audits site activities so the sewer network functions effectively, ensuring our people, assets and environment are protected and enabling recycled water and biosolid reuse opportunities to be realised.

In 2021-22, our customer base included 5,730 commercial customers that serve food, including takeaway shops, cafes and restaurants; and 2,238 industrial customers, including food and beverage manufacturers, chemical manufacturers, car washes, hospitals and laundries. We recorded just over 7,500 grease trap pump outs, a reduction on last year due to the impact of COVID-19 public health restrictions on our customers' ability to trade. Our trade waste customers continued to be compliant, with less than one per cent non-compliant in 2021-22.

Our routine field-based site visits to industrial trade waste customers were also impacted by COVID-19 public health restrictions. We continued to interact with customers over the phone, video and via email, obtaining wastewater sample results, meter calibrations and pump out dockets. This allowed us to manage the risk posed by trade waste to our sewer network while ensuring we protected our people and community.

We continued to reach out to food business operators who have been impacted by restrictions. We offered all our food businesses a fee waiver for their fixed trade waste agreement fee if they had not been trading. More than 500 fee waivers were applied to trade waste customer accounts, providing customers with much needed assistance.

## Social sustainability

### Community service obligations

GWW provided the following community service obligations to customers.

| Community service obligations    | City West Water & Western Water* | GWW               |
|----------------------------------|----------------------------------|-------------------|
|                                  | FY20-21<br>\$'000                | FY21-22<br>\$'000 |
| Standard concessions             | 30,925                           | 27,602            |
| Not for Profit Rebates           | 726                              | 543               |
| Utility Relief Grants Scheme     | 1,285                            | 1,398             |
| Water Concession on Life Support | 11                               | 7                 |
| Hardship grants                  | 793                              | 1,091             |

\*Combined figures for previous City West Water and Western Water service areas.

During 2021-22, GWW provided hardship grants to 2,546 customers, Utility Relief Grant Scheme assistance to 3,668 customers and had 25,953 customers on instalment plans.

### Concessions to pensioners and cardholders

Customers who hold a pension concession card, a Department of Veterans Affairs gold card or a health care card are entitled to a 50 per cent concession on water and sewerage charges, up to an annual maximum. The 2021-22 maximum was \$345.50. If a customer is receiving one service only, they are entitled to a concession of up to half the annual maximum. We invoice the Victorian Department of Families, Fairness and Housing for the value of those concessions.

### Rebates paid to not-for-profit organisations under the Water and Sewerage Rebate Scheme

The State Revenue Office defines certain organisations as not-for-profit. Such organisations serve the community in the fields of education, health or nursing care, religious worship, charity, outdoor sporting or recreation activities or war veterans' organisations. These organisations are entitled to claim a concession on the service charge portion of their bills. We

invoice the State Revenue Office for the value of those concessions.

### Utility Relief Grant Scheme

The Utility Relief Grant Scheme assists residential customers and people experiencing family violence who are unable to pay their electricity, gas and water bills and may be at risk of disconnection of supply due to a temporary financial crisis (in the last 12 months). Applicants must meet certain criteria to obtain the grant, for example family violence, a decrease in income, unexpected costs for essential goods and services, cost of shelter being 30 per cent or more of household income and, more recently, customers who have been impacted by COVID-19. A customer can apply for the grant multiple times within a two-year period, for up to a maximum of \$650 for each utility.

### Water concessions for people on life support machines (haemodialysis)

Residential customers requiring in-home haemodialysis are entitled to a rebate on water usage and sewage disposal charges. The Department of Families, Fairness and Housing determines the rebate amount based on the average annual water usage of an in-home haemodialysis machine of

168,000 litres a year. The rebate is in addition to any other pension or concession to which a customer may be entitled. Customers who hold a pension concession card, a Department of Veterans Affairs gold card or a health care card are entitled to the rebate. We invoice the Department of Families, Fairness and Housing for the value of those concessions.

### Community Rebate Program

The Community Rebate Program, delivered to GWW customers through our Water Assist Program, offers products and services to improve water efficiency in households. It also helps customers by identifying issues and providing plumbing advice and quotes for works outside program scope. This program offers value to our community by minimising costs due to unnecessary high water use and to GWW as it supports our water efficiency targets and strategies.

In 2021-22, 145 GWW customers used the program, with a total spend of \$87,615 in Department of Environment, Land, Water, and Planning (DELWP) funding assistance. GWW had a target of 200 customers for the financial year, however the program was on hold for four months due to COVID-19 public health restrictions. Through the program, we directly assisted 85 customers to repair leaks on their properties.

### Customer case management

In 2021-22, we improved the way we manage and monitor customer support programs. We introduced effective case management, so that team members contact customers regularly offering services to help them manage during periods of hardship. In 2021-22, we supported more customers to be able to pay instalments on time, increasing from 74 per cent of customers last year to 87 per cent.

### Customer and community engagement

We value our customers and community and believe their input helps us provide the best possible services. We engage on our strategic directions, service planning and delivery, and on works in our region's streets and neighbourhoods. The way we engage is informed by our Community Engagement Framework.

#### Community Engagement Framework

In February 2022, we launched our first Community Engagement Framework, giving us the foundations to involve community in shaping our future. The framework sets out the principles and steps that guide the way we connect with community, include their input and improve our processes.

The framework is the result of a program of research and engagement. It is based on best practice and follows the International Association of Public Participation (IAP2) Core Values and Public Participation Spectrum. It also reflects key themes gathered from our people and community through a four-week consultation.

#### Major projects

Engagement on major works to construct or renew infrastructure assets begins in the planning phase, to inform the best delivery of projects and understand preferences for the way we communicate.

We work closely with residents, businesses, community groups, local councils and stakeholders and we keep customers and communities informed through various channels. Our YourSay webpage includes project details, timelines, interactive maps, FAQs,

surveys and contacts. We provide opportunities for people to give us their feedback online and by phone. We also work with delivery partners to keep people informed of projects that may impact them.

The following projects are examples of engagement in 2021-22:

- **Stony Creek sewer augmentation** – this project is constructing a new 900 metre sewer main amongst residential properties and large-scale development works along Indwe and Cala Streets and Stony Creek reserve in West Footscray. With our project delivery partners, we engaged early with Maribyrnong City Council, Melbourne Water, community and environmental groups. We sought feedback from residents and the broader community through our YourSay project page during the planning phase. Early consultation indicated a preference for digital communication in addition to paper notifications; therefore, social media and video were used to communicate key project information.
- **Union Road Ascot Vale water main renewal** – this project constructed a new water main along the busy shopping and dining strip, with trams running alongside the works area. With our delivery partners, we engaged early with key stakeholders, including City of Moonee Valley and Yarra Trams. We consulted the local traders association and other businesses before and during the project to understand their needs and establish relationships so we could minimise disruption and keep them informed of project progress.
- **Bourke Street Melbourne water main renewal** – this project installed a new water main extending 305 metres along Bourke Street and McIlwraith Place, between Bourke Street and Little Collins Street. The new

pipe replaced water mains that were built between 1896 and 1940 and were reaching the end of their operational life. Early engagement with local traders and larger businesses in this busy environment helped us consider their views during the planning phase and put the right plans in place early.

#### 2030 Strategy

To support the development of our first corporate strategy, *2030 Strategy*, we engaged with our people, customers, Traditional Owners and key stakeholders. Their feedback helped shape the direction and priorities of the strategy.

- Our people – we sought input across the business. The Senior Leadership Team shared the strategy journey with their people; the vision, purpose and strategic drivers were introduced to all employees at a Town hall; and we asked for feedback on strategic direction and priorities.
- Customers - we engaged a research agency to consult with a representative cross-section of customers to understand if customer priorities aligned with the strategy.
- Traditional Owners - we engaged with the five Traditional Owner groups in our service region, seeking their feedback on the draft strategy via meetings and written submissions.
- Key stakeholders - we engaged directly with our partners, including senior representatives from State Government, local government, industry associations, universities and other water corporations.

The *2030 Strategy* was endorsed this year for release on 1 July 2022.

#### First Nations partnerships

GWV is committed to caring for Country and working with First Nations peoples who have sustainably managed the lands

## Customers and communities

and waters across our region for thousands of generations. We continue to develop our partnership with local Traditional Owner groups to ensure their contributions to the future of water management and maintain their cultural and spiritual connection.

### Engaging Aboriginal communities

Three Aboriginal Community Controlled Organisations work within the GWW service area: Koling wada-ngal in Wyndham, Kirrip Aboriginal Corporation in Melton, and the Sunbury Aboriginal Corporation. In 2021-22, we worked with each organisation, supporting Kirrip to develop their business plan for a new community facility; providing technical information to Koling wada-ngal on their stormwater harvesting system; and providing financial support to Sunbury for NAIDOC activities.

### Building knowledge and connections

GWW is building knowledge of, and connections with, First Nations communities through employment, training and procurement.

- The Senior First Nations Advisor role in our Strategic Partnerships team is giving a broader perspective on how our business relates to the First Nations community and Traditional Owners. It has also given Traditional Owners a direct line of contact into GWW.
- Since COVID-19 public health restrictions were lifted, close to 200 employees have attended in-person cultural training sessions.
- Through the Chain of Ponds Collaboration, which is hosted by GWW, three of our people attended a cultural awareness workshop facilitated by the Wurundjeri Woi-wurrung Aboriginal and Cultural Heritage Corporation.
- We appointed GWW's inaugural First Nations Trainee with assistance from AFL Sports Ready.

- We increased engagement with First Nations suppliers with the purchase of catering, stationery and consultancy services. We are also developing a system that will track how much we procure from First Nations owned businesses.
- Our delivery partners are collaborating with First Nations owned businesses to deliver GWW's works programs. Wara Paring Civil Pty Ltd, a 100 per cent Indigenous-owned civil construction contractor specialising in non-destructive digging services, formed a partnership with delivery partner Aqua Metro. Programmed Facility Management extended its contract with Larrakia Bilirra Group.

### Partners in water management

Projects on Country seek to engage with Traditional Owners early to ensure their knowledge and values are incorporated into planning and assessment of options. Examples from 2021-22 are outlined below.

- We began quarterly meetings with two of the Traditional Owner groups in our service area and have commitments from three others to meet regularly in future.
- We submitted a joint application, with Dja Dja Wurrung and Taungurung groups, to fund an integrated water management plan in Macedon Ranges north.
- We partnered with Victoria University to identify cultural values along the Werribee River corridor. This work will provide a base knowledge of cultural values along this significant waterway to factor into our future work adjacent to the river.
- We participated in development of the *Greater Melbourne Urban Water & System Strategy: Water for Life* which continued to strengthen relationships with each of the Traditional Owner groups having Registered Aboriginal Parties status across our service area. We worked

together to set the direction for the strategy, assess options for water security, and develop key aspirations to support common objectives for the strategy. These aspirations have been embedded as actions within the strategy.

- We commenced work to address the findings of the Dja Dja Wurrung Clans Aboriginal Corporation Land Use Activity Agreement compliance audit, including ensuring compliance and instructional documentation is available to GWW people and is accessible on our website; and including the Agreement as a compliance requirement in GWW's compliance framework and in relevant position descriptions.
- We participated in the Metropolitan Water Authorities: Traditional Owner and First Nations working group to establish a more coordinated approach to First Nations engagement, work with Traditional Owners and First Nations people to bring to life their aspirations and rights to water, and learn from their knowledge to help combat climate change and care for community, Country and each other.

### Reconciliation Action Plan

As a new business, GWW is developing our inaugural Innovate Reconciliation Action Plan (RAP). Our Innovate RAP is expected to be completed by the end of 2022 and launched in 2023 following engagement with, and endorsement from, Reconciliation Australia. Our RAP working group, which is comprised of internal and external First Nations peoples, is partnering with the First Nations community to take an in-depth look at the organisation's maturity and ability to deliver on its RAP commitments.

# Water

GWW provides safe and reliable drinking water and recycled water services to residential and business customers across our service area. These services are essential to our health and wellbeing and support the life and prosperity of our region.

## Sustainable development goals



## Snapshot



**76 billion litres**  
of drinking water supplied to homes



**36 billion litres**  
of drinking water supplied to businesses



**6 billion litres**  
of recycled water supplied, saving drinking water



**157 litres**  
average daily drinking water use per person

## Water consumption – customers

GWW provides different types of water to customers in our service area. The table below details water use by residential and business customers in 2021-22.

### 2021-22 Total water consumption data

|  | Number              | Volume (ML) <sup>11</sup> |
|--|---------------------|---------------------------|
| <b>Residential customers</b>                               |                     |                           |
| Drinking water   | 550,909             | 76,262 <sup>1</sup>       |
| Recycled wastewater  | 18,430 <sup>2</sup> | 693 <sup>3</sup>          |
| Recycled stormwater  | -                   | -                         |
| <b>Business customers</b>                                  |                     |                           |
| Drinking water   | 46,642              | 36,538 <sup>4</sup>       |
| Recycled wastewater  | 162 <sup>2</sup>    | 5,539                     |
| Recycled stormwater  | 8                   | 144                       |
| <b>Total customers<sup>5</sup></b>                         | <b>597,551</b>      |                           |
| <b>Total drinking water volume</b>                         |                     | <b>112,800</b>            |
| <b>Total recycled water volume</b>                         |                     | <b>6,377</b>              |
| <b>Total consumption</b>                                   |                     | <b>119,177</b>            |
| Average annual consumption <sup>6</sup>                    |                     | 115,853                   |
| Weekly residential drinking water consumption <sup>7</sup> |                     | 1,467                     |
| <b>Non-revenue water</b>                                   |                     |                           |
| Leakage <sup>8</sup>                                       |                     | 9,340                     |
| Firefighting <sup>9</sup>                                  |                     | 543                       |
| Other <sup>10</sup>  |                     | 2,569                     |
| <b>Total non-revenue water</b>                             |                     | <b>12,451</b>             |
| <b>Total water all sources</b>                             |                     | <b>131,628</b>            |

### Average residential consumption

|   | Litres per person per day (L/pp/day) |
|---|--------------------------------------|
| Average per capita daily residential drinking water consumption | 157                                  |

Notes:

- 1 Includes drinking water supplied to customers with recycled water meters but not connected to the recycled water network.
- 2 Only includes recycled water customers who are connected and able to receive recycled water. In areas where it is available, recycled water is used for various activities at residential and non-residential customer properties, including garden watering, car washing, toilet flushing and laundry.
- 3 Includes 117.48ML of drinking water used in blend or back up to the recycled supply system and used in the determination of non-revenue water.
- 4 Includes drinking water supplied to customers with recycled water meters but not connected to the recycled water network.
- 5 Customers who receive recycled wastewater or stormwater also receive drinking water.
- 6 Five-year average annual consumption from 2018 to 2022 reporting periods.
- 7 Weekly residential water consumption.
- 8 Balance of non-revenue water, known as real losses, which includes bursts, leaks and background losses.
- 9 Firefighting is part of a category called Authorised Unbilled Usage which includes firefighting, fire service usage, water haulers' usage, water main flushing and sewer cleaning.
- 10 Other non-revenue water is known as apparent losses which includes unauthorised usage such as theft, misuse, illegal tampering, meter under-registration and data handling error.
- 11 ML = million litres

# Water

## Total residential water bill

In 2021-22, we continued to respect the commitments made by WW (in 2020) and CWW (in 2018) to our economic regulator, the Essential Services Commission. This includes a commitment to a price pathway until 30 June 2024. Therefore, we continue to have two sets of prices for the two service areas.

### 2021-22 Total residential water bill for a GWW (City West Water) customer based on consumption during the year

|                         | <b>150kL average annual usage</b> | <b>200kL average annual usage</b> |
|-------------------------|-----------------------------------|-----------------------------------|
| Water network charge    | \$206.31                          | \$206.31                          |
| Water usage charge      | \$415.14                          | \$570.99                          |
| Sewerage network charge | \$238.72                          | \$238.72                          |
| Sewage disposal charge  | \$87.09                           | \$116.12                          |
| <b>Total</b>            | <b>\$947.26</b>                   | <b>\$1,132.14</b>                 |

### 2021-22 Total residential water bill for a GWW (Western Water) customer based on consumption during the year

|                         | <b>180kL average annual usage</b> | <b>200kL average annual usage</b> |
|-------------------------|-----------------------------------|-----------------------------------|
| Water network charge    | \$206.31                          | \$206.31                          |
| Water usage charge      | \$399.04                          | \$451.50                          |
| Sewerage network charge | \$506.34                          | \$506.34                          |
| <b>Total</b>            | <b>\$1,111.69</b>                 | <b>\$1,164.15</b>                 |

In 2021-22, GWW customers across our service areas had some of the lowest average residential water bills in Melbourne. We understand that affordability is important to our customers, and we continue to look for ways to provide exceptional services that are fairly priced, high quality, and reliable now and in the future.

## Water consumption - corporate

The tables below show water use at our Sunbury and Footscray offices.

### Sunbury office

#### 2021-2022

Water consumed: 338kL  
1.6kL per full time equivalent employee  
154 litres per m<sup>2</sup> of office space

#### 2020-2021

Water consumed: 123kL  
8kL per full time equivalent employee  
60 litres per m<sup>2</sup> of office space

KL = 1,000 litres

Note: the difference in kL per employee is due to change in methodology. Historical numbers were based on actual people in the office rather than organisation FTE number.

### Footscray office

#### 2021-2022

Water consumed: 392kL  
0.77kL per full time equivalent employee  
63.57 litres per m<sup>2</sup> of office space

#### 2020-2021

Water consumed: 692kL  
0.55kL per full time equivalent employee  
37.46 litres per m<sup>2</sup> of office space

kL = 1,000 litres

Note: difference in consumption is the result of reduced number of people working in the office due to COVID-19 public health restrictions.

# Water

## Annual reporting of major business water users

### Names of major customers and their participation in water efficiency programs

The *Water Act 1989* requires water corporations to publish the number and names of customers who are not farming, irrigators or domestic consumers, using 100ML or more water per year. Farmers, irrigators and domestic users may decline or opt out of the requirement to have their name published. The *Water Act 1989* also requires water corporations to indicate if these customers have participated in water efficiency programs.

The listed customers have participated in water efficiency programs:

### Name of customer<sup>1</sup>

Asahi Premium Beverages - Laverton  
 Asahi Premium Beverages - Tullamarine  
 Australian Pacific Airports Corporation – Melbourne Airport  
 Baybrick Landco Pty Ltd  
 Campari Australia Pty Ltd  
 Carlton & United Breweries Ltd  
 Choldame Nominees  
 CSF Proteins Proprietary Limited  
 CSR Building Products Limited  
 Department of Health - VCCC  
 Department of Justice - Port Phillip Prison  
 Diamond Valley Pork Pty Ltd  
 Essendon Fields Airport  
 GPT Funds Management Limited - Highpoint Shopping Centre  
 Integro Foods Australia Pty Ltd  
 Ixom Operations Pty Ltd  
 Jeskan Nominees Pty Ltd  
 Melbourne Health  
 Melbourne Water - Hoppers Crossing Pumping Station  
 Merpalm Pty Ltd  
 Mobil Refining Australia Pty Ltd  
 Nufarm Australia Limited  
 Orica Australia Pty Ltd  
 Peerless Holdings Pty Ltd  
 Qenos Pty Ltd (combined 2 sites)  
 Seqirus Pty Ltd  
 The Australian Steel Company (Operations) Pty Ltd  
 The Royal Childrens Hospital  
 University of Melbourne  
 Zoos Victoria - Melbourne Zoo  
 Western Health  
 Wilmar Sugar Pty Ltd

| <b>Customers by volume range (ML per year)</b>       | <b>Number of customers</b> |
|--|----------------------------|
| Equal to or greater than 100ML and less than 200ML   | 19                         |
| Equal to or greater than 200ML and less than 300ML   | 4                          |
| Equal to or greater than 300ML and less than 400ML   | 2                          |
| Equal to or greater than 400ML and less than 500ML   | 0                          |
| Equal to or greater than 500ML and less than 750ML   | 3                          |
| Equal to or greater than 750ML and less than 1,000ML | 3                          |
| Greater than 1,000ML                                 | 2                          |
| <b>Total number of customers</b>                     | <b>33</b>                  |

<sup>1</sup> One customer has elected not to be named in this table.

# Sustainability

Sustainable water use, integrated water management and climate adaptation are critical to GWW meeting the challenges of population growth and climate change.

## Sustainable development goals



GWW's service area is in one of Australia's fastest growing regions with the population forecast to double by 2050. At the same time, climate change is having an impact, through reduced rainfall with increased intensity of rainfall events, more hot days and heatwaves, more frequent and dangerous bushfires, and an increase in the rate of sea level rise. These challenges will continue to affect our business and region – compromising water availability, security and safety as well as liveability and prosperity.

## Snapshot



Completed construction of 1.1GL storage to support the Western Irrigation Network



Delivered 402 face-to-face and 87 online incursions to schools and kindergartens



Awarded \$64,500 to community groups through the community sponsorship program, supporting events and educating the community about sustainability



Co-developed *Greater Melbourne Urban Water System Strategy: Water for Life*, a strategy to ensure greater Melbourne's water needs continue to be met for the next 50 years



Awarded contracts as part of a \$40 million project to renew five water mains along Pascoe Vale Road and Victoria Street, improving the sustainability of our assets and services

# Sustainable water use

In 2021-22, GWW promoted the integrated and sustainable use of water through the following activities.

### Water recycling

**Arden Precinct scheme** - we completed a business case for a stormwater harvesting scheme to service internal non-drinking water demands and open space irrigation in the Arden Precinct. The concept design involved extensive collaboration with a range of stakeholders including Traditional Owners.

### Stormwater Harvesting

**Partnership Fund** – we continued to participate in the fund, which has supported 13 projects to supply up to 308ML of stormwater per year, reducing reliance on drinking water for irrigation.

### Aquifer storage and recovery

– we continued to develop an aquifer storage and recovery scheme next to the Werribee Salt Reduction Plant to collect and store excess recycled water during low demand periods for use in peak demand periods. Geological modelling identified the yield potential and water quality and is informing an updated servicing strategy for recycled water supply to the Wyndham growth area.

### West Werribee recycled water scheme expansion

– this project responds to growing demand for recycled water in the Werribee catchment. Stage 1 will construct a 2.7 kilometre pipeline to service the Werribee Open Range Zoo. Stage 2 will supply future developments in east Werribee. This project will deliver more than 400ML per year to enable the zoo to expand without increasing demand for drinking water. The supply reduces the zoo's reliance on water from the Werribee River and improves environmental outcomes.

### Western Irrigation Network

**(WIN)** – we continued to invest in WIN, a major recycled water irrigation scheme that is building drought resilience by connecting dryland farmers to a guaranteed supply of recycled water suitable for irrigation. In 2021-22, construction of a 1.1GL recycled water storage dam at the Melton Recycled Water Plant was completed. The water stored at the dam will irrigate thousands of hectares of farmland, supporting agricultural production in the Parwan-Balliang region.

**Fit for purpose water use** – we continued planning projects to determine the best source of water for use across our service area, including:

- the Sewer Recycled Water Mass Balance Plan, which will assess the best use of recycled water from all our treatment plants to 2070
- the Werribee System Reconfiguration Project (with DELWP, Melbourne Water, Southern Rural Water and local councils), which is assessing how to optimise fit for purpose water across the Werribee catchment to deliver improved environmental, Traditional Owner, water security and agricultural outcomes
- the Wyndham growth recycled water masterplan, which is investigating the best source of recycled water to supply our dual pipe network in the Wyndham growth area.

### Water efficiency and conservation

#### Make Every Drop Count campaign

– we continued collaboration with South East Water, Melbourne Water and Yarra Valley Water to support the Make Every Drop Count campaign as part of the three-year strategic commitment.

The campaign communicated how householders can save water and how water efficiency programs for schools and community housing are making a difference to water saving efforts. Customer research indicates that understanding the challenges Melbourne's water supplies face in the future and the plans for managing this is important to our customers.

**Choose Tap** – this national program promotes the benefits of drinking tap water to improve the health and wellbeing of communities and the environment through the reduction of single use plastics. With approximately 1,440 single use plastic bottles being sent to landfill every minute in Australia and only 20 per cent of plastic being recycled, this is a significant issue for everyone. We continued to partner with councils and other organisations to identify high profile locations to install permanent water refill stations. There are more than 40 units across our service area displaying sustainability messaging with strong GWW and Choose Tap branding.

#### Study on Water Efficiency Standards and Rebates for Fixtures and Appliances

– we continued to support this collaborative study between DELWP and the Institute for Sustainable Futures. The study is identifying and assessing costs and benefits for a statewide rebate program for replacing fixtures, fittings and water-use appliances. GWW is collaborating with Melbourne Water, South East Water and Yarra Valley Water to develop a Water Efficiency Plan to inform future initiatives.

## Water awareness programs in schools

Educational programs in schools help raise understanding of the water cycle, sustainability and water efficiency. This year we participated in the following activities:

- **School incursions** – are delivered to children in early learning, foundational to Year 8, and to culturally and linguistically diverse students and focus on water conservation and sustainability. As COVID-19 public health restrictions lifted, demand increased for face-to-face incursions. In 2021-22 we delivered 402 face-to-face incursions and 87 digital incursions to schools and kindergartens with 11,715 participants.
- **Trees for schools** – 20 schools participated, with 1,000 native tube stock donated by Dame Phyllis Frost Centre, stakes and guards supplied by Arborgreen, and trigger nozzles, buckets and planting guides also provided.
- **National Water Week poster competition** – National Water Week was held in October 2021 with the theme ‘Caring for water and Country’, building our understanding of First Nations people’s knowledge of protecting and sustaining our water and lands. The primary school poster competition was held online, with more than 140 posters received from students across 16 schools in our service area.

## Community sponsorships

Sponsorship and grants programs are an important way to participate in community life and educate our communities about sustainable water use. This year, we delivered the following support:

- **Event and program sponsorship** – As COVID-19 public health restrictions continued to affect many events

and programs over 2021–22, we supported community groups to pivot their programs. Total funding of \$64,500 was awarded through the community sponsorship program. We also continued to offer in-kind sponsorship support, such as providing reusable drink bottles and mobile water fountains.

- **Strategic sponsorship** – we continued to support established relationships with organisations across our new service area and extended current strategic sponsorships. Recipients included WaterAid Australia, Orange Sky Australia, Western Bulldogs Community Foundation, Melton City Council, Riddell District Football Netball League, Sunbury Business Association and Macedon Ranges Shire Council.
- **Mobile water fountains** – this program was on hold for much of 2021-22 due to COVID-19 public health restrictions. After improving and rebranding the units, the program was reinstated in February 2022. As community interest and use continues to grow, we are planning to expand the program in the future.

The sponsorship program is being reviewed and redesigned to best match community needs and our strategic direction.

## Sustainable water strategies

### Drought response

GWW is developing a new Drought Preparedness Plan, in collaboration with the other metropolitan water corporations and Melbourne Water and in accordance with the Minister’s guidelines.

The new plan will include four Water Outlook Zones (Be Responsible, Be Proactive, Act Now, Critical Water Use

Only) to better assess Greater Melbourne’s water security position. The zones are assessed on 30 November each year and we are sitting in the ‘Be Responsible’ zone, representing total system storage of 75 per cent and above (as of 30 November 2021).

GWW made a new Water Restriction By-law, which allows the implementation of changes to water use behaviours in times of drought, effective until 2032. This by-law includes minor changes to the requirements of Water Use Plans for pools and spas as well as tighter restrictions on the use of potable water for dust suppression. These changes were recommended by a VicWater review and supported by water corporations across the state.

In 2021-22, no stages of restrictions were invoked under the Water Restriction By-law and no drought actions were implemented.

## Central and Gippsland Regional Sustainable Water Strategy

The Central and Gippsland Regional Sustainable Water Strategy (CGRSWS) is a long-term plan developed by DELWP and stakeholders to secure a sustainable supply of water in Victoria’s Central and Gippsland region.

The CGRSWS aims to address drier conditions, declining water storage levels, investment in the health of rivers and waterways and redress past injustice for Traditional Owners water rights and decision making in water management. Water security and the health of rivers and waterways are vital to the future of our cities, suburbs and towns.

The CGRSWS identifies threats to water availability and water quality and proposes policies and actions to help manage and respond to those threats over the next 50 years.

# Sustainability

GWW participated in several working groups for CGRSWS and was a member of the CGRSWS consultative committee. The committee is responsible for reviewing and approving the policy directions, actions and content of the strategy developed by DELWP and the working groups. The committee also provided input into policy papers relating to water cycle management, including diverse water supplies, efficient use of water for residential and non-residential customers, and exploring opportunities to return water to the environment and Traditional Owners.

GWW promoted the community engagement opportunities related to this project to our customers through social media.

The CGRSWS is still in development and expected to be released by DELWP next financial year (2022-23).

## **Greater Melbourne Urban Water System Strategy: Water for Life**

GWW, South East Water, Yarra Valley Water and Melbourne Water collaborated to produce a joint strategy to ensure greater Melbourne's water needs continue to be met for the next 50 years.

*Greater Melbourne Urban Water System Strategy: Water for Life* aims to ensure our systems can respond to growth, while also being resilient to drought conditions that could become more frequent and more severe. Water for Life will set a foundation for water corporations to confidently meet the diverse water needs of our communities, in line with policy directions in the CGRSWS. Water for Life will also support improved water management and access outcomes for Traditional Owners and the environment.

The strategy embeds adaptive planning in the way we manage water resources, preparing us for uncertain times. The strategy applied DELWP's *Guidelines for*

*assessing the impact of climate change on water supplies* to develop a new set of system yield curves under different climate scenarios. It enables us to also identify new water supply options for the region, including new and alternative sources and augmentations.

Water for Life also commits to the development of a water efficiency plan to improve residential and non-residential water efficiency.

The draft strategy was released in June 2022, providing an opportunity for the community to see how their earlier feedback has helped shape the draft and to gather their thoughts on the draft actions. GWW promoted the community engagement opportunities related to this project to our customers through social media.

## **Annual Water Outlook**

Each year, Melbourne's water corporations and Melbourne Water collaborate to publish the Annual Water Outlook, which sets out our water security position and actions over the coming year. Melbourne's *Annual Water Outlook 2022*, released in December 2021, assessed that Melbourne's water availability is secure for the coming year. As of 25 November 2021, Melbourne's storage levels were at 89.6 per cent (inclusive of water supplied from the desalination order). Permanent Water Use Rules are in place for metropolitan Melbourne to reduce demand on our precious drinking water.

## **Integrated water management**

Integrated water management (IWM) is a collaborative process that brings together all stakeholders involved in the planning and management of water across the entire water cycle. IWM seeks to maximise liveability, resilience and sustainability outcomes across our cities and regions.

In 2021-22, GWW:

- participated in the Werribee, Yarra, Maribyrnong and Coliban IWM forums
- endorsed the IWM Catchment Scale Plan indicators and measures for Werribee, Yarra and Maribyrnong forums
- supported the development of, and endorsed, Coliban IWM Forum Strategic Directions Statement
- worked with local councils, Melbourne Water, DELWP, the Victorian Planning Authority and Traditional Owners to develop place-based IWM plans for Bacchus Marsh, Macedon Ranges South, Melton East and Aviators Field
- partnered with Melton City Council to ensure all new subdivisions within the growth area commit to an IWM Plan to achieve improved outcomes for the region
- participated in the development of the Catchment Scale IWM Action Plans and the Monitoring, Evaluation, Reporting and Improvement (MERI) Plan as a working group member for each forum project to ensure the successful monitoring and implementation of the plans. GWW is leading 20 projects identified in the action plans and is a collaborative partner on a further 22 projects across the metropolitan IWM forums.

GWW is also delivering IWM outcomes across the region, through projects such as the Werribee Irrigation Network (WIN), Werribee Recycled Water Expansion, Arden Stormwater Harvesting Scheme and the Werribee System Reconfiguration.

## Statutory obligations

### Victorian Waterway Management Strategy

We continue to work in partnership with Melbourne Water, state and local government, other water corporations and the community to provide a flexible framework that maximises the use of water sources such as stormwater and recycled water, while balancing use from traditional catchments and dams.

Melbourne Water's Healthy Waterways Strategy outlines a shared vision and goals in protecting and improving waterways across our region and improving community liveability. Our stormwater harvesting projects support the strategy by slowing stream flows and improving general water quality. The harvested water is also used to irrigate our local parks and open spaces during summer.

### Environment Protection Transitional Regulations

The State Environment Protection Policy (SEPP) (Waters) guides the management of water quality to improve the protection of waterways, bays and coastal waters within Victoria.

The SEPP (Waters) was established under the *Environment Protection Act 1970* which was repealed and replaced with the *Environment Protection Act 2017*, which commenced on 1 July 2020. The *Environment Protection Act 2017* provides a framework that governs how GWW and other agencies work together to protect and manage surface water and groundwater within Victoria. Despite the repeal of the *Environment Protection Act 2017*, the Environment Protection Transitional Regulations 2021 provide that the parts of the SEPP (Waters) which relate to

onsite domestic wastewater management systems, sewerage planning, urban stormwater, saline discharges, irrigation drains and pollutant load targets remain in force until 30 June 2023.

The Environment Protection Authority issues operating licences which set environmental performance objectives for our recycled water plants. As a licence holder, GWW is required to submit an Annual Performance Statement and reports each year on water quality data and flow in the National Pollution Inventory and to the Essential Services Commission.

## Major projects

In 2021-22, considerable progress was made on the following major projects:

- **Melbourne CBD Sewer Augmentation Strategy - Stage 3 Elizabeth Street Sewer**

This project will construct a 700 millimetre diameter sewer that extends for approximately 700 metres along Elizabeth Street. Due to the complex environment, a comprehensive delivery plan has been developed. Key stakeholders were involved in planning works adjacent to their assets, while minimising impacts on local communities, other major projects and traffic. Construction is expected to commence in early 2023.

- **Melbourne CBD Sewer Augmentation Strategy - Stage 4 Siddeley Street**

This project will construct a 1,400 millimetre sewer that extends approximately 700 metres along Flinders Lane, Siddeley Street and Wurundjeri Way. The sewer will cater for growth in Melbourne CBD and provide a second outlet to improve overall operability. In 2021-22, the project progressed

to development phase, which involved partnering with a specialist engineering consultant to develop a reference design, engage with key stakeholders and prepare for construction in 2023.

- **St Georges Road water main renewal**

GWW's largest renewal project to date will renew two water mains that extend four kilometres along St Georges Road and Nicholson Street in Carlton. Due to the complexity of the works, the project team is undertaking a detailed options assessment to consider short-term (construction) and long-term (operability) impacts of various delivery options. The highest overall value option will be nominated to proceed to development and delivery over the next two years.

- **Distribution water mains renewals major projects**

This \$40 million project will renew five water mains along Pascoe Vale Road and Victoria Street. Two contracts for design and construction have been awarded, key stakeholders engaged and construction commenced. Pascoe Vale Road water mains commenced construction in June 2022. Victoria Street North water main will commence construction in August 2022 and the Victoria Street South water main will commence late 2022.

- **Western Irrigation Network - Melton Recycled Water Plant storage**

This project constructed a clay-lined dam at the Melton Recycled Water Plant to store over 1,100ML of recycled water during the winter months. Construction was completed during 2020-21. The water stored at the dam will irrigate hundreds of hectares of

farmland, supporting local agricultural production. The Melton plant storage forms part of WIN, which is jointly funded by the Australian Government's National Water Infrastructure Development Fund. The project future-proofs precious water supplies across communities experiencing strong population growth and warmer, drier climate conditions.

### • **Western Irrigation Network - Stage 1 pump stations**

This project will construct three high-capacity pump stations at Melton, Bacchus Marsh and Parwan to transfer recycled water to local agricultural producers in the Parwan and Balliang region. In 2021-22, the project progressed to the implementation phase, which involved contract award and procurement of pump and electrical equipment. Construction of these pumps will be complete in 2022-23. These pump stations form part of WIN.

### • **Gisborne Recycled Plant Water Upgrade Project**

The project will build a new facility to treat wastewater from the communities of Gisborne, New Gisborne, Macedon and Mount Macedon. The upgrade will benefit existing and future customers by increasing plant capacity to cater for population growth, improving the health of the waterways by producing high quality recycled water, and reducing greenhouse gas emissions by using the latest treatment technologies. In 2021-22, the project progressed to the implementation phase and a design and construct contract with a two-year operations and maintenance phase was awarded. Detailed design also commenced and an Environment Protection Authority Victoria Development

Licence for the project was issued. Construction is expected to commence in December 2022 and the new facility is expected to be commissioned in 2025.

Major GWW projects were recognised with awards in 2021-22:

- Civil Contractors Federation 2021 Earth Awards – the Lonsdale Street sewer project and the M205 Carlton water main renewal project were recognised as finalists. The West Werribee Pumping Station (SPS44) project won the award for the \$5 million to \$10 million projects category.
- Australian Institute Project Management 2021 awards – the Lonsdale Street sewer project and West Werribee Pumping Station (SPS44) were recognised as finalists. The M205 Carlton water main renewal project won the award for the small projects category, recognising the positive outcomes achieved for the community.

## Greenhouse gas and energy reporting

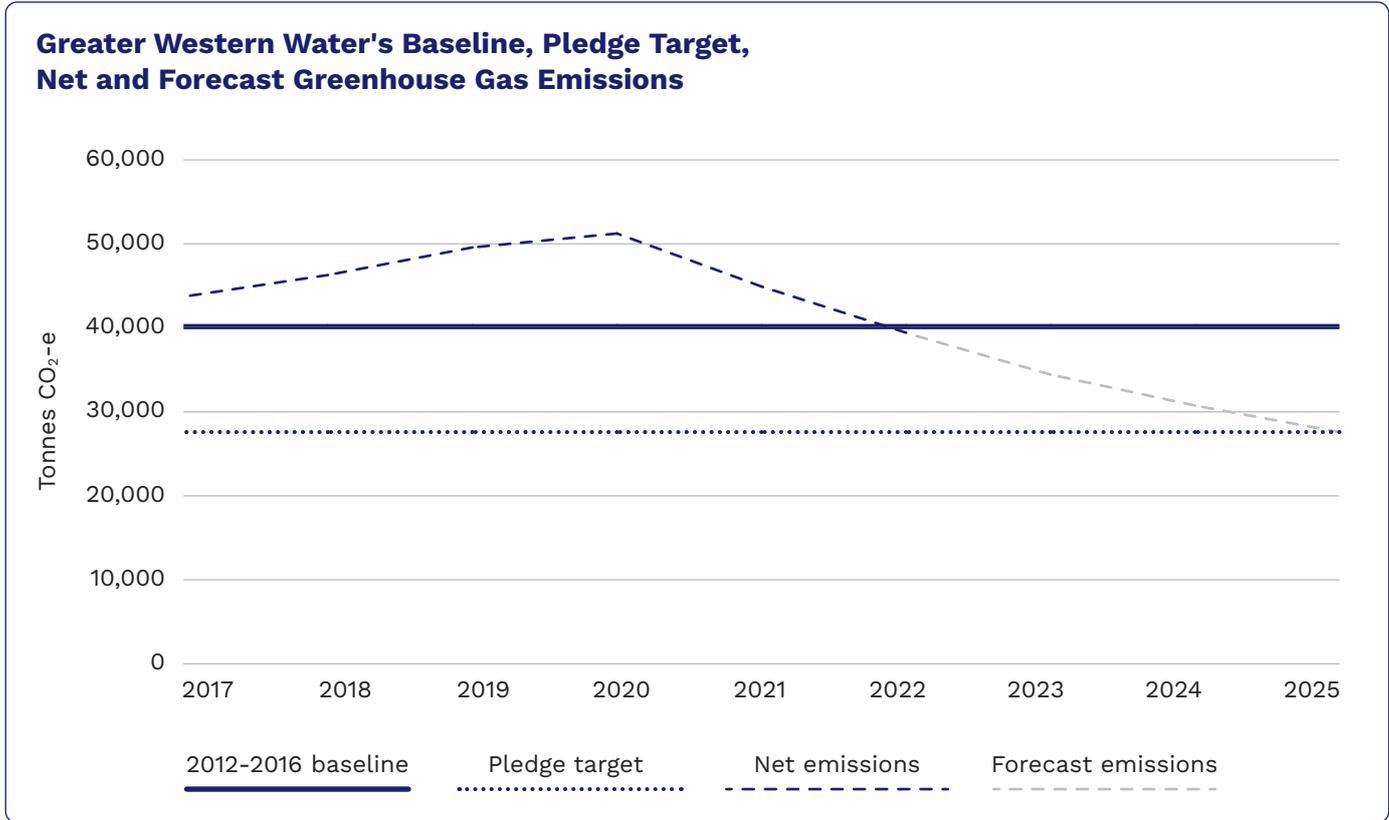
### Greenhouse gas emission reporting

The following table shows GWW's greenhouse emissions by activity.

| Service delivery category                  | Greenhouse gas emissions (t CO <sub>2</sub> -e) |                   |                   |           | Variance | Commentary  |
|--|---|-------------------|-------------------|-----------|----------|---|
|  | 21-22   | 21-22 Result      |                   | Total     |          |   |
|  | Projected emissions                             | Scope 1 emissions | Scope 2 emissions | emissions |          |   |
| Water treatment and supply                 | NA  | -                 | 13,215            | 13,215    |          | Water treatment and supply is second largest contributor at 28%   |
| Sewage collection, treatment and recycling | NA  | 13,535            | 18,620            | 32,155    |          | Sewage collection, treatment and recycling is the main contributor to GWW's greenhouse gas emissions, accounting for 68% of the total   |
| Transport                                  | NA  | 1,162             | -                 | 1,162     |          |   |
| Other - Office                             |   | 33                | 1,072             | 1,105     |          |   |
| Total emissions                            | 39,435  | 14,730            | 32,907            | 47,637    | 20.8%    | Corporate Plan GHG targets are set to show progression towards GWW's 2025 Carbon Pledge. The target is 20.8% lower than gross emissions with the target met via retiring Large-scale Generation Certificates  |
| Carbon offsets (self-generated) retired    |   |                   | 8,202             |           |          |   |
| Net emissions                              | 39,435  | 14,730            | 24,705            | 39,435    | 0.0%     | Net greenhouse gas emissions for 2021-22 totalled 39,435 tonnes of CO <sub>2</sub> -e following the retirement of 8,544 Large-scale Generation Certificates which were used to offset 8,202 tonnes of CO <sub>2</sub> -e associated with electricity consumption. |

Gross greenhouse gas emissions for 2021-22 totalled 47,637 tonnes of CO<sub>2</sub>-e, which is 20.8 per cent higher than our 2021-22 Corporate Plan target of 39,435 tonnes of CO<sub>2</sub>-e.

