

Gippsland Water

Annual Report

2025-26



We acknowledge the Traditional Owners of the Gippsland Water area, the Gunaikurnai people and the Bunurong people, and recognise their strong cultural connection to the land and waterways.

We pay our respect to their Elders, past and present.

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A message from the Chair and Managing Director

It is a pleasure to present the 2025-26 Gippsland Water Annual Report.

This year was marked by significant progress across our operations, infrastructure, customer engagement and future planning.

We maintained our strong focus on affordability, delivering tariffs below the rate of inflation for the eighth consecutive year for our customers. This year, our price increase was the second lowest across Victoria's 12 regional Victorian water corporations, reflecting our ongoing focus on prudent financial management.

Progress on our major projects including the construction of the Clarkes Road basin in Traralgon, strengthened the reliability and resilience of our water network for the next 50 years.

Work has started on the Warragul wastewater treatment plant upgrade and construction of a major sewer main in Warragul's north-east to improve reliability and also meet the demands of the expanding population in one of Australia's fastest growing regional areas.

This project is the next phase in our strategic asset approach to build ahead of growth to enable new connections in our region.

At the heart of everything we do is our commitment to our customers and the community. Throughout the year, we undertook a significant engagement program to support our work for Price Submission 2028 and Urban Water Strategy 2027.

This included growing our Customer Reference Group with six new members. The group's role allows them to get to know our organisation in more depth, hold us to account and test us on behalf of the broader customer base.

Membership of our Sounding Board increased to over 800 members, which means approximately one in every 125 customers we serve has the opportunity to directly share their views and help inform our decisions.

The trust our customers place in our organisation continued to grow. This year, 68% of customers recognised us as a valued member of our community. This is the highest result recorded since we began customer surveys in 2014.

Our financial performance remained stable despite ongoing economic pressures. We ended $3.5 million favourable to the Corporate Plan, posting a loss of $4.3 million. This improved result came from additional revenue through the sale of surplus environmental offsets and savings in energy and interest costs.

We also achieved our 2025-26 cost-to-serve target, reflecting disciplined cost management and a continued focus on efficiency across the organisation. This supports our goal of delivering value for customers while maintaining the high-quality services our community expects.

Another significant achievement was the Ministerial approval of the South-Central Reforms. These reforms will deliver cost savings and contribute to our lower customer tariffs in coming years through improved efficiency. It also demonstrates the value of collaboration and long-term thinking across Victoria's water sector.

Throughout the year we strengthened our approach to contractor safety, enhanced controls for high-risk and non-routine work and introduced executive safety walks to enable greater leadership visibility and engagement across our sites. This ongoing focus and accountability for all levels of the organisation ensures that all of our people go home safely every single day.

While the achievements of this year are important, they also form part of a much larger story.

Over the past decade, we have navigated one of the most significant periods of economic transition in the Latrobe Valley and Gippsland, and that transformation continues today. As Victoria's major industrial water and wastewater service provider, we face challenges that few water corporations have experience, including major change across the region's industrial landscape.

As new industries emerge across the region, we are well positioned to play a vital role in attracting large scale investment from water intensive industries, supporting regional economic development and providing the essential services that help communities thrive.

None of this would be possible without the dedication of our people. We thank our team members, contractors, stakeholders, Customer Reference Group, Sounding Board and Board for their contributions over the last 12 months. Together we're helping shape a strong and sustainable future for Gippsland.

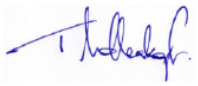


Tom Mollenkopf AO
Board Chair

Sarah Cumming
Managing Director

Responsible body's declaration

In accordance with the *Financial Management Act 1994* (Vic), I am pleased to present the Central Gippsland Region Water Corporation's Annual Report for the year ending 30 June 2026.



Tom Mollenkopf AO
Board Chair

Dated 21 September 2026

About us

At the core of our business is the provision of essential water and wastewater services. We exist to support the lives of the communities we serve. We're also the state's major industrial water and wastewater service provider and have supported major industry for decades. Through our investments and infrastructure, local employment and community support programs, we are an essential part of Gippsland.

Central Gippsland Region Water Corporation, or Gippsland Water, is a statutory body operating as a Victorian state-owned water business. We provide water and wastewater services to residents, businesses and industries in the Gippsland region.

The responsible Minister for the period from 1 July 2025 to 14 April 2026 was the Honourable Gayle Tierney MP, Minister for Water and for the period 16 April 2026 to 30 June 2026 was the Honourable Harriet Shing MLC, Minister for Water.

Our business objectives

Our statutory responsibilities are set out in the *Water Act 1989* (Vic).

We support the health, prosperity and sustainable development of the Gippsland region through the delivery of essential water, wastewater and resource recovery services.

Sustainable management principles underpin our functions, which include:

Water supply

- Provide, manage, operate and protect water supply systems, including the collection, storage, treatment, transfer and distribution of water.
- Identify community needs and plan for the future needs of our community relating to water supply.
- Develop and implement programs for the conservation and efficient use of water.
- Investigate, promote and conduct research into any matter related to our functions, powers and duties in relation to water supply.
- Educate the public about any aspect of water supply.

Wastewater

- Provide, manage and operate systems for the conveyance, treatment and disposal of sewage and trade waste.
- Identify community needs and prepare for the community's future sewerage service needs.
- Develop and implement programs for the recycling and reuse of treated wastewater.
- Investigate, promote and conduct research into any matter which relates to our functions, powers and duties in relation to sewerage services.
- Educate the public about any aspect of sewerage.

We are the only Victorian water corporation with a specific function outlined in the *Water Act 1989 (Vic)* to receive waste from both within and outside our sewerage districts for treatment or disposal. This function extends beyond sewage and trade waste to include a range of materials that may pose risks to human health, the environment, or water quality. This unique legislative responsibility reflects our important role in supporting major industry, protecting public health and delivering safe and sustainable waste management services.

Organics and Agribusiness

Our commercial businesses support Gippsland's economy, the agricultural sector and Victoria's circular economy. Through Gippsland Regional Organics and Gippsland Regional Agribusiness, we transform waste, biosolids and treated wastewater into valuable resources that deliver environmental and financial benefits. Following a recent expansion project, Gippsland Regional Organics can now operate at the full capacity of its 250,000-tonne annual licence and saves customers approximately $2.5 million each year by managing biosolids generated through wastewater treatment, avoiding external disposal costs. Gippsland Regional Agribusiness irrigates around 1.5 gigalitres of treated wastewater annually to grow crops and pastures, saving customers approximately $2 million each year by safely reusing treated wastewater that would otherwise require additional treatment and discharge. Together, these operations support resource recovery, sustainable land management, regional employment and alternative revenue streams that help deliver value for customers while putting downward pressure on bills.

Cross-industry collaboration and partnerships

Collaboration is a longstanding strength of Victoria's water sector, enabling water corporations to share expertise, improve efficiency and address common challenges together.

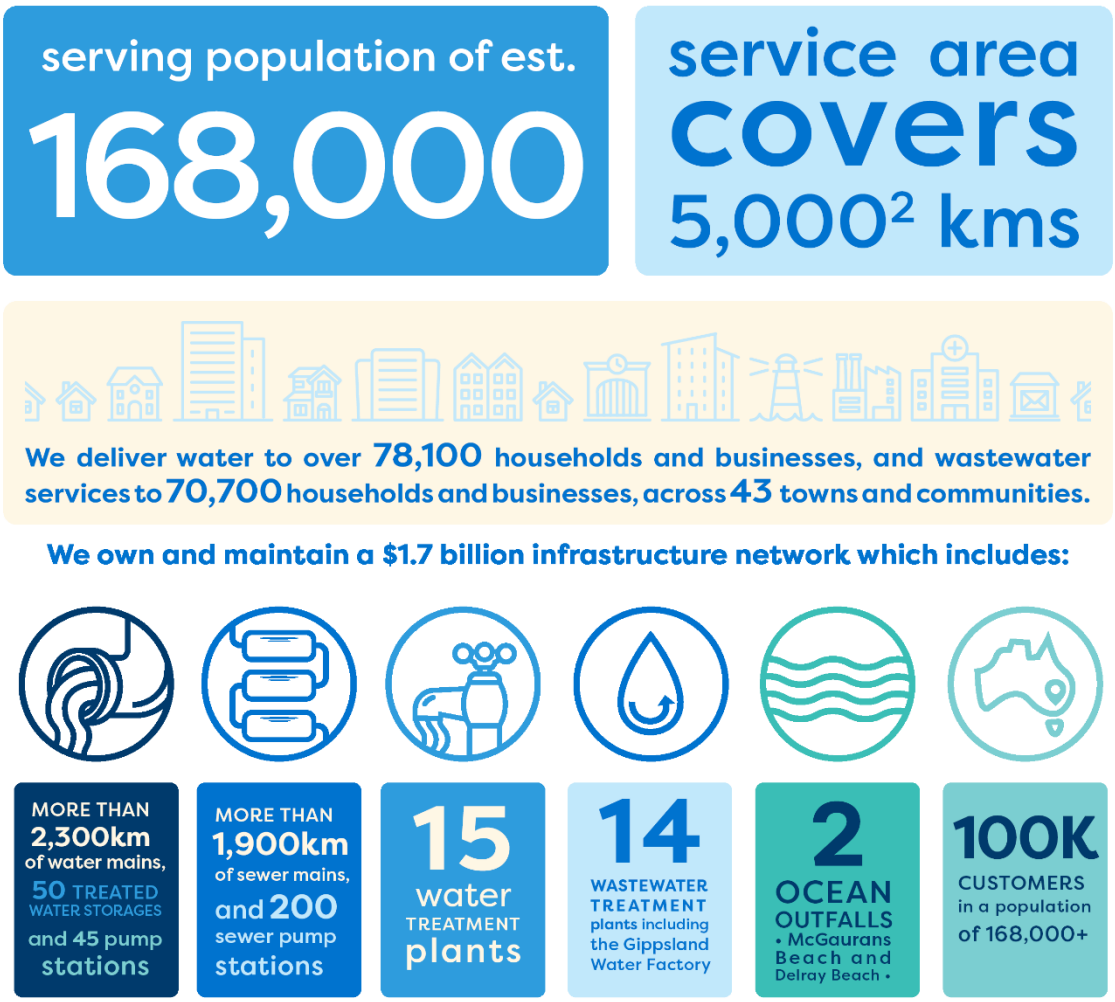
Throughout 2025–26 we worked with other water corporations, government agencies and industry partners through initiatives including VicWater, the Victorian Intelligent Water Network, the Water Services Association of Australia, Integrated Water Management forums and climate adaptation working groups. We also fostered important regional partnerships with Traditional Owner groups, local governments, advocacy groups, economic development organisations and environmental and community advocacy groups. These partnerships enable us to share knowledge, build capability, reduce duplication and deliver greater value for customers, communities and the environment. As the challenges facing the sector become increasingly complex, collaboration will continue to play an important role in delivering sustainable and affordable water services.

Our region

We supply high-quality drinking water that meets stringent regulations. Our 15 water treatment plants serve more than 78,100 properties through over 2,300 kilometres of water mains. Raw water is obtained from a range of sources including aquifers (groundwater), rivers, creeks and reservoirs, and undergoes various forms of treatment based on the source.

Our largest storage is Moondarra Reservoir near Erica. We also take water from storages managed by Southern Rural Water (Blue Rock Dam and Lake Glenmaggie) and Melbourne Water (Tarago Reservoir).

We provide wastewater services to more than 70,700 households and businesses through an extensive network of over 1,900 kilometres of sewer mains and 200 sewer pump stations. Wastewater is collected and treated at 14 wastewater treatment plants, including the Gippsland Water Factory. Sewage and trade waste from homes, businesses and major industries is treated in accordance with EPA requirements.




MOUNT BULLER
LICOLA
Wellington River
Thomson River
Aberfeldy River
Thomson Reservoir
Loch River
Tarronga River
MT. BAW BAW
MT. ERICA
NOOJEE
BRIAGOLONG
BOISDALE
GLENMAGGIE
COONGULLA
Lake Glenmaggie
Macalister River
Avon River
LAKES ENTRANCE
PAYNESVILLE
STRATFORD
RAWSON
ERICA
HEYFIELD
MAFFRA
Latrobe River
Tarago Reservoir
NEERIM SOUTH
Tanjil River
Tyers River
COWWARR
Thomson River
Avon River
Lake Victoria
LOCH SPORT
Blue Rock Lake
Tarago River
ROKEBY
WILLOW GROVE
Moondarra Reservoir
TOONGABBIE
Lake Wellington
FULHAM
SALE
BULN BULN
YALLOURN NTH
GLENGARRY
WURRUK
Latrobe River
DROUIN
Lake Narracan
TYERS
ROSEDALE
Lake Coleman
WARRAGUL
NILMA
MOE
NEWBOROUGH
TRARALGON
DARNUM
TRAFALGAR
YARRAGON
MORWELL
GOLDEN BEACH
DUTSON DOWNS
Merriman's Creek
Flynns Creek
THORPDALE
HAZELWOOD NTH
Morwell River
CHURCHILL
TRARALGON STH
Traralgon Creek
YINNAR
JUMBUK
HONEYSUCKLES
SEASPRAY
BASS STRAIGHT
MELBOURNE
BOOLARRA
MIRBOO NTH
LEONGATHA
INVERLOCH
WILSONS PROMONTORY
Australia
Victoria
Gippsland

Our strategic framework

Our 2050 Vision

Our 2050 Vision articulates a future where responsible water management is harmoniously integrated to support the wellbeing of our people, Country and economy. It outlines our aspirations for water security, service delivery, environmental stewardship and community prosperity. To arrive at this state, there are many important actions and capabilities we need to focus on now, and so our 2050 Vision aligns closely with our Values, Drivers and Priorities.

Smart service delivery

Digital innovation and smart technology promote consolidation and integration of water and waste networks.

Affordable & secure water

Clever water solutions address ongoing water resource security, affordability and liveability challenges.

Water for a better environment

Water, waste and energy management deliver a cleaner greener environment.

Sustainable & prosperous region

Sustainable water and wastewater solutions are delivered to a growing region while keeping bills affordable.

Our Strategic Drivers

Our vision

We take pride in partnering with the community in providing quality water and waste services so we can enjoy a healthy and sustainable Gippsland for generations to come.

Healthy Country

We will operate responsibly to enable a healthy Country, minimise our impact on the environment, and work in partnership with our Aboriginal community to increase access to Country.

Climate preparedness

We will plan for the long term to ensure our water supply and treatment network is resilient to climate change, rainfall variability and climate events.

Affordable bills

We will ensure our customers pay a fair price for water and waste water services, which reflects the cost to efficiently provide services to the standards our customers expect.

Future solutions

We will transform the way we do business to improve our customer and employee experience through the delivery of innovative ideas and smart technology.

Our Values

Safety and wellbeing

'Go home safe'

The safety and wellbeing of our employees and community is our priority.

Customer focused

'Customer first'

Customers are at the heart of everything we do.

Accountability

'Make it happen'

We each take ownership and deliver on what we say.

Collaboration

'Working together'

We work in partnership with our colleagues, customers, and stakeholders.

Innovation

'Clever solutions'

We challenge our thinking, learn and embrace change.

Integrity and respect

'Treat others as we wish to be treated'

We are transparent, honest and inclusive, and treat people fairly.

Key initiatives and projects



Key initiatives and projects

We've invested in the infrastructure and services needed to support population growth, maintain reliable water and wastewater services and build resilience across our region. Throughout 2025/26, we progressed a range of significant projects to strengthen water security, increase network capacity, renew critical assets and support environmental outcomes. Looking ahead, we're planning future investments that will ensure our services continue to meet the needs of growing communities while supporting long-term operational resilience and efficiency.

Current projects

Clarkes Road Storage Basin - Traralgon **$9.8 million**	With the continual growth in Traralgon and the future connection of customers from the Tyers water supply system, drinking water storage requirements needed to be increased. In the future, the Traralgon water treatment plant won't be able to meet peak day demand, so adding another storage provides a buffer without the need to augment the water treatment plant. Construction of the additional 50ML clear water storage basin is nearing completion with commissioning to be undertaken in 2026-27.
Traralgon Tyers Interconnect water pipeline **$7.2 million**	This project will connect the Tyers water supply system to the larger Traralgon water supply system. A pipeline to connect Glengarry, Toongabbie, Cowwarr and Rosedale to the Traralgon system will be constructed. This will transition customers supplied by the Tyers water treatment plant to the more efficient Traralgon water treatment plant. We've completed the construction of a pipeline under the Latrobe River. Construction of the remaining pipe between Traralgon and Glengarry will commence in early 2026/27 and expected to take a year to complete.
Water main replacements and sewer main relining **$3.4 million**	We replaced 3.87km of reticulated water mains of varying pipe sizes across our service area, providing 165 customers with connections to new sections of pipe. An additional 115 sections (6.2km) of sewer pipe have been relined throughout our region, renewing the connection for 316 customers.
Saline Wastewater Outfall Pipeline (SWOP) **$23 million**	This 54km pipeline is an integral asset used and funded by Latrobe Valley power generators, conveying up to 34 ML/d of saline wastewater to the ocean outfall at McGaurans Beach. A risk assessment identified 18.4km of critical sections of the pipeline that needs replacing. In 2025/26, statutory approvals were completed, including obtaining recognition as a State Project within the Victorian Planning Provisions. Construction is underway and we expect these works to be completed in 2028.
Traralgon Western Distribution Main **$10.5 million**	The Traralgon Western Distribution Main is the first stage in an overall long-term strategy to support growth and meet our water supply needs in the Traralgon and Morwell water systems for the next 50 years. The 5.3km main will accommodate for growth in this area of the Traralgon system. It will provide an additional connection between the Traralgon water treatment plant and the Clarkes Road water storage basins. In 2025/26, we completed statutory approvals, awarded the contract and commenced construction. Works are expected to be complete in 2027/28.
Warragul wastewater treatment plant upgrade **$12 million**	The population of Warragul is rapidly growing and we're expanding the capacity of the wastewater treatment plant to meet the town's needs. In 2025/26, we completed the detailed design for stage one upgrades of the existing bioreactors and dewatering plant. We've also procured major plant items for this upgrade, completed early site works and commenced tendering the main construction contract. Construction will commence in 2026/27.

Future initiatives and projects

Factory Road, Yarragon, sewage pump station and rising main upgrade	The Factory Road sewage pump station and rising main will be upgraded. This will cater for the proposed growth in Yarragon and reduce the likelihood of spills during significant wet weather events. Planning and detailed design continued along with the completion of easement acquisition. Construction will commence in 2026/27.
Drouin West water main extension	The Drouin township has undergone significant growth in recent years and this is expected to continue. As a result, the existing distribution main will reach capacity and no longer be able to service the north-western growth corridor. Detailed design for a new 375mm water main has been completed which will ensure adequate water pressure for existing customers while continuing to service Drouin's residential growth. Construction is expected to commence in 2026/27.
Tarago River Raw Water Transmission Main Crossing replacement	Constructed in 1955, the Tarago River raw water transfer main provides raw water to the Warragul water treatment plant from Pederson Weir. A 70m span of pipe that traverses the river crossing is ageing and needs to be replaced to minimise the risk of a network water supply outage in the future. In 2025/26, we progressed the detailed design and statutory approvals with construction planned for 2027.
Yallourn North sewer rising main Replacement	The 11km Yallourn North sewer rising main from the sewage pump station in Yallourn North to the Gippsland Water Factory is near end of life. Two sections of the sewer rising main were replaced in 2016 and the remaining 8.5kms of the pipeline will commence be in 2029.
2028 Price Submission	Early planning has commenced on our major projects for our 2028 Price Submission. These projects include: • A new 80ML clear water storage at the Warragul water treatment plant which will ensure we can continue to supply Warragul and Drouin customers during peak day demands in line with the predicted future growth. • A new 27ML clear water storage at our Maryvale Road water facility and a distribution main to connect this to the Morwell water treatment plant. • A new 24ML clear water storage at our Drouin west basin site to accommodate the expected growth in the western side of the town. • Stage 2 upgrades to our Warragul wastewater treatment plant including new aeration, a membrane filtration system, inlet works, electrical and odour treatment. • A secondary raw water supply pipeline for the Maffra water treatment plant. The water supplied via this pipeline will be more resilient to catchment impacts and climate change than the primary supply.

Delivering on our expectations



Delivering on our expectations

Customer and community outcomes

We invest in our communities through education, engagement, sponsorship, drinking fountains and initiatives that enhance communities and the environment.

Education

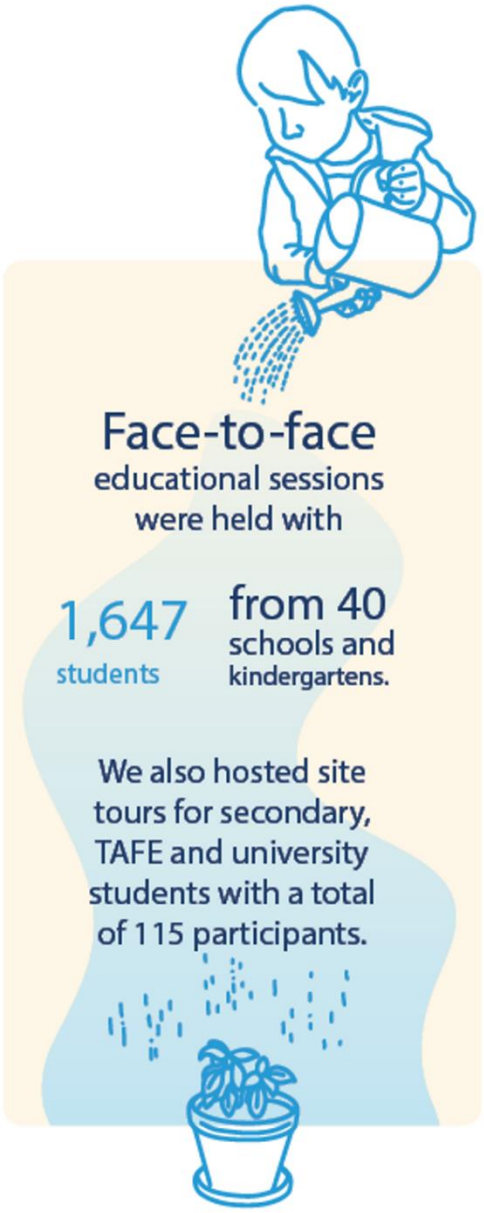
Our community and schools-based education programs provide valuable resources for our communities.

Our school-based education program plays an important role in building awareness, developing an understanding of the value of water and driving positive behaviour for a healthy and sustainable future. Teachers praised our important and age-appropriate messages that supports learning linked to the Victorian curriculum.

Our sessions for students included topics on the natural and urban water cycle, water and wastewater treatment, water efficient behaviours and water for health. We also introduced a new topic focused on sustainability which emphasises renewable energy, protecting biodiversity and the circular economy in Gippsland. Key messages from our 'Drink Gippy Tap', 'Reduce Your Use' and 'Caretakers for Tomorrow' campaigns were integrated into these sessions. Sustainability themes feature strongly throughout the program.

Hundreds of local students entered our annual National Water Week poster competition, which ran from April to September 2025.

We conducted site tours of our facilities and presentations for schools, industry and community groups including Neerim & District Secondary College, the Ladder Foundation and local councils.



Campaigns

Reduce Your Use – encouraging water conservation

We finished installing new 'Save water, every drop counts' signs at the entrances to towns across our service area, with 71 signs now in place.

We attended the Wellington Sustainability Expo in March to promote reduce your use and water conservation. Our fun activities, quiz and water-saving giveaways taught people how to save water at home and sparked lots of great conversations.

Drink Gippy Tap – promoting health and wellbeing

We promoted the benefits of drinking tap water at community events, including the Sale Show.

We distributed more than 950 of our Drink Gippy Tap active prize packs to local sporting clubs to award their participants. The packs include a drawstring backpack, drink bottle and stickers.

Caretakers for Tomorrow – promoting Healthy Country and sustainability

We shared with the community the work we're doing to recycle waste, invest in renewable energy, encourage biodiversity and protect local flora and fauna.

We launched a new education session focused on the environment and sustainability that's aligned with the Victorian curriculum in response to requests from teachers.

We ran activities at community events and an online quiz, with sustainable prize giveaways. The environmental content, especially the conservation work, was very popular with our customers and young families at events.

Planning for the future – promoting the work we do to plan for growth and the changing climate

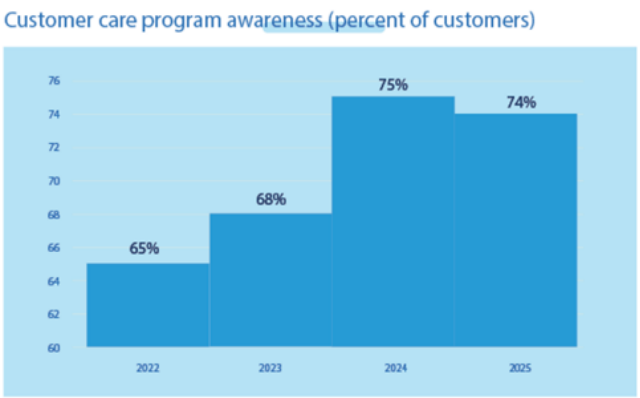
We attended farmers markets to talk about the major projects we're completing in local areas.

In Trafalgar and Yarragon, we shared major infrastructure upgrades planned for the sewerage network to cater for expected growth in the towns.

In Drouin, we shared information about how we're securing the town's water supply and meeting demand into the future by building a new major water main in the north-west growth corridor.

Customer Care – promoting the support available for people to pay their bills

Now in its fourth year, our Customer Care campaign has had ongoing success. We held drop-in opportunities in towns across our service area, so customers could receive on-the-spot and in-person support from our Customer Care team. We used multi-channel advertising to increase awareness of the support available. Awareness of our customer care offering in our customer satisfaction survey rose to 74 percent - a significant increase from 65 percent when we started the campaign in 2022. This means customers who need help are more likely to know about the support we offer and will connect with us when they need us most.



Engagement and customer input

Customer Reference Group

Our Customer Reference Group plays a key role in shaping our community engagement. Each member contributes their unique insights and experience to help inform and enhance our decision-making and planning for the future.

Our Customer Reference Group met quarterly, either online or in person. The group provided input into our engagement activities and received updates on the delivery of initiatives in our 2023 Price Submission which they helped shape.

The Customer Reference Group is playing a critical role in developing our 2028 Price Submission. Already they've been involved in the co-design of our engagement strategy, 'Planning for the future' and development of challenges we'll solve with our community.

Members also attended various community pop-up events to collect insights from customers.

In late May, we welcomed six new members to our Customer Reference Group following an extensive recruitment campaign. The members strengthen the diversity of the group and will ensure continuity throughout the 2028 Price Submission process.

Summaries of our Customer Reference Group meetings are published at www.gippswater.com.au/CRG.

Sounding Board

Our Sounding Board is a group of more than 800 customers and community members who share their views to help guide our decision-making.

The group has grown by 91 percent, from 428 to 818 members this year. It was a big focus for us to build on this important engagement resource to help us involve more people in our engagement activities.

Members of the Sounding Board receive invitations to participate in engagement activities, such as focus groups, interviews and surveys.

In the last year, the Sounding Board was invited to complete our Customer Outcomes and Urban Water Strategy surveys.

Communication

Our updated website has seen an uplift in use by 75.7% - growing from 74,000 users in 2023 to 130,000 this year. It's become a central point of truth for information about our organisation. We've expanded the content to include topics that are of most interest to our community, like data centres.

Our audience has also expanded on our social media channels, especially on LinkedIn, Facebook and Instagram, where we engage and share information with our community and stakeholders.

We highlighted key information with our customers through an attachment sent with every customer bill. Information includes help that's available for those having trouble paying their bills, tips for saving water and registering for our Customer Sounding Board.

Subscribers increased for our opt-in community newsletter, which is sent monthly via email. It contains updates on our projects and activities, useful tips and opportunities to provide feedback.

Ongoing customer input

Through our Customer Outcomes survey, we receive feedback from our customers twice a year to monitor their priorities relating to our services and identify any emerging issues. This year, over 1200 people completed the survey, giving us more than 95 percent confidence in the results.

The surveys showed that 'Do your job well' is the most important outcome for our customers and that the cost of bills is an ongoing concern.

We also heard from our customers through our annual customer satisfaction survey. Our customers' perceptions of us in relation to trust, value for money, overall satisfaction and reputation improved.

This year, we achieved our strongest-ever performance for measures relating to customer experience and community perception. 98 percent of customers agreed that we are easy to deal with, up from 96 percent in the previous year, while 68 percent viewed us as a valued member of the community, up from 66 percent. These outcomes continue a positive long-term trend and demonstrate sustained improvements in customer sentiment.

Our 2025-26 performance

69% of customers believe we provide value for money

98% of customers believe we are easy to deal with

80% of customers agree we make a positive contribution to our community

68% of customers see us as a valued member of the community

Sponsorship

We invested in our local communities through in-kind and financial sponsorships.

A priority of our sponsorship program involved partnering with local councils to install drinking water fountains to increase access to tap water in public locations across our service area. This year, we donated eleven drinking water fountains to be installed in Warragul, Yinnar, Traralgon, Moe, Sale and Maffra.

We ran two rounds of applications for our Drink Gippy Tap active prize packs. An in-kind sponsorship, these packs are linked to our Drink Gippy Tap campaign and aim at encouraging kids to choose tap water when playing sport.

