



Annual Report 2022–23

Acknowledgement of Country

The Greater Western Water region covers Bunurong, Wurundjeri/Woiwurrung, Djaara 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 connected¹.

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.

1. Source: Australian Institute of Aboriginal and Torres Strait Islander Studies [website](#)

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Responsible body declaration

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 2023.



David Middleton

Chair Greater Western Water

About GWW

Greater Western Water (GWW) is a Victorian Government water corporation. We provide water and recycled water supply, sewerage and trade waste services to approximately 568,000 residential customers and more than 47,000 business customers.

GWW operates across an area of 3,700 square kilometres stretching from Melbourne's central business district (CBD) and inner suburbs to Little River in the south, Myrniong in the west and Lancefield in the north.

Our service area covers the local government areas (LGAs) of Brimbank, Hobsons Bay, Maribyrnong, Melton, Moonee Valley, Wyndham and Yarra, and partially covers the LGAs of Hume, Macedon Ranges, Melbourne and Moorabool.

We operate on Bunurong, Wurundjeri/Woiwurrung, Djaara and Taungurung Country.



3,700 square kilometres



1.43 million population



568,267 residential customers



47,352 business customers



121,204 ML/year
of water consumption (drinking and recycled)



21,190 recycled water customers
(residential and business)

Our service area



Treatment Plant



Recycled Water Plant



Our purpose, vision and strategic drivers

Our purpose

Trusted water services for our communities and future generations.

Our vision

Thriving people and Country.

Our strategic drivers

To achieve our vision by 2030, we have identified three strategic drivers:

- **Delivering value for our customers:** providing water and sewerage services that are fairly priced, high quality, and reliable now and in the future.
- **Supporting communities to thrive:** supporting liveability, wellbeing and prosperity in our region through the expansion of green space and tree canopy cover and investment in services, infrastructure and people.
- **Healing and caring for Country:** working in respectful partnership with Traditional Owners and First Nations people to restore environmental health, reach net zero carbon, and take action towards zero waste.

To achieve this ambitious vision, we need a strong organisation, built on our people, partnerships and continuous progress.

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 water corporations 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 Harriet Shing MP was the responsible Minister for Water for the 2022-23 year. GWW operates under Statements of Obligations issued by the Minister for Water under s. 41 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 (ESC) is our economic regulator. It approves the prices we charge our customers and the standards of service we deliver. We are required to submit a price submission to the ESC, typically every five years. The submission is developed following extensive consultation and details the outcomes we intend to achieve and proposed prices. The ESC undertakes a public review of our submission and makes determinations. The ESC granted GWW a 12-month extension to our existing price determinations, so we continue to operate under the price determinations for City West Water and Western Water, which apply until 30 June 2024. We are developing our first price submission as GWW and working with the community to understand what is important to

them and build this into our future customer outcomes.

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

GWW is proud to renew its support of the United Nations Global Compact, the world's largest corporate initiative that encourages businesses to adopt sustainable and socially responsible policies. We recognise the positive impact our role as custodians of water resources and infrastructure can have on health, prosperity and liveability of communities, and proactively contribute to enhancing the environment within our service area.

As a member of the compact, we are also committed to supporting the broader 17 United Nations Sustainable Development Goals (SDGs), which provide a lens to view our business and explore opportunities to deliver services to achieve broader health, prosperity and liveability outcomes.

We have identified eight SDGs that align closely to our purpose of ‘trusted water services for communities and future generations’. These eight SDGs have been embedded in our business strategy, and linked to our vision and strategic outcomes to provide a global context for how our activities contribute to a more sustainable and liveable future.

A list of our commitments and actions to embed the ten Global Compact principles and 17 SDGs in our work every day can be found in Appendix 3.

Our vision: Thriving people and Country

Delivering value for **customers**



Supporting **communities** to thrive



Healing and caring for **Country**



Our year in review

Message from the Chair and Managing Director

Greater Western Water (GWW) proudly serves one of the fastest growing regions in Australia and a population that is forecast to double in the next 30 years. Our region extends from Melbourne's central business district to the inner city and western suburbs through the Melton and Sunbury growth corridors to Bacchus Marsh and the Macedon Ranges.

We are committed to continued excellence in delivering on our purpose: 'Trusted water services for our communities and future generations'. In addition to providing essential services, we have a critical role in creating a more liveable region and supporting jobs, businesses and economic activity. We keep a focus on the future to ensure our planning and investments prepare us to serve our customers as their number grows and their needs change.

In July 2022, we proudly launched our *2030 Strategy*. Our strategy guides our work to deliver on our vision of 'Thriving people and Country' and sets out our commitments to customers, communities and Country. It shows how we will deliver on our strategic outcomes, through a strong organisation that is built on our people, partnerships and continuous progress.

Over the past year, we have built on the foundations established in our first year as GWW, consolidating systems and processes, and establishing new programs of work to enable us to achieve our 2030 vision. Effective integration

is challenging and takes time and investment to evolve the organisation. At the same time, we are experiencing high growth, cost of living pressures, ageing assets, increasing construction costs, climate change impacts and post-COVID-19 recovery. Within this uncertainty, we know that having a clear vision and organisational capability is critical to integration success. We have come a long way since integration, putting in place processes and systems to support our people and customers.

Through all of this change and progress, we have looked after our customers. Customers have paid no more than they would have with Western Water or City West Water, and many customers have paid less.

Since GWW was formed in 2021, we have been developing our very first price submission. This has included a broad engagement program reaching more than 9,000 of our customers to better understand the services they want. The price submission aims to get the basics right, and set us up for long-term success, enabling delivery of our *2030 Strategy*.

Delivering value for customers

In a year of increasing cost of living pressures, we continued to assist customers in financial hardship through a range of bill payment supports. In response to the October 2022 floods in our region, we issued one-off bill rebates to eligible customers whose homes were significantly affected. We progressed work to make it easier



David Middleton
Chair



Maree Lang
Managing Director

for our customers to pay their bills and access information and assistance, for example through our new website and work on a new billing system.

Supporting communities to thrive

In 2022-23, we delivered our first Thriving Communities grants and sponsorships program, providing funds to community groups and organisations to support activities and programs that connect people and make the region a great place to live. We engaged and partnered with community to listen, learn and inform planning for the future. Their insights have helped inform the development of our Reconciliation Action Plan, water management planning for the Macedon Ranges, and improve our billing system. We continued to engage with customers and communities as we undertook essential works in the streets and neighbourhoods of our service area.

Healing and caring for Country

We continued to work across the water cycle to maximise liveability, resilience and sustainability outcomes for customers, communities and environment. Taking an integrated water management approach, we supported projects that are increasing our reliance on climate-resilient and sustainable water resources and reducing our impact on the environment.

We participated with local councils, water corporations and the Department of Energy, Environment and Climate Action (DEECA) to investigate opportunities to provide alternative water supplies to irrigate open spaces, saving drinking water while supporting liveability, urban heat mitigation and providing green open spaces. We promoted water efficiency through projects that educate, plan for and enable our customers to save water, including programs for business and residential customers, for schools and community organisations.

We have also been a partner in the development of strategies that will ensure a safe, secure and sustainable water supply for decades to come. The *Central and Gippsland Regional Sustainable Water Strategy* and *Greater Melbourne Urban Water and System Strategy: Water for Life* were both launched in 2022-23, following extensive work within the sector and with stakeholders.

People, partnerships and progress

In our second year as GWW, we moved into Horizon 3 of our integration program. We were focused on consolidating workstreams, getting the basics right through targeted changes for specific business functions, and continuing to improve collaboration and partnering for better outcomes.

We began the important work to enhance GWW's asset delivery maturity through the Asset Delivery Organisation Review program, which will uplift the way we move through the asset delivery lifecycle, to meet compliance and customer requirements and create a solid base to support growth and respond to asset delivery challenges. GWW is already seeing benefits of better planning and delivery processes, including greater visibility of our capital program and savings in procurement.

This annual report outlines our aims and achievements. It reflects the continued dedication of our people to build an organisation that can deliver on our goals for customers, communities and Country.



David Middleton
Chair



Maree Lang
Managing Director

Key initiatives and projects

Delivering value to customers

- Provided core services to our customers at fair prices, with our bills amongst the lowest in Victoria.
- Engaged with more than 6,000 customers and stakeholders to inform development of our price submission.
- Progressed major projects to ensure safe and reliable services, such as new sewer line under Elizabeth Street and upgrade of water distribution main networks across North Melbourne, Carlton and the inner city.
- Assisted customers affected by the October 2022 floods through one-off bill rebates and financial support.
- Commenced a cross-sector referral system to provide proactive support to vulnerable customers.
- Renewed infrastructure to ensure reliable and safe services: approximately 38 kilometres of water main renewals and 30 kilometres of sewer main renewals.

Supporting communities to thrive

- Engaged with the Macedon Ranges community to inform planning for water management, including the best use of recycled water.
- Supported the Sunbury Business Expo, helping local businesses connect and grow, and provided information on GWW projects and services.
- Provided funds through our Thriving Communities grants and sponsorship program to help 15 organisations deliver activities that connect people and make the region a great place to live.
- Supported National Water Week poster competition for schools, encouraging students to explore the cultural role water plays in our lives.
- Supported projects to improve liveability, health and wellbeing, such as tree planting, irrigation of open spaces and planning for recreation areas.

Healing and caring for Country

- Commenced Gisborne Recycled Water Plant upgrade to meet community needs and produce high quality recycled water for irrigation and to improve waterway health.
- With Melbourne's water corporations, launched the *Greater Melbourne Urban Water and System Strategy: Water for Life*, a strategy to secure water supply for greater Melbourne over the next 50 years.
- Recommitted to the Chain of Ponds Collaboration to co-deliver projects to enhance the environmental, cultural and social values of Moonee Ponds Creek.

- Planted more than 10,000 trees in Melton, Altona and Cocoroc to create cooler, greener spaces for our communities.
- Installed solar panels across GWW sites to significantly increase the use of renewable energy.

People, partnerships and progress

- Launched our *2030 Strategy*, which guides our work to deliver on our vision of Thriving people and Country.
- Began the Asset Delivery Organisation Review (ADOR) program to enhance GWW's asset delivery capability to meet compliance and customer requirements and build a solid base to support growth.
- Established a five-year alliance with Victoria University to achieve outcomes in water security and resilience, sustainability, thriving industry, zero emissions and waste, and equity, opportunity and inclusion.
- Implemented a training program with our Employee Assistance Program providers to support the mental and emotional wellbeing of our people.
- Introduced a gender-neutral parental leave policy that gives all employees access to 16 weeks paid parental leave.

Financial overview

2022-23 highlights

Full year revenue was \$931.4 million. This was impacted by lower water consumption and the absence of water trading revenues, with both being affected by the La Niña weather phenomenon between September and December. Full year profit before tax was \$64.0 million, which was 47 per cent below our budget of \$121.4 million mainly driven by lower revenue and a year-end valuation write-down of fair value of infrastructure assets of \$49.1 million.

Five-year financial summary

Summary of financial results

	2023	2022 ¹	2021	2020	2019
	\$'m	\$'m	\$'m	\$'m	\$'m
Revenue from contracts with customers	931.4	878.0	702.7	757.0	704.8
Other income	1.7	6.3	0.4	0.6	0.5
Total revenue	933.1	884.3	703.1	757.6	705.3
Bulk charges	347.6	346.4	352.9	364.7	349.2
Environmental contribution	33.9	33.9	29.8	26.5	26.5
Employee benefits	98.8	86.9	46.6	42.4	41.9
Depreciation and amortisation	96.6	93.4	69.0	65.5	52.5
Finance expenses	91.3	84.3	68.4	68.8	66.4
Other operating expenses	151.8	123.5	79.6	73.3	73.1
Total expenses	820.0	768.4	646.3	641.0	609.6
Infrastructure assets revaluation decrement ²	49.1	865.4	-	-	-
Profit/(Loss) before tax	64.0	(749.5)	56.8	116.6	95.7

Summary of financial position

	2023	2022 ¹	2021	2020	2019
	\$'m	\$'m	\$'m	\$'m	\$'m
Current assets	181.3	168.6	143.7	116.7	111.5
Non-current assets	3,618.3	3,384.2	2,584.5	2,474.2	2,362.6
Total assets	3,799.6	3,552.8	2,728.2	2,590.9	2,474.1
Current liabilities	266.3	257.6	164.2	164.8	168.2
Non-current liabilities	2,436.5	2,229.7	1,763.3	1,641.9	1,455.1
Total liabilities	2,702.8	2,487.3	1,927.5	1,806.7	1,623.3
Net assets	1,096.8	1,065.5	800.7	784.2	850.8
Net cash flows from operating activities	50.2	122.2	62.5	88.5	88.1
Payments for infrastructure, property, plant and equipment	250.9	244.6	158.9	155.0	126.6

Summary of capital expenditure

	2023	2022	2021	2020	2019
	\$'m	\$'m	\$'m	\$'m	\$'m
Total capital expenditure	275.7	230.6	155.3	153.2	124.3

Significant capital projects for 2023 included the Gisborne Recycled Water Plant upgrade \$11.7 million, Melton to Bacchus Marsh Interconnector \$10.5 million, Minns Road 20ML Renewal \$8.8 million, Plumpton – Beattys Road Water Main \$4.6 million, Reticulation Water Main Renewals \$3.5 million, Sewer Renewal Reticulation Transfer \$3.5 million, Riddells Creek Reticulation Main \$3.4 million, Romsey Water Filtration Plant Water Tank \$3.0 million, Sunbury Road Outfall Sewer \$2.7 million and Exford Primary Connect Water \$2.1 million.

Summary of financial performance

	2023	2022 ¹	2021	2020	2019
	\$'m	\$'m	\$'m	\$'m	\$'m
Cash interest cover (times)	1.8	2.9	2.3	2.6	3.0
Gearing ratio (%) ³	63.1	61.7	59.2	57.5	50.5
Internal financing ratio (%)	20.1	47.9	26.4	8.2	44.9
Current ratio (times)	0.7	0.8	1.1	0.8	0.9
Return on assets (%)	4.2	(21.2)	4.7	7.3	6.7
Return on equity (%)	4.3	(56.3)	5.0	10.9	7.5
EBITDA margin %	27.0	(64.7)	27.6	33.1	30.4

[following notes relate to all above tables]

1. First set of financial statements prepared by GWW which includes the financials of the former Western Water (WW) corporation for the 2022 year. Other historical comparatives are those of GWW's former legal name, City West Water (CWW).
2. Prior to 2022, infrastructure asset revaluation adjustments were made against available asset revaluation reserve and accordingly there was no impact to profit before tax. Further disclosures on infrastructure assets revaluation are in note 3.6 to the Financial Report.
3. Gearing ratio is calculated based on total debts (including leases) over total assets.

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

Matters subsequent to end of financial year

Other than the disclosures on page 43 of the annual report, no matter or circumstance has arisen since 30 June 2023 which has significantly affected, or may significantly affect:

- GWW's operations
- the results of those operations, or
- GWW's state of affairs in the financial year subsequent to 30 June 2023.

See also note 9.6, page 142.

Customers

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

Delivering value for our customers is a strategic driver that will help us achieve our 2030 vision. To GWW, that means providing services that are fairly priced, high quality and reliable now and in the future. It also means delivering an excellent customer experience and ensuring that customers have a voice in shaping service design.

Snapshot

568,267 residential customers

47,352 business customers

189,496 calls handled by Customer Service

69,839 emails handled by Customer Service

Sustainable development goals



3GOOD HEALTH AND WELL-BEING



4QUALITY EDUCATION



6CLEAN WATER AND SANITATION



9INDUSTRY, INNOVATION AND INFRASTRUCTURE



11SUSTAINABLE CITIES AND COMMUNITIES



12RESPONSIBLE CONSUMPTION AND PRODUCTION

Customer service, assistance and support

In 2022-23, our Customer Experience teams continued to deliver a full range of customer services, from establishing accounts and metering, providing timely billing and information, through to assistance and support programs. We also improved and extended services to provide responsive and tailored support.

- We improved our digital engagement and self-service offerings. Customers can now receive a broader range of communications to their mobile phones and email-enabled devices, inviting them to self-serve or request a call back for assistance.
- We continued to provide tailored, holistic and respectful support through our Customer Support Program. In 2022-23, the key contributing factors for customers presenting with financial difficulties were family and domestic violence, mental health, homelessness, food insecurity, incarceration and detainment, unemployment and illness.
- We commenced a new partnership to provide a cross-sector referral system for vulnerable customers, particularly family and domestic violence survivors, to receive proactive support without having to re-tell their stories and potentially cause embarrassment and further trauma.

- We continued to help customers manage complex enquiries, complaints and Energy and Water Ombudsman of Victoria (EWOV) cases. In 2022-23, the main concerns raised were high bills, property damage and payment difficulties, reflective of the economic situation and cost of living pressures. Our team worked with other water organisations and EWOV to build positive relationships and understand how we can better serve our community.

Customer insights

Customer insights inform service planning and delivery. During 2022-23, we developed GWW's first Voice of Customer Strategy and three-year implementation roadmap, which were endorsed as the foundations for a new Voice of Customer program. Strategy development included a proof-of-concept trial of how an Experience Management (XM) platform could streamline the collection and analysis of customer feedback. Together, the strategy and platform trial provide a framework for using technology and improved insights capability to better understand and respond to customer needs.

Trade waste customers

GWW continued to provide 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 need 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 recycled water and biosolid reuse opportunities can be realised. The team also works with industrial customers (breweries, abattoirs, chemical makers etc) to reduce the potency of waste that they put into the sewer, by advising and monitoring treatment solutions before this waste is sent to sewer.

In 2022-23, our customer base included 5,780 commercial customers that serve food, including takeaway shops, cafes and restaurants; and 2,240 industrial customers, including food and beverage manufacturers, chemical manufacturers, car washes, hospitals and laundries. We recorded just over 7,500 grease trap pump outs. Our trade waste customers continued to be compliant, with less than one per cent non-compliant in 2022-23.

Routine field-based site visits to trade waste customers increased to levels above those prior to COVID-19 public health restrictions. Our consultants visited customer sites, obtaining wastewater sample results, meter calibrations and pump out dockets. This allows us to manage the risk posed by trade waste to our sewer network while protecting our people and community.

Water use

Water consumption – residential and business customers

GWW provides different types of water to customers in our service area. The table details water use by residential and business customers in 2022-23.

2022-23 Total water consumption data

	Number	Volume (ML) ¹¹
Residential customers		
Drinking water	568,267	77,160 ¹
Recycled wastewater	21,002 ²	954
Treated stormwater	0	0
Business customers		
Drinking water	47,352	38,010 ³
Recycled wastewater	176 ²	5,007 ⁴
Treated stormwater	12	73
Total customers⁵	615,619	
Total drinking water volume		115,171
Total recycled water volume		6,034
Total consumption		121,204
Average annual consumption ⁶		127,232
Weekly residential drinking water consumption ⁷		1,484
Non-revenue water		
Leakage ⁸		12,014
Firefighting ⁹		567
Other ¹⁰		2,595
Total non-revenue water		15,175
Total water all sources		136,380

	Litres per person per day (L/pp/day)
Average residential consumption	
Average per capita daily residential drinking water consumption	155

Notes:

- Includes drinking water supplied to customers with recycled water meters but not connected to the recycled water network.
- 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 business customer properties, including garden watering, car washing, toilet flushing and laundry.
- Includes drinking water supplied to customers with recycled water meters but not connected to the recycled water network.
- Includes 237 ML potable backup for Werribee Employment Precinct.
- Customers who receive recycled wastewater or stormwater also receive drinking water.
- Five-year average annual consumption from 2018-19 to 2022-23 reporting periods.
- Weekly residential water consumption.
- Balance of non-revenue water, known as real losses, which includes bursts, leaks and background losses.
- 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.
- 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.
- ML = million litres.

Water consumption – major business water users

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.

In 2022-23, no major water users participated in water efficiency programs, however GWW worked with DEECA to set up the WaterSmart program to target the largest business customers.

Names of major customers and their participation in water efficiency programs

Asahi Premium Beverages - Laverton	Melbourne Water - Hoppers Crossing Pumping Station
Asahi Premium Beverages - Tullamarine	Mobil Refining Australia Pty Ltd
Australian Pacific Airports Corporation - Melbourne Airport	Nufarm Australia Limited
Baybrick Landco Pty Ltd	Orica Australia Pty Ltd
Campari Australia Pty Ltd	Pacific Werribee - Werribee Plaza
Carlton & United Breweries Ltd	Peerless Holdings Pty Ltd
Cedar Meats Australia	Qenos Pty Ltd
Choldame Nominees	Seqirus Pty Ltd
CSF Proteins Proprietary Limited	The Australian Steel Company (Operations) Pty Ltd
CSR Building Products Limited	The Royal Childrens Hospital
Department of Health - VCCC	The Trust Company (Australia)
Department of Justice - Port Phillip Prison	University of Melbourne
Diamond Valley Pork Pty Ltd	Victoria Wool Processors
Essendon Airport Pty Ltd	West Gate Tunnel Project CPBJH Joint Venture (Francis St, Yarraville)
Flicker's Australia Pty Ltd	West Gate Tunnel Project CPBJH Joint Venture (Whitehall St, Yarraville)
GPT Funds Management Limited - Highpoint Shopping Centre	Western Health - Sunshine Hospital
Integro Foods Australia Pty Ltd	Wilmar Sugar Pty Ltd
Ixom Operations Pty Ltd	Zoos Victoria - Melbourne Zoo
Melbourne Health	

Notes:

Two customers have elected not to be named in this table

Qenos Pty Ltd includes recycled water

Customers by volume range

Customers by volume range (ML per year)	Number of customers
Equal to or greater than 100ML and less than 200ML	25
Equal to or greater than 200ML and less than 300ML	4
Equal to or greater than 300ML and less than 400ML	3
Equal to or greater than 400ML and less than 500ML	1
Equal to or greater than 500ML and less than 750ML	2
Equal to or greater than 750ML and less than 1,000ML	3
Greater than 1,000ML	2
Total number of customers	40

Social sustainability

In 2022-23, GWW provided the following community service obligations to customers.

Community service obligations

Concession type	FY21-22 \$'000	FY22-23 \$'000	# of customers assisted (22-23)
Standard concessions ¹	27,602	22,816	80,247
Not for Profit Rebates ²	543	576	8,802
Utility Relief Grants Scheme ³	1,398	1,332	4,366
Water Concession on Life Support ⁴	7	9	23
Hardship grants ⁵	1,091	225	661

1. Customers who hold a pension concession card, Department of Veterans Affairs gold card or health care card are entitled to a 50 per cent concession on water and sewerage charges, up to an annual maximum of \$354.10.
2. State Revenue Office defines certain organisations as not-for-profit, such as those that serve the community in education, health, religion, charity, sport or war veterans' organisations. These organisations are entitled to claim a concession on the service charge portion of their bills.
3. This scheme assists residential customers experiencing family violence who are unable to pay utility bills and may be at risk of disconnection due to a temporary financial crisis (in the last 12 months). Customers can apply for the grant multiple times within a two-year period, up to a maximum of \$650 per utility.
4. Residential customers requiring in-home haemodialysis are entitled to a rebate on water usage and sewage disposal charges in addition to any other pension or concession. The Department of Families, Fairness and Housing determines the rebate based on the average annual water usage of an in-home haemodialysis machine (168kL). Customers who hold a pension concession card, a Department of Veterans Affairs gold card or a health care card are entitled to the rebate.
5. GWW offers customers a range of support and payment options to help manage their bills.

In 2022-23, we also provided the following supports:

- **Community Rebate Program** - delivered to eligible customers through the Water Assist Program. This program provides a free water audit by a qualified plumber, who will check for and fix minor leaks. It minimises customers' costs due to unnecessary high water use and supports our water efficiency targets. In 2022-23, 213 GWW customers used the program, with a total spend of \$204,112 in mostly DEECA funding assistance.
- **Community Housing Retrofit Program** - GWW continued to partner with DEECA to deliver this program to help not-for-profit emergency and community housing organisations (typically Department of Families, Fairness and Housing properties) save water by identifying and repairing leaks and replacing inefficient fixtures and fittings. In 2022-23, the program serviced 41 properties, providing general maintenance and some complex repairs.
- **Flood rebate** - we provided financial support to 321 customers who were impacted during the October floods in our region through one-off bill rebates, amounting to \$175,400.