Progress towards greenhouse gas emissions target for 1 July 2025



The above graph shows that while GWW’s greenhouse gas emissions increased between 2017 and 2020, net emissions decreased in both 2020-21 and 2021-22. Net greenhouse gas emissions are forecast to continue to reduce until the Pledge target is achieved in 2024-25. This reduction will be achieved through a combination of:

- substitution of grid electricity with behind-the-meter renewable energy installations
- generating more biogas at the Melton Recycled Water Plant
- introducing energy efficiency opportunities
- offsetting emissions with Large-scale Generation Certificates when required.

## Electricity consumption

| <b>Total electricity use</b>           | <b>2020-21<br/>MWh</b> | <b>2021-22<br/>MWh</b> | <b>% Change</b> | <b>Commentary</b>  |
|--|------------------------|------------------------|-----------------|--|
| Water treatment and supply             | 13,282                 | 13,971                 | 5.2%            |  |
| Sewage treatment and management        | 20,540                 | 21,771                 | 6.0%            |  |
| Other (office, workshops, depots, etc) | 690                    | 1,117                  | 61.8%           | This variance reflects higher occupancy rates related to COVID-19 normal operations. |
| <b>Total</b>                           | <b>34,512</b>          | <b>36,859</b>          | <b>6.8%</b>     |  |

| <b>Renewable energy source</b>                 | <b>2020-21<br/>Renewable<br/>electricity<br/>used (MWh)</b> | <b>2021-22<br/>Renewable<br/>electricity<br/>used (MWh)</b> | <b>2021-22<br/>Renewable<br/>electricity<br/>consumption<br/>(% of total<br/>consumption)</b> | <b>Commentary</b>   |
|--|---|---|---|---|
| Total Grid Sourced: Mandatory                  | 6493  | 6393  | 17%   |   |
| 1. Solar                                       | 1068  | 1059  | 2.9%  |   |
| 2. Hydroelectric                               |   |   |   |   |
| 3. Wind  |   |   |   |   |
| 4. Biogas                                      | 1217  | 1110  | 3.0%  |   |
| 5. Greenpower                                  | 176   | 206   | 0.6%  |   |
| 6. Other                                       |   |   |   |   |
| <b>Total corporation led/<br/>self-sourced</b> | <b>2461</b>   | <b>2375</b>   | <b>6.4%</b>   | Self-generated renewable energy volumes decreased by 3% compared to 2020-21 as a result of decreased output from the biogas turbines at the Melton Recycled Water Plant and expected degradation of output from solar arrays. |
| Total renewable electricity consumption        | 8954  | 8768  | 24%   |   |

MWh – megawatt hours

The table shows that 24 per cent (8,768MWh) of GWW's electricity consumption was sourced from renewable sources. This included 6,393MWh of renewable energy embedded in electricity sourced from the grid and 2,375MWh of self-generated renewable energy and Greenpower purchases.

## Reducing energy use and emissions

GWW is working across various fronts to reduce energy use and emissions and increase renewable energy reliance. We have an industry-leading emissions reduction target of a 32 per cent reduction by 2025 and a pathway to carbon neutrality by 2030.

In 2021-22, we continued work on projects that have contributed to reaching our target:

- **Zero Emissions Water Power Purchasing Agreement** – we continued to purchase renewable energy from the large-scale solar project at Kiamal Solar Farm. In 2021-22, we purchased 11,000MWh of renewable energy through the scheme. This equates to around 30 per cent of our total electricity use.
- **Installing solar arrays at our sites** – we continued planning solar installations at Altona Treatment Plant, Werribee Recycled Water Plant, Ballan Road Tank Site and Little River Booster Pump Station. These installations will produce over 1,000MWh of renewable energy per year and will significantly increase our use of renewable energy.
- **Optimising energy sources** – we are exploring opportunities to optimise energy sources at the Melton Recycled Water Plant so that it can operate as a virtual power plant. This will allow us to generate and store energy and adjust power demand to maximise the use of renewable energy and export electricity to the grid.
- **Biosolids to biochar project** – this collaboration uses an innovative energy-neutral technology developed in Victoria to convert biosolids into a carbon-rich biochar that works as a high-quality, slow-release fertiliser. This project

uses existing capacity in the treatment process to generate exceptional value for the water sector, industry and community. It decreases waste transport, reduces our reliance on non-renewable energy sources, and helps us on our path to carbon neutrality.

- **Green hydrogen** – we commenced a project to investigate the feasibility of producing hydrogen and oxygen using renewable energy and recycled water from a recycled water treatment plant. If the study identifies that green hydrogen production is viable, a hydrogen facility has the potential to support future circular economy and sustainability opportunities and boost local employment.
- **Growing Carbon project** - GWW has partnered with Melbourne Water, Yarra Valley Water and DELWP to develop a framework for commercial agreements with private landholders to undertake native vegetation plantings that generate carbon offsets. A trial planting with a suitable landholder is scheduled to take place next year.

## Climate change adaptation

Climate and environmental risks span the whole GWW business, including the way we plan, build and maintain our assets, source our water, and manage our people during extreme events.

GWW is developing a Climate Change Resilience Plan as a key component of our 2030 *Strategy* implementation. This work will incorporate previous risk assessments completed by CWW and WW. It will set out how GWW will undertake a full business-wide climate change risk assessment using the 2019 Victorian Climate Projections (RCP 8.5 – high emission scenario) and the Water Services Association of Australia (WSAA) Climate Change

Adaptation Guidelines 2016, Australian Standard 5334-2015.

On 1 July 2021, GWW implemented its Environmental Policy which sets the framework for adapting to the impacts of climate change in delivering our services. The policy details how environmental values are managed in accordance with government requirements and with ISO 14001:2015 (Environmental Management Systems).

In 2021-22 we continued to plan and respond to climate change related risks, as described in the section below.

## Taskforce on Climate Related Financial Disclosures

The Taskforce for Climate Related Financial Disclosures was formed to design a set of recommendations for consistent disclosures that will help financial market participants understand their climate-related risks. While reporting is not mandatory, there is growing global support for the reporting framework from business, investors, regulators and governments.

The taskforce released 11 disclosure recommendations across four pillars - Strategy, Risk Management, Governance and Metrics and Targets, which are discussed below.

## Strategy

Climate change poses significant risks to the supply of water and services to our customers. At GWW, climate considerations are embedded into our decision-making processes and long-term planning. GWW's 2030 *Strategy* outlines our commitment to healing and caring for Country in our region. We are committed to both reducing our emissions and proactively responding to the impacts of climate change on our services, customers, communities and Country. Key commitments in our strategy include:

# Sustainability

- We will have safe and secure water supplies that meet customer needs and are resilient to changing populations and climate.
- We will materially improve everyday living and wellbeing through increased tree canopy cover and accessible green spaces.
- We will contribute to improved environmental health of catchments and waterways in our region.
- We will achieve net zero emissions by 2030.

Our *2030 Strategy* articulates what we want to achieve as a consolidated organisation. As separate organisations, WW and CWW had progressed work responding to the risk of climate change in our region. Using our *2030 Strategy* as a basis, we are progressing work on a consolidated Climate Change Resilience Plan. The plan will explore further opportunities to:

- reduce our reliance on climate-dependent water resources for drinking water
- provide alternative water to reduce drinking water for non-potable uses
- increase resilience and capacity and/or redundancy in sewer and water networks
- update infrastructure standards so that, for example, they are more resilient to the effects of climate change
- increase our capability and capacity of incident response, for example, with regards to bushfires and planning for a changing climate.

Although our Climate Change Resilience Plan is still in progress, we are actively planning and responding to climate change related risks through our corporate planning process. Our corporate planning process focuses on activities that will help us deliver

on our *2030 Strategy*, including the following key projects:

- The Water for Life Strategy. GWW has partnered with the other Melbourne metropolitan water corporations to develop a 50-year strategy for Melbourne's water supply system. The strategy is adaptive and considers various climate scenarios and potential solutions.
- We are exploring and investing in alternative water solutions. For example, we recently expanded our recycled water network to deliver recycled water to Werribee Open Range Zoo and other nearby customers.
- We continue to lead and contribute to the Chain of Ponds, Greening the Pipeline and Greening the West projects to transform our waterways and create green spaces across our region.
- To reduce water consumption, we continue to partner with the other metropolitan retailers through projects such as Make Every Drop Count advertising campaign, the Net Zero Water Cycle Project (exploring opportunities to reduce residential water consumption and energy related use) and the Community Housing Retrofit Program.

## Risk management

GWW recently developed our Risk Management Framework and associated strategic risks. 'Climate Change and Environment' has been recognised as one of six strategic risks that shape our *2030 Strategy*. The Climate Change and Environment strategic risk aligns with our strategic priority of healing and caring for Country.

GWW's resilience actions support the *Water Cycle Climate Change Adaptation Action Plan 2022-26*, which is Victoria's first legislated plan for the water cycle system.

GWW ensures that controls are in place to plan for responses to extreme weather events through our Emergency Management and Business Continuity Policy and Framework. Our Strategic Asset Management Plan also focuses on continuing to develop the resilience of our critical infrastructure.

## Governance

GWW has set out a focus on climate change in its *2030 Strategy*, with strategic risks aligning with board expectations. We have also mapped our strategic risks to our operational risks, to ensure the effectiveness of controls to mitigate impacts and to drive opportunities to build resilience. GWW reports progress on the Climate Change Resilience Plan to the Resilience and Transformation Committee.

## Metrics and targets

In 2021-22, GWW adopted the metrics and targets of its former organisations. GWW has now developed consolidated KPIs and is progressing towards tracking against climate disclosure related KPIs. GWW will continue to track how it is:

- diversifying its source of water supply
- reducing its emissions
- minimising its impact on the environment
- enhancing the environment through tree planting
- ensuring performance and resilience of its assets through contingency plans
- building capability and capacity to respond to emergencies.

# Organisation

## Sustainable development goals

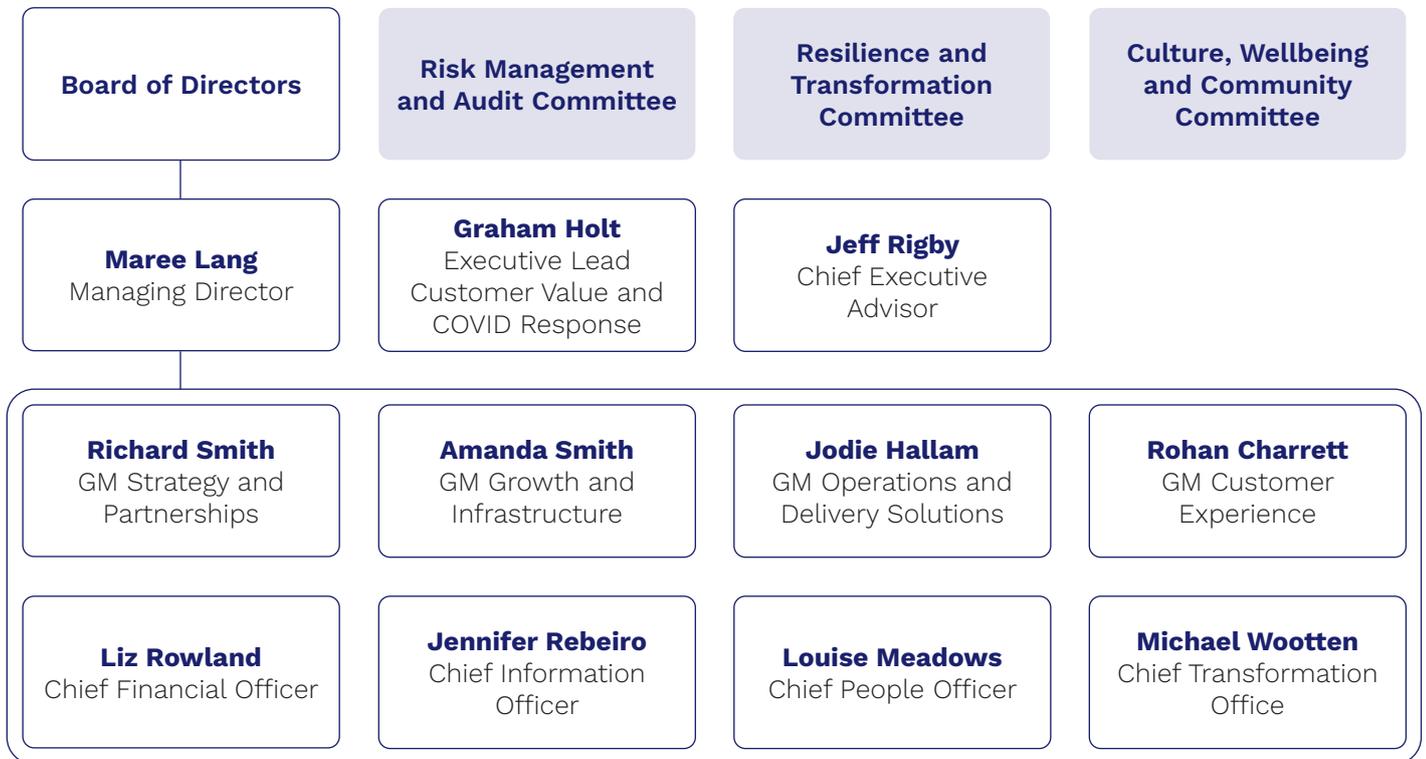


## Snapshot

-  Health, safety and wellbeing roadmap prepared
-  First Nations person appointed to the inaugural GWW board
-  *Gender Equality Action Plan 2021-25* endorsed by the Commission for Gender Equality in the Public Sector
-  Accessibility Policy released

# Governance and organisational structure

## Organisational structure



### Strategy and Partnerships

Communications and engagement  
Service planning  
Water resources and infrastructure  
Strategy and regulation  
Strategic partnerships  
Strategic performance

### Growth and Infrastructure

Asset optimisation, reliability and delivery  
Delivery partnerships  
Major government works (Big Build)  
Major capital works  
Development services  
Asset information and technology

### Operations and Delivery Solutions

Maintenance and network services  
Operational customer and delivery development  
Wastewater and reuse operations  
Water supply and operations

### Customer Experience

Customer services  
Customer assistance  
Customer operations, analytics and insights  
Business customer services  
Business partnerships  
Key and major customers  
Billing and customer information

### Finance and Corporate Services

Financial services  
Financial planning and business partnering  
Procurement and property  
Risk, audit and compliance  
Legal and governance  
Compliance, emergency management and systems

### Information, Technology and Digital

IT and security operations  
Customer and asset digital transformation

Enterprise digital transformation  
IT governance, assurance and architecture  
IT commercial engagement and operational technology

### People, Culture and Safety

Human resources services and systems  
Payroll  
Employee communications  
Health, safety and wellbeing  
Learning and development  
Organisation development and change  
Culture and employee experience

### Transformation and Integration

Enterprise value office  
Innovation and continuous improvement  
Organisational change  
Business Transformation (including Integration and Experience Design)  
Data and analytics

### Corporate governance

The Honourable Lisa Neville MP was the responsible Minister for Water from 1 July 2021–26 June 2022 and the Honourable Harriet Shing MP became the responsible Minister for Water on 27 June 2022. The Honourable Richard Wynne MP acted as the Minister for Water from 1 July to 22 August 2021.

The Minister for Water is responsible for urban water, irrigation water, groundwater, water corporations and governance, allocation and trading, permanent water use rules and water restrictions.

The Minister for Water, in consultation with the Treasurer, appoints the directors of GWW (including the Chair) and sets the terms and conditions. Directors are eligible for reappointment for subsequent terms. The Managing Director is appointed by the board. From 1 July 2021 to 5 April 2022, the board comprised nine non-executive directors and the Managing Director. Following a director resignation on 5 April 2022, the board comprised eight non-executive directors and the Managing Director.

The inaugural GWW Board was appointed in June 2021 to be effective from 1 July 2021. The board met nine times in 2021-22. It is committed to performing its role in accordance with the highest standards of corporate governance. There were three committees of the board. The Risk Management and Audit Committee met five times; the Resilience and Transformation Committee met four times; and the Culture, Wellbeing and Community Committee met four times.

The board is responsible for setting and overseeing the policies, objectives and strategies of GWW, and for ensuring that risk is appropriately managed. The board approves budgets and significant projects, reviews corporate policies and strategies, and oversees progress on key issues affecting the corporation.

The board seeks independent review of its performance on an annual basis and reports to the Minister for Water and the Treasurer of Victoria on the outcomes of these reviews. We operate under the *Water Act 1989*. The activities of our organisation are governed by the *Water Act 1989* and the Statement of Obligations issued by the Minister for Water under Section 4I of the *Water Industry Act 1994*.

#### Members of the board

##### David Middleton

Chair  
BEng, MEng, MBA, GAICD

Mr Middleton was appointed the inaugural GWW Board Chair as of 1 July 2021. Mr Middleton was City West Water Board Chair from October 2015 to June 2021 and Director at Yarra Valley Water from October 2011 to September 2015. Mr Middleton has more than 30 years of water industry operational and executive experience and was appointed as VicWater Board Chair in June 2022. Mr Middleton holds Bachelor and Masters degrees in engineering, an MBA from Deakin University and is a Graduate Member of the Australian Institute of Company Directors (AICD). Mr Middleton has held previous board roles as Managing Director of the CH2M Hill group of companies in Australia and Chair of CH2M Beca in New Zealand.

Committee membership:  
Resilience and Transformation Committee; Culture, Wellbeing and Community Committee

##### Matthew Burns

Director  
AdvDip(FinServices)

Mr Burns was appointed a Director of the GWW Board from July 2021. As a Taungurung Traditional Owner and current Chief Executive Officer of Taungurung Land and Waters Council (TLaWC), he has deep knowledge of the water sector through his associations with catchment management authorities and other water corporation boards. Mr Burns is currently an Elected Member of the First Peoples' Assembly of Victoria and Chair of the Aboriginal Advisory Council Member at Rail Projects Victoria. He holds a voluntary position as Chair of Bushfire Recovery Victoria – Aboriginal Reference Group.

Committee membership:  
Resilience and Transformation Committee; Culture, Wellbeing and Community Committee

##### Bruce Cohen

Director  
BComm, LLB (Hons), MComm, PhD (Pub. Pol.)

Dr Cohen was appointed a Director of the GWW Board from July 2021 and was previously a Director of City West Water from October 2015 to June 2021. Dr Cohen has previously practised as a barrister and currently is a board member of Austin Health and principal at BKE Consulting, which provides high-level economic and public policy advice. Dr Cohen has substantial public sector governance experience, having previously served on the boards of VicTrack, Melbourne Water, Snowy Hydro and VENCORP, as well as with the Victorian Competition and Efficiency Commission and the Victorian Commission for Gambling and Liquor Regulation.

Committee membership:  
Risk Management and Audit Committee; Resilience and Transformation Committee

## Organisation

### **Claire Filson**

Director

MBA, LLB, GradDip (Applied Corporate Governance)

Ms Filson was appointed a Director of the GWW Board from July 2021 and was previously a Director of Western Water from October 2017 to June 2021 and South East Water from 2000 to 2006. Ms Filson is an experienced non-executive director with an extensive background in financial services, superannuation, insurance, funds management, infrastructure and property including ports, roads, rail and utilities (water). Ms Filson is the Deputy Chair of the Portable Long Service Benefits Authority, the Indigenous Land and Sea Corporation and the Port of Hastings Development Authority. She is also Chair of the City of Kingston Audit and Risk Committee.

Committee membership: Risk Management and Audit Committee (Chair); Culture, Wellbeing and Community Committee

### **Tania Fryer**

Director

LLB (Hons), BA, MCommrclLaw, GAICD

Ms Fryer was appointed a Director of the GWW Board from July 2021 and was previously a Director of City West Water from October 2017 to June 2021. Ms Fryer is experienced in technology, communications and law. Before becoming a non-executive director, Ms Fryer was an executive at Telstra. Prior to Telstra, she was a lawyer at Allens. Ms Fryer is also a director on the board of .au Domain Administration Ltd, a member of the Victorian State Committee JDRF Australia (Juvenile Diabetes Research Foundation), and Chair of the Women in Water Directors Network Committee. Other prior directorships include Potential(x)

Holdings Pty Ltd and Grey Innovation Group Pty Ltd.

Committee membership: Risk Management and Audit Committee; Resilience and Transformation Committee (Chair)

### **Maree Lang**

Managing Director

MBA (Prof), B.Eng (Hons) (Chem), B.Comm

Ms Lang was appointed the inaugural Managing Director of GWW as of 1 July 2021. Ms Lang was previously Managing Director of City West Water from April 2020 to June 2021, following being appointed Acting Managing Director in November 2019. Prior to this Ms Lang was an executive with City West Water, leading the delivery of water services to more than one million Melburnians across the CBD, inner suburbs and the growing western region, as well as the delivery of major new assets vital for growth, urban renewal and government infrastructure. Ms Lang brings a passion to lead culture, safety and business transformation to deliver trusted water services for the customers and communities we serve, and for future generations. Ms Lang combines her water sector experience with a diverse and commercial driven background. Her leadership was recognised by her inclusion as Institute of Public Administration Australia Top 50 Public Sector Women (Victoria) 2018.

Committee membership: Resilience and Transformation Committee; Culture, Wellbeing and Community Committee. Attends all committee meetings.

### **Liza McDonald**

Director

GAICD

Ms McDonald was appointed a Director of the GWW Board from July 2021 and was previously a Director of Western Water from October 2019 to June 2021. As

Managing Director of a consultancy company, Ms McDonald provides comprehensive strategic, business and community engagement strategies to top-tier Australian and international businesses. Ms McDonald has many years of executive experience in the coordination of high-level communications and performance evaluation within the Victorian Government. Ms McDonald was a member of the Lower Murray Water Board from 2015–2019, holds various qualifications in communication and negotiation, and has completed the Australian Institute of Company Directors course.

Committee membership: Resilience and Transformation Committee; Culture, Wellbeing and Community Committee

### **Llewellyn Prain**

Director, Deputy Chair

BA (Hons), LLB (Hons), FAICD

Ms Prain was appointed a Director of the GWW Board from July 2021 and made Deputy Chair in July 2021. Ms Prain was previously a Director of Western Water from October 2015 to June 2021. She is an experienced company director and currently also serves on boards in the health and alternative dispute resolution industries. Ms Prain has a background in law and public policy. In 2017 she completed the Williamson Community Leadership program. She is Founder and Deputy Chair, WaterAble, a network for people with disability in the Victorian water industry.

Committee membership: Risk Management and Audit Committee; Culture, Wellbeing and Community Committee (Chair)

## Organisation

### Efim Thatcher

Director  
BCom, MBA (Exec), CA, GAICD

Mr Thatcher was appointed a Director of the GWW Board from July 2021. He is currently Chief Financial Officer for a large building and development group. He has previously held senior executive positions (including chief financial officer and chief operating officer) for unlisted and listed businesses in Australia, Europe, Asia and North America, held director roles with private companies, and been a director of the North Central Catchment Management Authority. His experience incorporates financial services, funds management, private equity, property and infrastructure.

Committee membership:  
Risk Management and Audit Committee

### Linda White

Director  
LLB, BCom

Ms White was appointed a Director of the GWW Board from July 2021. Ms White is an experienced industrial relations and legal professional with extensive board director experience. Ms White has previously served on several Victorian Public Sector boards and committees including the Portable Long Service Leave Benefits Authority Governing Board, Melbourne Cricket Ground Trust, the Australian Centre for the Moving Image and Statewide Super. She was previously an executive member of the Australian Council of Trade Unions and Assistant National Secretary of the Australian Services Union.

Committee membership:  
Resilience and Transformation Committee; Culture, Wellbeing and Community Committee

Ceased as Director on 5 April 2022.

### Board committees

#### Risk Management and Audit Committee

The Risk Management and Audit Committee assists the Board of Directors to fulfil its governance and risk oversight responsibilities. This includes reviewing and monitoring annual financial management and reporting; risk management; internal audit; compliance with laws, regulations and policies; external audit; and internal controls and policies and processes.

#### Resilience and Transformation Committee

The Resilience and Transformation Committee assists the board to oversee planning for the long-term resilience and sustainability of GWW's services and, in doing so, consider any necessary transformations to how GWW provides its services.

#### Culture, Wellbeing and Community Committee

The Culture, Wellbeing and Community Committee assists the board by reviewing, monitoring and, where appropriate, making recommendations in relation to people and remuneration; health, safety and wellbeing; and community and engagement.

### Attendance at Board and committee meetings

|                             | Board meeting |          | Risk Management and Audit Committee meeting |          | Resilience and Transformation Committee meeting |          | Culture, Wellbeing and Community Committee meeting |          |
|-----------------------------|---------------|----------|---|----------|---|----------|--|----------|
|                             | Eligible      | Attended | Eligible                                    | Attended | Eligible  | Attended | Eligible   | Attended |
| David Middleton             | 9             | 8        | n/a   | n/a      | 4   | 3        | 4  | 3        |
| Llewellyn Prain             | 9             | 9        | 5   | 5        | n/a   |          | 4  | 4        |
| Matthew Burns <sup>1</sup>  | 9             | 7        | n/a   | n/a      | 4   | 4        | 4  | 4        |
| Bruce Cohen                 | 9             | 7        | 5   | 4        | 4   | 4        | n/a  | n/a      |
| Claire Filson <sup>1</sup>  | 9             | 8        | 5   | 5        | n/a   |          | 4  | 3        |
| Tania Fryer                 | 9             | 9        | 5   | 5        | 4   | 4        | n/a  | 2        |
| Maree Lang                  | 9             | 9        | n/a   | 5        | 4   | 4        | 4  | 4        |
| Liza McDonald               | 9             | 9        | n/a   | n/a      | 4   | 3        | 4  | 3        |
| Efim Thatcher               | 9             | 9        | 5   | 5        | n/a   |          | n/a  | n/a      |
| Linda White <sup>1, 2</sup> | 7             | 6        | n/a   | n/a      | 3   | 3        | 3  | 3        |

<sup>1</sup> Matthew Burns, Claire Filson and Linda White were unable to attend the board meeting in August 2021 due to commitments that predated their appointment to the board.

<sup>2</sup> Linda White resigned from the GWW Board on 5 April 2022.

## Our people

### Public sector values and employment principles

GWW applies key employment practices and policies to ensure we meet the requirements of the Victorian Public Sector Values, and the employment principles of the *Public Administration Act 2004*.

In respect to recruitment and selection activities, we have a robust system and associated policies and procedures to ensure employees are selected and promoted based on ability, knowledge and skills in fair and open competition that ensures equal opportunity. Employees receive fair and equitable treatment without regard to race, colour, sexual preference, age, physical or mental disability, pregnancy, religion, political opinion, national extraction or social origin.

We work to meet our obligations under the *Disability Act 2006*, the *Disability Discrimination Act 1992*, the *Equal Opportunity Act 1995*, and the *Charter of Human Rights and Responsibilities Act 2006*, with the aim of eliminating barriers for people with a disability from accessing goods, services, facilities and employment.

In meeting our obligations to gender equity, our *Gender Equality Action Plan 2021-25* was endorsed by the Commission for Gender Equality in the Public Service in June 2022.

GWW supports our people to work in an environment free from harassment, bullying and discrimination. We continue to align our policies for the prevention of harassment, discrimination and bullying, and our education programs for employees, contractors and visitors around their rights and obligations. Any behaviour to the contrary will result in disciplinary action up to, and

including, dismissal. Employees also have a range of support options and avenues for review if they encounter behaviours not in accordance with our culture.

GWW has a comprehensive Code of Conduct relating to all Board Directors, employees, visitors and contractors in respect to our behaviours and conduct in the workplace. The Code of Conduct articulates responsibilities in respect to a range of matters and requirements including:

- gifts, benefits and hospitality
- workplace behaviours
- use of resources and information technology
- corrupt conduct and public interest disclosures
- drugs and alcohol in the workplace.

### Health, safety and wellbeing

GWW is committed to providing a work environment free from physical and psychological harm, conducting our operations in a way that does not compromise the health, safety or wellbeing of people. We continuously evaluate and refine our approach to health, safety and wellbeing to improve our performance and reduce risk.

To achieve our health, safety and wellbeing aspirations, we actively:

- reinforce that safety is everyone's responsibility
- empower people to speak up or stop work where they feel the situation or activity is unsafe
- provide safety leadership and management commitment
- investigate to address the root cause of incidents or risks and share lessons
- understand and manage the health, safety and wellbeing risks associated with our activities
- support the development of holistic health and wellbeing across our workforce

- evolve our culture and leadership
- measure our performance.

### Health and safety management systems

In 2021-22, GWW maintained certification of the health and safety management systems to Australian Standard 4801 and International Standard 45001.

Substantial progress was made to improve our management systems, with integration of the management systems developed by CWW and WW. This has resulted in consolidation of health, safety and wellbeing policies, information technology systems and key organisation-wide procedures.

Governance oversight has been maintained through regular reporting to the Executive, the Culture, Wellbeing and Community Committee and the board.

### Programs

Several programs were delivered during the year, including safety leadership for all senior leadership team members, Aspire leadership program for emerging leaders, progressive integration of the previous CWW and WW health, safety and wellbeing processes, and onboarding of a new wellbeing partner to provide proactive wellbeing services. A health, safety and wellbeing roadmap was prepared to increase safety maturity of the organisation through to the year 2030. The Health, Safety and Wellbeing team implemented a new operating model to further activate line leadership responsibility and the board commenced a Board Health, Safety and Wellbeing governance maturity program.

GWW also focused on ensuring that we protect our people and customers against potential cyber threats. A cyber safety awareness program was introduced to help our people understand potential

## Organisation

cyber threats both at home and work. GWW received the Australian Women in Security Best Place to work for Women in security award, demonstrating our commitment to keep our people cyber safe as well as our commitment to diversity.

### Performance

GWW has taken steps to improve its health, safety and wellbeing performance. A key measure to protect people holding critical operational roles from COVID-19, and therefore protect the delivery of essential services, was to limit people able to attend an operational site through workforce bubbles. These workforce bubbles, while necessary, did limit some opportunities for improvement.

In June 2021, just prior to the formation of GWW, the business conducted a health, safety and wellbeing survey to assess the current state of the safety culture, work practices and safe systems of work as part of a broader engagement and enablement review. The review results were pleasing, with an overall satisfaction result for safety of 81 per cent and wellbeing of 78 per cent. This survey was conducted again in May 2022 with slight refinement of the questions. The result was 90 per cent for safety (nine per cent improvement) and 79 per cent for wellbeing (one per cent improvement).

During the first year operating as GWW, most of the survey dimensions remained stable or improved from the previous result. The following table provides an insight into the best performing elements of the survey.

| Key element  | 2021 | 2022 |
|--|------|------|
| I am empowered to raise and action concerns regarding my safety                            | 79%  | 90%  |
| I understand the role I play in contributing to health and safety at GWW                   | 94%  | 94%  |
| I feel comfortable in telling workmates to stop when they are carrying out a task unsafely | 88%  | 91%  |
| GWW cares deeply and puts my health and wellbeing as a priority                            | 77%  | 80%  |

### Employee health and safety performance

| Measure   | 2020-21* | 2021-22  |
|---|----------|----------|
| Number of reported hazards per 100 FTE            | 12.4     | 17.8     |
| Number of incidents per 100 FTE                   | 24.0     | 18.7     |
| Number of 'lost time' standard claims per 100 FTE | 1.1      | 0.4      |
| Average cost per workers compensation claim       | \$5,768  | \$10,195 |
| Total Recordable Injury Frequency Rate (TRIFR)    | 7.6      | 7.5      |

\*Combined figures from previous City West Water and Western Water

Reflecting an improving health, safety and wellbeing culture, in 2021-22 there was an increase in hazard reporting by 5.4 reports per 100 FTE, and a decrease in incidents and injuries by 5.3 reports per 100 FTE. The average cost per claim increased due to the complexity of the claims under management and being the first year of a consolidated entity. The key measure of TRIFR had a modest improvement from 7.6 to 7.5 recordable injuries per million hours worked and was short of the target TRIFR of 6.6.

# Workforce data

|                                   | Jun-21 <sup>1</sup> |       |                       |                       | Jun-22 <sup>2</sup>   |                    |               |                    |         |                       |                       |       |    |      |
|-----------------------------------|---------------------|-------|-----------------------|-----------------------|-----------------------|--------------------|---------------|--------------------|---------|-----------------------|-----------------------|-------|----|------|
|                                   | All employees       |       | Ongoing               |                       | Fixed term and casual |                    | All employees |                    | Ongoing |                       | Fixed term and casual |       |    |      |
|                                   | Number (headcount)  | FTE   | Full-time (headcount) | Part-time (headcount) | FTE                   | Number (headcount) | FTE           | Number (headcount) | FTE     | Full-time (headcount) | Part-time (headcount) | FTE   |    |      |
| <b>Gender</b>                     |                     |       |                       |                       |                       |                    |               |                    |         |                       |                       |       |    |      |
| Women                             | 343                 | 319   | 215                   | 71                    | 266.9                 | 57                 | 52            | 345                | 319.4   | 245                   | 75                    | 298.7 | 25 | 20.7 |
| Men                               | 404                 | 399.3 | 353                   | 15                    | 364.4                 | 36                 | 34.9          | 391                | 386.7   | 354                   | 18                    | 367.7 | 19 | 19   |
| Prefer not to respond             | 0                   | 0     | 0                     | 0                     | 0                     | 0                  | 0             | <5                 | <5      | <5                    | <5                    | <5    | <5 | <5   |
| <b>Age</b>                        |                     |       |                       |                       |                       |                    |               |                    |         |                       |                       |       |    |      |
| 15-24                             | 24                  | 22    | 14                    | <4                    | 14.6                  | 8                  | 7.4           | 18                 | 17.1    | 6                     | <5                    | 6.6   | 11 | 10.5 |
| 25-34                             | 157                 | 153   | 118                   | 12                    | 127.1                 | 27                 | 25.9          | 134                | 130.4   | 116                   | 9                     | 122.9 | 9  | 7.5  |
| 35-44                             | 222                 | 213   | 177                   | 25                    | 194.8                 | 20                 | 18.3          | 229                | 219.1   | 185                   | 35                    | 210.7 | 9  | 8.4  |
| 45-54                             | 213                 | 204.6 | 156                   | 26                    | 175                   | 31                 | 29.6          | 210                | 201.4   | 173                   | 23                    | 189.1 | 14 | 12.3 |
| 55-64                             | 108                 | 104   | 89                    | 16                    | 101.2                 | <5                 | <5            | 114                | 109.8   | 95                    | 17                    | 107.8 | <5 | <5   |
| 65+                               | 23                  | 21.6  | 14                    | 6                     | 18.6                  | <5                 | <5            | 29                 | 26      | 19                    | 9                     | 25    | <5 | <5   |
| Prefer not to respond             | 0                   | 0     | 0                     | 0                     | 0                     | 0                  | 0             | 6                  | 6       | 6                     | 0                     | 6     | 0  | 0    |
| <b>Classification<sup>3</sup></b> |                     |       |                       |                       |                       |                    |               |                    |         |                       |                       |       |    |      |
| Executive <sup>4</sup>            | 12                  | 12    | 7                     | 0                     | 7                     | 5                  | 5             | 10                 | 10      | 10                    | 0                     | 10    | 0  | 0    |
| Senior Managers                   | 64                  | 63.6  | 57                    | 0                     | 57                    | 7                  | 6.6           | 53                 | 52.4    | 50                    | 3                     | 52.4  | 0  | 0    |
| Team Leaders                      | 117                 | 114.8 | 101                   | 6                     | 105.6                 | 10                 | 9.2           | 119                | 116.2   | 104                   | 10                    | 111.6 | 5  | 4.6  |
| Individual Contributors           | 554                 | 527.9 | 403                   | 80                    | 461.7                 | 71                 | 66.2          | 557                | 530     | 436                   | 81                    | 493.9 | 40 | 36.1 |
| <b>Total employees</b>            | 747                 | 718.3 | 568                   | 86                    | 631.3                 | 93                 | 87            | 739                | 708.7   | 600                   | 94                    | 668   | 45 | 40.7 |

1 June 2021 represents a combined view of previously reported City West Water and Western Water workforce data.

2 June 2022 represents the GWW workforce data.

3 June 2021 classifications for Western Water have been aligned to previously reported City West Water workforce data.

4 Of our 10 nominated executives, 60% are female. The nominated executives are classified as Public Entity Executive Classification: one a Level 3 and nine at Level 2. Two employees were employed under Executive Contract conditions, but not identified as an Executive Team member. One was employed at at Classification Level 1 and one at Classification Level 2.

## Organisation

### Workforce inclusion

Our vision for diversity and inclusion at GWW is that we celebrate diversity and commit to fostering an inclusive work environment where everyone is valued, respected and engaged. We strive to eliminate all forms of discrimination and to reflect the diverse communities we serve. We believe a diverse and representative workforce enhances decision making and delivers better outcomes for our customers and community.

We set targets for diversity and inclusion and develop an annual workplan across our six diversity focus areas: Gender Equality, First Nations, LGBTIQ+, Cultural and Linguistic Diversity, Life Stage and Accessibility.

In 2021–22 we:

- released our *Gender Equality Action Plan 2021-25*, which was endorsed by the Commission for Gender Equality in the Public Sector. This plan demonstrates our commitment to progressing gender equality and will be a significant enabler of our ambition to become an employer of choice in our region
- released our *Accessibility Policy* to support an inclusive culture with equitable pathways for employment
- celebrated diversity and raised awareness of inequalities through key events, including International Day Against Homophobia, Biphobia, Intersexism and Transphobia (IDAHOBIT), International Women’s Day, International Day for People with a Disability and Harmony Day
- continued to support WaterAble, a water sector network that encourages people to consider the full range of disabilities in our community to ensure our organisation caters to all employees and customers
- continued mandatory training to ensure all employees understand their rights and obligations to provide a safe, inclusive and respectful workplace free of discrimination
- continued to build knowledge and cultural safety for First Nations people through Acknowledgement of Country workshops and cultural safety training.

### Workforce inclusion targets

| Goal  | 2024 target   | Actual 2021-22                               |
|---|---|--|
| Our workforce will be gender balanced               | Maintain a balance of 45-55% women                                    | 47%  |
| Women in leadership                                 | Maintain a balance of 45- 55%   | 44%  |
| Pipeline (L3 roles are team leaders or specialists) | 40% of L3 roles are women   | 42%  |
| Employees identify as First Nations                 | 3%  | 2%   |
|   | And decrease in ‘prefer not to say’ – an indicator of cultural safety | ‘Prefer not to say’ decreased from 8% to 2%  |
| Employees speak a language other than English       | Retain our cultural and linguistic diversity (38% in 2021)            | 40%  |
| Employees identify as person with disability        | 10%   | 10%  |
|   | And decrease in ‘prefer not to say’ – an indicator of cultural safety | ‘Prefer not to say’ decreased from 7% to 3%  |
| Employees identify as LGBTIQ+                       | 10%   | 5%   |
|   | And decrease in ‘prefer not to say’ – an indicator of cultural safety | ‘Prefer not to say’ decreased from 11% to 4% |

## Disclosures

### Local Jobs First

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

GWW is required to apply the Local Jobs First Policy for all statewide and metropolitan Melbourne projects valued at \$3 million or more and for all regional Victoria projects valued at \$1 million or more. MPSG applies to all construction projects valued at \$20 million or more. The MPSG guidelines and VIPP guidelines will continue to apply to projects retrospectively where these contracts were entered prior to 15 August 2018.

### Projects commenced – Local Jobs First Standard

During 2021-22, GWW commenced nine Local Jobs First Standard projects totalling \$98.15 million. Six of the projects are in metropolitan Melbourne with an average commitment of 93.68 per cent local content. The MPSG applied to one of the projects.

Three of the projects are in regional Victoria with an average commitment of 93 per cent. The MPSG applied to one of these projects.

The outcomes expected from the implementation of the Local Jobs First Policy to these projects are as follows:

- an average of 93.40 per cent of local content commitment was made

- a total of 65 jobs (annualised employee equivalent (AEE)) were committed, including the creation of 15 new jobs and the retention of 52 existing jobs AEE
- a total of five positions for apprenticeships, trainees and cadets were committed, including the creation of one new traineeship and two new cadetships
- the retention of one cadetship and two traineeships
- MPSG applicable projects provided a total of 16,790 hours to apprentices, trainees and cadets and engaged six apprentices, trainees and cadets
- there was a total of 150 Small to Medium Enterprises (SME) engaged as part of the supply chain.

### Projects completed – Local Jobs First Standard

During 2021-22, GWW completed two Local Jobs First Standard projects, totalling \$1.9 million. The projects were in metropolitan Melbourne and had an average commitment of 99.25 per cent local content. No statewide projects were completed.

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

- an average of 99.25 per cent of local content commitment was achieved
- a total of four AEE jobs were committed, no new jobs were created and the retention of four existing jobs (AEE)
- there was a total of two SMEs engaged on these projects.

### Social Procurement Framework

On 1 July 2021, GWW was formed by bringing together the corporations previously known as City West Water and Western Water. Western Water submitted a final Social Procurement Strategy to the Department of Treasury and Finance in March 2020, and City West Water submitted its equivalent in August 2020. Since the integration of the two corporations, the social procurement objectives identified in the two strategies were consolidated as an interim measure.

In December 2021, GWW formally notified the Department of Jobs, Precincts and Regions that, in alignment with corporate planning timeframes, the business strategy was still under development and due to be finalised in the last quarter of the 2021-22 financial year. In alignment with the corporate planning cycle, GWW's procurement profile will be established, social procurement opportunity analysis completed, and social procurement objectives prioritised.