Each pack consists of a reusable drink bottle, sports bag and sticker sheet. Sporting clubs in our service area were invited to apply for packs to give to their junior participants as encouragement awards. We had a massive response with more than 950 packs distributed this year.

Our water trailer and portable water fountains were well-used by community groups for events including the Sale Music Festival, Outdoor Living Expo, Sale Show, Warragul Show, Traralgon Christmas Carols, Monster Trucks X, Maffra Triathlon, Moe & District Netball Association, Stadium 34, ANZAC Weekend Airshow, Old Gippstown, Ramahyuck District Aborignial Corporation, Victorian Aboriginal Education Association Incorporated, West Gippsland Healthcare Group and Gippsland Football Netball League finals.

We provided in-kind support through water bottles to community groups for their events and initiatives, including Mirboo North Secondary College, Monash Soccer Club, Ladder Program, Gippsland Regional Indoor Sports Stadium, Rotary Club of Moe, Sale Little Athletics, Baw Baw Latrobe LLEN, Mother's Day Classic, Playgroup Victoria, Kurnai College Churchill, MND Support Group, Traralgon Harriers, Victorian Aboriginal Education Association Incorporated, Heyfield Basketball Association and Goodstart Morwell.

Financial sponsorship was provided to Morwell Neighbourhood House, Gippsland Plains Rail Trail Inc., Gippsland United Football Club, Baw Baw Latrobe Local Learning and Employment Network (LLEN), Maffra Family Mardi Gras (Rotary Club of Maffra), Gippsland League, Willow Grove Community Garden and Traralgon Tennis Association.



Customer Responsiveness Performance Indicators

We monitor performance across key customer responsiveness indicators, including water quality complaints, billing and payment issue complaints and total complaints. These indicators guide continuous improvement in how we respond to customer needs and ensure that our services remain fair, transparent and customer focused. Results for 2025-26 improved across all measures, reflecting strong operational performance, proactive customer engagement and targeted support initiatives.

KPI Number	Key Performance Indicator	2024-25 Result	2025-26 Result	2025-26 Target	Variance to Prior Year	Notes	Variance to Target	Notes
CR1	**Typical household bill – Owner (i)**	1549	1578.55	n/a	1.91%			
	Typical household bill – Tenant (i)	481	492.79	n/a	2.45%			
CRS4	**Customers responsiveness - Water quality (No.)** No. of complaints per 100 customers	0.27	0.18	0.24	-33.33%	1a	-25.00%	1b
CRS7	**Customers responsiveness - Number of payment issue complaints (No.)** No. of complaints per 100 customers	0.08	0.07	0.25	-12.50%	2a	-72.00%	2b
CRS3	**Customer responsiveness - Total Complaints (No.)** No. of complaints per 100 customers	0.66	0.58	1.00	-12.12%	3a	-42.00%	3b
UPP 1	**Water bills - customers on flexible payment plans (No.)** No. of customers with instalment plans	8332	8910	n/a	6.94%	4a		
UPP 6	**Water bills - customers awarded hardship grants (No.)** No. of customers awarded hardship grants	667	747	n/a	11.99%	5a		

Notes

1a The reduction in water quality complaints compared with 2024–25 reflects improved operational monitoring, proactive identification of issues and risks within water treatment plants and the reticulation network, implementation of appropriate control measures, and the installation of auto-flushing devices based on a risk-based assessment approach.

1b Water quality complaints were below target, reflecting improved operational monitoring, proactive identification of issues and risks within water treatment plants and the reticulation network, implementation of appropriate control measures, and the installation of auto-flushing devices based on a risk-based assessment approach.

2a Payment-related complaints decreased compared with 2024–25, indicating that early engagement with customers experiencing payment difficulties is having a positive impact.

2b Payment-related complaints remained well below target, indicating that early engagement with customers experiencing payment difficulties is helping to address issues before they escalate to formal complaints.

3a Total complaints decreased compared with 2024–25, reflecting an overall improvement in customer responsiveness. The largest reduction was recorded in water related complaints including quality and supply.

3b Total complaints remained below target, reflecting the effectiveness of proactive measures to address water quality issues, keep customers informed about supply interruptions and early engagement with customers experiencing financial hardship.

4a The number of customers on flexible payment plans increased compared with 2024–25, reflecting greater customer engagement and increased uptake of support options designed to assist customers experiencing financial pressures.

5a The number of customers awarded hardship grants increased compared with 2024–25, reflecting ongoing cost-of-living pressures and the availability of targeted assistance to help customers manage their water bills.

Water for Aboriginal cultural, spiritual and economic values

We acknowledge that Traditional Owners have been the custodians of water and waterways for thousands of years. Increasing Traditional Owners voices in decision-making remains an important step towards reconciliation and self-determination.

Water for Traditional Owners

Our Aboriginal Inclusion Plan reflects our ongoing commitment to partnering with the Gunaikurnai Land and Water Aboriginal Corporation (GLaWAC) and our continued engagement with the Bunurong Land Council Aboriginal Corporation (BLCAC). We do not have established formal partnership agreements with Aboriginal Corporations or Aboriginal Community Controlled Organisations; however, through the Gippsland Environmental Agencies, we maintain commitments to work collaboratively with GLaWAC to achieve shared objectives. We have also begun discussions with GLaWAC to establish our first formal Partnership Agreement with their organisation.

We've commenced engagement with GLaWAC to review progress against commitments stemming from our 2023 Price Submission and explore new opportunities for collaboration and partnership in our Urban Water Strategy (UWS) and 2028 Price Submission with a focus on supporting GLaWAC's self-determined path to achieving key objectives from *Water is Life* and their *Whole of Country Plan*.

We've also met with BLCAC to explore opportunities to work together to support the progression of their goals in land and water management, as we develop the 2028 Price Submission and Urban Water Strategy.

Making land and water available for cultural and broader Aboriginal community benefit

GLaWAC's Water is Life submission outlines its aspiration to participate in the water economy. We're committed to supporting these objectives through the Merriman Creek bulk water entitlement review as part of the Central and Gippsland Region Sustainable Water Strategy.

In collaboration with GLaWAC, West Gippsland Catchment Management Authority (WGCMA) and Southern Rural Water (SRW), we completed an aquatic ecological study. The assessment found that minor adjustments to flow-sharing arrangements can improve ecological conditions during low-flow periods, supporting healthier waterways and critical refuge habitats. It also identified opportunities to return water to the system, including the potential for providing part of the current bulk entitlement to GLaWAC to be used for self-determined purposes. This is a specific outcome sought by the Gunaikurnai People, as outlined in *Water is Life*.

This work will inform advice to the Minister for Water, balancing environmental and cultural outcomes with continued water security for the Seaspray community.

We maintained our agreement with Federation University to provide access for their Aboriginal Education Centre to land we manage in the Moondarra catchment to

facilitate excursions for cultural and educational purposes.

Cultural awareness training

Cultural awareness training was delivered to all our staff throughout 2025–26, supporting greater understanding, respect and collaboration with Traditional Owners and the broader Aboriginal and Torres Strait Islander community. The training is a core component of the employee onboarding program, ensuring all new staff commence their roles with a foundational awareness of cultural values and protocols.

We contributed funding to the development of an updated water industry online training module, which was rolled out during National Reconciliation Week. This training reinforces our ongoing commitment to learning, reflection and the development of respectful and meaningful relationships with Aboriginal and Torres Strait Islander people. The refreshed e-learning incorporates contemporary perspectives and lived experiences from across the water sector, including video contributions from Traditional Owners working within the industry.

We take a tiered approach to cultural awareness capability building, providing more advanced training for employees whose roles involve closer engagement with Traditional Owner groups. This included a one-day workshop hosted by GLaWAC, featuring a combination of On-Country learning experiences and a visit to the GLaWAC office in Kalimna West, further strengthening cultural understanding and connection.

Aboriginal employment and business

We're offering meaningful employment, leadership and participation opportunities for Aboriginal people. We directly employ a local Aboriginal trainee undertaking a Certificate III in Conservation and Ecosystem Management, providing structured mentoring, practical experience in environmental management and valuable exposure to the water sector, and a supported pathway into long-germ employment in the industry. This year we have achieved our target of 1.6% First Nations employment, which aligns with broader industry targets.

Our scholarship program for Aboriginal students at Federation University Churchill continued, with the scholarship successfully awarded for the 2025 and 2026 academic years. This reinforced our commitment to supporting education and career pathways for local Aboriginal and Torres Strait Islander students.

We maintained a standing invitation on our website for Aboriginal and Torres Strait Islander peoples to express interest in employment opportunities, ensuring ongoing access to potential roles and supporting increased participation across our workforce.

Tender advertisements promote engagement with Aboriginal enterprises, encouraging employment opportunities for Victorian Aboriginal people. Aboriginal inclusion requirements are embedded within procurement documentation, including a Social Commitment Proposal section in tender response templates, consistent with our Social Procurement Plan.

We made meaningful progress through targeted engagement with Aboriginal and Torres Strait Islander-owned businesses and suppliers throughout 2025–2026.

Successful engagements of Aboriginal businesses have been completed for projects including culturally informed landscape design and construction at sites in Warragul, Traralgon, Moondarra and Dutson Downs —helping to embed Aboriginal design and cultural expression within our operational sites. Further, Cultural Values Assessments at Hazel Creek in Warragul were undertaken collaboratively between a private Aboriginal-owned consulting business and GLaWAC to support the future upgrade of our Warragul wastewater treatment plant. We also purchased select uniform items through Aboriginal businesses.

These outcomes demonstrate us successfully creating opportunities for Aboriginal businesses to contribute meaningful, culturally-informed outcomes across our projects and the sites we manage.

First Nations delegates

Our Independent Aboriginal Board Delegate and Independent Aboriginal Board Committee Delegate helped strengthen First Nations representation within our governance processes by bringing Aboriginal perspectives, knowledge and community priorities into Board and committee discussions. Their involvement has supported more informed decision-making, strengthened relationships with Traditional Owners and contributed to building leadership capability and participation pathways for Aboriginal people within the water sector.

Opportunity for comment

GLaWAC and BLCAC were provided with the opportunity to review this section of the Annual Report. Feedback was provided by GLaWAC and has been incorporated in this section.

Resilient and liveable towns and cities

We work collaboratively with government, Traditional Owners, local councils and regional partners to strengthen water security, improve integrated planning and promote sustainable water use. Our focus on long-term resource planning, climate resilience and efficient water management helps ensure our communities remain well served, adaptable and prosperous into the future.

Central and Gippsland Region Sustainable Water Strategy

This year saw the final stages of the South Central Reforms come together. These reforms address Action 9-3 of the Central and Gippsland Region Sustainable Water Strategy (SWS), to *Create a south-central pooled resource and associated reforms*. This affects how we access water resources for Warragul and Drouin and nearby communities, with our Warragul water treatment plant connected to Melbourne Water's infrastructure at Tarago Reservoir.

Following from our 2023 investment in a water entitlement in the Melbourne system to secure Warragul and Drouin's supply well into the next decade, the reforms provide customers with greater certainty of supply beyond that period, by providing us with permanent access to both existing reservoir and desalination water as well as new supplies into the Melbourne system as they are implemented in the future. The reforms also come with a change to the way water corporations pay for bulk water supply, with charges to be levied by usage rather than by entitlement size. In the near term, this will result in savings for customers.

We worked closely with DEECA, Melbourne Water and the other retail and regional water corporations of the Melbourne network to finalise the applications to the Minister for Water to implement the reforms, which will commence from 1 July 2026.

We also collaborated with DEECA and regional partners to progress strategic planning for the Latrobe basin, delivering on Action 4-15 of the SWS, to develop a *Vision and Plan for the water future of the Latrobe Valley*.

Urban Water Strategy

Over the past year we worked on the delivery of our Urban Water Strategy (UWS) 2022 Action 13 to *Explore alternative flow sharing arrangements for the Merriman Creek Bulk Entitlement*. The current flow sharing rules place tight restrictions on water use in winter, while allowing greater access to water in summer. They do not optimally support urban supply reliability or environmental values.

The focus has been the completion of a detailed ecological assessment of the lower Merriman Creek. This work will support engagement with waterway management partners West Gippsland Catchment Management Authority, GLaWAC and Southern Rural Water on the development of alternative rules next year.

We embarked on the development of our next Urban Water Strategy, which will be released in 2027. We've commenced engagement with Traditional Owners, councils, customers and other stakeholders to help shape the Urban Water Strategy and the actions we'll put in place to ensure we continue to provide reliable water and sewerage services to customers into the future. New climate science is being used to understand the possible impacts of climate change and variability on our water resources, as well as updated demographic outlooks that we're using to forecast future demand for water.

Integrated Water Management

The Gippsland Integrated Water Management (IWM) Forum is one of 10 regional IWM Forums across Victoria. It brings together water corporations, local government, catchment management authorities and Traditional Owners, for the purpose of delivering better outcomes for their community and environment across both water and land use planning. The Gippsland IWM Forum made steady progress over the past year, under the guidance of our Chair and supported by DEECA.

IWM in Victoria is evolving and maturing since the forums commenced in 2017-18, a particular recent highlight being the Victorian Government's publication of *Integrated Water Management Planning Guidelines*. This initiative aims to help IWM Forum organisations work together to ensure optimal management of water is considered as part of land use planning and development. This is a much more cost effective approach compared to retrospectively delivering IWM projects after development occurs.

Our IWM Forum also resolved in September 2025 to broaden the remit beyond its scope to date, marking a shift towards a more strategic approach. This includes pursuing water and land use planning in a more integrated manner and our Forum is currently applying the new guidelines to a structure plan development at Stratford.

The Victorian Government supported IWM with grant funding. We made and supported several submissions to the grant program in the past year, for initiatives that include rainwater harvesting at Seaspray, stormwater management at Willow Grove within the Blue Rock Reservoir drinking water catchment and expert assistance with the IWM planning for the Stratford structure plan development. We look forward to these progressing this work, should these applications be successful.

Water efficiency

We supported the Victorian Government's Target Your Water Use program through a range of community education and engagement initiatives. Our dedicated water conservation campaign, 'Reduce Your Use', was delivered across multiple platforms and channels throughout the year. We maintained strong engagement with local schools to promote water efficiency with 27 schools across our region currently participating in the Schools Water Efficiency Program. The Victorian Government recently uplifted funding for this program, removing costs for schools which we hope this will help increase participation in the future.

We also actively and widely promoted the Victorian Government's Water Smart program for commercial customers and have enrolled 70 sites. Most of the participating sites are local and state government premises, including facilities operated by CFA and Ambulance Victoria.

Housing

Supporting housing growth across our region remains a key priority. During 2025/26, we enabled the delivery of 1,093 new water connections, 1,070 new sewer connections and 1,018 newly created lots. We facilitated growth by providing planning advice, supporting the design and construction of water and sewer infrastructure and connecting new residential, commercial and industrial developments to our services.

We worked closely with local councils, developers, consultants and applicants to ensure new developments could proceed efficiently while meeting statutory requirements. Our teams managed planning permit referrals, developer works and connection applications. We consistently met statutory timeframes and collaborated

with stakeholders to achieve practical and effective outcomes for the community.

We worked directly with developers and design consultants to support the timely delivery of infrastructure required for new housing. This included facilitating discussions between stakeholders to identify efficient servicing solutions and supporting the delivery of infrastructure that provides long-term benefits for growing communities.

We recognise that timely access to water and sewer services is critical to housing delivery. Throughout the year, we worked with builders, plumbers, councils and property owners to provide connections efficiently and reliably, helping bring new homes and developments online.

To further improve the customer experience, we promoted our Developer Portal, which streamlines connection applications through automated validation and self-service payment functionality. The portal helps support faster housing connections and development outcomes across our region by improving efficiency and reducing processing time.

Payment management and our Customer Support Program

Customers who required additional support were encouraged to join our customer support program, so that we could review and engage with them on a regular basis. This ensured that the financial assistance options offered continued to meet the customer's ongoing requirements.

Cost-of-living pressures affected many households during the year. Our Customer Care team reached out early to customers with outstanding accounts or where indicators suggested they may be experiencing payment difficulties. This enabled us to better understand individual circumstances and connect customers with appropriate support, including flexible payment arrangements and hardship grants. Early engagement helps customers access assistance at the right time, maintain sustainable payment arrangements and reduce the risk of financial hardship escalating.

The total number of customers registered in our customer support program at the end of the reporting period was 2,771, representing a modest decrease compared to the previous year. However, the total number of customers supported by the program throughout the year remained stable, with 4,611 customers assisted compared to 4,616 in the previous year.

We assisted customers with the approval of 1,950 Utility Relief Grants, delivering $668,305 in financial assistance.

We maintained a skilled and experienced Customer Care team to ensure support is available whenever customers need it.

Our customer support services

	30 June 2026	30 June 2025	30 June 2024
Customers on payment plans (excluding hardship)	7,712	7,420	7,077
Hardship customers on payment plans	1,128	1,258	1,093
Total payment plans	8,840	8,678	8,170
Percentage of customers on payment plans	11.25%	11.34%	10.80%
Hardship customers	2,771	2,949	2,564
Percentage of hardship customers on payment plans	40.71%	42.66%	42.62%

Community Rebate Program

The Community Rebate Program is available for eligible customers registered within the customer support program. It is funded by the Victorian Government and administered by us. The program allows for up to $1,000 of plumbing work that will help reduce water usage in the home.

This year we have assisted 13 households with $8,915 of free plumbing works through the Community Rebate Program.

Our water bills

Please see our 'Year in review' (page 95).

Recognising recreational values

We do not manage any determined recreational areas under the *Water Act 1989;* however, we supported community access and enjoyment of determined recreational areas owned by Southern Rural Water through ongoing financial contributions. In 2025-2026 financial year our contributions to the management and maintenance of recreational facilities operated by Southern Rural Water at Blue Rock Reservoir, Cowwarr Weir and Lake Glenmaggie totalled almost $480,000. We're reviewing the recreational contributions model with sector partners and DEECA to ensure it is equitable for all contributing parties.

We are also working in partnership with Melbourne Water on the Tarago Reservoir Recreational Management Plan, which aims to enable new opportunities for recreational boating and fishing for the community.

We have progressed a multiyear project to improve visitor facilities and experiences at the Moondarra Reservoir Recreation Reserve. Completed works include a gathering place, viewing platform and interpretive signage that shares Traditional Owner cultural knowledge alongside the history of the reservoir's establishment. An extended path and landscaping designed and to be delivered by Aboriginal-owned businesses will be completed during 2026. Further aesthetic and functional upgrades to toilet and BBQ facilities are planned for the following year. We'll provide access to parts of the land we manage for outdoor recreation. This includes a joint project with Baw Baw Shire Council to transform a former sewer pump station site in Warragul into an extension of the nearby Hazel Creek Park. Landscape design for this project is also being delivered by a local Aboriginal owned business.

The provision of opportunities for educational tours, bird watching enthusiasts and naturalists at our treatment plants and environmental assets will be pursued where practicable.

Leadership and culture

Our people are central to delivering safe, reliable and sustainable services to our customers and communities. During 2025/26, we invested in developing leadership capability, nurturing emerging talent and fostering an inclusive workplace where employees feel connected, supported and empowered to contribute. These initiatives strengthen our organisational culture, build capability for the future and ensure we are well positioned to meet the evolving needs of our customers and region.

Building a Diverse, Inclusive and Future Ready Workforce

We progressed towards our leadership, diversity and culture objectives through initiatives that strengthen leadership capability, support workforce diversity and foster an inclusive workplace culture.

During the year, leadership capability was enhanced through a structured leadership development pathway aligned to future workforce needs. Our flagship Leading with Impact program, delivered in partnership with DeakinCo, focused on building strategic, digital and people leadership capability, with participants applying their learning to real business challenges. Leaders also participated in targeted development programs including Effective Conversations, strengthening their ability to lead performance, engagement and change. Leadership development also supported through talent and succession planning, development planning and cross-functional opportunities designed to build capability and prepare future leaders.

Through participation Winnovators, WaterAid Australia's employee development and innovation program, our emerging leaders were given hands-on experience working across the business to solve real world challenges. Fundraising activities delivered by the team contributed to a positive and workplace culture, while supporting global access to clean water, sanitation and hygiene. We invested in future workforce capability through our Trainee Programs, Graduate Development Program and Summer Internship Program. Trainees and graduates undertook structured rotations, mentoring and targeted development opportunities across key areas of the business, while the Summer Internship Program provided students with meaningful work experience, exposure to the water industry and opportunities to contribute to real projects. Together, these programs support workforce planning objectives, create pathways from study to employment and strengthen our future talent pipeline.

Encouragingly, the internship program provides a strong pathway into graduate opportunities, supporting the development and retention of emerging talent.

We invested in opportunities that support workforce diversity and future industry participation. Through our partnership with Federation University, we provided scholarships for two women studying STEM disciplines and one Aboriginal and Torres Strait Islander student, helping to reduce barriers to education and encourage greater representation in areas critical to the future workforce.

Through our Gender Equality Action Plan and Aboriginal Inclusion Plan, we strengthened gender equality, cultural capability and cultural safety across our workplace. Key initiatives included cultural awareness training, On Country learning experiences and programs addressing unconscious bias,

family violence awareness and responding to sexual assault disclosures.

Our Belonging Plan 2024–2026 supports our obligations under the *Disability Act 2006* by guiding actions to reduce barriers and strengthen inclusion for people with disability. During 2025–26, we promoted inclusive recruitment and employment practices, improved the accessibility of customer information and digital content, and built awareness of disability and neurodiversity across our organisation. We also monitored workforce representation and progress towards our 2026 target of six percent of employees identifying as having disability, including neurodiversity.

Employee connection and inclusion were further strengthened through activities coordinated by the Diversity and Inclusion Committee, including recognition of NAIDOC Week, Pride Month, Harmony Day and International Women's Day. Together with organisation wide engagement initiatives such as Gather events, these activities created opportunities for employees to connect, learn from one another and celebrate diversity.

Together, these initiatives support Gippsland Water's objective of maintaining a capable, diverse and future-ready workforce that reflects the communities we serve and is well positioned to deliver our strategic priorities.

Our workforce data

The following tables outline the diversity of our current workforce and the gender spread across the organisation.

Diversity and inclusion	Target %	Actual % progress 2025-26	Actual % progress 2024-25	Actual % progress 2023-24	Actual % progress 2022-23	Actual % progress 2021-22
Women in senior leadership – (Managing Director and General Managers)	40	33	29	14	29	28
Women in senior leadership – (Board, Managing Director and General Managers)	40	53	44	44	50	50
Disability, including neurodiversity	6	4.26	6	3	3	2
First Nations	1.20	1.26	1.26	1	1	1
Culturally and Linguistically Diverse	8	7	7	6	6	10
Caring responsibilities	35	28	28	36	36	42
Lesbian Gay Bisexual Transgender Intersex Queer (LGBTIQ+)	7	5	5	5	5	3
Workforce flexibility (formal arrangements)	30	28	25.98	26.19	22.7	23.3

Gender	30 June 2026						
	All employees		Ongoing			Fixed term & casual	
	Number/ Headcount	FTE*	Number/ Headcount	Part-time Headcount	FTE*	Number/ Headcount	FTE*
Women	159	137.92	128	35	115.9	31	22.02
Men	266	259.37	209	1	208.9	57	50.47
Prefer not to say	0	0	0	0	0	0	0

*FTE (full time equivalent) is inclusive of casual hours worked in the last full pay period in June.

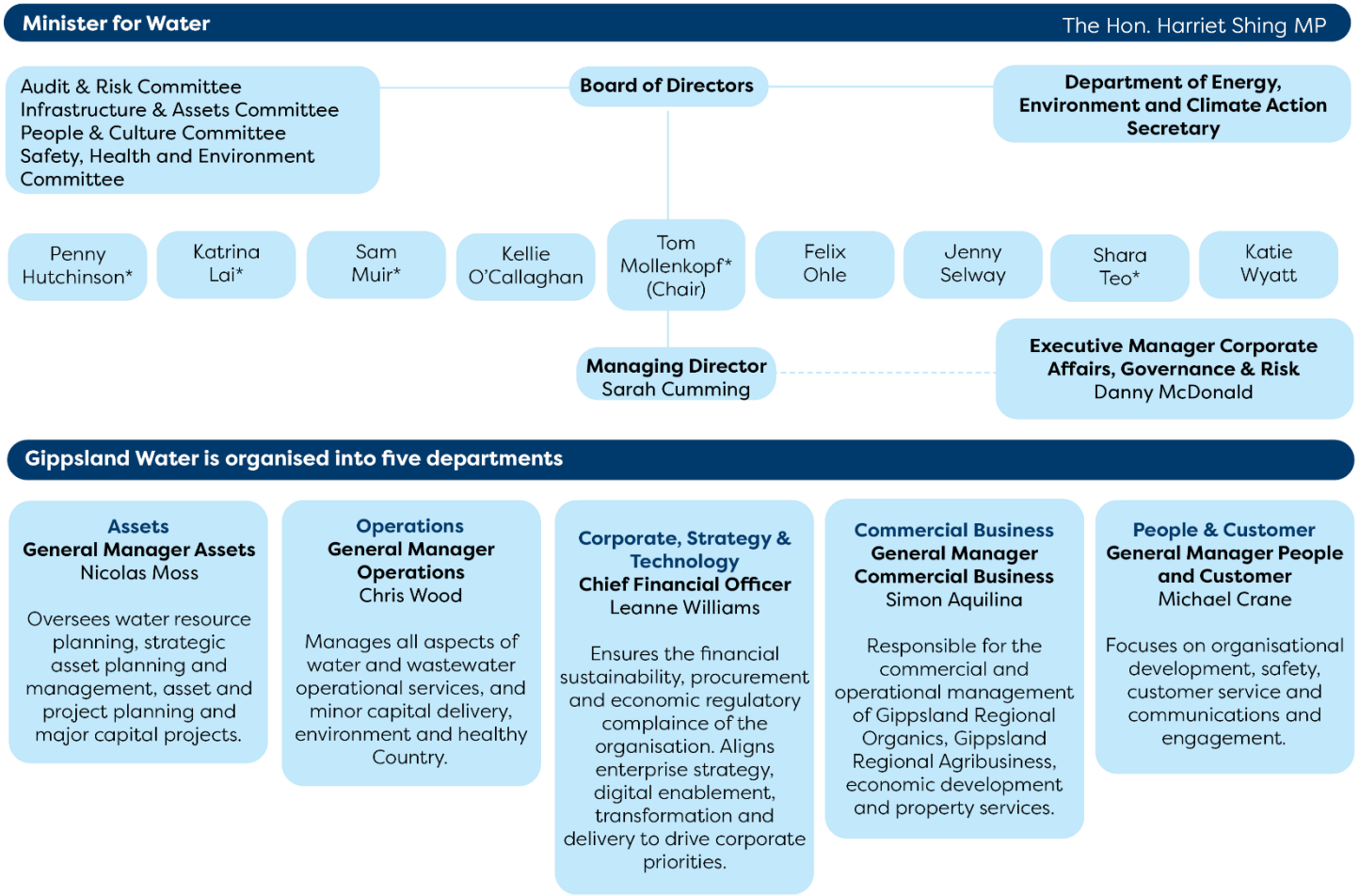
	2025-26	2024-25	2023-24	2022-23
Executive employees (including Managing Director)	6	7	7	7
Women	2	2	1	2
% Women	33%	29%	14%	29%
Men	4	5	6	5
% Men	67%	71%	86%	71%
Senior managers	**28**	**26**	**25**	**22**
Women	6	5	5	4
% Women	21%	19%	20%	18%
Men	22	21	20	18
% Men	79%	81%	80%	82%

Comparative workforce data ***continued***

	2025-26	2024-25	2023-24	2022-23	2021-22
Full time	301	284	263	253	228
Part time	36	37	45	39	34
Casual/fixed term	88	75	67	40	56
Total employees	**425**	**396**	**375**	**332**	**318**
FTE^	397.29	369	344	315	290
Executive	6	7	7	6	5
Assets	53	53	50	41	42
Commercial Business	55	56	54	52	45
Corporate Affairs, Governance & Risk	16	15	4	2	N/A
Corporate, Strategy and Technology (combines Business Transformation and Finance)	90	N/A	N/A	N/A	N/A
Finance	N/A	24	31	25	23
People and Customer	52	49	46	46	44
Business Transformation	N/A	55	45	40	38
Operations	149	139	138	120	121
Executive Assistants	4	N/	N/A	N/A	N/A
Total employees	**425**	**396**	**375**	**332**	**318**
Women	159	146	133	120	106
% Women	37%	37%	35%	38%	33%
Men	266	250	242	212	212
% Men	63%	63%	65%	64%	67%

Who we are

Our organisational structure at 30 June 2026.



Note: * shows Board members on the Audit and Risk Committee.

Health and safety

The health, safety and wellbeing of our people, contractors and community is our highest priority. Throughout 2025–26, we strengthened our safety management system, with a clear focus on improving the effectiveness of critical controls, contractor safety and organisational assurance.

Our most significant safety risks continue to relate to high-risk operational activities, including confined space entry, work around mobile plant, interaction with electricity, hazardous atmospheres and contractor-delivered works. During the year, we continued to refine our critical risk framework to better reflect organisational context, improve consistency in risk assessment and ensure appropriate focus on those risks with the potential to cause serious injury or fatality. This work remains ongoing.