Communities

GWW is proud to serve one of the fastest growing regions in Australia. Our region is vibrant and culturally diverse and supports significant economic development and diverse natural resources.

Supporting communities to thrive is a key strategic driver that will help us reach our 2030 vision. As well as providing essential services, we have a role in fostering liveability, wellbeing and prosperity in our region, supporting jobs, businesses and economic activity.

Snapshot



1.43 million population



130+ cultural groups



26% speak a language other than English

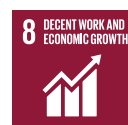


45% born overseas



0.54% identify as First Nations people

Sustainable development goals



Engaging with community

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, pricing and service levels.

Connecting with community

In 2022-23, we were present in the community following years of pandemic restrictions. We expanded our digital engagement platform (YourSay), held and participated in in-person events, and established forums to hear from customers to inform our price submission. Bringing community voice into decision-making at early stages has given us access to greater insights and increased community consultation.

Infrastructure 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 with residents, businesses, community groups, councils and stakeholders and we keep customers and communities informed through various channels. Our YourSay webpage includes project details, maps, FAQs, surveys and contacts. We provide opportunities for people to give us feedback and work with delivery partners to keep people informed of projects that may have an impact on them.

Pascoe Vale Road water main renewal is an example of a major project that involved early stakeholder engagement. This \$7.6 million project is constructing a 2.8 kilometre water distribution main network in and around Pascoe Vale Road, Moonee Ponds. Early and continuous engagement with traders, public transport operators, Moonee Valley Racing Club, the Victorian Government and City of Moonee Valley ensured we understood how the community uses the area and other capital works being carried out nearby. Engagement will help minimise disruption, enable people to safely move around the area, and keep the busy retail precinct open for business.

Planning projects

GWW engages with the community to inform and support planning for the future. Macedon Ranges water future is an example of engaging community to understand concerns and priorities. GWW is considering how to best manage and protect the water that helps the Macedon Ranges region thrive. Community engagement activities have included an online survey, five community drop-in sessions, two community workshops and a series of stakeholder conversations. We heard a range of perspectives on alternative water supply options, willingness to pay, healthy waterways, wastewater treatment and planning for future demand. Stakeholder consultation, modelling, technical investigation and other analysis will also help inform decision making on water management.

Price submission

GWW engaged extensively with community to inform the development of our first price submission to the ESC. Between September and June 2023, we engaged with more than 6,000 customers and stakeholders through surveys, focus groups, interviews, community panels and in-person engagement. We ensured our engagement was accessible, providing translation services, interpreters, support for people with caring responsibilities and support for those with accessibility needs.

A deliberative panel of 45 customers from across our service area helped us answer ‘how do we continue to provide affordable services for all our customers while preparing for the future?’, with a focus on four topic areas: unplanned interruptions, aligning service levels, using alternative water and supporting waterway health. The panel made 15 recommendations and added a fifth topic: improved communication.

Stakeholder engagement was also important to understand broader industry and community interests. We leveraged existing relationships to engage with Traditional Owners, government, industry, developers, and community advocacy representatives.

The final stage of engagement (confirmation) will ensure our findings are validated by our customers and close the loop with those involved in the price submission process. We have also set up a customer forum that will provide ongoing stewardship for the price submission and review our performance against our customer outcomes.

Thriving communities

A key strategic outcome identified in our *2030 Strategy* is ‘Supporting communities to thrive’. We do this in various ways, including supporting events and participating in projects that foster healthy communities.

Grants, sponsorships and support

GWW supports activities that foster connection, while educating about sustainability. For example:

- Thriving Communities grants and sponsorship program – provides funding support to community events, projects and activities. The 2022-23 round funded 15 organisations to conduct activities that bring people together and help strengthen and support communities and the environment.
- Mobile water stations – these free stations offer clean tap water, reducing the need for single-use plastic bottles. They are used at a diverse range of events, such as local sports days, community festivals, open days and markets.
- Sunbury Business Expo – GWW sponsored the event to support local businesses to connect and grow. The free event featured

30 stallholders, workshops and panel discussions with industry experts. GWW’s business customer team was on hand to chat with attendees about local projects, trade waste, recycled water and our upcoming price submission.

Liveability and wellbeing

We recognise that for communities to thrive, they need access to green spaces for social and recreational use. We are working to foster liveability, wellbeing and prosperity in our region and support spaces that promote social, mental and physical wellbeing. In 2022-23, we:

- commenced a project through the Western Metropolitan Partnership to investigate opportunities to provide alternative water supplies to irrigate priority open spaces and help address liveability, urban heat mitigation and access to green open spaces
- worked with communities in Tarneit to identify opportunities for locally-led projects to improve liveability and provided a voice to the Victorian Government’s Suburban Revitalisation program through our membership on the Tarneit Revitalisation Board

- continued to support collaborative projects that are creating green spaces, increasing tree canopy and supporting recreation areas, such as Greening the West, Greening the Pipeline and More Trees for a Cooler, Greener West
- continued to partner in the Chain of Ponds collaboration, which is transforming Moonee Ponds Creek into a waterway that provides high social, cultural and environmental benefits
- continued to support stormwater harvesting projects that provide alternative water to irrigate public parks, gardens and sports fields
- continued to participate in planning for the Jacksons Creek Regional (Biik Wurrdha) Parkland project, which will deliver a 1,000 hectare public reserve in Sunbury
- continued to participate in and support local, regional and state forums that focus on improving liveability, such as the Western Metropolitan Partnership, the Tarneit Revitalisation Board and IWM forums.

Country

Healing and caring for Country is a key strategic driver for us to achieve our 2030 vision. We are taking a holistic and collaborative approach across Country, water, land, energy and resources to restore environmental health, reach net zero carbon and take action towards zero waste.

To achieve our vision, we acknowledge and seek respectful partnerships with Traditional Owners and First Nations people, with our diverse communities, government and the water sector, and with organisations and businesses that contribute to the life and prosperity of our service area.

Sustainable development goals



Integrated water management

Integrated water management (IWM) brings together all stakeholders involved in planning and managing water across the water cycle to maximise liveability, resilience and sustainability outcomes.

In 2022-23, GWW:

- participated in the Werribee, Maribyrnong, Yarra and Coliban IWM forums and working groups
- participated in developing Catchment Scale IWM Action Plans, leading more than 20 projects and collaborating on others
- participated in the pilot of the draft Monitoring, Evaluation, Reporting and Improvement (MERI) Plan as a steering committee member
- continued to explore the opportunity to supply Class A and B recycled water to public open spaces in the City of Melton
- commenced a project investigating opportunities to provide alternative water supplies to irrigate priority open spaces within our service area. The project addresses a priority of the Western Metropolitan Partnership regarding liveability, urban heat mitigation and the provision of green open spaces
- continued to work with local councils, Melbourne Water, DEECA, the Victorian Planning Authority and Traditional Owners to develop place-based IWM plans for Bacchus Marsh, Macedon Ranges North, Melton East and Aviators Field
- participated in industry working groups to advance stormwater policy and tools, such as the Stormwater Licensing Review, Stormwater Guidance Working Group and Stormwater Compliance Tool Advisory Group
- continued to administer the Stormwater Harvesting Partnership Fund
- updated guidance material for developers preparing IWM plans for new subdivisions
- published a webpage outlining focus areas for IWM.

Water efficiency

In 2022-23, GWW promoted water efficiency through the following activities and programs.

Water Conservation Marketing Plan

GWW collaborated with South East Water, Yarra Valley Water and Melbourne Water through the Communications and Engagement Working Group to develop a five-year Water Conservation Marketing Plan. The plan will support efficient and sustainable water use by raising customer awareness of the true value of water and influencing behaviour change through messages on topics such as water literacy, water efficiency and drought response.

Water Efficiency Plan

GWW collaborated with South East Water, Yarra Valley Water and Melbourne Water to develop the Water Efficiency Plan. The draft plan sets a pathway to deliver ten water efficiency programs over a five-year period, ranging from grants, rebates and retrofits to rainwater tanks, showerhead exchange and leak detection. It includes program outlines, suggested collaborative arrangements, a proposed timeline, estimated staffing requirements, a monitoring and evaluation framework and actions to achieve water efficiency objectives.

WaterSmart

GWW worked with DEECA to set up the WaterSmart program in our service area. WaterSmart will target the largest business customers, offering free water use monitoring, audits and advice on water efficiency opportunities. In 2022-23, GWW and DEECA finalised the scope of activities and reporting requirements, signed agreements and allocated funding, with the program to be delivered in 2024.

Showerhead Exchange Scheme

GWW continued to offer efficient showerheads to customers through the legacy exchange program from the previous drought response. In 2022-23, more than 160 showerheads were exchanged for efficient models.

Planning and research

GWW continued to participate in planning and research partnerships, such as planning for the Hobsons Bay Wetland Centre, which will provide opportunities for community recreation, health and wellbeing, and education; and the Woody Meadow Project research partnership coordinated by Melbourne University to grow native shrubs for climate adaptation research.

Water awareness programs in schools

Educational programs in schools help raise understanding of the water cycle, sustainability and water efficiency. In 2022-23 we participated in the following activities:

- **School's Water Efficiency Program (SWEP)** – GWW continued to support this program, funded by DEECA and the Department of Education and Training. SWEP is a voluntary program that provides Victorian schools with data logger technology to measure daily water use, share data with students and foster education on water efficiency. Participating schools also receive a curriculum program that incorporates their water data in mathematics and sciences and provides water saving messages that students can apply at home. In 2022-23, 190 schools in our service region participated in SWEP, saving 65.1 million litres of water at an estimated avoided cost of \$278,000 in the first three-quarters of the financial year.

- **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. In 2022-23, demand for incursions continued to increase. We delivered 724 face-to-face incursions to schools, kindergartens and community groups with 17,666 participants.
- **National Water Week poster competition** – National Water Week was held in October 2022 with the theme, 'Our Water Stories', inviting everyone to think more deeply about our relationship with water. The primary school poster competition was well received, with more than 1,018 entries from students across 21 schools in our service region.

Water recycling

The following key projects to increase use of recycled water across our service area were progressed in 2022-23.

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 2022-23, construction started on a 28 kilometre pipeline to connect Parwan and Balliang farmers to a reliable, year-round supply of recycled water from late 2023.

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 will reduce the zoo's reliance on water from the Werribee River and improve environmental outcomes.

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 is assessing the best use of recycled water from all our treatment plants to 2070
- the Werribee System Reconfiguration Project (with DEECA, 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.

Sustainable water strategies

Central and Gippsland Regional Sustainable Water Strategy

The *Central and Gippsland Regional Sustainable Water Strategy* (CGRSWS), released in September 2022, is a long-term plan to secure a sustainable supply of water in Victoria's Central and Gippsland region. The CGRSWS addresses drier conditions, declining water storage levels, investment in the health of rivers and waterways and for Traditional Owners' right to water justice and decision making in water management. 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.

Greater Melbourne Urban Water System Strategy: Water for Life

The *Greater Melbourne Urban Water and System Strategy: Water for Life* is a joint strategy produced by GWW, Melbourne Water, South East Water and Yarra Valley Water to ensure a safe and secure water supply for greater Melbourne over the next 50 years.

Every five years, our four water corporations revise our existing urban water strategies and the water supply system strategy for greater Melbourne. This planning cycle is an important part of Victoria's 50-year planning horizon to manage water supply and use across our service regions in the face of population growth and climate change, and means we can consider changes in our operating environment and latest knowledge to update our approach. The strategy was published in April 2023, following community and stakeholder engagement, and includes specific actions for the next five years.

Projects that support strategy outcomes are being coordinated through the recently established Managing Directors Accord, which brings together leaders from GWW, Melbourne Water, South East Water, Yarra Valley Water and Barwon Water to tackle our big challenges.

Drought response

GWW, along with other metropolitan water retailers, has prepared a Drought Preparedness Plan (incorporating a Drought Response Plan). The plans are based on an adaptive framework to manage water shortages and use four levels of water restrictions to control the use of drinking water outdoors. During 2022-23, there

was no requirement for drought preparedness measures. GWW continues to work with Yarra Valley Water, South East Water and Melbourne Water on readiness planning in line with the adaptive framework that now applies.

Annual Water Outlook

Each year, Melbourne's metropolitan water corporations collaborate to publish the Greater Melbourne Annual Water Outlook. The Outlook provides the communities we serve with a summary of our water availability and demand and what this means for Melbourne, including actions the water industry is taking to secure our water supplies over the next 12 months and longer term.

The *Annual Water Outlook 2023*, released in December 2022, assessed that Melbourne's water availability is secure for the coming year, with water storage levels above 98 per cent in November 2022. Based on these storage levels, projected weather patterns and demand, there is no requirement for a desalination order this year, and no water restrictions are expected for Greater Melbourne. Still, with a long-term warming and drying trend and a population forecast to double by 2070, we must continue to use water responsibly and prepare now for the future.

Environmental statutory obligations

Victorian Waterway Management Strategy

Melbourne Water's *Healthy Waterways Strategy 2018-28* outlines goals to protect and improve waterways across our region and improve community liveability. GWW continued to participate in Melbourne Water's Liveable Communities, Liveable Waterways program through biodiversity enhancement along stream frontages of GWW properties and works to upgrade plants, such as Gisborne Recycled Water Plant, to significantly improve the water quality discharged to Jackson Creek. Our stormwater harvesting projects support the strategy by slowing stream flows and improving water quality. The harvested water is used to irrigate local parks 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 Environment Protection Transitional Regulations 2021 provide that the parts of the SEPP (Waters) that 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 ESC.

Water for Aboriginal cultural, spiritual and economic values

GWW's *2030 Strategy* states our vision for thriving people and Country and our focus on healing and caring for Country. To achieve this vision, we are committed to creating trusted, meaningful and productive partnerships with Traditional Owners and First Nations communities.

Traditional Owner engagement

Recognising that one size does not fit all, GWW is partnering with First Nations groups on several fronts to support reconciliation and self-determination:

- We are setting up a program, co-designed with the five Traditional Owner groups in our service area, to increase their influence in water planning and management. The program reflects where each group is at, recognising that some are well progressed and others are being established. This program includes uplifting capacity and capability within GWW to engage and partner in a meaningful and respectful way, and among First Nations groups through a range of projects and funding opportunities.
- We started meeting quarterly with Traditional Owners, in the first steps to consult and co-design meaningful partnership agreements with the traditional custodians of the land on which we operate. These partnerships will need to be open, honest, strong and resilient as Victoria takes important strides toward treaty.
- We continued to ensure Traditional Owner voices are heard in the Sewer and Recycled Water Mass Balance Plan Proposal for developing Traditional Owner option assessment criteria and informing water resource modelling.

- The concept of caring for Country is being embedded in our business-as-usual activities and will be first and foremost in our mind in design and delivery of future programs and projects.

Returning water rights

- GWW commenced development of a project to establish an internal process to return water rights to Traditional Owners and help ensure they have the capacity and skills needed to manage the water in perpetuity. A senior person has been appointed to lead this work alongside the other water corporations.

Collaboration

- GWW continued to participate 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.
- We signed a formal agreement with Victoria University to work collaboratively on an Economic Participation of Indigenous Communities bid, to develop joint community education and engagement programs and skill development initiatives to address First Nations peoples' water challenges across Melbourne's west.
- We are working with our delivery partners to share cultural education and cultural safety learning, with our Senior First Nations Advisor delivering a session directly to our partners.

Education

- We continued to deliver Truth Telling, Cultural Safety, Acknowledgement to Country and Cultural Education sessions across the business to improve our people's understanding of the social, historical, cultural and environmental impacts of colonisation on our First Nations community. Approximately 140 GWW people attended cross-cultural training in 2022-23.
- Our Senior First Nations Advisor led one of 20 yarning circles at OzWater23, providing a safe space for people to share knowledge, insights and learnings from the conference and explore topics such as decision-making, consultation with Indigenous communities, infrastructure, cultural dynamics, engaging with First Nations languages, cultural teaching and the Voice to Parliament.

Self-determination

- We are working with Traditional Owner groups to gain occupational health and safety accreditation through Linksafe.
- The development of a strong relationship with Kinaway (Victorian Aboriginal Chamber of commerce) has increased the participation of First Nations operated and owned businesses in our operations.

Reconciliation

- The Reconciliation Action Plan (RAP) working group, First Nations community members, local Elders, our Aboriginal community-controlled organisation, and Aboriginal owned and managed consultancy NJAC have worked together to develop GWW's first RAP, which will be launched in August 2023. This RAP will commit to embedding our relationships with Traditional Owners and the whole of our First Nations community.

- We will deliver almost 90 individual actions over two years and ensure our reconciliation journey is one we do not lead and do not follow but walk alongside in collaboration and partnership with First Nations people.

Net zero carbon, zero waste and circular economy

GWW is on a path to achieving net zero carbon and taking action towards zero waste. Our aim is to explore and adopt innovative solutions that will create social, economic and environmental value by helping us reduce energy use and emissions and support a circular economy approach.

In 2022-23, we continued work on projects that will contribute to reaching our goals, including:

- **Bacchus Marsh Recycled Water Plant Green Hydrogen Feasibility Study** – this study was undertaken with funding from DEECA's Renewable Hydrogen Business Ready Fund to explore potential opportunities, demand for, and costs of, manufacturing green hydrogen at the plant. The study incorporated input from the project's interested parties, Parwan and Co., Moorabool Shire Council and Ausnet, and provides a foundation for continued investigation of green hydrogen as a power source.
- **Solar installation** – 1,350 new solar panels are being installed across four GWW sites to significantly increase the use of renewable energy. These panels will produce more than 1,000 MWh of renewable energy per year, doubling GWW's renewable energy generation capacity.
- **Waste to energy project** – we continued to explore ways to optimise energy sources through a project that is adding organic waste that would otherwise be sent to landfill to an anaerobic digester at the Melton Recycled Water Plant to increase renewable energy generation.
- **Biosolids to biochar project** – this collaboration at Melton Recycled Water Plant uses an innovative energy-neutral technology to convert biosolids into a carbon-rich biochar, which works as a high-quality, slow-release fertiliser. This project has the potential to reduce our reliance on non-renewable energy sources and help us on our path to carbon neutrality. GWW is preparing to host the next round of trials for the technology and developing a Phase 1 Business Case for delivery of a commercial-scale solution, with circular economy seed funding from DEECA.
- **Reuse of biosolids** – GWW generated 2,953 dry tonnes of biosolids, of which 2,491 tonnes (84 per cent) were beneficially re-used.
- **VicWater Carbon Offsets Project** – is recommending the structure and governance arrangements of an investment vehicle through which Victorian water corporations can collectively self-generate Australian Carbon Credit Units, such as investing in large-scale environmental planting. Participating Managing Directors have been presented with plans for implementation for review and approval.
- **Zero Emissions Water Power Purchasing Agreement** – GWW maintained its 30 per cent share in a contract with a large-scale solar project at Kiamal Solar Farm. The contract includes a contract for difference for electricity production and a Large-scale Generation Certificate purchase agreement.

Climate change reporting

Emissions reduction

Gross greenhouse gas emissions for 2022-23 totalled 39,350 tonnes of CO₂-e, a 16 per cent reduction on 2021-22. However, to achieve our net emissions target of 34,440 tonnes of CO₂-e we retired offsets.

Our *2030 Strategy* commits us to pursue innovative solutions across our region to achieve our net zero carbon emissions target. Our actions are described above (net zero carbon, zero waste and circular economy) and in the section Adaptation to climate change.

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

Total emissions

Service delivery category	Greenhouse gas emissions (t CO ₂ -e)				Variance
	21-22 Total emissions	22-23 Result			
		Scope 1 emissions	Scope 2 emissions	Total emissions	
Water treatment and supply	13,215	0	10,613	10,613	-19.7%
Sewage collection, treatment and recycling	32,155	10,353	16,666	27,018	-16.0%
Transport	746	964	-	964	29.2%
Other - office	790	34	722	755	-4.4%
Total emissions	46,906	11,350	28,000	39,350	-16.0%
Carbon offsets (self-generated) retired	8,202		4,910	4,910	
Net emissions	38,704	11,350	23,090	34,440	-11.0%

Transport emissions were incorrectly reported as 1,162 tonnes CO₂-e in 2021-22. The correct figure is 746 tonnes. Other – office emissions were also incorrect last year, with the actual figure being 709 tonnes CO₂-e instead of 1,105 tonnes. With these correct figures used, GWW's gross emissions totalled 46,906 in 2021-22, with net emissions following the retirement of 8,202 tonnes of emissions reducing to 38,704 tonnes CO₂-e.

GWW's gross greenhouse gas emissions reduced in 2022-23 through a combination of:

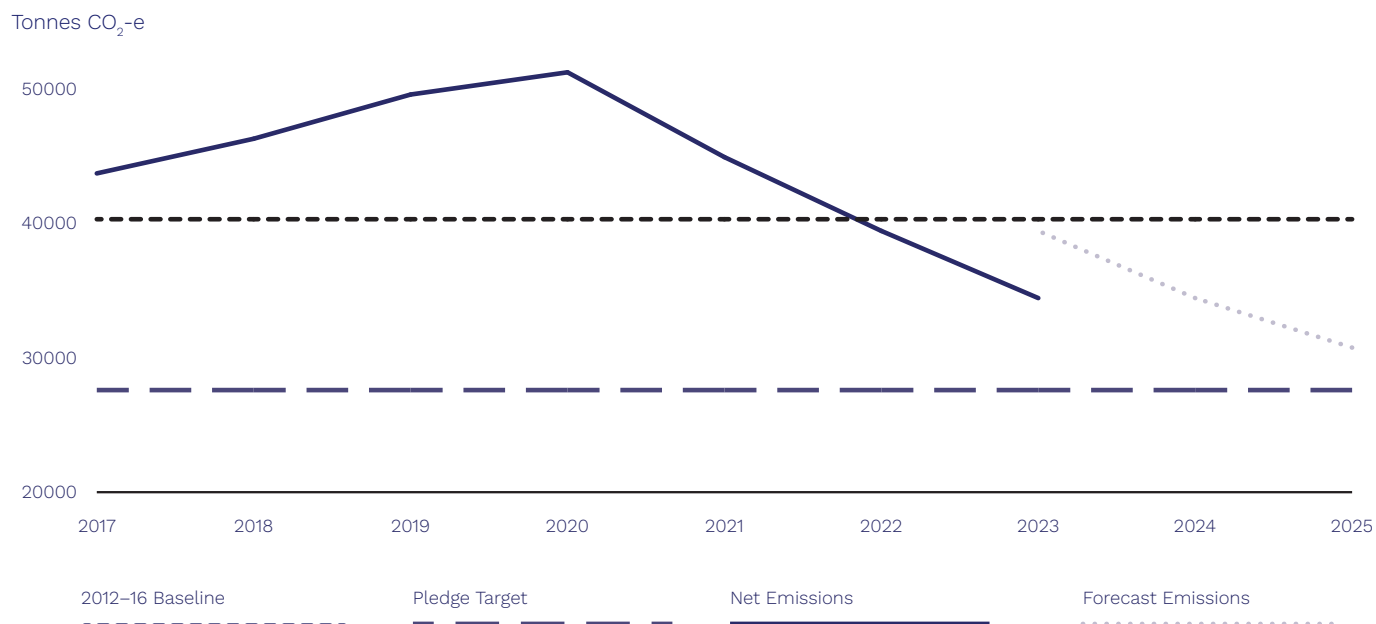
- 13 per cent reduction in emission intensity of electricity consumed from the Victorian electricity grid
- reduced volumes of water transferred from the Melbourne Water system, which is partially reflected in the 23 per cent reduction in emissions from water treatment and supply
- a reduction of 3,600 tonnes of CO₂-e from recycled water plants that generate methane following the results of an audit. This reduced Scope 1 emissions from sewage collection, treatment and recycling by 28 per cent
- transport emissions rose 29 per cent reflecting increased post-pandemic travel.

