

2023-24

Yarra Valley Water Annual Report



Contents

1. Introduction	6	3. Delivering Value	42
About us	8	Our leadership	44
A message from the Chair and Managing Director	10	Our people and culture	58
Our strategic context	12	Liveability outcomes	70
		Resilient and liveable cities and towns	70
2. 2023-24 Highlights	16	Customer and community outcomes	79
Honouring and healing Country	18	Water for Aboriginal cultural, spiritual and economic values	83
Transforming around customers	22	Environmental outcomes	86
Helping communities thrive	26	Climate adaptation	86
Leading for our environmental future	30	Bulk entitlements report	91
Enabling high performance	34	Greenhouse gas emissions and net energy consumption	93
Overview of 2023-24 performance	38	Other statutory obligations	102
		Our performance	108
		4. 2023-24 Financial Report	114
		5. Disclosure Index	180

Language statement

We recognise the diversity of Aboriginal and Torres Strait Islander people living in Victoria. We have used the term 'First Peoples' to include all people of Aboriginal and Torres Strait Islander descent who live in Victoria. The use of words 'our' and 'we' throughout this document refers to Yarra Valley Water.

Acknowledgement of Traditional Owners/Custodians



Yarra Valley Water proudly acknowledges the Traditional Owners/Custodians of the land, water and skies on which we rely and operate. We pay our deepest respects to their Elders past, present and emerging. We acknowledge the continued cultural, social and spiritual connections that First Peoples have with Country and recognise and value the care and protection provided by Traditional Owners/Custodians over thousands of generations. We also recognise and value the continuing rich cultures and contribution of First Peoples to the Victorian community.

Our purpose

To support the health and wellbeing of our customers and create a brighter future for communities and the natural environment

Key statistics



832k

Residential properties



62k

Business customers



49k

Properties with recycled water



2m

Population served



\$6.3b

Infrastructure asset base



Our assets



10,475km

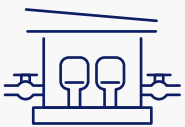
Water supply mains

836km

Recycled water supply mains

10,396km

Sewer mains

**80**

Drinking water and recycled water pumping stations

**50**

Drinking water and recycled water service reservoirs

**1**

Food waste to energy facility

149

Drinking water and recycled water pressure reducing stations

**9**

Sewage treatment plants

**3**

Recycled water treatment plants

94

Sewage pumping stations

Introduction

About us



**A message
from the Chair
and Managing
Director**



**Our strategic
context**



1

About us

Yarra Valley Water is one of Australia's largest water utilities, servicing 2 million Victorians and 62,000 businesses. We manage \$6.3 billion worth of assets across a large service area stretching from Wallan in the north to Warburton in the east.

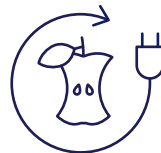
Our primary function is to supply safe, reliable and affordable water and sewerage services to customers. We're proud of the high-quality drinking water we deliver to our customers. Most of our water is sourced from protected catchments in Melbourne's east, and supplemented with water produced from the Victorian Desalination Plant as needed. We're committed to delivering safe and reliable drinking water to our customers and removing and treating sewage to minimise impacts to the environment. While most sewage is treated at Melbourne Water's Eastern and Western Treatment Plants, we also have 9 regional treatment plants which process sewage. Several of these also produce recycled water for non-drinking water use in homes and public spaces, helping to take pressure off potable water sources as part of our work to secure water supplies for the future.

Our 2030 Strategy sets out our strategic plan to deliver on our purpose: to support the health and wellbeing of our customers and deliver a brighter future for communities and the natural environment. Our approach is guided by the principle of honouring and healing Country and supported by 3 strategic pillars – customer, community and the environment. We plan the delivery of our essential services to meet challenges including population growth and climate change.



We have a diverse customer base and provide services to a broad range of Victorians. Our service area includes more than 10,000 First Peoples and over 600,000 residents who were born overseas, coming from countries such as India, Malaysia, China, New Zealand, and the UK. A significant proportion of our customers also speak a language other than English at home, with the top 5 languages being Mandarin, Greek, Arabic, Italian, and Cantonese. We deliver extra value for our customers through innovations such as Victoria's first large scale food waste to energy facility at Wollert. This year the facility processed 13,950 tonnes of food waste to generate our own renewable energy. Our facility helps reduce our carbon footprint, turning food waste into energy which powers our Aurora Sewage and Recycled Water Treatment Plant and reduces energy costs. We also export excess energy to the electricity grid. Other innovations underway include construction of a second, larger food waste to energy facility, expanding digital water meter trials to help customers identify leaks and opportunities to save water, and exploring how the water sector can contribute to the development of a viable hydrogen economy in Australia.

We've developed a high-performing hybrid workplace and we live our values – putting people first, working as one team, being brave, delivering what matters and having a positive impact.



13,950

tonnes of food waste was processed to generate our own renewable energy.

We are a water corporation under the *Water Act 1989* and our activities are overseen by an independent Board of Directors appointed by the Victorian Government. The *Water Act 1989* and the Statement of Obligations issued by the Minister for Water govern our activities.

During the 2023-24 financial year, we were accountable to the Hon. Harriet Shing MP as Minister for Water. We are regulated by the Department of Health in relation to drinking water quality and the Environment Protection Authority (Victoria) for environmental compliance. The Essential Services Commission is our economic regulator. Every 5 years we're required to make a price submission which sets out the services and standards we propose to deliver to our customers and proposed prices. Our 2023-28 Price Submission, developed after an extensive customer and community engagement process came into effect on 1 July 2023.

A message from the Chair and Managing Director

Welcome to our Annual Report 2023-24 which details our financial performance and shows how we're delivering value to create a brighter future for communities and the environment.

Our approach is centred around our 2030 Strategy, a 10-year plan to address challenges including population growth, climate change, ageing infrastructure, water security and biodiversity loss. Our strategy focuses on transforming around customers, helping communities thrive and leading for our environmental future. This year we've also embedded honouring and healing Country as a guiding principle across all the work we do, a commitment strongly endorsed by our Board. Staying safe and well is critical to our way of work, and we're committed to ensuring the safety of our people, partners and community as we deliver our essential services.

We exceeded our key customer experience target this year with 87% of customers satisfied with their most recent interaction with us. Our customer satisfaction levels for service experience are also high - 96% of customers are satisfied or very satisfied with our handling of fault calls and 91% are satisfied or very satisfied with emergency repairs (measured from April 2023 to March 2024). In 2023, our contact centre was named Australian Contact Centre of the Year at the Auscontact Excellence Awards, a result we're exceptionally proud of that highlights our commitment to providing great customer experiences. We also consistently rate highly in the Essential Services Commission's water corporation customer perception survey which measures trust, value for money, satisfaction and reputation in the community. We're currently ranked third out of 15 for trust, reputation and satisfaction and sixth for value for money (rolling 12-month result for September 2023 to May 2024).

We've worked hard to keep bills fair and affordable and in real terms, our bills have consistently declined over the past 10 years. We're pleased this trend will continue with prices forecast to increase by less than inflation in 2024-25. Although we face increased pressure on future

prices, we remain committed to investing in aging infrastructure and delivering new infrastructure in growth areas. We are also committed to supporting our most vulnerable customers. In addition, we'll keep working to raise awareness of the tailored financial support available through our WaterCare program, which helped more than 18,000 customers experiencing financial hardship in 2023-24.

This reporting period marks the first year of our 2023-28 Price Submission, which includes 6 key outcomes identified by customers:

- safe and pleasant drinking water
- reliable water and sewerage services
- timely response and repair
- service that meets everyone's needs
- looking after our natural environment
- saving water for the future.

For this price submission period, we've adopted an innovative approach to assess our performance across these 6 outcomes and 17 measures. We engaged a Community Assessment Panel to evaluate how well we've achieved the outcomes. As part of our commitment, we've promised to provide a community rebate of up to \$1.8 million for each outcome we don't achieve (up to \$10.5 million per annum).

This year we achieved solid results with 13 of the 17 measures being achieved as assessed by our panel. We missed targets for recycled water, non-revenue water and volume of sewer spills largely due to major maintenance work and critical safety upgrades for 2 recycled water treatment plants, and weather variability, which can cause more bursts and sewer spills. The other target not achieved related to the percentage of customers that "agree we provide great drinking water",

however it still rates highly at 86% and we achieved 100% compliance with the Safe Drinking Water Regulations, also winning the annual Best Tasting Tap award for Victoria. Based on the Panel's assessment and recommendation of our overall performance this year, a \$3.39 million rebate will be returned to customers through reduced bills for the outcomes we haven't fully met. See page 38 for an overview of our performance.

We're committed to helping create a sustainable future for our planet. We aim to become net zero and then go beyond zero carbon for scope 1 and 2 emissions. Tackling scope 3 emissions will be a priority going forward. Renewable electricity now powers 85% of our operations. Climate change can affect our assets and service delivery and we're designing and maintaining resilient assets to withstand current and future impacts. We're partnering with Wurundjeri Woi-wurrung (Wurundjeri) and other key stakeholders to protect biodiversity on our sites.

Together with our stakeholders, we have progressed work to bring our vision to life to help establish a world class water sensitive community at Beveridge, in Melbourne's north. Known as Hazelwynde, this initiative aims to establish a sustainable, water efficient community that meets all its own needs through leading edge water management.

Along with Melbourne Water, South East Water, Greater Western Water and Barwon Water we've signed an Accord to collectively tackle key challenges facing the sector - rapid population growth, climate change and ageing infrastructure - to secure the region's water future. We're also working with them to implement projects that align with the *Central and Gippsland Region Sustainable Water Strategy and the Greater Melbourne Urban Water and System Strategy: Water for Life*. These projects focus on water efficiency, integrated water management and collaborating with the Victorian Government to transition to more climate-resilient alternative water sources. Water plays a crucial role in climate resilience and we're committed to expanding alternative water supplies for urban greening and cooling to benefit the community and our environment.

We continue to strengthen our cyber security posture to safeguard our critical infrastructure and systems. We are meeting the current requirements of the Security of Critical Infrastructure Act 2018 (SOCi) and through the Critical Infrastructure Risk Management Plan we continue to work towards meeting future requirements. Our approach to data governance protects customers' information and maintains regulatory compliance. Investment in our ongoing digital transformation includes exploring analytics and artificial intelligence to deliver network efficiencies, enhance and personalise customer experiences and enable us to predict and respond quickly to faults and leaks.

Other key highlights this year include:

- Delivering 150 billion litres of water to our customers, 100% compliant with the *Victorian Safe Drinking Water Regulations*.
- Continuing to expand capability and capacity to respond to extreme weather events that affect our assets and the communities we serve.
- Investing \$367 million in water and sewerage infrastructure.
- Starting work on our second food waste to energy facility at Lilydale Sewage Treatment Plant.
- Obtaining planning approvals to advance work to build an underground water recycling plant in Doncaster.

This year we delivered a net profit after tax of \$122 million, which is \$64.6 million higher than target. This is mainly due to acceleration and completion of a backlog of developer contributed asset revenue and new customer contributions, which were delayed by the pandemic, and a one-off sale of water rights to Gippsland Water.

Thank you to our team for delivering great service to our customers and community and to our Board members for their leadership and oversight. This year we farewelled former Chair Sue O'Connor and Directors Ian Hamm and Helen Thornton and we thank them for their exceptional contributions. We welcomed new board members, Mary Kanavoutsos and Robyn McLeod. We also thank the Victorian Government and our community and industry partners for their support to help us grow and improve our services.

Finally, we are proud of the organisation's achievements in the past year and look forward delivering great outcomes in the future. We are pleased to submit this report on behalf of the entire team at Yarra Valley Water.



Gabrielle Bell
Chair



Patrick J McCafferty
Managing Director

Our strategic context

Our purpose is to support the health and wellbeing of customers and create a brighter future for communities and the natural environment.

Our planning is underpinned by these key themes:



**Honouring
and healing
Country**



**Transforming
around the
customer**



**Helping
communities
thrive**



**Leading for our
environmental
future**



**Enabling high
performance**

We drive high performance through the key focus areas of People and Culture, Safe and Well, Always Efficient and Digital Enablement which power our work. Together with our price submission customer commitments, these aim to deliver exceptional results for our customers, stakeholders, owners and staff.

We are committed to the United Nations Global Compact and work to advance the Sustainable Development Goals (SDGs). We've embedded the SDGs in our business strategy to provide a global context for how our activities contribute to a more sustainable and liveable future.

We are also guided by the Victorian Government's Letter of Expectations, which focuses on:

- climate change and energy
- customer, community and engagement
- recognise Aboriginal values
- recognise recreational values
- resilient and liveable cities and towns
- leadership, diversity and culture
- performance and financial management
- compliance and enforcement.

The priority policy areas, customer commitments and Sustainable Development Goals are all embedded in our 2030 Strategy. Our approach evolves as the needs and expectations of customers and stakeholders change.

Government policy direction

Priority policy areas



Climate change and energy



Customer, community and engagement



Recognise Aboriginal values



Recognise recreational values



Resilient and liveable cities and towns



Leadership, diversity and culture



Performance and financial management



Compliance and enforcement

Customer commitments 2023-28



Caring for Country philosophy for all our decisions and actions

Services we provide



Safe and pleasant drinking water



Reliable water and sewerage services



Timely response and repair



Service that meets everyone's needs

Actions for the future










Saving water for the future



Looking after our natural environment

Sustainable Development Goals



Strategic theme	2023-28 Price Submission customer commitments	Letter of expectations	Sustainable Development Goals
 <p>Honouring and healing Country</p>	<ul style="list-style-type: none"> Caring for Country philosophy for our decisions and actions 	<ul style="list-style-type: none"> Supporting Aboriginal self-determination Partnerships with Traditional Owners 	
 <p>Transforming around the customer</p>	<ul style="list-style-type: none"> Safe and pleasant drinking water Reliable water and sanitation services Timely response and repair Service that meets everyone's needs 	<ul style="list-style-type: none"> Customer satisfaction Customer responsiveness Bills and support 	
 <p>Helping communities thrive</p>	<ul style="list-style-type: none"> Saving water for the future 	<ul style="list-style-type: none"> Customer and community engagement Adapting to climate change Integrated water management Water efficiency and water recycling Recreational values Sustainable water use 	
 <p>Leading for our environmental future</p>	<ul style="list-style-type: none"> Looking after our natural environment 	<ul style="list-style-type: none"> Emissions reduction Increasing renewable energy Circular economy Environmental statutory obligations 	
 <p>Enabling high performance</p>		<ul style="list-style-type: none"> Diversity and inclusion Audited statement of performance Operational performance Additional financial performance 	



2023-24 Highlights

KEY INITIATIVES

**Honouring
and healing
Country**



**Transforming
around
customers**



**Helping
communities
thrive**



**Leading for our
environmental
future**



**Enabling
high
performance**



**Overview
of 2023-24
performance**



2



Honouring and healing Country

This year we've embedded honouring and healing Country as a guiding principle in our updated 2030 Strategy. Caring for Country is a key focus area along with advancing reconciliation and enabling self-determination.

Our 2030 Strategy now includes a guiding principle that sits above everything else – honouring and healing Country. This important change reflects our commitment to reconciliation and enabling self-determination, recognising the inherent rights of Traditional Owners/Custodians and First Peoples, particularly in caring for and maintaining custodianship of lands and waters.

This evolution in our approach followed community engagement undertaken for our 2023-28 Price Submission, which involved working with a First Peoples' Community Working Group. This allowed our citizens' jury to collaborate directly and more meaningfully with First Peoples. The jury's insights and learnings resulted in them making caring for Country their number one recommendation, recognising the value of First Peoples' knowledge and experience in achieving better outcomes.

As well as incorporating Honouring and healing Country as a guiding principle, we've set strategic measures against 3 key focus areas – advancing reconciliation, enabling self-determination and caring for Country.



Advancing reconciliation

We've seen strong staff engagement and participation with reconciliation. Our staff have a genuine desire and curiosity to learn and get involved – this is evident in all the different reconciliation initiatives underway across the business. We're now in the process of developing our second Stretch Reconciliation Action Plan (RAP) which will support our new guiding principle of Honouring and healing Country. In 2023-24 we ran a significant staff engagement process to help develop our vision and RAP actions. These conversations, alongside continued engagement with Wurundjeri and other First Peoples' partners, will continue to guide our approach.

In 2023-24 we've remained focused on building cultural competence and capability through respectful relationships and cultural awareness training. More than 350 staff have participated in First Peoples' Cultural Awareness Training programs since 2016. Staff and senior leaders have regularly attended the Koori Court, a powerful learning opportunity to witness self-determination in action.

We also:

- Participated in NAIDOC Week and National Reconciliation Week activities to raise cultural awareness among staff and the broader community.
- Partnered with Mullum Mullum Indigenous Gathering Place to construct a community Yarning Circle at the front of our shared Mitcham offices.
- Worked collaboratively with Traditional Owners/Custodians and First Peoples' businesses, community organisations and staff.

Enabling self-determination

We recognise the inherent rights of Traditional Owners/Custodians and First Peoples, particularly in caring for and maintaining custodianship of lands and waters. We acknowledge the historic and ongoing harms of colonisation, and we're committed to moving forward together. We continue to monitor and respond to the key self-determined processes underway in Victoria, focusing on advancing self-determination, inherent rights, informed consent, cultural rights, water justice, treaty and truth.

The principle of self-determination underpins our work in caring for Country and reconciliation. It involves removing barriers and creating opportunities to support a self-determined role for Traditional Owners/Custodians in water management and planning, as well as supporting First Peoples to participate equitably in the water sector. Our approach respects First Peoples' decision-making, leadership and governance and we support Traditional Owners/Custodians' rights on Country.

We've established a partnership with Wurundjeri at our Aurora Sewage and Recycled Water Treatment Plant site in Wollert to enable them to care for their Country in a self-determined way. Wurundjeri's Narrap Unit is working onsite to restore grassland, including cultural burning and extensive weed management. We're planning to expand this work to other sites.

We've also worked with our contract partners to upskill First Peoples' businesses to expand and increase their capability to work on major projects. Through our partnership with Kinaway Chamber of Commerce Victoria Limited and our supply chain, we've made progress in areas of shared priority, including employment outcomes, cultural awareness and supporting businesses to achieve their aspirations. We've run forums with our partners to connect them to First Peoples' businesses. We know this is an area where we can and need to do more and we've started to embed supply chain diversity expectations within our tender processes to ensure we're working with like-minded organisations.

Honouring and healing Country continued...

marram baba

We've endorsed the marram baba Merri Creek Regional Parkland Plan together with multiple partners including Wurundjeri, the Department of Energy, Environment and Climate Action (DEECA), Parks Victoria, Melbourne Water, Hume City Council, City of Whittlesea, Mitchell Shire Council and Merri Creek Management Committee. Stretching along 22 km of the Upper Merri Creek, the marram baba parkland will be one of the largest conservation areas in Greater Melbourne and a central feature of the Northern Growth Area. DEECA is supporting a Wurundjeri-led Cultural Values Study over the parklands area that includes our Aurora land. As part of this plan and with permission from Wurundjeri, interpretive signs have been installed along the Merri Creek to celebrate and promote the area's cultural values. Wurundjeri have prepared a Position Statement of Cultural Values for the parkland area with recommendations to guide the Plan to further contribute to self-determination.

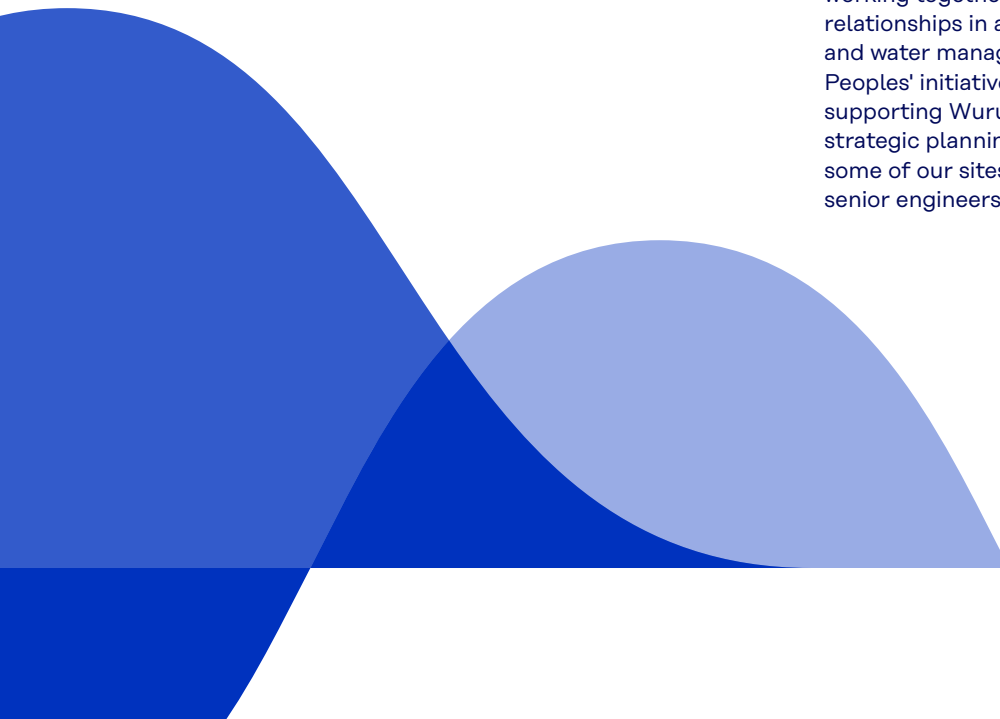
Yoorrook Justice Commission

The Yoorrook Justice Commission, the first formal truth-telling process into historical and ongoing injustices experienced by First Peoples, is undertaking its enquiry into land, sky and water. During 2023-24 we ran a webinar for staff, in collaboration with the other metropolitan water corporations and the Department of Energy, Environment and Climate Action (DEECA) to raise awareness of this important process and how it relates to us. We'll continue to build staff awareness and understanding of this process so that we can contribute to positive outcomes in support of self-determination.

Caring for Country

We operate on Wurundjeri Country and a small area of Bunurong/Boonwurrung Country. We honour and pay respect to Traditional Owners/Custodians and the cultures of all First Peoples and their connection with caring for Country. Committed to embedding a caring for Country philosophy, we integrate this approach into how we plan and deliver our services. In 2023-24 we launched caring for Country guidelines and held workshops for staff across the organisation. These were developed and delivered by our Aboriginal Partnerships Team to build understanding of caring for Country and reflect on what it means for different teams.

Through a caring for Country mindset, we aspire to deliver healthy ecosystem outcomes as well as cultural, social, health, wellbeing and economic benefits. We're working together through trusted partnerships and relationships in a cross-collaborative approach to land and water management, incorporating traditional First Peoples' initiatives to care for Country. This includes supporting Wurundjeri's Water Team in their long-term strategic planning for land and water management on some of our sites through a secondment for one of our senior engineers.







Transforming around customers

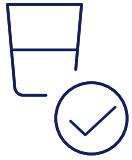
We care for customers and work to earn trust by delivering safe, reliable and affordable water and sewerage services. Our ongoing digital transformation is enhancing customer experience to ensure we continue to meet evolving needs and expectations.

Earned trust and satisfaction

Earning trust and satisfaction are essential to our success, fostering customer loyalty and solid business and community partnerships. Our goal is to consistently rank as one of the top performing water corporations in Victoria. Results are measured through the Essential Services Commission's (ESC's) customer perception survey covering satisfaction, trust, value for money and reputation. Latest results for the period September 2023 to May 2024 show we're ranked third for trust, reputation and satisfaction and sixth for value for money (out of 15 Victorian water corporations).

For this price submission period, we've adopted an innovative approach to assess our performance across the 6 key customer outcomes and 17 measures in our 2023-28 Price Submission. We engaged a Community Assessment Panel comprising former citizens' jury members to evaluate how well we've achieved the outcomes. As part of our commitment, we've promised to provide a community rebate of up to \$1.8 million for each outcome we don't achieve (up to \$10.5 million per annum). This year we've met 13 of the 17 measures, which the Panel assessed as fully achieving 3 of the 6 outcomes. Based on the Panel's assessment and recommendation a \$3.39 million rebate will be returned to customers through lower bills for those outcomes we haven't fully met.





87%

of customers are satisfied with their most recent interaction with us

Great customer experience

We take pride in our dedication to delivering exceptional customer experiences, striving to ensure our interactions consistently meet and exceed expectations. We exceeded our key customer experience target this year with 87% of customers satisfied with their most recent interaction with us. Our customer satisfaction levels for service experience are also high - 96% of customers are satisfied or very satisfied with our handling of fault calls and 91% are satisfied or very satisfied with emergency repairs. In 2023, our contact centre was named Australian Contact Centre of the Year at the Auscontact Excellence Awards.

Community needs and expectations constantly evolve, and we'll continue to work with customers and staff to ensure we're delivering what matters. Providing inclusive services and satisfying customers with accessibility needs are central to our approach. Our 2023-2028 Future Customer Experience (CX) Program outlines our vision to enhance service delivery through personalised, reliable and interconnected digital interactions while also reducing costs. By optimising and upgrading our business systems, we strive to offer an integrated, seamless experience for customers, regardless of their preferred engagement method. This includes investing in new self-service portals and redesigning the end-to-end customer experience.

Affordable for all

The increasing cost of living has put pressure on many customers and we remain committed to wrapping support around people having difficulty paying their bill. Melbourne's water bills are among the lowest in Australia for all capital cities. In 2023-24 the parks charge (collected on behalf of Parks Victoria) changed from an annual charge to a quarterly charge to help smooth customers' bills.

We also support Victoria's Housing Statement, which facilitates the conditions required to tackle the housing supply and affordability issue facing our community. We've prioritised service planning to support key infill development areas and planned resourcing to meet increased demand for connection to our network. The Housing Statement lists priority planning projects for growing suburbs, including those in the Northern Growth Area. Substantial work is underway with developers and stakeholders to ensure timely servicing of development in this area.

Our ongoing focus on affordability has seen our bills consistently decline in real terms since 2013-14 and remain less than 1% of the average disposable household income. In 2023-24, we delivered lower bills by 4.6% in real terms – reducing the impact of inflation of 7%.

We're also committed to raising awareness of support services for customers facing hardship through ongoing promotion of our financial support program, WaterCare. In 2023-24, 18,018 customers were managed by our WaterCare team. WaterCare offers a range of tailored options to help people having difficulty managing their bills. This includes helping customers to access concessions and government grants and setting up affordable payment plans. The 2022-23 Essential Services Commission's (ESC) Water Performance Report highlights our commitment to vulnerable customers, noting that we have the highest number of customers receiving Utility Relief Grants across the metropolitan water businesses. The ESC noted that our strong performance was attributed to our proactive case management and early intervention approach.

During 2023-24 we delivered a range of approaches to reach people who may be at risk of vulnerability or experience barriers to accessing support. This includes field visits for customers who have disengaged, running more than 45 Watercare pop-up stalls in community settings to provide in-person support, and a multi-channel marketing campaign to reach more people. This year's campaign focused on increasing the number of eligible customers who have their concessions registered, and we achieved a 35% increase in concession registrations compared to the same period previously.

Transforming around customers continued...

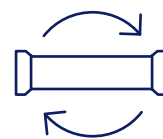
We're a proud founding member of Thriving Communities Australia (TCA, formerly known as the Thriving Communities Partnership), a cross-sector not-for-profit organisation which works to ensure all Australians have access to essential services. We're partners in TCA's One Stop One Story Hub, a world-first digital service which enables frontline workers in corporate and community organisations to connect and refer clients experiencing vulnerability (including financial vulnerability and family violence) to a range of supports through a single access point. This reduces the need for them to tell their story multiple times in order to receive the assistance available.

We're also committed to building and fostering positive relationships with commercial customers. This includes supporting small businesses facing financial pressure and developing Water Efficiency Management Plans with large commercial customers to help them save water and money.

Safe and pleasant drinking water

Our top priority is to provide safe and pleasant drinking water for our customers every day. Thanks to the foresight of Melbourne's early planners, most of the city's water is sourced from protected catchments, helping to ensure its high quality. Supply is supplemented with water from the Victorian Desalination Plant as needed. In 2023-24 an independent laboratory tested approximately 7,000 samples of our water to ensure 100% compliance with the *Victorian Safe Drinking Water Regulations*. We're proud that water from our Planters Hill Reservoir in Lilydale was crowned the winner in the 2024 IXOM Best Tasting Tap Water in Victoria competition. 86% of our customers agree we provide great drinking water.

We maintain water quality through a preventive risk management system. In 2023-24 we carried out proactive inspection and maintenance programs for key water quality infrastructure including water storage tanks, secondary chlorinators and water monitoring sample taps. We also cleaned and flushed water mains to minimise colour, taste or odour issues. Our staff and delivery partners completed water quality awareness and competency training programs.



Renewed and replaced

81 km

of water and sewerage pipes and carried out ongoing maintenance work

Reliable assets and services

We support Melbourne's growth by providing timely delivery of reliable infrastructure that boosts network resilience, meets customer service obligations and adheres to environmental performance standards. In 2023-24 we renewed and replaced 81 km of ageing water and sewerage pipes across our network.

Our Strategic Asset Management Plan ensures we prioritise delivery of new infrastructure to support growth and renew or replace ageing infrastructure where it's needed most. The plan also ensures the ongoing assessment and adaptation of our assets, systems and processes to manage climate change impacts and optimise the performance of mechanical and electrical assets. Another key focus area is the continuation of our digital transformation to provide timely insights and response and improve decision-making. We're committed to reducing the incidence of repeat issues and we're using sensors and predictive technologies to help detect failures, better understand asset performance and reduce reactivity. This focus on multiple interruptions over a longer period will address systemic issues and enable us to provide additional care and support for affected customers.

Extreme weather events, including bushfires, floods and droughts, are increasingly impacting our water supply and essential infrastructure. We continue to implement our Climate Resilience Plan, incorporating climate change adaptation considerations into all relevant business decisions. In 2023-24 we partnered with Nation Partners to develop a Climate Resilience Risk Assessment tool designed to address asset-related climate hazards and vulnerabilities. The map-based tool uses data from sources including the Bureau of Meteorology and Department of Energy, Environment and Climate Action (DEECA), and overlays it in our service area. This work marks a significant step towards proactively managing climate-related risks to ensure infrastructure resilience, reduce service disruptions and minimise costly repairs in the future.



Timely response and repair

Experiencing water and sewerage issues at home and work is inconvenient and unpleasant for customers, so we strive to maintain guaranteed service levels every day. In 2023-24 we exceeded our service response targets, restoring services within 4 hours for 95.9% of customers (during planned and unplanned interruptions) and within 12 hours for 99.7% of customers. 93% of customers were satisfied with the restoration of their services. These results are measured from April 2023 to March 2024.

We're continuing to streamline our systems so we can work seamlessly with delivery partners to ensure service interruptions are promptly reported, triaged and repaired. Contract managers and senior leadership work with delivery partners to review business continuity plans, identify possible supply chain interruptions and ensure critical stock supplies.

Digital meters

Digital water meters are integral to our work to secure Melbourne's water future, and we know through our price submission development that customers support them. Digital meters enable customers to better understand and manage their water use and identify leaks – saving water and reducing bills. We've been trialling digital water meters in Vermont South since 2019, helping customers save more than 5 million litres of water. We're now planning to move into the next phase, rolling out another 25,000 digital water meters to more suburbs from late 2024.

In 2023-24 we conducted a global procurement process to select preferred partners for digital water meter supply, the software needed to manage the devices and data, and installation. The digital metering team is now focused on configuring and integrating the software with back-office systems. Subject to the success of the 2024 rollout, we'll install digital water meters across our service area to create more sustainable water management.



Helping communities thrive

Water is vital for life and community wellbeing. We play a key role in helping to shape resilient and prosperous communities and to promote human rights, social inclusion and equity.

Secure water future

Melbourne is ranked among the world's most liveable cities and water is essential to support the prosperity of people and places. However, population growth and uncertain climate conditions pose challenges for our city's water future. To address these and consider how we secure water supplies for the next 50 years, we collaborated with Greater Western Water, Melbourne Water and South East Water to produce the *Greater Melbourne Urban Water and System Strategy: Water for Life*, released in 2023.

The strategy focuses on providing our region with a secure and sustainable water supply for the next 50 years, balancing water needs by making efficient use of existing supplies, diversifying water sources and transitioning to a more climate resilient supply of water. We've already begun delivering on projects that support outcomes of the strategy in water efficiency, integrated water management (including alternative water sources) and working with government on enhancing and expanding our existing system. The Victorian Desalination Plant will continue to supplement Melbourne's water supplies as needed to ensure reliability and quality of supply.





We've delivered

772

Water Watchers school incursions this year.

Water conservation

We continued to prioritise investment in water efficiency in 2023-24 including:

- Collaborating with Greater Western Water, South East Water and Melbourne Water to encourage Melburnians to reduce water use and support the Victorian Government's Target 150 (T150) objective.
- Developing a joint Water Efficiency Plan and Community of Practice to help residential and non-residential customers reduce water use with Greater Western Water, Melbourne Water and South East Water.
- Delivering a Water Audit and Appliance Efficiency pilot to support customers to change out inefficient showerheads and improve water efficiency in the home.
- Delivering our ongoing Water Watchers education program, completing 772 incursions to approximately 17,000 students.
- Inducting another 74 schools into the Victorian Government's Schools Water Efficiency Program (SWEP) to help them save water and reduce bills.
- Working with about 30 commercial customers using more than 100 million litres of water a year to develop Water Efficiency Management Plans. These customised plans are created in collaboration with customers to enable them to gain a greater understanding of water use across their business.

Recycled Water

Increasing use of recycled water for non-drinking purposes is crucial to long-term water security, taking pressure off potable supplies. Our recycled water network now services 49,000 homes and businesses through 800 km of dedicated recycled water mains, mostly in Melbourne's northern growth corridor, and continues to expand. Class A recycled water can be used for a variety of non-drinking water purposes such as flushing toilets, doing laundry and car washing. In 2023-24 we provided 674 megalitres of recycled water to homes, sporting grounds and local councils. We conducted over 15,000 recycled water inspections to ensure the safe delivery of this product. We've faced challenges with the delivery of recycled water this year due to major maintenance work at 2 plants, including our Aurora Recycled Water Plant, which supplies 87% of our recycled water to homes in Melbourne's rapidly growing northern suburbs. It's due to be back online in early 2025.

We're planning to increase capacity at Aurora to cater for increased demand. This will enable recycled water to be provided to customers in the Epping North, Donnybrook and Craigieburn areas, with the number of connected homes forecast to grow to 70,000 by 2027-28.

Through integrated growth planning and working with the Victorian Planning Authority and other stakeholders, we've also secured a site for a new recycled water treatment facility at Wollert. This facility will ultimately enable us to supply recycled water to approximately 160,000 residents in the northern growth area.

Recycled Water Community Assets Program

Our Recycled Water Community Assets Program is building partnerships with major infrastructure projects to offset potable water use during construction. In 2023-24 we piloted the program with the South East Project Alliance (SEPA) and Maroondah City Council, undertaking planning to enable offsetting of water used in 3 level crossing removal projects in Melbourne's east. This project will deliver a permanent recycled water supply to Barnggeong Reserve, a large sporting precinct in Croydon. This drought-proof water supply will come via a pipeline from our Brushy Creek Sewage and Recycled Water Treatment Plant in nearby Chirnside Park, producing Class A recycled water for a variety of non-drinking water purposes. The scheme will initially supply water to the main oval and save about 3 million litres of drinking water a year, with scope to expand.

Helping communities thrive continued...

Doncaster Hill Recycled Water Project

We continue to progress plans to build an underground water recycling facility in Doncaster to supply recycled water to about 5,000 properties in and around Doncaster Hill. Manningham Council issued a planning permit for the facility in 2023-24 and the tender process is now underway. This project will enable developers to meet Manningham Council's environmentally sustainable development requirements and will deliver one of the largest infill recycled water projects in Australia – demonstrating what is possible in the sustainable development of existing suburbs. The facility will also supply recycled water to irrigate and drought-proof local parks and reserves and save precious drinking water. We're working with the community to keep people informed as plans progress. We're targeting construction to start in 2026 and completion early in 2028.

Non-revenue water

Non-revenue water represents the difference between the amount of water we purchase from Melbourne Water and the volume we sell to customers. This variance is due to numerous causes, including water lost through bursts and leaks, water used for firefighting and unmetered connections. We haven't met our targets for non-revenue water this year (10% against a target of 7.8%) and this remains a key area of focus for us. Climate conditions, including the declaration of an El Nino event at the end of 2023, have a large bearing on our non-revenue water performance. Other factors include leak detection capabilities, leak and burst response times, customer metering accuracy, mains renewals and maintenance activities. We know minimising water loss is a priority for customers and we'll continue to strive to improve operational efficiency to save money and water. In 2023-24 we installed another 84 flow and pressure monitoring sites as part of our district metering program. We can now monitor performance in real time at a granular level for 47% of our water supply network to help us respond faster to any water loss events. In 2023-24 the amount of non-revenue water was estimated to be 16.3GL.

Community resilience

Communities we serve continue to experience the impacts of climate change, with extreme storms and rainfall causing widespread power outages and flooding. We've expanded our capability and capacity to respond to these events and contribute to more resilient water services and communities. This includes recruiting additional staff to the emergency management team and training people from across the business to provide a surge workforce that can assist emergency management teams during extended incidents. We've purchased more generators to ensure critical assets can continue to operate during widespread power outages which can impact our infrastructure. We've also deepened collaboration with other water authorities, councils and emergency agencies including the Department of Energy, Environment and Climate Action and Emergency Management Victoria, to develop strategies that enhance our collective preparedness and response capabilities. This collaboration ensures that resources, information and assistance can be rapidly mobilised to support those affected by adverse weather conditions.

Valued community partner

By building trust and respect, we can help shape resilient and prosperous communities and promote human rights, social inclusion and greater equity. We stimulate the economy through our value chain, partnerships and procurement practices to create diverse and inclusive employment opportunities and generate social and sustainable outcomes. We aim to enhance the liveability and wellbeing of our communities through a place-based planning approach that increases access to sustainable green and blue spaces.

Integrated water management

We believe that strong collaboration between the water industry, community and stakeholders (including Traditional Owners/Custodians, developers and other government agencies) is critical for effective water cycle management and planning. Integrated water management (IWM) plays a vital role in enhancing resilience to the uncertainty of climate change,

contributing to the liveability of our city and protecting the environment. Producing recycled water provides water security benefits by taking pressure off drinking water supplies. Rainwater and stormwater runoff can also be harnessed to support environmental, cultural and agricultural water needs and to irrigate public open spaces. The benefits of IWM extend well beyond water security. They include improved health and wellbeing linked to greenery and urban cooling, enhanced waterway and marine health, improved sewage management, flood resilience and opportunities for water justice for Traditional Owners/Custodians.

We're a key participant in the Catchment Scale IWM forums led by the Department of Environment, Energy and Climate Action (DEECA) which aims to accelerate and embed IWM into urban planning through partnerships and collaboration with key stakeholders. IWM forum actions are now in place to enable forum partners to move forward with delivering the IWM targets in each catchment area, including Yarra, Maribyrnong and Dandenong.

As well as recycled water projects, we've progressed several actions in relation to IWM in 2023-24 including:

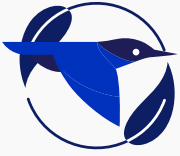
- Working with DEECA and South East Water to identify opportunities to expand the Dingley Recycled Water Scheme into Yarra Valley Water's service area, with potential application along the Suburban Rail Loop (SRL) corridor.
- Collaborating with Melbourne Water, Mitchell Shire Council and Merri Creek Management Committee on a proposal to create an innovative ephemeral wetland at Wallan Sewage Treatment Plant to treat and harvest urban stormwater from nearby developments for dual pipe use in nearby estates.
- Supporting Water4Good to explore harvesting and infiltration options for stormwater management in the Yarra Ranges and investigating stormwater treatment potential at our treatment plants.
- Collaborating to help improve creeks in our service area including Edgars Creek, Moonee Ponds Creek (in partnership with the Chain of Ponds Group) and Gardiners Creek (in partnership with the Gardiners Creek (KooyongKoot) Regional Collaboration).
- Partnering to maximise the benefits of open spaces, including marram baba Regional Parklands and the proposed wallan wallan Regional Parklands.

Wollert Community Farm

Construction of the Wollert Community Farm is underway on buffer land around the Aurora Sewage and Recycled Water Treatment Plant. We're working in partnership with Whittlesea Community Connections to showcase regenerative farming and provide volunteering, training and employment opportunities. Wurundjeri are caring for Country onsite through land management and mini and junior ranger programs are now operating through the National Indigenous Australians Agency. This enables young First Peoples' students to learn on Country. Students in Diploma of Conservation and Ecosystem Management programs are also undertaking regular fieldwork lessons at the farm and Whittlesea Community Connections representatives are collecting native grass and wildflower seeds from Aurora and Galgi Ngarrk (Craigieburn grasslands) for sale and onsite revegetation in 2024. We're now in the process of finalising biodiversity targets for the site with DEECA (as part of planning permit conditions) and operational agreements with partners.

Hazelwynde

We're continuing to work with stakeholders to explore the potential of Hazelwynde, our plan for a water efficient community on land we own in Melbourne's north. Hazelwynde will bring to life our purpose to create a brighter future for customers, community and the environment by showcasing sustainable community development. Our vision is to treat the entire precinct as a water catchment to ease pressure on Melbourne's precious water supply, utilising partnerships to establish this blue-green water efficient community that will meet all its own water needs through leading-edge water management. The project will provide a case study for other utility services, in areas such as renewable energy, and pilot new approaches to urban development that build the climate change resilience of new communities in urban growth areas.



Leading for our environmental future

We're committed to helping create a cleaner, greener and healthier Melbourne. We will achieve this by reducing our carbon emissions and working to create a circular economy and restore precious ecosystems.

Beyond zero carbon

We aim to become net zero for scope 1 and 2 emissions from 1 July 2025¹ and then go beyond zero carbon. Beyond Zero Carbon is our strategy to reduce our annual reportable emissions (in t CO₂-e) to below zero in accordance with the Statement of Obligations (Emission Reduction) issued to Victorian water corporations. Both our net zero and Beyond Zero Carbon goals will be achieved through efficiency measures, producing and purchasing renewable energy and using Climate Active eligible carbon offset units sourced from projects in Victoria. We'll be using 100% renewable electricity (self-generated or purchased) from 1 July 2025. We're also working to reduce fugitive emissions from sewage treatment. However, this is a long-term, industry-wide challenge to tackle. That's why we're also directly investing in new carbon offset projects in Victoria, which meet the requirements in our Statement of Obligations (Emissions Reduction). We're extending our focus into reducing scope 3 emissions and we've launched our carbon in construction tool at

¹ We aim to achieve zero reportable emissions for the 2025-26 Financial Year. Our emissions are reported in accordance with Statement of Obligations (Emission Reduction) Section 7: Rules for calculating emissions. Our target represents an accelerated timeline ahead of the Statement's requirements.



OzWater 2024. This enables us to estimate scope 3 emissions based on functional design data. We aim to strike a balance between cost savings and emissions reduction to reduce pressure on customer bills.

Net zero vehicle fleet

We're offsetting our vehicle emissions as we work towards a net zero emissions vehicle fleet by 2030. We'll only purchase electric vehicles from 2026 (where available and fit-for-purpose). To enable the transition to a zero emissions fleet, we're installing more renewable powered electric vehicle charging stations at our Mitcham head office and major satellite sites. This supports the increasing use of electric vehicles by our staff and contract partners. Our electric vehicle policy and free onsite charging has benefits for our employees, customers and the environment.

Solar energy

We're members of Zero Emissions Water (ZEW), a joint project currently between 12 Victorian water utilities to harness group purchasing power to buy cheaper renewable energy from a large solar farm in northern Victoria. We purchased 4,895 MWh of solar energy from the Kiamal Solar Farm in northern Victoria in 2023-24. We also produce renewable energy through solar panels at our Mitcham head office and several of our sewage treatment plants. We produced 671 MWh of solar energy in 2023-24 through solar panels installed at our Mitcham head office and sewage treatment plants.



We produced

671 MWh

of solar energy in 2023-24 through solar panels installed at our Mitcham head office and sewage treatment plants.

Towards circular

We're working to reduce waste, increase our production of renewable energy and deliver more recycled water to help contribute towards a circular economy. This includes exploring how we can use more recycled, reprocessed and less carbon-intensive materials in construction and maintenance. In 2023-24 we replaced over 10,600 tonnes of construction materials with recycled alternatives. Development of our carbon in construction tool included completion of a detailed carbon footprint analysis. This has enabled us to understand the carbon impact of 10 construction projects and opportunities to reduce that footprint. We've baselined all our construction projects until 2030 to estimate the total carbon footprint of planned works. The next steps of this work will inform our planning, design and construction approaches to reduce the carbon footprints of these projects. We've started working with our design and construction partners to reduce our carbon footprint through consideration of materials, construction methods and design approaches. Our ambition is for this to become a consistent approach across our asset delivery program.

We're a key partner in the *Victorian Water Sector Recycled Products Database Steering Committee*, looking at including more recycled products in the water industry's construction materials database. In 2023 we received funding through the Water Minister's Climate Innovation Challenge for a joint project to research low carbon cement alternatives in construction.

Food waste to energy

Investing in food waste to energy production is central to our commitment to reduce waste, minimise our carbon footprint and support Victoria's transition to a circular economy. Our Wollert Food Waste to Energy Facility, known as ReWaste, processed 13,950 tonnes of commercial food waste and generated 1,773 MWh hours of electricity in 2023-24. Electricity generation was reduced this year due to major maintenance being undertaken at the facility, with full operations planned to resume during 2024-25. Since operations commenced in 2017, the plant has processed over 178,000 tonnes of food waste.

We've worked with the Environment Protection Authority (Victoria) to support the development of a regulatory framework for the sustainable reuse of digestate, the by-product of the waste to energy process. The new regulation was published in December 2023 and we're now exploring the possible re-use of digestate produced at our facility. This nutrient-rich resource has huge potential to be used in the agricultural sector in a similar way to fertiliser. Allowing the reuse of digestate will close the loop on the circular economy process at our Aurora plant. We're planning to

Leading for our environmental future continued...

work with partners in the agricultural and scientific sectors to trial digestate processing methods and applications to identify the best circular economy outcome for digestate produced through our food waste to energy process.

We now have the EPA development licence and planning permits to build our second food waste to energy facility, and construction is underway. Co-located with the Lilydale Sewage Treatment Plant, this facility will put us on track to meet ambitious emission reduction targets, capable of processing about 55,000 tonnes of food waste a year. The facility will generate over 12,900 megawatt hours of electricity a year – that’s around 35% of our energy needs or enough to power the equivalent of more than 2,200 Victorian households. The facility is expected to be operational in 2025 when it will start accepting commercial and industrial food waste.