A key area of focus has been strengthening contractor safety. Analysis of incidents, near misses and assurance activities identified recurring themes relating to the planning, verification and execution of high-risk and non-routine work. These insights reinforced the importance of clearly defining hazards, controls and accountabilities before work commences. In response, safety resources have been embedded into operations and facilities teams to strengthen planning, improve oversight and support consistent application of critical controls. Early outcomes indicated improved visibility of risk and stronger alignment between work scope, controls and field execution.

We also progressed several assurance and governance improvements. This included participation in an external safety health check and the continued development of a more structured internal assurance program, providing greater confidence in the design and implementation of our safety management system. This supports a more disciplined, risk-based approach to improvement.

Safety performance across the period reflects both positive progress and areas requiring continued focus. Lead indicators including workplace inspections, safety interactions and corrective action completion rates, remained strong and demonstrated active engagement across the organisation. However, injury performance highlighted that activity alone does not always translate to risk reduction. This reinforced the need to focus not only on the presence of controls, but also on their effectiveness and consistent application at the frontline.

We strengthened our safety culture through the ongoing biennial Safety Culture Index Survey and targeted engagement with workgroups. Survey insights were shared across the organisation, with leaders and teams participating in facilitated workshops to reflect on results and identify local improvement opportunities. These workshops enabled open discussion on safety leadership, communication and risk ownership. It also reinforced a consistent approach to safety across the business.

Executive Safety Walks were also introduced to strengthen visible leadership and engagement across the organisation. These walks involved members of the Executive Leadership Team engaging directly with frontline teams onsite. This helped them to understand work practices, discuss risks and reinforce expectations around critical controls and safe systems of work. This initiative supported more meaningful conversations about safety, increased leadership visibility and strengthened the connection between governance, operational risk and everyday work practices.

Looking ahead, we'll continue to mature our systems and processes, with a focus on measuring control effectiveness and using data to inform decision making This includes the development of an integrated safety management system to better connect safety data, workflows and operational systems, providing improved visibility of risk, performance and assurance outcomes This will support a more consistent, data-driven and user-focused approach to managing safety across the organisation. Through these actions, we continue to strengthen our safety culture and systems, ensuring everyone goes home safe, every day.

Occupational Health and Safety management measures

The following table outlines our achievements in OH&S management measures.

Measure	KPI	2025-26	2024-25	2023-24	2022-23	2021-22
Incidents	No. of safety reports (excl. contractors)	315	321	366	376	487
	No. of safety reports (incl. contractors)	383	360	408	407	525
	Rate per 100 FTE (excl. contractors)	79.29	86.88	106.46	119.21	167.35
Claims	No. of standard claims	3	2	0	0	2
	FTE	397.29	369.47	343.78	315.4	290.19
	Rate per 100 FTE	0.76	0.54	0.00	0.00	0.69
	No. of lost time claims	3	1	0	0	2
	Rate per 100 FTE	0.76	0.27	0.00	0.00	0.69
	No. of claims exceeding 13 weeks	0	0	0	0	2
	Rate per 100 FTE	0.00	0.00	0.00	0.00	0.69
Fatalities	Fatality claims	0	0	0	0	0
Claim costs	Average cost per standard claim	$78,680.00	$8,956.00	$126,152.36	$130,162.00	$76,395.00

Our environment and community



Our environment and community

We play an important role in supporting the environmental, social and economic wellbeing of the communities we serve. During 2025/26, we protected and enhanced natural assets, promoted sustainable resource use, maintained high standards of drinking water quality and worked collaboratively with partners to strengthen the resilience of our water systems and catchments. Through these initiatives, we're helping to deliver lasting benefits for our customers, communities and the environment.

Biodiversity and natural asset management

Protecting and enhancing biodiversity remains a key focus across the natural assets we manage. Our approach includes providing access to land, supporting applied research, implementing targeted on-ground works and partnering with specialist organisations to achieve landscape-scale outcomes.

At Dutson Downs, we're progressing the introduction of approximately 200 *Xerochrysum palustre* (Swamp Everlasting) plants, funded by the East Gippsland Catchment Management Authority (EGCMA). Habitat assessments have been completed, fencing has been installed and propagated individuals are growing in preparation for planting early in 2026-2027. This project represents a key step towards securing the long-term viability of this threatened species within the region and supporting local wetland ecosystems aligning with the Gippsland Lakes Ramsar Management Plan. We've also continued to partner with Zoos Victoria to facilitate research and monitoring of Pookila populations at Dutson Downs.

A comprehensive fauna survey was undertaken at our Carr's Paddock carbon offset site in November 2025, six years on from completing revegetation. Surveys recorded 64 vertebrate species, including 13 mammals, 39 birds, seven reptiles and five amphibians, demonstrating the increasing habitat value of this 100-hectare site on the fringe of the Gippsland Lakes Ramsar site.

The majority of our management plans for biodiversity offset sites established under the *Conservation Forests and Lands Act 1989* have successfully reached the end of their improvement period and now shift to maintenance in perpetuity.

We progressed the development of a new biodiversity offset site at Drouin, with a focus on supporting habitat for the threatened *Galaxiella pusilla* (Dwarf Galaxias). This project will contribute to the protection and recovery of the species within the region through targeted habitat improvement and ongoing management consistent with native vegetation offset requirements.

Sustainable water and biosolids reuse

We reused 100 percent of biosolids produced by our wastewater treatment plants in partnership with Gippsland Regional Organics. 23,773 tonnes of biosolids have been combined with green waste and other organic materials to produce a high-quality compost meeting Australian standards within the past 12 months.

Beneficial wastewater reuse summary

The overall volume of treated wastewater reused in 2025-26 remained broadly consistent with the previous year. We reused

treated wastewater for irrigation to pasture and crops, or to sporting/playing fields near our Drouin, Heyfield, Maffra, Mirboo North, Seaspray, Stratford, Willow Grove and Sale wastewater treatment facilities.

The following table outlines the beneficial wastewater reuse information.

Wastewater Treatment system	Destination of beneficial wastewater reuse	Treated water disposed by Gippsland Water (ML)		Volume reused (ML)		Volume discharged (ML)	
		2025-26	2024-25	2025-26	2024-25	2025-26	2024-25
Drouin	Irrigation to pasture and sporting / playing field or discharge to Shillinglaw Creek	1,248	1,005	317	237	931	768
Heyfield	Irrigation to pasture	103	111	103	111	0	0
Maffra	Irrigation to pasture	225	263	225	263	0	0
Mirboo North	Irrigation to pasture and sporting / playing field	44	52	44	52	0	0
Morwell	Discharge to Morwell River Northern Wetlands	680	646	0	0	680	646
Seaspray	Irrigation to pasture	9	8	9	8	0	0
Stratford	Irrigation to pasture	128	175	128	175	0	0
Willow Grove	Irrigation to pasture	9	10	9	10	0	0
Neerim South	Discharge to Red Hill Creek	62	59	0	0	62	59
Rawson	Discharge to Coopers Creek	22	23	0	0	22	23
Warragul	Discharge to Hazel Creek	2,017	1,826	0	0	2,017	1,826
Moe	Discharge to Moe River	2,083	2,122	0	0	2083	2,122
Sale	Irrigation to pasture and crops	1,114	1,098	1114	1,098	0	0
Total water available for reuse		**7,744**	**7,399**	**1,949**	**1,955**	**5,795**	**5,444**
% of water available for reuse		**100%**	**100%**	**25%**	**26%**	**75%**	74%

Treated water within the Regional Outfall System and Saline Wastewater Outfall Pipelines are unsuitable for reuse due to an elevated salt content. These wastewaters were discharged via EPA licensed ocean outfalls. Figures have not been included here for either system.

Sustainable and resilient water services systems

Please see sections ‘Customer and community outcomes’ (page 16), ‘Resilient and liveable cities and towns’ (page 25) and ‘Managing our water resources’ (page 63). For Sustainable Water Strategies, please see section ‘Central and Gippsland Region Sustainable Water Strategy’ (page 25).

Total groundwater use

The following table outlines the total groundwater data.

Raw water taken (ML)	2025-26	2024-25	2023-24	2022-23
Briagolong	84	76	72	65
Sale	2,249	1,865	1,863	1,952
Dutson	130	103	94	61
Loch Sport	4	2	2	0
Total	**2,467**	**2,045**	**2,031**	**2,078**

Other statutory obligations

Department of Health compliance obligation (Water Quality)

Providing safe, reliable drinking water is central to the services we deliver for our customers and communities. In 2025-26, our water quality risk management system guided how we monitor, manage and improve drinking water quality across our supply systems. This includes a site-specific, risk-based monitoring, sampling and testing program designed to meet our obligations under the *Safe Drinking Water Regulations 2025* and section 56 of the *Safe Drinking Water Act 2003* (Vic).

Our regular weekly and monthly water testing program verified compliance with our drinking water risk management obligations. Water quality results are made available to customers through our website, our annual drinking water quality report and upon request.

There were no incidents requiring notification to the Department of Health under sections 18 or 22 of the *Safe Drinking Water Act 2003* (Vic) throughout the year.

We made three other notifications to the Department of Health under the *Safe Drinking Water Regulations 2025* or the *Fluoride Code of Practice 2019*:

- two separate interruptions to fluoride dosing at the Maffra water treatment plant due to equipment faults requiring repair
- one notification under regulation 17 relating to two missed water quality samples in the Drouin water sampling area in April 2026.

We invested in our systems, assets and operational controls to maintain water quality and strengthen service resilience. Key improvements delivered or progressed during 2025-26 included:

- upgrading the McAdam Street Maffra treated water disinfection site

- replacing the Stratford (Avon River) treated water disinfection site
- undertaking detailed inspections of treated water storages using underwater remote-operated vehicle technology
- installing automated flushing devices across reticulation networks to help maintain water quality
- replacing the liner at the Coongulla treated water storage basin
- cleaning the water mains interconnecting the Moe and Warragul treated water supply systems
- air scouring the Mirboo North water reticulation system
- swabbing the Rawson treated water transfer main
- upgrading filter-to-waste capability at the Maffra water treatment plant to improve operational control and treated water quality
- installing and commissioning UV systems at Warragul and Neerim South water treatment plants to improve treated water disinfection
- upgrading the chemical storage system at Morwell water treatment plant
- installing backup generators at multiple water treatment sites to improve service resilience and operational risk management.

West Gippsland Regional Catchment Strategy and West Gippsland Waterway Strategy

We were involved in the development of West Gippsland Catchment Management Authority's (WGCMA's) Regional Waterway Strategy 2027-2036. We provided feedback on the introduction, vision and long-term outcomes for the document. We'll continue to engage with the WGCMA through finalising and implementing the strategy.

Our contribution supports security and protection of potable water supplies in our region through the future implementation of these strategies.

We've also met on a quarterly basis with representatives from the WGCMA to explore opportunities to collaborate and to discuss emerging issues and strategic alignment of our organisations in the areas of environment, waterway and catchment management.

Social sustainability

Community service obligations

The following table outlines the values of our community service obligations, undertaken on behalf of the Victorian State Government.

Value of community service obligation provided	2025-26 $	2024-25 $	2023-24 $	2022-23 $	2021-22 $	2020-21 $
Provision of concessions to pensioners	7,208,233	6,983,713	6,628,481	6,572,684	6,384,618	6,361,899
Rebates paid to not-for-profit organisations under the Water and Sewerage Rebate Scheme	261,775	268,681	271,955	272,950	291,499	278,762
Utility Relief Grant Scheme* payments	668,305	767,435	522,818	410,953	358,363	216,394
Water concession on life support machines – Haemodialysis #	1,069	853	909	751	719	848

* The Utility Relief Grant Scheme is administered, managed and assessed by the Department of Families, Fairness and Housing. Gippsland Water provide application assistance to customers who meet the Utility Relief Grant eligibility criteria.
# The number of people on Haemodialysis within the region fluctuates from year to year.

Complaints management – Listening to our customers

Our Customer Services team focused on listening to our customers and using our complaint data and the quality analytics to identify and implement improvements.

This year we saw a reduction in complaints on the previous year of 11.5 percent. This decline in complaints shows that our proactive approach and customer engagement has been positively received by our customers.

We are committed to resolving our customers' issues in a timely manner. For the reporting period we resolved 88.6 percent of complaints within four business days.

Energy and Water Ombudsman Victoria

This year, the Energy and Water Ombudsman Victoria (EWOV) handled 37 cases on behalf of our customers. These cases consisted of four enquiries, 30 referrals and three investigations.

Our environmental impact



Our environmental impact

Minimising our environmental impact and preparing for a changing climate are key priorities. Throughout 2025–26, we delivered initiatives that reduced greenhouse gas emissions, increased renewable energy use and strengthened the resilience of our services and infrastructure. A significant milestone was achieved through sourcing 100 percent renewable electricity. Ongoing climate adaptation activities are helping to ensure we can continue to provide safe and reliable services in the face of future environmental challenges.

Climate change

Climate change remains one of the most significant long-term challenges facing our business and our region. We face increasing climate-related risks that have the potential to affect water security, infrastructure performance, environmental outcomes and the delivery of essential services to our customers and communities.

At the same time, the transition to a low-carbon and climate-resilient future presents opportunities to improve operational efficiency, strengthen asset performance, drive innovation and create long-term value for our customers, communities and the environment. Through proactive climate action, we've positioned our business to be more sustainable, resilient and adaptable in the face of a changing climate.

During 2025–26, we implemented our Climate Change Strategy with a dual focus on emissions reduction and climate adaptation. A major milestone was achieved through the transition to 100 percent renewable electricity procurement. This achievement delivered the largest reduction in reported greenhouse gas emissions since our baseline year and significantly advanced progress towards our commitment to achieve net zero emissions by 2030. Our strategic focus is increasingly directed towards more complex sources, including wastewater treatment processes, fleet fuel consumption and other fossil fuel use across our operations.

We strengthened our preparedness for future climate impacts by further embedding climate considerations into planning, asset management and business decision-making. This included improving our understanding of climate-related risks, identifying adaptation opportunities for critical infrastructure and ensuring long-term investment decisions are informed by future climate conditions. Through these actions, we're reducing our contribution to climate change while enhancing our capacity to deliver reliable and sustainable water and wastewater services for the Gippsland region.

Greenhouse gas emissions

This year represented a significant milestone towards our 2030 net zero commitment. We delivered the largest reduction in reported greenhouse gas emissions since our baseline year.

The reduction was driven primarily by our transition to 100 percent renewable electricity procurement. As a result, our Scope 2 emissions reduced to zero, eliminating what had historically been our largest reported emissions source.

Overall, combined Scope 1 and market-based Scope 2 emissions decreased from approximately 29,532 tCO_2-e in 2024–25 to 8,339 tCO_2-e in 2025–26, and ensures we remain on-track to meet our 2030 net zero commitment.

Our residual Scope 1 emissions are attributable to wastewater treatment processes, fleet fossil fuel consumption, the consumption of fossil fuels by contractors and stationary energy purposes on our sites.

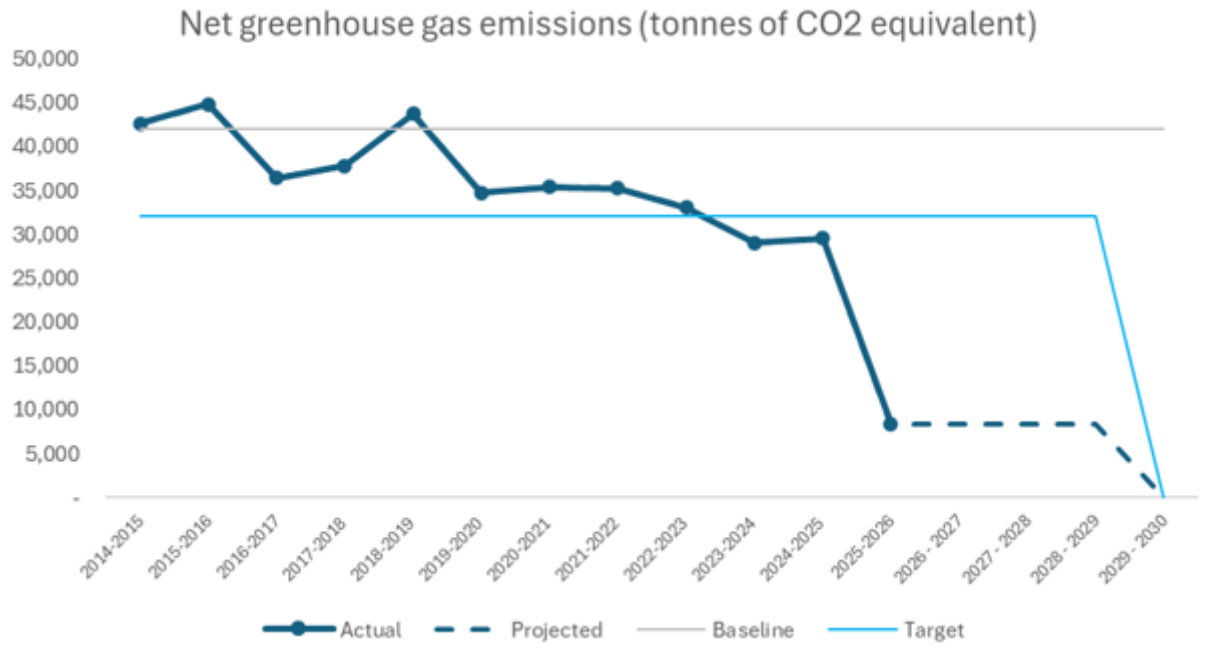
We're addressing fossil fuel related emissions through the development of a Fleet Transition Plan to support the transition

to hybrid and electric vehicles, and an Electrify Everything Plan to identify feasible pathways to electrification for stationary plant at our operational sites.

We have undertaken a preliminary assessment of wastewater treatment emissions reduction opportunities and are committed to offsetting with Victorian-sourced carbon credits where direct mitigation of emissions is not currently feasible.

Net greenhouse gas emissions (tonnes of CO_2 equivalent)

The following chart illustrates our greenhouse gas emission trends relative to our projected, baseline, and committed targets under the Statement of Obligations (Emissions Reduction) 2022.



The following table outlines greenhouse gas emissions results. We did not retire any eligible carbon offset units to reduce Scope 1 emissions; however, Renewable Energy Certificates were surrendered to ensure compliance with our requirement to procure 100 percent renewable electricity.

Performance indicator	2024-25 Total Scope 1 and 2 emissions	Emissions in tonnes CO2-e			Variance %
		2025–26 result			
		Scope 1 emissions	Scope 2 emissions	Total emissions	
Water treatment and supply	7,240	63	0	63	-99%
Sewerage collection, treatment and recycling	17,569	5,283	0	5,283	-70%
Transport	1,154	1,162	0	1,162	1%
Other (e.g. offices, depots, etc)	3,570	1,831	0	1,831	-49%
Total net emissions (a)	**29,532**	**8,339**	**0**	**8,339**	**-72%**
Carbon offsets (self-generated) retired (b)	**0**				
NET EMISSIONS (a-b)	**29,532**	**8,339**	**0**	**8,339**	**-72%**

Scope 1 emissions

Scope 1 emissions are direct greenhouse gas emissions from sources owned or controlled by our organisation, such as fuel combustion in vehicles, plant or equipment.

Our Scope 1 emissions for 2025–26 were approximately 8,339 tCO_2-e. Wastewater treatment remained the largest source, contributing 5,283 tCO_2-e, or approximately 64 percent, highlighting the ongoing significance of wastewater treatment processes as our direct largest source of greenhouse gas emissions.

The following table provides a full breakdown of Scope 1 emissions by greenhouse gas. Our direct emissions consist of methane and nitrous oxide generated through wastewater treatment and carbon dioxide produced by fuel combustion.

Service Delivery Category	Scope 1 emissions by greenhouse gas (source greenhouse gas reported in t CO_2-e)			
	Carbon dioxide (CO_2) t CO_2-e	Methane (CH_4) t CO_2-e	Nitrous oxide (N_2O) t CO_2-e	Other t CO_2-e
Water treatment and supply	63	0	0	-
Sewerage collection, treatment and recycling	56	3,666	1,560	-
Transport	1,154	0	7	-
Other (offices, depots, etc)	1,822	2	6	-
Total	**3,096**	**3,669**	**1,574**	**-**

**Scope 1 - emissions produced from combustion of fuels and wastewater treatment.*

Scope 2 emissions

Scope 2 emissions are indirect greenhouse gas emissions associated with the generation of purchased electricity consumed by the organisation.

In 2025–26, our Scope 2 emissions were 0 tCO_2-e. This outcome was achieved through amendments to our electricity supply contracts to source accredited GreenPower and the voluntary surrender of Renewable Energy Certificates (RECs) to substantiate the procurement of 100 percent renewable electricity.

Further information on our electricity consumption, sources of supply and end-use activities is provided in the following sections.

Overall electricity consumption

Milder weather conditions contributed to a 4.3 percent reduction in total electricity consumption during 2025–26. Lower demand across our water and wastewater systems was partially offset by increased consumption within the 'other' category, primarily due to greater water availability for irrigation at the Dutson Downs wastewater reuse scheme.

Sewerage collection, treatment and recycling remained our largest source of electricity demand, accounting for approximately two-thirds of total consumption.

The majority of our electricity continues to be sourced through retail electricity contracts, supplemented by renewable energy generated at our facilities through solar, hydroelectric and biogas systems. The following table summarises total electricity consumption by service delivery category.

Service delivery category	2024-25 Total Electricity Consumption (MWh)	2025-26 Total Electricity Consumption (MWh)
Water treatment and supply	9,944	9,381
Sewerage collection, treatment, and recycling	18,645	17,720
Other (office, workshops, depots etc)	1,227	1,454
Total (by service delivery category)	**29,816**	**28,555**

The following table outlines electricity consumed by source.

Electricity source	2024-25 Total Electricity Consumption (MWh)	2025-26 Total Electricity Consumption (MWh)
Purchased directly through an electricity retailer	25,590	24,656
Not directly purchased but sourced from outside the organisation	4	
Corporation led/self-sourced activities and initiatives	4,222	3,899
Total (by service delivery category)	**29,816**	**28,555**

Renewable electricity generation and consumption

Reduced overall electricity consumption during 2025–26 was accompanied by lower levels of grid-sourced renewable electricity and renewable electricity generated on site.

Electricity generation from biogas at the Gippsland Water Factory declined during the year due to mechanical issues affecting the performance of the facility.

Solar generation also decreased following the underperformance of one of our solar installations, resulting in an estimated reduction of approximately 400 MWh. The cause has been identified, and remediation works are planned, with generation expected to return to its intended operating capacity.

In contrast, hydroelectric generation increased by 38 percent compared with 2024–25. This was driven by improved asset availability following the resolution of a high-voltage cable fault that affected generation in the previous year, together with the commissioning of additional hydroelectric capacity at the Traralgon water treatment plant in February 2025.

Renewable electricity consumption reported in the following table excludes GreenPower purchases and Renewable Energy Certificates (RECs) that were voluntarily surrendered during the year. These are reported separately in the *Renewable Energy Certificates* section and support our achievement of sourcing 100 percent renewable electricity in 2025–26.

The following tables detail our renewable electricity consumption.

Renewable electricity consumption categories	2024-25 renewable electricity consumption (MWh)	2025-26 renewable electricity consumption (MWh)	2025-26 renewable electricity consumption (% of total consumption)	Variance (%) between current and previous year
Total renewable electricity consumption from grid-sourced electricity Gippsland Water reported because of the Commonwealth Government's Large-scale Renewable Energy Target.				
Total grid-sourced: Mandatory	**4,656**	**4,263**	**14.9**	**-8.5**
Biogas	167	57	0.2%	-39.7%
Hydroelectric	467	636	2.2%	37.9%
Solar	3,407	3,098	14.9%	-9.4%
Wind	0	0	0.0%	0.0%
Other renewable	0	0	0.0%	0.0%
Total renewable electricity consumption	**8,696**	**8,053**	**28.2%**	**-6.7%**

Renewable electricity source	2025-26 Total on-site renewable electricity generation capacity (MW)	2025-26 Total on-site renewable electricity generated (MWh)			2025-26 Total generated (By source)
		Consumed on-site	Exported	Other purposes	
Biogas	0.660	57.2	0.3	0.0	57.5
Hydroelectric	0.475	635.7	36.8	0.0	672.52
Solar	2.702	3,097.2	292.0	0.0	3,389.2
Wind	0.000	0.0	0.0	0.0	0.0
Other renewable	0.000	0.0	0.0	0.0	0.0
Total (renewable)	**3.837**	**3,790.2**	**329.0**	0.0	**4,119.2**

Other electricity generation and consumption

We expanded our backup power generation capability during 2025–26 through the commissioning of additional diesel generators at key operational sites. These assets enhance the resilience of critical water and wastewater services during electricity supply interruptions and provide opportunities to participate in demand response programs that support broader electricity system reliability.

The following table outlines our non-renewable electricity generation capacity and annual electricity generation.

Non-renewable electricity source	2025-26 Total on-site non-renewable electricity generation capacity (MW)	2025-26 Total on-site electricity generated (MWh)			
		Consumed on-site	Exported	Other purposes	2025-26 Total generated (by source)
Diesel	12.9	108.8	99.04	0.0	207.9
Total (non-renewable)	**12.9**	**108.8**	**99.04**	**0.0**	**207.9**

Renewable energy certificates

During 2025–26, we voluntarily surrendered 2,046 Renewable Energy Certificates (RECs). The surrender was completed in April 2026 using forecast electricity consumption to estimate certificate requirements for the remainder of the reporting period. This conservative approach resulted in a surplus of 238 RECs, which will be carried forward and applied in the next reporting period.

A further 20,317 RECs were retired on our behalf through GreenPower purchases made under our electricity retail contract. Combined with our voluntary REC surrender program, this enabled our organisation to source 100 percent renewable electricity during 2025–26.

REC retirement method	2025-26 RECs retired (1 REC = 1 MWh renewable electricity)
Voluntarily retired by Gippsland Water	2,046
Certified carbon neutral electricity purchased	0
Voluntarily retired on Gippsland Water's behalf (through GreenPower)	20,317
Total RECs retired to reduce scope 2 emissions	**22,363**

Energy consumption

For the first time, renewable energy sources supplied most of our energy requirements which was supported by our transition to 100 percent renewable electricity. Electricity remains the largest component of our energy use during 2025–26 and is expected to increase as we transition our fleet and stationary energy use to electricity over time.

In addition to grid-sourced GreenPower, renewable energy was generated through a combination of onsite solar generation, small-scale hydroelectricity and biogas recovered from the anaerobic reactors at the Gippsland Water Factory.

While significant progress has been made to increase the use of renewable energy, diesel remains an important fuel source for some operational activities. Our new diesel generators are 100 percent biofuel compatible giving us decarbonisation options for the future.

The following tables outline total energy usage from fuels and electricity segregated by energy source.

Total energy usage	Renewable (in GJ)	Non-renewable (in GJ)	TOTAL (in GJ)
From fuels	10,212	45,070	55,282
From electricity	102,415	392	102,807
Total	**112,672**	**45,462**	**158,089**

The following table displays total stationary fuel use in buildings and machinery.

Fuel type	Total stationary fuel use (buildings and machinery)	
	Energy Content (GJ)	GHG emissions (t CO_2-e)
Fossil gas	1,642	85
Biogas	10,212	66
Diesel	25,829	1,814
LPG	33	2
Petrol	738	50
Other	180	2
Total	**38,635**	**2,019**

The following table details total energy usage intensity by service delivery category. This is the first year we have provided a standalone intensity indicator for transport energy consumption.

Service delivery category	Intensity metric	Indicator value	Total energy usage (fuels and electricity) in GJ	Energy usage (GJ) per indicator unit
Water treatment and supply	GJ/ML sourced	57,455.80	34,674.80	0.60
Sewage collection, treatment, and recycling	GJ/ML treated	25,676.43	74,807.70	2.91
Transport*	GJ/1000km	4,239.38	16,826.81	3.97
Other (e.g. offices, depots, etc.)	GJ/FTE	390.00	31,779.23	81.49

* Transport energy consumption was previously a component of the “Other” service delivery category

Vehicle fleet energy consumption and emissions

Fleet emissions remained relatively stable during 2025–26 as we transitioned towards lower-emission vehicles.

The number of hybrid and electric vehicles in our fleet increased during the year. However, most fleet emissions were associated with operational vehicles supporting field-based activities across our service region. Low-emission alternatives for many of these vehicle classes are still emerging and don't fully meet operational requirements for activities such as emergency response, towing and remote site access. During 2025–26, we trialled plug-in hybrid electric utilities within selected non-service-critical workgroups to better understand their suitability for broader operational deployment and support future fleet decarbonisation.

At 30 June 2026, the fleet included seven battery electric vehicles (BEVs) and 39 plug-in hybrid electric vehicles (PHEVs). As older internal combustion vehicles are progressively replaced and charging infrastructure and operating practices continue to mature, the benefits of fleet electrification are expected to become increasingly evident.

Fleet transition remains an important priority as we work to reduce emissions while maintaining the reliability and capability required to deliver essential services across a large regional service area.

Transportation vehicle category	Transportation vehicle engine/fuel type							
	Petrol	Diesel	LPG	Petrol Hybrid	Diesel Hybrid	Battery Electric (BEV)	Petrol Plug-in Hybrid (PHEV)	Diesel Plug-in Hybrid (PHEV)
Passenger vehicles	1	1	0	1	0	7	39	0
Goods vehicles	0	121	0	2	0	0	0	0
Category Total (Number)	**1**	**122**	**0**	**3**	**0**	**7**	**39**	**0**

The following table summarises total energy use and greenhouse gas emissions of transportation vehicles segmented by engine/fuel type and vehicle category.

