Barwon Water

Annual Report

2025–26



Acknowledgement

Barwon Water proudly acknowledges the Traditional Owners of the land on which we work and live and pay our respects to their Elders past and present.

Barwon Water recognises that the lands and waters of Eastern Maar and Wadawurrung were never ceded. We are committed to strong relationships with Traditional Owners and First Nations organisations, businesses and networks within our region and value walking together.

We commit to a future of healing and reconciliation that requires Truth-Telling, authenticity and reciprocal relationships. Water is fundamental to life, and we continue to learn much from Traditional Owners, who have sustainably managed Country for tens of thousands of years. We recognise the importance of walking together to embed Eastern Maar, Wadawurrung and broader First Nations ways of Being, Knowing and Doing across all we do.



First Nations people should be aware this document may contain images of deceased persons.

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Cover photo: A member of the BAS land management team maintaining water sensitive urban design assets in Eastern Park, Geelong

Inside cover: A White-faced Heron standing in shallow wetland water

Part 1
Overview of the year



Photo: A young showgoer learning about saving water at Barwon Water's 2025 Royal Geelong Show exhibit

Over the past year...

18%
increase
in eligible customers accessing Utility Relief Grants

22 billion litres
capacity of the Melbourne to Geelong Pipeline following an upgrade



Finished the year ranked No. 1 for value for money, trust, reputation in the community and overall satisfaction

Victorian Essential Services Commission's customer perception survey results Sep 2025 to May 2026

157,000
customer interactions

Includes phone calls, emails and web chats



$149.2m
invested in infrastructure



39.2 billion
litres of drinking water provided

35.5 billion
litres of wastewater treated

3.9 billion
litres of recycled water provided

100%
of biosolids reused



100%
compliance with drinking water and EPA standards



Dry conditions continued across the region

West Barwon Reservoir in the Otways catchment recorded its driest three-year inflow period which was:

↓20% lower than the previous record low set during the Millennium Drought

↓60% below the three-year average inflows



232 million
litres of water saved through water efficiency initiatives

Message from the Chair and Managing Director





We are proud to present Barwon Water's 2025–26 Annual Report. In a year marked by climate, operational and economic pressures, our purpose remained clear: to deliver safe, reliable and affordable water and wastewater services, while managing the organisation responsibly and for the long term.

We are proud that Barwon Water achieved 100% compliance with drinking water quality and EPA standards, maintained sound financial management and strong governance, and continued to invest in the services and infrastructure needed for our growing region.

The operating environment was demanding. The region experienced flash flooding along the Great Ocean Road and bushfires in the Otways. We continued to experience ongoing dry conditions with the West Barwon Reservoir recording its driest three-year inflow period, which was 20% lower than the previous record set during the Millennium Drought. At the same time, softer development activity reduced developer contributions, while global energy and supply-chain pressures increased costs.

Our people, partnerships and investments enabled us to navigate these challenges. This was especially evident in our response to the Otway bushfires, when damage to the Gellibrand water treatment plant required an intensive emergency response. Safe drinking water was restored within days, supported by on-the-ground customer assistance, alternative water supplies and close coordination with agencies and the community.

We acknowledge the Eastern Maar and Wadawurrung Traditional Owners of the lands and waters where we operate and pay our respects to their Elders past and present. We recognise our reliance on the waters that flow from their lands and are grateful for their partnership, generous sharing of knowledge and the tangible outcomes we are delivering together on Country.

During the year, we successfully completed our Stretch Reconciliation Action Plan, signed the third iteration of our partnership agreement with the Wadawurrung Traditional Owners Aboriginal Corporation and strengthened our work with the Eastern Maar Aboriginal Corporation. We opened the 30-hectare Murrk Ngubitj Yarram Yaluk environmental precinct to the public, progressed cultural water outcomes with Wadawurrung, and commenced the Dewing Creek Catchment Restoration and carbon sequestration project with the support of Eastern Maar Country Guardians.

We continued to invest in reliable, climate-resilient infrastructure. The $40 million Melbourne to Geelong Pipeline upgrade increased capacity by 6 billion litres per year and extended the system's reach across our region. Together with the sustainable use of the Anglesea Borefield, the upgraded pipeline helped meet demand during dry conditions and avoid restrictions in Greater Geelong.

Care for customers remained central to our work. We delivered almost $12 million in water and wastewater concessions to 40,710 customer accounts. Our more targeted support helped 3,500 customers access Utility Relief Grants – an increase of 18% – while 10,463 customers used flexible payment plans. These outcomes reflect our commitment to affordability, dignity, privacy and safety for customers.

Customers also continued to recognise the value of our services. Barwon Water ranked first among Victorian water corporations for value for money, trust, reputation in the community and overall satisfaction in the Essential Services Commission's customer perception survey. This made us the sector's highest-performing water business for customer service for the seventh consecutive year.

As a business that is deeply linked with the environment, we continued to care for and protect it while using resources wisely. We maintained 100% renewable electricity use across our operations, and our emissions were 37% lower than our annual target as we continued on our path to reaching net zero scope 1 and 2 emissions by 2030. We reused 100% of biosolids produced during the year, progressed the Regional Renewable Organics Network with $20 million in Australian Government funding announced, commissioned a 400 million litre per year upgrade of recycled water capacity on the Bellarine and continued catchment restoration and biodiversity programs.

Water efficiency was another important part of our response to dry conditions. Working with customers, our sustainable water use programs saved a further 232 million litres, taking us more than three-quarters of the way towards our five-year target of saving one billion litres by June 2028. We continued to roll out our smart meter program, which helped customers to identify leaks and save an estimated 400,000 litres, while the Make Every Drop Count campaign strengthened community awareness of water conservation.

We continued to plan for the future by progressing the business case for the Sustainable Water Network, which will expand recycled water use and reduce reliance on drinking water. We also began extensive engagement for Strategy 2040, the 2028–33 Price Submission and the 2027 Urban Water Strategy, bringing together customer, community, Traditional Owner and stakeholder perspectives to guide the region's long-term water future.

The year reinforced that resilience is built through capable people, sound governance, trusted partnerships and disciplined investment. We thank our employees for their commitment, our customers and communities for their trust and participation, Traditional Owners for their guidance and partnership, and our contractors, government and regional partners for their support.

Together, we are strengthening water security, servicing customers' evolving needs and caring for Country – actions that will contribute to a resilient, sustainable and prosperous Barwon region.



Peta Maddy
Chair



Shaun Cumming
Managing Director

Responsible body declaration

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



Peta Maddy
Chair, Barwon Water
13 October 2026

Summary of financial results

Barwon Region Water Corporation financial management compliance attestation statement

I, Peta Maddy, on behalf of the Barwon Region Water Corporation, certify that the Barwon Region Water Corporation and its wholly owned subsidiary Barwon Asset Solutions have no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.



Peta Maddy
Chair, Barwon Water
13 October 2026

Financial resilience

During 2025–26, we operated in an increasingly challenging economic environment, with a significant slowdown in construction and development activity across the region affecting growth-related revenue streams. These conditions reduced developer contributions and gifted asset revenue, creating financial pressures not experienced in recent years and reinforcing the importance of maintaining a resilient and sustainable financial position.

Throughout the year, we continued to progress our Financial Resilience program to strengthen long-term financial sustainability and ensure the organisation remains well positioned to meet future customer, community and infrastructure needs. Key areas of focus included expenditure discipline, focus on delivering financial efficiencies, ongoing optimisation of borrowing and liquidity arrangements, and ongoing review of operating and capital investment priorities. These initiatives have improved the organisation's ability to respond to changing economic conditions while continuing to deliver services safely, reliably and efficiently.

Current year operating results and financial position analysis

We recorded a net loss after tax of $14.7 million in 2025–26, compared with a profit after tax of $29.1 million in 2024–25. The result reflects a year of significantly different economic conditions, particularly a slowdown in construction and development activity across our region, which materially reduced growth-related revenue streams.

Total revenue and income decreased from $344.2 million to $313.0 million during the year. The primary driver was a $36.5 million reduction in developer contribution revenue, which declined from $78.1 million in 2024–25 to $41.6 million in 2025–26. This reflected reduced levels of gifted assets and lower new customer contribution revenue as development activity slowed across the region. While this significantly affected the statutory result, it was largely attributable to broader economic conditions rather than any change in our underlying operating performance.

By contrast, our core tariff, usage and trade waste revenue continued to grow, increasing by $2.1 million to $249.3 million, reflecting continued customer growth and higher-than-anticipated water consumption arising from drier seasonal conditions experienced during the year. While this growth was not sufficient to offset the decline in developer contribution revenue, these recurring revenue streams remain an important foundation for service delivery and contribution towards long-term investment in essential water and wastewater infrastructure.

Operating expenditure increased during the year, reflecting both inflationary pressures and several significant business-specific cost drivers. These included the recognition of provisions associated with the Barwon River Ovoid Sewer Aqueduct, environmental remediation obligations and increased employee and contractor costs required to support operations and project delivery (particularly in an extremely dry period). While these items adversely affected the financial result, they represent prudent recognition of known obligations and reinforce our commitment to responsible asset stewardship and long-term risk management.

Despite the reduction in developer contribution revenue, we continued to generate positive operating cash flows throughout the year. This outcome demonstrates the strength of our underlying operating model and reflects the benefits of ongoing expenditure management and financial resilience initiatives implemented across the business.

Our balance sheet strengthened significantly during 2025–26 following the revaluation of infrastructure assets. Total assets increased to approximately $5.15 billion and net assets increased to approximately $3.22 billion following the recognition of updated replacement values across our water and wastewater networks. The revaluation reflects the substantial value of the assets entrusted to us and the critical role this infrastructure plays in supporting the region's growth, liveability and economic development. Borrowings increased by approximately $107 million during the year, from $765.9 million to $872.7 million, to support ongoing investment in essential water, wastewater and recycled water infrastructure.

Table 1: Summary of financial results

	2025–26 ($'000)	2024–25 ($'000)	2023–24 ($'000)	2022–23 ($'000)	2021–22 ($'000)
Tariff revenue	249,259	247,153	230,582	206,922	199,784
Capital revenue	41,551	78,058	50,729	39,128	31,327
Government contributions	1,796	1,877	1,622	1,433	4,404
Other revenue	20,742	17,581	9,905	10,945	19,630
Total revenue	**313,348**	**344,669**	**292,838**	**258,428**	**255,145**
Operating expenditure	176,228	159,307	140,849	122,564	118,713
Depreciation expenditure	90,262	89,632	82,887	78,128	72,720
Finance costs	45,620	39,775	35,307	31,905	32,855
Other expenditure	12,934	13,523	10,206	10,872	10,119
Total expenditure	**325,044**	**302,147**	**269,249**	**243,469**	**234,407**
Net other economic flows	(2,221)	(947)	(10,027)	(6,394)	4,371
Net result before tax	(13,917)	41,574	13,562	8,565	25,109
Current assets	85,677	89,641	68,969	67,403	65,607
Non-current assets	5,064,421	3,850,402	3,725,299	3,643,161	3,170,403
Total assets	**5,150,098**	**3,940,043**	**3,794,268**	**3,710,564**	**3,236,010**
Current liabilities	181,215	168,102	146,574	111,979	104,484
Non-current liabilities	1,753,147	1,316,718	1,224,937	1,184,303	1,015,589
Total liabilities	**1,934,362**	**1,484,820**	**1,371,511**	**1,296,282**	**1,119,073**
Net cash flows from operations	55,105	47,122	86,383	74,193	49,970
Payments for infrastructure, property, plant and equipment	157,569	156,507	138,750	118,159	63,393

Table 2: Barwon Water's financial performance to 30 June 2026

Financial result	2025–26	2024–25	2023–24	2022–23	2021–22
Internal financing ratio	33.5%	30.2%	64.4%	62.6%	108.1%
Gearing ratio	17.0%	19.4%	17.1%	16.2%	17.2%
Interest cover (EBIT)	0.7 times	2.1 times	1.4 times	1.3 times	1.8 times
Interest cover (Cash)	2.2 times	2.2 times	3.5 times	3.3 times	2.5 times
Return on assets	0.7%	2.1%	1.3%	1.2%	1.8%
Return on equity	(0.5)%	1.2%	0.4%	0.3%	0.9%

The full financial report, starting on page 84, contains a more detailed description of these results.

Capital investment

During 2025–26, we invested $149.2 million ($158.1 million in 2024–25) in infrastructure across our water, wastewater and recycled water systems to support service reliability, water security and the long-term needs of our growing region. Our investment program included the renewal and upgrade of existing assets, delivery of growth-related infrastructure and projects that improve the resilience and sustainability of our services.

A significant milestone was the commissioning of the Melbourne to Geelong Pipeline upgrade, which increased system capacity by 6 billion litres per year and strengthened our ability to respond to ongoing dry conditions across the region. The total project investment is approximately $40 million and spans multiple financial years.[1] Investment also continued in water reclamation, recycled water and environmental infrastructure, including commissioning additional recycled water capacity on the Bellarine and progressing initiatives that will support greater use of alternative water sources in the future.

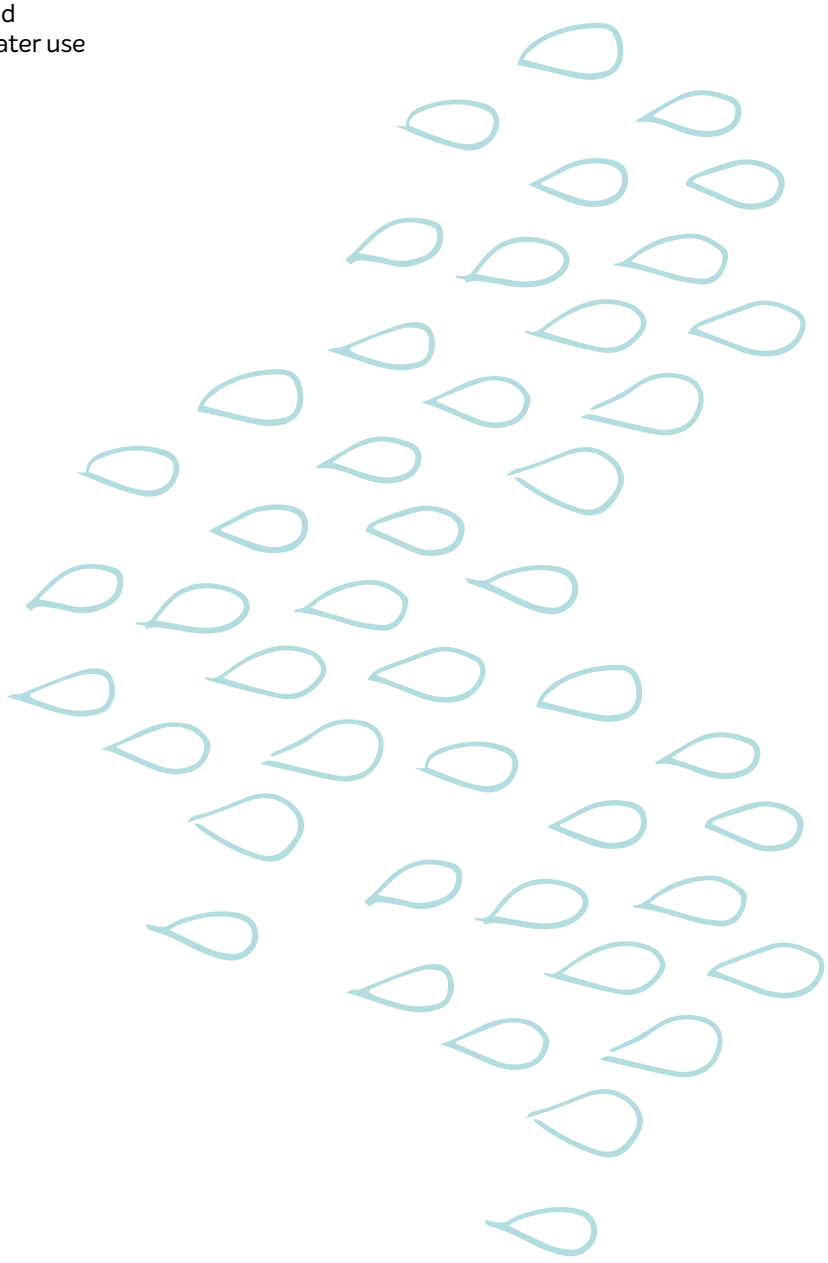
Capital projects

No capital projects managed by Barwon Water and completed during the financial year exceeded the Total Estimated Investment disclosure threshold of $10 million.

For information on recent capital projects managed by Barwon Water and the broader Victorian public sector, please refer to the most recent Budget Paper No. 4: State Capital Program available on the Department of Treasury and Finance website: budget.vic.gov.au/budget-papers

Events subsequent to balance date

No material events occurred after balance date.



1. Final project expenditures are expected to be incurred in 2026–27 and the project was not considered complete for capital project disclosure purposes as at 30 June 2026.

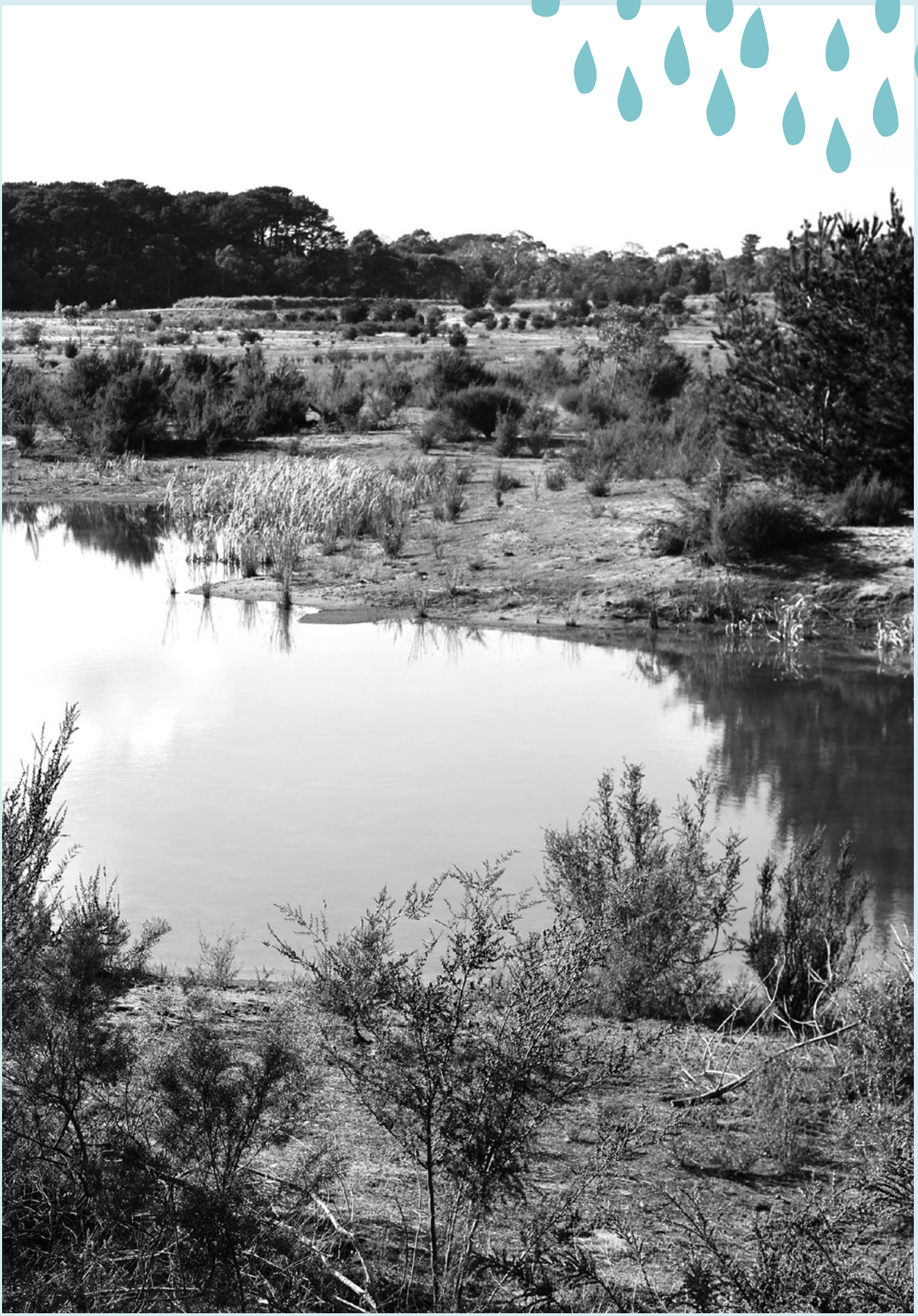


Photo: A view across Murrk Ngubitj Yarram Yaluk in Wallington

Part 2
About us



Photo: A Barwon Water community activation at the 2026 Festival of Sails

Barwon Region Water Corporation (Barwon Water) is Victoria's largest regional urban water corporation.