The project received \$1 million in funding through the Victorian Government’s Waste to Energy – Bioenergy Fund in 2023. This will help fund a second generator at

the facility. The fund is delivered by Sustainability Victoria under the Victorian Government’s circular economy policy, *Recycling Victoria: A New Economy*. Having a second generator will increase the power output of the Lilydale facility, nearly doubling our export to the grid. The Lilydale facility will help us achieve our target of generating 100% of our energy needs through renewable energy in 2025 and go beyond zero carbon.

Green hydrogen

We’ve invested in a hydrogen generation pilot project to explore the water sector’s potential to contribute to the development of a viable hydrogen economy in Australia, including increasing the water efficiency associated with hydrogen production and using the hydrogen by-product of oxygen to improve sewage treatment processes. Initial testing indicates the new technology has potential. Our current focus is to continue working with stakeholders to complete the pilot and progress the technology. We’ll then assess the business case to construct a larger scale hydrogen production facility.



Healthy ecosystems

We're working to reduce our impact on the environment and improve the health of natural ecosystems, waterways and habitats across our service area. As part of our commitment to honouring and healing Country, we're proudly partnering with Traditional Owners and others to protect and enhance biodiversity on our sites. In 2023-24 we worked with RMIT to analyse our biodiversity impacts across our landholdings, supply chain and operations. We're in the process of investigating response strategies, including the feasibility of becoming a nature-positive organisation. This builds on an earlier audit we completed that identified remnant biodiversity value across our land and recommended priority sites to protect habitat for endangered species. We're starting to develop and implement biodiversity management plans for these priority sites.

We've appointed a biodiversity field officer to help with high value site management and project development. This year, along with Melbourne Water, Parks Victoria, Friends of the Eltham Copper Butterfly, Nillumbik Shire Council and Banyule City Council, we've been working to help restore biodiversity and create a haven for the rare Eltham Copper Butterfly. Sweet Bursaria (*Bursaria spinosa*) shrubs have been planted by volunteers on land we own in Eltham to increase the habitat for this endangered species. We're keen to partner and learn with others, sharing our biodiversity protection and enhancement approach at the Australian Land Conservation Alliance Conference in Canberra in 2023.

We've partnered with Wurundjeri and the Narrap Rangers to care for their Country in a self-determined way through land management, including cultural burns.

Making better use of our sewage treatment plant sites, which include large land buffers, is a key focus area for the future. Work is already underway at Aurora, where we're in partnership to develop the Wollert Community Farm, and at the Upper Yarra Sewage Treatment Plant. At Upper Yarra we're partnering with Zoos Victoria, Melbourne Water, Greening Australia, Jacobs and Spiire to regenerate 35 hectares to create habitat for the Helmeted Honeyeater and Lowland Leadbeater's Possum - Victoria's faunal emblems – as well as other wildlife. We're now in the process of finalising detailed design work and obtaining statutory approvals to create wetlands to support this project. The wetlands will provide additional operational and environmental benefits by improving the quality of water discharged from the plant to the Birrarung (Yarra River).



In 2023-24 more than

400

properties came off septic systems and connected to the sewerage network.

Community Sewerage Program

We continue to deliver new sewer systems in outer suburban areas where residents still rely on septic tanks to treat their sewage. Septic tanks treat sewage on site and poorly performing systems can release untreated sewage into the environment, especially after heavy rain. In 2023-24, we completed work to enable almost 300 property owners to connect to a modern sewerage system in Kallista. We progressed construction in Kallista, Sassafras and Lower Plenty which will enable over 500 more properties to connect as work is finalised. We're also closing out work in the Dandenong Ranges, with construction in Olinda due to begin in 2024-25. We'll then shift our focus to delivering services to several communities closer to metro Melbourne, with works starting in Lilydale in 2024-25 followed by Park Orchards.

In 2023-24 in total more than 400 properties came off septic systems and connected to the sewerage network through our Community Sewerage Program. We're now working with the Department of Energy, Environment and Climate Action, the Environment Protection Authority (Victoria) and local councils to promote the benefits of the new sewerage systems and continue to increase customer connection rates.



Enabling high performance

People are at the heart of everything we do. We achieve results through our engaged, high-performing and achievement-oriented workforce and our people-first safety and wellbeing approaches.

People and culture

The power of our culture and employee engagement is underscored by consistently strong results in the Human Synergetics Organisational Culture Inventory and the Victorian Public Sector Commission's People Matter survey. Our commitment to hybrid work, flexibility, wellbeing and a focus on individual accountability and growth is supported through an improved performance and development process which is delivering positive results. Our Hybrid Playbook was recognised at the 2023 Australian HR Awards as Best Remote Workforce Strategy. We'll continue to monitor our hybrid approach to ensure it meets our organisational needs and supports our employee value proposition (EVP). Our new EVP was developed in 2023-24, helping to ensure we continue to attract and retain talented people.

In 2023-24 we also redesigned our talent review and succession planning process for our senior leadership team. We continue to improve our people and reporting systems. This includes exploring opportunities to leverage artificial intelligence, which can be used to gain deeper and more timely insights into data to enhance talent management decisions and strategic workforce planning. These are key focus areas as we work to prioritise strategic and emerging capabilities for our organisation and develop our people.



Diversity, equity and inclusion

In 2023-24 we reviewed our diversity and inclusion policy and initiatives. Our People Strategy now includes a dedicated diversity, equity and inclusion pillar aimed at embedding true inclusion into the entire employment lifecycle. As we mature in our approach, we continue to build a diverse workforce that better represents the community we serve. This includes developing employment targets to track progress and embedding diversity and inclusion in the performance system for leaders. Senior executive champions have been appointed for diversity focus areas. This emphasis will develop capability in senior executives to identify diversity and inclusion risks and opportunities. There are key measures for the number of women in leadership positions and employees who identify as Aboriginal or Torres Strait Islander.

We know there's more work to do to recruit First Peoples and build career pathways for existing employees who identify as Aboriginal or Torres Strait Islander. Currently 1.6% of employees identify as Aboriginal and/or Torres Strait Islander and we're taking a proactive approach to increase recruitment through the establishment of talent pools, strengthening community connections, identifying opportunities and working to reduce barriers for Aboriginal and Torres Strait Islander candidates.

Our expanded employee reference groups work to foster inclusion, improve our understanding of diversity and call attention to bias and less fair processes. For example, we're active members of WaterAble, a network of people with disability and their allies in the Victorian water industry. Our job advertisements encourage people with disability to apply and make it easier for applicants to request assistance with their application if needed. We've converted 2 office areas into low stimulation quiet zones for employees who work better in these environments.



48%

of leadership positions are held by women.

Gender equity

In line with our commitment to gender equity and efforts to reduce the gender pay gap, we have conducted a comprehensive remuneration review of all senior employees. Our new Remuneration Framework is grounded in the primary principle of equal pay for work of similar or same job value. We have also moved to greater transparency around pay when we fill open positions. We believe this approach has been a significant factor in our ability to achieve 48% of leadership positions being held by women. We're also actively working on how we address unconscious bias in the recruitment process.

Senior executives completed the Gender Intelligence Pilot Program in 2023, which focused on gender equity and incorporated an intersectional view with materials focused on the experiences of First Peoples and LGBTQI+ communities. Gender Intelligence conversations are being held at Divisional Manager and Team Leader level. This approach has driven a shift in how we hold conversations about gender issues and how they impact our people and the way we work.

Prosperous partnerships

We participated in the international Partnerships for a Resilient and Climate Smart Water Sector Program in 2023-24. The program is facilitated by the Australian Water Association and supported by the Australian Water Partnership in collaboration with Indonesian-based PERPAMSI. We worked with Tirta Musi Palembang City in Sumatra, Indonesia, sharing knowledge and helping improve outcomes for customers and communities. The program provides an opportunity to address common water sector challenges and work towards achieving the Sustainable Development Goals (SDGs).

In addition, one of our wastewater professionals joined an expert working panel to help inform the development of an urban wastewater and sanitation strategy for Cambodia. The Australian Water Association established the panel in support of the Australian Government's Partnerships for Infrastructure program to contribute to the SDGs in Cambodia. We hosted Cambodian delegates at our Mitcham office this year to learn more about our sewerage network, operations and regulation.

Enabling high performance continued...

Safe and well

Our people-based safety model establishes human-centric safety and wellbeing as our purpose. This model guides our approach to achieve outcomes to keep our staff and partners safe at work and actively engaged in safety and wellbeing. Safety is considered in these outcomes as both physical and psychosocial safety and wellbeing.

Recent safety initiatives include:

- Implementing our new Contractor Safety Partnering Framework.
- Launching our Psychological Health and Safety Management Plan.
- Uplifting field safety programs.
- Implementing a new incident management system.

Our Safe and Well committees continue to lead our approach, implementing our people-based safety model to address current challenges and oversee our safety initiatives. We've developed a Psychosocial Health and Safety Management Plan in preparation for new Occupational Health and Safety regulations expected to be introduced in 2024. This plan responds to identified psychological risks and introduces 3 action areas, including enhancing meeting productivity and building wellbeing practices into business processes. It includes a Gendered Violence, Aggression, Family Violence, Bullying and Sexual Harassment Prevention Plan. We have leave options in place for staff who are experiencing family violence, as well as family violence training for staff and targeted support available through our Employee Assistance Program. We also delivered evidence-based psychosocial safety awareness and intervention training to our Executive team, Divisional Managers and a cohort of people leaders.

We're committed to creating a safe, diverse and inclusive workplace. We've developed a new sexual harassment policy that will build on our anti-discrimination work. It will empower our people, leaders, Board members, contractors, suppliers and stakeholders to address unwelcome behaviours through various forums, with a clear victim-centric focus.

Our new Contractor Safety Partnering Framework, implemented in early 2023, continues to be applied to our contractors and delivery partners, respecting the skills and expertise of our partners, while acquitting our legislative duties as they relate to contractor safety

management. It provides greater clarity for contract and project managers to work safely and effectively with delivery partners.

Field safety programs are undergoing review and enhancement to maintain a high standard of safety and wellbeing for field employees. This review introduces new field safety inspection programs, work insights, safety walks with partners and contractors, simultaneous operations management and improved communication of site-based safety hazards. The new safety incident management system offers better incident trending, escalation workflows, and real-time tracking of incidents and near misses. Our ongoing focus on safety has seen the Total Recordable Injury Frequency Rate (TRIFR) reduce from 5.77 in February 2021 to 3.54 in June 2024.

Always Efficient

Our financial strategy is focused on providing affordable services and optimising community returns from investments. This focus has seen bills consistently decline in real terms since 2013-14 and remain below 1% of the average disposable household income. However, we know the future will see more pressure on prices due to increased infrastructure costs and higher interest rates.

We've continued to work to reduce water loss in our system through our Strategic Asset Management Plan, focusing on active leak detection, mains renewals, district metering, trialling of intelligent network technologies and reducing the size of District Metered Areas across our network. This enables us to detect smaller losses and proactively address them. We know there is more work to do to reduce non-revenue water to meet our target and we continue to implement operational efficiencies to improve results.

Our Enterprise Portfolio Management Office (EPMO) continues to mature, providing governance and support for the delivery of critical projects and outcomes aligned with our 2030 Strategy. It also facilitates the integration, streamlining and consolidation of all our strategic planning and monitoring processes. The EPMO governance framework enables effective prioritisation of short and long-term projects and resources, maintaining a sharp focus on our strategic goals and the flexibility to change course as needed.

We aim to continue to be one of Australia's most efficient water utilities, as indicated by Water Services Association of Australia (WSAA) benchmarking. We've been improving our analytics capability to gain insights from our data, leading to tangible improvements in asset utilisation, customer and employee experience, cost allocations and productivity. We've also leveraged government and industry relationships to identify and explore opportunities, helping us focus our efforts for the best outcomes. Our 2023-2028 price submission reflects a commitment to achieve annual operating cost savings of 1.7% per year, continuing compounding productivity improvements achieved for the previous price period (2018-2023).

Capital expenditure

To ensure we maintain service levels and reliability for our customers, we continue to make significant investments to replace ageing assets in our network. Capital expenditure in 2023-24 was \$367 million, driven largely by expansion of our sewer network in the north, integrating properties on septic tanks into our sewer network and renewing our existing water and sewer pipework.

Our 2023-28 Price Submission includes commitments to deliver 10 high-value projects. These top 10 projects account for \$528 million (22.3%) of our total capital program. In line with our overall asset management strategy, the projects involve replacing ageing infrastructure to maintain our high levels of service and customer satisfaction and developing new infrastructure to support Melbourne's growing population. More than half of the major projects will service new properties in the Northern Growth Corridor.

Digital enablement

Our digital enablement plan is designed to ensure we continue to meet customers' expectations now and into the future and reduce our cost to serve. The plan aims to make our services accessible 24/7 and enable near real time information sharing with our partners. It also protects customer and critical business data from cyber-attack and simplifies our technology environment through state-of-the-art systems and platforms.

Cyber and infrastructure security

As an operator of critical infrastructure, we comply with the *Security of Critical Infrastructure Act 2018* (SOC1) and through the Critical Infrastructure Risk Management Plan we continue to work towards meeting upcoming requirements. Our continuous focus is to reduce risk across our organisation including those associated with our critical infrastructure assets.

We've been measuring our cyber security maturity using the NIST Cyber Security Framework. In 2023-24 we exceeded our maturity target and this has been independently verified. We've increased our cyber security capability with more internal staff in key focus areas and extended our detection and response capability with new 24/7 services across commonly targeted areas. Cyber incident readiness remains a top priority. We continue to take part in joint cyber incident response exercises with other metropolitan water corporations and work to address learnings. These exercises are conducted regularly with a focus on ongoing improvement.

Overview of 2023-24 performance

Price submission customer commitments

Outcome area	Measure	Metric	Target	Result
			1 April 2023 – 31 March 2024	
Safe and pleasant drinking water	Compliance with safe drinking water regulations	Number of non-conformances	0	0
	Customers who agree we provide great drinking water	Percentage of customers surveyed	≥91%	86%
Reliable water and sewerage services	Customers who experience 3 or more unplanned interruptions	Number of customers	<7,000	4,896
	Customers who experienced 5 or more unplanned interruptions in the last 3 years, and any interruptions this year	Number of customers	<3,572	2,526
Timely response and repair	Customers' satisfaction with the restoration of their services (planned and unplanned interruptions)	Percentage of customers surveyed	≥91%	93%
	Customers whose water or sewerage service wasn't restored within 4 hours (planned and unplanned interruptions)	Percentage of customers who've experienced an interruption	≤4.85%	4.05%
	Customers whose water or sewerage service wasn't restored within 12 hours (planned and unplanned interruptions)	Percentage of customers who've experienced an interruption	≤0.35%	0.23%
Service that meets everyone's needs	Customers' satisfaction with their most recent interaction with us	Percentage of customers surveyed	≥86%	87%
	Customers, who accessed our support services, believe Yarra Valley Water helped them with their bills	Percentage of customers surveyed	≥92%	94%

Outcome area	Measure	Metric	Target	Result
			1 April 2023 – 31 March 2024	
Saving water for the future	Water lost in Yarra Valley Water's supply system	Percentage of water purchased from Melbourne Water	≤7.8%	10%
	Recycled water used where it's available	Percentage of all water used	≥3.7%	1.1%
	Average household water use	Litres per property per day	≤399	386
	Business customers who use more than 100ML (100 million litres) of water a year, who have an active water efficiency plan	Percentage of customers	100%	100%
Looking after our natural environment	Hectares of land we actively manage to preserve and restore biodiversity and natural habitats	Hectares	9	10.6
	Volume of sewage spills reported to the EPA as having a material impact to the environment	Kilolitres	≤5,000	9,348
	Number of customers who were on septic tanks and are now connected to the sewerage network	Number of customers	>200	407
	Percentage of energy requirements met from renewables	Percentage of electricity used	85%	85%

Financial summary

This year we delivered a net profit after tax of \$122 million, which is \$64 million higher than target. This is mainly due to acceleration and completion of a backlog of developer contributed asset revenue and new customer contributions which were delayed by the pandemic, and a one-off sale of water rights to Gippsland Water.

Capital expenditure of \$367 million was incurred during 2023-24 primarily to renew, augment and upgrade water and sewer infrastructure. Yarra Valley Water focuses on the efficient and effective use of its capital expenditure to deliver planned outcomes in accordance with our approved price submission.

A final dividend of \$25.5 million for the 2022-23 financial year was paid in 2023-24. The amount of the final dividend for the year ended 30 June 2024 is determined by the Minister for Water and the Treasurer of Victoria in consultation with the Board. This will be paid in the 2024-25 financial year.

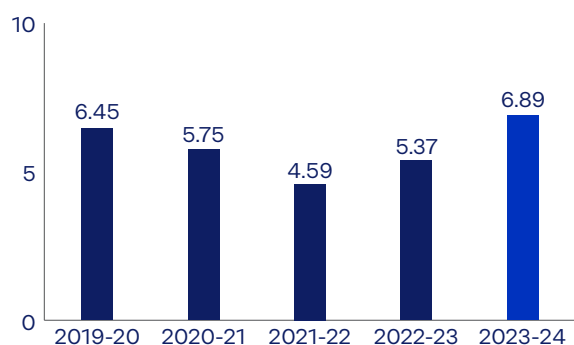
During 2023-24 total assets have increased by \$387 million mainly due to the growth in infrastructure, property, plant, and equipment.

Total liabilities increased by \$360 million in 2023-24 as a result of additional borrowings used to fund business operations including, capital investments for our water and sewerage infrastructure.

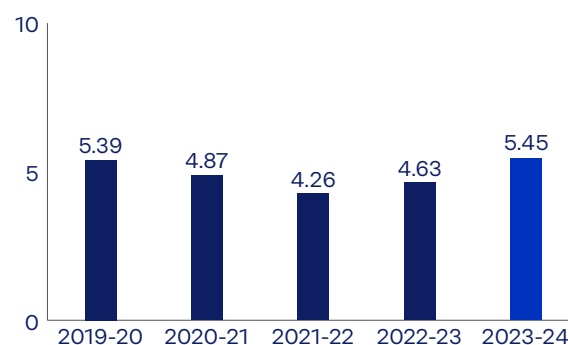
Overview of 2023-24 performance continued...

Five-year financial summary

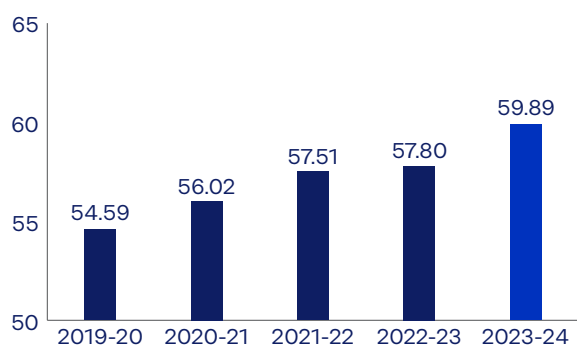
	2024 \$'000	2023 \$'000	2022 \$'000	2021 \$'000	2020 \$'000
Statement of comprehensive income					
Service and usage revenue	1,004,998	959,584	954,406	968,728	951,083
Other revenue	233,678	168,992	131,765	162,683	192,491
Total revenue	1,238,676	1,128,576	1,086,171	1,131,411	1,143,574
Operating and other expenses	776,809	732,027	727,304	749,083	747,486
Depreciation and amortisation	120,711	120,584	115,130	116,318	114,505
Finance costs	166,859	143,183	132,877	130,264	132,886
Total expenses	1,064,379	995,794	975,311	995,665	994,877
Profit before income tax	174,297	132,782	110,860	135,746	148,697
Income tax	(52,285)	(39,765)	(33,365)	(41,632)	(44,299)
Net profit after tax	122,012	93,017	77,495	94,114	104,398
Balance sheet					
Current assets	183,920	179,253	202,263	189,127	166,412
Non-current assets	6,275,005	5,892,228	5,653,772	5,410,964	5,151,903
Total assets	6,458,925	6,071,481	5,856,035	5,600,091	5,318,315
Current liabilities	706,987	668,713	592,036	548,119	505,071
Non-current liabilities	3,967,981	3,646,502	3,558,580	3,380,871	3,211,136
Total liabilities	4,674,968	4,315,215	4,150,616	3,928,990	3,716,207
Net assets	1,783,957	1,756,266	1,705,419	1,671,101	1,602,108

Return on equity (%)

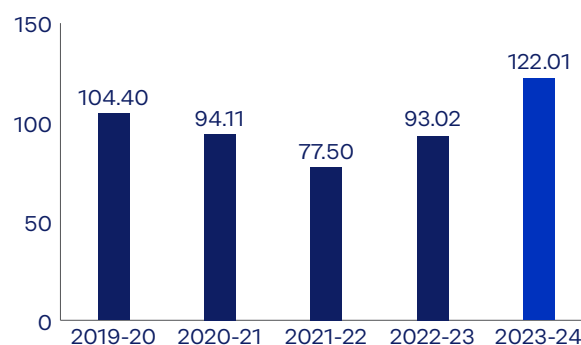
Return on equity increased in 2023-24 primarily due to completion of a backlog of developer contributed asset revenue and new customer contributions which were previously delayed by the pandemic, and a one-off sale of water rights to Gippsland Water.

Return on average assets (%)

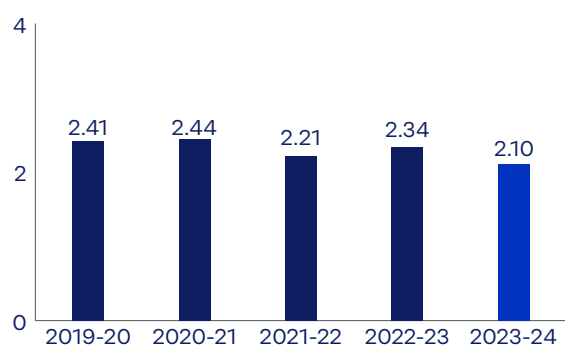
Return on assets has increased primarily due to completion of a backlog of developer contributed asset revenue and new customer contributions which were previously delayed by the pandemic, and a one-off sale of water rights to Gippsland Water, partially offset by growth in average assets in 2023-24.

Gearing Ratio (%) interest bearing debt to assets

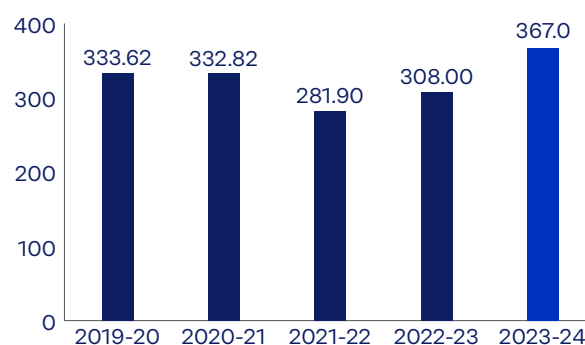
Gearing ratio has increased in 2023-24 due to increase in borrowing levels to fund capital and operating expenditure.

Net profit after tax (\$M)

Net profit after tax has increased in 2023-24 as a result of higher revenue from new customer contributions and completion of previous year's developer works delayed during the pandemic, and a one-off sale of water rights to Gippsland Water.

Interest cover times

Interest cover ratio has decreased in 2023-24 primarily due to higher interest cost of borrowings compared to 2022-23.

Capital expenditure (\$M)

2023-24 capital expenditure has increased due to higher investment in water and sewerage infrastructure improvement and growth projects.

Delivering Value

**Our
leadership**



**Our people and
culture**



**Liveability
outcomes**



**Environmental
outcomes**



**Our
performance**



3

Our leadership

Our leadership team is focused on sustaining our high-performance culture and driving decisions and actions that lead to better outcomes for our customers and community.

A high standard of corporate governance

The Yarra Valley Water Board has overall responsibility for corporate governance including:

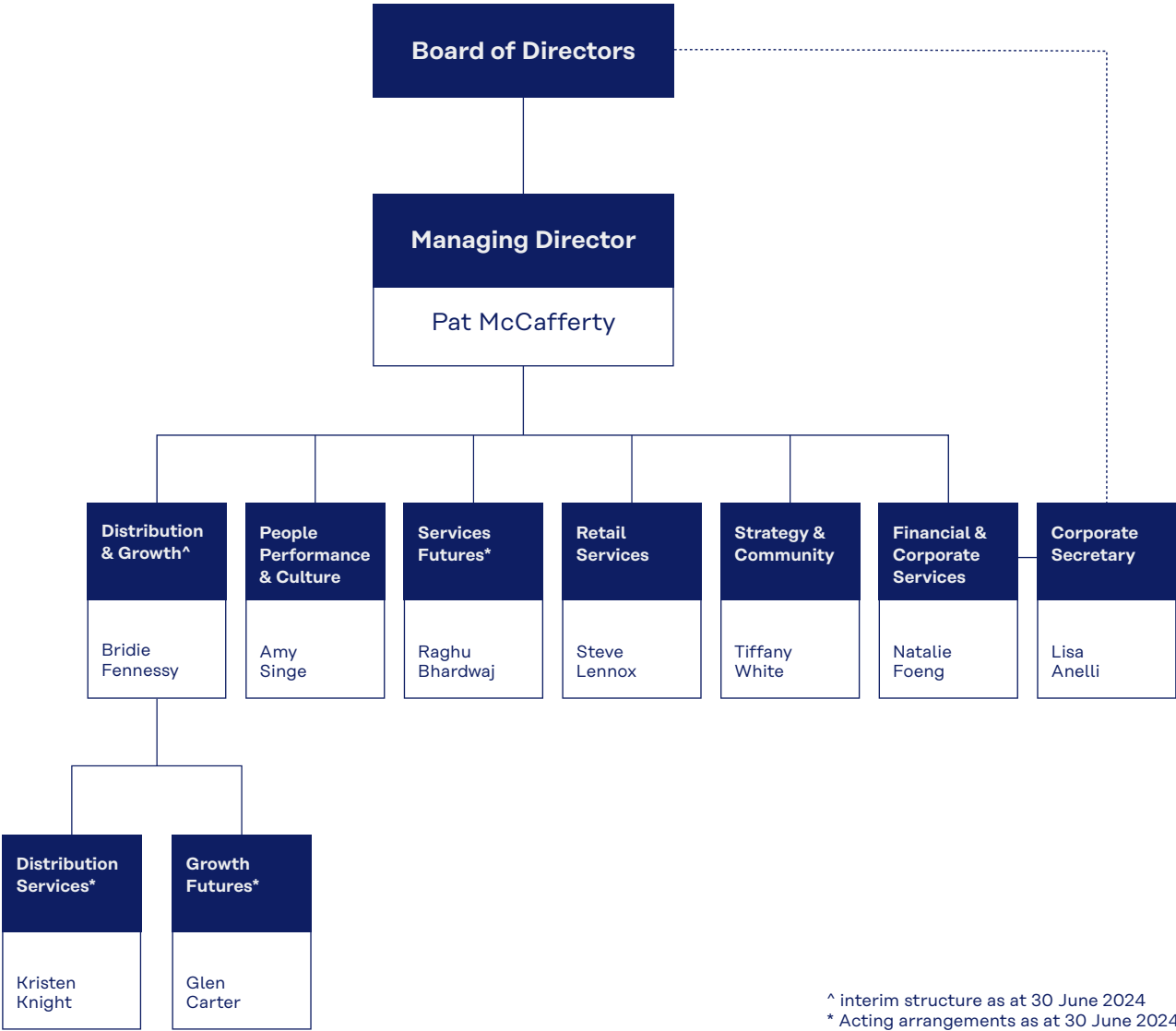
- setting the strategic direction
- establishing goals for management and monitoring the achievement of these goals
- monitoring the business' performance.

We are committed to ensuring a robust Corporate Governance Framework is in place and reviewing the framework regularly to ensure it aligns with best practice.

This section sets out the main Corporate Governance practices in place during the 2023-24 financial year.



Organisational chart

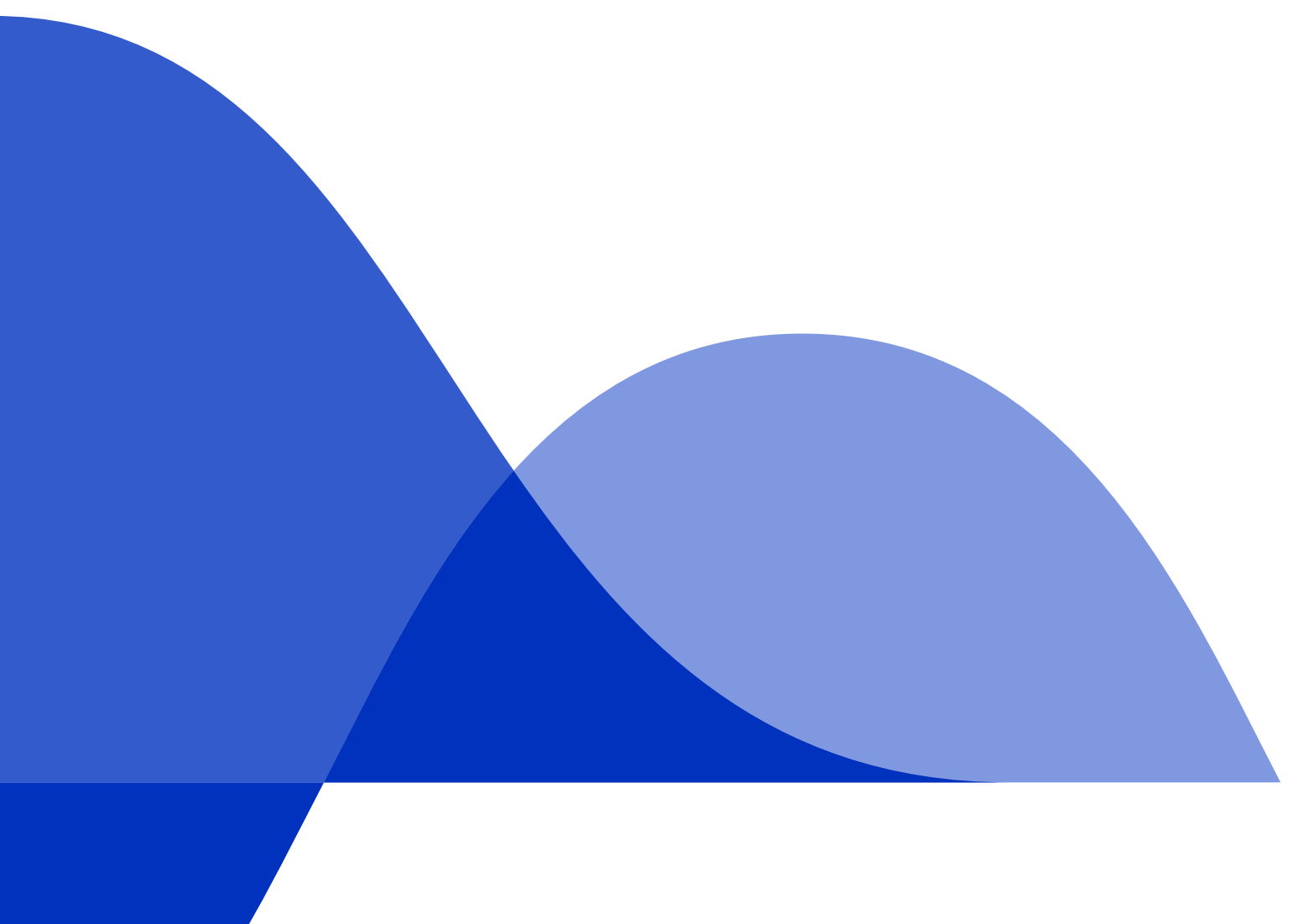


Board

The Yarra Valley Water Board comprises 9 independent Non-Executive Directors and one Executive Director, with the Non-Executive Chair and Non-Executive Directors appointed by the Minister for Water.

The Managing Director is appointed by the Board in accordance with the *Water Act 1989*.

Our Directors have a wide range of backgrounds and bring an appropriate mix of skills and experience to the Board.





Gabrielle Bell

Chair

LLB (Hons), BEng (Chem) (Hons), GAICD

Gabrielle Bell was appointed to the Board as Chair on 1 October 2023.

Gabrielle brings a wealth of water management experience and leadership, and has served on the boards of South East Water, Iota Services Pty Ltd and Southern Rural Water.

Gabrielle currently serves as a Non-Executive Director for Aware Real Estate Management Pty Ltd and BCI Minerals Limited (ASX:BCI) and has held prior roles in the public transport, superannuation and public health sectors.

Gabrielle is a corporate lawyer and has worked in both Australia and Southeast Asia. Her extensive experience in various sectors and her commitment to governance, industrial safety and climate change issues make her a valuable addition to our board.

Committee membership:

- Service, Community, Assets and Regulation Committee
- Risk Management and Audit Committee
- Leadership, Culture and Diversity Committee



Rob Skinner AM

Deputy Chair

BE (Hons), MSc, FIEAust, FAICD

Rob Skinner became a Director on 1 October 2015.

He is a Professorial Fellow at the Monash Sustainable Development Institute, Chair of Victorian IWM Reference Group, Lead Chair of the Victorian Government's Integrated Water Management Forums, Chair of NSW Independent Metropolitan Water Advisory Panel. He is a Distinguished Fellow of the International Water Association (IWA) and Member of the Sydney Water Planning Partnership Independent Evaluation Panel.

Rob was Managing Director at Melbourne Water from 2005 to 2011, and Chief Executive Officer of the City of Kingston from 1996 to 2005.

Over the past 20 years, Rob has been on a number of boards and involved in numerous advisory panels and reviews related to water policy and strategy in Victoria and elsewhere.

Committee membership:

- Service, Community, Assets and Regulation Committee – Chair
- Risk Management and Audit Committee

Our leadership continued...



Mary Kanavoutsos

BEng (Chem) (Hons), GAICD

Mary Kanavoutsos became a Director on 1 October 2023.

Mary brings over 30 years' experience in the water infrastructure industry, including her role as an Executive Market Director at Jacobs. Her leadership in strategy, technical expertise, and project development spans across Australia, New Zealand, Asia, and the Middle East. Mary is widely acknowledged for her strong focus on business strategy, customer and community value.

Mary holds a Bachelor of Engineering (Chemical) Honors degree from University of Melbourne.

Committee membership:

- Leadership, Culture and Diversity Committee
- Service, Community, Assets and Regulation Committee.



Victoria Marles AM

BA, Dip Ed, Dip Arts (Dramatic Arts), LLB (Hons), LLM, FAICD

Victoria Marles became a Director on 1 October 2017.

Victoria is the Chair of Australian Land Conservation Alliance. She has practised as a lawyer in the private, not-for-profit and public sectors in media/communications and consumer complaints law.

Victoria has previously held the positions of Chief Executive Officer of Trust for Nature, Director of Consumer Action Law Centre, Abbotsford Convent Foundation, Chief Executive Officer of the Legal Services Board (Victoria), Legal Services Commissioner (Victoria), Deputy Telecommunications Industry Ombudsman and has been a trustee of the Victorian Arts Centre Trust.

Victoria brings to the Board extensive knowledge in the areas of natural resource management, climate change adaptation, biodiversity conservation/offsets and consumer law.

Committee membership:

- Risk Management and Audit Committee
- Service, Community, Assets and Regulation Committee.



Robyn McLeod AM

BA, BEd, FAICD

Robyn McLeod became a Director on 1 October 2023.

Robyn has served as the Independent Commissioner for Water Security in South Australia, National Director of Water at KPMG, and Executive Director of Major Projects, Water with the Department of Sustainability and Environment, Victoria.

Robyn was appointed a Member of the Order of Australia in 2024 for her significant contribution to social welfare and governance.

Robyn currently holds positions on the Boards of Clean Teq Water Limited, Austin Health, and served on the Board of VicWater for 4 years, and Melbourne Water for 8 years.

Committee membership:

- Risk Management and Audit Committee
- Service, Community, Assets and Regulation Committee.



Karen Milward

GAICD

Karen Milward became a Director on 1 October 2017.

Karen is the owner of Karen Milward Consultancy Services and is currently the Chair of Mullum Mullum Indigenous Gathering Place, Kinaway Chamber of Commerce Victoria Limited, Community First Development (formerly Indigenous Community Volunteers) and member of the Victorian Aboriginal Employment and Economic Council.

Karen brings to the Board extensive experience in working with Aboriginal and Torres Strait Islander communities, having worked on complex projects commissioned by public sector agencies responsible for policies, programs and services impacting on Aboriginal communities and also having served on numerous committees and reference groups, including Ken Wyatt's Local and Regional Voice to Parliament Group, Victorian Aboriginal Economic Board and the Premier's Aboriginal Advisory Council.

Committee membership:

- Leadership, Culture and Diversity Committee
- Service, Community, Assets and Regulation Committee.

Our leadership continued...



Victor Perton

BEC, LLB, LLM, Dip Chinese Law, GAICD

Victor Perton became a Director on 1 October 2015.

Victor is the founder and Chief Optimism Officer of The Centre for Optimism, fostering infectiously optimistic leadership and has asked thousands of people, "What makes you optimistic?" He is the author of "Optimism: The How and Why." The Centre for Optimism is the legacy of the Australian Leadership Project Victor also founded.

He is passionate about the work of Yarra Valley Water and the broader Australian water sector and serves as an elected board member of VicWater. He is also passionate about excellent public policy and regulation and works with the Australian Public Services Academy on courses including Great Public Policy and Quality New Policy Proposals. He has chaired public sector inquiries and committees on technology, justice, equal opportunity, regulatory efficiency, subordinate legislation and several other topics.

Victor brings 18 years of experience as a Member of the Parliament of Victoria. As a barrister, he has been a member of the Victorian Bar for 40 years. He is a former Commissioner to the Americas, promoting foreign direct investment in Victoria, supporting Victorian exporters, and building global supply chains and expatriate and alumni networks. He was a Senior Adviser to the Australian G20 presidency.

His experience in governance includes service on boards, including those of the Transport Accident Commission, the Global Integrity Summit, and the Australian Centre for Financial Studies, as well as advising on good governance.

Committee membership:

- Leadership, Culture and Diversity Committee - Chair
- Service, Community, Assets and Regulation Committee.



Ari Suss

MPPM Master of Public Policy and Management, GAICD

Ari Suss became a Director on 1 October 2021.

Ari is Chief Executive Officer of Fox Special Projects Group, supporting the family investment arm of the Linfox Group of Companies. He also holds roles as a Board Member of Avalon Airport Australia and Director MAP Co Pty Ltd.

Ari has provided specialist expertise in regulatory, legislative, and political matters for Linfox's logistics, property, and aviation businesses, joining as Manager of Government and Corporate Affairs in 2004. He became Executive Director of Fox Private Group in 2008.

Ari was a senior adviser to former Premier Steve Bracks between 1999 and 2004. During this time, he specialised in policy and advice in the areas of infrastructure development, transport, ports, major projects, multicultural affairs, and parliamentary strategy.

In 2011, Ari also commenced in his role as General Manager of the Australian Automotive Research Centre, a 1000-hectare vehicle test facility in Anglesea, Victoria.

Committee membership:

- Service, Community, Assets and Regulation Committee
- Leadership, Culture and Diversity Committee.



Catherine (Kate) Vinot

BE (Hons) Civil Engineering, MBA (Executive), MSc Economics for Development (Hons), GAICD

Kate Vinot became a Director on 1 October 2021.

Kate is an experienced business leader with strong commercial acumen and a deep understanding of developing and delivering effective strategies, with a particular focus on the water, energy, resources and environment sectors and sustainable urban development.

Kate brings exceptional skills in effective implementation of lasting strategic, customer-focused transformational change in complex public, private and government organisations. She is able to bring the leaders of diverse specialist functions together into one high performing team to execute strategy across an organisation and beyond.

Kate has extensive knowledge of regulatory and policy frameworks and is a skilled speaker, facilitator and communicator who enjoys opportunities to promote ideas and issues in public forums.

Kate is Chair of Tasmanian Irrigation, Non-Executive Director Natural Hazards Research Australia, Governor Cerebral Palsy Alliance Research Foundation and Principal Ageos Consulting.

Committee membership:

- Risk Management and Audit Committee
- Service, Community, Assets and Regulation.



Pat McCafferty

Managing Director

BBus (Acc), Exec. MBA, GAICD, FWCLP, FIWA

Pat McCafferty was appointed Managing Director on 1 July 2014.

With an extensive career in the water sector, Pat has significant experience in all facets of the sector, having held various executive roles in operations, strategy, finance, regulation and planning prior to his appointment as Yarra Valley Water's Managing Director.

He has also worked in the USA water sector and advised the Australian Federal Government as part of the National Water Initiative.

Pat is Chair of Thriving Communities Australia (a national cross sector collaboration to improve support for vulnerable customers of essential services), Deputy Chair of WaterAid Australia and past Chair of the Water Services Association of Australia (Australia's peak body for major urban water utilities). Pat is also a member of the Leadership Oversight Committee for the Women in Water Leadership Program (a Water for Victoria initiative) and member of the Committee for Melbourne's Standing Committee on Infrastructure and Sustainability.

Committee membership:

- Leadership, Culture and Diversity Committee
- Service, Community, Assets and Regulation Committee.

Our leadership continued...

Directors who retired during the year

Sue O'Connor

BAppSc, GDipBus Mgt, FAICD

Sue retired as Chair on 30 September 2023 after 10 years' service.

Sue is an experienced business leader who has served as a Chair, Director and senior business leader with ASXTop10 and global unlisted companies as well as high profile statutory authorities and not for profits.

Sue is known for her board leadership, commercial acumen and using her expertise in critical digital infrastructure, net zero transitions, audit and risk and ESG to deliver sustained value to companies, communities and the environment.

She is currently Chair of Indara Digital Infrastructure, Australian Tower Networks and a Director of Mercer Superannuation, CDC Data Centres and ClimateWorks Centre. Sue is also President of Bush Heritage Australia and an Advisory Council Member of the Monash Sustainable Development Institute.

Her 25+ year executive leadership career in the technology sector included 13 years as a senior executive at Telstra Corporation.

Ian Hamm

MAICD FIPAA

Ian Hamm retired as a Director on 30 September 2023, after 4 years' service.

Ian is currently the Chair of First Nations Foundation (National), the Indigenous Land and Sea Corporation and Connecting Home Ltd (Stolen Generations Service). He is President of the Community Broadcasting Foundation, Director of Inclusive Australia, Community First Development (formerly Indigenous Community Volunteers), Killara Foundation, Victorian Aboriginal Employment and Economic Development Council, Holmesglen TAFE, VicHealth, Australia Institute Company Directors, Victorian Comprehensive Cancer Centre Alliance and the Australian Charities and Not-for-profits Commission. Ian is also a sessional member of Planning Panels Victoria and the Australian Financial Complaints Authority.

Ian has had a wide level of exposure to Policy Development and Program Management at executive level through his work with the Federal Government (Office of Aboriginal and Torres Strait Islander Health) and the Victorian Government (Department of Justice, Department of Planning and Community Development, Department of Economic Development, Jobs, Transport and Resources). Ian was also previously the President of the Western Region Football League, one of the major Australian Football leagues in Melbourne.

Helen Thornton

BEc, ACA, GAICD

Helen Thornton retired as a Director on 30 September 2023, after 10 years' service.

Helen is currently Deputy Chair of the Treasury Corporation of Victoria. She is also a Director of Industry Super Property Trust (ISPT) Pty Ltd, Ansvr Insurance Ltd, McPhersons Ltd and Arena REIT Ltd. Helen is also Independent Chair of the Department of Education and Training Audit and Risk Committee.

A Chartered Accountant, Helen brought extensive experience in finance, governance, audit and risk management. She has held senior roles at Deloitte, KPMG, BHP Ltd and BlueScope Steel Ltd where she was responsible for the global risk management function.

Board charter

The Board Charter sets out clearly the role, responsibilities and powers of the Board and incorporates all aspects of Board governance.

Code of conduct

The Board has adopted a Directors' Code of Conduct based on the minimum standards of behaviour that support the Corporation's cultural aspirations and the Victorian Public Sector Commission's Directors' Code of Conduct, which articulates the duties of Directors.

Declaration of private interests

All Directors have completed a declaration of private interests.

All executives, senior managers, officers and contractors/consultants with delegation to approve expenditure in excess of \$20,000 have completed a declaration of private interests.

Independent professional advice

The Board has adopted a number of measures to ensure that independent judgement is achieved and maintained. Directors are entitled to seek independent professional advice on matters relating to the business of Yarra Valley Water at Yarra Valley Water's expense, subject to the prior approval of the Chair.

Board performance review

In accordance with the Board Policy, a Performance Review of the Board was conducted in June 2024. The objective of the review was to assist the Board with optimising its performance, enhancing culture and relatedness and fulfilling its key functions across all areas of responsibility.

Leveraging the 10 traits of high performing Boards used as part of the 2023 performance review process, the 2024 process involved each Director completing an assessment questionnaire followed by a round table discussion on the findings and improvement opportunities drawn from the questionnaire. The process also incorporated insights and reflections from interviews with Directors and the Yarra Valley Water Executive Team that formed part of the Board's work from March to June 2024, to develop a Board Culture Statement – a key action from the 2023 performance review process.

The results were strong across all surveyed topics with positive commentary regarding the way the Board and Executives interact to drive outcomes, demonstrating the organisation's values through those interactions, alignment on strategic priorities and a thorough approach to managing risk and business performance.

The review identified some opportunities of focus by the Board, with such opportunities aimed at further elevating the Board's performance.

Induction

All newly appointed Directors participate in an induction program to help them understand the business, assets, governance structures, risk management framework and operating environment.

The program includes an overview of the Yarra Valley Water business, the water industry and the linkages with Government. Directors also attend seminars and other events to broaden their exposure to water industry issues and initiatives including the VicWater Directors Development Program held earlier this year, and also exposure to seminars and webinar events outside of the water sector.

Learning and development

In 2023-24 the Directors were provided a range of opportunities to increase their knowledge and experience on a range of topics including through management presentations and external presentations from water and non-water representatives. These presentations focused on learning about the operations of the business together with topics that informed the strategic direction of the business including integrated water management and security of water supply.

Some noteworthy learning and development opportunities undertaken by the Board during the year are discussed further below.

One of the key recommendations and the number one priority from our Citizens' Jury process undertaken as part of the 2023-28 Price Submission was to adopt a Care for Country philosophy across all we do. This recommendation aligned with Victoria undertaking nation-leading work in areas of cultural rights, self-determination, treaty and truth telling. During the year some of our Directors also participated in events held during National Reconciliation Week, and joined the Executive Team in hosting staff and elders from the Mullum Mullum Indigenous Gathering Place who are currently sharing our Mitcham site.

Our leadership continued...

Connection with Aboriginal and Torres Strait Islander people, not just at the Traditional Owner/Custodian level but also with various First Peoples' groups and communities to build trust, rapport and understanding, is vital to further the Board's journey towards reconciliation. It is an ongoing priority for the Board.

