East Gippsland Water

Annual Report
2025-26



ACKNOWLEDGEMENT

We acknowledge and respect the Gunaikurnai, Bidwell and Ngarigo Monero people as the Traditional Custodians of East Gippsland's land and waters. We pay our respects to their Elders both past, present and future leaders.

We recognise and respect their unique cultural heritage beliefs, and intrinsic connection to Country, that continues to be important to them today.

We have a strong commitment to building and developing our relationships and partnerships with Aboriginal and Torres Strait islander peoples, communities and organisations in the East Gippsland region and beyond.

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Strategic Plan 2023-2028

Vision

Water is at the heart of a thriving East Gippsland.

Role

To support a healthy water cycle so communities share the benefits.

Values

- United
- Authentic
- Innovative
- Accountable

Commitments

- We manage our assets to achieve better outcomes for our customers
- We work collaboratively with our partners to achieve better outcomes
- We act to protect the health, safety and wellbeing of our people, the community and the environment.
- We invest to build an engaged, skilled and capable workforce.
- We continually improve our systems and processes to enable our employees to perform efficiently, effectively and safely.
- We continually improve every customer interaction to enhance their experience.
- We proudly support our region by contributing to the prosperity and wellbeing of our local communities.
- We deliver reliable and sustainable service to our customers while being a financially responsible business.
- We act sustainably, adapting to climate change and being responsible in everything we do.

Customer Outcomes

1. Customer water supply will be more secure in a changing climate.
2. Our prioritised capital investment portfolio will be delivered on time on budget.
3. Our assets will be measurably more reliable and available.
4. Annual business plans and objectives will be delivered within budget.
5. Our annual customer net trust score will be 10 or higher.
6. We have a skilled, safe and future-ready workforce.

WHERE WE OPERATE

East Gippsland Water serves an area of over 21,000 square kilometres in the east of Victoria, which boasts some of Australia's most diverse and spectacular scenery.

The region's world-renowned beaches, lakes, high country and national parks are a natural draw-card for those seeking a lifestyle change, as well as for the many tourists that swell the region's population numbers over the busy holiday periods.

We serve a population of around 50,000 people, with a population density of 2.37 persons per square kilometre. Our service area extends from Lindenow and Bairnsdale in the west, to the Wilderness Coast and Mallacoota near the New South Wales border. We also service customers as far north as Dinner Plain in the High Country of the Victorian Alps (Alpine Shire).

We have nine water supply systems that serve the communities of Bairnsdale, Bemm River, Bruthen, Buchan, Cann River, Dinner Plain, Eagle Point, Johnsonville, Lakes Entrance, Lake Tyers Aboriginal Trust, Lake Tyers Beach, Lindenow, Lindenow South, Mallacoota, Marlo, Metung, Newlands Arm, Newmerella, Nicholson, Nowa, Omeo, Orbost, Paynesville, Raymond Island, Sarsfield, Swan Reach and Swifts Creek.

Eleven individual water recycling systems serve Bairnsdale, Bemm River, Bruthen, Cann River, Dinner Plain, Eagle Point, Johnsonville, Lakes Entrance, Lake Tyers Beach, Lindenow, Mallacoota, Marlo, Metung, Newlands Arm, Nicholson, Omeo, Orbost, Paynesville, Raymond Island and Swan Reach.

We have 28,816 water account holders (assessments) and 24,447 wastewater service account holders.



SNAPSHOT OF OUR SERVICES

- 50,000 population served
- 28,816 water customers:
    - 25,636 residential water customers
    - 3,180 non-residential water customers
- 8 water treatment plants
- 4,605 megalitres of drinking water supplied
- 24,447 wastewater customers
    - 22,110 residential wastewater customers
    - 2,337 non-residential wastewater customers
- 11 water recycling systems
- 3,505 megalitres of wastewater collected
- 3,023 megalitres of recycled water produced

THE CORPORATION

We are the East Gippsland Region Water Corporation and trade as East Gippsland Water. We are a regional Victorian water corporation established under the *Water Act 1989* (Vic) on 1 January 1995.

The responsible Ministers during the reporting year were:

- The Hon Gayle Tierney, Minister for Water from 1 July 2025 to 14 April 2026.
- The Hon Harriet Shing, Minister for Water from 15 April 2026 to 30 June 2026.

In accordance with the Water Act, we deliver the full range of retail water services, including water harvesting, storage and drinking water supply. We also provide wastewater collection and treatment services, recycled water for rural and beneficial community uses, and trade waste services to industrial and commercial customers.

ABOUT THIS REPORT

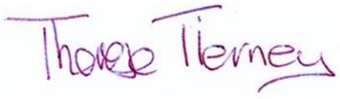
This Annual Report details East Gippsland Water's performance and achievements in all areas of our operations during the 2025-26 financial year.

It has been prepared in accordance with the Financial Reporting Direction FRD 30 - Standard Requirements for the Publication of Annual Reports. This defines the design and print specifications of annual reports to ensure consistency, cost minimisation and low environmental impact.

Further information and previous Annual Reports are available on our website, egwater.vic.gov.au.

Responsible Body Declaration

In accordance with the *Financial Management Act 1994* I am pleased to present East Gippsland Water's Annual Report for the year ending 30 June 2026.

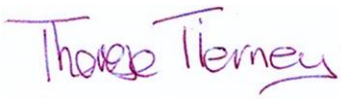


Therese Tierney

Chairperson
East Gippsland Water

East Gippsland Water Financial Management Compliance Attestation Statement

I Therese Tierney, on behalf of the Responsible Body, certify that East Gippsland Water has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.



Therese Tierney

Chairperson
East Gippsland Water
15 September 2026

REPORT FROM THE CHAIRPERSON AND MANAGING DIRECTOR

In 2025-26, East Gippsland Water continued to deliver on its vision of water being at the heart of a thriving East Gippsland, remaining focused on providing safe, reliable and sustainable water and wastewater services while planning for the future needs of our region.

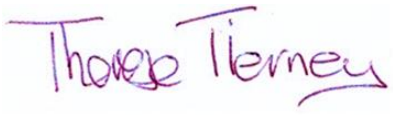
Our customers remain central to everything we do. We were encouraged to see significant improvements in customer perceptions of value, reputation and trust. These results reflect our continued focus on listening to customers, supporting vulnerable members of our community and improving every customer interaction.

The year was characterised by strong progress across our strategic priorities. We invested more than $30 million in asset renewals and infrastructure projects, strengthening service reliability and progressing critical water security initiatives. At the same time, we continued to mature our asset management, project delivery and operational systems to support long-term organisational resilience.

We also strengthened our commitment to sustainability and climate resilience. East Gippsland Water recorded its lowest greenhouse gas emissions to date, while progressing major initiatives in renewable energy, integrated water management and long-term water security planning. This work positions the organisation to respond proactively to the challenges of climate change and population growth.

Underpinning these achievements is a capable and committed workforce. Throughout the year we continued investing in leadership, capability, safety, wellbeing and inclusion, recognising that our people are fundamental to delivering positive outcomes for customers and communities.

We thank the entire community for its ongoing support. We also thank our employees, Board Directors, customers, Traditional Owners, community partners and stakeholders for their support and contribution. Together, we are building a resilient, customer-focused organisation that continues to deliver essential services and create lasting value for East Gippsland.



Therese Tierney

Chairperson



Michael Wandmaker

Managing Director

2025-26 Financial summary

East Gippsland Water recorded a loss before tax of $7.19 million for 2025-26. The drivers behind the increased loss outcome when compared to budget loss of $4.18 million were:

- Reduction in income from metered water sales and developer contributed assets ($2.2 million)
- Implementation of two major Software as a Service products enhancing the project management and asset management capabilities of the business ($2.5 million), accounting treatment in line with AASB 138 Intangibles
- Offset by a concerted effort to reduce reliance on external contractors
- Transition of farming land into productive outcome production and
- Transition of motor vehicle fleet from an ownership model to an operating lease model

Capital works expenditure totalled $30.6 million for the year, with several major projects completed, including the 300ML Paynesville Winter Storage and North Arm Main Supply Pipeline replacement in Lakes Entrance. There was significant progress on the Buchan Water Treatment Plant upgrade and the finalisation of the detailed design for Woodglen 3 water storage.

Total debt was increased from $51 million to $68 million for the reporting period, to support the increasing capital expenditure program. A total of $8.83 million was recorded in cash at the bank at the end of the financial year, which is set aside for $32.1 million of planned capital works projects in 2026-27.

In 2025-26, East Gippsland Water reassessed the income tax treatment of Developer Contributed Assets (DCAs) following the sector-wide engagement with the Australian Taxation Office under the National Tax Equivalent Regime. Historically, DCAs were included in assessable income for income tax purposes. Following the revised treatment, the Corporation amended its income tax returns for the 2020–21 to 2023–24 financial years and received tax refunds totalling $2.85 million plus $250,000 in interest. A further $1.177 million was received for the 2024-25 tax period plus $23,000 in interest.

Summary of Financial Results					
Financial Result	**2021-22**	**2022-23**	**2023-24**	**2024-25**	**2025-26**
	($'000)	**($'000)**	**($'000)**	**($'000)**	**($'000)**
Core business revenue	32,624	34,933	38,224	40,278	41,672
Other revenue	3,126	4,450	8,597	5,409	6,739
Total Revenue	**35,750**	**39,383**	**46,821**	**45,687**	**48,411**
Operating expenditure	22,287	25,860	29,012	29,400	33,767
Depreciation & Amortisation	13,490	14,097	14,607	15,585	16,292
Finance costs	398	451	1,003	1,662	2,768
Other expenditure	1,756	2,611	1,833	1,892	2,774
Total Expenditure	**37,931**	**43,019**	**46,455**	**48,539**	**55,601**
Net result before tax	**-2,181**	**-3,636**	**366**	**-2,852**	**-7,190**
Current assets	16,035	11,580	16,346	19,663	22,682
Non-current assets	549,112	554,915	672,664	681,576	870,856
Total Assets	**565,147**	**566,495**	**689,010**	**701,239**	**893,538**
Current liabilities	10,810	15,022	15,060	21,567	22,439
Non-current liabilities	106,312	106,283	144,817	156,234	220,628
Total Liabilities	**117,122**	**121,305**	**159,877**	**177,801**	**243,067**
Net cash flows from operations	9,129	9,319	8,237	11,789	10,386
Payments for property, plant and equipment (including infrastructure)	10,240	17,288	15,751	28,110	29,567

Summary of Financial Performance					
Performance Indicator	**2021-22**	**2022-23**	**2023-24**	**2024-25**	**2025-26**
Interest Cover (Cash) times	22.40	22.93	9.95	8.28	5.59
Gearing Ratio	2.46%	3.71%	4.82%	7.28%	7.61%
Internal Financing Ratio	59.04%	53.00%	55.54%	44.21%	39.62%
Current ratio	-	0.95	1.42	1.06	1.18
Return on Assets	0.18%	-0.58%	0.20%	-0.20%	-0.62%
Return on Equity	0.16%	-0.63%	0.08%	-0.41%	-1.22%
EBITDA	-	27.44%	40.23%	31.26%	23.70%

Customer account overview					
Customer Type	**2021-22**	**2022-23**	**2023-24**	**2024-25**	**2025-26**
Average Residential (146kL)[1]	$1,200	$1,249	$1,343	$1,398	$1,434
Average Residential (200kL)[1]	$1,321	$1,377	$1,481	$1,541	$1,581
Average Non-Residential	$3,283	$3,422	$3,680	$3,830	$3,929
Tenant (146kL)[1]	$329	$345	$371	$387	$398

[1] *kL is a kilolitre, which is equal to 1,000 litres.*

Corporate Governance (including Risk Management)

THE BOARD

In line with the *Water Act 1989*, the Board of East Gippsland Water has eight members appointed by the Minister for Water based on their skills and experience, and a Managing Director appointed by the Board.

The Board is responsible for establishing corporate strategy and overseeing policies and business objectives to achieve that strategy. It is committed to performing its role with the highest standards of corporate governance.

Therese Tierney OAM, Chairperson

First appointed: October 2019
Current term expires: September 2027

Therese is an experienced CEO, Board Director and Chair. She has held CEO and senior management roles in Melbourne and regional Victoria, and in both the private and public health sectors and local government as both a Councillor and General Manager.

Therese is currently the Chair of VicWater, the Chair of Gippsland Primary Health Network and Chair of Maryvale Private Hospital.

She now works as a consultant, providing strategic and innovative solutions to challenges with business, change management, health/business planning and design, people and systems thinking. This also includes supporting Boards to improve their governance and create a positive and accountable culture.

Committee memberships:

- People, Safety & Culture (Chairperson)
- Strategy (Chairperson)

Andrew Webster

First appointed: October 2021
Current term expires: September 2029

Andrew is the Head of Regulatory, Government Affairs and Compliance at Superloop. He is a non-executive director of Umbrella Dementia Café Limited and a business mentor with the Asylum Seeker Resource Centre. Andrew has over 20 years of experience in utilities, infrastructure, and the public sector in Australia and overseas.

Andrew holds a Master's in Criminal Justice Administration, a Graduate Certificate in Business Law, a Graduate Certificate in Business Administration, a Diploma in Management and a Diploma in Business Management.

He is a Fellow of the Governance Institute of Australia and a graduate of the Australian Institute of Company Directors.

Committee memberships:

- Infrastructure, Operations and Environment (Chairperson)
- Strategy

Michael Wandmaker, Managing Director

Appointed: July 2024

The Managing Director of East Gippsland Water and a Board Director with extensive executive leadership experience spanning the water, engineering, infrastructure, energy, and construction sectors. Michael also served in the military for 20 years, an experience that helped shape his leadership approach, strategic thinking, and commitment to service.

He has held senior leadership positions in major Australian and international organisations, including more than seven years as Managing Director of Melbourne Water, CEO and COO of UGL, President of FT Services in North America, Vice President of Siemens North America, Executive General Manager at Transfield Services, and CEO of Silcar Services.

A qualified engineer with a Bachelor of Engineering (Mechanical and Computing), Michael is a Fellow of Engineers Australia and a Graduate of the Australian Institute of Company Directors. He has also contributed to a range of corporate, industry, and advisory boards, including the Committee for Melbourne, Monash University Industry Advisory Board, Latrobe Magnesium, and Bothar International Tunnel Boring Services.

Mandi Davidson

First appointed: October 2025
Current term expires: September 2029

Mandi Davidson is currently a Regional Director at VicGrid and has over two decades of experience in government and consulting. She specialises in strategic oversight, governance, and stakeholder engagement.

Amongst other educational pursuits, Mandi has attained a Master of Business Administration, Master of Laws – Commercial Law, Master of Arts – Professional Communication and also has a BA in Journalism.

Committee memberships:

- Infrastructure, Operations and Environment
- Strategy

Ian Gibson

First appointed: October 2019
Current term expires: September 2027

Ian is a long-term resident of Gippsland and has extensive networks in the public sector, community organisations, business, academia and sporting bodies.

He holds qualifications as a Master of Public Policy and Management and in Economics and Arts. He also has public sector board experience, which includes the State Electricity Commission of Victoria, Coal Corporation, West Gippsland Catchment Management Authority, Latrobe Regional Hospital and the Mine Land Rehabilitation Authority.

Ian's work experience has been in local government, regional development and tertiary education. He is currently Chair of the Community Advisory Group for the Star of the South offshore windfarm, is the Treasurer of Churchill and District Community Association and the Secretary of Gippsland Goannas Cricket Club.

Committee memberships:

- People, Safety and Culture
- Infrastructure, Operations and Environment
- Strategy

Jamie Williamson

First appointed: October 2023
Term expires: September 2027

Jamie has extensive experience in leadership roles including working within the social services sector at the CEO and executive level and working in the advocacy space. He also has strong stakeholder and community engagement experience within government and the private sector. His expertise comes from being able to engage with diverse communities on a range of subjects including health, education, employment and social policy issues such as housing and crime. He currently sits on the Board of the Australian Dental Council and the Ahpra Community Advisory Council.

With experience of working in remote, rural and urban settings, Jamie has a practical background in program and policy review and development, team building, change management, facilitation and public speaking.

Committee memberships:

- Audit & Risk
- Infrastructure, Operations and Environment
- Strategy

Rochelle Wrigglesworth

First appointed: October 2025
Current term expires: September 2029

Rochelle Wrigglesworth has over 25 years' experience in financial management, audit and risk. Before co-founding FiveFold Financial, Rochelle held senior leadership positions with Crowe Horwath (now Findex) and worked at PricewaterhouseCoopers (PwC).

Rochelle has extensive experience with public sector and not-for-profit organisations, including many years as an audit service provider to the Victorian Auditor-General's Office. She has also previously held commercial finance roles in the UK.

Based in Gippsland, she is passionate about supporting her community and contributing to the region's long-term prosperity. Rochelle is a Graduate of the Australian Institute of Company Directors, a Chartered Accountant (Australia and New Zealand), and a Registered Company Auditor with ASIC.

She is also a director of Central Gippsland Health Service and serves on the Audit and Risk Committees of the Royal Botanic Gardens Victoria, and Central Gippsland Health Service. She previously served as Chair of the Committee for Gippsland, where she was a director for nine years.

Committee memberships:

- Audit & Risk
- Strategy

Steven Wright

First appointed: October 2021
Current term expires: September 2029

Steven Wright is an experienced Director, strategic advisor, consultant and CEO.

He is the Founder and Managing Director of ODIN360, a management consultancy that specialises in undertaking projects for the government, tourism, sport, major events and for purpose sectors. Previously, Steven has held a number of CEO roles including BIG4 Holiday Parks of Australia, Tourism and Events Queensland, Richmond Football Club and the Australian Grand Prix Corporation.

Steven is a member of the Advisory Board of Delaware North Australia.

He holds a Master of Laws and Bachelor of Economics and is a graduate of the Australian Institute of Company Directors. He is also a Life Member of Australian and New Zealand Sports Law Association.

Committee memberships:

- Audit & Risk (Chairperson)
- Strategy

Kate Young

First appointed: October 2021
Current term expires: September 2029

Kate Young is a fourth-generation East Gippslander, a qualified town planner, and a Director at Crowther & Sadler.

Kate brings extensive governance and leadership experience across the water sector, having served on the Board of South Gippsland Water for six years, including four years as Chair of the People, Safety and Culture Committee.

She has also contributed to a range of community and regional organisations, serving as a Board member of Gippsland Grammar, a Director of the East Gippsland Catchment Management Authority, a member of the Gippsland Lakes Ministerial Advisory Committee, and the East Gippsland Shire Inundation and Adaptation Management Project Steering Group.

Kate holds a Bachelor of Arts in Psychology, postgraduate qualifications in Planning and Environment and Criminology, and is a Graduate of the Australian Institute of Company Directors.

Committee memberships:

- People, Safety and Culture
- Strategy

BOARD MEETINGS

The Board meets formally nine times a year, with invited members of the executive management attending as necessary. Additional meetings are held, as required, to consider specific issues.

BOARD COMMITTEES

The Board has constituted a committee structure to assist in meeting its governance obligations. Each committee has a charter that guides its functions and duties and is reviewed regularly.

Audit & Risk Committee

The committee supports the Board in fulfilling its governance and oversight responsibilities in relation to internal and external audit, internal control processes, risk management systems, legal compliance and fraud control. For more details on the Audit & Risk Committee see page 20.

Members:

- Steven Wright (Chairperson)
- Andrew Webster
- Jamie Williamson
- Rochelle Wrigglesworth
- Chris Barry (Independent member)
- Stuart Read (Independent member)

Infrastructure, Operations and Environment Committee

The Infrastructure, Operations and Environment Committee focuses on effective management of technical, operational and environmental risks, compliance with laws and regulations.

Members:

- Andrew Webster (Chairperson)
- Ian Gibson
- Jamie Williamson
- Mandi Davidson

People, Safety and Culture Committee

The People, Safety and Culture Committee ensures the Board has a strategic, sustainable and long-term approach to issues relating to people working for the corporation including:

- Health, safety and wellbeing
- Workplace culture
- Organisational capability
- Executive remuneration and Managing Director performance
- Safety culture and leadership

- Strategic human resources (including but not limited to diversity and inclusion, employee engagement and change management)
- Compliance with regulations, code of conduct and ethical standards.

Members:

- Therese Tierney (Chairperson)
- Ian Gibson
- Kate Young

Strategy Committee

The Strategy Committee acts in an advisory capacity to the Board in the development of strategic direction, plans and objectives in priority areas such as strategic intent, the corporate plan, price submission, response to Water for Victoria and other strategic issues.

Members:

- Therese Tierney (Chairperson)
- Mandi Davidson
- Ian Gibson
- Michael Wandmaker
- Andrew Webster
- Jamie Williamson
- Rochelle Wrigglesworth
- Steven Wright
- Kate Young

MEETING ATTENDANCE 2025-26

	Board		Infrastructure, Operations & Environment Committee		People, Safety and Culture Committee		Strategy Committee	
Director	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Therese Tierney	9	8	N/A	N/A	4	4	4	4
Mandi Davidson	7	6	3	2	N/A	N/A	3	2
Ian Gibson	9	9	4	4	4	4	4	4
Tricia Hiley	2	2	1	1	N/A	N/A	1	1
Angela Hutson	2	1	1	1	N/A	N/A	1	1
Michelle McLean	2	2	N/A	N/A	N/A	N/A	1	1
Michael Wandmaker	9	9	4	4	4	4	4	4
Andrew Webster	9	9	N/A	N/A	N/A	N/A	4	4
Jamie Williamson	9	7	4	3	N/A	N/A	4	3
Rochelle Wrigglesworth	7	6	N/A	N/A	N/A	N/A	4	4
Steven Wright	9	8	N/A	N/A	N/A	N/A	4	4
Kate Young	9	9	N/A	N/A	4	4	4	4

AUDIT & RISK COMMITTEE MEMBERSHIP AND ROLES

The members of East Gippsland Water's Audit & Risk Committee in 2025-26 are detailed in the table below.

The committee's responsibilities are set out in Standing Direction 3.2.1.1 and key responsibilities include the following:

- Review and report independently to the board on the annual report and all other financial information published by East Gippsland Water.
- Assist the board in reviewing the effectiveness of East Gippsland Water's internal control environment covering effectiveness and efficiency of operations; reliability of financial reporting; and compliance with applicable laws and regulations;
- Determine the scope of the internal audit function and ensure its resources are adequate and used effectively, including coordination with external auditors;
- Maintain effective communication with external auditors, consider recommendations made by internal and external auditors and review the implementation of actions to resolve issues raised.
- Oversee the effective operation of the risk management framework.

Independent members are appointed for a period of three years and board members are appointed annually to the committee. All members are subject to the committee's charter.

Meetings are held quarterly and at any other time on the request of a committee member or the internal or external auditor. In 2025-26 the Committee met four times. Attendance of committee members are detailed in the table below.

Name	Independent	2025-26 Term	Eligible to attend	Attended
Michelle McLean Chairperson pre-October 2025		1 Jul 2025 – 1 Oct 2025	1	1
Steven Wright Chairperson post-October 2025		1 Jul 2025 – 30 Jun 2026	4	4
Andrew Webster		1 Jul 2025 – 1 Oct 2025	1	1
Jamie Williamson		1 Jul 2025 – 30 Jun 2026	4	2
Rochelle Wrigglesworth		1 Oct 2025 – 30 Jun 2026	3	2
Chris Barry	✓	1 Jul 2025 – 30 Jun 2026	4	4
Stuart Read	✓	1 Jul 2025 – 30 Jun 2026	4	3

ETHICAL STANDARDS

The Board of East Gippsland Water recognises the need for the highest standards of corporate governance practice and ethical conduct by all Directors, employees and contractors of the corporation. The Board has adopted the Directors' Code of Conduct, as issued by the Victorian Public Sector Commissioner.

DECLARATION OF PECUNIARY INTERESTS

All Board Directors and senior staff have completed a register of interests form for the reporting period.

CUSTOMER ADVISORY COMMITTEE

We have a Customer Advisory Committee to strengthen our connection, and the quality of engagement, with residential and business customers on important drinking water and wastewater issues.