Our commitment to service delivery has been our key strength for more than 115 years.

To help our region prosper, we perform at our best as a business, listen and learn from our community, partner strategically with customers and regional stakeholders, and find a way when dealing with the issues affecting us, our customers and our region.

Our mission is to strengthen the economic, social, cultural and environmental prosperity of our region through the delivery of sustainable, affordable, innovative and reliable water and wastewater services.

We continued delivering on this commitment in 2025–26, as shown by the examples throughout this report.

Our responsibilities

Barwon Water's service area extends from Colac in the west through to the Bellarine Peninsula in the east, via Geelong. From north to south, the region stretches from Cressy, Meredith and Little River to Apollo Bay on Victoria's south-west coast. The service area incorporates the local government areas of Borough of Queenscliffe, City of Greater Geelong, Colac Otway Shire, Surf Coast Shire and part of Golden Plains Shire.

There are 2 Registered Aboriginal Parties within our region: Eastern Maar Aboriginal Corporation and Wadawurrung Traditional Owners Aboriginal Corporation.

We provide services to a population of around 392,000 permanent residents across an 8,100-square-kilometre region. In peak tourist periods, the population can reach up to 600,000 people.

Manner of establishment

Barwon Water was established under the *Water Act 1989*.

Our responsible Ministers for the past financial year were:

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

Since 28 July 2004, Barwon Water has operated under a Statement of Obligations issued by the Minister for Water under section 41 of the *Water Industry Act 1994*.

The statement imposes obligations on the organisation regarding the performance of functions and exercise of powers. We are required to monitor compliance with the obligations set out in the statement, report on non-compliance and take remedial action in relation to non-compliance.

On 1 January 2004, the Essential Services Commission became the economic regulator of the Victorian water sector. The commission's role encompasses regulation of prices, service standards and market conduct.

Table 6: Population, properties and plant volumes in 2025–26

	2025–26	Change (%)	2024–25	Change (%)	2023–24	Change (%)	2022–23	Change (%)	2021–22	Change (%)
Population served (water)	392,204	1.5	386,433	1.9	379,228	2.4	370,487	5.9	349,996	2.5
Population served (sewage)	363,257	1.6	357,599	2.1	350,241	2.3	342,239	5.8	323,367	2.6
Connected properties (water)	188,197	1.9	184,752	1.6	181,844	1.9	178,505	2.3	174,511	2.2
Connected properties (wastewater)	172,704	2.3	168,807	1.7	165,946	2.0	162,725	2.4	158,879	2.3
Water treatment plant volumes (megalitres)	42,093	-1.3	42,862	2.5	41,821	11.7	37,454	8.2	34,624	-3.3
Water reclamation plant volumes (megalitres)	35,520	3.2	34,407	2.4	33,586	-5.0	35,372	6.2	33,318	2.2

Our organisation

Vision

A prosperous region

Mission

To strengthen the economic, social, cultural and environmental prosperity of our region through the delivery of sustainable, affordable, innovative and reliable water and wastewater services.

Water sources

The Greater Geelong region's water in 2025–26 was supplied by three major surface water sources – the Barwon River and its tributaries, the Moorabool River and its tributaries, and water from the Greater Yarra Thomson system (accessed via the Melbourne to Geelong Pipeline).

The Otway Ranges feed the Barwon system, which typically supplies most of the water needed for Geelong, the Bellarine Peninsula and the Surf Coast. The Moorabool system primarily supplies Geelong's northern and western suburbs, as well as the Golden Plains townships north-west of Geelong.

The Melbourne to Geelong Pipeline can supply up to 22 billion litres of water per year, which is approximately 60% of the Greater Geelong region's annual water demand and the Anglesea Borefield is also used to boost supplies during dry conditions. These systems, combined with water savings, have helped us navigate through the driest 3 years on record (see page 38 for more information).

The Colac and Otway regions source water primarily from the West Gellibrand and Olangolah catchments in the Otway Ranges.

The Colac system provides water to urban and rural districts, extending as far north as Cressy. A pipeline connecting the Colac system to the Geelong system was completed in 2018 to provide additional water security.

Gellibrand, Apollo Bay and Lorne all have their own water supply systems. The Gellibrand system supplies fewer than 100 properties and sources water from Lardner Creek. Apollo Bay relies on the Barham River, with water harvested during the wetter months and stored in the Apollo Bay and Marengo basins before being treated and supplied to customers. Lorne relies solely on water sourced from the Allen Reservoir, which is located on the St George River in the Otway Ranges.

Table 7: Regional metered water consumption

Region	2025–26 (ML)	Change %	2024–25 (ML)	Change %	2023–24 (ML)	Change %	2022–23 (ML)	Change %	2021–22 (ML)	Change %
Apollo Bay	261	-16.1	311	10.3	282	2.9	274	-0.4	275	3.8
Colac and district	3,160	-4.5	3,310	12.8	2,935	5.5	2,782	-	2,782	8.8
Geelong and district										
Geelong	26,546	1.8	26,079	4.2	25,032	12.1	22,323	-5.0	23,494	3.4
Bellarine	5,723	-2.5	5,868	5.3	5,574	12.2	4,968	-5.2	5,242	3.3
Surf coast	3,228	2.2	3,159	2.9	3,070	16.9	2,627	-3.0	2,707	4.6
Gellibrand	15	-1.1	15	-3.8	16	30.6	12	-15.8	14	-11.4
Lorne	319	-4.2	333	4.1	320	19.0	269	-11.2	303	-2.9
Total	**39,162**	**0.2**	**39,075**	**5.0**	**37,229**	**12.0**	**33,255**	**-4.5**	**34,817**	**3.8**

Assets

We own and operate:

- 12 major reservoirs
- 7 water treatment plants
- 1 water pre-treatment plant
- 11 water reclamation plants, including Colac, where our Renewable Organics Network is converting waste into renewable electricity and renewable heat
- 2 Class A recycled water plants
- 1 groundwater field (Anglesea)
- 277 pumping stations (61 water – including raw water, 216 wastewater)
- 25 water basins
- 51 water tanks
- 7,778 kilometres of pipes
- 121 kilometres of channel

Water reclamation plants

Barwon Water has 11 water reclamation plants that we operate in accordance with Environmental Protection Authority (EPA) requirements. Black Rock, Anglesea, Apollo Bay and Lorne plants supply recycled water for a variety of uses, with the balance released through ocean outfalls. The plants at Aireys Inlet, Bannockburn, Portarlington, Birregurra and Winchelsea are land-based systems also supplying recycled water for a variety of uses, including agriculture, horticulture and public open space irrigation.

Recycled water from the Colac facility is released into Lake Colac. The Northern Water Plant, which is an advanced recycled water facility, supplies Class A recycled water, mainly for industrial use at the Viva refinery, and also irrigates public open space at Stead Park in Corio. Black Rock also has a Class A advanced treatment plant that supplies recycled water for residential use in the Armstrong Creek and Torquay North growth areas.

Barwon Asset Solutions (BAS)

BAS is the wholly owned delivery and innovation subsidiary of Barwon Water, helping maintain, renew and improve the water system while creating value for customers and the region.

BAS provides a range of services to Barwon Water, including maintenance, capital delivery, land management and after-hours customer support. It also develops and trials innovative solutions that improve efficiency, support sustainability and strengthen capability across the water sector.

Through its locally based workforce, BAS contributes to regional employment, skills development and economic growth while generating additional revenue to support Barwon Water's long-term affordability objectives.

Our key strategies

Strategy 2030

We remain in a time of significant change – from climate change to population growth, technological advancements and economic transitions – with evidence of widening equity divides across the region.

Through our ongoing engagement, we continue to hear that our customers and community expect us to work in partnership with others in our region, leveraging the intrinsic value of our services to enhance the region's prosperity – economically, socially, culturally and environmentally. To make this happen, we are guided by our Barwon Water Strategy 2030, and the actions and projects we committed to in our aligned five-year Price Submission.

Strategy 2030 includes our 4 customer outcomes:

- Safe, secure, sustainable water
- Innovative, reliable services
- Healthier Country
- Trust, value and affordability.

Below these outcomes are 14 aspirations. These aspirations are ambitious and continue to stretch and challenge us as a business. Yet they are achievable if we adopt the growth mindset we expect of ourselves and strive to do our best work.

This year, we have continued to make progress towards meeting these goals. We have also planned for our 2028 Price Submission and made significant progress in developing our next corporate strategy.

Urban Water Strategy 2022: Water for our Future

The 2022 Urban Water Strategy: Water for our Future was approved by the Victorian Minister for Water in September 2022.

With its 50-year outlook, 5-year detailed plan and annual review cycle, our Urban Water Strategy will help us prepare and respond flexibly to challenges, such as climate change and a growing population. Actions in this strategy will deliver an average of 1,000 million extra litres of water every year for the next 50 years.

This, in turn, will help us meet the needs of our cities, towns, businesses, industry and agriculture, while improving the health of our rivers – the Barwon and the Moorabool – protecting valuable ecosystems, and enabling Traditional Owners to care for Country and maintain the significant Cultural value of these places.

For more information about Water for our Future visit: barwonwater.vic.gov.au/water-and-waste/water-for-our-future

Part 3
Performance reporting



Photo: A water taste testing event at Wurdee Boluc in 2026

Following is an account of how we addressed the performance expectations of the Minister for Water during the 2025–26 financial year.

These expectations are communicated to all water authorities annually via the Minister's Letter of Expectations (LOE) and are aligned with the government's policy priorities for improving performance in the water sector.

This section shows our contributions to the LOE requirements across 8 key areas:

- LOE 1: Climate change and energy
- LOE 2: Customer, community and engagement
- LOE 3: Recognise First Nations values
- LOE 4: Recognise recreational values
- LOE 5: Resilient and liveable cities and towns
- LOE 6: Leadership, diversity and culture
- LOE 7: Performance and financial management
- LOE 8: Compliance and enforcement

Our organisation was impacted by several factors that increased our costs during the financial year, while also reducing our overall income.

One of the most significant of these factors was the costs associated with managing dry conditions. To avoid water restrictions, we continued to rely heavily on the Melbourne to Geelong Pipeline to supplement our water storages. The Anglesea borefield was also restarted in August 2025 and supplied 13 million litres per day.

Another key factor that impacted our financial position was a lower-than-expected number of residential connections. While the Barwon region has experienced strong growth in recent years, driven by population increases around Geelong and the Surf Coast, conditions during the financial year differed materially from this recent growth pattern. Actual connection activity slowed significantly, with a pronounced reduction in the number of new residential connections, particularly in greenfield developments. This change reflected broader economic conditions. As a result, near-term growth outcomes tracked below the levels assumed in our previous long-term forecasts.

On an international scale, it was also a challenging 12 months with uncertainty and conflict in the Middle East causing deep impacts to global energy markets. These markets continued to impact our supply chain costs, including material costs, biosolids drying, transport and fuels.

Despite these challenges, we continued working to meet the expectations of the Minister, as well as our customers and communities, to meet our promises as described in Strategy 2030.

Climate change and energy (LOE 1)

Emissions reduction and renewable energy

To meet our Strategy 2030 and Statement of Obligations (Emissions Reduction) commitments, we have maintained zero scope 2 emissions since 1 July 2024 by using 100% renewable electricity across all aspects of our operations. However, to achieve our overall target of zero net emissions in our operations by 2029–30, we must continue to reduce our scope 1 emissions. The bulk of our scope 1 emissions are due to gases generated through the treatment of wastewater.

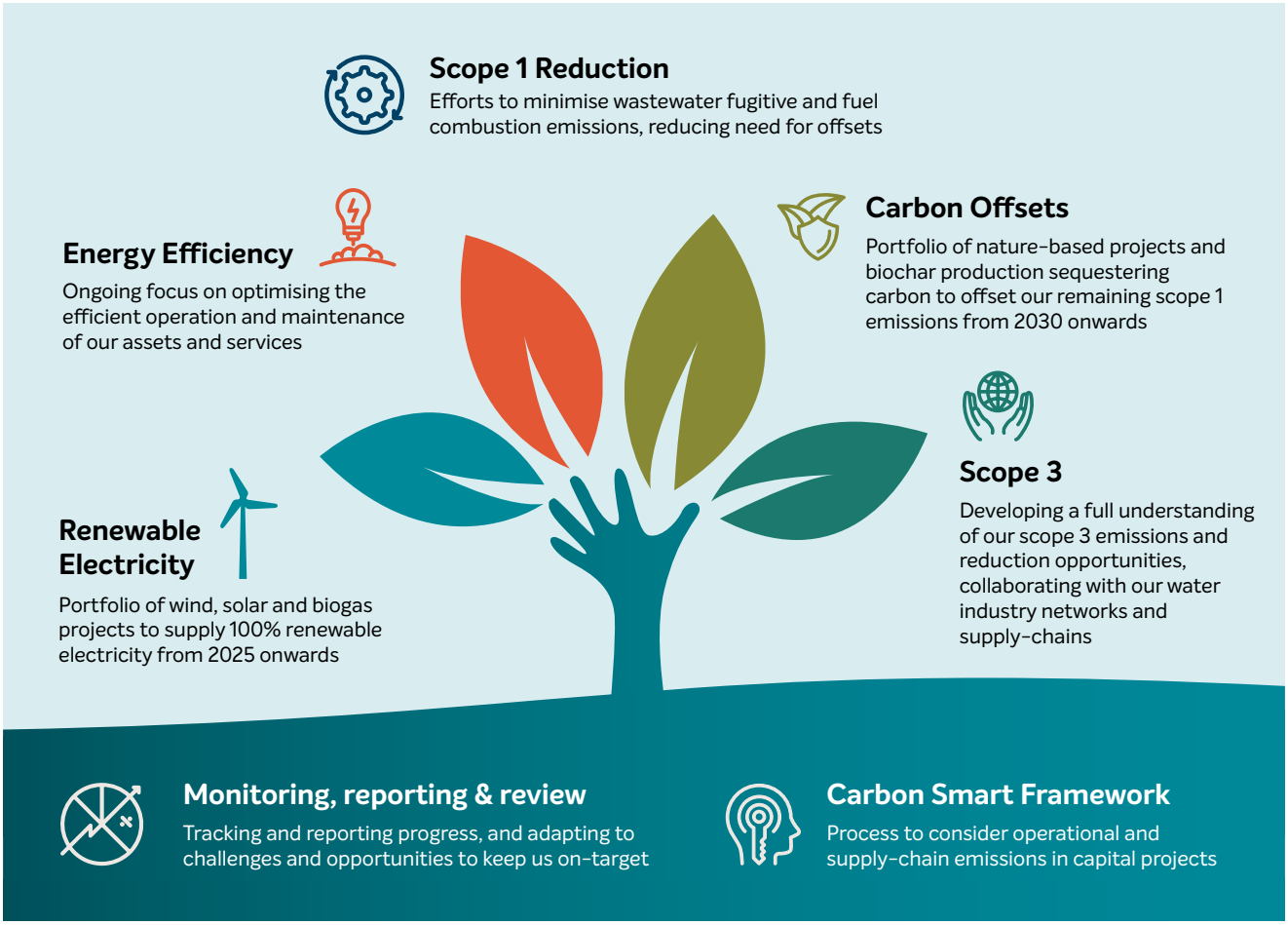
We use a suite of programs and processes (see Figure 1 on page 18) to reduce emissions across all aspects of our assets and operations.

Our approach is guided by the emissions reduction hierarchy – avoid, minimise, substitute, sequester and offset. As most of our scope 1 emissions are unavoidable based on currently feasible technologies, we must use carbon offsets as a transitional measure to reach net zero while research and development seeks solutions to avoid these emissions.

Our carbon offsets program is developing a portfolio of high-integrity, nature-based carbon sequestration projects. We are working in collaboration with multiple partners including Traditional Owners, catchment management authorities, other Victorian water corporations and the Department of Energy, Environment and Climate Action (DEECA) to expand new opportunities, deliver multiple benefits and support the collective transition to net-zero.

By developing our own offset projects in this way, we are delivering Australian Carbon Credit Units at a cost below the long-term market rate.

Figure 1: Our zero emissions programs and processes



Key carbon sequestration and offset programs we delivered during the year include:

- We proceeded with planting 86,000 indigenous trees, shrubs and understorey species at the Dewing Creek Catchment Restoration project, our first nature-based carbon sequestration initiative (see feature story on page 19).
- We commenced site preparation at our Aire River Restoration project, our largest source of nature-based carbon offsets, with revegetation works to proceed from autumn 2027.
- Together with other water corporations, we formally established Zero Emissions Water Carbon Offsets (ZEWCO), a Victorian water industry carbon offsets partnership, to develop a collective portfolio of high-integrity carbon offset sources.

Looking beyond our targets, we also explored our priority scope 3 emission sources, in preparation for potential future reporting requirements.

Other key actions we implemented in the year include:

- supporting DEECA in planning for the implementation of the Victorian Water Sector Emissions Transition Plan
- continuing collaboration with Corangamite Catchment Management Authority (CMA) and other natural-resource management partners on nature-based carbon research and opportunity exploration
- continuing our involvement and collaboration with key industry and research networks, such as Intelligent Water Networks (IWN), Water Services Association of Australia (WSAA) and Water Research Australia, on topics such as scope 1 wastewater treatment emissions reduction.



Photo: The revegetated area at Dewing Creek

Feature story: Dewing Creek revegetation to deliver range of benefits

A major milestone was reached during the financial year with the commencement of the Dewing Creek Catchment Restoration Project on Gulidjan Country, east of Barwon Downs.

In June 2026, Barwon Water Group employees joined representatives from the Eastern Maar Aboriginal Corporation to begin revegetating the 150-hectare site, marking the start of a significant environmental restoration effort.

More than 86,000 native plants, including shrubs, understorey species and eucalyptus trees, are being established as part of the project, with planting scheduled for completion by mid-2027. The plants were sourced from several regional nurseries, supporting local industry while ensuring species suited to the area's ecology.

The project forms a key component of Barwon Water's strategy to offset residual emissions and achieve net zero by 2030, complementing the transition to 100% renewable electricity in 2024. Over the next 25 years, the restored forest is expected to sequester around 50,000 tonnes of carbon dioxide through biomass growth.

Beyond carbon sequestration, the project will deliver significant environmental benefits, including enhanced biodiversity, expanded habitat for native wildlife and reduced water quality risks in the Dewing Creek catchment, which contributes to the greater Geelong water supply.