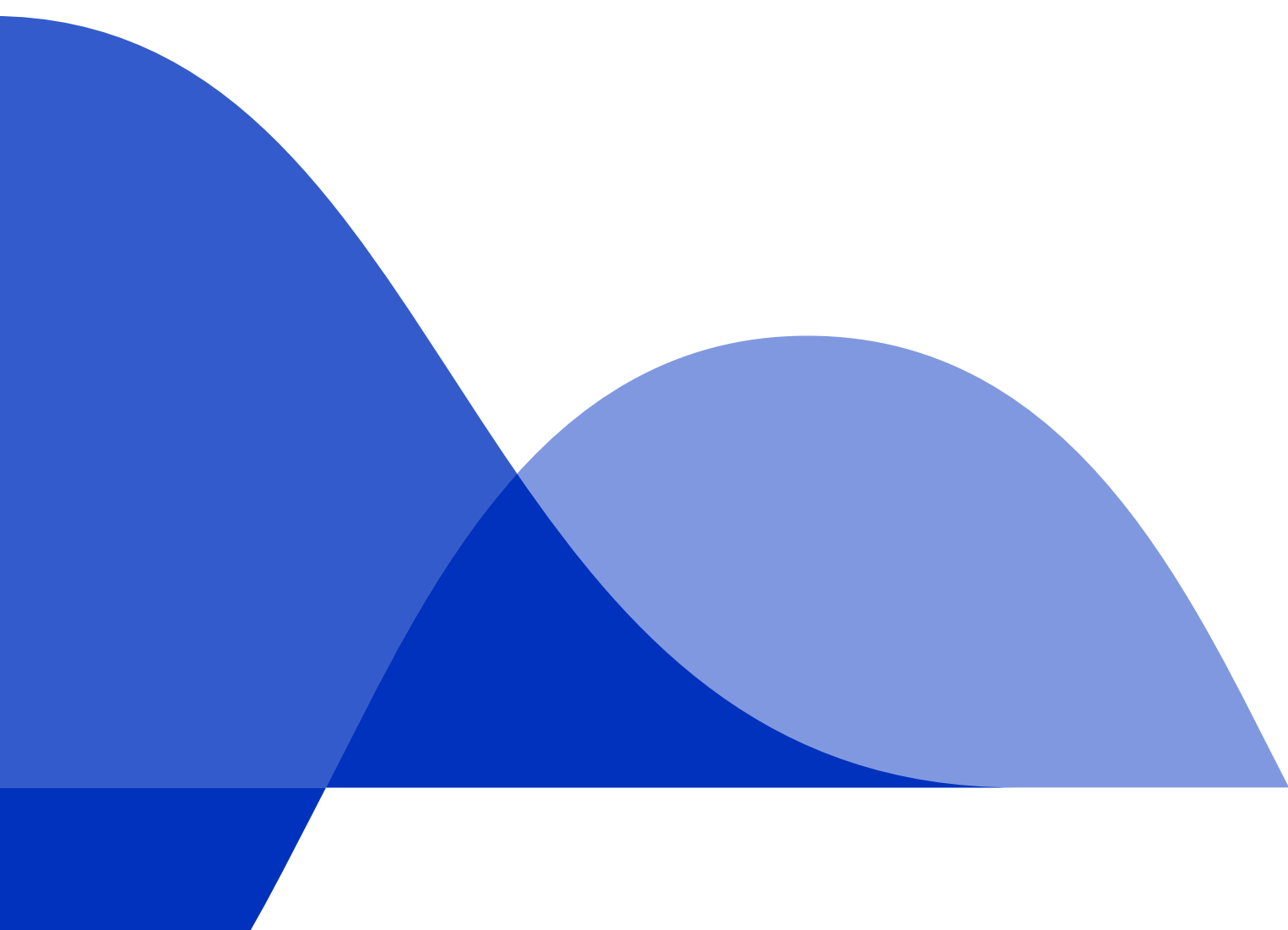
As an organisation we believe that customers' access to water and sewerage services should not be impacted by their ability to pay. During the year, the Board was provided a presentation by Ciara Sterling, CEO of Thriving Communities Australia – a not for profit organisation that enables collaboration across multiple sectors including business, academia and government. Other guest presenters included Professor Emerita Cynthia Mitchell, a globally respected advisor and thinker around how we transform ourselves, our systems and our institutions towards regenerative futures, and representatives from our Customer Advisory Panel who

presented their insights on our performance in relation to our customer outcome commitments in our 2023-28 Price Submission.

Board committees

The Board has established 3 Committees of Directors to assist with carrying out its responsibilities and to allow detailed consideration of complex issues. Each Board Committee has its own terms of reference, which set out the Committee's objectives, duties and responsibilities, composition, meetings, authority and reporting responsibilities.

During 2023-24 we appointed an independent non-voting member of the Risk Management and Audit Committee.



The Committees are as follows:

Risk Management and Audit Committee	The Risk Management and Audit Committee assists the Board in fulfilling its duties and responsibilities relating to risk management, the effectiveness of internal controls and the accounting and reporting practices of the business, reviewing financial reports and overseeing the audits conducted by internal and external auditors.
Leadership, Culture and Diversity Committee	The Leadership, Culture and Diversity Committee assists the Board in reviewing strategies and policies to ensure critical actions and plans are in place to implement and develop the business' people and culture, the adequacy of the Executive Remuneration Framework, the Management Succession Plan and the business' Diversity Policy, Strategy and Action Plans.
Service, Community, Assets and Regulation Committee	The Service, Community, Assets and Regulation Committee assists the Board with oversight to ensure the business is meeting customer needs, community expectations and regulatory obligations. It also provides insight and has oversight of the business' future plans to meet customer needs, engage with community and address regulatory requirements.

Directors' attendance at Board and Committee meetings – 1 July 2023 to 30 June 2024

	Board	Risk Management and Audit Committee ⁴	Service, Community, Assets and Regulation Committee	Leadership, Culture and Diversity Committee
S O'Connor ¹	1 of 1	1 of 1	1 of 1	1 of 1
G Bell ²	7 of 7	3 of 3	3 of 3	3 of 3
R Skinner	7 of 8	4 of 4	4 of 4	-
I Hamm ¹	0 of 1	1 of 1	0 of 1	-
M Kanavoutsos ²	7 of 7	-	3 of 3	3 of 3
R McLeod ²	6 of 7	3 of 3	2 of 3	1 of 1
V Marles	8 of 8	4 of 4	3 of 4	-
K Milward	7 of 8	-	3 of 4	2 of 4
V Perton	8 of 8	-	4 of 4	4 of 4
A Suss	7 of 8	-	4 of 4	4 of 4
H Thornton ¹	1 of 1	1 of 1	1 of 1	-
K Vinot	8 of 8	4 of 4	4 of 4	-
P McCafferty ³	7 of 8	-	3 of 4	4 of 4

Notes:

1. S O'Connor, I Hamm and H Thornton retired from the Board on 30 September 2023.
2. G Bell, M Kanavoutsos and R McLeod were appointed to the Board on 1 October 2023.
3. P McCafferty is not a member of the Risk Management and Audit Committee however attends in his capacity as Managing Director.
4. D Glasscock was appointed an independent non-voting member of the Risk Management and Audit Committee on 7 May 2024.

Our leadership team



Pat McCafferty

Managing Director
BBus (Acc), Exec. MBA, GAICD,
FWCLP, FIWA

As Managing Director, Pat is also a member of the Board.

Refer to details in the Board section.



Steve Lennox

General Manager Retail Services
BBus (Acc), CPA, ACIS, AGIA,
GAICD

Steve is responsible for customer operations functions.

He leads a group that delivers meter reading, billing management, debt collection, customer care centre operations and commercial and development services, along with the development and implementation of support programs for customers in financial difficulty.



Glen Carter

Acting General Manager
Growth Futures
BE (Civil) (Hons), BBus (Admin),
CPEng

Glen is responsible for the provision of water and sewerage services to new customers.

A key focus for his function is partnering with the community to develop new urban water futures that generate greater shared benefits for all stakeholders.

He is accountable for the procurement of new infrastructure to service growth as well as the delivery of major upgrade projects for existing infrastructure.



Kristen Knight

Acting General Manager,
Distribution Services
BE (EnvEng) (Hons), BSc (Botany)

Kristen is responsible for managing our water, recycled water and sewerage infrastructure to ensure it delivers our desired customer service levels and meets applicable environmental performance standards.

She is primarily responsible for long term asset management, the optimisation of the existing infrastructure networks, maintenance and renewal of infrastructure.



Bridie Fennessy

General Manager Distribution
and Growth
BA/LLB, GDip LegalPrac

Bridie oversees the prudent and efficient management of the end-to-end lifecycle of the water, recycled water and sewerage network and delivery of safe, reliable and affordable services to our customers, community, and the natural environment – now and for the future.

Bridie also oversees flagship infrastructure projects, emergency management arrangements and climate resilience planning and adaption for Yarra Valley Water.



Natalie Foeng

Chief Financial Officer BCom (Acc), CA, GAICD

Natalie leads the Finance and Corporate Services at Yarra Valley Water. This remit includes providing business partnering support on key strategic projects across the organisation as well as seamless financial planning, management accounting, statutory accounting, treasury and taxation support, all of which are focused on the financial sustainability of the organisation and delivering exceptional outcomes for customer and the community.

Her remit also includes leading various critical support functions for the organisation such as payroll, procure to pay, risk and compliance, property and facilities management.

Natalie has extensive experience as a finance executive and in senior leadership roles across a number of industries spanning the water sector, retail, consumer products and telecommunications.



Amy Singe

General Manager People, Performance and Culture BCom/LLB, GDip LegalPrac

Amy is responsible for for execution of our People Strategy – ‘Better for Being Here’ including the delivery of enterprise change, safety, talent, diversity and inclusion, culture and capability and HR operations.

She also fosters a culture of engagement and holistic wellbeing to enable a high-performing workforce to deliver exceptional value and outcomes to our customers, community and the natural environment.



Tiffany White

General Manager, Strategy and Community BA (EngLit), MA (Comms), GradDip (Project Management)

Tiffany is responsible for providing strategy leadership and programs that achieve greater customer and community connection and value.

Her role includes corporate strategy, enterprise portfolio management and business planning, pricing and regulatory economic affairs, corporate sustainability, strategic research, marketing and communication programs, community inclusion and stakeholder engagement. She also represents the business in industry policy development such as long-term water security planning.



Raghu Bharadwaj

A/General Manager Service Futures BComp, BInfoSys (Hons), MBA

Raghu is responsible for transforming our core technology products and services with the business, ultimately leading to productivity and improved experience (both customer and employee) benefits. This work brings together customer experience, business process design, and technology to deliver end to end solutions, to enhance the services we provide to our customers and the way we work.

He is also accountable for our core technology function which supports day to day business, our renewable energy strategy, and our digital metering program.



Lisa Anelli

Corporate Secretary BCom (Acc), CA, GAICD

Lisa is responsible for ensuring compliance with statutory and regulatory requirements and governance- related administrative tasks of the Board and the organisation. This includes supporting the effective and efficient operation of the Board and providing advice and support on governance issues to the Board and the organisation.

Our people and culture

We believe that a great culture delivers great outcomes. Over years we've developed a high-performance culture, high levels of employee engagement and effective workplace practices.

Organisational culture

Our culture provides the foundation for a high-performing workplace where we collaborate with partners and stakeholders to deliver exceptional outcomes for our customers, community and the environment.

Creating this constructive workplace culture requires a holistic approach, encompassing all aspects of the employment life cycle, such as recruitment, communication, role clarity, recognition, development, equity and leadership. Our focus on culture and engagement ensures we employ the right staff and provide them with clear direction and challenging work.

It also enables performance through strong leadership and honest and constructive feedback, and provides ongoing development through targeted learning opportunities.

We're committed to continually developing our achievement-oriented culture to create the best possible outcomes for our community. We use several internationally recognised benchmarking tools to track our progress and develop targeted strategies to improve our culture and engagement including:

- The Human Synergistics Organisational Culture Inventory which measures our organisational culture.



- The People Matter Survey undertaken by the Victorian Public Sector Commission, which provides insights into how our employees view different aspects of the workplace including leadership, learning and growth, diversity and inclusion, work group cohesion and collaboration.
- Pulse Check surveys to support continuously listening and to measure progress on actions taken to enhance culture and engagement.

Fair treatment at work

We aim to create a vibrant culture achieving exceptional business outcomes and successful partnerships through highly capable and engaged people. We're committed to providing fair and equitable treatment for everyone in the workplace including partners, contractors, suppliers and agents.

We do not tolerate discrimination of any kind and all employees are required to comply with relevant federal and state legislation that establishes grounds on which discrimination is illegal. This includes the Acts relating to Occupational Health and Safety, Equal Employment Opportunity, Discrimination and Human Rights. Employees are also required to complete discrimination awareness training which is renewed every 2 years.

Recruitment

We're committed to applying merit and equity principles when appointing staff. Selection processes ensure that applicants are assessed and evaluated fairly and equitably on the basis of key selection criteria and other accountabilities without discrimination. We're also continuing to refine our processes to reduce any unconscious bias in our job advertisements to attract the most diverse candidate pool possible.



2

meeting rooms in the Mitcham office have been converted to neurodivergent-friendly quiet spaces.

Diversity and inclusion

Diversity and inclusion in the water sector and beyond is vital to ensure a fair and equitable society where everybody can achieve their full potential.

Our Diversity, Equity, and Inclusion policy is a holistic document that reflects our commitment to customers, our people and communities. It also supports the expectations of who we prefer to work with within our supply chain. It states: 'We are committed to providing accessible and inclusive services that meet the needs of our diverse community. We prioritise respect, dignity, equity, and human rights for all, while fostering a diverse and inclusive workforce. By empowering our people and partners, we strive to reflect the customers and communities we serve, learn from lived experience and work together to deliver positive outcomes for all.'

Our People Strategy embeds this focus on diversity, equity and inclusion and is fundamental to our business performance. Our Gender Equality Action Plan (GEAP) 2021-2025 guides our progress through a range of initiatives, partnerships, and programs.

Internally our employee reference groups work to foster inclusion, improve our understanding of diversity and call attention to bias and less fair processes.

We continue to consult with our people on their experiences and listen to their suggestions for greater inclusion. Working with our Disability and Neurodiversity Reference Groups we recently undertook an Inclusive Events Co-design session. Creating inclusive events is essential to ensure all employees can participate meaningfully. This involves considering physical accessibility, communication methods and sensory environments. The recommendations from the co-design session will be applied to our events in the future. We are also contributing to a national disability and inclusion employment project, coordinated by Thriving Communities Australia in partnership with SCOPE disability support services. This co-design project aims to build employers' capacity and confidence to recruit and retain people with communication disability. This year we've been sharing our knowledge on attitudes, confidence, skills and resources with more to come next year.

Our people and culture continued...

We continue to prioritise opportunities for deep thinking and learning in relation to issues impacting gender equality and its intersections. Our Gender Intelligence Program has explored topics in a brave environment to activate the hearts and minds of our leaders to help achieve actions set out in the GEAP and apply learnings to everyday activities.

We now acknowledge more days of cultural and religious significance working alongside Community Inclusion and Strategy and Community. We have also refreshed our communications to ensure employees are aware of our flexible public holiday policy which enables staff to substitute certain public holidays for other days of personal significance to them.

Under the Gender Equality Act, we also have an obligation to conduct Equity Impact Assessments (EIA) - a structured process that applies a gendered lens to new and up-for-review policies, programs and services. In 2024 we undertook an Equity Impact Assessment on our recruitment process to systematically assess the likely (or actual) effects on people applying for a job with us, in respect of gender, including gender identity, cultural background, race or ethnicity, disability, age, carer and socio-economic status.

Through our focus on gender balance, we've made a deliberate effort in the recruitment process to include balanced interview panels. Our managers and the recruitment team have adjusted their approach to shortlisting and we have made changes to our job advertisement and careers' website.

The proportion of women in senior leadership positions include:

- Directors – 67.3% female
- Executive leadership team – 67.3% female
- People leadership – 48.2% female
- Overall workforce – 53.3% female.

Strategic initiatives have been implemented to ensure cultural diversity is a core component of our employee base to ensure we truly reflect our community. At Yarra Valley Water:

- 24% of employees are culturally and linguistically diverse
- 52% of employees have one or both parents who weren't born in Australia.

We're also committed to providing employment opportunities for First Peoples and will continue to take action to ensure we work towards having a culturally safe environment and promote attraction and retention. At the time of reporting, 1.6% of our workforce identifies as Aboriginal and/or Torres Strait Islander.

Karen Milward, a Yorta Yorta woman, continues to serve on our Board, bringing a wealth of experience and knowledge to our organisation. We have also recently created a Career Pathways role that works with Aboriginal and Torres Strait Islander employees and draws on their expertise to enhance our recruitment practices and guidance. This aims to ensure a better experience for candidates and increase support for successful candidates and their reporting leaders. Our Board has also recently embarked on recruiting for an Independent Aboriginal Delegate, who will sit alongside the Board to learn from and support our Directors.

Our Reconciliation Leadership Committee is a key element of our governance for delivering our RAP actions. It includes Aboriginal and Torres Strait Islander staff and external representatives. The committee's purpose is to ensure ongoing collaboration, capacity and relationship building at a senior level within the organisation with representatives from Victorian Aboriginal communities, and their active involvement in assessing the overall direction and effectiveness of outcomes being achieved.

Safety and wellbeing

Our people-based safety model continued to be received well by our staff and partners, with the next phase rolled-out through our Annual Safe and Well plan which identified the following four enablers for success:

- Understand our people.
- Make safety simple.
- Involve end-users in the design of safety programs.
- Crowd source for safety solutions.

Our safety business partnering approach assisted us to deliver safety initiatives and improve existing safety process in line with these 4 enablers and we utilised our Contractor Safety Partnering Framework to make similar gains with our partners. We also shared our Contractor Safety Partnering Framework with other water authorities together with insights and learnings to assist industry advances in the area of contractor safety management.

Safety initiatives delivered across the year included:

- Implementing the next phase of our new Contractor Safety Partnering Framework.
- Developing and launching our Psychological Health and Safety Management Plan.
- Uplifting our field safety programs.
- Implementing a new incident management system.

Significant work was committed to our psychosocial safety management position during the year with the development of our Gendered Violence, Aggression, Bullying and Harassment Prevention Plan which involved risk assessments across these areas of psychosocial safety and the identification of action plans to further progress our organisation as a safe and inclusive place to work.

Our new Meetings, Deep Work and Productiveness Playbook was also developed in accordance with our Psychological Health and Safety Management Plan, recognising meeting efficacy and time demands as potential drivers of workload stress. The playbook identifies strategies and interventions to improve meeting performance at the organisational, team and individual levels. It was developed at the end of 2023-24 and will be rolled out early in 2024-25.

Our field safety programs were overhauled and uplifted with the inclusion of work insights and safety inspections across our operational sites and offices. These work insights have assisted us in learning from normal, everyday work by gaining direct feedback from staff on safety processes that are confusing, difficult to follow, or that fail to detect 'error traps'. Learnings from these work insights and safety inspections are fed into our Safe and Well Committees to assist us in crowd sourcing for safety solutions.

Our ongoing safety focus has seen the organisation's Total Recordable Injury Frequency Rate (TRIFR) reduce from 5.77 in February 2021 to 3.15 in June 2024.

Other key safety performance indicators	2023-24	2022-23	2021-22
Number of reported hazards for the year per 100 full time equivalent staff members	221.80	146.85 ¹	77.29
Number of recordable injuries for the year per 100 full time equivalent staff members	0.98	0.51	0.55
Number of 'lost time' standard claims for the year per 100 full time equivalent staff members	0.24	0.64	0.14
Average cost per claim for the year	\$1,366	\$5,739	\$4,798
Outstanding claim cost	\$37,371	\$114,331	\$4,630

1. In 2022-23 we experience a 100% increase in hazard reporting (1,159 hazards reported compared to 578 in 2021-22) - a positive indication of proactive hazard identification.

Our people and culture continued...

Employment data

The following table discloses the head count and full-time equivalent (FTE) staff of all active Yarra Valley Water employees in the last full pay period in June 2024.

	Full time	Part time	Casual	Total	FTE 2023-24	Full time	Part time	Casual	Total	FTE 2022-23
Gender										
Male	384	15	10	409	399.3	380	13	11	404	395.8
Female	339	109	9	457	421.5	307	102	12	421	387.4
Self-described	1	-	-	1	1.0	-	-	-	-	-
Total	724	124	19	867	821.8	687	115	23	825	783.2
Age										
15-24	21	3	9	33	26.4	14	3	14	31	24.1
25-34	168	21	7	196	187.2	164	18	6	188	180.7
35-44	261	48	1	310	296.0	250	46	1	297	284.1
45-54	189	38	1	228	217.2	174	32	1	207	197.7
55-64	69	10	1	80	76.3	70	11	1	82	78.2
65+	16	4	-	20	18.7	15	5	-	20	18.4
Total	724	124	19	867	821.8	687	115	23	825	783.2
Classification										
Executive	5	1	-	6	5.9	7	1	-	8	7.9
Senior Manager	32	-	-	32	32.0	33	-	-	33	33.0
Administration and field staff	687	123	19	829	783.9	647	114	23	784	742.3
Total	724	124	19	867	821.8	687	115	23	825	783.2

Fewer than 1% of employees identify as a non-binary self-described gender within our payroll system (which was updated in February 2024 to include the non-binary gender option that can be updated via employee self service). The anonymous People Matter survey, which was undertaken in July 2023 also indicated less than 1% of our workforce identify as non-binary or chose another term. 11% of employees chose not to identify their gender in the survey. In line with our commitments under the *Gender Equality Act 2020*, we've developed a plan to continue to promote safe and confidential avenues for employees to voluntarily disclose additional gender and intersectional data to assist with our insights reporting and inclusion efforts.

Employee levels have increased over the course of the year with a number of roles in Service Futures and Retail Services (Customer Care) having been filled that were vacant in the previous financial year. We also recruited for a number of new roles in order to meet our price submission commitments.

Of the 6 Executives, one is classified as Senior Executive Service 3 (PESES-3) and 5 are classified as Senior Executive Service 2 (PESES-2). One Executive works part time and has an FTE of 0.9. Two Executives departed before the last full pay period in June. Employees acting in these Executive roles are reflected in their substantive roles for disclosure purposes.

Corporate information

Information and Communication Technology (ICT) expenditure

For the 2023-24 reporting period, Yarra Valley Water had a total ICT expenditure of \$64.38 million, details shown below:

	\$'000
Business As Usual (BAU) ICT expenditure	
BAU ICT expenditure	21,675
Non BAU ICT expenditure	
Operational expenditure	87
Capital expenditure	25,367
ICT depreciation	17,251
Total non-BAU ICT expenditure	42,705
Total ICT expenditure	64,380

Consultancy expenditure

The following is a summary of consultancy expenditure incurred during 2023-24.

Details of consultancies (valued at less than \$10,000)

In 2023-24 Yarra Valley Water engaged 15 consultancies where the total fees payable to the consultants were less than \$10,000. Total expenditure incurred during the reporting period in relation to these consultants was \$64,162.65 (GST exclusive).

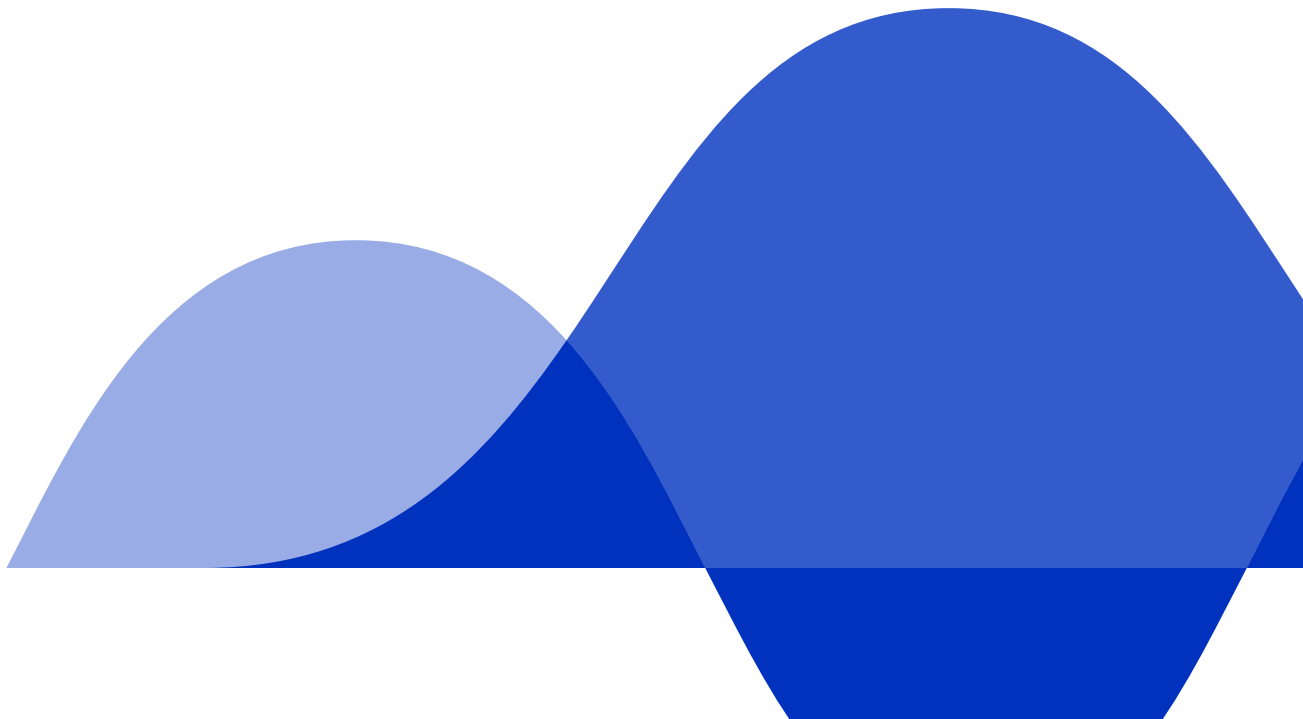
Details of consultancies (valued at \$10,000 or greater)

In 2023-24 Yarra Valley Water engaged 26 consultancies where the total fees payable to the consultants were \$10,000 or greater (GST exclusive). Total expenditure incurred during the reporting period in relation to these consultants was \$1,172,979.89 (GST exclusive).

Details of individual consultancies are outlined on our website at yvw.com.au

Government advertising expenditure

Government advertising expenditure related to Yarra Valley Water services did not exceed \$100,000 in 2023-24.



Our people and culture continued...

Reviews and studies expenditure

During 2023-24, there were 2 reportable (of material size and sufficiently structured) reviews and studies equating to a total cost of \$99,300.

Selected due to their potential application or implication for external users, the details of these reviews and studies are outlined below.

Name of the review	Reasons for review/ study	Scope	Anticipated outcomes	Estimated cost for the year (excl. GST)	Final cost if completed (excl. GST)	Publicly available (Y/N) and URL
Sludge to circulite feasibility study	Understand circular uses of sludge.	Evaluating the feasibility of producing circulite from sewer sludge.	Determine practical circulite use case, enabling circularity.	\$60,000	\$60,000	N
Digestate research	Alternative circular uses for digestate.	Determination of suitability of digestate for agricultural uses.	Enablement of use of digestate as an agricultural product, enabling circularity.	\$66,800	N/A	N

In addition to these items, we've undertaken other works in the course of normal business activities, including cultural heritage, ecology studies and options analysis associated with capital infrastructure projects together with reviews associated with our internal and integrated audit function. Refer to page 63 for additional information associated with consultancy expenditure.

Social procurement

Our Social Procurement Strategy guides us in creating new opportunities to generate social value and deliver outcomes that help build a fair, inclusive and sustainable community.

Key activities during 2023-24 include:

- Renewing our platinum memberships with Social Traders and Kinaway Chamber of Commerce Victoria Limited (Kinaway). We continue supporting these partnerships and leveraging our strong alliance to further promote social and First Peoples' enterprises throughout our organisation.
- Hosting First Peoples' businesses, social enterprises and a variety of delivery partners for a networking event to create training, employment, and business opportunities. The event encouraged partnerships with First Peoples' owned businesses and social enterprises and was supported by Kinaway and Social

Traders. This was the second time we've hosted the event. It once again reinforced the importance of bringing our strategy ambitions to life through networking and fostering connections which can be a catalyst for meaningful, long-term commercial relationships.

- A dedicated Social Procurement Working Group that consists of champions across the organisation.

We spent more than \$2.63 million with First Peoples' businesses and social enterprises in 2023-24 including \$0.79 million with Wurundjeri Woi-wurrung Cultural Heritage Aboriginal Corporation for Cultural Heritage Management Plans.

Disclosure of emergency procurement

In 2023-24, Yarra Valley Water did not activate Emergency Procurement policies.

Fair Payments Policy

Under the Victorian Government's Fair Payments Policy all departments and major agencies are to pay invoices up to \$3 million within 10 business days (or 14 calendar days) of receiving a correct invoice. This policy ensures small and local businesses providing goods and services to government departments and agencies are paid on

time to improve their cash flows and support with the economic recovery post pandemic.

In 2023-24 Yarra Valley Water paid 92% of all invoices up to \$3 million within 14 calendar days. Average days taken to pay invoices under \$3 million was 11.5 days.

Legislative compliance

Privacy and Data Protection Act 2014

Yarra Valley Water falls into the definition of a Victorian Public Sector agency under section 13 of the *Privacy and Data Protection Act 2014 (Vic)* and consequently complies with the Act in the way that we handle personal information about our customers and other individuals. If we collect any health information we are bound by the *Health Records Act 2001 (Vic)*.

As the holder of our customers' confidential and personal information, we are conscious of the need to ensure that this information is protected, and to prevent any unauthorised access to, and improper use of, that information.

In respect to the Notifiable Data Breach Scheme, we're legally obliged to disclose privacy breaches.

A Privacy Policy and Code of Practice are in place for our employees, contractors and agency staff to ensure customer information is protected.

Public Interest Disclosure Act 2012

We have procedures in place to help employees and contractors understand the requirements and obligations under the *Public Interest Disclosure Act 2012*, and to facilitate making and handling disclosures and notifying such disclosures to the Independent Broad-based Anticorruption Commission. These procedures are publicly available on our website.

Freedom of Information Act 1982

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

An applicant can apply for access to documents created by us or supplied to us by an external organisation or individual. This includes maps, films, microfiche, photographs, computer printouts, computer discs, tape recordings and videotapes.

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

The Act specifies that Freedom of Information (FOI) requests should be processed within 30 days. In some cases, this time may be extended.

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

Making a request

FOI requests can be lodged online. An application fee applies. Access charges may be payable if the document pool is large, and the search for material is time consuming.

Access to documents can also be obtained through a written request to Yarra Valley Water's FOI team, as detailed in section 17 of the *Freedom of Information Act 1982*.

When making a FOI request, applicants should ensure requests are in writing, and clearly identify what documents or materials are being sought.

FOI requests should be addressed to the Manager, Risk and Corporate Services Yarra Valley Water 25-35 Lucknow Street, Mitcham, Victoria, 3132.

General enquiries relating to FOI can be made by calling us on (03) 9872 2634 between 8.30am and 4.30pm, Monday to Friday.

Freedom of Information statistics

During 2023-24, we received 29 applications. Five were received from the general public, the others were received from legal firms and government agencies. We made 25 FOI decisions this year. Full access to all documents was provided in response to all requests but one. The average time taken to finalise requests was 26 days. The one request where access was denied, was subject to a duplicated request.

Our people and culture continued...

Building Act 1993

We own government buildings at Lucknow Street, Mitcham and are consequently required to include a statement on compliance with the building and maintenance provisions of the *Building Act 1993* in relation to the buildings. We require that appropriately qualified consultants and contractors be engaged for all proposed works on land controlled by Yarra Valley Water and we require their work and services to comply with current building standards. All consultants and contractors are expected to have appropriate mechanisms in place to ensure compliance with the *Building Act 1993*, *Building Regulations 2018* and the *National Construction Code*.

Our Facilities Department is responsible for mandatory testing of emergency and exit lighting and lift equipment in accordance with relevant standards, monthly, quarterly and bi-annual inspection and preventative maintenance of mechanical services and monthly and annual fire service audits. These inspections inform the works program, which is delivered annually through existing maintenance.

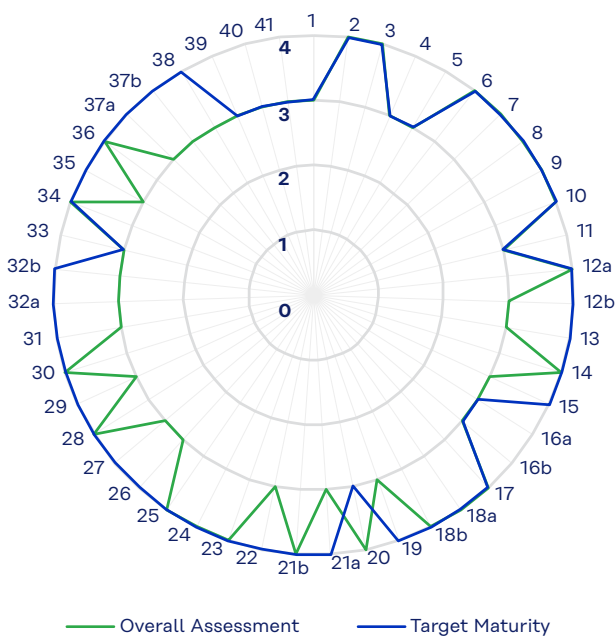
In 2023-24

Number of major works projects undertaken by Yarra Valley Water (greater than \$50,000)	2
Number of building permits, occupancy permits or certificates of final inspection issued in relation to buildings owned by the entity	Nil building permits Nil occupancy permit Nil certificates of occupancy
Number of emergency orders and building orders issued in relation to buildings	Nil emergency orders Nil building orders
Number of buildings that have been brought into conformity with building standards during the reporting period	Nil buildings brought into conformity



Asset Management Accountability Framework maturity assessment

The following sections summarise Yarra Valley Water’s assessment of maturity against the requirements of the Asset Management Accountability Framework (AMAF). The AMAF is a non-prescriptive, devolved accountability model of asset management that requires compliance with 41 mandatory requirements. These requirements can be found on the [DTF website](#). Yarra Valley Water complies with all requirements of AMAF and has self-assessed our maturity as either competence or optimising.



Status	Scale
Innocence	0
Awareness	1
Developing	2
Competence	3
Optimising	4

Leadership and accountability (requirements 1-19)

Leadership and accountability include governance, performance management and continuous improvement of the asset life cycle. Yarra Valley Water has assessed itself as competence or optimising for all categories and has met its target maturity level under some requirements within this category.

Planning (requirements 20-23)

The planning stage is where the need of an asset is identified, scoped, and planned. Yarra Valley Water has assessed itself as competence for all requirements of this stage of the asset life cycle.

Acquisition (requirements 24 and 25)

The acquisition stage is where the asset is purchased, constructed, or created. Yarra Valley Water has assessed itself as optimising for all requirements of this stage and has met the target maturity.

Operation (requirements 26-40)

The operation stage is where the asset is used for its intended purpose and includes periodic refurbishment, inspection, maintenance, or major repair. Yarra Valley Water has assessed itself as competence or optimising for all requirements of this stage of the asset life cycle.

Disposal (requirement 41)

The disposal stage is at the point when the economic life of the asset has expired or where there is no longer a need for the asset. Yarra Valley Water has assessed itself as competence, which aligns to the target maturity.

Target maturity

Our target maturity is set at ‘competence’ for some requirements and ‘optimising’ for others. They are defined as follows:

- Competence - Systems and processes are fully in place, consistently applied and systematically meeting the AMAF requirement, includes a continuous improvement process to expand system performance above AMAF minimum requirements.
- Optimising - Systems and processes are now leading practice, exceeding the AMAF mandatory requirement, and constantly being improved to align with support and drive organisations objectives.

The business will continue to reassess the target maturity taking into account asset base, risk, service objectives and strategic objectives.

Our people and culture continued...

Disclosure of major contracts

A major contract is a contract entered into during the reporting period valued at \$10 million or more (excluding GST).

Yarra Valley Water awarded 6 major contracts during 2023-24 being:

- Sagemcom Australasia for the digital metering project until 16 October 2026 with a possible 7-year extension option, subject to approvals, valued at \$94.16 million (excluding GST).
- Sagemcom Australasia for the digital meter integrated software solution until 18 October 2029 with a possible 2-year extension, subject to approvals, valued at \$12.06 million (excluding GST).
- MFJ Constructions for the construction of Love Branch Sewer Stage C project valued at \$18.62 million (excluding GST).
- Service Stream Energy and Water for meter reading services until 30 June 2027 with a possible 3-year extension, subject to approvals, valued at \$13.02 million (excluding GST).
- Entered into a renewals, inspection and other maintenance program with 2 partners; Abergeldie Pipeline Renewals and Service Stream Utilities until 30 June 2033, subject to approvals, valued at \$480.5 million (excluding GST).

Contracts may allow for agreed variations at additional costs.

Details of contracts that have been disclosed in the Victorian Government Contracts Publishing System can be viewed at tenders.vic.gov.au

Sourcing decisions

Yarra Valley Water undertakes an objectives-based assessment when undertaking decisions relating to major sourcing events. We're currently considering sourcing options for several major operating and maintenance service arrangements.

Local Jobs First Policy Disclosures

Yarra Valley Water implements the Local Jobs First policy in accordance with the *Local Jobs First Act 2003*.

During 2023-24, we commenced 12 Standard and 3 Local Jobs First Strategic projects where a Local Industry Development Plan (LIDP) was required. The contract value of these projects totalled \$690 million, and they were located across metropolitan Melbourne and regional areas.

The 3 strategic projects, with a combined value of \$615 million, are long term initiatives that are expected to be implemented across multiple reporting years. They include the Delivery Partner Tender for Reliability Program (\$450 million), Digital Meter Procurement (\$130 million) and Lilydale Waste to Energy Project (\$35 million).

The outcomes expected from implementing the Local Jobs First - Victorian Industry Participation Policy (VIIPP) to these 15 projects are:

- An average of 81.6% local content commitment.
- A total of 339 jobs (annualised employee equivalent (AEE) were committed, including creating 63 new jobs and retaining 276 jobs (AEE).
- A total of 19 positions for trainees and apprentices were committed, including 11 created and 8 retained positions.

During 2023-24, we completed 7 Local Jobs First Standard projects that required a LIDP. The value of these projects totalled \$29.9 million and were located in metropolitan Melbourne and the regional area of Hume.

The outcomes from implementing the Local Jobs First - VIIPP to these 7 projects were:

- An average of 96.5% local content commitment was achieved.
- A total of 83 jobs (AEE) was achieved, including creating 6.5 new jobs (AEE) and retaining 76.5 jobs (AEE).
- No created or retained trainee or apprentice positions were achieved.

For the 7 completed projects, there were 212 small to medium sized businesses engaged as either the principal contractor or as part of the supply chain.

Six projects, with combined value of \$40.6 million, were mostly delivered during 2023-24. These projects are due to be completed in the coming months and will be reported in 2024-25.

Competitive Neutrality Policy

Competitive neutrality seeks to enable fair competition between government and private sector business.

Any advantages or disadvantages that a government business may experience, simply as a result of government ownership, should be neutralised.

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

Disclosure of procurement complaints

In 2023-24, Yarra Valley Water did not receive any formal complaints associated with procurement or contract management.

Other information

The following information is available from Yarra Valley Water on request, subject to 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 any senior officer as nominee or held beneficially in a statutory authority or authority.
- Details of publications produced by the entity about itself, and how these can be obtained.
- Details of changes in process, fees, charges, rates and levies charged by the entity.
- Details of any major external reviews carried out on the entity.
- Details of major research and development activities undertaken by the entity.
- 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 the entity to develop community awareness of the entity 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 the entity and details of time lost through industrial accidents and disputes.
- A list of major committees sponsored by the entity, the purposes of each committee and the extent to which the purposes have been achieved.
- Details of all consultancies and contractors including:
 - consultants/contractors engaged
 - services provided
 - expenditure committed to for each engagement.

Financial management compliance attestation statement

I Gabrielle Bell, on behalf of the Responsible Body, certify that, in our opinion, Yarra Valley Water has no material compliance deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.



Gabrielle Bell
Chair

Liveability outcomes

Yarra Valley Water exists to enhance the liveability of our community, now and in the future.

Resilient and liveable cities and towns

We're proud of our role in helping to make Melbourne one of the world's most liveable cities.

Integrated Water Management (IWM), including social and recreational values

We want to ensure that our customers can continue to enjoy the places that they live, work and visit, and recognise the importance of providing for their social, environmental and economic needs. We also recognise the importance of community values and preferences for liveability, wellbeing and sense of belonging. And we appreciate the need for better understanding, enhancing and celebrating the cultural values that Traditional Owners/Custodians have with Country.

Integrated Water Management (IWM) aims to leverage the water management opportunities related to these wide-ranging community needs within the context of climate change, population growth and urbanisation.



Water is fundamental to the health of our customers, the broader community and our environment. COVID-19 public health restrictions saw people spending more time in their local areas and heightened the value of local green open spaces. We're committed to working collaboratively through placemaking and urban development planning processes to ensure all Melburnians can continue to enjoy these valuable spaces and how they can be supported with alternative water.

A formalised approach to IWM has been steadily building momentum across the state over the past decade. We have been involved in development of both the *Central and Gippsland Region Sustainable Water Strategy* and the *Greater Melbourne Urban Water System Strategy: Water for Life*. These strategies have identified the pivotal role that IWM can play to increase the resilience and security of our water supplies across Greater Melbourne. We're an active participant in the industry-wide IWM forums facilitated by Department of Energy, Environment and Climate Action (DEECA), which were established as the IWM Framework for Victoria was implemented, consistent with policy commitments in *Water for Victoria*. The IWM forums have collaboratively developed Catchment Scale Plans with measures and targets endorsed by forum members to progress towards a more water-sensitive Melbourne as we look towards 2050. In 2024, we've worked collaboratively with DEECA to see through the release of the Catchment Scale IWM Action Plans. These provide a clear direction to collaboratively implement IWM initiatives across organisational and geographic boundaries, from on the ground projects to key breakthrough initiatives that will unlock new investment opportunities.

The Yarra catchment is our primary catchment - although we also participate in the Maribyrnong and Dandenong forums. IWM collaboration through the IWM forums provides a strong foundation to realise broader benefits jointly through partnerships.

Our key commitments in the Yarra catchment are summarised below:

- Upper Merri Creek IWM sub-catchment plan development is now complete and being used to inform a regional analysis of stormwater harvesting opportunities in partnership with Melbourne Water.
- Doncaster Hill Recycled Water Scheme (in tender phase). Refer to [page 28](#) for further details.
- Eastern Alternative Water Scheme - Dingley extension (preliminary business case and options assessment near completion). This work is in collaboration with South East Water, Melbourne Water and DEECA).
- Wallan restorative project (in concept planning phase).
- Wollert Community Farm initiative (in construction phase, interim operations have commenced). Refer to [page 29](#) for further details.
- Re-commissioning of Kalkallo Stormwater Treatment Plant (in planning phase).
- Hazelwynde land development project, Beveridge North West (IWM concept design complete). Refer to [page 29](#) for further details.
- Northern Growth Area recycled water scheme - continuing to expand, and progressing our capital works project to upgrade the Aurora Recycled Water Treatment Plant (in delivery phase, to be complete in 2028).
- Brushy Creek Recycled Water Scheme - continuing to expand.

In contributing to uplifting community literacy around improving waterway health (which is a specific structural action in the IWM forums), we continued to operate a pop-up information shop for Community Sewerage Program customers in Monbulk. This allows customers in the area to learn more about the program – which aims to improve waterway health - and speak directly with specialist staff. We've also been collaborating with 3 local councils (Yarra Ranges, Manningham, and Nillumbik) and DEECA to develop a communications program to raise awareness of septic systems and encourage property owners to transition from onsite wastewater treatment to the reticulated sewer system to improve waterway health.

Liveability outcomes continued...

We've commenced a staff trial of digital meters on rainwater tanks as a means of improving our understanding of this alternative water supply source.

We're partnering on a joint project with the other metropolitan water corporations and DEECA on 'maximising recycled water customer usage'. The project seeks to increase residential customer usage to reduce use of drinking water.

Recognising recreational values

One of our 2030 Strategy aspirations is for our communities and stakeholders to trust and value us as a partner in shaping resilient and prosperous communities. As such, we collaboratively plan our service areas to increase access to sustainable green and blue spaces, which includes exploring and progressing opportunities to support recreational objectives.

In June 2024 we formally launched our Recycled Water Community Assets Program. The program offsets drinking water used in construction through a scheme that enables construction projects to fund new recycled water infrastructure elsewhere. Our first pilot project is underway with a level crossing removal project in Melbourne's east where this project is funding a recycled water main to supply a local council sports ground in Croydon near our Brushy Creek Sewage and Recycled Water Treatment Plant. Projects like this offer a way to balance out the drinking water used during construction works, while enabling community spaces like sports fields to be irrigated with a sustainable water supply on an ongoing basis.

Through our participation in IWM Forums, the relationships we've built with councils and the partnership projects we've committed to, we're well placed to continue to support community-scale projects. Our commitment is visible in our 2030 Strategy Scorecard measure of 'Active public open space supported by an alternative water source: Target 5.5% by 2024, Target \geq 18% by 2030' which is a shared target with the Yarra Catchment IWM Forum.

In 2023-24 we continued our involvement in joint collaborations through Integrated Water Management (IWM) which include a recreational focus. These include:

- Gardiners Creek (KooyongKoot) Regional Collaboration.
- Moonee Ponds Creek Chain of Ponds Group.
- Watts River Integrated Catchment Management Plan Pilot.
- Edgars Creek Catchment collaboration (improving the quality of Edwardes Lake through IWM).
- Merri-bek sub-catchment IWM (creating a local sub-catchment plan for Merri-bek City Council).
- Upper Merri Creek Subcatchment collaboration group
- marram baba Regional Parklands (refer to [page 20](#) for further details) and wallan wallan Regional Parklands.
- Partnership with Maroondah Council for street tree watering using recycled water from our Brushy Creek Sewage and Recycled Water Treatment Plant.

During 2023-24 we also continued to progress a number of site-based projects on our land including:

- A partnership with Nillumbik Council to protect and enhance Eltham Copper Butterfly habitat at Diosma Road Reserve in Eltham with regular community involvement in working bees.
- Wollert Community Farm on our Aurora Sewage and Recycled Water Treatment Plant land, refer to [page 29](#) for further details.
- Mt Lilydale Mercy College is constructing a nature classroom on our Lilydale Sewage Treatment Plant land. The college also has access by agreement to some of our land for their sporting ovals.
- Upper Yarra Habitat Restoration Project with community involvement through Yarra4Life (detailed design complete). Refer to [page 33](#) for further details.