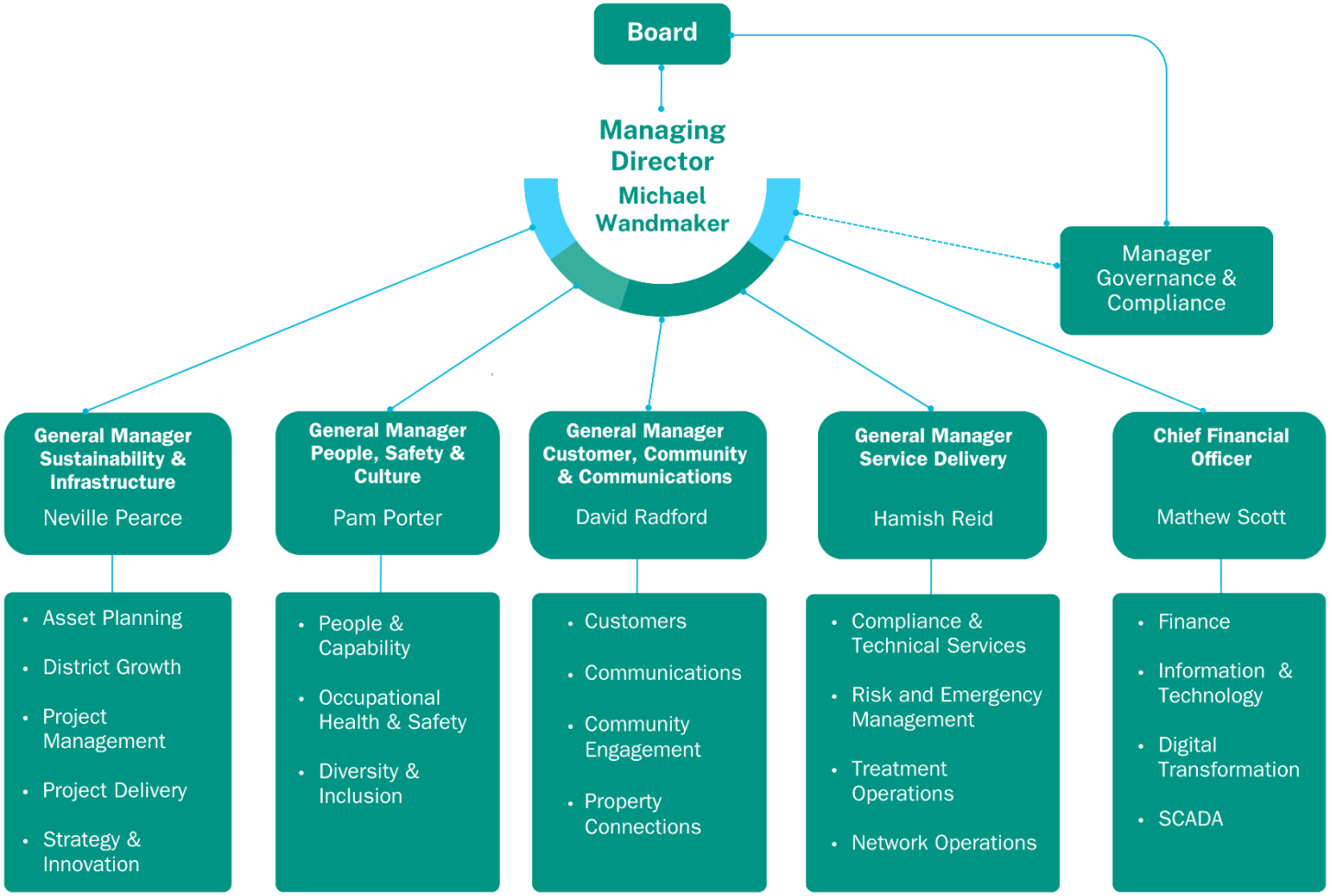
The Committee's input provides our organisation with an invaluable customer perspective on key areas of business.

The committee comprises seven community members, who are all East Gippsland Water customers. The aim is that they be representative of the broad customer base demographically. During the reporting period we welcomed two new members to the Committee.

The committee is essentially an advisory group to the Board. It meets quarterly, with additional meetings held as required.

ORGANISATION STRUCTURE

East Gippsland Water's organisation structure as at 30 June 2026:



RISK MANAGEMENT

Risk management principles and procedures are applied to all areas of East Gippsland Water's work including business operations, construction works and stakeholder management.

The Board considers and adopts a risk appetite statement that represents the level of risk it is willing to accept to achieve East Gippsland Water's strategic objectives. Success is measured as effectively managing the business to deliver strategic objectives as defined in the Corporate Plan.

Responsibility for the management of risk is clearly defined within each Executive Manager's portfolio and the team approach allows for 'top level' visibility across the organisation. The interaction and interdependence of the portfolios is also recognised.

The corporation's risk management framework is in accordance with AS ISO 31000:2018 and the Victorian Government Risk Management Framework and is reviewed annually. This includes a full review of our risk appetite, strategic risks and operational enterprise risk profile.

Systems that currently assist in the management of risk are the:

- Drinking Water Quality Management System
- Health & Safety Management System, including the Project and Contractor Health, Safety and Environment Management System
- Environmental Management System
- Dam Safety Management System
- Emergency Management Plan
- Asset Management System, this includes the capital works and project planning processes
- Financial Management System, incorporates the Financial Management Compliance Framework, Accounting Manual and Audit Plan.

EMERGENCY MANAGEMENT

Our emergency management capacity is maintained through annual exercises and the training of key personnel. During 2025-26, we continued to engage with the Department of Environment, Energy and Climate Action (DEECA) on the development of tailored training to improve emergency management capacity and capability across the water sector as an ongoing initiative.

During the 2025-26, we have managed preparations for the anticipated H5N1 bird flu and been involved with bushfire response both in and outside our service delivery area.

We continue involvement in Gippsland emergency management collaboration with neighbouring corporations in areas such as resource sharing, exercising and training.

INSURANCE

East Gippsland Water maintains a suite of insurance policies that are regularly reviewed to ensure adequate cover, with new products considered as they arise.

Environmental reporting

Victorian water corporations are required to reduce greenhouse gas emissions under the *Statement of Obligations (Emission Reduction)*. We are committed to reducing our energy use and greenhouse gas emissions while continuing to reduce the environmental impact of our operations. In 2021, the East Gippsland Water Board confirmed our net zero emissions target of 2035. Since 2024, all electricity consumed by East Gippsland Water has been supplied through accredited GreenPower, resulting in zero reported emissions from purchased electricity.

East Gippsland Water maintained its focus on reducing greenhouse gas emissions during the reporting period, consistent with its Statement of Obligations (Emission Reduction) target of 6,496 t CO_2-e. Reportable emissions totalled 5,089 t CO_2-e, a decrease of 3,153 t CO_2-e compared with the baseline of 8,242 t CO2-e. Our greenhouse gas emissions include carbon dioxide, methane and nitrous oxide, with the latter primarily occurring from our wastewater treatment operations.

Emissions are reported in equivalent tonnes of carbon dioxide (t CO2-e) and separated into two scopes, Scope 1 referring to direct emissions, including wastewater and fuel emissions, and Scope 2 referring to indirect emissions, such as emissions from electricity usage. Due to our purchase of GreenPower and the voluntary surrender of large-scale generation certificates (LGCs), East Gippsland Water has no reportable Scope 2 emissions for the 2025-26 reporting period.

We recorded net greenhouse gas emissions of 5,089 t CO2-e for 2025-26 year, 22% below the target maximum of 6,496 t CO_2-e and 20% lower than the 2024-25 result, representing the organisation's lowest recorded emissions. Emissions intensity was 0.19 t CO_2-e per customer.

The reduction was driven by the recommissioning of the combined heat and power generator at the organisation's largest water recycling plant (Bairnsdale Water Recycling Plant) and a reduced requirement of diesel backup generation due to fewer power outage and natural disaster events over the reporting period.

East Gippsland Water's participation in the Zero Emissions Water (ZEW) partnership continued to deliver renewable energy and cost benefits through the collective purchase of solar power from the Kiamal Solar Farm. During the reporting period, EGW received 843 Large-scale Generation Certificates (LGCs), with 17 voluntarily surrendered through the REC Registry.

This enabled the reporting of an additional 17 MWh of renewable electricity consumption and a corresponding reduction in Scope 2 emissions. A further 1,501 LGCs were transferred to the SEC in accordance with electricity contract requirements. Since January 2021, the ZEW partnership has provided EGW with more than 4,000 LGCs.

In January 2026, 15 Victorian water corporations, including East Gippsland Water, formed and became members of Zero Emissions Water Carbon Offsets Limited (ZEWCO), a company limited by guarantee. Most of the industry's scope 1 emissions come from wastewater treatment and are challenging to reduce. Carbon offsets provide one way for members to reduce reportable emissions while continuing to pursue operational emissions reduction over time.

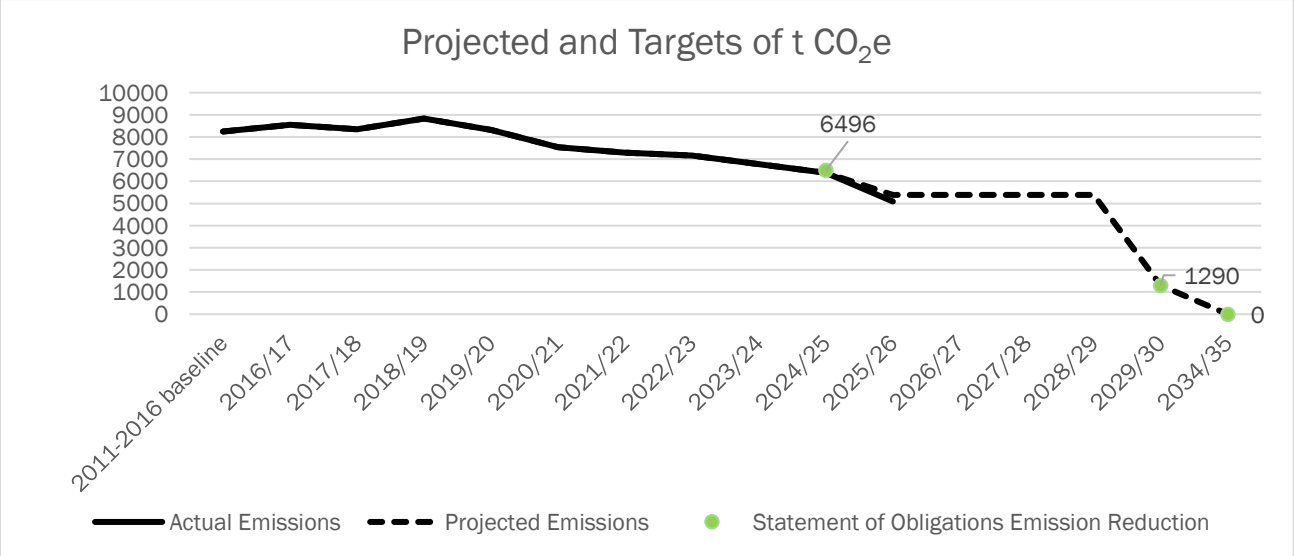
ZEWCO was established to help its members work together to source high-integrity carbon offsets to reduce their emissions. In August 2026, ZEWCO issued a request for proposals to the market seeking carbon offsets for its Members. ZEWCO will assess proposals received with the goal of procuring a diverse portfolio of offsets to meet its members' needs.

Other initiatives implemented and/or advanced during 2025-26 included:

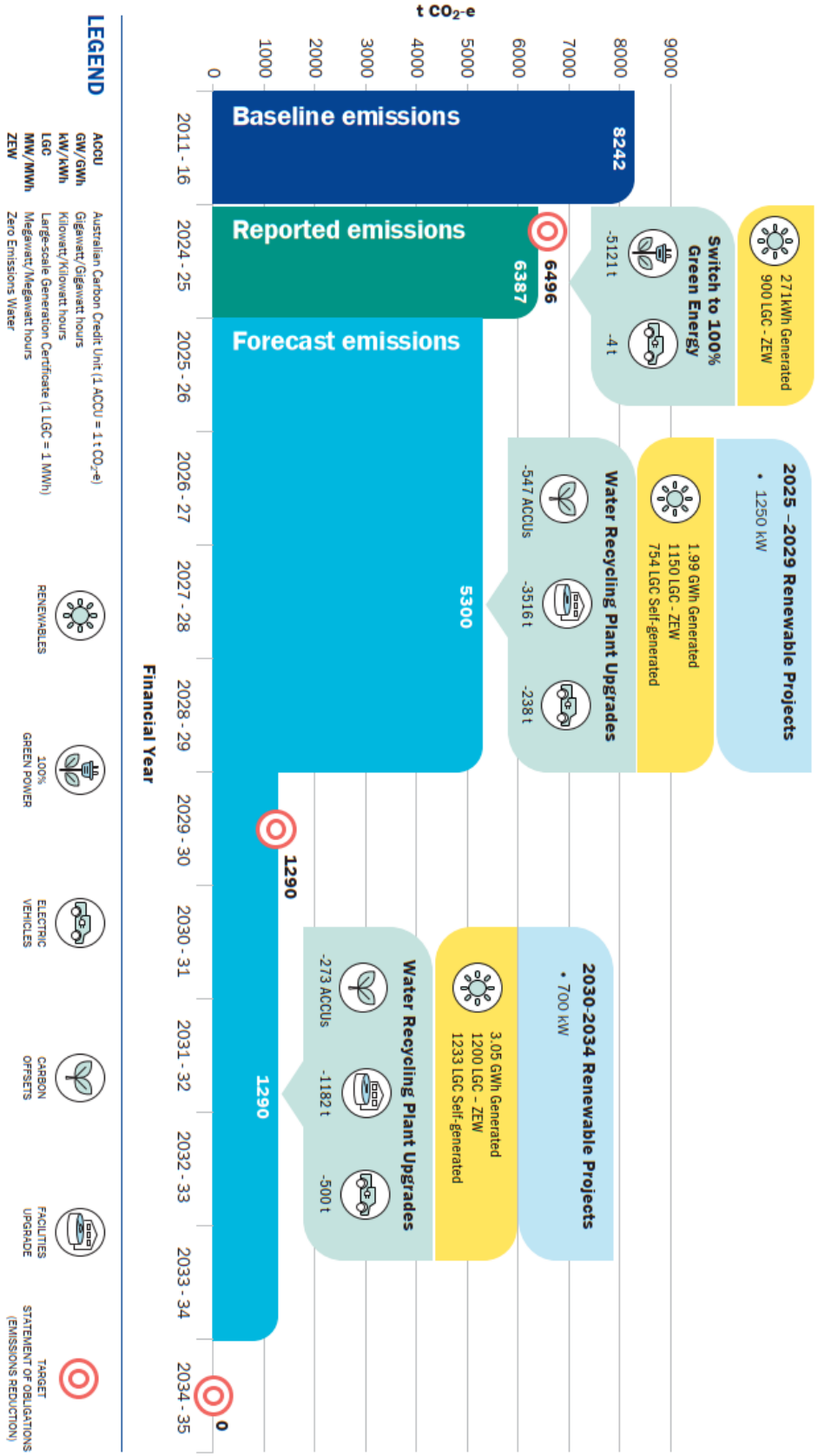
- Advancing the planning and design of a large-scale solar installation at our Wy Yung Water Storage Facility and Paynesville Water Recycling Facility to produce LGCs, and exploring investigations into expansion of existing, and installation of new, large-scale solar arrays.
- Further development of the fuel reduction plan to include generator and non-vehicle related fuel usage, while expanding the zero-emission fleet.
- Production of a wastewater emissions plan, identifying infrastructure and processes to be prioritised to reduce direct wastewater emissions across the network.
- Development of a carbon offsets plan and assessment of various potential carbon offset projects throughout Gippsland.
- Actively engaging and collaborating with other water corporations, industry bodies, community networks and external agencies to pursue best practice in energy management and greenhouse gas reduction.

We are continuing to progress a concentrated business-wide approach to emissions reduction and energy efficiency going forward, looking at data analytics and monitoring the performance of systems while exploring the possibilities of internally produced carbon offsets.

Progress Towards Net Zero Greenhouse Gas Emission (tonnes of CO_2 equivalent) by 2035



EMISSIONS REDUCTION PATHWAY – OUR JOURNEY TO ZERO



Greenhouse Gas Emissions - Scope 1 and 2 Emissions (t CO_2-e)

Service delivery category	Scope 1 and 2 Emissions (t CO_2-e)				Variance (%) between previous and current AR years	Commentary
	2024-25 Total Scope 1 and 2 emissions	2025-26 Scope 1 emissions	2025-26 Scope 2 emissions	2025-26 Total emissions		
Water treatment and supply	55	19	13.1	32	-42%	*Reduction due to minimal generator usage*
Sewage collection, treatment, and recycling	6031	4746	0.0	4746	-21%	*Due to the CHP being operational across the reporting period, decreasing methane production*
Transport	332	325	0.1	325	-2%	*Increased use of EVs has decreased transportation emissions, including charging at GreenPower charging stations.*
Other (e.g. offices, depots)	0	0	0.0	0	0%	*GreenPower purchased at 199 sites reduced reportable Scope 2 emissions*
Large Generation Certificates Voluntary surrendered	32	0	13.26	13	-58%	*We voluntarily surrendered 17 LGCs received from the Zero Emissions Water (ZEW) Project in June 2026.* *No self-generated offsets were generated or retired this financial year.*
Total emissions (after REC/LGC retirement)	6387	5089.4	13.20	5089	-20%	
Net emissions (after offset retirement) (a-b)	**6387**	5089.4	-0.0568	5089	-20%	*Decrease in emissions due to CHP and anaerobic digester online and operational after scheduled maintenance in previous reporting period*

Service delivery category	Scope 1 Emissions by greenhouse gas (source greenhouse gas reported in t CO_2-e)				
	Carbon dioxide (CO_2) in t CO_2	Methane (CH_4) in t CO_2-e	Nitrous oxide (N_2O) in t CO_2-e	Other in t CO_2-e	Commentary
Water treatment and supply	18.4	*0.0*	*0.1*	*0*	*Water treatment Scope 1 emissions are derived from stationary diesel fuel use in generators*
Sewage collection, treatment, and recycling	66.3	*4121.3*	*558.6*	*0.0*	*Methane emissions are our greatest contributor to sewerage emissions.*
Transport	*322.0*	*0.4*	*3.1*	*0*	*Emissions from vehicles used in business operations*
Other (e.g. offices, depots, etc.)	*0*	*0*	*0.0*	*0*	
Total	*406.7*	*4121.7*	*561.9*	*0.0*	

Electricity sources

Electricity Source	2024-25 Total electricity consumption (MWh)	2025-26 Total electricity consumption (MWh)	Commentary
Purchased directly through an electricity retailer	6902	*6835*	*Decrease in consumption due to decreased impacts on business operations from natural disasters and CHP in operation*
Not directly purchased but sourced from outside the organisation	0	*0*	
Water corporation led/self-sourced activities and initiatives	254	*469*	
Total (all by source)	**7155**	***7304***	
Service delivery category			
Water treatment and supply	3251	*3023*	
Sewage collection, treatment, and recycling	3687	*4050*	*Increase in treatment operations*
Other (e.g. offices, depots, etc.)	217	*231*	
Total (by service delivery category)	**7155**	***7304***	

Renewable Electricity

Renewable electricity consumption categories (generation capacity)	2024-25 renewable electricity consumption (MWh)	2025-26 renewable electricity consumption (MWh)	2025-26 renewable electricity consumption (% of total consumption)	Variance (%) between 2024/25-2025/26	Commentary
Total renewable electricity consumption from grid-sourced electricity					
Total grid-sourced: Mandatory + GreenPower	*1256*	*1182*	*16%*	**-6%**	*Greenpower was sourced from the grid for 199 sites*
Biogas (0.08MW)	0	*229.8*	*3%*	**100%**	*The CHP was offline during the 2024/25 reporting period.*
Hydroelectric	0	*0*	*0%*	**0%**	
Solar (0.37MW)	254	*239*	*3%*	**-6%**	*No new solar was installed during the reporting period and multiple solar systems had inverter errors during the reporting period.*
Wind	0	*0*	*0%*	**0%**	
Other renewable	6903	*6835*	*94%*	**-1%**	*17 Large Generation Certificates (LGC's) from the Zero Emissions Water Solar project were voluntarily surrender by East Gippsland Water during the reporting period + GreenPower*
Total renewable electricity consumption from Corporation led/self-sourced activities and initiatives	*7157*	*7304*	*100%*	**2%**	
Total renewable energy consumed	***7157***	***7304***	***100%***	**2%**	*Due to GreenPower purchase*

2025-26 Total onsite renewable electricity generated (MWh)

Renewable electricity source (generation capacity)	2025-26 Total on-site renewable electricity generated (MWh)			Total generated (by source)	Commentary
	Consumed on-site	Exported	Other purposes		
Biogas (0.08MW)	*154.3*	*75.5*	0.0	*229.8*	*Biogas anaerobic digestor was online during reporting period*
Solar (0.37MW)	*239.4*	*102.9*	*0.0*	*352.6*	*No new solar was installed during the reporting period.*
Other renewable	*0.0*	*0.0*	*0.0*	*0.0*	*No other renewables were installed or utilised this reporting period*
Total (renewable)	*393.7*	*178.4*	*0.0*	*582.4*	
Non-renewable sources	*0*	*0*	*0*	*0*	*No non-renewable energy produced by EGW*
Total (non-renewable)	*0*	*0*	*0*	*0*	

Energy system storage

Total energy usage	Renewable (in GJ)	Non-renewable (in GJ)	TOTAL (in GJ)	Customer Connections	Energy usage normalised	Commentary
From fuel	*4515*	*10413*	*14929*	*26495*	0.6	*Including biogas as renewable energy - as produced from anaerobic digester and CHP unit*
From electricity	*24604*	*0*	*24604*	*26495*	0.9	
Total	***29119***	***10413***	***39533***	***26495***	**1.5**	

Total energy usage

Energy storage system	2024-25 Total energy storage system power capacity (MW)	2025-26 Total energy storage system storage capacity (MWh)	Commentary
Total Energy Storage System	**0.076**	**0.04**	*Cann River WTP ESS is currently the sole ESS EGW operates*

Renewable Energy Certificates

REC retirement method	2025-26 RECs retired	Commentary
Voluntarily retired by EGW	*17*	*17 LGC's were voluntarily surrendered by EGW during the reporting period.*
GreenPower	*6,818*	*Through our electricity contract we purchase certified GreenPower to meet our emissions reduction targets*
Certified carbon neutral electricity purchased	-	
Voluntarily retired on EGW's behalf	*0*	
Total RECs retired to reduce scope 2 emissions	*6835*	

Fuel Usage and Fleet Composition

Total stationary fuel use (buildings and machinery)			
Fuel type	**in GJ**	**in t CO_2-e**	**Commentary**
Fossil gas	*0*	*0*	
Biogas	*4515*	*0*	*CHP Co-generation from our anaerobic digestor is a carbon neutral stationary fuel*
Diesel	*788*	*55*	*Diesel generators are the largest stationary user of fuel. Decrease from previous years due to lack of emergency requirements. This includes excavators and tractors for farm use.*
LPG	*469*	*28*	
Petrol	*28*	*2*	*Includes side-by-sides for farm and depot use*
Other	*0*	*0*	
Total	***5800***	***86***	

Transportation total energy use by engine/fuel type

Transportation vehicle category	Transportation total energy use by fuel type (GJ)					Fuel type totals		Commentary
	Petrol	Diesel	LPG	Electric	Other	Total energy use (GJ)	Total emissions (t CO_2-e)	
Passenger vehicles	*147.3*	*7.7*	*0*	*0*	*0*	*155.03*	*10.6*	*2 additional EVs in fleet*
Light Commercial Vehicles	*33.9*	*4361.2*	*0*	*0*	*0*	*4395.13*	*309.8*	
Heavy Vehicles	*0*	*63.1*	*0*	*0*	*0*	*63.1*	*4.5*	
Farm Vehicles	*27.8*	*66.1*	*0*	*0*	*0*	*93.9*	*6.5*	*Includes tractors and side-by-sides*
Total energy use (GJ)	*209*	*4498.1*	*0*	*0*	*0*	*4707.1*		
Total emissions (t CO2-e)	*14.1*	*317.1*	*0*	*0*	*0*		*331.3*	

Transportation vehicle category by engine/fuel type

Transportation vehicle category	Transportation vehicle engine/fuel type						Commentary
	Petrol	Diesel	LPG	Battery Electric	Other	Total	
Passenger vehicles	*6*	*1*	*0*	*3*	*0*	*10*	*Increase in battery electric vehicles by 2*
Light Commercial Vehicles	*1*	*49*	*0*	*0*	*0*	*50*	*50 light commercial depot fleet*
Heavy Vehicles	*0*	*2*	*0*	*0*	*0*	*2*	*2 heavy vehicles in fleet for depot use*
Farm Vehicles	*6*	*5*	*0*	*0*	*0*	*11*	*5 tractors and 6 side-by-side vehicles*
Category Total	*13*	*57*	*0*	*3*	*0*	*73*	*73 vehicles in total*

CLIMATE ADAPTATION

In addition to mitigating climate change by reducing greenhouse gas emissions, we are proactively planning for the challenges posed by a warmer, drier and more volatile changing climate:

- We received funding from the Australian Government through the National Water Grid Fund to prepared a Detailed Business Case for a third off-river storage basin at our Woodglen facility. The business case for an additional 1,100 ML storage basin is now complete.
- Sought funding via the Disaster Ready Fund Round Four for the installation of fixed generators at priority sewer pump stations across our region to mitigate power outage risks and build resilience in our networks and communities.
- Water resource planning, including development of the UWS using the latest DEECA Guidelines for Assessing the Impact of Climate Change on Water Supplies in Victoria
- Utilising latest predictions in relation to storm intensity on the Bairnsdale Sewer Network assessing compliance with the Environment Protection Authority (EPA) and General Environmental Duty (GED) requirements.
- Continuing to implement our climate adaptation action plan to address the risks identified in our revised climate vulnerability and risk assessments. This includes projects to address:
    - water security risks due to changing climate and population growth
    - water quality impacts from warmer climate, bushfire and storm events
    - vulnerability of built assets to fire, flood, sea level rise and storm events
    - back-up power and communication systems to ensure reliability
- Climate change risks have been included into Strategic Risk Register and IPCC Shared Socio-Economic Pathways (SSPs) have been adopted into business planning scenarios, including Urban Water Strategy.
- Continuing implementation of Integrated Water Management (IWM) to provide more climate resilient pathways for water resources, see page 50.

We continue to monitor actual and predicted impacts of a changing climate and adapt our asset management and business processes, as required.

See also page 49 regarding long-term water security planning and page 74 regarding asset planning.

ENVIRONMENTAL MANAGEMENT SYSTEM

The East Gippsland Water Environmental Management System (EMS) is certified to ISO14001. This provides a structured framework for identifying and managing environmental risks, meeting compliance obligations and continually improving environmental performance across its operations and capital projects. The EMS integrates with other corporate and operational management systems to support a coordinated approach to risk management.