Scope 1 and 2 emissions

Our greenhouse gas emissions include carbon dioxide, methane and nitrous oxide. These are reported in tonnes of carbon dioxide equivalence – tCO2-e.

We report direct emissions (scope 1) and indirect emissions from grid supplied electricity (scope 2), calculated in accordance with the National Greenhouse and Energy Reporting (Measurement) Determination 2008 and the Statement of Obligations (Emissions Reduction). Scope 3 emissions are not included in any results presented in this section, unless otherwise noted.

Our calculated scope 1 and 2 emissions net total for 2025–26 was 9,955 tCO2-e, as shown in Table 8. As Figure 2 shows, this was 37% lower than our annual Statement of Obligations (Emissions Reduction) target of 15,926 tCO2-e after maintaining 100% renewable electricity use and avoiding 29,483 tCO2-e in scope 2 emissions. Detailed results are provided in Appendix A.

While we were ahead of our Statement of Obligations annual target, this result was still unfavourable to our 2024–25 result. This was due to several unplanned events that contributed to our scope 1 emissions:

- Emissions associated with water treatment and supply, which are typically very low, were up more than 700%. This was due to an external grid electricity connection delay that impacted the Melbourne to Geelong Pipeline's Booster Pump Station. Diesel generators were required to power the asset so the system could supply up to 75% of weekly water demand, which prevented Geelong from entering water restrictions. This resulted in an additional 1,060 tCO2-e of fuel combustion emissions and an increase in energy intensity of water services from 0.85 to 1.34 gigajoules per megalitre. The asset will continue to operate using diesel generators in the new financial year, pending completion of the grid electricity connection by Powercor.
- Emissions associated with wastewater collection, treatment and recycling were up 16% on last year. In addition to general variability in wastewater loads, a key event was the disruption to our wastewater biosolids management operations caused by a short-term unplanned outage (since resolved) at our contracted biosolids drying facility. This incident necessitated the emergency transfer of sludge to an on-site sludge drying lagoon at Black Rock Water Reclamation Plant. Drying of this sludge will now be completed in-situ and the process will produce up to 572 tCO2-e of emissions over its duration; however, these emissions have been fully allocated to this year's account.

Whilst our emissions result comfortably met our 2025–26 target under the Statement of Obligations (Emissions Reduction), it is important to note that wastewater emissions factors are expected to change over time. As measurement and calculation methods continue to mature at national and international levels, this is likely to increase our scope 1 emissions results and offset needs in future years.

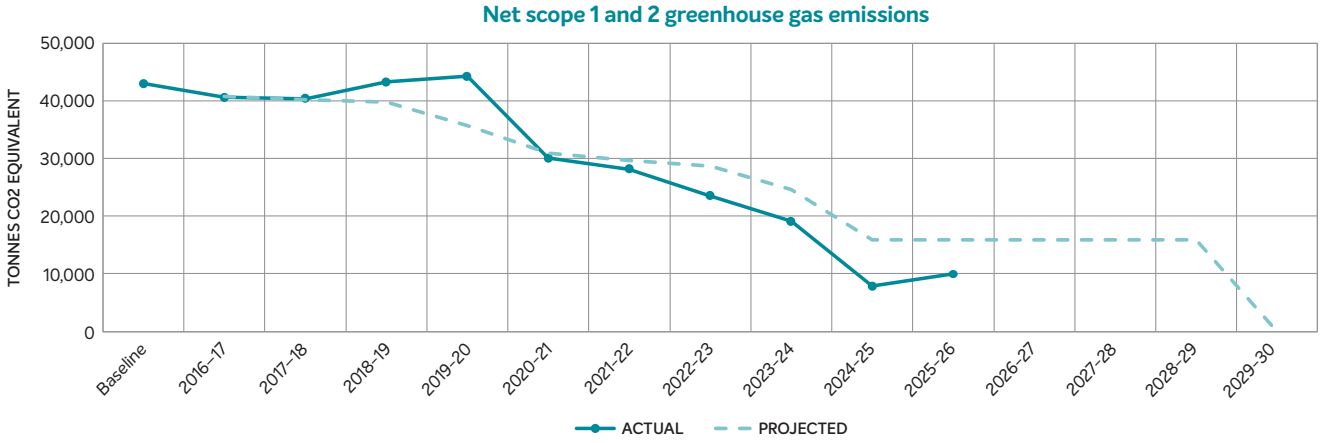
Table 8: Scope 1 and 2 emission comparison

	Scope 1 and 2 emissions (tCO2-e)				
Service delivery category	2024–25 Total	2025–26 Scope 1	2025–26 Scope 2	2025–26 Total	Variance from last year
Water treatment and supply	147	1,173	0	1,173	701%
Sewage collection, treatment and recycling	6,340	7,347	0	7,347	16%
Transport	1,119	1,233	0	1,233	10%
Other	205	202	0	202	-2%
Total emissions (tCO2-e)	7,811	9,955	0	9,955	27%
Carbon offsets (self-generated) retired	0	0	-	0	-
Net emissions (after offset retirement)	7,811	9,955	0	9,955	27%

Table 9: Projected total emissions (scope 1 and 2) for each year from 2026–27 until net zero

	2026–27	2027–28	2028–29	2029–30
Greenhouse gas emissions (tonnes CO2-e)	15,926	15,926	15,926	0

Figure 2: Progress towards 1 July 2025 greenhouse gas emissions target (net scope 1 and 2 emissions)



Adapting to climate change

In the Barwon region, we are already experiencing the impacts of climate change with more frequent extreme weather events causing disruption to our services.

During the financial year, we saw dry conditions interspersed with sporadic severe and short-burst weather patterns, which brought high winds and rainfall. This led to flash flooding along the Great Ocean Road, bushfires in the Otways and water restrictions in Apollo Bay – events that created operational challenges for us.

This extreme and highly variable weather is expected to increase over the coming decades. The National Climate Risk Assessment (released in September 2025) indicates that the Barwon region faces compound climate hazards that will intensify over coming decades. For example, rising temperatures and more frequent heatwaves will increase heat stress for communities, agriculture and infrastructure. Meanwhile, declining cool-season rainfall, combined with more variable summer rain, will heighten drought risk, while extreme rainfall events are projected to become up to 40% more intense, increasing flood vulnerability in low-lying areas.

Bushfire weather is expected to worsen, extending fire seasons and threatening peri-urban and coastal communities. Sea-level rise of up to 0.46 metres by 2070 will amplify coastal erosion and inundation risks along the Bellarine Peninsula and Surf Coast, impacting tourism, housing and ecosystems.

To build our resilience to these expected changes, we spent the financial year enhancing our capability to help our people consider and manage climate risks effectively as part of their day-to-day work.

We finalised a business-wide Climate Adaptation Position Statement, which sets out the policy positions that will direct a coordinated and consistent adaptation response across the business and build our resilience to extreme weather events and a changing climate. We also established a Barwon Water Climate Action Community of Practice.

In collaboration with our sector partners, we developed guidance on asset types that are most vulnerable to climate risks, as well as steps to mitigate these risks.

We continued to work on asset design to improve monitoring of climate risks by:

- implementing a requirement for designers to consider climate hazards and risks at key gates in the asset planning and design process
- undertaking an annual review of our Climate Change Key Business Risk to consolidate 37 identified key performance indicators associated with the implementation of our Climate Resilience Plan
- assessing and monitoring our organisation's performance

We also reviewed and updated governance, reporting and coordination of our climate resilience program, including the Terms of Reference of the Program Control Board.

Customer and community outcomes (LOE 2)

Customer satisfaction

Our commitment to delivering outstanding customer value was reflected in the Essential Services Commission's (ESC) most recent Water Performance Report, released in December 2025. The report named Barwon Water as the highest performing Victorian water business in customer service for the seventh year running. This ranking comes from the Customer Service Benchmarking Australia's (CSBA) evaluation, which independently benchmarks the performance of water corporation call centres.

During the financial year, we continued to mature our customer experience (CX) capability to achieve our Strategy 2030 goal of innovative and reliable services and affordable bills, while adding value and building trust with our customers.

Delivering more responsive customer service

During 2025–26, we continued to strengthen our customer service operating model by improving alignment across customer channels, customer operations and customer experience functions.

By leveraging Voice of Customer insights, customer feedback and operational performance data, we continued to refine our service model, team structures and responsibilities, and workforce capabilities. As part of the capability model project, we mapped customer value streams to identify our strengths, as well as the areas we need to improve.

Internally, we introduced a new CX governance structure, and reporting and engagement framework, supporting senior leaders with a quarterly review of insights gained through the Voice of Customer program. By utilising the data gathered through our Voice of Customer program in this way, the program became an important vehicle for exploring complaint drivers and systemic issues that can help guide improvement.

We also improved our complaint management practices during the financial year by developing guidance for business areas, delivering training and developing shared accountability for complaint resolution across the organisation.

We prioritised leak repairs across our network during the financial year, committing additional resources to help improve our response times. Timely repairs are highly valued by our customers and community and also help reduce water loss, supporting water savings in an environment of increasing water scarcity.

Buniya Program

During 2025–26, we commenced the next stage of our customer experience transformation through the Buniya Program, embedding human-centred design principles across related projects to keep digital transformation focused on customer and employee outcomes.

Work carried out during the year included:

- assessing our current customer experience capabilities, service models and organisational maturity
- reviewing customer journeys
- identifying barriers to service delivery
- developing a CX technology roadmap.

These insights informed the prioritisation of foundational customer channel improvements, including the contact centre uplift and future customer portal planning, identity management and digital engagement initiatives.

Key achievements for the year included implementing Amazon Connect as Barwon Water's new contact centre platform and incorporating customer safety and privacy requirements into future service and technology designs. Additionally, our Work and Asset Management project started laying the foundations for more proactive and efficient asset maintenance services. Once complete, this project will deliver faster response times, better asset reliability and fewer avoidable service disruptions.

Together, these activities established the foundations for more connected, accessible and secure customer services, while ensuring future digital investments are aligned to customer needs, operational priorities and long-term organisational outcomes.

Customer perception survey

We maintained our ranking as the highest performing Victorian water corporation across all ESC customer perception metrics in the last customer perception survey of the financial year (September 2025 to May 2026).

The ESC survey assesses the performance of all state-owned urban and regional water corporations across four key metrics: value for money, level of trust, reputation in the community and overall satisfaction. Customers are asked to rate each area out of 10.

As Table 10 shows, our performance remained stable across all four metrics.

Table 10: Essential Services Commission – customer perception survey results

Customer perception measure	Sector average (Sep 25 to May 26)	Barwon Water (Sep 25 to May 26)	Previous sector average (Jun 25 to Feb 26)	Previous Barwon Water average (Jun 25 to Feb 26)
Value for money	6.1	6.9	6.1	6.9
Level of trust	6.3	7.0	6.3	6.9
Reputation in the community	6.3	7.1	6.3	7.1
Overall satisfaction	6.5	7.1	6.5	7.2

Responding to customers

As Table 11 shows, our water quality complaints were up slightly from last financial year – although remained favourable to our target for the financial year (by 25%). This increase occurred for two reasons:

- a burst main in Colac led to a contained dirty water event
- low and declining water storages necessitated a reduced schedule of preventative mains cleaning.

We reinstated our full program of maintenance in late 2025 following water storage increases and the rate of water quality complaints has subsequently reduced to baseline levels.

Our customer complaints were also slightly higher than last financial year. This was due to a change in our recording process that allowed us to capture complaints not previously registered in our data. Complaints have remained stable since we established a new baseline to reflect this new reporting regime.

Our customer responsiveness metric for payment issue complaints was slightly improved on last year – down 5% and also well-below our target.

Table 11: Customer responsiveness comparison

Customer responsiveness indicators	2024–25 result	2025–26 result	Variance to 2024–25	2025–26 target	Variance to target
Customer Responsiveness – water quality complaints Number of complaints per 100 customers	0.12	0.15	25.00%	0.20	(25.00%)[1]
Customer Responsiveness – number of payment issue complaints Number of complaints per 100 customers	0.20	0.19	(5.00%)	0.22	(13.64%)[2]
Customer Responsiveness – total complaints Number of complaints per 100 customers	1.16	1.33	14.66%	1.10	20.91%[3]

Notes:

1. Favourable performance to target, although an increase on the previous year associated with a small dirty water event in Colac following a burst main, as well as residual impacts from reducing the frequency of preventative mains cleaning such as planned flushing in order to minimise water usage when water storages were low and declining. The full program was reinstated at the first opportunity in late 2025 and the rate of water quality complaints has since reduced to baseline levels.
2. Favourable performance to target with ongoing delivery of services and support programs to our customers.
3. Performance was unfavourable compared with the prior year and target, primarily reflecting changes to the complaint category structure in the billing system during the second quarter of 2024–25. The introduction of new categories and removal of redundant categories allowed previously unrecorded issues to be captured, resulting in higher reported complaint volumes. Complaint volumes have remained relatively stable since the changes were implemented.

Bill indicators

Average customer bills increased modestly in 2025–26, primarily reflecting the CPI adjustment of 2.4%, partially offset by reductions from the price path movement and cost of debt adjustments.

Residential owner-occupier and non-residential customer bills increased by around 1.1%, while residential renter bills increased by 4.1% due to the lower starting bill base.

Table 12 contains a summary of typical bills in 2025–26.

Table 12: Urban bill indicators for 2025–26

Indicator	2025–26
Urban bills – Residential bill – owner occupier ($ actual) Annual bill for an owner-occupier with typical (average) water use	1,183
Urban bills – Residential bill – tenant ($ actual) Annual bill for a tenant with typical (average) water use	370
Urban bills – Residential bill – Water use (kL) Typical (average) water use assumed in owner-occupier and tenant bill calculations	160
Urban bills – Non-residential bill – business ($ actual) Annual bill for a business using 3 ML per annum	14,103

Bills and support

Keeping bills fair remains a key priority for our organisation. This requires balancing the impact of inflation on prices while ensuring customers experiencing financial hardship or vulnerability can access appropriate support through our Customer Support Program.

For our current pricing period, which lasts until 2028, we pledged $4.8 million to actively help customers manage their bills and improve their water efficiency ($2.6 million has been spent from 2023–24 to 2025–26). This total commitment is an increase from the $3.1 million spent in our previous five-year pricing period.

During 2025–26, we continued to strengthen our Customer Care service model through targeted account management, proactive outreach and tailored support for customers experiencing hardship or vulnerability. The team also acted as a specialist escalation point for customers with complex circumstances, helping connect them with payment assistance, hardship support and government-funded relief programs.

Across the year, we made 24,590 proactive calls to customers, compared with 37,387 in the previous financial year. Our enhanced data capabilities enabled us to better identify and attempt contact with customers open to accepting support. We also made a strategic decision to proactively support customers eligible for the Victorian Government's Utility Relief Grant.

This more targeted approach reduced the need for high-volume outbound calling by 34% while increasing the level of assistance delivered to customers experiencing financial hardship.

Combined with targeted communications and a partnership with Cultura to support multicultural communities, these initiatives formed the backbone of our strategy to proactively support customers in need during the financial year.

Arrange and Save program

Our Arrange and Save program assists customers experiencing financial hardship by providing a credit equivalent to one instalment when customers successfully meet agreed payment arrangements over five instalment periods.

In 2025–26, the program provided $459,728 in customer credits and supported 3,989 customers. Participation was 10% lower than the previous year, which reflects the fewer proactive outbound calls made and our shift in focus to assisting eligible customers to access Utility Relief Grants.

Improving safety for vulnerable customers

We continued implementing our enterprise-wide customer safety and privacy (family violence) program during the financial year, as informed by the independent Nous Group review.

Key activities included strengthening privacy practices in the Customer Centre, delivering specialised training for customer-facing employees, and incorporating customer safety and privacy considerations into the design of new digital services and technologies. Preparations for multifactor authentication on the customer portal and enhanced account protections are also expected to further benefit customers experiencing vulnerability or family violence.

We also strengthened our governance of this work by adding family violence to our key business risk register, which means our Board and executive level managers maintain oversight of organisational progress in this area.

Tenant rebate adjustment

In 2025–26, the $21.50 per annum rebate supported 35,000 tenants and totalled just over $0.8 million.

In line with the plan outlined in our most recent pricing submission, we are progressively removing the tenant rebate to increase the financial assistance available to all customers who need it, including people who rent, as part of our broader customer support program.

Dialysis concessions

In 2025–26, we continued to offer a supplementary concession to customers receiving dialysis concessions from the Victorian Government.

The Victorian Government's dialysis rebates amounted to $3,214 in 2025–26, and we further supplemented this with a direct contribution of $7,087.

Customer support for 2025–26

As Table 13 shows, customer participation in flexible payment plans remained stable and exceeded the target for the year.

While hardship grants were slightly below target and 11% lower than the previous year, this was due to our strategic shift towards supporting eligible customers to access Utility Relief Grants. As Table 14 shows, this increased 18% in 2025–26.

Table 14 also shows that we facilitated government concessions for 40,710 customer accounts during the financial year – approximately 24% of our total residential customer base. Compared to the previous financial year, the number of customers receiving benefits increased by 2%, while concession amounts increased by 4%.

Table 13: Customer bill support comparison

Bill support indicators	2024–25 result	2025–26 result	Variance to 2024–25	2025–26 target	Variance to target
Water bills – customers on flexible payment plans* Number of customers with instalment plans	10,492	10,463	(0.28%)	10,000	4.63%
Water bills – customers awarded hardship grants# Number of customers awarded hardship grants	4,778	4,269	(10.65%)	4,300	(0.72%)[1]

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

A decrease in customers provided with hardship grants has been interpreted to be an unfavourable variance as this indicator is based on customer focus rather than financial factors and reflects the position that customers consistently support greater help for vulnerable customers, including those in hardship. This is also consistent with government policy.

Notes:

1. Favourable performance to target, although a slight decrease on the previous year. This was due in part to a reduction in proactive outbound call volumes following a reallocation of resources to the Otway bushfire community recovery response. Additionally, the Customer Care team boosted its focus on providing Utility Relief Grants funded by the Department of Families, Fairness and Housing.

Table 14: Customer support indicators comparison

	2025–26		2024–25	
Community service obligations	**Total actual dollar amount of concessions provided in year ($)**	**Total number of customers provided concessions in the year (#)**	**Total actual dollar amount of concessions provided in year ($)**	**Total number of customers provided concessions in the year (#)**
Provision of Water and Sewerage Concessions	$11,958,672	40,710	$11,461,830	39,768
Rebates paid to not-for-profit organisations under the water and sewerage rebate scheme	$564,771	2,327	$564,556	2,326
Utility relief grant scheme payments	$853,301	3,500	$834,840	2,965
Water Concession on life support machines	$3,214	12	$2,282	7
Hardship Relief Grant Scheme (Water and Sewerage Connection Scheme)	$0	0	$0	0



Photo: The temporary drinking water supply established at Rex Norman Park in Gellibrand during the January fires

Feature story: Emergency Management Framework put into action during Otway fires

In late January 2026, the bushfires that caused major damage to bushland and property in the Otway region also caused damage to the Gellibrand water treatment plant. Because of this damage, we notified customers on 27 January that their tap water was no longer suitable for drinking.

To manage this emergency, we provided comprehensive, on-the-ground customer and communications support throughout this period.

Activities we implemented during this period included a dedicated contact centre, daily community liaison, coordination of an emergency water supply, tank cleaning and facilitation of refill support through DEECA programs, financial relief outreach, provision of hydration stations and standpipes, support for local businesses and community facilities, and sustained communications and media management throughout the incident.