Breakdown of Scope 1 and 2 emissions

Service delivery category	Scope 1 and 2 emissions by greenhouse gas (tonnes and converted to tCO ₂ -e)							
	Carbon dioxide (CO ₂)		Methane (CH ₄)		Nitrous Oxide (N ₂ O)		Other	
	Tonnes	tCO ₂ -e	Tonnes	tCO ₂ -e	Tonnes	tCO ₂ -e	Tonnes	tCO ₂ -e
Water treatment and supply	10,613	10,613	0	0	0	0		
Sewage collection, treatment and recycling	17,269	17,269	236	6,608	12	3,141		
Transport	959	959	0.01	0.2	0.02	6		
Other (e.g. offices, depots)	755	755	0.002	0.07	0.0001	0.02		

The following graph shows GWW's greenhouse gas emissions trajectory to achieve our Pledge Target of 27,596 tonnes of CO₂-e in 2025.

GWW baseline, pledge target, net and forecast greenhouse gas emissions



The graph shows that while greenhouse gas emissions increased between 2017 and 2020, net emissions decreased between 2020-21 and 2022-23. 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

Total electricity consumption

Service delivery category	2021-22 MWh	2022-23 MWh	% Change
Water treatment and supply	13,971	12,486	-10.6%
Sewage collection, treatment and recycling	21,771	21,885	0.5%
Other (office, workshops, depots)	823	849	3.1%
Total	36,566	35,220	-3.7%

A total of 35,220 megawatt hours (MWh) of electricity was used by GWW in 2022-23. This is a 3.7 per cent decrease on electricity consumption compared to 2021-22. Electricity use by sewage collection, treatment and recycling increased by 0.5 per cent, while water treatment and supply decreased 11 per cent. Electricity used by GWW main offices increased by four per cent.

Total electricity consumption by source

Electricity source	21-22 Total electricity consumption (MWh)	22-23 Total electricity consumption (MWh)
Purchased directly through an electricity retailer	34,396	33,146
Not directly purchased but sourced from outside the organisation		
Corporation led/self-sourced activities and initiatives	2,169	2,074
Total (by source)	36,565	35,220

The above table shows that GWW used less electricity that was either purchased through a retailer or self-generated.

Total electricity consumption (renewables)

Renewable energy source	2021-22 Renewable electricity used (MWh)	2022-23 Renewable electricity used (MWh)	2022-23 Renewable electricity consumption (% of total consumption)	Variance between current and previous year
Total renewable electricity consumption from grid-sourced electricity GWW reported because of the Commonwealth Government's Large-scale Renewable Energy Target (LRET)				
Total Grid Sourced: Mandatory	6,393	6,493	19%	1.5%
Total renewable electricity consumption from corporation led/self-sourced activities				
1. Solar	1,059	1,061	3%	0.2%
2. Hydroelectric				
3. Wind				
4. Biogas	1,110	1,013	3%	-9.6%
5. Greenpower	206	204	1%	-0.8%
6. Other				
Total corporation led/self-sourced	2,375	2,279	6%	-4.2%
Total renewable electricity consumption	8,768	8,772	25%	0.0%

The above table shows that 25 per cent (8,768 MWh) of GWW's electricity consumption was sourced from renewable sources. This included 6,493 MWh of renewable energy embedded in electricity sourced from the grid and 2,279 MWh of self-generated renewable energy and Greenpower purchases. Self-sourced renewable energy reduced by 4.2 per cent compared to 2021-22 and primarily due to an outage of the Melton Recycled Water Plant solar array for around two months and reduced biogas turbine use.

Total electricity generation capacity and generation reporting (renewable)

Renewable electricity source	22-23 Total on-site renewable electricity generation capacity (MW)	22-23 Total on-site renewable electricity generated (MWh)					
		Renewable (large-scale) system			Renewable (small-scale) system		
		Consumed on-site	Exported	Other	Consumed on-site	Exported	Other
Biogas	0.195	1,013					
Hydroelectric							
Solar	0.845	1,056	53		6	0	
Wind							
Other renewable							
TOTAL (renewable)	1.040	2,068	53		6		

The above table shows that 2,068 MWh of renewable electricity was generated and consumed at GWW's assets. 53 MWh of renewable electricity was exported to the grid, resulting in a self-consumption rate of 98 per cent.

GWW does not currently record the electricity generation from non-renewable electricity sources. Measurement of this data set will be investigated for future reporting purposes.

Total Renewable Energy Certificate (REC) retirement

REC retirement method	RECs retired: 22-23		Commentary
	(1 REC = 1MWh renewable electricity)		
Voluntarily retired by GWW	5,268		All Large Scale Generation Certificates (LGCs)
Greenpower	204		One site with GreenPower
Certified carbon neutral electricity purchased			
Voluntarily retired on GWW's behalf			
Total voluntarily retired			
Mandatorily retired			
Total RECs retired	5,472		

Adaptation to climate change

Climate change poses significant risks to the supply of water and services to our customers. Climate considerations are embedded into our decision-making processes and long-term planning.

Our *2030 Strategy* outlines our commitment to healing and caring for Country, which includes reducing our emissions and responding to the impacts of climate change on our services, customers, communities and Country.

We are progressing work on a consolidated Climate Change Resilience Plan, which will explore opportunities to:

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

We are also planning and responding to climate change-related risks through our corporate planning process and through key projects, such as:

- actions under *Greater Melbourne Urban Water and System Strategy: Water for Life*, which provides a 50-year strategy for Melbourne's water supply system that is adaptive and considers various climate scenarios and solutions

- investing in alternative, climate-resilient water solutions for a variety of uses, such as the Western Irrigation Network and projects funded through the Stormwater Partnership Fund
- leading and contributing to projects that are transforming waterways and creating green spaces, such as the Chain of Ponds, Greening the Pipeline and Greening the West
- partnering with the other metropolitan retailers to improve water efficiency, through projects such as the Water Conservation Marketing Plan.

Risk management

Our *2030 Strategy* recognises climate change as a key driver that will impact our service region over the next 10 years. It proposes strategic outcomes and areas of focus that include actions that support adaptability and climate resilience. The strategy supports the *Water Cycle Climate Change Adaptation Action Plan 2022-26*, 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 policies. Our Strategic Asset Management Plan also focuses on continuing to develop resilience of our critical infrastructure.

The *Guidelines for the Adaptive Management of Wastewater and the Guidelines for Assessing Impact of Climate Change on Water Availability* have informed our work to understand different types of risks and to consider and discuss potential risks in our climate change risk assessment workshops.

Governance

GWW's commitment to climate change is set out at its highest level in our *2030 Strategy*. The strategic risk links to the board's risk appetite and provides a line of sight on board expectations. GWW has also mapped its strategic risk to its operational risks, which ensure effectiveness of controls to mitigate and drive opportunities. To provide assurance, GWW reports progress on its Climate Change Resilience Plan to the Resilience and Transformation Committee.

Metrics and targets

GWW has consolidated the metrics and targets of its former organisations and is progressing towards tracking against climate disclosure related key performance indicators. We will continue to track how we are diversifying sources of water supply, reducing emissions, minimising impact on the environment, and enhancing the environment through tree plantation. We will also track performance and resilience of our assets through contingency plans, and our capability and capacity to respond to emergencies.

Organisation and governance

Organisational structure



Strategy and Partnerships

- Partnerships, Engagement and Communication
- Strategy and Policy
- Price Submission
- Infrastructure and Resource Planning

Growth and Infrastructure

- Asset Knowledge and Technology
- Growth and Development
- Major Infrastructure Projects
- Infrastructure Investment and Partnerships
- Reliability
- Asset Integration

Operations and Delivery Solutions

- Maintenance and Network Services

- Operational Customer and Delivery Improvement
- Wastewater and Reuse Operations
- Water Supply and Operations

Customer Experience

- Billing and Customer Information
- Metering, Billing and Customer Platforms
- Business Customer Services
- Business Partnerships
- Customer Assist
- Customer Operations, Analytics and Insights
- Customer Services

Business Services

- Finance
- Risk and Resilience

Technology, Security and Property

- Procurement
- General Counsel and Corporate Secretary

Enterprise Transformation

- Enterprise Opportunities and Improvement
- Digital Utility
- Enterprise Value Office
- Data and Analytics
- Major Enterprise Projects

People, Culture and Safety

- People Services
- Strategic Business Partnering
- Organisational Change
- Diversity and Inclusion

Corporate governance

The Honourable Harriet Shing MP was the responsible Minister for Water from 1 July 2022–30 June 2023. 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.

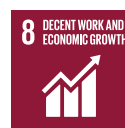
The Minister for Water, in consultation with the Treasurer, appoints the directors of GWW (including the Chair) and sets their terms and conditions. Directors are eligible for reappointment for subsequent terms. The Managing Director is appointed by the board. From 1 July 2022 to 30 June 2023, the board comprised eight non-executive directors and the Managing Director.

In 2022-23, the board met eight times. 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 s. 41 of the *Water Industry Act 1994*.

Sustainable development goals



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 and Deputy Chair at Yarra Valley Water from October 2011 to September 2015. Mr Middleton has more than 30 years of water industry operational and executive experience. He is Chair of the VicWater Board and a director on the board of Hydro Tasmania. 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 and is an independent member on the board of Redundancy Payment Central Fund Limited (trading as Incolink).

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. An experienced company director and accomplished executive, Ms Fryer brings a value-adding blend of multi-sector skills across technology, law and corporate governance. Ms Fryer values making a difference for people+planet, enabled by innovative people+tech+data and good governance. Currently also a director of Future Leadership Pty Ltd, Ms Fryer's prior director roles include .au Domain Administration Ltd, Potential(x) Holdings Pty Ltd and Grey Innovation Group Pty Ltd. Ms Fryer has held a diversity of executive, management and legal roles including at AustralianSuper (current), Telstra and what is now Allens.

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. 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. Ms Lang is Deputy Chair, Western Metropolitan Partnership (WMP) Committee, a Member of Tarneit Revitalisation Board and Director of West of Melbourne Economic Development Alliance (WoMEDA) Board.

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

Committee membership

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

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

Board committees

Risk Management and Audit Committee

The Risk Management and Audit Committee (RMAC) 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. All members of the RMAC are independent with respect to the requirements of the Standing Directions of the Minister for Finance.

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	8	7	N/A	N/A	4	3	4	4
Matthew Burns	8	7	N/A	N/A	4	2	4	2
Bruce Cohen	8	8	5	5	4	4	N/A	N/A
Claire Filson	8	7	5	5	N/A	N/A	4	3
Tania Fryer	8	8	5	5	4	4	N/A	N/A
Maree Lang	8	7	5	5	4	3	4	3
Liza McDonald	8	7	N/A	N/A	4	4	4	4
Llewellyn Prain	8	8	5	5	N/A	N/A	4	4
Efim Thatcher	8	7	5	5	N/A	N/A	N/A	N/A

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.

Our Safe, Inclusive and Respectful Workplace Policy 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; and drugs and alcohol in the workplace. In 2022-23, the Code of Conduct was updated to reflect changes to relevant policies and procedures and include Child Safety Standards.

Workforce data

Jun-22 ⁽¹⁾										Jun-23 ⁽²⁾																									
All employees				Ongoing				Fixed term and casual				All employees				Ongoing				Fixed term and casual															
FTE																																			
(Full Time Equivalent)																																			
Number (headcount)				Full-time (headcount)				Part-time (headcount)				FTE (headcount)				Number (headcount)				FTE (headcount)				Number (headcount)				FTE (headcount)							
Gender																																			
Women				345	319.4	245	75	298.7	25	20.7	388	362.8	285	76	339.4	27	23.4																		
Men				391	386.7	354	18	367.7	19	19	432	426.3	384	20	399	28	27.3																		
Self-described				<5	<5	<5	<5	<5	<5	<5	5	<5	<5	<5	<5	<5	<5																		
Age																																			
15-24				18	17.1	6	<5	6.6	11	10.5	25	23.3	11	<5	12.8	11	10.5																		
25-34				134	130.4	116	9	122.9	9	7.5	164	158.4	131	12	138.9	21	19.5																		
35-44				229	219.1	185	35	210.7	9	8.4	252	242.3	209	36	236.4	7	5.9																		
45-54				210	201.4	173	23	189.1	14	12.3	233	225.7	198	24	215.5	11	10.2																		
55-64				114	109.8	95	17	107.8	<5	<5	122	117.5	102	14	111.9	6	5.6																		
65+				29	26	19	9	25	<5	<5	29	26.5	21	8	26.5	0	0																		
Prefer not to respond				6	6	6	0	6	0	0	0	0	0	0	0	0	0																		
Classification																																			
Executive ⁽³⁾				10	10	10	0	10	0	0	8	8	8	0	8	0	0																		
Senior Managers				53	52.4	50	3	52.4	0	0	63	62.3	55	<5	57.3	5	5																		
Team Leaders				119	116.2	104	10	111.6	5	4.6	138	135	123	11	131.4	4	<5																		
Individual Contributors				557	530	436	81	493.9	40	36.1	616	588.4	486	83	545.3	47	43.1																		
Total employees				739	708.7	600	94	668	45	40.7	825	793.7	672	97	742	56	51.7																		

1. June 2022 represents the GWW workforce data

2. June 2023 represents the GWW workforce data

3. Of our eight nominated executives, 75 per cent are women. The nominated executives are classified as Public Entity Executive Classification: one at Level 3 and seven at Level 2. In 2021-22, of the 10 nominated executives, 60 per cent were women.

Diversity and inclusion

GWW's Diversity, Equity and Inclusion (DEI) Framework aligns to our *2030 Strategy* and our culture ambition, and sets out what we are working to achieve by 2030:

- Our workforce reflects the communities we serve at all levels of the organisation, and we benefit from our diversity and inclusion.
- We have pathways for equitable access to employment in our sector.
- We are a leader in providing equitable access to services and respecting and celebrating diversity.
- Alongside our delivery partners, we have created jobs in our region for young and underrepresented groups.
- We have attracted aligned delivery partners and suppliers and supported them to achieve our shared environmental and diversity and inclusion goals.

We have made significant progress towards building a diverse, equitable and inclusive workplace that delivers great outcomes for our organisation, customers and community. For example, in 2022-23 we:

- built, increased and shared ownership of DEI, through our DEI Working Group, whose members are leading conversations to build awareness and advocacy
- employed our First Nations trainee in a full-time permanent role
- delivered First Nations Cultural Safety training and Acknowledgement to Country training

- factored inclusion into office redesign, creating our first gender-neutral bathroom at the refurbished Sunbury office and a neurodiverse room to mirror the Footscray rooms
- achieved best-ever results in measures such as women in leadership roles (46.2 per cent), Pulse survey response to 'GWW actively supports diversity and inclusion in the workplace' (87 per cent of respondents agree), and exceeded many VicWater industry diversity targets
- achieved an outstanding result from a maturity assessment of our inclusive employment practice, being assessed as at the fourth stage of maturity in a five-stage maturity curve ranging from starting through to leading
- delivered campaigns to raise awareness and knowledge of our six DEI areas of focus, such as 'You Can't Ask That' series with board members sharing personal stories and lived experience, leading to great conversations to build awareness and psychological safety
- collaborated with VicWater and 13 water sector peers to deliver International Women's Day event
- delivered training events to build awareness, knowledge and capability, such as making documents accessible, and a Deaf Blind Experience run by Deaf Blind Victoria
- delivered the Safe Inclusive and Respectful Workplace program, including workshops and eLearning to build awareness of what a safe, inclusive and respectful workplace looks like and the skills to achieve this
- continued to embed DEI principles through policies, systems and processes that help remove bias and barriers, and build equity and inclusion, such as the Parental+ Leave Policy, which is leading the way for gender equality, and WaterAble actions to build inclusion and remove barriers to employment for people with a disability
- achieved a more inclusive recruitment process, for example through updating templates for ads and communications to remove and build awareness of bias, and to highlight employee benefits, such as our Parental+ Leave Policy, that promote our equitable workplace
- produced a fact sheet to raise awareness of what reasonable adjustments are and worked with our Talent Acquisition and Health and Wellbeing Experience team to ensure we promote and consider reasonable adjustments as part of the recruitment and onboarding process
- delivered quarterly updates to the Executive Leadership Team dashboard showing gender balance at enterprise, function, section and team levels, to identify opportunities to shift the gender balance
- improved sexual harassment incident recording process and developed a plan to improve ongoing reporting
- held focus groups with women in level 3 and 4 roles, where we have a gap in our pipeline, to prioritise career progression actions in our Gender Equality Action Plan implementation for FY24.

Workforce inclusion targets

Goal	GWW targets to 2024	GWW results 2022-23¹
Gender equity	45-55% workforce are women 45-55% leaders are women 45-55% women in STEM (Science, Technology, Engineering and Mathematics)	46.6% of workforce are women 46.2% of leaders are women 33% women in STEM ²
Women in leadership	Maintain a balance of 45- 55%	46.2% of our leaders are women MD: 100% women L1: 71% women L2: 44% women
Pipeline (L3 roles are team leaders or specialists)	40% of L3 roles are women	44% L3 roles are women
Employees identify as First Nations	3% And decrease in 'prefer not to say' – an indicator of cultural safety	1.3% 5.7% 'Prefer not to say' (up from 2% in 2021-22)
Employees speak a language other than English	Retain our cultural and linguistic diversity (40% in 2021-22)	37%
Employees identify as person with disability	10% And decrease in 'prefer not to say'	10% 7% 'Prefer not to say' (up from 3% in 2021-22)
Employees identify as LGBTIQ+	10% And decrease in 'prefer not to say' – an indicator of cultural safety	7% 7% 'Prefer not to say' (up from 4% in 2021-22)

1. 66% survey participation/637 responses

2. Data from December 2022

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 health, safety or wellbeing. Our dedication to protecting and promoting the welfare of our employees, customers and the communities we serve remains at the forefront of our operations.

Health and safety management systems

In 2022-23, British Standards International (BSI) conducted an audit of GWW's Health, Safety, Environment and Quality (HSEQ) management systems. This highlighted the need to improve our management of chemicals, workplace inspection requirements, emergency management, waste tracking and general site safety.

GWW successfully maintained certification to the international standard ISO45001 Health and Safety Management Systems, migrating part of the system from the expiring certification of AS4801 Occupational Health and Safety Management Systems. Managing risk as a business process rather than as a standards approach

will help reduce workplace risks, enhance legal compliance and improve overall performance.

We continued to integrate and improve our management systems with a focus on risk management, contractor safety management, induction requirements, operational procedures and safe work method statements, and information technology systems.

Good governance has occurred through regular reporting to the Executive team, the Culture Wellbeing and Community Committee and the board.

Roadmap 2030

In May 2022, the initial GWW Health, Safety and Wellbeing (HSW) roadmap was developed, including a work program for 2022-23. Delivery of the work program progressed significantly, adding to the foundation of GWW's HSW arrangements, with performance remaining stable.

Key initiatives of the annual work program for 2022-23 delivered during the year included:

- completion of the safety leadership program for senior leadership team members

- delivery of a safety essentials training program for frontline leaders
- continued integration and development of the HSW management system
- risk assessments for plant, chemicals, hazardous manual handling, working near water and confined spaces
- development of new corporate and site risk registers with links to organisational risks and the production of a new HSW Risk Handbook
- progression and implementation of lead and lag indicators
- onboarding of a new Greater Care and Thriving partner, Converge International, to support the activation of Employee Assistance Program services, on-site integrated programs and increase self-care opportunities (including digital technology) to bring care to life
- redesign of a holistic and risk-based occupational health and hygiene program
- commenced development of an integrated HSEQ management system.

Employee health and safety performance

Improving health, safety and wellbeing performance has been challenging with injury rates increasing slightly from the previous year. Campaigns to promote active reporting of hazards and incidents (including near misses) have delivered an increase in reporting, together with an associated increase in reported high potential events. This has provided opportunities for corrective and preventive improvements, resulting in a safer working environment.

Performance against key indicators

Measure	2020-21	2021-22	2022-23
Number of reported hazards per 100 FTE	12.4	17.8	20.8
Number of incidents per 100 FTE	24	18.7	36.4
Number of 'lost time' standard claims per 100 FTE	1.1	0.1	0.2
Average cost per workers compensation claim	\$130,898	\$2,587	\$535
Total Recordable Injury Frequency Rate (TRIFR)	7.6	7.5	7.9

In 2022-23 we continued to build an improved health, safety and wellbeing reporting culture. Hazard reporting has increased by 3 reports per 100 FTE, and incidents including near miss events has increased by 17.7 reports per 100 FTE.

The average cost per claim continues to decrease as our focus continues to be on immediate reporting and the provision of early intervention, including access to acute care and robust stay at work planning.

There was a slight increase in the key measure of TRIFR from 7.5 to 7.9 recordable injuries per million hours worked which was above the target of 6.6.

Environmental reporting

GWW has made a commitment in our *2030 Strategy* to achieve zero carbon emissions and take action towards zero waste and will set up actions and measures to achieve that goal. This will include extending data collection and visibility, tracking progress against KPIs, and informing actions and opportunities to reduce our impact on the environment at our offices, plants and facilities.

In accordance with Financial Reporting Directive FRD24, the following information is provided on aspects of GWW's energy and resource consumption and environmental performance, where that data is available.

The following data is reported elsewhere in this report:

- Electricity consumption – see page 26
- Sustainable procurement – see page 46

Stationary fuel use

The following data is for stationary fuel use at all sites and natural gas at the Footscray office.

F1: Total fuels used in buildings and machinery segmented by asset type and fuel type (MJ):	Total: 9,276,392 Diesel for machinery (generators): 8,624,347 Natural gas for Footscray office building: 652,055
F2: GHG emissions from stationary fuel consumption segmented by fuel type (Tonnes CO ₂ -e)	Total: 639 Diesel for machinery (generators): 605 Natural gas for Footscray office building: 34

Transportation

The following reports on the GWW registered vehicle fleet, including pool, staff and novated lease passenger vehicles.

T1: Total energy used in transportation by fuel type (MJ)	Unleaded: 3,017,695	
	Diesel: 10,787, 796	
T2: Number and proportion of vehicles in the organisational boundary segmented by engine/fuel type (Number and %)	Petrol: 63	33%
	Diesel: 128	66.5%
	Electric: 1	0.5%
T3: Greenhouse gas emissions from vehicle fleet segmented by fuel type (Tonnes CO2-e)	Petrol: 204	
	Diesel: 760	
T4: Total distance travelled by commercial air travel (km)	200,243	

Total energy use

	Footscray office	Sunbury office	Combined
E1: Total energy usage from fuels (MJ)	652,044	0	652,044
E2: Total energy usage from electricity (MJ)	1,662,098	1,296,863	2,958,961
E3: Total energy usage segmented into renewable and non-renewable sources (MJ)	Renewable: 312,474	Renewable: 556,285	Renewable: 243,810
	Non-renewable: 1,053,052	Non-renewable: 2,001,668	Non-renewable: 3,054,721
E4: Units of energy used normalised by FTE (MJ – normalised)			4,573

Sustainable buildings and infrastructure

GWW does not own office buildings and in 2022-23 did not enter into any new building leases.

The data available on NABERS (National Australian Built Environment Rating System) energy ratings show that for the office building at 1 McNab Footscray, where GWW is a tenant, as of the end of May 2023 the building was tracking at 5.76 Star NABERS energy, with a formal rating of 5.5 stars as of December 2022. This far exceeds the lease commitment of 4.5 Stars. [This is data provided by Stantec Australia Pty Ltd, Quarterly Building Performance Review, 9 June 2023, and covers the period 1 July 2022-31 May 2023]

The office building in Macedon Street Sunbury is owned by the City of Hume. NABERS ratings are not available for this building due to its age.

Water use

The tables below show water use at our Sunbury and Footscray offices. Water use increased at both offices as more employees returned to working from the office.