Our EMS remains important in supporting our environmental and sustainability objectives and informing facility master planning. Population growth, ageing infrastructure and increasing demands on wastewater collection, treatment, recycling and reuse systems reinforce the need to consider environmental risks in master planning, operational decision-making and future infrastructure investment.

During 2025-26, East Gippsland Water successfully completed its three-yearly ISO 14001 recertification audit. The recertification provides independent assurance that the EMS continues to meet the requirements of the ISO 14001 standard and supports the corporation's commitment to continual improvement in environmental performance.

Ageing infrastructure remains an important environmental management focus. Asset condition and failures can increase the risk of environmental impacts across wastewater collection, treatment, storage and recycled water systems. During the year, East Gippsland Water increased its focus on addressing known asset-related environmental risks, with monitoring, maintenance and infrastructure improvements being progressed to strengthen environmental controls and system resilience.

Wastewater network incidents and recycled water quality impacts from algae during the year reinforced the importance of timely detection and response. East Gippsland Water has commenced upgrades to network monitoring and warning systems to improve the identification of abnormal operating conditions and support faster operational response.

Continual improvement remains a key focus of the EMS, supported through environmental leadership, staff competency, internal auditing and the ongoing review and management of environmental risks.

Customers, Community and Engagement

COMMUNICATIONS AND ENGAGEMENT STRATEGY 2023-2028

Our five-year Communications and Engagement Strategy aligns with our 2023-2028 Price Submission and focusses on the five Customer Outcomes that were developed through the engagement process, and endorsed by the Board.

- Reliable services, done well.
- Fair prices for all.
- Improved environmental outcomes.
- Prepared for population growth and a changing climate.
- Contributing to community.

An annual action plan was developed for 2025-26 that focussed on:

- Activities that contribute to the five Customer Outcomes, including optimising our communication channels
- Reviewing our documents, such as forms and letters, using a customer-focussed lens
- Providing opportunities to increase community awareness of our organisation's services, Water Efficiency Rebate Program and financial hardship support options. A behaviour-change campaign on the impact of contamination in sewers was also a priority.

COMMUNITY SUPPORT

We provide financial, merchandise and in-kind sponsorship to a number of local organisations and community groups for activities with a focus on water use, water efficiency, liveability, healthy lifestyles and environmental sustainability.

The corporation also distributes promotional items to the community which are practical and include messages promoting the value and efficient use of water.

During the reporting year we provided $26,195 in financial sponsorship to events and community groups across our service area. In addition, we supported 17 events with our portable drinking water stations. A further four groups received East Gippsland Water promotional products or in-kind support.

We also donated four semi-trailer loads of fodder from our farm operations to drought or bushfire-affected farmers in East Gippsland and other parts of Victoria.

COMMUNITY ENGAGEMENT AND EDUCATION

During 2025-26 engagement commenced for our 2028-2033 Price Submission and 2027 Urban Water Strategy. Targeted community engagement is scheduled for August-December 2026.

To help promote the importance of staying hydrated in hot weather, we provide free bottled water and refillable water bottles at various locations when the forecast temperature is 35°C or above. In 2025-26 we held seven 'hydration station' events in Bairnsdale, Orbost and Lakes Entrance.

We continued to attend community markets around the region as part of our program to 'going to our customers', rather than asking them to visit us. Our presence at market stalls aims to raise awareness of our services and promote our concessions and rebates. It also provides an opportunity for customers to ask questions or raise concerns.

In addition to market stalls, we also attended:

- the NAIDOC Week March in Bairnsdale
- a fire preparedness session in Buchan
- a children's book event in Bairnsdale
- the East Gippsland Catchment Management Authority's Welcome Back the Birds environmental day at Eagle Point.

COMMUNICATIONS AND SOCIAL MEDIA

We recognise our responsibility to communicate key messages to all areas of the community, with an emphasis on water efficiency and conservation, financial hardship, grants, planned and unplanned outages and how we strive towards long-term security of high-quality drinking water supply.

We use a variety of communication tools to reach our audiences and to help our customers and stakeholders keep up to date.

Here is a snapshot of activities during 2025-26:

- Facebook followers: 2,257
- Facebook views: 351,700
- Instagram followers: 982
- Instagram views: 17,800
- LinkedIn followers: 2,835
- LinkedIn page views: 2,064

Our Website

During the reporting year, we designed and built a new website. A priority for the design of the new website was arranging content in a customer-focussed manner –enabling customers to easily find the information they need.

Customers now have the ability to complete most transactions online, including filling in and submitting forms. While the website project was completed by 30 June 2026, it was launched in

July 2026 to allow our staff to familiarise themselves with the new layout before the 'go-live' date.

CUSTOMER SATISFACTION

During the reporting year we brought our monthly customer satisfaction follow-up program online. Previously, we called customers who have recently interacted with us and asked them a series of questions to establish their satisfaction with our services. In 2025-26, we instead sent an SMS invitation for customers to complete a short, online survey managed by an external provider. This data will be used as a benchmark for a similar program in 2026-27.

Annual Customer Satisfaction and quarterly Essential Services Commission surveys are also undertaken. These surveys are a useful tool to measure customer perceptions of East Gippsland Water's operations, including where the corporation is delivering services well and any areas that may require action and improvement.

Annual Customer Satisfaction Survey

This was the 12th year the Annual Customer Satisfaction survey was conducted jointly as a Memorandum of Understanding initiative with other water corporations. Alliance partners are: Gippsland, Westernport, South Gippsland, Coliban, Central Highlands and Goulburn Valley.

The aim is to gain a better understanding of how our services are perceived by customers and benchmark the results against other water corporations. The survey had a target of 400 responses; we received 551 responses, the most responses of the Alliance.

The survey gathers feedback on the following key areas:

- Value for money
- Level of trust
- Reputation in the community, and
- Overall satisfaction.

The 2025 results showed that we had increased our ranking in eight key areas. Some of these results are:

- Our 'Value for Money' result increased to 81%, up from 75% in 2024. We are second in this category amongst Alliance members.
- Our result for 'Valued Member of the Community' rose 8% to 74%. We are first in this category amongst Alliance members.
- We had a significant increase in our 'Net Trust Score', which rose from +7 in 2024 to +26 in 2025, which exceeds the Board target of 10. We are equal first in this category amongst Alliance members.
- 'Awareness of our Hardship Programs' increased from 74% in 2024 to 82% in 2025. Customers who said they would feel comfortable to contact us if they were experiencing financial hardship also increased 6% from 71% in 2024 to 77% in 2025.

- Our ‘Overall Satisfaction’ rating increased from 7.7 in 2024 to 8.2 in 2025. This is the highest of all the Alliance members.

SOCIAL SUSTAINABILITY

East Gippsland Water integrates social, economic and environmental considerations into decision making and strategic planning. This reflects the understanding that the delivery of water and recycled water services influences community wellbeing, environmental outcomes and long-term financial sustainability.

The organisation undertakes the following activities:

- Supplying drinking water to communities across the region.
- Maintaining its role in water recycling within the Victorian water industry, targeting environmentally beneficial and cost-effective reuse across 11 water recycling systems.
- Working towards the objectives of the Victorian Government’s ‘Water for Victoria Plan’, which addresses long-term challenges such as climate change and population growth affecting water management and supply. Areas of focus include environmental sustainability, affordability, liveability, resilience and the recognition and management of aboriginal values.
- Collaborating with regional agencies and offering systems and training to assist employees supporting community members experiencing family violence.
- Implementing programs designed to assist customers facing financial hardship.
- Making provisions during water shortages to support critical social assets that are considered important for community wellbeing.
- Establishing public drinking water fountains throughout the region to encourage recreational activities and promote health.
- Sharing knowledge and working with other community-focused organisations, including the Gippsland and East Gippsland Aboriginal Co-operative (GEGAC), local councils, and the East Gippsland Catchment Management Authority (EGCMA).

BILLS, CONCESSIONS AND HARDSHIP

A number of support options are available to customers experiencing either short-term or long-term financial hardship. During the last financial year, we facilitated more than $2.8 million in financial assistance and support, as shown below:

Value of Community Service Obligation provided	2025-26	2024-25
Concessions to pensioners	$2,499,565	$2,408,322
Rebates to not-for-profit organisations under the Water & Sewerage Rebate Scheme	$208,967	$204,262
Utility Relief Grant Scheme payments	$139,859	$132,238
Water concessions on Life Support machines – e.g. Haemodialysis	$790.48	$858.22
Hardship Relief Grant Scheme (Sewerage Connection Scheme)	$0	$0
Total	**$2,849,181**	**$2,745,680**

Hardship Incentive Payments (Pay 'n' Save and Utility Relief Grant Scheme EGW Contribution)

There was an increase in hardship incentive payments during 2025-26 to $72,288, from the 2024-25 figure of $62,248.

Pay 'n' Save

Pay 'n' Save is an incentive scheme that rewards customers for maintaining their agreed payment plan. Customers who consistently meet their agreed payments arrangement over a six-month period are eligible to receive a bonus credit of 20% of the total amount they have paid during that period. During the reporting period, a total of $17,532 was applied in bonus Pay and Save payments.

Referral Agency Rebate

This rebate is available to customers in temporary or long-term financial hardship (other criteria also applies). Eligible customers can receive a one-off $150 rebate. The rebate is applied to a customer's account following the customer seeking assistance of a third-party agency such as Anglicare VIC/TAS or Gippsland Lakes Complete Health.

WATER LEAKS, EXCEPTIONAL CIRCUMSTANCES

High Unexplained Leak Allowance

Both residential and non-residential (including small business) customers can apply for a review of their water account as a result of an internal water leak. The High Unexplained Leak Allowance

allows for a maximum of $2,000 per customer, per property, every five-year period (eligibility criteria applies).

In 2025-26, we assisted 130 customers who received a total of $74,646. This represents an increase in both the number of customers supported, and the total assistance provided compared to 2024-25, when we provided a total of $63,115 to 120 customers.

Community Rebate Program

The Department of Energy, Environment and Climate Action (DEECA) offers a Community Rebate Program for residential customers who:

- hold an eligible concession card;
- are an East Gippsland Water customer; and
- have had a recent high-water usage or are a part of a low-income household.

In the 2025-26 financial year, 34 East Gippsland Water customers received a total of $18,800, compared to $32,022 for 55 customers in 2024-25.

ENERGY AND WATER OMBUDSMAN VICTORIA

Customers who are unhappy with any aspect of their interaction or service experience with a Victorian utility can seek support from the Energy and Water Ombudsman Victoria (EWOV), an independent organisation funded by its member utilities.

During the reporting period, East Gippsland Water received 12 complaints that were referred to EWOV for investigation. Each case was thoroughly reviewed and resolved to the satisfaction of all parties involved.

We remain committed to delivering responsive and reliable service, and we value every opportunity to improve through customer feedback.

GUARANTEED SERVICE LEVELS

To ensure customers receive high standards of service, our independent Customer Advisory Committee selected six Guaranteed Service Levels – or targets - for the organisation and appropriate compensation, or other remedy, where these are not met.

These form an integral part of East Gippsland Water's business plan (price submission) for 2023-2028 and relate to:

- Providing appropriate notice and detail of a planned interruption to a customer's water supply
- Ensuring hardship procedures are fully adhered to when a customer is having difficulty with bill payments and legal action or a restriction on their water supply is being considered
- East Gippsland Water causing a sewage spill within a customer's house
- Environmental sustainability:

- Providing a six-monthly update on our organisation's progress towards net zero greenhouse gas emissions by 2035
- Committing $90,000 a year in the form of water efficiency rebates to support customers to be more water efficient.

During the 2025-26 reporting period a total of $11,280 was paid out for instances where Guaranteed Service Levels targets were not met.

In particular:

- four home owner-occupiers received $1,000 for a sewer spill.
- 36 customers received $65 because they received less than the specified 48 hours' notice of a planned water supply interruption.
- 76 customers received $65 because they their planned water supply interruption exceeded the period specified in the notice provided.

WATER EFFICIENCY REBATE PROGRAM

A total of $57,340 was paid for 391 applications in 2025-26. This is an increase on 2024-25, which saw $39,710 paid for 309 applications. The rebate program encourages customers to be more water efficient through the purchase of eligible household products.

SOCIAL PROCUREMENT FRAMEWORK

Our Social Procurement Strategy (SPS) aligns with the Victorian Government's Social Procurement Framework and demonstrates our commitment to corporate responsibility, sustainable development and positive community outcomes.

The SPS integrates social and environmental considerations throughout the procurement lifecycle, ensuring purchasing decisions deliver value beyond operational and financial requirements. Each procurement activity is considered an opportunity to generate broader benefits for the community and the environment.

Through the SPS, EGW seeks to leverage its procurement activities to support local employment and economic participation, promote diversity and inclusion and encourage environmentally sustainable practices.

By embedding these considerations into our procurement decisions, EGW aims to contribute to a fairer, more inclusive and environmentally resilient East Gippsland region while continuing to achieve value for money and meet its operational requirements.

Social and Sustainable Procurement

Our procurement principles and social procurement strategy are underpinned by and integrated with our broader social, economic and environmental objectives. Together, they recognise procurement as an important mechanism for delivering value beyond the immediate purchase of goods and services, enabling East Gippsland Water to achieve broader and lasting benefits for our communities and the environment.

Through our Social Procurement Strategy, we aim to:

- increase opportunities for local employment and participation, particularly for job seekers and people who are disadvantaged or under-represented in the workforce;
- create opportunities for local businesses, social enterprises and suppliers supporting marginalised communities to participate in our procurement activities and build their capacity and capability;
- recognise that value for money extends beyond price and includes quality, whole-of-life costs, sustainability, social value and broader community benefits;
- leverage procurement technologies and platforms by encouraging the use of procurement platforms such as VendorPanel, Buying for Victoria and the Digital Marketplace, and opting into State Purchase Contracts where applicable and beneficial;
- embed sustainability considerations throughout procurement planning and decision-making, support East Gippsland Water's climate change commitments, and contribute to the long-term target of reducing emissions to no more than 6,496 tonnes of CO_2 equivalent greenhouse gases as part of East Gippsland Water's pathway to net zero emissions by 2035.

By applying the broader definition of value for money, we aim to ensure that procurement decisions not only meet operational requirements but also contribute to lasting benefits for the East Gippsland region, its communities and the environment.

Recognise Aboriginal Values

The East Gippsland region has a rich cultural heritage, with an Aboriginal population of approximately three percent, which is well above the Victorian average. We pride ourselves on developing and maintaining long standing relationships with local Traditional Owner and Aboriginal groups. These relationships are founded on collaboration, cross-cultural learning and shared outcomes.

Water for Life, the Victorian Government Traditional Owner Access to Water Roadmap, establishes a framework at the government policy level, to increase Traditional Owner roles in and resources for water management across Victoria.

We are working closely with Gunaikurnai Land and Waters Aboriginal Corporation (GLaWAC) as the first Traditional Owner group to be assigned a water entitlement, to develop a formal partnership agreement and support opportunities to work together for entitlement usage through a self-determination process. We are also implementing the framework and examining opportunities where we can enhance our connections and relationships with other Traditional Owner groups within our region.

In 2025-26, our internal Traditional Owner Working Group engaged with Traditional Owners on a range of factors, including employment pathways, workplace cultural safety improvements, procurement opportunities and water resource management.

As a member of the Gippsland Environmental Alliance, we continued to work with GLaWAC with other Alliance partners under a formal arrangement to gain meaningful outcomes for local Aboriginal people.

Recognise Recreational Values

While we do not manage any water storages that offer community access for recreational activities, we recognise that our community values the rivers and water courses in East Gippsland for their healthy native vegetation and biodiversity, scenic qualities and as a place of recreation.

We support healthy and active communities through sponsorship and in-kind support. We promote drinking water via our hot weather hydration program pop-ups providing water and drink bottles on days over 35°C, and providing portable drinking water stations for a range of events. We also provide educational opportunities at our facilities, regularly providing tours for community and school groups.

Our focus is to enhance recreational opportunities and outcomes through collaboration with our communities and our regional stakeholders by adopting an integrated approach to planning our works and collaborating and influencing other projects led by our partners.

We are committed to collaborating with other organisations and agencies to explore opportunities to support recreational objectives in the East Gippsland communities. An example of the way we are doing this is through our lead role in the East Gippsland Integrated Water Management Forum.

Resilient and Liveable Cities and Towns

In 2025-26, East Gippsland Water continued to deliver essential services across remote communities and forested landscapes, enhancing asset protection to ensure service continuity and staff safety.

We strengthened regional resilience and liveability by collaborating with communities and partners to deliver integrated water management outcomes. Key milestones included progressing the East Gippsland IWM Strategic Directions Statement and initiating two recycled water projects: construction of a Class A facility at the Bairnsdale Water Recycling Plant and development of a township-wide Recycled Water Network Plan.

As lead agency of the East Gippsland IWM Forum, we embedded IWM principles into planning and decision-making.

WATER CONSUMPTION BY DISTRICT IN 2025-26

System	Residential		Non-Residential		Total consumption	Five-year average annual demand (ML)	Non-Revenue Water				Total water – all sources (ML)
District Name	Assessments	Billed volume[1] (ML)	Assessments	Billed volume[1] (ML)			Leaks (ML)	Firefighting (ML)	Other[2] (ML)	Total non-revenue water (ML)	
Bemm River	97	6	13	5	12	13	1	0	0.05	1	13
Buchan	85	7	34	7	15	16	10	0	0.05	10	24
Cann River	152	11	62	10	21	26	3	0	0.52	3	24
Dinner Plain	510	25	32	12	37	39	40	0	0.09	40	77
Mallacoota	1,049	94	100	41	135	294	75	0	0.04	75	210
Mitchell	21,551	2,584	2,456	1,209	3,793	3,537	341	2	30.83	374	4,166
Omeo	237	25	82	18	43	231	7	0	0.00	7	50
Orbost	1,854	210	369	325	535	520	46	0	1.45	47	582
Swifts Creek	101	10	32	5	15	44	5	0	0.00	5	20
Total	**25,636**	**2,973**	**3,180**	**1,632**	**4,605**	**4,720**	**527**	**2**	**33.01**	**562**	**5,167**

[1] *Potable water only.*

[2] *Examples of 'Other' use include scouring of tanks and basins, mains flushing, evaporation.*

WATER ENTITLEMENTS

To view our water entitlement reporting, see page 58.

CORPORATE WATER CONSUMPTION

Total water consumption within the corporation's Bairnsdale office increased from 310kL in 2024-25 to 351kL in 2025-26.

Volume per staff member: 2,619L

Note: Water consumption of 351kL is divided by 134 staff members (Trainee (4), Technical and Admin Staff (69), Field Staff (39), Senior Managers (16), and General Managers and Managing Director (6))

Water consumption is not calculated for our other sites such as depots, water and wastewater treatment plants as most of these sites' water is used in operational processes.

SUSTAINABLE WATER USE

During 2025-26, we continued to progress a number of initiatives in line with the Victorian Government's objectives for sustainable water use, specifically its 'Water for Victoria' plan and the Central and Gippsland Sustainable Water Strategy.

These initiatives include continuing our program of water conservation as well as the implementation of the WaterSmart program, Integrated Water Management and supporting Traditional Owner outcomes.

WATER CONSERVATION

The East Gippsland Water Strategic Plan commits major funding for new infrastructure that will assist to manage changes in our climate, replace aging infrastructure and optimise meters to better measure and identify water loss across the region.

The corporation rolled out digital meters in a residential estate in Bairnsdale during 2025-26, and is progressing the roll-out through targeted properties in Bairnsdale's central business district under our Meter Replacement Program.

Sustainable and resilient water services systems

WATER SUPPLY AND WATER SECURITY PLANNING

In 2025-26 we commenced development of the 2027 Urban Water Strategy.

The Statement of Obligations requires that the Urban Water Strategy is developed every five years to inform water security planning for all water supply systems. It is a 50-year plan and considers the entire water cycle.

In 2025-26, our Urban Water Strategy work focussed on updates to our catchment models to understand the yield forecasts for each water supply system to inform future planning effort. We also commenced early Traditional Owner engagement and Customer engagement to inform this planning work.

Every five years East Gippsland Water is required to develop an Urban Water Strategy (UWS) and Drought Preparedness Plan as part of the Statement of Obligations.

Our latest UWS was approved by the Minister for Water in June 2022 and is available to view on our website, egwater.vic.gov.au. It was informed by learnings from the 2017–2019 period of drought in our region, when record-low stream flows were experienced. It considered customer demand patterns and forecasts, recent population growth projections, climate change projections, recent water supply system upgrades and changes to operations. Where there is an imbalance between supply/storage and demand, initiatives to meet forecast demands are recommended.

The strategy also details East Gippsland Water's approach to manage demand, the use of recycled water and other integrated water management initiatives and enhancing Traditional Owner values.

The Drought Preparedness Plan, which is part of the Urban Water Strategy, details how we will prepare and respond to periods of water shortage, including triggers and procedures for water restrictions and identifying key public assets to be considered for water restriction exemption, such as recreation facilities.

The 2022 UWS is a key component in the development of our 20-year capital works plan and our 2023–2028 Price Submission. Customer engagement was a core requirement in its development, which was aligned to the Price Submission engagement process where possible.

A partnership with GLaWAC has been developed through the UWS process which is being used to further collaborative project opportunities. Consistency with the State Government's 'Water for Victoria' plan and the Central and Gippsland Region Sustainable Water Strategy (CGRSWS) was sought when developing the UWS.

The CGRSWS was led by DEECA, in collaboration with the relevant water corporations, including East Gippsland Water, who were represented on relevant working groups and the Consultative Committee. The CGRSWS sought to provide a balanced approach to the provision of water for all water users including Traditional Owners, the environment, recreation, agriculture and urban water users. It was released in September 2022 and is available at water.vic.gov.au.

The key recommendation from the 2022 UWS is to address the need for an additional water storage to provide long-term water security to customers supplied by the Mitchell Water Supply System.

Historically the Mitchell River has been a reliable source of water supply for the region, requiring approximately three months of storage as a buffer during summer low flow periods. The climate change scenarios used in the 2022 strategy, based on more recent trends, shows that there is an immediate deficit based on levels of services agreed with customers.

Extensive work has been done to assess options to address this deficit, with significant engagement undertaken with the East Gippsland community, Customer Advisory Committee and Board. Ultimately, the decision has been made to progress with a third off-stream storage at the Woodglen Water Treatment Plant site, scheduled for construction in the 2023–2028 pricing period.

Our eight other water supply systems were also assessed in detail during the development of the 2022 UWS, using the climate change scenarios, with no major augmentations identified.

INTEGRATED WATER MANAGEMENT

We are actively progressing Integrated Water Management (IWM) across the region as part of the commitment to deliver ‘Water for Victoria’ initiatives, improving water quality, liveability and delivering economic savings. Facing several extreme weather events in previous years, East Gippsland Water recognises the importance of a holistic and collaborative stance to water management.

The East Gippsland Integrated Water Forum comprises the CEOs and Managing Directors of the region’s water, environmental, Indigenous, ports and health agencies. It is supported by a Practitioners’ Group drawn from the Forum membership, along with state and local government authorities – bringing together an invaluable depth of knowledge across organisations that influence the water cycle.

Its priorities are guided by a locally developed Strategic Directions Statement (SDS), outlining a vision and plan for implementing integrated water management in the region. A revised SDS was published early in the 2022-23 financial year following a review to identify and prioritise new and existing opportunities for integrated water management.

We are the lead agency for IWM across the region and we provide resourcing and coordination through the IWM Program Lead position, which is also supported by additional funding from DEECA and East Gippsland Shire Council.

During 2025-26, East Gippsland Water and other IWM partners progressed the delivery of the following priority projects:

Recycled Water to South Bairnsdale

(Joint project delivered by East Gippsland Water and East Gippsland Shire Council, supported by East Gippsland Catchment Management Authority)

This project involves three key outputs that support the supply of recycled water and improved environmental outcomes. With the assistance of a DEECA IWM grant valuing $606,000, we have installed infrastructure to transport recycled water from the Bairnsdale Water Recycling Plant to the Bairnsdale City Oval and adjoining livestock exchange.

East Gippsland Shire Council engaged consultants to undertake a water balance study and options analysis for the use of alternative water sources at the Bairnsdale City Oval and the Livestock Exchange. They have also installed internal infrastructure for the Class A recycled water to support irrigation at both ovals.

In total this project will save up to 19 megalitres of potable water per year that is currently used to irrigate ovals.

Crooke Street Wetlands

(Joint project delivered by East Gippsland Shire Council with support from East Gippsland Catchment Management Authority)

Completed in early 2025, this IWM priority project has seen East Gippsland Shire Council receive funding from DEECA and the Gippsland Lakes Coordinating Committee to build a constructed wetland adjoining Crooke Street in East Bairnsdale. The uniquely designed wetland mimics natural processes to improve water quality before it enters Jones Bay.

Bairnsdale Class A Recycled Water Plant

(Delivered by East Gippsland Water)

Due for completion in 2026-27, this project will see the construction of a Class A recycled water facility at the Bairnsdale Water Recycling Plant. With funding of $1.17 million from DEECA and support by the EGW Board, this important project will provide 200 kL/per day of Class A recycled water for use at key locations throughout Bairnsdale, including the Bairnsdale City Oval.

Bairnsdale Class A Recycled Water Network Plan

(Delivered by East Gippsland Water)

Completed in late 2024 the Bairnsdale Class A Recycled Water Network Plan outlined the concept design for the delivery of Class A recycled water to key high water use customers around Bairnsdale.