Conservation and efficient water use

Our water storages remain high, however across Melbourne our climate is drying. On average, Melbourne is using more water than rainfall is providing. We've had a relatively stable level of per capita usage over the past 5 years, which is comparable with the metropolitan average. We promote sensible and efficient use of water through the Target 150 program, advertising campaigns and education programs. We also help businesses and councils to become more water efficient.

Melbourne's water industry is working together to secure water supplies for the next 50 years through the development and implementation of the *Greater Melbourne Urban Water and System Strategy: Water for Life*. This included joint actions supporting efficient water use across the community.

To support the Victorian Government's target of '150 litres per person, per day', we focused on efficient and sensible water use by Melburnians to preserve our state's precious water. In 2023-24 this included:

- Engaging customers around water efficiency through social media, videos, sponsorships, bills, local media and website content, including the Target 150 program.
- Our primary school incursion program which takes a long-term approach, aiming to make it easy for children to form positive water saving habits that will last a lifetime. The program delivered a total of 772 incursions across 129 schools in the area. Since the inception of the Water Watchers Education Program,

we have visited 199 schools—just under 44% of the schools in our service area have experienced an incursion in recent years. Additionally, 99.4% of teachers said they would recommend the incursion.

- Partnering with Village Roadshow, linking the Water Watchers content to 4 family-friendly films at cinemas in our service area. The partnership helps educate youngsters and encourage families to save water.
- Participation in the Schools Water Efficiency Program, a Victorian Government initiative that enables schools to track and manage their water consumption. Since it started in 2012 more than 1,456 Victorian schools have registered, 87 of which came from 2023-24.
- Launching a water audit and appliance efficiency program pilot. This initiative combines a free household water audit with a shower head replacement. We estimate that the program has the potential to provide annual water savings of up to 20 kilolitres per household, saving up to \$150 per year across water and energy bills. In the first 12 months, we've had 1,120 customers register, with nearly 700 audits completed, and 62% of participating households upgrading their showerheads.
- Launching a community grants program where eligible organisations could apply for grants aimed at saving water, improving habitats, and educating others on wise water use.



Liveability outcomes continued...

Besides water conservation, extensive customer research has told us that customers want us to focus efforts on improving and innovating when it comes to alternative sources of water, such as stormwater and recycled water. We have a continued focus on alternative water sources and actively participate in the government's integrated water management forums.

Under the WaterCare program, we offer water audits directly to residential customers experiencing vulnerability or hardship through our Community Rebate Program (CRP) and via not-for-profit community housing (through the Community Housing Retrofit Program – CHRPF). Both of these programs are funded by DEECA on an annually reviewed basis, and on average we also contribute an additional \$100,000 funding to the CRP program each year.

The objective of the CRP program is to support customers to gain greater control over their bills by fixing minor leaks or replacing inefficient appliances. We organise a plumber if the customer can't afford to and pay them directly so there are no out-of-pocket expenses. There is strong demand for this program, with the allocated funding spent each year it has run. The number of customers assisted depends on the level of funding. The program has been very well received with 313 customers assisted in 2023-24.

The CHRPF program has a similar objective, however targets emergency and community housing across the metropolitan areas serviced by Yarra Valley Water, Greater Western Water and South East Water. These properties are owned or managed by community agencies. From July to October 2023 we worked with 4 housing providers and audited over 23 properties, resulting in water savings of 16,958 kilolitres of water which is the equivalent to nearly 7 Olympic sized swimming pools.

In addition to promoting water efficiency, these programs provide an opportunity for customers facing vulnerability and hardship to actively reduce their water usage, which gives them more control over their bills. These programs also enable us to directly connect with customers and raise awareness of the services and support options available to them.



46%

of customers who recalled the advertising, reported refilling their bottle at a café after seeing the campaign.

Water literacy, including sustainable water use is an important part of long term efficient water use by the community. The Choose Tap program aims to increase access to drinking water in the community and educates customers on the benefits of choosing tap water (for their wellbeing, the environment, and their hip-pocket).

As part of this program, we grew our Refiller initiative, signing up another 105 businesses to display a 'Refillers Welcome' sticker in their window, inviting community members to refill their water bottle for free. We now have 267 cafes across 89 suburbs participating in the initiative.

This was supported by an advertising campaign to raise awareness of the initiative and encourage customers to access tap water on the go, helping to reduce plastic waste caused by the unnecessary purchase of bottled water. In a post-campaign survey, 46% of customers who recalled the advertising reported refilling their bottle at a café after seeing the campaign.

We also facilitated community access to tap water via our partnerships with local football leagues, the Eastern Football Netball League and the Northern Football Netball League. We delivered water refill stations at 19 community football events throughout the season. In addition to this, we delivered water refill stations to 9 other community events to help improve access to tap water in the community.

Water consumption report 2023-24

	Residential customers	Non-Residential customers	Total
Number of customers (as at 30 June 2024)	831,807	61,673	893,480
Potable water use (ML)			
(1) Total potable water consumed	119,785	30,580	150,553
Per capita daily water use (residential customers)	167		
Non-potable water use (ML)			
Recycled water used (end use)			
• Commercial purposes		92	92
• Industrial purposes		-	-
• Agricultural purposes		291	291
• Municipal purposes		209	209
• Beneficial allocation		-	-
• Within process		1,336	1,336
• Residential	82	-	82
(2) Total recycled water used	82	1,928	2,010
(3) Total treated stormwater used	-	-	-
(2) + (3) Total non-potable water used	82	1,928	2,010
(1) + (2) + (3) Total water used (ML)	120,055	32,508	152,563
Non-revenue water (ML)			
• Leakage			9,042
• Firefighting			104
• Bursts			3,309
• Other			3,823
(4) Total non-revenue water			16,278
(1)+(2)+(3) + (4) Total water all sources (ML)			168,841

1. Includes a small amount of unchlorinated water supplied directly from aqueducts.

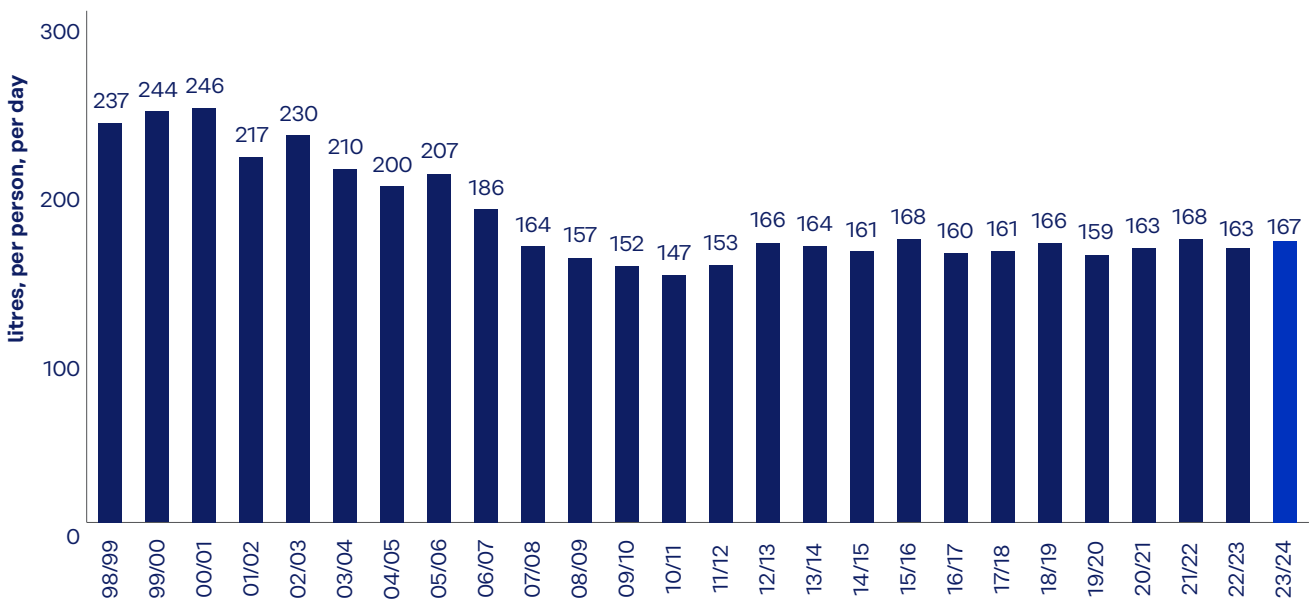
2. Average customer usage calculated over 5 years from 2019-20 to 2023-24.

3. Total consumption does not include water sourced from rainwater tanks or from greywater reuse.

Liveability outcomes continued...

The figures include an estimate for customer usage for Quarter 4 (April – June 2024) which was not available at the time of preparing this report.

Customers are billed 3 months in arrears and therefore customer usage for April to June 2024 is not known until early October.



Drought response report

The metropolitan water retailers have prepared common Drought Preparedness Plans (incorporating a Drought Response Plan). Plans are based around an adaptive framework to manage water shortages and potential use of 4 levels of water restrictions to control the use of drinking water outdoors.

As part of the development of the *Greater Melbourne Urban Water and System Strategy* we worked with Greater Western Water, South East Water and Melbourne Water to update the Drought Preparedness Plan, Drought Response Plan and adaptive framework to reflect current demand forecasts and projected inflows.

During 2023-24 there was no requirement for drought preparedness measures. We continue to encourage the community to use water efficiently and increase the readiness of the Greater Melbourne water corporations to respond to a changing water security position. In April 2023 the Minister for Water announced that no desalinated water order would be placed for 2023-24. Permanent Water Use Rules continued to apply throughout 2023-24.

Corporate water consumption

There has been a slight increase in water usage across the Mitcham office site. This increase is primarily attributed to a small increase in average daily attendance to the office, and an extended dry period in late summer resulting in the rainwater storage onsite being depleted.

The amounts in the table below represent consumption at our Mitcham office excluding any treatment plants or other work sites.

	2023-24	2022-23	2021-22
Total water consumption ^{1,2}	2,805 kL	2,211 kL	2,722 kL
Number of FTE staff on site ³	170	150	100
Average water use per employee (kL per employee)	16.5 kL	14.74 kL	27.22 kL
Total office space	10,000m ²	10,000m ²	10,000m ²
Average water use per m ²	0.281 kL	0.221 kL	0.272 kL

1. Coronavirus response, particularly working from home directives and social distancing requirements, has impacted total water consumption and annual number of FTE staff reported 2021-22.
2. Hybrid working models have impacted total water consumption and annual number of FTE staff reported in 2022-23 and 2023-24.
3. FTE reported number is an estimate based on average office attendance across the year due to hybrid work arrangements.

Annual reporting of major non-residential water use

Requirement 1: number of customers who fall within each range (Section 122ZJ of the Water Act 1989)

Table 1: Customer by volume range

Volumetric range – ml per year	Number of customers
Equal to or greater than 100ML and less than 100ML	24
Equal to or greater than 100ML and less than 200ML	14
Equal to or greater than 200ML and less than 300ML	2
Equal to or greater than 300ML and less than 400ML	2
Equal to or greater than 400ML and less than 500ML	1
Equal to or greater than 500ML and less than 750ML	1
Equal to or greater than 750ML and less than 1,000ML	1
Greater than 1,000ML	1
Total number of customers	46

Liveability outcomes continued...

Requirement 2: naming of major water users and whether or not they participate in water efficiency programs (Section 122ZJ of the *Water Act 1989*)

Table 2: Names of major customers and their participation in water efficiency programs

Name of customer	Participation in water efficiency program	Water management plan developed
Austin Hospital	Yes	Yes
Bertocchi Smallgoods	Yes	Yes
Camware Holdings Pty Ltd	Yes	Yes
Cabrini Property Pty Ltd	Yes	Yes
Chadstone Shopping Centre	Yes	Yes
Chiquita Mushrooms Pty Ltd	Yes	Yes
Colonial Farms	Yes	Yes
Continental Poultry Pty Ltd	Yes	Yes
CSL Behring Pty Ltd	Yes	Yes
Eastland Shopping Centre	Yes	Yes
Lang Tech	Yes	Yes
Latrobe University	Yes	Yes
Monash University	Yes	Yes
Northern Hospital	Yes	Yes
Peters Ice Cream	Yes	Yes
RePurpose It	Yes	Yes
Sorbent Paper Company Pty Ltd	Yes	Yes
Specialist Linen Services	Yes	Yes
The Glen Shopping Centre	Yes	Yes
Visy Packaging Properties Pty Ltd	Yes	Yes
Visy Paper Coolaroo	Yes	Yes
Westfield Doncaster	Yes	Yes

To build business knowledge and support large water users to adopt local water solutions, we coordinate and facilitate seminars, undertake site visits at various businesses (exploring process and procedural improvements), and document case studies that share

the learnings of others' achievements in this area. Furthermore, all large water users have access to a national benchmarking website to compare their water consumption with others in similar industries.

Water recycling

This year we treated 10,675ML of sewage effluent at our treatment plants of which 2,010ML (18.8%) was reused as either Class A, B or C recycled water. Two of our recycled water treatment plants remained offline in 2023-24 due to safety upgrades of the chemical dosing facilities. Brushy Creek Recycled Water Treatment Plant will remain offline until September 2025, while the Aurora Recycled Water Treatment Plant is expected to be back online by February 2025.

We constructed 70km of recycled water mains and connected approximately 4,500 properties to Class A recycled water for non-drinking purposes such as toilet flushing and car washing. This brings the total number of properties connected to Class A recycled water to over 49,000.

Water recycling continues to be a key component of our integrated water cycle management servicing strategy for the Northern Growth Corridor, and new estates in the eastern suburbs around Brushy Creek Recycled Water Treatment Plant. Public open space irrigation and providing Class A recycled water to all homes via a third pipe system for toilet flushing, garden watering and laundry use, provides significant efficiency and environmental community benefits. Our first recycled water offset program pilot project is underway with a level crossing removal project in Melbourne's east. The level cross removal project will offset water used during construction by funding a recycled water main to supply a local council sports ground in Croydon, near our Brushy Creek Recycled Water Treatment Plant.

Water quality

During 2023-24, we maintained our commitment to provide safe and pleasant drinking water. This year we received 0.36 complaints for every 100 customers, against our target of 0.50 complaints.

We work to keep customers informed about any operational changes to their water supply. This year we also carried out targeted cleaning of 1,200km of water mains.

We achieved 87% customer satisfaction with the overall quality of drinking water provided.

Customer and community outcomes

Customer and community engagement

We remain committed to working with the community we serve. We value their input, recognising that their voices are crucial in shaping our decisions and ensuring better outcomes for all. By actively listening and engaging with our customers regularly, we can tailor our

services and programs to meet their expectations more effectively.

We leverage customer insights, community engagement, partnerships, advisory groups, panels, and citizens' juries to gain a deeper understanding of our customers' needs and preferences.

Following the IAP2 framework, our Community Engagement team engages with stakeholders and the community ensuring they're informed, consulted and involved in decisions about infrastructure projects. During 2023-24, our Community Engagement team supported 70 infrastructure projects, including the Doncaster Hill Recycled Water Project and our new Lilydale Food Waste to Energy Facility. Our team diligently ensured that key stakeholders, residents, businesses, and communities were well-informed about this work and promptly addressed any concerns.

Affordability and assistance programs

Melbourne's water bills are the lowest in Australia for all capital cities. We have an important role in sustaining Victoria's productivity and a responsibility to deliver our services as efficiently as possible. In doing this we strive to relieve the pressure on household budgets and to ensure that the cost of water and sanitation services does not impact the competitiveness of our business customers. Because most of our investment decisions are long term we have an obligation to make financial decisions that optimise community value and intergenerational equity.

We continue to hear from customers that they don't want bills to increase, and that small annual bill changes are better than a single large change. Since 2013-14, customers' bills have increased below the rate of inflation - that is they have fallen in real terms. The annual bill for a 'typical' residential customer using 150 kilolitres of water per annum is \$86 per annum lower now than in 2013-14 even after inflation. These reductions are a combination of efficiencies, including reductions in the cost of debt.

In 2023-24, the typical annual residential bill (based on 150kL consumption per annum) was \$1,049 - an increase from 2022-23 of \$20. For homes with 200kL consumption per annum, the 2023-24 bill is \$1,251 - an increase from 2022-23 of \$34.

Given the broader climate of financial stress and cost of living pressures, keeping on top of bills remains a challenge for many Victorians. We continue to evolve our programs to support customers who find it difficult to pay their water bill. We also work proactively to improve awareness and access of the support that is available, in particular to people at greater risk of vulnerability - through targeted outreach, marketing campaigns and engagement with community partners.

Liveability outcomes continued...

During 2023-24 we delivered a range of approaches to reach people who may be at risk of vulnerability or experience barriers to accessing support. This includes field visits for customers who have disengaged, running more than 45 WaterCare pop-up stalls in community settings to provide in-person support and a multi-channel marketing campaign to reach more people at scale.

This year, the marketing approach was refined to focus on the estimated 38% of eligible customers who do not have concessions registered – with a secondary message promoting broader financial support. The campaign has achieved a 35% increase in concession registrations compared to previous years. Importantly, it also significantly increased the confidence of those reached by the campaign that we will support them if they have difficulty paying their bill.

By the end of June 2024 we had 12,075 customers being managed within our WaterCare Customer Support Team which is 6% higher than June 2023. In addition:

- 10,042 customers applied for and received Utility Relief Grant assistance totalling \$4.09 million.
- We referred 243 customers to our external support partner who can provide additional services, including financial counselling, emergency relief, housing support, energy audits, employment coaching, drug and alcohol support - all at no cost to customers.
- We also referred 140 customers via Thriving Communities Australia's One Stop One Story hub directly to the relevant customer support teams in other partner organisations.
- At 30 June 2024, 51,025 instalment plan arrangements were in place.

Accessible and inclusive services

Our 2030 Strategy embeds our commitment to inclusive and accessible services. It ensures that everyone can access our services in the way they need and that we leave no one behind. Our new Diversity, Equity and Inclusion (DEI) Policy is holistic and supports a consistent approach to equity and inclusion across our business, embedding it in our systems, processes and culture. It also underpins our expectations of who we prefer to work with in our supply chain.

In 2023-24 we maintained our focus on promoting gender equality, and inclusion more broadly, across the organisation. This included:

- Continuing to roll out our implementation of Equity Impact Assessments (Gender Impact Assessments), as required by the Gender Equality Act. We also worked closely with our water sector colleagues to identify opportunities for collaboration.
- Conducting 5 Equity Impact Assessments on major projects and policies that have a direct impact on the public, resulting in improvements to create better and fairer outcomes for our customers and communities.
- Launching an inclusion knowledge hub, to provide tools and resources for the business relating to inclusion.
- Upskilling our design, development and testing teams, running audits and improving processes to ensure we meet Web Content Accessibility Guidelines (WCAG). To further enhance accessibility, we're developing internal guidelines to provide a clear framework for designing and documenting accessible digital experiences.
- Enhancing the accessibility of our website to improve the experience for customers with disabilities.
- Updating the diverse languages pages on our external website. With a refreshed layout and updated translated brochures, we provide accessible information in 23 languages other than English on important topics such as our WaterCare program and family violence supports.
- Engaging with multicultural communities through our outreach and engagement program – we participated in a range of events to provide multilingual support, as well as sending out translated brochures to community partners. Events included Bring Your Bills days, library pop-ups, Financial Counselling Victoria conferences, presentations to networks and other community partnerships.
- Including translated resources within our 2024 WaterCare concessions campaign – this included videos and social media messages.

Thriving Communities Australia

We're a proud member of Thriving Communities Australia (TCA), whose goal is to see everybody have fair access to the modern essential services they need to thrive in contemporary Australia.

This partnership supports us to collaborate with organisations across sectors, including corporate, government and community sectors, and access better practice information and insights. This includes through TCA's networks for businesses on both domestic and

family violence and supporting people in and exiting prison.

We're also a founding partner of the One Stop Story Hub, a world-first digital service which enables frontline workers in corporate and community organisations to connect and refer clients experiencing vulnerability (including financial vulnerability and family violence) to a range of supports through a single access point. Partners include Energy Australia, Commonwealth Bank of Australia, Transurban, Telstra, the Brotherhood of St Laurence, Mortgage Stress Victoria and FVREE (Free from Family Violence), the lead specialist family violence service in Melbourne's Eastern Metropolitan Region. During 2023-24, TCA welcomed new partners from the energy and housing sectors – the continued evolution and growth of the Hub significantly enhances the value we can provide our customers through referrals to other Hub members.

Domestic and family violence

Family violence can happen to anyone at any time, and has a devastating impact on our communities, including customers and staff members.

As an essential service provider and employer, we actively support customers and employees affected by family violence, with their safety as our top priority. It's now widely recognised that government, corporate and community sectors must work together to support people affected by family violence.

We're committed to continually reviewing and refining our approach to ensure we uphold our responsibilities to those affected by family violence.

We understand that people may not be able to or choose not to disclose to us, which means we must actively work to ensure that our systems and processes are safe, regardless of whether we are aware of the customer's circumstance.

During 2023-24 we reviewed our existing policies and processes to ensure that customer safety is considered and prioritised across everything we do. This is informed by learnings within our sector and other service industries and includes:

- Reviewing and updating our family violence policy to provide greater clarity that the protections for secure handling of customer information apply to all customers, whether they have disclosed that they are affected by family violence or not.
- Completing an organisational risk review to identify potential areas for further analysis to ensure our policies, practices and processes do not assist perpetrators of family violence to use our business systems to perpetrate.
- Running a series of briefing sessions for all staff to reinforce our role in preventing harm to those who may be affected by family violence (including where they haven't disclosed to us).
- Building capability in safety by design and applying this in our design and development for new policies, systems and processes.

We also continued to deliver against our well-established policy guidelines that outline support for customers and staff affected by family violence. This includes:

- Tailored case management by specialist staff for customers to protect customers' privacy and safety, as well as providing support and assistance in relation to debt.
- Providing referrals to participating partners within the OSOS Hub (see above) and via CareRing which may include additional wrap-around support.
- Providing a range of supports for staff impacted by family violence, including leave arrangements, safety plans and flexible work options.
- Providing relevant training to our staff – this includes training for all new starters, as well as more specialised training for customer facing staff and people leaders. We also provide refresher training sessions throughout the year.
- Proactively engaging with networks across our service area to promote our family violence supports for customers and to collaborate on strengthening responses and prevention. This includes representation on several family violence networks, participation in the Migrant Information Centre in the East's family violence program and in-person outreach to engage directly with customers to provide information and respond to account enquiries on-the-spot.
- Ensuring that we clearly and safely communicate our family violence policy and supports on our website. This year we enhanced the quick exit button on our family violence support page on our website. This is an important safety feature that allows people to swiftly navigate away from sensitive content on a website. This helps to protect their privacy and safety while accessing information.

We're committed to maintaining a 'better practice' approach' in how we address the risks and strengthen the protections and assistance we provide our customers and staff. This includes working collaboratively and openly with others to bring about long-term systemic change.

Liveability outcomes continued...

Community service obligations

In addition to our own assistance programs, many customers are eligible for support via government initiatives.

In 2023-24, the amount of assistance provided to customers was similar to 2022-23.

Community service obligations	2022-23		2023-24	
	\$'000	customers	\$'000	customers
Provision of concessions to pensioners ¹	51,841	178,587	52,224	178,567
Rebates paid to not-for-profit organisations under the Water and Sewerage Rebate Scheme ²	1,325	5,352	1,343	5,244
Utility Relief Grant payments ³	3,349	8,421	4,090	10,042
Water concessions for life support machines – haemodialysis ⁴	19	47	12	29
Hardship relief grant scheme ⁵	3	1	21	4
Total	56,537	192,408	57,669	193,886

Notes:

- Provision of concessions to pensioners** - Customers who hold a Pension Concession Card, a Gold Repatriation Health Care Card for All Conditions or a Health Care Card are entitled to pay a concessionary amount instead of the full balance outstanding on their accounts. When a customer pays this lesser amount, the difference is billed to and paid by the Department of Families, Fairness and Housing (DFFH).
- Rebates paid to not-for-profit organisations under the water and sewerage rebate scheme** - Customers who are not-for-profit entities are entitled to pay a concessionary amount instead of the full balance outstanding on their accounts. When a customer pays this lesser amount, the difference is billed to and paid by the State Revenue Office.
- Utility relief grant scheme** - The Utility Relief Grant scheme provides assistance for residential customers unable to pay their utility accounts due to a temporary financial crisis. Customers need to demonstrate that unexpected hardship has left them seriously short of money so that they cannot pay their utility account without assistance.
- Water concessions for life support machines – haemodialysis** - The State Government of Victoria provides a rebate for customers required to use a dialysis/life support machine at home, to compensate for water use and sewage disposal charges relating to its use. The rebate amount is determined by the DFFH based on the estimated annual water usage of a dialysis machine (168kL). This rebate is in addition to any other pension or concession entitlements.
- Hardship relief grant scheme (Sewer and Water Connection Scheme)** - Administered by the Department of Health, the grant provides financial help to pay for connection to a mains water and sewerage service. Eligibility is limited to residential property owners who are concession card holders and have no way of paying for the connection without assistance.

Water for Aboriginal cultural, spiritual and economic values

We recognise and support self-determination of Aboriginal cultural values and economic inclusion in the water sector, and work in partnership with Traditional Owners/Custodians.

Our 2030 Strategy now includes a guiding principle that sits above everything else - honouring and healing Country. This important update reflects our commitment to reconciliation, enabling self-determination and recognising the inherent rights of Traditional Owners/Custodians and First Peoples, particularly in caring for and maintaining custodianship of lands and waters. Our approach to bringing this guiding principle to life is outlined above under honouring and healing Country (refer to [page 18](#) for more details).

Partnerships with Traditional Owners/ Custodians

We operate on Wurundjeri Woi-wurrung Country, with a small area of Bunurong/Boonwurrung Country. We pay Traditional Owners/Custodians honour and respect, along with the cultures of all First Peoples and their connection and care for Country.

We work in close partnership with Wurundjeri, guided by their priorities and how they would like to work with us. This is in line with the intent of Water is Life: Traditional Owner Access to Water Roadmap.

During 2023-24, some examples that illustrate the nature of our partnership include:

- Our caring for Country commitment is based on an approach of dismantling barriers and expanding opportunities for Traditional Owners/Custodians to care for their Country across our service area.
- We continued to partner with Wurundjeri's Narrap Unit to manage their Country at the Aurora Sewage and Recycled Water Treatment Plant site, carrying out a 6-hectare grassland restoration project in a self-determined way. This land management project includes cultural burning and extensive weed management.
- We're also exploring partnership opportunities at our Upper Yarra Treatment Plant, where we're planning to create over 35 hectares of new habitat for the critically endangered Helmeted Honeyeater and Lowland Leadbeater's Possum. Through working closely with Wurundjeri, we've identified the opportunity to support and re-establish features of Aboriginal cultural value alongside the recovery of the 2 species and provide an opportunity for long-term, meaningful access to Country.
- According to Wurundjeri priorities, we support them with resourcing and other opportunities relating to cultural heritage, land and water in a self-determined way as well as specific partnership agreements including our Hazelwynde development.
- We support requests for water in line with Wurundjeri's needs and priorities and in a range of practical ways. For example, we've started to work with them on a request for fit-for-purpose water for their commercial enterprise.
- We continued our engagement around restorative processes relating to healthy Country and keeping water in the environment, including through use of fit-for-purpose water.

Liveability outcomes continued...

Supporting Aboriginal self-determination

The principle of self-determination underpins our work in caring for Country and reconciliation. By removing barriers and affording opportunities that support a self-determined role for Traditional Owners/Custodians in water management and planning, we're supporting First Peoples to participate equitably in the water sector. Within our workplace, we continue to strive to ensure we have the right approach to build cultural safety and support the self-determined contribution of First Peoples' staff.

Partnerships with Aboriginal Community Controlled Organisations

As well as the work outlined in the Partnerships with Traditional Owners section, enabling self-determination is core to our partnership with First Peoples' community groups across our service area. Key examples during 2023-24 include:

- We have a long-standing relationship with Mullum Mullum Indigenous Gathering Place (MMIGP), and this has been strengthened significantly by sharing space at our Mitcham head office while MMIGP build their purpose-built site in Ringwood.



- Our partnership with Whittlesea Community Connections at Aurora Sewage and Recycled Water Treatment Plant for the Wollert Community Farm has supported the Nugal Biik social enterprise native nursery that started operating in 2023-24. Nugal Biik's programs connect young First Peoples to Country and culture through conservation and land management training and experiences, including their junior and mini ranger programs.
- We continued to support Wandoon Estate at Coranderrk as they progress their aspirations, including undertaking a cultural heritage management plan for the installation of our onsite wastewater treatment system to support their visitor centre and bushfood kitchen.
- We provided sponsorships to grassroots organisations to support their aspirations, including MobWalks and the Koori Basketball Academy.

Procurement opportunities

Providing procurement opportunities is a key focus for us – both through direct procurement and also through our supply chain.

We have set ambitious new strategic measures to increase the percentage of active suppliers that are certified First Peoples' businesses to more than 8% by 2030 and to increase our direct spend with certified First Peoples' businesses and social enterprises from \$1.8 million in 2023 to a cumulative total of more than \$16 million by 2030.

We've made strong progress, and have met our 2023-24 targets. As of 30 June 2024, 6.3% of active suppliers are First Peoples' businesses. In 2023-24 we procured goods and services from 25 enterprises with a direct spend of \$1.5 million - not including cultural heritage management planning.

In terms of the specific measures relating to tenders requested within the Ministerial Reporting Direction, this information isn't currently available. We're working on this with the vendor who manages our tender platform to improve our reporting capability.

Our strong partnership with Kinaway Chamber of Commerce Victoria Limited (Kinaway) continues to support our efforts in both direct and indirect procurement, including to raise awareness of opportunities internally and with our partners.

During 2023-24, some highlights included:

- Creating a partnership with Have A Dig Excavations, a certified Victorian Aboriginal owned business, and contract partners Jaydo and Ventia. Known as Gama Dji Balit, which translates in Wurundjeri Woi-wurrung language to 'Emerge Strongly', the partnership aims to enable Have a Dig to expand their business and secure long-term contracts in the water sector at a rate that is sustainable with the water industry's increased heritage salvage and industry construction work. Training, coaching and mentoring have been key elements of the partnership, along with the invaluable sharing of cultural knowledge, insights and learnings. It's helped break down barriers by building trust between all 4 parties. The aim of Gama Dji Balit is that all organisations involved emerge better and stronger for the experience.
- Sponsoring the annual Kinaway Business Awards Night, to celebrate the achievements of First Peoples' businesses.
- Delivering our second networking event for First Peoples' businesses and a range of delivery partners. This followed our successful event last year and was again supported by Kinaway. These events facilitate connections and encourage partnerships and creating long-term training, employment and commercial opportunities.

Further details are provided within the social procurement and emergency procurement section of this report (see [page 64](#)).

Environmental outcomes

We rely on a healthy environment to deliver our services and we're proud of our innovative approach to ecological challenges.

Climate adaptation

Adaptation to climate change and variability

Recent reports from the Intergovernmental Panel on Climate Change highlighted that climate change is widespread, rapid and intensifying, with weather extremes occurring simultaneously, causing cascading impacts that are increasingly difficult to manage².

In Victoria, the Bureau of Meteorology is predicting a hotter and drier climate over the long term, with up to double the number of very hot and high fire-risk days in the 2050s, lower stream flows to our reservoirs and greater variability, including more storms and more intense downpours. Infrastructure Victoria recently released a report³, predicting annual costs to local governments to deal with climate change impacts to quadruple by the end of the century. These challenges will require new approaches in the way we provide our services. We're committed to being forward-thinking and customer-focused in how we face these challenges.

² [Intergovernmental Panel on Climate Change | Climate Change 2023 Synthesis Report](#)

³ [Infrastructure Victoria | Weathering the storm](#)





Figure 1: Focus areas of Yarra Valley Water's Climate Resilience Plan

Our latest Climate Resilience Plan summarises across 9 focus areas what we do to reduce our greenhouse gas emissions and embed climate resilience into the way we operate. These actions will see our people, business systems and processes - and also the communities and environment we operate in - become better equipped to handle climate change. Of the 41 actions identified in the plan, approximately 30% are complete, 60% are on track, 5% have not commenced and about 2% are at risk.

Progress of the Climate Resilience Plan actions, and an update on climate change risks are reported annually to Board. Climate change resilience (lag indicator) is tracked through our service reliability targets. A KPI/lead indicator for climate change risks is under development.

We've recently reviewed our readiness to report against the proposed Australian Sustainability Reporting Standards (which don't yet apply to Yarra Valley Water), and are preparing a transition plan to ensure timely compliance with the Standards once they are in place. Key actions implemented in 2023-24 that contribute to mitigation of and adaption to climate change include the areas of water security, emergency management and community resilience, operational resilience, and energy transition and reducing our environment impact.

Environmental outcomes continued...

In the area of water security:

- *The Greater Melbourne Urban Water and System Strategy: Water for Life*, includes drought preparedness plans that have been developed collaboratively with Greater Melbourne's water corporations, applying the Department of Energy, Environment and Climate Action's (DEECA's) Guidelines for Assessing the Impact of Climate Change on Water Availability in Victoria. Released in 2022, it outlines plans for securing water supplies for the next 50 years, including specific actions that are being jointly implemented across water efficiency, water conservation, fit-for-purpose recycled and alternative water as well as readiness activities for future augmentations. Consideration of climate change impacts has also been embedded in the Melbourne Sewerage Strategy, in the scenarios explored and in the adaptive planning responses developed during implementation.
- We continued working with DEECA to implement actions from the Water Cycle Climate Change Adaptation Action Plan and *Central and Gippsland Region Sustainable Water Strategy*, and through participation in IWM forums, and industry knowledge sharing.
- We continued engaging customers around water efficiency (refer to the water efficiency section on [page 73](#)).

In the area of emergency management and community resilience:

- We continued to strengthen our operational readiness to respond to emergency incidents and events through a range of people capability and capacity building activities. This included fostering relationships with key partners and formalising arrangements for working together in complex incidents. A dedicated Incident Operations Centre has been established, the joint Melbourne Metro Water Industry (MMWI) Project has endorsed a Strategic Improvement Plan, and Complex Incident Coordination Plan and committed to joint public information enhancements.
- We continued to build trusted relationships across the emergency management sector at local, regional and state levels across emergency services, emergency agencies, government, non-government and not for profit stakeholders, improving workflow and shared/co-dependent processes. For example, we're active members on several municipal and regional emergency management planning committees and regularly meet and engage with State and Federal agencies.
- We developed a Community Resilience Plan with the aim of playing a bigger role in fostering more resilient communities which are better prepared for climate change and understand potential impacts to essential services. We're still learning more about the role we can play in supporting community resilience. We're deliberately taking a 'walk before we run' approach, focusing on small positive tweaks in how we communicate preparedness messages and make enhancements to our role in recovery during emergencies, before focusing on how we can play a part in community led resilience. We're also exploring what role our staff – who are all engaged community members – may play in shared workforce and community resilience building.
- We contributed to increased community resilience through our summer readiness communications. A recently launched community grants program aims to increase community and environment resilience in a changing climate. We work proactively within communities to ensure that people at risk or experiencing hardship are able to access support when needed through our WaterCare program (refer to the customer and community outcomes section on [page 79](#)) – this includes providing information in diverse languages.

In the area of increasing our operational resilience:

- We developed a tool and guidelines to conduct asset risk assessments with a view to climate change and integrated these assessments with our Asset Management Framework. We have assessed several asset classes and individual assets with this approach, which includes GIS-based climate scenario data, and continue to roll this out to other asset classes and assets. Moving forward, once the acceptable risks and mitigation measures are identified, we will prioritise these in the context of other business needs. We may need to further amend our design standards to respond to new risks, as we better understand them. We shared information about this tool at the Connected by Water and Ozwater conferences, contributing to industry knowledge building.
- We continued upgrading our electrical assets to improve their resilience to extreme heat, and purchasing additional generators on pump stations to be more resilient to power outages.
- As part of our water renewals strategy, we considered the impact of climate change when planning our water assets, including considering ground wetness and pipe material vulnerabilities.
- When planning our sewer assets we considered the impact of climate change through applying the climate change scenarios (RCP 4.5 and RCP 8.5) outlined in DEECA's Guidelines for the Adaptive Management of Wastewater Systems Under Climate Change. The main outcome of applying the guidelines was ensuring that under climate change scenarios, the sewer has sufficient hydraulic capacity to meet our long-term servicing strategy targets and our General Environmental Duty (GED) obligations. We are also updating all of our relevant sewer planning and design guidelines to consider the impact of climate change scenarios in capacity assessment of existing sewers and design of new network assets.
- In hydraulic modelling, a critical input to our water and sewer capacity planning and management, we continue to improve our modelling and planning approaches to reflect latest climate science and industry knowledge, and embed what we learn into our business processes, business planning and our asset management framework.
- We continued holding quarterly seasonal outlooks with the Bureau of Meteorology to enable operational staff to prepare for likely weather patterns in the upcoming season.

In the area of energy transition and reducing our environment impact:

- We've assessed our transition risks to many different areas of the business, and are building resilience to transition risks, through reducing our exposure to carbon pricing by generating our own energy.
- We are on track to be net zero scope 1 and 2 emissions from 1 July 2025 onwards, with ambitions to go beyond zero carbon in future years.
- We're raising awareness with our delivery partners about approved recycled materials for use in construction as an important means to reduce our carbon emissions and achieve our circular economy goals. Refer to [page 102](#) for more details on the circular economy. This goal is also reflected by including Social and Sustainable Procurement Outcomes in the tender for our new Reliability Delivery contract commencing in 2024-25.
- We also contributed to environmental resilience through managing our land with high remnant biodiversity value with a biodiversity management approach. Refer to [page 102](#) for more details on biodiversity. We are planning to restore habitat for the critically endangered lowland Leadbeater's possum and Helmeted Honeyeater at our Upper Yarra Sewerage Treatment Plant. Also, we are enabling Narrap Rangers to care for an area of endangered Plains Grassy Woodland at our Aurora Sewerage Treatment Plant site.
- Understanding the impact of climate change when planning our water assets, including considering ground wetness and pipe material vulnerabilities as part of our renewals strategies.
- Building resilience to transition risks, through reducing our exposure to carbon pricing by generating our own energy.

Environmental outcomes continued...

Through these actions we've embedded climate change considerations more deeply into our decision-making processes across our asset planning, water and sewerage resource planning and product delivery functions. We've also worked closely with industry colleagues to ensure our actions are aligned with broader adaptation actions

undertaken across the industry. The following table outlines how each of the key actions in our new Climate Resilience Plan relates to core functional areas of our business, over the short, medium, and long term (S, M, L).

Focus areas	WSAA core functional areas					
	Source waters	Assets	Natural environment	People and workplace	Inter-dependencies	Customer and product delivery
Ensuring water security	S M L					S L
Managing climate-resilient assets		S M L	M L		S M	S M L
Greenhouse gas emissions reductions			M L		M L	
Preparing for, managing and recovering from emergencies		S M	S M	S M	S M	S M
Building financial resilience		S M L				S M L
Supporting community and environment resilience	M L		M L			S M L
Embedding climate resilience across Yarra Valley Water				S M L		S M L
Understanding climate risks	M L	S M L	S M L		S M L	S M L
Strengthening partnerships for climate resilience	M L		S M L		S M L	S M L

Figure 2: Climate Resilience Plan actions in relation to core functional areas of our business, over the short, medium, and long term (S, M, L).

Bulk entitlements report

Reporting obligation	Greater Yarra system – Thompson river pool ¹	Victorian desalination project ⁵	Goulburn system ⁸	River Murray ¹⁴
The volume of water taken by Yarra Valley Water in 2023-24	Clause 16.1(a) 166,831ML	Clause 13.1(a) OML	Clause 13.1(b) 8ML ^{9,10}	OML
Annual water allocation made available to Yarra Valley Water	Clause 16.1(b) 191,505ML	Clause 13.1(a) OML ⁶	Clause 13.1(c) 9,967ML	Clause 10.1(a) 19,530ML
Share of storage volume at 30 June 2024 for carryover	Clause 16.1(b) 374,400ML	Clause 13.1(a) OML	4,124ML ¹¹	6,680ML ¹⁵
Compliance with the entitlement volume	Clause 16.1(c) Yes	N/A	N/A	N/A
Any assignment of water allocation or temporary/permanent transfers of the bulk entitlement	Clause 16.1(d) 3,330ML ²	Clause 13.1(b) Nil	Clause 13.1(d) ¹² 7,845ML Clause 13.1(e) Nil	Clause 10.1(b) 18,765ML ¹⁶ Clause 10.1(c) Nil
Approval, amendment and implementation of approved metering program	Clause 16.1(e) Continued implementation ³	N/A	N/A	N/A
Any amendment to the bulk entitlement	Clause 16.1(f) Yes ⁴	Clause 13.1(c) No	Clause 13.1(f) Yes ¹³	Clause 11.1(d) Nil
Any new bulk entitlement granted to Yarra Valley Water	Clause 16.1(g) Nil	Clause 13.1(d) Nil	N/A	N/A
Compliance with the bulk entitlement	N/A	Clause 13.1(e) Continued compliance ⁷	N/A	N/A
Any failures to comply with any provision of the bulk entitlement	Clause 16.1(h) Nil	Clause 13.1(f) Nil	Clause 13.1(g) Nil	Clause 10.1(e) Nil
Any difficulty experienced in complying with the bulk entitlement and if so, any remedial action taken or proposed	Clause 16.1 (i) Nil	Clause 13.1(g) Nil	Clause 13.1(h) Nil	Clause 10.1(f) Nil

Notes for compliance with bulk entitlements

Greater Yarra system - Thomson River pool

1. Yarra Valley Water holds Greater Yarra System – Thomson River Pool Bulk Entitlement (Greater Yarra System – Thomson River Pool – Yarra Valley Water) Order 2014 – WSE000081.
2. On 1 July 2023, 3,330ML of Yarra Valley Water's Greater Yarra System – Thomson River Pool Bulk Entitlement was transferred to Gippsland Water. This reduced Yarra Valley Water's entitlement volume from 219,776ML to 216,446ML.
3. Continued compliance with approved metering program through Bulk Water Supply Agreement between Melbourne Water and Yarra Valley Water and Melbourne Water's System Management Rules.
4. As part of the statutory process for the transfer of 3,330ML of Greater Yarra System – Thomson River Pool Bulk Entitlement to Gippsland Water, the Hon Harriet Shing, Minister for Water amended the Greater Yarra System – Thomson River Pool Bulk Entitlement (Greater Yarra System – Thomson River Pool – Yarra Valley Water) Order 2014 to reflect the transfer of entitlement to Gippsland Water and the revised entitlement volume for Yarra Valley Water.

Victorian Desalination Project

5. Yarra Valley Water holds Bulk Entitlement (Desalinated Water – Yarra Valley Water) Order 2014 – WSE000054.
6. The Hon Harriet Shing, Minister for Water, announced a OGL desalinated water order for the 2023-24 year.
7. Compliance with our Desalinated Water long term average diversion limit of 56,951ML is assessed using a 5-year rolling average diversion.

Goulburn System

8. Yarra Valley Water holds Bulk Entitlement (Goulburn System – Yarra Valley Water) Order 2022 – WSE020022.
9. 8ML of the bulk entitlement was used to maintain the operational capacity of the North- South Pipeline and keep the pipeline charged for fire-fighting purposes, as allowed under clause 6.1 (b) of the Statement of Obligations (System Management).
10. Compliance with the combined annual diversion limit of 75,000ML for the holders of Bulk Entitlement (Goulburn System – Greater Western Water) Order 2022, Bulk Entitlement (Goulburn System – South East Water) Order 2022 and Bulk Entitlement

(Goulburn System – Yarra Valley Water) Order 2022 is assessed using the actual measured annual diversion. Diversions are subject to clause 6.1 of Yarra Valley Water's Statement of Obligations (System Management).

11. Yarra Valley Water's commencement volume on 1 July 2023 was 4,019ML. At 30 June 2024, Yarra Valley Water held 4,124ML (3,430ML in Zone 1A and 693ML in Zone 1B).
12. Yarra Valley Water has in place water management strategies to manage water allocation holdings in the River Murray and Goulburn System to maximise the value of the resources held to their customers and minimise the risk of spilling water allocation. These strategies include the transfer of allocations between Bulk Entitlement Allocation Accounts and trading water allocations. Net total trade out was 7,845ML (5,155ML in Zone 1A and 2,690ML in Zone 1B).
13. On 11 March 2024, the Hon Harriet Shing, Minister for Water amended the Bulk Entitlement (Goulburn System – Yarra Valley Water) Order 2022 to make changes required following the appointment of Melbourne Water as Storage Manager for the Melbourne Headworks System (including the North-South Pipeline).

River Murray

14. Yarra Valley Water holds Bulk Entitlement (River Murray – Yarra Valley Water) Order 2022 – WSE020023.
15. Yarra Valley Water's commencement volume on 1 July 2023 was 6,566ML. At 30 June 2024, Yarra Valley Water held 6,680ML (3,261ML in Zone 6 and 3,419ML in Zone 7).
16. Yarra Valley Water has in place water management strategies to manage water allocation holdings in the River Murray and Goulburn System to maximise the value of the resources held to their customers and minimise the risk of spilling water allocation. These strategies include the transfer of allocations between Bulk Entitlement Allocation Accounts and trading water allocations. Net total trade out was 18,765ML (8,621ML in Zone 6 and 10,144ML in Zone 7).

Greenhouse gas emissions and net energy consumption

Our Statement of Obligations (Emissions Reduction) requires us to reduce our greenhouse gas (GHG) emissions by 64% by 1 July 2025 compared to the 2011-2016 baseline. We've also pledged to go beyond this target and reach net zero emissions from July 2025. This commitment is necessary as we operate against a backdrop of population growth and increased demand for our services.