Sunbury office

	2021-22	2022-23
Water consumed kL	338	1,513 ¹
kL per FTE employee	1.6	4.4 ²
Litres for m2 office space	154	688 ³

kL = 1,000 litres

1. Includes 280kL accrued from 2021-22

2. Based on 346 FTE, remainder of FTE after 510 at Footscray Office

3. Based on 2200m2

Footscray office

	2021-22	2022-23
Water consumed kL	392	857
kL per FTE employee	0.77	1.68
Litres for m2 office space	64	139

kL = 1,000 litres

Waste and recycling

GWW is a tenant at 1 McNab Avenue Footscray, which is serviced by a waste contractor, and 36 Macedon St Sunbury, which is serviced by a shared council waste refuge area. The current waste contract for other sites does not require volume reporting. Reporting requirements will be included in future waste arrangements.

1 McNab Street Footscray

Some waste reporting is provided by building owner – this is provided below.

Total units of waste disposed of by disposal method and waste stream (kg and %)

From Waste Data Reports Dec 2022 and June 2023, calculated for GWW as tenant:

Units of waste disposed – 1 McNab St Footscray GWW tenancy

General waste	13,176kg	76%
Co-mingled recycling	2612kg	15%
Paper and cardboard	1464kg	9%
Total	17,252kg	100%

E-waste and printer cartridges are recycled from GWW offices and plants. While current arrangements do not require service providers to collect data, this will be required in the future.

Recycling rate

For Footscray office: 23.5%

Total units of waste disposed of normalised by FTE for Footscray office: 2.8 kg per m2

Disclosures

Grants and sponsorships

GWW provided grants and sponsorships to community organisations through our Thriving Communities grants and sponsorship program. Funds are provided to support local projects, events and activities that bring people together and have a positive impact on our natural environment, local waterways and wildlife. Grants and sponsorships awarded in 2022-23 were:

Organisation name	Project Title	Funded Amount (\$)
Bacchus Marsh Baptist Church	Darley Community Art Garden - Community Events	4,847
Concern Australia	Employment, sustainability and diversity initiative	18,650
Hindu Dharma Community of Melbourne Inc.	Vishu Festival 2023	2,000
Hobsons Bay Toy Library	Connecting families through play	5,000
Inner West Community Foundation	Money Mentor facilitator training program	16,000
Laverton Community Childrens Centre	Bush kinder program	5,000
Macedon Ranges Music Festival Inc	2023 Macedon Ranges Music Festival	5,000
Melbourne City FC	Increasing female participation	2,500
Melbourne Irish Festival Committee	St Patrick's Family Fun Day	2,000
Moorabool Landcare Network (MLN) (Grow West will run the project)	Revitalising the Werribee River	19,926
Riddells Creek Neighbourhood House	Little Book of Resilient Riddell	5,000
Sunbury Aboriginal Corporation	SAC Community Yarns and Tucker	5,000
The Water Well Project Limited	Improving health outcomes for communities from migrant, refugee and asylum seeker backgrounds	14,000
Victorian Youth Polo Academy	VYPA Canoe Polo Diversity Program	4,682
Werribee River Association	Supporting Stewardship in New Estates in Melton	5,000
Western Bulldogs Community Foundation	Nallei Jerring Koori Leadership Program	25,000
Western Health	Promoting gold standard infant feeding practices in Melbourne's West	19,994

Major contracts (\$10 million +)

In 2022-23, GWW entered into one major contract with a value of over \$10 million. The relevant contract is Design and Construct services for the Minns Rd 30ML Tank Project. This contract was awarded to Aqua Metro Pty Ltd in September 2022.

GWW applies an objectives-based assessment when undertaking sourcing decisions relating to material operating and maintenance services. This includes objectives such as diversity and equity, providing opportunities for Traditional Owners and people with a disability, and for local people and businesses, and providing value for money.

Capital projects (\$10 million+)

In 2022-23, GWW had no projects meeting the capital projects disclosure requirements (more than \$10 million and practically completed).

Consultancy expenditure

During 2023, GWW engaged 28 consultants on various engagements where the total fees payable to the consultants was less than \$10,000 (GST exclusive).

During 2023, GWW engaged 45 consultants on various consultancies where the total fees payable to the consultant were \$10,000 or greater (GST exclusive). The total expenditure during 2023 in relation to these consultancies was \$6,642,445 (GST exclusive).

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 2023 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 GWW. These contract services are not considered to be consultants and are not included in the above numbers.

Information and Communication Technology expenditure

During the 2023 reporting period, GWW had a total Information and Communication Technology (ICT) expenditure of \$90.3 million, with details shown below.

Year	All operational ICT expenditure	ICT expenditure related to projects to create or enhance ICT capabilities		
	Business as usual (BAU)	Non BAU		
	ICT expenditure \$'m	ICT expenditure (operating and capital) \$'m	Operational expenditure \$'m	Capital expenditure \$'m
2023	24.6	65.7	36.0 ¹	29.7
2022 ²	22.5	39.8	19.5 ¹	20.3
2021	17.7	32.6	0.1	32.5
2020	13.7	17.9	0.0	17.9
2019	15.8	14.9	0.0	14.9

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

2. Prior to 2022, the historical ICT expenditure are those of GWW's former legal name, City West Water.

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 system
- 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 GWW 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.

Local Jobs First

The *Local Jobs First Act 2003* introduced in August 2018 brought 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 2022-23, GWW commenced six Local Jobs First Standard projects totalling \$56.3 million. Two of the projects are in metropolitan Melbourne with an average commitment of 96 per cent local content. No projects that were commenced occurred statewide. The MPSG did not apply to any of the projects.

Four of the projects are in regional Victoria with an average commitment of 98 per cent local content. The MPSG did not apply to any of the projects.

The outcomes expected from the implementation of the Local Jobs First Policy to this project is as follows:

- an average of 97.8 per cent of local content commitment was made
- a total of 74 jobs (annualised employee equivalent (AEE)) were committed, including the creation of 28 new jobs and the retention of 43 existing jobs AEE
- a total of three positions for apprenticeships, trainees and cadets were committed. No new apprenticeships, cadetships and traineeships were created
- the retention of two apprenticeships and two cadetships
- there was a total of 57 Small to Medium Enterprises (SME) engaged as part of the supply chain.

Projects completed – Local Jobs First Standard

During 2022-23, GWW completed two Local Jobs First Standard projects totalling \$1.8 million. The projects were in metropolitan Melbourne with an average commitment of 97.8 per cent local content. The MPSG did not apply to either of the projects.

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

- an average of 97.8 per cent of local content commitment was achieved
- a total of four AEE jobs were committed, no new jobs were created and four existing jobs (AEE) were retained
- 95 small to medium sized businesses were engaged through the supply chain on these projects.

Social Procurement Framework

GWW is committed to advancing social and sustainable objectives through procurement in accordance with the Victorian Government Social Procurement Framework.

GWW's priority social procurement objectives align with the Social Procurement Framework and have been chosen based on their high degree of alignment with GWW's strategic direction and values as well as being best positioned to advance identified social procurement opportunities.

Social procurement objective**Outcome sought**

Opportunities for Victorian Aboriginal people

Purchasing from Victorian Aboriginal businesses

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

Employment of people with disability by suppliers to the Victorian Government

Women's equality and safety

Adoption of family violence leave by Victorian Government suppliers

Gender equality within Victorian Government suppliers

Social procurement activities 2022-23

- 20 social benefit suppliers were engaged during the reporting period
- \$697,688 was spent with social benefit suppliers (direct spend) during the reporting period (\$ GST exclusive)
- Five suppliers we engaged have made social procurement commitments in their contracts with GWW.
- Five contracts include social procurement commitments.

Achievements

While three prioritised Social Procurement Framework objectives guide 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:

- 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.

- Executive Leadership Team approval of GWW Social Procurement Strategic Plan, which is aligned to our corporate strategy, procurement policy and Victoria's Social Procurement Framework.
- Participated in an independent assessment by Jobsbank (on behalf of DEECA) to determine where GWW sits on the social procurement maturity curve in comparison to other water corporations. The recommendations were presented to the Executive Leadership Team to support their implementation and promote the benefits of social procurement across GWW.
- Purchased office furniture from a social benefit supplier, Winya Indigenous Office Furniture

Ltd, for the Sunbury office refit project.

- Engaged First Nations artists, JESWRI, for a new custom water-themed mural for the Sunbury office Town Hall area. The artists were also engaged to provide two cultural workshops and attend the opening presentation at the Sunbury Head Office.
- Engaged NJAC, a Kinaway certified First Nations owned and managed business, to assist in drafting GWW's first Reconciliation Action Plan (RAP).
- Developing a new procurement process that incorporates health, safety, environment and quality risk assessment, obligations and expectations, including environmental considerations aligned to our strategic goals for net zero carbon and taking action towards zero waste.
- Commenced work to implement the new procurement approach with clear environmental requirements in the major service contracts for waste management and cleaning.

Case study

GWW's Reconciliation Action Plan

GWW's vision for reconciliation is a society that celebrates and protects the ongoing cultural and spiritual connections of First Nations peoples to the surrounding lands and waters. The aim is to engage meaningfully and respectfully with Traditional Owners and value their knowledge and histories.

GWW is planning to release its Innovate Reconciliation Action Plan (RAP) in August 2023, our first RAP as GWW. The RAP will set out our commitment to reconciliation and to strengthening relationships with First Nations peoples.

GWW engaged NJAC, a Kinaway certified First Nations owned and managed business, to work through the RAP. NJAC focuses on supporting the development of strong, inclusive corporate culture and were selected due to their previous experience in developing RAPs, running cultural awareness sessions, cultural auditing and good links into the Aboriginal community.

NJAC provided GWW with a broad perspective of the First Nations community in relation to RAPs and help the organisation understand what its maturity level was rather than what we wanted it to be. NJAC also provided insights into what our First Nations community were dealing with by delivering Truth Telling sessions to our Executive Leadership Team and RAP working group. As part of the community consultation process, NJAC worked with our community engagement team to advise on engaging with First Nations Advisor we were able to broaden the voice and perspective of First Nations people.

Disclosure of Emergency Procurement

In 2022-23, no emergency procurements were activated.

Compliance with the *Building Act 1993*

In 2022-23, 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 2022-23:

- 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 2022-23:

- Number of major works projects undertaken by GWW (greater than \$50,000): Sunbury Head office renovations \$1,609,357
- Number of building permits, occupancy permits, or certificate of final inspection issued in relation to buildings owned by GWW: One occupancy permit and one certificate of final inspection was issued in relation to buildings owned by GWW
- Number of emergency orders and building orders issued in relation to buildings: 0
- Number of buildings that have been brought into conformity with building standards: 1

Freedom of Information

The *Freedom of Information Act 1982* (the Act) 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

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 (Freedom of Information) 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 s. 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 2022-23, GWW received 50 requests for access to documents under the Act. Most requests were acceded to.

Request	Number
Access in full	12
Access in part	17
Access denied	0
Other – invalid	7
Other – transferred	0
Other – withdrawn	0
Other – outside the Act	2
Other – no documents	1
Not finalised	7
Not proceeded with	4
Total	50

Of these 50 requests:

- five were from law firms
- eight were from insurance companies
- 37 were from the public.

GWW made 39 FOI decisions during the 12 months ended 30 June 2023:

- 14 decisions were made within the statutory 30-day time period
- 10 decisions within an extended statutory 30-to-45-day time period
- 13 decisions within 46 to 90 days
- two decisions in greater than 90 days.

The average time taken to finalise requests in 2022-23 was 35.8 days.

During 2022-23, one request was subject to a complaint lodged with OVIC. This complaint was dismissed by OVIC and did not progress to VCAT.

FOI requests can be lodged online via the GWW website at: gww.com.au/FOI. An application fee of \$31.80 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 s. 17 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

OVIC announced that the Victorian Parliamentary Integrity and Oversight Committee will review Victoria's Freedom of Information

Act. A report is due to be finalised in March 2024.

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

Government advertising expenditure

In 2022-23, no government advertising campaigns with a media spend of \$100,000 or greater were conducted.

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 (ESC) regulates pricing and service standards and continues to be subject to existing

determinations made under City West Water and Western Water:

- In 2017, City West Water lodged a Price Submission to the ESC to enable it to make a five-year pricing determination. The ESC made a final determination on prices in June 2018. These prices took effect from 1 July 2018.
- In 2019, Western Water lodged a Price Submission to the ESC to enable it to make a three-year pricing determination. The ESC made a final determination on prices in June 2020. These prices took effect from 1 July 2020.

The ESC 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](#).

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

Mail: IBAC, GPO Box 24234,
Melbourne Victoria 3001

Internet: www.ibac.vic.gov.au

Email: See www.ibac.vic.gov.au for the secure email disclosure process, which also provides for anonymous disclosures.

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

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.

A handwritten signature in black ink, appearing to read 'David Middleton', written in a cursive style.

David Middleton
Chair

22 August 2023

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.

Key Performance Indicator

Key performance indicator	2022 Result	2023 Result	% Variance to prior year	Notes	2023 Target	% Variance to target	Notes
Cash interest cover							
Net operating cash flows before net interest and tax/net interest payments	2.9	1.8	(37.9%)	1	2.5	(28.0%)	2
Gearing ratio							
Total debt (including finance leases)/total assets	61.7%	63.1%	2.3%		61.6%	2.4%	
Internal financing ratio							
Net operating cash flow less dividends/net capital expenditure	47.9%	20.1%	(58.0%)	3	20.9%	(3.8%)	
Current ratio							
Current assets/current liabilities (excluding long term employee provisions and revenue in advance)	0.8	0.8	0.0%		0.6	33.3%	4
Return on assets							
Earnings before net interest and tax/average assets	(21.2%)	4.2%	119.8%	5	5.9%	(28.8%)	6
Return on equity							
Net profit after tax/average total equity	(56.3%)	4.3%	107.6%	7	8.1%	(46.9%)	8
EBITDA Margin							
Earnings before interest, tax, depreciation and amortisation/total revenue	(64.7%)	27.0%	(141.7%)	9	33.7%	(19.9%)	10

- Cash interest cover is lower compared with prior year mainly due to lower cash generated from operating activities.
- Cash interest cover for 2023 is lower than **target** mainly due to lower cashflow from operations that resulted from lower cash receipts from customers and higher payments to employees and creditors compared with target.
- The internal financing ratio was lower in 2023 compared to 2022 mainly due to the lower net cash from operating activities.
- The current ratio was higher than the 2023 **target** mainly due to higher receivables and lower short-term borrowings.
- The higher return on assets for 2023 compared to 2022 has been driven by profit for the year after revaluation adjustment of infrastructure assets of \$49.1 million compared with the loss for the year in 2022 which included revaluation adjustment of infrastructure assets of \$865.4 million. Refer to note 3.6 in the financial report.
- Lower return on assets for 2023 compared with **target** is mainly due to the revaluation adjustment of infrastructure assets of \$49.1 million asset which was not budgeted. Refer to note 3.6 in the financial report.
- The higher return on equity for 2023 compared to 2022 has been driven by profit for the year compared to losses incurred in 2022.
- The lower return on equity for 2023 compared with **target** is mainly due to the revaluation adjustment of infrastructure assets of \$49.1 million asset which was not budgeted. Refer to note 3.6 in the financial report.
- The higher EBITDA Margin for 2023 compared to 2022 has mainly been driven by profit for the year after the revaluation adjustment of infrastructure assets of \$49.1 million compared with the loss for the year in 2022 which included the revaluation adjustment of infrastructure assets of \$865.4 million. Refer to note 3.6 in the financial report.
- The lower EBITDA Margin for 2023 compared with **target** is mainly due to the revaluation adjustment of infrastructure assets of \$49.1 million asset which was not budgeted. Refer to note 3.6 in the financial report.

Performance report (continued)

Water and sewerage network reliability performance indicators

Key performance indicator	2022 Result	2023 Result	% Variance to prior year	Notes	2023 Target	% Variance to target	Notes
# Water Service – minutes off supply (planned and unplanned)							
How many minutes on average a customer was without water supply during a year	19.25	17.74	(7.8%)	1	22.0	(19.4%)	1
Unplanned water supply interruptions							
Percentage of customers receiving more than 5 unplanned interruptions in the year	0.0%	0.0%	0.0%		0.0%	0.0%	
* Sewerage Service – sewer blockages							
Number of sewer blockages reported per 100 kilometres of sewer main	16.93	15.61	(7.8%)	2	21.00	(25.7%)	2
# Sewerage Service – sewer spills							
Number of sewer spills reported per 100 kilometres of sewer main	4.87	5.15	5.7%	3	4.50	14.4%	3
# Sewerage Service – containment of sewer spills							
Sewer spills from reticulation and branch sewers contained within 5 hours	100%	100%	0.0%		100%	0/0%	

Note: Only variances of more than 5% are explained

1. This is mainly due to improvement in the total customer minutes to restore water supply and higher total number of customers in 2023 compared with 2022.
2. The number of sewer blockages in 2023 decreased compared to 2022 and compared to **target**, mainly due to the increased preventative maintenance on the system over the past three years. Increased cleaning and CCTV works greatly contributes to the reduction of the blockage rate which are mainly caused by tree roots entering the system. A wetter year has also saturated the ground and tree roots are not entering the sewerage system in search for water.
3. The number of sewer spills in 2023 increased compared to 2022 and compared to **target**, mainly due to the wet weather and floods experienced in the region. The EPA expectations of spills being reported has become more rigorous and GWW has improved processes capturing and reporting sewer spills.

Performance report

(continued)

Customer responsiveness performance indicators

Key performance indicator	2022 Result	2023 Result	% Variance to prior year	Notes	2023 Target	% Variance to target	Notes
* Water bills – average household use (150kL) – Central region^a							
Service area for							
Typical household bill (based on average use above) in real 2022/23 dollars, owner occupiers	\$947.26	\$941.26	(0.6%)				
Typical household bill (based on average use above) in real 2022/23 dollars, tenants	\$502.23	\$496.23	(1.2%)		n/a	n/a	
* Water bills – average household use (200kL) – Central region^a							
Service area for							
Typical household bill (based on average use above) in real 2022/23 dollars, owner occupiers	\$1,132.14	\$1,124.14	(0.7%)				
Typical household bill (based on average use above) in real 2022/23 dollars, tenants	\$687.11	\$679.11	(1.2%)		n/a	n/a	
* Water bills – average household use (180kL) – Western region^a							
Service area for							
Typical household bill (based on average use above) in real 2022/23 dollars, owner occupiers	\$1,111.69	\$1,101.74	(0.9%)				
Typical household bill (based on average use above) in real 2022/23 dollars, tenants	\$323.67	\$308.60	(4.7%)		n/a	n/a	
* Water bills – average household use (200kL) – Western region^a							
Service area for							
Typical household bill (based on average use above) in real 2022/23 dollars, owner occupiers	\$1,164.15	\$1,149.03	(1.3%)				
Typical household bill (based on average use above) in real 2022/23 dollars, tenants	\$376.03	\$360.96	(4.0%)		n/a	n/a	

Performance report (continued)

Customer responsiveness performance indicators

Key performance indicator	2022 Result	2023 Result	% Variance to prior year	Notes	2023 Target	% Variance to target	Notes
* Water bills – customers on flexible payment plans^b							
No. of customers with instalment plans	26,030	26,407	1.4%		n/a	n/a	
* Water bills – customers awarded hardship grants							
No. of customers awarded hardship grants	3,190	1,046	(67.2%)	1	n/a	n/a	
# Customer responsiveness – water quality complaints							
Number of complaints per 100 customers	0.20	0.20	0.0%		0.25	(20.0%)	2
# Customer responsiveness – number of payment issue complaints							
Number of complaints per 100 customers	0.13	0.17	30.8%	3	0.13	30.8%	3
* Customer responsiveness – total complaints							
Number of complaints per 100 customers	0.46	0.51	10.9%	4	0.50	2.0%	

Note for Customer responsiveness performance indicators

a Water bills are based on the commitment made to our economic regulator, the Essential Services Commission (ESC). These are based on specific price pathways until 30 June 2024 for both the central (previous CWW) and western (previous WW) regions. A decrease in customer bills has been interpreted to be a favourable variance, as this indicator is based on customer focus rather than financial factors and reflects ESC price determination position and water corporation's commitment to keep bills affordable for customers.

b An increase in customers on flexible payment plans in these indicators has been interpreted to be a favourable variance, as this indicator is based on customer focus rather than financial factors and reflects the position that customers consistently support greater help for vulnerable customers, including those in hardship. This is also consistent with government policy.

- Whilst there has been a significant decrease in the overall total number of customers participating in hardship programs in 2023, GWW does not necessarily need to utilise a hardship grant in every case. A decrease in customers provided with hardship assistance in these indicators has been interpreted to be an unfavourable variance, as this indicator is based on customer focus rather than financial factors and reflects the position that customers consistently support greater help for vulnerable customers, including those in hardship. This is also consistent with government policy.
Historically, hardship grants have also been given to offset growing debt on a water account due to customers having to pay for plumbers and other unexpected expenses related to a water inefficiency that were not within the scope of the previous funding arrangements. The Community Rebate Program allowance per property from DEECA increased from \$750 to \$1,000 per property in 2023. This has allowed customers to focus on meeting their obligations to their agreed payment arrangements, rather than needing to also contribute to additional plumbing costs, and therefore not requiring a hardship grant as well.
- Number of water quality complaints per 100 customers for 2023 is consistent with 2022 and is lower than **target** mainly due to a higher target set for 2023 which was based on unfavourable historical data.
- The number of payment issue complaints for 2023 increased in comparison to 2022 and compared to **target** mainly due to customers experiencing cost-of-living pressures including inflation and interest rate rises.
- The number of total complaints for 2023 increased in comparison to 2022 and this was mainly due to the increase in complaints relating to water and sewerage, payment issues and other complaints.

Performance report

(continued)

Environmental performance indicator

Key performance indicator	2022 Result	2023 Result	% Variance to prior year	Notes	2023 Target	% Variance to target	Notes
# Recycled water – effluent treatment and reuse							
Proportion of water recycled as a percentage of the volume of effluent produced	33.2%	31.4%	(5.4%)	5	40.0%	(21.5%)	5

5. Variance to the KPI compared with **target** is mainly due to lower recycled water consumption resulting from the wetter than usual season in 2023.

Denotes existing 2021-22 performance KPIs but have had definitions amended in 2022-23 to bring into line with Essential Services Commission (ESC) definitions.

* Denotes new performance KPIs based on existing ESC definitions and not applicable (n/a) for 2022-23 target.