GWW has identified and prioritised the following Social Procurement Framework objectives which align with the organisation's strategic direction and values.

| <b>Social procurement objectives</b>          | <b>Outcomes sought</b>  |
|---|---|
| Opportunities for Victorian Aboriginal people | Purchasing from Victorian Aboriginal businesses<br>Employment of Victorian Aboriginal people by suppliers to the Victorian Government                                   |
| Opportunities for Victorians with disability  | Purchasing from Victorian social enterprises and Australian Disability Enterprises<br>Employment of Victorians with disability by suppliers to the Victorian Government |
| Women's equality and safety                   | Adoption of family violence leave by Victorian Government suppliers<br>Gender equality within Victorian Government suppliers  |

## Achievements

While three prioritised Social Procurement Framework objectives guide our procurement delivery, GWW is committed to pursuing opportunities to advance social and sustainable outcomes for Victorians. Social procurement highlights for the year include the following:

- Prioritising key framework objectives to align with the new organisation's strategic direction and values.
- Improving capability by conducting Acknowledgement of Country workshops to raise employee awareness and increase engagement and respect to help achieve meaningful and sustainable outcomes through their involvement with Aboriginal peoples and communities.
- Addressing the safe and fair workplaces objective by revising procurement and contract-related templates to include the Victorian Government's Supplier Code of Conduct. The code incorporates minimum expectations for labour and human rights and seeks to increase supply chain opportunities for suppliers that provide safe and fair workplaces for all workers, focusing on:
  - ensuring compliance with industrial relations laws throughout supply chains

- promoting job security and addressing underpayment and exploitation of workers.
- Delivery partner collaboration – Aqua Metro Pty Ltd and Wara Paring Civil Pty Ltd. Wara Paring Civil is a 100 per cent Indigenous-owned civil construction contractor specialising in non-destructive digging services. Aqua Metro recently formed a partnership with Wara Paring and has been engaged to help deliver the 2022-23 GWW capital works program.
- Delivery partner collaboration – Programmed Facility Management and Larrakia Bilirra Group. GWW recently announced a two-year extension to the existing contract with Programmed Facility Management (PFM) to June 2026. PFM has recently formed a partnership with Larrakia Bilirra Group.

### Case study: Using our spending power to make positive social impacts

At GWW we are proud of our connection to Country and communities.

We are developing a new Social Procurement Strategic Plan, aligned to our corporate strategy, procurement policy and Victoria's *Social Procurement Framework*. The plan will help us achieve our key social procurement objectives - opportunities for Victorian

Aboriginal people; opportunities for Victorians with disabilities; and women's equality and safety.

When we engage the market to find a supplier, we will look for businesses that provide value for money, demonstrate integrity and transparency in business practices, commit to sustainable practices and risk minimisation, and whose values and principles align with our social procurement outcomes.

GWW engaged Larrakia Bilirra Group (traffic management and road reinstatement service provider) due to their close cultural alignment to our procurement outcomes.

Larrakia Bilirra Group is 100 per cent Indigenous-owned and operated and is Supply Nation certified. Their workforce is 80 per cent women, 33 per cent of whom are Aboriginal and Torres Strait Islander.

GWW is the first water corporation in Victoria to hire the group and we hope to expand our relationship with them, while promoting their services with other GWW delivery partners, increasing opportunities for First Nations people.

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### Government advertising expenditure

In 2021-22, we conducted one government advertising campaign with a media spend of \$100,000 or greater.

| Name of campaign      | Campaign summary  | Start/end date       | Advertising (media) expenditure (\$ excl GST) | Creative & campaign development expenditure (\$ excl. GST) | Research & evaluation expenditure (\$ excl. GST) | Print & collateral expenditure (\$ excl. GST) | Other campaign expenditure (\$ excl. GST) | Total \$ |
|-----------------------|---|----------------------|---|--|--|---|---|----------|
| Make Every Drop Count | Melbourne-wide water efficiency campaign, in partnership with GWW, Melbourne Water and Yarra Valley Water, to raise awareness of and influence water use behaviours in the community. | January – April 2022 | 136,750                                       | 91,750   | 12,400   | 0   |   | 240,900  |

### Consultancy expenditure

During 2022, GWW engaged six consultants on various engagements where the total fees payable to the consultants was less than \$10,000 (GST exclusive).

During 2022, GWW engaged 53 consultants on various consultancies where the total fees payable to the consultant were \$10,000 or greater (GST exclusive). The total expenditure during 2022 in relation to these consultancies was \$4,142,648 (GST exclusive). Details of individual consultancies can be viewed at [gww.com.au](http://gww.com.au)

These consultancies include arrangements where an individual or organisation is engaged to provide expert analysis to facilitate decision making and perform a specific one-off task that involves skills or perspective that would not normally be expected to reside within GWW.

Consulting engagements throughout 2022 included various integration-related advice, strategy reviews, asset management assistance and specialised technical advice and guidance.

GWW engages several individuals and organisations to provide works or services on behalf of the corporation. These contract services are not considered to be consultants and are not included in the above numbers.

### ICT expenditure

During the 2022 reporting period, GWW had a total Information and Communication Technology (ICT) expenditure of \$62.3 million, with details shown below.

| Year | All operational ICT expenditure              | ICT expenditure related to projects to create or enhance ICT capabilities |                              |                          | Total ICT expenditure \$'m |
|------|--|---|------------------------------|--------------------------|----------------------------|
|      | Business as usual (BAU) ICT expenditure \$'m | Non BAU ICT expenditure (operating and capital) \$'m                      | Operational expenditure \$'m | Capital expenditure \$'m |                            |
| 2022 | 22.5   | 39.8  | 19.5 <sup>1</sup>            | 20.3                     | 62.3                       |
| 2021 | 17.7   | 32.6  | 0.1                          | 32.5                     | 50.3                       |
| 2020 | 13.7   | 17.9  | 0.0                          | 17.9                     | 31.6                       |
| 2019 | 15.8   | 14.9  | 0.0                          | 14.9                     | 30.7                       |
| 2018 | 15.8   | 14.9  | 0.0                          | 14.9                     | 30.7                       |

<sup>1</sup> Recognised as operational expenditure in compliance with IFRIC's First and Second Agenda Decisions regarding Software as-a Service (SaaS) arrangements

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ICT expenditure comprises Business as Usual (BAU) ICT expenditure and Non-Business as Usual (Non BAU) ICT expenditure.

Non BAU ICT expenditure relates to extending or enhancing GWW's ICT capabilities, for example:

- supporting IT integration
- billing and collections
- growth
- licensing
- desktop
- data and analytics
- end user computing.

BAU ICT expenditure relates to ongoing activities to operate and maintain current ICT capability, for example:

- licence fees
- external support
- maintenance
- help desk services.

Investment in ICT is focused on developing technologies that give our business capabilities to improve and digitise processes and to access data and analytics that deliver customer and asset insights. This supports evidence-based decisions and efficient, relevant and timely services to customers, community, partners and our people.

### Major contracts (\$10 million+)

In 2021-22:

- A design and construct contract was awarded for the Victoria Street South and Victoria Street North Water Main Renewals Project for a value of \$11 million. This contract was awarded to Jaydo Construction Pty Ltd in December 2021.
- A design and construct contract was awarded for the Elizabeth Street Sewer Project for a value of \$12 million. This contract was awarded to Rob Carr Pty Ltd in October 2021.

- A design, construct and operate contract was awarded for the Gisborne Recycled Water Plant Upgrade Project for a value of \$35 million, which is to be delivered over a five-year period. This contract was awarded to Comdain Infrastructure Pty Ltd in December 2021.

### Freedom of information (FOI)

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

GWW is subject to the *Freedom of Information Act 1982*. An applicant has a right to apply for access to documents held by GWW.

The documents sought by an applicant may be created by GWW or supplied to GWW by an external organisation or individual, and could include diagrams, films, emails, photographs, computer printouts and closed-circuit television (CCTV). Information about the type of material produced by GWW is available under its Part II Statement at [gww.com.au](http://gww.com.au)

The Act allows GWW to refuse access, either fully or partially, to certain documents or information. Examples of documents that may not be accessed include 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 GWW in confidence.

The Act stipulates that agencies such as GWW have 30 days to process FOI requests. However, when external consultation is required under ss 29, 29A, 31, 31A,

33, 34 or 35, the processing time reverts to 45 days. Processing time may also be extended by periods of 30 days, in consultation with the applicant. With the applicant's agreement this may occur any number of times. However, obtaining an applicant's agreement for an extension cannot occur after the expiry of the timeframe for deciding a request.

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

During 2021-22, GWW received 70 requests for access to documents under the Act. Most requests were acceded to.

| Request                 | No.       |
|-------------------------|-----------|
| Access in full          | 5         |
| Access in part          | 41        |
| Access denied           | 0         |
| Other – invalid         | 4         |
| Other – transferred     | 2         |
| Other – withdrawn       | 4         |
| Other – outside the Act | 1         |
| Other – no documents    | 0         |
| Not finalised           | 9         |
| Not proceeded with      | 4         |
| <b>Total</b>            | <b>70</b> |

Of these 70 requests:

- one was from a Member of Parliament
- 12 were from law firms
- 38 were from insurance companies
- 19 were from the public.

GWW made 46 FOI decisions during the 12 months ended 30 June 2022:

- 27 decisions were made within the statutory 30-day time period

## Organisation

- two decisions within an extended statutory 30-to-45-day time period
- seven decisions within 46 to 90 days
- 10 decisions in greater than 90 days.

The average time taken to finalise requests in 2021-22 was 54.63 days.

During 2021-22, three requests were subject to a complaint lodged with OVIC. All were dismissed by OVIC, with none progressing to VCAT.

FOI requests can be lodged online via the GWW website at: [gww.com.au/FOI](http://gww.com.au/FOI)

An application fee of \$30.60 applies. Access charges may also be payable if the document pool is large, and the search for material time consuming. Access to documents can also be obtained through a written request to GWW's FOI Officer, as detailed in s17 of the Act.

When making an FOI request, applicants should ensure requests are in writing, and clearly identify what types of materials and/or documents are being sought. Requests for documents in the possession of GWW should be addressed to:

Freedom of Information Officer  
Greater Western Water  
Locked Bag 350  
Sunshine Vic 3020

For further information about FOI, refer to the *Freedom of Information Act 1982* and regulations or go to the Victorian Government website at: [ovic.vic.gov.au](http://ovic.vic.gov.au)

### **Competitive Neutrality Policy Victoria**

Competitive neutrality requires government businesses to ensure where services compete, or potentially compete, with the private sector, any

advantage arising solely from their government ownership be removed if it is not in the public interest. Government businesses are required to cost and price these services as if they were privately owned. Competitive neutrality policy supports fair competition between public and private businesses and provides government businesses with a tool to enhance decisions on resource allocation.

This policy does not override other policy objectives of government and focuses on efficiency in the provision of service.

GWW has an independent Board of Directors with independent and objective performance monitoring. GWW pays income tax equivalent and dividends to the Victorian Government and pays a Financial Accommodation Levy to the Victorian Government for its borrowings through Treasury Corporation of Victoria.

GWW operates in an environment where the Essential Services Commission regulates pricing and service standards and continues to be subjected to existing determinations made under CWW and WW.

- In 2017, CWW lodged a Price Submission to the Essential Services Commission to enable it to make a five-year pricing determination. The commission made a final determination on prices in June 2018. These prices took effect from 1 July 2018.
- In 2019, WW lodged a Price Submission to the Essential Services Commission to enable it to make a three-year pricing determination. The commission made a final determination on prices in June 2020. These prices took effect from 1 July 2020.

The Essential Services Commission approved an extension to both determination

pricing periods by an additional year, extending each respective determination pricing period until 30 June 2024.

GWW's processes continue to be consistent with the requirements of the Competitive Neutrality Policy Victoria statement.

### **Compliance with the Public Interest Disclosures Act 2012**

The *Public Interest Disclosures Act 2012* encourages and assists people in making disclosures of corrupt or improper conduct or detrimental action by a public officer or a public body. The Act provides protection to people who make disclosures in accordance with the Act and establishes a system for the matters disclosed to be investigated and rectification action to be taken.

GWW does not tolerate improper conduct by its employees or officers, nor the taking of reprisals against those who come forward to disclose such conduct. GWW recognises the value of transparency and accountability in its administrative and management practices and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources or conduct involving a substantial risk to public health and safety or the environment.

GWW will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. We will also afford natural justice to the person who is the subject of the disclosure. Our Public Interest Disclosures Procedure is available on our website at <https://welcome.gww.com.au/about/corporate-info/policies-charters>.

GWW is not able to receive disclosures under section 13 of the *Public Interest Disclosures Act 2012*. Disclosure of improper

## Organisation

conduct or detrimental action by GWW or any of its employees and/or officers may be made directly to the Independent Broad-based Anti-Corruption Commission.

Independent Broad-based Anti-Corruption Commission (IBAC)  
Victoria  
Level 1, North Tower  
459 Collins Street  
Melbourne VIC 3000  
Phone: 1300 735 135  
Email: info@ibac.vic.gov.au

### Compliance with the Building Act 1993

In 2021-22, GWW complied with the building and maintenance provisions of the *Building Act 1993*.

GWW owns or controls:

- two buildings at Sunbury Depot, 120 Harker Street, Sunbury
- four buildings at Altona Treatment Plant, 293 Queen St, Altona Meadows
- three buildings at Melton Depot and Melton Recycled Water Plant, 77-207 Butlers Road, Mount Cottrell
- one building at Rosslynne Treatment Plant, 224 Bacchus Marsh Road, Gisborne
- one building at Woodend Treatment Plant, 89 Montgomery's Lane, Woodend
- one building at Gisborne Treatment Plant, 14 Haywood Drive, Gisborne
- one building at Werribee Treatment Plant, 1 William Thwaites Drive, West Werribee
- one building at Brooklyn Depot, 73 Old Geelong Road, Brooklyn
- one building at West Melbourne Depot, 218 Kensington Road, West Melbourne
- two buildings at Merrimu Water Filtration Plant, 2389-2485 Diggers Rest-Coimadai Road, Toolern Vale, Victoria.

GWW is required to include a statement on its compliance with the building and maintenance provisions of the *Building Act 1993* in relation to these buildings.

To achieve this in 2022:

- assets were maintained under the required standards and codes
- an asset management system was used to maintain the assets.

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

In relation to our existing buildings, GWW facilities management is responsible for:

- mandatory testing of emergency and exit lighting and lift equipment in accordance with relevant standards
- routine inspections and preventive maintenance
- routine mechanical services and monthly and annual fire service audits
- routine electrical inspections on switchboards and regular test and tagging services.

Downer is responsible for the same works at the buildings at Sunbury Recycled Water Plant as they run the day-to-day operations at this site. The testing and inspections at these sites inform the works program which is delivered annually through existing maintenance contracts.

In 2021-22:

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### Number of major works projects undertaken by GWW (greater than \$50,000)

Sunbury Depot renovations

Melton Depot GWW Training Academy office

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### Number of building permits, occupancy permits or certificate of final inspection issued in relation to buildings owned by GWW

0 building permits

0 occupancy permits

0 certificates of occupancy

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### Number of emergency orders and building orders issued in relation to buildings

0 emergency orders

0 building orders

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### Number of buildings that have been brought into conformity with building standards during the reporting period

0 buildings brought into conformity

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## Organisation

### **Additional information available on request**

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

- a statement that declarations of pecuniary interests have been duly completed by all relevant officers
- details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary
- details of publications produced by GWW about itself and how these can be obtained
- details of changes in prices, fees, charges, rates and levies charged by GWW
- details of any major external reviews carried out on GWW
- details of major research and development activities undertaken by GWW
- details of overseas visits undertaken including a summary of the objectives and outcomes of each visit
- details of major promotional, public relations and marketing activities undertaken by GWW to develop community awareness of GWW and its services
- details of assessments and measures undertaken to improve the occupational health and safety of employees
- a general statement on industrial relations within GWW and details of time lost through industrial accidents and disputes
- a list of major committees sponsored by GWW, the purpose of each committee, and the extent to which that purpose has been achieved
- details of all consultancies and contractors including:
  - consultants and contractors engaged
  - services provided
  - expenditure committed to for each engagement.

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

Freedom of Information Officer  
Greater Western Water  
Locked Bag 350  
Sunshine VIC 3020  
or via email: [foi@gww.com.au](mailto:foi@gww.com.au)

## Financial Management Compliance Attestation

I, David Middleton, on behalf of Greater Western Water Corporation, certify that the Greater Western Water Corporation has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.



**David Middleton**

Chair

23 August 2022

# Financial Report

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## Performance report

As part of their annual reporting obligations, metropolitan water corporations are required to include a consolidated performance report comprising both financial and non-financial performance indicators. The objective of the report is to provide a consistent view of the current and ongoing performance of the corporation. This is the first set of financial statements prepared by GWW which includes the financial results of the former Western Water corporation for the 2022 year. The historical comparatives are those of GWW's former legal entity name, City West Water. The impact of this change has been explained in the various notes throughout the annual report.

### Financial performance indicators

| KPI Number | Key performance indicator   | 2021 Result | 2022 Result | 2022 Target | % Variance to prior year | % Variance to target | Notes |
|------------|---|-------------|-------------|-------------|--------------------------|----------------------|-------|
| <b>F1</b>  | <b>Cash interest cover</b><br>Net operating cash flows before net interest and tax / net interest payments                                | 2.3         | 2.9         | 2.6         | 26.1%                    | 11.5%                | 1 2   |
| <b>F2</b>  | <b>Gearing ratio</b><br>Total debt (including finance leases) / total assets *100   | 59.2%       | 61.7%       | 61.0%       | (4.2%)                   | (1.1%)               |       |
| <b>F3</b>  | <b>Internal financing ratio</b><br>Net operating cash flow less dividends / net capital expenditure * 100                                 | 26.4%       | 47.9%       | 21.0%       | 81.4%                    | 128.1%               | 3 4   |
| <b>F4</b>  | <b>Current ratio</b><br>Current assets / current liabilities (excluding long term employee provisions, contract liabilities and deposits) | 1.1         | 0.8         | 0.7         | (27.3%)                  | 14.3%                | 5 6   |
| <b>F5</b>  | <b>Return on assets</b><br>Earnings before net interest and tax / average assets * 100  | 4.7%        | (21.2%)     | -11.0%      | (551.1%)                 | (92.7%)              | 7 8   |
| <b>F6</b>  | <b>Return on equity</b><br>Net profit after tax / average total equity *100   | 5.0%        | (56.3%)     | -32.0%      | (1,226.0%)               | (75.9%)              | 9 10  |
| <b>F7</b>  | <b>EBITDA Margin</b><br>Earnings before interest, tax, depreciation and amortisation / total revenue *100                                 | 27.6%       | (64.7%)     | 35.0%       | (334.4%)                 | (284.8%)             | 11 12 |

1 Cash interest cover is higher compared with prior year mainly due to higher cash generated from operating activities.

2 Cash interest cover for 2022 is higher than **target** mainly due to higher cashflow from operations that resulted from higher cash receipts from developers' activities and lower payments to creditors compared with target.

3 The internal financing ratio was higher in 2022 compared to 2021 mainly because of higher net cash from operating activities and lower final dividend paid, in respect of the 2021 year, of \$6.3m compared to \$20.6m in 2021.

4 The internal financing ratio is higher than **target** mainly because of higher net cash from operating activities and lower dividend paid.

5 The current ratio was higher in 2022 mainly due to higher payables from the inclusion of WW payables. By way of note, WW payables for 2021 were \$43.8m.

6 The current ratio was higher than the 2022 **target** mainly due to higher receivables and lower short-term borrowings.

7 The lower return on assets for 2022 compared to 2021 has been driven by the revaluation adjustment of infrastructure assets which resulted in losses of \$865.4m that were incurred in 2022.

8 Lower return on assets for 2022 compared with **target** is mainly due to the higher than expected asset revaluation losses in 2022 compared to 2021.

9 The lower return on equity for 2022 compared to 2021 has been driven by the asset revaluation losses of \$865.4m that were incurred in 2022.

10 The lower return on equity for 2022 compared with **target** is mainly due to the higher than expected asset revaluation losses in 2022 compared to 2021.

11 The lower EBITDA Margin for 2022 compared to 2021 has mainly been driven by the asset revaluation losses of \$865.4m that were incurred in 2022.

12 The lower EBITDA Margin for 2022 compared with **target** is mainly due to the higher than expected asset revaluation losses in 2022 compared to 2021.

## Performance report continued

Water and sewerage service performance indicators

| KPI<br>Number | Key performance indicator   | 2021<br>Result | 2022<br>Result | 2022<br>Target | %<br>Variance<br>to prior<br>year | %<br>Variance<br>to target | Notes |
|---------------|---|----------------|----------------|----------------|-----------------------------------|----------------------------|-------|
| <b>WS1</b>    | <b>Unplanned water supply interruptions</b><br>Number of customers receiving more than five unplanned water supply interruptions in the year / total number of water (domestic and non-domestic) customers *100 | 0.0%           | 0.0%           | 0.0%           | 0.0%                              | 0.0%                       |       |
| <b>WS2</b>    | <b>Interruption time</b><br>Average duration of unplanned water supply interruptions (minutes)  | 115.2          | 114.3          | 120.0          | 0.8%                              | 4.8%                       |       |
| <b>WS3</b>    | <b>Restoration of unplanned water supply interruptions</b><br>Unplanned water supply interruptions restored within five hours / total unplanned water supply interruptions *100                                 | 97.5%          | 96.8%          | 97.0%          | (0.7%)                            | (0.2%)                     |       |
| <b>SS1</b>    | <b>Containment of sewer spills</b><br>Sewer spills from reticulation and branch sewers contained within five hours / total sewer spills from reticulation and branch sewers *100                                | 100.0%         | 100.0%         | 100.0%         | 0.0%                              | 0.0%                       |       |
| <b>SS2</b>    | <b>Sewer spills interruptions</b><br>Number of residential sewerage customers affected by sewerage interruptions restored within 5 hours  | 99.4%          | 98.5%          | 98.0%          | (0.9%)                            | 0.5%                       |       |

Note: Only variances of more than 5% are explained

## Performance report continued

### Customer responsiveness performance indicators

| KPI Number | Key performance indicator   | 2021 Result | 2022 Result | 2022 Target | % Variance to prior year | Notes | % Variance to target | Notes |
|------------|---|-------------|-------------|-------------|--------------------------|-------|----------------------|-------|
| <b>CR1</b> | <b>Water quality complaints</b><br>Number of complaints per 1,000 customers | 2.1         | 2.0         | 1.1         | 4.8%                     |       | (81.8%)              | 1     |
| <b>CR4</b> | <b>Billing complaints</b><br>Number of complaints per 1,000 customers       | 1.2         | 1.4         | 1.2         | (16.7%)                  | 2     | (16.7%)              | 2     |

1 At all times throughout 2022, our water quality was compliant with Australian drinking water quality requirements.

We continue to have relatively lower water quality complaints compared to other water businesses in Victoria, however, we continue to receive a higher than expected number of aesthetic complaints relating to colour rather than taste and odour, reflecting the nature of our water supply.

In 2022, we have undertaken a range of activities to proactively address these issues across our network which include improved internal processes that reduce the likelihood of complaints as a result of renewal or maintenance activities and piloting a targeted customer flushing program in our service area where a consistent high number of complaints were experienced.

2 The number of billing complaints for 2022 increased in comparison to 2021. This was mainly due to COVID-19 restrictions that impacted meter readers' ability to visit properties and read meters safely. This resulted in higher estimated reads for customers and subsequent adjustments post the lockdown which triggered higher volumes of complaints from our customers.

### Environmental performance indicators

| KPI Number | Key performance indicator  | 2021 Result | 2022 Result | 2022 Target | % Variance to prior year | Notes | % Variance to target | Notes |
|------------|--|-------------|-------------|-------------|--------------------------|-------|----------------------|-------|
| <b>E1</b>  | <b>Effluent reuse volume (end use)</b><br>Effluent reuse volume (%)                | 38.9%       | 34.4%       | 54%         | (11.6%)                  | 1     | (36.3%)              | 1     |
| <b>E2</b>  | <b>Total net CO<sub>2</sub> emissions</b><br>Net tonnes CO <sub>2</sub> equivalent | 11,780      | 47,637      | 39,435      | (304.4%)                 | 2     | (20.8%)              | 3     |

1 The negative variances to the 2022 target and prior year were mainly driven by the closure of 2 plants from one of our major customers Qenos. This has led to a significant reduction in recycled water consumption from the Altona plant. Furthermore, the blue green algae event in Melbourne Water's Class A storage lagoon from February 2022 until May 2022 rendered that Class A water supplies cease for recycled water from our Werribee Recycled Water Plant.

2 The main driver of the variance to prior year is due to the inclusion of WW CO<sub>2</sub> emissions in 2022. By way of note, the WW emissions in 2021 were 33,146 tonnes. Sewage Collection, Treatment and Recycling is the main contributor to GWW's greenhouse gas emissions, accounting for 68%, followed by Water Treatment contributing 28% of the total.

3 In 2022, we continued work on projects that have contributed to reaching our target. These included:

- Continued purchasing of renewable energy from the large-scale solar projects
- Installing solar arrays at our sites. Planning continues for solar installations at Altona Treatment Plant, Werribee Recycled Water Plant, Ballan Road Tank Site and Little River Booster Pump Station.
- Optimising energy sources at the Melton Recycled Water Plant
- Collaboration to convert biosolids into a carbon-rich biochar that works as a high-quality, slow-release fertiliser
- Green hydrogen, a project to investigate the feasibility of producing hydrogen and oxygen using renewable energy and recycled water from a recycled water treatment plant.
- Carbon project partnering with Melbourne Water, Yarra Valley Water and DELWP to develop a framework for commercial agreements with private land holders to undertake native vegetation plantings that generate carbon offsets

## Certification of Performance report

We certify that the accompanying Performance Report of Greater Western Water Corporation in respect of the 2022 financial year is presented fairly and in accordance with the *Financial Management Act 1994*.

The Performance Report outlines the relevant performance indicators for the financial year as determined by the Minister for Water and as set out in the corporation's 2022 Corporate Plan. The actual and comparative results achieved for the financial year are measured against predetermined performance targets. Performance against these targets and subsequent explanation of any significant variance between the current year and prior year has been fairly presented.

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



**David Middleton**  
Chair



**Maree Lang**  
Managing Director



**Liz Rowland**  
Chief Financial Officer

Melbourne  
23 August 2022

## Independent Auditor's Report

### To the Board of the Greater Western Water Corporation

|                |  |
|----------------|--|
| <b>Opinion</b> | <p>I have audited the accompanying performance report of the Greater Western Water Corporation (the corporation) for the year ended 30 June 2022, which comprises the:</p> <ul style="list-style-type: none"> <li>• financial performance indicators</li> <li>• water and sewerage service performance indicators</li> <li>• customer responsiveness performance indicators</li> <li>• environmental performance indicators</li> <li>• certification of performance report.</li> </ul> |
|----------------|--|

In my opinion, the performance report of the Greater Western Water Corporation for the year ended 30 June 2022 presents fairly, in all material respects, in accordance with the performance reporting requirements of Part 7 of the *Financial Management Act 1994*.

|                          |  |
|--------------------------|--|
| <b>Basis for Opinion</b> | <p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the performance report</i> section of my report.</p> |
|--------------------------|--|

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.

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

---

**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  
30 August 2022



Paul Martin  
*as delegate for the Auditor-General of Victoria*

## Comprehensive Operating Statement

For the year ended 30 June 2022

|  | Note     | 2022<br>\$'000     | 2021<br>\$'000   |
|--|----------|--------------------|------------------|
| <b>Income</b>  |          |                    |                  |
| Revenue from customers   | 2.1      | 878,022            | 702,689          |
| Other income   | 2.6      | 6,347              | 435              |
| <b>Total income</b>  |          | <b>884,369</b>     | <b>703,124</b>   |
| <b>Expenses</b>  |          |                    |                  |
| Bulk charges   | 3.2      | (346,428)          | (352,866)        |
| Environmental contribution   | 4.5.1    | (33,912)           | (29,843)         |
| Employee benefits  | 3.3.1    | (86,932)           | (46,596)         |
| Depreciation and amortisation  | 5.1, 5.5 | (93,429)           | (69,044)         |
| Finance expenses   | 7.1.2    | (84,293)           | (68,396)         |
| Other operating expenses   | 3.5      | (123,474)          | (79,600)         |
| Revaluation adjustment of infrastructure assets  | 3.6      | (865,392)          | -                |
| <b>Total expenses</b>  |          | <b>(1,633,860)</b> | <b>(646,345)</b> |
| <b>(Loss)/Profit before income tax expense</b>   |          | <b>(749,491)</b>   | <b>56,779</b>    |
| Income tax benefit/(expense)   | 4.1      | 224,513            | (17,063)         |
| <b>(Loss)/Profit after income tax expense</b>  |          | <b>(524,978)</b>   | <b>39,716</b>    |
| <b>Other comprehensive income/(expense)</b>  |          |                    |                  |
| <b>Items that will not be reclassified to profit or loss</b>                           |          |                    |                  |
| Increase/(decrease) in physical asset revaluation surplus due to revaluation of assets | 5.1      | 10,826             | (45,869)         |
| Actuarial gain/(loss) on defined benefit superannuation plan                           | 3.3.3    | 2,439              | 4,270            |
| Deferred income tax relating to components of other comprehensive income               | 4.1      | (4,758)            | 16,067           |
| <b>Other comprehensive income after tax</b>  |          | <b>8,507</b>       | <b>(25,532)</b>  |
| Total comprehensive income after tax   |          | (516,471)          | 14,184           |

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

## Balance Sheet

### As at 30 June 2022

|   | Note  | 2022<br>\$'000   | 2021<br>\$'000   |
|---|-------|------------------|------------------|
| <b>ASSETS</b>                                 |       |                  |                  |
| <b>Current assets</b>                         |       |                  |                  |
| Cash and cash equivalents                     | 7.2   | 5,196            | 3,526            |
| Receivables                                   | 6.1   | 147,256          | 130,415          |
| Inventory                                     | 6.5   | 1,409            | 3,070            |
| Other financial assets                        | 6.7   | 1,879            | -                |
| Other non-financial assets                    | 6.6   | 12,863           | 5,369            |
| Assets held for sale                          | 5.10  | -                | 1,352            |
| <b>Total current assets</b>                   |       | <b>168,603</b>   | <b>143,732</b>   |
| <b>Non-current assets</b>                     |       |                  |                  |
| Infrastructure, property, plant and equipment | 5.1   | 3,100,488        | 2,305,488        |
| Intangible assets                             | 5.5   | 186,785          | 178,641          |
| Right-of-use assets                           | 5.9   | 87,810           | 93,252           |
| Defined benefit superannuation asset          | 3.3.3 | 9,071            | 7,068            |
| Other financial assets                        | 6.1   | 74               | -                |
| <b>Total non-current assets</b>               |       | <b>3,384,228</b> | <b>2,584,449</b> |
| <b>TOTAL ASSETS</b>                           |       | <b>3,552,831</b> | <b>2,728,181</b> |
| <b>LIABILITIES</b>                            |       |                  |                  |
| <b>Current liabilities</b>                    |       |                  |                  |
| Payables                                      | 6.2   | 154,930          | 90,966           |
| Advances and deposits                         | 6.3   | 21,871           | 9,881            |
| Borrowings                                    | 7.1   | 14,916           | 7,889            |
| Current tax liability                         | 4.3   | -                | 1,033            |
| Provision for employee benefits               | 3.3.2 | 20,389           | 15,750           |
| Contract liabilities                          | 6.4   | 33,392           | 22,250           |
| Other provisions                              | 6.7   | 12,116           | 16,442           |
| <b>Total current liabilities</b>              |       | <b>257,614</b>   | <b>164,211</b>   |
| <b>Non-current liabilities</b>                |       |                  |                  |
| Borrowings                                    | 7.1   | 2,177,697        | 1,606,582        |
| Deferred tax liabilities                      | 4.2.2 | 46,463           | 155,402          |
| Provision for employee benefits               | 3.3.2 | 3,031            | 1,272            |
| Other non-current liabilities                 | 6.4   | 2,549            | -                |
| <b>Total non-current liabilities</b>          |       | <b>2,229,740</b> | <b>1,763,256</b> |
| <b>TOTAL LIABILITIES</b>                      |       | <b>2,487,354</b> | <b>1,927,467</b> |
| <b>NET ASSETS</b>                             |       | <b>1,065,477</b> | <b>800,714</b>   |
| <b>EQUITY</b>                                 |       |                  |                  |
| Contributed equity                            | 9.3.1 | 1,007,640        | 220,110          |
| Physical asset revaluation surplus            | 9.3.2 | 60,509           | 55,042           |
| Retained profits                              | 9.3.3 | (2,672)          | 525,562          |
| <b>TOTAL EQUITY</b>                           |       | <b>1,065,477</b> | <b>800,714</b>   |

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

## Statement of Changes in Equity

For the year ended 30 June 2022

|   | Note         | Contributed equity<br>\$'000 | Physical asset<br>revaluation<br>surplus<br>\$'000 | Retained<br>profits<br>\$'000 | Total<br>equity<br>\$'000 |
|---|--------------|------------------------------|--|-------------------------------|---------------------------|
| <b>Opening balance at 1 July 2020</b>                             |              | <b>197,111</b>               | <b>83,559</b>                                      | <b>503,461</b>                | <b>784,131</b>            |
| <b>Comprehensive income for the year</b>                          |              |                              |  |                               |                           |
| Profit after income tax expense                                   | 9.3.3        | -                            | -  | 39,716                        | 39,716                    |
| Other comprehensive income after tax                              | 9.3.2, 9.3.3 | -                            | (28,517)   | 2,985                         | (25,532)                  |
| <b>Total comprehensive income after tax</b>                       |              | <b>-</b>                     | <b>(28,517)</b>                                    | <b>42,701</b>                 | <b>14,184</b>             |
| <b>Transactions with the State in its capacity as owner</b>       |              |                              |  |                               |                           |
| Dividends paid  | 4.4          | -                            | -  | (20,600)                      | (20,600)                  |
| Asset received as contributed equity                              | 9.3.1        | 22,999                       | -  | -                             | 22,999                    |
| <b>Total transactions with the State in its capacity as owner</b> |              | <b>22,999</b>                | <b>-</b>   | <b>(20,600)</b>               | <b>2,399</b>              |
| <b>Closing balance at 30 June 2021</b>                            |              | <b>220,110</b>               | <b>55,042</b>                                      | <b>525,562</b>                | <b>800,714</b>            |
| <b>Opening balance at 1 July 2021</b>                             |              | <b>220,110</b>               | <b>55,042</b>                                      | <b>525,562</b>                | <b>800,714</b>            |
| Integration of WW   | 9.3.1        | 809,781                      | -  | -                             | 809,781                   |
| <b>Opening balance at 1 July 2021 – GWW</b>                       |              | <b>1,029,891</b>             | <b>55,042</b>                                      | <b>525,562</b>                | <b>1,610,495</b>          |
| <b>Comprehensive income for the year</b>                          |              |                              |  |                               |                           |
| Loss after income tax expense                                     | 9.3.3        | -                            | -  | (524,978)                     | (524,978)                 |
| Other comprehensive income after tax                              | 9.3.2, 9.3.3 | -                            | 6,804  | 1,707                         | 8,511                     |
| <b>Total comprehensive income after tax</b>                       |              | <b>-</b>                     | <b>6,804</b>                                       | <b>(523,271)</b>              | <b>(516,467)</b>          |
| <b>Transactions with the State in its capacity as owner</b>       |              |                              |  |                               |                           |
| Dividends paid  | 4.4          | -                            | -  | (6,300)                       | (6,300)                   |
| Asset received as contributed equity                              | 9.3.1        | 8,929                        | -  | -                             | 8,929                     |
| Capital repatriation  | 9.3.1        | (35,880)                     | -  | -                             | (35,880)                  |
| Capital contribution  | 9.3.1        | 4,700                        | -  | -                             | 4,700                     |
| Transfer of reserves  | 9.3.3        | -                            | (1,337)  | 1,337                         | -                         |
| <b>Total transactions with the State in its capacity as owner</b> |              | <b>(22,251)</b>              | <b>(1,337)</b>                                     | <b>(4,963)</b>                | <b>(28,551)</b>           |
| <b>Closing balance at 30 June 2022</b>                            |              | <b>1,007,640</b>             | <b>60,509</b>                                      | <b>(2,672)</b>                | <b>1,065,477</b>          |

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

## Statement of Cash Flows

For the year ended 30 June 2022

|  | Note  | 2022<br>\$'000   | 2021<br>\$'000   |
|--|-------|------------------|------------------|
| <b>Cash flows from operating activities</b>                                      |       |                  |                  |
| <b>Receipts</b>  |       |                  |                  |
| Receipts from customers, developers and others                                   |       | 793,081          | 639,646          |
| Goods and Services Tax refunded by the Australian Tax Office <sup>1</sup>        |       | 27,992           | 18,335           |
| Interest received  |       | 1                | 28               |
| <b>Payments</b>  |       |                  |                  |
| Payments to suppliers and employees <sup>2</sup>                                 |       | (540,460)        | (468,307)        |
| Interest and other finance costs paid  |       | (84,725)         | (69,522)         |
| Income tax paid  |       | (40,829)         | (28,679)         |
| Environmental Contribution paid  |       | (32,895)         | (28,997)         |
| Government Water Rebate received   |       | 22               | 15               |
| <b>Net cash inflow from operating activities</b>                                 | 7.2.1 | <b>122,187</b>   | <b>62,519</b>    |
| <b>Cash flows from investing activities</b>                                      |       |                  |                  |
| Payments for infrastructure, property, plant, equipment, and intangibles         |       | (244,558)        | (158,947)        |
| Proceeds from sale of infrastructure, property, plant, equipment and intangibles |       | 2,702            | 425              |
| <b>Net cash outflow from investing activities</b>                                |       | <b>(241,856)</b> | <b>(158,522)</b> |
| <b>Cash flows from financing activities</b>                                      |       |                  |                  |
| Proceeds from borrowings (new and refinanced)                                    |       | 407,127          | 232,000          |
| Repayment of borrowings (paid down and refinanced)                               |       | (248,377)        | (110,000)        |
| Principal element of lease liability   |       | (3,000)          | (2,418)          |
| Capital repatriation   |       | (35,880)         | -                |
| Capital contribution   |       | 4,700            | -                |
| Dividends paid   |       | (6,300)          | (20,600)         |
| <b>Net cash inflow from financing activities</b>                                 |       | <b>118,270</b>   | <b>98,982</b>    |
| Net (decrease)/increase in cash and cash equivalents                             |       | (1,399)          | 2,979            |
| Cash and cash equivalents at the beginning of the financial year                 |       | 3,526            | 547              |
| Cash and cash equivalents upon WW integration at beginning of the financial year |       | 3,069            | -                |
| <b>Cash and cash equivalents at the end of the financial year</b>                | 7.2   | <b>5,196</b>     | <b>3,526</b>     |

1 Goods and services tax refunded from the Australian Taxation Office is presented on a net basis.

2 Includes payment of \$156,983 (2021: \$146,000) in respect of variable lease payments, \$261,814 (2021: \$18,627) for short-term leases and \$31,781 (2021: \$31,781) for low-value leases.

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

# Notes to and forming part of the Financial Statements

## For the year ended 30 June 2022

### 1 About this report

Greater Western Water (GWW) is a statutory water authority incorporated under the *Water Act 1989*.

The principal address of the corporation as at 30 June 2022 is 36 Macedon Street, Sunbury 3249.

#### 1.1 Basis of preparation

These financial statements are presented in Australian dollars. The historical cost convention is used unless a different measurement basis is specifically disclosed for the relevant item. All amounts in the financial statements have been rounded to the nearest thousand dollars unless otherwise stated. The corporation is classified as a for-profit entity for the purposes of reporting.

The accrual basis of accounting and going concern have been applied in preparing these financial statements. Assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements made in the preparation of these financial statements are disclosed in Section 8 of this report. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable in the circumstances. Actual results may differ from these estimates. Areas involving a high degree of estimates and assumptions that can materially impact the financial statements include:

- fair valuation of infrastructure, property, plant and equipment
- actuarial assumptions used to determine the assets and liabilities of GWW's defined benefit superannuation fund
- estimated useful lives of assets
- impairment of assets
- provisions
- income tax
- contract liabilities
- accrued revenue (unbilled charges)
- deferred tax recognition
- the timing of satisfaction of performance obligations
- determining transaction price and amounts allocated to performance obligation
- estimated fair value of derivative financial instruments
- determining whether the arrangement is in substance a short-term arrangement and estimating discount rate when not implicit in lease arrangement
- recognition and measurement of Software as-a Service (SaaS) arrangement

#### Integration of Western Water

As disclosed in the prior year, in February 2021, Ministerial determinations were signed to enable City West Water Corporation (CWW) and Western Region Water Corporation (WW) to operate as Greater Western Water Corporation (GWW) from 1 July 2021. These determinations confirmed that CWW continued as the legal entity, trading as GWW. All functions, powers and duties of WW transferred to CWW and WW officially wound up on 1 July 2021. All WW assets, liabilities and existing employees were transferred to GWW from 1 July 2021. The transfer was completed as a transfer of contributed equity as per FRD 119A and resulted in \$810 million worth of net assets received as contributed capital. The integration did not result in significant changes to services, prices charged to customers, maintenance and operations.

## Notes to and forming part of the Financial Statements

### For the year ended 30 June 2022

#### 1 About this report (continued)

The integration of WW resulted in a write-down of infrastructure asset value of approximately \$703.0 million due to WW changing from a 'Not for Profit' entity to a 'for Profit' entity. The valuation write-down is a non-cash accounting book adjustment, required by the Australian Accounting Standards for measuring the fair value of infrastructure assets which differs between 'Not for Profit' and 'for Profit' entities. The nature of WW's infrastructure assets and their service delivery do not change as a result of the adjustment. Importantly, there is no resulting impact to customers or pricing. Further disclosures are in notes 1.3 and 3.6.