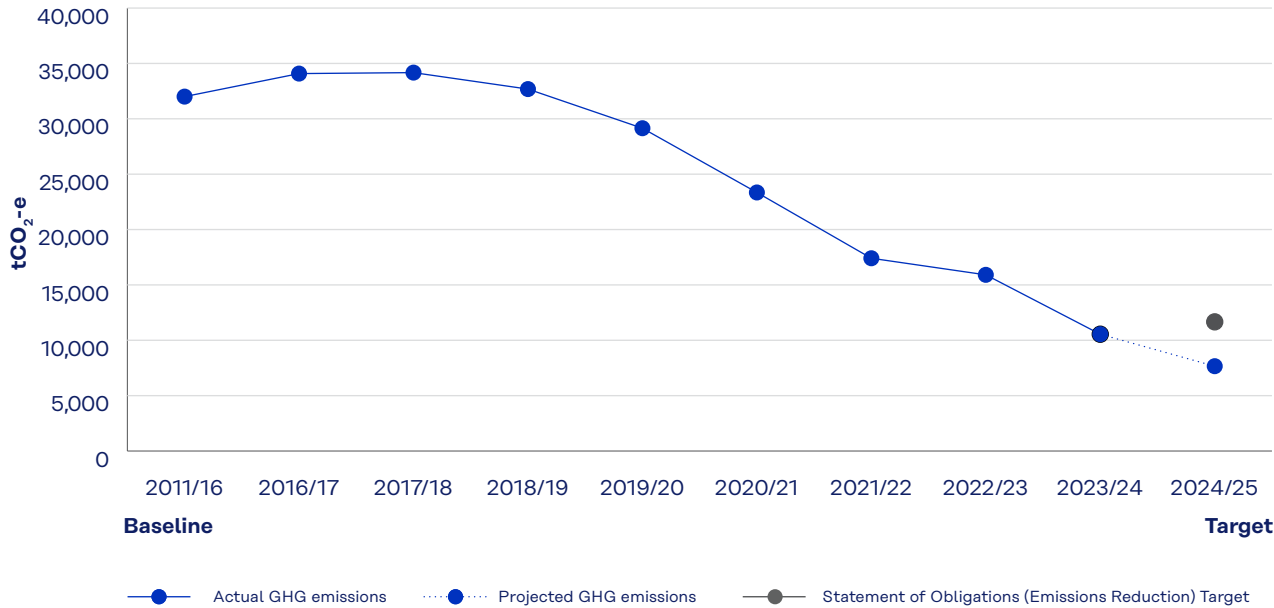
To measure our performance, we set a target of emitting no more than 11,018 tCO₂-e (tonnes of carbon dioxide equivalents) in 2023-24. We achieved our target mostly through renewable energy use - reporting 10,547 tCO₂-e for the financial year.

We rely on electricity to pump and treat water and wastewater as well as power our head office.

We currently operate close to 400 network connection points which use grid electricity and this carbon-intensive consumption is the largest source of our emissions. This year we used 85% renewable electricity, and we continue to look for additional ways to be more efficient, reduce consumption where possible and source an increasing amount of electricity from renewable generators.

This year we have chosen not to purchase CACNS eligible International Certified Emission Reduction units to offset our residual Scope 1 and Scope 2 emissions. We've also been working with our partners and suppliers to encourage them to reduce their emissions (Scope 3) year on year.

Progress toward 2025 greenhouse gas emissions target (scope 1 and 2)



Environmental outcomes continued...

Greenhouse gas emissions (t CO₂e) – scope 1 and 2 emissions

The majority of our emissions profile is associated with the consumption of grid electricity for the pumping of water, and the pumping and treatment of sewage across our network. To date we have reduced our scope 2 emissions by consuming 85% renewable electricity. Our head office and treatment facilities are now powered by 100% renewable electricity with the rest of our sites continuing to reduce their scope 2 emissions through increased consumption of renewable electricity.

We will eliminate our scope 2 emissions from grid sourced electricity by consuming 100% renewable electricity from 1 July 2025 across all sites. This will be achieved with the completion of our second food waste to energy facility at Lilydale, that will provide an additional 1.6 MW of generation capacity, the addition of 1.2 MW of solar generation capacity at our sites, and existing renewable sources already deployed in our portfolio.

We've delivered energy efficiency projects to reduce our grid electricity consumption and will be continuing this program of works to further reduce consumption.

Scope 1 fugitive emissions predominantly arise from the sewage treatment process and are difficult to eliminate - currently we have no viable means of making direct reductions. We therefore aim to offset these emissions with Australian Carbon Credit Units, generated from our investment in projects right here in Victoria. We'll do this through our second food waste to energy facility, the Growing Carbon project in collaboration with Melbourne Water and Greater Western Water and the Upper Yarra Habitat Restoration project.

Transport emissions are associated with vehicles combusting petrol and diesel. As we drive towards a zero emissions fleet, we're purchasing more environmentally friendly vehicles. To facilitate our transition, we regularly update the list of company vehicles available to staff. Our current list allows staff to choose from 9 electric vehicles, one plug in hybrid vehicle, one hybrid vehicle and 2 diesel vehicles. We plan to only purchase electric vehicles from July 2025 (where fit-for-purpose vehicles are available) and aspire to having a fully electrified fleet by July 2030. We're also expanding our electric vehicle charging infrastructure across our facilities, including plans to increase from 14 to 62 charge points at our Mitcham head office in 2024-25.

Emissions from 'other' sources are mostly from fossil gas heating at our head office. This heating system is approaching end of life. We are planning to replace the existing gas boilers with energy efficient heat pumps powered by 100% renewable electricity, that will reduce our scope 1 emissions by an estimated 4%.

Service delivery category	2022-23 total emissions	2023-24 result			Variance	Notes
		Scope 1 emissions	Scope 2 emissions	Total emissions		
Water treatment and supply	8,239	28	4,695	4,723	(43%)	1
Sewage collection, treatment and recycling	6,645	2,323	2,481	4,804	(28%)	2
Transport	893	891	-	891	0%	
Other (eg. office)	133	129	-	129	(3%)	
Total GHG emissions (a)	15,910	3,371	7,176	10,547	(34%)	
Carbon Offsets (self-generated) retired	-	-	-	-	-	
Total offsets (b)	-	-	-	-	-	
Net emissions (a-b)	15,910	3,371	7,176	10,547	(34%)	

Notes:

1. Increased consumption of renewable electricity has reduced our Scope 2 emissions.
2. The increased penetration of renewable generators supplying the Victorian grid has reduced the carbon intensity of grid electricity, resulting in lower Scope 2 emissions for the consumption of non-renewable electricity.

Total Renewable Energy Certificate (REC) retirement reporting to reduce scope 2 emissions

REC retirement method	2023-24 certificates retired (1 REC = 1MWh renewable electricity)	Notes
Voluntarily retired by Yarra Valley Water	5,460	
Green Power	12,687	1
Certified carbon Neutral electricity purchased	-	
Voluntarily retired on Yarra Valley Water's behalf	-	
Total renewable energy certificates retired to reduce scope 2 emissions	18,147	

Note:

1. We voluntarily purchased 12,687 MWh of Green Power renewable electricity through our large market electricity retailer over the 2023-24 period.

Breakdown of emissions by each greenhouse gas – scope 1

We generate scope 1 emissions when treating sewage and combusting fossil fuels.

Sewage treatment and sludge handling are responsible for fugitive emissions of methane and nitrous oxide. Methane emissions from sewage treatment occur at the Wallan Sewage Treatment Plant (our only site that generates methane as a by-product of the treatment process), and the decay of an existing stockpile of sewage sludge at the Lilydale Sewage Treatment Plant. Nitrous oxide is a by-product of the aerobic treatment process and occurs at all our sewage treatment plants. Given current technologies available to us, these emissions are impractical and prohibitively expensive to

avoid. In the future we will be offsetting these emissions with our investments in local emission reduction projects that comply with the requirements of our Statement of Obligations (Emission Reduction).

The combustion of fossil fuels occurs in our vehicles, back-up generators and head office heating system. The primary emission is carbon dioxide, with a relatively small amount of methane and nitrous oxide. These emissions will significantly reduce as we electrify our vehicles and heating system.

Environmental outcomes continued...

Breakdown of emissions by each greenhouse gas – scope 1 emissions

Service delivery category	Carbon dioxide (CO ₂)		Methane (CH ₄)		Nitrous oxide (N ₂ O)		Other		Notes
	tonnes	t CO ₂ e	tonnes	t CO ₂ e	tonnes	t CO ₂ e	tonnes	t CO ₂ e	
Water treatment and supply	28	28	-	-	-	-	-	-	1
Sewage collection, treatment and recycling	71	71	29	822	5	1,430	-	-	2
Transport	886	886	-	-	-	5	-	-	3
Other (eg. office)	129	129	-	-	-	-	-	-	4
Total GHG emissions	1,114	1,114	29	822	5	1,435	-	-	

Notes:

1. Emissions from combustion of diesel in back-up generators.
2. Emissions from sewage treatment and combustion of diesel in back-up generators.
3. Emissions from combustion of petrol and diesel in vehicles.
4. Emissions from combustion of fossil gas in gas boilers and kitchen appliances.

Scope 3 emissions

Our focus is extending into reducing scope 3 emissions, those being our indirect greenhouse gas (GHG) emissions, that are generated in our upstream and downstream value chain.

Over the past 12 months we have:

- Established a cross functional scope 3 working group within our business.
- Worked with the Water Services Association of Australia (WSAA) to develop a common approach to scope 3 emissions.
- Completed a comprehensive review and update of our scope 3 baseline, in line with the WSAA recommendations.
- Developed and published a tool for estimating capital project-based scope 3 emissions.
- Continued to develop and implement strategies to reduce scope 3 emissions across our value chain.

These actions have expanded our understanding of our scope 3 emissions profile and our ability to influence others who we do business with to reduce their emissions. Next on our agenda is to develop a tactical plan to reduce our scope 3 footprint.

With maturing data, for 2023-24 we've prepared our scope 3 disclosure consistent with the Greenhouse Gas Protocol Technical Guidance for Calculating Scope 3 Emissions. Our 2023-24 emissions will form our new baseline for establishing reduction targets in the future.

Consistent with this guide, our reported emissions include all 'required' direct use phase emissions and exclude the 'optional' indirect use phase emissions such as the emissions associated with customers heating water for showers.

The table below is the updated calculation of our scope 3 emissions profile.

Source	Scope 3 emissions (t CO ₂ e)	Notes
Commercial air travel	115	1
Waste disposal	310	
Any other scope 3 sources assessed	186,554	2
Total reported scope 3 emissions	186,979	

Notes:

1. We estimate 1,452,000 kilometres of air travel in 2023-24 with an associated emissions of 115 t CO₂e - based on the assumption that a long-haul economy class flight emits 0.079 kg of CO₂ per passenger per kilometre.
2. 78% of direct scope 3 emissions are attributed to Melbourne Water's operations.

Total electricity consumption by service

Service delivery category	2022-23 result (MWh)	2023-24 result (MWh)	Notes
Water treatment and supply	9,677	11,804	1
Sewage collection, treatment and recycling	18,127	15,530	2
Other (eg. Offices, depots)	1,118	1,275	3
Total	28,921	28,609	

Numbers in tables may not add down correctly due to underlying calculations and/or rounding.

Notes:

1. A new large facility commissioned and increased water pumping in late summer.
2. Decreased sewage treatment with some plants offline.
3. Increased consumption of electricity associated with electric vehicles.

2023-24 total electricity consumption by source (MWh)

The electricity required to run our operations is either sourced directly (behind the meter) from our onsite renewable electricity generators or from the grid.

In 2023-24, we self-generated a total of 2,444 MWh of renewable electricity at 6 of our sites. We consumed 1,378 MWh of this generation behind the meter and exported the surplus to grid.

Electricity source	2022-23 result (MWh)	2023-24 result (MWh)	Notes
Purchased directly through an electricity retailer	26,751	27,231	
Not directly purchased but sources from outside the organisation	-	-	
Corporation led/self-sourced activities and initiatives	2,171	1,378	1
Total	28,921	28,609	

Numbers in tables may not add down correctly due to underlying calculations and/or rounding.

Notes:

1. Waste to energy generators offline for maintenance.

Environmental outcomes continued...

Renewable energy

This year, 85% of our electricity requirement was supplied from renewable sources.

Our Wollert Food Waste to Energy Facility generated 1,773 MWh of renewable electricity, which is down on previous years due to maintenance activities. 43% of the generation was used to run the food waste to energy facility and the adjacent sewage treatment plant, leading to a 599 tCO₂-e reduction in emissions from grid sourced electricity. The remaining 57% was exported to the grid and consumed at other sites.

Solar systems located at our head office and 4 sewage treatment plants produced 671 MWh of renewable electricity for the year. We consumed 92% (620 MWh) of this renewable electricity onsite, with the surplus 8% exported to the grid and consumed at other sites.

This year our head office (including electric vehicles) was again powered by 100% renewable electricity, with 24% coming directly from our solar carpark and the balance of renewable electricity sourced from the grid, certified through voluntary surrender of large-scale generation certificates and purchase of Accredited GreenPower through our electricity retailer. In 2023-24 our electric vehicle fast chargers consumed more than 38.4 MWh of renewable electricity, enough to drive over 200,000 km. The renewable electricity consumed to power our electric vehicles represents a 400% increase compared to the period 2022-23. This zero-emissions electricity displaced over 16,000 L of petrol/diesel, reducing our emissions by approximately 37 t CO₂-e. The increasing use of electric vehicles demonstrates our progress in transitioning to a zero emissions fleet.

Total renewable electricity consumption

Service delivery category	2022-23 renewable electricity consumption (MWh)	2023-24 renewable electricity consumption (MWh)	Notes
Total grid sourced	5,029	5,097	
Biogas	1,706	758	
Hydroelectric	-	-	
Solar	465	620	
Wind	-	-	
Other	11,848	18,147	1
Total corporation led/self sourced	14,073	19,528	
Total renewable electricity consumption	19,048	24,625	
Percentage renewable electricity %	66%	85%	

Numbers in tables may not add down correctly due to underlying calculations and/or rounding.

Notes:

- Other includes the voluntary surrender of Large-scale Generation Certificates (LGCs) from a variety of sources including Biogas, Solar and Wind. 5,460 of these LGCs were voluntarily surrendered by Yarra Valley Water and 12,687 were voluntarily surrendered by our electricity retailer on behalf of Yarra Valley Water.

Total electricity generation capacity and electricity generated

Electricity generation from our Wollert Food Waste to Energy Facility was reduced due to maintenance throughout the year. Electricity generation was offline at this facility from July to December 2023 and operating at 50% capacity from December 2023 to June 2024. This reduced the amount of renewable electricity we were

able to generate in 2023-24 to 1,773 (MWh) – 21.2% of total generation capacity.

758 MWh (42.7%) was consumed behind the meter – the remainder was exported to the grid and consumed at other sites.

Electricity source	Total onsite energy generation capacity (MW)	Total onsite renewable energy generated (MWh)			2023-24 Total by Source
		Consumed onsite	Exported	Other	
Biogas	1	758	1,015	-	1,773
Hydroelectric	-	-	-	-	-
Solar	0.6	620	51	-	671
Wind	-	-	-	-	-
Other	-	-	-	-	-
Total renewable electricity sources		1,378	1,066	-	2,445
Total non-renewable sources					
Total sources		1,378	1,066	-	2,445

Numbers in tables may not add down correctly due to underlying calculations and/or rounding.

Total energy storage system (power capacity and storage)

Yarra Valley Water does not operate any significant energy storage systems.

Environmental outcomes continued...

Fuel use and emissions

Fuel is used for stationary and transport purposes.

Stationary fuel is consumed in natural gas heating at our Mitcham head office and in diesel backup generators,

essential to ensuring continuity of service. We're in the early stages of the replacement of the heating system with energy efficient heat pumps powered by 100% renewable electricity.

Fuel source	Buildings		Machinery		Total	
	Energy used (MJ)	Greenhouse gas emissions (CO ₂ -e)	Energy used (MJ)	Greenhouse gas emissions (CO ₂ -e)	Energy used (MJ)	Greenhouse gas emissions (CO ₂ -e)
Fossil gas	2,506,520	129	-	-	2,506,520	129
Diesel	-	-	1,416,000	99	1,416,000	99
Total	2,506,520	129	1,416,000	99	3,922,520	228

Our goal is to transition to a zero emissions fleet.

We've been steadily increasing the number of hybrid and electric vehicles in our fleet. We now have 56 vehicles (27%) that are hybrid or fully electric, an increase from 25 vehicles (13%) over last year. With plans to only purchase electric vehicles from July 2025 (where fit for purpose vehicles are available) – we've aspirations that we'll have a fully electrified fleet by 2030.

To help make this transition, we're expanding our electric vehicle charging infrastructure across our facilities.

Currently we have 3 Tritium 75kW DC Chargers with dual charging capability, which can fast charge 6 cars at once plus another 8 AC electric car chargers, with an output of 7.3kW. These chargers use renewable power generated from solar panels on our purpose-built solar carpark, saving time and money for staff and the organisation. We also have AC chargers at select high use network facilities powered by renewable electricity, expanding coverage for our growing fleet of electric vehicles.

Fuel source	2023-24		2022-23		2021-22	
	Vehicles	%	Vehicles	%	Vehicles	%
Diesel	112	54%	112	56%	112	55%
Petrol	39	19%	61	31%	73	36%
Hybrid	27	13%	13	7%	9	5%
Plug in hybrid electric	14	7%	8	4%	7	3%
Electric	15	7%	4	2%	3	1%
Total	207	100%	198	100%	204	100%

In 2023-24, we've seen an increase in fuel use and greenhouse gas emissions as staff increasingly return to the office.

Fuel Source	Energy used (MWh)			Greenhouse gas emissions (CO ₂ -e)		
	2023-24	2022-23	2021-22	2023-24	2022-23	2021-22
Diesel	2,432	2,344	1,918	616	594	486
Petrol	805	1,066	908	196	260	221
Hybrid	127	104	72	31	25	17
Plug in hybrid electric	195	58	41	48	14	10
Electric	-	-	-	-	-	-
Total	3,559	3,573	2,939	891	893	734

Numbers in tables may not add down correctly due to underlying calculations and/or rounding.

Total energy use

We're pursuing a pathway to electrification that will reduce our reliance on carbon intensive fuels and displace them with renewable electricity to reduce overall energy consumption, cost and emissions.

MJ	Electricity	Fuel	Total ^{1,2}
Renewable	88,637,522	-	88,637,522
Non-renewable	14,356,236	16,735,000	31,091,236
Total energy used (MJ)	102,993,758	16,735,000	119,728,758

Notes:

- 74% of our total energy use (88,637,522 MJ) is from renewable sources with the balance from non-renewable sources. While 85% of our electricity consumed is from renewable sources, electricity is only 85% of total energy consumed. The balance of energy consumed is through the combustion of non-renewable fuels.
- Energy use per relevant unit for each business unit is as follows:
 - Water – 258 MJ / ML water received
 - Sewer – 111 MJ / ML sewage collected
 - Treatment – 3,927 MJ / ML sewage treated
 - Corporate – 24,225 MJ / FTE (822)

Sustainable buildings and infrastructure

We own head offices at Mitcham and a small number of depots for operational purposes. These facilities have not received any significant upgrades or newly commenced infrastructure projects of more than \$1 million. Therefore, we have not met the criteria to be subject to an environmental performance rating assessment on any entity owned buildings.

Environmental outcomes continued...

Other statutory obligations

Victorian biodiversity strategy

In accordance with the state's Protecting Victoria's Environment - Biodiversity 2037 Strategy and the Regional Catchment Strategy (Port Phillip and Western Port Region), we've been working to address biodiversity decline on our land. Following a report by Nature Glenelg Trust which classified 12 of our 190 sites as having high biodiversity value, we've commenced caring for these sites with a biodiversity approach. We've developed corporate targets to ensure optimum maintenance of these sites to reflect their biodiversity value and have committed to a target of 47 hectares of land that we actively manage to preserve and restore biodiversity and natural habitats by the end of the price submission period. This includes weed management, revegetation, restoration of waterway frontages and species monitoring including Environmental DNA testing.

In addition to caring for our high value remnant vegetation, we've also completed detailed design of biodiversity restoration works on our Upper Yarra Treatment Plant land. We've been working with Greening Australia, Zoos Victoria, Melbourne Water, Wurundjeri, Jacobs and Spiire on plans to create 35 hectares of habitat for the critically endangered Helmeted Honeyeater and Lowland Leadbeater's Possum on our land and aim to have the wetlands and planting complete by the end of the pricing submission period.

We're partnering with Whittlesea Community Connections as part of the Wollert Community Farm initiative at our Aurora Sewage and Recycled Water Treatment Plant which includes a social enterprise indigenous plant nursery and seed production site. The farm also aims to enhance biodiversity through conservation and land management initiatives to protect nationally threatened and endangered species such as the Striped Legless Lizard, Growling Grass Frog and Golden Sun Moth. The farm facilities are currently under construction, and we aim to have the nursery operational by the end of 2024. (Refer to [page 29](#) for more details on the Wollert Community Farm).

We've commenced a partnership with Traditional Owners/Custodians aiming to support their self-determined approach to Caring for Country. This year we continued our partnership with Wurundjeri's Narrap Rangers at our Aurora Sewage and Recycled Water

Treatment Plant, which included revegetation to regenerate endangered grasslands on site. (Refer to [page 83](#) for more details on Aboriginal values and inclusion).

We also continue to consider biodiversity outcomes as part of our asset planning, design, delivery, procurement, operational, and maintenance activities, in accordance with our legal obligations. These include the *Federal Environment Protection and Biodiversity Conservation Act 1999*, *Victorian Environment Protection Act 2017*, *Flora and Fauna Guarantee Amendment Act 2019*, *Catchment and Land Protection Act 1994* and *State Planning Policy Framework*. We take precautions to conserve important areas of biodiversity and involve ecologists early in the preliminary design phase of projects. This includes conducting risk assessments, life-cycle analyses, net gain assessments and offset management plans, and preliminary flora and fauna options assessments as well as including a micro-siting process in detailed design.

A circular economy

Embracing the circular economy is a key element of our strategy, and we've made good progress towards integrating circular economy principles into our business decisions, thus contributing towards the State's targets established in the Recycling Victoria circular economy plan.

We have continued to look for opportunities to increase our focus on resource recovery and continued to build our recycled water network as part of our commitment to help create a circular economy for Victoria.

We've progressed our circular economy ambitions at our Aurora Sewage and Recycled Water Treatment Plant, where we're producing recycled water and converting food waste into clean energy. At Aurora, our hydrogen pilot project has progressed, along with the development of our community farm, with the first plants now being grown out of the social enterprise nursery.

We're investigating an agricultural trial of the digestate produced at our food waste to energy plant, which could use this bio-product to assist with regenerating soils.

The construction of our second food waste to energy facility in Lilydale has now commenced, and is expected to be completed by mid 2025.

We continued to pursue opportunities that make our supply chain in construction more circular. This year, we used a total of 10,600 tonnes of recycled material in the construction of our assets (exceeding our target of 5,500 tonnes). These projects include:

- Food waste to energy plant: approximately 6,000 tonnes of recycled material in the construction of the access road.
- Craigieburn Sewage Storage and Transfer Hub: around 2,000 tonnes of recycled sand for the embedment of pipelines.
- Maintenance works: approximately 7,000 tonnes of recycled content asphalt (20%- 40% recycled material) in the reinstatement of roads.
- Kinglake Sewage Treatment Plant: about 40 tonnes of recycled glass as treatment media.
- Lower Plenty Community Sewerage Project: ancillary construction items made from recycled plastic, such as marker posts and thrust blocks.

- Water and sewer main renewals: new eco-friendly field tape made in Melbourne from 96% recycled materials (from local post-industry soft plastic waste) which is also recyclable itself.

Where possible, we reuse and recycle materials that would otherwise go to landfill. This year initiatives include:

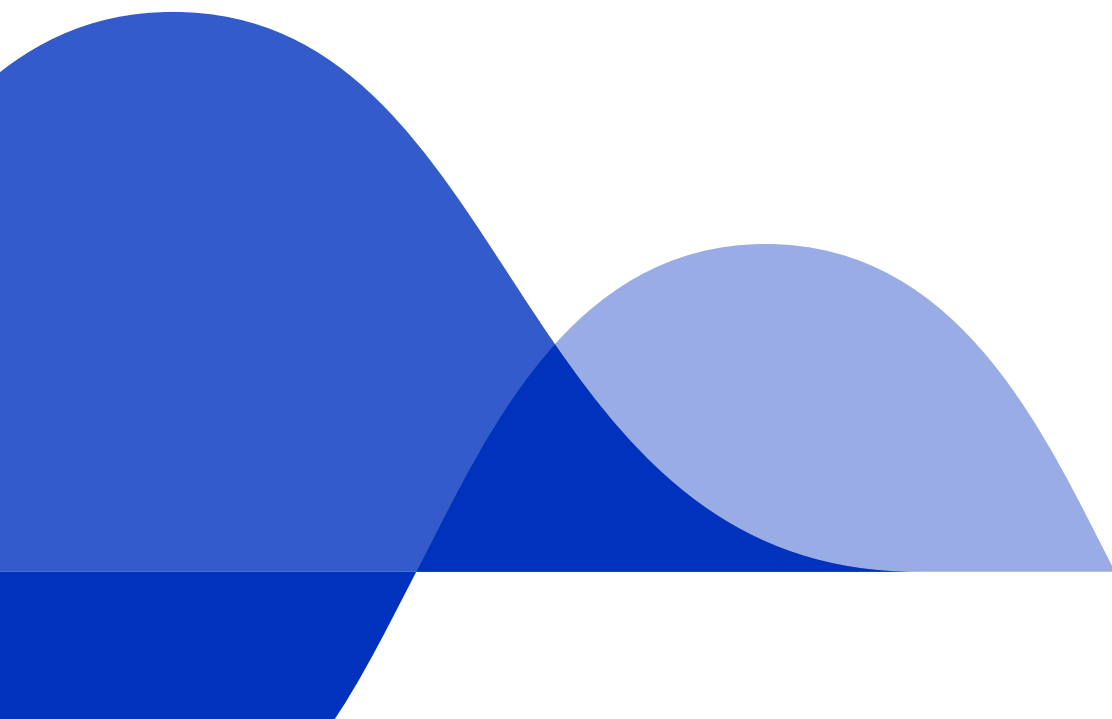
- Recycling approximately 7,000 tonnes of asphalt profilings, which is 100% of the asphalt removed during resurfacing. These profilings are efficiently repurposed to produce reclaimed asphalt pavement.
- Recycling over 4,000 tonnes of concrete from footpaths and vehicle crossings. It's sent to concrete recyclers, where it undergoes processing to become crushed rock. This process not only reduces waste but also contributes recycled materials to other projects.
- Partnering with a leading textile recovery and recycling organisation who have taken our old-branded uniforms and turned them into products like cushions and home insulation. Through this initiative 149kg of textiles and hardware have been diverted from landfill, preventing 521.5kg of greenhouse gases.



Environmental outcomes continued...

To drive innovation and make construction processes more circular and with a lower carbon footprint, we're pursuing activities to understand our impact, find lower carbon solutions, and also share this work with others. Examples from 2023-24 include:

- Completing a baseline assessment of our carbon footprint from construction and maintenance to 2033. This showed the significant footprint of our construction works, which is an average of 40,000 tonnes of CO₂ equivalent emissions per year.
- Continuing to collaborate with our construction and design partners in identifying and implementing opportunities to reduce the carbon footprint of our construction. For example, we're incorporating a 'carbon-accounting tool' in the M4 large water main renewal to track the carbon expended during the construction process. In this project, we've also included carbon reduction methodologies (low emission vehicles, use of recycled materials, etc) in the specification.
- Securing grant funding via the Water Minister's Climate Innovation Challenge for a collaborative project with Barwon Water and North East Water, that has investigated opportunities and future pathways in using low carbon cement in the water sector.
- Contributing to the Department of Energy, Environment and Climate Action's review of recycled materials, which identified over 115 additional materials and products that could be used in the water sector that are not yet listed as approved products.



Recycling Victoria Target	Indicator code	Outcome	2023-24	2022-23	2021-22
1 & 3	WR-1	Waste to landfill in office (main office in Mitcham) (tonnes)	14.9	9.2	17.0
	WR-1	Waste to landfill in office (main office in Mitcham) (%)	62%	56%	83%
	WR-1	Food organics recycled in the office (tonnes)	2.6	3.0	0.4
	WR-1	Food organics recycled in the office (%)	11%	18%	2%
	WR-1	Recycled materials in the office (tonnes)	6.5	4.3	3.0
	WR-1	Recycled materials in the office (% of total)	27%	26%	15%
1 & 3	WR-1	Recycling rate [(recycled + composted)/total waste]	38%	44%	17%
	WR-2	E-waste ² [kg]; % of sites with collection	100%	615kg; 100%	100%
	WR-2	Printer cartridges recycling	[Collected by a third party for recycling]		
	WR-2	Soft plastics recycling	[No soft plastics recycling in the office]		
	WR-2	Hard hat and uniform recycling [tonnes]	0.15	0.00	NA
	WR-3	Units of waste to landfill, normalised by FTE ¹ working in the office [tonnes / employees]	0.14 (170 FTE)	0.06 (150 FTE)	0.17 (100 FTE)
	WR-4	Units of waste recycled, normalised by FTE [tonnes/ employee]	0.04	0.03	0.03
	WR-4	Units of food organics recycled, normalised by FTE ¹ [tonnes/ employee]	0.015	0.020	0.004
	WR-5	GHG emissions associated with waste disposal	310	218	Not calculated
		Contamination of standard bin contents [%]	No bin audit conducted	No bin audit conducted	No bin audit conducted
2		Number of recycled materials approved for construction ³	17	20	18
		Waste to landfill from treatment plants (offices and treatment processes) (tonnes)	215	160	182
		% of biosolids reused	0%	0%	0%
		% of biosolids sent to Eastern and Western Treatment Plants	100%	100%	100%
2		Recycled water produced at our treatment plants (ML) ⁴	1,790	2,666	3,858
2		Water beneficially reused (%)	20%	21%	34%
1 & 3		Organic material treated at ReWaste facility (tonnes) ⁵	13,950	28,271	38,313

Some results have been rounded for consistency.

Notes:

- Tracking of FTE staff attending Mitcham head office commenced in January 2022 and is based on security pass data and desk bookings.
- e-waste is collected at Mitcham head office, where all our IT equipment is administered. It is stored and an external provider is engaged for recycling or reuse of our e-waste as needed. E.g. in 2022-23 we worked with a social enterprise that recycled our e-waste and sold remaining hardware for reuse.
- This number fluctuates, subject to availability of approved material and manufacturers providing information required to have approvals upheld.
- Total amount of recycled water produced.
- Reduction in capacity due to scheduled maintenance requiring operational shutdowns.

Environmental outcomes continued...

Percentage of biosolid mass reused

A review of how we're managing our biosolids undertaken in 2023 has confirmed that it's not currently viable for us to reuse our biosolids. The scale of our plants and the cost of available technology is a significant inhibitor to achieving an economically viable solution for reuse at our sites. Given this, 100% of our wastewater solids are being transferred to Melbourne Water's Eastern and Western Treatment Plants for treatment and possible reuse.

We will continue to explore developing adaptive pathways towards supporting future possible biosolids reuse. We will review this again in future years to reassess available technologies and economic viability.

Victorian Waterway Management Strategy

Our 2030 Strategy Healthy Ecosystems aspiration is to improve the health of land, water, air, and ecosystems. We aspire to reduce our operating impact on the environment year-on-year and restore natural ecosystems, waterways, and habitats on our land and across our service area.

Waterways

Our 2030 Strategy aspirations align with a number of State strategies and plans including the Victorian Waterway Management Strategy, the Port Phillip Bay Environmental Management Plan, Melbourne Water's Healthy Waterways Strategy 2018-2028, the Department of Energy, Environment and Climate Action (DEECA) Water for Victoria plan, and the Integrated Water Management Framework.

To improve waterway health, we continue to manage our nitrogen discharges to Port Phillip Bay in accordance with our self-imposed nitrogen cap of 87 tonnes. In 2023-24, our discharge was 62.7 tonnes.

In 2024-25 we will continue to pursue opportunities for better waterway outcomes including:

- Improving the mapping of key environment and social waterway values within our service area. We have mapped all sensitive key waterway values and beneficial uses of waterways to better understand the receiving environment. The mapping of waterway values identifies the risk of sewer spills to the environment and the amenity impacts to the



communities that use waterways and their surrounding open spaces. We intend to incorporate climate change scenarios in the coming 12 months. The outcomes of this mapping work have been used in our Wet Weather Spill Prioritisation process, as part of our Asset Management Framework (AMF), to aid in spill prediction, assist with spill management and optimise our investment program to assist us to deliver on our service and regulatory obligations to customers and the environment.

- Continuing our waterway quality monitoring program in collaboration with councils and Melbourne Water to identify and monitor sites for indicators of wastewater run-off from septic tanks at locations associated with the Community Sewerage Program
- Planning for the Healesville Sewage Treatment Plant Upgrade project continues, where we have applied the key principles from EPA guidelines under the new *Environmental Protection Act 2017* and General Environmental Duty (GED) obligations. We have undertaken Environmental Risk Assessments, Quantitative Risk Assessments and assessed hydraulic capacity to 2056 including climate change scenarios, for the design of the new plant.
- The Upper Yarra habitat restoration project described in the biodiversity section above. This also contains a significant wetland which will improve quality of stormwater runoff and recycled water entering the Yarra River (Birrarung) from the site.
- Undertaking various Integrated Water Management projects and collaborations (refer [page 70](#) for more details). including investigating stormwater harvesting to reduce downstream water quality impacts, and recycled water projects which reduce sewage treatment plant discharge volumes thereby reducing flow, nutrients and pollutants to waterways and the bay.

Water quality and flow data relating to waterways is reported to the Essential Services Commission, the National Pollution Inventory, and the Bureau of Meteorology on an annual basis.

Environmental improvement works

We remain committed to investing in projects that lead to improved environmental outcomes in relation to our operations.

In 2023-24 we delivered the following initiatives to better align our practices with the EPA Sewerage Management Guidelines:

- Deployed additional monitoring at critical locations within the sewer network - with a focus on locations at risk of wet weather overflows.

- Improved mapping of all environmental and social waterway values within our service area to inform project prioritisation and operational response.
- Updated wet weather prioritisation framework to be based on Australian Rainfall and Runoff 2019 guidelines (ARR2019) - which is an improved rainfall predictor that supersedes ARR1987.
- Assessing impact of soil moisture saturation on network sewer spills.
- Assessing how rainfall intensity in upstream catchments affects sewer spills in downstream catchments.

While the *Environmental Protection Act 2017* focuses predominantly on a risk-based approach to environmental harm, the regulations still maintain a wet weather compliance standard to contain peak wet weather flows generated by a storm event with a 18.1% Annual Exceedance Probability. Work has progressed on several projects to minimise or eliminate non-compliant spills. We have:

- Continued inflow reduction projects to reduce the frequency and volume of wet weather spills in Broadmeadows and Chirnside Park.
- Designed 2 new emergency relief structures, including a screen to reduce impacts of sewage spills, on the Rosanna Branch Sewer.
- Completed tendering for the construction of Eley Road (Box Hill South) main sewer duplication.
- Carried out asset inspection and renewal programs across our asset base to reduce the risk of environmental impact from blockages and asset failures.
- Completed the scope of works to retrofit sewer pumping stations with quick plugs for faster emergency generator connections.

We also continued to construct new sewerage infrastructure for previously unsewered areas as part of the Community Sewerage Program. This program provides wastewater services to areas of high risk of impact to waterways and public health. These areas contain a large number of failing or inappropriate septic systems and properties unable to contain wastewater within property boundaries. Approximately 10,000 properties remain on the program, to be serviced over the next 15 years.

In 2023-24 new sewerage services were made available to over 400 properties in Monbulk, Kallista and Eltham. We continue to operate a pop-up information shop for Community Sewerage Program customers in Monbulk, allowing customers in the area to learn more about the program and speak directly with specialist staff to get the answers they need to connect to the new system.

Our performance

Financial performance indicators

Performance indicator	2022-23 result	2023-24 result	Variance to prior year	Notes	2023-24 Target	Variance to target	Notes
Cash interest cover Cashflow from operations before net interest and tax payments / net interest payments	2.34 times	2.10 times	(10.3%)	1a	1.87 times	12.3%	1b
Gearing ratio Total debt (including finance leases) / total assets *100	57.80%	59.89%	3.6%	-	61.65%	(2.9%)	-
Internal financing ratio (Net operating cash flow – dividends) / capital expenditure *100	48.74%	19.68%	(59.3%)	3a	17.25%	15.1%	3b
Current ratio (Current assets / current liabilities) excluding long-term employee provisions and revenue in advance*100	31.16%	29.68%	(4.7%)	-	35.84%	(17.2%)	4b
Return on assets Earnings before net interest and tax / average total assets *100	4.63%	5.45%	17.7%	5a	4.04%	34.9%	5b
Return on equity Net profit after tax / average total equity *100	5.37%*	6.89%	28.3%	6a	3.42%	101.5%	6b
Earnings before interest, tax, depreciation and amortisation Earnings before interest, tax, depreciation and amortisation / total revenue *100	35.14%*	37.29%	6.1%	-	34.00%	9.7%	-

* 2022-23 indicators have been restated due to Zero Emissions Water (ZEW) fair value adjustment subsequent to the signing of 2022-23 financial statements (refer to Note 7.4.2 – Fair Value – Financial Assets and Liabilities).

Variance explanations

1a Decrease in cash interest cover is primarily due to higher interest cost of borrowings compared to 2022-23.

1b Cash interest cover was higher compared to target mainly due to lower than anticipated payments to suppliers.

3a Internal financing ratio has decreased mainly due to the deferral of 2022-23 interim dividend payment to this financial year, the 2022-23 final dividend paid was also higher than previous year due to higher profits, and there was increased capital expenditure payments in 2023-24.

3b Internal financing ratio was higher compared to target due to lower than anticipated capital and operating expenditure payments, partially offset by higher than expected 2022-23 final dividend paid in 2023-24.

4b Current ratio is below the target due to higher than budgeted accruals for operating and capital expenditure resulting in higher payables, and an increase in current borrowings to fund operating costs and capital investments.

5a and 5b Return on assets is higher due to completion of a backlog of developer contributed asset revenue and new customer contributions, and a one-off sale of water rights to Gippsland Water, partially offset by growth in average assets capitalised in 2023-24.

6a and 6b Higher return on equity is due to completion of a backlog of developer contributed asset revenue and new customer contributions, and a one-off sale of water rights to Gippsland Water.

Operational performance

Performance indicator	2022-23 result	2023-24 result	Variance to prior year	Notes	2023-24 Target	Variance to target	Notes
Water and sewerage network reliability indicators							
Water service – minutes off supply (planned) How many minutes on average a customer was without water supply during the year due to a planned event	9.52 minutes	20.54 minutes	115.8%	1a	11.55 minutes	77.8%	1b
Water service – minutes off supply (unplanned) How many minutes on average a customer was without water supply during the year due to an unplanned event	16.59 minutes	17.05 minutes	2.8%	-	20.48 minutes	(16.7%)	2b
Unplanned water supply interruptions Percentage of customers receiving > 5 unplanned interruptions in the year / total number of water (residential and business) customers *100	1.3%	2.1%	61.5%	3a	2.8%	(25.0%)	3b
Sewerage service - sewer blockages Number of sewer blockages reported in the year/kilometres of sewer main *100	28.8	25.8	(10.4%)	4a	34.3	(24.8%)	4b
Sewerage service - sewer spills Number of sewer spills reported in the year/kilometres of sewer main *100	16.6	15.1	(9.0%)	5a	19.3	(21.8%)	5b
Sewerage service - containment of sewer spills Sewer spills from reticulation and branch sewers (priority 1 and 2) contained within 5 hours/total sewer spills from reticulation and branch sewers	99.8%	99.7%	0.0%	-	98.7%	1.0%	-
Customer responsiveness performance indicators							
Water bills - customers on flexible payment plans * Number of customers on flexible payment plans	50,488	51,481	2.0%	-	n/a **	n/a	-
Water bills - customers awarded hardship grants * Number of customers awarded hardship grants	7,332	7,290	(0.6%)	-	n/a **	n/a	-
Customer responsiveness - total complaints Total number of complaints per 100 customers	0.88	1.01	14.8%	9a	1.23	(17.9%)	9b

Our performance continued...

Performance indicator	2022-23 result	2023-24 result	Variance to prior year	Notes	2023-24 Target	Variance to target	Notes
Customer responsiveness - water quality complaints Number of complaints per 100 customers	0.34	0.36	5.9%	10a	0.46	(21.7%)	10b
Customer responsiveness - payment issue complaints Number of complaints per 100 customers	0.21	0.24	14.3%	11a	0.34	(29.4%)	11b
Water reuse indicators							
Recycled water - effluent treatment and reuse volume Proportion of water recycled as a percentage of the volume of effluent produced	22.5%	18.8%	(16.2%)	12a	30.5%	(38.3%)	12b

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

** Flexible payment plans and hardship grants are offered to all vulnerable customers. Our campaign to increase awareness of these programs helps to deliver affordable services to our customers. While we strive to support more vulnerable customers, targets were not required to be included in the Corporate Plan.

Variance explanations

1a and 1b Increase in planned developer works and internal programs including hydrant maintenance and mains cleaning resulted in longer water interruption periods.

2b Proactive deployment of extra resources to assist with increased work volumes and improved work practices contributed to lower average time for unplanned water interruption events.

3a Customers experiencing >5 unplanned interruptions in the year has increased due to hotter and drier weather conditions compared to last year.

3b Improved customer case management in water reliability and renewals programs has decreased unplanned water supply interruptions impacting customers >5 times in the year.

4a and 4b Sewer blockages are below target and lower than previous year due to higher rainfall in the prior years reduced the occurrence of tree root infiltration into our sewers otherwise prevalent during prolonged dry periods.

5a and 5b Sewer spills are below target and lower than previous year due to higher rainfall in the prior years reduced the occurrence of tree root infiltration into our sewers otherwise prevalent during prolonged dry periods.

9a Total complaints are higher compared to last year due to increased field works and billing issues related to extreme weather, repeat bursts, and impact of cost of living on customers.

9b Total complaints are lower than target due to enhanced front-line customer service with focus on first call resolution and the effect of cooler weather reducing sewer blockages and spill related complaints.

10a Marginal increase to water quality complaint volumes attributed to greater number of burst and leaks in summer compared to last year.

10b Water quality complaint volumes are lower than target due to the effect of cooler weather reducing water quality complaints related to bursts and leaks.

11a Billing and account complaint volumes marginally increased compared to last year due to the higher cost of living for customers.

11b Lower than targeted billing and account complaint volumes due to enhanced call handling capability with tools and training to resolve inquiries at first contact and streamlined billing and account processes.

12a and 12b Aurora Recycled Water Treatment Plant was offline for a substantial part of the year due to biological reactor and chemical dosing facility rectifications. Brushy Creek Recycled Water Treatment Plant was offline due to chemical dosing facility rectifications.

Certification of performance report for 2023-24

We certify that the accompanying Performance Report of Yarra Valley Water Corporation in respect of the 2023-24 financial year is presented fairly in accordance with the *Financial Management Act 1994*.

The Performance Report outlines the relevant performance indicators for the financial year as determined by the Minister for Water and as set out in the 2023-24 Corporate Plan, the actual and comparative results achieved for the financial year against predetermined performance targets and these indicators, and an explanation of any significant variance between the actual results and performance targets and/or between the actual results in the current year and the previous year.

As at the 27th day of August 2024, we are not aware of any circumstances that would render any particulars in the Performance Report to be misleading or inaccurate.



Gabrielle Bell
Chair



Patrick J McCafferty
Managing Director



Natalie Foeng
Chief Financial Officer

Auditor's Report



Independent Auditor's Report

To the Board of the Yarra Valley Water Corporation

Opinion	<p>I have audited the performance report of the Yarra Valley Water Corporation (the corporation) for the year ended 30 June 2024, which comprises the:</p> <ul style="list-style-type: none">• financial performance indicators• water and sewerage network reliability performance indicators• customer responsiveness performance indicators• water re-use performance indicator• certification of performance report. <p>In my opinion, the performance report of the Yarra Valley Water Corporation for the year ended 30 June 2024 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>



Independent Auditor's Report

To the Board of the Yarra Valley Water Corporation

Opinion	<p>I have audited the performance report of the Yarra Valley Water Corporation (the corporation) for the year ended 30 June 2024, which comprises the:</p> <ul style="list-style-type: none"> • financial performance indicators • water and sewerage network reliability performance indicators • customer responsiveness performance indicators • water re-use performance indicator • certification of performance report. <p>In my opinion, the performance report of the Yarra Valley Water Corporation for the year ended 30 June 2024 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>

2023-24 Financial Report





4

The Directors of Yarra Valley Water Corporation present their report for the financial year ended 30 June 2024.

Directors

Directors in office during the financial year were as follows. Directors were in office for the entire period, unless otherwise stated.

Gabrielle Bell	Chair <i>(appointed 1 October 2023)</i>
Robert Clive Skinner	Deputy Chair
Patrick John McCafferty	Managing Director
Victor John Perton	
Karen Milward	
Victoria Fay Marles	
Ari Daniel Suss	
Catherine (Kate) Deborah Vinot	
Mary Kanavoutos	<i>(appointed 1 October 2023)</i>
Robyn Leigh McLeod	<i>(appointed 1 October 2023)</i>
Sue Therese O'Connor	Chair <i>(retired 30 September 2023)</i>
Helen Lynette Thornton	<i>(retired 30 September 2023)</i>
Ian David Hamm	<i>(retired 30 September 2023)</i>

Particulars of the Directors' and Corporate Secretary's qualifications, experience and special responsibilities are set out in the Delivering Value – Our Leadership section of this Annual Report.

Directors' attendance at meetings

The number of Directors' meetings and Board Committee meetings held, and the number of meetings attended by each of the Directors during the financial year is set out in the Delivering Value – Our Leadership section of this Annual Report.

Principal activities

The principal activities during the course of the financial year were providing retail water supply and sewerage services and collecting trade waste within our service area.

There were no significant changes in the nature of these activities during the year.

Dividends

The amount of the final dividend for the year ended 30 June 2024 will be determined after consultation

between the Board, the Minister for Water and the Treasurer of Victoria.

	30 June 2023	30 June 2024
Interim Dividend	\$18.3m Paid on 31 July 2023	\$14.3m Paid on 28 June 2024
Efficiency Dividend	-	\$1.7m Paid on 28 June 2024
Final Dividend	\$25.5m Paid on 1 December 2023	To be determined

Capital repatriation

A capital repatriation of \$36.4 million was paid on 31 July 2023 and a further capital repatriation for \$36.4 million was paid on 28 June 2024.

Review of operations

During the 2023-24 financial year, Australia continued to experience market volatility. Along with our customers we were impacted by interest rates rises and inflationary cost pressures.

Further detail on our operations during the year ended 30 June 2024 and the results of those operations are contained in this Annual Report.

State of affairs

There were no significant changes in our state of affairs during the year ended 30 June 2024.

For a discussion of the program and initiatives we rolled out this year, refer to the 2023-24 Highlights section in this Annual Report.

Events subsequent to balance sheet date

No matter or circumstance has arisen since 30 June 2024 that has or might significantly affect our operations, the results of those operations, or our state of affairs in future financial years.

Environmental regulation

Our operations are subject to environmental regulation.

Licensing

We hold 7 Operating Licences issued by the Environment Protection Authority Victoria (EPA) under the *Environment Protection Act 2017 (Vic)*. Six licences impose conditions relating to discharges, reporting obligations and other matters concerning the operation

of 6 sewage treatment plants. The seventh licence is to operate ReWaste, our food waste to energy facility at Wollert. It allows for the acceptance of commercial food wastes, some of which are classed as reportable priority waste. Our Monbulk Sewage Treatment Plant has now been decommissioned, and we submitted a request to the EPA in June 2024 to surrender the licence.