The following KPIs have been removed from the 2022-23 Performance Report to better align water corporations with ESC reporting indicators:

- Total net CO₂ emissions (information available in Ministerial Reporting Direction 01 Climate Change) – see page 28.
- Sewer spills interruptions
- Restoration of unplanned water supply interruption

Certification of Performance Report

We certify that the accompanying Performance Report of Greater Western Water in respect of the 2023 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 2023 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

Melbourne
22 August 2023



Maree Lang
Managing Director



Linda Watts
Chief Financial Officer



Independent Auditor's Report

To the Board of the Greater Western Water Corporation

Opinion	<p>I have audited the accompanying performance report of the Greater Western Water Corporation (the corporation) for the year ended 30 June 2023, which comprises the:</p> <ul style="list-style-type: none"> • financial performance indicators • water and sewerage network reliability performance indicators • customer responsiveness performance indicators • environmental performance indicator • certification of performance report. <p>In my opinion, the performance report of the Greater Western Water Corporation for the year ended 30 June 2023 presents fairly, in all material respects, in accordance with the performance reporting requirements of Part 7 of the <i>Financial Management Act 1994</i>.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the performance report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the corporation in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance report in Victoria and have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the performance report	<p>The Board is responsible for the preparation and fair presentation of the performance report in accordance with the performance reporting requirements of the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of the performance report that is free from material misstatement, whether due to fraud or error.</p>

**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
31 August 2023



Paul Martin
as delegate for the Auditor-General of Victoria

Financial report

Comprehensive Operating Statement

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- 1.3 Changes and alignment in accounting policies
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Comprehensive Operating Statement

For the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Income			
Revenue from customers	2.1	931,415	878,022
Other income	2.6	1,697	6,347
Total income		933,112	884,369
Expenses			
Bulk charges	3.2	(347,624)	(346,428)
Environmental contribution	4.5.1	(33,912)	(33,912)
Employee benefits	3.3.1	(98,840)	(86,932)
Depreciation and amortisation	5.1, 5.5, 5.9	(96,598)	(93,429)
Finance expenses	7.1.2	(91,263)	(84,293)
Other operating expenses	3.5	(151,766)	(123,474)
Revaluation adjustment of infrastructure assets	3.6, 5.1	(49,110)	(865,392)
Total expenses		(869,113)	(1,633,860)
Profit/(Loss) before income tax expense		63,999	(749,491)
Income tax (expense)/benefit	4.1	(17,905)	224,513
Profit/(Loss) after income tax expense		46,094	(524,978)
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss			
Increase/(decrease) in physical asset revaluation surplus due to revaluation of assets	5.1	-	10,826
Actuarial gain/(loss) on defined benefit superannuation plan	3.3.3	641	2,439
Deferred income tax relating to components of other comprehensive income	4.1	(192)	(4,758)
Other comprehensive income after tax		449	8,507
Total comprehensive income after tax		46,543	(516,471)

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

Balance Sheet

As at 30 June 2023

	Note	2023 \$'000	2022 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	7.2	10,497	5,196
Receivables	6.1	159,829	147,256
Inventory	6.5	1,531	1,409
Other financial assets	8.3.1	-	1,879
Other non-financial assets	6.6	9,486	12,863
Total current assets		181,343	168,603
Non-current assets			
Infrastructure, property, plant and equipment	5.1	3,319,843	3,100,488
Intangible assets	5.5	199,446	186,785
Right-of-use assets	5.9	88,534	87,810
Defined benefit superannuation asset	3.3.3	9,580	9,071
Other financial assets	6.1	60	74
Other non-financial assets	6.6	808	-
Total non-current assets		3,618,271	3,384,228
TOTAL ASSETS		3,799,614	3,552,831
LIABILITIES			
Current liabilities			
Payables	6.2	153,148	154,930
Advances and deposits	6.3	22,025	21,871
Borrowings	7.1	3,370	14,916
Current tax liability	4.3	2,546	-
Provision for employee benefits	3.3.2	20,021	20,389
Contract liabilities	6.4	32,789	33,392
Other provisions	6.7	5,742	12,116
Other financial liability	6.8	1,719	-
Dividend payable	4.4	24,989	-
Total current liabilities		266,349	257,614
Non-current liabilities			
Borrowings	7.1	2,395,024	2,177,697
Deferred tax liabilities	4.2.2	38,301	46,463
Provision for employee benefits	3.3.2	3,178	3,031
Contract liabilities	6.4	-	2,549
Total non-current liabilities		2,436,503	2,229,740
TOTAL LIABILITIES		2,702,852	2,487,354
NET ASSETS		1,096,762	1,065,477
EQUITY			
Contributed equity	9.3.1	1,017,371	1,007,640
Physical asset revaluation surplus	9.3.2	60,509	60,509
Retained profits	9.3.3	18,882	(2,672)
TOTAL EQUITY		1,096,762	1,065,477

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

Statement of Changes in Equity

For the year ended 30 June 2023

		Contributed equity \$'000	Physical asset revaluation surplus \$'000	Retained profits \$'000	Total equity \$'000
	Note				
Opening balance at 1 July 2021		220,110	55,042	525,566	800,718
Integration of Western Water	9.3.1	809,781	-	-	809,781
Opening balance at 1 July 2022 –GWW		1,029,891	55,042	525,566	1,610,499
Comprehensive income for the year					
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	1,703	8,507
Total comprehensive income after tax		-	6,804	(523,275)	(516,471)
Transactions with the State in its capacity as owner					
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	-
Total transactions with the State in its capacity as owner		(22,521)	(1,337)	(4,963)	(28,551)
Closing balance at 30 June 2022		1,007,640	60,509	(2,672)	1,065,477
Opening balance at 1 July 2022		1,007,640	60,509	(2,672)	1,065,477
Comprehensive income for the year					
Profit after income tax expense	9.3.3	-	-	46,094	46,094
Other comprehensive income after tax	9.3.2, 9.3.3	-	-	449	449
Total comprehensive income after tax		-	-	46,543	46,543
Transactions with the State in its capacity as owner					
Dividends payable	4.4	-	-	(24,989)	(24,989)
Asset received as contributed equity	9.3.1	4,431	-	-	4,431
Capital contribution	9.3.1	5,300	-	-	5,300
Total transactions with the State in its capacity as owner		9,731	-	(24,989)	(15,258)
Closing balance at 30 June 2023		1,017,371	60,509	18,882	1,096,762

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 2023

	Note	2023 \$'000	2022 \$'000
Cash flows from operating activities			
Receipts			
Receipts from customers, developers and others		815,294	793,081
Goods and Services Tax refunded by the Australian Taxation Office ¹		39,564	27,992
Interest received	2.6	580	68
Government Water Rebate received		6	22
Payments			
Payments to suppliers and employees ²		(650,589)	(540,460)
Interest and other finance costs paid		(90,004)	(84,792)
Income tax paid		(22,091)	(40,829)
Environmental Contribution paid		(42,390)	(32,895)
Flood rebates		(175)	-
Net cash inflow from operating activities	7.2.1	50,195	122,187
Cash flows from investing activities			
Payments for infrastructure, property, plant, equipment, and intangibles		(250,903)	(244,558)
Proceeds from sale of infrastructure, property, plant, equipment and intangibles		955	2,702
Net cash outflow from investing activities		(249,948)	(241,856)
Cash flows from financing activities			
Proceeds from borrowings (new and refinanced)		499,263	407,127
Repayment of borrowings (paid down and refinanced)		(296,513)	(248,377)
Principal element of lease liability		(2,996)	(3,000)
Capital repatriation		-	(35,880)
Capital contribution	9.3.1	5,300	4,700
Dividends paid		-	(6,300)
Net cash inflow from financing activities		205,054	118,270
Net increase/(decrease) in cash and cash equivalents		5,301	(1,399)
Cash and cash equivalents at the beginning of the financial year		5,196	3,526
Cash and cash equivalents upon WW integration at beginning of the financial year		-	3,069
Cash and cash equivalents at the end of the financial year	7.2	10,497	5,196

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

2. Includes payment of \$279,348 (2022: \$394,405) in respect of variable lease payments, \$304,837 (2022: \$261,814) for short-term leases and \$31,781 (2022: \$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 2023

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 2023 is 36 Macedon Street, Sunbury 3429.

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. GWW 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 and estimates require assumptions to be made about highly uncertain external factors such as discount rates, probability factors, the effects of inflation, changing technology, political and social trends and climate change. The significant judgements made in the preparation of these financial statements are disclosed in Note 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.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

1. About this report (continued)

Going Concern

GWW's net current assets/current liabilities position was a ratio of 0.680 as at 30 June 2023 (2022: 0.654). GWW has \$106.5 million 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

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 GWW on 22 August 2023.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

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 GWW's Customer Charter. GWW collects revenue from residential and business customers, developers and others in order to fulfil its purpose to deliver 'trusted water services for our communities and future generations'.

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 GWW, and specific criteria have been met for each of GWW'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	2023 \$'000	2022 \$'000
Sale of goods and services	2.2	722,448	689,216
Developer contributions	2.3	178,971	160,687
Other revenue	2.4	29,996	28,119
Total revenue from customers		931,415	878,022

2.2 Sales of goods and services

	2023 \$'000	2022 \$'000
Service charges – water	128,651	126,630
Usage charges – water	315,417	308,313
Service charges - sewerage	170,942	155,284
Disposal charges – sewage	68,541	62,152
Trade waste charges	30,968	28,717
Recycled water charges	7,520	7,918
Water trading revenue	409	202
Total sales of goods and services revenue	722,448	689,216

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

2. Funding delivery of services (continued)

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

GWW has an ongoing obligation to provide water and sewerage services to customers in its area. GWW 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

	2023 \$'000	2022 \$'000
Developer contributed assets	94,721	95,095
Developer cash contributions	84,250	65,592
Total developer contributions	178,971	160,687

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 with ongoing maintenance costs recognised by GWW in operating expenditure. In accordance with the requirements of AASB 15 - Revenue from Contracts with Customers, the developer contributed assets are recognised as revenue 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 GWW 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 GWW.

The 'gifted' assets by their nature are non-cash but GWW is required to pay both tax and dividends on these items as they form part of GWW's accounting profit. These assets however, do not form part of GWW's regulatory asset base so GWW cannot earn customer revenue in respect of them.

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:

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

2. Funding delivery of services (continued)

- 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 GWW's network.

The point in time when GWW 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 \$1,191,900 (2022: \$1,233,900).

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

2.4 Other revenue

	2023 \$'000	2022 \$'000
Fees and charges	19,773	19,203
Works and services provided to third parties	8,315	7,886
Other	1,908	1,030
Total other revenue	29,996	28,119

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 GWW'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 Energy Environment and Climate Action (DEECA) 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 2023

2. Funding delivery of services (continued)

2.5 Timing of recognition of revenue from customers

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

	At a point in time \$'000	Over time \$'000	Total \$'000
2022			
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
Total revenue from customers	181,122	696,900	878,022

	At a point in time \$'000	Over time \$'000	Total \$'000
2023			
Service charges – water	-	128,651	128,651
Usage charges – water	-	315,417	315,417
Service charges – sewerage	-	170,942	170,942
Disposal charges – sewerage	-	68,541	68,541
Trade waste charges	-	30,968	30,968
Recycled water charges	-	7,520	7,520
Water trading revenue	409	-	409
Developer contributions	178,971	-	178,971
Other revenue	21,681	8,315	29,996
Total revenue from customers	201,061	730,354	931,415

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

2. Funding delivery of services (continued)

2.6 Other income

	2023 \$'000	2022 \$'000
Interest income	580	69
Rental income	247	601
Net gain on sale of non-current physical assets	778	1,125
Sales to Zero Emissions Water (ZEW)	-	5
Fair value adjustment of ZEW financial derivative	-	4,547
Compensation from ZEW	92	-
Total other income	1,697	6,347

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 and derivative income relate to GWW's investment in ZEW. Compensation from ZEW received during the reporting period was due to under-performance of actual generation which was less than the minimum generation over the calendar year. Refer note 8 for details of fair value measurement of financial derivatives and note 9.2 for further details on the arrangement between GWW and ZEW.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

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 decrement of infrastructure assets

3.1 Summary of cost of delivering services

	Note	2023 \$'000	2022 \$'000
Bulk charges	3.2	347,624	346,428
Employee benefits in the Comprehensive Operating Statement	3.3.1	98,840	86,932
Other operating expenses	3.5	151,764	123,474
Total cost of delivering services		598,228	556,834

3.2 Bulk charges

	2023 \$'000	2022 \$'000
Bulk water and sewerage charges	340,963	334,962
Water purchases	6,661	11,466
Total bulk charges	347,624	346,428

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 15th of the month to which they refer. Any variable charges that remain outstanding at period end are accrued.

Water purchase costs 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 purchase costs are 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 2023

3. Cost of delivering services (continued)

3.3 Employee benefits

3.3.1 Employee benefits in the Comprehensive Operating Statement

	2023 \$'000	2022 \$'000
Salaries and wages, annual leave and long service leave	88,966	77,234
Accumulation fund superannuation expense	8,967	7,539
Defined benefit superannuation expense	132	436
Termination benefits	775	1,723
Total employee benefits in the comprehensive operating statement	98,840	86,932

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 \$19,884,770 (2022: \$10,802,000) relating to Software as a Service (SaaS) salaries and wages, predominantly related to the current implementation of the new Billing and Collections system.

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 2023

3. Cost of delivering services (continued)

3.3.2 Employee benefits in the Balance Sheet

	2023 \$'000	2022 \$'000
Provision for employee benefits		
Current		
Annual leave unconditional and expected to be paid within 12 months	5,440	4,999
Annual leave unconditional and expected to be paid after 12 months	1,908	2,036
Long service leave unconditional and expected to be paid within 12 months	1,899	1,849
Long service leave unconditional and expected to be paid after 12 months	8,232	7,312
On costs unconditional and expected to be paid within 12 months	318	305
On costs unconditional and expected to be paid after 12 months	1,377	1,207
Other employee benefits	847	2,681
Provision for employee benefits – current	20,021	20,389
Non-current		
Long service leave conditional	2,722	2,602
On costs conditional	456	429
Provision for employee benefits – non-current	3,178	3,031
Total provision for employee benefits	23,199	23,420

Reconciliation of movement in provision for employee benefits

	2023 \$'000	2022 \$'000
Opening balance	23,420	17,022
Integration of WW at beginning of the year	-	6,136
Additional provisions recognised	10,381	9,223
Movements due to transfers in/(out)	(46)	139
Reductions arising from payments/other sacrifices of economic benefits	(10,556)	(9,100)
Closing balance	23,199	23,420

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

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 recognised in the provision for employee benefits as current liabilities as GWW 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 GWW 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. Probability factors, discount rates and wage and salary growth assumptions are provided by the Department of Treasury and Finance (DTF) as part of its long service leave model for the Victorian public sector agencies to assist with calculations.

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.

On costs, such as payroll tax, superannuation and workers' compensation insurance, are not employee benefits. They are disclosed separately as a component of the provision for employee benefits when the employment to which they relate has occurred. A liability is recognised and is measured as the aggregate of the amounts accrued under the terms of the contracts to balance date.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

3. Cost of delivering services (continued)

3.3.3 Superannuation

All GWW employees are members of either the Equipsuper 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 Equipsuper fund or the Vision Super fund. All new GWW employees must join an accumulation fund.

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 GWW. 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% 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%. GWW's current funding ratio is 133.8%. As such, GWW is not currently required to contribute to the defined benefit superannuation plan.

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 2023

3. Cost of delivering services (continued)

	Fair value of plan assets \$'000	Defined benefit obligation \$'000	Net defined benefit liability/ (asset) \$'000
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)	-
Closing balance at 30 June 2022	25,696	16,625	(9,071)
Opening balance at 1 July 2022	25,696	16,625	(9,071)
Current service cost	-	472	472
Interest income	1,052	-	(1,052)
Interest expense	-	712	712
Actuarial return on plan assets less interest income	885	-	(885)
Contributions by plan participants	173	173	-
Actuarial (gains)/losses arising from changes in demographic assumptions	-	33	33
Actuarial (gains)/losses arising from changes in financial assumptions	-	(928)	(928)
Actuarial (gains)/losses arising from liability experience	-	1,139	1,139
Benefits paid	(2,907)	(2,907)	-
Taxes, premiums and expenses paid	(129)	(129)	-
Closing balance at 30 June 2023	24,770	15,190	(9,580)

Fair value of plan assets

	Total \$'000	Level 2 ¹ \$'000
As at 30 June 2023		
Investment funds	24,770	24,770
Total	24,770	24,770

1. 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 2023

3. Cost of delivering services (continued)

Significant actuarial assumptions at reporting date

	2023	2022
Assumptions to determine defined benefit cost		
Discount rate	4.4% p.a.	1.4% p.a.
Expected salary increase rate	3.0% p.a.	3.0% p.a.
Assumptions to determine defined benefit obligation		
Discount rate	5.3% p.a.	4.4% 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 - 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.

Sensitivity analysis

The defined benefit obligation as at 30 June 2023 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. discount rate	+0.5% p.a. discount rate	-0.5% p.a. salary increase rate	+0.5% p.a. salary increase rate
Discount rate	5.3% p.a.	4.8% p.a.	5.8% p.a.	5.3% p.a.	5.3% 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 ¹ (\$'000)	15,190	15,709	14,698	14,758	15,631

1. includes contributions tax provision.

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

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

3. Cost of delivering services (continued)

Expected contributions

GWW does not expect to make any employer contributions for the year ending 30 June 2023.

Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation as at 30 June 2023 is five years (30 June 2022, seven years).

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

	(\$'000)
30 June 2024	2,245
30 June 2025	2,064
30 June 2026	2,089
30 June 2027	1,761
30 June 2028	1,863
Following five years	8,969

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 2023 Triennial investigation

As at 30 June 2023, a triennial 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 104.1% (2022: 108.5%). The VBI is to be used as the primary funding indicator. As the VBI was above 100%, the 2023 triennial 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:

	2023 Interim investigation	2022 Triennial investigation
Net investment return	5.7% p.a.	5.5% p.a.
Salary inflation	3.5% p.a.	2.5% p.a. to 2023, 3.5% thereafter.
Price inflation	2.8%	3.0% p.a.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

3. Cost of delivering services (continued)

The 2022 interim actuarial investigation

An actuarial investigation is conducted annually for the Defined Benefit category of which GWW is a contributing employer. Generally, a full actuarial investigation is conducted every three years and interim actuarial investigations are conducted for each intervening year. An interim investigation was conducted as at 30 June 2022 and the previous full investigation was conducted as at 30 June 2020.

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

- a VBI surplus of \$44.6 million;
- a total service liability surplus of \$105.8 million; and
- a discounted accrued benefits surplus of \$111.9 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. At the time these financial statements were issued, no impact could be reliably estimated in respect of the 30 June 2023 fund position.

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

	2023 \$'000	2022 \$'000
Amounts received, or due and receivable by the auditor of GWW for the audit of the financial report:		
Victorian Auditor-General's Office	310	280
Total auditor's remuneration	310	280

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

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.

	2023 \$'000	2022 \$'000
Operating contracts	56,640	51,765
Information technology	31,681	22,660
Consulting	11,210	8,592
Billing and collection	6,693	7,110
Legal expenses	5,895	511
Energy	5,873	6,468
Facilities maintenance	5,291	4,473
Impaired receivables - refer Note 6	4,723	4,415
Chemicals	3,489	1,893
Insurance	3,481	2,504
Zero Emissions Water ²	3,271	571
Asset write-offs	2,285	3,183
Subscriptions	1,496	1,177
Licence fees	891	819
Other lease expense ¹	616	688
Grants and water conservation initiatives	188	361
Other expenses	8,043	6,284
Total other operating expenses	151,766	123,474

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.

Information technology expenditure relates to all operating expenses, maintenance contracts, licence fees and other costs associated with operating the information technology environment of GWW. The amount also includes \$16,146,000 (2022: \$8,723,000) relating to accounting for Software as a Service (SaaS), predominantly related to the implementation of the new Billing and Collections system.

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

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.

GWW 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.

1. Expenses in respect of contracts assessed as leases but which did not qualify for recognition as right-of-use assets are \$279,348 (2022: \$394,405) in respect of variable lease payments, \$304,837 (2022: \$261,814) for short-term leases, and \$31,781 (2022: \$31,781) for low-value leases.

2. Include fair value adjustment of \$3.6 million (Note 8.3) and CfD favourable derivative of \$327,000 (Note 8.31).

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

3. Cost of delivering services (continued)

3.6 Revaluation adjustment of infrastructure assets

	2023 \$'000	2022 \$'000
Revaluation due to integration of Western Water (WW) ¹	-	696,691
Annual revaluation for the year	49,110	168,701
Total revaluation adjustment	49,110	865,392

Annual revaluation for the year is in respect of the valuation of infrastructure assets determined in accordance with an independent valuation based on the income approach (discounted cash flow method). Refer to note 8.3.2.

1. In prior year, 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 was 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 by GWW did not change as a result of the adjustment. The total revaluation adjustment was \$703,049,000 of which \$6,358,000 was utilised from the GWW asset revaluation reserve. The valuation was done using the same valuation methodology as CWW in 2021.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

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

	2023 \$'000	2022 \$'000
Income tax expense		
Current tax	27,638	34,502
Deferred tax relating to temporary differences	(8,354)	(259,015)
Overprovision in prior year	(1,379)	-
Total income tax expense	17,905	(224,513)
Income tax expense is attributable to:		
Profit/(Loss) from continuing operations	17,905	(224,513)
Total income tax expense	17,905	(224,513)
Deferred income tax expense/(benefit) included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	(14,289)	(130,527)
Increase/(decrease) in deferred tax liabilities	5,935	(128,488)
Total deferred income tax expense/(benefit)	(8,354)	(259,015)
Reconciliation of income tax expense to prima facie tax payable		
Profit/(Loss) before income tax expense	63,999	(749,491)
Tax at the Australian tax rate of 30% (2022 30%)	19,200	(224,847)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	83	35
Non-deductible depreciation	887	1,185
Additional deductible expenses/non-assessable income	(886)	(886)
Overprovision in prior year	(1,379)	-
Total income tax expense	17,905	(224,513)
Deferred income tax recognised in other comprehensive income		
Gain/(loss) on revaluation of land and buildings	-	4,026
Actuarial gain/(loss) on defined benefit superannuation plan	192	732
Total deferred income tax recognised in other comprehensive income	192	4,758

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

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

	2023 \$'000	2022 \$'000
The balance of deferred tax assets comprises temporary differences attributable to:		
Amounts recognised in the Comprehensive Operating Statement		
Accrued expenses	254	208
Provisions	10,314	12,225
Amortisation of intellectual property	1	2
Business related costs	91	94
Lease liabilities	29,923	29,014
Fair Value Adjustment - ZEW	516	-
Fixed Assets – Infrastructure (Revaluation)	147,854	133,121
Total deferred tax assets	188,953	174,664
Movements:		
Opening balance at the start of financial year	174,664	41,487
Integration of WW at start of financial year	-	2,651
Credited/(charged) to the Comprehensive Operating Statement	14,289	130,526
Closing balance at the end of financial year	188,953	174,664
Deferred tax assets expected to be recovered within 12 months	30,785	29,318
Deferred tax assets expected to be recovered after more than 12 months	158,168	145,346
Total deferred tax assets	188,953	174,664
Set off of deferred tax assets pursuant to set off provisions	(188,953)	(174,664)
Net deferred tax assets	-	-

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

4. Statutory obligations (continued)

4.2.2 Deferred tax liabilities

	2023 \$'000	2022 \$'000
The balance of deferred tax liabilities comprises temporary differences attributable to:		
Amounts recognised in the Comprehensive Operating Statement		
Fixed assets – depreciation	137,818	130,652
Developer contributed assets	55,285	56,171
Fair value adjustment – ZEW	-	563
Right-of-use assets	26,560	26,343
Developer Revenue not assessable	18	18
Amounts recognised in equity		
Defined benefits actuarial gain	3,547	3,354
Land and buildings revaluation	4,026	4,026
Infrastructure assets revaluation	-	-
Total deferred tax liabilities	227,254	221,127
Movements:		
Opening balance at the start of the financial year	221,127	196,889
Integration of WW at the start of the financial year	-	147,969
(Credited)/charged to the Comprehensive Operating Statement	5,935	(128,489)
(Credited)/charged to equity	192	4,758
Closing balance at the end of financial year	227,254	221,127
Deferred tax liabilities expected to be settled after more than 12 months	227,254	221,127
Total deferred tax liabilities	227,254	221,127
Set off of deferred tax assets pursuant to set off provisions	(188,953)	(174,664)
Net deferred tax liabilities	38,301	46,463

4.3 Current tax liability

	2023 \$'000	2022 \$'000
Current tax liability	2,546	-
Total current tax liability	2,546	-

GWV's current tax liability is tax payable based on the current financial year's taxable income less any instalments paid during the year. In prior year, GWV was in a tax receivable position of \$1.6 million (Refer note 6.6).

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

4. Statutory obligations (continued)

4.4 Dividends

	2023 \$'000	2022 \$'000
Final dividend paid during 2022 in respect of 2021	-	6,300
Interim dividend payable in respect of 2023	24,989	-
Total dividends paid/declared	24,989	6,300

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.

The interim dividend for 2023 is recognised as a payable at 30 June 2023 and was paid on 31 July 2023. As the 2023 final dividend has not been determined by the Treasurer, it has not been provided for at reporting date.

The Treasurer determined that no dividend was paid in respect of 2022 as GWW had not made a profit.

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 is 1 July 2020 until 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 Department of Energy, Environment and Climate Action (DEECA). These contributions are recognised as expenses when they occur.