Transportation vehicle category	Petrol	Diesel	Electricity - Gippsland Water sites*	Electricity - External sites	Total energy use (GJ)	Scope 1 emissions (t CO2-e)	Scope 2 emissions (t CO2-e)	Total emissions (t CO2-e)
Passenger vehicles	2,723	133	154	11	3,021	194	0	194
Goods vehicles	88	13,381	0	0	13,470	949	0	949
Total energy use (GJ)	**2,811**	**13,515**	**154**	**11**				
Total emissions (t CO2-e) **	**164**	**954**	**0**	**0**				

**All on site-charging conservatively assumed to be powered by grid-sourced electricity. Renewable Electricity Certificates have been surrendered to substantiate our 100% renewable electricity claim.*
*** Total energy use and emissions include fleet vehicles only and excludes fuel consumption by road-registered farm machinery including tractors. This energy consumption and emissions are accounted for under the "Transport" category elsewhere in the report.*

Scope 3 emissions

Scope 3 emissions are indirect greenhouse gas emissions that occur in our value chain and are not included in Scope 1 or Scope 2 emissions. Our Scope 3 reporting currently includes commercial air travel undertaken by employees.

Commercial air travel emissions increased from 1.5 tCO_2-e in 2024–25 to 3.5 tCO_2-e in 2025–26. This increase reflects an increase in interstate and international travel during the year.

We are working to expand Scope 3 reporting over time to capture additional material emissions sources within our value chain.

Climate adaptation

We recognise climate change as a material risk and strategic opportunity that has the potential to affect assets, operations and financial performance. Through our Climate Change Strategy, we are strengthening our capacity to respond to climate change, meet emission reduction targets and continue to deliver reliable and affordable water and wastewater services.

Risk and opportunity assessment

We identified climate-related risks and opportunities that could reasonably be expected to impact our operations and strategy over different time horizons. This assessment was informed by historical observations, current operating conditions and forward-looking climate projections.

Our catchments and assets are exposed to a range of physical risks associated with climate change. These include the increasing frequency and severity of extreme weather events, which may result in damage to assets and disruption to operations. Prolonged drought conditions may reduce water availability and impact supply reliability. Bushfire events present a risk to catchments, water quality and critical infrastructure. In the short to medium term, this is likely to translate into increased capital investment to enhance infrastructure resilience.

We're also exposed to transition risks arising from the shift to a lower-emissions economy. These include potential increases in operating expenditure due to rising energy costs and exposure to carbon pricing. Changes in regulatory and policy settings may require accelerated emissions reduction efforts. In addition, increasing stakeholder and community expectations regarding climate performance and transparency may influence strategic and operational decision-making.

Notwithstanding these risks, we have identified a number of climate-related opportunities. These include increasing the deployment of renewable energy and energy efficiency initiatives to reduce emissions and energy expenditure. Opportunities also exist to optimise biosolids management and support circular economy outcomes. Enhancing asset resilience to climate-driven hazards has the potential to reduce lifecycle costs and improve service reliability over asset lifecycles.

Organisational response to risk

We've elevated the inability to adapt and respond to climate change as one of 10 organisational strategic risks. This risk captures challenges associated with more frequent and intense weather events, as well as transition risks associated with decarbonisation. Preventative and mitigative controls have been identified. The implementation of these actions is ongoing to minimise potential climate-driven impacts on public health and service delivery. Complementary workstreams are addressing catchment health, water quality and impacts on Traditional Owners, ensuring a holistic approach to maintaining service reliability, environmental outcomes and community resilience under a changing climate.

As a key preventative control, our Climate Change Strategy, provides an all of organisation framework to guide us towards our net zero emissions target while maintaining service delivery into the future. The strategy aligns with responsibilities outlined in the Statement of Obligations (Emissions Reduction) and identifies a range of physical and transition risks, with corresponding actions to mitigate impacts on the organisation and the environment.

Delivery of these actions is overseen by our Climate Change Steering Committee (CCSC). The CCSC is responsible for monitoring implementation, promoting organisational awareness, identifying emerging risks and providing updates to the Executive Leadership

Team (ELT). This governance framework supports accountability and ensures climate considerations are integrated into decision-making, with a focus on continuous improvement.

Performance against climate-related metrics

We've established climate-related targets to monitor progress towards our strategic objectives and regulatory obligations. This includes formal reporting and assessment of performance against our progress towards net zero greenhouse gas emissions by 2030 as well as meeting the scheduled implementation of asset-related climate adaptation actions within our Climate Change Strategy.

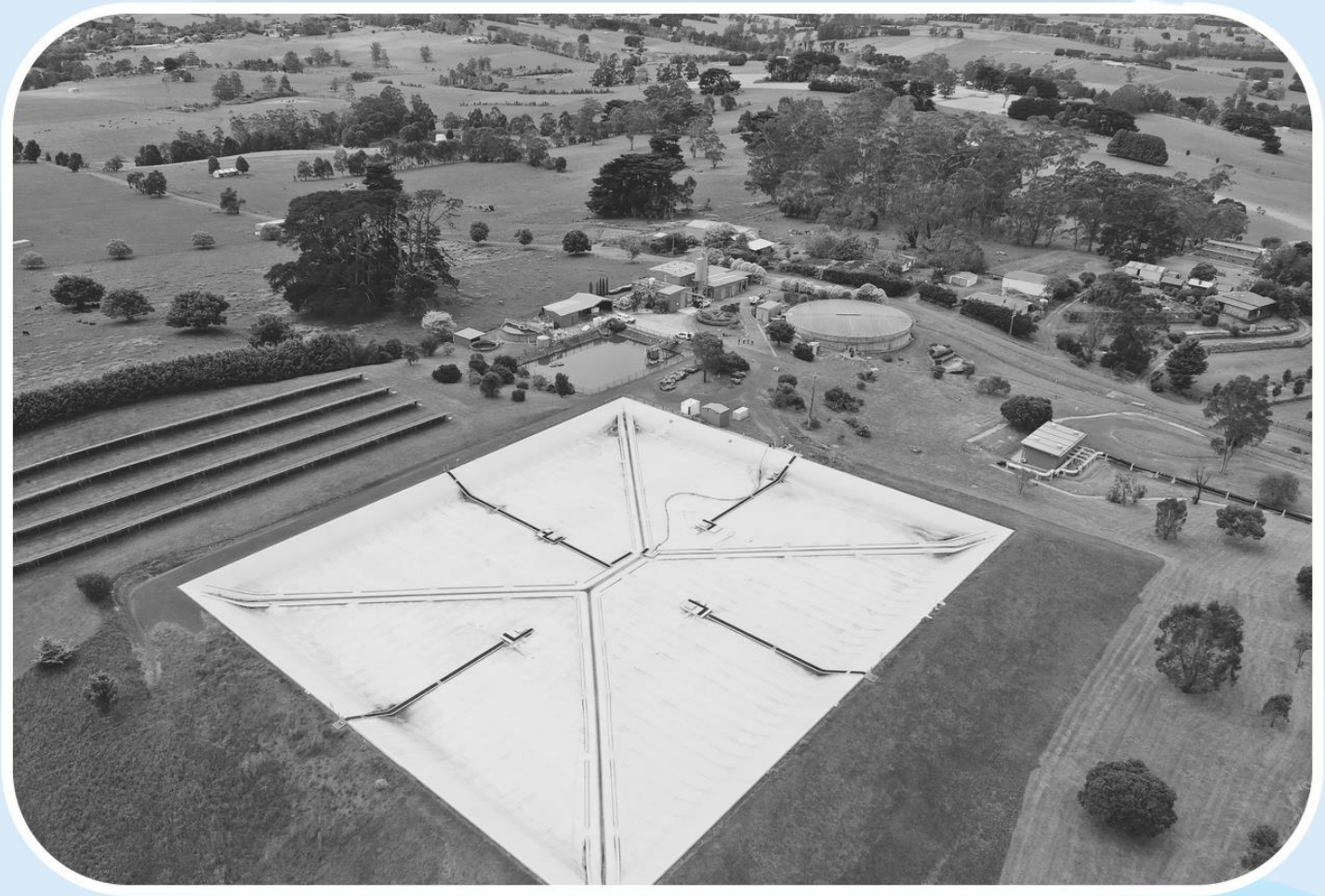
Asset Climate Resilience

Over the past year, we've accelerated delivery of climate adaptation actions under our Climate Change Strategy to strengthen resilience across assets, systems, and catchments. A comprehensive Climate Threat Assessment identified critical assets at elevated risk from physical risks, enabling targeted investigations and informing priority resilience works.

We've integrated climate risk across our capital investment lifecycle. This ensures all new and upgraded assets consider future climate scenarios through structured risk assessment, adaptive pathways and multi-criteria decision tools. This uplift delivers more informed, transparent investment decisions and supports the development of future-ready infrastructure.



Supporting our local economy



Supporting our local economy

We play an important role in supporting Gippsland's economy by providing water and wastewater services that underpin industry, housing growth, employment and investment across the region. During 2025–26, we supported major customers, facilitated new development, invested in local infrastructure and strengthened opportunities for local businesses through our procurement activities. These efforts help build resilient communities, support regional jobs and contribute to the long-term prosperity of Gippsland.

Major customer consumption

The following table outlines the number of customers who consume more than 50ML annually.

Volumetric range – ML per year	No. of customers
Equal to or greater than 50ML and less than 100ML	2
Equal to or greater than 100ML and less than 200ML	2
Equal to or greater than 200ML and less than 300ML	2
Equal to or greater than 300ML and less than 400ML	0
Equal to or greater than 400ML and less than 500ML	0
Equal to or greater than 500ML and less than 750ML	0
Equal to or greater than 750ML and less than 1,000ML	4
Greater than 1,000ML	0
Total no. of customers	**10**

Major customers and their participation in water efficiency programs

Customer	Participation in water efficiency programs (Yes/No)	Water Management Plan Developed (Yes/No)
AGL Loy Yang Pty Ltd (Traralgon)	Yes	No response
Alinta Loy Yang B (Traralgon)	Yes	Nothing more than previous years
Opal Paper Australia Pty Ltd (Maryvale)	No	No response
Latrobe Regional Hospital	No	No response

Customer	Participation in water efficiency programs (Yes/No)	Water Management Plan Developed (Yes/No)
Energy Australia Yallourn Pty Ltd	Yes	Yes Yallourn has invested in plant reliability improvements, reducing the volume of water required during unit run-up activities. Ongoing inspection, maintenance and leak reduction programs have also improved water efficiency and reduced unintended freshwater use.
ENGIE Australia (Hazelwood) ***Ceased operations**	No	No (operations ceased)
Darnum Park Dairy - Fonterra	Yes	Yes Fonterra continues to investigate opportunities to reduce water consumption, including a comprehensive water mapping exercise to better understand streams of use and return. The business has also assessed on-site effluent re-use.
GEO Group (Fulham)	Yes	Yes Water efficiency measures include rainwater capture and storage infrastructure for new units with harvested water used for purposes such as toilet flusing.
Bega – Dairy and Drinks Pty Ltd (Morwell)	No	Yes Bega continues to focus on water efficiency through leak detection and prevention initiatives, water recovery and reuse projects, and investigations into additional metering to improve monitoring and identify opportunities for further savings. Recovered water is already used where able.
PureHarvest (Drouin)	Yes	Yes PureHarvest has implemented a range of water efficiency initiatives, including process optimisation, water-use monitoring, improvements to cleaning processes, waste stream reduction and water recovery and reuse. The business continues to assess additional efficiency opportunities as part of its ongoing operations.

Major customer impacts

We are the state's major industrial water and wastewater service provider. For decades we've supported major industry, especially in the Latrobe Valley, including power generation, paper mill production and food manufacturing.

As the region transitions, we're in a unique position with significant raw water resources available and major infrastructure in place to support supply to key industrial zones.

The region is also equipped with appropriately zoned land, highway access, power infrastructure and dark cable communication channels.

These resources make our region well positioned to support new and emerging industries and we're working with state government, industry, and regional stakeholders to advocate and showcase the region. Work is ongoing, but our efforts have been rewarded with a case study showcasing the Latrobe Valley in DEECA's Industry Connection Guide.

We've also continued to support our existing major customers as industries transition and wind down or close their operations.

Throughout this year we renegotiated and modernised a number of major customer agreements, providing certainty for our customers and our business. It also delivered on our customer mandate to ensure our biggest users pay fairly for the services they use.

Social procurement strategy

In 2025–26, we implemented a formal Social Procurement Strategy. It strengthens how we use procurement to deliver broader social, environmental and economic outcomes.

Our approach aligns with the Victorian Government's Social Procurement Framework (SPF) and embeds social, local and sustainability considerations across procurement planning, sourcing and contract management. This ensures our purchasing decisions deliver value beyond cost and service.

The strategy supports our broader organisational priorities by strengthening local supply chains, increasing supplier diversity, contributing to environmental sustainability and promoting fair and inclusive practices across our supply chain.

As a developing capability, our approach is maturing, with a focus on improving consistency, data capture and reporting as social procurement becomes further embedded across the organisation.

Social Procurement achievements

During 2025-26, we progressed implementation of our Social Procurement Strategy by:

- embedding social and sustainability considerations into procurement planning and evaluation processes of our procurements resulting in contracts that have a requirement to report against social procurement commitments
- establishing proportionate contract-level expectations for suppliers
- strengthening engagement with local, regional and diverse suppliers.

Social Procurement commitments in both newly established and existing contracts are targeted towards Opportunities for Victorian Aboriginal People, Women's Equality and Safety, Opportunities for Victorians with Disability and Opportunities for Victorian Priority jobseekers. Commitments include engaging specialist disability employment

service providers, employing graduates and young people within communities, partnering with Aboriginal communities for works under contract, sub-contracting to social benefit suppliers, engaging employment agencies for long term unemployed people and creating apprenticeships.

We continued initiatives that support social value beyond procurement, including partnerships with Traditional Owners and participation in local employment programs that create pathways for disadvantaged jobseekers.

These actions support more inclusive economic participation, contribute to environmentally sustainable outcomes and reinforce our role in supporting the communities in which we operate.

Local Jobs First projects 2025-26

Throughout 2025-26 we commenced or completed five contracts that align with the provisions of the Local Jobs First Act 2003. The combined value over the life of the respective contracts amounts to over $58.7 million supporting many local small and medium enterprises.

Requirement	Response
Number of projects and total value of both Local Jobs First Strategic and Local Jobs First Standard projects commenced and/or completed in the reporting period to which a Local Industry Development Plan (LIDP) was required	In this reporting period there are five projects with a total value of $57.4 million.
No of projects that MPSG has been applied	There have been zero projects where MPSG has been applied.
The number of projects and percentage of 'local content' committed under projects that commenced and/or completed in the reporting period to which LIDP was required, split by:	
Metro	Not applicable
Regional	All projects are in the regional area of Gippsland, Victoria.
Statewide	Not applicable
LIDP Commitments	During 2025–26, we continued to demonstrate our commitment to the objectives of the Local Jobs First Act 2003 through the delivery of five projects with approved Local Industry Development Plans (LIDPs). Across these projects, suppliers committed to an average local content outcome of 91 percent, supporting local businesses, strengthening regional supply chains and contributing to economic growth across Gippsland.
LIDP Outcomes	Outcome data was not available in 2025–26. We acknowledge that outcome reporting is not yet complete across all Local Industry Development Plan projects. We're continuing to improve data collection and contract monitoring processes to support more comprehensive reporting in future years.
Small and medium sized businesses engaged as either the principal contractor or as part of the supply chain	Of the five projects subject to Local Industry Development Plans in 2025–26, three involved small and medium enterprises. Supporting SME participation remains an important component of our procurement approach, helping to strengthen local capability and regional economic development.
For completed projects, the number of post contract reviews due to be submitted, the number of post contract reviews that were submitted	We didn't complete any post-contract reviews for Local Jobs First projects during 2025–26. Recognising the value of post-contract reviews in measuring achievement of Local Industry Development Plan commitments and supporting compliance with Local Jobs First requirements, the organisation is implementing improvements to contract management and reporting processes to support more effective monitoring and reporting in future years.
The total number of conversations with the Industry Capability Network that correspond with the registration and issue of an Interaction Reference Number.	Not applicable

Strategic projects

No projects exceeding the $50 million budget threshold, and no projects designated as strategic by the Minister for Water, were started or completed during the 2025–26 financial year.

Major Project Skills Guarantee

There were no Major Project Skills Guarantee qualifying projects undertaken or in progress during the 2025–26 financial year.

Standard projects

During the 2025–26 financial year, six standard projects were commenced or completed. These contracts represent over $58.7 million in value across their respective lifecycles, providing a significant stimulus to the local economy, supporting job creation and enhancing the competitiveness of our communities.

Managing our water resources



Managing our water resources

Bulk water entitlement reporting

Bulk entitlements are legal rights to water granted by the Minister for Water under the *Water Act 1989*. They provide the right to take or store a volume of water subject to a range of conditions.

Bulk entitlement	Source of supply	Bulk entitlement volume (ML)	Raw water volume taken (ML)	Reporting requirements in accordance with bulk entitlement clauses
Boolarra[1]	Walkleys and O'Gradys Creeks	145	0	Approval, amendment and implementation of programs under clauses 9 (Environmental Program) & 10 (Metering Program): • Environmental program implemented. • Metering program not required as no diversions are taking place.
CGRWA - Blue Rock[2]	Tanjil River	20,000	3,571 (1,725)	• Location and volume of water taken pursuant to clause 10: None. • Implementation of programs under sub-clause 12.3 (Metering): Implemented. • The Bulk Entitlement for Blue Rock is extracted from 3 points. Specified Point A is extracted directly from the reservoir. Specified Point B is extracted from the Tanjil River pump station. Specified Point C is extracted from the Latrobe River pump station. • Specified point A - Blue Rock Headworks Outlet (supply to Moondarra Reservoir and Willow Grove WTP): 2025-26 Total = 157.8 ML; 3 yr rolling avg.: = 1947.9 ML. • Specified point B - Tanjil River Pump Station: 2025-26 Total = 1,567.7 ML; 3 yr rolling avg.: = 1,622.0 ML. • Specified point C - Latrobe River Pump Station: 2025-26 Total = 0.0 ML; 3 yr rolling avg.: = 0.0 ML.
Erica-Rawson	Trigger Creek	340	73	Approval, amendment and implementation of programs under clauses 9 (Environmental Program) & 10 (Metering Program): • Environmental program implemented. • Metering program implemented.

Bulk entitlement	Source of supply	Bulk entitlement volume (ML)	Raw water volume taken (ML)	Reporting requirements in accordance with bulk entitlement clauses
Greater Yarra System – Thomson River Pool	Tarago Reservoir	3,330	421	• Carryover at 1 July 2025 = 3,510 ML. • Net carryover at 1 July 2026 = N/A (Replaced with the South Central Pool BE). • Approval, amendment and implementation of metering program: Approved.
Mirboo North	Little Morwell River (North Arm)	270	183	Approval, amendment and implementation of programs under clauses 9 (Environmental Program) & 10 (Metering Program): • Environmental program implemented. • Metering program implemented.
Moe - Narracan Creek	Narracan Creek	3,884	2,596	Approval, amendment and implementation of programs under clauses 9 (Environmental Program) & 10 (Metering Program): • Environmental program implemented. • Metering program implemented. Applications under clause 8 (Making Allowances): Nil.
Moondarra[3]	Tyers River	62,000	44,385 (44,690)	Diversion at Tyers River pump station for 2025-26 = 0.0 ML. Approval, amendment and implementation of programs under clauses 12 (Environmental Program) & 13 (Metering Program): • Environmental program implemented. • Metering program implemented.
Noojee[4]	Deep Creek / Loch River	73	0	Approval, amendment and implementation of programs under clauses 9 (Environmental Program) & 10 (Metering Program): • Environmental program implemented. • Metering program not required as no diversions are taking place.
Seaspray	Merriman Creek	133	28	Approval, amendment and implementation of programs under clauses 9 (Environmental Program) & 10 (Metering Program): • Environmental program implemented. • Metering program implemented.

Bulk entitlement	Source of supply	Bulk entitlement volume (ML)	Raw water volume taken (ML)	Reporting requirements in accordance with bulk entitlement clauses
Tarago	Tarago River	4,825	4,217	Approval, amendment and implementation of programs under clauses 11 (Environmental Program) & 13 (Metering Program): • Environmental program implemented. • Metering program implemented. • Pederson Weir/Westernport Pipeline diversions 2025-26: 3,979.1 ML of 4,010.7 ML entitlement. • Labertouche Creek diversions 2025-26: 0 ML of 480 ML entitlement. • Tarago Reservoir (Neerim Sth) diversions 2025-26: 206.3 ML of 275 ML entitlement.
Thomson-Macalister	Thomson River / Macalister River	2,335	1,056	• Credits granted under clause 11: None. • Approval, amendment and implementation of programs under clause 12 (Metering Program): Implemented. • Clause 13.1 (b). • Extraction at Maffra Weir: 768.7 ML. • Extraction at Thomson River at Heyfield: 287.5 ML. • Extraction at Lake Glenmaggie: 0 ML. • Extraction at Main Southern Channel: 0 ML. • Extraction at Cowwarr Weir: 0 ML. • Clause 13.1 (d) Annual amount and location of water taken at any other works of the corporation = 0 ML. • Clause 13.1 (g) Period and degree of restriction of supplies of annual entitlement: • 1/7/2025 - 30/6/2026: 100% allocation.
Thorpdale[5]	Easterbrook Creek	80	0	Approval, amendment and implementation of programs under clauses 9 (Environmental Program) & 10 (Metering Program): • Environmental program implemented. • - Metering no longer required from September 2015 as supply not being used.

[1]Boolarra Bulk Entitlement not currently used
[2]Bulk Entitlement volume calculated as three year rolling average (figure in brackets is volume for 2025-26)
[3]Bulk Entitlement volume calculated as two year rolling average (figure in brackets is volume for 2025-26)
[4]Noojee Bulk Entitlement not currently used
[5]Thorpdale Bulk Entitlement not currently used

General reporting requirements

Additional information on our bulk water entitlements:

Temporary or permanent transfer of authority entitlements and licences	We have ongoing arrangements with third party irrigators for temporary transfer of groundwater from the Sale groundwater licence. In 2025-26 a total of 350 ML was transferred.
Temporary or permanent transfers of licences or entitlements to authority	Nil
Amendments to bulk entitlements and licences	Amendment to Sale groundwater licence BEE029247 to increase irrigation limit at Dutson Downs to 765 ML/y. No change to total cap. Amendment to Giffard groundwater licence BEE021534 to provide flexibility to use the water for either industrial (organics recycling facility) or irrigation at Dutson Downs. No change to total cap.
New bulk entitlements and licences	New Rosedale groundwater licence BEE079909 for 120 ML/y for supply to Briagolong.
Failure by authority to comply with provisions of bulk entitlements	Nil
Difficulties experienced in complying with entitlement and remedial actions	Nil

Water use and drought preparedness

Residential daily drinking water consumption

The following table details estimated residential water consumption per capita on a daily basis.

Month	L/person/day 2025-26	L/person/day 2024-25	L/person/day 2023-24	L/person/day 2022-23	L/person/day 2021-22
July	206	200	193	201	192
August	151	152	142	147	147
September	168	172	171	170	173
October	134	130	144	136	140
November	226	220	213	211	197
December	125	145	143	132	158
January	181	210	175	186	191
February	190	212	174	191	185
March	252	267	232	243	249
April	201	222	200	196	197
May	194	198	200	191	186
June	149	153	168	167	155
Annual Average	**181**	**190**	**180**	**181**	**181**

Annual water consumption

The following table outlines annual water consumption for towns across our service area.

Supply System	Residential		Non-residential		Major industry	Metered hydrant	Non-revenue[6]	Total supplied	Five-year average annual demand	Consumption variation
	Billed Connections[3]	Billed Volume[5] (ML)	Billed Connections[3]	Billed Volume[5] (ML)	Billed Volume[4] (ML)	Volume (ML)	(ML)	(ML)	(ML)	
Briagolong	379	50.9	23	4.5	0.0	0.0	26.4	81.8	69.8	17%
Erica-Rawson	318	37.1	46	15.0	0.0	0.0	17.6	69.8	67.2	4%
Heyfield – Coongulla	1,425	176.2	113	44.5	0.0	4.6	49.8	275.0	260.2	6%
Maffra	3,681	552.8	318	67.9	0.1	6.5	96.3	723.6	837.8	-14%
Mirboo North	779	107.8	86	23.9	0.0	0.0	49.4	181.2	177.6	2%
Moe[1]	12,524	1,764.6	977	411.3	1,471.7	49.8	419.7	4,117.1	4,310.6	-4%
Moondarra[2]	27,931	4,494.0	2,551	751.3	36,867.8	9.9	2666.8	44,789.8	48,668.3	-8%
Neerim South	820	156.6	65	26.9	0.0	0.0	20.8	204.3	199.7	2%
Sale	7,667	1,126.9	911	243.7	216.8	10.0	228.9	1,826.2	1,835.4	0%
Seaspray	375	20.4	10	5.4	0.0	0.0	6.7	32.5	32.6	0%
Warragul[3]	17,896	2,731.5	1,348	415.0	264.4	149.2	684.9	4,245.0	4,227.8	0%
Willow Grove	184	48.3	13	2.1	0.0	0.2	7.2	57.8	52.8	9%
Total	**73,979**	**11,267.0**	**6,461.0**	**2,011.5**	**38,820.8**	**230.2**	**4,274.6**	**56,604.1**	**60,739.9**	**-7%**

[1] Supplies Moe, Newborough, Trafalgar, Yarragon, Darnum, Yallourn, Yallourn North, and Thorpdale (carting).
[2] Supplies Boolarra, Churchill, Cowwarr, Glengarry, Hazelwood North, Morwell, Rosedale, Toongabbie, Traralgon, Traralgon South, Tyers, Jumbuk/Jeeralang and Yinnar.
[3] Supplies Buln Buln, Drouin, Nilma, Rokeby, Warragul.
[4] Number of assessments includes both connected and non-connected customers.
[5] Includes untreated water supplied to major customers from the Moondarra system.
[6] Treated water only.
[7] Includes raw water losses in the Moondarra System.

Essential Services Commission (ESC) non-revenue water summary

The following table outlines water losses which equate to lost revenue opportunities:

Non-revenue water (ML) total	1,811.7
Infrastructure Leakage Index (ILI)	0.85
Real water losses (kL/connection/day)	0.056
Real water losses (kL/km/day)	2.3
Result	**10.9%**

Note: This data is based on ESC report calculation methodology, treated water losses only. Data includes water systems supplying more than 5,000 connections (Warragul, Moe, Morwell, Traralgon, and Sale).

Alternative water sources (non-potable)

We don't use reuse water sources for potable water. Alternative water sources are used as follows:

Town/system	Annual total (ML)	Use
Drouin	88.3	Agriculture
	0.0	Recreation
Heyfield	103	Agriculture
Maffra	224.9	Agriculture
Maryvale	0.0	Industry
Mirboo North	13.2	Agriculture
	30.3	Recreation
Morwell	679.5	Wetlands Irrigation
Sale	1286.6	Agriculture
Seaspray	9.2	Agriculture
Stratford	127.6	Agriculture
Willow Grove	9.1	Agriculture
Total	**2571.7**	

Corporate water consumption

During 2025-26 our water consumption at the Traralgon head office at 55 Hazelwood Road was 2,720 kL.

Corporate Water	Total full-time equivalent (FTE) employees	Office space (m^2)	Water consumption (kL)	kL/FTE	Water consumption by office space (kL/m^2)
2025-26	281.43	3,335	2,720**	9.66	0.81
2024-25	261.68	3,335	2,010*	7.68	0.60
2023-24	235.66	3,335	2,440	10.35	0.73
2022-23	254.00	3,335	2,161	8.51	0.65
2021-22	226.00	3,335	1,231#	5.45	0.37

** Broken fire hydrant repair, backflow prevention device replacement, and additional flushing activities to remove sediment and investigate roof leaks increased water consumption.

* Two RPZD backflow prevention devices were replaced in July 2024 to rectify the devices identified as leaking in the previous year.

Consumption impacted by work from home model during pandemic period.

Governance



Governance

Strong governance is essential to delivering trusted, accountable and effective services for our customers and communities. Our governance framework supports transparent decision-making, effective risk management and responsible stewardship of public resources, while ensuring we meet our legislative, regulatory and corporate obligations. During 2025–26, our Board, Executive Leadership Team and committees provided strategic oversight and leadership to support the delivery of our objectives and long-term sustainability.

Our Board

Tom Mollenkopf, AO (Chair)

B Juris, LL.B, MBA, FAICD



Appointed: October 2023
Current term expires: September 2027

Tom Mollenkopf is an experienced Chair and Non-Executive Director with extensive governance, corporate strategy and legal background. Over recent years he has advised government, NGO and private sector clients in Australia and globally. He is passionate about sound evidence-based decision making, and the role of informed and respectful conversations in good policy.

Tom's professional background is in law, first in private legal practice, then as corporate counsel - including Head of Legal at Australian Airlines (until its merger with Qantas) - before undertaking a series of executive and CEO roles in the water and environment sector.

He was CEO of the Peter Cullen Water and Environment Trust until 2021, and between 2007 and 2013 was CEO of the Australian Water Association.