Safe drinking water supplies were reinstated to Gellibrand on 4 February 2026, and construction of a new water storage tank began immediately.

Customer and community engagement

Through genuine engagement, we know our customers and community want us to work in partnership with them to address both global and local challenges, while also helping enhance the qualities that make our region great.

We have dedicated community and stakeholder engagement strategies for planned major projects, which outline various processes and methods of engagement with customers, stakeholders and the community. The strategies reference the IAP2 public participation spectrum and community engagement model and are listed in 'Key strategic and project engagements'.

To measure the success of our approach to engagement, our Customer Advisory Committee once again participated in our annual performance review process. Each year, the committee assesses our performance on behalf of our customers. Their recommendation is sent to the Board before being compiled into a report of 42 metrics that are then sent on to the Essential Services Commission for assessment.

Key strategic and project engagements

Strategy 2040

During the financial year, we embarked upon an extensive engagement program for our next enterprise-wide strategy – Strategy 2040 – and sought ideas and feedback from Traditional Owners, stakeholders, customers and community members.

We conducted activities including workshops with our Customer and Environmental Advisory Committees, key stakeholder conversations, community pop-ups, focus groups, customer and community surveys, a dedicated web page, and a digital and social media campaign.

The feedback from the process will not only inform Strategy 2040, which will guide our action over the coming decade, but will also be incorporated into the 2028–33 Price Submission and the Urban Water Strategy 2027.

2028 Price Submission

The Price Submission process outlines the services we'll provide to customers, the infrastructure we'll build and upgrade, and customer prices over a five-year period. With our next submission due to begin in 2028, we invited customers to share their views on what matters most to them.

The engagement process included workshops with our Customer and Environmental Advisory committees, key stakeholder conversations and a customer survey to seek feedback on priorities and test appetite for willingness to pay for levels of service.

We also invited customers to join a Community Panel – which will meet four times in the new financial year – and commenced planning and promotion for a series of community pop-up events to be held in July 2026.

Urban Water Strategy 2027

We launched a community and stakeholder engagement program to seek input into our next Urban Water Strategy during the financial year. Activities included engaging with our Customer and Environmental Advisory committees, customer surveys, engagement at the Geelong and Colac Shows, and a dedicated web page.

As part of the engagement process, we were keen to better understand attitudes to water restrictions and willingness to pay for levels of service, as well as seek ideas for water savings, water smarts and potential new water sources.

Feedback will help us make decisions about where to invest and what to prioritise in the short and long term, to deliver water security for our customers, the community, Traditional Owners and the environment.

Lorne: Water, Your Say

In 2025–26, we completed our two-year intensive engagement program with the Lorne community to secure a sustainable and resilient water future.

Our key activities included community pop-ups, surveys and conversations with the project's dedicated Community Working Group about potential new water sources, savings and smarter water use.

The working group strongly endorsed ongoing demand reduction and water efficiency initiatives, together with a major supply option such as a connection to the Geelong system, local desalination, or purified recycled water as a future priority.

Apollo Bay: Water, Your Say

We completed our 18-month intensive engagement program with the Apollo Bay community to secure a sustainable and resilient water future during the financial year. Key activities included community pop-ups and surveys to capture ideas for both increasing supply and using water more wisely.

The project's dedicated Community Working Group met 10 times throughout the year and put forward recommendations for both short-and-long-term solutions for water security that consider what is best for the region.

Murrk Ngubitj Yarram Yaluk

We continued our engagement with the Wadawurrung Traditional Owners Aboriginal Corporation, Bellarine Catchment Network and the Friends of Murrk Ngubitj Yarram Yaluk. The 'Friends of' group, which includes local community members, also continued to meet on the first Wednesday of each month to assist with bush regeneration activities.

Finally, we commenced planning for the community open day to be held in the new financial year.

Porronggitj Karrong and Barwon River Ovoid Sewer Aqueduct

The community reference group for this project met 4 times during 2025–26. The group discussed the progress of the Porronggitj Karrong cultural and community precinct and continued planning for safety works on the Ovoid Sewer Aqueduct.

Following Heritage Victoria's decision to grant a new permit to safely demolish the 110-year-old aqueduct, and in recognition of its heritage value, the community reference group was invited to share their feedback and ideas on a heritage interpretation strategy.

Broader community engagement also continued with website updates, media releases, stakeholder briefings and e-newsletters to our customers, as well as planning for a public commemorative event in August 2026.

Boundary Creek, Big Swamp and Surrounding Environment Remediation and Environmental Protection Plan

We engaged with relevant stakeholders about this plan in 2025–26, meeting with the community and stakeholder remediation reference group twice to maintain community oversight of the implementation process and harness community knowledge.

We also co-facilitated a community electrofishing and waterbug identification demonstration event in collaboration with Arthur Rylah Institute and the Corangamite Catchment Management Authority.

To keep the community informed, we continued sharing project updates via a dedicated 'Your Say' web page, and with local media outlets and community newsletters.

Anglesea Borefield

We continued to share information about the Anglesea borefield and our bulk entitlement review process with relevant stakeholders and the broader community. Key to this process was the Anglesea River Advisory Group.

We also continued to engage with other local interest groups and the broader community via targeted briefings, community information sessions and attendance at the ANGAIR Wildflower Show.

Infrastructure projects

We continued community engagement planning and delivery for key infrastructure projects in 2025–26 including:

- the major regional sewer and water main renewal program
- Queenscliff water pipeline upgrade
- Indented Head water pipeline upgrade
- Colac water pipeline upgrade
- Colac water reclamation plant upgrade
- Portarlington water reclamation plant upgrade
- Waurn Ponds recycled water scheme and
- the Melbourne to Geelong Pipeline upgrade.



Photo: Badge-making at our Museum of Modern (f)art activity and exhibition space in Geelong

Education engagement

Our long-standing, comprehensive education program is available to early childhood services, schools and tertiary institutions across the region. The service delivers guided tours of key sites, such as reservoirs and treatment plants, in-class and outdoor activities, and a suite of educational resources for teachers and students.

During 2025–26, we held 51 classroom education sessions for school students, 48 sessions within kindergartens, 57 guided tours for schools and community groups, and 32 community presentations. In addition, we distributed 43 'Water Hero' program kits to kindergartens and early learning centres, giving educators a detailed resource to highlight the importance of water to our youngest community members.

Other highlights included:

- hosting 26 sessions at the fun and creative learning space – the Museum of Modern (f)Art – to educate children and families about how to care for sewers and protect the environment
- engaging in partnerships with Cultura and Wyndham Community and Education Centre to help our region's newest residents understand their water supply and the supports available to them
- promoting the National Water Week annual poster competition, which resulted in 1,417 students from our region participating
- participating in the ROAM Geelong festival with our larger-than-life puppet, Wade the Tardigrade, as a way of highlighting the role of microorganisms at our water reclamation plants
- participating in summer events across the region to educate the community about dry conditions, water-saving tips and our region's future water security (7,200 interactions – up from 1,008 last financial year)
- participating in the Geelong and Colac Shows, which resulted in 2,800 interactions focused on water efficiency and healthy sewer education
- supplying more than 1,250 native grasses and shrubs to 14 local schools undertaking tree planting and revegetation activities, through our partnership with genU Community Nursery.

Table 15: Education program participation

Education activities	2025–26	2024–25
Students and community members reached	17,316[1]	9,609
Tours conducted	57[2]	88
In-class school sessions conducted	51[2]	82
In-class kindergarten sessions conducted	48[2]	63
Community presentations	32	17

1. Total participation numbers in 2025–26 increased by 80% due to a significant jump in summer pop-up event reach, as well as a decision to incorporate interactions from the Geelong and Colac show in the total figure.
2. The decrease in tours and in-class sessions was a result of reduced staff capacity in the education team during the financial year.

Recognise First Nations values (LOE 3)

Partnerships with Traditional Owners

Our commitment to delivering water for Traditional Owners' Cultural, spiritual and economic values is a central pillar of our transformation as we continue to embed First Nations ways of Being, Knowing and Doing across our organisation. Guided by the authority and assertions of Eastern Maar and Wadawurrung Peoples, we are deepening our partnerships to ensure their self-determined priorities shape our long-term strategic direction.

Our collaborative work with Traditional Owners continues to show what is possible when First Nations knowledge and stewardship guide planning, environmental management and community-focused outcomes. Through initiatives that support relationship building, on Country learning and the integration of Cultural knowledge into operational systems, we are continuing to move towards approaches that recognise the importance of Country-led frameworks.

Agreements with Traditional Owners

During the financial year, we strengthened our relationship with Eastern Maar through coordinated engagement across the year. The Water Corporations Partnerships Officer, funded through a multi-party agreement with Wannon Water and Grampians Wimmera Mallee Water, was maintained and has benefited from stronger engagement during the third of this five-year agreement.

Our partnership with the Wadawurrung Traditional Owners Aboriginal Corporation was endorsed for its third iteration. Since its initiation, the relationship has continued to mature, supported by ongoing delivery of self-determined initiatives and stronger integration of the partnership across the Barwon Water Group.

We supported the delivery of Cultural Water in the Moorabool and Durdidwarrah wetlands for the third year, enabling Cultural and environmental values to improve in the Moorabool catchment.

Caring for Country Assessment Tool

Our Caring for Country Assessment Tool is a user-friendly resource developed by our First Nation Values department to help our employees assess and embed Traditional Owner Cultural values into business processes, project planning and delivery. The tool produces a 'Cultural Impacts Statement' that can be used to guide meaningful engagement with Traditional Owners on specific projects and initiatives, supporting conversations that are aligned with Cultural values and priorities.

The Caring for Country Assessment Tool was applied in project planning contexts during the financial year, including asset planning, and also supported a successful engagement with Eastern Maar in our carbon sequestration project at Dewing Creek.

The challenge ahead will be scaling use of the Caring for Country Assessment Tool across the business, building employee capability for its meaningful use, embedding it into standard processes and maintaining its usability across a range of project and program types.

Supporting First Nations self-determination

Our commitment to supporting First Nations self-determination continues to deepen as we strengthen the Cultural foundations that guide our work. Our partnerships with Eastern Maar and Wadawurrung, alongside insights from recent Cultural Audit findings, continue to shape how we understand our responsibilities to Country, Culture and community. This guidance reinforces the need for long-term, relational approaches that prioritise First Nations authority and knowledge in the way we plan, decide and deliver.

Porronggitj Karrong

The Porronggitj Karrong revitalisation project continued to enable self-determination during the financial year through Wadawurrung-led delivery. On-ground works progressed across revegetation, restoration and site management, supported by a Wadawurrung community planting event and Cultural monitoring across the year with ecological monitoring consultants, SMEC.

The outcomes from 2025–26 have established the foundations for a deeper planning phase, titled 'Reimagining the Landscape'. This phase of work will take us one step closer to realising the Cultural and community vision for the parkland.

Treaty readiness program

In partnership with the Melbourne metropolitan water corporations, we advanced our Treaty Readiness program.

Representatives from The First Peoples Assembly of Victoria and the Treaty Authority joined us at Ryrie HQ to deliver a Treaty information day for staff. The event provided an overview of the new Treaty landscape in Victoria, improving staff understanding of this context, while deeper and ongoing engagement with our leadership and sector partners supported alignment with emerging reforms.

Cultural capability

Cultural education was expanded through both onboarding of new starters and organisation-wide learning. Monthly 'Introduction to First Nations Values' sessions began in January 2026, providing consistent early engagement for new staff. The successful rollout of the mandatory 'Understanding First Peoples and First Nations Cultures' e-Learn reached 90% completion across the Barwon Water Group, significantly increasing the overall baseline Cultural awareness of our staff.

Procurement from Aboriginal businesses

We are committed to increasing procurement opportunities for Aboriginal businesses and supporting economic participation by First Nations people, as guided by our Social Procurement Strategy and Reconciliation Action Plan.

During the financial year, we maintained a Platinum Partnership with Kinaway, engaging directly with certified Aboriginal businesses, building staff awareness of Aboriginal supplier networks, and working collaboratively with Traditional Owner organisations to identify sustainable procurement opportunities.

To reduce barriers to economic participation, we also embedded Aboriginal procurement considerations within our procurement framework and purchasing practices. As a result, our Purchasing and Contracting Rules allow procurements valued between $25,001 and $75,000 to be sourced through a single written quotation from a verified Victorian Aboriginal business. This provides a practical mechanism to improve access to contracting opportunities, while maintaining value-for-money requirements. Aboriginal businesses are verified through recognised organisations such as Kinaway and Supply Nation.

We also continued actively promoting the identification and support of Aboriginal businesses through our procurement policies and guidance, which require staff to consider social procurement opportunities and Aboriginal suppliers as part of procurement planning and market engagement activities. Targeted education and awareness initiatives delivered to staff also helped increase knowledge of Aboriginal suppliers.

Collectively, these measures helped address common procurement barriers, such as limited supplier visibility, lack of market awareness and lack of access to procurement opportunities.

The Ministerial Reporting Directions require us to report on the following indicators in our annual report:

- tender requests received
- tender requests received from Aboriginal businesses
- tender requests accepted from Aboriginal businesses

As we do not presently capture all tender and quotation activity through a single end-to-end procure-to-pay platform, the number of tender requests received, including those from Aboriginal businesses, cannot be reliably reported. However, contract data shows that 5 contracts were awarded to Aboriginal businesses during 2025–26.

We are also required to report on the number of formal partnership agreements we maintain with Aboriginal Community Controlled Organisations. While we maintain strong relationships and collaborative arrangements with Traditional Owner groups and First Nations organisations, these arrangements do not meet the definition of a formal partnership for the purpose of this measure.

Recognise recreational values (LOE 4)

Support and promote recreational values

During the financial year, we continued to promote and enable fishing, bushwalking, mountain biking, horse riding, picnicking and bird watching at several of our reservoirs. We also worked with Fisheries Victoria to stock several of our upper catchment reservoirs.

To encourage people to utilise these spaces, we promoted our public recreation sites via our website. Key information supplied online included fish stocking updates, access opportunities and conditions. We also supplied and maintained on-site signage to help people navigate and use these areas safely.

Key recreational projects we conducted during the year included:

Murrk Ngubitj Yarram Yaluk

In 2025–26, we completed car park construction, maintenance and walking tracks at the 37-hectare Murrk Ngubitj Yarram Yaluk site, which was formerly known as the Bellarine Basin landholding.

With Victorian Government Naturefund support, and working alongside community volunteers, Wadawurrung and the Bellarine Catchment Network, we also continued to use natural regeneration processes to re-grow bush and re-establish wetlands.

We expect this site will be officially opened to the public in the first quarter of 2026–27. The opening will commence with a gathering of Wadawurrung elders.

Porronggitj Karrong

We continued to support Wadawurrung in progressing the 66-hectare Porronggitj Karrong open space, which includes the aqueduct and 1.8 kilometres of Barwon River frontage.

Community and stakeholder consultation remained a key part of the project, informing the development of a comprehensive heritage interpretation plan and planning for a community open day. The open day will give the public an opportunity to view the aqueduct, learn about Geelong's sewerage history and hear about future plans for the area.

We also obtained a works permit that allows us to dismantle the 760-metre-long Barwon River Ovoid Sewer Aqueduct, with preliminary on-ground works commencing in March 2026.

Once the aqueduct removal is complete (scheduled for 2027), the lower Barwon River passage will be re-opened to watercraft for the first time in over 30 years.

In addition to the projects listed above, we also worked with our stakeholders to facilitate the following during the financial year:

- With delivery by the City of Greater Geelong, we facilitated construction of a 960-metre-long section of shared path along Scenic Road, Highton, that was partly within our landholding.
- We worked with the Corangamite Catchment Management Authority and other agencies on projects and funding opportunities for the Kutjarra-dja-bul Bullarto Langi-ut (Barwon River Parklands) and drew up initial plans for connecting the parklands to Barwon Water's landholdings in Highton and Breakwater (Geelong).

The Ministerial Reporting Directions require us to report on the following indicators in our annual report:

- site-based projects planned/delivered to improve recreational enjoyment of water storages
- water storage recreational areas with Recreational Area Management Plans in place.

While all the projects we carried out during the financial year are broadly intended to improve recreational values, none of them would qualify as reportable according to these indicator definitions.

Resilient and liveable cities and towns (LOE 5)

Integrated water management

Integrated water management (IWM) is a collaborative approach that enables us to adapt to change and optimise value across the whole water cycle. It considers 'how the delivery of water, wastewater and stormwater services can contribute to water security, public and environmental health and urban amenity.'

In doing so, it contributes to the health of our environment and economy, promotes access to water and green spaces for social and Cultural wellbeing, and supports the overall liveability of our region.

We continued to provide strong leadership in the delivery of IWM in our service area during the financial year through the coordination of the Barwon IWM Forum and delivery of alternative water projects.

Barwon IWM Forum

We continued to chair and provide executive support for the Barwon Region IWM Forum during the financial year. The forum, which has representatives of Traditional Owners, local government, DEECA, Corangamite CMA and Deakin University, facilitated the delivery of 22 priority IWM opportunities.

In partnership with local councils, Corangamite CMA and DEECA, we partly funded and agreed to employ a Regional IWM Advisor position. The position was filled in October 2025 and is providing capability-building support to our regional IWM Forum partners.

In collaboration with DEECA and forum partners, we commenced a review and refresh of the forum's governance arrangements. This resulted in the establishment and support of a regional IWM Practitioner Group that focuses on delivery and coordination of projects, as well as an executive group to provide strategic direction and investment prioritisation.

IWM planning and capital works

We led or contributed to the following regional and local IWM planning processes and capital works during the financial year:

- delivery of the Elliminyt Wetlands in Colac – a key stormwater infrastructure investment that will manage flood risk and create long-term environmental and community wellbeing benefits
- delivery of the approved Kitjarra-dja-bul Bullarto langi-ut Master Plan
- completion of the Torquay Messmate Road, Avalon Corridor and Queenscliff IWM Plans
- construction of a 5.25-kilometre pipeline to provide recycled water to Deakin University in Waurn Ponds via Armstrong Creek in May 2026 and preparatory work to allow supply to commence
- completion of the concept design and preliminary business case for a large-scale, staged alternative water grid during the financial year (see page 45).

We also continued with the following projects:

- working with the City of Greater Geelong to implement approved actions from the Northern and Western Geelong Growth Areas IWM Plan into Precinct Structure Plans for Elcho Road East, Elcho Road West and Creamery Road
- addressing the impacts of excessive volumes of stormwater entering the Karaaf wetlands, in partnership with the Surf Coast Shire and regional partners, and providing support to agribusiness
- increasing the use of fit-for-purpose, low-salinity recycled water on the Bellarine by continuing stage 3 of the Recycled Water project.

Case study: WaterSmart Home Toilet Program

We launched our WaterSmart Home Toilet Program in December 2025 to support residential customers to upgrade their old single flush or leaking dual flush cisterns to new water-efficient dual flush toilet cisterns.

Leaking toilets are the top water waster in a home, while single flush toilets use 3 or 4 times more water than a new water-efficient toilet.

As part of the application process, customers were required to submit a photo of their toilet. In one case, the customer explained that their toilet was over 30 years old.

In total, we replaced 80 toilet cisterns through the program. While this may not seem like a very large number, the combined estimated water savings from this program is 2.1 million litres per year.



Photo: A water-saving dual flush toilet



Photo: The Birregurra Sustainable Communities Working Group celebrating the end of a 5-year water saving initiative at the town's newly installed water fountain.

Urban water efficiency

In partnership with our customers and communities, we delivered year 3 of our 2023–28 Sustainable Water Use Plan (SWUP) during the financial year. The plan supports urban water efficiency and sustainable water use across residential, non-residential school, and community engagement workstreams.