4.5.1 Environmental Contribution expense

	2023 \$'000	2022 \$'000
Environmental Contribution expense	33,912	33,912
Total Environmental Contribution expense	33,912	33,912

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

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 committed to pay to DEECA an Environmental Contribution of \$33.9 million for financial year 2023-2024.

	2023 \$'000	2022 \$'000
Not later than one year	33,912	33,912
Later than one year but not later than five years ¹	-	33,912
Total Environmental Contribution commitment	33,912	67,824

1. GWW's obligation in respect of subsequent tranches after financial year 2023-2024 has not been set, accordingly no amount is disclosed for periods later than one year.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

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

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

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

5.1 Infrastructure, property, plant and equipment

	Specialised Land \$'000	Non- specialised land \$'000	Non- specialised buildings \$'000	Infra- structure assets \$'000	Plant & equipment \$'000	Motor vehicles \$'000	Leasehold improve- ments \$'000	Works in progress \$'000	Total \$'000
2022									
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
Carrying amount at 1 July 2021 GWW	92,583	3,054	21,400	3,266,739	24,002	4,128	4,231	280,887	3,697,024
Additions	-	-	-	-	-	-	-	326,979	326,979
Developer contributed assets	-	-	-	95,095	-	-	-	(95,095)	-
Transfers (net) ¹	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 ²	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	-	-	-	-	-	-	-	-	-
Gross carrying amount at 30 June 2022	108,950	3,054	23,912	2,504,517	56,055	8,753	9,042	427,352	3,141,635
Accumulated depreciation at 30 June 2022	-	-	(2,210)	-	(28,331)	(5,350)	(5,256)	-	(41,147)
Carrying amount/fair value at 30 June 2022	108,950	3,054	21,702	2,504,517	27,724	3,403	3,786	427,352	3,100,488

1. Transfers are in respect of capitalisation of assets when they are ready for use and in service.

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 2023

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

	Specialised Land	Non-specialised land	Non-specialised buildings	Infra-structure assets	Plant & equipment	Motor vehicles	Leasehold improvements	Works in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2023									
Fair value at 1 July 2022	108,950	3,054	23,912	2,504,517	56,055	8,753	9,042	427,352	3,141,635
Accumulated depreciation at 1 July 2022	-	-	(2,210)	-	(28,331)	(5,350)	(5,256)	-	(41,147)
Carrying amount	108,950	3,054	21,702	2,504,517	27,724	3,403	3,786	427,352	3,100,488
Transfers ¹	-	-	-	92,421	-	-	-	(92,421)	-
Carrying amount at 1 July 2022	108,950	3,054	21,702	2,596,938	27,724	3,403	3,786	334,931	3,100,488
Additions	-	-	-	-	-	-	-	342,257	342,257
Developer contributed assets	-	-	-	94,721	-	-	-	(94,721)	-
Transfer of assets from Department of Transport and Planning	-	-	-	4,364	-	-	-	(4,364)	-
Transfers (net) ²	1,118	-	2,424	63,239	2,557	1,960	-	(71,298)	-
Revaluation decrement recognised in profit or loss (note 3.6)	-	-	-	(49,110)	-	-	-	-	(49,110)
Disposals (net)	-	-	-	(41)	-	(176)	-	-	(217)
Impairment (net)	-	-	-	-	-	-	-	(1,193)	(1,193)
Depreciation expense	-	-	(613)	(63,433)	(6,598)	(1,326)	(434)	-	(72,404)
Adjustment	-	-	-	-	-	-	22	-	22
Gross carrying amount at 30 June 2023	110,068	3,054	26,336	2,646,678	58,612	9,434	9,042	505,612	3,368,836
Accumulated depreciation at 30 June 2023	-	-	(2,823)	-	(34,929)	(5,573)	(5,668)	-	(48,993)
Carrying amount/fair value at 30 June 2023	110,068	3,054	23,513	2,646,678	23,683	3,861	3,374	505,612	3,319,843

1 Transfer of infrastructure assets are assets in service prior to 1 July 2022 which were transferred during the year.

2 Transfers are in respect of capitalisation of assets when they are ready for use and in service.

3 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 2023

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 GWW 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 \$1,000 inclusive of GST (2022 \$1,000).

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 2023.

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 \$19.5 million.

For financial years ended 30 June 2023 and 2022, management valuation of land was performed using VGV indices. As the difference in the fair value for 2023 is less than 10% of cumulative movement in the relevant fair value indicators, no adjustment is made to the fair value. For 2022 the management valuation led to an increment of \$16.3 million.

The carrying amount (cost less accumulated depreciation) of land and buildings exclusive of revaluations was \$45.8 million (2022 \$44.7 million) and \$21.6 million (2022 \$16.5 million) respectively.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

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 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. See note 8.3.2.

Had the infrastructure assets been accounted for on an historical cost basis, the carrying amount (cost less accumulated depreciation) of infrastructure assets, excluding revaluation would be \$3,570.6 million (2022 \$3,389.7 million).

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 2023

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

	2023 \$'000	2022 \$'000
Not later than one year	23,774	19,628
Later than one year but not later than five years	33,242	67,100
Total capital commitments	57,016	86,728

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.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

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

5.5 Intangible assets

	Software \$'000	Water entitle- ments \$'000	Other intangible assets \$'000	Works in progress \$'000	Total \$'000
2022					
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 ¹	-	-	-	(19,525)	(19,525)
Transfers (net) ²	3,225	-	(3,225)	-	-
Disposals (net)	(470)	-	-	-	(470)
Impairment (net)	-	-	-	(2,889)	(2,889)
Amortisation expense	(17,339)	-	(1,627)	-	(18,966)
Cost at 30 June 2022	167,193	103,023	10,529	24,862	305,607
Accumulated amortisation at 30 June 2022	(116,235)	-	(2,587)	-	(118,822)
Carrying amount at 30 June 2022	50,958	103,023	7,942	24,862	186,785

2023

Cost at 1 July 2022	167,193	103,023	10,529	24,862	305,607
Accumulated amortisation at 1 July 2022	(116,235)	-	(2,587)	-	(118,822)
Carrying amount at 1 July 2022 CWW	50,958	103,023	7,942	24,862	186,785
Additions	19,830	-	3,564	8,983	32,377
Impairment (net)	-	-	-	(931)	(931)
Amortisation expense	(16,607)	-	(2,178)	-	(18,785)
Cost at 30 June 2023	187,023	103,023	14,093	32,914	337,053
Accumulated amortisation at 30 June 2023	(132,842)	-	(4,765)	-	(137,607)
Carrying amount at 30 June 2023	54,181	103,023	9,328	32,914	199,446

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

2. Transfers are in respect of capitalisation of assets when they are ready for use and in service.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

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

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.

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 GWW with the right to access the cloud provider's application software over the contract period. As such GWW 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.

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.

GWW 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 providers' application software are recognised as operating expenses received as the costs do not meet the recognition criteria under AASB 138 Intangible Assets. 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 recognised as prepayments then 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.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

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

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 Water Connections Project. The metropolitan water retailers contributed \$300m to the \$1 billion Stage 1 investment, which was completed in 2013. GWW contributed \$100m to the Connections Project to fund 25GL in long-term average annual water savings. Water entitlements accrue to GWW as long-term savings are made under the Project. The Project was completed in 2020. Water entitlements accrue to GWW following 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 – could now be delivered, – with Traditional Owners also to benefit. The Minister issued water entitlements in the form of new bulk entitlements and was published in the Victorian Government Gazette G25 dated 23 June 2022 and came into effect on 1 July 2022. From the 2023 financial year, the new bulk entitlement sets out GWW's share is 30.5 GL, 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 carry over water in the Melbourne supply system to GWW at a cost of \$1,600,000. During 2019-20 Barwon Water assigned another 5,000ML of their carry over water in the Melbourne supply system to GWW 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 GWW 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 6,490ML (2022: 8,257ML) 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 (LGCs) of \$452,255 (2022: \$167,616) which are measured at cost as per GWW's policy choice as opposed to held for sale or surrender (in accordance with AASB 138 Intangible Assets), and will not be subject to amortisation, as the LGCs have an indefinite life. The LGC's will be retired when they are used for offsetting emissions.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

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

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.

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

	2023 \$'000	2022 \$'000
Not later than one year	18	-
Later than one year but not later than five years	565	-
Total capital commitments	583	-

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 2023

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

5.9 Right-of-use assets

This note provides information for leases where GWW is a lessee.

	Buildings \$'000	Land \$'000	Equipment \$'000	Total \$'000
2022				
As of 1 July 2021 CWW	89,672	1,664	1,916	93,252
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)
As at 30 June 2022	85,207	1,608	995	87,810
Cost	99,047	1,776	3,422	104,245
Accumulated depreciation	(13,840)	(168)	(2,427)	(16,435)
Carrying amount at 30 June 2022	85,207	1,608	995	87,810
2023				
As at 1 July 2022	85,207	1,608	995	87,810
Additions	5,693	-	458	6,151
Re-measurement	-	-	(18)	(18)
Depreciation	(4,647)	(56)	(706)	(5,409)
As at 30 June 2023	86,253	1,552	729	88,534
Cost	104,740	1,776	3,500	110,016
Accumulated depreciation	(18,487)	(224)	(2,771)	(21,482)
Carrying amount at 30 June 2023	86,253	1,552	729	88,534

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.

Re-measurement of the right-of-use asset is in respect of the variation of the IT lease. The addition for building is relating to the new lease agreement for the Sunbury office.

De-recognition of lease liability upon integration in prior year is in respect of aligning the accounting for leasing where a previous lease was recognised in the operating statement as a short-term lease upon integration with GWW.

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 2023

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

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

GWW 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. GWW 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.

Since 1 July 2019 leases have been 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 GWW.

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 GWW's incremental borrowing rate. Treasury Corporation of Victoria (TCV)/Department of Treasury's (DTF) calculator is used to determine the incremental borrowing rate. Information on the incremental borrowing rate is disclosed in note 7.1.

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 GWW is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While GWW 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 GWW.

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 2023

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 photocopiers with individual values less than \$10,000 when new.

GWW 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 GWW. 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 GWW and not by the respective lessor.

Residual value guarantee

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

Critical judgements in determining the lease term

In determining the lease term, GWW 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.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

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
- 6.8 Other financial liability

6.1 Receivables

	2023 \$'000	2022 \$'000
Contractual		
Contract assets	58,725	56,270
Trade receivables	103,641	90,594
Less: Expected credit loss allowance	(7,157)	(5,649)
Total contractual receivables	155,209	141,215
Statutory		
Trade receivables	4,665	6,100
Total statutory receivables	4,665	6,100
Other financial receivables	15	15
	159,889	147,330
Represented by		
Current receivables	159,829	147,256
Non- current receivables	60	74
	159,889	147,330

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 business 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 2023

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 a 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

	2023 \$'000	2022 \$'000
Opening balance at the start of the year	(5,649)	(4,662)
Integration of WW at the start of the year	-	(760)
Provision for expected credit loss recognised during the year	(4,723)	(4,415)
Contractual receivables written off during the year as uncollectible	3,215	4,188
Closing balance at the end of the year	(7,157)	(5,649)

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 2023. 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 \$'000	30-59 days \$'000	60-89 days \$'000	Greater than 90 days \$'000	Not impaired \$'000	Total \$'000
30 June 2022						
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)
Net carrying amount	44,539	9,960	3,869	23,758	2,819	84,945
30 June 2023						
Expected loss rate	0.1%	0.3%	0.9%	20.5%		
Gross carrying amount	50,001	11,791	4,769	34,282	2,798	103,641
Loss allowance	(31)	(33)	(43)	(7,050)	-	(7,157)
Net carrying amount	49,970	11,758	4,726	27,232	2,798	96,484

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

6. Other assets and liabilities (continued)

6.2 Payables

	2023 \$'000	2022 \$'000
Contractual		
Trade payables	124,022	128,375
Other payables	16,302	15,389
Deferred developer reimbursements	871	1,143
Sundry liabilities	1,970	1,369
Total contractual payables	143,165	146,276
Statutory		
Trade payables	3,131	2,161
Other payables	6,852	6,493
Total statutory payables	9,983	8,654
Total payables	153,148	154,930
Represented by		
Current payables	153,148	154,930

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.

6.2.1 Maturity analysis of contractual payables

	Carrying amount \$'000	Nominal Amount \$'000	1 Year or less \$'000	Over 1 Year \$'000	Total \$'000
2022					
Payables	146,276	146,276	146,276	-	146,276
Total contractual payables	146,276	146,276	146,276	-	146,276
2023					
Payables	143,165	143,165	143,165	-	143,165
Total contractual payables	143,165	143,165	143,165	-	143,165

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

6. Other assets and liabilities (continued)

6.3 Advances and deposits

	2023 \$'000	2022 \$'000
Advances and deposits	22,025	21,871
Total advances and deposits	22,025	21,871

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

6.4 Contract liabilities

	2023 \$'000	2022 \$'000
Contract liabilities	32,789	33,392
Total contract liabilities	32,789	33,392

Movement in contract liabilities

	2023 \$'000	2022 \$'000
Carrying amounts as at 1 July	33,392	22,250
Integration with WW as at 1 July	-	10,913
Add: Developers contribution received for performance obligations yet to be completed during the year	178,366	163,398
Less: Revenue recognised for the completion of performance obligation	(178,971)	(160,687)
Less: Non-current portion	-	(2,549)
Revenue from services deferred	2	67
Carrying amounts as at 30 June	32,789	33,392

Contract liabilities represent income received in advance of GWW 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 and any portion of services charges that are billed in advance and the performance obligation is not satisfied. Refer to Note 2.3 for details of these performance obligations.

6.5 Inventory

	2023 \$'000	2022 \$'000
Inventory (at cost)	1,531	1,409
Total inventory	1,531	1,409

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.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

6. Other assets and liabilities (continued)

6.6 Other non-financial assets

	2023 \$'000	2022 \$'000
Prepayments	8,723	8,969
Income tax refundable	-	1,622
Amounts in Trust	763	2,272
Other non-financial assets	808	-
Total other non-financial assets	10,294	12,863
Represented by		
Current	9,486	12,863
Non- current	808	-
	10,294	12,863

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.

6.7 Other provisions

	2023 \$'000	2022 \$'000
Current		
Insurance provision	-	282
Other sundry provisions	5,742	11,834
Total other provisions – current	5,742	12,116

	Insurance \$'000	VCAT Refunds \$'000	Magflow Refunds \$'000	Others \$'000	Total \$'000
Carrying amount as at 1 July 2022	282	4,335	4,661	2,838	12,116
Additional provisions recognised	-	-	-	421	421
Payments/other sacrifices of economic benefit	-	(157)	(4,265)	(437)	(4,859)
Write back of provisions	(282)	(1,654)	-	-	(1,936)
Carrying amount as at 30 June 2023	-	2,524	396	2,822	5,742

Other provisions are recognised when GWW 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.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

6. Other assets and liabilities (continued)

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.

6.8 Other financial liability

	2023 \$'000	2022 \$'000
Current		
Zero Emissions Water (ZEW) (Note 8.3.1)	1,719	-
Total other financial liability	1,719	-

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

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 GWW.

Structure

7.1 Borrowings

7.2 Cash flow information and balances

7.1 Borrowings

	2023 \$000	2022 \$000
Current		
Treasury Corporation of Victoria	-	12,000
Lease liabilities	3,370	2,916
Total current borrowings	3,370	14,916
Non-current		
Treasury Corporation of Victoria	2,298,650	2,083,900
Lease liabilities	96,374	93,797
Total non-current borrowings	2,395,024	2,177,697
Total borrowings	2,398,394	2,192,613

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 GWW 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 GWW 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 (2022 BBB).

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

7. Financing our operations (continued)

7.1.1 Maturity analysis of borrowings

				Nominal amount	
	Weighted average interest rate	Carrying Amount \$'000	1 year or less \$'000	Over 1 year \$'000	Total \$'000
2022					
Borrowings – fixed ¹	2.77%	2,063,900	155,250	1,908,650	2,063,900
Borrowings – floating ¹	0.27%	32,000	22,000	10,000	32,000
Borrowings – lease liabilities ²	2.38%	96,713	5,529	126,619	132,148
Total borrowings		2,192,613	182,779	2,045,269	2,228,048
2023					
Borrowings – fixed ¹	2.91%	2,298,650	201,000	2,097,650	2,298,650
Borrowings – floating ¹	0.00%	-	-	-	-
Borrowings – lease liabilities ²	2.42%	99,744	6,078	127,320	133,398
Total borrowings		2,398,394	207,078	2,224,970	2,432,048

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

	2023 \$'000	2022 \$'000
Finance expenses		
Interest on leases liabilities	2,679	2,722
Interest on TCV borrowings	61,911	55,093
Other interest ¹	-	714
Financial accommodation levy	27,218	25,737
Bank charges	22	27
Less: Provision for interest not required ¹	(567)	-
Total finance expenses	91,263	84,293

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 the interest component of lease payments. Finance expense is recognised in the period in which it is incurred and measured at fair value.

1. Other interest comprise interest component in respect of provision for refunds.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

7. Financing our operations (continued)

7.2 Cash flow information and balances

	2023 \$'000	2022 \$'000
Cash and cash equivalents		
Cash at bank	10,497	5,196
Total cash and cash equivalents	10,497	5,196

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

	2023 \$'000	2022 \$'000
Profit/(Loss) after income tax expense	46,094	(524,978)
Non-cash movements:		
Depreciation and amortisation of assets	96,598	93,429
Impaired receivables	4,723	4,415
Defined benefit superannuation fund expense	132	436
Asset impairments	2,462	4,760
Asset revaluation decrement	49,110	865,392
Net gain on disposal of non-current physical assets	(955)	(2,702)
Developer contributed assets	(94,721)	(95,095)
Movements in assets and liabilities:		
(Decrease)/increase in receivables	20,803	(33,266)
Decrease/(increase) in prepayments and other assets	1,990	(2,959)
Decrease/(increase) in inventories	(122)	1,661
Increase/(decrease) in payables	(65,447)	75,111
Increase/(decrease) in advances and deposits	154	4,884
Increase/(decrease) in contract liabilities	(2,821)	1,010
Increase/(decrease) in current tax liability	4,167	(6,335)
Increase/(decrease) in provision for employee benefits	(221)	261
Increase/(decrease) in other provisions	(3,396)	(4,826)
Increase/(decrease) in deferred tax liabilities	(8,355)	(259,011)
Net cash inflow from operating activities	50,195	122,187

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

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. 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 GWW 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.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

8. Risks, contingencies and valuation judgements (continued)

At the end of each reporting period, GWW 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*.

8.1.1 Categorisation of financial instruments

		At amortised cost		At fair value	
		Contractual financial assets - loans and receivables \$'000	Contractual financial liabilities \$'000	Contractual financial assets - loans and receivables \$'000	Contractual financial liabilities \$'000
	Note				
2022					
Financial assets					
Cash and cash equivalents	7.2	5,196	-	-	-
Receivables ¹	6.1	141,289	-	-	-
Investment in Zero Emissions Water ²	6.1	15	-	-	-
Financial derivative – ZEW ³	8.3	-	-	1,879	-
Total financial assets		146,500	-	1,879	-
Financial liabilities					
Payables ¹	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	-	-
Total financial liabilities		-	2,338,889	-	-
2023					
Financial assets					
Cash and cash equivalents	7.2	10,497	-	-	-
Receivables ¹	6.1	155,269	-	-	-
Investment in Zero Emissions Water ²	6.1	15	-	-	-
Total financial assets		165,781	-	-	-
Financial liabilities					
Payables ¹	6.2	-	143,165	-	-
Liability in Zero Emissions Water ²	6.8	-	1,719	-	-
Borrowings – fixed	7.1.1	-	2,298,650	-	-
Borrowings – floating	7.1.1	-	-	-	-
Borrowings – lease liabilities	7.1.1	-	99,744	-	-
Total financial liabilities		-	2,543,278	-	-

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 2023

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. GWW 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 GWW's relevant departments. The main purpose in holding financial instruments is to prudently manage GWW'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's capital management includes gearing in order to provide the State with adequate returns (dividends and capital repatriations) and to ensure GWW can fund its operations as a going concern.

GWW aims to maintain its gearing ratio below the Essential Services Commission's benchmark ratio of 60%. GWW's gearing ratio (debt which includes lease liabilities/total assets) for the year was 63.1% compared to 61.7% in 2022.

GWW's debt to regulatory asset base (RAB) target (excluding lease liabilities) is 73.7% or below. The target was achieved in 2023 with a debt to RAB of 71.7%.

GWW has an interest coverage target (measured as net cash flow from operations less net interest expense/net interest expense) of 2.5 times. This interest coverage for 2023 was 1.8 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, 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 2023

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. GWW's receivables balance consists of amounts due from a large number of residential customers as well as business 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 were adjusted. GWW is also continuously monitoring and assessing its credit risk profile due to the current economic

impacts affecting customers. The expected credit allowance after assessing the credit risk profile is disclosed in note 6.1.2.

GWW's other credit risk arises from in-the-money receipts due from the ZEW Purchase Price Accounting (PPA) Contracts for Difference derivative. GWW 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 GWW over the remaining PPA term.

At 30 June 2023, GWW has no other significant credit risk. There has been no material change to GWW's credit risk profile in 2023.

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 daily cashflows and Treasury Corporation of Victoria (TCV) 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 GWW'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 2023

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 GWW to limit the proportion of floating rate debt to a maximum of 30% 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

GWW uses the Contract for Difference derivative financial instrument to manage energy related commodities purchased in the normal course of business, and therefore entered into the ZEW PPA to minimise a portion of the price risk to GWW. GWW's sensitivity to price risk is set out below in the fair value determination for derivative financial liabilities.

8.1.3 Other risk - Climate related risk

Climate change is a risk to GWW. Climate change risk includes the physical risk which can cause direct damage to assets or property as a result of rising global temperatures as well as transition risks which arise from the transition to the low-carbon economy. At present, GWW is primarily exposed to climate change risk through extreme weather events such as bushfires, storms and drought which can affect our capability to supply water to our customers.

GWW has been actively planning and responding to climate change related risks through GWW business and corporate planning processes. GWW's Risk Management Framework recognises Climate Change and Environment as one of six strategic risks. GWW has developed a draft Climate Resilience Plan, to identify emerging risks and impacts from a changing climate to ensure GWW considers how to make its assets and the community we serve more resilient in the context of climate change.

GWW undertook a cross-organisational risk assessment exercise, based on previous work undertaken by City West Water and Western Water to identify emerging risks and impacts from a changing climate. A total of 79 risks were identified during the Phase 1 and 2 climate change workshops. 69 of these risks are physical climate risks, and ten are risks associated with the transition to a low carbon economy. These are known as 'Transition risks'. Two transition opportunities were also identified during the risk assessment. Bushfire, drought and extreme temperatures/heatwaves are the climate change variables associated with the greatest number of physical risks for GWW.

Other risks also include offsets pricing to the extent that GWW cannot eradicate fugitive emissions, such that it must buy offsets. These offsets may escalate in price as/when demand increases towards net zero commitment dates, and if water demand volatility and exposure to floods is experienced.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

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 GWW's sensitivity to interest rate risk is set out in the table below.