Lakes Entrance Integrated Water Management Plan

(Joint project delivered by East Gippsland Water and East Gippsland Shire Council)

In 2026, an Integrated Water Management Plan was completed for Lakes Entrance and the surrounding communities. A community and stakeholder engagement process has explored key issues and future challenges relating to population growth, climate change and water resource management. The identification of IWM solutions to address these complex challenges was a core component of the project. This project was jointly funded by DEECA, East Gippsland Water and East Gippsland Shire Council.

WaterSmart Program and Sporting Ground Feasibility Studies

(Delivered by East Gippsland Water)

This project involves working with non-residential, high water use customers to improve understanding of their water consumption processes, through the installation of data loggers that records water usage at 15 minutes intervals. The project also supports water audits for more complex sites.

Additionally, we are partnering with the EGSC to determine the viability of using alternative water sources, such as stormwater harvesting or recycled water at sporting grounds.

PROMOTING COMMUNITY WATER AWARENESS

In 2025-26, many parts of Victoria were experiencing an extended dry period. In East Gippsland, while some areas of our region had regular rainfall, communities in our High Country were experiencing extended dry conditions.

In 2025-26, we included water conservation tips in our monthly newspaper advertisement and e-newsletter, on our social media accounts, and at events such as community markets. We also promoted Permanent Water Saving Rules and our work planning for the long-term security of drinking water supplies.

The WaterSmart Program, supported by the Department of Energy, Environment and Climate Action continued during 2025-26. The program collaborates with local government and non-residential customers to improve water efficiency through water monitoring and auditing. Digital data that is collected is used for leak detection, which has already saved thousands of litres of potable water across Victoria.

WORKING WITH BUSINESSES

We maintain a record of non-residential customers consuming more than 5ML of drinking water per year and works with them on the implementation and monitoring of water efficiency measures.

In 2025-26, we had two customers, Vegco and Patties, exceed the water consumption threshold of 100ML per year and be classified as a ‘major non-residential water user’ under Section 122ZJ of the *Water Act 1989*.

ASSISTING LOCAL GOVERNMENT

During the reporting period, we continued to collaborate with East Gippsland Shire Council and Alpine Shire Council on initiatives of mutual benefit. These partnerships reflect our shared commitment to serving communities across a vast geographic area and exploring opportunities to collaborate for greater efficiency and impact.

Key joint efforts included:

- Coordination on current and future developer works, supporting regional growth and infrastructure planning
- Development of the East Gippsland Integrated Water Management Strategic Directions Statement, guiding integrated water management implementation across the region
- Delivery of the WaterSmart Program, resulting in measurable water savings at council-owned and managed sites
- Review of council facilities exempt from water restrictions, ensuring consistent and sustainable water use practices.

We are actively exploring further opportunities to collaborate with both councils to enhance service delivery and operational efficiency, recognising the unique challenges and opportunities presented by the diverse communities we collectively support.

Other Statutory Obligations

RIVER CATCHMENT AND WATERWAY HEALTH AND BIODIVERSITY

We continue to have no active on-stream dams in order to minimise the large impact that controlling river flow would present. We perform river extraction under a 'bulk entitlement' licence within the *Water Act 1989*.

Pumping, storing and treating water for the community includes selective harvesting based on local river flow and river quality data to ensure both best quality raw water and minimal impact to downstream users. This also aligns with the Victorian Waterway Management Strategy.

We work closely with the East Gippsland Catchment Management Authority, East Gippsland Shire Council and Parks Victoria in a wider and united approach to catchment management. This acknowledges that oversight of park uses, stormwater management, revegetation and stock exclusion fencing are critical controls for community benefit.

We are actively involved in maintaining wetland health with two recycled water licenced recharges to environment including environmental flows to the Macleod Morass and Lindenow Brown Swamp. These are especially important as critical sustaining flows to these recognised water bodies during dry periods.

DRINKING WATER QUALITY

Safe drinking water to the East Gippsland community remains at the highest standards regulated within Australia.

We maintained a Drinking Water Quality Risk Management System. This is designed to meet the requirements of the Safe Drinking Water Act 2003 and the Safe Drinking Water Regulations 2025 and our Customer Charter. A central focus of the system is a sampling program across all towns that receive a reticulated water supply. The table below shows compliant and safe water to the community.

Our Water Quality Team worked closely with the District Growth Team on new water supply developments to ensure connection to existing supply was performed in a systematic way. This included the review of laboratory-based water quality samples prior to new mains going live to our customers.

2025-26 Compliance with the Water Quality Standards specified in the *Safe Drinking Water Act 2003* and the Safe Drinking Water Regulations 2025			
Water quality location	*E. coli* (0 organisms in 100% of samples taken)	Turbidity (<5 NTU)[1]	Disinfection By-products[2]
Bairnsdale	✓	✓	✓
Bemm River	✓	✓	✓
Buchan	✓	✓	✓
Cann River	✓	✓	✓
Dinner Plain	✓	✓	✓
Eagle Point / Paynesville	✓	✓	✓
Kalimna	✓	✓	✓
Lindenow	✓	✓	✓
Lindenow South	✓	✓	✓
Mallacoota	✓	✓	✓
Merrangbaur	✓	✓	✓
Metung	✓	✓	✓
Nicholson / Swan Reach	✓	✓	✓
Nowa	✓	✓	✓
Omeo	✓	✓	✓
Orbost	✓	✓	✓
Sarsfield / Bruthen	✓	✓	✓
Sunlakes / Toorloo	✓	✓	✓
Swifts Creek	✓	✓	✓

[1] *95th percentile of results for samples in any 12-month period must be less than, or equal to, 5.0 NTU*

[2] *Disinfection By-Products are defined as Trihalomethanes: <0.25 mg/L*

WATER QUALITY COMPLIANCE INCIDENTS

We are required to notify the Department of Health if drinking water is not — or is not likely, to comply with water quality standards known as section 18 and 22 reports. During 2025-26, there were no section 18 and 22s water quality incidents.

During the reporting year our Water Quality and Operations teams responded to customer water quality queries and complaints. These related to aesthetic water quality aspects such as colour, odour, hardness, chemicals and taste. We received a total of 49 complaints during 2025-26, which remains low and in line with the previous year. These complaints are reported in detail in the East Gippsland Water Annual Drinking Water Quality Report to the Department of Health in October every year.

Continuous improvement actions are driven from incident reviews including water main burst events, water quality data in terms of treatment plant effectiveness and customer enquiries.

WATER RECYCLING

Recycled Water Statistics 2025-26					
	2025-26	2024-25	2023-24	2022-23	2021-22
Wastewater collected	3,505	3,443	3,374	3,529	3806
Recycled water produced	3,023	3,443	3,078	2,879	3148
Beneficial reuse	1,691	3,442	3,078	2,870	3140
Discharge to waterway	1,514	-	-	-	-
Discharge to land	76	-	-	-	-
Recycled water used (%)	100	99	99.05	99.70	99.70
Target (%)	100	99	100	100	100

WATER REUSE VOLUMES AND USES

	Water reuse (blue indicates reuse location)							
Location	Volume of wastewater re-used (ML)	Wetlands	Alpine woodland	EGW pasture	EGW tree plantations	Third party pasture/crops	Racecourse	Golf course
Bairnsdale	1,514							
Bemm River	8							
Cann River	18							
Dinner Plain	52							
Lakes Entrance, Kalimna West, Swan Reach	715							
Lindenow	16							
Mallacoota	110							
Metung	150							
Omeo	25							
Orbost, Newmerella	249							
Paynesville	423							

WATER ENTITLEMENT REPORTING

Supply system	Source of supply	Water volume taken (ML)	Bulk entitlement volume (ML)	Volume unused (ML)	Any temporary or permanent transfer of all or part of bulk entitlement (ML)	Any B.E. or licence temporarily or permanently transferred to the corporation	Amendments to the bulk entitlement	Failure to comply with any provision of the bulk entitlement	Difficulties experienced or anticipated in complying with the B.E. and any remedial action take or proposed	Passing flow compliance clause
Mitchell	Mitchell River	3,900.62	9,208	5307.38	0	No	N/A	No	No	Cl.8
Mitchell[1]	Groundwater	0	171	171	0	No	N/A	No	No	N/A
Mitchell ASR[1]	Groundwater	0	190	190	0	No	N/A	No	No	N/A
Bemm River	Bemm River	12.75	100	87.25	0	No	N/A	No	No	Cl.7
Cann River	Cann River	24.71	192	167.29	0	No	N/A	No	No	Cl.7
Mallacoota	Betka River	159.71	330	170.29	0	No	N/A	No	No	Cl.7
Mallacoota	Groundwater	46.87	220	173.13	0	No	N/A	No	No	N/A
Swifts Creek	Tambo River	21.09	224	202.91	0	No	N/A	No	No	Cl.7
Buchan	Buchan River	24.39	170	145.61	0	No	N/A	No	No	Cl.7

Orbost	Brodribb River / Rocky River[2]	569.20	2,031	1461.80	0	No	N/A	No	No	Cl.7
Omeo	Butchers Creek	49.66	77	27.34	0	No	N/A	No	No	Cl.7
Dinner Plain	Groundwater	76.89	120	43.11	0	No	N/A	No	No	N/A

[1] Groundwater in the Mitchell System consists of a fixed license component and a managed aquifer recharge project (Aquifer Storage and Recovery – ASR). During the reporting period no water 0ML was injected into the Latrobe Valley Group of aquifers. No water was extracted from the 171ML available for extraction in any year (under a take and use license) to supplement supply.

[2] The infrastructure to enable harvesting from Rocky River has been decommissioned.

Items that are not applicable (N/A):

East Gippsland Water did not submit any proposals associated with 'Making Allowances' Bulk Entitlement clauses. Environment programs were in place where required and there were no amendments to these programs.

East Gippsland Water manages Bulk Entitlements in accordance with approved metering programs. All Bulk Entitlement conditions were met and no difficulties were experienced in meeting these conditions.

CIRCULAR ECONOMY OUTCOMES

East Gippsland Water is committed to circular economy outcomes through continuing 100% sustainable reuse of biosolids produced during the water recycling process for agricultural purposes. We have around 5,000 dry tonnes of biosolids in storage for future reuse opportunities. During the reporting period, we continued to explore project opportunities in partnership with East Gippsland Shire Council and Gippsland Agricultural Group.

In planning for upgrades of the Water Recycling Plants resource recovery options are being considered. We are also considering opportunities for utilising recycling materials in upcoming major projects.

These initiatives help support a reduction in waste generation and diversion of waste from landfill in line with Recycling Victoria: A New Economy.

Leadership, Diversity and Culture

We invest in our people and culture to create a safe, inclusive and resilient workplace. By strengthening leadership, developing staff and embedding continuous improvement, we are building the capability needed to respond to future challenges while delivering better outcomes for our customers, community and the environment.

Our employee value proposition, commitment to wellbeing and focus on empowering our people have strengthened our high-performing, values-driven culture throughout 2025-26. These initiatives have helped attract talented people, bringing diverse skills and new perspectives to our organisation.

Our values and behaviours guide the way in which we work and articulate the standard required to uphold our workplace culture. Developed internally, the agreed East Gippsland Water values and behaviours are:

- United
- Accountable
- Authentic
- Innovative.

BUILDING WORKFORCE CAPABILITY

East Gippsland Water is fostering a learning organisation culture, where continuous learning, knowledge sharing and capability development are embedded into the way we work. We remain committed to investing in initiatives that empower our people to grow, succeed and adapt in an evolving environment.

Our onboarding program introduces new employees to our organisation, culture, values, systems and ways of working, enabling them to feel connected, supported and equipped to contribute from day one. We have recently introduced a H2Know tour day, providing an opportunity for new employees to hear from the leadership team and visit operational sites together.

Our capability framework and skills matrix enable us to identify the knowledge, skills and competencies required to deliver our strategic goals, by identifying and addressing skills gaps with aligned development plans as the outcome.

Learning and development focus areas include compliance and regulatory learnings, safety training, technical training as well as personal and professional development.

We continued to strengthen our verification of competency framework, working closely with subject matter experts to observe, assess and validate critical tasks, skills and competencies across the organisation.

During the reporting period we partnered with Water Training Australia (a registered training organisation) to deliver single units of competency and Certificate III in Water Industry Operations to our treatment, and operations and maintenance staff.

During 2025-26, employees participated in a range of facilitated workshops and development programs, including project management training, pump fundamentals, planning and scheduling, family violence awareness training and cultural awareness education sessions. Staff also attended industry conferences and events, including OzWater and VicWater, providing opportunities to build knowledge, share experiences and stay connected with industry developments.

We completed the second year of our emerging leader program, EGW Emerge, with 16 participants completing the program. Highlights included sessions on leadership vs management, communication, business writing, inclusive leadership, team culture, mental health and psychological safety.

As highlighted below, we support staff to undertake formal, accredited training and qualifications aligned to role requirements, this is an important component of our approach to building capability, supporting employees to upskill and develop the knowledge and skills needed for current and future roles.

The courses staff undertook in the last financial year are:

Staff undertaking accredited tertiary training 2025-26	
Course name	Number of participants
Bachelor of Business	1
Diploma of Project Management	2
Diploma of Leadership and Management	1
Graduate Certificate in Environmental Management	1
Certificate IV in Business Administration	2
Certificate IV in Information Technology	1
Certificate III in Electrotechnology Electrician	2
Certificate III in Business	1
Certificate III in Water Industry Operations	7
National Water Training Package – Single units of competency	16
Certificate II in Workplace Skills	1

We proactively map and monitor succession plans to ensure continuity across critical leadership and specialist roles. By identifying roles as covered or uncovered, we can proactively manage succession risks associated with turnover and retirement, strengthening organisational resilience and business continuity.

TALENT PIPELINES

East Gippsland Water offers a range of employment programs to engage prospective talent to ensure we can meet our workforce needs into the future. Throughout 2025-26, we hosted seven tertiary students through our summer internship program. The students worked in a range of fields including engineering, communications, technology and environmental planning.

We also hosted secondary school students as part of work experience programs.

We are dedicated to supporting local talent by partnering with education institutes. We partner with Federation University offering scholarships for talented students pursuing studies. In the 2025-26 year, we offered two $5000 scholarships.

We attended careers events and job expos to showcase the diverse range of careers available in the water industry.

We continued to invest in our traineeship and apprenticeship programs which provides early career pathways within our community, with eight trainees and apprentices engaged during the reporting period. These trainees and apprentices have worked across various areas of the business including Network Operations, Inventory Support, Treatment Operations, Electrical, Stores and Information Technology.

PUBLIC ADMINISTRATION EMPLOYMENT AND CONDUCT PRINCIPLES

East Gippsland Water is committed to applying equity principles when appointing new employees, including key initiatives through the *Gender Equality Act 2020*. Our merit-based selection and recruitment process ensures that applicants are assessed and evaluated fairly and equitably on the basis of the key selection criteria, values and behaviours, and other role-specific factors, without discrimination.

All staff are expected to engage in behaviours in the workplace that abide by the principles of Equal Employment Opportunity, the Victorian Charter of Human Rights and Responsibilities and the Public Sector Employment Principles. Staff are provided with appropriate training to inform them of this obligation.

Staff receive updates on the Victorian Charter of Human Rights. All new staff are introduced to the Charter and the Equal Opportunity Act and Victorian Public Sector Code of Conduct as part of their induction.

We have developed a Workforce Plan that is committed to maximising the potential of our staff by ensuring we have the right people, in the right place, at the right time with the right capabilities. We aim to attract high-quality talent to address current and future resourcing challenges by promoting initiatives targeted at enhancing the employee experience, supporting diversity and inclusion, embedding succession planning and ensuring retention of talent. We are focused on and committed to becoming a learning organisation through our Empowered Workforce campaign.

WORKPLACE RELATIONS

We continue to foster our 'United' approach by establishing a number of forums where information can be shared, feedback provided and change management instigated.

This past year saw many opportunities for our executive and senior leadership teams to come together to collaborate and achieve cross organisation goals.

The Employee Consultative Committee is one such forum, where every department has at least one representative. This is used for two-way communication, debate, the exchange of ideas and importantly, the establishment of working groups that focus on matters important to East Gippsland Water. It also assists with the ongoing embedding of our values and behaviours and safety moments, the application of a range of policies and procedures, and feedback on staff surveys and health and wellbeing initiatives.

The Enterprise Agreement Bargaining Committee is another example where members were able to work collaboratively through the bargaining process to support the development of East Gippsland Water's next Enterprise Agreement.

STAFF ENGAGEMENT

Surveys assist us to identify areas where we excel, particularly in terms of our people's leadership and employee experience, whilst also highlighting opportunities for enhancement in workplace procedures and practices.

As a public sector organisation, East Gippsland Water takes part in the annual People Matter Survey conducted by the Victorian Public Sector Commission (VPSC). The survey provides valuable feedback on workplace culture, leadership, employee wellbeing and engagement.

Conducted in March 2026, the survey results will help us identify opportunities to strengthen wellbeing, inclusion and support for our people. The findings will also provide insights into workforce diversity and help guide future initiatives that make East Gippsland Water an even better place to work.

Individual teams will use the survey to review and update their annual action plan. These plans are designed to concentrate on specific areas such as:

- psychological health and wellbeing
- learning and development
- communication and engagement
- workload management and escalation
- empowerment
- team building enhancement, and
- to bolster our commitment to increasing opportunities for equity, diversity and inclusion.

Our response rate from the People Matter survey results was higher when compared to the broader Victorian public service. The highest scoring results were related to collaboration,

flexible working, organisation integrity, workgroup and manager support, quality service delivery and safety climate. Our employee engagement index also increased on the previous year.

A large proportion of staff expressed they intend to continue working for East Gippsland Water, and we take pride in being an employer of choice and maintaining a high level of public trust.

To further monitor staff satisfaction, we collect and consider feedback as part of the personal development planning and review process, as well as our staff exit process.

WORKFORCE INCLUSION

Ensuring an inclusive workplace where everyone feels respected, valued and able to contribute is fundamental to delivering better outcomes for our employees, customers and the communities we serve.

Our Equity, Diversity and Inclusion (EDI) Plan provides the strategic framework for embedding equity, diversity and inclusion across our organisation. The plan aligns with VicWater's Equity, Diversity and Inclusion Strategic Plan 2024–2028 and guides our approach and our collective industry wide targets.

During 2025-26 we finalised our Gender Equality Action Plan (GEAP) 2026–2030, which outlines our priorities for advancing gender equality and meeting our obligations under the *Gender Equality Act 2020* (Vic) over the next four years. The plan was informed by our 2025 Gender Equality Progress Report, workforce data, employee consultation and the shared priorities of the Victorian water sector.

To support implementation of the GEAP 2026-2030, a Gender Equality Working Group was established with representatives from across the organisation responsible for progressing actions aligned to their interests and expertise. This whole-of-organisation approach enables diverse perspectives on reducing barriers, increasing participation and embedding inclusion into our policies, practices and decision making to create long term, meaningful change.

Our Traditional Owners Engagement and Opportunities Working Group also supports a coordinated organisational approach to partnering with Traditional Owners, encouraging early engagement, strengthening relationships and helping ensure cultural perspectives are considered throughout planning and decision-making.

During 2025-26, we formally launched our IDEAS (Inclusion, Diversity, Equity, Accessibility and Strengths) program to build employee awareness and capability in creating a more inclusive workplace. Using staff communications, learning opportunities and awareness activities, the program helps embed inclusion into everyday behaviours and decision-making.

Throughout the year, employees participated in learning and awareness sessions recognising key events including International Day of People with Disability, Harmony Week, International Women's Day, IDAHOBIT, Pride Month and National Reconciliation Week. These activities provided opportunities to learn from lived experience and strengthen inclusive workplace practices.

We also took part in industry partnerships and networks including the VicWater Diversity and Inclusion Steering Committee, WaterAble, Gippsland Environmental Agencies Women in Leadership Team and Intelligent Water Networks. These partnerships support knowledge sharing, collaboration and continuous improvement across the Victorian water sector while strengthening our ability to deliver inclusive outcomes for both our workforce and the community.

In 2026-27, we will continue implementing the actions in our Gender Equality Action Plan, strengthen inclusion capability across the organisation and embed Gender Impact Assessments into relevant policies, projects and services.

Key diversity and inclusion targets and the outcomes

Diversity type	2026 VicWater Target	2025-26 Outcomes (%)	2024-25 Outcomes (%)
Women employees	40:40:20	32	31
Identify as Aboriginal and / or Torres Strait Islander	2.5%	6	5
Caring Responsibilities	No target	57	58
Flexible Work Arrangement in Place	No target	51	45
Multicultural Background[1]	20%	26	26
People with a Disability[1]	10%	3	3
LGBTQI+[1]	7%	8	8

[1] *This information is captured through the annual People Matter Survey. It is a voluntary declaration.*

WORKFORCE DATA

As at 30 June 2026, the corporation employed 134 people, or 126.4 full-time equivalent (FTE), compared to 136 people, or 122.2 FTE, on 30 June 2025.

Breakdown of staff

Total demographics of staff							
	All Employees		Ongoing			Fixed term and Casual	
	Number[1]	FTE	Full- Time[1]	Part-Time[1]	FTE	Number[1]	FTE
Gender							
Men	90	87.6	76	4	78.2	10	9.4
Women	44	38.8	24	12	32.3	8	6.5
Self-described*	n*	n*	n*	n*	n*	n*	n*
Age							
15-24	7	7.0	4	1	4.7	2	2.0
25-34	24	23.0	19	2	20.4	3	2.4
35-44	31	29.0	22	4	24.8	5	4.4
45-54	37	35.0	30	6	34.1	1	1.0
55-64	26	25.0	20	2	20.9	4	4.0
65+	9	8.0	5	1	5.5	3	2.1
Classification							
Trainees	4	4.0	0	0	0.0	4	4.0
Technical and Administrative Staff	69	63.7	49	14	58.3	6	5.4
Field Staff	39	37.1	36	1	36.6	2	0.5
Senior Managers	16	15.6	15	1	15.6	0	0.0
Executive and Managing Director	6	6.0	0	0	0.0	6	6.0
Total Employees	**134**	**126.4**	**100**	**16**	**110.5**	**18**	**15.9**

[1] – This is a headcount figure.

*n – Figure not available. The way staff data is collected is being reviewed to enable this figure to be collected in the future.

SUPPORTING THE FUTURE WORKFORCE

During the reporting year we hosted a number of trainees, apprentices and university students, providing valuable, practical experience in a range of careers on offer in the water industry.

Trainees, apprentices and summer interns hosted during 2025-26

Staff classification	Men	Women	Self-described	Total
Trainees and Apprentices	6	2	n*	8
Placement Students	4	3	n*	7
Total	**10**	**5**	**n***	**15**

** n – Figure not available. The way staff data is collected is being reviewed to enable this figure to be collected in the future.*

EXECUTIVE OFFICER DATA

As at 30 June 2026, East Gippsland Water employed five Executive Officers (known as General Managers), excluding responsible persons (Ministers and accountable officers), of which one is a woman. General Managers are employed under a Public Entity Executive Remuneration (PEER) contract and report directly to the Managing Director.

Our Executive Officer numbers are as follows:

Number of Executive Officers				
	All		Ongoing*	
	Number	Variation on previous year	Number	Variation on previous year
Executive Managers	5	0	5	0
Total	**5**	**0**	**5**	**0**

**Ongoing – Executives responsible for ongoing functions.*

Executive Officers – Gender

Executive Officers - gender							
	Men		Women		Self-described		Vacancies
	No.	Variation on previous year	No.	Variation on previous year	No.	Variation on previous year	No.
Executive Managers	4	0	1	0	n*	0	0
Total	**4**	**0**	**1**	**0**	**n***	**0**	**0**

Reconciliation of Executive Numbers		2026	2025
	Executives with total remuneration over $192,800 (financial statements, Note 9, page 132)*	5	5
Add	Vacancies	0	0
	Executives with total remuneration below $192,800	0	0
Less	Separations*	0	0
	Total executive numbers at 30 June 2026	**5**	**5**

**Note 9 in the financial statements shows the amount of remuneration paid to executive officers over the course of the reporting period. It does not report against vacant positions or separations which are included above.*

WORKPLACE HEALTH AND SAFETY

All of Us. All of the Time. Everywhere

East Gippsland Water promotes a safety culture focussing on putting the health and safety of our people and the public first. Our corporate goal is to provide quality and sustainable water and wastewater services in a responsive, cost effective and environmentally sensitive manner while being uncompromising when it comes to our worker safety.

Our top priority is to continually develop and improve effective and safe work practices and use safe equipment to deliver services to customers, aligning with our Safety Strategic Plan and the Corporate Plan.

We maintain a Health & Safety (H&S) management system with certification to the international ISO 45001:2018. Our Occupational, Health & Safety (OHS) certification has been maintained since 2005.

The safety management system's main key objectives are:

- To promote staff ownership, safety culture and safety leadership by everyone in all our activities
- Creating a psychologically safe environment for everyone to collaborate on all aspects of safety
- Timely management of hazard and incident reporting, investigation and control implementation
- Investing in the development of our staff to safely and more productively perform, with a focus on high-risk activities
- Empowering staff to make work decisions that are both safe and in the best interests of East Gippsland Water
- Managing an effective return to work, rehabilitation or stay at work plan through consultation with all stakeholders including staff, WorkSafe, medical practitioners and our insurer
- Promoting an organisational health and wellbeing program
- Using innovation to continuously improve the efficiencies of safe work practices.

Our Contractor Safety and Environment Management (CSEM) System is a critical component to successfully manage our high-risk construction contracts. The CSEM manual has been blended into the project management manual to strategically align with capital and operational project delivery.

The system provides an efficient approach to manage project and contractor safety risks through all stages including planning, design, tendering and contract management.