Compliance

We had 7 notifiable incidents in relation to breaches of a discharge licence at 3 of our sewage treatment plants and one unlicensed discharge to a waterway during the 2023-24 period. Breaches were proactively notified to the EPA and root causes have been identified and rectified, as far as reasonably practicable.

We received one official warning letter from the EPA regarding an exceedance at Healesville Sewage Treatment Plant. In recognition of reportable events at Healesville, we have developed an action plan to reduce the overall risk of environmental harm at the site, as low as is reasonably practicable. This plan has been shared with the EPA. We also plan to upgrade the Healesville Sewage Treatment Plant by the end of 2028, as the capacity of the plant needs to be upgraded to meet growth in the area and ensure licence compliance.

All other material conditions of the EPA's operating licences were met in the 2023-24 financial year. We consider the risks of climate change on our EPA operating licences as low as reasonably practicable. In some instances, weather events can impact meeting the conditions of our licences. We apply general environmental principals to ensure we manage this risk as low as reasonably practicable.

Compliance works

We addressed the following to ensure continued compliance:

- The EPA Improvement Notice issued in May 2022 to manage odours at our ReWaste facility at Wollert was officially revoked in October 2023. All remedial works were completed as per the notice.
- The Monbulk Sewage Treatment Plant updated Environmental Action Notice (EAN) was revoked by the EPA on 6 June 2024 and decommissioning works are complete.
- All licensed sites now operate under a Risk Management and Monitoring Plan as per permission condition requirements.
- An expression of interest for the capacity upgrade of the Healesville Sewage Treatment Plant has been released with plans to award the contract in 2025.

Yarra Valley Water maintains an Environment Management System certified to AS/NZS ISO 14001:2015 Environmental Management Systems.

Further particulars of specific environmental performance measures are set out in the Delivering Value section of this Annual Report.

Directors' deeds

We have entered into a deed with each Director under which we are required to provide access to our books and to maintain insurance coverage for at least 7 years after they cease to be a Director. Yarra Valley Water indemnifies the Directors, through the Directors' Deed against liabilities incurred by the Director as a Director of Yarra Valley Water or arising out of the conduct of Yarra Valley Water's business.

Insurance of officers

During the financial year, we paid premiums in respect of contracts to insure Directors, former Directors and Officers of Yarra Valley Water against certain liabilities.

Some of the contracts of insurance prohibit disclosure of the nature of the liabilities insured and the amount of the premium.

Rounding of amounts to nearest thousand dollars

The amounts in this financial report are presented in Australian dollars and have been rounded to the nearest thousand dollars, unless otherwise stated.

This directors' report is made in accordance with a resolution of the Directors of Yarra Valley Water on 27 August 2024.



Gabrielle Bell
Chair



Patrick J McCafferty
Managing Director

Statement of comprehensive income for the year ended 30 June 2024

	Note	2024 \$'000	2023 \$'000
Revenue			
Service and usage revenue	2.1	1,004,998	959,584
Developer contributed assets	2.1	105,388	77,426
New customer contributions by developers	2.1	53,498	37,979
Other revenue	2.1	58,248	49,931
Other income	2.2	16,544	3,656
Total revenue		1,238,676	1,128,576
Expenses			
Bulk water and sewerage expenses	3.1	(534,368)	(500,240)
Finance costs	6.1.2	(166,859)	(143,183)
Contract expenses	3.1	(71,780)	(63,572)
Salary and employee benefits expense	3.2.1 & 3.2.3	(64,921)	(60,452)
Environmental contribution	8.2	(47,430)	(47,430)
Depreciation	4.2	(106,675)	(102,630)
Amortisation	4.3	(14,036)	(17,954)
Other expenses	3.1	(58,310)	(60,333)
Total expenses		(1,064,379)	(995,794)
Profit before income tax		174,297	132,782
Income tax expense	8.1	(52,285)	(39,765)
Net profit after tax		122,012	93,017
Other comprehensive income			
Increase/ (Decrease) from revaluation of infrastructure assets	4.2 & 9.3	27,595	(45,417)
Increase from revaluation of buildings	4.2	258	-
Defined benefit superannuation plan actuarial gain	9.2	519	1,641
Deferred income tax on other comprehensive income	8.1	(8,512)	13,133
Other comprehensive income, net of tax		19,860	(30,643)
Total comprehensive income		141,872	62,374

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Balance sheet as at 30 June 2024

	Note	2024 \$'000	2023 \$'000
Assets			
Current assets			
Cash	6.3	6,490	6,022
Receivables	5.1	172,392	168,345
Other non-financial assets	5.3	5,038	4,886
Total current assets		183,920	179,253
Non-current assets			
Infrastructure, property, plant and equipment	4.2	6,077,426	5,698,185
Intangible assets	4.3	178,695	176,317
Defined benefit superannuation asset	3.2.3.2	14,438	13,649
Other non-financial assets	5.3	4,435	4,066
Other financial assets	5.2	11	11
Total non-current assets		6,275,005	5,892,228
Total assets		6,458,925	6,071,481
Liabilities			
Current liabilities			
Payables	5.4	120,959	122,309
Contract liabilities	5.5	68,591	74,100
Provisions - employee benefits	3.2.2	23,659	23,056
Current tax payable	8.1	7,382	8,665
Other provisions	5.6	8,377	11,064
Lease liabilities	6.1 & 6.2	19	19
Borrowings	6.1	478,000	429,500
Total current liabilities		706,987	668,713
Non-current liabilities			
Payables	5.4	9,070	7,899
Contract liabilities	5.5	-	100
Provisions - employee benefits	3.2.2	3,408	3,140
Deferred tax liabilities	8.1	564,671	554,444
Other financial liabilities	5.2	825	910
Lease liabilities	6.1 & 6.2	7	9
Borrowings	6.1	3,390,000	3,080,000
Total non-current liabilities		3,967,981	3,646,502
Total liabilities		4,674,968	4,315,215
Net assets		1,783,957	1,756,266
Equity			
Contributed equity	9.1	341,732	414,462
Retained earnings	9.2	692,735	611,811
Asset revaluation surplus	9.3	749,490	729,993
Total equity		1,783,957	1,756,266

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of changes in equity for the year ended 30 June 2024

	Note	Contributed equity \$'000	Retained earnings \$'000	Asset revaluation surplus \$'000	Total \$'000
Balance as at 1 July 2022		384,602	543,369	777,448	1,705,419
Transfer	4.5 & 9.1	29,860	15,663	(15,663)	29,860
Net profit after tax	9.2	-	93,017	-	93,017
Other comprehensive income, net of tax	9.2 & 9.3	-	1,149	(31,792)	(30,643)
Dividends paid/payable	9.2	-	(41,387)	-	(41,387)
Balance as at 30 June 2023		414,462	611,811	729,993	1,756,266
Net profit after tax	9.2	-	122,012	-	122,012
Other comprehensive income, net of tax	9.2 & 9.3	-	363	19,497	19,860
Capital repatriation	9.1	(72,730)	-	-	(72,730)
Dividends paid	9.2	-	(41,451)	-	(41,451)
Balance as at 30 June 2024		341,732	692,735	749,490	1,783,957

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Cash flow statement for the year ended 30 June 2024

	Note	2024 \$'000	2023 \$'000
Cash flow from operating activities			
Receipts from customers		1,067,138	1,025,795
Proceeds from grants		1,824	1,620
Payments to suppliers and employees		(764,782)	(719,932)
Goods and services tax refunded (net)		40,646	28,884
Income tax paid		(49,963)	(35,031)
Interest and other costs of finance paid		(164,152)	(144,006)
Interest received		71	34
Net cash inflow from operating activities	6.3.1	130,782	157,364
Cash flows from investing activities			
Proceeds from sale of infrastructure, property, plant and equipment		1,303	17,228
Payments for acquisition of infrastructure, property, plant and equipment		(351,863)	(277,475)
Proceeds from sale of intangible assets		9,990	-
Payments for acquisition of intangible assets		(16,909)	(15,306)
Net cash outflow from investing activities		(357,479)	(275,553)
Cash flows from financing activities			
Refinancing of borrowings - inflow		808,500	567,000
Refinancing of borrowings - outflow		(450,000)	(425,228)
Developer security deposits		1,189	1,434
Principal element of lease payments		(19)	(22)
Dividends paid	9.2	(59,775)	(23,063)
Capital repatriation	9.1	(72,730)	-
Net cash inflow from financing activities		227,165	120,121
Net increase in cash held		468	1,932
Cash at beginning of year		6,022	4,090
Cash at end of year	6.3	6,490	6,022

The above cash flow statement should be read in conjunction with the accompanying notes.

Notes to the financial statements for the year ended 30 June 2024

1 | About this report

Introduction

This section sets out the framework of our report.

Basis of accounting

This financial report is a general purpose financial report, consisting of the statement of comprehensive income, balance sheet, statement of changes in equity and cash flow statement and notes accompanying these statements for the period ending 30 June 2024. It has been prepared in accordance with Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board, the requirements of the *Financial Management Act 1994* and applicable Ministerial Directions. In addition, we have adopted Disclosure of Accounting Policies (Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates) from 1 July 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. AASB 107 defines information as being material if omitting, misstating or obscuring it could reasonably be expected to influence decisions made by users of the financial statements. Although the amendments did not result in any changes to the accounting policies we have made some minor changes to the accounting policy information disclosed.

The financial report has been prepared on an accrual and going concern basis and is prepared on a historical cost convention, except for infrastructure, property, plant and equipment, land held for sale, derivative financial instruments and the defined superannuation asset which have been measured at fair value.

The financial report of Yarra Valley Water Corporation, as an individual for-profit reporting entity for the year ended 30 June 2024, was authorised for issue in accordance with a resolution of the Directors on 27 August 2024.

Accounting policies

Accounting policies are 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. The accounting

policies have been consistently applied, unless otherwise stated.

Functional and presentation currency

All amounts are presented in Australian dollars, unless otherwise stated, and have been rounded to the nearest thousand dollars or, in other cases, to the nearest dollar.

Classification between current and non-current

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be realised or paid. The asset or liability is classified as current if it is expected to be turned over within the next 12 months.

Comparative information

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

Accounting estimates

We evaluate estimates and make judgements which are incorporated in the financial report based on historical knowledge and the best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data obtained both externally and within Yarra Valley Water. Judgements and estimates require assumptions to be made about highly uncertain external factors such as discount rates, probability factors, the effects of inflation, changing technology, political and social trends and climate change. There are uncertainties in the estimation process and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Revisions to accounting estimates are made in the period in which

the estimate is revised and also in future periods that are affected by the revision. The significant judgements made in preparing these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. Actual results may differ from these estimates.

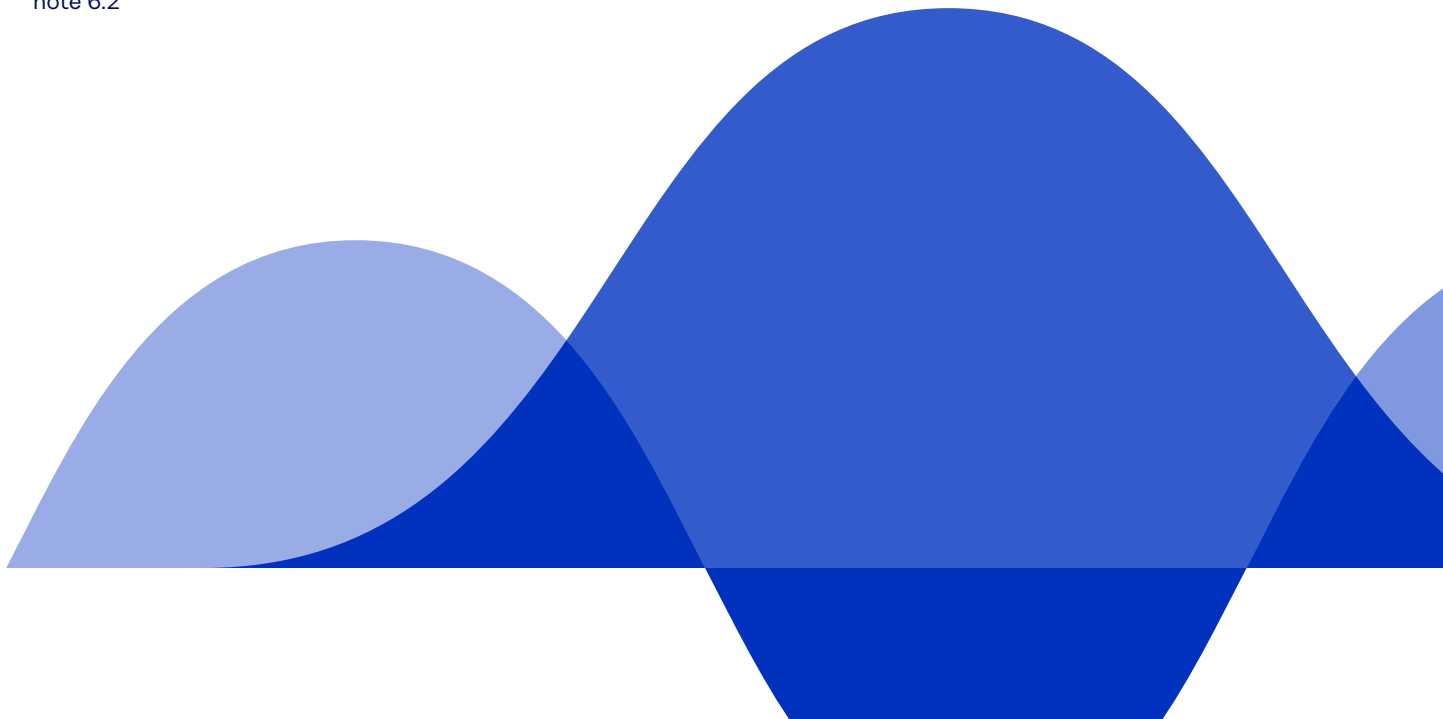
The most significant accounting estimates undertaken in preparing this financial report relate to:

- revenue recognition – the timing in satisfying performance obligations and their associated transaction price, impacting:
 - new customer contributions – note 2.1
 - developer contributed assets – note 2.1
 - other revenue – note 2.1
 - accrued revenue – note 5.1
 - unearned income – note 5.5
- estimating accrued water usage and sewage disposal charges – notes 2.1 and 5.1
- assumptions regarding CPI increases during lease and licence terms - note 2.3
- superannuation defined benefit scheme - assumptions on the likely tenure of existing staff, patterns of leave taken, future salary movements and future discount rates, impacting:
 - employee benefit provisions – note 3.2.2
 - defined benefit superannuation fund – note 3.2.3.2
- recognition and measurement of Software-as-a-Service (SaaS) arrangements – notes 4.3 and 5.3
- asset residual values and useful lives – notes 4.2 and 4.3
- asset impairment – notes 4.2 and 4.3
- impairment – calculation of the expected credit loss – note 5.1.2
- for leases determining whether the arrangement is in substance a short-term arrangement and estimating the discount rate when not implicit in the lease – note 6.2
- estimating the fair value of:
 - other provisions – note 5.6
 - contingent assets and liabilities – note 7.3
 - infrastructure, property, plant and equipment – notes 4.2 and 7.4.1
 - derivative financial instruments – notes 3.1, 5.2 and 7.4.2
- assumptions on the likelihood of being able to realise deferred taxes in the future – note 8.1.

Going concern

Management continuously reviews budgets and forecasts while monitoring cash flow requirements and customer payment trends and has concluded that the going concern assumption remains appropriate. Financing arrangements with the Victorian Government are in place with borrowing facilities available to us, refer note 7.2.3.2.

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.



Notes to the financial statements for the year ended 30 June 2024

2 | Funding delivery of our services

Introduction

This section provides additional information about how we are funded and the accounting policies that are relevant for understanding the items recognised in the financial statements.

Structure

- 2.1 Revenue from contracts with customers
- 2.2 Other income
- 2.3 Commitments for lease and licence receivables

2.1 Revenue from contracts with customers

	2024 \$'000	2023 \$'000
Service and usage revenue		
Fixed service charges	441,428	426,512
Water usage charges	507,234	389,868
Sewage disposal charges	33,351	120,643
Trade waste charges	26,720	26,915
Customer rebates	(3,735)	(4,354)
Total	1,004,998	959,584

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Fixed service charges	Charges for access to the water supply and sewerage systems, billed quarterly in advance to customers	Revenue is recognised over time as the customer receives access to our services
Water usage and sewage disposal charges	Charges to customers for water consumed by them and disposal of their sewage waste. Meter readings are cyclical and billed in arrears. An estimate is made at the end of the accounting period for water usage and sewage disposal by customers, refer note 5.1. This estimate is determined based on bulk water purchases from Melbourne Water Corporation less the estimated non-revenue water, including bursts and leaks, water required for operational use, firefighting, unauthorised consumption/theft and meter inaccuracies. In July 2023 residential customers transitioned to a combined water and sewage charge, which is reported as water usage charges. Other customers continue to be separately invoiced for sewage disposal and water usage.	Revenue is recognised over time as the customer simultaneously receives and consumes the services
Trade waste charges	Based on the volume of trade waste disposed of by customers. Volume meters are read, and appropriate charges levied per trade waste agreements. Meters are read on a cyclical basis with accounts sent on a quarterly basis	Revenue is recognised at a point in time when the service delivery period ends

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Customer rebates	Service and usage revenue is impacted by customer rebates including our Arrange and Save Program, refer note 9.7	A reduction in revenue is recognised at the point in time that the rebate is applied to the customer account

The payment in advance by customers of accounts is classified as contract liabilities, refer note 5.5.

Developer contributed assets

Revenue from developer contributed assets (DCAs) arises where developers pay to construct new assets and then gift these assets to us upon completion. We maintain these assets in perpetuity. Revenue is recognised at the point in time when the asset has met the required performance obligations.

Performance obligations are met when a statement of compliance (SoC) or acceptance of works (AoW) certificate is issued, depending upon the developer's application and specific performance obligations. This non-cash revenue is recorded as DCA revenue. DCAs awaiting SoC are classified as contract liabilities, refer note 5.5. Upon initial recognition the assets are recorded at fair value. Fair value is determined based on the construction costs advised by the developer.

Revenue from DCA assets in 2023-24 is higher than the previous year, due to:

- Works cost per lot for water and sewer assets increasing during 2023-24.
- Works delivered in 2023-24 primarily comprised works commenced in 2021-22, which corresponded to a period of high lot sales and high construction volumes.

New customer contributions

New customer contributions (NCCs) represent charges applicable when a customer builds or develops a property and connects to our water supply and sewerage infrastructure. These contributions help pay for shared infrastructure and are recognised as revenue at the point in time when we've met the performance obligations associated with the contribution. Performance obligations are typically recognised as being met by issuing of a statement of compliance (our consent for the relevant council to continue processing a developer's application) or connection to services. Payments in advance are classified as contract liabilities, refer note 5.5.

	2024 \$'000	2023 \$'000
Other revenue		
Other products and services	21,064	18,318
Recoverable works	16,483	13,135
Park and drainage collection fees	9,973	8,837
Information statements and applications	5,822	4,851
Waste to energy	1,295	2,528
Water trading	2,180	853
Other	1,431	1,409
Total	58,248	49,931

Other revenue items are recognised on an accrual basis.

Notes to the financial statements for the year ended 30 June 2024

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Other products and services	Includes various plumbing services including new meter connections and recycled water inspection fees	Revenue is recognised at the point in time when we've met the performance obligations associated with the products and services, for example, issuing a statement of compliance or installing a new water meter
Recoverable works	Revenue generated from third parties reimbursing us for works or services we have carried out on their behalf. These works are a mixture of operating expenditure and capital items	Revenue is recognised at the point in time when we've met the performance obligations
Park and drainage collection fees	Billing and collection administration fees from both Melbourne Water Corporation and the Department of Energy, Environment and Climate Action for revenue collected from customers on their behalf	Revenue is recognised at the point in time parks and drainage fees are invoiced to customers
Information statements and applications	Fees paid to receive information statements regarding water assets or applications to carry out works on water assets	Revenue is recognised at the point in time that the application is assessed or the information statement provided
Waste to energy	Generated by our ReWaste facility at Wollert which converts food waste into renewable energy	Revenue is recognised at the point in time when we accept the waste into our facility
Water trading	Sale of water allocations in northern Victoria. Water trading revenue is impacted by the weather, which impacts demand and market pricing	Revenue is recognised at the point in time that the volume of water is deducted from our account and transferred to the account of the purchaser
Other revenue	Predominately generated from fire service revenue, council hydrant maintenance and legal settlement. Previously other revenue included proceeds from sale of non-current assets. For consistency the gain on sale of non-current assets has been treated as other income with the 2023 comparatives adjusted to align, a movement of \$1 million in other income and other expenses.	Revenue is recognised at the point in time when we've met the performance obligations

	2024 \$'000	2023 \$'000
Revenue from contracts with customers		
Total revenue recognised over-time	982,013	937,023
Total revenue recognised at a point in time	240,119	187,897
Total	1,222,132	1,124,920

2.2 Other income

	Notes	2024 \$'000	2023 \$'000
Lease and licence income	2.3	2,234	1,834
Gain on sale of land held for sale	4.2 & 4.5	-	1,222
Gain on sale of water entitlements	4.3 & 4.4	9,990	-
Gain on sale of other non-current physical assets	4.2 & 4.4	220	539
Interest income		71	34
Zero Emissions Water settlement income	5.2	-	27
Asset revaluation increment	4.2	3,976	-
Impairment write-back		53	-
Total		16,544	3,656

Other income is revenue that is not arising from contracts with customers and is recognised on an accrual basis.

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Lease and licence income	Income from leases and licences is recognised in net profit in the statement of comprehensive income on a straight-line basis over the agreement term	Revenue is recognised over time as access is provided
Gain on sale of land held for sale	Proceeds from the sale of land less the carry value of the land sold	Revenue is recognised at a point in time being settlement of the sale
Gain on sale of water entitlements	Proceeds from the sale of water entitlements less the carrying value of the entitlements sold. As set out in note 4.3, the water entitlements sold were gifted to us at no cost to Yarra Valley Water.	Revenue is recognised at a point in time being settlement of the sale
Interest income	Interest received on bank deposits	Revenue is recognised when interest is paid
Zero Emissions Water (ZEW) settlement income	Compensation payments under the Power Purchase Agreement, refer note 5.2, paid when minimum performance requirements are not achieved	Revenue is recognised at a point in time that we become entitlement to the payment
Impairment write-back	Our building assets were revalued in accordance with note 4.2 to reflect fair value. Where we are recognising an increase in the value, and we have previously recognised a decrease in the value of these same assets through profit and loss, we apply the increase up to the value in the profit and loss of the previously recognised write-down. All other increases are recognised through asset reserves, note 9.3.	Revenue is recognised at the time of the revaluation.

Notes to the financial statements for the year ended 30 June 2024

2.3 Commitments for lease and licence receivables

The following table summarises the lease and licence receivables contracted for at balance date but not provided in the financial statements. Revenue for leases and licences, where substantially all risks and benefits remain with the lessors or licensors, are recognised as revenue over time. The commitments recorded below are at their nominal value and include GST.

We have non-cancellable agreements with various utility bodies which use our land and buildings to house their telecommunication infrastructure. In addition to these agreements, we also have a small number of agreements

with non-utility bodies which use our sites for a variety of purposes.

A number of our agreements are subject to rate increases based on CPI. We make assumptions about future CPI based on current market knowledge, which impacts the estimated future revenue. Where agreements allow early termination, we have assumed this will not occur. In the case of agreements with options we assume for the purposes of this disclosure the options are not exercised.

We signed new agreements during the financial year.

	2024 \$'000	2023 \$'000
Non-cancellable lease and licence receivables		
No later than one year	2,336	1,784
Later than one year and no later than 5 years	5,513	4,119
Later than 5 years	7,797	4,594
Total (GST inclusive)	15,646	10,497

3 | The cost of delivering our services

Introduction

This section provides additional information about how our funding is applied and the accounting policies that are relevant for understanding the items recognised in the financial statements.

Structure

- 3.1 Summary of other expenses incurred in the delivery of our services
- 3.2 Our People
 - 3.2.1 Employee benefits – statement of comprehensive income
 - 3.2.2 Employee benefits – balance sheet
 - 3.2.3 Superannuation
- 3.3 Other commitments payable
- 3.4 Remuneration of auditors

3.1 Summary of other expenses incurred in the delivery of our services

Bulk water and sewerage charges are levied by Melbourne Water Corporation for water we buy and for sewage treated at Melbourne Water's treatment plants. 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 fifteenth of the month to which they refer. Any variable charges that remain outstanding at the end of the period are accrued.

Bulk water and sewerage expenses	2024 \$'000	2023 \$'000
Variable expenses	70,937	64,076
Fixed expenses	463,431	436,164
Total	534,368	500,240

Contract expenses

Contract expenses include maintenance contracts, insurance premiums and various other contracts which are expensed in the reporting period in which they are incurred.

Other expenses	Note	2024 \$'000	2023 \$'000
Information technology costs		17,626	16,125
Billing and revenue collection costs		8,424	8,141
Electricity		5,433	4,918
Bad and doubtful debts	5.1.2	4,358	3,533
Legal fees and insurance claims		3,277	2,530
Laboratory services		2,508	1,451
Consulting services		3,545	3,896
Impairment write down of assets to recoverable amount	4.2 & 4.3	649	3,645
Government taxes, fees and contributions		2,254	3,124
Valuations		1,386	1,235
Remediation works		-	2,000
Subscriptions		1,295	1,182
Write off and surrender of assets	4.2 & 4.3	207	424
Loss on fair value of derivative financial instruments	5.2 & 7.4.2	-	300
Other expenses		7,348	7,829
Total		58,310	60,333

Expense	Description	Recognition policy
Information technology costs	Information technology (IT) costs include licences, maintenance agreements related to IT and telecommunication costs	Recognised in the reporting period in which they are incurred
Billing and revenue collection costs	Billing and revenue collection costs include printing, postage and collection fees	Recognised in the reporting period in which they are incurred
Remediation works	The remediation works expense pertains to provisions raised for environmental related expenditure that may be required	Recognised in the reporting period in which the provision is recognised
Derivative financial instruments	This relates to our investment in Zero Emissions Water Limited (ZEW), refer to note 5.2. We pay or receive the difference between the floating electricity price and the fixed price set under the agreement for the units of energy supplied into the National Electricity Market by the solar farm. The future settlements of Contract for Difference (CFD) are classified as derivative financial instruments.	The fair value of the derivative liability is adjusted annually. An increase in the liability results in the recognition of an expense at the date of the valuation.
Other expenses	This includes materials, transport and other expenses	Recognised in the reporting period in which they are incurred

Notes to the financial statements for the year ended 30 June 2024

3.2 Our People

3.2.1 Employee benefits – statement of comprehensive income

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

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 we can demonstrate commitment 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.

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

3.2.2 Employee benefits – balance sheet

A provision is recognised for benefits accruing to employees in respect of annual leave and long service leave when it is probable that settlement will be required, and the liability is capable of being reliably measured.

	2024 \$'000	2023 \$'000
Employee benefits		
Current liabilities - provisions		
Unconditional and expected to settle within 12 months		
Annual leave	2,729	2,373
Long service leave	833	865
Provision for on-costs	628	541
Unconditional and expected to settle after 12 months		
Annual leave	5,868	5,153
Long service leave	10,628	11,082
Provision for on-costs	2,973	3,042
Total	23,659	23,056
Non-current liabilities - provisions		
Employee benefits - long service leave	2,857	2,631
On-costs	551	509
Total	3,408	3,140
Reconciliation of movement in on-cost provision		
Opening balance at 1 July	4,092	3,627
Additional provision	1,865	1,122
Amounts utilised during year	(1,852)	(1,115)
Effect of changes in discount rate and remeasurement	47	458
Carrying amount at 30 June	4,152	4,092

Reconciliation of on-cost provision relates to the sum of current \$3,601,000 (2023: \$3,583,000) and non-current \$551,000 (2023: \$509,000) on-costs.

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries (including non-monetary benefits, annual leave and on-costs) are recognised as part of the employee benefit provision as current liabilities, because we do not have an unconditional right to defer settlements of these liabilities. The liability for salaries and wages are recognised in the balance sheet at remuneration rates which are current at the reporting date. As we expect the liabilities to be wholly settled within 12 months of the reporting date, they are measured at an undiscounted amount.

The annual leave liability is classified as a current liability and measured at an undiscounted amount for those entitlements expected to be wholly settled within 12 months. Annual leave that is expected to be settled after 12 months is measured as the present value of estimated future cash flows. All annual leave liabilities are disclosed as a current liability – even where we do not expect to settle the liability within 12 months because we don't have the unconditional right to defer settlement of the entitlement should an employee elect to take leave within 12 months.

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.

Employment on-costs such as payroll tax, workers' compensation and superannuation are not employee benefits however contribute to the cost of employment provisions. They are disclosed separately as a component of the provision for employee benefits when the employment to which they relate has occurred.

Unconditional long service leave

Unconditional long service leave (LSL) is disclosed as a current liability – even where we do not expect to settle the liability within 12 months because we don't have the unconditional right to defer settlement of the entitlement should an employee elect to take leave within 12 months.

The components of this current LSL liability are measured at:

- undiscounted value – if we expect to wholly settle within 12 months
- present value – if we don't expect to wholly settle within 12 months

The present value is impacted by historical trends of employees taking leave after 7 years of service, wage inflation estimates and discount rates. Discount rates and wage and salary growth assumptions are provided by the Department of Treasury and Finance (Victoria).

Conditional long service leave

Conditional LSL is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed 7 years of service. This non-current long service leave is measured at present value.

3.2.3 Superannuation

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

3.2.3.1 Accumulation plans

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

3.2.3.2 Defined benefit superannuation asset

A liability or asset in respect of the defined benefit superannuation plan is recognised in the balance sheet and is measured as the present value of the defined benefit obligation at the reporting date, plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date. The present value of the defined benefit obligation is based on expected future payments to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service.

Actuarial gains and losses are recognised immediately in other comprehensive income.

a. Superannuation plan information

For employees who are members of the Equipsuper Superannuation Fund defined benefit plan, an agreed percentage of salaries is contributed to the fund as recommended by an actuary.

Defined benefit members receive lump sum benefits on retirement, death, disablement and withdrawal. Some defined benefit members have the option of a pension benefit in certain circumstances. The defined benefit section of the plan is closed to new members. All new members of the fund receive accumulation only benefits.

The *Superannuation Industry (Supervision) Act 1993* (SIS) legislation governs the superannuation industry and provides the framework within which superannuation plans operate. The SIS regulations require an actuarial valuation to be performed for each defined benefit superannuation plan every 3 years, or every year if the plan pays defined benefit pensions unless an exemption has been obtained. We value our plan annually.

Notes to the financial statements for the year ended 30 June 2024

The plan's Trustee is responsible for the governance of the plan and has a legal obligation to act solely in the best interest of plan beneficiaries. The Trustee has the following roles:

- Administration of the plan and payment to the beneficiaries from plan assets when required in accordance with the plan rules.
- Management and investment of the plan assets.
- Compliance with superannuation law and other applicable regulations.

The prudential regulator, the Australian Prudential Regulation Authority (APRA), licenses and supervises regulated superannuation plans.

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

b. Description of risks

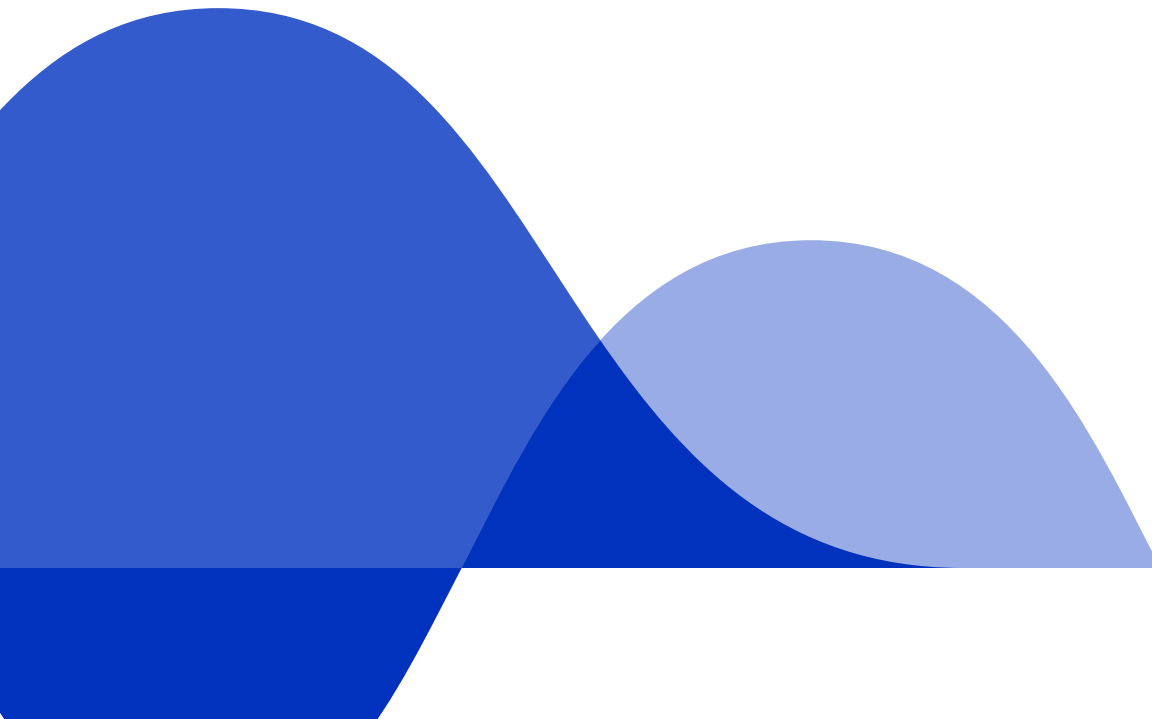
The plan has a number of risks which expose us. The more significant risks relating to the defined benefits are:

- *Investment risk* – The risk that investment returns will be lower than assumed and we will need to increase contributions to offset the shortfall.

- *Salary growth risk* – The risk that wages or salaries (on which future benefit amounts will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.
- *Legislative risk* – The risk that legislative changes could be made which increase the cost of providing the defined benefits.
- *Pension risk* – The risk that a greater proportion of eligible members will elect to take a pension benefit than assumed, which is generally more valuable than the corresponding lump sum benefit. Secondly, if a member elects to take a pension, the risks are the pensioner mortality will be lighter than assumed or pension increases will be greater than assumed.

Market volatility increases investment risk and salary growth risk.

The plan assets are invested by the Trustee in the Equisuper Defined Benefit and cash investment options. The assets are diversified within these investment options and therefore the plan has no significant concentration of investment risk.



c. Reconciliation of assets and obligations

	Fair value of plan assets \$'000	Defined benefit obligation \$'000	Net defined benefit asset \$'000
Opening balance at 1 July 2022	29,581	(17,563)	12,018
Current service cost	-	(459)	(459)
Interest income / (expense)	1,228	(779)	449
Actuarial return on plan assets less interest income	868	-	868
Contributions by plan participants	151	(151)	-
Actuarial gains arising from changes in financial assumptions	-	621	621
Actuarial losses arising from changes in demographic assumptions	-	(33)	(33)
Actuarial losses arising from liability experience	-	185	185
Benefits paid	(2,242)	2,242	-
Taxes, premiums and expenses paid	(138)	138	-
Closing balance at 30 June 2023	29,448	(15,799)	13,649
Current service cost	-	(357)	(357)
Interest income / (expense)	1,486	(859)	627
Actuarial return on plan assets less interest income	399	-	399
Contributions by plan participants	143	(143)	-
Actuarial losses arising from changes in financial assumptions	-	(219)	(219)
Actuarial gains arising from liability experience	-	339	339
Benefits paid	(3,122)	3,122	-
Taxes, premiums and expenses paid	(152)	152	-
Closing balance at 30 June 2024	28,202	(13,764)	14,438

Superannuation defined benefit expense is included in salary and employee benefits expense and is represented by the sum of current service cost, interest income and interest expense 2024: \$270,000 benefit (2023: \$10,000 expense).

The asset ceiling has no impact on the net defined benefit liability / (asset). The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

d. Fair value plan assets as at 30 June 2024

Investment funds are measured using significant observable inputs – Level 2.

Notes to the financial statements for the year ended 30 June 2024

e. Plan assets

	2024 %	2023 %
Australian equity	12	13
International equity	16	16
Fixed income	12	12
Property	4	5
Growth alternatives	14	15
Defensive alternatives	10	11
Cash	32	28
Total	100	100

Asset allocation as at 30 June 2024 is currently unavailable. Asset allocation at 31 May 2024 has been used.

f. Fair value of our own financial instruments

The fair value of plan assets includes no amounts relating to:

- any of our own financial instruments
- any property occupied by, or other assets used by us.

g. Actuarial assumptions to determine defined benefit cost and obligation

	Defined benefit cost		Defined benefit obligation	
	2024 %	2023 %	2024 %	2023 %
Discount rate	5.40%	4.40%	5.30%	5.40%
Expected salary increase rate	4.35%	3.85%	4.50%	4.35%
Expected pension increase rate ¹	2.50%	2.50%	2.50%	2.50%

¹ Assumption 2024 - 3.5% pa for first year and 2.5% pa thereafter (2023 - 5.0% pa for first year, 3.5% for second year, 2.5% pa thereafter)

The expected salary increase and discount rate are impacted by market variables. Market variables include changes to government policies, unemployment rates, inflation levels, changes in business productivity, and

business and consumer confidence. In recent times we have seen greater volatility in these rates. In accordance with *AASB 119 Employee Benefits*, we apply high quality bond rates to discount post-employment obligations.

h. Sensitivity analysis

The defined benefit obligation as at 30 June 2024 under several scenarios is presented below.

	Base case	Discount Rate		Salary Rate	
		0.5% pa lower	0.5% pa higher	0.5% pa lower	0.5% pa higher
Discount rate - per annum	5.30%	4.80%	5.80%		
Salary increase rate - per annum	4.50%			4.00%	5.00%
Defined benefit obligation (\$'000) ¹	13,764	14,267	13,287	13,361	14,181

¹ Includes contribution tax provision.

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

No asset and liability matching strategies have been adopted by the plan.

i. Funding arrangements

The Equipsuper Contribution and Funding Policy provides for a review of the financial position of the plan each 6 months, as at 30 June and 31 December, with our contribution rate comprising a long-term contribution rate and an adjustment to meet the financial objective of a funding ratio of 105%.

The target funding ratio reflects the proportion of salary related benefits and the allocation to 'growth' assets for the plan. The funding ratio is the ratio of assets to accrued liabilities, being the greater of vested benefits and the present value of past membership benefits.

Where the funding ratio is greater than 100%, the financing objective is to achieve the target funding ratio over 5 years. Where the funding ratio is less than 100% the primary financing objective is to achieve 100% over 3 years and the target funding ratio over 5 years.

In the most recent review of the financial position as at 31 December 2023, the actuary recommended continuing our contribution rate of nil. The next review of the plan's financial position and our contribution rate is due at 30 June 2024. This review will occur post 30 June once the required information becomes available.

We continue to contribute salary sacrifice contributions and at the required rates for accumulation members.

j. Expected contributions

Employer contributions for the financial year ending 30 June 2025 are expected to be nil.

k. Maturity profile of defined benefit obligations

The weighted average duration of the defined benefit obligation as at 30 June 2024 is 6 years (2023: 6 years).

	\$'000
30 June 2025	1,724
30 June 2026	1,646
30 June 2027	1,662
30 June 2028	1,815
30 June 2029	2,117
Following 5 years	8,520

3.3 Other commitments payable

Payments for licences where substantially all the risks and benefits remain with the licensor are charged as expenses in the period in which they are incurred.

	2024 \$'000	2023 \$'000
Not later than one year	144	109
Later than one year and not later than 5 years	192	149
Greater than 5 years	830	402
Total (GST inclusive)	1,166	660

Contractual commitments are disclosed in note 4.6 and environmental contributions in note 8.2.

3.4 Remuneration of auditors

	2024 \$'000	2023 \$'000
Audit of the Financial statements and Performance Report - Victorian Auditor-General's Office	260	235
Internal audit - Deloitte Touche Tohmatsu	282	188
Total	542	423

Disclosure only includes auditors involved in the audit of financial statements or financial controls.

Notes to the financial statements for the year ended 30 June 2024

4 | Key assets available to support output delivery

Introduction

We control infrastructure and other assets that are used to fulfil our objectives and carry out our activities. They represent the key resources that have been entrusted to us to be utilised for delivery of those outputs.

Structure

- 4.1 Total infrastructure, property, plant and equipment: carrying amount
- 4.2 Reconciliation of movements in carrying values of infrastructure, property, plant and equipment
- 4.3 Intangible assets
- 4.4 Net gain/loss on disposal of assets
- 4.5 Non-financial physical assets classified as held for sale
- 4.6 Contractual commitments payable.

4.1 Total infrastructure, property, plant and equipment: carrying amount

	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
At fair value						
Infrastructure	5,074,136	4,771,711	-	-	5,074,136	4,771,711
Land	658,223	648,371	-	-	658,223	648,371
Buildings	35,481	34,039	(34)	(3,115)	35,447	30,924
Plant and equipment	63,465	57,142	(35,035)	(32,301)	28,430	24,841
Leasehold improvements	63	63	(13)	(10)	50	53
Right of use asset	88	71	(73)	(42)	15	29
At cost						
Capital works in progress	281,125	222,256	-	-	281,125	222,256
Total	6,112,581	5,733,653	(35,155)	(35,468)	6,077,426	5,698,185

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

	Infrastructure \$'000	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Leasehold improvements \$'000	Right of use assets \$'000	Capital works in progress \$'000	Total \$'000
Balance at 1 July 2022	4,536,230	638,591	32,155	28,201	56	33	225,591	5,460,857
Additions ¹	-	-	-	-	-	-	386,878	386,878
Transfers	375,475	9,780	282	4,650	-	17	(390,204)	-
Write off/disposal of assets	(418)	-	-	(1,076)	-	-	-	(1,494)
Depreciation	(94,159)	-	(1,513)	(6,934)	(3)	(21)	-	(102,630)
Impairment write- down of assets to recoverable amount	-	-	-	-	-	-	(9)	(9)
Revaluation decrease recognised in equity	(45,417)	-	-	-	-	-	-	(45,417)
Carrying amount at 30 June 2023	4,771,711	648,371	30,924	24,841	53	29	222,256	5,698,185
Additions ¹	-	-	-	-	-	-	455,478	455,478
Transfers	374,922	9,852	1,817	9,853	-	17	(396,461)	-
Write off/disposal of assets	(183)	-	-	(1,060)	-	-	-	(1,243)
Depreciation	(99,909)	-	(1,528)	(5,204)	(3)	(31)	-	(106,675)
Impairment (write- down)/write-back of assets to recoverable amount	-	-	3,976	-	-	-	(148)	3,828
Revaluation increase recognised in equity	27,595	-	258	-	-	-	-	27,853
Carrying amount at 30 June 2024	5,074,136	658,223	35,447	28,430	50	15	281,125	6,077,426

¹ Additions may also include transfers from work in progress in note 4.3

Initial recognition

Infrastructure, property, plant and equipment are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment losses, where applicable. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. The cost of constructed non-financial physical assets includes the cost of all materials used

in construction, direct labour on the project and appropriate proportion of variable and fixed overheads. We have a capitalisation threshold of greater than \$100 exclusive of GST and the asset must be used for more than one reporting period.

Notes to the financial statements for the year ended 30 June 2024

Subsequent measurement

Infrastructure, property, plant and equipment are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset) and is summarised by asset category. Refer note 7.4 for fair value disclosures.

Revaluations

In accordance with *FRD 103 - Non-financial physical assets*, in measuring the fair values of non-financial assets, we engage independent valuers for scheduled valuations every 5 years or earlier if interim indices suggest there has been a material movement. Scheduled valuations occurred in June 2021 for land and buildings, refer note 7.4.1. Between scheduled valuations we apply Valuer-General Victoria market indices to estimate fair value and record an adjustment if values have moved more than 10%. Infrastructure assets are measured at fair value every year.

Revaluations are performed with sufficient regularity so that the carrying amounts do not differ materially from those that would be determined using fair values at the end of the reporting period.

Revaluation increments are credited directly to equity in the asset revaluation surplus, except where a revaluation decrement for that class of asset was previously recognised as an expense. The increment is recognised as revenue up to the value of the previous expense. Any excess is recognised in the assets' revaluation surplus.

Revaluation decrements are recognised immediately as an expense, except where a revaluation increment for that class of asset was previously recognised in the asset revaluation reserve. The decrement is recognised as a debit in the asset revaluation surplus up to the value of the previous increment. Any excess is recognised as an expense.

Revaluation increases and revaluation decreases relating to individual assets within a class of infrastructure, property, plant and equipment are offset against one another within that class but are not offset in respect of assets in different classes.

Assumptions in respect of revaluations can be found in note 7.4.

Depreciation

The depreciable amount of all non-current physical assets, excluding freehold land and Crown land, is depreciated on a straight-line basis over their useful lives, commencing from the time the asset is held ready for use. Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

Class of fixed asset	Useful life
Buildings	5 to 100 years
Infrastructure assets:	
• Water meters	10 to 15 years
• Odour control facilities	10 to 30 years
• Water tanks, reservoirs and sewer treatment plants	3 to 100 years
• Pumping and pressure reducing stations and flow control facilities	10 to 100 years
• Water and sewer mains	100 years
• Other (including smaller assets within infrastructure assets above)	1 to 100 years
Plant and equipment	2 to 25 years

The cost of a leasehold improvement and right of use asset are capitalised and depreciated over the shorter of the estimated remaining term of the lease or their estimated useful lives.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each balance sheet date. There have been no material changes to asset category useful lives as at 30 June 2024.

Impairment of non-financial assets

Infrastructure, property, plant and equipment and intangible assets with finite useful lives are assessed annually for indications of impairment. Whenever there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Physical, economic and environmental factors are taken into consideration in assessing useful lives of assets, such as asset condition and obsolescence, technology changes, capital planning and renewals, and climate related risks.

Where an asset's carrying value exceeds its recoverable amount, an impairment loss is recognised in net profit in

the statement of comprehensive income for the excess amount, except to the extent that the write-down reverses an asset revaluation reserve amount applicable to that asset. The recoverable amount of assets held primarily to generate net cash inflows is 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.

Other than the impairment write-downs already recognised within this note in the financial statements, there are no other material indicators of impairment at the time these financial statements were authorised for issue.

4.3 Intangible assets

Intangible assets represent identifiable non-monetary assets without physical substance. Intangible assets acquired are initially recognised at cost.