	Note	Weighted Average interest rate	1 Year or less \$'000	Over 1 year \$'000	Non- Interest bearing \$'000	Total \$'000
2022						
Financial assets						
Cash and cash equivalents	7.2	1.03%	5,196	-	-	5,196
Receivables ¹	6.1		-	74	141,215	141,289
Zero Emissions Water			-	-	1,879	1,879
Investment in Zero Emissions Water			-	-	15	15
Total financial assets			5,196	74	143,109	148,379
Financial liabilities						
Payables ¹	6.2		-	-	146,276	146,276
Borrowings – fixed	7.1.1	2.77%	-	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
Total financial liabilities			24,916	2,167,697	146,276	2,338,889

1. Does not include statutory receivables or payables.

2023

Financial assets						
Cash and cash equivalents	7.2	4.27%	10,497	-	-	10,497
Receivables ¹	6.1		-	60	155,209	155,269
Investment in Zero Emissions Water			-	-	15	15
Total financial assets			10,497	60	155,224	165,781
Financial liabilities						
Payables ¹	6.2		-	-	143,165	143,165
Borrowings – fixed	7.1.1	2.91%	-	2,298,650	-	2,298,650
Borrowings – floating	7.1.1	0.00%	-	-	-	-
Borrowings – lease liabilities	7.1.1	2.42%	3,370	96,374	-	99,744
Liability in Zero Emissions Water	6.8		1,719	-	-	1,719
Total financial liabilities			5,089	2,395,024	143,165	2,543,278

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

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 \$'000	Interest rate risk			
			-0.5%		+0.5%	
			Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
2022						
Financial assets						
Cash and cash equivalents ¹	7.2	5,196	100	100	100	100
Receivables ²	6.1	141,289	-	-	-	-
Investment in Zero Emissions Water ⁵		15	-	-	-	-
Zero Emissions Water		1,879				
Total financial assets		148,379	(100)	(100)	100	100
Financial liabilities						
Payables ²	6.2	146,276	-	-	-	-
Borrowings-- TCV ³	7.1	2,095,900	10,480	10,480	(10,480)	(10,480)
Borrowings-- lease liabilities ⁴	7.1	96,713	484	484	(484)	(484)
Total financial liabilities		2,338,889	10,964	10,964	(10,964)	(10,964)
Total increase/(decrease)			10,864	10,864	(10,864)	(10,864)
2023						
Financial assets						
Cash and cash equivalents ¹	7.2	10,497	(64)	(64)	64	64
Receivables ²	6.1	155,269	-	-	-	-
Investment in Zero Emissions Water ⁵	6.8	15	-	-	-	-
Total financial assets		165,781	(64)	(64)	64	64
Financial liabilities						
Payables ²	6.2	143,165	-	-	-	-
Zero Emissions Water	6.8	1,719	-	-	-	-
Borrowings-- TCV ³	7.1	2,298,650	11,493	11,493	(11,493)	(11,493)
Borrowings-- lease liabilities ⁴	7.1	99,744	499	499	(499)	(499)
Total financial liabilities		2,543,278	11,992	11,992	(11,992)	(11,992)
Total increase/(decrease)			11,928	11,928	(11,928)	(11,928)

1. Calculation is based on average cash holdings of \$12.76 million (2022 \$19.9 million).

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 2023

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.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

8. Risks, contingencies and valuation judgements (continued)

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).

	2023 \$'000	2022 \$'000
Quantifiable contingent assets		
Water supply assets under construction	27,178	21,014
Sewerage assets under construction	66,017	45,242
Water supply assets committed to	34,232	20,317
Sewerage assets committed to	50,522	16,795
Total quantifiable contingent assets	177,949	103,368

Bulk water entitlements - Carry-over water

GWW holds bulk water entitlements that allow for a carry-over 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 2023 was 318,465ML (2022 362,766ML).

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 2023 (for the 2024 reporting period).

	2023 \$'000	2022 \$'000
Quantifiable contingent liabilities		
Reimbursement for water supply assets	30,299	15,675
Reimbursement for sewerage assets	48,074	11,723
Total quantifiable contingent liabilities	78,373	27,398

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 GWW's legal position.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

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 2023

8. Risks, contingencies and valuation judgements (continued)

Fair value of financial instruments measured at amortised cost and fair value hierarchy measurements

	Note	Carrying amount \$'000	Fair Value At amortised cost \$'000	Fair value measurement using		
				Level 1 \$'000	Level 2 ⁴ \$'000	Level 3 ⁵ \$'000
2022						
Financial assets						
Cash and cash equivalents	7.2	5,196	5,196	-	-	-
Receivables ¹	6.1	141,289	141,289	-	-	-
Investment in						
Zero Emissions Water	6.1	15	15	-	-	-
Zero Emissions Water	8.3.1	1,879	1,879	-	-	1,879
Total financial assets		148,379	148,379	-	-	1,879
Financial liabilities						
Payables ¹	6.2	146,276	146,276	-	-	-
Borrowings - TCV ²	7.1	2,095,900	1,960,717	-	-	-
Borrowings - lease liabilities	7.1	96,713	96,713	-	-	-
Total financial liabilities		2,338,889	2,203,706	-	-	

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.

2023

Financial assets

Cash and cash equivalents	7.2	10,497	10,497	-	-	-
Receivables ¹	6.1	155,269	155,269	-	-	-
Investment in						
Zero Emissions Water	6.1	15	15	-	-	-
Total financial assets		165,781	165,781	-	-	-
Financial liabilities						
Payables ¹	6.2	143,165	143,165	-	-	-
Borrowings - TCV ²	7.1	2,298,650	2,139,761	-	-	-
Borrowings - lease liabilities	7.1	99,744	99,744	-	-	-
Zero Emissions Water	6.8	1,719	1,719	-	-	1,719
Total financial liabilities		2,543,278	2,384,389	-	-	1,719

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

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 GWW's Contract for Difference (CfD) derivative is valued using unobservable inputs such as future wholesale electricity prices provided by DEECA's independent advisor and comparable risk-free rates of zero coupon government bonds obtained from the Reserve Bank of Australia. The assumptions underpinning the estimate of future wholesale electricity prices included factors influencing supply and demand fluctuations, and the economic impact of coronavirus (COVID-19). In addition, assumptions are applied to forecast the renewable energy generation volumes over the life of the derivative instrument. The CfD recognised during the year as favourable was \$327,000.

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

Reconciliation of Level 3 fair value

Financial asset/(liability) at fair value through profit or loss

	2023 \$'000	2022 \$'000
Opening balance	1,879	(329)
Integration of WW	-	(1,905)
Net gains/(losses) recognised in profit or loss	(3,598)	4,113
Closing balance	(1,719)	1,879

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

8. Risks, contingencies and valuation judgements (continued)

Description of significant unobservable inputs to Level 3 valuations for 2023

	Valuation technique	Significant unobservable inputs	2023 range (weighted average)	Sensitivity of fair value measurement to changes in significant unobservable inputs
Zero Emissions Water	Income approach (discounted cash flow)	Wholesale electricity price forecasts	\$13.16/MWh to \$60.09/MWh	An increase/(decrease) in the wholesale electricity price forecasts of 10% would result in an increase/(decrease) fair value by \$351,715/(\$351,715).
		Discount rate – risk free rates of zero coupon government bonds	(\$29.69/MWh)	An increase/(decrease) in the discount rate of 1% would result in an increase/(decrease) fair value by \$87,452/(\$91,419).
		Credit value adjustment – Australian Corporate Bond Spreads and Yields FNFSBBB10M	3.952% to 4.3678% (4.0534%)	An increase/(decrease) in the credit value adjustment of 1% would result in an increase/ (decrease) fair value by \$87,452/ (\$91,419).
			223.58	

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
Zero Emissions Water	Income approach (discounted cash flow)	Wholesale electricity price forecasts	\$34.05/MWh to \$130.95/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	(\$58.97/MWh)	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	0.85% to 19.452% (6.315%)	An increase/(decrease) in the credit value adjustment of 1% would result in an increase/ (decrease) fair value by \$5,553/ (\$4,810).
			322.80	

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

8. Risks, contingencies and valuation judgements (continued)

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.

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%. 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 prior 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 2023. 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. Since 2021, the financial markets have been subject to higher volatility in comparison to the prior years as a result of COVID-19. The valuation assumptions and projections include economic uncertainty and inflation in 2023 post COVID-19 and the Russia/Ukraine conflict that have an effect on the weighted average cost of capital, and future budgets and forecasts. In addition, the valuation in 2023 was also affected by increases in the risk-free rate, cost of equity and cost of debt.

The 2023 valuation resulted in a decrement of \$49.1 million compared to a decrement of \$168.7 million in 2022 (Refer to note 3.6).

In the prior year, 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 \$703 million 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 2023

8. Risks, contingencies and valuation judgements (continued)

Fair value of non-financial physical assets

	Carrying Amount \$'000	Fair value measurement using:		
		Level 1 ¹ \$'000	Level 2 ² \$'000	Level 3 ³ \$'000
2022				
Freehold land at fair value	112,004	-	-	-
Non-specialised land	-	-	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
Total infrastructure, property, plant and equipment	2,673,136	-	24,756	2,648,380

2023				
Freehold land at fair value	113,122	-	-	-
Non-specialised land	-	-	3,054	-
Specialised land	-	-	-	110,068
Non-specialised buildings at fair value	23,513	-	23,513	-
Infrastructure assets at fair value	2,646,678	-	-	2,646,678
Plant and equipment at fair value	23,683	-	-	23,683
Motor vehicle at fair value	3,861	-	-	3,861
Leasehold improvements at fair value	3,374	-	-	3,374
Total infrastructure, property, plant and equipment	2,814,231	-	26,567	2,787,663

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 2023

8. Risks, contingencies and valuation judgements (continued)

Reconciliation of Level 3 fair value movements

	Specialised land \$'000	Infra- structure assets \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Leasehold improve- ments \$'000
2022					
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)	-
Developer contributed assets	-	95,095	-	-	-
Transfers from work in progress	106	75,498	8,866	901	-
Depreciation	-	(61,020)	(5,144)	(1,402)	(445)
Impairment	-	-	-	-	-
Revaluation increment/(decrement) (Note 3.6)	-	(865,392)	-	-	-
Subtotal	92,689	2,510,875	27,724	3,403	3,786
Revaluation increment/(decrement) in other comprehensive income	16,261	(6,358)	-	-	-
Closing balance at 30 June 2022	108,950	2,504,517	27,724	3,403	3,786
2023					
Opening balance at 1 July 2022	108,950	2,504,517	27,724	3,403	3,786
Purchases (sales)	-	(41)	-	(177)	-
Developer contributed assets	-	94,721	-	-	-
Transfer of assets from Department of Transport and Planning	-	4,364	-	-	-
Transfers from work in progress	1,118	155,660	2,557	1,960	-
Adjustment	-	-	-	-	22
Depreciation	-	(63,433)	(6,598)	(1,326)	(434)
Impairment	-	-	-	-	-
Revaluation increment/(decrement) (Note 3.6)	-	(49,110)	-	-	-
Closing balance at 30 June 2023	110,068	2,646,678	23,683	3,861	3,374

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

8. Risks, contingencies and valuation judgements (continued)

Description of significant unobservable inputs to Level 3 valuations

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)	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 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 2023

8. Risks, contingencies and valuation judgements (continued)

2023

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)	4.9% - 5.3 % (5.1%)	An increase or decrease of 0.25% in the estimated discount rate would result in a decrease of \$70.7m or an increase of \$109m to the valuation.
		Terminal value exit RAB multiple	1.15x to 1.25x (1.20x)	An increase or decrease in the estimated terminal value exit RAB multiple of 0.05x would result in an increase of \$173m or a decrease of \$174m to the valuation.
		Inflation rate	2.5% (2.5%)	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	\$330.037m to \$427.439m (\$378.738m)	A significant increase or decrease in the terminal value exit RAB capital expenditure would result in a significantly higher or lower fair value.
		Useful life	3 - 350 years (83 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 (\$14,360)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
		Useful life	3 - 50 years (20 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	\$22,047 - \$58,163 (\$40,431)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
		Useful life	5 years (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	\$1,426 - \$724,000 (\$170,607)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
		Useful life	10 - 20 years (15 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 2023

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.

Assumption	2022	
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%

Assumption	2023	
Exit RAB +/- 0.10x	-13.1%	13.1%
Exit RAB +/- 0.05x	-6.6%	6.6%
Discount rate +/- 0.50%	-6.6%	6.9%
Discount rate +/- 0.25%	-2.7%	4.1%

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 prior 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 2023

9. Other disclosures

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 during the 2023 financial year were as follows:

The Hon. Harriet Shing MP	Minister for Water	1 July 2022 - 30 June 2023
Mr David Middleton	Chair	1 July 2022 - 30 June 2023
Ms Maree Lang	Managing Director	1 July 2022 - 30 June 2023
Mr Matthew Burns	Director	1 July 2022 - 30 June 2023
Dr Bruce Cohen	Director	1 July 2022 - 30 June 2023
Ms Claire Filson	Director	1 July 2022 - 30 June 2023
Ms Tania Fryer	Director	1 July 2022 - 30 June 2023
Ms Liza McDonald	Director	1 July 2022 - 30 June 2023
Ms Llewellyn Prain	Director	1 July 2022 - 30 June 2023
Mr Efim Thatcher	Director	1 July 2022 - 30 June 2023

Persons who held the position of responsible person at any time 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 - 5 April 2022

The Minister's remuneration and allowances are set by the Parliamentary Salaries and Superannuation Act 1968 and are reported in the State's Annual Financial Report.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

9. Other disclosures (continued)

Remuneration received or receivable by responsible persons in connection with the management of GWW during the current and previous reporting periods is reported in the table below.

		2023 No.	2022 No.
\$	\$		
40,000 -	49,999	-	1
50,000 -	59,999	7	7
90,000 -	99,999	-	-
100,000 -	109,999	1	1
210,000 -	219,999	-	-
330,000 -	339,999	-	-
420,000 -	429,999	-	-
460,000 -	469,999	-	1
470,000 -	479,999	1	-
Total		9	10

	2023 \$'000	2022 \$'000
Total amount	991	1,016

9.1.2 Executives

	2023 \$'000	2022 \$'000
Short term employment benefits	2,163	2,596
Post-employment benefits	197	237
Other long-term benefits	54	64
Termination benefits	-	-
Total	2,414	2,897
Total employees (no.)	8	10
Annualised employee equivalent¹	7.8	10.0

1. Annualised employee equivalent is based on working 38 ordinary hours per week over the reporting period.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

9. Other disclosures (continued)

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 GWW, or on behalf of GWW, 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.

9.2 Related parties

Relevant Minister

The Honourable Harriet Shing MP was the responsible Minister for Water during the financial year.

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 GWW 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.

Transactions with key management personnel and key management personnel related entities

David Middleton operated as a sole trader for the period from May 2022 to September 2022 providing engineering and strategic advisory services to Sequana Partners Pty Limited and Aqua Metro Services. During this period, GWW paid Sequana Partners Pty Limited \$316,696 relating to capital projects. David Middleton's services to Sequana were unrelated to the services provided by Sequana to GWW.

Ms Maree Lang's partner is a key management personnel of City of Maribyrnong. During the year, GWW paid \$238 and received \$19,656 for miscellaneous maintenance work. An outstanding amount of \$4,067 was due from City of Maribyrnong for chargeable 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.

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.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

9. Other disclosures (continued)

Payments to Key Management Personnel

	2023 \$'000	2022 \$'000
Short term employment benefits	906	932
Post-employment benefits	74	73
Other long-term benefits ¹	11	11
Total	991	1,016
Total employees (no.)	9	10

1. Other long-term benefits represent long service leave.

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.

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 instrument and LGCs as other intangible assets.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

9. Other disclosures (continued)

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 \$	Payable \$	Received \$	Receivable \$
2022				
Yarra Valley Water	269,088	-	67,665	-
Goulburn Murray Water	400,692	13,354	-	-
South East Water	727,455	-	421,273	41,589
Development Victoria	-	-	374,787	-
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 ¹	-	-	-	-
Zero Emissions Water Limited	441,804	-	162,633	-
2023				
Yarra Valley Water	100,358	-	68,229	15,000
Goulburn Murray Water	292,369	-	26,721	-
South East Water	176,186	-	121,438	-
Development Victoria	-	-	275,338	-
Victorian Auditor-General's Office	198,000	-	-	-
Rail Projects Victoria	-	-	789,552	110,097
Environment Protection Authority	374,841	-	-	-
Energy and Water Ombudsman Victoria	116,955	-	-	-
Public Transport Victoria ¹	-	-	-	-
Zero Emissions Water Limited	172,925	-	386,169	-

1. Transfer of infrastructure assets from Department of Transport during the year was \$4,430,860 (2022 \$8,929,124).

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

9. Other disclosures (continued)

Related parties with significant transactions

Department of Energy, Environment and Climate Action (DEECA)

GWW bills and collects parks charges on behalf of the Department of Energy, Environment and Climate Action (DEECA). Due to the nature of the agent/principal relationship between GWW and DEECA, GWW does not recognise these amounts in its accounts. GWW recognises an administration fee collected from DEECA relating to the billing and collection of parks charges as revenue.

GWW makes various other payments to and receives other payments from DEECA which are recognised as revenue and expenses.

	2023 \$'000	2022 \$'000
Payments		
Parks Charge collected on behalf of DEECA	59,701	57,729
Environmental Contribution	42,390	32,895
Other	378	423
Receipts		
Billings and collection fee	2,208	2,454
Water Conservation Rebate	-	65
Western Irrigation Network – Capital contribution	5,300	4,700
Other	907	34
Payables		
Environmental Contribution	-	8,478
Receivables		
Other	-	17

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

9. Other disclosures (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 Energy, Environment and Climate Action.

	2023 \$'000	2022 \$'000
Payments		
Income tax equivalent	22,091	40,829
Dividend	-	6,300
Financial Accommodation Levy	26,858	31,921
Other	-	25
Payables		
Financial Accommodation Levy	6,852	6,493
Income tax equivalent	2,546	-
Dividend	24,989	-
Receivables		
Income tax equivalent	-	1,622
Receipts		
Interest on CBS deposit	450	68
Other	4	-

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

9. Other disclosures (continued)

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.

	2023 \$'000	2022 \$'000
Payments		
Finance costs	59,151	53,336
Administration fees	2,673	2,410
Receipts		
Net borrowings during the year	202,750	158,750
Interest received	580	68
Payables		
Total borrowings	2,298,650	2,095,900
Finance costs	16,302	15,389

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

9. Other disclosures (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.

	2023 \$'000	2022 \$'000
Payments		
Bulk water and sewage charges	339,481	338,849
Drainage Charge collected on behalf of Melbourne Water	68,589	72,812
Property information statements	137	289
Other	1,113	254
Receipts		
Billings and collection fee	4,669	4,209
Other	28	11
Payables		
Bulk water and sewage charges	2,531	2,228
Property information statements	122	137
Receivables		
Billings and collection fee	346	321

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

9. Other disclosures (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.

	2023 \$'000	2022 \$'000
Payments		
Payroll tax	4,955	4,435
Unclaimed monies	844	1,043
Other	473	169
Receipts		
Pension rebate	851	284
Payables		
Payroll tax	448	430
Unclaimed monies	11	179

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.

	2023 \$'000	2022 \$'000
Payments		
Safe Drinking Water Levy	177	-
Other	-	15
Receipts		
Pension rebate	20,427	20,490
Administration fee on pension rebate	195	199
Utility relief grant	1,320	1,440
Dialysis users' rebate	-	6
Other	5,262	4,082
Receivables		
Pension rebate	2,246	3,045
Administration fee on pension rebate	12	26
Water and waste water service and consumption rebate	5,280	-

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.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

9. Other disclosures (continued)

9.3 Equity

	2023 \$'000	2022 \$'000
Contributed equity	1,017,371	1,007,640
Physical asset revaluation surplus ¹	60,509	60,509
Retained profits	18,882	(2,672)
Total equity	1,096,762	1,065,477

1. Physical asset revaluation surplus is the asset revaluation reserve relating to land and buildings.

9.3.1 Contributed equity

	2023 \$'000	2022 \$'000
Contributed equity at the beginning of the financial year	1,007,640	220,110
Integration of WW at beginning of the financial year	-	809,781
Asset received as contributed equity	4,431	8,929
Capital contribution	5,300	4,700
Capital repatriation ¹	-	(35,880)
Contributed equity at the end of the financial year	1,017,371	1,007,640

In the prior year, the integration of WW comprised the transfer of assets and liabilities of WW as at 30 June 2021 pursuant to FRD 119A.

Capital contribution of \$5.3m (2022 \$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.

1. The Minister has determined a capital repatriation of \$35.9 million on 29 June 2023. Under FRD 119 *Transfers through contributed capital*, para 4.2 (d) this transfer is deemed to occur on the effective date, which means it should be recognised on 31 July 2023 when the capital repatriation is due and payable. Therefore, this will be recognised in FY24 and no accrual is required in the balance sheet as at 30 June 2023. GWW will be funding the capital repatriation through floating rate borrowings with TCV, which will occur on 31 July 2023. Refer note 7.1 for other borrowings with TCV.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

9. Other disclosures (continued)

9.3.2 Physical asset revaluation surplus

	2023 \$'000	2022 \$'000
Physical asset revaluation surplus at the beginning of the financial year	60,509	55,042
Infrastructure assets revaluation, net of tax	-	(6,358)
Land revaluation, net of tax	-	13,162
Transfer to retained profits	-	(1,337)
Physical asset revaluation surplus at the end of the financial year	60,509	60,509

Physical asset revaluation surplus is used to record revaluation increments and decrements in the value of non-current physical assets. There is no adjustment to the land revaluation as the cumulative movement in the fair value indicator of land since last year's revaluation is less than 10%.

The transfer of asset revaluation surplus in prior year was in respect of realisation of sale of land which was previously carried at revalued amount.

9.3.3 Retained profits

	2023 \$'000	2022 \$'000
Retained (loss)/profits at the beginning of the financial year	(2,672)	525,566
Profit/(Loss) after income tax expense	46,094	(524,978)
Final dividend paid during 2022 in respect of 2021	-	(6,300)
Interim dividend in respect of current year	(24,989)	-
Actuarial gain/(loss) on defined benefit superannuation plan (net of tax)	449	1,703
Transfer from assets revaluation reserve	-	1,337
Retained profits/(loss) at the end of the financial year	18,882	(2,672)

Retained profits/(loss) represent accumulated retained profits over the lifetime of the corporation.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

9. Other disclosures (continued)

9.4 Ex-gratia expenses

	2023 \$'000	2022 \$'000
Forgiveness or waiver of debt	394	542
Total ex gratia expenses	394	542

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 GWW 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).

9.5 Accounting standards issued that are not yet effective

Certain new Australian Accounting Standards (AAS) have been published that are not mandatory for the 30 June 2023 reporting period. DTF assesses the impact of all these new standards and advises GWW of their applicability and early application where applicable.

Standard	Effective date	Key changes	Impact
AASB 2022-6 <i>Non-current Liabilities with Covenants</i>	1 January 2024	Requires a liability be classified as a non-current liability if at the end of the reporting period the entity has a right to defer settlement of the liability for at least twelve months after the reporting period.	GWW is in the process of analysing the impacts of this Standard. However, it is not anticipated to have a material impact.

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

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

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

9. Other disclosures (continued)

9.6 Subsequent events

On 31 July 2023, GWW will pay an interim dividend of \$24.989 million and capital repatriation of \$35.880 million to the Department of Treasury and Finance. No other matter or circumstance has arisen since 30 June 2023 which has significantly affected, or may significantly affect:

- GWW's operations;
- the results of those operations; and/or
- GWW's state of affairs in the financial year subsequent to 30 June 2023.

Statutory Certification

The attached financial statements of Greater Western Water 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 2023 and the financial position of GWW at 30 June 2023.

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 22 August 2023.



David Middleton
Chair



Maree Lang
Managing Director



Linda Watts
Chief Financial Officer

Melbourne
22 August 2023



Independent Auditor's Report

To the Board of Greater Western Water Corporation

Opinion

I have audited the financial report of Greater Western Water Corporation (the corporation) which comprises the:

- balance sheet as at 30 June 2023
- comprehensive operating statement for the year then ended
- statement of changes in equity for the year then ended
- statement of cash flow for the year then ended
- notes to the financial statements, including significant accounting policies
- statutory certification.

In my opinion, the financial report presents fairly, in all material respects, the financial position of the corporation as at 30 June 2023 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.

Basis for Opinion

I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the Auditor's Responsibilities for the Audit of the Financial Report section of my report.

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

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

Other Information

The Board is responsible for the "other information" included in the corporation's Annual Report for the year ended 30 June 2023. 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.

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.

Key audit matters

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.