The comparative figures reported by GWW are those in respect of the legal entity which is CWW and accordingly the current year financial information included in this report incorporates WW's legacy operations and financials. The impact of this has been explained in the various notes throughout the annual report.

A summary of the opening balances of GWW upon integration with WW at 1 July 2021, prior to the change in the infrastructure asset valuation policy is as follows:

|                               | <b>\$'000</b> |
|-------------------------------|---------------|
| Total current assets          | 175,371       |
| Total non-current assets      | 3,998,527     |
| Total current liabilities     | (230,584)     |
| Total non-current liabilities | (2,332,819)   |
| Net assets/equity             | 1,610,495     |

In addition, an extract of totals and balances in respect of key line items consolidating CWW and WW audited financial statements for the year ended 30 June 2021 is presented below:

#### Operating Statement

|                               | <b>\$'000</b> |
|-------------------------------|---------------|
| Revenue from customers        | 897,011       |
| Bulk charges                  | (362,964)     |
| Employee benefits             | (67,202)      |
| Other operating expenses      | (113,085)     |
| Depreciation and amortisation | (98,651)      |

#### Balance Sheet

|   | <b>\$'000</b> |
|---|---------------|
| Receivables                                   | 156,428       |
| Infrastructure, property, plant and equipment | 3,697,024     |
| Intangible assets                             | 200,594       |
| Total borrowings                              | 2,037,135     |
| Payables                                      | 133,317       |

#### Cash Flow Statement

|  | <b>\$'000</b> |
|--|---------------|
| Cash flow from Operating Activities    | 82,208        |
| Cash flow used in Investing Activities | (250,778)     |
| Cash Flow from Financing Activities    | 173,407       |

# Notes to and forming part of the Financial Statements

## For the year ended 30 June 2022

### 1 About this report (continued)

#### Going Concern

For the year ended 30 June 2022, GWW recognised a net loss of \$525.0m. The loss was mainly driven by the integration of WW which resulted in a write-down of infrastructure asset value of approximately \$703.0 million due to WW changing from a 'Not for Profit' entity to a 'for Profit' entity. The valuation write-down is a non-cash accounting book adjustment, required by the Australian Accounting Standards for measuring the fair value of infrastructure assets which differs between 'Not for Profit' and 'for Profit' entities. The nature of WW's infrastructure assets and their service delivery do not change as a result of the adjustment. GWW's net current assets/liabilities as at 30 June 2022 were 0.654. The corporation has \$145.2m of resources comprising cash and cash equivalents, other highly liquid assets and unused credit lines available at the date of authorisation of these financial statements.

Management is continuously reviewing 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.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision.

These financial statements cover GWW as an individual reporting entity.

#### 1.2 Accounting policies

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

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

#### 1.3 Changes and alignment in accounting policies

##### Integration of Western Water (WW)

Following the integration of WW with GWW, a write-down of infrastructure asset value of \$703.0 million was recorded for GWW during the financial year. The write-down is an accounting book adjustment, required by the Australian Accounting Standards, and did not result in any cash disbursement or payment by GWW. The accounting book adjustment is required to align the 'Not for Profit' infrastructure asset valuation principles of WW to the 'for Profit' entity basis that is required for GWW. The nature of WW's assets do not change as a result of the adjustment. Refer also to note 3.6.

##### Initial application of the International Financial Reporting Standards Interpretations Committee (IFRS IC) Agenda decisions Software-as-a-Service (SaaS) arrangements

The International Financial Reporting Standards Interpretations Committee (IFRIC) has issued two final agenda decisions which impact SaaS arrangements:

- Customer's right to receive access to the supplier's software hosted on the cloud – this decision considers whether a customer receives a software asset at the contract commencement date or a service over the contract term.
- Configuration or customisation costs in a cloud computing arrangement – this decision discusses whether configuration or customisation expenditure relating to SaaS arrangements can be recognised as an intangible asset and if not, over what time period the expenditure is expensed.

# Notes to and forming part of the Financial Statements

## For the year ended 30 June 2022

### 1 About this report (continued)

The corporation's accounting policy has historically been to recognise all costs related to SaaS arrangements as capital costs and record as intangible assets in the Statement of Financial Position. The adoption of the above agenda decisions has resulted in the de-recognition of intangible assets to either a prepaid asset in the Statement of Financial Position and/or recognition as an expense in the Statement of Comprehensive Income, impacting the current periods presented.

#### *Impact of change in accounting policy*

For the current year, \$19,525,000 (pre-tax) of costs that would previously have been capitalised (under AASB 138 Intangible assets) were expensed. Cash outflows of \$19,525,000 were included in payments to suppliers and employees in the Statement of Cash Flows that previously would have been included as payments to acquire intangible assets.

The SaaS adjustments expensed during the year comprised:

|                        | <b>Note</b> | <b>\$'000</b> |
|------------------------|-------------|---------------|
| Labour expenses        | 3.3.1       | 10,802        |
| Information Technology | 3.5         | 8,723         |
|                        |             | 19,525        |

Other than the alignment of accounting policies above, there are no new changes in the accounting policies adopted by GWW during the year.

#### **1.4 Compliance information**

These General Purpose Financial Statements have been prepared in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards, which include Interpretations issued by the Australian Accounting Standards Board.

Accounting policies selected and applied in these financial statements ensure that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

These annual financial statements were authorised for issue by the Board of Directors of Greater Western Water on 23 August 2022.

## Notes to and forming part of the Financial Statements

### For the year ended 30 June 2022

## 2 Funding delivery of services

GWW's core business is the supply of water, sewerage, trade waste and, where available, recycled water services to customers in accordance with the corporation's Customer Charter. GWW collects revenue from residential and non-residential customers, developers and others in order to fulfil its vision to be an exceptional service provider that puts customers first and benefits the community.

Revenue is measured as the fair value of consideration received or receivable. GWW recognises revenue when the amount can be reliably measured, it is probable that the future economic benefits will flow to the corporation and specific criteria have been met for each of the corporation's activities.

### Structure

- 2.1 Summary of revenue from customers
- 2.2 Sales of goods and services
- 2.3 Developer contributions
- 2.4 Other revenue
- 2.5 Timing of recognition of revenue from customers
- 2.6 Other income

#### 2.1 Summary of revenue from customers

|                                     | Note | 2022<br>\$'000 | 2021<br>\$'000 |
|-------------------------------------|------|----------------|----------------|
| Sale of goods and services          | 2.2  | 689,216        | 603,049        |
| Developer contributions             | 2.3  | 160,687        | 71,586         |
| Other revenue                       | 2.4  | 28,119         | 28,054         |
| <b>Total revenue with customers</b> |      | <b>878,022</b> | <b>702,689</b> |

#### 2.2 Sales of goods and services

|  | 2022<br>\$'000 | 2021<br>\$'000 |
|--|----------------|----------------|
| Service charges – water                          | 126,630        | 102,067        |
| Usage charges – water                            | 308,313        | 276,502        |
| Service charges – sewerage                       | 155,284        | 123,378        |
| Disposal charges – sewage                        | 62,152         | 63,571         |
| Trade waste charges                              | 28,717         | 29,886         |
| Recycled water charges                           | 7,918          | 7,064          |
| Water trading revenue                            | 202            | 581            |
| <b>Total sales of goods and services revenue</b> | <b>689,216</b> | <b>603,049</b> |

Sales of goods and services are transactions that the corporation has determined to be in accordance with AASB 15 Revenue from contracts with customers.

## Notes to and forming part of the Financial Statements

### For the year ended 30 June 2022

#### 2 Funding delivery of services (continued)

GWW has an ongoing obligation to provide water and sewerage services to customers in its area. The corporation is obligated to provide a continuous supply of services across its network, so customers simultaneously receive and consume benefits in line with GWW performing its obligation. Therefore, revenue is recognised over time.

GWW recognises revenue for water and sewerage services in the amount which it has a right to receive, as this amount is considered by management to correspond directly with the value to the customer of GWW's performance to date.

Service charges represent charges for access to water and sewerage services provided to customers. This performance obligation is satisfied over time. At balance date, any portion of service charges that are billed in advance and the performance obligation is not satisfied, is recognised as contract liabilities (refer Note 6.4).

Water usage charges, sewage disposal charges, trade waste charges and recycled water charges are all recognised as revenue over time as the performance obligation is satisfied. GWW measures these charges based on the regulated prices and the volume of water consumed by customers, and sewage and trade waste disposed by customers. At balance date, the charges for fully satisfied performance obligations that are unbilled are estimated and contract assets are recognised (refer Note 6.1).

Water trading revenue is recognised at a point in time when the trade occurs. This is when the performance obligation is satisfied.

#### 2.3 Developer contributions

|                                      | 2022<br>\$'000 | 2021<br>\$'000 |
|--------------------------------------|----------------|----------------|
| Developer contributed assets         | 95,095         | 41,703         |
| Developer cash contributions         | 65,592         | 29,883         |
| <b>Total developer contributions</b> | <b>160,687</b> | <b>71,586</b>  |

Developer contributed assets arise when developers pay for the cost of construction of new assets and subsequently 'gift' these assets to GWW, which maintains them in perpetuity. In accordance with the requirements of AASB 15 – *Revenue from Contracts with Customers*, revenue is recognised at a point in time when GWW has satisfied its performance obligation either:

- when a Statement of Compliance is issued to the customer; or
- when the customer is connected to GWW's network for the provision of water and sewerage services.

Developer contributed assets are recognised at their fair value when the corporation obtains control over them. Fair value is determined as cost. Where actual cost is not available, GWW deems cost by assessing the value of works using a schedule of rates determined by the corporation.

Developer cash contributions represent charges levied on developers to recover the costs of augmenting or constructing infrastructure assets to meet the future demands of urban growth. Developers are required to make a fair and reasonable contribution towards the cost of developing GWW's water supply distribution systems and sewage disposal systems. In accordance with the requirements of AASB 15 – *Revenue from Contracts with Customers*, revenue is recognised at a point in time when GWW has satisfied its performance obligation either:

- when a Statement of Compliance is issued to the customer;
- when the customer is connected to GWW's network for the provision of water and sewerage services; or
- when the customer receives consent from GWW to connect to the corporation's network.

## Notes to and forming part of the Financial Statements

### For the year ended 30 June 2022

#### 2 Funding delivery of services (continued)

The point in time when the corporation satisfies its performance obligation will vary depending on the type of application submitted by the customer. Fees paid by developers include a financing charge contribution for assets developed earlier than planned at the request of the developer of \$1,233,900 (2021: \$nil).

Rates applicable to developer cash contributions are regulated by the Essential Services Commission.

##### 2.4 Other revenue

|  | <b>2022</b>   | <b>2021</b>   |
|--|---------------|---------------|
|  | <b>\$'000</b> | <b>\$'000</b> |
| Fees and charges                             | 19,203        | 18,733        |
| Works and services provided to third parties | 7,886         | 8,994         |
| Other  | 1,030         | 327           |
| <b>Total other revenue</b>                   | <b>28,119</b> | <b>28,054</b> |

Fees and charges are recognised as revenue at a point in time when GWW has completed its performance obligations. Fees and charges represent a variety of services provided by GWW such as processing of application fees and making new connections or alterations to the corporation's network. GWW uses pricing principles to calculate the price of individual services rather than direct regulation by the Essential Services Commission.

Revenue from works and services provided to third parties is recognised as revenue over time when GWW has completed its contractual obligations. Revenue represents charges for services to third parties such as the collection of drainage and parks rates on behalf of Melbourne Water and the Department of Environment, Land, Water and Planning respectively.

Other items are recognised as revenue at a point in time on completion of GWW's contractual obligations. Other items consist mainly of administration fees and one-off charges for services provided.

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2022

### 2 Funding delivery of services (continued)

#### 2.5 Timing of recognition of revenue from customers

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

|                                     | At a point<br>in time<br>\$'000 | Over time<br>\$'000 | Total<br>\$'000 |
|-------------------------------------|---------------------------------|---------------------|-----------------|
| <b>2021</b>                         |                                 |                     |                 |
| Service charges – water             | -                               | 102,067             | 102,067         |
| Usage charges – water               | -                               | 276,502             | 276,502         |
| Service charges – sewerage          | -                               | 123,378             | 123,378         |
| Disposal charges – sewerage         | -                               | 63,571              | 63,571          |
| Trade waste charges                 | -                               | 29,886              | 29,886          |
| Recycled water charges              | -                               | 7,064               | 7,064           |
| Water trading revenue               | 581                             | -                   | 581             |
| Developer contributions             | 71,586                          | -                   | 71,586          |
| Other revenue                       | 19,060                          | 8,994               | 28,054          |
| <b>Total revenue from customers</b> | <b>91,227</b>                   | <b>611,462</b>      | <b>702,689</b>  |

|                                     | At a point<br>in time<br>\$'000 | Over time<br>\$'000 | Total<br>\$'000 |
|-------------------------------------|---------------------------------|---------------------|-----------------|
| <b>2022</b>                         |                                 |                     |                 |
| Service charges – water             | -                               | 126,630             | 126,630         |
| Usage charges – water               | -                               | 308,313             | 308,313         |
| Service charges – sewerage          | -                               | 155,284             | 155,284         |
| Disposal charges – sewerage         | -                               | 62,152              | 62,152          |
| Trade waste charges                 | -                               | 28,717              | 28,717          |
| Recycled water charges              | -                               | 7,918               | 7,918           |
| Water trading revenue               | 202                             | -                   | 202             |
| Developer contributions             | 160,687                         | -                   | 160,687         |
| Other revenue                       | 20,233                          | 7,886               | 28,119          |
| <b>Total revenue from customers</b> | <b>181,122</b>                  | <b>696,900</b>      | <b>878,022</b>  |

## Notes to and forming part of the Financial Statements

### For the year ended 30 June 2022

## 2 Funding delivery of services (continued)

### 2.6 Other income

|   | 2022<br>\$'000 | 2021<br>\$'000 |
|---|----------------|----------------|
| Interest income                                   | 69             | 67             |
| Rental income                                     | 601            | 179            |
| Net gain on sale of non-current physical assets   | 1,125          | 141            |
| Zero Emissions Water (ZEW) settlement income      | -              | 48             |
| Sales to ZEW                                      | 5              | -              |
| Fair value adjustment of ZEW financial derivative | 4,547          | -              |
| <b>Total other income</b>                         | <b>6,347</b>   | <b>435</b>     |

Interest income represents bank interest and is recognised when earned.

Rental income is billed in advance and recognised over the period to which the income relates.

A gain on sale of non-current physical assets is recognised on disposal of an asset. It is measured as income from the sale of an asset less the asset's book value and costs of disposal.

ZEW settlement income relates to the corporation's investment in ZEW. The corporation recognised compensation settlements received during the reporting period due to delays in reaching the commercial operational date. Refer to Note 8 for details of fair value measurement of financial derivative and note 9.2 for further details on the arrangement between the corporation and ZEW.

## Notes to and forming part of the Financial Statements

### For the year ended 30 June 2022

### 3 Cost of delivering services

This section provides an account of the expenses incurred by GWW in delivering services and the accounting policies that are relevant for an understanding of the items recognised in the financial statements.

#### Structure

- 3.1 Summary of cost of delivering services
- 3.2 Bulk charges
- 3.3 Employee benefits
- 3.4 Remuneration of auditor
- 3.5 Other operating expenses
- 3.6 Revaluation adjustment of infrastructure assets

#### 3.1 Summary of cost of delivering services

|  | Note  | 2022<br>\$'000 | 2021<br>\$'000 |
|--|-------|----------------|----------------|
| Bulk charges   | 3.2   | 346,428        | 352,866        |
| Employee benefits in the Comprehensive Operating Statement | 3.3.1 | 86,932         | 46,596         |
| Other operating expenses                                   | 3.5   | 123,474        | 79,600         |
| <b>Total cost of delivering services</b>                   |       | <b>556,834</b> | <b>479,062</b> |

#### 3.2 Bulk charges

|                                 | 2022<br>\$'000 | 2021<br>\$'000 |
|---------------------------------|----------------|----------------|
| Bulk water and sewerage charges | 334,962        | 352,866        |
| Water purchases                 | 11,466         | -              |
| <b>Total bulk charges</b>       | <b>346,428</b> | <b>352,866</b> |

Bulk water and sewerage charges are levied by Melbourne Water Corporation for the cost of water GWW purchases and for sewage treated at Melbourne Water's Western Treatment Plant. Variable charges are levied in arrears and are payable on a weekly basis. Fixed charges are levied once a month and are payable on the 15<sup>th</sup> of the month to which they refer. Any variable charges that remain outstanding at period end are accrued. The bulk purchase costs were lower in 2022 mainly due to price reductions from Melbourne Water which have been passed through to our customers.

Water purchases cost includes variable water transfer and fixed water availability charges for the Greater Yarra System – Thomson River and variable cost recovery storage charges for the Southern Rural Water reservoirs. Water purchases cost is recognised as an expense in the reporting period in which they are incurred in the Comprehensive Operating Statement.

## Notes to and forming part of the Financial Statements

### For the year ended 30 June 2022

### 3 Cost of delivering services (continued)

#### 3.3 Employee benefits

##### 3.3.1 Employee benefits in the Comprehensive Operating Statement

|  | 2022<br>\$'000 | 2021<br>\$'000 |
|--|----------------|----------------|
| Salaries and wages, annual leave and long service leave          | 77,234         | 40,736         |
| Accumulation fund superannuation expense                         | 7,539          | 4,944          |
| Defined benefit superannuation expense                           | 436            | 596            |
| Termination benefits   | 1,723          | 320            |
| Total employee benefits in the comprehensive operating statement | 86,932         | 46,596         |

Employee benefits refers to all payments made to employees during the year. It includes payments to all GWW staff as well as contract and agency staff. Payments are made for ordinary time, overtime, allowances, on-costs, Fringe Benefits Tax, redundancy costs and WorkCover. Any employee benefits outstanding at year end are accrued. A portion of employee benefits directly attributable to capital projects is capitalised and depreciated so as to apportion the cost of a capital project over the life of the asset created by the project. In addition, included in the salaries and wages is an amount of \$10,802,000 relating to SaaS adjustment as disclosed in note 1.3.

The amount recognised in the Comprehensive Operating Statement in relation to superannuation is employer contributions for members of both defined benefit and accumulation superannuation plans that are paid or payable during the reporting period. Contributions to accumulation superannuation funds are made in accordance with the *Superannuation Guarantee (Administration) Act 1992*.

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 GWW 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.

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2022

### 3 Cost of delivering services (continued)

#### 3.3.2 Employee benefits in the Balance Sheet

|   | <b>2022</b>   | <b>2021</b>   |
|---|---------------|---------------|
|   | <b>\$'000</b> | <b>\$'000</b> |
| <b>Provision for employee benefits</b>                                    |               |               |
| <b>Current</b>  |               |               |
| Annual leave unconditional and expected to be paid within 12 months       | 4,999         | 3,462         |
| Annual leave unconditional and expected to be paid after 12 months        | 2,036         | 1,061         |
| Long service leave unconditional and expected to be paid within 12 months | 1,849         | 1,411         |
| Long service leave unconditional and expected to be paid after 12 months  | 7,312         | 5,508         |
| On costs unconditional and expected to be paid within 12 months           | 305           | 215           |
| On costs unconditional and expected to be paid after 12 months            | 1,207         | 841           |
| Other employee benefits   | 2,681         | 3,252         |
| <b>Provision for employee benefits – current</b>                          | <b>20,389</b> | <b>15,750</b> |
| <b>Non-current</b>  |               |               |
| Long service leave conditional  | 2,602         | 1,104         |
| On costs conditional  | 429           | 168           |
| <b>Provision for employee benefits – non-current</b>                      | <b>3,031</b>  | <b>1,272</b>  |
| <b>Total provision for employee benefits</b>                              | <b>23,420</b> | <b>17,022</b> |
| Reconciliation of movement in provision for employee benefits             |               |               |
|   | <b>2022</b>   |               |
|   | <b>\$'000</b> |               |
| Opening balance   | 17,022        |               |
| Integration of WW at beginning of the year                                | 6,136         |               |
| Additional provisions recognised  | 9,223         |               |
| Movements due to transfers in/(out)                                       | 139           |               |
| Reductions arising from payments/other sacrifices of economic benefits    | (9,100)       |               |
| <b>Closing balance</b>  | <b>23,420</b> |               |

## Notes to and forming part of the Financial Statements For the year ended 30 June 2022

### 3 Cost of delivering services (continued)

Provision is made for benefits accruing to employees in respect of annual leave, long service leave (LSL), on-costs, termination benefits and bonuses for services rendered to reporting date.

Liabilities for wages and salaries, including non-monetary benefits and annual leave are all recognised in the provision for employee benefits as current liabilities as the corporation does not have an unconditional right to defer settlement of these liabilities.

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

Depending on the expectation of the timing of settlement, liabilities for wages, salaries, and annual leave are measured at:

- nominal value – component that the corporation expects to settle wholly within 12 months; and
- present value – component that the corporation does not expect to settle wholly within 12 months.

Unconditional LSL is disclosed as a current liability even when the corporation does not expect to wholly settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of LSL liability are measured at:

- nominal value – component that the corporation expects to settle wholly within 12 months; and
- present value – component that the corporation does not expect to settle wholly within 12 months.

Conditional LSL is disclosed as a non-current liability. In this case 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 LSL liability is recognised at present value. Any gain or loss following revaluation of the present value of the non-current LSL liability is recognised as income or an expense.

Performance bonuses are an element of other employee benefits. Performance bonuses for the corporation's senior officers are based on a percentage of the annual salary package provided under their contract of employment. A liability is recognised and is measured as the aggregate of the amounts accrued under the terms of the contracts to balance date.

#### 3.3.3 Superannuation

All GWW employees are members of either the Equisuper or Vision Super defined benefit fund or an approved accumulation fund of their choice.

The majority of employees of GWW, who are with accumulation funds, are members of either the Equisuper fund or the Vision Super fund. All new GWW employees must join an accumulation fund.

## Notes to and forming part of the Financial Statements For the year ended 30 June 2022

### 3 Cost of delivering services (continued)

#### Defined benefit fund – Equipsuper

Defined benefit fund members receive a lump sum benefit on retirement, death, disablement or withdrawal from the fund. Benefits are calculated on a multiple of an employee's final salary. The multiple is dependent on an employee's length of service and their contribution rate. The fund ceased including new members from September 1994.

A liability or asset in respect of defined benefits superannuation is recognised and measured as the difference between the present value of employees' accrued benefits at reporting date and the net market value of the superannuation plan's assets at that date.

GWW is not the trustee of the defined benefit fund.

The plan's trustee (Togethr Trustees Pty Ltd) is responsible for the governance of the plan. The trustee has a legal obligation to act solely in the best interests of plan beneficiaries. The trustee has the following roles:

- administration of the plan and payment to beneficiaries from plan assets when required in accordance with the plan rules;
- management and investment of the plan assets; and
- compliance with superannuation law and other applicable regulations.

There are a number of risks to which the plan exposes the corporation. The more significant risks relating to the defined benefits are investment risk, salary growth risk, legislative risk and pension risk.

GWW's plan assets are invested by the trustee in a pool of assets with assets from other employers' plans. The assets have a benchmark weighting to equities of 50 per cent and therefore the plan has a significant concentration of equity market risk. However, within the equity investments the allocation both globally and across sectors is diversified.

The Equipsuper Contribution and Funding Policy provides for a review of the financial position of the plan every six months as at 30 June and 31 December, with the contribution rate comprising a long-term contribution rate and an adjustment to meet the financing objective of a target funding ratio of 105 per cent. GWW's current funding ratio is 145.7 per cent.

There were no plan amendments affecting the defined benefits payable, curtailments or settlements during the year.

## Notes to and forming part of the Financial Statements

### For the year ended 30 June 2022

#### 3 Cost of delivering services (continued)

|  | Fair value<br>of plan<br>assets<br>\$'000 | Defined<br>benefit<br>obligation<br>\$'000 | Net defined<br>benefit<br>liability/<br>(asset)<br>\$'000 |
|--|---|--|---|
| Opening balance at 1 July 2020   | 24,597                                    | 21,203                                     | (3,394)   |
| Current service cost   | -   | 619  | 619   |
| Interest income  | 183                                       | -  | (183)   |
| Interest expense   | -   | 160  | 160   |
| Actuarial return on plan assets less interest income                     | 2,547                                     | -  | (2,547)   |
| Contributions by plan participants                                       | 181                                       | 181  | -   |
| Actuarial (gains)/losses arising from changes in demographic assumptions | -   | -  | -   |
| Actuarial (gains)/losses arising from changes in financial assumptions   | -   | (1,020)                                    | (1,020)   |
| Actuarial (gains)/losses arising from liability experience               | -   | (703)                                      | (703)   |
| Benefits paid  | (991)                                     | (991)                                      | -   |
| Taxes, premiums and expenses paid  | (62)                                      | (62)                                       | -   |
| <b>Closing balance at 30 June 2021</b>                                   | <b>26,455</b>                             | <b>19,387</b>                              | <b>(7,068)</b>  |
| Opening balance at 1 July 2021   | 26,455                                    | 19,387                                     | (7,068)   |
| Current service cost   | -   | 520  | 520   |
| Interest income  | 344                                       | -  | (344)   |
| Interest expense   | -   | 260  | 260   |
| Actuarial return on plan assets less interest income                     | (1,106)                                   | -  | 1,106   |
| Contributions by plan participants                                       | 172                                       | 172  | -   |
| Actuarial (gains)/losses arising from changes in demographic assumptions | -   | -  | -   |
| Actuarial (gains)/losses arising from changes in financial assumptions   | -   | (4,106)                                    | (4,106)   |
| Actuarial (gains)/losses arising from liability experience               | -   | 561  | 561   |
| Benefits paid  | (13)                                      | (13)                                       | -   |
| Taxes, premiums and expenses paid  | (156)                                     | (156)                                      | -   |
| <b>Closing balance at 30 June 2022</b>                                   | <b>25,696</b>                             | <b>16,625</b>                              | <b>(9,071)</b>  |
| <b>Fair value of plan assets<br/>As at 30 June 2022</b>                  |   | <b>Total<br/>\$'000</b>                    | <b>Level 2<sup>1</sup><br/>\$'000</b>                     |
| Investment funds   |   | 25,696                                     | 25,696  |
| <b>Total</b>   |   | <b>25,696</b>                              | <b>25,696</b>   |

<sup>1</sup> Inputs based on observable market data (either directly using prices or indirectly derived from prices).

## Notes to and forming part of the Financial Statements

### For the year ended 30 June 2022

### 3 Cost of delivering services (continued)

#### Significant actuarial assumptions at reporting date

|  | 2022      | 2021      |
|--|-----------|-----------|
| <b>Assumptions to determine defined benefit cost</b>       |           |           |
| Discount rate  | 1.4% p.a. | 0.8% p.a. |
| Expected salary increase rate                              | 3.0% p.a. | 3.0% p.a. |
| <b>Assumptions to determine defined benefit obligation</b> |           |           |
| Discount rate  | 4.4% p.a. | 1.4% p.a. |
| Expected salary increase rate                              | 3.0% p.a. | 3.0% p.a. |

The assumptions used to determine the defined benefit cost are based on the assumptions used to calculate the defined benefit obligation for the prior year. The assumptions used to calculate the defined benefit obligation are determined as follows:

- discount rate<sup>1</sup> – based on the yield on high yield corporate bonds of the same duration as the liabilities that make up the defined benefit obligation; and
- expected salary increase rate – determined by reference to GWW’s expected salary increases under its enterprise agreement.

In 2022, the discount rate has increased in comparison to prior year as a result of a number of market variables that have been impacted by COVID-19. Market variables include changes to government policies, unemployment uncertainty, inflation, changes in business productivity, and changes in business and consumer confidence.

<sup>1</sup> High yield corporate bonds rate used in current year compared with the Commonwealth government bonds rates as the market has become deep enough to support the use of high quality corporate bond rates as discount rate during the financial year.

#### Sensitivity analysis

The defined benefit obligation as at 30 June 2022 under several scenarios is presented below.

Scenarios A and B relate to discount rate sensitivity. Scenarios C and D relate to salary increase rate sensitivity.

|  | Base case | Scenario A                  | Scenario B                  | Scenario C                            | Scenario D                            |
|--|-----------|-----------------------------|-----------------------------|---------------------------------------|---------------------------------------|
|  |           | -0.5% p.a.<br>discount rate | +0.5% p.a.<br>discount rate | -0.5% p.a.<br>salary<br>increase rate | +0.5% p.a.<br>salary<br>increase rate |
| Discount rate                                    | 4.4% p.a. | 3.9% p.a.                   | 4.9% p.a.                   | 4.4% p.a.                             | 4.4% p.a.                             |
| Salary increase rate                             | 3.0% p.a. | 3.0% p.a.                   | 3.0% p.a.                   | 2.5% p.a.                             | 3.5% p.a.                             |
| Defined benefit obligation <sup>1</sup> (\$'000) | 16,625    | 17,217                      | 16,065                      | 16,140                                | 17,130                                |

<sup>1</sup> includes contributions tax provision.

The defined benefit obligation has been recalculated by changing the assumptions as outlined above while retaining all other assumptions.

The Equisuper Contribution and Funding Policy provides for a review of the financial position of the plan each six months, as at 30 June and 31 December, with the contribution rate comprising a long term contribution rate and an adjustment to meet the financing objective of a target funding ratio of 105 per cent. GWW’s current funding ratio is 145.7 per cent. As such, GWW is not currently required to contribute to the defined benefit superannuation plan.

## Notes to and forming part of the Financial Statements

### For the year ended 30 June 2022

#### 3 Cost of delivering services (continued)

##### Expected contributions

GWW does not expect to make any employer contributions for the year ending 30 June 2022.

##### Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation as at 30 June 2022 is seven years (30 June 2021, eight years).

Expected benefit payments for each of the financial year ending on:

|                      | (\$'000) |
|----------------------|----------|
| 30 June 2023         | 1,801    |
| 30 June 2024         | 2,232    |
| 30 June 2025         | 2,254    |
| 30 June 2026         | 2,145    |
| 30 June 2027         | 2,020    |
| Following five years | 8,635    |

##### Defined benefit plan – Vision Super

GWW does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a pooled multi-employer sponsored plan. There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of GWW in the 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.

The obligations for contributions to the Fund are recognised as an expense in the Comprehensive Operating Statement or directly charged to capital expenditure projects when they are incurred or due.

##### The 2022 interim actuarial investigation

As at 30 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 GWW is a contributing employer was 108.5% (2021: 109.8%). The VBI is to be used as the primary funding indicator. As the VBI was above 100%, the 2022 interim actuarial investigation determined the defined benefit category was in a satisfactory financial position and that no change was necessary to the defined benefit category's funding arrangements from prior years.

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

|                       | 2022 Interim investigation          | 2021 Triennial investigation |
|-----------------------|-------------------------------------|------------------------------|
| Net investment return | 5.5% p.a.                           | 4.75% p.a.                   |
| Salary inflation      | 2.5% p.a. to 2023, 3.5% thereafter. | 2.75% p.a.                   |
| Price inflation       | 3.0% p.a.                           | 2.25% p.a.                   |

## Notes to and forming part of the Financial Statements For the year ended 30 June 2022

### 3 Cost of delivering services (continued)

The 2021 full triennial actuarial investigation

The last full actuarial investigation was conducted for the Fund's position as at 30 June 2021. The financial assumptions for the purposes of this investigation applied to the defined benefit category of which GWW is a contributing employer are:

- a VBI surplus of \$214.7 million;
- a total service liability surplus of \$270.3 million; and
- a discounted accrued benefits surplus of \$285.2 million.

The VBI surplus means that the market value of the Fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June. The total service liability surplus means that the current value of the assets in the Fund's defined benefit category plus expected future contributions exceeds the value of expected future benefits and expenses as at 30 June. The discounted accrued benefit surplus means that the current value of the assets in the Fund's Defined Benefit category exceeds the value of benefits payable in the future but accrued in respect of service to 30 June. The 30 June 2022 fund position may be impacted due to COVID-19 restrictions, however, at the time these financial statements were issued, the impact could not be reliably estimated.

#### Funding calls

If the defined benefit category is in an unsatisfactory financial position at the effective date of the actuarial investigation, or when 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 Superannuation Prudential Standard 160 *Defined Benefit Matters* 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 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. The defined benefit fund was closed to new members on 31 December 1993. 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.

#### 3.4 Remuneration of auditor

|  | 2022<br>\$'000 | 2021<br>\$'000 |
|--|----------------|----------------|
| Amounts received, or due and receivable by the auditor of GWW for the audit of the financial report: |                |                |
| Victorian Auditor-General's Office   | 280            | 228            |
| <b>Total auditor's remuneration</b>  | <b>280</b>     | <b>228</b>     |

## Notes to and forming part of the Financial Statements

### For the year ended 30 June 2022

### 3 Cost of delivering services (continued)

#### 3.5 Other operating expenses

Other operating expenses are recognised as incurred if they can be reliably measured. Costs are measured at nominal value.

|   | 2022<br>\$'000 | 2021<br>\$'000 |
|---|----------------|----------------|
| Operating contracts                       | 51,765         | 36,401         |
| Information technology                    | 22,660         | 8,743          |
| Consulting                                | 8,592          | 6,431          |
| Billing and collection                    | 7,110          | 5,913          |
| Impaired receivables – refer Note 6       | 3,748          | 6,337          |
| Energy                                    | 6,468          | 2,005          |
| Facilities maintenance                    | 4,473          | 2,304          |
| Insurance                                 | 2,504          | 1,406          |
| Licence fees                              | 819            | 683            |
| Grants and water conservation initiatives | 361            | 218            |
| Other lease expense <sup>1</sup>          | 688            | 196            |
| Zero Emissions Water <sup>2</sup>         | 571            | 329            |
| Assets write-offs                         | 3,183          | 3,225          |
| Other expenses                            | 10,532         | 5,409          |
| <b>Total other operating expenses</b>     | <b>123,474</b> | <b>79,600</b>  |

Other operating expenses generally represent the day to day running costs incurred in normal operations. It also includes impaired receivables expense. Other operating expenses are recognised on an accrual basis in the reporting period in which they are incurred.

Operating contracts are expenses related to GWW's maintenance contractor and the field work performed by it.

Billing and collection costs are all costs relating to the issuing of bills and the collection of debt.

Information technology expenditure relates to all operating expenses, maintenance contracts, licence fees and other costs associated with operating the information technology environment of the corporation. The amount also includes \$8,723,000 relating to SaaS adjustments as disclosed in note 1.3.

Routine maintenance, repair costs and minor asset renewal costs are expensed as incurred. Where the expenditure relates to the replacement of a component or the enhancement of an asset and the cost satisfies the requirements of an asset, the cost is capitalised and depreciated.

The corporation 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 Kiamal solar farm. The future settlements of Contract for Difference (CfD) are classified as derivative financial instruments.

<sup>1</sup> Expenses in respect of contracts assessed as leases but which did not qualify for recognition as right-of-use assets are \$156,983 (2021: \$146,000) in respect of variable lease payments, \$261,814 (2021: \$18,627) for short-term leases, and \$31,781 (2021: \$31,781) for low-value leases.

<sup>2</sup> The corporation has initially recognised the CfD derivative financial instrument and is measured at fair value based on the best available information. In 2022, the CfD is \$137,000 and under provision of fair value in 2021 was \$434,000. The initial recognition expense of \$329,000 in 2021 represented the fair value of the expected future settlements at the initial recognition and was in a liability position.

## Notes to and forming part of the Financial Statements

### For the year ended 30 June 2022

### 3 Cost of delivering services (continued)

#### 3.6 Revaluation adjustment of infrastructure assets

|                                      | 2022<br>\$'000 | 2021<br>\$'000 |
|--------------------------------------|----------------|----------------|
| Revaluation due to integration of WW | 696,691        | -              |
| Annual revaluation for the year      | 168,701        | -              |
| <b>Total revaluation adjustment</b>  | <b>865,392</b> | <b>-</b>       |

The integration of WW resulted in a write-down of infrastructure asset value of approximately \$703.0 million (\$696.7 million profit impact) due to WW changing from a 'Not for Profit' entity to a 'for Profit' entity. The valuation write-down is a non-cash accounting book adjustment, required by the Australian Accounting Standards for measuring the fair value of infrastructure assets which differs between 'Not for Profit' and 'for Profit' entities. The nature of WW's infrastructure assets and their service delivery do not change as a result of the adjustment. Importantly, there is no resulting impact to customers or pricing. The WW integration adjustment was highlighted as a subsequent event in the 2021 CWW and WW annual reports. GWW obtained an independent valuation to support the change in valuation policy for WW infrastructure assets. The total revaluation adjustment was \$703,049,000 of which \$6,358,000 was utilised from the remaining GWW asset revaluation reserve. The valuation was done using the same valuation methodology as CWW in 2021. Further details of the fair value of infrastructure assets has been provided in note 8.3.2.

# Notes to and forming part of the Financial Statements

## For the year ended 30 June 2022

### 4 Statutory obligations

This section provides an account of the statutory obligations of GWW.

#### Structure

- 4.1 Income tax expense
- 4.2 Deferred tax assets and deferred tax liabilities
- 4.3 Current tax liability
- 4.4 Dividends
- 4.5 Environmental Contribution

#### 4.1 Income tax expense

|  | 2022<br>\$'000   | 2021<br>\$'000  |
|--|------------------|-----------------|
| <b>Income tax expense</b>  |                  |                 |
| Current tax  | 34,502           | 22,347          |
| Deferred tax relating to temporary differences   | (259,015)        | (5,284)         |
| <b>Total income tax expense</b>  | <b>(224,513)</b> | <b>17,063</b>   |
| Income tax expense is attributable to:   |                  |                 |
| (Loss)/Profit from continuing operations   | (224,513)        | 17,063          |
| <b>Total income tax expense</b>  | <b>(224,513)</b> | <b>17,063</b>   |
| Deferred income tax expense/(benefit) included in income tax expense comprises:                |                  |                 |
| Decrease/(increase) in deferred tax assets   | (130,527)        | (7,669)         |
| Increase/(decrease) in deferred tax liabilities  | (128,488)        | 2,385           |
| <b>Total deferred income tax expense/(benefit)</b>   | <b>(259,015)</b> | <b>(5,284)</b>  |
| <b>Reconciliation of income tax expense to prima facie tax payable</b>                         |                  |                 |
| (Loss)/Profit before income tax expense  | (749,490)        | 56,779          |
| Tax at the Australian tax rate of 30 per cent (2021 30 per cent)                               | (224,847)        | 17,034          |
| <b>Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:</b> |                  |                 |
| Non-deductible expenses  | 35               | 30              |
| Non-deductible depreciation  | 1,185            | 885             |
| Additional deductible expenses/non-assessable income   | (886)            | (886)           |
| <b>Total income tax expense</b>  | <b>(224,513)</b> | <b>17,063</b>   |
| <b>Deferred income tax recognised in other comprehensive income</b>                            |                  |                 |
| Gain/(loss) on revaluation of infrastructure   | -                | (19,617)        |
| Gain/(loss) on revaluation of land and buildings   | 4,026            | 2,269           |
| Actuarial gain/(loss) on defined benefit superannuation plan                                   | 732              | 1,281           |
| <b>Total deferred income tax recognised in other comprehensive income</b>                      | <b>4,758</b>     | <b>(16,067)</b> |

## Notes to and forming part of the Financial Statements

### For the year ended 30 June 2022

#### 4 Statutory obligations (continued)

GWW is subject to the National Tax Equivalent Regime (NTER) pursuant to section 88(1) of the *State Owned Enterprises Act 1992*. Under this regime GWW is required to pay the Victorian Government an amount equal to the tax liability applicable if GWW was a private company. The tax equivalent rules are based on the *Income Tax Assessment Act 1997* (as amended).

Income tax expense or revenue for the period is the tax payable or receivable on the current period's taxable income based on the applicable tax rate adjusted by changes in deferred tax assets and deferred tax liabilities attributable to temporary differences.

#### 4.2 Deferred tax assets and deferred tax 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 substantively enacted at balance date. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose as the result of a transaction that at the time of the transaction did not affect either accounting profit or loss 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.