He is a Board Member (and Immediate Past President) of the International Water Association, Member of the Victorian Sustainability Fund Committee, Board Director of VicWater, Board Director of Peninsula Leisure, and Adjunct/Professional Associate at the University of Canberra.

In January 2023, Tom was made an Officer in the Order of Australia (AO) for his distinguished service to business, particularly through the essential services industry, and to the community.

Sarah Cumming (Managing Director)

B.A., LLB (Hons), EMBA, GAICD



Sarah has served as Managing Director of Gippsland Water since 2017

An experienced litigation lawyer and business leader, Sarah is known for her commercial skills and ability to deliver change for community benefit.

She has extensive experience in leading transformational change and implementing large scale technology solutions across multiple tiers of government. Her expertise is in corporate governance, strategic leadership, and complex problem solving. Sarah has a passion for public policy, economic regulation and building thriving regional communities.

Sarah has a Bachelor of Arts and Bachelor of Law (Honours) from the Australian National University (ANU), and an Executive MBA from Melbourne Business School. She is a graduate of the Australian Institute of Company Directors, and has completed further executive study at the University of Cambridge, Judge Business School, and the Harvard, Kennedy School of Government where she has been awarded an Executive Certificate in Public Leadership. She is admitted to practice as a Barrister and Solicitor in the Supreme Court of Victoria and the High Court of Australia.

Sarah is former President of the Institute of Water Administration (IWA), serves as an Executive of the Intelligent Water Networks (IWN), and is as an Independent Trustee of a private charitable trust.

Jo Benvenuti

HDipTeach (Secondary), GDipPubPolicy



Appointed: October 2015
Term expired: September 2025

Jo has extensive experience in energy and water policy.

She has particular expertise in consumer interests and stakeholder engagement, having worked with many vulnerable communities and their representative agencies, government, regulators and industry, across many roles, including as the previous Chair of the Consumers' Federation of Australia.

As Executive Officer of the Consumer Utilities Advocacy Centre, Jo led research including an examination of how utilities could better assist those experiencing family violence. This important report led to five recommendations being put to and adopted by the Royal Commission into Family Violence and subsequently rolled out as regulatory protections across the water and energy industries.

Jo has a deep understanding of legislation, regulation, and corporate governance with experience across various roles including at the Office of the Regulator-General (now Essential Services Commission) and seven years as second-in-charge to the Energy and Water Ombudsman (Victoria).

She has recently chaired two energy related panels advising the Victorian government and in May 2024 was appointed as a non-executive director to the State Electricity Commission's independent Board.

Christopher Badger

BEng, CPIEA, GADP (LBS UK), LC&OR (Stanford USA), FAICD and GAICD



Appointed: October 2017
Term expired: September 2025

Christopher is a private management consultant, mentor and coach who was previously an Associate Director of Madison Cross Advisory Consultants where he led the Utilities/Energy Business. He has extensive board and senior executive experience in the Electricity, Gas, Telecoms, Water and Waste Industries.

Christopher is Non-Executive Director of Dulverton Waste Management Group and Gippsland Ports, and formerly NED with Gippsland Waste and Resource Recovery Group, South Gippsland Region Water Corporation, the Stormwater Industry Association of Australia, Australasian Corrosion Association, Murray Irrigation Ltd, and Bendigo Community Bank.

He is an independent member and Chair of Wellington Council's Audit and Risk Committee, and previously Chair of South Gippsland Shire Council A&RC, and member East Gippsland Shire Council's A&RC.

Christopher has a Bachelor of Electrical and Mechanical Engineering Degree, and is a Graduate and Fellow of the Australian Institute of Company Directors. He also has post graduate leadership and business training from Stanford University Business School (USA), Warwick University Business School (UK), and the London Business School (UK).

Penny Hutchinson

FCA, GAICD, MA, BA(Hons), AMusA



Appointed: October 2021
Current term expires: September 2029

Penny has extensive board and committee experience, including current appointments on the board of Eastern Health, and the Victorian Registration and Qualifications Authority. Penny is also Chair of the Audit and Risk Committee of the Department of Planning Industry and Environment (NSW), chairs the board of the Port Fairy Spring Music Festival, and the CAANZ Public Sector Panel in Victoria.

Penny has previously held senior roles in the Victorian Public Sector and has been a partner in a large Chartered Accounting firm.

Penny is a Graduate of the Institute of Company Directors, a Fellow of the Institute of Chartered Accountants in Australia, and has a Master's Degree in Public Policy and Management from the University of Melbourne. She also has a Music Performance Diploma of the Australian Music Examinations Board, and an Honours degree in German and Music from the University of London.

Katrina Lai

BA/LLB (Hons), MBA, GAICD



Appointed: October 2019
Current term expires: September 2027

Katrina has extensive experience in strategy consulting and executive management. She was a director of strategy with Telstra, responsible for customer service transformation, product investment and innovation. She has consulted to State and Federal government, as well as a wide range of industries locally and in Asia.

Katrina also serves on the boards of Bendigo Kangan Institute and VicTrack. She has worked as a corporate lawyer and is a graduate of the Australian Institute of Company Directors.

Sam Muir

BProfComm



Appointed: October 2025
Current term expires: September 2029

Sam is a Wiradjuri man raised on Yorta Yorta Country in Shepparton. He is currently a Director of Melbourne Indigenous Transition School and an Associate Director at Goulbourn Broken CMA, as well as the National Indigenous Affairs Manager at Coles.

He has industry expertise in tourism and leisure, education, natural resource management and retail. As a Board member, he thrives in governance, engagement and Traditional Owner engagement.

Sam is a Corporate Affairs specialist with over a decade of experience in strategic corporate communications, marketing, Indigenous Affairs, community engagement and governance with ASX-listed organisations.

Along with Sam's lived experience in the field, he also has a Bachelor of Professional Communications from RMIT.

Kellie O'Callaghan

BA, GDip MHSc, FAICD



Appointed: October 2025
Current term expires: September 2029

Kellie has extensive experience as a Board Chair and Non-Executive Director across the health, regional development, energy transition, and community sectors. She has experience in governance, system reform and improvement, engagement across complex stakeholder environments, and the oversight of major infrastructure and service delivery initiatives.

Kellie served for many years as Chair of a Regional Health Service Board and chaired the Gippsland Mental Health and Wellbeing Interim Regional Body, providing advice on regional governance reforms. She currently chairs Regional Development Australia Gippsland and was recognised as Mayor Emeritus in 2024 for her long-standing service and leadership in local government.

Kellie is a Fellow of the Australian Institute of Company Directors and holds a Bachelor of Arts (Social Science) from Monash University, along with postgraduate qualifications in Mental Health Science from the University of Melbourne.

Felix Ohle

Bec, BBA, GAICD



Appointed: October 2021
Current term expires: September 2029

Felix has over 25 years' experience working in commercial, strategic and operational roles across Europe, the US and Australia where he gained deep experience in strategy development and delivery. With a strong background in the petrochemical industry, working for organisations such as BP and Shell, Felix spent many years developing and managing infrastructure and assets.

During his time leading large scale operational businesses in high-risk environments, Felix's passion has been in safety and delivering step changes in performance through culture change.

Felix is currently the Integrated Business Planning Manager for FUCHS Australasia, the largest global independent lubricants manufacturer and marketer. He is also the President of the German Saturday School in Melbourne.

Felix has an Executive Education from Melbourne Business School, and a Bachelor in Economics and Business Administration from the Academy of Economics, Hamburg, Germany. He is also a graduate from the Australian Institute of Company Directors.

Jenny Selway

GAICD, EMBA, FIEAust CPEng, GCCCPol, BEng (Civil and Environmental) (Hons), BSc



Appointed: October 2023
Current term expires: September 2027

Jenny has over 20 years' experience as an Engineer and Non-Executive Director, and a passion for decarbonisation and the energy transition. Jenny is currently the CEO of HILT CRC, a Co-Operative Research Centre that brings industry, universities and government organisations together to identify and de-risk decarbonisation pathways for Heavy Industry. Prior to this, Jenny worked across the energy industry at AEMO, the Australian Energy Market Operator where she focused on increasing renewable penetration in the Victorian transmission network, and at ExxonMobil, specialising in international joint venture and asset management.

Formerly a NED of HILT CRC before taking on the CEO role, Jenny was previously an Alternate State Director at Agribio, a $288M Agricultural research facility and joint venture between the Victorian State Government and Latrobe University.

Originally graduating from the University of Adelaide with a Bachelor of Engineering (Hons) & Bachelor of Science, Jenny is a graduate of the Australian Institute of Company Directors (AICD), a Fellow of the Engineers Australia, and has completed an Executive MBA from Melbourne Business School and postgraduate studies into Climate Change Policy at the Australian National University.

Shara Teo

LLB, BA, GAICD



Appointed: October 2021
Current term expires: September 2029

Shara has an extensive background in industrial relations and law and is the Chief of Staff to the National Secretary at the United Workers Union. She also currently serves as a Non Executive Director on the Board of the Victorian Interpreting and Translation Services (VITS) LanguageLoop.

Shara is a Graduate of Australian Institute of Company Directors. Shara has been admitted to the Supreme Court of Victoria as an Australian Lawyer, and has a Bachelor of Laws from Monash University. She also has a Bachelor of Arts majoring in Politics and Chinese from Monash University

Katie Wyatt

BCom, GAICD



Appointed: October 2023
Current term expires: September 2027

Katie brings over two decades of leadership and business expertise across diverse sectors, championing the role of business as a force for social change. Her career spans technical, strategic, and multi-sector domains, with a focus on people and organizational development that drives sustainable growth and meaningful performance.

A proud Noongar Yamatje woman from Whadjuk Noongar Country, Katie lives and works on Wurundjeri Country (Naarm), where she continues to advocate for culturally grounded leadership and inclusive workplaces. Her lived experience and professional insight uniquely position her to lead transformative change in corporate culture.

As Global Head of Diversity, Equity & Inclusion at BHP, Katie leads the integration of inclusive practices across global operations, ensuring that every site fosters a culture where people feel seen, heard, and valued.

Beyond her executive role, Katie serves as a Director on the boards of Supply Nation and Aboriginal Hostels Limited (AHL), and actively mentors emerging board directors from diverse backgrounds—building the next generation of inclusive leadership.

Our Executive Leadership Team

Sarah Cumming (Managing Director)

B.A., LLB (Hons), EMBA, GAICD



See Sarah's profile under Our Board.

Chris Wood, General Manager Operations

BB. App. Sci. (Major Chem.), Post Grad.Cert. Environmental Eng., Cert. Lab. Tech.



Chris is passionate for the management and leadership of the organisation's operational areas from catchment to environment from 30 years' experience in both the private and public sector extending across the water, power and technical services, environmental and public health fields.

Chris is responsible for all operational service delivery from bulk water and waste transfer systems, water and wastewater treatment, potable water distribution, sewer reticulation, service contract and operational capital delivery, environment and healthy country to ensure reliable, efficient and effective outcomes for our customers, community, and the environment.

His commitment and passion to safety, innovation, and employee development fosters positive experiences for our customers and community.

Michael Crane, General Manager People and Customer

B.Bus, MAICD



Michael is a seasoned leader with a passion for enhancing the employee and customer experience. He is responsible for organisational development, safety, customer service and communications and engagement. With a diverse background spanning leadership roles in public and private sectors, Michael has a proven track record of delivering transformational change and inspiring performance.

Renowned for his ability to transform organisational culture, Michael fosters a positive and constructive culture that promotes collaboration, accountability, and innovation – inspiring teams to embrace change and work together towards a shared vision. He is passionate about developing capability and empowering leaders to reach their full potential. He places the highest priority on safety, recognising that all injuries can be prevented and fostering a culture of safety in the workplace.

Michael champions a customer-centric approach to enterprise leadership, which builds and maintains customer trust through transparent communication, meaningful engagement, genuine customer care and responsiveness to customer feedback.

Simon Aquilina, General Manager Commercial Business

(MAICD), B.App. Sci. (Major Chem.), Post Grad. Cert. Environmental Eng., Cert. Lab. Tech.



Simon is responsible for leading the commercial and operational management of our Gippsland Regional Agribusiness, Gippsland Regional Organics, and Property Services streams. The focus is to achieve the required safety, financial, business and environmental outcomes, whilst enhancing the customer experiences, meeting their product expectations, and enabling and supporting regional growth.

Simon has a broad background with experience in both the private and public sector, which has focused on product quality, operational efficiency, economic viability and customer satisfaction. His experiences range from the power industry, laboratory, chemical manufacture, and for the past 16 years, in the water industry.

Nic Moss, General Manager Assets

B.Eng. (with Honours) (Mechanical)



Nic is passionate about creating a culture where people achieve great outcomes that are strongly focused on looking after each other, positive customer experiences, and a sustainable future.

Nic is responsible for strategic asset management, asset and project planning, and major capital projects that result in sustainable asset operation, performance, replacement, and augmentation. Nic has experiences in both the private and public sector in operations and maintenance, asset management, production, and major capital projects.

Nic has a Bachelor of Engineering (with Honours) (Mechanical) from Monash University.

Leanne Williams, Chief Financial Officer

CA, B.B.Com (Accounting), GAICD



Leanne leads the Finance, Corporate Services, Technology, Strategy and Efficiency Realisation teams, focusing on empowerment and a human-centred culture to enable people to thrive.

Leanne is an experienced C-Suite Executive, Non-Executive Director and Chartered Accountant. Prior to joining Gippsland Water, Leanne was the CEO of a for-purpose charity and led its significant transformation. This included transitioning from a statutory body of Local Government to a not-for-profit, undertaking a significant merger, system transformation, growth strategy and being named as one of Australia's Best Places to Work in 2024.

Leanne has over 20 years' experience in finance including as an Auditor in private sector and Finance Manager within Local Government. Leanne is an experienced Audit and Risk Committee Chairperson and has been a Non-Executive Director for over 15 years.

Leanne was named in the Victorian Top 50 Public Sector Women in 2019, was the winner of a national Public Leader Award in 2020 and was a semi-finalist in Leadership Innovation for the Regional Victoria Community Achievement Awards in 2021. Leanne is a Graduate of the Institute of Company Directors (AICD) and a Graduate of Melbourne Business School's Leading Transformational Change.

Our committees

Safety, Health and Environment Committee

Our Safety, Health and Environment Committee assists the Board to carrying out its responsibilities in Occupational Health and Safety, Public Health (drinking water quality, wastewater treatment plant compliance with EPA licence objectives), and Environment (environmental and sustainability aspects and compliance).

This year, the Safety, Health and Environment Committee met four times, and its members were:

- Felix Ohle (Chair)
- Jo Benvenuti – until 30 September 2025
- Katie Wyatt
- Katrina Lai
- Kellie O'Callaghan – from 24 October 2025

Audit and Risk Committee

Our Audit and Risk Committee plays an important role in supporting the Board in carrying out its oversight responsibilities associated with:

- Financial reporting
- Risk management
- Internal controls
- Audits and other assurance activities, and
- Performance against legislative and regulatory compliance.

This year, the Audit and Risk Committee met five times, and its members were:

- Shara Teo – (Chair) - appointed as Chair from 24 April 2026
- Katrina Lai – (Chair of Committee until 24 April 2026)
- Tom Mollenkopf AO
- Christopher Badger – until 30 September 2025
- Sam Muir – from 24 October 2025
- Penny Hutchinson – from 24 October 2025

People and Culture Committee

The role of the People and Culture Committee is to assist the Board in fulfilling its responsibilities and ensuring appropriate oversight of:

- Organisational culture
- Strategic human resource management, including talent management and succession of the Executive roles
- Organisational and Director capability
- Executive performance and remuneration
- Diversity and Inclusion and Gender equality
- Aboriginal engagement portfolio, and
- Emerging issues and opportunities.

This year, the People and Culture Committee met twice and its members were:

- Penelope Hutchinson (Chair)
- Tom Mollenkopf AO
- Jo Benvenuti – until 30 September 2025
- Shara Teo
- Katie Wyatt

Infrastructure and Assets Committee

The Infrastructure and Assets Committee oversees, reviews, monitors, supports, and provides strategic advice to the Board in fulfilling its responsibilities related to:

- Business strategic direction for long-term capital investment
- Asset management
- Capital investment program approval
- Business strategic risks that relate to assets and infrastructure; and
- Program planning and delivery.

This year, the Infrastructure and Assets Committee met four times and its members were:

- Jenny Selway – (Chair – appointed as Chair on 24 October 2025)
- Christopher Badger (Former Chair) – until 30 September 2025
- Felix Ohle
- Kellie O'Callaghan – from 24 October 2025
- Sam Muir – from 24 October 2025
- Penny Hutchinson – until 24 October 2025

Director attendance at Board and Committee meetings

	Board Meetings[1]		Safety Health and Environment Committee		Audit and Risk Committee[2]		People and Culture Committee		Infrastructure and Assets Committee[3]	
Director	Eligible*	Attendance	Eligible*	Attendance	Eligible*	Attendance	Eligible*	Attendance	Eligible*	Attendance
Tom Mollenkopf	8	8	0	3	5	5	2	2	0	3
Christopher Badger	2	2	0	1	2	2	0	0	2	2
Jo Benvenuti	2	2	2	2	0	2	1	1	0	0
Sarah Cumming	8	6	0	4	0	4	0	2	0	3
Penelope Hutchinson	8	7	0	0	3	2	2	2	2	2
Katrina Lai	8	8	4	4	5	5	0	0	0	0
Felix Ohle	8	7	4	4	0	2	0	0	3	3
Jenny Selway	8	7	0	0	0	2	0	0	4	4
Shara Teo	8	8	0	1	5	5	2	2	0	0
Katie Wyatt	8	7	4	4	0	1	1	1	0	0
Kellie O'Callaghan	6	6	2	2	0	0	0	0	2	2
Sam Muir	6	6	0	0	3	3	0	0	2	2
Aboriginal Delegate	**Board Meetings[1]**		**Safety Health and Environment Committee**		**Audit and Risk Committee[2]**		**People and Culture Committee**		**Infrastructure and Assets Committee[3]**	
	Invited	Attendance	Invited	Attendance	Invited	Attendance	Invited	Attendance	Invited	Attendance
Glenn Pellegrin	8	7	1	1	4	2	0	0	3	2
Laurie Marks	1	1	4	3	0	0	0	0	3	2

[1] Includes special meetings held in September 2025 and March 2026
[2] Includes special meeting held in September 2025
[3] Includes special meeting held in July 2025
* Eligible to vote

Consultant services

In 2025-26, there were 34 consultancies 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 $4,360,693.40 (excl. GST). In 2025-26, there were 28 consultancies where the total fees payable to the consultants were less than $10,000. The total expenditure incurred during 2025-26 in relation to these consultancies was $90,360.01 (excl. GST). Details of individual consultancies (valued at $10,000 or greater) are outlined in the table below.

Consultant	Purpose of Consultancy	Start Date	End Date	$ thousand		
				Total Approved	Expenditure 2025-26	Future Expenditure
DXC TECHNOLOGY AUSTRALIA PTY LIMITED	Integrated Enterprise Management System Project	1/07/2025	30/06/2026	1,834.43	1,834.43	1,205.10
RUSSELL KENNEDY SOLICITORS - (TRUST ACCOUNT)	Professional Services Western Ground Storage Well Installation	1/07/2025	30/06/2026	482.14	482.14	-
FROMHEREON PTY LTD	Technology Roadmap	1/07/2025	30/06/2026	456.88	456.88	-
INFOR GLOBAL SOLUTIONS	Project Management - Solicitor Portal	1/07/2025	30/06/2026	257.36	257.36	-
KYTE CONSULTING PTY LTD	Integrated Enterprise Management System User Access Testing	1/07/2025	30/06/2026	244.63	244.63	-
THE TRUSTEE FOR MOSAICLAB T/A MOSAICLAB	Price Submission & Urban Water Strategy	1/07/2025	30/06/2026	213.47	213.47	-
UTILITIES REGULATION ADVISORY	Major Customer Contract Negotiations	1/07/2025	30/06/2026	63.95	63.95	-
WORLEY SERVICES PTY LIMITED	Lithium Tracer Testing	1/07/2025	30/06/2026	63.00	63.00	-
ARINCO (VIC) PTY LTD	Microsoft 365 Ad-Hoc Support Work	1/07/2025	30/06/2026	58.21	58.21	-
CYTHERA PTY LTD	Cyber security strategy refresh	1/07/2025	30/06/2026	55.90	55.90	-

Consultant	Purpose of Consultancy	Start Date	End Date	$ thousand		
				Total Approved	Expenditure 2025-26	Future Expenditure
VIRIDIS CONSULTANTS PTY LTD	Gippsland Water Hardware and Building Traders Review	1/07/2025	30/06/2026	55.36	55.36	-
GHD PTY LTD	Gippsland Water Factory and Australian Paper Storage Hazardous Review	1/07/2025	30/06/2026	67.45	67.45	-
WATER SERVICES ASSOCIATION OF AUSTRALIA	TOTEX Benchmarking Study - 2025-26 Subscription	1/07/2025	30/06/2026	45.00	45.00	-
RSM BIRD CAMERON	Tax Calculations 2024-2025	1/07/2025	30/06/2026	41.40	41.40	-
RISKCOM PTY LTD	Evaluation of tenders for Consulting Service Provider contract	1/07/2025	30/06/2026	34.05	34.05	-
AAM PTY LTD	Project Management	1/07/2025	30/06/2026	33.93	33.93	-
KALLIPR PTY LTD	Fonterra Flow Meter and Hydrostatic Sensor	1/07/2025	30/06/2026	32.02	32.02	-
AZZURO BV	Odor Tower Assessment	1/07/2025	30/06/2026	28.86	28.86	-
INDIGENOUS DESIGN ENVIRO	2025/26 Moondarra Land Management Plan	1/07/2025	30/06/2026	24.74	24.74	-
HSE GLOBAL AUSTRALIA PTY LTD	Water Treatment and Quality Workgroup Plan	1/07/2025	30/06/2026	23.34	23.34	-
SMEC AUSTRALIA PTY. LIMITED	Industrial Development Servicing Scoping Report	1/07/2025	30/06/2026	18.41	18.41	-
CIRCULAR FUTURES CONSULTING GROUP PTY LTD	Professional Advisory Services	1/07/2025	30/06/2026	23.00	23.00	-
CONVERGE INTERNATIONAL PTY LTD	Employee Assistance Program	1/07/2025	30/06/2026	22.23	22.23	-

Consultant	Purpose of Consultancy	Start Date	End Date	$ thousand		
				Total Approved	Expenditure 2025-26	Future Expenditure
PROSPECT CONTROL SYSTEMS PTY. LTD.	Internet of Things project	1/07/2025	30/06/2026	20.29	20.29	-
MOTT MACDONALD AUSTRALIA PTY LTD	Gippsland Water Factory H2S assessment - Professional Services	1/07/2025	30/06/2026	20.07	20.07	-
RM CONSULTING GROUP PTY LTD	Create Gippsland Regional Organics Compost fact sheets	1/07/2025	30/06/2026	17.53	17.53	-
SQUAREWEAVE MELBOURNE PTY LTD	Akama Online Services work	1/07/2025	30/06/2026	16.02	16.02	-
CS CONSULTING & DESIGN PTY LTD	Traditional Owner - Close out report	1/07/2025	30/06/2026	14.70	14.70	-
EVENERGI PTY LTD T/A BETTERFLEET	Fleet modelling	1/07/2025	30/06/2026	14.08	14.08	-
LOW CARBON SOLUTIONS HOLDINGS CO PTY LTD	Wastewater Technical Modelling Services	1/07/2025	30/06/2026	13.09	13.09	-
THESOCO PTY LTD	Intranet Upgrade - Discovery and design	1/07/2025	30/06/2026	12.51	12.51	-
NIBOI CONSULTING PTY LTD	Audit Review of Drug Screening Program	1/07/2025	30/06/2026	11.09	11.09	-
INDEPENDENT FORESTER PTY LTD	Tree Crop Value 30 June 2026	1/07/2025	30/06/2026	10.21	10.21	-

For the requirements of FRD 22H, a consultant is a particular type of contractor that is engaged primarily to perform a discrete task for an entity that facilitates decision making through:

(i) Provision of expert analysis and advice; and/or
(ii) Development of a written report or other intellectual output

Reviews and Studies expenditure

In 2025-26, there were three reviews and studies undertaken which were not commercially sensitive. Details of individual reviews and studies are outlined in the table below.

Name of the review-	Reasons for review/study	Terms of reference/scope	Anticipated outcomes	Estimated cost for the year ($ thousand, excl. GST)	Final cost if completed ($ thousand, excl. GST)	Publicly Available (Y/N)
Gippsland Water AMAF Attestation	Compliance with standing directions	Complete audit against Asset Management Accountability Framework	More informed decision making on asset management activities	11.0	11.0	N
Gippsland Water Lagoon Capacity Assessments	To meet future demand and growth	Update capacity assessment for various Heyfield and Drouin Wastewater Treatment Plant Asset Management Plan	More informed decision making of future asset investments	60.3	60.3	N
Modelling support for Seaspray	To meet future demand and growth water requirements	Investigate bulk water entitlement to meet future requirements	Secure bulk water entitlement	33.9	33.9	N

Information and Communication Technology expenditure

The following table outlines our ICT expenditure.

	BAU ICT expenditure $M	Non BAU ICT expenditure total = A + B $M	Operational expenditure A $M	Capital expenditure B $M
2025-26	15.1	6.4	5.4	0.9
2024-25	10.6	4.1	2.6	1.5
2023-24	13.8	0.1	0.0	0.1
2022-23	10.1	0.0	0.0	0.0
2021-22	9.3	0.0	0.0	0.0

Note: BAU = Business as Usual.

Disclosure of major contracts

Major contracts have been disclosed in part or in full.

The GW576 Saline Water Outfall Pipeline (SWOP) contract was awarded to McInnes Earthmoving Pty Ltd, representing a key investment in critical infrastructure to support our operations. Construction commenced on 15 January 2026, with an estimated total contract value of $17.74 million. The project is progressing toward completion in October 2027, contributing to the long-term reliability and resilience of our wastewater management systems.

The SWOP contract has been disclosed on Buying for Victoria Contract - GW576.

The following major contracts have been disclosed in part and will be fully disclosed by 31 August 2026:

Maintenance Services Contract

O&M Pty Ltd

Provision of mechanical and electrical preventative, corrective, urgent after-hours and ancillary maintenance works across Gippsland Waters' facilities and assets.

Supply and Delivery Treatment Chemicals

Ixom

Provision of water and wastewater chemicals and gases for treatment, testing and maintenance activities.

Competitive Neutrality Policy Victoria

We continue to implement and apply the principles of competitive neutrality across our business operations, ensuring fair competition between government and private sector entities. Any competitive advantages or disadvantages arising solely from government ownership are actively identified and neutralised.

Disclosure of Emergency Procurement

In the reporting period there were no incidents requiring emergency procurement.

Disclosure of Procurement Complaints

During the reporting period no formal complaints were received through our procurement complaints management system.

Government advertising expenditure

Our government campaign expenditure for the period did not exceed $100,000.

Freedom of Information Act 1982 (Vic)

The *Freedom of Information Act 1982* (Vic) gives the public the right to access documents held by our organisation. These include documents created by our organisation or provided to us by external parties, such as:

- Policies, procedures, and guidelines
- Briefings and reports
- Registers and databases
- Correspondence
- Applications, permits, agreements, leases and licenses
- Plans and drawings
- Meeting records
- Financial records
- Audio visual material

In compliance with the requirements of the Standing Directions of the Assistant Treasurer, details in respect of the items listed below have been retained by Gippsland Water and are available on request, subject to the provisions of the FOI Act and the *Water Act 1989*.

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

Further information about the types of documents we produce is available on our website under the Part II Information Statement at Freedom of Information.

Applicants must submit FOI requests in writing. A request form is available on our website, and applicants can submit requests by:

Email: foi@gippswater.com.au

Post:

Freedom of Information Officer

Gippsland Water

55 Hazelwood Road

Traralgon VIC 3844

To be valid, a request must clearly describe the documents sought and include the prescribed application fee. As at 1 July 2026, the application fee increases to $34.50. We may waive this fee where an applicant demonstrates financial hardship.

If an applicant is not satisfied with a decision, they may apply for a review by the Office of the Victorian Information Commissioner (OVIC) under section 49A of the Act within 28 days of receiving the decision.

During 2025-26, we:

Received four requests

- One was made within the statutory 30-day time period
- Two were made within an extended statutory 30 to 45-day time period
- One was not due as at 30 June, and a decision is planned to be made in July 2026.

Of the decisions made, we

- Granted access in full to 13 documents
- Granted access in part to 31 documents
- Refused access to 39 documents.

All FOI decisions made were finalised without complaint or review by OVIC.

Further information about FOI, including rights and review processes, is available on the OVIC website https://ovic.vic.gov.au/.

Public Interest Disclosure Act 2012

The *Public Interest Disclosures Act 2012 (Vic)* encourages and supports individuals to report improper conduct by public officers and public bodies. The Act protects people who make disclosures in accordance with its provisions and establishes a framework to assess, investigate and address reported matters.

We do not tolerate improper conduct, including corrupt conduct, or any reprisals against individuals who make disclosures. We actively promote transparency and accountability in our administrative and management practices and support disclosures that identify conduct such as bribery, substantial mismanagement of public resources, or risks to health, safety or the environment.