Safety-related key performance indicators are shown in the table below:

Safety Key Performance indicators 2025-26				
	Audits/Inspections Conducted	External Audit Compliance*	Safety meetings conducted	Incidents reported on time
Result (%)	100	100	100	97

**No non-conformances by external auditor.*

Significant achievements in Health and Safety for 2025-26 included:

- Maintained certification of the corporation's H&S Management System ISO 45001:2018.
- Continued the corporate health and wellbeing program, with an emphasis on monthly activities and awareness initiatives focussing on wellbeing and mental health.
- Adaptation of technology and field applications to actively and easily perform health and safety workplace inspections, report hazards, reduce incidents and provide accountability for actions to rectify defects.
- Ongoing participation in the water industry as a member of the VicWater OHS Safety Executive Group, the VicWater OHS Network and the Water Services Association of Australia Health & Safety Network.
- We fostered a collaborative safety forum with Before You Dig and Tas Gas Networks and our operation staff.
- Implemented the Safety Continuous Improvement Plan to investigate initiatives to address and monitor progress in key safety focus areas.
- To support the overall wellness of our workforce, we rolled out a comprehensive flu vaccination program. This included convenient onsite vaccinations and redeemable vouchers for offsite options.
- Recognising that certain roles involve significant sun exposure, we went one step further and offered a skin check program for all staff.
- Commenced a comprehensive asbestos management program, continuing our commitment to remove all asbestos from our facilities.

STAFF HEALTH AND WELLBEING

East Gippsland Water's Health and Wellbeing Program focuses on ensuring staff have a good work/life balance and emphasises the importance of personal wellbeing through regular health and wellbeing activities, training and events. Each initiative covers a different physical or mental health theme from fundraising and awareness campaigns, to encouraging employees to actively participate in physical or mental health wellbeing initiatives.

We continue to align these activities with our Safety Improvement Plan and implementation of the Thrive at Work Program, which supports the organisation's commitment to promoting, protecting and supporting the mental health and wellbeing of our workforce.

This program provides a guide to ensuring systems, processes, resources and behaviours support our vision of an engaged workforce that is physically and mentally healthy and safe. This year, we continued our focus on upskilling our leaders and people in identifying and

minimising psychosocial hazards at work. This includes enabling a safer workplace through good work design, building awareness and capability in addressing psychological risk, and upholding behavioural standards to keep our people free from psychological harm.

During 2025-26 we continued to acknowledge health topics including men's mental health, bowel cancer awareness and suicide prevention, and provide cross-team social opportunities with barbecues and lunches to mark RU OK Day and World Mental Health Day. We also actively promoted support services available through local providers and our Employee Assistance Program.

EMPLOYEE ASSISTANCE PROGRAM

Our Employee Assistance Program (EAP) is an ongoing initiative offering staff and their families confidential counselling and support for personal and workplace issues that may impact on their wellbeing and work capability. The corporation employs the services of a qualified independent counsellor, who regularly visits work sites to discuss any issues with staff in the strictest confidence.

Throughout 2025-26 we responded to additional pressures on our workforce by actively promoting the various services provided by our EAP provider, Converge International, and utilising a range of initiatives to keep in touch and provide support, such as:

- Increased staff training for accredited mental health first aid and contact officers, available to provide support directly to staff as needed.
- Promoted initiatives to keep our people connected, including monthly wellbeing and inclusion activities and a fortnightly staff newsletter.
- Actively promoting training, resources, and information about local support services and organisations.
- Circulating relevant articles, events and the monthly Converge International e-magazine 'Flourish', providing relevant resources for mental, financial, physical and emotional wellbeing.

HEALTH AND SAFETY

Number of Incidents/Lost-Time Incidents

Hazard reporting and incident investigation remains an effective tool to assess the effectiveness of East Gippsland Water's safety system, including the timeliness of reporting all incidents.

There were 34 incidents in 2025-26 and 10 contractor (third-party) incidents. All significant incidents, whether a near hit or an injury, were formally investigated so that suitable preventive controls could be agreed and implemented.

The number of reported hazards during the reporting period, 107, is similar to the previous year. This highlights our strong staff safety leadership to identify hazards and maintaining a safe workplace.

All incidents are tabled at regular committee and Board meetings. Significant incidents, including high potential near misses, are subject to a formal investigation to determine the cause and build in preventive controls.

Total Health and Safety Incidents Reported (per 100 Full-time Equivalent staff[1])					
Incidents	2025-26	2024-25	2023-24	2022-23	2021-22
Number of reported incidents	33.07	26.19	36.12	49.53	35.45
Number of reported hazards	82.30	92.47	94.58	117.75	109.09
Number of lost time standard claims	2.3	0	0.86	1.86	0.90
Number of medical treatment incidents	0	0.82	0	0	0
Average cost per claim paid by us	$686.25	$959	$5,506	$0	$1,769
WorkSafe estimate of outstanding claim costs[2]	$33,442	$6,668	$6,668	$453,441	$448,312

1 – In 2025-26 we had 126.4 Full Time Equivalent staff.
2 – This is a combination of actual costs to us and Allianz over the five claims, not a rate per 100 FTE.

Average Time Lost

'Average time lost' is the average time lost from work, per incident, in days. For the purpose of this indicator, 12 months is the maximum time for any single incident. It is calculated against total incidents recorded, as well as against lost time incidents.

$$\text{Average Time Lost} = \frac{\text{Number of Working Days Lost}}{\text{Number of Incidents in the Period}}$$

Average Lost Time					
	2025-26	2024-25	2023-24	2022-23	2021-22
Days lost per total incidents	1.08	0.00	0.02	0.24	0.05
Days lost per lost time incident	13.43	0.00	1.00	6.50	2.00

Asset Management

East Gippsland Water is responsible for delivering quality water and recycled water services to customers through the planning, creation, augmentation, operation and maintenance of an extensive range of infrastructure assets. These assets comprise water and sewerage networks and include pipes, pumps, storages, treatment plants and equipment, in addition to depots and office buildings.

Providing services that our customers value is at the forefront of our asset management decision making, with the services tailored to meet their needs, and associated assets structured to provide these services.

Our Asset Management Policy aims to achieve the safe, reliable, cost effective and efficient delivery of services to both existing and new customers. During the reporting period East Gippsland Water worked to ensure that assets were being managed safely and with minimal environmental impact.

In the 2025-26 financial year we progressed our Total Asset Management Program, our current asset management continuous improvement program. This program seeks to mature our systems and processes to improve the reliability, cost effectiveness and delivery of services to our customers.

Our compliance with the Asset Management Assessment Framework (AMAF) has also continued to improve. The AMAF is a non-prescriptive, devolved accountability model of asset management that requires compliance with 41 mandatory requirements.

East Gippsland Water is currently compliant with 37 of the 41 mandatory requirements. These requirements can be found on the Department of Treasury and Finance website (www.dtf.vic.gov.au/infrastructure-investment/asset-management-accountability-framework).

ASSET PLANNING

Our 20-year capital works program outlines the planned upgrade and renewal of assets for the long-term. This program informed our 2023-2028 Price Submission and it is updated regularly based on business risk and customer needs.

To formulate the works program, East Gippsland Water's customer demand forecasts, proposed developments, water resource modelling, water and sewerage hydraulic models and treatment plant capacity assessments continue to be reviewed and updated. These models, together with asset data, such as asset age and asset condition, are key inputs to developing, reviewing and updating our asset management plans - to plan for the future of our assets to meet customer demands.

In addition, we continue to consider innovative approaches to meet future asset needs through new technology, including adaptive planning principles and appropriate industry best practice.

NEW ASSETS AND PROJECTS

The 2025-26 period marked the third year of a five-year capital works program worth more than $115 million. Capital expenditure for the year totalled $30.6 million, which included the finalisation of $28.85 million in completed asset renewals and capacity upgrades.

The program was designed to maintain high-quality, reliable water supplies and sewerage services for customers, while also catering for population growth. East Gippsland Water continued to work closely with regulators and stakeholders, including the Gunaikurnai Land and Waters Aboriginal Corporation (GLaWAC), to ensure cultural heritage requirements were embedded in project planning and delivery.

Portfolio value by category:

- Renewals: $10.39 million (33%)
- Regulatory Compliance: $9.0 million (29%)
- Growth: $3.65 million (12%)
- Corporate / Systems / Water Security and Compliance / Other: $8.26 million (26%)

Key projects during the reporting period included the following:

Paynesville Winter Storage ($5.27m, Regulatory Compliance)

Construction of a new 300 ML winter storage. This project improves onsite storage and irrigation for the Paynesville Water Recycling Plant and Reuse Facilities.

North Arm Crossing Water Main Replacement ($2.74m, Security and Reliability)

Completed in 2025-26, this project replaced and upgraded the Lakes Entrance southern main pipeline crossing beneath the North Arm waterway, improving the reliability and security of water services to Lakes Entrance.

Buchan Water Tanks Renewal ($2.31m, Security and Reliability)

Completed in 2025-26, this project replaced the township's clear water storage tanks, providing improved water supply reliability and operational safety.

Paynesville Pump Stations ($1.89m, Regulatory Compliance)

Linked to the Paynesville Winter Storage project, this stage will introduce pump stations at Paynesville Water Recycling Plant and Peeck's Road Winter Storage, together with associated pipework to the irrigation areas. Completion is scheduled for 2027-28.

Bruce Track Irrigation Works ($1.88m, Renewals)

Continuation of works including a new irrigation pump station, connecting pipework between the new pump station and the existing irrigation network, and new irrigation pipelines with allowance for future connections. Completion is scheduled for 2026-27.

Woodglen Water Treatment Plant No. 3 Raw Water Storage Basin ($1.68m, Water Security and Reliability)

Currently in the design phase, this project is working towards maximising the use of our existing Mitchell River entitlement by increasing raw water storage capacity within the system.

Sewer Main Renewals ($1.4m, Renewals)

Continuation of CCTV inspection and sewer main renewal works to identify and address deteriorated assets, supporting the ongoing reliability and performance of the sewer network.

OTHER ASSET RENEWALS

We continued our ongoing program of renewal and improvement works across the network, aimed at improving reliability, performance, efficiency, and safe operator access.

Key projects included:

- Bairnsdale Water Recycling Plant inlet switchboard upgrade
- Irrigation pipeline replacement
- Pressure Sewer upgrades and renewals
- Woodglen Water Treatment Plant flocculation tank mixer refurbishment
- Switchboard upgrades at multiple locations
- Water Pump Station pump renewals at multiple locations
- Sewage Pump Station renewals at multiple locations

We invested $30.6 million in capital works in 2025-26, with the majority directed towards asset renewals (33%) and regulatory compliance (29%) to secure core service reliability and environmental performance. Growth-related projects (12%) ensured the organisation remains positioned to service a growing customer base, while investment in corporate systems (7%) improved planning, digital capability, and operational resilience.

The mix of completed major projects — including the Paynesville Winter Storage and North Arm Crossing — demonstrates strong delivery performance, while continued renewal programs and targeted compliance investments ensure ongoing protection of public health, environmental outcomes, and service reliability.

Supervisory Control and Data Acquisition (SCADA)

The VISTA (Visibility, Integration, SCADA Transformation and Automation) continues to be a strategic investment in the modernisation of East Gippsland Water's SCADA and operational technology environment. During the reporting period, the program delivered significant progress toward standardising control systems, improving cyber security resilience, and establishing a long-term transformation roadmap.

Key achievements included completion of foundational standards, development of future-state architecture, enhancement in cyber security, and mobilisation of hardware replacement activities across critical operational sites.

Governance, reporting, and stakeholder engagement processes have also been strengthened to support successful delivery of future implementation phases. The program

remains focused on reducing operational risk, improving reliability, and creating a scalable platform to support future digital and operational initiatives.

DEVELOPER WORKS AND SUBDIVISIONS

New services properties						
	2021-22	2022-23	2023-24	2024-25	2025-26	Total increase
Water	27,438	27,744	28,312	28,611	28,816	205
Sewer	23,269	23,551	24,047	24,283	24,447	164
Total new services						369

MAINTENANCE AND RENEWAL OF ASSETS

Our priority is to provide our customers with safe, reliable and efficient water and sewerage services. Maintaining the performance and reliability of our infrastructure is fundamental to achieving this, and is supported by a combination of experienced operational and maintenance teams, robust asset management practices and specialist contractor support.

Within the last six months we have further strengthened our approach through the implementation of a new Enterprise Asset Management system (EAM). While asset criticality and risk have historically informed our maintenance decisions, the new EAM has enabled us to embed this approach more comprehensively into our maintenance planning and scheduling.

This approach allows us to focus our maintenance efforts and resources on the assets that present the greatest risk to service delivery, helping to improve asset reliability, maintain compliance, optimise performance and achieve better value from our maintenance expenditure.

Our ongoing maintenance programs in 2025-26 included:

Sewer Maintenance

- A total of 79 sewer pump stations have been serviced to ensure that optimal performance and efficiency is met
- 11,907.9 metres of sewer jetting has been performed in an effort to provide ongoing reliable sewage services to our customers
- 523 manhole inspections have been carried out identifying partial blockages, infiltration and updated condition assessment
- 71 sewer air valves have been serviced which helps prevent blockages, reduce odour and maintain reliable system performance.
- CCTV continues to be a valuable method for condition assessing our underground gravity assets with over 8.6 km of gravity sewer inspected within in the last financial year.

- We continue to improve SCADA capabilities and have brought an additional 8 sewer pump stations online with this technology.

Inflow and Infiltration Within the Gravity Sewer Network

Although a dedicated Inflow and Infiltration program was not implemented over the past 12 months, significant finds and improvements have resulted from other programmed activities, such as sewer manhole inspection, CCTV and relining.

Water Reticulation Maintenance

- Total of 123 air valves were serviced
- 480 water stop valves have been exercised and inspected
- 44 water pump stations serviced to ensure asset longevity and efficiency
- Specialist divers have been utilised to inspect storages and provide comprehensive condition assessments.
- High velocity water mains flushing was implemented in targeted areas to remove bio films and improve overall water quality and aesthetics.

ODOUR

We continue to proactively manage odour risks across our sewerage network, including manholes, pump stations and water recycling plants. Whilst odour is more aesthetic than health based, it can cause frustration and impact lifestyle.

A dedicated odour management database is maintained to record, monitor and respond to odour incidents, enabling timely investigation of customer reports and the ongoing identification of improvement opportunities.

Whilst the total number of odour complaints remains small at less than 20 for 2025-26, common sites continue to demonstrate odour. Continued investment in the Paynesville and Lakes Entrance sewer systems focused on filtering at the source. This will need to progress to works that reduce sewage detention time via increased pumping and additional mains to reduce volume into pump stations.

The upgraded biofilter odour management system at Lakes Entrance Water Recycling Plant, reported last year, is expected to be fully operational by October 2026.

Overall these initiatives form part of East Gippsland Water's ongoing commitment to minimising odour impacts on surrounding communities while maintaining reliable and effective wastewater treatment services.

DISCLOSURE OF ASSET MATURITY ASSESSMENT

The following sections summarise East Gippsland 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 Department of Treasury and Finance website (www.dtf.vic.gov.au/asset-management-accountability-framework).

East Gippsland Water's target maturity rating is 'competence', meaning systems and processes are fully in place, consistently applied and systematically meeting the AMAF requirement. The next continuous improvement plan was developed in 2024/25, the Total Asset Management Program. Implementation of this program began in December 2024 to expand system performance above AMAF minimum requirements and to date three of the sub-projects have been completed.

Leadership and Accountability

East Gippsland Water is compliant with most requirements in this area. There is no material non-compliance reported in this category and four non-material non-compliances, and there is a plan in place to improve East Gippsland Water's maturity rating.

Planning

East Gippsland Water is compliant with this requirement, with a plan in place to increase maturity in this area.

Acquisition

East Gippsland Water is compliant with this requirement, with a plan in place to increase maturity in this area.

Operation

East Gippsland Water is compliant with this requirement, with a plan in place to increase maturity in this area.

Disposal

East Gippsland Water is compliant with this requirement, with a plan in place to increase maturity in this area.

Other Information

CONSULTANCY EXPENDITURE

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

In 2025-26, there were 11 consultancies where the total fees payable to each consultant was $10,000 or greater. The total expenditure incurred during 2025-26 in relation to these consultancies is $8.04 million (ex GST).

Details of individual consultancies are outlined on our website, egwater.vic.gov.au.

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

In 2025-26, there were 15 consultancies engaged during the year, where the total fees payable to each consultant was less than $10,000. The total expenditure incurred during 2025-26 in relation to these consultancies was $59,721 (ex GST).

DISCLOSURE OF MAJOR CONTRACTS

East Gippsland Water did not enter into any major contracts during 2025-26. A 'major contract' is a contract entered into during the reporting period valued at $10 million or more.

CAPITAL PROJECTS

East Gippsland Water manages a range of capital projects each year as part of its commitment to delivering reliable, safe, and sustainable water and wastewater services. None of the capital projects completed during the 2025-26 financial year exceeded the disclosure threshold of $10 million.

For further information on capital projects managed by East Gippsland Water and the broader Victorian public sector, please refer to Budget Paper No. 4 – State Capital Program (BP4) available on the Department of Treasury and Finance's website: www.budget.vic.gov.au/budget-papers.

FREEDOM OF INFORMATION

The *Freedom of Information Act 1982* (the Act) allows public access to documents held by government entities, which includes right of access to documents held by East Gippsland Water.

The documents comprise both those created by East Gippsland Water, or supplied to East Gippsland Water by an external organisation or individual, and may also include maps, films, microfiche, photographs, computer printouts, computer discs, tape recordings and videotapes. Information about the type of material produced by East Gippsland Water is available on the Information Requests page of our website.

The Act allows East Gippsland Water to refuse access, either fully or partially, to certain documents or information.

Examples of documents that may not be accessed include:

- some internal working documents
- law enforcement documents
- documents covered by legal professional privilege such as legal advice
- personal information about other people, and
- information provided to East Gippsland Water in-confidence.

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

Making a request

Freedom of Information (FoI) requests can be lodged online at www.foi.vic.gov.au. An application fee of $34.50 (as at 1 July 2026) applies. Access charges may also be payable if the document pool is large, and the search for material, time consuming.

Access to documents can also be obtained through a written request to East Gippsland Water's FoI Officer, as detailed in section 17 of the Act, clearly identifying what types of material/documents are being sought. These requests should be addressed to:

Freedom of Information Officer
East Gippsland Water
PO Box 52
Bairnsdale, Victoria, 3875

The telephone number is 1800 671 841 and enquiries can also be emailed to foi@egwater.vic.gov.au.

Freedom of Information Statistics

During the reporting period East Gippsland Water received three Freedom of Information requests from members of the public and one from the previous reporting period where access was granted. The requests were acceded to within the 30-day time period. The requests were not subject to a complaint/internal review by OVIC, nor appealed to the Victorian Civil and Administrative Tribunal (VCAT).

Further information

Further information regarding the operation and scope of Freedom of Information can be obtained from the Act, regulations made under the Act, and at ovic.vic.gov.au.

ADDITIONAL INFORMATION AVAILABLE ON REQUEST

In compliance with the requirements of the Standing Directions of the Minister for Finance, details in respect of the items listed below have been retained by East Gippsland Water and are available (in full) on request from its Freedom of Information Officer (details above), subject to the provisions of the *Freedom of Information Act 1982*:

- Details of publications produced by East Gippsland Water about itself and how these can be obtained.
- Details of any major external reviews carried out on East Gippsland Water.
- Details of major research and development activities undertaken by East Gippsland Water.
- Details of major promotional, public relations and marketing activities undertaken by East Gippsland Water to develop community awareness of the corporation and its services (see the Community Engagement sections of this annual report and our website, egwater.vic.gov.au).
- A list of major committees sponsored by East Gippsland Water, the purposes of each committee and the extent to which the purposes have been achieved (see also page 17 of this annual report).
- Details of changes in prices, fees, charges, rates and levies charged by East Gippsland Water.
- Details of all consultancies and contractors including:
    - consultants/contractors engaged
    - services provided, and
    - expenditure commitment for each engagement (also available on our website, egwater.vic.gov.au)

The information is available on request from:

Information Officer
East Gippsland Water
Phone: 1800 671 841
Email: egw@egwater.vic.gov.au

Additional information included in this annual report

Details in respect of the following items have been included in East Gippsland Water's annual report, on the pages indicated below:

- A statement that declarations of pecuniary interests have been duly completed by all relevant officers (page 21).
- Details of assessments and measures undertaken to improve the occupational health and safety of employees (the Health and Safety section – page 69).

- A general statement on industrial relations within East Gippsland Water and details of time lost through industrial accidents and disputes (the Staff Health and Wellbeing section – page 73).

Information that is not applicable to East Gippsland Water

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

- Details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary (no shares have ever been issued in East Gippsland Water)

- Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit (no board directors or senior executives took overseas work-related trips).

COMPLIANCE WITH THE PUBLIC INTEREST DISCLOSURES ACT 2012

The *Public Interest Disclosures Act 2012* (the Act) enables people to make a disclosure about corrupt or improper conduct by a public officer or a public body.

East Gippsland Water is a public body for the purposes of the Act.

What is a public interest disclosure?

A public interest disclosure is a complaint of corrupt or improper conduct by a public officer or a public body.

'Improper or corrupt conduct' involves substantial mismanagement of public resources, risk to public health or safety or the environment, or corruption.

'Detrimental action' is action taken against a person in reprisal for making a public interest disclosure.

How do I make a public interest disclosure?

You can make a public interest disclosure about East Gippsland Water or its Board members, officers or employees by contacting IBAC (details below).

East Gippsland Water is not able to receive public interest disclosures.

We have established procedures for the protection of persons from detrimental action in reprisal for making a public interest disclosure about East Gippsland Water, its Board members, officers or employees. You can access our procedures on our website at egwater.vic.gov.au/about-us/report-a-concern.

Independent Broad-Based Anti-Corruption Commission (IBAC) Victoria

Address: Level 1, North Tower, 459 Collins Street, Melbourne Victoria 3000

Mail: IBAC, GPO Box 24234, Melbourne Victoria 3001

Internet: www.ibac.vic.gov.au

Phone: 1300 735 135

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

GOVERNMENT ADVERTISING EXPENDITURE

During the 2025-26 reporting year our government campaign advertising was nil.

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) EXPENDITURE

For the 2025-26 reporting period, East Gippsland Water had a total Information and Communication Technology expenditure of $6.724m with the details shown below:

Information and Communication Technology expenditure 2025-26 ($)			
All operational ICT expenditure	ICT expenditure relating to projects to create or enhance ICT capabilities		
Business as Usual ICT expenditure (Total)	*Non-Business As Usual (non-BAU)* ICT expenditure (Total = Operational and Capital Expenditure)	Operational expenditure	Capital expenditure
$3.473m	**$3.251m**	**$1.938m**	**$1.313m**

These totals include investments in SCADA, Project Lifecycle Management and Enterprise Asset Management which have been achieved in 2025 - 26, improving asset visibility and decision-making, and provide a scalable technology foundation to support EGW's long-term objectives.

Note:

'ICT expenditure' refers to East Gippsland Water's costs in providing business-enabling ICT services. It comprises Business As Usual (BAU) ICT expenditure and Non-Business As Usual (Non-BAU) ICT expenditure.

'Non-BAU ICT expenditure' relates to extending or enhancing East Gippsland Water's current ICT capabilities.

'BAU ICT expenditure' is all remaining ICT expenditure which primarily relates to ongoing activities to operate and maintain the current ICT capability.

REVIEWS AND STUDIES EXPENDITURE

In 2025-26, there were two consultancies for reviews and studies where the total fees payable to the consultants were $10,000 or greater. The total expenditure incurred during 2025-26 in relation to these consultancies was $342,517.64 (ex. GST). Details of individual reviews and studies are outlined in the table below.

In 2025-26, there were three consultancies for reviews and studies where the total fees payable to the consultants was less than $10,000. The total expenditure incurred during 2025-26 in relation to these consultancies was $16,700 (ex GST).

Reviews and studies expenditure 2025-26*						
Name of the review	Reasons for review/study	Terms of reference/ scope	Anticipated outcomes	Estimated cost for the year ($) (ex GST)	Final cost if completed ($) (ex. GST)	Publicly available (Y/N) and URL
Lakes Entrance Integrated Water Management (IWM) Plan	Identify integrated water management opportunities for addressing multi-agency, interconnected water issues for Lake Entrance	Develop an IWM Plan for Lakes Entrance and surrounds following DEECA IWM guidelines	Actionable plan to progress IWM opportunities for Lakes Entrance and surrounds	23,032.44	88,874.24	N – will be made available once approved for release
2027 UWS Public Report	Required reporting for the 2027 UWS	Develop the public facing report for the 2027 UWS	The 2027 UWS suitable for public reading.	3807.20	Not complete	N
Bairnsdale Sewer Network Master Plan	Develop a long-term plan for the Bairnsdale Sewer Network	Develop a master plan for the Bairnsdale Sewer Network to address identified system performance issues over the next 20 years	Recommended actions address identified shortfalls, including capital works required to address network growth	68,456	68,456	N- contains commercial in-confidence data
Mitchell Water Network Master Plan	Develop a long-term plan for the Mitchell Water Supply Network	Develop a master plan for the Mitchell Water Supply Network to address identified system performance issues over the next 20 years	Recommended actions address identified shortfalls, including capital works required to address network growth	183,291	183,291	N- contains commercial in-confidence data

** This table does not include reviews or studies that are Commercial-in-Confidence or commercially sensitive.*

EMERGENCY PROCUREMENT

East Gippsland Water activated one emergency event during the 2025-26 reporting period.

Incident name: Dargo Wonnangatta Complex Bushfire

Level of incident: Level 3

Start and end dates: 6 January to 30 March 2026

Date activated emergency procurement policy and putting down date: Emergency water carting for three residents at Dargo. There wasn't any emergency procurement policy activation.