In 2025–26, the following 5 key workstreams saved around 231.5 million litres of drinking water:

- WaterSmart Residential – includes the WaterSmart Washing Machine Rebate program, the DEECA-funded Community Rebate and Community Housing Retrofit Programs (see Table 16), as well as a new WaterSmart Home Toilet Program (see case study on page 33), the Home and Garden Rebate and the ShowerStar trial.
- WaterSmart Non-Residential – includes project managing the Victorian Advanced Greywater Recycling System (Hydraloop) trial, the DEECA-funded WaterSmart Business Program, as well as WaterSmart Councils, WaterSmart Business Rebates, Coastal Partnerships and Colac on-farm programs.
- WaterSmart Schools – includes delivery of the DEECA Schools Water Efficiency Program (SWEP).
- Sustainable Communities – includes targeted Sustainable Communities initiatives in Birregurra and towns aligned with Barwon Water's Urban Water Strategy (Lorne and Apollo Bay).
- WaterSmart Engagement – includes delivery of the Permanent Water Saving Rules and Summer campaigns, as well as initiatives to support behaviour change and improve water literacy.

These urban water efficiency programs helped to deliver the water efficiency outcomes outlined in Water for Victoria, Central and Gippsland Region Sustainable Water Strategy (see page 44), our Urban Water Strategy and Strategy 2030.

The program is on track to meet its target of saving one billion litres by June 2028.

786.4

million litres of drinking water have been saved since the Sustainable Water Use Plan implementation began in 2023

Table 16 shows the number of customers assisted through the Community Rebate Program and Community Housing Retrofit Program in 2025–26. When compared to the previous financial year, customers assisted are down by 28% and 71% respectively.

This decrease was due to a DEECA decision to reduce funding for these programs during the financial year. From 2026–27 onwards, these programs will no longer be funded by DEECA.

Table 16: Customer assistance provided in 2025–26

Name of program	Customers (#)
Community Rebate Program	134
Community Housing Retrofit Program	17

Urban water consumption

Tables 17 to 19 contain 2025–26 urban water consumption data for our region.

Over the past 12 months, we reduced our total non-revenue water level through proactive leak detection, quicker response times to reported leaks, and ongoing improvements to network monitoring. We continued to strengthen our understanding of water losses by enhancing metering accuracy, replacing and upgrading key bulk flow meters and expanding our flow meter verification program.

Investments in leak detection capability, improved data collection systems, and the development of more detailed network monitoring areas will support increasingly targeted interventions, helping us identify and address water losses more effectively. These initiatives form part of our ongoing commitment to improving water efficiency, reducing waste, and delivering greater value to our customers and community.

Rainwater and tanks

The Ministerial Reporting Directions require us to report on the following metrics in our annual report:

- knowledge of rainwater use in our region
- quantitative estimates of rainwater tanks installed.

We currently have no reliable means for assessing or responding to either of these indicators.

Table 17: Residential use indicators

Metric	2025–26 result
Residential connections (#)	174,476
Total volume of potable water consumed by residential connections (ML)	**28,181**
Per capita daily residential potable water consumption (litres/person/day)	162
Total volume of recycled water used by residential connections (ML)	**326**
Total volume of stormwater used by residential connections (ML supplied by Barwon Water)	**n/a**

Table 18: Non-residential use indicators

Metric	2025–26 result
Non-residential connections (#)	13,721
Total volume of potable water used by non-residential connections (ML)	**10,980**
Volume of recycled water used by non-residential connections for:	
Commercial purposes	570
Industrial purposes	2,265
Agricultural purposes	503
Municipal purposes	24
Beneficial Allocation	-
Within Process	256
Total volume of recycled water used by non-residential connections (ML)	**3,618**
Volume of stormwater used by non-residential connections (supplied by Barwon Water):	
Commercial purposes	n/a
Industrial purposes	n/a
Agricultural purposes	n/a
Municipal purposes	n/a
Beneficial Allocation	n/a
Within Process	n/a
Total volume of stormwater used by non-residential connections supplied by Barwon Water (ML)	**n/a**

Table 19: Total water use indicators (includes non-revenue water sources)

Metric	2025–26 result
Total number of connections (#)	188,197
Total volume of potable water consumed by connections (ML)	39,162
Total volume of recycled and stormwater used by connections (ML)	3,944
Total volume of water used by connections[1] (ML)	**43,106**
Five-year average annual water consumption (financial years to 2025–26)[2] (ML)	37,496
Non-revenue water sources (ML):	
Leakage	2,653
Firefighting[3]	-
Other	278
Total non-revenue water (ML)	**2,931[4]**
Total volume of water from all sources (ML)	**46,037**

1. Sum of total volume of potable water consumed by connections and total volume of recycled and stormwater used by connections.
2. Five-year average of 2021–22, 2022–23, 2023–24, 2024–25 and 2025–26.
3. Water used for firefighting purposes is not metered.
4. Includes combined potable metered hydrant volumes and the marginal volumes used by Barwon Water for mains flushing, scouring and other maintenance.

Table 20: Major non-residential water customers (by volumetric range)

Volumetric range – ML per year	Customers (#)
Equal to or greater than 100 ML and less than 200 ML	6
Equal to or greater than 200 ML and less than 300 ML	3
Equal to or greater than 300 ML and less than 400 ML	1
Equal to or greater than 400 ML and less than 500 ML	3
Equal to or greater than 500 ML and less than 750 ML	0
Equal to or greater than 750 ML and less than 1,000 ML	0
Greater than 1,000 ML	1
Total customers	**14**

Table 21: Major non-residential customers and water conservation programs

Name of customer	WaterSmart Business	WaterSmart Council	Water management plan
Viva Energy Refining Pty Ltd			Y
City of Greater Geelong	Y	Y	
Malteurop Australia Pty Ltd	Y		
Turi Foods Pty Ltd	Y		
Australian Lamb (Colac) Pty Ltd	Y		
J R & C A Santospirito	Y		
MC Herd Pty Ltd	Y		
Thirteenth Beach Golf Links Ltd	Y		
Barwon Health – The Geelong Hospital	Y		
Bulla Dairy Foods	Y		
Bulla Cream Co Pty Ltd	Y		
Barrett Burston Ltd	Y		
Pavilion Partners Pty Ltd	Y		
Bellarine Property Nominees Pty Ltd	Y		

Feature story: Melbourne to Geelong Pipeline supply boost

At the end of 2025, we expanded the capacity of the Melbourne to Geelong Pipeline from 16 billion litres to 22 billion litres as part of a $40 million upgrade.

The pipeline stretches for 59 kilometres underground, connecting Geelong's storage at Lovely Banks with Melbourne's water supply network at Cowies Hill, west of Werribee.

The works included modifications at two basins, allowing water from the pipeline to reach a further 28,000 households and businesses in the Geelong region.

This pipeline helped Geelong avoid water restrictions in 2025 during one of the driest periods on record across central and western Victoria.



Photo (from L to R): Corangamite Catchment Management Authority CEO, Amber Clarke; Barwon Water Chair, Peta Maddy; Minister for Water, Gayle Tierney; Committee for Geelong CEO, Michael Johnston; Barwon Water Managing Director, Shaun Cumming; and DEECA's Executive Director Water Security and Resilience, Andrew Fennessy

Corporate water consumption

Table 22: Corporate water consumption (head office)

Location	2025–26 (kL)
55 – 67 Ryrie Street (Geelong)	2,291

Drought preparedness

Our region experienced extremely dry conditions throughout much of 2025–26. Rainfall remained below average for most of the year, leading to reduced catchment inflows and declining storage levels in the Geelong water supply system.

Across the three years to June 2026, inflows to West Barwon Reservoir were the lowest on record, totalling just 31.5 billion litres. This was approximately 60% below the long-term average and 20% lower than the previous record low, as recorded during the Millennium Drought.

Despite these record-low inflows, we successfully maintained water security across the Greater Geelong region through a range of drought preparedness measures, avoiding the need for water restrictions.

The Geelong region storages remained below 60% for most of the financial year and did not exceed 50% during the second half of the year. Storages reached a low of 35.3% in August 2025.

Above-average rainfall and inflows increased total storage levels from 36.1% at the start of June 2026 to 47.3% by the end of the month. This was almost 11 percentage points higher than on 30 June 2025, but around 10 percentage points lower than the same date in 2024.

Apollo Bay started the financial year under Stage 2 water restrictions following an extended period of extremely dry conditions. These restrictions were lifted on 1 August 2025 following much-needed rainfall in the early part of the year, which lifted water storage levels back to 68% (following a low in the previous financial year of 20.4% on 6 June 2025).

While storages were down collectively, levels in the Colac, Lorne and Apollo Bay systems remained healthy throughout the reporting period.

In response to ongoing dry conditions, we implemented actions under our Drought Preparedness Plan during the financial year, including:

- continued use of the Melbourne to Geelong Pipeline, increasing its transfer capacity from 16 GL/year to 22 GL/year
- activating the Anglesea Borefield
- implementing demand management initiatives and
- continuing Stage 2 water restrictions in Apollo Bay, Skenes Creek and Marengo (although these restrictions were discontinued from 1 August 2025 following winter rainfall).

Permanent water saving rules remained in place in the Geelong, Colac, Lorne and Gellibrand systems throughout the financial year.

As part of the 2027 Urban Water Strategy development process, we started reviewing our Drought Response Plan and Drought Preparedness Plan in 2025–26. We plan to incorporate the lessons we have learned from recent dry conditions, as well as our drought response actions, to strengthen our ongoing preparedness and resilience.



Photo: A campaign image from the Make Every Drop Count campaign

Feature story: Make Every Drop Count campaign

From November 2025 to February 2026, we partnered with Greater Western Water, Melbourne Water, South East Water, Yarra Valley Water and the Victorian Government to support the Make Every Drop Count campaign. The aim of the campaign was to help Victorians play an active role in caring for our state's water future by empowering them with simple and practical actions they can take to reduce water.

The Melbourne and Geelong-wide campaign included the following:

- paid media (billboards, print media, social media, outdoor advertising and so on)
- earned media (media releases and interviews over several months, as well as native social posts).

We also brought the Make Every Drop Count message to life locally by connecting with 86,000 people across 8 of our region's major events, generating localised social media posts and achieving coverage in local media.

The campaign delivered strongly against its objectives, achieving awareness at scale (105 million impressions) and attracting 6 times the targeted number of website users (211,000 users total).

Importantly, campaign recognition was strongly associated with actual and intended behaviour change. Respondents who recognised the campaign were more likely to report taking action to save water (61% compared with 39%) or report an intent to take action (71% compared with 53%).

These findings demonstrated the campaign's effectiveness in converting awareness into actual and planned action.

Circular economy

In line with our Zero Waste aspirations, we continued to support projects during the financial year designed to assess and embed circular economy principles.

Programs such as the 2023–2028 Sustainable Water Use Plan and Barwon IWM Forum all continued delivering circular economy outcomes, as did the various initiatives listed below.

As part of our ongoing approach, we also continued participating in research and development collaborations with industry and academia.

Green Oxygen for Wastewater Treatment project

The Green Oxygen for Wastewater Treatment project is a collaborative initiative with Viva Energy that was developed to assess the technical, commercial and operational feasibility of integrating renewable hydrogen by-product oxygen into wastewater.

During the financial year, we submitted a recommendation report to Australian Renewable Energy Agency (ARENA) to progress the Green Oxygen for Wastewater Treatment project. As the next phase of the project was deemed not commercially viable, the project was unable to proceed into a design and demonstration phase.

Despite this, the project still generated valuable insights and learning that we will share with the water sector to build knowledge, inform future projects and continue the industry-wide conversation about decarbonisation and resource recovery.

Regional Renewable Organics Network (RON)

The Regional RON aims to take biosolids (a by-product of wastewater treatment) and other organic wastes and convert them into high value carbon products, such as biochar and renewable energy.

In May 2026, the Australian Government announced that it would commit $20 million toward a Regional RON at Black Rock, Connewarre. This will increase the local processing capacity of the precinct, which currently treats around 85% of the Geelong region's wastewater.

Following a review of the project, we have refined our delivery approach and will undertake market testing to explore potential biosolid treatment technologies, as well as other organic waste solutions, before confirming a preferred project structure. We'll return to market in the second half of 2026, with further design development and confirmation of the Regional RON structure in 2027.

We anticipate design and construction will begin in 2028, with operations expected to commence in 2031.

Managing our waste

During the financial year, we reused 100% of the biosolids produced by our operations (see Table 23).

To further improve our approach to managing other wastes, we implemented a waste tracking tool to analyse industrial waste streams generated in our operations and track the amount of waste being disposed to landfill. This data will help inform the update of our Industrial Waste Management Plan (see page 42).

Table 23: Biosolids produced and reused in 2025–26

Indicator	Produced 2025–26 (dry tonnes)	Reused 2025–26 (dry tonnes)	Weight stored 2025–26 (dry tonnes)
Biosolids	9,827	9,827	0

Feature story: University partnerships for groundbreaking biochar research

In July 2025, we commenced a partnership with Deakin University's Recycling and Clean Energy Commercialisation Hub (REACH), in collaboration with RMIT University, to research how biosolids from wastewater treatment, household food scraps and garden organic waste can be transformed into biochar.

Biochar is a carbon-rich, charcoal-like material with potential to improve soil health, support crop growth and sequester carbon for hundreds of years.

Through laboratory, greenhouse and field trials at Deakin University's Waurn Ponds Campus, researchers are investigating different biochar formulations, evaluating their performance, benefits, costs and suitability for agricultural applications.

The research is also exploring biochar's potential as a replacement for fossil-derived carbon in battery production, particularly as an anode active material for sodium-ion batteries.

The partnership aims to unlock high-value commercial applications for biochar produced through our regional organics initiatives, supporting innovation and a circular economy across the Geelong region.

In June 2026, we entered a second REACH agreement with Deakin University to extend this work and build a longer-term evidence base for biochar applications.

Supported by the Australian Government's Trailblazer Universities Program, the two-year joint initiative involves more than 6 researchers across multi-disciplinary teams and will conclude in December 2027.



Photo: A close-up of biochar, which is the focus of the REACH partnership

Environmental statutory obligations

We have a well-established and functional Environmental Management System (EMS) that is accredited under ISO14001:2015. The EMS documents the risks and established controls in managing potential impacts to the environment posed by our operations.

Planning Approvals Assessment Tool

During the financial year, our Planning Approvals Assessment Tool was updated to reflect changes to Environmental Compliance requirements and create a more user-friendly tool. The tool will help us identify environmental values and planning requirements for construction projects with more certainty.

General Environmental Duty Change Program

We continued the roll-out of a General Environmental Duty Change Program that included a range of improvement projects including:

- the development of a Pest Plant and Animal Plan
- additional training and awareness for operational staff and
- a risk assessment of operational infrastructure on the surrounding environment.

We also initiated a range of nature positive projects, including a Natural Capital Assessment and an investigation of the key natural assets within Barwon Water-managed land.

We will continue to build on this work with the aim of developing a business wide Nature Positive Plan.

Industrial Waste Management Plan

During the financial year, we updated our Industrial Waste Management Plan to improve our waste management practices and identify potential reuse opportunities from a circular economy perspective.

The update prompted us to introduce a range of new initiatives including improved risk assessment processes, enhanced waste data collection and reporting, and assessment of infrastructure options for improved emergency waste management.

Working with councils

Working closely with councils across our region helps align local planning and development outcomes with our strategic objectives and IWM approach, while protecting drinking water supplies, environmental values and public health.

We continued to support councils in implementing their domestic Onsite Wastewater Management Plans during the financial year through active participation, collaboration to deliver actions and by providing technical advice.

Obligations of Managers of Land or Infrastructure (OMLI) clause 2 generally requires water authorities to provide formal written responses to councils on sewage management solutions for priority areas in their domestic wastewater management plans, detailing preferred sewerage options. However, we did not receive specific requests from councils to provide these detailed responses during the financial year.

Instead, our engagement focused on outlining our new Unserviced Towns Policy. This policy provides a transparent framework for considering and delivering water and wastewater services to unserviced areas, aiding councils with wastewater planning for unsewered localities.

As a planning referral authority, we also worked closely with local councils to implement the requirements of local planning schemes for the protection of drinking water quality and yield in designated Special Water Supply Catchment areas.

Waterway and catchment health

Managing and protecting catchments and waterways is essential to maintaining high-quality, safe drinking water for our customers and community, as well as supporting social, environmental and economic values across our region.

Our Catchment and Waterway Strategy guides how we improve catchment and waterway health across our region, and it is informed by both the Corangamite Regional Catchment Strategy and the Corangamite Regional Waterway Strategy.

Waterway protection

With our support, the Corangamite CMA, Landcare, landholders and the community delivered several significant waterway and catchment protection outcomes aligned to our Catchment Risk Assessment priorities. Across our Special Water Supply Catchment Areas, this work established 58 hectares of revegetation, protected 11 kilometres of waterway frontage, and removed 3.8 kilometres of willow.

To further protect source water quality and biodiversity values in these areas, we implemented a deer control program in collaboration with Parks Victoria.

We made significant progress in enhancing spatial mapping and data management capabilities through ArcGIS Online, improving our ability to develop, implement and monitor Catchment Risk Assessments.

Finally, we continued to support genU to operate the Geelong Community Nursery, which propagates local indigenous plants for catchment and waterway rehabilitation.

Programs and projects

We continued our long-standing partnership with the Corangamite CMA to support delivery of waterway and catchment health projects and programs including:

- WaterWatch (citizen science program)
- the Barwon Flagship Project and
- Our Life Giving Moorabool', a catchment scale initiative that is being developed alongside Wadawurrung Traditional Owners.

We also continued working to deliver environmental flows to both the Moorabool and Barwon River systems through allocations under the Moorabool and Upper Barwon Environmental Entitlements, and in accordance with seasonal watering plans developed by the Corangamite CMA.

Gellibrand River FLOWS Study

The FLOWS Study for the Gellibrand River continued to be progressed in 2025–26 in collaboration with the Corangamite CMA, DEECA, Wannon Water, Southern Rural Water and Eastern Maar Aboriginal Corporation.

In 2025–26, we delivered a Site Paper and draft Issues Paper and are now working on developing the environmental flow recommendations.

Building a Resilient Barham

We commenced implementation of the Building a Resilient Barham project this financial year. Working with landholders, the community and stakeholders, this long-term catchment project aims to protect drinking water quality and improve catchment and waterway health in the Barham River Catchment.

The first phase of on-ground works included fencing, off-stream watering and revegetation to reduce catchment risks and improve waterway health. An Onsite Wastewater Management System Audit and education program also commenced in partnership with the Colac Otway Shire.

Boundary Creek and Big Swamp remediation

Since early 2020, we have been implementing a remediation and environmental protection plan (REPP) for Boundary Creek, Big Swamp and the surrounding environment to identify and address the impacts caused by the historical management of groundwater pumping activities at the Barwon Downs borefield.

With water levels in bores adjacent to Boundary Creek nearing or in some cases exceeding their target water levels, significant recovery of ecological communities within Big Swamp, and the decommissioning of the Barwon Downs borefield, the project remains in a 'watch and act phase'. Environmental monitoring continues to inform whether further actions, such as the implementation of contingency measures, are required.

For more information, please refer to yoursay.barwonwater.vic.gov.au/boundary-creek

Feature story: Joint winners of the 2025 Minister's Climate Innovation Challenge

The Barwon Water Group was announced joint winner of the Water Minister's Climate Innovation Challenge in December 2025 for its winning project – From Sewers to Solutions: Unlocking Energy in Wastewater Networks.