We cannot receive public interest disclosures. Where a disclosure is made to an appropriate body, our Public Interest Disclosure Coordinator works with the relevant investigating entity and complies with all obligations under the Act.

We maintain procedures to protect the confidentiality and welfare of people who make disclosures, in line with our legislative obligations. Further information is available on our website: Public Interest Disclosure.

Disclosures may be made directly to the Independent Broad-based Anti-Corruption Commission:

Online form: https://www.ibac.vic.gov.au/complaint-form-downloads

Mail: GPO Box 24234 Melbourne VIC 3001

Phone: 1300 735 135

Internet: www.ibac.vic.gov.au

Conflict of interest

Managing conflicts of interest is an important aspect of our organisation. We rely on public confidence that our employees and Board directors act fairly, impartially, and in the best interests of our customers, community and stakeholders.

We maintain a Conflict of Interest Policy and supporting Guidelines that provide a clear framework for identifying, disclosing and managing actual, potential and perceived conflicts of interest. Both the Policy and Guidelines were updated during 2025–26 to ensure they remain current, clear and aligned with better practice.

These documents support consistent and transparent decision-making across the organisation.

Public Administration Act 2004 (Vic)

The *Public Administration Act 2004* (Vic) established the Victorian Public Sector Commission (VPSC). The VPSC's role is to strengthen public sector efficiency, effectiveness and capability, and advocate for public sector professionalism and integrity.

Our organisation has policies and practices that are consistent with the VPSC's employment standards which provide for fair treatment, career opportunities and the early resolution of workplace issues. We have advised our employees on how to avoid conflicts of interest, how to respond to offers of gifts and how we deal with misconduct.

The Code of Conduct for the Victorian Public Sector is issued to all employees at their induction to promote integrity and conduct standards. Required behaviours are set out in all employee performance plans.

We apply merit and equity principles when appointing employees. The selection processes ensure that applicants are assessed and evaluated fairly and equitably on the basis of the key selection criteria and other accountabilities without discrimination.

Building Act 1993 (Vic)

Gippsland Water adheres to the requirements of the Building Act 1993, Building Regulations 2018, and the National Construction Code in all aspects of building and maintenance. The corporation manages a comprehensive portfolio, including offices, combined office/depot locations, depots, water and wastewater treatment facilities, pump stations, and associated infrastructure across the central Gippsland region. It is responsible for maintaining these assets in a safe and serviceable condition as stipulated by legislation, including relevant essential safety measures. All facilities are regularly inspected and maintained, and where new constructions or major upgrades are undertaken, they are appropriately certified upon completion. During the reporting period, no building orders or emergency orders were issued to Gippsland Water.

Overseas travel

Fergal Rabette, Manager Future Innovation and Technology – Scotland - 18 September 2025

The Managing Director approved a visit to Scottish Water Horizons. Key learnings on regulatory, market and asset risks reinforced the need for early intervention to protect returns and have informed Gippsland Water's strategy. This trip was coordinated with the employee self-funded attendance in the United Kingdom. Travel between Ireland and Scotland was organisation funded.

Daniel Robie, Senior Technical Officer - Bulk Water – New Zealand – 16-21 November 2025

The Managing Director approved for the Senior Technical Officer Bulk Water to attend the Australian National Committee on Large Dams (ANCOLD) conference in New Zealand. The conference, flights and accommodation were paid by the organisation.

James Williamson, Senior Engineer Bulk Water Major Systems – New Zealand – 16 - 21 November 2025

The Managing Director approved for the Senior Engineer Bulk Water Major Systems to attend the Australian National Committee on Large Dams (ANCOLD) conference in New Zealand. The conference, flights and accommodation were paid by the organisation.

Paul Young, Manager Asset Planning – Singapore 13 -19 June 2026

The Managing Director approved the Manager Assets Planning to attend the Singapore International Water Week 2026 conference and meet a potential large new customer. Attendance at the conference was as a guest of the Public Utilities Board (PUB), Singapore's National Water Agency. Flights and accommodation were paid by the organisation.

Sarah Cumming, Managing Director – Singapore 13 -19 June

The Board Chair approved the Managing Director to attend the Singapore International Water Week 2026 conference and meet a potential large new customer. Attendance at the conference was as a guest of the Public Utilities Board (PUB), Singapore's National Water Agency. Flights and accommodation were paid by the organisation.

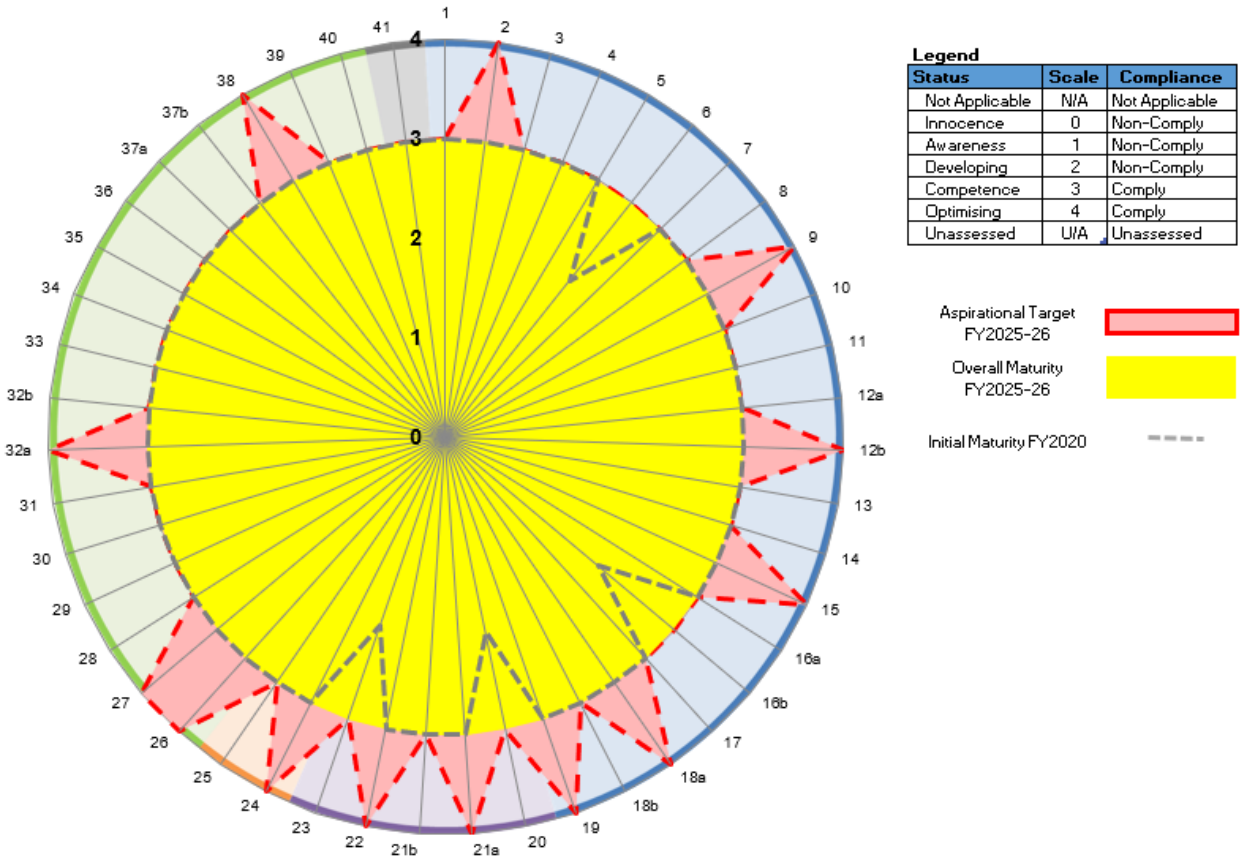
Asset Management Accountability Framework (AMAF) maturity assessment

Maturity assessment

An independent review of our compliance with the Asset Management Accountability Framework and progress in implementing the 2020 – 2025 asset management strategy was undertaken this year.

We have satisfactorily met the attestation requirements of the Asset Management Accountability Framework for the Victoria Public Sector. Overall, conformance has been met with all mandatory requirements. We continue to make progress with the improvement actions from our Asset Management Strategy and are working towards aspirational maturity targets which go beyond conformance with mandatory requirements.

Our target maturity rating for 2026 is 'competence', meaning systems and processes are fully in place, consistently applied and systematically meeting the AMAF requirement, including a continuous improvement process to expand system performance above AMAF minimum requirements.



Leadership and accountability (requirements 1 - 19)

We have met our target maturity level for all requirements in this category.

Planning (requirements 20 - 23)

We have met our target maturity level for all requirements in this category.

Acquisition (requirements 24 and 25)

We have met our target maturity level for all requirements in this category.

Operation (requirements 26 - 40)

We have met our target maturity level for all requirements in this category.

Disposal (requirement 41)

We have met our target maturity level in this category.

Year in review



Year in review

Financial overview

Summary of Financial Results	2025-26 $'M	2024-25 $'M	2023-24 $'M	2022-23 $'M	2021-22 $'M
Service Charges	104.8	100.4	96.1	91.3	87
Usage Charges	51.3	49.7	46.5	44.4	41.4
Developer Contributions	17.6	24.5	10.9	13.7	11.7
Other Revenue	21.3	23.8	18.3	15.6	17.5
Total Revenue	**195.0**	**198.5**	**171.8**	**165**	**157.6**
Operations, Maintenance & Administration	111.4	109.7	99.4	88.4	85.0
Depreciation Expenses	70.5	66.8	64.7	55.1	52.2
Environmental Contribution	7.0	6.9	6.0	6.0	6.0
Finance Expenses	16.0	14.9	13.5	11.9	11.6
Total Expenditure	**204.9**	**198.4**	**183.5**	**161.4**	**154.8**
Net gain/(loss) on disposal of non-financial assets	(1.0)	(2.2)	(3.5)	(0.7)	(1.9)
Net Result Before Tax	**(10.9)**	**(2.1)**	**(15.3)**	**2.9**	**1.0**
Current Assets	52.6	44.8	40	46.7	43
Non-Current Assets	2,346.0	1,754.3	1,747.8	1,745.6	1,548.4
Total Assets	**2,399.0**	**1,799.1**	**1,786.9**	**1,792.4**	**1,591.4**
Current Liabilities	48.1	94.1	53.7	47.9	39.2
Non-Current Liabilities	845.2	574.6	601.6	607.7	555.7
Total Liabilities	**893.4**	**668.7**	**655.3**	**655.6**	**594.4**
Net assets	**1,505.6**	**1,130.4**	**1131.7**	**1136.8**	**997.0**
Net Cash Flow from Operations	**44.7**	**53.2**	**50.7**	**51.6**	**43.7**
Payments for Capital Works	**56.7**	**69.5**	**56.1**	**51.4**	**45.0**

Financial indicators

Key Performance Indicator	2025-26 Result	2024-25 Result	2023-24 Result	2022-23 Result	2021-22 Result
Cash Interest Cover (Times)	3.9	4.7	4.9	5.5	4.8
Gearing Ratio	15.7%	20.0%	18.9%	18.4%	20.7%
Internal Financing Ratio	76.0%	75.3%	75.2%	100.3%	97.0%
Current Ratio	141.4%	53.2%	74.5%	98.0%	110.0%
Return on Assets	0.2%	0.7%	(0.1%)	0.9%	0.9%
Return on Equity	(0.3%)	(0.1%)	(0.9%)	0.2%	0.1%
EBITDA Margin	39.1%	41.5%	37.8%	42.6%	42.3%

Total residential bill

YEAR	AVERAGE CONSUMPTION		200kL CONSUMPTION	
	Total bill	Customer bill	Total bill	Customer bill
2025-26	$1,470.93	$1,470.93	$1,578.55	$1,578.55
2024-25	$1,461.28	$1,461.28	$1,549.04	$1,549.04
2023-24	$1,419.12	$1,419.12	$1,497.80	$1,497.80
2022-23	$1,368.27	$1,368.27	$1,444.13	$1,444.13
2021-22	$1,319.68	$1,319.68	$1,394.91	$1,394.91

Note: Tariffs are set through the Price Submission over a five-year period.

Discussion of key results for the financial year

The loss before tax was $10.9 million for the 12 months ending 30 June 2026; an $8.8 million decrease compared to the net result of the last financial year. The decrease can be attributed to a decrease in developer contributions and other revenue of $9.5 million offset by the $6 million increase in service and usage charges. The decrease can also be attributed to an increase in total expenditure of $6.5 million and a decrease of $1.2 million in the net loss on disposal of non-financial assets.

Total revenue has decreased $3.5 million to $195.0 million in comparison to last financial year. Service Charges have increased $4.4 million and Usage Charges increased $1.6 million this was due to increased customer numbers and increased water volumes used across major clients. There has been a $2.5 million decrease in Other Revenue and a decrease of $6.9 million in revenue from Developer Contributions.

Expenditure for the year is $204.9 million, an increase of $6.5 million compared to the prior financial year. The increase in expenditure is caused by an increase in Depreciation of $3.7 million triggered by the formal revaluation and current year capitalisations. Operations, Maintenance and Administration has increased by $1.7 million driven by increases in employee benefits and repairs and maintenance. Finance expenses have increased $1.1 million which is attributable to the refinancing of maturing loans at higher rates and an increase in interest bearing loans.

Total assets for 2025-26 was $2,399 million, a $599.9 million increase from 2024-25. This was due to a $7.8 million increase in current assets and an increase of $592.1 million in non-current assets. The increase in non-current assets is attributable to the formal revaluation of land, buildings and infrastructure as well as current year capitalisations.

Infrastructure, property, plant and equipment had a closing balance of $2,265.3 million, including $72.8 million of Capital works in progress. The movement of Infrastructure, property, plant and equipment included $57.5 million of additions to water and wastewater infrastructure, $547.4 million increase in relation to the formal revaluation offset by $71.3 million decrease relating to accumulated depreciation and the disposal of assets.

Capital works in progress opening balance was $68.8 million, 2025-26 additional expenditure was $57.5 million and capitalisations of $53.5 million, resulting in Capital works in progress having a closing balance of $72.8 million.

Total liabilities at 30 June 2026 were $893.4 million a $224.7 million increase from 30 June 2025. There has been an $18 million increase in Interest bearing liabilities plus the $206 million increase in Deferred Tax Liabilities related to the formal revaluation. Trade and other payables decreased by $0.6 million and other provisions have seen an increase of $1.3 million.

Net cashflows from operations decreased by $8.5 million to $44.7 million for the year ending 30 June

2026. Total receipts increased by $0.8 million with increases in Revenue from contracts with customers of $2.6 million and $1.9 million decrease across all other revenue. Total payments increased by $9.3 million, payments to suppliers increased by $2.0 million, payments to employees increased by $6.2 million and interest and other finance costs increased by $1.1 million.

Water income from service & usage charges



	2026 $'000
Urban residential	42,074
Urban non-residential	7,391
Major clients	17,994
Total	**67,459**

Wastewater income from service & usage charges



	2026 $'000
Urban residential	59,034
Urban non-residential	11,095
Major clients	18,540
Total	**88,670**

Total assets



	2026 $'000
Fixed assets	2,269,028
Cash & investments	17,827
Debtors & receivables	19,076
Inventory & biological	9,273
Other	75,095
Contract assets	8,752
Total	**2,399,053**

Liabilities & equity



	2026 $'000
Equity	1,505,638
Creditors & accruals	17,225
Provisions	21,691
Deferred tax liability	470,467
Borrowings	377,500
Contract liabilities	6,532
Total	**2,399,053**

Business stream revenue



	2026
Bulk	11%
Water	35%
Waste	48%
Organics	4%
Agribusiness	3%
Total	**100%**

Business stream expenses



	2026
Bulk	11%
Water	33%
Waste	45%
Organics	8%
Agribusiness	4%
Total	**100%**

Total income from all sources



	2026 $'000
Service & usage	156,129
Developer contributions	17,589
Interest	479
Other	20,852
Total	**195,049**

Total expenses



	2026 $'000
Operations, maintenance & administration	118,452
Depreciation	70,460
Interest	16,016
Total	**204,928**

Performance report



Performance Report

Financial performance and business indicators as at 30 June 2026

Financial performance indicators

KPI #	Key Performance Indicator	2024-25 Result	2025-26 Result	2025-26 Target	Variance to Prior Year	Notes	Variance to Target	Notes
F1	**Cash Interest Cover (Times)** Net operating cash flows before net interest and tax / net interest payments	4.7	3.9	3.6	(17.0%)	1a	8.3%	
F2	**Gearing Ratio** Total Debt (including finance leases) / total assets * 100	20.0%	15.7%	21.8%	(21.5%)	2a	(28.0%)	2b
F3	**Internal Financing Ratio** Net operating cash flow less dividends / net capital expenditure * 100	75.3%	76.0%	62.5%	0.9%		21.6%	3b
F4	**Current Ratio** Current assets / current liabilities (excluding long-term employee provisions and revenue in advance)	53.2%	141.4%	79.1%	165.8%	4a	78.8%	4b
F5	**Return on Assets** Earnings before net interest and tax / average assets * 100	0.7%	0.2%	0.4%	(71.4%)	5a	(50.0%)	5b
F6	**Return on Equity** Net profit after tax / average total equity * 100	(0.1%)	(0.3%)	(0.7%)	(200.0%)	6a	57.1%	6b
F7	**EBITDA Margin** Earnings Before Interest, Tax, Depreciation and Amortisation / total revenue * 100	41.5%	39.1%	39.7%	(5.8%)		(1.5%)	

Notes

1a **2025-26 Cash Interest Coverage (Times):** The cash interest coverage ratio was unfavourable compared with 2024-25, primarily due to lower net operating cash flows resulting from higher employee payments, including a new EBA incentive payment, and increased supplier payments. This reduced the cash available to cover interest obligations relative to the prior year.

2a **2025-26 Gearing Ratio:** The gearing ratio was favourable compared to 2024-2025, primarily due to the formal revaluation undertaken on land, buildings and infrastructure

2b **2025-26 Gearing Ratio:** The gearing ratio was favourable to target, primarily due to lower-than-budget borrowings and the formal revaluation of land, buildings and infrastructure not being included in the budget

3b **2025-26 Internal Financing Ratio:** The internal financing ratio was favourable to target, primarily due to lower-than-budgeted capital program payments, with major projects deferred into the following financial year. This reduced capital cash outflows during 2025-26 has increased the ratio relative to target.

4a **2025-26 Current Ratio:** The improvement in the current ratio compared with 2024-25 primarily reflects the unwinding of a tactical treasury management strategy under which higher levels of short-term borrowings were maintained in 2024-25 to take advantage of favourable interest rate conditions. The reduction in these short-term liabilities in 2025-26 has strengthened the current ratio.

4b **2025-26 Current Ratio:** The current ratio was favourable to target, primarily due to a materially higher year-end cash balance resulting from lower-than-forecast capital program expenditure and a delayed request for the payment of the 2025-26 efficiency savings payment.

5a **2025-26 Return on Assets (ROA):** The decrease in ROA compared with 2024-25 was driven by the uplift in the formal revaluation of land, buildings and infrastructure as well as lower EBIT due to lower developer contributions revenue relative to the prior year.

5b **2025-26 Return on Assets (ROA):** The decrease in ROA compared to target was driven by the uplift in the formal revaluation of land, buildings and infrastructure as well as lower than expected EBIT due to unfavourable revenue related to rechargeable capital works.

6a **2025-26 Return on Equity (ROE):** The decrease in ROE compared with 2024-25 was primarily driven by a larger loss after tax, reflecting lower developer contribution revenue, higher depreciation expense, and increased operational expenditure. As a result, returns generated on equity were lower than in the prior year.

6b **2025-26 Return on Equity (ROE):** ROE was favourable to target, primarily due to a lower-than-budgeted loss after tax, principally reflecting a higher income tax benefit arising from the revised tax treatment of developer contributed assets and the associated recognition of additional carried-forward losses. This reduced the overall loss and improved returns on equity relative to target.

Water and Sewerage Service Performance Indicators

KPI #	Key Performance Indicator	2024-25 Result	2025-26 Result	2025-26 Target	Variance to Prior Year	Notes	Variance to Target	Notes
REW 8	**Water Service - minutes off supply (planned & unplanned)** How many minutes on average a customer was without water supply during a year	231	240	240	3.9%		0.0%	
REW 5	**Unplanned water supply interruptions** Percentage of customers receiving more then 5 unplanned interruptions in the year	0.0%	0.0%	0.0%	0.0%		0.0%	
RES 1	**Sewer Blockages** Number of sewer blockages reported per 100 kilometres of sewer main	6.2	7.2	13.0	16.1%	7a	(44.6%)	7b
RES 6	**Sewer spills** Number of sewer spills reported per 100 kilometres of sewer main	3.5	4.4	3.5	25.7%	8a	25.7%	8b
RES 7	**Containment of sewer spills** Sewer spills from reticulation and branch sewers contained within 5 hours / total sewer spills from reticulation and branch sewers * 100	100.0%	98.0%	98.0%	(2.0%)		0.0%	

Notes

7a **2025-26 Sewer Blockages:** Sewer blockages are unfavourable to prior year which is linked to tree root infiltration into the sewer network.

7b **2025-26 Sewer Blockages:** Sewer blockages are favourable to target which is attributable to our sewer maintenance cleaning and relining programs

8a **2025-26 Sewer Spills:** Sewer spills are unfavourable to prior year due to consecutive years of dry weather leading to an increase in sewer spills, primarily due to tree root infiltration into the sewer network.

8b **2025-26 Sewer Spills:** Sewer spills are unfavourable to target due to consecutive years of dry weather leading to an increase in sewer spills, primarily due to tree root infiltration into the sewer network despite our sewer maintenance and relining programs.

Environmental performance indicators

KPI #	Key Performance Indicator	2024-25 Result	2025-26 Result	2025-26 Target	Variance to Prior Year	Notes	Variance to Target	Notes
CRR 1	**Effluent treatment and re-use** Proportion of water recycled as a percentage of the volume of effluent produced	26.0%	25.0%	25.0%	(3.8%)		0.0%	

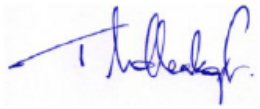
Central Gippsland Region Water Corporation

Certification of Performance Report for 2025-26

We certify that the accompanying Performance Report of Central 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 Minister for Water 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.



Tom Mollenkopf
Board Chair
Central Gippsland Region Water Corporation



Sarah Cumming
Managing Director
Central Gippsland Region Water Corporation



Leanne Williams
Chief Financial Officer
Central Gippsland Region Water Corporation

Dated: 21 September 2026

VAGO Attestation

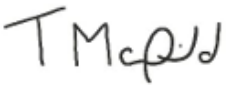
Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of Central Gippsland Region Water Corporation

Opinion	I have audited the performance report of Central Gippsland Region Water Corporation (the corporation) for the year ended 30 June 2026, which comprises the: • financial performance indicators • water and sewerage service performance indicators • environmental performance indicator • notes to the performance report • certification of the performance report for 2025-26. In my opinion, the performance report of 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 the *Financial Management Act 1994*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of the performance report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the performance report	As required by the *Audit Act 1994*, my responsibility is to express an opinion on the performance report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance Engagements will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance report. As part of an audit in accordance with the Australian Standards on Assurance Engagements, I exercise professional judgement and maintain professional scepticism throughout the audit. I also: • identify and assess the risks of material misstatement of the performance report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. • obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the corporation's internal control • evaluate the overall presentation, structure and content of the performance report, including the disclosures, and whether the performance report represents the underlying events and results in a manner that achieves fair presentation. I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



MELBOURNE
29 September 2026

Timothy Maxfield
as delegate for the Auditor-General of Victoria

Financial performance report



Financial performance report

Financial report for the year ended 30 June 2026

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Comprehensive operating statement for the year ended 30 June 2026

	Notes	2026 $'000	2025 $'000
Revenue and income from transactions			
Revenue from contracts with customers	2.1	194,557	198,101
Total revenue and income from transactions		**194,557**	**198,101**
Expenses from transactions			
Employee expenses	3.1.1	50,177	47,775
Direct operating expenses	3.2	27,742	31,049
Depreciation	4.1.1	69,754	66,810
Amortisation	4.2	709	809
Environmental contribution		6,957	6,957
Repairs and maintenance	3.3	20,525	20,107
Other operating expenses	3.4	13,026	9,994
Total expenses from transactions		**188,890**	**183,501**
Finance income		479	405
Finance expense		(16,016)	(14,971)
Net finance costs	3.5	**(15,537)**	**(14,566)**
Net result from transactions (net operating balance)		**(9,870)**	**34**
Other economic flows included in net result			
Net gain/(loss) on disposal of non-current assets	4.1.6	(982)	(2,154)
Total other economic flow included in net result		**(982)**	**(2,154)**
Net result before income tax		**(10,852)**	**(2,120)**
Income tax expense	8.1.1	(6,620)	(634)
Net result		**(4,232)**	**(1,486)**
Other economic flows - other comprehensive income			
Items that will not be reclassified to net result			
Changes in physical asset revaluation reserve	4.1.1	547,423	-
Deferred tax relating to components of other comprehensive income	8.1.1	(167,705)	-
Total other economic flows - other comprehensive income		**379,718**	**-**
Comprehensive result		**375,486**	**(1,486)**

The accompanying notes form part of these financial statements.

Balance sheet as at 30 June 2026

	Notes	2026 $'000	2025 $'000
Assets			
Current assets			
Cash and deposits	6.2	16,827	13,252
Receivables	5.1	18,558	17,531
Contract assets	5.2	8,752	6,756
Inventories	5.5	4,893	4,259
Biological assets	5.8	1,782	1,550
Other financial assets		-	(1)
Other non-financial assets	5.6	1,835	1,449
Total current assets		**52,647**	**44,796**
Non-current assets			
Receivables	5.1	517	563
Other financial assets		1,000	1,000
Infrastructure, property, plant and equipment	4.1.1	2,265,338	1,720,157
Biological assets	5.8	2,598	2,666
Intangibles	4.2	19,984	17,952
Net deferred tax assets	8.1.2	56,969	11,985
Total non-current assets		**2,346,406**	**1,754,323**
Total assets		**2,399,053**	**1,799,119**
Liabilities			
Current liabilities			
Trade and other payables	5.3	17,515	18,170
Contract liabilities	5.4	6,532	6,071
Employee expense provision	3.1.2	10,553	9,266
Other provisions		1,090	1,096
Interest bearing liabilities	6.1	12,500	59,500
Total current liabilities		**48,190**	**94,103**
Non-current liabilities			
Employee expense provision	3.1.2	898	1,121
Other provisions		8,860	9,062
Interest bearing liabilities	6.1	365,000	300,000
Net deferred tax liabilities	8.1.2	470,467	264,397
Total non-current liabilities		**845,225**	**574,580**
Total liabilities		**893,415**	**668,683**
Net assets		**1,505,638**	**1,130,436**
Equity			
Contributed capital		255,294	255,578
Physical asset revaluation reserve		934,265	554,547
Accumulated surplus / deficit		316,079	320,311
Total equity		**1,505,638**	**1,130,436**

The accompanying notes form part of these financial statements.

Cash flow statement for the year ended 30 June 2026

	Notes	2026 $'000	2025 $'000
Cash flows from operating activities			
Receipts			
Revenue from contracts with customers		154,849	152,178
Interest received		479	405
Developer contribution fees		6,085	2,474
Goods and Services Tax received from the ATO		11,008	11,895
Other customer revenue		18,840	23,478
Total receipts		**191,261**	**190,430**
Payments			
Payments to suppliers		(71,362)	(69,318)
Payments to employees		(51,086)	(44,796)
Interest and other costs of finance paid		(15,984)	(14,802)
Goods and Services Tax paid to the ATO		(1,168)	(1,323)
Environmental contribution levy paid		(6,957)	(6,957)
Total payments		**(146,557)**	**(137,196)**
Net cash flows from/(used in) operating activities		**44,704**	**53,234**
Cash flows from investing activities			
Payments for infrastructure, property, plant and equipment		(56,675)	(69,558)
Proceeds from sale of infrastructure, property, plant & equipment	4.1.1	677	914
Payments for intangible assets	4.2	(2,847)	110
Net cash flows from/(used in) investing activities		**(58,845)**	**(68,534)**
Cash flows from financing activities			
Proceeds from borrowings		18,000	21,000
Capital Contributions by owners		1,500	500
Equity Transfers to other Government Agencies		(1,784)	(892)
Net cash flows from/(used in) financing activities		**17,716**	**20,608**
Net increase/(decrease) in cash and deposits		**3,575**	**5,308**
Cash and deposits at the beginning of the financial year		13,252	7,944
Cash and deposits at the end of the financial year	6.2	**16,827**	**13,252**

The accompanying notes form part of these financial statements.

Statement of changes in equity for the year ended 30 June 2026

	Notes	Contributed capital $'000	Physical asset revaluation reserve $'000	Accumulated surplus / deficit $'000	Total equity $'000
Balance at 1 July 2024		255,971	554,547	321,797	**1,132,315**
Net result for the year		-	-	(1,486)	**(1,486)**
Total comprehensive income		**-**	**-**	**(1,486)**	**(1,486)**
Transactions with the State in its capacity as owner:					
Equity Transfer to Other Government Agencies		(893)	-	-	**(893)**
Capital Contributions by owners		500	-	-	**500**
Balance at 30 June 2025		**255,578**	**554,547**	**320,311**	**1,130,436**
Balance at 1 July 2025		**255,578**	**554,547**	**320,311**	**1,130,436**
Net result for the year				(4,232)	**(4,232)**
Other comprehensive income			379,718		**379,718**
Total comprehensive income		**-**	**379,718**	**(4,232)**	**375,486**
Transactions with the State in its capacity as owner:					
Equity Transfer to Other Government Agencies		(1,784)	-	-	**(1,784)**
Capital Contributions by owners		1,500	-	-	**1,500**
Balance at 30 June 2026		**255,294**	**934,265**	**316,079**	**1,505,638**

The accompanying notes form part of these financial statements.