All operational and service-related issues were effectively managed under Business-As-Usual processes, without the need to trigger emergency procurement provisions.

This outcome reflects the strength of our proactive planning, asset management, and risk mitigation strategies, which support timely and controlled responses to emerging issues while ensuring compliance with procurement governance requirements.

During the 2025-26 financial year, East Gippsland Water's total expenditure on Emergency Management-related goods and services amounted to $121,678.

LOCAL JOBS FIRST

The *Local Jobs First Act 2003*, introduced in August 2018, brings together the Victorian Industry Participation Policy (VIPP) and the Major Project Skills Guarantee (MPSG) into a single legislative framework.

Under the Act, we are required to apply the Local Jobs First policy to all projects valued at $1 million or more in regional Victoria. In addition, the MPSG requirement applies to all construction projects valued at $20 million or more.

It is important to note that the VIPP and MPSG guidelines will continue to govern projects where contracts were executed before 15 August 2018, ensuring compliance with the framework that was in place at the time those agreements were made.

We are committed to creating opportunities for local businesses that actively contribute to social outcomes. Through this strategy, we encourage our staff to incorporate social considerations into procurement planning and practices.

This includes adopting place-based approaches that address our social procurement objectives, strengthen our local communities, and support the growth and sustainability of regional small-to-medium enterprises.

Projects completed – Local Jobs First Standard

In the 2025–26 financial year, East Gippsland Water successfully delivered one Local Jobs First Standard project in regional Victoria, valued at approximately $7.72 million (ex GST), contributing to local employment opportunities and regional economic development.

Paynesville Water Recycling Plant Winter Storage Capacity Upgrade

The implementation of the Local Jobs First policy to this project intended to achieve the following values for localisation.

a) 98.84% of Local content or ANZ Value-Added Activity

b) 0.12% Apprenticeships Retained

c) 0.03% Cadetships Retained

d) 0.98% Traineeships Retained

e) 0.30% Standard Employment Created

f) 5.97% Standard Employment Retained

Projects commenced – Local Jobs First Standard

During 2025-26 we commenced two Local Jobs First Standard project and the projects are progressing. These projects, located in regional Victoria, are estimated to have a value about $4.68 million (ex GST).

Buchan Water Tanks Renewal

The contractor committed to 75.88% local content, with a total of 58 small-to-medium enterprises, representing 51.33% of all suppliers engaged on the project, participating in its supply chain. The implementation of the Local Jobs First policy to this project intended to achieve the following values for localisation.

a) 75.58% of Local content or ANZ Value-Added Activity

b) 1.52% Standard Employment Retained

Bruce Track Farm Upgrade

The contractor committed to 100% local content, with a total of 62 SMEs, representing 88.57% of all suppliers engaged on the project, participating in its supply chain. The implementation of the Local Jobs First policy to this project intended to achieve the following values for localisation.

a) 2.28% Standard Employment Created

b) 1.57% Standard Employment Retained

No projects were initiated that extended across the state. In addition, the Major Project Skills Guarantee (MPSG) requirements were not applicable to these projects, as none met the threshold for inclusion under the policy.

REPORTING REQUIREMENTS – ALL PROJECTS

For projects anticipated to exceed $1 million, shortlisted tenderers were required to submit a VIPP Plan, which was independently assessed by the Industry Capability Network (ICN) Victoria. In evaluating each tender, a minimum formal weighting of 10 per cent was applied to the local content component outlined in the VIPP Plan, ensuring that consideration of local industry participation was an integral part of the procurement assessment process.

Reporting requirements – grants (Local Jobs First)

For grants provided during 2025-26, no Interaction Reference Numbers (IRN) were required.

COMPLIANCE WITH THE BUILDING ACT

East Gippsland Water complies with the building and maintenance provisions of the *Building Act 1993*, the Building Regulations 2018 and the National Construction Code.

The corporation's portfolio of buildings includes offices, combined office/depot sites, depots, pump stations, water and wastewater treatment plants at various locations around East Gippsland. The corporation is responsible for maintaining these facilities in a safe and serviceable condition in accordance with the Act and for providing the annual essential safety measures report for these assets. Either an Occupancy Permit or Certificate of Final Inspection, endorsed by a Registered Building Surveyor Practitioner, is obtained for new buildings, or upgrades to existing buildings as required.

No major building works projects (greater than $50,000) were completed during the reporting period. No emergency orders or building orders were issued in relation to East Gippsland Water buildings and no buildings needed modification to conform with building standards.

No existing buildings were required to be brought into conformity with building standards during the reporting period.

COMPETITIVE NEUTRALITY POLICY

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

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

East Gippsland Water continues to comply with the requirements of the Competitive Neutrality policy.

PROCUREMENT COMPLAINTS

Under the Governance Policy of the Victorian Government Purchasing Board (VGPB), East Gippsland Water must disclose any formal complaints relating to the procurement of goods and services received through its procurement complaints management system.

East Gippsland Water did not receive any formal complaints through its procurement complaints management system in 2025-26.

SUBSEQUENT EVENTS

No significant events occurred between the end of the 2025-26 financial year and this Annual Report going to print that may significantly affect East Gippsland Water's operations in subsequent reporting periods.

LETTER OF EXPECTATIONS DISCLOSURE

In compliance with the Minister for Water's Letter of Expectation, information on the following priority areas is provided in this annual report or on East Gippsland Water's website, egwater.vic.gov.au.

Priority area	In annual report	On website (annual report page)
Climate Change and Energy	Page 24	—
Customer, Community and Engagement	Page 36	—
Recognise Aboriginal Values	Page 44	—
Recognise Recreational Values	Page 45	—
Resilient and Liveable Cities and Towns	Page 46	—
Leadership Diversity and Culture	Page 61	—
2024/25 Performance Report	Page 90	—

East Gippsland Water 2025-26 Performance Report

With a view to improving the efficiency and consistency in the reporting of performance information across public sector entities, Financial Reporting Direction 27 - Presentation and Reporting of Performance Information (FRD 27) requires the disclosure of such information in a concise statement of performance as part of an entity's report of operations.

Relevant targets and indicators included in the performance report are determined by the responsible portfolio Minister to ensure that consistent and comparable information is reported across similar entities.

Key performance indicators								
KPI No.	Key Performance Indicator	2024/25 Result	2025/26 Result	2025/26 Target	Variance to prior year	Note	Variance to target	Note
F1	**Cash Interest Cover** Net operating cash flows before net interest and tax/net interest payments	8.28	5.59	4.79	-32.5%	1a	16.7%	1b
F2	**Gearing Ratio** Total debt (including finance leases)/Total Assets * 100	7.28%	7.61%	10.00%	4.5%		-23.9%	2b
F3	**Internal Financing Ratio** Net operating cash flow less dividends/net capital expenditure * 100	44.21%	39.62%	36.00%	-10.4%	3a	10.1%	3b
F4	**Current Ratio** Current assets/current liabilities (excluding long term employee provisions and revenue in advance)	1.06	1.18	1.13	11.3%	4a	4.4%	
F5	**Return on Assets** Earnings before net interest and tax/average assets * 100	-0.20%	-0.62%	-0.14%	-210.0%	5a	-342.9%	5b
F6	**Return on Equity** Net profit after tax/average total equity * 100	-0.41%	-1.22%	-0.60%	-197.6%	6a	-103.3%	6b
F7	**EBITDA Margin** Earnings Before Interest, Tax, Depreciation and Amortisation/total revenue * 100	31.26%	23.70%	36.00%	-24.2%	7a	-34.2%	7b

Notes

1a The Corporation increased debt by $17 million in 2025/26. Net cashflow from operations were impacted by reduced revenue from metered sales and increased employee expenditure. Debt levels are expected to increase over the 2026-31 Corporate Plan period as significant investment in capital expenditure is undertaken to address critical infrastructure upgrades.

1b The Corporation increased debt by $17 million in 2025/26, which increased debt levels to $68M, taking into account the delivery of $30.60 million in capital works. Net operating cash flow was impacted by the decision to cancel the Paynesville Recycle Water Plant desludging works, totalling $5.5M. Net operating cash flows were lower due to reduced revenue from metered water sales.

2b The infrastructure revaluation resulted in an uplift in asset values of $174 million. This has resulted in a lower gearing ratio for 2025/26.

3a Net operating cashflow for 2025/26 was $1.4 million lower than 2024/25 with an increased capital expenditure outcome for 2025/26 of $30.6M. The lower net operating cash flow was primarily driven by lower revenue from metered water sales and increased expenditure stemming from the implementation of two significant SaaS solutions. The capital expenditure profile for the next five years will see a decline in this ratio as annual expenditure increases significantly.

3b Capital expenditure for 2025/26 was $30.6 million. Net operating cashflows were lower in the reporting period due to reduced revenue from metered water sales.

4a The Corporation in 2025/26 held $8.8 million in cash holdings at the end of the period, with $4 million received from the Australian Taxation Office for refunds associated with prior year tax returns. Short term debt increased remained steady, only increasing from $0.5 million as the maturity profile of the Corporation's debt changes as the amount of debt increases.

5a The Corporation delivered a lower profit on the back of reduced revenue received from developer contributed assets ($3.7 million) and increased expenditure stemming from the implementation of two significant SaaS solutions.

5b The Corporation delivered a lower profit on the back of reduced revenue received from developer contributed assets ($3.7 million). There was significant increases in operating expenditure stemming from the implementation of two significant SaaS solutions.

6a The Corporation delivered a lower profit on the back of reduced revenue received from developer contributed assets ($3.7 million) and increased expenditure stemming from the implementation of two significant SaaS solutions.

6b The Corporation delivered a lower profit on the back of reduced revenue received from developer contributed assets ($3.7 million). There was significant increases in operating expenditure stemming from the implementation of two significant SaaS solutions.

Notes *(continued)*

7a The Corporation delivered a lower profit on the back of reduced revenue received from developer contributed assets ($3.7 million) and increased expenditure stemming from the implementation of two significant SaaS solutions.

7b The Corporation delivered a lower profit on the back of reduced revenue received from developer contributed assets ($3.7 million). There was significant increases in operating expenditure stemming from the implementation of two significant SaaS solutions.

Water and sewerage network reliability indicators								
KPI No.	Key Performance Indicator	2024/25 Result	2025/26 Result	2025/26 Target	Variance to prior year	Note	Variance to target	Note
REW 8	**Unplanned water supply interruptions** No. of customers receiving more than 5 unplanned interruptions in the year/total number of water (domestic and non-domestic) customers * 100	0.00	0.00	0.00	0.0%		0.0%	
REW 5	**Water service - minutes off supply (planned and unplanned)** How many minutes on average a customer was without water supply during a year	14.05	17.67	24.50	27.0%	1a	-27.1%	1b
RES 1	**Sewerage service - sewer blockages** Number of sewer blockages reported per 100 kilometres of sewer main	3.95	4.73	7.00	20.0%	2a	-32.3%	2b
RES 6	**Sewerage service - sewer spills** Number of sewer spills reported per 100 kilometres of sewer main	2.76	4.07	7.00	47.8%	3a	-41.7%	3b
RES 7	**Sewerage service - containment of sewer spills** Sewer spills from reticulation and branch sewers contained within 5 hours	100.00%	100.00%	100%	0.0%		0.0%	

Notes

1a We continue to prioritise safety, water quality and customer experience, this has seen an increase in time required for water main shutdowns. We continue to invest in valve maintenance programs, water main renewals and new valve installations to improve asset reliability and minimise any interruptions to customers. This has seen an increase in shutdowns for contractors utilising more of the available shutdown time to conduct work prioritising safety, water quality and customer experience.

1b Despite the increase in contractor shutdown along with a prioritisation of safety and water quality we still have been able to achieve a result below the 2025/26 target.

2a Environmental factors including tree root encroachment along with increased blockage from wet wipes resulted in a 20% increase over 2024/25 results. The numbers of jobs reported over the 2025/26 FY only saw a small increase of 6 more sewer blockages reported than previous years' results.

2b We are still 32% below the 2025/26 annual target. Sewer blockage only account for 3% (36 Blockages out of 981 Jobs), of jobs recorded across EGW.

3a Environmental factors including tree root encroachment along with increased blockage from wet wipes resulted in a 47% increase over 2024/25 results.

3b We are still 41% below the 2025/26 annual target. Sewer spills only account for 3% (31 spills out of 981 Jobs), of jobs recorded across EGW.

Water re-use indicators								
KPI No.	Key Performance Indicator	2024/25 Result	2025/26 Result	2025/26 Target	Variance to prior year	Note	Variance to target	Note
E1	**Effluent re-use volume (end use)** Percentage recycled	99%	100%	100%	1.0%	1a	0.0%	1b
Notes								

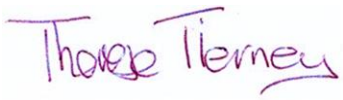
East Gippsland Region Water Corporation

Certification of Performance Report for 2025/26

We certify that the accompanying Performance Report of East Gippsland Region Water Corporation in respect of the 2025/26 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 responsible Minister and as set out in the 2025/26 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 date of signing, we are not aware of any circumstances which would render any particulars in the Performance Report to be misleading or inaccurate.



Therese Tierney
Chairperson
East Gippsland Region Water Corporation



Michael Wandmaker
Managing Director & Accountable Officer
East Gippsland Region Water Corporation



Mathew Scott
Chief Finance & Accounting Officer
East Gippsland Region Water Corporation

Dated this 13th day of October 2026

VAGO
Victorian Auditor-General's Office

Independent Auditor's Report

To the Board of East Gippsland Region Water Corporation

Opinion	I have audited the accompanying performance report of East Gippsland Region Water Corporation (the corporation) which comprises the: • key performance indicators for the year ended 30 June 2026 • water and sewerage network reliability indicators for the year ended 30 June 2026 • water reuse indicators for the year ended 30 June 2026 • notes to the performance report • certification of performance report. In my opinion, the performance report of the corporation for the year ended 30 June 2026 presents fairly, in all material respects, in accordance with the performance reporting requirements of Part 7 of the *Financial Management Act 1994*.
Basis for opinion	I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the *Auditor's responsibilities for the audit of the performance report* section of my report. My independence is established by the *Constitution Act 1975*. My staff and I are independent of the corporation in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the performance report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Board's responsibilities for the performance report	The Board is responsible for the preparation and fair presentation of the performance report in accordance with the performance reporting requirements of Part 7 of the *Financial Management Act 1994* and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of the performance report that is free from material misstatement, whether due to fraud or error.

Level 31 / 35 Collins Street, Melbourne Vic 3000
T 03 8601 7000 enquiries@audit.vic.gov.au www.audit.vic.gov.au

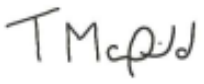
Auditor's responsibilities for the audit of the performance report

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

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

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

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



MELBOURNE
15 October 2026

Timothy Maxfield
as delegate for the Auditor-General of Victoria

Financial Report

For the year ended 30 June 2026

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EAST GIPPSLAND REGION WATER CORPORATION

Comprehensive Operating Statement for the financial year ended 30 June 2026

	Notes	2026 $'000	2025 $'000
Revenue and income from transactions			
Revenue from contracts with customers	2.1	47,847	45,460
Other revenue	2.2	115	59
Total revenue and income from transactions		**47,962**	**45,519**
Expenses from transactions			
Employee benefits	3.1	17,299	14,962
Depreciation and amortisation	4.1, 4.2, 6.2	16,292	15,585
Environmental contribution	6.4	1,700	1,700
Direct operational expenses	3.2	3,712	3,578
Repairs and maintenance	3.3	3,678	3,238
Other expenses	3.3	10,049	7,622
Total expenses from transactions		**52,730**	**46,685**
Finance income	3.4	(449)	(168)
Finance costs	6.1, 3.4	2,768	1,662
Net finance costs		**2,319**	**1,494**
Net result from transactions (net operating balance)		**(7,087)**	**(2,660)**
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	9.1	(4)	(170)
Net gain/(loss) on financial instruments	9.1	(99)	(22)
Total other economic flows included in net result		**(103)**	**(192)**
Net result before income tax		**(7,190)**	**(2,852)**
Income tax benefit	8.1.1	(1,792)	(705)
Net result		**(5,398)**	**(2,147)**
Other economic flows - other comprehensive income			
Items that will not be reclassified to net result			
Changes in physical asset revaluation surplus	4.1.1	175,641	534
Deferred income tax relating to components of other comprehensive income	8.1.2	(43,910)	(134)
Total other economic flows - other comprehensive income		**131,731**	**400**
Comprehensive result		**126,333**	**(1,747)**

The accompanying notes form part of these financial statements.

EAST GIPPSLAND REGION WATER CORPORATION
Balance Sheet As At 30 June 2026

ASSETS	Notes	2026 $'000	2025 $'000
Current assets			
Cash and deposits	6.3	8,833	8,274
Receivables	5.1	10,588	9,337
Inventories	5.3	1,205	1,045
Biological assets	5.5	242	-
Other non-financial assets	5.4	807	753
Current tax assets	8.1.1	1,007	254
Total current assets		22,682	19,663
Non-current assets			
Receivables	5.1	38	33
Infrastructure assets, property, plant and equipment	4.1.1	866,358	680,467
Right-of-use assets	6.2.1	1,245	-
Intangible assets	4.2	1,850	1,071
Deferred tax assets	8.1.2	1,360	1,011
Other financial assets	7.1.1	5	5
Total non-current assets		870,856	682,587
TOTAL ASSETS		893,538	702,250
LIABILITIES			
Current liabilities			
Trade and other payables	5.2	12,266	12,200
Interest bearing liabilities	6.1	7,000	6,500
Lease Liability	6.1	430	-
Employee benefits provision	3.1.2	2,743	2,867
Total current liabilities		22,439	21,567
Non-current liabilities			
Interest bearing liabilities	6.1	61,000	44,500
Lease Liability	6.1	837	-
Employee benefits provision	3.1.2	476	436
Other financial liabilities	5.2, 7.1.1	140	140
Deferred tax liabilities	8.1.2	158,175	112,169
Total non-current liabilities		220,628	157,245
TOTAL LIABILITIES		243,067	178,812
NET ASSETS		650,471	523,438
EQUITY			
Contributed capital		97,867	97,167
Physical asset revaluation reserve		470,379	338,648
Accumulated funds		82,225	87,623
TOTAL EQUITY		650,471	523,438

The accompanying notes form part of these financial statements.

EAST GIPPSLAND REGION WATER CORPORATION

Cash Flow Statement For The Financial Year Ended 30 June 2026

		2026 $'000	2025 $'000
Cash Flows from Operating Activities			
Receipts			
Service and usage charges/Revenue from contracts with customers		42,925	40,253
Interest received		449	168
Other receipts		1,375	1,156
Goods and Services Tax received from the ATO		4,298	3,653
Income Tax Received		4,027	-
Developer contribution fees		745	1,801
Total receipts		**53,819**	**47,031**
Payments			
Interest paid		(2,987)	(1,788)
Payments to suppliers and employees		(36,980)	(29,998)
Income taxes paid		(1,456)	(1,658)
Environmental contribution		(1,700)	(1,700)
Goods and Services Tax paid to the ATO		(310)	(98)
Total payments		**(43,433)**	**(35,242)**
Net cash flows from/(used in) operating activities		10,386	11,789
Cash Flows from Investing Activities			
Payments for new infrastructure, property, plant and equipment		(28,060)	(28,110)
Payments for intangible assets	4.2	(1,507)	(123)
Trust money received		-	60
Proceeds from sale of infrastructure, property, plant and equipment		2,040	583
Net cash flows from/(used in) investing activities		(27,527)	(27,590)
Cash Flows from Financing Activities			
Contributed Capital		700	
Proceeds from borrowings		26,500	21,000
Repayment of borrowings		(9,500)	(3,000)
Net cash flows from/(used in) financing activities		17,700	18,000
Net increase/(decrease) in cash and deposits		559	2,199
Cash and deposits at the beginning of the financial year		8,274	6,075
Cash and deposits at the end of the financial year	6.3	8,833	8,274

The accompanying notes form part of these financial statements.

EAST GIPPSLAND REGION WATER CORPORATION

Statement Of Changes In Equity For The Financial Year Ended 30 June 2026

	Contributed Capital $'000	Physical asset Revaluation reserve $'000	Accumulated Funds $'000	Total $'000
Balance as at 1 July 2024	97,267	338,247	89,770	525,284
Net result for the year	-	-	(2,147)	(2,147)
Other comprehensive income	-	401	-	401
Contributions by owners	200	-	-	200
Efficiency payment	(300)	-	-	(300)
Balance as at 30 June 2025	97,167	338,648	87,623	523,438
Net result for the year	-	-	(5,398)	(5,398)
Other comprehensive income	-	131,731	-	131,731
Contributions by owners	1,300	-	-	1,300
Efficiency payment	(600)	-	-	(600)
Balance as at 30 June 2026	97,867	470,379	82,225	650,471

The accompanying notes form part of these financial statements.

NOTE 1 BASIS OF PREPARATION

Introduction

East Gippsland Region Water Corporation (the Corporation) serves an area of 21,000 square kilometres in the east of Victoria, with around 49,015 people reside in this region. Water services are provided to approximately 28,300 account holders (assessments) with wastewater services also provided to approximately 24,047 account holders.

Significant events

The Corporation has no significant events in this financial year.

1.1 Basis of preparation

These financial statements are Tier 2 general purpose financial statements prepared in accordance with AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (AASB 1060) and Financial Reporting Direction 101 Application of Tiers of Australian Accounting Standards (FRD 101).

These financial statements are in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the notes to the financial statements.

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

Consistent with the requirements of AASB 1004 Contributions, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the Corporation.

Capital grants which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of distributions to or contributions by owners have also been designated as contributions by owners.

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

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

These financial statements cover the Corporation as an individual reporting entity and include all the controlled activities of the Corporation. There is no entity consolidated into the Corporation.

All amounts in the financial statements have been rounded to the nearest $1,000 unless otherwise stated.

Compliance information

These general-purpose financial statements have been prepared in accordance with the Financial Management Act 1994 (FMA) and applicable Australian Accounting Standards (AASs), which include Interpretations, issued by the Australian Accounting Standards Board (AASB).

Where appropriate, those AASs paragraphs applicable to not-for-profit entities have been applied. Accounting policies selected and applied in these financial statements ensure that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

NOTE 2 FUNDING DELIVERY OF OUR SERVICES

Introduction

The Corporation is responsible for harvesting, storage, treatment and distribution of drinking water, and wastewater collection, treatment and reuse for urban customers throughout East Gippsland. Our activities cover an area from Bairnsdale eastwards through to the Victoria-New South Wales border and to the high country of the Victorian Alps. To enable the Corporation to fulfil its objectives and provide services mentioned above, it receives income from customers for services used. This income is in the form of tariffs approved by the Essential Services Commission. The Corporation also receives income from a number of miscellaneous activities provided and through developer contributions to the asset base.

Revenue and income that fund delivery of the Corporation's services are accounted for consistently with the requirements of the relevant accounting standards disclosed in the following notes.

2.1 Revenue from contracts with customers

	Notes	2026 $'000	2025 $'000
Revenue from service, usage and trade waste charges	2.1.1	41,672	40,278
Developer contributions	2.1.2	2,546	3,742
Other revenue	2.1.3	3,629	1,440
Total revenue from contracts with customers		**47,847**	**45,460**

2.1.1 Revenue from service and usage and trade waste charges

	2026 $'000	2025 $'000
Service charges - water	7,870	7,585
Service charges - sewerage	20,981	20,045
Usage charges - water	12,441	12,354
Disposal charges - trade waste	380	294
Total revenue from service usage and trade waste charges	41,672	40,278

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Water and Wastewater service charges	Service charges are recognised as revenue when the services have been provided or service charge has been made. Service charges are billed in advance and recognised evenly throughout the financial year to reflect continuous service being provided to customers. Service charges are based on fixed fee for access to water, recycled water and sewerage disposal. The charges are payable within 28 days.	Revenue is recognised over time as service is provided.
Water and Wastewater usage charges	Water usage and sewer disposal charges are recognised as revenue when water is consumed by customers, and sewage waste is disposed by customers. Meter reading is undertaken progressively during the year and are billed quarterly in arrears. An estimation of usage and disposal charges is made at the end of each accounting period for connection where meters were not read at balance date. This is calculated by determining the level of billable service provided multiplied by the cost of each service. The charges are payable within 28 days.	Revenue is recognised over time as service is provided.
Trade waste charges	Revenue related to trade waste disposal is based on the volume of waste disposed by customers.	Revenue is recognised at a point in time.

Revenue from service, usage and trade waste charges is determined to be in accordance with AASB 15 Revenue from Contracts with Customers (AASB 15).

At balance date, any portion of service charges that is billed in advance and the performance obligation is not satisfied, is recognised as contract liabilities (refer Note 5.2). The charges for fully satisfied performance obligations that are unbilled at year end that are estimated and contract assets are recognised (refer Note 5.1).

Contract assets and liabilities have been disclosed in notes 5.1 and 5.2.