The project showcased an untapped renewable resource flowing beneath our feet: the heat in Victoria's wastewater network. It demonstrated that by capturing this waste heat and using it to warm pools, aquatic centres and low-heat industries, it can dramatically cut costs, carbon emissions and gas use.

Wastewater Heat Recovery systems have been implemented in many countries across the world, with Victoria having the right conditions for it to succeed here.

The $75,000 prize money was used to create Australia's first heat map for the Geelong region, which was published on the BAS website in April 2026. It also helped fund a demonstration site at our Breakwater maintenance depot, which was launched in June 2026.



Photo: Ben Long and Suzanne McConchie receiving the award

Central and Gippsland Region Sustainable Water Strategy

Our approach to sustainable water management aligns with DEECA's Central and Gippsland Region Sustainable Water Strategy.

The strategy aims to secure the region's long-term water supplies to protect the jobs, farms, ecosystems, communities and Traditional Owners that rely on them. It supports ongoing investment in water efficiency for homes, businesses and farms and proposes a pathway to doubling the region's water supplies over the next 50 years.

The following actions were advanced during the financial year in support of the strategy.

Bulk Entitlement applications

We progressed Action 4-3 of the Central and Gippsland Region Sustainable Water Strategy by applying to the Minister for Water to transfer 3.7 GL/year of bulk water entitlement in the Moorabool system to support environmental and Traditional Owner outcomes.

The proposed transfers will return water to the Moorabool River while maintaining long-term water security for the Greater Geelong region.

Sustainable Water Network

In support of Action 3-5, we completed a concept design and preliminary business case investigating the feasibility of a large-scale recycled water and stormwater network during the financial year.

This work will provide the basis for us to develop and stage the key infrastructure needed to move large volumes of alternative water across the region. This, in turn, will support investment in new housing, agriculture, horticulture and industrial ventures, and create healthier environments and communities.

Investigating future water supply options

In support of Action 9-1, we continued adaptive planning activities to support future water security in the following ways:

- we progressed development of our 2027 Urban Water Strategy
- we investigated future water supply options in collaboration with the Victorian Government and other water corporations, as part of the Water Security Plan investigations.

This work will inform long-term investment decisions and identify opportunities to improve drought preparedness, resilience and environmental outcomes.

Improve flows in Stony Creek

We progressed Action 8-3 by working with Wadawurrung Traditional Owners, DEECA and Melbourne Water to complete a flow options assessment designed to increase flows downstream of Lower Stony Creek Reservoir.

The proposed outcome from this assessment was the ability to manage releases from the reservoir in collaboration with Wadawurrung Traditional Owners. Releases from the reservoir would only occur when water is available and within the operating range of the reservoir.

At the end of the financial year, DEECA were in the process of formally closing this action.

Recycled water

With ongoing growth across our region in new homes, we have remained focused during the financial year on providing fit-for-purpose water and being smart about how we deliver it.

Our Zero Waste aspiration provides the motivation to achieve optimal use of our resources. This includes 100% of recycled water allocated to productive use.

We commenced the commissioning of the Portarlington Water Reclamation Plant during the financial year and are aiming to complete it in time for the 2026–27 summer irrigation season. Once complete, the plant will more than double recycled water use on the Bellarine, supplying high-quality recycled water for agriculture and horticulture.

Smart networks

The Smart Water Network program was established to improve our ability to both find and fix customer and network leaks. By deploying digital meters at scale, the program will deliver significant water savings by creating high-resolution data of network flow, vibration, pressure and usage that can be used to inform targeted maintenance and renewal programs. Additionally, the program aims to benefit customers by providing early potential leak alerts, preventing possible bill shocks from undetected leaks.

During the financial year, we established the core communications, internet of things (IoT) and data integration infrastructure required to support digital metering. We also implemented a Meter Data Collection Policy, which establishes the framework for the responsible collection, use and management of digital meter data.

We delivered a community awareness and customer engagement program, including 16 community pop-up events that engaged more than 3,000 people and achieved a 34.6% response rate. Communication and awareness activities in priority areas increased average daily customer registrations by 35.9%, generating an estimated 523 registrations above baseline and helping prepare customers to participate in the Smart Networks Program.

While supplier constraints and technical integration issues impacting some meter types challenged us during the year, a dedicated technical taskforce was established to accelerate resolution and coordinate suppliers. Subsequently, we established new meter supply contracts and ordered 17,710 digital meters for the next phase of the rollout, scheduled to commence in late 2026–27.

400,000 litres

estimated water savings since digital leak detection and customer notification capabilities were established at the start of 2026



Smart sewers

In 2025–26, we deployed an AI-enabled sewer analytics platform and expanded sewer sensor coverage to 70 priority locations in Lorne and along the Barwon River.

The expanded proof of concept trial identified and enabled the removal of 13 sewer blockages, helping prevent 6 likely spill events. These results support the use of innovative predictive analytics and sensor monitoring to support ongoing proactive sewer network management.

Housing Statement

While development activity remained subdued across much of 2025–26, particularly within the greenfield sector, market indicators suggest an improving pipeline and a gradual return to growth. Greenfield lot sales across the Geelong Growth Corridor increased during the year, although broader activity remains somewhat fragmented and continues to be influenced by economic conditions and the timing of key Precinct Structure Plan releases.

The Victorian Housing Statement targets 140,700 new homes across Barwon Water's region by 2051. Achieving this growth will rely heavily on the progression of the Northern and Western Growth Area Precinct Structure Plans, which are expected to unlock significant future housing supply and drive increased demand for water and sewer servicing across the region.

To support the region's long-term growth, we maintained regular engagement and reporting with DEECA and continued to strengthen industry partnerships through forums such as the Urban Development Institute of Australia (UDIA) and the Association of Land Development Engineers (ALDE). These collaborations have helped ensure alignment on housing delivery priorities and emerging regulatory reforms.

Throughout the financial year, we continued to focus on streamlining our systems and processes to improve efficiency, maintain service quality and support future growth. This included enhancements to our development assessment processes, ongoing reporting of key housing and development metrics, and initiatives to better manage fluctuating workloads. These improvements position us well to respond to increasing development activity as market conditions strengthen and growth area planning progresses.

Working with developers and councils

Early and proactive engagement with councils and developers is an essential way we support growth, manage risk, and enable timely servicing outcomes. This engagement occurs well before formal planning permit referrals, and includes regular monthly meetings, targeted engagement with proponents and formal participation in council planning activities, such as Town Structure Plans, Precinct Structure Plans, place-based planning and strategic rezoning.

Our staff play a key role in engaging early with councils and proponents to identify servicing constraints, infrastructure sequencing risks, and approval dependencies at a stage when outcomes can still be influenced. A core focus of this engagement is advocating for IWM to be embedded early in the planning process – rather than applied during permit assessment – to support coordinated land use, water, sewerage, recycled water and drainage outcomes.

Examples of growth and renewal areas where this approach was applied last financial year include Avalon, Messmate Road, Torquay, Bannockburn Southeast, Creamery Road Precinct Structure Plan and Elcho Road East Precinct Structure Plan. We also supported place-based planning in Winchelsea, and strategic policy work via the City of Greater Geelong Industrial Land Use Strategy.

Connection capacity

Table 24: Residential water connections and lots created

Lots created 2025–26	New connections 2025–26
2,287	3,445

Leadership, diversity and culture (LOE 6)

As a major employer in the region, the Barwon Water Group was supported by over 551 full-time-equivalent employees during the financial year:

- Barwon Water – 406.10 full-time-equivalent employees
- Barwon Asset Solutions – 145.42 full-time-equivalent employees

Our employees come from a diverse range of disciplines – operations, science, engineering, strategic planning, community engagement, customer support, technology, finance and administration. They also come from a diverse range of backgrounds and lived experience.

In 2025–26, we continued our progress towards achieving a more diverse, inclusive and constructive culture for our people through the launch of our People Strategy, and the development of our new diversity, equity and inclusion action plan: 2026–29 Unity and Belonging Plan – Our Shared Humanity.

People Strategy

Our new People Strategy was launched in August 2025 and is designed to help us realise the ambitious goals set in Strategy 2030 by supporting our people to thrive and grow. The strategy consists of 5 goals with supporting actions and success metrics.

Actions we implemented during the financial year to help achieve the strategy included:

- We continued to deliver the LEAD 2030 program to all employees, including people leaders.
- We expanded our bespoke TEAM2030 sessions to strengthen communication, break down barriers, build psychological safety and enhance team performance.
- We embedded Culture Amp as our preferred performance and development platform, enabling meaningful conversations, continuous feedback and employee growth.
- We commenced Strategic Workforce Planning to identify the future workforce, capabilities and capacity required to deliver our long-term strategy and meet the evolving needs of our customers and community.
- We launched our first AI strategy with a focus on enhanced productivity and the transition to a workforce of the future.

We also developed a leadership pilot program that will be launched next financial year and rolled out until 2028. The program, which is aligned to our Leadership Framework, is focused on safety, inclusion, performance and change, and is designed to build confident, capable leaders equipped to manage our future workforce.

WORK180 top 10

We were once again honoured to make the top 10 of WORK180's list of Australia's best employers for women.

We were rated 8th nationally in the top 101 Workplaces for women, finished as a finalist in 3 categories of the Equitable Workplace Awards including inclusive hiring, workplace flexibility and strategic commitments.

This recognition is a welcome acknowledgement of our long-term commitment to gender equity and progress towards a diverse and inclusive workplace for all our employees.

Unity and Belonging Plan

The 2026–29 Unity and Belonging Plan – Our Shared Humanity was finalised in May 2026 and sets ambitious targets for improving representation, equity, unity, belonging and inclusion across both Barwon Water and Barwon Asset Solutions.

The overarching goals of the plan are:

- strengthen unity and belonging
- make our systems fairer and more equitable
- centre First Nations sovereignty and self-determination
- move away from 'othering' approaches to diversity and
- share responsibility for change across our organisation.

The plan contains 21 key actions designed to create impacts across individual, relational, structural and cultural aspects of the organisation. This will help ensure any changes made are both systemic and sustainable.

Underpinning the plan is a system of governance incorporating all levels of the organisation including our Board, Managing Director, Steering Committee and Inclusion Council. This ensures that everyone is accountable for achieving the plan outcomes.

Table 25 (on page 48) shows our most recent diversity and inclusion statistics.

Table 25: Diversity and inclusion indicators

Cohort	Target – June 2026	Actual progress at June 2026
Gender composition (Senior Leadership Team)[1]	40.0% men 40.0% women 20.0% flexible	52.0% men 48.0% women
Gender composition (organisation)[1, 2]	57.0% men 43.0% women	57.2% men 42.8% women
Aboriginal and Torres Strait Islander employees[3]	4.0%	3.0%
Culturally and linguistically diverse employees[3] (Language other than English or born overseas)	25.0%	10.0%
Employees that identify as living with a disability[3]	17.5%	7.0%

1. Metrics collected from payroll system data.
2. Payroll system data does not currently capture the number of employees who identify as non-binary or use another gender identity term. However, one per cent of respondents to the optional 2025 People Matter Survey, conducted by the Victorian Public Sector Commission, identified in this way. Improving how our systems recognise and reflect the gender diversity of our workforce is a key action in our Unity and Belonging Plan.
3. Metrics collected from the 2025 People Matter Survey – these metrics are only measured every 2 years (next collection in 2026–27).

Table 26: Indicators for diversity and inclusion

Indicator	2025–26
Diversity Inclusion Plan/s published on website	Y
Staff who have undertaken a cross-cultural training course facilitated by a suitably experienced provider (#)	597
Gender Equality Action Plan published on website	Y

Traineeship program

Our traineeship program continued during the financial year as an early career pathway for people from key communities. The program delivers appropriate education, work training and support designed to help participants achieve a nationally recognised qualification.

We expanded the impact of this program during the year by requiring contractors who were delivering major infrastructure investments to meet clear labour-hire commitments and creating targeted employment pathways for priority jobseekers, First Nations people and women in non-traditional roles.

Reconciliation

Our Stretch Reconciliation Action Plan (RAP) was successfully completed during the financial year with 85 of 88 (96.6%) of actions delivered.

The newly mobilised RAP working group supported the successful completion, while also undertaking the planning of our National Reconciliation Week and NAIDOC Week calendar of events.

Working within our sphere of influence, we sought to better understand how we can amplify our impact for First Peoples employment.

To this end, we again signed the Geelong Aboriginal Employment Partnership statement of commitment to formalise our continued collaborative approach toward First Peoples employment in the Barwon region. We also continued work to address common barriers to First Nations procurement (see page 31).

In the next financial year, we will begin to plan for our next RAP. The plan will be designed to align with the 2028 Price Submission and Strategy 2040.

First Nations representation in decision-making

We had First Nations Board Directors on both our Barwon Water and BAS Board during the financial year.

The BAS First Nations Independent Non-Executive Director role was established in 2024 as a two-year development pathway with reference to the DEECA Water Corporation Aboriginal Delegate Guidelines.

The role has achieved its intended purpose by providing practical Board experience, strengthening First Nations perspectives in governance discussions and contributing positively to the effectiveness of the BAS Board.

We also had two First Nations employees join our Inclusion Council in 2026 to provide valuable First Nations guidance and knowledge, and to collaboratively help develop the Unity and Belonging Plan.

Performance and financial management (LOE 7)

Following is a consolidated performance report for the 2025–26 financial year. The report incorporates both Barwon Region Water Corporation (Barwon Water) and Barwon Asset Solutions Pty Ltd (BAS) – collectively known as 'the Group'.

Financial performance

Table 27 shows our financial performance for the 2025–26 financial year and how it compares to both our financial year target, as well as our performance in 2024–25.

Table 27: Financial performance indicators

Key Performance Indicators	2024–25 result	2025–26 result	Variance to 2024–25	2025–26 target	Variance to target
Cash Interest Cover Net operating cash flows before net interest and tax / net interest payments	2.2 times	2.2 times	0.0%	2.6 times	(14.6%)[1]
Gearing Ratio Total debt (including finance leases) / total assets	19.4%	17.0%	(12.8%)[2]	19.8%	(14.4%)[3]
Internal Financing Ratio Net operating cash flow less dividends / net capital expenditure	30.2%	33.5%	11.0%[4]	40.6%	(17.6%)[5]
Current Ratio Current assets / current liabilities (excluding long-term employee provisions and revenue in advance)	60.2%	53.9%	(10.5%)[6]	43.8%	23.1%[7]
Return on Assets Earnings before net interest and tax / average assets	2.1%	0.7%	(67.0%)[8]	1.6%	(56.9%)[9]
Return on Equity Net profit after tax / average total equity	1.2%	(0.5%)	(141.7%)[10]	0.4%	(225.0%)[11]
EBITDA Margin Earnings before interest, tax, depreciation and amortisation / total revenue	49.6%	38.9%	(21.5%)[12]	46.6%	(16.5%)[13]

Notes:

1. Unfavourable performance to target due to lower operating cash flows, driven by lower new customer contributions associated with a slowdown in the development market, and higher supplier payments due to ongoing dry conditions and broader cost pressures. This was partly offset by lower interest payments due to lower borrowings than target.
2. Favourable performance to prior year primarily due to the increase in the asset base following the infrastructure revaluation in 2025-26.
3. Favourable performance to target due to lower borrowings held during the period because of lower than planned capital expenditure, together with the higher asset base following the infrastructure revaluation.
4. Favourable performance to prior year due to an increase in operating cash surplus from prior year. Various factors have influenced this increase, with the net impact of drier conditions (tariff revenue increases, and the costs of increasing storage levels), reduced labour costs due to the additional payments in 2024-25 for the Barwon Water enterprise agreement, and increased other revenue, partially offset by lower new customer contributions associated with a slowdown in the development market, and broader cost pressures.
5. Unfavourable performance to target due to lower than target operating cash driven by lower new customer contributions associated with a slowdown in the development market, and higher supplier payments due to ongoing dry conditions and broader cost pressures. This was partly offset by lower interest payments due to lower borrowings than target.
6. Unfavourable performance to prior year mainly due to the taking up of provisions for the Barwon River Ovoid Sewer Aqueduct demolition and Barwon Downs borefields remediation.
7. Favourable performance to target, due to lower than anticipated capital expenditure payables at financial year end reflecting the timing of both the Regional Renewable Organics Network project and land purchases to support the works underway in the Northern and Western Growth Precincts, partially offset by the taking up of provisions for the Barwon River Ovoid Sewer Aqueduct demolition and Barwon Downs borefields remediation.
8. Unfavourable performance to prior year mainly due to the increased asset base following the 2025-26 infrastructure revaluation.
9. Unfavourable performance to target mainly due to the increased asset base following the 2025-26 infrastructure revaluation.
10. Unfavourable performance to prior year due to the 2025-26 net loss after tax, reflecting lower developer contributions associated with a slowdown in the development market, higher operating and administration expenditure influenced by ongoing dry conditions and broader cost pressures, and year-end tax and revaluation-related adjustments.
11. Unfavourable performance to target due to the 2025-26 net loss after tax, driven by lower developer contributions associated with a slowdown in the development market, higher operating and administration expenditure influenced by ongoing dry conditions and broader cost pressures, and year-end tax and revaluation-related adjustments.
12. Unfavourable performance to prior year due to lower developer contributions and higher operating and administration expenditure, influenced by ongoing dry conditions and broader cost pressures, relative to total revenue.
13. Unfavourable performance to target due to lower than expected developer contributions and higher operating and administration expenditure influenced by ongoing dry conditions and broader cost pressures, relative to total revenue.

Operational performance

Table 28 shows our operational performance for the 2025–26 financial year and how it compares to both our financial year target, as well as our performance in 2024–25.

Table 28: Water and wastewater network performance indicators

Water and sewerage network reliability	2024–25 result	2025–26 result	Variance to 2024–25	2025–26 target	Variance to target
Water Service - minutes of supply (planned and unplanned) How many minutes on average a customer was without water supply during a year	13.0	14.7	13.1%[14]	20.0	(26.5%)[15]
Unplanned water supply interruptions Percentage of customers receiving (x) unplanned interruptions in the year	0.4%	0.3%	(25.0%)[16]	0.4%	(25.0%)[17]
Sewerage Service – sewer blockages Number of sewer blockages reported per 100 kilometres of sewer main	31.9	31.3	(1.9%)	65.0	(52.3%)[18]
Sewerage Service – sewer spills Number of sewer spills reported per 100 kilometres of sewer main	16.0	15.4	(3.8%)	15.0	2.7%
Sewerage Service - containment of sewer spills Sewer spills from reticulation and branch sewers contained within 5 hours	98.9%	99.1%	0.2%	99.0%	0.1%

Notes:

14. Unfavourable performance to prior year due to conducting a significantly higher number of quality assurance activities during this year. Many of these activities required sections of the network to be isolated to effectively undertake testing and verification works. The resulting increase in planned shutdowns was the primary factor contributing to a higher average time customers were without water.
15. Favourable performance to target despite the higher number of planned shutdowns during the year. Performance remained well below the target of 20 minutes, with customers experiencing an average interruption duration of 15 minutes. This result is consistent with the strong levels of service achieved in recent years and reflects the ongoing efforts of operational teams to minimise the duration of supply interruptions wherever practicable.
16. Favourable performance to prior year as the group recorded an improvement in the proportion of customers experiencing an unplanned water supply interruption. Fewer interruption events occurred across the network while the number of customers served continued to grow, resulting in a lower proportion of customers being impacted and improved overall service reliability.
17. Favourable performance to target in part due to a lower number of reported water main leaks than anticipated. As repairs to water main leaks frequently require sections of the network to be isolated, fewer water main leak events resulted in fewer unplanned water supply interruptions during the year.
18. Favourable performance to target as was originally set using historical blockage data that included both main sewer and house connection branch (HCB) blockages. Subsequent clarification of the reporting methodology resulted in HCB blockages being excluded from the actual result (prior year result restated accordingly), while the target remained unchanged. As HCB blockages historically represented around half of all blockages, the target is no longer directly comparable to the revised measure and therefore appears elevated.