Notes to and forming part of the Financial Report for the year ended 30 June 2026

Introduction

The Central Gippsland Regional Water Corporation (the Corporation), trading as Gippsland Water, was constituted on 21 December 1994 under the *Water Act 1989*. The Corporation's Australian Business Number is 75 830 750 413. The Corporation's principal address is 55 Hazelwood Road, Traralgon, Victoria 3844 and its website address is www.gippswater.com.au.

Advisors to Gippsland Water

The key advisors to Gippsland Water are:

Lawyers	Russell Kennedy Pty Ltd
Bankers	Westpac Banking Corporation
Internal Auditors	Aster Advisory Pty Ltd
Tax Agents	RSM Australia Pty Ltd
Funding Agency	Treasury Corporation of Victoria (TCV)

External Auditors to Gippsland Water

The External Auditors to Gippsland Water are the Victorian Auditor-General's Office.

This financial report was approved and authorised for issue by the Board on 21 September 2026.

Notes to and forming part of the Financial Report for the year ended 30 June 2026

Note 1 About This Report

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 Gippsland Water.

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. Judgements and assumptions made by management in applying Australian Accounting Standards (AASs) that have significant effects on the financial statements and estimates are disclosed in the notes under the heading: 'Fair Value Determination'.

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

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.

Notes to and forming part of the Financial Report for the year ended 30 June 2026

Note 2 Funding Delivery of Our Services

Introduction

This section provides additional information about how the Corporation is funded and the accounting policies that are relevant for an understanding of the revenue items recognised in the financial statements.

The Corporation supplies fresh drinking water to 78,100 households and businesses as well as wastewater services to 70,700 households and businesses, across 43 towns servicing an estimated population base of 168,000. Our service area spans from Drouin in the west, to Loch Sport in the east, and from Briagolong in the north, to Mirboo North in the south. The Corporation's customers also include several major industries in the energy production, pulp and paper and oil and gas sectors. Baw Baw, Latrobe City, South Gippsland and Wellington shires are incorporated in our service area.

The water supply is treated to ensure that water quality meets relevant quality standards. Treatment varies depending on the source of supply. We take water from aquifers, rivers, creeks, and reservoirs. Our largest storage is Moondarra Reservoir, south of Erica, with a capacity of 30,458ML. We also take water from storages managed by Southern Rural Water (Blue Rock Lake and Lake Glenmaggie) and Melbourne Water (Tarago Reservoir) to supply our customers living near these storages. We also dispose of more than 25,000 million litres of wastewater each year.

While most of our activities are regulated water and waste services, we also operate non-regulated activities – our Gippsland Regional Agribusiness (GRA) and Gippsland Regional Organics (GRO). These commercial businesses are an integral part of what we do and provide benefit for us, our customers and Victoria through:

- Providing additional income which helps reduce the pressure on operational costs and ultimately tariffs for water and wastewater services to our customers.
- Reducing the cost of our waste disposal by turning solid waste into a commercial compost product, or using safe recycled wastewater to irrigate farmland.
- Reducing the environmental impact of our waste by reducing the volume of waste requiring disposal.

Our non-regulated activities are included in Other revenue as Agricultural pursuits (Gippsland Regional Agribusiness) and also as prescribed and non-prescribed Waste charges (Gippsland Regional Organics).

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.

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2.1 Revenue from contracts with customers

The Corporation derives revenue from the transfer of goods and/or services in the following revenue streams.

	Notes	2026 $'000	2025 $'000
Revenue from service, usage and trade waste charges	2.1.1	156,123	150,110
Developer contributions	2.1.2	17,589	24,513
Other revenue	2.1.3	20,845	23,478
Total revenue from contracts with customers		**194,557**	**198,101**

2.1.1 Revenue from service, usage and trade waste charges

	2026 $'000	2025 $'000
Service charges		
Water	27,254	24,912
Wastewater	77,175	75,046
Trade waste	372	473
Total service charges	**104,801**	**100,431**
Usage charges		
Water	41,703	40,946
Wastewater	9,619	8,733
Total usage charges	**51,322**	**49,679**
Total revenue from service and usage charges	**156,123**	**150,110**

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

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Water, Wastewater & Trade waste service charges	Service charges are billed three times a year based on a fixed fee. Where payments are made in advance by customers to unbilled accounts at reporting date, these payments are classified as contract liabilities as the Corporation has yet to provide the service.	Revenue is recognised over time as service is provided.
Water and Wastewater usage charges	Usage charges are billed three times a year in arrears. The Corporation has the right to receive an amount of consideration based on the unit of water consumed by and wastewater and recycled water disposed of during the financial year at the regulated price. An estimation of usage charges is made at year end for meters which were not read at balance date (significant estimate). This is calculated by determining the level of billable service provided multiplied by the cost of each service.	Revenue is recognised over time as service is provided.

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 5.4). The charges for fully satisfied performance obligations that are unbilled at year end that are estimated, and contract assets are recognised (refer Note 5.2).

2.1.2 Developer contributions

	2026 $'000	2025 $'000
Developer contributed assets[(i)]	11,600	22,084
Assets funded by developers and contributions received	1,964	362
New customer contributions	4,025	2,067
Total developer contributions	**17,589**	**24,513**

Notes:

(i) Developer contributions are indicative of completed developer works across the region, in particular housing development.

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 transfer 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 Practical Acceptance Certificate is issued to the customer, or • when the customer is connected to our infrastructure network for the provision of water and sewerage services when no Practical Acceptance Certificate is required to be issued. Revenue is recognised at fair value and is based on the costs provided by the developer with additions for consultants.	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. Revenue is recognised 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
Waste charges (prescribed and non-prescribed)	7,646	6,793
Agricultural pursuits	4,794	4,121
Operating fees	3,559	3,228
Government Contributions[(i)]	50	6,398
Rechargeable works	1,131	1,400
Miscellaneous fees	3,096	748
Salary sacrifice contributions	280	323
Workcover refunds received	15	-
Diesel fuel rebate	101	111
Liquidated damages	30	219
External service provision	100	102
Water trading revenue	43	35
Total other revenue	**20,845**	**23,478**

(i) Government Contributions have been split from Operating Fees compared with prior year

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Waste charges (prescribed and non-prescribed)	Revenue is recognised when the Corporation has completed its performance obligations. Waste charges represent a variety of services provided by the Corporation relating to the retrieval and processing of industrial and commercial waste at Gippsland Regional Organics. 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 30 days.	Revenue is recognised at a point in time when the performance obligation has been satisfied.
Agricultural sales, rechargeable works and operating fees	Performance obligation relating to agricultural sales, rechargeable works and operating fees are satisfied at a point in time when the Corporation renders the specified service requested by the customer or provides the goods.	Revenue from other services rendered is recognised at a point in time when the performance obligation has been satisfied.
Other revenue including government contributions, miscellaneous fees, salary sacrifice contributions[(i)], workcover refunds received, diesel fuel rebate, liquated damages and external service provision	Revenue from these activities is recognised in the period in which the service is rendered.	Revenue is recognised at a point in time when goods and services are provided to the customer.
Water trading revenue	Water trading revenue is recognised at a point in time when the trade occurs. This is when the performance obligation is satisfied. The charges are payable within 30 days.	Revenue is recognised at a point in time.

Notes:
(i) Salary sacrifice contributions include employee contributions towards vehicles and rental expenses.

2.1.4 Timing of recognition of revenue from customers

We derive revenue from the transfer of goods and services at both a point in time and over time for the following charges.

	Service charges			Usage charges		Developer contributions			Other revenue	
	Water $'000	Wastewater $'000	Trade waste $'000	Water $'000	Wastewater $'000	Developer contributed assets $'000	Assets funded by developers and contributions received $'000	New customer contributions $'000	Other Revenue $'000	Total revenue from contracts with customers $'000
2026										
At a point in time	-	-	-	-	-	11,600	1,964	4,025	20,845	**38,434**
Over time	27,254	77,175	372	41,703	9,619	-	-	-	-	**156,123**
Total	**27,254**	**77,175**	**372**	**41,703**	**9,619**	**11,600**	**1,964**	**4,025**	**20,845**	**194,557**
2025										
At a point in time	-	-	-	-	-	22,084	362	2,067	23,478	**47,991**
Over time	24,912	75,046	473	40,946	8,733	-	-	-	-	**150,110**
Total	**24,912**	**75,046**	**473**	**40,946**	**8,733**	**22,084**	**362**	**2,067**	**23,478**	**198,101**

Notes to and forming part of the Financial Report for the year ended 30 June 2026

Note 3 The Cost of Delivering Services

Introduction

This section provides additional information about how the expenses are incurred by the Corporation in delivering services and outputs and the accounting policies that are relevant for an understanding of the items recognised in the financial statements.

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3.1 Employee benefits

	2026 $'000	2025 $'000
Salaries and wages, annual leave and long service leave	43,560	41,503
Superannuation	4,913	4,531
Other	1,704	1,741
Total employee benefit costs	**50,177**	**47,775**

3.1.1 Employee benefits in the comprehensive operating statement

Employee benefits 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. Gippsland Water does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. Instead, Gippsland Water 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 Gippsland Water is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

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:		
Employee benefits	314	312
Annual leave		
Unconditional and expected to settle within 12 months	3,276	2,878
Unconditional and expected to settle after 12 months	535	489
Long service leave		
Unconditional and expected to settle within 12 months	705	479
Unconditional and expected to settle after 12 months	4,417	3,853
Provisions for on-costs		
Unconditional and expected to settle within 12 months	632	623
Unconditional and expected to settle after 12 months	674	632
Total current provisions for employee benefits	**10,553**	**9,266**
Non-current provisions:		
Employee benefits	779	963
On-costs	119	158
Total non-current provisions for employee benefits	**898**	**1,121**
Total provisions for employee benefits	**11,451**	**10,387**

Wages and salaries and annual 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.

On-costs

On costs, such as payroll tax, superannuation and workers' compensation insurance, are disclosed separately as a component of the provision for employee benefits when the employment to which they relate has occurred.

Long service leave

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

Unconditional LSL (representing seven or more years of continuous service) is disclosed as a current liability even where we do not expect to settle the liability within 12 months. The Corporation does not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- Undiscounted value – the component 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.

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

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

3.2 Direct operating expenses

	2026 $'000	2025 $'000
Chemicals	5,469	5,120
Agricultural costs	3,256	3,105
Energy	4,641	4,737
Rehabilitation costs	(84)	4,587
Water purchases and cartage	2,603	2,543
GRO costs	2,241	1,612
Sampling and testing	2,044	2,089
Operational overhead costs	1,802	1,748
Sludge removal and transport	1,723	1,523
Fleet	1,253	1,342
Other operational costs	990	748
Consultants' fees	552	464
Meter reading services	578	542
Modelling, investigation and decision-making tools	301	394
EPA licence fee	373	495
Total direct operating expenses	**27,742**	**31,049**

Direct operating expenses generally represent the day-to-day running costs incurred in normal operations and are recognised as an expense as incurred.

3.3 Repairs and maintenance

	2026 $'000	2025 $'000
Major maintenance	3,056	3,301
Mechanical and electrical corrective maintenance	1,577	1,978
Building, land and site maintenance	2,252	2,344
Other contract works	2,569	2,796
Mechanical and electrical preventative maintenance	1,277	1,228
Other sewer maintenance	1,790	1,517
Maintenance agreements and contractor payments[(i)]	4,863	4,188
Other repairs and maintenance	1,041	952
Other water maintenance	1,912	1,604
Corrective maintenance	188	199
Total repairs and maintenance	**20,525**	**20,107**

Notes:
(i) Maintenance agreements and contractor payments for the prior year includes $714,000 previously reported under Other operating expenses

Routine maintenance, repair and minor renewal costs of the water supply and wastewater systems are recognised as expenses as incurred. Where repairs relate to upgrade of components of an asset and the cost exceeds the capitalisation threshold ($1,000), those costs are capitalised and depreciated.

3.4 Other operating expenses

	2026 $'000	2025 $'000
Licence fees	3,557	2,521
Billing and revenue collection costs	1,109	949
Other repairs and maintenance	478	463
Land and building maintenance costs	191	187
Utilities, rates and other services	777	619
Other administration costs	646	955
Insurance premiums and claims	633	953
Legal fees	461	272
Auditors' remuneration	453	328
Consultants' fees	3,899	1,843
Fleet	192	179
Membership fees	230	170
Environmental offsets	218	237
Community engagement and development costs	245	253
Expected credit loss on receivables	(71)	8
Low-value lease expenses	8	56
Total other expenses	**13,026**	**9,993**

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

3.5 Net finance costs

	2026 $'000	2025 $'000
Interest on bank deposits	319	304
Interest from Westpac (TCV 2019) investments	41	45
Other miscellaneous interest income	119	56
Interest on loans from Treasury Corporation of Victoria (TCV)	(12,101)	(10,780)
Financial accommodation levy	(3,915)	(4,191)
Net finance costs recognised in comprehensive operating statement	**(15,537)**	**(14,566)**

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

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

Finance costs include 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.

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

Notes to and forming part of the Financial Report for the year ended 30 June 2026

Note 4 Key Assets Available to Support Output Delivery

Introduction

The Corporation controls infrastructure and other assets that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources that have been entrusted to the Corporation to be utilised for delivery of those outputs.

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4.1 Infrastructure, property, plant and equipment

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

	Land	Buildings	Leasehold improvements	Water infrastructure	Wastewater infrastructure	Plant and equipment	Motor vehicles	Capital works in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Year ended 30 June 2026									
Balance at 1 July 2025									
Gross carrying amount	68,684	17,646	-	671,883	983,210	46,598	11,135	68,808	**1,867,964**
Accumulated depreciation	-	(1,598)	-	(45,614)	(77,489)	(18,885)	(4,221)	-	**(147,807)**
Opening net book amount - 1 July 2025	**68,684**	**16,048**	**-**	**626,269**	**905,721**	**27,713**	**6,914**	**68,808**	**1,720,157**
Additions [(i)]	-	-	-	2,668	8,937	-	-	57,528	**69,133**
Disposals	-	-	-	(316)	(515)	(3)	(787)	-	**(1,621)**
Transfer between asset classes	-	188		17,772	25,827	6,754	2,982	(53,523)	**-**
Revaluation [(ii)]	(1,513)	(412)	-	150,410	398,360	578	-	-	**547,423**
Impairment of assets	-	-	-	-	-	-	-	-	**-**
Depreciation charge	-	(907)	-	(23,337)	(40,198)	(3,723)	(1,589)	-	**(69,754)**
Closing net book amount	**67,171**	**14,917**	**-**	**773,466**	**1,298,132**	**31,319**	**7,520**	**72,813**	**2,265,338**
Total as at 30 June 2026 represented by:									
Gross book value	67,171	15,071	-	776,931	1,299,792	53,054	11,981	72,813	**2,296,813**
Accumulated depreciation	-	(154)	-	(3,465)	(1,660)	(21,735)	(4,461)	-	**(31,475)**
Net book value as at 30 June 2026	**67,171**	**14,917**	**-**	**773,466**	**1,298,132**	**31,319**	**7,520**	**72,813**	**2,265,338**

Notes:

(i) Additions for water and wastewater infrastructure reflect the owner cost works (transferred assets by developers)

(ii) Valuer-General Victoria (VGV) independent asset revaluation on infrastructure, land & buildings.

4.1.2 Initial recognition and subsequent measurement

Infrastructure, property, plant and equipment
Infrastructure, property, plant and equipment represent non-current physical assets comprising land, buildings, water, wastewater infrastructure, plant and equipment, used by the Corporation in its operations.

During construction the costs of new assets are recorded in capital work in progress accounts until the assets are completed and available for their intended use, at which point they are capitalised. Capital work in progress at the end of the reporting period is recognised as an asset in the balance sheet.

Items of infrastructure, property, plant and equipment, are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a machinery of government change are transferred at their carrying amount. 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).

Motor Vehicles
Vehicles are valued using the current replacement cost method. The Corporation acquires new vehicles and at times disposes of them before the end of their economic life. The process of acquisition, use and disposal in the market is managed by experienced fleet managers in the Corporation who set relevant depreciation rates during use to reflect the utilisation of the vehicles.

4.1.3 Revaluation of infrastructure, property, plant and equipment

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

In accordance with the requirements of FRD 103 The Corporation's land, buildings and infrastructure assets were formally valued by the VGV as at 30 June 2026.

4.1.4 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 Property Plant and Equipment, are offset against other assets in that class but are not offset against assets in different classes. An asset revaluation surplus is not transferred to accumulated funds on the derecognition 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.

Biological assets
An increase or decrease in the fair value of these biological assets is recognised in the comprehensive operating statement as an 'other economic flow.' The accounting treatment for biological assets is disclosed in Note 5.8.

4.1.5 Depreciation and impairment

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets that have finite useful lives, are depreciated. Where assets have separate identifiable components that have distinct useful lives and/or residual values, a separate depreciation rate is determined for each component.

Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life, commencing from the time the asset is held ready for use.

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)		
	Corporate	Water infrastructure	Wastewater infrastructure
Infrastructure			
Treatment cells and vessels		10 - 80	10 - 80
Control and instrumentation		5 - 10	5 - 10
Ducting and pipework		5 - 80	5 - 80
Electrical		5 - 25	5 - 25
Cathodic protection		20	20
Health and safety equipment		4 - 15	4 - 15
Mechanical plant		5 - 40	5 - 40
Pumps/blowers/fans		4 - 50	3 - 28
Storages		9 - 100	9 - 100
Lab equipment		7	7
Valves		9 - 30	9 - 30
Civil assets		9 - 150	9 – 150
Earth embankments		350	-
Bridge and headwall		50	50
Renewable energy		10 - 40	-
Other assets			
Motor vehicles	3 - 15		
IT equipment	1 - 17		
Plant and equipment	2 - 50		
Furniture and fittings	4 - 40		
Buildings	5 - 80		
Radio and telemetry equipment	3 - 50		

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 environment and climate-related emerging risks were taken into account when estimating the useful life of these assets.

Indefinite life assets
Land and land under declared roads which are considered to have an indefinite life, are not depreciated. Depreciation is not recognised in respect of these assets because their service potential has not, in any material sense, been consumed during the reporting period.

Impairment
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.

Exposure to climate-related matters could be an indicator that an asset (or a group of assets) is impaired. Whilst the potential risks and related opportunities from climate related change are considered as part of the Corporation's asset impairment review methodology and processes, based on what is currently known, it is not expected that climate risks will have a significant impact on our principal activities, particularly from an asset impairment standpoint.

4.1.6 Net gain/loss on disposal of non-current non-financial assets

The surplus/(deficit) from ordinary activities includes the following specific net gains and expenses:

	2026 $'000	2025 $'000
Proceeds from disposal of assets	638	914
Written down value (WDV) of assets disposed	(1,620)	(3,068)
Net gain/(loss) on disposal	**(982)**	**(2,154)**

4.2 Intangible assets

Intangible assets	Water entitlements	Software costs	Large generation certificates	Works in progress	Total
	$'000	$'000	$'000	$'000	$'000
Year ended 30 June 2025					
Opening net book amount - 1 July 2024	**14,490**	**3,064**	**381**	**338**	**18,273**
Additions		-	-	823	823
Disposals	-	-	-	-	-
Transfer between asset classes	-	179	-	(303)	(124)
Gain/(loss) on LGC spot price movement [(i)]	-	-	(211)	-	(211)
Amortisation	-	(809)	-	-	(809)
Closing net book amount	**14,490**	**2,434**	**170**	**858**	**17,952**
Total as at 30 June 2025 represented by:					
Cost	14,490	7,378	170	858	22,896
Accumulated amortisation	-	(4,944)	-	-	(4,944)
Net book value as at 30 June 2025	**14,490**	**2,434**	**170**	**858**	**17,952**
Year ended 30 June 2026					
Balance at 1 July 2025					
Cost at fair value	14,490	7,378	170	858	22,896
Accumulated amortisation	-	(4,944)	-	-	(4,944)
Opening net book amount - 1 July 2025	**14,490**	**2,434**	**170**	**858**	**17,952**
Additions	-			2,848	2,848
Disposals	-		-	-	-
Transfer between asset classes	-	13		(13)	-
Gain/(loss) on LGC spot price movement[(i)]	-	-	(107)	-	(107)
Amortisation	-	(709)	-	-	(709)
Closing net book amount	**14,490**	**1,738**	**63**	**3,693**	**19,984**
Total as at 30 June 2026 represented by:					
Cost	14,490	7,391	63	3,693	25,637
Accumulated amortisation	-	(5,653)	-	-	(5,653)
Net book value as at 30 June 2026	**14,490**	**1,738**	**63**	**3,693**	**19,984**

Notes:

(i) Large Generation Certificate's (LGCs) are being carried at Fair Value – this is different to the rest of the accounting policies for intangibles.

Recognition and measurement

Intangible assets represent identifiable non-monetary assets without physical substance.

Purchased intangible assets are initially recognised at cost. When the recognition criteria in AASB 138 *Intangible Assets* is met, internally generated intangible assets are recognised at cost.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- 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 intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets with indefinite useful lives are not amortised. However, all intangible assets are assessed for impairment annually as outlined below.

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. The amortisation periods are reviewed and adjusted if appropriate at each balance date. Intangible assets with indefinite useful lives are not amortised.

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. Intangible assets with finite useful lives are tested for impairment whenever an indication of impairment is identified.

The policy in connection with testing for impairment is outlined in section 4.1.4.

A summary of the policies applied to our intangible assets is as follows:

	Computer software	Water entitlements	Large generation certificates
Useful lives	1 – 10 years	Indefinite	Indefinite
Amortisation method used	Straight-line	Not amortised or revalued	Not amortised and revalued each quarter based on market spot price.
Internally generated/acquired	Internally generated and acquired	Acquired	Internally generated
Impairment test/Recoverable amount testing	Annually and where an indicator of impairment exists	Annually and where an indicator of impairment exists	Quarterly and where an indicator of impairment exists

Permanent water entitlements
Permanent water entitlements (Bulk water entitlement in Blue Rock Lake and Greater Yarra system – Thomson River Pool) acquired after 1 July 2013 are recognised as an intangible asset on the Balance Sheet at cost (in accordance with AASB 138 *Intangible Assets* and FRD 109 Intangible Assets), and will not be subject to amortisation, as the permanent water entitlements have an indefinite life. Permanent water entitlements purchased after 1 July 2013 will be tested annually for impairment. Bulk permanent water entitlements prior to 1 July 2013 are not recorded on the Balance Sheet as an intangible asset, as they cannot be reliably measured.

Computer software
Costs incurred for the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of and recognition criteria for an intangible asset are recognised as intangible software assets.

Large generation certificates

Large generation certificates are recognised as an intangible asset on the Balance Sheet at fair value in accordance with AASB 138 *Intangible Assets*, and will not be subject to amortisation, as the Large-scale Generation Certificates have an indefinite life.

Notes to and forming part of the Financial Report for the year ended 30 June 2026

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.

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5.1 Receivables

	2026 $'000	2025 $'000
Current		
Contractual		
Private schemes unmatured capital	91	91
Services and usage charges	17,834	17,170
Allowance for expected credit losses	(919)	(990)
GST input tax credit recoverable	1,552	1,260
Total current receivables	**18,558**	**17,531**
Non-current		
Contractual		
Private schemes unmatured capital	517	563
Total non-current receivables	**517**	**563**
Total receivables	**19,075**	**18,094**

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 any impairment.

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

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

5.1.1 Impairment of contractual receivables

Contractual receivables at amortised cost
The Corporation applies the AASB 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for contractual receivables. The Corporation has grouped contractual receivables - service and usage charges 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, including consideration of the impact of the macroeconomic market conditions might have on the ability of customers to make payments of their water bills.

Credit loss allowance is classified as other economic flows in the net result. 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 a 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 in the current year.

5.2 Contract asset

	2026 $'000	2025 $'000
Service and usage charges	6,167	5,858
Other	2,585	898
Total contract assets	**8,752**	**6,756**
Represented by		
Current contract assets	8,752	6,756

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 meter reads completed by contractors and is not billable at this stage. The works are expected to be completed and recovered early next year.

Contract asset	Description	Recognition
Contract assets - Accrued revenue	Accrued revenue is recognised for water and wastewater (residential and non-residential customers) usage as well as other works and services that have been provided to customers at balance date but not yet billed.	Usage charges are all recognised as revenue when the service or other goods have been provided. The contract assets are transferred to contractual receivables when the rights become unconditional. This usually occurs when the Corporation issues a bill to the customer.

5.3 Trade and other payables

	2026 $'000	2025 $'000
Current		
Contractual		
Trade creditors	98	39
Sundry creditors	290	-
Accrued expenses	14,158	15,142
Security deposits	1,661	1,919
Retentions	934	750
Unclaimed monies	2	-
Other	68	37
Total	**17,211**	**17,887**
Statutory		
GST payable	155	162
Other government payables	149	121
Total	**304**	**283**
Total current payables	**17,515**	**18,170**
Non-current		
Contractual		
Total non-current payables	**-**	**-**
Total trade and other payables	**17,515**	**18,170**

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.

To support the local economy, we have continued with the settlement of all approved invoices within 5-10 business days.

5.4 Contract liabilities

	2026 $'000	2025 $'000
Customers paid in advance	6,532	6,071
Total contract liabilities	**6,532**	**6,071**
Represented by		
Current contract liabilities	6,532	6,071

The contract liabilities primarily relate to customer payments 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.

Contract liabilities	Description	Recognition
Contract liabilities relating to service usage charges - Customers paid in advance	Payments received in advance of the provision of goods or services or performance obligation yet to be performed by the Corporation to settle the terms of receipt of income. This relates to residential customer payments made prior to billing	Recognised as revenue, once the corporation has performed the performance obligations associated with the payments.

5.5 Inventories

	2026 $'000	2025 $'000
Current		
Stores and consumables - at cost		
Raw materials	4,893	4,259
Total current inventories	**4,893**	**4,259**
Total inventories	**4,893**	**4,259**

These inventories are held for consumption in the ordinary course of business operations and 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.

5.6 Other non-financial assets

	2026 $'000	2025 $'000
Current		
Prepayments	1,835	1,449
Total current other non-financial assets	**1,835**	**1,449**
Non-current		
Total non-current other non-financial assets	**-**	**-**
Total other non-financial assets	**1,835**	**1,449**

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

5.7 Other provisions

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

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using a discount rate that reflects the time value of money and risks specific to the provision. When some or all of the economic benefits required to settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received, and the amount of the receivable can be measured reliably.

Dutson Downs rehabilitation provisions
The Corporation operates a prescribed waste treatment and storage facility at its Dutson Downs property. Historically, the 350ha site was established in order to dispose of prescribed wastes using landfill technology. The facility is approved by the Environment Protection Authority (EPA) for this purpose due to its large buffer distances, its thick clay overlays and its well-developed management practices.

Two provisions have been established to recognise the future rehabilitation costs associated with this site:

Bioremediation pond rehabilitation
On 30 June 2008 the Bioremediation Pond ceased operating. The Corporation recognised through the establishment of a provision, the liability for the rehabilitation of the Bioremediation Pond. The provision is reviewed each year to ensure that it is of sufficient value to cover the actual cost associated with the final rehabilitation of the site. A hydrological assessment was undertaken in June 2019, and further assessments and reviews were completed in subsequent years. Additional investigation and data gathering works have been undertaken during the 2025-26 year, and the provision was decreased to $9.25m for 30 June 2026 (2025: $9.45m). The provision will continue to be reviewed on an annual basis in light of the data obtained from ongoing investigation works.

Landfill site rehabilitation
The Corporation operates an EPA licenced landfill for the disposal of inorganic waste. This provision recognises the final restoration cost to close and restore the landfill site. Based upon current utilisation management, recent survey data and re-design of the rehabilitation cap, the landfill has an estimated remaining life of 4-5 years (2030-31). This provision is reviewed annually to ensure it adequately covers the rehabilitation costs and satisfies any current environmental regulations prevailing at the end of reporting period. A rehabilitation plan is required to be developed and will be approved by an EPA appointed auditor.

5.7.1 Reconciliation of movement in other provisions

	Bioremediation pond rehabilitation $'000	Landfill site rehabilitation $'000	Total $'000
Opening balance as at 1 July 2024	5,274	748	6,022
Additional provisions recognised	4,182	(46)	4,136
Carrying amount as at 30 June 2025	**9,456**	**702**	**10,158**
Opening balance as at 1 July 2025	9,456	702	10,158
Additional provisions recognised	(200)	(8)	(208)
Carrying amount as at 30 June 2026	**9,256**	**694**	**9,950**

5.8 Biological Assets

The Corporation holds various biological assets that are recognised in its Balance Sheet. These assets are detailed in the table below.