2.1.2 Developer contributions

	2026 $'000	2025 $'000
Developer contributed assets	2,407	3,742
New customers contributions	139	-
Total developer contributions	2,546	3,742

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Developer contributed assets	Developer contributed assets arise when developers pay for the cost of construction of new infrastructure assets and subsequently gift these assets to the Corporation to maintain in perpetuity. Depending on the type of developer application, this can result in the performance obligation being satisfied: - when the Statement of Compliance is issued to the customer, or - when the customer is connected to the Corporation's infrastructure network for the provision of water and sewerage services when no Statement of Compliance is required to be issued. Revenue is recognised at the fair value of the gifted assets by assessing the value of the works using schedule of rates.	Revenue is recognised at a point in time.
New customer contributions	New customer contributions represent non-refundable upfront charges applicable when customers request to build or develop a property and connect to the Corporation's water supply and sewerage infrastructure network. The charges contribute towards the cost of augmenting the Corporation's water supply distribution systems and sewerage disposal systems. Depending on the type of new customer contribution application, this can result in the performance obligation being satisfied at the point in time when the Corporation satisfies its performance obligation. This will vary depending on the type of application submitted by the customer. As a result, a performance obligation can be satisfied when: - the Statement of Compliance is issued to the customer; or - the customer is connected to the Corporation's infrastructure network for the provision of water and sewerage services when no Statement of Compliance is required to be issued; or - the customer receives consent from the Corporation to proceed with their application. The rates applied to calculate the new customer contributions are regulated by the Essential Services Commission.	Revenue is recognised at a point in time.

2.1.3 Other revenue

	2026 $'000	2025 $'000
Planning fees	833	704
Farm operations income	162	165
Miscellaneous	2,588	520
Legal fees recovered	46	51
Total other revenue	3,629	1,440

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Fees and charges	Revenue is recognised when the Corporation has completed its performance obligations. Fees and charges represent a variety of services provided by the Corporation such as processing of application fees and making new connections or alterations to the corporation's network. The Corporation uses pricing principles to calculate the price of individual services rather than direct regulation by the Essential Services Commission. The charges are payable within 28 days.	Revenue is deferred and recognised over the period over which goods and services are provided to the customer.

2.1.4 Timing of recognition of revenue from customers

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

	Service charges - water	Usage charges - water	Service charges - sewerage	Disposal charges - sewerage	Developer contributions	New customer contributions	Other revenue	Total revenue with customers
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2025								
At a point in time	-	-	-	294	3,742	-	1,440	5,476
Over time	7,585	12,354	20,045	-	-	-	-	39,984
Total	7,585	12,354	20,045	294	3,742	-	1,440	45,460
2026								
At a point in time	-	-	-	380	2,407	139	3,629	6,555
Over time	7,870	12,441	20,981	-	-	-	-	41,292
Total	7,870	12,441	20,981	380	2,407	139	3,629	47,847

2.2 Other revenue

	2026 $'000	2025 $'000
Rental income	110	50
ZEW settlement income	5	9
Total other revenue	**115**	**59**

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Rental income	Rental income from leasing of investment properties which are operating leases are recognised on a straight-line basis over the lease term.	Revenue is recognised over time as service is provided.
ZEW derivative income	Relates to the Corporation's investment in Zero Emissions Water Limited (ZEW). The Corporation recognised compensation settlements received during the reporting period if minimum generation requirements under the Power Purchase Agreement (PPA) are not met for the year. Upon expiration or exercise of the cash flow derivative, the Corporation will receive income depending on the position of the cash flow derivative. The fair value of the cash flow derivative is adjusted in OCI upon settlement with the difference being recognised as income or expense.	Revenue is recognised over time as service is provided.

NOTE 3 THE COST OF DELIVERING OUR SERVICES

Introduction

This section provides an account of the expenses incurred by the Corporation in delivering services and outputs

3.1 Employee benefits in the comprehensive operating statement

	2026 $'000	2025 $'000
Salaries and wages, annual leave and long service leave	17,219	14,791
Termination benefits	33	110
Defined benefit superannuation expense	47	61
Total employee benefit costs	**17,299**	**14,962**

Employee expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, termination payments and Workcover premiums. They are expensed in the period in which they are incurred.

The amount recognised in the comprehensive operating statement in relation to superannuation is employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period.

The defined benefit plan(s) provides benefits based on years of service and final average salary. The basis for determining the level of contributions is determined by the various actuaries of the defined benefit superannuation plans. The Corporation does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. Instead, the Corporation accounts for contributions to these plans as if they were defined contribution plans under AASB 119 Employee Benefits. the Department of Treasury and Finance (DTF) discloses in its annual financial statements the net defined benefit cost related to the members of these plans as an administered liability (on behalf of the State as the sponsoring employer).

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when the Corporation is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

3.1.2 Employee benefits provision in the balance sheet

Provision is made for benefits accruing to employees in respect of annual leave and long service leave for services rendered to the reporting date and recorded as an expense during the period the services are delivered.

	2026 $'000	2025 $'000
Current provisions:		
Annual leave		
Unconditional and expected to settle within 12 months	817	790
Unconditional and expected to settle after 12 months	154	188
Long service leave		
Unconditional and expected to settle within 12 months	225	199
Unconditional and expected to settle after 12 months	1,107	1,246
Rostered day off and Time off in Lieu		
Unconditional and expected to settle within 12 months	115	112
Provisions for on-costs		
Unconditional and expected to settle within 12 months	145	133
Unconditional and expected to settle after 12 months	180	199
Total current provisions for employee benefits	**2,743**	**2,867**
Non-current provisions:		
Long service leave - conditional	416	383
On-costs	60	53
Total non-current provisions for employee benefits	**476**	**436**
Total provisions for employee benefits	**3,219**	**3,303**

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 the Corporation does not have an unconditional right to defer settlements of these liabilities.

The components of this liability are measured at:
- Undiscounted value – the component the Corporation expects to wholly settle within 12 months; or
- Present value – the component the Corporation does not expect to wholly settle 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. They are disclosed separately as a component of the provision for employee benefits when the employment to which they relate has occurred.

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

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

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an 'other economic flow' in the net result.

3.2 Direct operational expenses

	2026 $'000	2025 $'000
Electricity	1,845	2,103
Materials	1,020	822
Chemicals	847	653
Total direct operational expenses	**3,712**	**3,578**

Direct operating expenses generally represent the day-to-day running costs incurred in normal operations.

Expense	Description	Recognition policies
Electricity	Cost associated with running infrastructure and buildings.	Accruals basis. Recognised in the Comprehensive operating statement.
Materials	Cost associated with repairs and maintenance.	Accruals basis. Recognised in the Comprehensive operating statement.
Chemicals	Cost associated with chemicals required supporting water and wastewater treatment.	Accruals basis. Recognised in the Comprehensive operating statement.

3.3 Other operating expenses

	2026 $'000	2025 $'000
Contractors	3,678	3,238
Consultants	3,862	1,655
IT software	2,101	1,329
Licences	1,100	1,099
Trainee cost	-	454
Insurance	242	312
Ground maintenance	222	309
Subscriptions and memberships	198	245
Motor vehicle - fuel	241	234
Telecommunication	237	217
Postage	182	172
Bank and debt collection fee	153	165
Audit fees	199	143
Bad and doubtful debt	144	105
Accommodation and meals	120	90
Legal fees	43	67
ZEW derivative expenses	34	26
Other operating expenses	971	1,000
Total administrative and other operating expenses	**13,727**	**10,860**

Other operating expenses generally represent any other expenses not incurred in day-to-day normal operations.

Expense	Description	Recognition policies
Contractors	Routine maintenance that does not enhance the performance of the asset is expensed as incurred.	Recognised in the Comprehensive operating statement as incurred.
Consultants	Specialist advice to support business operations.	Recognised in the Comprehensive operating statement as incurred.
Licences	Costs relating to licences required by the Corporation to conduct business operations.	Recognised in the Comprehensive operating statement as incurred.
IT software	Costs relating to IT software.	Recognised in the Comprehensive operating statement as incurred.
Telecommunication	Costs incurred relating to telephone calls or internet connections supporting business functions.	Recognised in the Comprehensive operating statement as incurred.
Bank and debt collection fee	Costs relating to bank fees and debt collection procedures.	Recognised in the Comprehensive operating statement as incurred.
Motor vehicle - fuel	Costs relating to fuel for motor vehicles supporting business operations.	Recognised in the Comprehensive operating statement as incurred.
Insurance	Cost relating to guarantee of compensation for specified loss or damage in return for payment of a specified premium.	Recognised in the Comprehensive operating statement as incurred.
Audit fees	Costs incurred relating to internal and external audits.	Recognised in the Comprehensive operating statement as incurred.
Postage	Cost relating to sending invoices and notifications to customers.	Recognised in the Comprehensive operating statement as incurred.
Subscriptions and memberships	Costs associated with professional and industry memberships.	Recognised in the Comprehensive operating statement as incurred.
Ground maintenance	Costs incurred to maintain the Corporation's facilities landscapes and gardens.	Recognised in the Comprehensive operating statement as incurred.
Other operating expenses	All operating expenses, maintenance contracts, licence fees and other costs associated with operating the information technology environment of the Corporation.	Recognised in the Comprehensive operating statement as incurred.
ZEW derivative expense	Relates to the Corporation's investment in Zero Emissions Water Limited (ZEW). The Corporation pays or receives the difference between the floating electricity price and the fixed price set under the agreement for the units of energy supplied into the National Electricity Market by the solar farm. The future settlements of Contract for Difference (CfD) are classified as derivative financial instruments. Refer Note 5.6 for further details on the arrangement between the Corporation and ZEW.	Upon expiration or exercise of the cash flow derivative, the Corporation will recognise an expense depending on the position of the cash flow derivative. The fair value of the cash flow derivative is adjusted in OCI upon settlement with the difference being recognised as an expense in the Comprehensive operating statement.

3.4 Net finance cost

		2026 $'000	2025 $'000
Interest income under the effective interest method on financial assets at amortised cost		449	168
Financial liabilities at amortised cost - interest expense	6.1	(2,324)	(1,388)
Interest on operating lease	6.1	(56)	-
Financial Accommodation Levy measured at amortised cost	6.1	(388)	(274)
Net finance costs recognised in comprehensive operating statement		(2,319)	(1,494)

Finance income includes interest received on bank term deposits and other investments and the unwinding over time of the discount on financial assets.

Finance costs includes costs incurred in connection with the borrowing of funds including interest on bank overdrafts, short term and long-term borrowings, financial liabilities recognised for service concession arrangements, amortisation of discounts or premiums relating to borrowings and lease charges.

Finance income is recognised using the effective interest method and finance costs are recognised as expenses in the period in which they are incurred.

Financial accommodation levy is a levy applied to the Corporation to remove the market advantage that government entities may experience in borrowings as a result of being guaranteed by the State of Victoria. The financial accommodation levy is a commercial rate charged for new borrowings based on the Corporation's underlying credit rating and is paid into the State's Consolidated Fund in accordance with section 40N of the Financial Management Act 1994 in respect of financial accommodation provided to the Corporation by the State Government of Victoria.

NOTE 4 KEY ASSETS AVAILABLE TO SUPPORT DELIVERY OF OUR SERVICES

Introduction

The Corporation controls infrastructure and other assets that are utilised in fulfilling its objectives and conducting its activities.

4.1 Infrastructure, property, plant and equipment

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

	Land	Buildings	Plant and equipment	Office equipment	Water infrastructure	Waste Water infrastructure	Motor Vehicles	Capital works in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2025									
Gross carrying amount	19,664	3,594	5,253	3,703	308,976	335,041	3,323	24,397	703,951
Accumulated depreciation	-	(10)	(4,047)	(3,344)	(6,767)	(7,879)	(1,437)	-	(23,484)
Net carrying amount - 1 July	**19,664**	**3,584**	**1,206**	**359**	**302,209**	**327,162**	**1,886**	**24,397**	**680,467**
Additions	-	-	120	345	-	-	-	26,955	27,420
Disposals	-	-	-	-	(28)	(118)	(1,560)	-	(1,706)
Transfer between asset class	97	701	-	-	6,938	19,146	-	(26,882)	-
Revaluation	1,746	39	-	-	101,858	71,998	-	-	175,641
Impairment of assets	-	-	-	-	-	-	-	-	-
Depreciation charge	-	(184)	(224)	(196)	(6,915)	(7,828)	(117)	-	(15,464)
Closing net book amount	**21,507**	**4,140**	**1,102**	**508**	**404,062**	**410,360**	**209**	**24,470**	**866,358**
Total as at 30 June 2026 represented by:									
Gross book value	21,507	4,146	5,164	2,298	404,128	410,543	577	24,470	872,833
Accumulated depreciation	-	(6)	(4,062)	(1,790)	(66)	(183)	(368)	-	(6,475)
Net book value as at 30	**21,507**	**4,140**	**1,102**	**508**	**404,062**	**410,360**	**209**	**24,470**	**866,358**

The Right of use assets have not been included in the table above.

4.1.2 Initial recognition and subsequent measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the statement of comprehensive

Revaluation of land, buildings, infrastructure and service concession assets

Non-financial physical assets are revalued at fair value every five years in accordance with the Government purpose classifications defined in Financial Reporting Direction 103 Non-Financial Physical Assets (FRD 103). The Valuer-General Victoria (VGV) is the Government's independent valuation agency and is used by the Corporation to conduct these scheduled revaluations. Certain infrastructure assets are revalued using specialised advisors under the direction of the VGV.

Revaluations may occur more frequently if fair value assessments indicate material changes in values. In such instances, interim managerial revaluations are undertaken in accordance with the requirements of FRD 103. The Corporation in conjunction with VGV, monitors changes in the fair value of each asset class through relevant data sources, in order to determine whether a revaluation is required.

The Corporation's assets relating to land, buildings, and infrastructure were independently valued by the VGV as at 30 June 2026

Refer to Note 7.3 Fair value determination for further information on the revaluation methods used for the asset classes.

4.1.3 Accounting for revaluation movements

Infrastructure, property, plant and equipment

Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset).

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

Revaluation increases and decreases relating to individual assets in a class of PPE, are offset against other assets in that class but are not offset against assets in different classes. An asset revaluation surplus is not transferred to accumulated funds on the de-recognition of the related asset.

Revaluation increments are credited directly to the asset revaluation reserve, except to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense, in which case the increment is recognised immediately as revenue.

Revaluation decrements are recognised immediately as an expense, except to the extent that a credit balance exists in the asset revaluation reserve applicable to the same class of assets, in which case the decrement is debited directly to the asset revaluation reserve.

4.1.4 Depreciation and impairment

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful life and is generally recognised in the statement of comprehensive

The accounting policy relating to right-of-use assets have been disclosed in section 6.2

Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

Asset class	Useful life: years
Buildings	5 to 70
Water infrastructure	2 to 350
Sewerage and drainage infrastructure	2 to 355
Plant and equipment	1 to 70
Motor vehicles	6 to 20
Office equipment	3 to 25

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate. The impacts of the current economic climate and climate-related emerging risks were considered when estimating the useful life of these assets.

The recoverable amount of primarily non-cash-generating assets of not-for-profit entities, which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13 Fair Value Measurement, with the consequence that AASB 136 does not apply to such assets that are regularly revalued.

At each reporting date, and whenever there is an indication that the asset may be impaired, the Corporation reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off, except to the extent that it can be debited to an asset revaluation surplus amount applicable to that class of asset.

4.2 Intangible assets

	Software $'000	Water $'000	Total $'000
Balance at 1 July 2025			
Cost or fair value	5,584	217	5,801
Accumulated amortisation	(4,730)	-	(4,730)
Net book value as at 30 June 2025	**854**	**217**	**1,071**
Additions	1,508	-	1,508
Disposals	(331)	-	(331)
Amortisation	(398)	-	(398)
Closing net book amount	**1,633**	**217**	**1,850**
Total as at 30 June 2026 represented by:			
Cost or fair value	6,279	217	6,496
Accumulated amortisation	(4,646)	-	(4,646)
Net book value as at 30 June 2026	**1,633**	**217**	**1,850**

Recognition and measurement

Purchased intangible assets are initially recognised at cost. When the recognition criteria in AASB 138 Intangible Assets is met, internally generated assets are recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Depreciation and amortisation begin 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.

An **internally generated intangible asset** arising from development (or from the development phase of an internal project) is

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- An intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- The intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

Water Share Entitlements are issued by the Minister for Water and registered in the Victorian Water Register, are recognised at cost and are considered to have an indefinite useful life in accordance with FRD 109 – Intangible Assets (FRD 109).

Software Costs are costs incurred for the development of software code that enhance, modify, or create additional capability to, existing on-premises systems.

Subsequent expenditure
Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised as expenditure when incurred.

Amortisation
Intangible assets with finite useful lives are amortised as an expense on a systematic basis (typically straight-line), commencing from the time the asset is available for use (when it is in the location and condition necessary for it to be capable of operating in the manner intended by management). The amortisation periods are reviewed and adjusted if appropriate at each balance date. Intangible assets with indefinite useful lives are not amortised. The amortisation of Software costs is included in.

A summary of useful lives and amortisation method applied to the Corporation's intangible assets is as follows:

	Software costs	Water Share Entitlements*
Useful life	Finite	Indefinite
Amortisation method used	5 to 10 years – straight line	Not amortised or revalued

Impairment of intangible assets

Intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment and whenever there is an indication that the asset may be impaired.

NOTE 5 OTHER ASSETS AND LIABILITIES

Introduction

This section sets out those assets and liabilities that arose from the Corporation's operations and the delivery of services.

5.1 Receivables

	2026 $'000	2025 $'000
Current		
Contractual		
Service and usage charges	2,915	2,600
Allowance for expected credit losses	(559)	(461)
Trade and other receivables	1,186	232
Contract assets	6,774	6,436
Statutory		
GST Input tax credit receivables	272	518
Trade and other receivables	-	12
Total current receivables	**10,588**	**9,337**
Non-current		
Contractual		
Private schemes	38	33
Total non-current receivables	**38**	**33**
Total receivables	**10,626**	**9,370**

The contract assets primarily relate to the Corporation's rights to consideration for work completed but not billed at the reporting date.

Contractual receivables are classified as financial assets at amortised cost. They are initially recognised at fair value plus any directly attributable transaction cost. The Corporation holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measures them at amortised cost using the effective interest method, less

Statutory receivables are not classified as financial instruments as they do not arise from contracts. They are recognised and measured similar to contractual receivables.

Contract assets relate to the Corporation's right to consideration in exchange for services transferred to customers for works completed, but not yet billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional, at this time an invoice is issued. This usually occurs when the Corporation issues an invoice to the customer. The balance of the contract assets at 30 June 2026 was impacted by timing of the works completed by contractors and is not billable at this stage. The works are expected to be completed and recovered early next year.

The carrying amount at amortised cost is the reasonable approximation of fair value.

5.1.1 Impairment losses

Impairment losses on financial assets and contract assets recognised in the comprehensive operating statement are disclosed in Note 9.1.

The loss allowances for trade receivables and contract assets are based on assumptions about risk of default and expected loss rates. The expected loss rates applied as at 30 June 2026 vary from 16.49% for receivables that are more than 30 days past due to 89.07% for receivables that are more than 120 days past due (2025: 24.53%-86.13%).

Contractual receivables at amortised cost

The Corporation applies AASB 9 simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates. The Corporation has grouped contractual receivables on shared credit risk characteristics and days past due and select the expected credit loss rate based on the Corporation's past history, existing market conditions, as well as forward looking estimates at the end of the financial year.

Credit loss allowance is classified as other economic flows in the net result (refer to Note 9.1). Contractual receivables are written off when there is no reasonable expectation of recovery and impairment losses are classified as a transaction expense. Subsequent recoveries of amounts previously written off are credited against the same line item.

Statutory receivables at amortised cost

The statutory receivables are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As the result, the loss allowance recognised for these financial assets during the period was limited to 12 months of expected losses. No loss allowance has been recognised.

5.2 Payables

	2026 $'000	2025 $'000
Current		
Contractual		
Trade creditors	5,527	3,828
Sundry creditors	548	444
Accrued expenses	2,530	2,738
Contractor deposits and retention	620	482
Funds held in trust	60	60
Contract liabilities	2,786	4,566
Derivative financial instruments	22	22
Statutory		
Superannuation payable	173	60
National Tax Equivalent Regime payable	-	-
Total current payables	**12,266**	**12,200**
Non-current		
Contractual		
Derivative financial instruments	140	140
Total non-current payables	**140**	**140**
Total payables	**12,406**	**12,340**

The contract liabilities primarily relate to developer contributions and other consideration received in advance of the Corporation performing its contract obligations and will be recognised as revenue when the services are performed. Refer to Note 2.1 for further details of the performance obligation.

Contractual payables are classified as financial instruments and measured at amortised cost and represent liabilities for goods and services provided to the Corporation prior to the end of the financial year that are unpaid.

Statutory payables are recognised and measured similarly to contractual payables but are not classified as a financial instrument because they do not arise from a contract.

5.3 Inventories

	2026 $'000	2025 $'000
Current		
Stores and consumables - at cost		
Inventories	1,205	1,045
Total current inventories	**1,205**	**1,045**
Total inventories	**1,205**	**1,045**

Inventories are measured at the lower of cost and net realisable value. Costs are assigned to inventory quantities on hand at balance date on a weighted average cost (WAC) basis.

The carrying amount of inventories pledged as security for liabilities in 2026 is $0 (2025: $0).

5.4 Other non-financial assets

	2026 $'000	2025 $'000
Current		
Prepayments	807	753
Total current other non-financial assets	**807**	**753**
Total other non-financial assets	**807**	**753**

Other non-financial assets include pre-payments, which represent payments in advance of receipt of goods or services or the payments made for services covering a term extending beyond the reporting period.

5.5 Biological assets

Biological assets comprise breeding livestock and their quantities and measurement bases are disclosed below.

Biological asset	Measurement basis	Quantities 2026	Quantities 2025	Carrying value 2026	Carrying value 2025
Breeding livestock	Headcount	149	-	242	-

Biological assets are measured at fair value less costs to sell, with any changes recognised in the comprehensive operating statement – other economic flows. Costs to sell include all costs that would be necessary to sell the assets, including freight and direct selling costs.

The fair value of a biological asset is based on its present location and condition. If an active market exists for a biological asset in its present location and condition, the quoted price in that market is the appropriate basis for determining the fair value of that asset. Where access exists to different markets then the most relevant market is referenced.

In the event that market determined prices or values are not available for a biological asset in its present condition, the present value of the expected net cash flows from the asset, discounted at a current market determined rate is utilised to determine fair value. Refer to Note 7.3 for fair value disclosures.

5.5.1 Reconciliation of movement in carrying amounts

	Breeding livestock 2026 $'000
Opening net book amount	-
Increase due to purchases	609
Increase/decrease due to fair value adjustment	(7)
Decreases attributable to disposal/transfers out	(355)
Other movements	(5)
Closing net book amount	242

NOTE 6 HOW WE FINANCED OUR OPERATIONS

Introduction

This section provides information on the sources of finance utilised by the Corporation during its operations, along with interest expenses (the cost of borrowings) and other information related to financing activities of the Corporation.

This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances). Note 7.1 provides additional, specific financial instrument disclosures.

6.1 Interest bearing liabilities

	2026 $'000	2025 $'000
Current interest bearing liabilities		
Loans from Treasury Corporation of Victoria (TCV)	7,000	6,500
Lease liabilities	430	-
Non-current interest bearing liabilities		
Loans from Treasury Corporation of Victoria (TCV)	61,000	44,500
Lease liabilities	837	-
Total interest bearing liabilities	69,267	51,000

Loans are sourced from the Treasury Corporation of Victoria (TCV) and secured by the Treasurer in the form of a government guarantee. They are classified as a financial instrument and are initially recognised at the fair value of the consideration received less directly attributable transaction costs. Interest bearing liabilities are subsequently measured at amortised cost. Any difference between the initial amount recognised (net of transaction costs) and the redemption amount is recognised in the Comprehensive Operating Statement over the period of the interest-bearing liabilities, using the effective interest method.

Lease liabilities are determined in accordance with AASB 16 (refer to Note 6.2).

Maturity of borrowings

			Maturity Dates				
	Carrying $'000	Fair Value $'000	Less than $'000	1-3 months $'000	3 months- $'000	1-5 years $'000	5+ years $'000
2026							
Loans from TCV	68,000	67,285	-	-	7,000	29,000	32,000
Total	68,000	67,285	-	-	7,000	29,000	32,000
2025							
Loans from TCV	51,000	51,283	-	-	6,500	20,000	24,500
Total	51,000	51,283	-	-	6,500	20,000	24,500

Interest expense	2026 $'000	2025 $'000
Interest on loans from Treasury Corporation of Victoria (TCV)	2,324	1,388
Interest on lease liability	56	-
Financial accommodation levy	388	274
Total interest expense	**2,768**	**1,662**

'Interest expense' includes costs incurred in connection with the borrowing of funds. Interest costs include interest on bank overdrafts, short term and long term borrowings, amortisation of discounts or premiums relating to borrowings and finance lease charges.

Financial accommodation levy is a levy applied to the Corporation to remove the market advantage that government entities may experience in borrowings as a result of being guaranteed by the State of Victoria. The financial accommodation levy is a commercial rate charged for new borrowings based on the Corporation's underlying credit rating and is paid into the State's Consolidated Fund in accordance with section 40N of the Financial Management Act 1994 in respect of financial accommodation provided to the Corporation by the State Government of Victoria.

Interest expense is recognised in the period in which it is incurred and measured at fair value.

6.2 Leases

The Corporation leases vehicles. The leases typically run for a period of 4 to 6 years. Lease terms are negotiated at changeover, to reflect market rentals and contain a wide range of different terms and conditions.

At inception of a contract, the Corporation assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At commencement or on modification of a contract that contains a lease component, the Corporation allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Corporation recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method generally from the commencement date to the shorter of the asset's useful life (which is determined on the same basis as those of property, plant and equipment) or lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or the Corporation's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:
- fixed payments (including in-substance fixed payments) less any lease incentive receivable;
- variable payments based on an index or rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- payments arising from purchase and termination options reasonably certain to be exercised; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if the Corporation changes its assessment of whether it will exercise a purchase, extension or termination option, or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the comprehensive operating statement if the carrying amount of the right-of-use asset has been reduced to zero.