	Water entitlements \$'000	Software \$'000	Large-scale generated certificates \$'000	Intangible works in progress \$'000	Total \$'000
Balance at 1 July 2022	96,917	37,838	-	44,549	179,304
Additions ¹	-	-	-	18,608	18,608
Transfers	-	15,259	47	(15,306)	-
Surrender of assets	-	-	(5)	-	(5)
Impairment write-down of assets to recoverable amount	-	-	-	(3,636)	(3,636)
Amortisation expense	-	(17,954)	-	-	(17,954)
Carrying amount at 30 June 2023	96,917	35,143	42	44,215	176,317
Additions ¹	-	-	-	16,909	16,909
Transfers	-	20,103	70	(20,173)	-
Surrender of assets	-	-	(47)	-	(47)
Impairment write-down of assets to recoverable amount	-	-	-	(448)	(448)
Amortisation expense	-	(14,036)	-	-	(14,036)
Carrying amount at 30 June 2024	96,917	41,210	65	40,503	178,695

¹ Additions include transfers to work in progress in note 4.2

Water entitlements

Bulk entitlements are issued by the Minister for Water and registered in the Victorian Water Register. In accordance with *AASB 138 Intangible Assets* and *FRD 109 – Intangible Assets*, water entitlements are recognised at cost where cost can be reliability measured and recognised as an intangible asset on the

balance sheet. Bulk entitlements have an indefinite useful life and are tested annually for impairment. When testing for impairment, we calculate the value of water entitlements as the fair value less cost to sell. Fair value is determined by valuing the water shares on the Victorian Water Register.

Notes to the financial statements for the year ended 30 June 2024

We hold Enduring Bulk Entitlements as part of the Goulburn-Murray Water Connections Project which entitle us to 30.5 GL of water shares, made up of a mix of high reliability (19.3GL) and low reliability (11.2GL) water shares from trading zones 1A Goulburn, 1B Goulburn, 6 Murray and 7 Murray recognised at a cost of \$96.9 million. We intend to hold these water entitlements for water supply security purposes. At 30 June 2024, the entitlements were assessed for impairment and no indicators were present.

We also have bulk entitlements to the Victorian Desalination Project and Greater Yarra System - Thomson River Pool that were gifted to us by the Minister of Water in 2014, at no cost to us. In accordance with *FRD 109* these entitlements are not recorded on the balance sheet as an intangible asset, given the accounting policy is to account for water entitlements at the cost to Yarra Valley Water.

Software

Software development costs that enhance, modify or add additional capabilities to existing on-premise systems and meet the definition and recognition criteria for an intangible asset, are classified and recognised as intangible software assets.

Software as-a-Service (SaaS) arrangements are service contracts providing us the right to access the cloud provider's application software over the contract period. As such we do 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.

We've made the following key judgements that may have the most significant effect on the amounts recognised in the financial statements:

- Determination of whether configuration and customisation services are distinct from the SaaS access

Implementation costs including costs to configure or customise the cloud provider's application software, are recognised as operating expenses 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 (i.e. upfront). Non-distinct configuration and customisation costs are expensed over the SaaS contract term.

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

Configuration and customisation activities undertaken in implementing SaaS arrangements which are considered not to be distinct from the access to the SaaS application software over the contract term are recognised as prepayments and recognised over the contract term.

- Capitalisation of configuration and customisation costs in SaaS arrangements

In implementing SaaS arrangements, we have 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*.

An internally generated intangible asset arising from a development project is recognised only if all the following are demonstrated:

- It is technically feasible to complete the intangible asset so that it will be available for use or sale.
- We intend to complete the intangible asset and use or sell it.
- We have the ability to use or sell the intangible asset.
- The intangible asset will generate probable future economic benefits.
- There is available adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- There is an ability to reliably measure the expenditure attributable to the intangible asset during its development.

Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to us.

Large-scale generation certificates (LGCs)

One large-scale generation certificate (LGC) represents one megawatt hour (MWh) of net electricity generated by a renewable energy power station. We generate LGCs from our ReWaste facility at Wollert and solar carpark and we purchase LGCs at a set price under the arrangement with Zero Emissions Water (ZEW), refer note 5.2. LGCs are recognised as intangible assets at cost as per *FRD 109 – Intangible assets*, and are not subject to amortisation, as they have an indefinite life. The LGCs we generate ourselves do not have a value in our balance sheet. LGCs can be surrendered to meet our energy targets. Currently we use our LGCs in 2 ways:

- Mandatory use of renewable energy under the Large-scale Renewable Energy Target.
- Voluntary surrender of LGCs to meet emissions reduction targets.

Amortisation

Intangible assets with finite useful lives are amortised on a straight-line basis over the asset's useful life. Amortisation begins when the asset is available for use. That is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least annually, at the end of each annual reporting period.

Intangible assets with indefinite useful lives are not amortised. There has been no change to useful lives during the current financial years.

Class of fixed asset	Useful life
Software	4 to 10 years
LGCs and water entitlements	indefinite

Impairment

Intangible assets that have an indefinite useful life and intangible assets not yet available for use are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Intangible assets with finite useful lives are tested for impairment whenever an indication of impairment is identified.

4.4 Net gain/loss on disposal of assets

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in net profit in the statement of comprehensive income. When significant revalued assets are sold, amounts included in the asset revaluation surplus relating to that asset are transferred to retained earnings.

In 2023-24, we transferred 3,330 ML of our Greater Yarra System – Thomson River Pool entitlement to Gippsland Water, for more information on these entitlements refer note 4.3.

	2024 \$'000	2023 \$'000
Gain on sale of infrastructure, property, plant and equipment		
Proceeds from sale	1,303	17,228
Carrying value assets	(1,083)	(15,467)
Total	220	1,761
Gain on sale of water entitlements		
Proceeds from sale	9,990	-
Carrying value assets	-	-
Total	9,990	-

4.5 Non-financial physical assets classified as held for sale

Assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell, as their carrying amount will be recovered principally through a sale transaction, rather than through continuing use. To be classified as being held for sale, we must consider that the sale is highly probable, that the asset is available for immediate sale in its present condition and the sale is expected to be completed within 12 months of the date of classification as an asset held for sale. Assets are not depreciated or amortised while they are classified as held for sale. Assets classified as held for sale are classified as current assets.

During 2022-23 we settled the sale of surplus land at Ivanhoe with Development Victoria.

4.6 Contractual commitments payable

Significant contractual expenditure arising from contracts are disclosed at their nominal value and inclusive of GST. Our commitments include growth works and mains renewals for both water and sewer. Total expenditure contracted for at balance date but not provided for in the financial statements:

	2024 \$'000	2023 \$'000
Not later than one year	327,279	275,490
Later than one year and not later than 5 years	357,645	206,093
Greater than 5 years	235,287	61
Total (GST inclusive)	920,211	481,644

Notes to the financial statements for the year ended 30 June 2024

5 | Other assets and liabilities

Introduction

This section sets out any other assets and liabilities that arose from our controlled operations.

Structure

- 5.1 Receivables
 - 5.1.1 Ageing analysis and impairment of contractual receivables
 - 5.1.2 Reconciliation of the expected credit loss allowance
- 5.2 Other financial assets and liabilities
- 5.3 Other non-financial assets
- 5.4 Payables
 - 5.4.1 Ageing analysis of contractual payables
- 5.5 Contract liabilities
- 5.6 Other provisions

5.1 Receivables

	Note	2024 \$'000	2023 \$'000
Contractual receivables			
Trade receivables - debtors		84,815	87,262
Contract assets - accrued revenue	2.1	90,312	82,675
Other receivables		3,673	5,438
Less: allowance for expected credit losses	5.1.2	(10,558)	(10,052)
Statutory receivables			
GST receivables		4,089	3,005
Fringe benefits tax receivables		61	17
Total		172,392	168,345

Contractual receivables related to goods and services provided to customers are classified as financial instruments and categorised as 'loans and receivables.' They are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement they are measured at amortised cost using the effective interest method, less any expected credit losses.

Accrued revenue is recognised for water usage and sewage disposal as well as other works and services that have been rendered to balance date but not yet invoiced. Water usage charges, sewage disposal charges, trade waste charges, recycled water charges and water trading

revenue are all recognised as income when the service has been provided. An accrual is recognised to account for water and sewage services not billed at the end of the period. This is calculated using the volume of water purchased from Melbourne Water to the end of the period less the estimated non-revenue water.

Statutory receivables, such as amounts owing from the Victorian Government, GST input tax credit recoverable and fringe benefits receivables, are recognised and measured similarly to contractual receivables (except for credit losses) but are not classified as financial instruments because they do not arise from a contract.

5.1.1 Ageing analysis and impairment of contractual receivables

	Not Aged \$'000	1 to 21 days ¹ \$'000	22 to 60 days \$'000	61 to 89 days \$'000	90 to 180 days \$'000	Over 180 days \$'000	Total \$'000
2024							
Expected credit loss rate		3.19%	11.40%	12.51%	25.48%	35.49%	
Trade debtors							
Not past due	-	45,497	-	-	-	-	45,497
Past due	-	-	13,269	4,086	7,095	14,868	39,318
Allowance for expected credit losses	-	(1,450)	(1,513)	(511)	(1,808)	(5,276)	(10,558)
Net trade receivables - debtors	-	44,047	11,756	3,575	5,287	9,592	74,257
Accrued revenue	90,312	-	-	-	-	-	90,312
Other and statutory receivables	7,823	-	-	-	-	-	7,823
Total receivables	98,135	44,047	11,756	3,575	5,287	9,592	172,392
2023							
Expected credit loss rate		3.43%	8.51%	15.92%	29.63%	38.16%	
Trade debtors							
Not past due	-	48,865	-	-	-	-	48,865
Past due	-	-	16,721	3,749	5,669	12,258	38,397
Allowance for expected credit losses	-	(1,674)	(1,423)	(597)	(1,680)	(4,678)	(10,052)
Net trade receivables - debtors	-	47,191	15,298	3,152	3,989	7,580	77,210
Accrued revenue	82,675	-	-	-	-	-	82,675
Other and statutory receivables	8,460	-	-	-	-	-	8,460
Total receivables	91,135	47,191	15,298	3,152	3,989	7,580	168,345

¹ The 1 to 21 days category includes customers who have renegotiated arrangements and payment terms as a consequence of needing extra support.

Notes to the financial statements for the year ended 30 June 2024

All contractual receivables are recognised at the amount's receivable less any provision for impairment of receivables. Credit is generally allowed for a period of 20 days. The collectability of debt is assessed each accounting period for usage and other charges. Bad debts are written off when determined uncollectable, in accordance with delegation authorities and recognised in operating expenses, note 3.1.

Loans and receivables are measured at amortised cost using the effective interest rate method less any impairment.

5.1.2 Reconciliation of the expected credit loss allowance

The expected credit loss allowance is calculated based on debtor days and we then apply an expected default rate based on historical expected credit losses and forward looking estimates.

When estimating the expected credit loss we incorporate assumptions which consider:

- Specific management actions on how we respond to overdue accounts.
- Our observations of customer behaviours on payment times.
- Interest rates.
- Inflation rates.
- Asset prices in equity and property markets.
- Unemployment levels.

The current macroeconomic environment is volatile. Should actual conditions vary to our assumptions around these factors, it could have a material impact on our expected credit loss allowance in subsequent years.

Credit risk is disclosed in note 7.2.3.3.

	Note	2024 \$'000	2023 \$'000
Opening balance 1 July		(10,052)	(9,657)
Write-offs recognised as an expense	9.7	3,852	3,138
Net provision movements including bad debts recovered	3.1	(4,358)	(3,533)
Closing balance 30 June		(10,558)	(10,052)

5.2 Other financial assets and liabilities

We are one of 12 water corporation members of Zero Emissions Water Limited (ZEW), 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 in Victoria and supply these products to its members. This provides the opportunity for water corporation members to collaboratively promote energy and emission 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 ZEW directors. Under the Members' Agreement, our liability as a member is limited to \$10 in the event of a winding up.

On 30 October 2018, ZEW entered into an 11-year Power Purchasing Agreement (PPA) with a solar farm energy generator, whereby 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. We have an obligation to purchase a percentage of energy allocation under the Members' Agreement, via the CfD derivative.

As required by Australian accounting standards, we have assessed the nature of our relationship with ZEW, and concluded that we do not have control, joint control or significant influence over ZEW. We account for our investment in ZEW as a financial instrument within the scope of *AASB 9 Financial Instruments*. ZEW is a related party of Yarra Valley Water due to our membership.

The Members' Agreement specifies that ZEW may call on us to make a loan available to ZEW amounting to \$124,726.37. The loan, if requested by ZEW, would meet the definition of a financial asset as it gives rise to a contractual right for us to receive cash from ZEW at the end of the loan term. We have provided ZEW with a loan of \$11,000. As this loan is concessional it has been treated as an investment in ZEW and measured at cost.

On 22 January 2021, the conditions precedent in the PPA was completed and the CfD derivative was recognised as a financial liability measured at its fair value. Subsequent changes in the derivative's fair value have been recognised in profit and loss, refer note 3.1. Refer to note 7.4.2 for more information about the judgements and assumptions used in measuring fair value determination of the derivative financial instrument.

	Note	2024 \$'000	2023 \$'000
Investment in ZEW (asset)		11	11
Derivative financial instrument (liability)	7.4.2	(825)	(910)

5.3 Other non-financial assets

Other non-financial assets are predominantly made up of prepayments which represent payments in advance of receipt of goods or services or where part of the expenditure is made in one accounting period covering a term extending beyond that period. This includes insurances, IT subscriptions and maintenance agreements, SaaS arrangements, refer note 4.3, and various other subscriptions. Where assets are not wholly expended in the 12 months they have been treated as non-current.

5.4 Payables

	2024 \$'000	2023 \$'000
Current		
Contractual payables		
Trade payables	20,193	14,361
Accruals	99,408	106,608
Security deposits	1,358	1,340
Total current	120,959	122,309
Non-current		
Security deposits	9,070	7,899
Total non-current	9,070	7,899
Total	130,029	130,208

Payables and accruals

Trade payables and accruals are recognised for future amounts to be paid in respect of goods and services received. The amounts are unsecured and are usually paid 14 to 30 days from the date the invoice is received.

- Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost. Trade payables and accruals represent liabilities for goods and services provided to us prior to the end of the financial year that are unpaid and arise when we become obligated to make future payments in respect of the purchase of those goods and services. Security deposits predominately relate to capital works.

Notes to the financial statements for the year ended 30 June 2024

5.4.1 Ageing analysis of contractual payables

	Not Aged \$'000	Less than 1 month \$'000	1 to 3 months \$'000	3 to 12 months \$'000	Over 12 months \$'000	Total \$'000
2024						
Trade payables	-	20,182	11	-	-	20,193
Accruals	99,408	-	-	-	-	99,408
Security deposits	1,358	-	-	-	9,070	10,428
Total	100,766	20,182	11	-	9,070	130,029
2023						
Trade payables	-	14,360	1	-	-	14,361
Accruals	106,608	-	-	-	-	106,608
Security deposits	1,340	-	-	-	7,899	9,239
Total	107,948	14,360	1	-	7,899	130,208

5.5 Contract liabilities

	Note	2024 \$'000	2023 \$'000
Current			
Unearned developer contributed assets, new customer contributions, recoverable works and licence income	2.1 & 2.2	40,427	45,015
Customers paid in advance	2.1	22,385	23,593
Grant income		5,125	4,892
Developer contributions		654	600
Total current		68,591	74,100
Non-current			
Developer contributions		-	100
Total non-current		-	100
Total		68,591	74,200
Reconciliation of movement in contract liabilities			
Opening balance at 1 July		74,200	70,496
Revenue recognised during the reporting period		(39,337)	(45,008)
Increase in contract liabilities		33,728	48,712
Closing balance at 30 June		68,591	74,200

Unearned DCA, NCC, recoverable works and licence income

Unearned income represents developer contributed assets and payments received for new customer contributions, application fees and lease and licence income where performance obligations associated with the payment are outstanding.

Customers paid in advance

Customers paid in advance represents payments received from customers in advance of the provision of goods or services or any legal or constructive obligation required to be performed by us to settle the terms of receipt of income. They mainly relate to water and sewerage services. We will recognise these advance payments once we have performed the performance obligations associated with the payments.

Government grants

Government grants are recognised once reasonable assurance has been reached that we will comply with the conditions attached to them and that the grants will be received. Government grants of a revenue nature are recognised as deferred income until earned. Government grants related to assets are recognised in the balance sheet by deducting the grant in arriving at the carrying amount of the asset, thereby incurring a reduced depreciation charge.

Developer contributions

Unearned developer contributions represent amounts received from developers for the reimbursement of costs that will be incurred by us when we construct assets to service new urban growth. These payments will be recognised as revenue at the point in time that we've completed the performance obligations agreed with the developer.

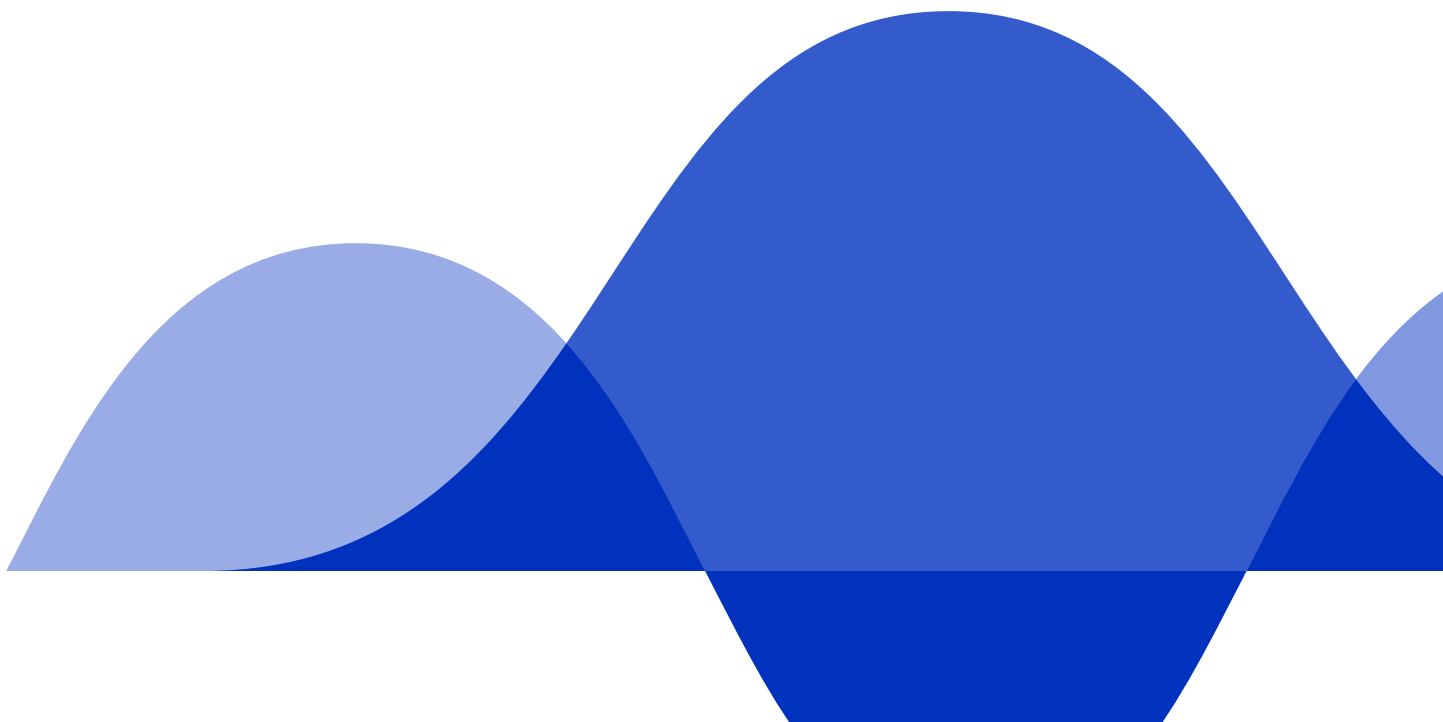
5.6 Other provisions

Provisions are recognised when we have a present legal or constructive obligation because of past events, for which it's probable that an outflow of economic benefits will result, and that outflow can be reliably measured.

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. The recognition of provisions requires significant estimates and assumptions such as requirements of the relevant legal and regulatory frameworks, timing, cost estimation, legal disputes and climate related risks. These uncertainties may result in future actual expenditure differing from the amounts currently provided. Provisions are periodically reviewed and updated based on the facts and circumstances available at the time. Where 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, the receivable is recognised if it's virtually certain that economic benefits will be received, and their amount can be reliably measured.

Our provisions are related to compulsory land and easement purchases, environmental remediation obligations and potential insurance and contract claims. There are risks around these provisions which could have an impact on the expenditure required to meet these obligations.



Notes to the financial statements for the year ended 30 June 2024

6 | Financing our operations

Introduction

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

This section includes disclosures of balances that are financial instruments (such as borrowings, lease liabilities and cash balances).

Financing arrangements are impacted by market activities, with impacts in our cost of debt and the level of borrowing we need, refer note 7.2.

Structure

- 6.1 Interest bearing liabilities
 - 6.1.1 Maturities of financial liabilities
 - 6.1.2 Finance costs
- 6.2 Leases
- 6.3 Cash flow information and balances
 - 6.3.1 Reconciliation of net result for the period to cash flow from operating activities.

6.1 Interest bearing liabilities

	Carrying amount		Net fair value	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Current				
Borrowings	478,000	429,500	475,220	430,184
Lease liabilities	19	19	19	19
Total current	478,019	429,519	475,239	430,203
Non-current				
Borrowings	3,390,000	3,080,000	3,188,512	2,883,992
Lease liabilities	7	9	7	9
Total non-current	3,390,007	3,080,009	3,188,519	2,884,001
Total	3,868,026	3,509,528	3,663,758	3,314,204

Borrowings and lease liabilities are classified as financial instruments. All interest-bearing borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. The measurement basis subsequent to initial recognition is based on the classification of interest-bearing liabilities as financial liabilities at 'amortised cost.' Amortised cost is measured using the effective interest rate method. This classification is determined at initial recognition.

Interest on borrowings is payable semi-annually and is accrued over the period it becomes due. Accrued interest is recorded as part of accruals.

The fair value of interest-bearing financial liabilities is determined by discounting future cash flows at prevailing interest rates in the market to retire the liability at the measurement date. This fair value is confirmed by Treasury Corporation of Victoria as market value of the portfolio as at 30 June.

Borrowings are classified as current or non-current based on the maturity dates of the loan arrangements, irrespective of whether there is intention to roll the borrowings into a new arrangement.

6.1.1 Maturities of financial liabilities

The following table allocates financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Weighted average effective interest rate %	Less than 12 months \$'000	1 to 3 years \$'000	3 to 5 years \$'000	Over 5 years \$'000	Total \$'000
2024 Borrowings						
Fixed interest rate	3.40	380,000	760,000	770,000	1,860,000	3,770,000
Floating interest rate	4.52	98,000	-	-	-	98,000
Leases		19	3	4	-	26
Total		478,019	760,003	770,004	1,860,000	3,868,026
2023 Borrowings						
Fixed interest rate	3.08	340,000	700,000	700,000	1,680,000	3,420,000
Floating interest rate	4.31	89,500	-	-	-	89,500
Leases		19	3	4	2	28
Total		429,519	700,003	700,004	1,680,002	3,509,528

6.1.2 Finance costs

	2024 \$'000	2023 \$'000
Interest on borrowings	120,214	101,458
Financial accommodation levy	46,641	41,733
Interest on leases	4	3
Other	-	(11)
Total	166,859	143,183

Finance costs are recognised as expenses in the period in which they are incurred. All qualifying assets (being assets that necessarily take a substantial period of time to get ready for their intended use or sale) are measured at fair value. Therefore, any finance costs directly attributable to the acquisition, construction or production of these qualifying assets are not required to be capitalised and will continue to be expensed in the period in which they are incurred.

The financial accommodation levy is applied to remove the competitive advantage that government entities may experience in borrowings and is consistent with the competitive neutrality principles as prescribed by the National Competition Policy Framework. The financial accommodation levy is charged for new borrowings based on our underlying credit rating and is paid into the State's Consolidated Fund in accordance with section 40N of the *Financial Management Act 1994*.

Notes to the financial statements for the year ended 30 June 2024

6.2 Leases

We have a small number of concessionary leases with other government departments. These leases enable us to access an asset at less than its fair value principally to enable us to further our objectives. We measure right-of-use assets from concessionary leases at cost.

We have leased carparking for a term of 5 years, due to expire in November 2024 but with ability to enter hold over. We anticipate this lease will extend beyond the 5 year term. We make an annual contribution of less than \$2,000 per annum for this space. There are restrictions on the area's use due to water assets that sit below the surface. Use of the carpark is restricted to our use. We also have a lease for a sewer flow control facility within government parkland. This lease runs for 21 years (expiring in 2027), and the annual payments are nil unless demanded at a rate of \$1 per annum.

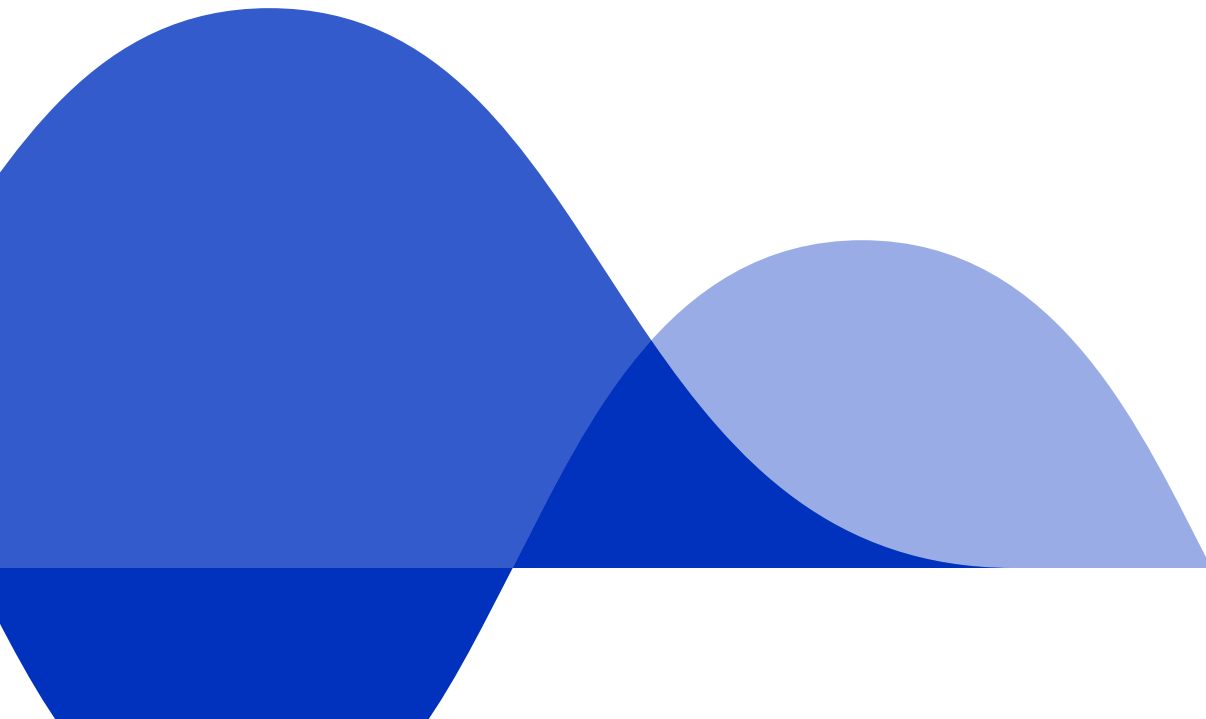
In 2022 we leased space as part of a capital project with a non-government entity, at market rental. The lease has been extended for a further one year term to 29 June 2025.

The value of right-of-use-assets is measured at cost which is determined as follows:

- 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.
- Restoration costs.

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

Right-of-use-assets are depreciated over the estimated lease term. This is determined by considering all the 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.



6.3 Cash flow information and balances

Cash and cash equivalents include cash at bank and cash on hand with original maturities of 3 months or less, and bank overdrafts.

	2024 \$'000	2023 \$'000
Cash at bank	6,489	6,021
Cash on hand	1	1
Total	6,490	6,022

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

	Note	2024 \$'000	2023 \$'000
Net profit after tax		122,012	93,017
Adjustments for non-cash items			
Depreciation / amortisation	4.2 & 4.3	120,711	120,584
Bad debts and expected credit allowance	5.1.2	4,358	3,533
Defined benefit superannuation plan (benefit) / expense	3.2.3.2	(270)	10
Net gain on disposal of land and water entitlements	2.2, 4.3 & 4.5	(9,990)	(1,222)
Net gain on disposal of non-current physical assets	2.2, 4.2 & 4.4	(220)	(539)
Write-off or surrender of assets	3.1, 4.2 & 4.3	207	424
Impairment write-back and asset revaluation increment	2.2	(4,029)	-
Impairment write-down	3.1	649	3,645
Developer contributed assets and other authority works	2.1	(105,388)	(77,426)
Fair value loss on derivative financial instrument	3.1 & 5.2	-	300
Initial recognition of lease liability	6.2	17	17
Changes in operating assets and liabilities			
Increase in other current assets		(521)	(1,551)
(Increase) / decrease in GST receivables		(1,084)	127
(Increase) / decrease in trade receivables		(7,321)	1,847
Increase / (decrease) in accrued interest		2,704	(815)
Increase / (decrease) in provisions		(1,816)	2,728
Increase / (decrease) in contract liabilities		(5,609)	3,704
Increase / (decrease) in derivative financial instruments		(85)	97
Increase / (decrease) in net deferred tax liabilities		10,227	(21,150)
Increase in payables		6,230	30,034
Net cash inflow from operating activities		130,782	157,364

Notes to the financial statements for the year ended 30 June 2024

7 | Risks, contingencies and valuation judgement

Introduction

We are exposed to risk from our activities and outside factors. It's also often necessary to make judgements and estimates associated with recognising and measuring items in the financial statements. This section provides financial instrument specific information (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, primarily related to fair value determination.

Structure

- 7.1 Financial instrument specific disclosures
- 7.2 Financial risk management objectives and policies
 - 7.2.1 Capital risk management
 - 7.2.2 Climate related risk
 - 7.2.3 Financial risks
- 7.3 Contingent assets and liabilities
- 7.4 Fair value
 - 7.4.1 Fair value – Non-financial physical assets
 - 7.4.2 Fair value – Financial assets and liabilities

7.1 Financial instrument 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 meeting the definition of assets and liabilities under *AASB 9 Financial Instruments*. Due to the nature of our activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example taxes, fines and penalties). Statutory assets and liabilities do not meet the definition of financial instruments in *AASB 9 Financial Instruments*.

Our financial instruments include:

Financial assets	Financial liabilities
Cash and deposits – refer note 6.3	Payables (excluding statutory payables) – refer note 5.4
Receivables (excluding statutory receivables) – refer note 5.1	Contract liabilities – refer note 5.5
Investment in Zero Emissions Water (ZEW) – refer note 5.2.	Lease liabilities – refer note 6.2
	Borrowings – refer note 6.1.

Due to the short-term nature of the financial assets and liabilities we hold, their carrying value is assumed to approximate their fair value.

Categories of financial instruments

Type	Financial instrument	Initial measurement	Subsequent measurement
Financial assets at amortised cost	Cash and deposits	Fair value plus any directly attributable transaction costs.	Measured at amortised cost using the effective interest method less any impairment.
	Receivables (excluding statutory receivables)		
	Investment in Zero Emissions Water (ZEW)		
Financial liabilities at amortised cost	Payables (excluding statutory payables)	Fair value plus any directly attributable transaction costs.	Measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the statement of comprehensive income over the period of the interest-bearing liability, using the effective interest rate method.
	Contract liabilities		
	Lease liabilities		
	Borrowings		
Derivative financial instruments	Derivative liability	Fair value on the date when all contractual obligations under the Conditions Precedent are met.	Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from changes in fair value of derivatives after initial recognition are recognised in the statement of comprehensive income.

Offsetting financial instruments

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

Derecognition of financial assets and liabilities

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

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

Where we have neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of our continuing involvement in the asset.

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

Impairment of financial assets

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

Notes to the financial statements for the year ended 30 June 2024

We record the allowance for expected credit loss for the relevant financial instruments applying AASB 9's expected credit loss approach. This impairment assessment includes our receivables, statutory receivables and investments in debt instruments. Although not a financial asset, contract assets recognised applying AASB 15 are also subject to impairment. Equity instruments are not subject to impairment under AASB 9. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the impairment loss would be immaterial.

In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 *Impairment of Assets*. Impairment losses are recognised in the statement of comprehensive income.

7.2 Financial risk management objectives and policies

7.2.1 Capital risk management

We control our capital structure in order to meet prudent shareholder requirements and to ensure operations can be funded as a going concern.

Our capital structure consists of net debt (borrowings as detailed in table below and offset by cash and bank balances - refer note 6.3) and equity (comprising contributed equity, asset revaluation surplus and retained earnings detailed in notes 9.1 to 9.3).

The only externally imposed capital requirements are that:

- Financial accommodation does not exceed the approval limits set by the Treasurer of Victoria pursuant to *the Borrowing and Investment Powers Act 1987*.
- We are required to borrow exclusively with the Treasury Corporation of Victoria.

These external capital requirements are incorporated into the management of capital through the Board approved Corporate Plan.

We effectively manage our capital by assessing financial risks and adjusting capital structure in response to changes in these risks and the market. These responses include the management of debt levels in line with

annual treasury benchmarks approved by Board. There have been no changes to the strategy adopted to control capital during the year. The gearing ratios for the years ended 30 June 2024 and 30 June 2023 were as follows:

	2024 \$'000	2023 \$'000
Borrowings - current	478,000	429,500
Borrowings - non-current	3,390,000	3,080,000
Total borrowings	3,868,000	3,509,500
Leases - current	19	19
Leases - non-current	7	9
Total leases	26	28
Total borrowings and leases	3,868,026	3,509,528
Total assets	6,458,925	6,071,481
Gearing ratio	60%	58%

7.2.2 Climate related risk

Climate change is a financial risk to Yarra Valley Water and includes physical and transition risks. Identified climate change risks to our organisation and our asset base are managed and monitored via our risk management framework, our asset management framework, and our Climate Resilience Plan, which is available on our website.

Physical risk can cause direct damage to our assets, property, supply chains and our operations and impact our ability to deliver services to our customers. It can also impact our staff and the communities they live in. Risks include severe and increasingly frequent storms, floods, extreme heat, and drought, rising sea levels, reduced rainfall and increasing average temperatures. Previous experience has shown that extreme weather events can increase our costs of operation, however physical risks arising from fires and floods are (to some extent) subject to financial risk transfer through insurance programs. If the frequency and severity of these events increases, insurance coverage may reduce or be more costly or challenging to procure.

Transition risks may arise following changes in legislation, government policy, technology advances and financial market shifts and customer/community expectations. This could result in increased costs of

operations, a lack of skilled workers, exposure to more vulnerable power supplies, loss of key suppliers and/or customers, and reputational damage if we do not transparently demonstrate our actions to support a just transition.

Our Climate Resilience Plan identifies key actions to address both climate change adaptation and mitigation. The plan includes commitments to support a maturation of how we identify and manage climate risk, the design and operation of our assets, the delivery of reliable services, our response to incidents and emergencies and how we support resilient communities and environment. We are undertaking mitigation actions to reduce our carbon footprint and generate all our own energy needs from renewables, as we transition to the low-carbon economy. We meet our current reporting obligations. We're assessing our readiness for reporting against the Australian Sustainability Reporting Standards, which don't yet apply to Yarra Valley Water but may in future.

We've considered climate-related risks in the preparation of the 2023-24 financial statements, in particular the impact on the valuation of our infrastructure assets.

7.2.3 Financial risks

Our activities expose us to a variety of financial risks: interest rate risk, liquidity risk, credit risk and price risk. Our financial risk management program seeks to manage these risks and the associated volatility of our financial performance and ensure we manage our risks within government policy parameters. The Board regularly considers and reviews the management of these risks.

7.2.3.1 Interest rate risk

Interest rate risk is the risk to earnings or capital from movements in interest rates. We're exposed to interest rate risk through borrowing activities and changes in the market in comparison to the assumptions of the Essential Services Commission's regulatory pricing determination in relation to the underlying cost of debt.

Interest rate exposures are also recognised in terms of the change in the market value of the debt portfolio.

We effectively manage interest rate risk by maintaining the debt portfolio within the strategic targets and policy bands that have been approved by the Board. Strategic and tactical debt portfolio options are assessed in consultation with the Treasury Corporation of Victoria (TCV), with borrowing decisions based on future borrowing requirements, treasury management policy compliance and the TCV's market interest rate outlook.

Refer section 6.1.1 for maturity analysis of contractual financial liabilities.

Interest rate risk has increased as a result of Reserve Bank of Australia's decision to increase the cash rate by 25 basis points during 2023-24. However, we minimised the interest rate exposure by effectively re-balancing our portfolio between short term and long-term loans taking advantage of short-term low rates where possible in consultation with TCV.

Interest rate sensitivity analysis	2024 \$'000	2023 \$'000
+ 100 basis points	(1,033)	(1,614)
- 100 basis points	1,033	1,614

7.2.3.2 Liquidity risk

Liquidity risk is the risk of not being able to meet the specific financial commitments including short-term working capital needs and financing new and maturing loans as they arise.

We manage liquidity risk by actively maintaining efficient banking practices, regularly monitoring forecast and actual cash flows and ensuring adequate borrowing facilities are maintained.

Financing arrangements

Annual approval is received from the Treasurer of Victoria for new borrowings, borrowings to refinance maturing and non-maturing loans and temporary purpose borrowing facilities. The new approved borrowing accommodation limit was \$500 million for the period ending 30 June 2024.

We had access to a total of \$141.5 million (2023: \$120.13 million) of unused borrowings approved by the Treasurer of Victoria as at 30 June 2024.

7.2.3.3 Credit risk

Credit risk is the risk that a counterparty or customer will fail to meet contractual obligations. For us credit risk arises mainly from outstanding customer receivables as we're legally obliged to service all customers in our district without regard to their credit quality, refer note 5.1.2. While we have in place extensive debt collection strategies to minimise customer credit risk and recover outstanding receivables, we have taken into account the need for a compassionate approach due to the impact of cost of living pressures on our customers. This increases our level of credit risk.

Notes to the financial statements for the year ended 30 June 2024

The credit risk attributable to our deposits with TCV and other financial institutions is considered to be very low due to the minor amounts involved and the contractual arrangements in place for counterparties.

Our other credit risk arises from in-the-money receipts due from the Contract for Difference derivative under the Zero Emissions Water Power Purchasing Agreement (PPA), refer note 5.2.

The maximum exposure to credit risk at the reporting date is the carrying amount of items in the balance sheet. For receivables, the maximum exposure is the gross amount of receivables before allowing for the expected credit loss allowance. Our maximum exposure to credit risk relating to the derivative financial instrument at reporting date is 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 us over the remaining PPA term.

7.2.3.4 Price risk

We use the Contract for Difference derivative financial instrument to manage energy related commodities purchased in the normal course of business, and therefore entered into the PPA to minimise a portion of our price risk. Our sensitivity to price risk in respect of the derivative is set out in note 7.4.2.

We are also exposed to market risks that impact the prices we pay. Macroeconomic factors have led to increased prices due to labour shortages, supply chain delays, increased interest rates and inflationary pressures. We manage this risk where possible in contract negotiations.

7.3 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value.

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within our control.

Contingent liabilities are:

- Possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within our control; 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 obligation; or
 - the amount of the obligations cannot be measured with sufficient reliability.

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

Contingent assets

We enter into agreements with land developers whereby assets are delivered and then transferred to us at no cost. These assets are brought to account as revenue, refer note 2.1, and capitalised. Where developers are in the process of building assets or are yet to start building assets that will be gifted to us in the future, these assets are recognised as contingent assets as we've signed an agreement with the developer in respect of those assets.

	2024 \$'000	2023 \$'000
Water supply assets under construction	23,695	23,624
Water supply assets committed to	10,581	11,705
Sewerage supply assets under construction	44,383	61,049
Sewerage supply assets committed to	9,165	13,645

We're unaware of any other material contingent assets.

Contingent liabilities

Contingent on the completion of the contingent assets transferred from developers, we have a liability to reimburse developers for additional works constructed at our request.

	2024 \$'000	2023 \$'000
Water supply assets	21,047	15,338
Sewerage supply assets	19,363	21,497

Payment of reimbursements will occur upon request by the developer following the issuing of the certificate of completion as agreed in accordance with the conditions of the agreement between us and the developer.

Where property has been compulsorily acquired, we take up provisions for future payments that we expect to make in settling these acquisitions. In some instances we have a contingent liability where we are unable to reasonably ascertain the likely payment.

We're unaware of any other material contingent liabilities.

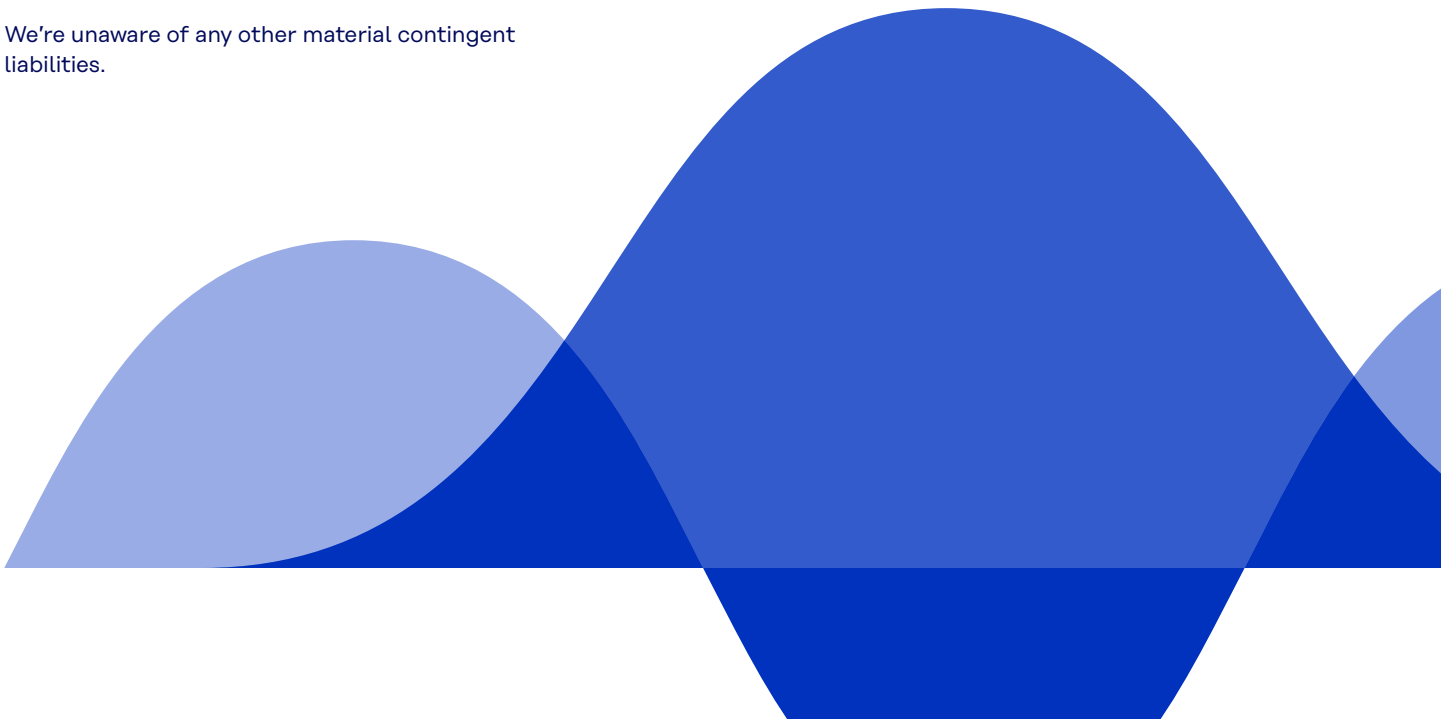
7.4 Fair value

Fair value determination requires judgement and the use of assumptions. This section discloses the most significant assumptions used in determining fair values. Changes to assumptions could have a material impact on our results and financial position.

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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, and based on the lowest level inputs that are significant to the fair value measurement as a whole:

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



Notes to the financial statements for the year ended 30 June 2024

7.4.1 Fair value – Non-financial physical assets

Our land, buildings, plant and equipment and infrastructure are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and impairment losses. This note explains the judgements and estimates made in determining the fair values of non-financial assets.

In accordance with *AASB 13 Fair Value Measurement*, our non-financial assets have been categorised into the 3 levels of the fair value hierarchy depending on the degree to which inputs into the fair value measurements are observable, and the significance of the inputs to the fair value measurement.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Fair value \$'000
Infrastructure	-	-	4,771,711	4,771,711
Land (specialised)	-	-	282,125	282,125
Land (non-specialised)	-	366,246	-	366,246
Buildings (market approach)	-	2,007	-	2,007
Buildings (depreciated replacement cost)	-	-	28,917	28,917
Plant and equipment	-	-	24,841	24,841
Right of use assets (market)	-	19	-	19
Right of use assets (concession)	-	-	10	10
Leasehold improvements	-	-	53	53
Carrying amount at 30 June 2023	-	368,272	5,107,657	5,475,929
Infrastructure	-	-	5,074,136	5,074,136
Land (specialised)	-	-	282,125	282,125
Land (non-specialised)	-	376,098	-	376,098
Buildings (market approach)	-	2,109	-	2,109
Buildings (depreciated replacement cost)	-	-	33,338	33,338
Plant and equipment	-	-	28,430	28,430
Right of use assets (market)	-	7	-	7
Right of use assets (concession)	-	-	8	8
Leasehold improvements	-	-	50	50
Carrying amount at 30 June 2024	-	378,214	5,418,087	5,796,301

Infrastructure

KPMG has independently provided the 30 June 2024 valuation of infrastructure assets, using a discounted cash flow methodology to determine the fair value of infrastructure. This involved discounting the forecast stream of cash flows of the entire business to both debt and equity investors at a weighted average cost of capital (WACC), which represents an estimate of a hypothetical market participant's discount rate.

The valuation model:

- Calculates forecast cash flows to debt and equity investors over a 10-year forecast period. Cash flows to debt and equity investors are those cash flows available after all operating expenses (including taxes) have been paid and necessary investments in working and fixed capital have been made. Free Cash Flows to the Firm (FCFF) have been calculated utilising management's forecast cash flow statements. Cash Flows from Operations (CFO) have been used, with interest payments added back, less the tax shield on those interest payments to arrive at an adjusted unlevered CFO. Cash Flows from Investing (CFI) have been used as they incorporate capital expenditure. The adjusted CFO less the CFI represents the forecast yearly FCFF.
- Calculates a terminal value at the end of the forecast period based on the forecast Regulatory Asset Base (RAB) in the termination year and an exit RAB multiple that includes the Taxation Amortisation Benefit (TAB) having regard to the level of cash flows and profitability derived at the end of the forecast period, the business' role in the water supply chain and complexity of operations, typical market participant assumptions for opportunities to outperform regulatory benchmarks, and comparable company and transaction multiples over time. Any TAB (applicable to any step-up in tax cost base) available to subsequent market participants has been implicitly included through the selection of the terminal value exit multiple.
- Arrives at an enterprise valuation by discounting the cash flows to the valuation date using the selected high (\$5.5 billion) and low (\$4.6 billion) WACC estimates and adopts a mid-point (\$5.1 billion).
- Deducts non-infrastructure related assets and liabilities to derive the implied water infrastructure asset valuation.