##### 4.2.1 Deferred tax assets

|   | 2022<br>\$'000 | 2021<br>\$'000 |
|---|----------------|----------------|
| The balance of deferred tax assets comprises temporary differences attributable to: |                |                |
| <b>Amounts recognised in the Comprehensive Operating Statement</b>                  |                |                |
| Accrued expenses  | 208            | 118            |
| Provisions  | 12,225         | 11,438         |
| Amortisation of intellectual property   | 2              | 5              |
| Business related costs  | 94             | 85             |
| Lease liabilities   | 29,014         | 29,841         |
| Fixed assets – Infrastructure (Impairment)  | 133,121        | -              |
| <b>Total deferred tax assets</b>  | <b>174,664</b> | <b>41,487</b>  |
| Movements:  |                |                |
| Opening balance at the start of financial year                                      | 41,487         | 33,818         |
| Integration of WW at start of financial year  | 2,651          | -              |
| Credited/(charged) to the Comprehensive Operating Statement                         | 130,526        | 7,669          |
| <b>Closing balance at the end of financial year</b>                                 | <b>174,664</b> | <b>41,487</b>  |
| Deferred tax assets expected to be recovered within 12 months                       | 29,318         | 11,438         |
| Deferred tax assets expected to be recovered after more than 12 months              | 145,346        | 30,049         |
| <b>Total deferred tax assets</b>  | <b>174,664</b> | <b>41,487</b>  |
| Set off of deferred tax assets pursuant to set off provisions                       | (174,664)      | (41,487)       |
| <b>Net deferred tax assets</b>  | <b>-</b>       | <b>-</b>       |

## Notes to and forming part of the Financial Statements

### For the year ended 30 June 2022

#### 4 Statutory obligations (continued)

##### 4.2.2 Deferred tax liabilities

|  | 2022<br>\$'000 | 2021<br>\$'000 |
|--|----------------|----------------|
| The balance of deferred tax liabilities comprises temporary differences attributable to: |                |                |
| <b>Amounts recognised in the Comprehensive Operating Statement</b>                       |                |                |
| Fixed assets – depreciation  | 130,652        | 85,693         |
| Developer contributed assets   | 56,171         | 57,057         |
| Fair value adjustment – ZEW  | 563            | -              |
| Right-of-use assets  | 26,343         | 27,976         |
| Developer revenue not assessable   | 18             | 36             |
| <b>Amounts recognised in equity</b>  |                |                |
| Defined benefits actuarial gain  | 3,354          | 2,623          |
| Land and buildings revaluation   | 4,026          | 2,243          |
| Infrastructure assets revaluation  | -              | 21,261         |
| <b>Total deferred tax liabilities</b>  | <b>221,127</b> | <b>196,889</b> |
| Movements:   |                |                |
| Opening balance at the start of the financial year                                       | 196,889        | 210,572        |
| Integration of WW at the start of the financial year                                     | 147,969        | -              |
| (Credited)/charged to the Comprehensive Operating Statement                              | (128,489)      | 2,384          |
| (Credited)/charged to equity   | 4,758          | (16,067)       |
| <b>Closing balance at the end of financial year</b>                                      | <b>221,127</b> | <b>196,889</b> |
| Deferred tax liabilities expected to be settled after more than 12 months                | 221,127        | 196,889        |
| <b>Total deferred tax liabilities</b>  | <b>221,127</b> | <b>196,889</b> |
| Set off of deferred tax assets pursuant to set off provisions                            | (174,664)      | (41,487)       |
| <b>Net deferred tax liabilities</b>  | <b>46,463</b>  | <b>155,402</b> |

##### 4.3 Current tax liability

|                             | 2022<br>\$'000 | 2021<br>\$'000 |
|-----------------------------|----------------|----------------|
| Current tax liability       | -              | 1,033          |
| Total current tax liability | -              | 1,033          |

GWW's current tax liability is tax payable based on the current financial year's taxable income less any instalments paid during the year. During 2022, GWW was in a tax receivable position of \$1.6m.

## Notes to and forming part of the Financial Statements

### For the year ended 30 June 2022

#### 4 Statutory obligations (continued)

##### 4.4 Dividends

|  | 2022<br>\$'000 | 2021<br>\$'000 |
|--|----------------|----------------|
| Final dividend paid during 2022 in respect of 2021 | 6,300          | -              |
| Final dividend paid during 2021 in respect of 2020 | -              | 13,500         |
| Interim dividend paid in respect of 2021           | -              | 7,100          |
| <b>Total dividends paid</b>                        | <b>6,300</b>   | <b>20,600</b>  |

As GWW is a Public Non-financial Corporation, it is required to pay a dividend in accordance with a determination by the Treasurer of Victoria under the *Water Act 1989*. An obligation to pay a dividend only arises after a formal determination is made by the Treasurer following consultation between the Board, the relevant portfolio Minister and the Treasurer.

No interim dividend was paid in 2022 as GWW's forecast indicated a loss position for the 2022 financial year. No final dividend has been provided for in 2022 as the 2022 final dividend has not yet been determined by the Treasurer. Given the GWW's net loss position in 2022, no final dividend is expected to be payable.

##### 4.5 Environmental Contribution

Section 193 of the *Water Industry (Environmental Contributions) Act 2004* (the Act) establishes an obligation for water corporations to pay into the consolidated fund Environmental Contributions in accordance with an Order issued by the Minister for Water. The Ministerial Order, which was published in the Victorian Government Gazette No. G23 on 11 June 2020, prescribed that the Environmental Contributions Tranche 5 period has been set to commence on 1 July 2020 till 30 June 2024. Subsequently, the new tranche of the amounts payable for reporting periods 2021 to 2024 has been provided and will be reported in subsequent years.

The purpose of the Environmental Contribution is set out in the Act. Funds may be used for the purpose of funding various water related initiatives that seek to promote the sustainable management of water or are likely to address adverse water related environmental impacts.

Consistent with Section 193 of the *Water Industry Act 1994*, GWW pays an Environmental Contribution to the Victorian Government. These contributions are recognised as expenses when they occur.

##### 4.5.1 Environmental Contribution expense

|   | 2022<br>\$'000 | 2021<br>\$'000 |
|---|----------------|----------------|
| Environmental Contribution expense              | 33,912         | 29,843         |
| <b>Total Environmental Contribution expense</b> | <b>33,912</b>  | <b>29,843</b>  |

## Notes to and forming part of the Financial Statements

### For the year ended 30 June 2022

#### 4 Statutory obligations (continued)

##### 4.5.2 Environmental Contribution commitment

Consistent with the requirements of Section 193 of the *Water Industry Act 1994*, GWW has a commitment to pay an Environmental Contribution of \$29.8m for the next year to the Department of Environment, Land, Water and Planning.

|  | <b>2022</b>   | <b>2021</b>   |
|--|---------------|---------------|
|  | <b>\$'000</b> | <b>\$'000</b> |
| Not later than one year <sup>1</sup>                           | 33,912        | 29,843        |
| Later than one year but not later than five years <sup>2</sup> | 33,912        | 59,686        |
| <b>Total Environmental Contribution commitment</b>             | <b>67,824</b> | <b>89,529</b> |

<sup>1</sup> In prior year, excluded WW commitment of \$4.07million upon integration with effect from 1 July 2021.

<sup>2</sup> In prior year, excluded WW commitment of \$8.14 million upon integration with effect from 1 July 2021.

## **Notes to and forming part of the Financial Statements** For the year ended 30 June 2022

### **5 Assets available to support the provision of services**

GWW controls infrastructure and other assets that are utilised in fulfilling its objectives and conducting its activities. These assets represent the resources that are owned by GWW for use in the delivery of services. Where the assets included in this section are carried at fair value, additional information is disclosed in Section 8 of this report regarding how fair value is determined.

#### **Structure**

- 5.1 Infrastructure, property, plant and equipment
- 5.2 Depreciation of infrastructure, property, plant and equipment
- 5.3 Impairment of infrastructure, property, plant and equipment
- 5.4 Commitments for capital expenditure on infrastructure, property, plant and equipment
- 5.5 Intangible assets
- 5.6 Amortisation of intangible assets
- 5.7 Impairment of intangible assets
- 5.8 Commitments for capital expenditure on intangible assets
- 5.9 Right-of-use assets
- 5.10 Assets held for sale

# Notes to and forming part of the Financial Statements

## For the year ended 30 June 2022

### 5 Assets available to support the provision of services (continued)

#### 5.1 Infrastructure, property, plant and equipment

| 2021  | Specialised Land \$'000 | Non-specialised land \$'000 | Non-specialised buildings \$'000 | Infrastructure assets \$'000 | Plant & equipment \$'000 | Motor vehicles \$'000 | Leasehold improvements \$'000 | Works in progress \$'000 | Total \$'000     |
|---|-------------------------|-----------------------------|----------------------------------|------------------------------|--------------------------|-----------------------|-------------------------------|--------------------------|------------------|
| Fair value at 1 July 2020   | 34,632                  | 3,054                       | 9,047                            | 1,999,000                    | 27,501                   | 4,394                 | 6,987                         | 151,843                  | 2,236,458        |
| Accumulated depreciation at 1 July 2020   | -                       | -                           | (1,304)                          | -                            | (22,004)                 | (2,422)               | (2,392)                       | -                        | (28,122)         |
| Carrying amount at 1 July 2020  | 34,632                  | 3,054                       | 7,743                            | 1,999,000                    | 5,497                    | 1,972                 | 4,595                         | 151,843                  | 2,208,336        |
| Additions   | -                       | -                           | -                                | -                            | -                        | -                     | -                             | 196,363                  | 196,363          |
| Developer contributed assets  | -                       | -                           | -                                | 41,703                       | -                        | -                     | -                             | (41,703)                 | -                |
| Transfers (net) <sup>1</sup>  | -                       | -                           | (67)                             | 173,273                      | 9,501                    | 910                   | 11                            | (183,628)                | -                |
| Revaluation (decrement)/increment recognised in other comprehensive income <sup>2</sup> | 19,038                  | -                           | 483                              | (65,390)                     | -                        | -                     | -                             | -                        | (45,869)         |
| Revaluation (decrement)/increment recognised in profit or loss                          | 51                      | -                           | -                                | -                            | -                        | -                     | -                             | -                        | 51               |
| Adjustments   | -                       | -                           | 5                                | -                            | -                        | -                     | -                             | -                        | 5                |
| Disposals (net)   | -                       | -                           | -                                | (1,485)                      | (267)                    | (142)                 | -                             | -                        | (1,894)          |
| Impairment (net)  | -                       | -                           | -                                | -                            | -                        | -                     | -                             | -                        | -                |
| Depreciation expense  | -                       | -                           | (273)                            | (45,800)                     | (2,885)                  | (769)                 | (424)                         | -                        | (50,151)         |
| Land transferred to Assets Held for Disposal  | (1,352)                 | -                           | -                                | -                            | -                        | -                     | -                             | -                        | (1,352)          |
| <b>Fair value at 30 June 2021</b>   | <b>52,369</b>           | <b>3,054</b>                | <b>9,462</b>                     | <b>2,101,300</b>             | <b>35,046</b>            | <b>4,714</b>          | <b>6,998</b>                  | <b>122,875</b>           | <b>2,335,818</b> |
| <b>Accumulated depreciation at 30 June 2021</b>   | <b>-</b>                | <b>-</b>                    | <b>(1,571)</b>                   | <b>-</b>                     | <b>(23,200)</b>          | <b>(2,743)</b>        | <b>(2,816)</b>                | <b>-</b>                 | <b>(30,330)</b>  |
| <b>Carrying amount at 30 June 2021</b>  | <b>52,369</b>           | <b>3,054</b>                | <b>7,891</b>                     | <b>2,101,300</b>             | <b>11,846</b>            | <b>1,971</b>          | <b>4,182</b>                  | <b>122,875</b>           | <b>2,305,488</b> |

<sup>1</sup> Balance represents a transfer to/from intangible assets. This occurs upon capitalisation of a project that generates both tangible and intangible assets.

<sup>2</sup> Further information on fair value of non-financial assets is disclosed in note 8.3.2.

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2022

### 5. Assets available to support the provision of services (continued)

|   | Specialised Land \$'000 | Non-specialised land \$'000 | Non-specialised buildings \$'000 | Infrastructure assets \$'000 | Plant & equipment \$'000 | Motor vehicles \$'000 | Leasehold improvements \$'000 | Works in progress \$'000 | Total \$'000     |
|---|-------------------------|-----------------------------|----------------------------------|------------------------------|--------------------------|-----------------------|-------------------------------|--------------------------|------------------|
| <b>2022</b>   |                         |                             |                                  |                              |                          |                       |                               |                          |                  |
| Fair value at 1 July 2021   | 52,369                  | 3,054                       | 9,462                            | 2,101,300                    | 35,046                   | 4,714                 | 6,998                         | 122,875                  | 2,335,818        |
| Accumulated depreciation at 1 July 2021   | -                       | -                           | (1,571)                          | -                            | (23,200)                 | (2,743)               | (2,816)                       | -                        | (30,330)         |
| Carrying amount at 1 July 2021 CWW  | 52,369                  | 3,054                       | 7,891                            | 2,101,300                    | 11,846                   | 1,971                 | 4,182                         | 122,875                  | 2,305,488        |
| Opening balance of WW assets on integration   | 40,214                  | -                           | 13,509                           | 1,165,439                    | 12,156                   | 2,157                 | 49                            | 158,012                  | 1,391,536        |
| <b>Carrying amount at 1 July 2021 GWW</b>   | <b>92,583</b>           | <b>3,054</b>                | <b>21,400</b>                    | <b>3,266,739</b>             | <b>24,002</b>            | <b>4,128</b>          | <b>4,231</b>                  | <b>280,887</b>           | <b>3,697,024</b> |
| Additions   | -                       | -                           | -                                | -                            | -                        | -                     | -                             | 326,979                  | 326,979          |
| Developer contributed assets  | -                       | -                           | -                                | 95,095                       | -                        | -                     | -                             | (95,095)                 | -                |
| Transfers (net) <sup>1</sup>  | 106                     | -                           | 16                               | 75,529                       | 8,866                    | 901                   | -                             | (85,418)                 | -                |
| Revaluation decrement on WW infrastructure assets (note 3.6)                            | -                       | -                           | -                                | (696,691)                    | -                        | -                     | -                             | -                        | (696,691)        |
| Revaluation (decrement)/increment recognised in other comprehensive income <sup>2</sup> | 16,261                  | -                           | 925                              | (6,358)                      | -                        | -                     | -                             | -                        | 10,828           |
| Revaluation (decrement)/increment recognised in profit or loss (note 3.6)               | -                       | -                           | -                                | (168,701)                    | -                        | -                     | -                             | -                        | (168,701)        |
| Disposals (net)   | -                       | -                           | -                                | (46)                         | -                        | (224)                 | -                             | -                        | (270)            |
| Impairment (net)  | -                       | -                           | -                                | -                            | -                        | -                     | -                             | -                        | -                |
| Depreciation expense  | -                       | -                           | (639)                            | (61,050)                     | (5,144)                  | (1,402)               | (445)                         | -                        | (68,680)         |
| Land transferred to Assets Held for Disposal  | -                       | -                           | -                                | -                            | -                        | -                     | -                             | -                        | -                |
| <b>Fair value at 30 June 2022</b>   | <b>108,950</b>          | <b>3,054</b>                | <b>23,912</b>                    | <b>2,504,517</b>             | <b>56,055</b>            | <b>8,753</b>          | <b>9,042</b>                  | <b>427,352</b>           | <b>3,141,635</b> |
| <b>Accumulated depreciation at 30 June 2022</b>   | <b>-</b>                | <b>-</b>                    | <b>(2,210)</b>                   | <b>-</b>                     | <b>(28,331)</b>          | <b>(5,350)</b>        | <b>(5,256)</b>                | <b>-</b>                 | <b>(41,147)</b>  |
| <b>Carrying amount at 30 June 2022</b>  | <b>108,950</b>          | <b>3,054</b>                | <b>21,702</b>                    | <b>2,504,517</b>             | <b>27,724</b>            | <b>3,403</b>          | <b>3,786</b>                  | <b>427,352</b>           | <b>3,100,488</b> |

1 Balance represents a transfer to/from intangible assets. This occurs upon capitalisation of a project that generates both tangible and intangible assets.

2 Further information on fair value of non-financial assets is disclosed in note 8.3.2.

## Notes to and forming part of the Financial Statements For the year ended 30 June 2022

### 5. Assets available to support the provision of services (continued)

#### Initial recognition

All assets are measured at cost on initial recognition. Cost is determined as cash paid or the fair value of other consideration given up at the date of acquisition plus any costs directly attributable to acquisition. Fair value at acquisition is equal to cost.

The cost of non-current assets constructed by GWW includes all costs directly attributable to their construction. GWW has a policy of capitalising labour costs which are directly attributable to capital projects. In the case of developer contributed assets, where actual cost is not available, cost is calculated using a schedule of rates determined by the corporation based on historical cost information.

An asset is capitalised when it is probable that future economic benefits associated with the item will flow to GWW and the item can be measured reliably.

GWW has a capitalisation threshold of greater than or equal to \$1000 inclusive of GST (2021 \$100).

#### Subsequent measurement

Infrastructure, property, plant and equipment are subsequently measured at fair value less accumulated depreciation and impairment losses (if applicable). Fair value is determined with regard to an 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. Fair value determination of non-current physical assets is discussed further in Section 8 – Risks, contingencies and valuation judgements.

The carrying amount of a replaced or abandoned asset is written off in the Comprehensive Operating Statement as an expense. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

Net revaluation increases are credited directly to equity in the physical asset revaluation surplus unless the increase reverses a previous decrease that was recognised in profit or loss. In this case, the increase is recognised in profit or loss.

Net revaluation decreases are recognised immediately as expenses in profit or loss, unless there is an asset revaluation surplus. In this case the decrease is recognised against the physical asset revaluation surplus.

There were no changes in valuation techniques throughout the year to 30 June 2022.

#### Land and buildings

An independent valuation of land and buildings is required every five years. Interim management valuations may occur in between independent valuations if fair value assessments indicate material changes in values. The last independent valuation was undertaken by a Certified Practising Valuer, Peter Molloy AAPI of Property Dynamics Pty Ltd, on behalf of the Valuer-General Victoria (VGV) as at 30 June 2021. The VGV valuation resulted in a gross asset value increment of \$19.5m.

For financial year ended 30 June 2022, management valuation of land was performed using VGV indices. The valuation led to an increment of \$16.3m.

The carrying amount (cost less accumulated depreciation) of land and buildings exclusive of revaluations was \$44.7m (2021 \$4.4m) and \$16.5m (2021 \$7.0m) respectively.

## Notes to and forming part of the Financial Statements For the year ended 30 June 2022

### 5 Assets available to support the provision of services (continued)

#### Infrastructure

The valuation of infrastructure assets has been determined in accordance with an independent valuation. KPMG was engaged by GWW as experts for this purpose. The valuation is at fair value based on the income approach (discounted cash flow method). For the purpose of the fair value estimate provided, fair market value is defined as 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 carrying amount (cost less accumulated depreciation) of infrastructure exclusive of revaluations was \$3,389.7m (2021 \$2,094.8m).

#### Plant and equipment, motor vehicles and leasehold improvements

Plant and equipment, motor vehicles and leasehold improvements are measured at carrying value (current replacement cost) which is fair value. Unless there is market evidence that carrying value is significantly different to market value no adjustment will be made to the existing carrying value.

#### 5.2 Depreciation of infrastructure, property, plant and equipment

All infrastructure assets, buildings, plant and equipment and other non-current physical assets (excluding items under operating leases and assets held for sale) that have a limited useful life are depreciated.

Depreciation is calculated on a straight-line basis at rates that allocate an asset's value less any estimated residual value over its estimated useful life. The useful life and residual value of each group of assets is reviewed annually.

Depreciation of a new infrastructure asset begins in the month following the practical completion of works. Depreciation of other new assets begins in the month following acquisition.

#### Useful lives

The estimated useful lives of infrastructure, property plant and equipment are listed below.

| Asset type                     | Range       |
|--------------------------------|-------------|
| Buildings                      | 5–90 years  |
| Infrastructure assets          | 3–350 years |
| Plant and equipment            | 2–50 years  |
| Motor vehicles                 | 2–8 years   |
| Leasehold improvements         | 7–20 years  |
| Right-of-use assets (note 5.9) | 3–47 years  |

## Notes to and forming part of the Financial Statements

### For the year ended 30 June 2022

#### 5 Assets available to support the provision of services (continued)

##### 5.3 Impairment of infrastructure, property, plant and equipment

Infrastructure, property, plant and equipment are assessed annually for indicators of impairment.

If there is an indication of impairment, 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 by a charge to the Comprehensive Operating Statement, unless the write-down can be offset against an asset revaluation surplus amount applicable to that class of asset.

Recoverable amounts for assets held primarily to generate net cash inflows are measured at the higher of the net present value of future cash flows expected to be obtained from the asset and fair value less costs to sell. It is deemed that, in the event of the loss of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made.

A reversal of an impairment loss on a revalued asset is credited directly to equity unless an impairment loss on the same class of asset was previously recognised in the Comprehensive Operating Statement. In this case the reversal of that impairment loss is recognised in the Comprehensive Operating Statement.

##### 5.4 Commitments for capital expenditure on infrastructure, property, plant and equipment

|   | <b>2022</b>   | <b>2021</b>   |
|---|---------------|---------------|
|   | <b>\$'000</b> | <b>\$'000</b> |
| Not later than one year                           | 19,628        | 610           |
| Later than one year but not later than five years | 67,100        | 484           |
| <b>Total capital commitments</b>                  | <b>86,728</b> | <b>1,094</b>  |

Commitments for future expenditure include capital commitments arising from contracts. These commitments are not recognised in the Balance Sheet. They are disclosed at nominal value inclusive of GST payable. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the Balance Sheet. The 2021 commitments represent CWW only and **exclude** WW 2021 capital commitments of \$31m. The increase in 2022 capital commitments has been driven by a number of new multi-year projects.

## Notes to and forming part of the Financial Statements

### For the year ended 30 June 2022

#### 5 Assets available to support the provision of services (continued)

##### 5.5 Intangible assets

|   | Software<br>\$'000 | Water<br>entitlements<br>\$'000 | Other<br>intangible<br>assets<br>\$'000 | Works in<br>progress<br>\$'000 | Total<br>\$'000  |
|---|--------------------|---------------------------------|---|--------------------------------|------------------|
| <b>2021</b>                                     |                    |                                 |   |                                |                  |
| Cost at 1 July 2020                             | 130,724            | 96,916                          | 26                                      | 15,578                         | 243,244          |
| Accumulated amortisation at 1 July 2020         | (73,493)           | -                               | -                                       | -                              | (73,493)         |
| Carrying amount at 1 July 2020                  | 57,231             | 96,916                          | 26                                      | 15,578                         | 169,751          |
| Additions                                       | 6,946              | -                               | 1,825                                   | 14,718                         | 23,489           |
| Transfers (net) <sup>1</sup>                    | -                  | -                               | -                                       | -                              | -                |
| Disposals (net)                                 | (1,131)            | -                               | (193)                                   | -                              | (1,325)          |
| Impairment (net)                                | -                  | -                               | -                                       | -                              | -                |
| Amortisation expense                            | (13,059)           | -                               | (215)                                   | -                              | (13,274)         |
| <b>Cost at 30 June 2021</b>                     | <b>134,696</b>     | <b>96,916</b>                   | <b>1,637</b>                            | <b>30,296</b>                  | <b>263,545</b>   |
| <b>Accumulated amortisation at 30 June 2021</b> | <b>(84,710)</b>    | <b>-</b>                        | <b>(194)</b>                            | <b>-</b>                       | <b>(84,904)</b>  |
| <b>Carrying amount at 30 June 2021</b>          | <b>49,986</b>      | <b>96,916</b>                   | <b>1,443</b>                            | <b>30,296</b>                  | <b>178,641</b>   |
| <b>2022</b>                                     |                    |                                 |   |                                |                  |
| Cost at 1 July 2021                             | 134,696            | 96,916                          | 1,637                                   | 30,296                         | 263,545          |
| Accumulated amortisation at 1 July 2021         | (84,710)           | -                               | (194)                                   | -                              | (84,904)         |
| Carrying amount at 1 July 2021 CWW              | 49,986             | 96,916                          | 1,443                                   | 30,296                         | 178,641          |
| Integration with WW at 1 July 2021              | 7,841              | 6,107                           | 3,847                                   | 4,158                          | 21,953           |
| Carrying amount at 1 July 2021 GWW              | 57,827             | 103,023                         | 5,290                                   | 34,454                         | 200,594          |
| Additions                                       | 7,715              | -                               | 7,504                                   | 12,822                         | 28,041           |
| Adjustments <sup>1</sup>                        | -                  | -                               | -                                       | (19,525)                       | (19,525)         |
| Transfers (net) <sup>2</sup>                    | 3,225              | -                               | (3,225)                                 | -                              | -                |
| Disposals (net)                                 | (470)              | -                               | -                                       | -                              | (470)            |
| Impairment (net)                                | -                  | -                               | -                                       | (2,889)                        | (2,889)          |
| Amortisation expense                            | (17,339)           | -                               | (1,627)                                 | -                              | (18,966)         |
| <b>Cost at 30 June 2022</b>                     | <b>167,193</b>     | <b>103,023</b>                  | <b>10,529</b>                           | <b>24,862</b>                  | <b>305,607</b>   |
| <b>Accumulated amortisation at 30 June 2022</b> | <b>(116,235)</b>   | <b>-</b>                        | <b>(2,587)</b>                          | <b>-</b>                       | <b>(118,822)</b> |
| <b>Carrying amount at 30 June 2022</b>          | <b>50,958</b>      | <b>103,023</b>                  | <b>7,942</b>                            | <b>24,862</b>                  | <b>186,785</b>   |

1 Adjustments are in relation to de-recognition of asset based on SaaS accounting policy.

2 Balance represents a transfer to/from infrastructure, property, plant and equipment. This occurs upon capitalisation of a project that generates both tangible and intangible assets.

Intangible assets are initially recognised at cost and subsequently at cost less accumulated amortisation and impairment losses (if applicable). Intangible assets consist of software, water entitlement rights and other intangible assets.

## Notes to and forming part of the Financial Statements For the year ended 30 June 2022

### 5 Assets available to support the provision of services (continued)

#### Software

Software assets are initially recognised at cost and subsequently recognised at cost less accumulated amortisation and impairment losses (if applicable).

#### Software as-a-Service (SaaS) arrangements

SaaS arrangements are service contracts providing the corporation with the right to access the cloud provider's application software over the contract period. As such the corporation does not receive a software intangible asset at the contract commencement date. A right to receive future access to the supplier's software does not, at the contract commencement date, give the customer the power to obtain the future economic benefits flowing from the software itself and to restrict others' access to those benefits.

Please refer to Note 1.3 for the change in accounting policy relating to SaaS arrangements and the impact during the financial year. The following outlines the accounting treatment of costs incurred in relation to SaaS arrangements:

- Recognise as an other expense over the term of the service contract – Fee for use of application software and customisation costs.
- Recognise as an other expense as the service is received – Configuration costs, Data conversion and migration costs, Testing costs and Training costs

The corporation made the following key judgements that may have the most significant effect on the amounts recognised in the financial statements – Determination whether configuration and customisation services are distinct from the SaaS access

Implementation costs including costs to configure or customise the cloud provider's application software are recognised as operating expenses when the services are received. Where the SaaS arrangement supplier provides both configuration and customisation services, judgement has been applied to determine whether each of these services are distinct or not from the underlying use of the SaaS application software. Distinct configuration and customisation costs are expensed as incurred as the software is configured or customised (that is, upfront). Non-distinct configuration and customisation costs are expensed over the SaaS contract term.

Non-distinct customisation activities significantly enhance or modify a SaaS cloud-based application. Judgement has been applied in determining whether the degree of customisation and modification of the SaaS cloud-based application is significant or not.

#### Capitalisation of configuration and customisation costs in SaaS arrangements

In implementing SaaS arrangements, GWW has developed software code that either enhances, modifies or creates additional capability to the existing owned software. This software is used to connect with the SaaS arrangement cloud-based application.

Judgement has been applied in determining whether the changes to the owned software meets the definition of and recognition criteria for an intangible asset in accordance with AASB 138 *Intangible Assets*. No amounts have been recognised as intangible assets in respect of customisation and configuration costs incurred in implementing SaaS arrangements.

#### Water entitlements

Water entitlements have an indefinite useful life as they are held in perpetuity. As such they are not amortised. Instead, they are tested for impairment annually or more frequently if events or changes in circumstances indicate that they might be impaired. Water entitlements represent GWW's bulk water entitlements held in Northern Victoria as a result of its investment in Stage 1 of the Goulburn-Murray Water Connections Project. The project was originally established in 2007 as the Northern Victoria Irrigation Renewal Project (NVIRP). On 1 July 2012 NVIRP was merged with Goulburn-Murray Water to form the Goulburn-Murray

## Notes to and forming part of the Financial Statements For the year ended 30 June 2022

### 5 Assets available to support the provision of services (continued)

Water Connections Project. The metropolitan water retailers contributed \$300m to the \$1 billion Stage 1 investment. Stage 1, which was completed in 2013. GWW contributed \$100m to the Connections Project to fund 25GL in long-term average annual water savings. Water entitlement accrues to GWW as long-term savings are made under the Project. The Project was completed in 2020. Water entitlements accrue to GWW as a result of the annual audits into the long-term savings made under the Project.

In February 2022 the Minister for Water announced that all water committed through the Connections Project for irrigators, the environment and Melbourne retail water corporations – can now be delivered – with Traditional Owners also to benefit. The Minister has issued water entitlements in the form of new bulk entitlements and was published in the Victorian Government Gazette G25 dated 23 June 2022 and come into effect on 1 July 2022. From the 2023 financial year, the new bulk entitlement sets out GWW's share is 30.5GL, made up of a mix of high reliability (19.3GL) and low reliability (11.2GL) entitlements from trading zones 1A Goulburn, 1B Goulburn, 6 Murray and 7 Murray. GWW intends to hold these water shares for water supply security purposes.

Amendment orders have been made to include a sunset date for the existing bulk entitlements of 20 June 2023. The new bulk entitlements are issued as a result of the agreement for participating in the Connections Project and as such the existing entitlements will be revoked, and the value (cost paid to participate in Connections Project less any disposals) will be transferred to the new bulk entitlements.

The new bulk entitlements will continue to be recognised as an intangible asset and measured at cost. The bulk entitlements have an indefinite useful life and will be tested for impairment annually.

#### Assigned water allocation

In 2016-17 under Section 46(1) of the *Water Act 1989*, Barwon Water assigned 5,000ML of their carryover water in the Melbourne supply system to WW at a cost of \$1,600,000. During 2019-20 Barwon Water assigned another 5,000ML of their carryover water in the Melbourne supply system to WW at a cost of \$1,425,000. The right to the allocated water is a finite life intangible asset initially recognised at cost and after initial recognition WW carries the asset at its cost less any accumulated amortisation and any accumulated impairment losses. Impairment testing is undertaken at least annually.

As a finite life intangible asset, the water allocated will be amortised on a systematic basis over its useful life. This is based on the expected usage of the right. Assuming a normal climate and demand scenario, usage of the remaining assigned water allocation of 8,257ML (2021: 9,041ML) is expected to occur over the period 2021-22 to 2025-26.

#### Other intangible assets

Other intangible assets have an indefinite useful life as they are held in perpetuity. As such they are not amortised. Instead, they are tested for impairment annually or more frequently if events or changes in circumstances indicate that they might be impaired.

Other intangible assets also include Large-Scale Generation Certificates of \$167,616 (2021: \$36,888) which are measured at cost.

### 5.6 Amortisation of intangible assets

All intangible assets with a useful life are amortised.

Amortisation is generally calculated on a straight-line basis at rates that allocate an asset's value less any estimated residual value over its estimated useful life. The useful life and residual value of each group of assets is reviewed annually.

Amortisation of new software and other intangible assets begins in the month following commissioning.

## Notes to and forming part of the Financial Statements

### For the year ended 30 June 2022

#### 5 Assets available to support the provision of services (continued)

##### Useful lives

The estimated useful lives of intangible assets are listed below.

| Asset type                 | Range      |
|----------------------------|------------|
| Software                   | 3–10 years |
| Water entitlements         | Indefinite |
| Master plans               | 5 years    |
| Assigned water allocations | 1–9 years  |
| Other intangible assets    | Indefinite |

#### 5.7 Impairment of intangible assets

Intangible assets with indefinite useful lives are tested annually for indicators of impairment.

If there is an indication of impairment, 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 by a charge to the Comprehensive Operating Statement, unless the write-down can be offset against an asset revaluation surplus amount applicable to that class of asset.

The recoverable amount for most intangible assets is measured as the higher of current replacement cost and fair value less costs to sell. Recoverable amounts for assets held primarily to generate net cash inflows are measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell. It is deemed that in the event of the loss of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made.

A reversal of an impairment loss on a revalued intangible asset is credited directly to equity, unless an impairment loss on the same class of asset was previously recognised in the Comprehensive Operating Statement. In this case a reversal of that impairment loss is also recognised in the Comprehensive Operating Statement.

#### 5.8 Commitments for capital expenditure on intangible assets

|   | 2022<br>\$'000 | 2021<br>\$'000 |
|---|----------------|----------------|
| Not later than one year                           | -              | 232            |
| Later than one year but not later than five years | -              | 115            |
| <b>Total capital commitments</b>                  | <b>-</b>       | <b>347</b>     |

Commitments for future capital expenditure on intangible assets include capital commitments arising from contracts. These commitments are not recognised in the Balance Sheet. They are disclosed at nominal value inclusive of GST payable. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the Balance Sheet.

## Notes to and forming part of the Financial Statements

### For the year ended 30 June 2022

#### 5. Assets available to support the provision of services (continued)

##### 5.9 Right-of-use assets

This note provides information for leases where the corporation is a lessee.

|  | Buildings<br>\$'000 | Land<br>\$'000 | Equipment<br>\$'000 | Total<br>\$'000 |
|--|---------------------|----------------|---------------------|-----------------|
| <b>2021</b>  |                     |                |                     |                 |
| As at 1 July 2020                                  | 89,576              | 1,402          | 1,697               | 92,675          |
| Additions  | -                   | -              | 945                 | 945             |
| Re-measurement                                     | 4,927               | 325            | (1)                 | 5,251           |
| Depreciation                                       | (4,831)             | (63)           | (725)               | (5,619)         |
| <b>As at 30 June 2021</b>                          | <b>89,672</b>       | <b>1,664</b>   | <b>1,916</b>        | <b>93,252</b>   |
| Cost   | 98,892              | 1,776          | 3,422               | 104,090         |
| Accumulated depreciation                           | (9,220)             | (112)          | (1,506)             | (10,838)        |
| <b>Carrying amount at 30 June 2021</b>             | <b>89,672</b>       | <b>1,664</b>   | <b>1,916</b>        | <b>93,252</b>   |
| <b>2022</b>  |                     |                |                     |                 |
| <b>As at 1 July 2021 CWW</b>                       | <b>89,672</b>       | <b>1,664</b>   | <b>1,916</b>        | <b>93,252</b>   |
| Integration of WW at 1 July 2021                   | 501                 | -              | -                   | 501             |
| As at 1 July 2021 GWW                              | 90,173              | 1,664          | 1,916               | 93,753          |
| De-recognition of lease liability upon integration | (160)               | -              | -                   | (160)           |
| Depreciation                                       | (4,806)             | (56)           | (921)               | (5,783)         |
| <b>As at 30 June 2021</b>                          | <b>85,207</b>       | <b>1,608</b>   | <b>995</b>          | <b>87,810</b>   |
| Cost   | 99,047              | 1,776          | 3,422               | 104,245         |
| Accumulated depreciation                           | (13,840)            | (168)          | (2,427)             | (16,435)        |
| <b>Carrying amount at 30 June 2021</b>             | <b>85,207</b>       | <b>1,608</b>   | <b>995</b>          | <b>87,810</b>   |

The right-of-use assets are in respect of GWW's offices in Footscray and Sunbury, two maintenance depots in Brooklyn and West Melbourne, two land leases and two IT leases.

Remeasurement in prior year was in respect of the alignment of interest rate implicit in the leases using the revised Department of Treasury's (DTF) weighted average lease term calculator.

De-recognition of lease liability upon integration is in respect of aligning of accounting for leasing where previous lease are recognised in the operating statement as short term lease upon integration with WW.

Other leases of properties with contract term of less than a year are either short-term and or/ leases of low-value items. GWW has elected not to recognise right-of-use assets and lease liabilities for these leases.

## Notes to and forming part of the Financial Statements For the year ended 30 June 2022

### 5. Assets available to support the provision of services (continued)

(i) The corporation's leasing activities and how these are accounted for

The corporation leases various properties and equipment. Rental contracts are typically made for fixed periods of 3 to 47 years, but may have extension options as described below.

Contracts may contain both lease and non-lease components. The corporation allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

From 1 July 2019 leases are recognised as a right-of-use asset and a corresponding liability (borrowings) at the date at which the leased asset is available for use by the corporation.

Assets and liabilities arising from a lease are initially measured on a present value basis.

#### *Lease liabilities*

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

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 the corporation's incremental borrowing rate. Treasury Corporation of Victoria (TCV)/Department of Treasury's (DTF) calculator is used to determine incremental borrowing rate. Information on incremental borrowing rate is disclosed in note 71.

#### *Right-of-use assets*

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

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

If the corporation is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the corporation revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the corporation.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

## Notes to and forming part of the Financial Statements For the year ended 30 June 2022

### 5 Assets available to support the provision of services (continued)

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and photo copiers with individual values less than \$10,000 when new.

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

- variable lease payments;
- extension options and termination options;
- residual value guarantees; and
- leases not yet commenced to which the lessee is committed.

#### *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 corporations. Variable lease payments that depend on a specific variable metric are recognised in the comprehensive operating statement in which the condition that triggers those payments occurs.

#### (ii) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the corporation. 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 the corporation and not by the respective lessor.

#### *Residual value guarantee*

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

#### *Critical judgements in determining the lease term*

In determining the lease term, the corporation 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.

### 5.10 Assets held for sale

GWW classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The Asset held for sale in prior year was relating to the land held for sale to Melbourne Water. The sale was completed on 2 July 2021.

## Notes to and forming part of the Financial Statements

### For the year ended 30 June 2022

#### 6 Other assets and liabilities

This section sets out the assets and liabilities that arose from GWW's operations.

##### Structure

- 6.1 Receivables
- 6.2 Payables
- 6.3 Advances and deposits
- 6.4 Contract liabilities
- 6.5 Inventory
- 6.6 Other non-financial assets
- 6.7 Other provisions

| <b>6.1 Receivables</b>               | <b>2022</b>    | <b>2021</b>    |
|--------------------------------------|----------------|----------------|
|                                      | <b>\$'000</b>  | <b>\$'000</b>  |
| <b>Contractual</b>                   |                |                |
| Contract assets                      | 56,270         | 44,373         |
| Trade receivables                    | 90,594         | 87,847         |
| Less: Expected credit loss allowance | (5,649)        | (4,662)        |
| <b>Total contractual receivables</b> | <b>141,215</b> | <b>127,558</b> |
| <b>Statutory</b>                     |                |                |
| Trade receivables                    | 6,100          | 2,857          |
| <b>Total statutory receivables</b>   | <b>6,100</b>   | <b>2,857</b>   |
| <b>Other financial receivables</b>   | <b>15</b>      | <b>-</b>       |
|                                      | <b>147,330</b> | <b>130,415</b> |
| <b>Represented by</b>                |                |                |
| Current receivables                  | 147,256        | 130,415        |
| Non-current receivables              | 74             | -              |
|                                      | <b>147,330</b> | <b>130,415</b> |

Contractual receivables are classified as financial instruments. They are initially recognised at fair value and subsequently at amortised cost less expected credit loss.

Contract assets are recognised for water and sewage usage as well as other works and services where performance obligations have been satisfied but not yet invoiced. An accrual is done to account for water and sewage usage and other works and services not billed at the end of the period. The accrual of water usage charges and sewage disposal charges is made by using the volume of water GWW purchases from Melbourne Water less estimate of non-revenue water.

Trade receivables are due for settlement no later than between 21 to 28 days from the date of recognition. Trade receivables consist of receivables for the provision of water, sewerage and trade waste services to residential and non-residential customers as well as billing and collection fees associated with these receivables.

Statutory receivables are not classified as financial instruments as they do not arise from contracts. Statutory receivables are recognised and measured similarly to contractual receivables, except for impairment. Statutory trade receivables are GST receivables.

## Notes to and forming part of the Financial Statements For the year ended 30 June 2022

### 6 Other assets and liabilities (continued)

Non-current receivables comprise contractual trade receivables under the Sewerage Private Schemes, payable on terms up to 20 years.

Other financial receivables comprise loan provided to Zero Emissions Water (ZEW) Ltd. Further disclosure is in note 9.2.

#### 6.1.1 Movements in the expected credit loss allowance

|  | 2022<br>\$'000 | 2021<br>\$'000 |
|--|----------------|----------------|
| Opening balance at the start of the year                             | (4,662)        | (4,688)        |
| Integration of WW at the start of the year                           | (760)          | -              |
| Provision for expected credit loss recognised during the year        | (4,415)        | (6,414)        |
| Contractual receivables written off during the year as uncollectible | 4,188          | 6,440          |
| <b>Closing balance at the end of the year</b>                        | <b>(5,649)</b> | <b>(4,662)</b> |

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

To measure expected credit losses, contract receivables have been grouped based on shared credit risk characteristics and days past due. The expected loss rates are based on the payment profiles of sales over a period of three years prior to 30 June 2022. The historical loss rates are adjusted to reflect current and forward-looking information on factors affecting the ability of customers to settle receivables. Receivables are written off when there is no reasonable expectation of recovery. Indicators of non-recovery include, amongst others, the failure of a debtor to engage in a repayment plan and failure to make contractual payments for a period of greater than 90 days past due.

#### 6.1.2 Loss allowance for contractual trade receivables

|                            | Current<br>\$'000 | 30-59<br>days<br>\$'000 | 60-89<br>days<br>\$'000 | Greater<br>than 90<br>days<br>\$'000 | Not<br>impaired<br>\$'000 | Total<br>\$'000 |
|----------------------------|-------------------|-------------------------|-------------------------|--------------------------------------|---------------------------|-----------------|
| <b>30 June 2021</b>        |                   |                         |                         |                                      |                           |                 |
| Expected loss rate         | 0.1%              | 0.4%                    | 1.5%                    | 25.0%                                |                           |                 |
| Gross carrying amount      | 51,930            | 9,832                   | 5,203                   | 17,947                               | 2,936                     | 87,847          |
| Loss allowance             | (64)              | (35)                    | (77)                    | (4,485)                              | -                         | (4,662)         |
| <b>Net carrying amount</b> | <b>51,866</b>     | <b>9,797</b>            | <b>5,126</b>            | <b>13,462</b>                        | <b>2,936</b>              | <b>83,185</b>   |
| <b>30 June 2022</b>        |                   |                         |                         |                                      |                           |                 |
| Expected loss rate         | 0.1%              | 0.4%                    | 1.4%                    | 18.9%                                |                           |                 |
| Gross carrying amount      | 44,579            | 10,000                  | 3,924                   | 29,272                               | 2,819                     | 90,594          |
| Loss allowance             | (40)              | (40)                    | (55)                    | (5,514)                              | -                         | (5,649)         |
| <b>Net carrying amount</b> | <b>44,539</b>     | <b>9,960</b>            | <b>3,869</b>            | <b>23,758</b>                        | <b>2,819</b>              | <b>84,945</b>   |

## Notes to and forming part of the Financial Statements

### For the year ended 30 June 2022

#### 6 Other assets and liabilities (continued)

##### 6.2 Payables

|                                   | 2022<br>\$'000 | 2021<br>\$'000 |
|-----------------------------------|----------------|----------------|
| <b>Contractual</b>                |                |                |
| Trade payables                    | 128,375        | 63,717         |
| Other payables                    | 15,389         | 14,911         |
| Deferred developer reimbursements | 1,143          | 4,552          |
| Sundry liabilities                | 1,369          | 1,106          |
| <b>Total contractual payables</b> | <b>146,276</b> | <b>84,286</b>  |
| <b>Statutory</b>                  |                |                |
| Trade payables                    | 2,161          | 1,768          |
| Other payables                    | 6,493          | 4,912          |
| <b>Total statutory payables</b>   | <b>8,654</b>   | <b>6,680</b>   |
| <b>Total payables</b>             | <b>154,930</b> | <b>90,966</b>  |
| <b>Represented by</b>             |                |                |
| Current payables                  | 154,930        | 90,966         |

Contractual payables are classified as financial instruments. They are measured at amortised cost and recognised on an accrual basis in the period in which they are incurred. Trade payables represent liabilities for goods and services provided to GWW prior to the end of the financial year that are unpaid at the end of the financial year. Other payables represent accrued loan interest.

Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and are not included in the category of financial liabilities as they do not arise from contracts.

Deferred developer reimbursements represent a liability to reimburse developers for their costs incurred in constructing water, sewerage and/or recycled water assets on behalf of GWW.

It is GWW's standard policy to settle all payables within 30 days of receipt of invoice or, in the event of a dispute, within 30 days of the resolution of the dispute. Since COVID-19, GWW has been settling all payments within 10 days.

## Notes to and forming part of the Financial Statements

### For the year ended 30 June 2022

#### 6 Other assets and liabilities (continued)

##### 6.2.1 Maturity analysis of contractual payables

| 2021                              | Carrying amount<br>\$'000 | Nominal Amount<br>\$'000 | 1 Year or less<br>\$'000 | Over 1 Year<br>\$'000 | Total<br>\$'000 |
|-----------------------------------|---------------------------|--------------------------|--------------------------|-----------------------|-----------------|
| Payables                          | 84,286                    | 84,286                   | 84,286                   | -                     | 84,286          |
| <b>Total contractual payables</b> | <b>84,286</b>             | <b>84,286</b>            | <b>84,286</b>            | <b>-</b>              | <b>84,286</b>   |

| 2022                              | Carrying amount<br>\$'000 | Nominal Amount<br>\$'000 | 1 Year or less<br>\$'000 | Over 1 Year<br>\$'000 | Total<br>\$'000 |
|-----------------------------------|---------------------------|--------------------------|--------------------------|-----------------------|-----------------|
| Payables                          | 146,276                   | 146,276                  | 146,276                  | -                     | 146,276         |
| <b>Total contractual payables</b> | <b>146,276</b>            | <b>146,276</b>           | <b>146,276</b>           | <b>-</b>              | <b>146,276</b>  |

##### 6.3 Advances and deposits

|                                    | 2022<br>\$'000 | 2021<br>\$'000 |
|------------------------------------|----------------|----------------|
| Advances and deposits              | 21,871         | 9,881          |
| <b>Total advances and deposits</b> | <b>21,871</b>  | <b>9,881</b>   |

Advances and deposits represent deposits received as security for capital works.

##### 6.4 Contract liabilities

|                                   | 2022<br>\$'000 | 2021<br>\$'000 |
|-----------------------------------|----------------|----------------|
| Contract liabilities              | 33,392         | 22,250         |
| <b>Total contract liabilities</b> | <b>33,392</b>  | <b>22,250</b>  |

Movement in contract liabilities

|   | 2022<br>\$'000 | 2021<br>\$'000 |
|---|----------------|----------------|
| Carrying amounts as at 1 July   | 22,250         | 19,196         |
| Integration with WW as at 1 July  | 10,913         | -              |
| Add: Developers contribution received for performance obligations yet to be completed during the year | 163,469        | 74,640         |
| Less: Revenue recognised for the completion of performance obligation                                 | (160,691)      | (71,586)       |
| Less: Non-current portion   | (2,549)        | -              |
| <b>Carrying amounts as at 30 June</b>   | <b>33,392</b>  | <b>22,250</b>  |

Contract liabilities represent income received in advance of the corporation performing obligations required to recognise the income in the Comprehensive Operating Statement. GWW has performance obligations relating to developer revenue with customers that are recognised either at a point in time or over time. Refer to Note 2.3 for details of these performance obligations.

## Notes to and forming part of the Financial Statements

### For the year ended 30 June 2022

#### 6 Other assets and liabilities (continued)

##### 6.5 Inventory

|                        | <b>2022</b>   | <b>2021</b>   |
|------------------------|---------------|---------------|
|                        | <b>\$'000</b> | <b>\$'000</b> |
| Inventory (at cost)    | 1,409         | 3,070         |
| <b>Total inventory</b> | <b>1,409</b>  | <b>3,070</b>  |

Inventory represents stock on hand at the end of the reporting period. Inventory is primarily used for the repair and maintenance of existing assets. Inventory is measured at the lower of cost and net realisable value.

##### 6.6 Other non-financial assets

|   | <b>2022</b>   | <b>2021</b>   |
|---|---------------|---------------|
|   | <b>\$'000</b> | <b>\$'000</b> |
| Prepayments                             | 8,969         | 5,369         |
| Income tax refundable                   | 1,622         | -             |
| Amounts in Trust                        | 2,272         | -             |
| <b>Total other non-financial assets</b> | <b>12,863</b> | <b>5,369</b>  |

Prepayments represent payments made in advance of the receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period. Amounts are recognised as an asset upon payment and subsequently expensed over the period the payment covers.

Amounts in Trust are held in escrow with the solicitors and relate to properties and environmental offsets that are pending regulatory approvals.

## Notes to and forming part of the Financial Statements

### For the year ended 30 June 2022

#### 6 Other assets and liabilities (continued)

##### 6.7 Other provisions

|   | 2022<br>\$'000 | 2021<br>\$'000 |
|---|----------------|----------------|
| <b>Current</b>                          |                |                |
| Insurance provision                     | 282            | 511            |
| Zero Emissions Water (ZEW) <sup>1</sup> | -              | 329            |
| Other sundry provisions                 | 11,834         | 15,602         |
| <b>Total other provisions – current</b> | <b>12,116</b>  | <b>16,442</b>  |

|   | Insurance<br>\$'000 | VCAT<br>Refunds<br>\$'000 | Magflow<br>Refunds<br>\$'000 | ZEW <sup>1</sup><br>\$'000 | Other /<br>Financial<br>Liability<br>\$'000 | Total<br>\$'000 |
|---|---------------------|---------------------------|------------------------------|----------------------------|---|-----------------|
| Carrying amount as at 1 July 2021             | 511                 | 6,950                     | 6,732                        | 329                        | 1,920                                       | 16,442          |
| Integration of WW at 1 July 2021              | -                   | -                         | -                            | 1,905                      | -   | 1,905           |
| Additional provisions recognised              | 127                 | 122                       | -                            | -                          | 1,528                                       | 1,777           |
| Payments/other sacrifices of economic benefit | (356)               | (664)                     | (693)                        | -                          | (610)                                       | (2,323)         |
| Write back of provisions                      | -                   | (2,073)                   | (1,378)                      | -                          | -   | (3,451)         |
| Fair value adjustment                         | -                   | -                         | -                            | (2,234)                    | -   | (2,234)         |
| <b>Carrying amount as at 30 June 2022</b>     | <b>282</b>          | <b>4,335</b>              | <b>4,661</b>                 | <b>-</b>                   | <b>2,838</b>                                | <b>12,116</b>   |

<sup>1</sup> As at 30 June 2022, GWW's fair value investment in ZEW is a financial asset of \$1.8m. This was a financial liability in the prior year.

Other provisions are recognised when the corporation has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using a discount rate that reflects the time value of money and the risks specific to the provision.

When some or all of the economic benefits required to settle a provision are expected to be received from a third party, a receivable is recognised if it is virtually certain that the economic benefits will be received and their amount can be measured reliably.

VCAT refunds are the outcomes of recognition of refunds payable for network charges following a recent administrative decision. The Magflow refunds relate to a technical issue discovered on a portion of the Magflow water meter fleet.

## Notes to and forming part of the Financial Statements

### For the year ended 30 June 2022

#### 7 Financing our operations

This section provides information on the sources of finance used by GWW during its operations as well as interest expense (the cost of borrowings) and other information relating to the financing activities of the corporation.

##### Structure

7.1 Borrowings

7.2 Cash flow information and balances

##### 7.1 Borrowings

|                                     | 2022<br>\$'000   | 2021<br>\$'000   |
|-------------------------------------|------------------|------------------|
| <b>Current</b>                      |                  |                  |
| Treasury Corporation of Victoria    | 12,000           | 5,000            |
| Lease liabilities                   | 2,916            | 2,889            |
| <b>Total current borrowings</b>     | <b>14,916</b>    | <b>7,889</b>     |
| <b>Non-current</b>                  |                  |                  |
| Treasury Corporation of Victoria    | 2,083,900        | 1,510,000        |
| Lease liabilities                   | 93,797           | 96,581           |
| <b>Total non-current borrowings</b> | <b>2,177,697</b> | <b>1,606,581</b> |
| <b>Total borrowings</b>             | <b>2,192,613</b> | <b>1,614,470</b> |

Borrowings refers to interest bearing liabilities raised from public borrowings through the Treasury Corporation of Victoria and lease liabilities.

Borrowings are initially recognised at fair value, net of transaction costs incurred and subsequently measured at amortised cost. Borrowings include overnight (11am) borrowings, floating rate notes, fixed rate loans and flexi loans. Borrowings are used primarily to meet working capital requirements and fund capital expenditure.

The accounting policy for lease liabilities is presented in note 5.9.

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.

Borrowings are classified as current liabilities unless the corporation has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

GWW has classified borrowings which mature within 12 months as non-current liabilities on the basis that the corporation has discretion to, and will refinance or roll over these loans with the Treasury Corporation of Victoria pursuant to section 8 of the *Borrowings and Investment Powers Act 1987*. 11am borrowings are classified as current borrowings.

No security has been provided in respect of any existing liability.

During the current and prior years there were no defaults or breaches of any loan.

GWW's credit rating is BBB (2021: BBB).

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2022

### 7 Financing our operations (continued)

#### 7.1.1 Maturity analysis of borrowings

| 2021  | Weighted average interest rate | Carrying Amount \$'000 | Nominal amount \$'000 | 1 year or less \$'000 | Over 1 year \$'000 | Total \$'000     |
|---|--------------------------------|------------------------|-----------------------|-----------------------|--------------------|------------------|
| Borrowings – fixed <sup>1</sup>             | 2.97%                          | 1,500,000              | 1,500,000             | -                     | 1,500,000          | 1,500,000        |
| Borrowings – floating <sup>1</sup>          | 0.28%                          | 15,000                 | 15,000                | 5,000                 | 10,000             | 15,000           |
| Borrowings – lease liabilities <sup>2</sup> | 2.38%                          | 99,470                 | 137,642               | 5,494                 | 132,148            | 137,642          |
| <b>Total borrowings</b>                     |                                | <b>1,614,470</b>       | <b>1,642,148</b>      | <b>10,594</b>         | <b>1,642,148</b>   | <b>1,652,642</b> |

| 2022  | Weighted average interest rate | Carrying Amount \$'000 | Nominal amount \$'000 | 1 year or less \$'000 | Over 1 year \$'000 | Total \$'000     |
|---|--------------------------------|------------------------|-----------------------|-----------------------|--------------------|------------------|
| Borrowings – fixed <sup>1</sup>             | 2.99%                          | 2,063,900              | 2,063,900             | 155,250               | 1,908,650          | 2,063,900        |
| Borrowings – floating <sup>1</sup>          | 0.27%                          | 32,000                 | 32,000                | 22,000                | 10,000             | 32,000           |
| Borrowings – lease liabilities <sup>2</sup> | 2.38%                          | 96,713                 | 132,148               | 5,529                 | 126,619            | 132,148          |
| <b>Total borrowings</b>                     |                                | <b>2,192,613</b>       | <b>2,228,048</b>      | <b>182,779</b>        | <b>2,045,269</b>   | <b>2,228,048</b> |

1 Weighted average interest rate is exclusive of financial accommodation levy.

2 Based on TCV yield rate plus financial accommodation levy.

#### 7.1.2 Finance expenses

| Finance expenses               | 2022 \$'000   | 2021 \$'000   |
|--------------------------------|---------------|---------------|
| Interest on leases liabilities | 2,722         | 2,479         |
| Interest on TCV borrowings     | 55,093        | 44,990        |
| Other interest <sup>1</sup>    | 714           | 1,538         |
| Financial accommodation levy   | 25,737        | 19,368        |
| Bank charges                   | 27            | 21            |
| <b>Total finance expenses</b>  | <b>84,293</b> | <b>68,396</b> |

Finance expenses include costs incurred in connection with the borrowing of funds. Finance expenses include interest on bank overdrafts, short-term and long-term borrowings and interest component of lease payments. Finance expense is recognised in the period in which it is incurred and measured at fair value.

1 Other interests comprise interest component in respect of provision for refunds

## Notes to and forming part of the Financial Statements

### For the year ended 30 June 2022

## 7 Financing our operations (continued)

### 7.2 Cash flow information and balances

|  | 2022<br>\$'000 | 2021<br>\$'000 |
|--|----------------|----------------|
| <b>Cash and cash equivalents</b>       |                |                |
| Cash at bank                           | 5,196          | 3,526          |
| <b>Total cash and cash equivalents</b> | <b>5,196</b>   | <b>3,526</b>   |

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and highly liquid investments with an original maturity of three months or less. They are held for the purpose of meeting short term cash commitments, are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

For cash flow statement presentation purposes, cash and cash equivalents includes bank overdrafts, which are included as current borrowings on the Balance Sheet.

#### 7.2.1 Reconciliation of profit after income tax to net cash inflow from operating activities

|  | 2022<br>\$'000   | 2021<br>\$'000 |
|--|------------------|----------------|
| <b>(Loss)/Profit after income tax expense</b>          | <b>(524,978)</b> | <b>39,716</b>  |
| Non-cash movements:                                    |                  |                |
| Depreciation and amortisation of assets                | 93,429           | 69,044         |
| Impaired receivables                                   | 4,415            | 6,414          |
| Defined benefit superannuation fund expense            | 436              | 596            |
| Asset impairments                                      | 4,760            | 3,225          |
| Asset revaluation decrement/(increment)                | 865,392          | (51)           |
| Net gain on disposal of non-current physical assets    | (2,702)          | (141)          |
| Developer contributed assets                           | (95,095)         | (41,703)       |
| Movements in assets and liabilities:                   |                  |                |
| Decrease/(increase) in receivables                     | (33,266)         | (28,076)       |
| Decrease/(increase) in prepayments and other assets    | (2,959)          | (783)          |
| Decrease/(increase) in inventories                     | 1,661            | (281)          |
| Increase/(decrease) in payables                        | 75,111           | 6,653          |
| Increase/(decrease) in advances and deposits           | 4,884            | 1,231          |
| Increase/(decrease) in contract liabilities            | 1,010            | 3,055          |
| Increase/(decrease) in current tax liability           | (6,335)          | (6,332)        |
| Increase/(decrease) in provision for employee benefits | 261              | 970            |
| Increase/(decrease) in other provisions                | (4,826)          | 14,266         |
| Increase/(decrease) in deferred tax liabilities        | (259,011)        | (5,284)        |
| <b>Net cash inflow from operating activities</b>       | <b>122,187</b>   | <b>62,519</b>  |

## Notes to and forming part of the Financial Statements For the year ended 30 June 2022

### 8 Risks, contingencies and valuation judgements

GWW is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements.

#### Structure

8.1 Financial instruments specific disclosures

8.2 Contingent assets and contingent liabilities

8.3 Fair value determination

#### 8.1 Financial instruments specific disclosures

##### Introduction

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of GWW's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example, taxes, dividends and the Environmental Contribution). Such assets and liabilities do not meet the definition of financial instruments in AASB 132 – *Financial Instruments: Presentation*.

##### Categories of financial instruments

Financial assets are measured at amortised cost if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by the corporation to collect the contractual cash flows; and
- the asset's contractual terms give rise to cash flows that are solely payments of principal and interest.

Receivables, investment in ZEW and cash are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, receivables are measured at amortised cost less provision for impairment, using the effective interest method.

Financial liabilities are initially recognised on the date of origin. They are initially measured at fair value plus any attributable transaction costs. Subsequent to initial recognition, financial liabilities are measured at amortised cost, with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability using the effective interest rate method. Derivative financial instruments are classified as held for trading financial assets and liabilities. They are initially recognised at fair value on the date on which all contractual obligations under Conditions Precedent are met and on subsequent measurement. The initial expense recognised represents the fair value of the expected future settlements at initial recognition (refer note 3.5). GWW recognises the following liabilities in this category:

- payables (excluding statutory payables);
- financial derivatives; and
- borrowings.

Financial instrument assets and liabilities are offset and the net amount is presented in the balance sheet when the corporation has a right to offset the amounts and intends either to settle on a net basis or realise the asset and settle the liability simultaneously.

A financial asset is derecognised when the rights to receive cash flows from the asset have expired.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

At the end of each reporting period, the corporation assesses whether there is objective evidence that a financial asset or group of assets is impaired. All financial instrument assets are subject to annual review for impairment. 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 methods in accordance with AASB 136 – *Impairment of Assets*.

## Notes to and forming part of the Financial Statements

### For the year ended 30 June 2022

#### 8 Risks, contingencies and valuation judgements (continued)

##### 8.1.1 Categorisation of financial instruments

|   | Note  | At amortised cost  |   | At fair value  |   |
|---|-------|--|---|--|---|
|   |       | Contractual<br>financial<br>assets –<br>loans and<br>receivables<br>\$'000 | Contractual<br>financial<br>liabilities<br>\$'000 | Contractual<br>financial<br>assets –<br>loans and<br>receivables<br>\$'000 | Contractual<br>financial<br>liabilities<br>\$'000 |
| <b>2021</b>                                     |       |  |   |  |   |
| <b>Financial assets</b>                         |       |  |   |  |   |
| Cash and cash equivalents                       | 7.2   | 3,526  | -   | -  | -   |
| Receivables <sup>1</sup>                        | 6.1   | 127,558  | -   | -  | -   |
| Investment in Zero Emissions Water <sup>2</sup> |       | -  | -   | -  | -   |
| <b>Total financial assets</b>                   |       | <b>131,084</b>   | <b>-</b>  | <b>-</b>   | <b>-</b>  |
| <b>Financial liabilities</b>                    |       |  |   |  |   |
| Payables <sup>1</sup>                           | 6.2   | -  | 84,286  | -  | -   |
| Liability in Zero Emissions Water <sup>2</sup>  | 6.7   | -  | -   | -  | 329   |
| Borrowings – fixed                              | 7.1.1 | -  | 1,500,000   | -  | -   |
| Borrowings – floating                           | 7.1.1 | -  | 15,000  | -  | -   |
| Borrowings – lease liabilities                  | 7.1.1 | -  | 99,470  | -  | -   |
| <b>Total financial liabilities</b>              |       | <b>-</b>   | <b>1,698,756</b>                                  | <b>-</b>   | <b>329</b>  |
| <b>2022</b>                                     |       |  |   |  |   |
| <b>Financial assets</b>                         |       |  |   |  |   |
| Cash and cash equivalents                       | 7.2   | 5,196  | -   | -  | -   |
| Receivables <sup>1</sup>                        | 6.1   | 141,156  | -   | -  | -   |
| Investment in Zero Emissions Water <sup>2</sup> |       | 15   | -   | -  | -   |
| Financial derivative – ZEW <sup>3</sup>         | 6.7   | -  | -   | 1,879  | -   |
| <b>Total financial assets</b>                   |       | <b>146,367</b>   | <b>-</b>  | <b>1,879</b>   | <b>-</b>  |
| <b>Financial liabilities</b>                    |       |  |   |  |   |
| Payables <sup>1</sup>                           | 6.2   | -  | 146,276   | -  | -   |
| Borrowings – fixed                              | 7.1.1 | -  | 2,063,900   | -  | -   |
| Borrowings – floating                           | 7.1.1 | -  | 32,000  | -  | -   |
| Borrowings – lease liabilities                  | 7.1.1 | -  | 96,713  | -  | -   |
| <b>Total financial liabilities</b>              |       | <b>-</b>   | <b>2,338,889</b>                                  | <b>-</b>   | <b>-</b>  |

1 Does not include statutory receivables or payables.

2 This represents the concessional loan made to ZEW and has been treated as an investment in ZEW that is measured at amortised cost

3 The financial derivative asset is represented at fair value as at 30 June 2022.

# Notes to and forming part of the Financial Statements

## For the year ended 30 June 2022

### 8 Risks, contingencies and valuation judgements (continued)

#### 8.1.2 Financial risk management objectives and policies

GWW's activities expose it to a variety of financial risks, principally market risk, credit risk and liquidity risk. The Board of Directors has overall responsibility for the establishment and oversight of GWW's risk management framework. GWW's principal financial instruments comprise:

- cash assets;
- receivables (excluding statutory receivables);
- payables (excluding statutory payables); and
- borrowings.

GWW's principal financial instruments are loans sourced from the Treasury Corporation of Victoria. These loans include overnight (11am) borrowings, floating rate notes and fixed rate loans. They are primarily used to meet working capital requirements and fund capital expenditure. The corporation has other financial assets and liabilities such as receivables and payables which arise directly from its operating activities. GWW's overall financial risk management strategy is to manage its financial risks within a range that is in accordance with the risk criteria established by the Board of Directors. The Chief Financial Officer evaluates and implements risk mitigation strategies in consultation with the corporation's relevant departments. The main purpose in holding financial instruments is to prudently manage the corporation's financial risks within Government policy parameters.

GWW 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 risk and ageing analysis for credit risk. All interest income earned by GWW is generated by cash deposits with the Department of Treasury and Finance's Central Banking System or 11am (short term) deposit with the Treasury Corporation of Victoria.

GWW manages its capital by maintaining a prudent level of gearing in order to provide the State with adequate returns and to ensure GWW can fund its operations as a going concern.

GWW aims to maintain its gearing ratio within the Essential Services Commission's benchmark ratio of 60 per cent. GWW's gearing ratio (debt which includes lease liabilities/total assets) for the year was 61.7 per cent compared to 59.2 per cent in 2021.

The corporation's debt to regulatory asset base (RAB) target (excluding lease liabilities) is 78.7% per cent. The target was achieved in 2022 with a debt to RAB of 76.9% per cent.

GWW has an interest coverage target (measured as net cash flow from operations less net interest expense/net interest expense) of 2.2 times. This target was achieved in 2022 with interest coverage of 2.4 times.

The only externally imposed capital requirements applying to GWW are:

- that the financial accommodation does not exceed the approval limits set by the Treasurer of Victoria pursuant to the *Borrowing and Investment Powers Act 1987*; and
- that GWW, with the exception of a trading account with overdraft facilities, is required to borrow exclusively with the Treasury Corporation of Victoria pursuant to the *Borrowing and Investment Powers Act 1987*.

## Notes to and forming part of the Financial Statements For the year ended 30 June 2022

### 8 Risks, contingencies and valuation judgements (continued)

#### 8.1.2.1 Financial instruments – credit risk

Credit risk is the risk of financial loss to GWW as the result of a customer or counterparty to a financial instrument failing to meet a contractual obligation. Credit risk arises principally in connection with GWW's receivables.

GWW's exposure to credit risk is influenced by the individual characteristics of each customer. The corporation's receivables balance consists of amounts due from a large number of residential customers as well as non-residential customers spread across a diverse range of industries. Receivables balances are monitored on an ongoing basis. Where applicable, collection action is taken to ensure that exposure to bad debt is minimised. GWW has in place a policy and a procedure for the collection of overdue receivables.

GWW's maximum exposure to credit risk is the carrying amount of receivables.

To assist customers experiencing financial hardship, during COVID-19, GWW's traditional debt collection activities have been adjusted. There were no other material changes to GWW's credit risk profile during 2022.

The corporation's other credit risk arises from in-the-money receipts due from the Contracts for Difference derivative under the ZEW PPA. The corporation 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 the corporation over the remaining PPA term.

At 30 June 2022, the corporation has no other significant credit risk. There has been no material change to the corporation's credit risk profile in 2022.

#### 8.1.2.2 Financial instruments – liquidity risk

Liquidity risk is the risk that GWW will no longer meet its financial obligations as they fall due. GWW's policy is to pay its trade accounts payable liabilities within 30 days, or in the event of a dispute, within 30 days from the date of resolution. To assist suppliers during COVID-19, GWW implemented 10-day maximum settlement terms for suppliers from March 2020.

GWW manages liquidity risk by maintaining adequate bank overdraft and Treasury Corporation of Victoria borrowing facilities, continuous monitoring of forecast inflows and outflows and matching the maturity profile of financial assets and financial liabilities where appropriate.

GWW's borrowings are sourced from TCV while surplus funds are invested in the Central Banking System.

The carrying amounts of contractual financial liabilities represent the corporation's maximum exposure to liquidity risk.

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement and for disclosure purposes.

The carrying values less any impairment provisions of trade receivables and payables are assumed to approximate their fair value due to their short term nature. The fair values of financial liabilities for disclosure purposes are estimated by discounting future contractual cash flows at the current market interest rate that is available to GWW for similar financial instruments.

## **Notes to and forming part of the Financial Statements** For the year ended 30 June 2022

### **8 Risks, contingencies and valuation judgements (continued)**

#### **8.1.2.3 Financial instruments – market risk**

Market risk is the risk that changes in market prices will affect the fair value of future cash flows of GWW's financial instruments. Market risk is comprised of interest rate risk, foreign exchange risk and other price risk. GWW's exposure to market risk is purely through interest rates.

GWW's exposure to market interest rates relates to its floating rate debt, roll over of fixed rate debt and new borrowings. GWW's borrowings are sourced from the Treasury Corporation of Victoria and are managed within the range of Board and Treasurer approved limits. Interest rates and borrowing requirements are monitored regularly. GWW manages its exposure to interest rate changes by holding a mixture of fixed and floating rate debt. GWW's Treasury Risk Management Policy requires the corporation to limit the proportion of floating rate debt to a maximum of 30 per cent of total debt. GWW has minimal exposure to interest rate risk through cash holdings and manages its interest rate exposure on cash by investing its surplus funds with the Central Banking System.

#### **8.1.2.4 Financial instruments – price risk**

The corporation 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 to the corporation. The corporation's sensitivity to price risk is set out below in the fair value determination for derivative financial liabilities.

## Notes to and forming part of the Financial Statements For the year ended 30 June 2022

### 8 Risks, contingencies and valuation judgements (continued)

Interest rate exposure and maturity analysis of financial instruments

The carrying amounts of financial assets and financial liabilities that are exposed to interest rates and the corporation's sensitivity to interest rate risk is set out in the table below.

|                                    | Note  | Weighted<br>Average<br>interest<br>rate | 1 Year<br>or less<br>\$'000 | Over<br>1 year<br>\$'000 | Non-<br>Interest<br>bearing<br>\$'000 | Total<br>\$'000  |
|------------------------------------|-------|---|-----------------------------|--------------------------|---------------------------------------|------------------|
| <b>2021</b>                        |       |   |                             |                          |                                       |                  |
| <b>Financial assets</b>            |       |   |                             |                          |                                       |                  |
| Cash and cash equivalents          | 7.2   | 1.32%                                   | 3,526                       | -                        | -                                     | 3,526            |
| Receivables <sup>1</sup>           | 6.1   |   | -                           | -                        | 127,558                               | 127,558          |
| <b>Total financial assets</b>      |       |   | <b>3,526</b>                | <b>-</b>                 | <b>127,558</b>                        | <b>131,084</b>   |
| <b>Financial liabilities</b>       |       |   |                             |                          |                                       |                  |
| Payables <sup>1</sup>              | 6.2   |   | -                           | -                        | 84,286                                | 84,286           |
| Zero Emissions Water               | 6.7   |   | -                           | -                        | 329                                   | 329              |
| Borrowings – fixed                 | 7.1.1 | 2.97%                                   | -                           | 1,500,000                | -                                     | 1,500,000        |
| Borrowings – floating              | 7.1.1 | 0.28%                                   | 5,000                       | 10,000                   | -                                     | 15,000           |
| Borrowings – lease liabilities     | 7.1.1 | 2.38%                                   | 2,889                       | 96,582                   | -                                     | 99,470           |
| <b>Total financial liabilities</b> |       |   | <b>7,889</b>                | <b>1,606,582</b>         | <b>84,615</b>                         | <b>1,699,085</b> |
| <b>2022</b>                        |       |   |                             |                          |                                       |                  |
| <b>Financial assets</b>            |       |   |                             |                          |                                       |                  |
| Cash and cash equivalents          | 7.2   | 1.03%                                   | 5,196                       | -                        | -                                     | 5,196            |
| Receivables <sup>1</sup>           | 6.1   |   | -                           | -                        | 141,156                               | 141,156          |
| Zero Emissions Water               | 6.7   |   | -                           | -                        | 1,879                                 | 1,879            |
| Investment in Zero Emissions Water |       |   | -                           | -                        | 15                                    | 15               |
| <b>Total financial assets</b>      |       |   | <b>5,196</b>                | <b>-</b>                 | <b>143,050</b>                        | <b>148,246</b>   |
| <b>Financial liabilities</b>       |       |   |                             |                          |                                       |                  |
| Payables <sup>1</sup>              | 6.2   |   | -                           | -                        | 146,276                               | 146,276          |
| Borrowings – fixed                 | 7.1.1 | 2.99%                                   | -                           | 2,063,900                | -                                     | 2,063,900        |
| Borrowings – floating              | 7.1.1 | 0.27%                                   | 22,000                      | 10,000                   | -                                     | 32,000           |
| Borrowings – lease liabilities     | 7.1.1 | 2.38%                                   | 2,916                       | 93,797                   | -                                     | 96,713           |
| <b>Total financial liabilities</b> |       |   | <b>24,916</b>               | <b>2,167,697</b>         | <b>146,276</b>                        | <b>2,338,889</b> |

<sup>1</sup> Does not include statutory receivables or payables.

## Notes to and forming part of the Financial Statements For the year ended 30 June 2022

### 8 Risks, contingencies and valuation judgements (continued)

#### Interest rate risk sensitivity

The table below represents the sensitivity of GWW's financial assets and financial liabilities to interest rate risk.

|   | Note | Total<br>\$'000  | Interest rate risk |                  |                  |                  |
|---|------|------------------|--------------------|------------------|------------------|------------------|
|   |      |                  | -0.5%              |                  | +0.5%            |                  |
|   |      |                  | Profit<br>\$'000   | Equity<br>\$'000 | Profit<br>\$'000 | Equity<br>\$'000 |
| <b>2021</b>                                     |      |                  |                    |                  |                  |                  |
| <b>Financial assets</b>                         |      |                  |                    |                  |                  |                  |
| Cash and cash equivalents <sup>1</sup>          | 7.2  | 3,526            | (7)                | (7)              | 7                | 7                |
| Receivables <sup>2</sup>                        | 6.1  | 127,558          | -                  | -                | -                | -                |
| Investment in Zero Emissions Water <sup>5</sup> |      | -                | -                  | -                | -                | -                |
| <b>Total financial assets</b>                   |      | <b>131,084</b>   | <b>(7)</b>         | <b>(7)</b>       | <b>7</b>         | <b>7</b>         |
| <b>Financial liabilities</b>                    |      |                  |                    |                  |                  |                  |
| Payables <sup>2</sup>                           | 6.2  | 84,286           | -                  | -                | -                | -                |
| Zero Emissions Water                            | 6.7  | 329              | -                  | -                | -                | -                |
| Borrowings – TCV <sup>3</sup>                   | 7.1  | 1,515,000        | 7,575              | 7,575            | (7,575)          | (7,575)          |
| Borrowings – lease liabilities <sup>4</sup>     | 7.1  | 99,470           | 348                | 348              | (348)            | (348)            |
| <b>Total financial liabilities</b>              |      | <b>1,699,085</b> | <b>7,923</b>       | <b>7,923</b>     | <b>(7,923)</b>   | <b>(7,923)</b>   |
| <b>Total increase/(decrease)</b>                |      |                  | <b>7,916</b>       | <b>7,916</b>     | <b>(7,916)</b>   | <b>(7,916)</b>   |
| <b>2022</b>                                     |      |                  |                    |                  |                  |                  |
| <b>Financial assets</b>                         |      |                  |                    |                  |                  |                  |
| Cash and cash equivalents <sup>1</sup>          | 7.2  | 5,196            | (15)               | (15)             | 15               | 15               |
| Receivables <sup>2</sup>                        | 6.1  | 141,156          | -                  | -                | -                | -                |
| Investment in Zero Emissions Water <sup>5</sup> | 6.8  | 15               | -                  | -                | -                | -                |
| <b>Total financial assets</b>                   |      | <b>146,367</b>   | <b>(15)</b>        | <b>(15)</b>      | <b>15</b>        | <b>15</b>        |
| <b>Financial liabilities</b>                    |      |                  |                    |                  |                  |                  |
| Payables <sup>2</sup>                           | 6.2  | 146,276          | -                  | -                | -                | -                |
| Zero Emissions Water                            | 6.7  | 2,234            | -                  | -                | -                | -                |
| Borrowings – TCV <sup>3</sup>                   | 7.1  | 2,095,900        | 10,480             | 10,480           | (10,480)         | (10,480)         |
| Borrowings – lease liabilities <sup>4</sup>     | 7.1  | 96,713           | 338                | 338              | (338)            | (338)            |
| <b>Total financial liabilities</b>              |      | <b>2,341,123</b> | <b>10,818</b>      | <b>10,818</b>    | <b>(10,818)</b>  | <b>(10,818)</b>  |
| <b>Total increase/(decrease)</b>                |      |                  | <b>10,803</b>      | <b>10,803</b>    | <b>(10,803)</b>  | <b>(10,803)</b>  |

1 Calculation is based on average cash holdings of \$19.9m (2021 \$2.6m).

2 Does not include statutory receivables and payables.

3 Calculation is based on new borrowings, loans refinanced, forward rate agreements struck during the year and average 11am balance during the year.

4 Calculation is based on outstanding lease and current incremental borrowing rate.

5 Carrying amount fully impaired in prior year

## Notes to and forming part of the Financial Statements

### For the year ended 30 June 2022

#### 8 Risks, contingencies and valuation judgements (continued)

##### 8.2 Contingent assets and contingent liabilities

Contingent assets and 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 where applicable.

Contingent assets are assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) that are not within the control of the corporation. These are classified as either quantifiable where the potential economic benefit is known or non-quantifiable.

Contingent liabilities are:

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

##### Quantifiable contingent assets

In the ordinary course of business, a developer will often provide a commitment to GWW to construct water supply and sewerage assets as part of a development project. These assets are constructed within an agreed timeframe and upon completion, ownership is transferred to GWW. Assets that service a particular development are paid for by the developer. Assets that are required to be upsized to service adjoining developments are paid for by GWW. Upon completion of these assets they will be transferred to GWW, which will maintain them in perpetuity. These assets will be recognised as developer contributions upon completion (refer Note 2.3).

|   | <b>2022</b>    | <b>2021</b>   |
|---|----------------|---------------|
|   | <b>\$'000</b>  | <b>\$'000</b> |
| <b>Quantifiable contingent assets</b>       |                |               |
| Water supply assets under construction      | 21,014         | 11,459        |
| Sewerage assets under construction          | 45,242         | 18,576        |
| Water supply assets committed to            | 20,317         | 27,400        |
| Sewerage assets committed to                | 16,795         | 23,971        |
| <b>Total quantifiable contingent assets</b> | <b>103,368</b> | <b>81,406</b> |

## Notes to and forming part of the Financial Statements For the year ended 30 June 2022

### 8 Risks, contingencies and valuation judgements (continued)

#### Bulk water entitlements – Carryover water

GWW holds bulk water entitlements that allow for a carryover of water not utilised under the annual allocation. There will be future economic benefits associated with the carried over water through its utilisation by selling to GWW's customers and/or trade to an approved buyer post obtaining approval of the Minister. The quantum of bulk water entitlements allocation carried over and held by GWW as at 30 June 2022 was 56,196ML.

#### Quantifiable contingent liabilities

Contingent upon the completion of the above assets GWW has a liability to reimburse developers for additional works constructed at GWW's request. These reimbursements will occur either immediately on completion of the assets or be deferred for an agreed period in accordance with the conditions of the agreement between GWW and the developer.

These reimbursements will be recovered through a combination of new customer contributions plus service and usage charges from all customers. This is consistent with the Essential Services Commission's final determination for water and sewerage prices in June 2022 (for the 2023 reporting period).

|  | <b>2022</b>   | <b>2021</b>   |
|--|---------------|---------------|
|  | <b>\$'000</b> | <b>\$'000</b> |
| <b>Quantifiable contingent liabilities</b>       |               |               |
| Reimbursement for water supply assets            | 15,675        | 17,033        |
| Reimbursement for sewerage assets                | 11,723        | 18,335        |
| <b>Total quantifiable contingent liabilities</b> | <b>27,398</b> | <b>35,368</b> |

#### Non-quantifiable contingent assets and liabilities

GWW has legal claims pending arising out of a small number of disputes associated with its capital program and delivery of services. Due to the uncertainty inherent in litigation an accurate assessment of any outcome is not possible. GWW is of the view that further disclosure of these disputes may prejudice the position of the corporation.

## Notes to and forming part of the Financial Statements For the year ended 30 June 2022

### 8 Risks, contingencies and valuation judgements (continued)

#### 8.3 Fair value determination

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:

- land, buildings, infrastructure, property plant and equipment; and
- defined benefit superannuation liability/(asset).

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

#### Fair value hierarchy

In determining fair value 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. These levels are as follows:

- Level 1 – quoted prices (unadjusted) 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.

GWW 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.

#### 8.3.1 Fair value determination of financial assets and liabilities

The fair values of financial liabilities are determined as follows:

- Level 1 – fair value of a financial instrument with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;
- Level 2 – 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 – fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

## Notes to and forming part of the Financial Statements For the year ended 30 June 2022

### 8 Risks, contingencies and valuation judgements (continued)

Fair value of financial instruments measured at amortised cost and fair value hierarchy measurements

|  | Note | Carrying amount<br>\$'000 | Fair value at<br>amortised<br>cost<br>\$'000 | Fair value measurement using |                                |                                |
|--|------|---------------------------|--|------------------------------|--------------------------------|--------------------------------|
|  |      |                           |  | Level 1<br>\$'000            | Level 2 <sup>4</sup><br>\$'000 | Level 3 <sup>5</sup><br>\$'000 |
| <b>2021</b>  |      |                           |  |                              |                                |                                |
| <b>Financial assets</b>                            |      |                           |  |                              |                                |                                |
| Cash and cash equivalents                          | 7.2  | 3,526                     | 3,526  | -                            | -                              | -                              |
| Receivables <sup>1</sup>                           | 6.1  | 127,558                   | 127,558                                      | -                            | -                              | -                              |
| Investment in<br>Zero Emissions Water <sup>6</sup> |      | -                         | -  | -                            | -                              | -                              |
| <b>Total financial assets</b>                      |      | <b>131,084</b>            | <b>131,084</b>                               | <b>-</b>                     | <b>-</b>                       | <b>-</b>                       |
| <b>Financial liabilities</b>                       |      |                           |  |                              |                                |                                |
| Payables <sup>1</sup>                              | 6.2  | 84,286                    | 84,286                                       | -                            | -                              | -                              |
| Zero Emissions Water                               | 6.7  | 329                       | 329  | -                            | 329                            | -                              |
| Borrowings – TCV <sup>2</sup>                      | 7.1  | 1,515,000                 | 1,615,938                                    | -                            | -                              | -                              |
| Borrowings – lease liabilities                     | 7.1  | 99,470                    | 99,470                                       | -                            | -                              | -                              |
| <b>Total financial liabilities</b>                 |      | <b>1,699,085</b>          | <b>1,800,023</b>                             | <b>-</b>                     | <b>329</b>                     | <b>-</b>                       |
| <b>2022</b>  |      |                           |  |                              |                                |                                |
| <b>Financial assets</b>                            |      |                           |  |                              |                                |                                |
| Cash and cash equivalents                          | 7.2  | 5,196                     | 5,196  | -                            | -                              | -                              |
| Receivables <sup>1</sup>                           | 6.1  | 141,156                   | 141,156                                      | -                            | -                              | -                              |
| Investment in<br>Zero Emissions Water              | 6.8  | 15                        | 15   | -                            | -                              | -                              |
| Zero Emissions Water                               | 6.7  | 1,879                     | 1,879  | -                            | 1,879                          | -                              |
| <b>Total financial assets</b>                      |      | <b>148,246</b>            | <b>148,246</b>                               | <b>-</b>                     | <b>1,879</b>                   | <b>-</b>                       |
| <b>Financial liabilities</b>                       |      |                           |  |                              |                                |                                |
| Payables <sup>1</sup>                              | 6.2  | 146,276                   | 146,276                                      | -                            | -                              | -                              |
| Borrowings – TCV <sup>2</sup>                      | 7.1  | 2,095,900                 | 1,960,717                                    | -                            | -                              | -                              |
| Borrowings – lease liabilities                     | 7.1  | 96,713                    | 96,713                                       | -                            | -                              | -                              |
| <b>Total financial liabilities</b>                 |      | <b>2,338,889</b>          | <b>2,203,706</b>                             | <b>-</b>                     | <b>-</b>                       | <b>-</b>                       |

1 Does not include statutory receivables or payables.

2 Fair value of borrowings is calculated by discounting expected future cash flows at the yield offered by the Treasury Corporation of Victoria as at 30 June each year.