Key audit matter	How I addressed the matter
Revenues from service and usage charges <i>Note 2.2 – Sale of Goods and Services</i>	
<p>Revenues from service and usage charges: \$722 million</p> <p>I considered this to be a key audit matter because:</p> <ul style="list-style-type: none"> revenue is financially significant the corporation's IT billing systems and business rules are complex, and inputs to the systems are derived from multiple sources external service providers conduct meter readings of customer water consumption data there is a high degree of estimation uncertainty in the revenue accrual for unbilled water and sewerage services at year end the applicable accounting standard AASB 15 <i>Revenue from Contracts with Customers</i> requires detailed and complex financial report disclosures. 	<p>My key procedures included:</p> <ul style="list-style-type: none"> testing the operating effectiveness of key controls in the billing system and billing process assessing management's model, key assumptions, and inputs for estimating accrued revenue at 30 June 2023 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 assessing the adequacy of revenue recognition and measurement policies assessing the adequacy of financial statement disclosures against AASB 15 <i>Revenue from Contracts with Customers</i>.
The fair value estimate of infrastructure assets <i>Note 5.1 – Infrastructure, property, plant and equipment</i>	
<p>Fair value estimate of infrastructure assets: \$2.647 billion</p> <p>I considered this to be a key audit matter because:</p> <ul style="list-style-type: none"> infrastructure assets are financially significant the fair value estimate is derived from an income-based valuation approach that uses a discounted cashflow (DCF) model management engage an external valuation expert to prepare the fair value estimate the DCF model is highly complex and involves significant judgements and assumptions small changes in key assumptions used in the DCF model can materially affect the fair value the DCF model's forecast period is long, and includes a terminal value, which increases the difficulty in accurately estimating the fair value the applicable accounting standard AASB 13 <i>Fair Value Measurement</i> (AASB 13) requires extensive financial report disclosures. 	<p>My key procedures included:</p> <ul style="list-style-type: none"> obtaining an understanding of the approach to estimating the fair value of infrastructure assessing the competence, objectivity and capability of management's expert engaged to assist with the valuation process engaging a subject matter expert to assist us in obtaining sufficient appropriate audit evidence, including: <ul style="list-style-type: none"> the appropriateness of using an income-based valuation approach the identification and assessment of the reasonableness of any changes to the DCF model and/or assumptions the reasonableness and consistency of all the assumptions used in the DCF model the reasonableness of all inputs used in the DCF model, with specific reference to underlying data and supporting documentation the DCF model's computational accuracy evaluating our subject matter expert's work and concluding the work was adequate for the purposes of our audit 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.

Board's responsibilities for the financial report	<p>The Board of the corporation is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>
Auditor's responsibilities for the audit of the financial report	<p>As required by the <i>Audit Act 1994</i>, 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.</p> <p>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:</p> <ul style="list-style-type: none"> • 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.

**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.

MELBOURNE
31 August 2023



Paul Martin
as delegate for the Auditor-General of Victoria

Appendices

- Disclosure Index
- Minister's Letter of Expectations
- UN Global Compact reporting
- Bulk water entitlement reporting

Appendix 1

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Report of operations

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Appendix 2

Minister's Letter of Expectations (LoE) Key Performance Indicators

Priority area	Key performance indicators	Page
LOE 1: Climate Change	E1 Emission reductions	25
Undertake activities and provide services that minimise environmental impacts, reduce greenhouse gas emissions, 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	Demonstration of reasonable progress toward achievement of the entity's greenhouse gas emission reduction targets specified in the Statement of Obligations (Emission Reduction).	
MRD01	E2 Electricity Consumption	26
	Demonstrate reasonable progress to sourcing 100 percent of their electricity from renewable sources by 2025, as is required of all government operations in the Whole of Victorian Government emissions reduction pledge.	
	E3 Adaptation to climate change and variability	29
	a. Application of the Guidelines for Assessing the Impact of Climate Change on Water Availability in Victoria for: Urban water corporations: through their application in drought preparedness and urban water strategies.	
	b. Guidelines for Assessing the Impact of Climate Change on Sewerage Systems in Victoria should also be applied by urban water corporations (if finalised).	
	c. Demonstration of reasonable progress in integrating climate change adaptation into planning and decision- making across the business (all sources of water, wastewater and, where relevant, drainage and flood management) including in:	
	<ul style="list-style-type: none"> • source waters and demand • built assets • natural environment • people and workplace • interdependencies • customer and product delivery. 	
LOE 2: Customer and community outcomes	C2 Customer and community engagement	18
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.	Stakeholder engagement based on best practice that demonstrates approaches to engagement that are open, honest and occur frequently. The DEECA Community Charter or IAP2 framework could be considered as a Guide.	
MRD02		







Priority area	Key performance indicators	Page
LOE 3: Water for Aboriginal cultural, spiritual and economic values Recognise and support self-determination of Aboriginal cultural values and economic inclusion in the water sector. MRD03	AC1 Supporting Aboriginal self-determination Demonstrate 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. Demonstrate there are internal processes, policies and plans in place to support Aboriginal self-determination /empowerment/ employment etc for Aboriginal community members.	24
	AC2 Partnerships with Traditional Owners Demonstrate effective and genuine partnerships with Traditional Owners to enable input into water planning and management decisions related to Aboriginal water values and other self-determined priorities.	23
	AC3 Aboriginal Inclusion Plan/Reconciliation Action Plan To be considered in conjunction with AC1 and AC2, taking into account the relevant local context.	24
LOE 4: Recognising recreational values Support the wellbeing of communities by considering recreational values in water management MRD04	Rec1 Recreational values Consideration of recreational values in carrying out functions and providing services	19
LOE 5: Resilient and liveable cities and towns Contribute to healthy communities by supporting safe, affordable, high-quality services and resilient, liveable environments. MRD05	L1 Integrated Water Management (urban) In relevant IWM forum(s), 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. In the metropolitan context, this includes demonstrating reasonable progress towards the targets adopted by the five metro IWM forums, as outlined in the Catchment Scale IWM Plans	20
	L2 Water efficiency (urban) 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.	21
	L3 Circular economy outcomes Reasonable progress towards integrating circular economy principles into business decisions across all aspects of the water cycle. Measures related to this indicator will highlight the water sector's contribution towards targets under Recycling Victoria.	24
	L4: Environmental Statutory Obligations Report on performance against applicable statutory obligations, such as regional catchment strategies, Victorian Waterway Management Strategy and State Environment Protection Policy (Waters)	23

Priority area	Key performance indicators	Page
LOE 6: Leadership and Culture Water corporations 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. MRD06	G1 Diversity and inclusion 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 DEECA Diversity and Inclusion Strategy 2016-2020 could be considered as a guide. G3 Health and Safety Sustained annual improvement against H&S performance benchmarks (AS/NZS standard 4801)	37 39
LOE 7: Performance and Financial Sustainability Improve efficiency and consistency in the reporting of performance while delivering safe and cost-effective water and wastewater services in a financially sustainable way MRD07	PF1 Audited statement of performance Demonstrating a concise statement of performance, financial sustainability and provide a positive picture of a corporation's financial sustainability over time.	52
LOE 8: Compliance 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. MRD08	CE1 Apply an effective zero-tolerance approach to unauthorised take (Water Corporations with non-urban customers) at any time CE2 Demonstration of continuous improvement toward implementation of compliance and enforcement strategies, frameworks and reporting.	Appendix 4

Appendix 3:

United Nations Global Compact Communication on Progress

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 Compact, and 17 United Nations Sustainable Development Goals (SDGs).

Goals	Global Compact 10 Principles	How our values guide our actions	Page
Human Rights      	<p>1. Businesses should support and respect the protection of internationally proclaimed human rights; and</p> <p>2. Make sure that they are not complicit in human rights abuses</p>	<p>GWW is committed to providing safe, reliable and affordable drinking water and sanitation services for our service area, while supporting a harmonious and safe work environment for all.</p> <p>Our Diversity and Inclusion Policy and <i>2030 Strategy</i> help ensure we are providing a healthy and safe workplace for all employees, contractors, customers and the community, where the wellbeing of individuals is supported and diversity is encouraged and championed.</p> <p>The following policies and programs reflect this commitment:</p> <ul style="list-style-type: none"> Diversity and Inclusion Policy, with six areas of focus: Accessibility, Cultural and Linguistic Diversity, Gender Equity, LGBTIQ+, First Nations and Life Stage Procurement policy, principles for social and sustainable procurement and Ethics and Probity guidelines Community engagement framework Employee Assistance Program Policies relating to equal employment opportunity, health, safety and wellbeing 	<p>37</p> <p>46</p> <p>18</p> <p>39</p> <p>37</p>
Labour   	<p>3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining</p> <p>4. The elimination of all forms of forced and compulsory labour</p> <p>5. The effective abolition of child labour; and</p> <p>6. The elimination of discrimination in respect of employment and occupation</p>	<p>GWW supports employee rights for freedom of association and collective bargaining. To avoid worker exploitation, employees have access to unions and professional associations, with local delegates engaging in regular meetings with GWW executive with working conditions protected by a regularly reviewed Enterprise Agreement.</p> <p>In accordance with the <i>Modern Slavery Act 2018</i> (Cth), we are committed to addressing risks of modern slavery within our operations and supply chains, and report annually on actions taken to address those risks and the effectiveness of their response. GWW is committed to a diverse and inclusive workplace culture, free of discrimination. Our efforts are reflected throughout our organisation and can be seen in the targets set within our:</p> <ul style="list-style-type: none"> Gender Equality Action Plan Accessibility Inclusion Action Plan Reconciliation Action Plan Diversity and Inclusion Policy 	<p>37</p> <p>37</p> <p>24</p> <p>37</p>

Goals	Global Compact 10 Principles	How our values guide our actions	Page
Environment			
 3 GOOD HEALTH AND WELL-BEING	7. Businesses should support a precautionary approach to environmental challenges	GWW understands the intrinsic link between water, environment and human health and wellbeing and is dedicated to supporting a healthy environment, benefiting customers and communities. We pursue environmental outcomes aligned with our strategic objective of Healing and caring for Country, including commitments to reduce waste and achieve net zero carbon by 2030. The following actions and strategies highlighted in this annual report, reflect this commitment:	
 6 CLEAN WATER AND SANITATION			
 7 AFFORDABLE AND CLEAN ENERGY	8. Undertake initiatives to promote greater environmental responsibility; and		
 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE			
 11 SUSTAINABLE CITIES AND COMMUNITIES	9. Encourage the development and diffusion of environmentally-friendly technologies	<ul style="list-style-type: none"> • Sustainable water use • Collaboration on environmental projects • Producing a Climate Change Adaptation Action Plan • Reducing energy use and emissions, including onsite solar installations • Greater Melbourne Urban Water and System Strategy: Water for Life • Central and Gippsland Regional Sustainable Water Strategy • Chain of Ponds collaboration • Integrated Water Management • Commitment to plant more than 10,000 trees • VicWater Carbon Offsets Working Group • Investigate feasibility of creating green hydrogen from recycled water using solar energy • Australian-first pilot trial of biosolids pyrolysis technology at the Melton Recycled Water Plant 	21 24 29 25 22 22 19 20 9 24 24 24
 13 CLIMATE ACTION			
 14 LIFE BELOW WATER			
 15 LIFE ON LAND			

Appendix 4:

Bulk Water Entitlements

Reporting requirements	Barringo ⁴	Lancefield ⁵	Macedon ⁶	Mari- byrnong ⁷⁻¹⁰	Myrniong ¹¹⁻¹⁵	Riddells Creek ¹⁶⁻¹⁸	Romsey ¹⁹⁻²¹	Werribee ²²⁻²⁷	Woodend ²⁸⁻²⁹
Amount of water taken	OML (111e)	138ML from Garden Hut (14:1e) OML from Monument Creek (14:1e)	529ML combined from storages, the weir and pipeline	540ML (191a(ii))	38ML (121b)	10ML (111e)	198ML (121e)	Merrimu: 1770ML (131a(i)) Djerriwarrah: 3ML (131a(i))	260ML (14:1e)
GWV's entitlement in storage as of 1 July 2022 and % full for the storage	18ML	45ML combined (14:1d)	447ML combined	14275ML (191a(ii))	N/A	76ML	170ML	Merrimu: 802ML (see note 29) Djerriwarrah: 19,269ML (see note 23) (131a(ii))	358ML 98% storage capacity
Annual water allocation made available during 2022-23	29% storage capacity 585ML in one year, up to 1600ML in a five-year period	94% storage capacity (14:1d) 315ML from Garden Hut (up to 299ML) and/or Monument Creek Weir (up to 195ML)	94% storage capacity 873ML in one year, 3225ML in a five-year period	56% storage capacity Average annual total of 6100ML over a five-year period	100% of allocation 58ML	100% storage capacity 300ML	57% storage capacity 460ML	Djerriwarrah: 1,002ML Average annual total over a five-year period Merrimu: 12,263ML Djerriwarrah: 1486ML	364 ML 99% capacity Yes
GWV'S entitlement unused or remaining in storage as at 30 June 2023 and % full of storage	18.3ML 29% Capacity	46ML 100% capacity (14:1d)	420ML combined 88% capacity	20934ML 82.5% capacity	N/A (see note 12)	76ML 100% capacity	298ML 100% Capacity	Merrimu: 24,019ML Djerriwarrah: 993.45ML	No
Compliance with entitlement volume	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Any temporary or permanent transfer of all or part of the bulk entitlement	No	No	No	No	No	No	No	No	Yes
Approval, amendment and implementation of the metering program	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
Amendment to bulk entitlement	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
Any new bulk entitlement of water granted	No	No	No	No	No	No	No	No	No
Any failure to comply with any provision of this bulk entitlement	No	No	No	No	No	No	No	No	No
Any difficulties experienced or anticipated in complying with this bulk entitlement and any remedial action taken or proposed	No	No	No	No	No	No	Yes (see note 20)	No	No

Greater Yarra		Victorian	Goulburn	Goulburn	River Murray	River Murray
System –		Desalination	System	System	System	System
Thomson River		Project ³⁹⁻⁴³	2012 ⁴⁴⁻⁴⁹	2022 ⁵⁶⁻⁵⁷	2012 ⁵⁰⁻⁵⁵	2022 ⁵⁸⁻⁵⁹
Pool ³⁰⁻³⁸		OML (13.1a)	OML (14.1b)	OML (13.1b)	OML	OML
Reporting requirements						
Amount of water taken	127,548ML (16.1a)	OML (13.1a)	OML (14.1b)	OML (13.1b)	OML	OML
Opening carryover as at 1 July 2022	262,616ML (16.1b)	OML	11,442ML	OML	6,282ML	OML
Annual water allocation made available during 2022-23	237,012ML (16.1b)	1,092ML	6,482ML (14.1b)	10,959ML (13.1c)	4,919ML (11.1a)	19,530ML (10.1a)
Closing carryover as at 30 June 2023	294,008ML (16.1b)	1,092ML	OML	9,081ML	OML	12,939ML
Compliance with entitlement volume	Yes (16.1c)	Yes	n/a	n/a	n/a	n/a
Any temporary or permanent transfer of all or part of the bulk entitlement	No	No	No	No	No	No
Approval, amendment and implementation of the metering program	Continued implementation	n/a	n/a	n/a	n/a	n/a
Amendment to bulk entitlement	Yes	None	Yes	None	Yes	None
Any new bulk entitlement of water granted	None	None	n/a	Yes	n/a	Yes
Any failure to comply with any provision of this bulk entitlement	None	None	None	None	None	None
Any difficulties experienced or anticipated in complying with this bulk entitlement and any remedial action taken or proposed	None	None	None	None	None	None

Notes for compliance with bulk entitlements

1. The former Western Water Bulk Entitlements (Gisborne-Barringo Creek; Lancefield; Macedon and Mount Macedon; Maribyrnong; Myrniong; Riddells Creek; Romsey; Werribee and Woodend) were amended on 8 September 2022 to reflect the integration of City West Water and Western Water and change of name to Greater Western Water.
2. GWW submitted a bulk entitlement metering program to DEPI (now DEECA) for these bulk entitlements which was approved by the Minister for Water. The metering program is currently being reviewed.
3. 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 2022-23.

Barringo

4. We hold Bulk Entitlement (Gisborne-Barringo Creek) Order 2004. Compliance requirements are set out in clauses 11.1(d)-(k).

Lancefield

5. We hold Bulk Entitlement (Lancefield) Order 2001. Compliance requirements are set out in clauses 14.1(d)-(l).

Macedon

6. We hold Bulk Entitlement (Macedon and Mount Macedon) Order 2004. Compliance requirements are set out in clauses 14.1(e)-(l).

Maribyrnong

7. We hold Bulk Entitlement (Maribyrnong - Greater Western Water) Order 2000. Compliance requirements are set out in clauses 19.1(a)-(h).
8. The annual volume of inflows attributed to GWW for 2022-23 was 12,865ML (19.1a(iii))
9. The annual volume of losses attributed to GWW in 2022-23 was 10,747ML. This includes the storage spilling through the floods (19.1a(iv)).
10. The annual volume of environmental releases attributed to GWW in 2022-23 was 231.7ML (19.1(v)).

Myrniong

11. We hold Bulk Entitlement (Myrniong) Order 2004. Compliance requirements are set out in clauses 12.1(b)-(l).
12. 19.6 ML of the annual 58ML of allocation for Myrniong was unused in 2022/23. This amount does not carryover to the next financial year.
13. There was no water taken under this entitlement at any other works of the authority in 2022-23 (12.1c).
14. There was no water returned to the waterway then subsequently either taken or traded by GWW in 2022-23 (12.1d).
15. There was no change made in the security of supply and annual entitlement under subclause 7 (12.1f).

Riddells Creek

16. We hold Bulk Entitlement (Riddells Creek) Order 2001. Compliance requirements are set out in clauses 13.1(b)-(k).

17. Clause 11.1(c) requires the daily amount of water taken under this bulk entitlement to be recorded, this is available to DEECA on request.

18. The annual volume of passing flows for 2022-23 was 792.6ML (11.1b).

Romsey

19. We hold Bulk Entitlement (Romsey) Order 2001. Compliance requirements are set out in clauses 12.1(b)-(l).

20. GWW experienced difficulties with one of the monitoring sites. GWW is working with DEECA to review the Romsey monitoring program to resolve this issue.

21. GWW may establish a drought reserve of up to 280ML, as per clause 8. As GWW took 262.2ML less than the annual entitlement this amount has been added to the drought reserve for carry over to the 2023-24 year. No volume was taken from the drought reserve during 2022-23.

Werribee

22. We hold Bulk Entitlement (Werribee System - Greater Western Water) Order 2004. Compliance requirements are set out in clauses 13.1(a)-(k).

23. This value is GWW's share of the storage capacity. GWW has a share of 80% of storage at Merrimu Reservoir (13.1a(ii)).

24. The total inflows into Merrimu Reservoir attributed to GWW in 2022-23 was 10,764ML (13.1a(iii)).

25. The total inflows to Djerriwarrh Reservoir in 2022-23 was 656ML (13.1a(iv)).

26. The total volume of losses at Merrimu Reservoir attributed to GWW for 2022-23 was 1,973 ML. This includes pre-releases for flood mitigation (12.1a(v)).

27. 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 2022-23.

Woodend

28. We hold Bulk Entitlement (Woodend) Order 2004. Compliance requirements are set out in clauses 14.1(e)-(l).

29. 802 ML is the combined entitlement from Campaspe Reservoir, Falls Creek, Smokers Creek, Barbours Spring and Kavanaghs Spring.

Greater Yarra System – Thomson River Pool

30. Bulk Entitlement (Greater Yarra System - Thomson River Pool - City West Water) Order 2014 and Bulk Entitlement (Greater Yarra System - Thomson River Pool - Western Water) Order 2014 were amended in September 2022 to become Bulk Entitlement (Greater Yarra System - Thomson River - Greater Western Water) Order 2014. The purpose of the change was to reflect the integration of City West Water and Western Water and change of name to Greater Western Water.

31. We hold Bulk Entitlement (Greater Yarra System - Thomson River Pool - Greater Western Water) Order 2014. Compliance requirements are set out in clauses 16.1(a)-(i).

32. We are a primary entitlement holder with an annual entitlement share of 171,047ML.

33. Opening carryover is inclusive of 2,175ML carryover held on behalf of Southern Rural Water.

34. The responsibility for making seasonal determinations for the GYS-TRP and Desal BEs changed in September 2022 from Melbourne Water as Resource Manager to Melbourne Water as Storage Manager, when the Minister appointed Melbourne Water as Storage Manager, revoked Melbourne Water's Resource Manager appointment and amended the GYS-TRP BEs and Desal BEs to reflect this. The Storage Manager - Melbourne Water makes seasonal allocations monthly and maintains our water account and carryover accounting. Carryover on 30 June 2023 accounts for estimated spills of 78,508ML (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.
35. Closing carryover is inclusive of 1,522ML carryover held on behalf of Southern Rural Water.
36. For water accounting purposes, water sourced during 2022-23 under our Bulk Entitlement (Desalinated Water - Greater Western 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 - Greater Western Water) Order 2014.
37. 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).
38. 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

39. We hold Bulk Entitlement (Desalinated Water - Greater Western Water) Order 2014. Compliance requirements are set out in clauses 13.1(a)-(g).
40. 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.
41. The responsibility for making seasonal determinations for the GYS-TRP and Desal BEs changed in September 2022 from Melbourne Water as Resource Manager to Melbourne Water as Storage Manager, when the Minister appointed MW as Storage Manager, revoked MW's Resource Manager appointment and amended the GYS-TRP BEs and Desal BEs to reflect this. The Storage Manager - Melbourne Water makes seasonal allocations monthly and maintains our water account and carryover accounting.
42. The Victorian Government announced an order of 15GL of water from the desalination plant for the 2022-23 supply year. Following unexpected high flows during August 2022, Melbourne Water provided advice to cancel the rest of the 2022-23 water order due to high levels in Melbourne's water storages. Deliveries from the desalination plant stopped on 21 September 2022 after delivering 4GL of the original water order.
43. 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 2012

44. We held Bulk Entitlement (Goulburn System - Greater Western Water) Order 2012. Compliance requirements are set out in clauses 14.1(a)-(h).
45. Bulk Entitlement (Goulburn System - Greater Western Water) Order 2012 was amended on 1 July 2022 (previously named Bulk Entitlement (Goulburn System - City West Water)) to reflect the integration of City West Water and Western Water and to ensure consistency with the newly created Bulk Entitlement (River Murray - Greater Western Water) Order 2022

46. Bulk Entitlement (Goulburn System - Greater Western Water) was revoked on 20 June 2023 following the final issue of phase 3 allocation to this entitlement

47. We held 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 2022-23.

48. Goulburn-Murray Water (under its Northern Victorian Resource Manager branding), made allocations 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.

49. 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.

River Murray System 2012

50. We held Bulk Entitlement (Murray System - Greater Western Water) Order 2012. Compliance requirements are set out in clauses 11.1(a)-(f).

51. Bulk Entitlement (River Murray - Greater Western Water) Order 2012 was amended on 1 July 2022 to reflect the integration of City West Water and Western Water and to ensure consistency with the newly created Bulk Entitlement (River Murray - Greater Western Water) order 2022

52. Bulk Entitlement (River Murray - Greater Western Water) was revoked on 20 June 2023 following the final issue of phase 3 allocation to this entitlement

53. We held 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 2022-23.

54. Goulburn-Murray Water (under its Northern Victorian Resource Manager branding), made allocations 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 as verified in the latest audit.

55. 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.

Goulburn System 2022

56. As of July 2022, GWW holds Bulk Entitlement (Goulburn System - Greater Western Water) order 2022. The order grants GWW a bulk entitlement to 6,647.3ML of high-reliability entitlement and 4,311.7ML of low-reliability entitlement which equals one third of Melbourne's share of water recovered from the Goulburn component by the Connections Project Stage 1. Compliance requirements are set out in clauses 13.1(a)-(h).

57. 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.

River Murray System 2022

58. As of July 2022, GWW holds Bulk Entitlement (Murray System - Greater Western Water) order 2022. The order grants GWW a bulk entitlement to 12,653.3ML of high-reliability entitlement and 6,876.6ML of low-reliability entitlement which equals one third of Melbourne's share of water recovered from the Murray component by the Connections Project Stage 1. Compliance requirements are set out in clauses 10.1(a)-(f).

59. 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.



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