Water use – recycled water

Table 29 shows our recycled water use for the 2025–26 financial year and how it compares to both our financial year target, as well as our performance in 2024–25.

Table 29: Recycled water – effluent treatment and reuse

Water reuse indicators	2024–25 result	2025–26 result	Variance to 2024–25	2025–26 target	Variance to target
Recycled water – effluent treatment and reuse Proportion of water recycled as a percentage of the volume of effluent produced	15.2%	13.6%	(10.5%)[19]	20.0%	(32.0%)[20]

Notes:

19. Unfavourable performance to prior year due to reduced recycled water availability at Bannockburn WRP, a temporary period where recycled water could not be supplied to Viva Energy due to lagoon liner replacement works (potable water was supplied instead), and lower recycled water demand from two major customers supplied from Black Rock WRP.
20. Unfavourable performance to target. Aspirational Corporate Plan target was not met in 2025-26. A large part of this was a result of the issues raised in Note 19, and the timing of major recycled water projects coming online.

Certification of Performance Report for 2025–26

We certify that the accompanying Performance Report for the Group in respect of the 2025-26 financial year is presented fairly in accordance with the *Financial Management Act 1994*.

The Performance Report outlines the relevant performance indicators for the financial year as determined by the responsible Minister 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.



Peta Maddy

Chair



Shaun Cumming

Managing Director
(Accountable Officer)



Darren Collins

Chief Financial Officer

Dated this 13th day of October 2026

Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of Barwon Region Water Corporation

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

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

Auditor's responsibilities for the audit of the performance report	As required by the *Audit Act 1994*, my responsibility is to express an opinion on the performance report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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
15 October 2026

Timothy Maxfield
as delegate for the Auditor-General of Victoria

Compliance and enforcement (LOE 8)

Environmental licence compliance

During the reporting period, we achieved compliance against all 120 operating licence conditions and all 214 permit conditions. However, we received and responded to an EPA Improvement Notice for a temporary waste activated sludge storage area at Black Rock Water Reclamation Plant (WRP) due to an unplanned outage at the third-party operated biosolids thermal drying facility. The notice required us to design and implement effective controls to prevent odour emissions from the sludge storage lagoon impacting sensitive receptors.

In response to the Improvement Notice, a biofilter was constructed across the storage area. This resulted in a >99% reduction in the emissions of odorous compounds, which was validated through odour emissions monitoring and led to the Improvement Notice being revoked.

Table 31 shows the active Environment Protection Authority permissions we held for our WRP operations and recycled water reuse schemes during the financial year.

Drinking water quality

In accordance with the *Safe Drinking Water Act 2003*, we have a water quality risk management plan in place to ensure the provision of safe drinking water. We also maintain a HACCP-certified drinking water quality management system, which covers the entire water supply system from the catchment to the point of supply at the meter.

In November 2025, we successfully passed our HACCP Certification Surveillance Audit. This showed that we have a mature water quality risk management plan, and customers can be confident that we continually identify, assess and manage drinking water risks.

Throughout the 2025–26 reporting period, all 30 of Barwon Water's monitored water sampling areas complied with the drinking water quality standards prescribed under the Safe Drinking Water Regulations 2025. During the reporting period, a precautionary drinking water advisory was issued for the Gellibrand water supply system after the Gellibrand Water Treatment Plant was impacted by bushfire. No regulatory drinking water quality standard exceedances were identified. The advisory was lifted after the system was restored and water quality monitoring confirmed that the drinking water supply continued to meet regulatory requirements and was safe for consumption.

Table 31: Operating licences and permits held during 2025–26

Permission category	Permission type	Qty	Sites/detail
Operating Licence	A03 – Sewage Treatment	10	Black Rock WRP, Anglesea WRP, Aireys Inlet WRP, Lorne WRP, Apollo Bay WRP, Colac WRP, Birregurra WRP, Bannockburn WRP, Winchelsea WRP, Portarlington WRP
	A06 + A01 (disposal to land and reportable priority waste management)	1	Western Treatment Plant (backup biosolids storage)
Permit	A14 – Wastewater supply or use	10	Northern Water Plant (Class A and CIP reuse), Black Rock WRP (Class A and B), Portarlington WRP (Class C), Anglesea WRP (Class B), Lorne WRP (Class B), Apollo Bay (Class B), Bannockburn WRP (Class C), Winchelsea WRP (Class C), Colac WRP (Class B)
	A15 – Biosolids supply or use	2	Colac WRP and Black Rock WRP (deemed permissions – no longer used)
	A19 – Temporary on-site waste treatment	1	Black Rock WRP temporary sludge storage area

The number of water quality complaints received in 2025–26 was 0.15 per 100 properties – a small increase compared to 2024–25 (0.12 complaints per 100 properties). The increase was associated with a single small dirty water event in Colac following a burst main, as well as residual impacts from reducing the frequency of preventative mains cleaning, such as planned flushing, to minimise water usage when water storages were low and declining. The full program was reinstated at the first opportunity in late 2025 and the rate of water quality complaints has since reduced to baseline levels.

Bulk entitlement reporting

A bulk entitlement is a legal right to water granted by the Minister for Water under the *Water Act 1989*. Bulk entitlements are commonly held by water corporations in Victoria. The key objectives of these entitlements are to:

- provide authorities with a clearly defined property right to water
- provide authorities with flexibility to manage within their entitlements
- provide a basis for sharing limited water resources, protecting the entitlements of other users and protecting in-stream values
- facilitate water trading between user groups to ensure appropriate access and use
- support redistribution over time of finite water resources
- allow specific entitlements for environmental purposes.

Barwon Water operates under 11 surface water bulk entitlements, which cover the Barwon, Moorabool, Gellibrand, St Georges, Painkalac and Barham River systems, as well as the Greater Yarra System–Thomson River Pool.

Overall surface water bulk entitlement performance

We achieved an overall compliance rate of 100% in 2025–26 for the numerous daily extraction limits across our surface water bulk entitlements.

One non-compliance with passing flow conditions was reported in 2025–26. This occurred at the Pennyroyal Creek Diversion Weir, under the Upper Barwon System bulk entitlement, and was due to infrastructure failure.

Each bulk entitlement requires annual reporting of water taken and any non-compliance with the provisions contained within the bulk entitlement. This information is provided in the tables in Appendix C.

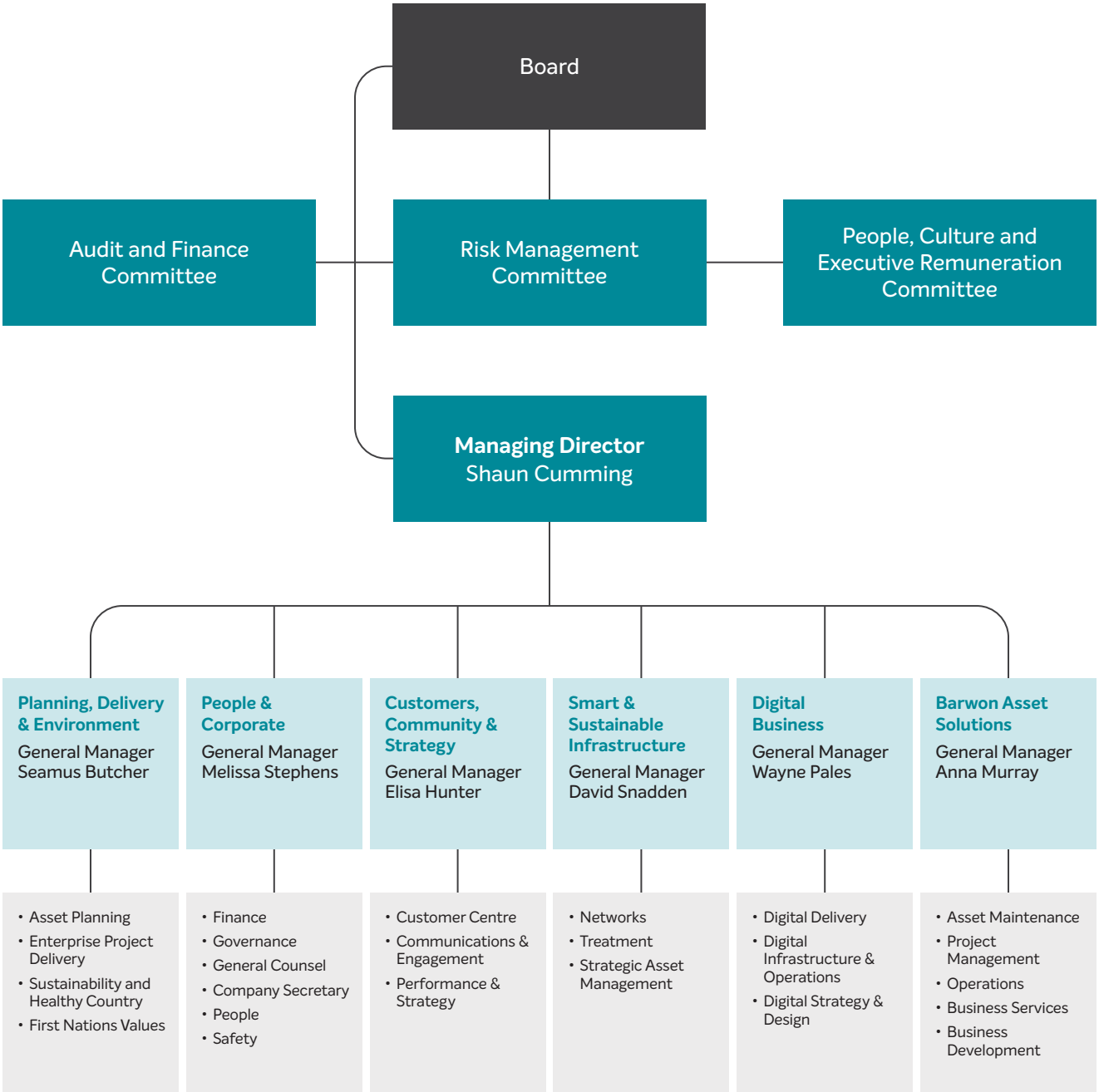
Part 4
Governance and corporate



Photo: The facade of the Barwon Water headquarters in Ryrie Street, Geelong

Organisational structure

Figure 2: Organisation chart as at 30 June 2026



About our Board

The Board is responsible for the overall governance and stewardship of Barwon Water, enabling the organisation to deliver sustainable value to customers, communities and stakeholders while meeting its statutory, regulatory and fiduciary obligations. The Board sets our strategic direction, oversees financial and organisational performance, as well as risk and assurance frameworks, and monitors management's achievement of corporate objectives and long-term outcomes.

The Board has a governance framework to maintain compliance with the legal and policy requirements of the Victorian Government, including the *Water Act 1989* (Vic), the *Public Administration Act 2004* (Vic) and the *Financial Management Act 1994* (Vic).

The Board generally comprises a non-executive Chair, 7 non-executive directors and the Managing Director. The non-executive Chair and non-executive directors are appointed by the Minister for Water.

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

Board Directors

Following is a list of our Board Directors as at 30 June 2026:

- Peta Maddy (Chair), appointed October 2021 (appointed as Chair October 2025)
- Shaun Cumming (Managing Director), appointed October 2023
- Des Powell, appointed October 2017
- Corrina Eccles, appointed October 2019
- Chris Chesterfield, appointed October 2023
- Jason Kambovski, appointed October 2023
- Madeline Oldfield, appointed October 2025
- Kate Griffiths, appointed October 2025
- John Mitchell, appointed October 2025.

Visit barwonwater.vic.gov.au/about-us/board for further information about our Board Directors.

For a complete list of Board Directors that served during the financial year, including Jodie Leonard who was a member of two committees until her departure on 9 April 2026, please refer to page 130.

Board meetings

Board meetings are scheduled 10 times a year with additional meetings being convened as circumstances warrant. Minutes of meetings record Board decisions.

The Managing Director and Executive Leadership Team attend Board meetings. The Company Secretary assists the Board in the conduct of company affairs and advises the Board about their duties and other governance matters.

Board committees

The Board has established committees to provide strategic guidance and assist it in the discharge of its responsibilities. Committee membership is determined by the Board and reviewed annually. Each of the committees is chaired by a non-executive director selected by the Board.

There are currently 3 committees:

- Audit and Finance
- Risk Management
- People, Culture and Executive Remuneration.

Each Board committee has its own charter and reports to the Board after it meets.

Audit and Finance Committee

The Audit and Finance Committee comprises a non-executive Chair and 3 non-executive directors.

Meetings are held 4 times per year and at other times as requested by a member of the committee or the internal or external auditor.

The Audit and Finance Committee supports the Board by overseeing the integrity of financial reporting, financial sustainability, assurance and governance across Barwon Water. The Committee's role includes:

- monitoring the effectiveness of financial and internal control systems
- reviewing compliance with statutory and regulatory obligations
- overseeing treasury and financial management practices and
- liaising with the internal and external auditors to evaluate the adequacy and effectiveness of the overall governance framework.

The Audit and Finance Committee members/directors for 2025–26 were:

- Jason Kambovski (Chair)
- Jodie Leonard (until 9 April 2026)
- Kate Griffiths
- Madeline Oldfield
- Des Powell.

Risk Management Committee

The Risk Management Committee comprises a non-executive Chair and 5 non-executive directors.

Meetings are held 4 times per year and at any other time, as requested by a member of the committee.

The Risk Management Committee supports the Board in overseeing Barwon Water's risk management, control and assurance frameworks. The Committee is responsible for:

- providing independent oversight of the organisation's strategic, operational, financial, compliance and emerging risks
- monitoring the effectiveness of risk management systems and internal controls and
- seeking assurance that management is appropriately identifying, assessing, managing and reporting risks in line with the Board's risk appetite and governance framework.

The Risk Management Committee members/directors for 2025–26 were:

- Kate Griffiths (Chair)
- Chris Chesterfield
- John Mitchell
- Corrina Eccles
- Peta Maddy
- Madeline Oldfield.

People, Culture and Executive Remuneration Committee

The People, Culture and Executive Remuneration Committee comprises a non-executive Chair and 4 non-executive directors.

The People, Culture and Executive Remuneration Committee assists the Board in overseeing Barwon Water's organisational culture, workforce capability and leadership. The Committee provides oversight of people and culture strategies, diversity, equity and inclusion, workforce planning, leadership development, succession planning, employee experience and organisational capability to support the achievement of Barwon Water's strategic objectives and long-term sustainability.

The Committee also oversees executive employment, performance and remuneration arrangements, ensuring they align with organisational objectives and comply with relevant government policies, expectations, guidance and directives.

The People, Culture and Executive Remuneration members/directors in 2025–26 were:

- Peta Maddy (Chair)
- Chris Chesterfield
- Corrina Eccles
- Jodie Leonard (until 9 April 2026)
- John Mitchell
- Des Powell.

Barwon Asset Solutions Board

Barwon Asset Solutions (BAS) is a wholly owned subsidiary of Barwon Water.

The BAS Board and its Audit and Risk Subcommittee are responsible for ensuring the company fulfils its functions effectively and complies with its governance framework, including compliance with the *Corporations Act 2001* (Cth).

The Board presides over all significant strategic, commercial, regulatory, financial and risk-focused elements of BAS. It comprises of 3 non-executive directors, drawn from Barwon Water's Board, one independent director, one executive director, and the Managing Director, who performs this role in addition to being the Managing Director of Barwon Water.

The BAS directors for 2025–26 were:

- Peta Maddy (Chair)
- Madeline Oldfield (Audit and Risk Committee Chair)
- Chris Chesterfield
- Shaun Cumming (Managing Director)
- Anna Murray (executive director)
- Jason Kambovski (until 4 May 2026)
- Jessie Motlik (independent director).

Integrity Framework

The Board's Integrity Framework consolidates the key standards of conduct and accountabilities that apply to directors at Barwon Water. The key principles of the Integrity Framework include:

- Obligations: the Board acts in accordance with its obligations and good public sector governance practices.
- Public interest: the Board members act in the public interest above their own interests always when carrying out their official duties.
- Culture of integrity: the Board models and fosters a culture of integrity. Board members, employees and external stakeholders are supported to raise integrity issues.

In September 2025, the Victorian Public Sector Commission (VPSC) produced a report under its statutory function to monitor and report on public sector compliance with the public sector values, codes of conduct, employment principles and standards. The report set out the VPSC's findings on Barwon Water's integrity practices and recognised Barwon Water's clear understanding of the role leaders play in shaping organisational culture and performance.

While the report was complimentary overall and aligned with good practice, Barwon Water developed an action plan to address the suggested areas for improvement. This included prioritising leadership induction and development programs to ensure they adequately cover integrity obligations beyond core integrity policies and values.

Performance evaluation

The Board has established a formal process to review its own performance, as well as that of its committees and individual directors. This process is consistent with the Governance Guidelines issued by DEECA.

Independent advice

Individual directors have access to independent advice from a range of services.

Director's Code of Conduct

Directors on the Board of Barwon Water are public officials under section 4 of the *Public Administration Act 2004*. Section 61 of the Act requires the Victorian Public Sector Commission to prepare and issue codes of conduct based on the public sector values.

The Code of Conduct for Directors of Victorian Public Entities is issued to promote adherence to public sector values by the directors of all Victorian public entities. The code expresses the public sector values in terms that are most relevant to the special role and duties of directors. At the same time, it is based on the same set of values (the public sector values) that apply to all public officials, including all employees of Barwon Water.

Board and committee attendance

Table 32: Board and committee attendance

Director	Board meetings	Audit and Finance Committee meetings	Risk Management Committee meetings	People, Culture & Executive Remuneration Committee meetings	BAS Board meetings	BAS Audit and Risk Management Committee meetings
J Plummer (Chair)[1]	2	1			1	1
C Chesterfield	10	1[4]	3	2	2	2
N Devidas[1]	2	1	1	1	1	1
C Eccles	9		1	2		
K Griffiths[3]	8	2	2			
J Kambovski	10	3	1		3	2
A Lansberry[1]	2	1	1			
J Leonard[2]	7	2		2		
D Powell	9	2		2		
P Maddy	10	3	3	2	4	3
J Mitchell[3]	7		2	1		
J Motlik		1[4]	1[4]		3	3
M Oldfield[3]	8	2	2		2	2
S Cumming	10	3	2	2	4	3

1. Ceased Directorship 30 September 2025
2. Ceased Directorship 9 April 2026
3. Commenced Directorship 1 October 2025
4. Only required for a portion of the meeting

Part 5
Workforce data



Photo: Barwon Water employees at an end-of-year meeting in 2025

Public sector values and employment principles

We have policies and practices that are consistent with the Victorian Public Sector Commission employment standards and deliver fair treatment, career opportunities and the early resolution of workplace issues.

We advise our employees on a range of matters, such as avoiding conflicts of interests, responding to offers of gifts and dealing with misconduct.

We comply with the *Public Administration Act 2004* by selecting employees based on ability, knowledge and skills in a fair and open process that supports equal opportunity. Promotion and advancement of qualified individuals within Barwon Water is based on these same principles. Employees receive fair and equitable treatment and human rights, as set out in the *Charter of Human Rights and Responsibilities Act 2006*.