3 Quoted prices (unadjusted) in active markets for identical assets.

4 Inputs based on observable market data (either directly using prices or indirectly derived from prices).

5 Inputs not based on observable market data.

6 Full amount provided for impairment in 2021 for CWW

## Notes to and forming part of the Financial Statements

### For the year ended 30 June 2022

#### 8 Risks, contingencies and valuation judgements (continued)

Net fair value of financial instruments is determined on the following bases:

- cash, receivables, accounts payable and deposits are valued at their carrying amounts as this is considered to be fair value;
- borrowings are valued by discounting the expected future cash flows at the yield offered by the Treasury Corporation of Victoria as at 30 June each year; and
- lease liabilities are valued by discounting the expected lease payments at the incremental borrowing rate at the date of inception.

There were no transfers between levels during the reporting period.

##### Fair value determination – Zero Emissions Water

The fair value of Zero Emissions Water 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 the Corporation's CfD derivative is valued using unobservable inputs such as future wholesale electricity prices provided by DELWP's independent advisor and comparable risk free rates of zero coupon government bonds obtained from the Reserve Bank of Australia. The assumptions underpinning the estimate of future wholesale electricity prices included factors influencing supply and demand fluctuations, and the economic impact of coronavirus (COVID-19). In addition, assumptions are applied to forecast the renewable energy generation volumes over the life of the derivative instrument.

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

##### Reconciliation of Level 3 fair value

|   | <b>Financial asset/(liability) at<br/>fair value through profit or loss</b> |                        |
|---|---|------------------------|
|   | <b>2022<br/>\$'000</b>  | <b>2021<br/>\$'000</b> |
| Opening balance                                 | (329)   | -                      |
| Integration of WW                               | (1,905)   | -                      |
| Initial recognition of Zero Emissions Water     | -   | (329)                  |
| Net gains/(losses) recognised in profit or loss | 4,113   | (48)                   |
| Net cash settlements received                   | -   | 48                     |
| <b>Closing balance</b>                          | <b>1,879</b>  | <b>(329)</b>           |

## Notes to and forming part of the Financial Statements

### For the year ended 30 June 2022

#### 8 Risks, contingencies and valuation judgements (continued)

Description of significant unobservable inputs to Level 3 valuations for 2022

|                             | Valuation technique                    | Significant unobservable inputs   | 2022 range (weighted average)             | Sensitivity of fair value measurement to changes in significant unobservable inputs  |
|-----------------------------|--|---|---|--|
| <b>Zero Emissions Water</b> | Income approach (discounted cash flow) | Wholesale electricity price forecasts   | \$34.05/MWh to \$130.95/MWh (\$58.97/MWh) | An increase/ (decrease) in the wholesale electricity price forecasts of 10% would result in an increase/ (decrease) fair value by \$908,195/(\$908,195). |
|                             |  | Discount rate – risk free rates of zero coupon government bonds                   | 0.85% to 19.452% (6.315%)                 | An increase/ (decrease) in the discount rate of 1% would result in an increase/ (decrease) fair value by \$5,553/(\$4,810).                              |
|                             |  | 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 \$5,553/(\$4,810).                    |

Description of significant unobservable inputs to Level 3 valuations for 2021

|                             | Valuation technique                    | Significant unobservable inputs   | 2021 range (weighted average)            | Sensitivity of fair value measurement to changes in significant unobservable inputs  |
|-----------------------------|--|---|--|--|
| <b>Zero Emissions Water</b> | Income approach (discounted cash flow) | Wholesale electricity price forecasts   | \$20.83/MWh to \$53.79/MWh (\$37.33/MWh) | An increase/ (decrease) in the wholesale electricity price forecasts of 10% would result in an increase/ (decrease) fair value by \$92,549/(\$92,549). |
|                             |  | Discount rate – risk free rates of zero coupon government bonds                   | 0.0185% to 1.7853% (0.6838%)             | An increase/ (decrease) in the discount rate of 1% would result in an increase/ (decrease) fair value by \$15,898/ (\$15,898).                         |
|                             |  | Credit value adjustment – Australian Corporate Bond Spreads and Yields FNFSBBB10M | 136.34                                   | An increase/ (decrease) in the credit value adjustment of 1% would result in an increase/ (decrease) fair value by \$15,898/(\$15,898).                |

#### 8.3.2 Fair value determination of non-financial physical assets

Subsequent valuation of infrastructure, property, plant and equipment is at fair value. An asset's fair value is determined with regard to the property's highest and best use after due consideration is made for any legal or constructive restrictions imposed on the asset, public announcements, or commitments made in relation to the intended use of the asset. When an event or change in circumstances causes a transfer between input levels, GWW deems the transfer to occur at the end of the reporting period in which the event takes place.

Non-specialised land is valued using the market based direct comparison method. Under this valuation method, assets are compared to comparable sales of comparable assets. As non-specialised land does not contain significant unobservable inputs these assets are classified as Level 2 fair value assets.

## Notes to and forming part of the Financial Statements For the year ended 30 June 2022

### 8 Risks, contingencies and valuation judgements (continued)

Specialised land is also valued using the direct comparison method, although it is adjusted for community service obligations (CSOs) to reflect the specialised nature of the land being valued. The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. This approach uses the highest and best use consideration and takes into account the use of the asset that is physically possible, legally permissible and financially viable. As adjustments for CSOs are significant unobservable inputs, specialised land is classified as a Level 3 fair value asset.

All buildings held by GWW are non-specialised in nature and classified as Level 2 fair value assets under the market based direct comparison approach.

Infrastructure assets are measured using the income approach (discounted cash flow method). This method calculates fair value by discounting estimated future cash flows and terminal value of the business to their present value and arriving at an enterprise value range. Net debt is deducted from the enterprise value range to obtain an equity value. The valuation of infrastructure assets is derived from the equity value after deducting all other assets and liabilities and grossing up for deferred tax of 30 per cent. In order to assess the reasonableness of the enterprise valuation, cross checks are performed by comparing the earnings before interest, tax and depreciation and the regulated asset value multiples under the income approach against multiples implied by share prices for comparable trading organisations and recent transactions in comparable assets. Any goodwill generated by this approach is negligible and has no bearing on the valuation of infrastructure assets. Such an approach is often referred to as a market approach or a relative value approach. Judgement is applied in selecting the appropriate valuation within the enterprise value range.

The discounted cash flow methodology has been amended in the current year to reduce the sensitivity of the model to small changes in inputs, whilst adopting market-based evidence such as a RAB multiple methodology for determining a terminal value for regulated assets, consistent with market-participant practice. The assumptions adopted in calculating fair value in this manner are considered to be significant unobservable inputs. As such, infrastructure is classified as a Level 3 fair value asset.

A full valuation of GWW's infrastructure assets was performed by KPMG as at 30 June 2022. The valuation process derived a range of values. The valuation adopted by GWW represents the mid-point of this range.

The rate used to discount free cash flows to their present value is based on assumptions that market participants would reasonably be expected to use in determining the fair value of the corporation after taking into account the market cost of debt and equity. In 2021 and 2022, the financial markets have been subject to higher volatility in comparison to the prior years as a result of COVID-19. Valuation adjustments, assumptions and projections include COVID-19 related impacts which have had an effect on the weighted average cost of capital and future budgets and forecasts. In addition, the valuation in 2022 was also affected by increases in risk free rate and cost of debt.

The 2022 valuation resulted in a decrement of \$168.7m compared to a decrement of \$65.4m in 2021.

KPMG also conducted a valuation for the opening value of WW's infrastructure assets on a stand-alone basis as at 30 June 2021. The valuation was based on the income approach using the discounted cash flow (DCF) methodology that applied a discount rate of 4.3% and a Terminal Exit RAB multiple of 1.075x and resulted in a \$703m adjustment to infrastructure assets.

Refer to Section 5 for further information on non-financial physical assets.

## Notes to and forming part of the Financial Statements

### For the year ended 30 June 2022

#### 8 Risks, contingencies and valuation judgements (continued)

Fair value of non-financial physical assets

|  | Carrying<br>Amount<br>\$'000 | Fair value measurement using:  |                                |                                |
|--|------------------------------|--------------------------------|--------------------------------|--------------------------------|
|  |                              | Level 1 <sup>1</sup><br>\$'000 | Level 2 <sup>2</sup><br>\$'000 | Level 3 <sup>3</sup><br>\$'000 |
| <b>2021</b>  |                              |                                |                                |                                |
| Freehold land at fair value                                | 55,423                       | -                              | -                              | -                              |
| Non-specialised buildings at fair value                    |                              | -                              | 3,054                          | -                              |
| Specialised land   |                              | -                              | -                              | 52,369                         |
| Non-specialised buildings at fair value                    | 7,891                        | -                              | 7,891                          | -                              |
| Infrastructure assets at fair value                        | 2,101,300                    | -                              | -                              | 2,101,300                      |
| Plant and equipment at fair value                          | 11,846                       | -                              | -                              | 11,846                         |
| Motor vehicle at fair value                                | 1,971                        | -                              | -                              | 1,971                          |
| Leasehold improvements at fair value                       | 4,182                        | -                              | -                              | 4,182                          |
| <b>Total infrastructure, property, plant and equipment</b> | <b>2,182,613</b>             | <b>-</b>                       | <b>10,945</b>                  | <b>2,171,668</b>               |
| <b>2022</b>  |                              |                                |                                |                                |
| Freehold land at fair value                                | 112,004                      | -                              | -                              | -                              |
| Non-specialised buildings at fair value                    | -                            | -                              | 3,054                          | -                              |
| Specialised land   | -                            | -                              | -                              | 108,950                        |
| Non-specialised buildings at fair value                    | 21,702                       | -                              | 21,702                         | -                              |
| Infrastructure assets at fair value                        | 2,504,517                    | -                              | -                              | 2,504,517                      |
| Plant and equipment at fair value                          | 27,724                       | -                              | -                              | 27,724                         |
| Motor vehicle at fair value                                | 3,403                        | -                              | -                              | 3,403                          |
| Leasehold improvements at fair value                       | 3,786                        | -                              | -                              | 3,786                          |
| <b>Total infrastructure, property, plant and equipment</b> | <b>2,673,136</b>             | <b>-</b>                       | <b>24,756</b>                  | <b>2,648,380</b>               |

1 Quoted prices (unadjusted) in active markets for identical assets.

2 Inputs based on observable market data (either directly using prices or indirectly derived from prices).

3 Inputs not based on observable market data.

## Notes to and forming part of the Financial Statements For the year ended 30 June 2022

### 8 Risks, contingencies and valuation judgements (continued)

Reconciliation of Level 3 fair value movements

|   | Specialised<br>land<br>\$'000 | Infrastr-<br>ucture<br>assets | Plant and<br>equipment<br>\$'000 | Motor<br>vehicles<br>\$'000 | Leasehold<br>improve-<br>ments<br>\$'000 |
|---|-------------------------------|-------------------------------|----------------------------------|-----------------------------|--|
| <b>2021</b>   |                               |                               |                                  |                             |  |
| Opening balance at 1 July 2020                              | 34,632                        | 1,999,000                     | 5,497                            | 1,972                       | 4,595                                    |
| Purchases (sales)   | -                             | (1,485)                       | (267)                            | (142)                       | -  |
| Transfers into/(out of) Level 3                             | -                             | -                             | -                                | -                           | -  |
| Developer contributed assets                                | -                             | 41,703                        | -                                | -                           | -  |
| Transfers from work in progress                             | -                             | 173,273                       | 9,501                            | 910                         | 11                                       |
| Land transferred to Assets Held For Disposal                | (1,352)                       | -                             | -                                | -                           | -  |
| Gains or losses recognised in profit after<br>income tax    |                               |                               |                                  |                             |  |
| Depreciation  | -                             | (45,800)                      | (2,885)                          | (769)                       | (424)                                    |
| Impairment  | -                             | -                             | -                                | -                           | -  |
| Revaluation increment/(decrement)                           | 51                            | -                             | -                                | -                           | -  |
| <b>Subtotal</b>   | <b>51</b>                     | <b>(45,800)</b>               | <b>(2,885)</b>                   | <b>(769)</b>                | <b>(424)</b>                             |
| Gains or losses recognised in other<br>comprehensive income | -                             | -                             | -                                | -                           | -  |
| Revaluation increment/(decrement)                           | 19,038                        | (65,390)                      | -                                | -                           | -  |
| <b>Subtotal</b>   | <b>19,038</b>                 | <b>(65,390)</b>               | <b>-</b>                         | <b>-</b>                    | <b>-</b>                                 |
| <b>Closing balance at 30 June 2021</b>                      | <b>52,369</b>                 | <b>2,101,300</b>              | <b>11,846</b>                    | <b>1,971</b>                | <b>4,182</b>                             |
| <b>2022</b>   |                               |                               |                                  |                             |  |
| Opening balance at 1 July 2021                              | 52,369                        | 2,101,300                     | 11,846                           | 1,971                       | 4,182                                    |
| Integration of WW at 1 July 2021                            | 40,214                        | 1,165,439                     | 12,156                           | 2,157                       | 49                                       |
| Purchases (sales)   | -                             | (45)                          | -                                | (224)                       | -  |
| Transfers into/(out of) Level 3                             | -                             | -                             | -                                | -                           | -  |
| Developer contributed assets                                | -                             | 95,095                        | -                                | -                           | -  |
| Transfers from work in progress                             | 106                           | 75,498                        | 8,866                            | 901                         | -  |
| Land transferred to Assets Held For Disposal                | -                             | -                             | -                                | -                           | -  |
| Depreciation  | -                             | (61,020)                      | (5,144)                          | (1,402)                     | (445)                                    |
| Impairment  | -                             | -                             | -                                | -                           | -  |
| Revaluation increment/(decrement) (Note 3.6)                | -                             | (865,392)                     | -                                | -                           | -  |
| <b>Subtotal</b>   | <b>16,261</b>                 | <b>(6,358)</b>                | <b>-</b>                         | <b>-</b>                    | <b>-</b>                                 |
| Gains or losses recognised in other<br>comprehensive income | -                             | -                             | -                                | -                           | -  |
| Revaluation increment/(decrement)                           | 16,261                        | (6,358)                       | -                                | -                           | -  |
| <b>Subtotal</b>   | <b>16,261</b>                 | <b>(6,358)</b>                | <b>-</b>                         | <b>-</b>                    | <b>-</b>                                 |
| <b>Closing balance at 30 June 2022</b>                      | <b>108,950</b>                | <b>2,504,517</b>              | <b>27,724</b>                    | <b>3,403</b>                | <b>3,786</b>                             |

## Notes to and forming part of the Financial Statements

### For the year ended 30 June 2022

#### 8 Risks, contingencies and valuation judgements (continued)

Description of significant unobservable inputs to Level 3 valuations

2021

| Asset                  | Valuation technique                           | Significant unobservable input                | Range (Weighted Average)            | Sensitivity of the input to fair value  |
|------------------------|---|---|-------------------------------------|---|
| Specialised land       | Market approach                               | Community Service Obligation (CSO) adjustment | 9% – 40% (27%)                      | A significant increase or decrease in a CSO adjustment would result in a significantly lower or higher fair value.                              |
| Infrastructure assets  | Income approach (discounted cash flow method) | Discount rate (WACC)                          | 4.1% – 4.7 % (4.4%)                 | An increase or decrease of 0.25% in the estimated discount rate would result in a decrease of \$607m or an increase of \$623m to the valuation. |
|                        |   | Terminal growth rate                          | 3.25% (3.25%)                       | An increase or decrease of 0.25% in the terminal growth rate would result in an increase of \$715m or a decrease of \$460m to the valuation.    |
|                        |   | Inflation rate                                | 2.3% (2.3%)                         | A significant increase or decrease in the inflation rate would result in a significantly higher or lower fair value.                            |
|                        |   | Terminal value capital expenditure            | \$85.596m to \$121.377m (\$89.399m) | A significant increase or decrease in the terminal value of capital expenditure would result in a significantly higher or lower fair value.     |
|                        |   | Useful life                                   | 3 – 100 years (68.4 years)          | A significant increase or decrease in the estimated useful life of an asset would result in a significantly higher or lower fair value.         |
| Plant and equipment    | Current replacement cost                      | Cost per unit                                 | \$1,000 – \$469,000 (\$18,000)      | A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.                                 |
|                        |   | Useful life                                   | 3 – 50 years (7.3 years)            | A significant increase or decrease in the estimated useful life of an asset would result in a significantly higher or lower fair value.         |
| Motor vehicles         | Current replacement cost                      | Cost per unit                                 | \$21,000 – \$55,800 (\$36,800)      | A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.                                 |
|                        |   | Useful life                                   | 5 years (3.3 years)                 | A significant increase or decrease in the estimated useful life of an asset would result in a significantly higher or lower fair value.         |
| Leasehold improvements | Current replacement cost                      | Cost per unit                                 | \$1,674 – \$641,200 (\$251,131)     | A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.                                 |
|                        |   | Useful life                                   | 7 – 20 years (12.0 years)           | A significant increase or decrease in the estimated useful life of an asset would result in a significantly higher or lower fair value.         |

## Notes to and forming part of the Financial Statements

### For the year ended 30 June 2022

#### 8 Risks, contingencies and valuation judgements (continued)

2022

| Asset                  | Valuation technique                           | Significant unobservable input                | Range (Weighted Average)              | Sensitivity of the input to fair value   |
|------------------------|---|---|---------------------------------------|--|
| Specialised land       | Market approach                               | Community Service Obligation (CSO) adjustment | 9% – 40% (27%)                        | A significant increase or decrease in a CSO adjustment would result in a significantly lower or higher fair value.   |
| Infrastructure assets  | Income approach (discounted cash flow method) | Discount rate (WACC)                          | 4.5% – 4.9% (4.7%)                    | An increase or decrease of 0.25% in the estimated discount rate would result in a decrease of \$69m or an increase of \$106m to the valuation.                     |
|                        |   | Terminal value exit RAB multiple              | 1.15x to 1.25x (1.20x mid)            | An increase or decrease in the estimated terminal value exit RAB multiple of 0.05x would result in an increase of \$174m or a decrease of \$174m to the valuation. |
|                        |   | Inflation rate                                | 2.3% (2.3%)                           | A significant increase or decrease in the inflation rate would result in a significantly higher or lower fair value.   |
|                        |   | Terminal value exit RAB capital expenditure   | \$281.960m to \$354.032m (\$327.451m) | A significant increase or decrease in the terminal value exit RAB of capital expenditure would result in a significantly higher or lower fair value.               |
|                        |   | Useful life                                   | 3 – 350 years (70.1 years)            | A significant increase or decrease in the estimated useful life of an asset would result in a significantly higher or lower fair value.                            |
| Plant and equipment    | Current replacement cost                      | Cost per unit                                 | \$17 – \$788,253 (\$10,644)           | A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.  |
|                        |   | Useful life                                   | 3 – 81 years (12.3 years)             | A significant increase or decrease in the estimated useful life of an asset would result in a significantly higher or lower fair value.                            |
| Motor vehicles         | Current replacement cost                      | Cost per unit                                 | \$211 – \$321,290 (\$39,077)          | A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.  |
|                        |   | Useful life                                   | 5 – 15 years (3.5 years)              | A significant increase or decrease in the estimated useful life of an asset would result in a significantly higher or lower fair value.                            |
| Leasehold improvements | Current replacement cost                      | Cost per unit                                 | \$1,674 – \$641,200 (\$251,131)       | A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.  |
|                        |   | Useful life                                   | 7 – 20 years (15.1 years)             | A significant increase or decrease in the estimated useful life of an asset would result in a significantly higher or lower fair value.                            |

## Notes to and forming part of the Financial Statements

### For the year ended 30 June 2022

#### 8 Risks, contingencies and valuation judgements (continued)

A significant movement is considered to be a movement of sufficient magnitude as to have a material impact on the financial statements. A material impact is defined by AASB 101 *Presentation of Financial Statements* as a movement that could individually or collectively with other movements influence the economic decisions that users make on the basis of the financial statements.

The sensitivity of the fair value of infrastructure assets to a change in key assumptions at year end is detailed in the table below.

| <b>Assumption</b>       | <b>2022</b> |       |
|-------------------------|-------------|-------|
| Exit RAB +/- 0.10x      | -13.9%      | 13.9% |
| Exit RAB +/- 0.05x      | -7.0%       | 7.0%  |
| Discount rate +/- 0.50% | -6.8%       | 7.1%  |
| Discount rate +/- 0.25% | -2.7%       | 4.2%  |

| <b>Assumption</b>                   | <b>2021</b> |        |
|-------------------------------------|-------------|--------|
| Terminal year growth rate +/- 0.50% | 94.3%       | -37.1% |
| Terminal year growth rate +/- 0.25% | 34.0%       | -21.9% |
| Discount rate +/- 0.50%             | -42.1%      | 109.0% |
| Discount rate +/- 0.25%             | -28.9%      | 29.7%  |

Terminal year growth rate sensitivity impacts steady state cash flows, representing those expected to be received in perpetuity. The discounted cash flow methodology has been amended in the current year to reduce the sensitivity of the model to small changes in inputs, whilst adopting market-based evidence such as a RAB multiple methodology for determining a terminal value for regulated assets, consistent with market-participant practice.

Discount rate sensitivity impacts the present value of free cash flows to the corporation.

# Notes to and forming part of the Financial Statements

## For the year ended 30 June 2022

### 9 Other disclosure

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

#### Structure

- 9.1 Responsible persons and executives
- 9.2 Related parties
- 9.3 Equity
- 9.4 Ex gratia expenses
- 9.5 Accounting Standards issued that are not yet effective
- 9.6 Subsequent events

#### 9.1 Responsible persons and executives

The relevant Minister and directors of GWW are deemed to be responsible persons by Ministerial Direction pursuant to the provisions of the *Financial Management Act 1994*.

##### 9.1.1 Responsible persons

Persons who held the position of responsible person at any time in GWW during the 2022 financial year were as follows:

|                           |                           |                              |
|---------------------------|---------------------------|------------------------------|
| The Hon. Lisa Neville MP  | Minister for Water        | 1 July 2021 – 26 June 2022   |
| The Hon. Richard Wynne MP | Acting Minister for Water | 1 July 2021 – 22 August 2021 |
| The Hon. Harriet Shing MP | Minister for Water        | 27 June 2022 – 30 June 2022  |
| Mr David Middleton        | Chair                     | 1 July 2021 – 30 June 2022   |
| Ms Maree Lang             | Managing Director         | 1 July 2021 – 30 June 2022   |
| Mr Matthew Burns          | Director                  | 1 July 2021 – 30 June 2022   |
| Dr Bruce Cohen            | Director                  | 1 July 2021 – 30 June 2022   |
| Ms Claire Filson          | Director                  | 1 July 2021 – 30 June 2022   |
| Ms Tania Fryer            | Director                  | 1 July 2021 – 30 June 2022   |
| Ms Liza McDonald          | Director                  | 1 July 2021 – 30 June 2022   |
| Ms Llewellyn Prain        | Director                  | 1 July 2021 – 30 June 2022   |
| Mr Efim Thatcher          | Director                  | 1 July 2021 – 30 June 2022   |
| Ms Linda White            | Director                  | 1 July 2021 – 6 April 2022   |

Persons who held the position of responsible person at any time in CWW during the 2021 financial year were as follows:

|                           |                           |                                 |
|---------------------------|---------------------------|---------------------------------|
| The Hon. Lisa Neville MP  | Minister for Water        | 1 July 2020 – 30 June 2021      |
| The Hon. Richard Wynne MP | Acting Minister for Water | 15 February 2021 – 30 June 2021 |
| Mr David Middleton        | Chair                     | 1 July 2020 – 30 June 2021      |
| Ms Maree Lang             | Managing Director         | 1 July 2020 – 30 June 2021      |
| Ms Mary Beth Bauer        | Director                  | 1 July 2020 – 30 June 2021      |
| Dr Bruce Cohen            | Director                  | 1 July 2020 – 30 June 2021      |
| Mr Bill Jaboor            | Director                  | 1 July 2020 – 30 June 2021      |
| Ms Tania Fryer            | Director                  | 1 July 2020 – 30 June 2021      |
| Mr Christopher Lovell     | Director                  | 1 July 2020 – 30 June 2021      |
| Ms Freya Marsden          | Director                  | 1 July 2020 – 30 June 2021      |
| Ms Sawsan Howard          | Director                  | 1 July 2020 – 30 June 2021      |

The Minister's remuneration and allowances are set by the *Parliamentary Salaries and Superannuation Act 1968* and are reported in the Department of Parliamentary Services' Financial Report.

## Notes to and forming part of the Financial Statements For the year ended 30 June 2022

### 9 Other disclosure (continued)

Remuneration received or receivable by responsible persons in connection with the management of GWW Corporation during the current and previous reporting periods is reported in the table below.

|                     |           | 2022<br>No.            | 2021<br>No.            |
|---------------------|-----------|------------------------|------------------------|
| \$                  | \$        |                        |                        |
| 40,000              | – 49,999  | 1                      | -                      |
| 50,000              | – 59,999  | 7                      | 7                      |
| 90,000              | – 99,999  | -                      | 1                      |
| 100,000             | – 109,999 | 1                      | -                      |
| 210,000             | – 219,999 | -                      | -                      |
| 330,000             | – 339,999 | -                      | -                      |
| 420,000             | – 429,999 | -                      | 1                      |
| 460,000             | – 469,999 | 1                      | -                      |
| <b>Total</b>        |           | <b>10</b>              | <b>9</b>               |
|                     |           | <b>2022<br/>\$'000</b> | <b>2021<br/>\$'000</b> |
| <b>Total amount</b> |           | <b>1,016</b>           | <b>919</b>             |

#### 9.1.2 Executives

|   | 2022<br>\$'000 | 2021<br>\$'000 |
|---|----------------|----------------|
| Short-term employment benefits                    | 2,596          | 1,611          |
| Post-employment benefits                          | 237            | 126            |
| Other long-term benefits                          | 64             | 36             |
| Termination benefits                              | -              | -              |
| <b>Total</b>                                      | <b>2,897</b>   | <b>1,773</b>   |
| <b>Total employees (no.)</b>                      | <b>10</b>      | <b>6</b>       |
| <b>Annualised employee equivalent<sup>1</sup></b> | <b>10.0</b>    | <b>5.9</b>     |

<sup>1</sup> Annualised employee equivalent is based on working 38 ordinary hours per week over the reporting period.

The number of executive officers other than the Minister or responsible persons and their total remuneration during the reporting period is shown in the table overleaf.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided for by the corporation, or on behalf of the corporation, in exchange for services rendered, and is disclosed in the following categories:

- Short-term employee benefits – includes 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 – includes superannuation benefits paid or payable on a discrete basis when employment has ceased;
- Other long-term benefits – includes long service leave, other long service benefits and deferred compensation; and
- Termination benefits – includes termination of employment payments, such as severance packages.

## Notes to and forming part of the Financial Statements For the year ended 30 June 2022

### 9 Other disclosure (continued)

#### 9.2 Related parties

##### Relevant Minister

The Honourable Lisa Neville MP was the responsible Minister for Water from 1 July 2021 to 26 June 2022 and the Honourable Harriet Shing MP became the responsible Minister for Water on 27 June 2022. The Honourable Richard Wynne MP acted as the Minister for Water from 1 July to 22 August 2021.

##### Transactions with the relevant Minister and relevant Minister related entities

Outside of normal citizen type transactions, there were no material transactions with the relevant Minister, their close family members or business interests during the reporting period.

##### Key management personnel

Key management personnel (as defined in AASB 124 *Related Party Disclosures*) include the Managing Director and the Board of Directors, who have the authority and responsibility for planning, directing and controlling the activities of the corporation either directly or indirectly during the year.

The names of persons who were key management personnel of GWW at any time during the current financial year are as follows: D. Middleton, M. Lang, M. Burns, B. Cohen, C. Filson, T. Fryer, L. McDonald, L. Prain, E. Thatcher, L. White.

##### Transactions with key management personnel and key management personnel related entities

Ms Maree Lang's partner is a key management personnel of City of Maribyrnong effective April 2022 (July to April: City of Yarra). During the year, GWW paid \$58 to City of Maribyrnong during period from April to June 2022 and \$210,534 (2021: \$203,486) to City of Yarra for various projects. GWW had an outstanding amount of \$35,706 due from City of Yarra in 2021 for various work performed.

Dr Bruce Cohen's partner is a director at South East Water Corporation. Related party transactions with South East Water Corporation are disclosed in the notes below.

Mr Chris Lovell (a former director) was the Chair of the CBD Community Reference Groups North and South – Rail Projects Victoria (RPV), the Parkville Stakeholder Reference Group – RPV, and the Arden North Melbourne Community Reference Group – RPV. In 2021, GWW received \$376,155 from Rail Projects Victoria (formerly MMRA) and \$39,259 was outstanding as receivable for services rendered to Department of Transport.

Outside of normal citizen type transactions, there were no further material transactions either with key management personnel, their close family members or business interests during the reporting period other than remuneration for employment.

Key management personnel with related party interests are not involved in any decision-making processes relevant to the related party.

##### Payments to key management personnel

|                                       | <b>2022</b>   | <b>2021</b>   |
|---------------------------------------|---------------|---------------|
|                                       | <b>\$'000</b> | <b>\$'000</b> |
| Short term employment benefits        | 932           | 846           |
| Post-employment benefits              | 73            | 64            |
| Other long-term benefits <sup>1</sup> | 11            | 9             |
| <b>Total</b>                          | <b>1,016</b>  | <b>919</b>    |
| <b>Total employees (no.)</b>          | <b>10</b>     | <b>9</b>      |

<sup>1</sup> Other long-term benefits represent long service leave.

## Notes to and forming part of the Financial Statements For the year ended 30 June 2022

### 9 Other disclosure (continued)

#### Other related parties

All Victorian cabinet ministers and their close family members, as well as all departments and public sector entities that are controlled and consolidated into the whole of government consolidated financial statements, are considered to be related parties of GWW.

#### Transactions with cabinet members and related entities

Outside of normal citizen type transactions, there were no material related party transactions with cabinet members, their close family members or their personal business interests during the current or prior financial years.

#### Power Purchase Agreement specific disclosure

GWW 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 GWW's liability as a member is limited to \$10 in the event of a winding up. As required by Australian accounting standards, GWW 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. GWW 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 GWW.

On 30 October 2018, ZEW entered into an 11-year Power Purchasing Agreement (PPA) with a solar farm energy generator, Kiamal solar farm. In relation to the PPA, ZEW will act as a central intermediary between the energy generator and the water corporations. The PPA contains a contract for difference (CFD) payment mechanism in respect of electricity generated by the facility and the sale and supply of large-scale generation certificates (LGCs) from the facility. The PPA contains certain conditions precedent which were due to be satisfied during the 2019-20 financial year.

The solar farm energy generator experienced a construction delay due to redesign of electrical infrastructure and a connection delay relating to generator restrictions and revised connection procedures advised by the Australian Electricity Market Operator (AEMO). Renegotiated terms have resulted in an extension of the target commercial operation date to 1 October 2020 and a compensation settlement to ZEW for the delay. GWW's share of the settlement was \$116,869 which has been recognised in the Comprehensive Operating Statement as other income.

Further extensions were granted until 31 January 2021 as a result of delays in commissioning ZEW's section of the solar farm which delayed the meeting of the conditions precedents. The corporation share of the settlement for these further delays was \$48,400 which was recognised in the Statement of Comprehensive Operating Income as other income in the 2020-21 financial year. Along with the settlement funds, the GWW was also able to purchase \$36,888 replacement LGCs at the PPA price which have been recognised as intangible assets. Further LGCs of \$21,811 was purchased in 2022 (refer note 5.5).

On 22 January 2021, the conditions precedent in the PPA was completed and the CfD derivative was recognised as a financial liability measured at its fair value. Subsequent changes in the derivative's fair value have been recognised in profit and loss. In 2022, the subsequent measurement resulted in a nett pre-tax gain of \$4,113,067 as financial asset.

## Notes to and forming part of the Financial Statements

### For the year ended 30 June 2022

#### 9 Other disclosure (continued)

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

The Members' Agreement specifies that ZEW may call on the corporation to make a loan available to ZEW amounting to \$67,085. 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. There was no request from ZEW on loan in 2022 (2021:\$11,000).

#### Victorian Government

GWW is subject to the provisions of the *Water Act 1989* and the *Water Industry Act 1994*. GWW operates under specific legislation and is subject to independent economic regulation. GWW operates under a Board of Directors appointed by the Victorian Government and makes income tax equivalent and dividend payments to the Victorian Government.

#### Transactions with government-controlled entities

The below table details GWW's dealings with government-controlled entities, which are considered to be related parties of GWW. The following four pages contain more detailed information regarding related parties with significant transactions with GWW.

|  | Paid<br>\$ | Payable<br>\$ | Received<br>\$ | Receivable<br>\$ |
|--|------------|---------------|----------------|------------------|
| <b>2021</b>                            |            |               |                |                  |
| Yarra Valley Water                     | 87,430     | -             | 170,315        | -                |
| Goulburn Murray Water                  | 8,989      | -             | 8,989          | -                |
| Development Victoria                   | -          | -             | 242,889        | -                |
| Western Water                          | 128,542    | -             | 200,257        | 1,469,878        |
| Victorian Auditor-General's Office     | 54,560     | -             | -              | -                |
| Rail Projects Victoria                 | -          | -             | 376,155        | 39,259           |
| Environment Protection Authority       | 131,810    | -             | -              | -                |
| Energy and Water Ombudsman Victoria    | -          | -             | -              | -                |
| Public Transport Victoria <sup>1</sup> | -          | -             | -              | -                |
| Zero Emissions Water Limited           | 96,288     | -             | -              | 48,400           |
| <b>2022</b>                            |            |               |                |                  |
| Yarra Valley Water                     | 269,088    | -             | 67,665         | -                |
| Goulburn Murray Water                  | 400,692    | 13,354        | -              | -                |
| Development Victoria                   | -          | -             | 374,787        | -                |
| South East Water                       | 727,455    | -             | 421,273        | 41,589           |
| Victorian Auditor-General's Office     | 360,800    | -             | -              | -                |
| Rail Projects Victoria                 | -          | -             | 401,968        | 164,357          |
| Environment Protection Authority       | 848        | 371           | -              | -                |
| Energy and Water Ombudsman Victoria    | 141,343    | -             | -              | -                |
| Public Transport Victoria <sup>1</sup> | -          | -             | -              | -                |
| Zero Emissions Water Limited           | 441,804    | -             | 162,633        | -                |

<sup>1</sup> Transfer of assets from Department of Transport during the year was \$8,929,124 (2021 \$22,999,286).

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2022

### 9 Other disclosure (continued)

Related parties with significant transactions

Department of Environment, Land, Water and Planning

GWW bills and collects parks charges on behalf of the Department of Environment, Land, Water and Planning (DELWP). Due to the nature of the agent/principal relationship between GWW and DELWP, GWW does not recognise these amounts in its accounts. GWW recognises an administration fee collected from DELWP relating to the billing and collection of parks charges as revenue.

GWW makes various other payments to and receives other payments from DELWP which are recognised as revenue and expenses.

|   | <b>2022</b>   | <b>2021</b>   |
|---|---------------|---------------|
|   | <b>\$'000</b> | <b>\$'000</b> |
| <b>Payments</b>                                   |               |               |
| Parks Charge collected on behalf of DELWP         | 57,729        | 54,450        |
| Environmental Contribution                        | 32,895        | 29,843        |
| Other   | 423           | 331           |
| <b>Receipts</b>                                   |               |               |
| Billings and collection fee                       | 2,454         | 2,339         |
| Water Conservation Rebate                         | 65            | -             |
| Western Irrigation Network – Capital contribution | 4,700         | -             |
| Other   | 34            | -             |
| <b>Payables</b>                                   |               |               |
| Environmental Contribution                        | 8,478         | 7,461         |
| Parks Charge collected on behalf of DELWP         | -             | (118)         |
| <b>Receivables</b>                                |               |               |
| Other   | 17            | -             |

## Notes to and forming part of the Financial Statements

### For the year ended 30 June 2022

#### 9 Other disclosure (continued)

Department of Treasury and Finance

The Department of Treasury and Finance monitors the implementation of GWW's Corporate Plan in consultation with the Department of Environment, Land, Water and Planning.

|                              | 2022<br>\$'000 | 2021<br>\$'000 |
|------------------------------|----------------|----------------|
| <b>Payments</b>              |                |                |
| Income tax equivalent        | 40,829         | 24,712         |
| Dividend                     | 6,300          | 20,600         |
| Financial Accommodation Levy | 31,921         | 19,157         |
| Other                        | 25             | -              |
| <b>Payables</b>              |                |                |
| Financial Accommodation Levy | 6,493          | 4,912          |
| Income tax equivalent        | 1,700          | 1,033          |
| <b>Receipts</b>              |                |                |
| Interest on CBS deposit      | 68             | 30             |

Treasury Corporation of Victoria

As required by the State Government pursuant to the *Borrowing and Investment Powers Act 1987*, other than lease liabilities, GWW's borrowings are sourced solely from the Treasury Corporation of Victoria.

|                                | 2022<br>\$'000 | 2021<br>\$'000 |
|--------------------------------|----------------|----------------|
| <b>Payments</b>                |                |                |
| Finance costs                  | 53,336         | 44,279         |
| Administration fees            | 2,410          | 1,748          |
| <b>Receipts</b>                |                |                |
| Net borrowings during the year | 158,750        | 122,000        |
| Interest received              | 68             | -              |
| <b>Payables</b>                |                |                |
| Total borrowings               | 2,095,900      | 1,515,000      |
| Finance costs                  | 15,389         | 14,818         |

## Notes to and forming part of the Financial Statements

### For the year ended 30 June 2022

#### 9 Other disclosure (continued)

Melbourne Water Corporation

GWW sources a large proportion of its drinking water from Melbourne Water Corporation and the majority of its sewage is treated by Melbourne Water Corporation at the Western Treatment Plant.

GWW bills and collects drainage charges as an agent for Melbourne Water. Due to the nature of the agent/principal relationship between GWW and Melbourne Water, GWW does not recognise these amounts in its accounts. GWW recognises an administration fee collected from Melbourne Water relating to the billing and collection of drainage charges as revenue.

GWW makes various other payments to and receives other payments from Melbourne Water which are recognised as revenue and expenses.

|  | <b>2022</b>   | <b>2021</b>   |
|--|---------------|---------------|
|  | <b>\$'000</b> | <b>\$'000</b> |
| <b>Payments</b>  |               |               |
| Bulk water and sewage charges                          | 338,849       | 345,978       |
| Drainage Charge collected on behalf of Melbourne Water | 72,812        | 56,846        |
| Property information statements                        | 289           | 198           |
| Other  | 254           | 41            |
| <b>Receipts</b>  |               |               |
| Billings and collection fee                            | 4,209         | 4,128         |
| Other  | 11            | -             |
| <b>Payables</b>  |               |               |
| Bulk water and sewage charges                          | 2,228         | 2,801         |
| Property information statements                        | 137           | 145           |
| <b>Receivables</b>                                     |               |               |
| Billings and collection fee                            | 321           | 27            |

## Notes to and forming part of the Financial Statements

### For the year ended 30 June 2022

#### 9 Other disclosure (continued)

##### State Revenue Office

The State Revenue Office is the Victorian Government's tax collection agency. The State Revenue Office administers Victoria's tax legislation and collects a range of taxes, duties and levies.

|                    | 2022<br>\$'000 | 2021<br>\$'000 |
|--------------------|----------------|----------------|
| <b>Payments</b>    |                |                |
| Payroll tax        | 4,435          | 2,689          |
| Unclaimed monies   | 1,043          | 433            |
| Other              | 169            | -              |
| <b>Receipts</b>    |                |                |
| Pension rebate     | 284            | 564            |
|                    | -              | -              |
| <b>Payables</b>    |                |                |
| Payroll tax        | 430            | 241            |
| Unclaimed monies   | 179            | 1,043          |
| <b>Receivables</b> |                |                |
| Pension rebate     | -              | 143            |

##### Department of Families, Fairness and Housing

GWW provides a number of services to the community including the administration of the Pension Rebate and Health Care Card schemes on behalf of the Department of Families, Fairness and Housing.

|                                      | 2022<br>\$'000 | 2021<br>\$'000 |
|--------------------------------------|----------------|----------------|
| <b>Payments</b>                      |                |                |
| Safe Drinking Water Levy             | -              | 144            |
| Other                                | 15             | -              |
| <b>Receipts</b>                      |                |                |
| Pension rebate                       | 20,490         | 23,299         |
| Administration fee on pension rebate | 199            | 210            |
| Utility relief grant                 | 1,440          | -              |
| Dialysis users' rebate               | 6              | 8              |
| Other                                | 4,082          | -              |
| <b>Receivables</b>                   |                |                |
| Pension rebate                       | 3,045          | 3,227          |
| Administration fee on pension rebate | 26             | 35             |
| Dialysis users' rebate               | -              | 2              |

## Notes to and forming part of the Financial Statements For the year ended 30 June 2022

### 9 Other disclosure (continued)

Other Victorian Government controlled entities

Water and sewerage services were provided to other government-controlled entities for properties within GWW's service area under normal commercial terms and conditions.

#### 9.3 Equity

|                                    | 2022<br>\$'000   | 2021<br>\$'000 |
|------------------------------------|------------------|----------------|
| Contributed equity                 | 1,007,640        | 220,110        |
| Physical asset revaluation surplus | 60,509           | 55,042         |
| Retained profits                   | (2,672)          | 525,562        |
| <b>Total equity</b>                | <b>1,065,477</b> | <b>800,714</b> |

#### 9.3.1 Contributed equity

|  | 2022<br>\$'000   | 2021<br>\$'000 |
|--|------------------|----------------|
| Contributed equity at the beginning of the financial year  | 220,110          | 197,111        |
| Integration of WW at beginning of the financial year       | 809,781          | -              |
| Asset received as contributed equity                       | 8,929            | 22,999         |
| Capital contribution                                       | 4,700            | -              |
| Capital repatriation                                       | (35,880)         | -              |
| <b>Contributed equity at the end of the financial year</b> | <b>1,007,640</b> | <b>220,110</b> |

The integration of WW comprised the transfer of assets and liabilities of WW as at 30 June 2021 pursuant to FRD 119A as described in note 11.