	2026 $'000	2025 $'000
Total current biological assets		
Crops and fodder (CA1) and livestock (CA2)	1,782	1,550
Total non-current biological assets		
Plantations (NCA1) and livestock (NCA2)	2,598	2,666

Asset	Description
Crops	Cereal, forage and legumes stored on site at the Corporation's various farming properties.
Plantations	Forests established through planting of seedlings at specified spacings, following intensive site preparation.
Livestock	Heifers, steers, cows and bulls located at the Corporation's various farming properties

Recognition

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 Fair value determination for fair value disclosures.

Valuation

Livestock

Fair value for livestock is based on relevant market indicators, including store cattle prices, abattoir market prices and cattle prices received/quoted for the Corporation's cattle at reporting date. Prices for cattle generally reflect the shorter term spot prices available in the market and vary depending on the weight and condition of animals.

Any net increment and decrement in market value in the reporting year is recognised in the Comprehensive Operating Statement. Chris Stanley Livestock of Woori Yallock completed an independent valuation of livestock as at 30 June 2026 and previously at 30 June 2025.

Plantations

Plantations are recognised at fair value less estimated costs to sell.

Plantations have been independently valued based on expected volumes of merchantable timber that could be obtained from existing stands given current management strategies. The cost of growing the trees has been included in the assessment of net cash flows. Costs associated with the land on which the plantations are grown are rates, land tax and other related costs.

Independent Forester, Certified Practicing Valuers completed an independent valuation of the plantations at 30 June 2026 and 30 June 2025.

Any net increment and decrement in market value in the reporting year is recognised in the Comprehensive Operating Statement after allowing for the costs of acquiring and planting the trees.

Crops

The value of crops has been verified by reference to established market prices. These values are determined having regard to prevailing seasonal conditions in Gippsland and in other recipient markets for each category of produce.

5.8.1 Crops and plantations

		Quantities		Carrying amount	
Biological asset	Measurement basis	2026	2025	2026 $'000	2025 $'000
Consumable assets					
Mature assets					
Fodder					
Silage	Bales	492	304	50	61
Cereal and legume silage	Tonnes	4,900	4,100	74	205
Hay	Bales	1,684	482	183	92
Crops					
Feed mixed grain	Tonnes	-	45	-	15
Total consumable assets (CA1)		**7,076**	**4,931**	**307**	**373**
Non-bearer assets					
Immature assets (plantation)					
Softwood pinus radiata	Hectares	518	446	658	774
Total non-bearer assets (NCA1)		**518**	**446**	**658**	**774**

5.8.2 Livestock

Biological asset	Measurement basis	Quantities 2026	Quantities 2025	Carrying amount 2026 $'000	Carrying amount 2025 $'000
Consumable assets					
Immature assets					
Mixed sex calves and weaners	Headcount	797	849	1,275	1,025
Mature assets					
Bullocks/steers	Headcount	118	117	200	152
Total consumable assets (CA2)		**915**	**966**	**1,475**	**1,177**
Bearer assets					
Immature assets					
Heifers	Headcount	-	140	-	280
Mature assets					
Cows and bulls	Headcount	806	769	1,940	1,612
Total bearer assets (NCA2)		**806**	**909**	**1,940**	**1,892**

5.8.3 Reconciliation of movement in carrying amounts

	2026 $'000	2025 $'000
Opening net book amount	4,216	4,515
Increases due to:		
Purchases	458	-
Natural increase	970	1,213
Movement in crops	-	-
Fair value increase - livestock and plantations	510	30
Decreases attributable to:		
Sales	(1,551)	(1,109)
Deaths	(42)	(58)
Movement in crops	-	(198)
Fair value decrease - livestock and plantations	(181)	(177)
Closing net book amount	**4,380**	**4,216**

5.8.4 Cost of biological assets sold

	2026 $'000	2025 $'000
Cost of biological assets sold - livestock	1,551	1,109
Total cost of biological assets sold	**1,551**	**1,109**

Notes to and forming part of the Financial Report for the year ended 30 June 2026

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). Notes 7.1 provide additional, specific financial instrument disclosures.

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6.1 Interest bearing liabilities

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.

The Corporation has classified borrowings which mature within 12 months ($40,000,000) as non-current liabilities on the basis that the Corporation will and has discretion to refinance or rollover these loans with the Treasury Corporation of Victoria (TCV), pursuant to section 8 of *the Borrowings and Investment Powers Act 1987*.

Borrowings known as 11AM Account are classified as current interest bearing liabilities.

	2026 $'000	2025 $'000
Current interest-bearing liabilities		
Loans from Treasury Corporation of Victoria (TCV)	12,500	59,500
Total current interest-bearing liabilities	**12,500**	**59,500**
Non-current interest-bearing liabilities		
Loans from Treasury Corporation of Victoria (TCV)	365,000	300,000
Total non-current interest-bearing liabilities	**365,000**	**300,000**
Total interest-bearing liabilities	**377,500**	**359,500**

6.1.1 Maturity of borrowings

			Maturity dates				
	Carrying amount $'000	Nominal amount $'000	Less than 1 month $'000	1 - 3 months $'000	3 months - 1 year $'000	1 - 5 years $'000	5+ years $'000
30 June 2026							
Loans from TCV	377,500	-	12,500	-	40,000	160,000	165,000
Total	**377,500**	**-**	**12,500**	**-**	**40,000**	**160,000**	**165,000**
30 June 2025							
Loans from TCV	359,500		59,500	-	40,000	160,000	100,000
Total	**359,500**	**-**	**59,500**	**-**	**40,000**	**160,000**	**100,000**

6.2 Cash flow information and balances

Cash and deposits, including cash equivalents, comprises of 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.

	2026 $'000	2025 $'000
Cash at bank	16,827	13,252
Balance as per cash flow statement	**16,827**	**13,252**

6.3 Commitments for expenditure

Commitments for future expenditure include operating and capital commitments arising from contracts.

These commitments are recorded below at their nominal value and inclusive of GST. Where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

6.3.1 Total commitments payable

	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
	$'000	$'000	$'000	$'000
Nominal Amounts 2026				
Capital expenditure commitments payable	27,799	5,708	-	33,507
Environmental contribution levy commitments	6,957	6,957	-	13,914
Short-term and low value lease payments	65	325	195	585
Other commitments payable	1,326	-	-	1,326
Total commitments (inclusive of GST)	**36,147**	**12,990**	**195**	**49,332**
Less GST recoverable	2,527	519	-	3,046
Total commitments (exclusive of GST)	**33,620**	**12,471**	**195**	**46,286**
Nominal Amounts 2025				
Capital expenditure commitments payable	11,302	-	-	11,302
Environmental contribution levy commitments	6,957	13,913	-	20,870
Short-term and low value lease payments	65	325	260	650
Other commitments payable	2,198	-	-	2,198
Total commitments (inclusive of GST)	**20,522**	**14,238**	**260**	**35,020**
Less GST recoverable	1,027	-	-	1,027
Total commitments (exclusive of GST)	**19,495**	**14,238**	**260**	**33,993**

Notes to and forming part of the Financial Report for the year ended 30 June 2026

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 higher level of judgement to be applied, which for the Corporation related mainly to fair value determination.

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7.1 Financial instruments specific disclosures

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. These financial instruments include:

Financial assets	Financial liabilities
Cash and deposits Receivables: • Service and usage charges • other receivables	Payables: • contractual payables (e.g. trade creditors, accrued expenses, and other expenses) Interest bearing liabilities: • Loans from TCV

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: • Cash and deposits; • service and usage charges; and • other receivables	Fair value plus or minus any directly attributable transaction costs	Amortised cost only using the effective interest rate method less impairment if both of the following criteria are met: • 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 instrument	Initial measurement	Subsequent measurement
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; or • gain or loss on derecognition.

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

All financial assets and financial liabilities of the Corporation are measured at amortised cost in line with AASB 9 *Financial Instruments*.

2026	Notes	Cash and deposits $'000	Financial assets at amortised cost (AC) $'000	Financial liabilities at amortised cost (AC) $'000	Total $'000
Contractual financial assets					
Cash and deposits	6.2	16,827	-	-	16,827
Receivables[(i)]					
Private schemes unmatured capital	5.1	-	608	-	608
Services and usage charges	5.1	-	16,915	-	16,915
Investments and other contractual financial assets					
Westpac investment deposit - environmental bond		-	1,000	-	1,000
Other		-	-	-	-
Total contractual financial assets		**16,827**	**18,523**	**-**	**35,350**
Contractual financial liabilities					
Payables					
Trade creditors	5.3	-	-	98	98
Sundry creditors	5.3	-	-	290	290
Accrued expenses	5.3	-	-	14,158	14,158
Other	5.3	-	-	2,665	2,665
Borrowings					
Loans from Treasury Corporation of Victoria (TCV)	6.1	-	-	377,500	377,500
Total contractual financial liabilities		**-**	**-**	**394,711**	**394,711**

(i) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable and taxes payable).

2025	Notes	Cash and deposits $'000	Financial assets at amortised cost (AC) $'000	Financial liabilities at amortised cost (AC) $'000	Total $'000
Contractual financial assets					
Cash and deposits	6.2	13,252	-	-	13,252
Receivables[(i)]					
Private schemes unmatured capital	5.1	-	654	-	654
Services and usage charges	5.1	-	16,180	-	16,180
Investments and other contractual financial assets					
Westpac investment deposit - environmental bond		-	1,000	-	1,000
Other		-	(1)	-	(1)
Total contractual financial assets		**13,252**	**17,833**	**-**	**31,085**

Contractual financial liabilities					
Payables					
Trade creditors	5.3	-	-	39	39
Accrued expenses	5.3	-	-	16,236	16,236
Other	5.3	-	-	2,706	2,706
Borrowings					
Loans from Treasury Corporation of Victoria (TCV)	6.1	-	-	359,500	359,500
Total contractual financial liabilities		**-**	**-**	**378,481**	**378,481**

(i) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable and taxes payable).

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

2026	Net holding gain / (loss)	Total interest income / (expense)	Fee income / (expense)	Impairment loss	Total
	$'000	$'000	$'000	$'000	$'000
Contractual financial assets					
Financial assets at amortised cost - other than on derecognition	-	479	-	-	479
Total contractual financial assets	**-**	**479**	**-**	**-**	**479**
Contractual financial liabilities					
Financial liabilities at amortised cost	-	16,016	-	-	16,016
Total contractual financial liabilities	**-**	**16,016**	**-**	**-**	**16,016**

2025	Net holding gain / (loss)	Total interest income / (expense)	Fee income / (expense)	Impairment loss	Total
	$'000	$'000	$'000	$'000	$'000
Financial assets at amortised cost - other than on derecognition	-	405	-	-	405
Total contractual financial assets	**-**	**405**	**-**	**-**	**405**
Contractual financial liabilities					
Financial liabilities at amortised cost	-	14,971	-	-	14,971
Total contractual financial liabilities	**-**	**14,971**	**-**	**-**	**14,971**

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. As at 30 June 2026, the Corporation does not hold any contingent assets or liabilities.

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.

Contingent liabilities
Contingent liabilities are:

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

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.
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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: Non-financial physical assets

AASB 2022-10 *Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities* amended AASB 13 *Fair Value Measurement* by adding Appendix F *Australian implementation guidance for not-for-profit public sector entities*. Appendix F explains and illustrates the application of the principles in AASB 13 on developing unobservable inputs and the application of the cost approach. These clarifications are mandatorily applicable annual reporting periods beginning on or after 1 January 2024. FRD 103 permits Victorian public sector entities to apply Appendix F of AASB 13 in their next scheduled formal asset revaluation or interim revaluation process (whichever is earlier). Appendix F has been applied in our formal revaluation which has occurred in the current financial year.

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

7.3.2 Non-specialised land and non-specialised buildings

Non-specialised land and non-specialised buildings are valued using the market approach, whereby assets are
compared to recent comparable sales or sales of comparable assets that are considered to have nominal value.
An independent valuation was performed by Opteon Property Group to determine fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location
and other relevant factors specific to the asset being valued. From this analysis, an appropriate rate per square
metre has been applied to the subject asset. The effective date of the valuation is 30 June 2026.

7.3.3 Specialised land and specialised buildings

The market approach is also used for specialised land, although is adjusted for the Community Service Obligation (CSO) to reflect the specialised nature of the land being valued.

The CSO adjustment is a reflection of the Valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement and takes into account the use of the asset that is physically possible, legally permissible, and financially feasible. As adjustments of CSO are considered as significant unobservable inputs, specialised land would be classified as Level 3 assets.

For the majority of the Corporation's specialised buildings, the current replacement cost method is used, adjusting for the associated depreciations. As depreciation adjustments are considered as significant, unobservable inputs in nature, specialised buildings are classified as Level 3 fair value measurements.

An independent valuation of the Corporation's specialised land and specialised buildings was performed by the Valuer General Victoria (VGV). The effective date of the valuation is 30 June 2026.

7.3.4 Plant and equipment

Plant and equipment are held at fair value. When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the current replacement cost method.

7.3.5 Water and wastewater infrastructure assets

Water and wastewater infrastructure assets are valued using the current replacement cost of the assets' service capacity, less accumulated depreciation and any applicable physical, functional, technological or economic obsolescence.

Key assumptions applied in determining current replacement cost include:

- replacement with modern equivalent assets providing equivalent service capacity
- current construction costs under standard construction conditions
- asset-specific characteristics, including asset type, size, capacity, location and installation requirements
- site preparation, installation, commissioning and reinstatement costs
- remaining useful lives, asset condition assessments and remaining service potential.

An independent valuation of the Corporation's water and wastewater infrastructure was undertaken by Herron Todd White on behalf of the Valuer-General Victoria, with an effective valuation date of 30 June 2026.

These assets are classified as Level 3 in the fair value hierarchy because the significant inputs applied in determining their fair value are unobservable.

7.3.6 Biological assets

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. Further information on how the Corporation determines fair value for these assets can be found in Note 5.8.2.

Notes to and forming part of the Financial Report for the year ended 30 June 2026

Note 8 Statutory Obligations

Introduction

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

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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 30%, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Revision to tax treatment of Developer Contributed Assets

During 2025-26, the Corporation completed a review of the income tax treatment of developer contributed assets (DCAs) following guidance received from the Australian Taxation Office (ATO) under a Tailored Compliance Engagement (TCE). Under the agreed treatment, DCAs are no longer assessable as taxable income when received and, as a result, no tax depreciation deductions are available for those assets. Previously, DCAs were recognised as assessable income and included in the tax fixed asset register.

As the Corporation has historically been in a tax loss position, the Commissioner of Taxation has agreed to the retrospective application of the revised treatment. The cumulative impact of applying the revised treatment to prior years of $165 million has been recognised in the current year through an increase in carried forward tax losses, which will be reflected in the Corporation's 2025-26 income tax return.
The review identified that sufficient records were available to support the revised treatment for DCAs received since 2002-03. The Corporation has therefore recalculated the tax impact of these assets and amended its carried forward tax losses to reflect the removal of DCA income together with the reversal of related tax depreciation deductions.

The revised treatment does not give rise to additional current income tax payable and has resulted in an increase in carried forward tax losses. However, as DCAs have a carrying value for accounting purposes but a nil tax base, a taxable temporary difference arises, resulting in the recognition of deferred tax liabilities. These deferred tax liabilities will unwind over the remaining useful lives of the associated assets and be recognised through deferred tax income.

The income tax expense for the financial year differs from the amount calculated on the net result. The differences are reconciled as follows:

	Notes	2026 $'000		2025 $'000
(a) Income statement				
Current income tax expense		(6,620)		(634)
Income tax reported in the Income Statement		**(6,620)**		**(634)**
(b) Statement of changes in equity				
Net deferred tax - debited/(credited) directly to equity	8.1.2	167,705		-
Income tax reported in equity		**167,705**		**-**
(c) Tax reconciliation				
Profit from continuing operations before income tax expense		(10,852)		(2,120)
Tax at the Australian tax rate of 30.0% (2025 - 30.0%)		(3,254)		(634)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		114		-
Changes for developer contributions		(3,482)		-
(Over)/under provision in previous year		2		-
Income tax on profit before tax		**(6,620)**	**-**	**(634)**
(d) Tax expense (income relating to items of other comprehensive income)				
Gain/(loss) on revaluations of infrastructure, property, plant and equipment		(167,705)		

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

	Notes	2026 $'000	2025 $'000
Amounts recognised in Comprehensive Operating Statement			
Provisions and accrued expenditure not deductible		7,257	6,875
Other		114	144
Tax losses		49,598	4,966
Total deferred tax assets		**56,969**	**11,985**
Movements:			
Opening balance at 1 July		11,985	22,582
Amounts restated through opening retained earnings			
Credited/(debited):			
to the Comprehensive operating statement		5	5
to other comprehensive income	8.1.1	-	-
Tax losses		44,979	(10,602)
Closing balance at 30 June		**56,969**	**11,985**
Deferred tax asset expected to be recovered after more than 12 months		56,969	11,985
Closing balance at 30 June		**56,969**	**11,985**

Deferred tax liabilities

	2026 $'000	2025 $'000
Depreciation	236,030	26,987
Other deferred tax liabilities	(19)	51
Amounts recognised directly in equity		
Revaluation of infrastructure, property, plant and equipment	234,456	237,359
Total deferred tax liabilities	**470,467**	**264,397**
Movements:		
Opening balance at 1 July	264,397	275,629
Credited/(debited):		
to the comprehensive operating statement	38,365	(11,232)
to equity	167,705	-
Closing balance at 30 June	**470,467**	**264,397**
Deferred tax liabilities expected to be settled after more than 12 months	470,467	264,397
Closing balance at 30 June	**470,467**	**264,397**
Total net deferred tax asset/(liability)	**(413,498)**	**(252,412)**

Notes to and forming part of the Financial Report for the year ended 30 June 2026

Note 9 Other Disclosures

Introduction

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

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9.1 Events occurring after the balance date

After balance date the government called for The COVID Debt Repayment Plan – Efficiency Savings for Water Corporations payment of $2.670M for the 2025-26 year this is due to be paid in September 2026 by a capital repatriation.

9.2 Responsible persons

In accordance with the Ministerial Directions issued by the Minister of 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 Gippsland Water are as follows:

Name	Title	Period of appointment
The Hon. Gayle Tierney MP	Minister for Water	1 July 2025 – 14 April 2026
The Hon. Harriet Shing MP	Minister for Water	15 April 2026 – 30 June 2026
Board members		
Tom Mollenkopf	Board Chair	1 July 2025 – 30 June 2026
Shara Teo	Board Deputy Chair	1 July 2025 – 30 June 2026
Jo Benvenuti	Board Member	1 July 2025 – 30 September 2025
Christopher Badger	Board Member	1 July 2025 – 30 September 2025
Katrina Lai	Board Member	1 July 2025 – 30 June 2026
Penelope Hutchinson	Board Member	1 July 2025 – 30 June 2026
Felix Ohle	Board Member	1 July 2025 – 30 June 2026
Jenny Selway	Board Member	1 July 2025 – 30 June 2026
Katie Wyatt	Board Member	1 July 2025 – 30 June 2026
Kellie O'Calligan	Board Member	1 October 2025 – 30 June 2026
Sam Muir	Board Member	1 October 2025 – 30 June 2026
Sarah Cumming (Managing Director)	Board Member	1 July 2025 – 30 June 2026

9.2.1 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 Corporation directly or indirectly, during the financial year.

Compensation of key management personnel	2026 $'000	2025 $'000
Short-term employee benefits	784	773
Post-employment benefits	70	67
Total remuneration	**854**	**841**

9.3 Remuneration of executives

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

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, superannuation, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

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

Other long-term benefits include long service leave, other long-service benefit or deferred compensation. Termination benefits include termination of employment payments, such as severance packages.

	2026 $'000	2025 $'000
Short-term employee benefits	1,572	1,692
Post-employment benefits	184	192
Total remuneration	**1,756**	**1,884**
Total number of executives	6	8
Total annualised employee equivalents	6	7

9.4 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 ventures and entities they have significant influence over);
- all Cabinet Ministers and their close family members; and
- all departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

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

9.4.1 Significant transactions with government-related entities

We received funding and made payments of $12.2 million (2025: $12.1 million) and $26.9 million (2025: $24.1 million) respectively to government related entities.

During the year, we had the following government-related entity transactions:

9.4.2 Government-related entity receipts

Entity name	Brief description of main activity	2026 $'000	2025 $'000
Department of Families, Fairness and Housing	Refund of concession rebates	7,247	7,641
Department of Families, Fairness and Housing	Payment of fixed charge on properties	2,864	2,861
State Revenue Office	Refund of charities rebates	264	269
Latrobe Regional Hospital	Rates and charges	637	422
West Gippsland Hospital	Rates and charges	360	195
Central Gippsland Health Service	Rates and charges	286	-
Department of Defence	Water and wastewater services	518	686
Department of Energy, Environment and Climate Action	Rates and charges	16	23
Total revenue		**12,192**	**12,097**

9.4.3 Government-related entity receivables

Entity name	Brief description of main activity	2026 $'000	2025 $'000
Department of Families, Fairness and Housing	Refund of concession rebates	-	478
Department of Families, Fairness and Housing	Payment of fixed charge on properties	177	111
Total revenue		**177**	**589**

9.4.4 Government-related entity payments

Entity name	Brief description of main activity	2026 $'000	2025 $'000
Treasury Corporation Victoria	Interest on borrowings	11,005	9,447
Department of Energy, Environment and Climate Action	Environmental contribution	6,965	6,957
Department of Energy, Environment and Climate Action	Other	131	138
Department of Energy, Environment and Climate Action	State Efficiency Saving	1,784	892
Department of Treasury and Finance	Financial accommodation levy	3,996	4,108
Southern Rural Water	Storage management and recreation facilities fees	999	810
Environment Protection Authority	Licence fees and levies	380	188
South East Water Limited	Tarago water usage	50	-
Vic Roads	Registration fees	139	138
Melbourne Water	Water availability charges	1,478	1,425
Total expenses		**26,927**	**24,103**

9.4.5 Government-related entity payables

At 30 June 2026 there were no Government-related Entity Payables.

9.4.6 Transactions with key management personnel and other related parties

Given the breadth and depth of the Corporation's activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occurs 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.

9.5 Remuneration of auditors

	2026 $'000	2025 $'000
Victorian Auditor-General's Office		
Audit or review of the financial statements and performance statement	225	185
Other services[(i)]		
Internal audit - Aster Advisory	133	117
Other non-audit services	95	26
Total remuneration of auditors	**453**	**328**

(i) The Victorian Auditor-General's Office is prohibited from providing non-audit services

9.6 Ex-gratia expenses

	2026 $	2025 $
Forgiveness or wavier of debt	312	193
Property damage payments	27	40
Total ex-gratia expense	**339**	**233**

Ex gratia expenses are the voluntary payments of money or other non-monetary benefit (e.g. a write off) that is not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability of or claim against the entity.

Forgiveness or waiver of debt

Forgiveness or waiver of debt is where the Corporation has made a commercial decision to no longer pursue customers who have a debt with us. This will generally be after having exhausted all avenues of debt collection, where it is no longer commercially viable to pursue and is subject to sign-off at General Manager level. Individual amounts are typically less than $1,000.

The increase in forgiveness or wavier of debt during the 2026 financial year has been driven by renewed debt recovery activity that has improved the identification of unrecoverable accounts. Enhanced collection efforts, including field visits and customer tracing, have enabled more accurate classification and write-off of unlocatable customers in line with business rules.

Property damage payments

Property damage payments include contributions to owners who have experienced property damage due to unforeseen events such as a sewerage spill. Property damage payments in 2025-26 included no claims associated with a major treated sewer overflow or a major water overflow (2025: $nil and $nil). Where incurred, these costs have been included in administration expenses in the comprehensive operating statement.

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 2025-26 reporting period. These standards are not expected to have any significant impact on the Corporation and thus have not been included.

Central Gippsland Regional Water

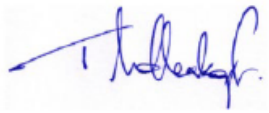
Statutory Certification

We certify that the attached financial statements for the Central Gippsland Region Water Corporation have been prepared in accordance with Direction 5.2 of the Standing Directions of the Minister of Finance under the *Financial Management Act 1994* (Vic), applicable Financial Reporting Directions, Australian Accounting Standards, 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 the financial position of the Corporation as at 30 June 2026.

At the time of signing, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 21 September 2026.



Tom Mollenkopf
Board Chair
Central Gippsland Region Water Corporation



Sarah Cumming
Managing Director
Central Gippsland Region Water Corporation



Leanne Williams
Chief Financial Officer
Central Gippsland Region Water Corporation

Dated 21 September 2026

Central Gippsland Region Water Corporation

Financial Management Compliance Attestation Statement

I, Tom Mollenkopf, on behalf of the Responsible Body, certify that Central Gippsland Region Water Corporation has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and instructions.



Tom Mollenkopf AO

Board Chair

Central Gippsland Region Water Corporation

Dated 21 September 2026

VAGO Attestation

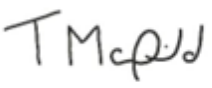
Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of Central Gippsland Region Water Corporation

Opinion	I have audited the financial report of Central Gippsland Region Water Corporation (the corporation) which comprises the: • balance sheet as at 30 June 2026 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including material accounting policy information • statutory certification. 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 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 the 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.

Auditor's responsibilities for the audit of the financial report	As required by the *Audit Act 1994,* my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report. As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also: • identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. • obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the corporation's internal control • evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board • conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the corporation to cease to continue as a going concern. • evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation. I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



MELBOURNE
29 September 2026

Timothy Maxfield
as delegate for the Auditor-General of Victoria

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Glossary

	Term	Definition
B	BAU	Business as usual
	Biosolids	Organic solids and minerals that accumulate as a final product of wastewater treatment processes, and have been stabilised through treatment or long-term storage.
C	Catchment	The area drained by a stream, lake or other body of water. Frequently referred to as the area used to feed water into reservoirs, dams, and water courses.
	CO2 equivalent	A variety of atmospheric gas compounds, collectively known as greenhouse gases. As each component has a different level of impact on the environment, greenhouse gas emissions are converted to CO2 equivalents, which is the concentration of carbon dioxide (CO2) that would contribute an equivalent degree of impact as the total amount of greenhouse gases emitted.
	Corporate Plan	Our rolling five-year plan, updated annually.
	CPI	Consumer Price Index
D	DEECA	Department of Energy, Environment and Climate Action
	DTF	Department of Treasury and Finance
E	EPA	Environment Protection Authority
	ESC	Essential Services Commission
	EWOV	Energy and Water Ombudsman Victoria
F	FOI	Freedom of Information
	FRD	Financial Reporting Direction - a financial reporting direction issued by the Department of Treasury and Finance, on behalf of the Minister for Finance under the Financial Management Act 1994 (Vic).
G	Gigalitre (GL)	One billion litres
	GLaWAC	Gunaikurnai Land and Waters Aboriginal Corporation
	GRA	Gippsland Regional Agribusiness
	GRO	Gippsland Regional Organics
	Groundwater	Groundwater is fresh water that collects below the surface of the earth.
	GWF	Gippsland Water Factory
I	IBAC	Independent Broad-based Anti-corruption Commission Victoria
	ICT	Information Communication and Technology
	IWM	Integrated Water Management Framework - A Victorian government initiative to help government, the water sector, and the community work together to better plan, manage and deliver water in Victoria's towns and cities.
K	KPI	Key Performance Indicator
	Kilolitres (kL)	1,000 litres
L	LoE	Letter of Expectations - The Victorian Minister for Water's expectations of water corporations for the business planning year, outlining policy areas that the Minister expects water corporations to focus on for performance improvement.

	Term	Definition
	LTIFR	Lost Time Injury Frequency Rate
M	Megalitres (ML)	1 million litres
	M	Million
	MRD	Ministerial Reporting Direction - a Ministerial reporting direction issued by the Department of Treasury and Finance under the Financial Management Act 1994 (Vic).
N	NAIDOC	National Aboriginal and Islanders Day Observance Committee Week - celebrating the history, culture and achievements of Aboriginal and Torres Strait Islander people.
O	Ocean outfall	A pipeline that carries effluent to the ocean where it is dispersed and diluted. Gippsland Water's two ocean outfalls are strictly monitored in accordance with EPA licence regulations to ensure water quality.
	OHS	Occupational health and safety
P	Price Submission	Our current five-year plan for the period 2023-28. The plan outlines our customer values, the price we intend to charge our customers for water and wastewater services, the projects we plan to deliver, and the introduction of enhanced guaranteed service levels.
R	Regional Outfall System (ROS)	The ROS pipeline transports approximately 50 per cent of central Gippsland's wastewater to the Dutson Downs wastewater treatment facility.
S	Saline Wastewater Outfall Pipeline (SWOP)	A Gippsland Water pipeline used to transfer saline wastewater from the Loy Yang Ash Pond to Bass Strait.
	SDWR	Safe Drinking Water Regulations
	SHE	Safety, Health and Environment
T	tCO2ey-1	Tonnes of CO2 equivalent per year.
V	VIPP	Victorian Industry Participation Policy Act 2003 (VIPP) improves opportunities for local suppliers to compete for work on all types of government contracts. This policy is about local industry development.
W	Water for Victoria	The Victorian Government's plan for a future with less water as Victoria responds to the impact of climate change and a growing population. The actions set out in the plan support a healthy environment, a prosperous economy with growing agricultural production, and thriving communities.
	WGCMA	West Gippsland Catchment Management Authority
	WIOA	Water Industry Operators Association of Australia
	WIOG	Water Industry Operations Group New Zealand

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