The Corporation presents right-of-use assets below and lease liabilities in Note 6.1.

6.2.1 Right-of-use assets

	Vehicles $'000
Total as at 30 June 2025 represented by:	
Cost	-
Less: Accumulated depreciation	-
Net book value at 30 June 2025	-
Year ended 30 June 2026	
Carrying amount at beginning of year	-
Additions to right-of-use assets	1,675
Derecognition of right-of-use assets	(7)
Accumulated depreciation recovered from derecognition	7
Depreciation expense	(430)
Other movements	-
Carrying amount at end of year	1,245
Year ended 30 June 2026	
Cost	1,668
Less: Accumulated depreciation	(423)
Carrying amount at end of year	1,245

6.2.2 Amounts recognised in the Comprehensive Operating Statement

	2026 $'000
Expenses relating to short-term leases	56
Total	56

6.2.3 Future lease payments

The total of future lease payment commitments (including those lease payments that are not included in the measurement of the lease liability e.g. for short-term leases and leases of low-value items) are disclosed for each of the following periods.

	2026 $'000
Less than one year	476
One to five years	864
	1,340

6.3 Cash flow information and balances

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and those highly liquid investments with an original maturity of three months or less, which are held for the purpose of meeting short-term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as current borrowings on the balance sheet, as indicated in the reconciliation below.

	2026 $'000	2025 $'000
Cash at bank	8,831	8,272
Petty cash	2	2
Balance as per cash flow statement	**8,833**	**8,274**

6.4 Commitments for expenditure

The Corporation is committed to incurring capital expenditure of $4.275 million (2025: $7.327 million) for infrastructure development of East Gippsland region and assets renewal.

Nominal Accounts 2026	Less than 1 year $'000	Between 1 and 5 years $'000	Over 5 years $'000	Total $'000
Capital project commitments	4,275	-	-	4,275
Environmental contribution levy commitments	1,700	7,316	-	9,016
Total commitments (inclusive of GST)	**5,975**	**7,316**	**-**	**13,291**
Less GST recoverable	(389)	-	-	(389)
Total commitments (exclusive of GST)	**5,586**	**7,316**	**-**	**12,902**

Nominal Accounts 2025	Less than $'000	Between 1 $'000	Over 5 years $'000	Total $'000
Capital project commitments	7,327	-	-	7,327
Environmental contribution levy commitments	1,700	7,144	-	8,844
Total commitments (inclusive of GST)	**9,027**	**7,144**	**-**	**16,171**
Less GST recoverable	(666)	-	-	(666)
Total commitments (exclusive of GST)	**8,361**	**7,144**	**-**	**15,505**

NOTE 7 RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

Introduction

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

7.1 Financial Instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Due to the short-term nature of the financial assets and liabilities held by the Corporation, their carrying value is assumed to approximate their fair value.

Categories of financial instruments

Financial instrument	Initial measurement	Subsequent measurement
Financial assets at amortised cost		
Financial assets include: • Loans and receivables • cash and deposits; • receivables; • term deposits; and • investment in ZEW	These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.	Amortised cost only using the effective interest rate method less impairment if both of the following criteria are met: • the asset is held within a business model whose objective is to collect the contractual cash flows, and • the contractual terms give rise to cash flows that are solely payments of principal and interest Gains or losses are recognised in the comprehensive operating statement as either: • interest income calculated using the effective interest rate; • impairment losses under the expected credit loss model; or • gain or loss on derecognition.
Financial liabilities at amortised cost		
Financial liabilities include: • payables (excluding statutory payables); and • borrowings (including lease liabilities)	Fair value, plus or minus any directly attributable transaction costs subsequent to initial recognition.	Amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the comprehensive operating statement, over the period of the interest-bearing liability using the effective interest rate method. Gains or losses are recognised in the comprehensive operating statement as either: • interest expense calculated using the effective interest rate; • gain or loss on derecognition.

Financial instrument	Initial measurement	Subsequent measurement
Financial assets and liabilities at fair value through profit or loss		
Derivative financial instruments	Fair value on the date on which a derivative contract is entered into.	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 the fair value of derivatives after initial recognition are recognised in the consolidated comprehensive operating statement as an 'other economic flow' included in the net result. Gains or losses include: • Fair value changes either realised or unrealised; • Interest; or

Derecognition of financial assets and liabilities

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

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

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

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

7.1.1 Financial instruments: Categorisation

2026	Notes	Cash and deposits	Financial assets / liabilities designated at fair value through profit/loss (FVTPL)	Financial assets at amortised cost (AC)	Financial liabilities at amortised cost (AC)	Total
		$'000	$'000	$'000	$'000	$'000
Contractual financial assets						
Cash and deposits	6.2	8,833	-	-	-	8,833
Receivables						
Service and usage charges	5.1	-	-	2,356	-	2,356
Trade and other receivables	5.1	-	-	1,186	-	1,186
Contract assets	5.1	-	-	6,774	-	6,774
Investment in Zero Emissions Water		-	-	5	-	5
Total contractual financial assets		**8,833**	-	**10,321**	-	**19,154**
Contractual financial liabilities						
Payables						
Trade creditors	5.2	-	-	-	5,527	5,527
Sundry creditors	5.2	-	-	-	548	548
Accrued expenses	5.2	-	-	-	2,530	2,530
Contractor deposits and retention	5.2	-	-	-	620	620
Funds held in trust	5.2	-	-	-	60	60
Derivative financial instruments	5.2	-	162	-	-	162
Borrowings						-
Loans from Treasury Corporation of	6.1	-	-	-	69,267	69,267
Total contractual financial liabilities		-	162	-	78,552	**78,714**
2025						
Contractual financial assets						
Cash and deposits	6.2	8,274	-	-	-	8,274
Receivables						
Service and usage charges	5.1	-	-	2,139	-	2,139
Trade and other receivables	5.1	-	-	232	-	232
Contract Assets	5.1	-		6,436	-	6,436
Investment in Zero Emissions Water		-		5	-	5
Total contractual financial assets		**8,274**	-	**8,812**	-	**17,086**
Contractual financial liabilities						
Payables						
Trade creditors	5.2	-	-	-	3,828	3,828
Sundry creditors	5.2	-	-	-	444	444
Accrued expenses	5.2	-	-	-	2,738	2,738
Contractor deposits and retention	5.2	-	-	-	482	482
Funds held in trust	5.2	-	-	-	60	60
Derivative financial instruments	5.2	-	162	-	-	162
Borrowings						
Loans from Treasury Corporation of	6.1	-	-	-	51,000	51,000
Total contractual financial liabilities		-	162	-	58,552	**58,714**

Details regarding the recognition of gains or losses on financial instruments are provided in Section 7.1

7.2 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

7.2.1 Contingent assets

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 the control of the entity.

7.2.2 Contingent liabilities

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence
- present obligations that arise from past events but are not recognised because:
  - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations; or
  - the amount of the obligations cannot be measured with sufficient reliability.

The Corporation has no contingent assets or liabilities to disclose this reporting period (2025: $0 contingent assets/liabilities).

7.3 Fair value determination

This section sets out information on how the Corporation determines fair value for financial reporting purposes. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value hierarchy

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

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

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

The Valuer General Victoria (VGV) is the Corporation's independent valuation agency. In conjunction with VGV, the Corporation monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

7.3.1 Fair value determination

For all assets measured at fair value, the Corporation considers the current use is the highest and best use.

The following table shows the valuation techniques used in measuring fair values for financial instruments and non-financial physical assets in the statement of financial position, as well as the significant unobservable inputs used.

Type	Valuation technique	Significantunobservable inputs
Non-financial physical assets		
Land	Market approach: assets are compared to recent comparable sales or sales of comparable assets that are considered to have nominal value, adjusted for the community service obligation (CSO) to reflect the specialised nature of the land being valued.	Community Service Obligation (CSO)
Buildings	Depreciated replacement cost. Valuation is based on the replacement of buildings to a 'modern equivalent' standard after applying an appropriate depreciation rate, useful life and adjusting for condition.	Cost per square meter Useful life (remaining)
Infrastructure	Current replacement costs, asset condition, remaining useful lives, service capacity and relevant physical, functional and economic obsolescence were considered. Based on the available market evidence, no material changes were identified since the valuation.	Weighted average cost of capital (WACC) Useful life (remaining)
Motor vehicles	Depreciated cost (deemed 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.	Original useful life Cost per unit
Plant and equipment	Depreciated cost (deemed 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.	Original useful life Cost per unit
Office equipment	Depreciated cost (deemed 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.	Original useful life Cost per unit
Financial assets and liabilities		
Derivative financial instrument	Income approach (discounted cash flow)	Wholesale electricity price forecasts Discount rate – risk free rates of zero coupon government bonds Credit value adjustment – Australian Corporate Bond Spreads and Yields

An independent valuation of the Corporation's specialised land and specialised buildings was performed by independent valuation firm Option. The valuation was performed using the market approach adjusted for CSO for land only. The effective date of the valuation is 30 June 2026.

An independent valuation of the Corporation's water and sewer infrastructure was carried out by Herron Todd White on behalf of the Valuer General Victoria. These assets are classified as level 3 fair value as the lowest level input, the absence of an active market, has a significant impact on the fair value which is unobservable. The effective date of the valuation is 30 June 2026.

NOTE 8 STATUTORY OBLIGATIONS

Introduction

This section included disclosures in relation to the Corporation's statutory obligations.

8.1 Tax

8.1.1 Income tax

The Corporation is subject to the National Tax Equivalent Regime (NTER), pursuant to section 88(1) of the State Owned Enterprises Act 1992, which is administered by the Australian Taxation Office. The income tax expense or revenue for the period is the expected tax payable or receivable on the current period's taxable income based on the national corporate income tax rate of 25%, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

The differences are reconciled as follows:

	2026 $'000	2025 $'000
Income statement		
Current income tax expense	235	1,382
Deferred income tax expense	1,746	
Temporary differences	-	(2,089)
(Over)/under provision in previous year	(3,773)	2
Income tax reported in the Income Statement	(1,792)	(705)
Income tax payable	235	1,382
NTER instalments paid	(1,242)	(1,636)
Income tax Payable /(Receivable) at 30 June	(1,007)	(254)
Tax reconciliation		
Net result before income tax expense	(7,190)	(2,852)
Tax at the Australian tax rate of 25.0% (2025 - 25.0%)	(1,798)	(713)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Entertainment	3	6
(Over)/under provision in previous year	3	2
Income tax on loss before tax	(1,792)	(705)

East Gippsland Water reviewed the tax treatment of assets contributed by developers following industry-wide discussions with the Australian Taxation Office. These assets were previously treated as taxable income, but in the current year the Australian Taxation Office confirmed that these contributed assets are non-assessable for income tax purposes. Under the revised approach, the Corporation amended its tax returns for 2020–21 to 2023–24 and received refunds totalling $3.3 million. This also resulted in a $3.773 million adjustment relating to prior years, being included in the current-year tax calculation.

8.1.2 Deferred tax assets and liabilities

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

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

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.

Deferred tax assets	2026 $'000	2025 $'000
Amounts recognised in Comprehensive Operating Statement		
Employee benefits - long service leave	500	521
Employee benefits - annual leave	273	277
Doubtful debts	140	116
Audit fee accrued	15	14
Superannuation accrued	43	15
ZEW financial derivative	40	40
Employee benefits - banked and purchase	32	28
Operating lease	317	-
Total deferred tax assets	**1,360**	**1,011**
Movements		
Opening balance at 1 July	1,011	1,103
Credited/(debited)		
to the Comprehensive Operating Statement	349	(92)
Closing balance at 30 June	**1,360**	**1,011**

Deferred tax liabilities	2026 $'000	2025
Amounts recognised in Comprehensive Operating Statement		
Cumulative depreciation and amortisation	2,646	(714)
Prepayment	(19)	-
Lease liability under AASB 16	(1,245)	-
Amounts recognised directly in equity		
Revaluation of infrastructure property, plant and equipment	156,793	112,883
Total deferred tax liabilities	**158,175**	**112,169**
Movements		
Opening balance at 1 July	112,169	114,217
Credited/(debited)		
to the net result	2,096	(2,182)
to the consolidated statement of comprehensive income	43,910	134
Closing balance at 30 June	**158,175**	**112,169**

NOTE 9 OTHER DISCLOSURES

Introduction

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

9.1 Other economic flows included in net results

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions.

	2026	2025
Net gain/(loss) on non-financial assets		
Net gain/(loss) on disposal of infrastructure, property plant and equipment (including intangible as:	3	(170)
Impairment of biological assets	(7)	-
Net gain/(loss) on non-financial instruments	**(4)**	**(170)**
Net gain/(loss) on financial instruments		
Impairment of receivable	(99)	(22)
Net gain/(loss) on financial instruments	**(99)**	**(22)**
Total other gains/(losses) from other economic flows	**(103)**	**(192)**

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

9.2 Events occurring after the balance date

No matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the Corporation, the results of those operations, or the state of affairs of the Corporation in future financial years.

9.3 Responsible persons

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

Name	Title	Period of appointment
The Hon. Gayle Tierney MP	Minister for Water	From December 2024 to April 2026
The Hon. Harriet Shing MP	Minister for Water	From April 2026
Therese Tierney	Chairperson	1 July 2025 to 30 June 2026
Angela Hutson	Deputy Chairperson	1 July 2025 to 30 September 2025
Michelle McLean	Director	1 July 2025 to 30 September 2025
Ian Gibson	Director	1 July 2025 to 30 June 2026
Kate Young	Director	1 July 2025 to 30 June 2026
Andrew Webster	Director	1 July 2025 to 30 June 2026
Steven Wright	Director	1 July 2025 to 30 June 2026
Tricia Hiley	Director	1 July 2025 to 30 September 2025
Jamie Williamson	Director	1 July 2025 to 30 June 2026
Mandi Davidson	Director	1 September 2025 to 30 June 2026
Rochelle Wrigglesworth	Director	1 September 2025 to 30 June 2026
Michael Wandmaker	Managing Director	1 July 2024 to 30 June 2026

Remuneration

Remuneration received or receivable by the Responsible Persons in connection with the management of the Corporation during the reporting period was in the range: $420K - $430K ($360K - $370K in 2024 - 2025).

	2026	2025
$0 – $9,999	3	-
$20,000 - $29,999	7	8
$50,000 – $59,999	1	1
$110,000 - $119,999	-	1
$360,000 - $369,999	-	1
$420,000 - $429,999	1	-
Total	**12**	**11**
Total remuneration	**684,143**	**765,485**

9.4 Remuneration of executives

The number of executive officers, other than the minister and accountable officer, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalents provides a measure of full time equivalent executive officers over the reporting period.

Remuneration comprises employee benefits (as defined in AASB 119 Employee Benefits) in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered. Accordingly, remuneration is determined on an accrual basis, and is disclosed in the following categories.

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Post-employment benefits include pensions and other retirement benefits paid or payable on a discrete basis when employment

Other long-term benefits include long service leave, other long-service benefit or deferred compensation.

Termination benefits include termination of employment payments, such as severance packages.

EAST GIPPSLAND REGION WATER CORPORATION

Remuneration of executive officers	2026 $'000	2025 $'000
Short-term employee benefits	1,182	1,327
Post-employment benefits	144	229
Other long-term benefits	30	15
Total remuneration	**1,356**	**1,571**
Total number of executives	5	6
Total annualised employee equivalents	**5.0**	**5.9**

9.5 Related parties

The Corporation is a wholly owned and controlled entity of the State of Victoria.

Related parties of the Corporation include:

- all key management personnel and their close family members and personal business interests (controlled entities, joint
- all cabinet ministers and their close family members; and
- all departments and public sector entities that are controlled and consolidated into the whole of state consolidated

All related party transactions have been entered into on an arm's length basis.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation, directly or indirectly. Key management personnel (as defined in AASB 124 Related Party Disclosures) includes the Portfolio Minister and all Directors listed under responsible persons in Note 9.3 and members of the executive leadership team who have the authority and responsibility for planning, directing and controlling the activities of the

Remuneration of key management personnel

The compensation detailed below excludes the salaries and benefits the Portfolio Minister receives. The Minister's remuneration and allowances is set by the Parliamentary Salaries and Superannuation Act 1968 and is reported within the State's Annual

Compensation of KMPs	2026 $'000	2025 $'000
Short-term employee benefits	1,831	1,953
Post-employment benefits	179	218
Other long-term benefits	30	96
Termination benefit	-	69
Total remuneration	**2,040**	**2,267**

Significant transactions with government-related entities

The Corporation received funding and made payments of $33.701 million (2025: $24.433 million) and $11.275 million (2025: $8.647 million) respectively to government related entities.

During the year, the corporation had the following government-related entity transactions:		2026	2025
Government-related entity receipts		$'000	$'000
Entity name	**Brief description of main activity**		
Department of Energy, Environment and Climate Actio	Funding	110	550
State Revenue Office	Concessional rebates	190	142
Department of Families, Fairness & Housing	Claims - Pensioner and Health Care Card	2,646	2,709
Treasury Corporation of Victoria (note 6.1 and 6.2)	Borrowings	26,500	21,000
Zero Emissions Water (ZEW)	Gain on LGC sold	5	9
Department of Treasury and Finance	Tax return	4,250	-
Department of Transport and Planning	Long Service Leave transfer	-	-
Government-related entity receivables			
Entity name	**Brief description of main activity**		
Department of Families, Fairness & Housing	Claims - Pensioner and Health Care Card	272	12
State Revenue Office	Concessional rebates	48	95
Government-related entity payments			
Entity name	**Brief description of main activity**		
State Revenue Office	Payroll tax	263	226
Department of Energy, Environment and Climate Actio	Environmental Contribution	1,700	1,700
Department of Energy, Environment and Climate Actio	Monitoring, imagery, licences, valuation fee	129	22
Department of Energy, Environment and Climate Actio	Government contribution	600	300
Department of Energy, Environment and Climate Actio	Native Vegetation Credits	34	-
Department of Treasury and Finance	Financial Accommodation Levy	372	240
Department of Treasury and Finance	NTER	1,937	1,658
East Gippsland Catchment Management Authority	Distribution Channel Repair Work	-	27
Vic Roads	Watermain contribution, Registrations	19	45
Environment Protection Authority	Licence fees, levies and penalties	12	14
Zero Emissions Water (ZEW)	Management fees, loan	10	6
Zero Emissions Water (ZEW)	Loss on LGC sold	34	26
Essential Services Commission	Water & Sewerage Recovery Fee	30	30
Treasury Corporation of Victoria (note 6.1 and 6.2)	Investment and Borrowings	6,065	4,297
Victorian Auditor-General's Office	Audit fee	57	57
Government-related entity payables			
Entity name	**Brief description of main activity**		
State Revenue Office	Payroll Tax	19	21
Department of Treasury and Finance	Financial Accommodation Levy	106	90
Treasury Corporation of Victoria (note 6.1 and 6.2)	Investment and Borrowings	68,392	51,133
Department of Treasury and Finance	NTER	122	694
East Gippsland Catchment Management Authority	EGCMA partnership for Buchan project	5	-
Environment Protection Authority	Licence fees, levies and penalties	-	27
Victorian Auditor-General's Office	Audit fee	60	55

Transactions with key management personnel and other related parties

Given the breadth and depth of Corporation activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements.

Outside of normal citizen type transactions with the Corporation, there were no related party transactions that involved key management personnel and their close family members. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

Zero Emission Water (ZEW) Power Purchase Agreement
ZEW is a related party of the Corporation. Below is a summary of transactions and holdings with ZEW.

	Note	2026 $'000	2025 $'000
Receipts		5	9
Payments		34	26

9.6 Remuneration of auditors

	2026 $'000	2025 $'000
Victorian Auditor General's Office		
Audit or review of the financial statements and performance statement	60	57
Total remuneration of auditors	60	57

9.7 Australian Accounting Standards issued that are not yet effective

A number of new and amended Australian Accounting Standards and Interpretations have been issued by the Australian Accounting Standards Board ("AASB") but are not yet effective for the financial year ended 30 June 2026.

These Standards and Interpretations are required to be applied in future reporting periods and have not been early adopted by the Corporation.

AASB 18 Presentation and Disclosure in Financial Statements
AASB 18 replaces AASB 101 Presentation of Financial Statements to improve how entities communicate in their financial statements, with a particular focus on information about financial performance in the statement of profit or loss.

The key presentation and disclosure requirements established by AASB 18 is the presentation of newly defined subtotals in the statement of profit or loss.

AASB 18 requires an entity to:
- classify income and expenses into operating, investing, financing, income taxes and discontinued operations categories in the statement of profit or loss; and
- present two newly defined subtotals – operating profit and profit before financing and income taxes.

The standard is applicable for annual reporting periods beginning on 1 January 2027.

Based on information currently available, the Corporation is still in the process of assessing the impact of the new accounting standard, particularly with respect to the structure of the Corporation's financial statements.

In addition to the new standards above, the AASB has issued a number of other amending standards that are not effective for the 2024-25 reporting period. These standards are not expected to have any significant impact on the Corporation and thus have not been included.

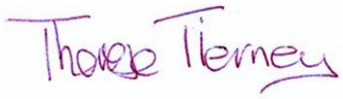
EAST GIPPSLAND REGION WATER CORPORATION
Declaration in the financial statements

The attached financial statements for East Gippsland Region Water Corporation have been prepared in accordance with Standing Direction 5.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2026 and financial position of the Corporation at 30 June 2026.

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 on 13 October 2026.



Therese Tierney
Chairperson
East Gippsland Region Water Corporation



Michael Wandmaker
Managing Director & Accountable Officer
East Gippsland Region Water Corporation



Mathew Scott
Chief Finance & Accounting Officer
East Gippsland Region Water Corporation

VAGO
Victorian Auditor-General's Office

Independent Auditor's Report

To the Board of East Gippsland Region Water Corporation

Opinion	I have audited the financial report of East Gippsland Region Water Corporation (the corporation), which comprises the: • balance sheet as at 30 June 2026 • comprehensive operating statement for the year then ended • cash flow statement for the year then ended • statement of changes in equity for the year then ended • notes to the financial statements, including material accounting policy information • declaration in the financial statements. In my opinion, the financial report presents fairly, in all material respects, the financial position of the corporation as at 30 June 2026 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards - Simplified Disclosures.
Basis for opinion	I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's responsibilities for the audit of the financial report* section of my report. My independence is established by the *Constitution Act 1975*. My staff and I are independent of the corporation in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Board's responsibilities for the financial report	The Board is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Simplified Disclosures and the *Financial Management Act 1994*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error. In preparing the financial report, the Board is responsible for assessing the corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

Level 31 / 35 Collins Street, Melbourne Vic 3000
T 03 8601 7000 enquiries@audit.vic.gov.au www.audit.vic.gov.au

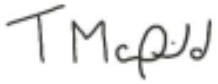
Auditor's responsibilities for the audit of the financial report

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

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

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

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



MELBOURNE
15 October 2026

Timothy Maxfield
as delegate for the Auditor-General of Victoria

Disclosure Index

The Annual Report of the East Gippsland Region Water Corporation is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of the corporation's compliance with statutory disclosure requirements.

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Legislation

Freedom of Information Act 1982

Public Interest Disclosures Act 2012

Building Act 1993

Local Jobs First Act 2003

Financial Management Act 1994

Water Act 1989

Glossary

AEE	Annualised Employee Equivalent
AMAF	Asset Management Assessment Framework
ASR	Aquifer Storage and Recovery
CEO	Chief Executive Officer
CGSWS	Central and Gippsland Sustainable Water Strategy
CFA	Country Fire Authority
DAP	District Action Plan
DEECA	Department of Energy, Environment and Climate Action
DoH	Department of Health
DTF	Department of Treasury and Finance
EAP	Employee Assistance Program
EGCMA	East Gippsland Catchment Management Authority
EPA	Environment Protection Authority
EMS	Environmental Management System
EWOV	Energy and Water Ombudsman Victoria
FoI	Freedom of Information
FTE	Full-time equivalent
GEA	Gippsland Environment Agencies
GED	General Environmental Duties
GST	Goods and Services Tax
GWh	Gigawatt hours – one billion hours
GLaWAC	Gunaikurnai Land and Waters Aboriginal Corporation
GSL	Guaranteed Service Level
H&S	Health and safety
IWM	Integrated Water Management
kL	Kilolitre - one thousand litres
km	Kilometre

kW	Kilowatt – one thousand watts
L	Litre
LGC	Large Generation Certificate
m	Metre
Mhz	Megahertz
MJ	Megajoule
ML	Megalitre - one million litres
MPSG	Major Project Skills Guarantee
NTU	Nephelometric Turbidity Units
PEER	Public Entity Executive Remuneration
OH&S	Occupational health and safety
OVIC	Office of the Victorian Information Commissioner
RWMP	Regional Water Monitoring Partnership
SCADA	Supervisory Control and Data Acquisition
t CO_2 –e	tonnes of CO_2 equivalent
UWS	Urban Water Strategy
VIPP	Victorian Industry Participation Policy
VPSC	Victorian Public Sector Commission
WSAA	Water Services Association of Australia
ZEW	Zero Emissions Water

133 Macleod St, Bairnsdale VIC 3875

PO Box 52, Bairnsdale VIC 3875

1800 671 841 (8.30am to 5.00pm, Monday to Friday)

1300 134 202 (24-hour Emergencies, Service Difficulties and Faults)

egw@egwater.vic.gov.au

egwater.vic.gov.au

Telephone Interpreter Service (TIS): 13 14 50

Telephone Typewriter Service (TTY): 1800 555 677

EAST GIPPSLAND WATER