Capital contribution of \$4.7m is from the National Water Infrastructure Development Fund as per the National Partnership Agreement between the State and the Commonwealth governments towards investing on the Western Irrigation Network capital project.

In line with the requirements of the *Financial Management Act 1994*, additions to net assets which have been designated as contributed equity by the Assistant Treasurer are recognised as contributed equity. Other transfers that are in the nature of contributions or distributions have also been designated as distributions to or contributions from owners.

#### 9.3.2 Physical asset revaluation surplus

|  | 2022<br>\$'000 | 2021<br>\$'000 |
|--|----------------|----------------|
| Physical asset revaluation surplus at the beginning of the financial year  | 55,042         | 83,559         |
| Infrastructure assets revaluation, net of tax                              | (6,358)        | (45,774)       |
| Land revaluation, net of tax   | 13,162         | 17,257         |
| Transfer to retained profits   | (1,337)        | -              |
| <b>Physical asset revaluation surplus at the end of the financial year</b> | <b>60,509</b>  | <b>55,042</b>  |

Physical asset revaluation surplus is used to record revaluation increments and decrements in the value of non-current physical assets. Transfer of asset revaluation surplus during the year is in respect of realisation of sale of land which was previously carried at revalued amount.

## Notes to and forming part of the Financial Statements

### For the year ended 30 June 2022

#### 9 Other disclosure (continued)

##### 9.3.3 Retained profits

|   | <b>2022</b>    | <b>2021</b>    |
|---|----------------|----------------|
|   | <b>\$'000</b>  | <b>\$'000</b>  |
| Retained profits at the beginning of the financial year                   | 525,562        | 503,461        |
| (Loss)/Profit after income tax expense                                    | (524,978)      | 39,716         |
| Final dividend paid during 2022 in respect of 2021                        | (6,300)        | -              |
| Final dividend paid during 2021 in respect of 2020                        | -              | (13,500)       |
| Interim dividend paid in respect of current year                          | -              | (7,100)        |
| Actuarial gain/(loss) on defined benefit superannuation plan (net of tax) | 1,707          | 2,985          |
| Transfer from assets revaluation reserve                                  | 1,337          | -              |
| <b>Retained (loss)/ profits at the end of the financial year</b>          | <b>(2,672)</b> | <b>525,562</b> |

Retained (loss)/profits represent accumulated retained profits over the lifetime of the corporation.

##### 9.4 Ex gratia expenses

|                                 | <b>2022</b>   | <b>2021</b>   |
|---------------------------------|---------------|---------------|
|                                 | <b>\$'000</b> | <b>\$'000</b> |
| Forgiveness or waiver of debt   | 542           | 132           |
| Other                           | -             | 11            |
| <b>Total ex gratia expenses</b> | <b>542</b>    | <b>143</b>    |

Ex gratia expense items greater than or equal to \$5,000 individually or in total are disclosed.

In exceptional circumstances GWW may waive part of a customer's debt. This will occur at the discretion of the corporation when there has been a significant undetected leak on a customer's property, unexplained high usage on a customer's account, or in cases of financial hardship.

Ex gratia expenses are recognised as part of other expenses (refer Section 3).

# Notes to and forming part of the Financial Statements

## For the year ended 30 June 2022

### 9 Other disclosure (continued)

#### 9.5 Accounting standards issued that are not yet effective

Certain new Australian Accounting Standards have been published that are applicable to GWW, but are not mandatory for the 30 June 2022 reporting period. These standards are listed below.

| Standard  | Effective date | Key changes   | Impact  |
|---|----------------|---|---|
| AASB 2020-1<br><i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</i> | 1 January 2023 | Amends AASB 101 to require a liability to be classified as current when companies do not have a substantive right to defer settlement at the end of the reporting period.   | The corporation is in the process of analysing the impacts of this Standard. However, it is not anticipated to have a material impact.                              |
| AASB 2020-3<br><i>Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments</i>      | 1 January 2022 | <p>Amendments to existing accounting standards, particularly in relation to:</p> <p>AASB 1 – simplifies the application of AASB 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.</p> <p>AASB 3 – to update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.</p> <p>AASB 9 – to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.</p> <p>AASB 116 – to require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset.</p> <p>AASB 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i> – to specify the costs that an entity includes when assessing whether a contract will be loss-making.</p> <p>AASB 141 <i>Investment Property</i> – to remove the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards.</p> | The corporation is in the process of analysing the impacts of this Standard. However, it is not expected to have any significant impact to the financial statements |

## Notes to and forming part of the Financial Statements

### For the year ended 30 June 2022

#### 9 Other disclosure (continued)

| Standard   | Effective date | Key changes  | Impact   |
|--|----------------|--|--|
| AASB 2020-6<br><i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current – Deferral of Effective Date</i> | 1 January 2022 | Amends AASB 101 to require a liability to be classified as current when companies do not have a substantive right to defer settlement at the end of the reporting period.<br><br>The amendments will now apply to annual reporting periods beginning on or after 1 January 2023 instead of 1 January 2022, with earlier application permitted. | The corporation is in the process of analysing the impacts of this Standard. However, it is not anticipated to have a material impact. |

#### 9.6 Subsequent events

No other matter or circumstance has arisen since 30 June 2022 which has significantly affected, or may significantly affect:

- the corporation's operations;
- the results of those operations; and/or
- the corporation's state of affairs in the financial year subsequent to 30 June 2022.

## Statutory Certification

The attached financial statements of Greater Western Water Corporation (the corporation) have been prepared in accordance with Direction 5.2 of the Standing Directions 2018 under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations and other mandatory professional reporting requirements.

We state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and accompanying notes presents fairly the financial transactions during the year ended 30 June 2022 and the financial position of the corporation at 30 June 2022.

At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

This financial report was authorised for release by the Board of Directors on 23 August 2022.



**David Middleton**  
Chair



**Maree Lang**  
Managing Director



**Liz Rowland**  
Chief Financial Officer

Melbourne  
23 August 2022

# Independent Auditor's Report

## To the Board of Greater Western Water Corporation

|                          |   |
|--------------------------|---|
| <b>Opinion</b>           | <p>I have audited the financial report of Greater Western Water Corporation (the corporation) which comprises the:</p> <ul style="list-style-type: none"> <li>• balance sheet as at 30 June 2022</li> <li>• comprehensive operating statement for the year then ended</li> <li>• statement of changes in equity for the year then ended</li> <li>• statement of cash flow for the year then ended</li> <li>• notes to the financial statements, including significant accounting policies</li> <li>• statutory certification.</li> </ul> <p>In my opinion, the financial report presents fairly, in all material respects, the financial position of the corporation as at 30 June 2022 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>  |
| <b>Basis for Opinion</b> | <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 Auditor's Responsibilities for the Audit of the Financial Report 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 Code of Ethics for Professional Accountants (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>   |
| <b>Other Information</b> | <p>The Board is responsible for the "other information" included in the corporation's Annual Report for the year ended 30 June 2022. The other information in the Annual Report does not include the financial report, the performance report and my auditor's reports thereon. My opinion on the financial report does not cover the other information included in the Annual Report. Accordingly, I do not express any form of assurance conclusion thereon.</p> <p>In connection with my audit of the financial report, my responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a materially misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.</p> |
| <b>Key audit matters</b> | <p>Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. These matters were addressed in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.</p>  |

| Key audit matter  | How I addressed the matter   |
|---|--|
| <p><b>Revenues from service and usage charges</b></p> <p><i>Note 2.2 – Sale of Goods and Services</i></p>   |  |
| <p><b>Revenues from service and usage charges: \$689 million</b></p> <p>I considered this to be a key audit matter because:</p> <ul style="list-style-type: none"> <li>revenue is financially significant</li> <li>the corporation’s IT billing system and business rules are complex, and inputs to the system are derived from multiple sources</li> <li>external service providers conduct meter readings of customer water consumption data</li> <li>there is a high degree of estimation uncertainty in the revenue accrual for unbilled water and sewerage services at year end</li> <li>the applicable accounting standard AASB 15 <i>Revenue from Contracts with Customers</i> requires detailed and complex financial report disclosures.</li> </ul>   | <p>My key procedures included:</p> <ul style="list-style-type: none"> <li>testing the operating effectiveness of key controls in the billing system and billing process</li> <li>assessing management’s model, key assumptions, and inputs for estimating the accrued revenue</li> <li>performing substantive analytical procedures by developing an expectation of usage and service charges revenue for the period based on water volumes, number of serviced properties and approved prices, compared against the revenue recorded by the corporation</li> <li>assessing the adequacy of revenue recognition and measurement policies</li> <li>assessing the adequacy of financial statement disclosures against AASB 15 <i>Revenue from Contracts with Customers</i>.</li> </ul>   |
| <p><b>The fair value estimate of infrastructure assets</b></p> <p><i>Note 5.1 – Infrastructure, property, plant and equipment</i></p>   |  |
| <p><b>Fair value estimate of infrastructure assets: \$2.505 billion</b></p> <p>I considered this to be a key audit matter because:</p> <ul style="list-style-type: none"> <li>infrastructure assets are financially significant</li> <li>the fair value estimate is derived from an income-based valuation approach that uses a discounted cashflow (DCF) model</li> <li>management engage an external valuation expert to prepare the fair value estimate</li> <li>the DCF model is highly complex and involves significant judgements and assumptions</li> <li>small changes in key assumptions used in the DCF model can materially affect the fair value</li> <li>the DCF model’s forecast period is long, and includes a terminal value, which increases the difficulty in accurately estimating the fair value</li> <li>the method for calculating the terminal value changed in the current year</li> <li>the DCF model was used to fair value Western Water’s infrastructure assets on integration, which were previously fair valued using the current replacement cost technique</li> <li>accounting standard AASB 13 <i>Fair Value Measurement</i> (AASB 13) requires extensive financial report disclosures.</li> </ul> | <p>My key procedures included:</p> <ul style="list-style-type: none"> <li>obtaining an understanding of the approach to estimating the fair value of infrastructure</li> <li>assessing the competence, objectivity and capability of management’s expert engaged to assist with the valuation process</li> <li>engaging a subject matter expert to assist us in obtaining sufficient appropriate audit evidence, including: <ul style="list-style-type: none"> <li>the appropriateness of using an income-based valuation approach</li> <li>the identification of any changes to the DCF model and/or assumptions, including the incorporation of Western Water’s infrastructure assets into the model</li> <li>the appropriateness and reasonableness of the new method of calculating the terminal value</li> <li>the reasonableness and consistency of all the assumptions used in the DCF model</li> <li>the reasonableness of all inputs used in the DCF model, with specific reference to underlying data and supporting documentation</li> <li>the DCF model’s computational accuracy</li> </ul> </li> <li>evaluating our subject matter expert’s work and concluding the work was adequate for the purposes of our audit</li> <li>assessing the completeness and adequacy of the financial report disclosures against the requirements of AASB 13, including the significant observable and unobservable inputs utilised in the model and the sensitivity analysis.</li> </ul> |

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**Board's responsibilities for the financial report**

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

In preparing the financial report, the Board is responsible for assessing the corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

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**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 our 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.
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**Auditor's responsibilities for the audit of the financial report (continued)**

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.

From the matters communicated with the Board, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. I describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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MELBOURNE  
30 August 2022



Paul Martin  
*as delegate for the Auditor-General of Victoria*

# Appendix 1

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## Appendix 2

### Minister's Letter of Expectations

| Priority Area  | Key Performance Indicator   | Measure   | Page |
|--|---|---|------|
| <p><b>Climate Change</b></p> <p>Undertake activities and provide services that minimise environmental impacts, mitigate and adapt to climate change, increase renewable energy use, and demonstrate reasonable progress in integrating climate change adaptation into planning and decision making across the business</p> | <b>E1 Emission reductions</b>   | Total net emissions greenhouse gases in tonnes of CO2 equivalent.   | 25   |
|  | <b>E2 Energy and Renewable Electricity Consumption</b>  | E2<br>Total electricity consumption, and total renewable electricity consumption, in megawatt hours.  | 27   |
|  | <b>E3 Adaptation to climate change and variability</b>  | E3<br>a. Qualitative description of how the <i>Guidelines</i> will be used.<br>b. Qualitative description of how adaptation will be undertaken in each of the six business areas. Include consideration of short, medium and long-term changes. | 28   |
| <p><b>Customer and community outcomes</b></p> <p>All aspects of service delivery will be customer and community centred and will continue to build extensive and effective community engagement and partnerships in planning and implementation of service delivery.</p>   | <b>C1 Customer satisfaction (Urban Water Corporations excl Melbourne Water)</b>   | CR1 Water quality complaints (urbans excl MW).<br>(b) CR4 Number of billing payment issues (urbans excl. MW).   | 50   |
|  | <b>C2 Customer and community engagement</b>   | C2 Development and delivery of an engagement strategy/plan/policy and publication (via the water corporation's website) of the engagement strategy/plan/policy or equivalent explanation.   | 13   |
| <p><b>Strengthen compliance</b></p> <p>Apply a zero-tolerance approach to unauthorised take and adopt a consistent risk-based approach to manage compliance and enforcement with improved oversight and reporting.</p>   | CE1 Apply a zero-tolerance approach to unauthorised take (Water Corporations with non-urban customers)<br>CE2 Demonstration of reasonable progress toward implementation of Compliance and Enforcement review recommendations (Water Corporations with non-urban customers) | NA  |      |

## Appendix 2

### Minister's Letter of Expectations (continued)

| Priority Area   | Key Performance Indicator  | Measure  | Page |
|---|--|--|------|
| <p><b>Water for Aboriginal cultural, spiritual and economic values</b></p> <p>Recognise and support self-determination of Aboriginal cultural values and economic inclusion in the water sector</p> | <p><b>AC1 Engagement of Aboriginal communities</b></p> <p>Effective and genuine engagement and partnerships with Traditional Owners and Aboriginal Victorians for involvement in business opportunities and access to water for, spiritual, customary, social, and economic purposes, and other self-determined purposes. Measures related to this indicator will not be considered in isolation. Rather, reported information will be used to help build a broad picture of engagement and partnership, taking into account the relevant local context.</p> | <p>AC1.1 Implementation and reporting on a strategy that demonstrates how the water corporation is addressing procurement barriers and providing procurement opportunities to Aboriginal Enterprises. Aboriginal enterprises to supply goods/ services to water corporations* and number of Aboriginal enterprises procured in the last year</p> | 13   |
|   |  | <p>AC1.2 Number and description of offered and/or active sponsorships of Aboriginal people in relevant study and training courses, including scholarships, vocational education and traineeships initiated in the last year</p>  | 13   |
|   |  | <p>AC1.3 Number of staff within the water corporation who have undertaken a cross-cultural training course (by relevant Traditional Owner) in the last year and working towards development of mandatory cultural safety training program/ policy.</p>   | 13   |

## Appendix 2

### Minister’s Letter of Expectations (continued)

| Priority Area | Key Performance Indicator  | Measure  | Page |
|---------------|--|--|------|
|               | <p><b>AC2 Engagement of Traditional Owners</b></p> <p>Effective and genuine engagement with Traditional Owners to enable input into water planning and management documents for Aboriginal water related values and other self-determined priorities. Measures related to this indicator will not be considered in isolation. Rather, reported information will be used to help build a broad picture of engagement, taking into account the relevant local context.</p> | <p>AC2.1 Number of effective engagements and partnerships with Traditional Owners in water planning and management, including a number of water projects completed that led to improved outcomes for Aboriginal Communities</p> <p>AC2.2 Demonstrate that Traditional Owners have had the opportunity to review and/or endorse, all sections of the annual report that include specific reference to Traditional Ecological Knowledge, values and wellbeing</p>              | 13   |
|               | <p><b>AC3 Aboriginal Inclusion Plan/ Reconciliation Action Plan</b></p> <p>To be considered in conjunction with AC1 and AC2, taking into account the relevant local context.</p>   | <p>AC3 Implementation of either an Aboriginal Inclusion Plan, Reconciliation Action Plan, or a Self-Determination Plan, reflecting measures AC1.1 to AC1.3 and AC2.1 as appropriate and report against number of actions achieved and ongoing.</p> <p>AC3.1 Demonstrate that Traditional Owners have had the opportunity to review and/or endorse, all sections of the Plans, that include specific reference to Traditional Ecological Knowledge, values and wellbeing.</p> | 13   |

## Appendix 2

### Minister's Letter of Expectations (continued)

| Priority Area  | Key Performance Indicator   | Measure  | Page |
|--|---|--|------|
| <b>Resilient and liveable cities and towns</b><br><br>Contribute to healthy communities by supporting safe, affordable, high quality services and resilient, liveable environments | <b>L1 Integrated Water Management (urban)</b><br><br>In relevant IWM forums, actively facilitate and champion water's contribution to the resilience and liveability of cities and towns of the region consistent with the forum's objectives.          | L1 Progress towards: <ul style="list-style-type: none"> <li>• participation in, or establishment of, IWM forums in your region</li> <li>• contribution to development and implementation of Strategic Directions Statements in your region</li> <li>• implementation of priority IWM projects and plans as applicable</li> <li>• Delivering IWM outcomes for the region</li> </ul>   | 22   |
|  | <b>L2 Water efficiency (urban)</b><br><br>Implement water efficiency initiatives, actions or programs aligned with Target 155 (Metros), Target Your Water Use (Regional Urban), Water for Victoria and relevant sustainable and urban water strategies. | L2 Continue to collaborate on the Victorian Water Efficiency Strategy and relevant urban and sustainable water strategies including: <ul style="list-style-type: none"> <li>• water corporations working together to develop statewide initiatives; and</li> <li>• reporting the number of customers in need assisted by Community Rebate Program, and for participating organisations only, the Community Housing Retrofit Program</li> </ul> | 20   |
|  | <b>L3 Water bills (urban)</b><br><br>Victorian water bills are amongst the lowest in Australia  | L3 Total residential bill based on: <ul style="list-style-type: none"> <li>• Average consumption</li> <li>• 200kl consumption</li> </ul>   | 17   |
|  | <b>L4 Payment management and hardship</b><br><br>Overall improved access to instalment plans for management of payments. Understand year on year trends in hardship grants  | L4 <ul style="list-style-type: none"> <li>• Number of instalment plans at the end of the reporting period</li> <li>• Number of customers awarded hardship grants</li> </ul>  | 12   |

## Appendix 2

### Minister’s Letter of Expectations (continued)

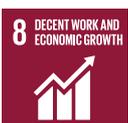
| Priority Area   | Key Performance Indicator   | Measure  | Page |
|---|---|--|------|
| <b>Recognising recreational values</b>  | <b>Rec1 Recreational values</b>   | NA   |      |
| Support the wellbeing of rural and regional communities by considering recreational values in water management  | Consideration of recreational values in carrying out functions and providing services   |  |      |
| <b>Leadership and culture</b>   | <b>G1 Diversity and inclusion</b>   | G1.1 Development and delivery of a Diversity Inclusion Plan/s and publication (via the water corporation’s website) of the Inclusion Plan or equivalent explanation.<br>G1.2 Number of females occupying senior executive positions over projected five-year period.<br>G1.3 Adopt strategies and actions to achieve a 1% target for Aboriginal people in the business noting the Victorian Public Service has a 2% target (1) and work to a stretch target of 3% by 2020 (DELWP policy)<br>G1.4 Actions taken to improve participation by Traditional Owners and Aboriginal Victorians in Board committees and other organisational Committees. | 38   |
| Reflect the needs of our diverse communities and develop strategies and goals that will increase cultural diversity in the workforce and gender equity in executive leadership. | Improve gender and cultural diversity in workforce including gender equity in both executive leadership and throughout the organisation. Diversity Inclusion plans to be based on best practice and include reference to identifying barriers to succession and meeting targets. The approach of the DELWP Diversity and Inclusion Strategy 2016-2020 could be considered as a guide. |  |      |
|   | <b>G3 Health and Safety</b>   | G3 Performance indicators adopted to monitor occupational health and safety in line with FRD 22I, section 6.10   | 35   |
|   | Sustained annual improvement against H&S performance benchmarks (AS/NZS standard 4801)  |  |      |
| <b>Financial sustainability</b>   | <b>F1-F8 Financial Indicators</b>   | F1 interest cover<br>F2 gearing ratio<br>F3 internal financing ratio<br>F4 current ratio<br>F5 return on Assets<br>F6 return on equity<br>F7 EBITDA Margin   | 8    |
| Delivering safe and cost-effective water and wastewater services in a financially sustainable way.  | Overall reporting on these measures should demonstrate financial sustainability and provide a positive picture of a corporation’s financial sustainability over time.   |  |      |

## Appendix 3 UN Global Compact reporting

As a signatory to the United Nations Global Compact, we outline below where our policies, actions and programs highlighted in this annual report align with the 10 principles of the United Nations Sustainable Development Goals (SDGs).

| Goals   | Global Compact Ten Principles   | How our values guide our actions   | Page             |
|---|---|--|------------------|
| <b>Human Rights</b><br>      | <ol style="list-style-type: none"> <li>Businesses should support and respect the protection of internationally proclaimed human rights; and</li> <li>Make sure that they are not complicit in human rights abuses.</li> </ol>   | <p>GWW is committed to providing a healthy and safe workplace for all employees, contractors, customers and the community, where the wellbeing of individuals is supported and diversity is actively encouraged and championed. The following policies and programs outlined in this report reflect this commitment:</p> <ul style="list-style-type: none"> <li>• diversity and inclusion targets</li> <li>• social sustainability actions</li> <li>• programs for people living with domestic violence</li> <li>• social procurement</li> <li>• Community Engagement Framework</li> </ul>   | 12,<br>13,<br>38 |
| <b>Labour</b><br>    | <ol style="list-style-type: none"> <li>Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.</li> <li>The elimination of all forms of forced and compulsory labour.</li> <li>The effective abolition of child labour; and</li> <li>The elimination of discrimination in respect of employment and occupation.</li> </ol> | <p>GWW is committed to a diverse and inclusive workplace culture free of discrimination. Our efforts are reflected through:</p> <ul style="list-style-type: none"> <li>• diversity and inclusion strategy and targets</li> <li>• Accessibility Policy</li> <li>• gender equity initiatives and Gender Equality Action Plan</li> </ul> <p>GWW employees have access to unions and professional associations, with local delegates engaging in regular meetings with the GWW executive.</p> <p>GWW recognises the importance of unions and employee representation when negotiating enterprise agreements and consulting on significant work changes.</p> <p>The <i>Modern Slavery Act 2018 (Cth)</i> came into effect from January 2019. As required, GWW reports annually on the risks of modern slavery in our operations and supply chains, and the action we have taken to assess and address those risks, and the effectiveness of their response.</p> | 38               |

## Appendix 3 UN Global Compact reporting (continued)

| Goals   | Global Compact Ten Principles   | How our values guide our actions   | Page               |
|---|---|--|--------------------|
| <p><b>Environment</b></p>         | <p>7. Businesses should support a precautionary approach to environmental challenges;</p> <p>8. Undertake initiatives to promote greater environmental responsibility; and</p> <p>9. Encourage the development and diffusion of environmentally-friendly technologies</p> | <p>GWG is dedicated to benefiting customers and the community, and understands the intrinsic link between water, the environment and human health and wellbeing. The following actions and strategies highlighted in this annual report, reflect this commitment:</p> <ul style="list-style-type: none"> <li>• Sustainable water use</li> <li>• Collaboration on environmental projects</li> <li>• Preparing a Climate Change Adaptation Action Plan</li> <li>• Reducing energy use and emissions</li> <li>• Greater Melbourne Urban Water and System Strategy: Water for Life</li> <li>• Central and Gippsland Regional Sustainable Water Strategy (CGRSWS)</li> <li>• Chain of Ponds Collaboration</li> <li>• Commitment to plant more than 10,000 trees</li> <li>• Arndell Park stormwater harvesting project</li> <li>• Recycled water storage dam at Melton Recycled Water Plant</li> <li>• Melbourne Ballpark stormwater harvesting project</li> </ul> | 19–29              |
| <p><b>Anti-Corruption</b></p>      | <p>10. Businesses should work against corruption in all its forms, including extortion and bribery</p>  | <p>GWG is committed to ensuring transparency and accountability in its administrative and management practices and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources or conduct involving substantial risk to public health and safety or the environment.</p> <ul style="list-style-type: none"> <li>• Commitment to compliance with the <i>Public Interest Disclosures Act 2012</i></li> <li>• Compliance with the <i>Freedom of Information Act 1982</i></li> <li>• Oversight of financial reports and information by the Risk Management and Audit Committee</li> <li>• Reporting on related party transactions as part of our Financial Statements.</li> </ul>  | 30, 34, 42, 43, 46 |

## Appendix 4

### Bulk water entitlement reporting

Bulk entitlements are reported separately for the previous service areas of Western Water and City West Water.

#### Previous City West Water service area

| Reporting requirements  | Greater Yarra System – Thomson River Pool <sup>1</sup> | Victorian Desalination Project <sup>9</sup>      | Goulburn System <sup>14</sup>                    | River Murray <sup>20</sup>                      |
|---|--|--|--|---|
| Amount of water taken   | clause 16.1(a)<br>107,494.000ML <sup>2</sup>           | clause 13.1(a)<br>OML <sup>10</sup>              | clause 14.1(b)<br>OML <sup>15</sup>              | OML <sup>21, 8</sup>                            |
| Opening carryover at 1/7/21   | clause 16.1(b)<br>165,091.691ML <sup>3</sup>           | clause 13.1(a)<br>OML <sup>11</sup>              | clause 14.1(c)<br>9,111.870ML <sup>16</sup>      | clause 11.1(a)<br>4,947.447ML <sup>22</sup>     |
| Annual water allocation made available during 2021-22   | clause 16.1(b)<br>158,841.498 ML                       | clause 13.1(a)<br>32,995.833ML <sup>11, 12</sup> | clause 14.1(c)<br>6,296.500ML <sup>16</sup>      | clause 11.1(a)<br>4,808.600ML <sup>22</sup>     |
| Closing carryover as at 30/6/22   | clause 16.1(b)<br>196,785.468ML <sup>4, 5</sup>        | clause 13.1(a)<br>32,995.833ML <sup>10, 11</sup> | clause 14.1(c)<br>11,442.465ML <sup>16, 17</sup> | clause 11.1(a)<br>6,281.770ML <sup>22, 24</sup> |
| Compliant with entitlement volume   | clause 16.1(c)<br>yes <sup>7</sup>                     | clause 13.1(e)<br>yes <sup>13</sup>              | n/a  | n/a   |
| Assignment of bulk entitlement  | clause 16.1(d)<br>OML                                  | clause 13.1(b)<br>OML                            | clause 14.1(d)<br>1,000ML <sup>18</sup>          | clause 11.1(b)<br>2,750.000ML <sup>25</sup>     |
| Permanent transfer of all or part of bulk entitlement   | clause 16.1(d)<br>None                                 | clause 13.1(b)<br>None                           | clause 14.1(e)<br>None                           | clause 11.1(c)<br>None                          |
| Approval, amendment and implementation of the metering program  | clause 16.1(e)<br>continuing <sup>8</sup>              | n/a  | n/a  | n/a   |
| Amendment of bulk entitlement   | clause 16.1(f)<br>None                                 | Clause 13.1(c)<br>None                           | Clause 14.1(f) <sup>19</sup>                     | Clause 11.1(d) <sup>23</sup>                    |
| Any new bulk entitlement of water granted   | clause 16.1(g)<br>None                                 | clause 13.1(d)<br>None                           | None   | None  |
| Any failure to comply with any provision of this bulk entitlement   | clause 16.1(h)<br>None                                 | clause 13.1(f)<br>None                           | clause 14.1(g)<br>None                           | clause 11.1(e)<br>None                          |
| Any difficulties experienced or anticipated in complying with this bulk entitlement and any remedial action taken or proposed | clause 16.1(i)<br>None                                 | clause 13.1(g)<br>None                           | clause 14.1(h)<br>None                           | clause 11.1(f)<br>None                          |

#### Notes for compliance with bulk entitlements

Greater Yarra System – Thomson River Pool

1. We hold Bulk Entitlement (Greater Yarra System – Thomson River Pool – City West Water) Order 2014. Compliance requirements are set out in clauses 16.1(a)-(i).
2. We are a primary entitlement holder with an annual entitlement share of 152,797ML.
3. This is inclusive of 1470.540ML carryover held on behalf of Southern Rural Water.
4. The Resource Manager – Melbourne Water makes seasonal allocations monthly and maintains our water account and carryover accounting. Carryover on 30 June 2022 accounts for estimated spills of 19,487.475ML (inclusive of spills against water held on behalf of Southern Rural Water). The metropolitan retailers make water available in Tarago Reservoir to Gippsland Water under a Bulk Water Supply Agreement. This is used by Gippsland Water to supplement their Tarago Bulk Entitlement during periods of high demand.

## Appendix 4

### Bulk water entitlement reporting (continued)

5. This is inclusive of 1,304.921ML carryover held on behalf of Southern Rural Water.
6. For water accounting purposes, water sourced during 2021-22 under our Bulk Entitlement (Desalinated Water – City West Water) Order 2014 is considered to have been carried over and held in the Melbourne Headworks System under our Bulk Entitlement (Greater Yarra System – Thomson River Pool – City West Water) Order 2014.
7. Compliance with the entitlement volume is measured by compliance with the overall cap within the source entitlements for the Thomson and Yarra systems (held by Melbourne Water).
8. Metering programs for this bulk entitlement are continually maintained and reviewed via the Bulk Water Supply Agreement between us and Melbourne Water and System Management Rules established by Melbourne Water.

#### Victorian Desalination Project

9. We hold Bulk Entitlement (Desalinated Water – City West Water) Order 2014. Compliance requirements are set out in clauses 13.1(a)-(g).
10. We do not take water directly from the Victorian Desalination project infrastructure. We may take an average annual volume of up to 39,595ML of desalinated water over any period of five consecutive years that is delivered to a delivery point to the Melbourne headworks system.
11. The Resource Manager – Melbourne Water makes seasonal allocations monthly and maintains our water account and carryover accounting.
12. The Hon Lisa Neville MP, Minister for Water announced a 125GL desalinated water order for the 2021-22 year. We received our total share 32,996ML during the 2021-22 year.
13. Compliance with the entitlement volumes is measured with respect to whether the annual volume taken exceeds the entitlement. This did not occur this year.

#### Goulburn System

14. We hold Bulk Entitlement (Goulburn System – City West Water) Order 2012. Compliance requirements are set out in clauses 14.1(a)-(h).
15. We hold this entitlement as a result of our investment in the Goulburn Murray Water Connections Project Stage 1. We took no water from this resource in 2021-22.
16. The Resource Manager – the Northern Victorian Resource Manager, makes allocation equal to one-ninth of the total Phase 4 water savings achieved in the Goulburn component of the Goulburn Murray Irrigation District (GMID) from Goulburn Murray Water Connections Project Stage 1 as verified in the latest audit.
17. Carryover on 30 June 2022 accounts for estimated evaporative losses of 602.235ML.
18. We have water management action plans in place to manage water allocations in excess of our use. These strategies include the transfer of allocations between bulk entitlement allocation accounts and selling water allocation.
19. The Bulk Entitlement (Goulburn System – Greater Western Water Amendment and Revocation Order 2022 to revoke the Bulk Entitlement (Goulburn System – City West Water) Order 2012 as at June 2023 and to reflect the name change from City West Water to Greater Western Water was signed by the Minister for Water on 20 June 2022 and gazetted on 23 June 2022, but the amendment came into effect on 1 July 2022. Therefore, these amendments (and revocation) will be reported in next year's (2022-23) Annual Report.

## Appendix 4

### Bulk water entitlement reporting (continued)

#### River Murray

20. We hold Bulk Entitlement (River Murray – City West Water) Conversion Order 2012. Compliance requirements are set out in clauses 11.1(a)-(f).
21. We hold this entitlement as a result of our investment in the Goulburn Murray Water Connections Project Stage 1. We took no water from this resource in 2021-22.
22. The Resource Manager – the Northern Victorian Resource Manager, makes allocation equal to one-ninth of the total Phase 4 water savings achieved in the River Murray component of the Goulburn Murray Irrigation District (GMID) from Goulburn Murray Water Connections Project Stage 1 verified in the latest audit.
23. The Bulk Entitlement (River Murray – Greater Western Water) Amendment and Revocation Order 2022 to revoke the Bulk Entitlement (River Murray – City West Water) Order 2012 as at June 2023 and to reflect the name change from City West Water to Greater Western Water was signed by the Minister for Water on 20 June 2022 and gazetted on 23 June 2022, but the amendment came into effect on 1 July 2022. Therefore, these amendments (and revocation) will be reported in next year's (2022-23) Annual Report.
24. Carryover on 30 June 2022 accounts for estimated evaporative losses of 330.62ML.
25. We have water management action plans in place to manage water allocations in excess of our use. These strategies include the transfer of allocations between bulk entitlement allocation accounts and selling water allocation.

## Appendix 4

### Bulk water entitlement reporting (continued)

#### Previous Western Water service area

| <b>Bulk Entitlement (BE) System</b> | <b>BE Clause</b> | <b>Water source and storage</b>  | <b>General information for bulk entitlements</b>   |
|-------------------------------------|------------------|--|--|
| Barringo                            | 11.1             | Barringo Creek, Pierce Reservoir   | Pierce Reservoir is an emergency off stream storage supplied by Barringo Creek and was not used for supply during the year.  |
| Lancefield                          | 14.1             | Garden Hut Creek (G), Monument Creek (M), Garden Hut Reservoir   | The Lancefield bores and Garden Hut Creek are used together as the sources of water for this town, after being treated at the Lancefield Water Filtration Plant. The transfer network from Romsey allowed water to be transferred from Romsey, Riddells and Maribyrnong BE during the year.  |
| Macedon                             | 14.1             | Railway Creek, Turitable Creek, Willimigongon Creek and Reservoir (W), Kitty English (K), Frank Mann (F), Andersons (A), McDonalds (MC) and Orde Hill (O) reservoirs | Storages are closely monitored to ensure adequate levels are maintained for firefighting (> 60%). This was always achieved during the year. The Macedon system allows for storages to be grouped for efficient monitoring of the total volume taken from these groups of storages. These groups are Kitty English and Frank Mann reservoirs (Railway Creek), Andersons and McDonalds reservoirs (Turitable Creek), and Orde Hill and Willimigongon reservoirs (Willimigongon Creek). |
| Maribyrnong                         | 19.1             | Slatey Creek, Jacksons Creek, Salty Creek, Gisborne Creek, Rosslynne Reservoir   | Rosslynne Reservoir is operated by SRW, GWW has BE to take water from this storage. GWW supplied water from Rosslynne, and significant inflows resulted in a storage increase during the year.   |
| Myrning                             | 12.1             | Pykes Creek, Pykes Creek Reservoir   | Small entitlement from Pykes Creek Reservoir for supply to Myrning. No water was taken under this entitlement at any other works other than Pykes Creek Reservoir by GWW.  |

## Appendix 4

### Bulk water entitlement reporting (continued)

| <b>Bulk Entitlement (BE) System</b> | <b>BE Clause</b> | <b>Water source and storage</b>   | <b>General information for bulk entitlements</b>  |
|-------------------------------------|------------------|---|---|
| Riddells Creek                      | 11.1             | Main Creek, Forster and Wright reservoirs   | A volume of Maribyrnong BE was transferred to Riddells Creek and, combined with Riddells Creek BE, was transferred to Kerrie Reservoir to supplement supply and security in Romsey and Lancefield.  |
| Romsey                              | 12.1             | Bolinda Creek, Kerrie Reservoir   | Extra inflows were sent to this BE from Riddells Creek and Maribyrnong BEs. Bore water was used during 2021–22 to supplement surface water supplies for Romsey.   |
| Werribee                            | 13.1             | Lerderderg River, Goodmans Creek, Coimadai Creek, Lake Merrimu (M) Djerriwarrh Creek, Djerriwarrh Reservoir (DJ)                                      | Djerriwarrh Reservoir was not used to supply to Bacchus Marsh during 2021-22. A small raw water supply is provided for local properties. Merrimu Reservoir is operated by SRW, GWW has BE to take water from this storage.  |
| Woodend                             | 14.1             | Campaspe River, Falls and Smokers creeks, Barbour and Kavanagh Springs, Straws Lane Bore, Campaspe (CR), Graham Brock (GB) Reservoir, Reservoir C (C) | Woodend is supplied by local sources from Campaspe River and storages located on Mt Macedon. The connection to Macedon also means Woodend can be supplied from the Maribyrnong BE and Melbourne Headworks. 106ML from Maribyrnong BE and Melbourne Headworks BE was required during the year. |
| Melbourne Headworks                 | 16.1             | Various catchments via Melbourne Water's supply system  | The total taken shown in the table can be split into 8,781 ML taken via the Hillside interface point to Melton and 6,579 ML taken via the Loemans Rd interface point to Sunbury and the Macedon Ranges region.  |

## Appendix 4

### Bulk water entitlement reporting (continued)

| Reporting for  | Riddells Creek                      |  |   |  |                                    | Melbourne Headworks System                |                                 |  |   |  |
|--|-------------------------------------|--|---|--|------------------------------------|---|---------------------------------|--|---|--|
|  | Barringo                            | Lancefield   | Macedon   | Maribyrnong  | Myrningong                         |   |                                 |  |   |  |
| Under BE clause  | 11:1                                | 14:1   | 14:1  | 19:1   | 12:1                               | 11:1                                      | 12:1                            | 13:1   | 14:1  | 16:1   |
| Water source and storage   | Barringo Creek, Pierce Reservoir    | Garden Hut Creek (G), Monument Creek (M), Garden Hut Reservoir | Railway Creek, Turitable Creek, Willimigon-Creek, Gisborne and Reservoir (W), Kitty English (K), Frank Mann (F), Andersons (A), McDonalds (MC) and Orde Hill (O) Reservoirs | Slaty Creek, Jacksons Creek, Salty Creek, Gisborne Reservoir | Pykes Creek, Pykes Creek Reservoir | Main Creek, Forster and Wright Reservoirs | Bolinda Creek, Kerrie Reservoir | Lerderg River, Goodmans Creek, Coimadai Creek, Lake Merrimu (M), Djerrivarrh Creek, Djerrivarrh Reservoir (DJ) | Campaspe River, Falls and Smokers Creeks, Melbourne Water's supply system | Various catchments via Melbourne supply system |
| Annual catchment rainfall (mm)   | 971                                 | 751  | 971   | 882  | 652                                | 812                                       | 859                             | 575 (M) 680 (DJ)   | 1,042   | 1,211  |
| Capacity of storage (ML)   | 64                                  | 46   | 475   | 25,368   | 22,119                             | 76  | 297                             | 32,516 (M) 1,014 (DJ)  | 366   | 1,812,175                                      |
| Annual bulk entitlement (ML)   | 585 in any year, 1,600 over 5 years | 315  | 873 in one year, 3,225 over 5 years   | 6,100  | 58                                 | 300                                       | 460                             | 12,263 (M) 1,486 (DJ)  | 470   | 18,250   |
| GWV's entitlement in storage at the start of the financial year (ML), and % full for the storage | 19.7                                | 45.9   | 466   | 8,845  | 58                                 | 76.6                                      | 265.7                           | 12,058 – 37% (M)   | 364   | 33,560   |
| Inflows to storages from this BE water source (ML)   | 0                                   | 1,483  | 809   | 6,805  | SRW                                | 12.3                                      | 1006                            | 11,503 (M) 53 (DJ)   | 6,349   | 18,972   |
| Extra inflows (e.g. diversions into the storages) or local catchment runoff                      | 3                                   | 0  | 0   | 293  | 0                                  | 0   | 0                               | 0 (M) 159 (DJ)   | 388   | 0  |
| Volume taken from the storage (ML)   | 0                                   | 85   | 658   | 354  | 35.4                               | 0   | 548                             | 1,899 (M) 3 (DJ)   | 550   | 15,360   |
| Maximum extraction rate from storage or water source (ML/day)                                    | 0                                   | 0.6  | 2.07  | 18.7   | 0.4                                | 0.7                                       | 10.19                           | 21 (M) 0 (DJ)  | 2.05  | 75   |



## Appendix 4

### Bulk water entitlement reporting (continued)

Southern Rural Water (SRW) traded an additional 1,200ML into GWW's Melbourne Headworks BE as an assignment transfer in June 2016 for supplying the Bacchus Marsh Irrigation District. SRW did not require any of this volume during 2021-22.

GWW made no other temporary assignments or permanent transfers to or from its bulk entitlements during 2021-22.

GWW has worked with DELWP, SRW and Melbourne Water in the operation of its Bulk Entitlements during the year and has complied with the provisions and requirements they contain.

Any reference to SRW in the above table indicates that this item is managed by SRW and the information can be sourced from the SRW Annual Report.

GWW submitted a metering plan to DEPI (now DELWP) which was approved by the Minister. Implementation of this plan commenced in 2011-12 with improvements made in 2012 in conjunction with the Bureau of Meteorology funding program, to improve the accuracy and completeness of data captured. The metering program is currently in review.

GWW has previously submitted an Environmental Management Program associated with its bulk entitlements.

GWW made no applications for changes under the Making Allowances clause in any of its relevant bulk entitlements in 2021-22.

#### Notes:

- 1 Passing flow requirements for Willimigongon Creek became automated in December 2019. As a result, there were only two non-compliant days over the year, equalling 0.16ML of missed flows. This was compensated by releasing an extra 412ML of flows, resulting in overall compliance of the bulk entitlement.
- 2 SRW provides net inflows which include adjustments for Merrimu, Rosslynne and Pykes Creek reservoirs. The estimated evaporation for Merrimu and Rosslynne reservoirs is included in 'Other losses' and is part of the SRW volume correction water balance.
- 3 GWW has relied on changes in storage volume to determine inflows to Djerriwarrh Reservoir. These reservoir volumes are recorded weekly. This has been adequate in the past due to the stop/start nature of inflows. During 2017-18, a level sensor was installed to improve data collection frequency which has enabled passing flows requirements to be more readily met during 2021-22.
- 4 Total volume taken for the Romsey Bulk Entitlement includes 88ML from the drought reserve.



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