The valuation is based on prevailing market, economic and other conditions at the date of the valuation and corresponds with a period of increased macroeconomic uncertainty. To the extent possible these conditions have been reflected in the valuation. Changes in these conditions could impact upon the value in the future either positively or negatively. Climate change is considered in our corporate plan forecasts, these forecasts are incorporated by KPMG in their calculation.

Infrastructure assets are classified as level 3. There is no active market which has a significant impact on the fair value.

Land and Building – specialised / non-specialised

The Victorian Valuer-General's Office independently determined the fair value of our land and buildings on 30 June 2021. In 2021 the world was facing the uncertainty of COVID-19. Since this time, macroeconomic conditions have resulted in greater market volatility. These factors will have impacted historical valuations and will likely impact future land and building valuations. Our next formal valuation is due in 2026.

In undertaking the valuation of land, the Victorian Valuer-General's Office adopted the market based direct comparison approach, whereby the properties were valued by analysing comparable land sales allowing for shape, size, topography, location and other relevant factors. Where applicable, specialised land is adjusted for the community service obligation (CSO) to reflect the specialised nature of the land being valued. As adjustments to CSO are considered as significant unobservable inputs, specialised land would be classified as level 3 assets. To the extent that non-specialised land does not contain significant, unobservable adjustments, the assets are classified as level 2 under the market approach.

In valuing buildings, the depreciated replacement cost method is based on the replacement of buildings to a 'modern equivalent' standard after applying an appropriate depreciation rate, useful life and adjusting for condition. As depreciation adjustments are considered as significant, unobservable inputs in nature, buildings are classified as level 3 fair value. To the extent that non-specialised buildings do not contain significant, unobservable adjustments, these assets are classified as level 2 under the market approach.

At 30 June 2024, the fair value of land and buildings was checked against indices provided by the Victorian Valuer-General's Office to determine any material or exceptionally material movements. In accordance with *FRD 103 - Non-financial physical assets* no revaluation of our land was required. Building indices showed a material movement since 2021, resulting in a valuation increment of \$4 million as at 30 June 2024.

If land was measured at historical cost, the carrying amount would be \$105 million (2023: \$95 million). If buildings were measured at historical cost, the carrying amount would be \$43 million (2023: \$41 million).

Plant and equipment

Plant and equipment are held at carrying value (depreciated cost) which approximates fair value. Unless there is market evidence that current replacement costs are significantly different from the original acquisition cost, it is considered unlikely that depreciated cost will be materially different from the existing carrying value. As at 30 June 2024 no material movements have occurred other than as disclosed in note 4.2.

Notes to the financial statements for the year ended 30 June 2024

Reconciliation of level 3 fair value movements

	Infrastructure \$'000	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Right of Use \$'000	Leasehold improvements \$'000	Total \$'000
Balance at 1 July 2022	4,536,230	272,345	30,051	28,201	12	56	4,866,895
Acquisitions / transfers	375,475	9,780	282	4,650	-	-	390,187
Write-off / disposal of assets	(418)	-	-	(1,076)	-	-	(1,494)
Depreciation	(94,159)	-	(1,416)	(6,934)	(2)	(3)	(102,514)
Revaluation loss recognised in other comprehensive income	(45,417)	-	-	-	-	-	(45,417)
Carrying amount at 30 June 2023	4,771,711	282,125	28,917	24,841	10	53	5,107,657
Acquisitions / transfers	374,922	-	1,817	9,853	-	-	386,592
Write-off / disposal of assets	(183)	-	-	(1,060)	-	-	(1,243)
Depreciation	(99,909)	-	(1,432)	(5,204)	(2)	(3)	(106,550)
Impairment write-back of assets to recoverable amount	-	-	3,976	-	-	-	3,976
Revaluation gain recognised in equity	27,595	-	60	-	-	-	27,655
Carrying amount at 30 June 2024	5,074,136	282,125	33,338	28,430	8	50	5,418,087

Valuation techniques and significant unobservable inputs in level 3 items

	Valuation technique	Significant unobservable inputs	Range (average)	Sensitivity of the input to fair value
Land (specialised)	Market approach	Community service obligation (CSO) adjustment	10% to 60% (21%) \$100 to \$29 million (\$0.4 million)	A significant increase or decrease in the community service obligation adjustment would result in a higher or lower land valuation
Infrastructure	Income approach using a discounted cash flow model	Weighted average cost of capital (WACC)	5% to 5.4% (5.2%)	If the WACC had changed by +/- 0.25% from the year end valuation, the impact to the valuation would have been a decrease of \$184.0 million and an increase by \$125.9 million
		Terminal value exit RAB multiple (inclusive of inflation)	1.15x to 1.25x (1.20x)	If the terminal value exit rate RAB had changed by +/- 0.05x from the year end valuation, the impact to the valuation would have been an increase / (decrease) of \$311.1 million
		Original useful life	1 to 100 years (59 years)	A significant increase or decrease in the estimated useful life of infrastructure would result in a significantly higher or lower fair value
Plant and equipment	Depreciated cost (deemed fair value)	Original useful life	2 to 25 years (5 years)	A significant increase or decrease in the useful life impacts the fair value of plant and equipment
		Cost per unit	\$100 to \$2.1 million (\$17,963)	A significant increase or decrease in cost per unit impacts the fair value of plant and equipment
Buildings	Depreciated replacement cost approach	Cost per square metre	\$123 to \$5,466 (\$4,603)	A significant increase or decrease in cost per square metre impacts the fair value of buildings
		Useful life (remaining)	3 to 29 years (22.6 years)	A significant increase or decrease in useful life impacts the fair value of buildings

7.4.2 Fair value – Financial assets and liabilities

The fair value of derivative instruments, refer note 5.2, 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 our Contract of Difference derivative is valued using unobservable inputs such as future wholesale electricity prices provided by the Department of Energy, Environment and Climate Action, an 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 includes factors influencing supply and demand fluctuations, and the current economic conditions. In addition, assumptions are applied to forecast the renewable energy generation volumes over the life of the derivative instrument. To the extent that the significant inputs are unobservable, we have categorised these derivatives as level 3 within the fair value hierarchy.

Notes to the financial statements for the year ended 30 June 2024

The valuation adopted by us in the preparation of the 2023 financial statements for the derivative instrument was based on the derivative value at 30 June 2022 adjusted for payments and receipts related to electricity price differences under the Contract for Difference (CfD) during the 2023 financial year. Following the lodgement of the 2023 financial statements, we received a formal valuation of the CfD and we have presented the 2024 financial statements adopting the formal valuation. We have recognised an increase in the derivative liability of \$0.3 million with a corresponding loss on fair value of

derivative financial instruments of \$0.3 million, before tax, restating the 2022-23 comparatives.

At 30 June 2024 the value of the derivative liability has been calculated by adopting the derivative value at 30 June 2023 adjusted for payments and receipts related to electricity price differences under the Contract for Difference (CfD) during the 2024 financial year. We do not anticipate a material adjustment to our derivative value when the valuation is received and will recognise this in the 2025 financial statements.

Reconciliation of level 3 fair value movements

	2024 \$'000	2023 \$'000
Balance at 1 July	(910)	(513)
Net cash settlements (received)/paid	85	(97)
Gain / (loss) on fair value of derivative financial instruments	-	(300)
Carrying amount at 30 June	(825)	(910)

Valuation techniques and significant unobservable inputs in level 3 items

The 2022-23 valuation had the following inputs:

	Valuation technique	Significant unobservable inputs	Range (average)	Sensitivity of the input to fair value
Financial derivative instruments	Discounted cash flow method	Wholesale electricity price forecasts	\$13.16 to \$60.09 / MWh (\$29.69)	An increase/ (decrease) in the wholesale electricity price forecasts of 10% would result in an increase/ (decrease) to fair value by \$0.1 million
		Discount rate - risk free rates of zero coupon government bonds	3.9520% - 4.3678% (4.0534%)	An increase/ (decrease) in the discount rate of 1% would result in an increase/ (decrease) to fair value by \$0.3 million
		Credit value adjustment - Australian Corporate Bond Spreads and Yields	176.80 - 262.33 (223.58)	An increase/ (decrease) in the credit value adjustment of 1% would result in an increase/ (decrease) to fair value by \$0.3 million

8 | Statutory obligations

Introduction

This section includes disclosures in relation to our statutory obligations.

Structure

- 8.1 Income tax
- 8.2 Environmental contributions
- 8.3 GST

8.1 Income tax

We're subject to the National Tax Equivalent Regime (NTER), which is administered by the Australian Taxation Office (ATO). The income tax expense for the period is the expected tax payable on the current period's taxable income. This is based on the national corporate income tax rate of 30%, adjusted by changes in deferred tax assets and liabilities attributable to temporary

differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

The income tax expense for the financial year differs from the amount calculated on the net result. The differences are reconciled as follows:

Income tax	2024 \$'000	2023 \$'000
Statement of comprehensive income		
Current income tax expense payable	50,651	47,778
Deferred income tax expense		
Temporary differences	1,634	(8,013)
Income tax expense reported in the statement of comprehensive income	52,285	39,765
Statement of changes in equity		
Income tax reported in equity	(8,512)	13,133
Tax reconciliation		
Net result before income tax expense	174,297	132,782
Tax at the Australian tax rate of 30%	52,289	39,835
(Deductible)/non-deductible expenses	(42)	(24)
Non-deductible depreciation	6	6
Assessable income/(deduction)	32	(52)
Income tax on profit before tax	52,285	39,765
Income tax payable		
Current tax payable	7,382	8,665

Notes to the financial statements for the year ended 30 June 2024

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantially enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. No deferred tax asset or liability is recognised

in relation to these temporary differences if they arose in a transaction that at the time of the transaction did not affect either accounting profit or taxable profit or loss. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

	2024 \$'000	2023 \$'000
Deferred tax assets		
Amounts recognised in the statement of comprehensive income		
Provisions	13,950	13,694
Buildings future deductible amounts	461	1,636
Contract liability	-	38
Total	14,411	15,368
Movements		
Opening balance 1 July	15,368	14,421
Credited to comprehensive income	(957)	947
Closing balance at 30 June	14,411	15,368
Deferred tax liabilities		
Amounts recognised in the statement of comprehensive income		
Property, plant and equipment	(357,728)	(357,104)
Defined benefit superannuation asset	322	403
Amounts recognised directly in equity		
Revaluation of infrastructure to fair value	(122,891)	(114,613)
Revaluation of land to fair value	(93,206)	(93,206)
Revaluation of buildings to fair value	(925)	(794)
Defined benefit superannuation asset	(4,654)	(4,498)
Total	(579,082)	(569,812)
Movements		
Opening balance 1 July	(569,812)	(590,015)
Credited to comprehensive income	(758)	7,070
Credited to other comprehensive income	(8,512)	13,133
Closing balance at 30 June	(579,082)	(569,812)
Net deferred tax liabilities	(564,671)	(554,444)

8.2 Environmental contributions

A 2004 amendment to the *Water Industry Act 1994* (the Act) provided for environmental contributions to be paid by Victoria's water supply authorities to government for the purposes of funding initiatives that promote the sustainable management of water or address adverse water-related environmental impacts. The responsible Minister may make an Order for up to 4 years that specifies the details relating to the obligation to pay environmental contributions.

The sixth tranche of the environmental contribution imposed a statutory obligation to pay an environmental contribution to the Department of Energy, Environment and Climate Action (DEECA) of \$47.5 million each year for the period 1 July 2024 to 30 June 2028. These contributions are recognised as an expense during the reporting period in which they are incurred.

Environmental contribution commitments at balance date not provided for in the financial statements are as follows:

	2024 \$'000	2023 \$'000
Payable		
Not later than one year	47,458	47,430
Later than one year but not later than 5 years	142,374	-
Total	189,832	47,430

8.3 Goods and services tax (GST)

Revenues, expenses and assets are recognised net of GST, except where the amount of GST incurred is not recoverable from the ATO. In these circumstances, GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST. The net amount of GST receivable from or payable to the ATO is included in the balance sheet as part of receivables or payables, refer notes 5.1 and 5.4.

Cash flows are presented in the cash flow statement on a gross basis except for the GST component of investing and financing activities which are disclosed as operating cash flows.

9 | Other disclosures

Introduction

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

Structure

- 9.1 Contributed equity
- 9.2 Retained earnings
- 9.3 Asset revaluation surplus
- 9.4 Responsible persons
 - 9.4.1 Remuneration of responsible persons
- 9.5 Remuneration of executive officers
- 9.6 Related party
 - 9.6.1 Transactions with government-related entities
 - 9.6.2 Transactions with key management personnel and other related parties
 - 9.6.3 Key management personnel
- 9.7 Ex-gratia expenditure
- 9.8 Economic dependency
- 9.9 Events subsequent to balance sheet date
- 9.10 Australian accounting standards issued that are not yet effective

Notes to the financial statements for the year ended 30 June 2024

9.1 Contributed equity

Additions to net assets which have been designated as contributions by owners are recognised as contributed equity. Other transfers that are in the nature of contributions or distributions (capital repatriation) have been recognised in contributed equity.

	2024 \$'000	2023 \$'000
Opening balance at 1 July	414,462	384,602
Transfer of equity ¹	-	29,860
Less capital repatriation ²	(72,730)	-
Closing balance 30 June	341,732	414,462

¹ During the prior year, the Department of Transport and Planning in accordance with *FRD 119 - Transfers through Contributed Capital* transferred to us water and sewer assets related to the North East Link roads project. These assets have been recognised in our infrastructure asset value.

² On 29 June 2023 the Treasurer advised us of a capital repatriation of \$36.4 million. Under *FRD 119 - Transfers through contributed equity*, this transaction was not recognised until payment occurred on 31 July 2023. A further capital repatriation payment of \$36.4 million was made on 28 June 2024.

9.2 Retained earnings

	Note	2024 \$'000	2023 \$'000
Opening balance at 1 July		611,811	543,369
Sale of land classified as held for sale	4.5	-	15,663
Net profit after tax		122,012	93,017
Defined benefit superannuation plan actuarial gain ¹		519	1,641
Net deferred tax assets recognised through retained earnings ¹		(156)	(492)
Efficiency dividend		(1,700)	-
Dividends paid/payable		(39,751)	(41,387)
Closing balance at 30 June		692,735	611,811

¹ Defined benefit superannuation plan actuarial gain net of tax effect \$363,000 (2023: \$1,149,000), refer note 3.2.3.2.

Dividend

An obligation to pay a final dividend only arises after a formal determination is made by the Treasurer following consultation between the Board, the relevant portfolio Minister and the Treasurer. In June 2023 the determination for an interim dividend of \$18.3 million was declared with payment occurring in July 2023 and a final dividend for 2022-23 of \$25.5 million paid in December 2023.

In addition to the interim and final dividends, the Treasurer determined that Yarra Valley Water pay a dividend for efficiency savings as part of the government's COVID Debt Repayment Plan.

9.3 Asset revaluation surplus

The asset revaluation surplus is used to record changes in the carrying amount of fixed assets arising on revaluation. Any revaluation increment is credited to the asset revaluation surplus unless it's reversing a previous decrement that was recognised in the statement of comprehensive income. In this case the increase reverses the previous decrement up to the full amount of the

decrement and then any additional increment is recognised in the reserve. A decrement would be debited to the asset revaluation surplus to the extent of the balance of prior increments recognised in the reserve. Any further decrements would be taken to the statement of comprehensive income.

	Note	Infrastructure \$'000	Land \$'000	Buildings \$'000	Total \$'000
Balance at 1 July 2022		299,224	476,248	1,976	777,448
Sale of land classified as held for sale	4.5	-	(15,663)	-	(15,663)
Revaluation, net of tax effect	4.2	(31,792)	-	-	(31,792)
Balance at 30 June 2023		267,432	460,585	1,976	729,993
Revaluation, net of tax effect	4.2	19,316	-	181	19,497
Balance at 30 June 2024		286,748	460,585	2,157	749,490

9.4 Responsible persons

The relevant Minister and Yarra Valley Water directors are deemed to be responsible persons by Ministerial Direction pursuant to the provisions of the *Financial Management Act 1994*.

The responsible persons of Yarra Valley Water at any time during the financial year ended 30 June 2024 were:

Hon Harriet Shing MP	Minister for Water
Gabrielle Bell (<i>appointed 1 October 2023</i>)	Chair of the Board
Robert Clive Skinner	Deputy Chair of the Board
Patrick John McCafferty	Managing Director
Victor John Perton	Director
Karen Milward	Director
Victoria Fay Marles	Director
Ari Daniel Suss	Director
Catherine (Kate) Deborah Vinot	Director
Mary Kanavoutos (<i>appointed 1 October 2023</i>)	Director
Robyn Leigh McLeod (<i>appointed 1 October 2023</i>)	Director
Sue Therese O'Connor (<i>retired 30 September 2023</i>)	Chair of the Board
Helen Lynette Thornton (<i>retired 30 September 2023</i>)	Director
Ian David Hamm (<i>retired 30 September 2023</i>)	Director

Notes to the financial statements for the year ended 30 June 2024

9.4.1 Remuneration of responsible persons

The Minister's remuneration and allowance are set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported within the State's Annual Financial Report. Other relevant interests are declared in the Register of Members' Interest which each member of Parliament completes.

The number of responsible persons from Yarra Valley Water whose remuneration was within the specified bands were as follows:

	2024 No.	2023 No.
\$10,000 to \$19,999	2	-
\$20,000 to \$29,999	1	-
\$40,000 to \$49,999	2	-
\$50,000 to \$59,999	6	8
\$80,000 to \$89,999	1	-
\$100,000 to \$109,999	-	1
\$510,000 to \$519,999	-	1
\$530,000 to \$539,999	1	-
Total number	13	10
Total amount (\$'000)	1,111	1,073

9.5 Remuneration of executive officers

The number of executive officers, other than the Minister and accountable officer, and their total remuneration during the period are shown in the table below. Total annualised employee equivalents provide a measure of full time equivalent executive officers over the reporting period.

Remuneration comprises employee entitlements in all forms of consideration paid, payable or provided by us, or on behalf of us in exchange for services rendered, and is disclosed in the following categories:

- **Short-term employee entitlements** include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as allowances
- **Post-employment entitlements** include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased

- **Other long-term entitlements** include long service leave, other long service benefit or deferred compensation
- **Termination entitlements** include termination of employment payments, such as severance packages

	2024 \$'000	2023 \$'000
Short-term employee entitlements	2,207	2,274
Post-employment entitlements	341	181
Other long-term employment entitlements	59	61
Total amount (\$'000)	2,607	2,516
Total number	7	7
Total annualised employee equivalent (AEE)^{1&2}	7	7

¹ AEE is based on the time fraction worked over the reporting period.

² Includes executive officers, acting executive officers (if on an executive contract) and those who ceased employment during the year.

9.6 Related party

Related parties include:

- All key management personnel and their close family members, and personal business interests (controlled entities, joint ventures and entities they have significant influence over).
- All cabinet ministers and their close family members.
- All department and public-sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

All related party transactions have been entered into on an arm's length basis, unless otherwise stated.

9.6.1 Transactions with government-related entities

9.6.1.1 Significant transactions with government-related entities

During the year, we had the following government-related entity transactions. The activities are further described in the second table.

Transactions		2024 \$'000	2023 \$'000
Department of Energy, Environment and Climate Action (DEECA)			
Revenue recognised	Administration fees	3,511	3,219
	Grant funding	1,758	347
Expenses recognised	Environmental contributions	47,430	47,430
Cash amounts collected and paid during the year	Parks Victoria levy	70,584	74,987
Payables at 30 June	Parks Victoria levy	8,309	2,102
Melbourne Water			
Revenue recognised	Administration fees	6,462	5,618
Expenses recognised	Bulk water and sewerage wholesaler charges	534,368	500,240
Cash amounts collected and paid during the year	Drainage levy	106,618	97,626
Payables at 30 June	Drainage levy	12,414	12,448
	Information statements	615	170
	Bulk water and sewerage wholesaler charges	3,770	2,716
Treasury Corporation Victoria (TCV)			
Expenses recognised	Interest on borrowings	120,214	101,458
Payables at 30 June	Aggregate Borrowings	3,868,000	3,509,500
	Interest on borrowings	25,503	24,488
Department of Treasury and Finance (DTF)			
Expenses recognised	Financial accommodation levy	46,641	41,733
	Income tax equivalent	52,285	39,765
Cash amounts paid during the year	Dividends	59,775	23,063
	Capital repatriation	72,730	-
Payables at 30 June	Financial accommodation levy	12,188	10,499
	Dividends	-	18,324
	Income tax equivalent	7,382	8,665
Department of Families, Fairness and Housing (DFFH)			
Cash amounts paid during the year	Concessions	52,224	51,841
	Utility Relief Grants	4,090	3,349
	Water concession for life support haemodialysis machines	12	19
Receivables at 30 June	Concessions and utility relief	3,339	5,031
State Revenue Office (SRO)			
Expenses recognised	Payroll tax	6,235	5,252
Cash amounts received during the year	Concessions	1,416	1,241
Receivables at 30 June	Concessions	334	407

Notes to the financial statements for the year ended 30 June 2024

Transactions	Note	Brief description
Administration fees	2.1	We charge DEECA and Melbourne Water for the services we provide in billing and collecting parks and drainage fees respectively on their behalf and on charge costs incurred regarding supplementary council valuations.
Parks Victoria levy		Under a normal commercial agency arrangement, we bill and collect charges related to Parks Victoria services on behalf of the Minister for Water. In 2023-24 the levy moved from being charged annually at the beginning of the financial year, to being charged quarterly.
Drainage levy		Under a normal commercial agency arrangement, we bill and collect drainage rates and charges on behalf of Melbourne Water.
Grant funding		We receive funding from government bodies to support various activities.
Bulk water and sewerage wholesaler charges	3.1	We transact solely with Melbourne Water for the purchase of drinking water and disposal of sewage.
Information statements		We pay a fee to Melbourne Water for drainage information included in information statements we issue to third parties.
Interest on borrowings and financial accommodation levy (FAL)	6.1	We pay interest and FAL on our borrowings from TCV.
Income tax equivalent	8.1	Income tax equivalents are remitted to the Victorian Government, via DTF.
Environmental contributions	8.2	Environmental contribution paid to DEECA.
Payroll tax		Payments to the SRO for employment related taxes.
Concessions		<p>Customers who hold a Pension Concession Card, a Gold Repatriation Health Care Card for All Conditions or a Health Care Card are entitled to pay a concessionary amount instead of the full balance outstanding on their accounts. When a customer pays this lesser amount, the difference is billed to and paid by DFFH.</p> <p>Not-for-profit organisations that use land for the community's benefit to provide outdoor sporting, cultural or recreational activities for a charitable purpose are eligible for a rebate. When a customer receives a rebate and pays this lesser amount, the difference is billed to and paid by the SRO.</p>
Utility relief grants		The Utility Relief Grant scheme provides assistance for residential customers unable to pay their utility accounts due to a temporary financial crisis. Customers need to demonstrate that unexpected hardship has left them seriously short of money so that they cannot pay their utility account without assistance.
Water concession for life support haemodialysis machines		The Victorian Government provides a rebate for customers required to use a dialysis/life support machine at home, to compensate for water use and sewage disposal charges relating to its use. The rebate amount is determined by DFFH based on the estimated annual water usage of a dialysis machine (168kL). This rebate is in addition to any other pension or concession entitlements.
Capital repatriation	9.1	Capital repatriation remitted to the Victorian Government, via DTF.
Dividends	9.2	Dividends remitted to the Victorian Government, via DTF.

9.6.1.2 Other water bodies

We regularly work on projects impacting our industry in conjunction with other metropolitan water bodies, namely South East Water (SEW), Greater Western Water and Melbourne Water (MW). Where this occurs it is common for one entity to manage the expenditure in respect of all parties and invoice the others for joint costs. Ms Bell was a director of SEW and Iota Services Pty Ltd a subsidiary of SEW for the period 1 July to 30 September 2023. Ms McLeod was a director of MW for the period 1 July to 30 September 2023.

During the year we sold water entitlements to Gippsland Water. Refer to note 2.2 for further information.

9.6.1.3 Development Victoria

Development Victoria is a government agency that creates places for the community to live and work across Victoria, through diverse and strategic property development and urban renewal projects. During the financial year we reimbursed Development Victoria \$1.4 million for reimbursable sewer works and invoiced them \$0.3 million for fees and bonds associated with other development works.

We also received Developer Contributed Assets valued at \$0.8 million from Development Victoria who were required, under a Development Deed with us, to construct water and sewer assets to enable Statement of Compliance on subdivisions completed within our district.

9.6.1.4 Other Victorian Government related parties

Water and sewerage services were provided to wholly owned Victorian Government entities for properties within our district under normal commercial terms and conditions.

Given the breadth and depth of our activities, we transact with Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements. All other transactions with Victorian Government related parties were made on normal commercial terms and conditions and have not been considered material for disclosure.

9.6.2 Transactions with key management personnel and other related parties

9.6.2.1 Zero Emissions Water

Zero Emissions Water (ZEW) is a related party of Yarra Valley Water, refer note 5.2. Below is a summary of the transaction and holdings with ZEW related to the Power Purchase Agreement.

	Note	2024 \$'000	2023 \$'000
Receipts from ZEW	2.2	24	150
Payments to ZEW	4.3	191	73

9.6.2.2 Thriving Communities Australia

During the year we continued to support Thriving Communities Australia (TCA), a national cross-sector collaboration with the goal that everybody has fair access to the modern essential services they need to thrive in contemporary Australia. Our Managing Director Pat McCafferty is Chair of TCA and we are a member of TCA. During the year we actively participated in the development of TCA's One Stop One Story Hub project, aimed at improving the experience and effectiveness of support for vulnerable customers in assessing essential services.

9.6.2.3 WaterAid

During the year we continued to support WaterAid, a charity that enables the world's poorest people to gain access to clean water, decent toilets and good hygiene, allowing them to unlock their potential. Our Managing Director Pat McCafferty is Deputy Chair of WaterAid. We participate in WaterAid's fundraising activities such as its annual "Walk for Water" event.

9.6.2.4 Mullum Mullum Indigenous Gathering Place

During the year we supported Mullum Mullum Indigenous Gathering Place (MMIGP) which provides a culturally safe and inclusive space for First Peoples to come together to feel connected and empowered. Our Director Karen Milward is Chairperson of MMIGP. We've supported MMIGP by providing them office space at our Mitcham site whilst they undergo a rebuild of their site in Croydon.

9.6.2.5 Kinaway Chamber of Commerce Victoria Limited

Our Director, Karen Milward is also a Director of Kinaway Chamber of Commerce Victoria Limited (Kinaway). Kinaway is the peak body representing certified Aboriginal and Torres Strait Islander business in Victoria. We are a platinum partner of Kinaway. During the year, we also sponsored Kinaway's Victoria Aboriginal Business Awards.

9.6.2.6 VicWater

Our Director, Victor Perton is a Director of VicWater, an industry association representing various Victorian water corporations and water sector organisations. VicWater's purpose is to unite the water sector to deliver better outcomes for Victorian customers, community and the environment.

Notes to the financial statements for the year ended 30 June 2024

9.6.2.7 Jacobs Group (Australia) Pty Ltd

In October 2023, our Director Mary Kanavoutos was appointed by the Minister of Water to our Board. Ms Kanavoutos is employed by Jacobs as their ANZ Market Director - Water. Prior to Ms Kanavoutos appointment, as disclosed in our 2021-22 Annual Report, we entered into 2 contracts for engineering design services across our infrastructure projects. One of these contracts is with Jacobs Group (Australia) Pty Ltd to the value of \$66.2m (excluding GST). This is a non-exclusive contract with no obligation on us to engage Jacobs' services. The initial term of the contract is 5 years from 1 January 2022 to 31 December 2026 with an option to extend the arrangement up to a maximum of 5 years. The contract includes a framework for service rates and key performance indicators. The contract is managed by our Growth Futures division.

Where matters related to Jacobs are raised to the Board, we follow appropriate procedures to avoid the conflict of interest. Since Ms Kanavoutos' appointment to our Board, another member of the Jacobs team has taken over Ms Kanavoutos' position on the Jacobs executive leadership team in respect of this contract.

During the 2023-24 financial year, we received invoices totalling \$15.8 million (excluding GST).

9.6.2.8 Deloitte Touché Tohmatsu

In October 2023, our Chair Gabrielle Bell was appointed by the Minister of Water to our board. Ms Bell's spouse is a Partner at Deloitte Touché Tohmatsu. Prior to Ms Bell's appointment, we had entered a number of contracts with Deloitte. We have set out below the impact of these contracts on our current financial year:

- Internal Audit - In July 2022 we engaged Deloitte Touché Tohmatsu under the State Purchasing Contract to provide internal audit services to an estimated value of \$0.4m. The contract is for an initial 3 year term, expiring 30 June 2025. Internal audit services are managed by our Finance and Corporate Services division. and disclosed in note 3.4.
- IT Services - In October 2020 we entered an agreement with Deloitte Risk Advisory Pty Ltd in respect of IT services related to our OT Security Operations Centre. This contract is due to expire in April 2025. In 2019 we entered an agreement with Deloitte Risk Advisory Pty Ltd for software maintenance and support, renewing annually until September 2023. Both contracts are managed by our Service Futures division.

- Feasibility Study - In July 2023 we entered an agreement with Deloitte to assist us in an analysis of sewerage sludge in a circular economy at a cost of \$0.1m. This contract expired on 30 June 2024. The contract is managed by our Growth Futures team.
- Professional services – We obtained professional services advice from Deloitte under the State Purchasing Contract.

Where matters related to Deloitte, are raised to the Board, we follow appropriate procedures to avoid the conflict of interest.

During 2023-24 we received invoices totalling \$1 million (excluding GST).

9.6.2.9 Australian Land Conservation Alliance

Our Director, Victoria Marles is also the Chair of the Australian Land Conservation Alliance (ALCA). ALCA is Australia's peak national body representing organisations that work to conserve, manage, and restore nature on private land. During the year we sponsored the private land conservation conference.

9.6.2.10 Other transactions with key management personnel and other related parties

All other key management personnel and other related party transactions have been considered immaterial for disclosure. In this context, transactions are only disclosed when they are considered necessary to draw attention to the possibility that the existence of related parties may have affected our balance sheet and statement of comprehensive income, and by transactions and outstanding balances, including commitment, with such parties.

9.6.3 Key management personnel

Key management personnel are people with authority and responsibility for planning, directing and controlling the activities of Yarra Valley Water, directly or indirectly, comprising independent directors and the Managing Director. Key management personnel (as defined in AASB 124 *Related Party Disclosures*) includes the Portfolio Minister and all directors listed under responsible persons in note 9.4 who have the authority and responsibility for planning, directing and controlling our activities directly or indirectly, during the financial year.

The compensation detailed below excludes the salaries and entitlements the Portfolio Minister receives. The Minister's remuneration and allowances are set by the *Parliamentary Salaries and Superannuation Act 1968* and reported within the state's annual financial report.

	2024 \$'000	2023 \$'000
Short-term employee entitlements	996	963
Post-employment entitlements	102	97
Other long-term employment entitlements	13	13
Total amount (\$'000)	1,111	1,073
Total number	13	10
Total annualised employee equivalent (AEE) ¹	10	10

¹ AEE is based on the time fraction worked over the reporting period.

9.7 Ex-gratia expenditure

Ex-gratia expenses are voluntary payments of money or other non-monetary benefit (for example a write-off) that is not made either to acquire goods, services or other benefits for Yarra Valley Water or to meet a legal liability, or to settle or resolve a possible legal liability of or claim against us. Macroeconomic conditions can impact our response to customer debt, refer note 7.2.3.3. In accordance with *FRD 11 - Disclosure of Ex-Gratia Expenses* we are required to make these disclosures.

	2024 \$'000	2023 \$'000
Write-offs for disconnected customer accounts greater than 180 days	3,701	2,944
Hardship write-offs for customers in the Arrange and Save Program	2,934	2,696
Minimum account write-offs	151	176
Family violence bill adjustment	71	55
Bankruptcies and liquidations	-	18
COVID-19 related credit, rebate or relief outside of hardship program	1	12
Total	6,858	5,901

All ex-gratia expenses (except hardship write-offs for customers in the Arrange and Save Program and COVID-19 and family violence related credits, rebate or relief) above form part of bad and doubtful debts expense, refer note 3.1.

9.8 Economic dependency

Our normal trading activities are significantly dependent on the provision of finance from the Treasury Corporation of Victoria.

9.9 Events subsequent to balance sheet date

No matters or circumstance has arisen that, in the opinion of the directors, has significantly affected or may significantly affect our operations, the results of those operations, or the state of affairs in future financial years.

9.10 Australian accounting standards issued that are not yet effective

The Australian Accounting Standards Board has issued a list of amending standards. In general, these amending standards include editorial and reference changes that are expected to have insignificant impacts on our financials. Of these we note *AASB 2020-1* classification of liabilities as current or non-current will alter the definition of a current liability by removing the need for a right to defer settlement of a liability to be unconditional. Instead it will be sufficient for us to have the right to defer at the end of the reporting period. This amendment will come into effect on 1 July 2024 (*AASB 2022-6*) and is expected to increase our noncurrent borrowings and reduce our current borrowings by the same amount.

There are no other standards yet to come into effect that are expected to have a material impact on the entity in the current or future reporting periods or on foreseeable future transactions.

Notes to the financial statements for the year ended 30 June 2024

Statutory Certification

The attached financial statements of Yarra Valley Water Corporation have, in our opinion, been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer issued pursuant to the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

In our opinion, the information set out in the statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and accompanying notes presents fairly the financial transactions during the year ended 30 June 2024 and financial position of Yarra Valley Water at 30 June 2024.

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.

We authorise the attached financial statements for issue dated at Melbourne on 27 August 2024.



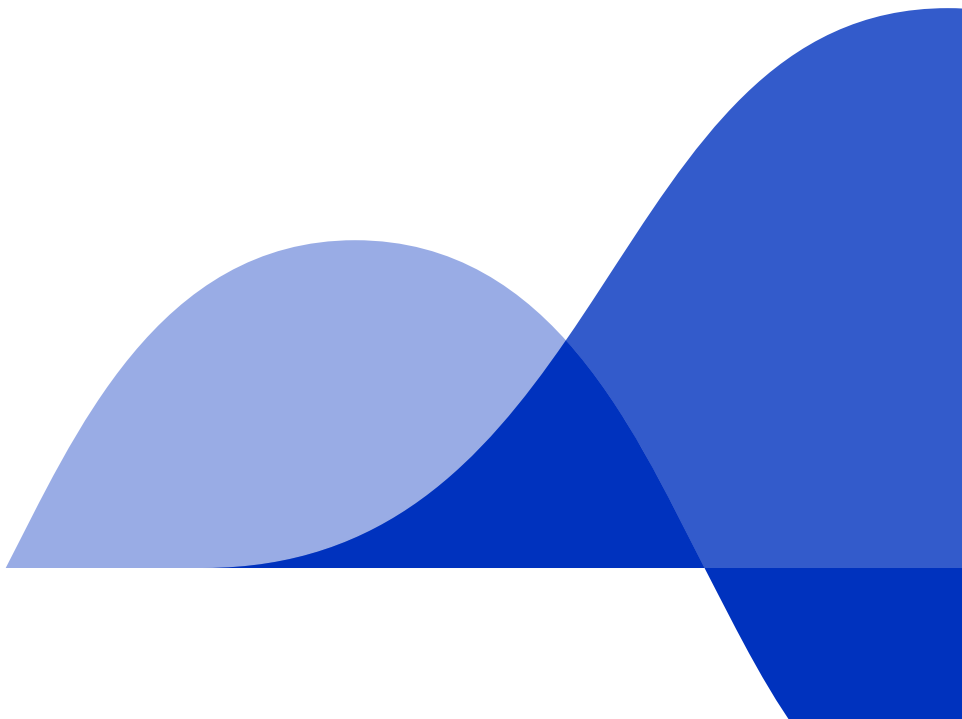
Gabrielle Bell
Chair

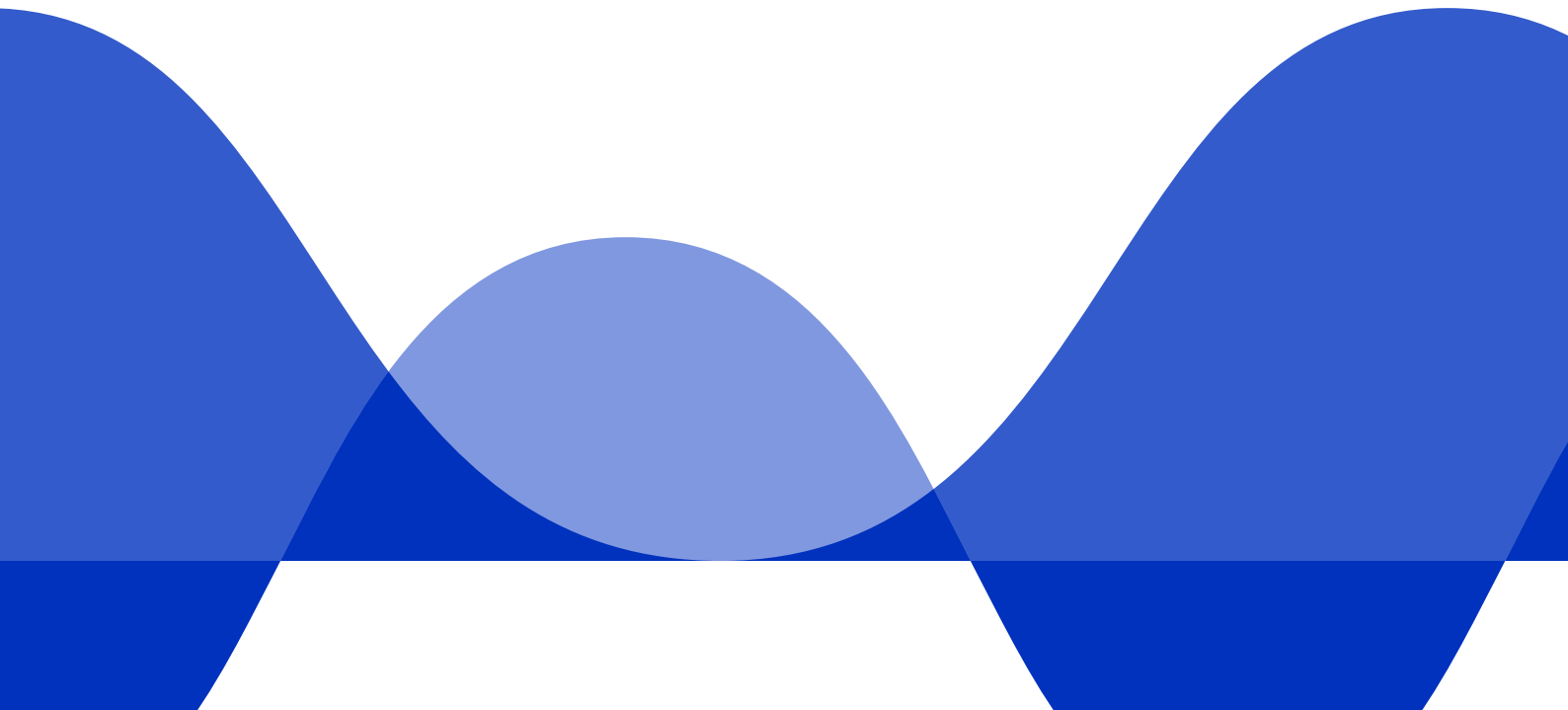


Patrick J McCafferty
Managing Director



Natalie Foeng
Chief Financial Officer





Auditor General's Report



Independent Auditor's Report

To the Board of the Yarra Valley Water Corporation

Opinion	<p>I have audited the financial report of the Yarra Valley Water Corporation (the corporation) which comprises the:</p> <ul style="list-style-type: none">• balance sheet as at 30 June 2024• statement of comprehensive income for the year then ended• statement of changes in equity for the year then ended• cash flow statement for the year then ended• notes to the financial statements, including significant accounting policies• statutory certification. <p>In my opinion, the financial report presents fairly, in all material respects, the financial position of the corporation as at 30 June 2024 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the corporation in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Other Information	<p>The Board is responsible for the "Other Information" included in the corporation's Annual Report for the year ended 30 June 2024. The Other Information in the Annual Report does not include the financial report, the performance report and my auditor's reports thereon. My opinion on the financial report does not cover the Other Information included in the Annual Report. Accordingly, I do not express any form of assurance conclusion thereon.</p> <p>In connection with my audit of the financial report, my responsibility is to read the Other Information when it becomes available and, in doing so, consider whether the Other Information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a materially misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.</p>
Key audit matters	<p>Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. These matters were addressed in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.</p>

Key audit matter	How I addressed the matter
<p>Revenues from service and usage charges <i>Note 2.1 – Revenue from contracts with customers</i></p> <p>Revenue from service and usage charges: \$1.005 billion</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 system and business rules are complex, and inputs to the system 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 2024 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>.
<p>The fair value estimate of infrastructure assets <i>Note 4.1 – Total Infrastructure, property, plant and equipment</i></p> <p>Fair value of infrastructure assets: \$5.074 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 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)	<p>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.</p> <p>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.</p>
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MELBOURNE
9 September 2024



Paul Martin
as delegate for the Auditor-General of Victoria

Disclosure Index





5

Yarra Valley Water's 2023-24 Annual Report is prepared in accordance with all relevant Victorian legislation and pronouncements. This index has been prepared to facilitate identification of Yarra Valley Water's compliance with statutory disclosure requirements.

Legislation	Disclosure requirement	Page
Report of operations and additional information		
Charter and purpose		
FRD 22	Manner of establishment and the relevant Ministers	9 & 167
FRD 22	Purpose, functions, powers and duties	4-41
FRD 22	Key initiatives and projects	16-41
FRD 22	Nature and range of services provided	4-5, 8-9 & 12-14
Management and structure		
FRD 22	Organisational structure	45
Financial and other information		
FRD 10	Disclosure index	182-183
FRD 12	Disclosure of major contracts	68
FRD 15	Executive Officer disclosures	62
FRD 22	Five-year summary of financial results	40-41
FRD 22	Employment and conduct principles	34-36 & 58-63
FRD 22	Occupational health and safety policy	36 & 61
FRD 22	Summary of the financial results for the year	39-41
FRD 22	Significant changes in financial position during the year	116-117
FRD 22	Major changes or factors affecting performance	16-41
FRD 22	Subsequent events	116-117
FRD 22	Application and operation of <i>Freedom of Information Act 1982</i>	65
FRD 22	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	66
FRD 22	Statement on National Competition Policy (Competitive Neutrality Policy)	68-69
FRD 22	Application and operation of the <i>Public Interest Disclosure Act 2012</i>	65
FRD 22	Details of consultancies over \$10,000	63
FRD 22	Details of consultancies under \$10,000	63
FRD 22	Disclosure of government advertising expenditure	63
FRD 22	Disclosure of ICT expenditure	63
FRD 22	Disclosure of review and study expenses	64
FRD 22	Disclosure of asset maturity assessment	67
FRD 22	Statement of availability of other information	69
FRD 22	Workforce inclusion policy	34-35 & 58-60
FRD 22 & FRD 29	Workforce data	62
FRD 22	Disclosure of emergency procurement	64
FRD22	Disclosure of procurement complaints	69
FRD 24	Reporting of environmental data by government entities	77 & 93-101
FRD 25	Local Jobs First	68

Legislation	Disclosure requirement	Page
FRD 27	Performance reporting	108-111
Social Procurement Framework	Social procurement disclosure	64
Ministerial reporting directions		
MRD 01	Climate change and energy	86-101
MRD 02	Customer, community and engagement	79-82
MRD 03	Recognise Aboriginal values	83-85
MRD 04	Recognise recreational values	70-72
MRD 05	Resilient and liveable cities and towns	70-79
MRD 06	Leadership, diversity and culture	58-62
MRD 07	Performance and financial management	108-11
MRD 08	Compliance and enforcement	91-92
Compliance attestation and declaration		
SD 5.1.4	Attestation for compliance with Ministerial standing direction	69
SD 5.2.3	Declaration in report of operations	111
Financial Statements		
SD 5.2.2	Declaration in financial statements	173
Other requirements under Standing Directions 5.2		
SD 5.2.1(a)	Compliance with Australian Accounting Standards and other authoritative pronouncements	173
SD 5.2.1(a)	Compliance with Ministerial directions	173
Other disclosures as required by FRDs in notes to the financial statements		
FRD 03	Accounting for dividends	116
FRD 07	Early adoption of authoritative accounting pronouncements	122
FRD 11	Disclosure of ex gratia expenses	173
FRD 17	Wage inflation and discount rates for employee benefits	134
FRD 21	Disclosures of responsible persons, executive officers in the financial report	167-168
FRD 100	Financial reporting directions – framework	entire report
FRD 103	Non-financial physical assets	145
FRD 104	Leases	150
FRD 105	Borrowing costs	148-149
FRD 106	Impairment of assets	153-154
FRD 108	Classification of entities as for-profit	122
FRD 109	Intangible assets	139-141
FRD 110	Cash flow statements	121 & 151
FRD 112	Defined benefit superannuation obligations	131-135
FRD 114	Financial instruments	152-154
FRD 119	Transfers through contributed capital	166
FRD 120	Accounting and reporting pronouncements	173

Legislation

Water Act 1989
Water Industry Act 1994
Freedom of Information Act 1982
Building Act 1993
Public Interest Disclosure Act 2012

Local Jobs First Act 2003
Financial Management Act 1994
Public Administration Act 2004
Environment Protection Act 1970 (Vic)

United Nations Global Compact

The Communication on Progress (COP) reporting has changed. Our 2023-24 COP will be published on the United Nations Global Compact website unglobalcompact.org.



Contact us


 **Enquiries** 1300 304 688
Faults and Emergencies 13 27 62 (24hr)


@ enquiry@yvw.com.au


 yvw.com.au


 **25 Lucknow St,
Mitcham VIC 3132**

For language assistance

 العربية 1300 914 361

 廣東話 1300 921 362

 Ελληνικά 1300 931 364

 普通话 1300 927 363

For all other languages call
our translation service on
03 9046 4173

 **TTY Voice Calls** 133 677

 **Speak and Listen** 1300 555 727