Gifts, Benefits and Hospitality Policy

Our Gifts, Benefits and Hospitality Policy establishes standards and procedures for responding to gift, benefit and hospitality offers, as well as offering them, and is consistent with the DEECA model policy.

The policy is designed to help employees and directors to avoid conflicts of interest and maintain high levels of integrity and public trust. The policy discourages gift offers and states offers must never be accepted unless there is clear justification, in line with approved conditions in the policy. We continue to deliver training designed to educate all employees about their responsibilities according to this policy, including refresher training.

As part of the training, we make it clear that:

- directors and employees are responsible for ensuring their own conduct meets the required standards of integrity
- public interest must be placed above own interest when carrying out official duties
- all gift offers must be declared in accordance with the policy and prohibited gifts must be refused.

For further information about our Gifts, Benefits and Hospitality Policy, visit barwonwater.vic.gov.au

Prevention of bullying, Equal Opportunity (EEO) and harassment prevention policies

The following policies are designed to help prevent bullying and harassment and support equal opportunity, all of which are regularly reviewed and updated to ensure legislative compliance and alignment to organisational objectives. Our policies include:

- Prevention and Management of Bullying Policy
- Equal Employment and Harassment Prevention Policy
- Charter of Human Rights and Responsibilities Policy
- Family Violence Policy for Employees
- Family Violence Policy for Customers.

Along with our policies, all existing and new staff are trained in these important areas through our mandatory e-learning program. Safe and Respectful Workplaces training was delivered throughout 2025–26 to the entire workforce through a combination of eLearn and face-to-face workshops, introducing active bystander principles to strengthen a safe, respectful and inclusive culture.

Occupational health and safety

Health, Safety and Wellbeing (HSW)

We implemented a range of processes and initiatives as part of the 2025–26 HSW management plan, which contributes to our longer-term Beyond Zero Safety Strategy. These included:

- We reviewed processes and procedures against Victorian Occupational Health and Safety (OHS) legislation.
- We shared monthly newsletters to highlight safety performance trends, HSW topics relevant to the workplace and upcoming wellbeing events.
- We conducted a comprehensive review of key performance indicators used to measure and manage safety performance and enhanced our data capability to help us identify trends and insights more effectively.
- We completed a range of risk assessments including plant and equipment process, noise, public safety and psychosocial hazards. This risk assessment process included extensive consultation with health and safety representatives and subject matter experts.
- We implemented a fit-testing program for personnel required to use respiratory protective equipment.
- We maintained our lead paint registers for older assets, which record lead concentration and level of risk exposure associated with lead presence in assets.
- We maintained our asbestos register using the AIR System (Asbestos Identification and Rating System), which was developed by the Victorian Asbestos Eradication Agency.
- We coordinated working groups, including health and safety representatives, to effectively consult and manage health and safety risks and controls impacting the whole organisation.

Health and wellbeing program

As part of our health and wellbeing program, we delivered a range of initiatives in 2025–26, including:

- We trained more employees to become Mental Health First Aiders.
- We coordinated monthly Mental Health First Aider forums and used the discussions to identify trends and inform the health and wellbeing program.
- We encouraged employees to donate to Life Blood.
- We offered a range of webinars covering topics including nutrition, sleep hygiene and mental health.
- We encouraged employees to become physically active with programs such as our weekly yoga program and The Push Up Challenge, which raises mental health awareness through exercise.
- We offered employees vaccinations and health monitoring, such as flu vaccinations and skin checks.
- We recognised awareness events related to men's and women's health, diabetes, breast cancer and mental health with topic-specific toolbox sessions.
- We supported employees with ergonomics and desk set-up to help prevent posture-related injuries, as well as prevent manual handling injuries.
- We engaged local health specialists to review and treat employees pre-claim.
- We provided support to employees affected by non-work-related injuries and illness.
- We used the intranet, internal media and articles in the monthly HSW newsletter to promote awareness of health and wellbeing topics including fatigue, sleep, stress, exercise and health checks.

Table 33: Barwon Water (BW) and Barwon Asset Solutions (BAS) OHS performance

Measure	KPI	2025–26		2024–25	
		Barwon Water	BAS	Barwon Water	BAS
Injuries	First aid injuries	17	6	2	8
	Medical treatment only injuries	0	1	0	5
	Lost time injuries	6	7	1	7
	Total injuries	23	14	3	20
Incidents	Number of incidents	185	116	70	125
	Rate per 100 FTE[1]	43.83	77.85	21.88	118.47
	Number of time lost claims	6	7	1	7
	Rate per 100 FTE	1.42	4.70	0.31	6.67
	Average cost ($) per standard claim[2]	78,796	10,734	0	22,701
Risk management & assurance	Safety assurance activity completed as scheduled[3]	93%	93%	N/A	N/A
	Risk Assessments completed[3]	93%	93%	N/A	N/A
	Required safety training complete[3]	91%	85%	N/A	N/A

Notes:

1. Full-time-equivalent employees
2. Average claim costs for Barwon Water in 2025–26 were significantly impacted by a single asbestos-related claim, resulting in a higher overall average than would otherwise have been observed during the year. This is a legacy claim and doesn't reflect current exposure.
3. Some data for years prior to 2025–26 is not available due to changes in key performance indicators and internal reporting practices

HSW performance

In 2025–26, Barwon Water recorded 9 WorkCover claims and BAS recorded 6 WorkCover claims.

As Table 33 shows, there was an increase in first aid incidents. This reflects improved reporting practices for low consequence events.

These improved reporting practices also led to an increase in the total number of incidents reported at Barwon Water in 2025–26, giving greater visibility of events that would previously have been unreported or inconsistently classified.

Lost time injuries increased primarily due to a rise in manual handling injuries and incidents involving occupational violence and aggression. We have started working on initiatives targeting these areas of focus for risk reduction and injury prevention.

We were pleased to see improvements in incidents per FTE at BAS following the implementation of a dedicated BAS Safety Uplift Program. The program included targeted manual handling and ergonomics assessments, a campaign to highlight the importance of proactive and timely hazard and incident reporting, and stronger governance and accountability particularly for people leaders.

HSW training

HSW training developed and delivered in 2025–26 covered the following topics: defensive driving; using respiratory protective equipment; preventing underground service strikes; working at heights; operating elevated work platforms; chemical safety and management; confined space entry and rescue; electrical safety; fatigue; first aid and CPR; trench safety; and mental health.

We also continued to refine our training data in the Learning Management System to support monitoring and management of compliance training.

SQE integrated management system

We maintained our integrated management system via our certification to ISO 45001 Occupational Health and Safety, ISO 9001 Quality and ISO 14001 Environmental.

Our certification process is externally audited on an annual basis to ensure our obligations are met and any improvements actions are identified and remediated to support our continuous improvement culture.

The annual SQE audit report is presented to the Audit and Finance Committee, and the certification covers the Barwon Water Group.

Emergency management

We strengthened our emergency management capabilities and capacities throughout 2025–26 by continuously improving frameworks, processes, tools and practices.

This year we conducted activities such as:

- incident response exercise scenarios and knowledge workshops
- seasonal and emerging risk warnings and advice, toolboxes and training, including for our Fire Ready program, severe weather events and the H5N1 Bird Flu threat
- warden training and general staff evacuation drills
- recruitment to increase our pool of wardens
- after-action reviews and debriefs for response events, exercises and training, and auditing to contribute to continuous improvement
- deep-dive scenario exploration to improve contingency planning.

We continued to conduct our Fire Ready Program over the summer months, improving on safe ways of working for our on-call personnel and those working from home on high fire risk days. In January 2026, we used these processes to escalate and activate a response to bushfires in our region for the Gellibrand and Meredith areas. These events required prolonged response and recovery activities and were effectively coordinated within our state emergency arrangements to support impacted communities.

We continued to conduct internal and independent audits of our emergency management preparedness, including for specialist areas in the business. We used what we learned from these audits to contribute to key activities within our annual Emergency Management Uplift program, further improving our emergency management capability and processes.

We continued to be actively involved in regional and municipal emergency management committees, and industry resilience and community of practice forums, to ensure ongoing learning from others and enhance cooperation and understanding between agencies and communities. This broad range of connectivity also allowed us to rapidly understand emerging issues and active incident events, and respond to these proactively, minimising risks to our organisation and the communities we serve.

The key agencies that we interacted with included Emergency Management Victoria, emergency services, regulators, infrastructure operators, sector networks, local governments and community-led emergency planning groups.

Employment statistics

Tables 34 and 35 contain the head count (HC) and full-time equivalent (FTE) of all active public service employees employed by the Barwon Water Group in the last full pay period (June) of the 2025–26 and 2024–25 financial years.

Table 34: Employee demographics

Year	Attribute	All employees		Ongoing employees		Fixed-term and casual employees		
		Number HC*	FTE#	Full-time HC*	Part-time HC*	Full-time HC*	Part-time HC*	Casual HC*
June 2026	**Gender**							
	Women	220	200.27	156	56	7	0	1
	Men	355	351.26	330	11	14	0	0
	Self-described	0	0	0	0	0	0	0
	Age							
	15–24	3	2.03	0	0	2	0	1
	25–34	135	131.75	113	12	10	0	0
	35–44	185	175.03	146	33	6	0	0
	45–54	165	158.9	145	19	1	0	0
	55–64	79	75.82	68	10	1	0	0
	65+	8	8	7	0	1	0	0
	Total employees	**575**	**551.53**	**479**	**74**	**21**	**0**	**1**
June 2025	**Gender**							
	Women	205	182.93	138	67	0	0	0
	Men	357	351.46	344	12	0	0	1
	Self-described	0	0	0	0	0	0	0
	Age							
	15–24	14	12.63	10	1	2	0	1
	25–34	115	112.53	101	7	7	0	0
	35–44	191	179.03	151	35	4	1	0
	45–54	153	148.22	133	18	2	0	0
	55–64	80	74.19	64	15	1	0	0
	65+	9	7.79	7	2	0	0	0
	Total employees	**562**	**534.39**	**466**	**78**	**16**	**1**	**1**

*HC: Head count

#FTE: Full-time equivalent

Table 35: Employee classifications

Year	Classification	All employees		Ongoing employees		Fixed-term and casual employees		
		Number (HC)	FTE	Full-time (HC)	Part-time (HC)	Full-time (HC)	Part-time (HC)	Casual (HC)
June 2026	**EA 1–9**	**463**	**443.44**	**382**	**58**	**2**	**20**	**1**
	2	1	0.1	1	0	0	0	0
	3	44	43.23	41	2	1	0	0
	4	39	35.43	28	9	0	2	0
	5	55	50.33	39	13	0	3	0
	6	66	64.25	58	7	0	1	0
	7	58	56.53	50	5	0	3	0
	8	114	110.47	91	13	1	8	1
	9	86	83.1	74	9	0	3	0
	SOA–SOD[1]	**83**	**79.59**	**68**	**14**	**1**	**0**	**0**
	SOA	10	9.08	4	5	1	0	0
	SOB	10	9.8	9	1	0	0	0
	SOC	8	7.52	6	2	0	0	0
	SOD	55	53.19	49	6	0	0	0
	Executive[2]	**29**	**28.5**	**0**	**29**	**0**	**0**	**0**
	SES–1	22	21.5	0	22	0	0	0
	SES–2	6	6	0	6	0	0	0
	SES–3	1	1	0	1	0	0	0
	Total employees	**575**	**551.53**	**450**	**101**	**3**	**20**	**1**
June 2025	**EA 1–9**	**459**	**438.6**	**372**	**69**	**16**	**1**	**1**
	2	1	0.1	0	0	0	0	1
	3	45	44.23	42	2	1	0	0
	4	44	36.69	28	15	1	0	0
	5	56	49.44	37	16	3	0	0
	6	67	66.13	61	5	1	0	0
	7	51	52.7	41	7	2	1	0
	8	113	111	93	16	4	0	0
	9	82	78.31	70	8	4	0	0
	SOA–SOD[1]	**76**	**73.32**	**64**	**10**	**2**	**0**	**0**
	SOA	12	11.58	9	2	1	0	0
	SOB	11	10.52	9	2	0	0	0
	SOC	7	7	7	0	0	0	0
	SOD	46	44.22	39	6	1	0	0
	Executive[2]	**27**	**22.5**	**25**	**2**	**0**	**0**	**0**
	SES–1	20	15.5	18	2	0	0	0
	SES–2	6	6	6	0	0	0	0
	SES–3	1	1	1	0	0	0	0
	Total employees	**562**	**534.39**	**461**	**81**	**18**	**1**	**1**

*HC: Head count

#FTE: Full-time equivalent

Notes:

1. SOA–SOD are senior officer roles under the Enterprise Agreement.
2. SES–1 to SES–3 are VPSC classifications for head of department positions and above.

Table 36 compares Barwon Water Group employee head counts over the previous two financial years using the Australian and New Zealand Standard Classification of Occupations (ANZSCO), while Table 37 accounts for executive numbers across the same reporting period.

Table 36: ANZSCO head counts

Occupation classifications	2025–26	2024–25
Managers	30	28
Professionals	287	284
Technicians and Trade Workers	82	78
Clerical and Administrative Workers	85	85
Machinery Operators and Drivers	91	87
Total	**575**	**562**

Table 37: Reconciliation of executive numbers for the Barwon Water Group (as at 30 June)

		2025–26	2024–25
	Executives	32	29
	Accountable officer	1	1
Less	Separations	-4	-2
Total		**29**	**28**

Part 6
Other disclosures

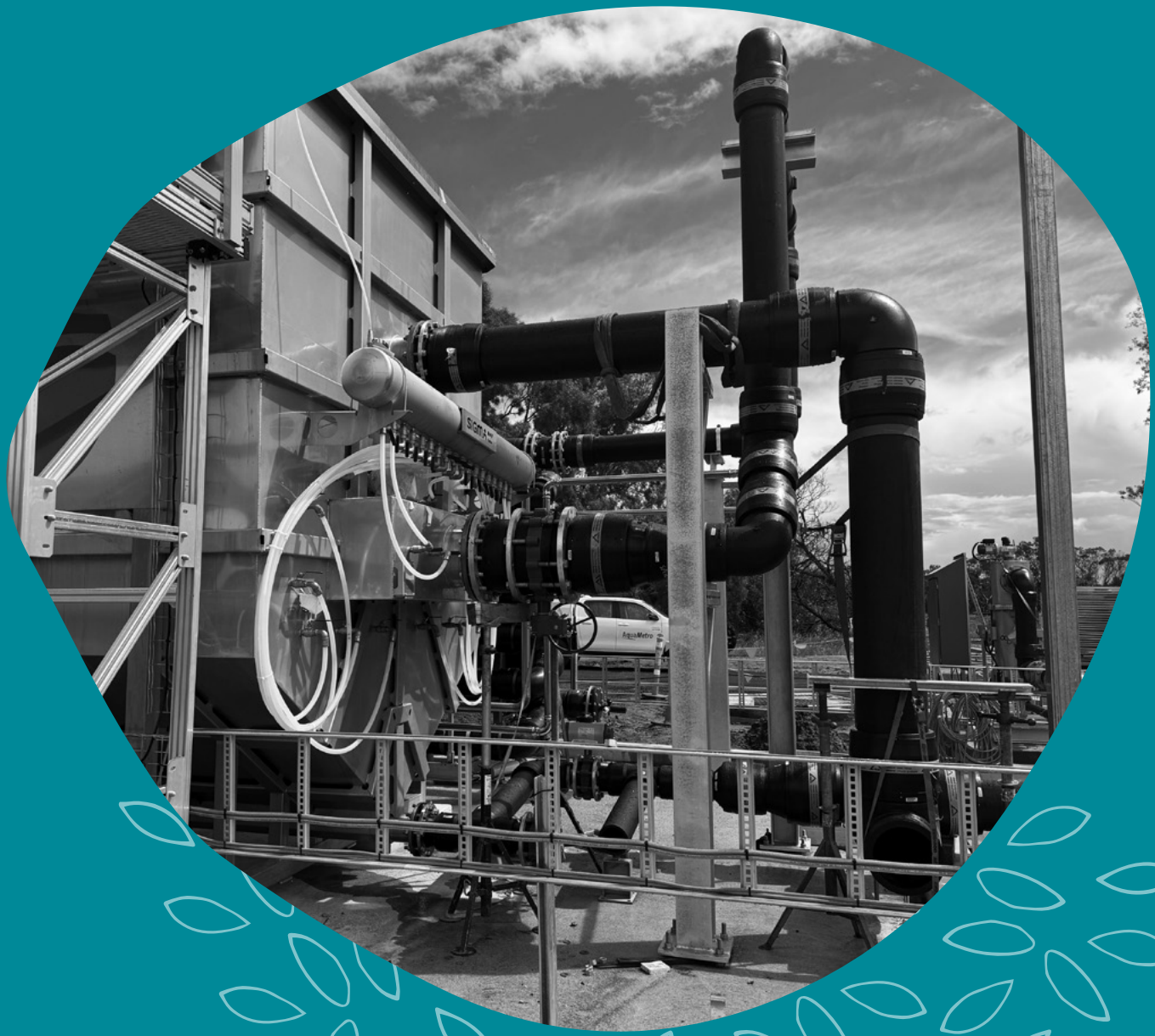


Photo: The Portarlington Water Reclamation Plant

Local Jobs First

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

We are required to apply the Local Jobs First Policy in all projects valued at $3 million or more for metropolitan Melbourne and statewide projects, and projects in regional Victoria valued at $1 million or more.

MPSG applies to all construction projects valued at $20 million or more. The MPSG and VIPP guidelines will continue to apply to MPSG applicable and VIPP applicable projects respectively in cases where contracts have been entered into prior to 15 August 2018.

Local Jobs First Standard

Projects commenced

A Standard Project is a project valued between $1 million and $50 million in regional Victoria, or between $3 million and $50 million in metropolitan Victoria.

During 2025–26, Barwon Water commenced 8 Local Jobs First Standard projects totalling $28,020,323 (excluding GST). All projects were in regional Victoria.

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

- 52% local content commitments made (average)
- 19.90 jobs (annualised employee equivalent, or AEE) committed, including 2.06 new jobs and 17.84 existing jobs
- 1.93 positions for apprentices/trainees/cadets committed, including 0.19 new jobs and 1.73 existing jobs
- one project commenced where the MPSG was applicable.

Projects completed

During 2025–26, Barwon Water completed 4 Local Jobs First Standard projects valued at $31,625,050 (excluding GST). All projects were in regional Victoria.

The MSPG applied to 3 of these projects.

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

- 90% local content commitments made (average)
- 39.13 jobs (AEE) committed, including 3.67 new jobs and 35.46 existing jobs
- 0.24 new apprenticeships/traineeships committed
- MPSG applicable projects provided a total of 1.92 apprentices/trainees.

During the financial year, 28 small-to-medium-sized businesses prepared a VIPP Plan or Local Industry Development Plan (LIDP) for contracts. No large businesses prepared a plan.

In 2025–26, 8 projects had the minimum formal weighting of 10% applied for local content in the tender evaluation of the VIPP Plan or LIDP.

We commenced 8 contracts greater than $1 million where a VIPP Plan or LIDP was required.

Local Jobs First Strategic

A Strategic Project is a project that has a total project value of $50 million or more, or is otherwise declared to be a Strategic Project by the Minister for Jobs, Innovation and Trade.

Projects commenced

We commenced no Local Jobs First Strategic projects during 2025–26.

Projects completed

We completed no Local Jobs First Strategic projects during 2025–26.

Social procurement

The Social Procurement Framework governs how the Victorian Government undertakes social procurement. The framework applies to the procurement of all goods, services and construction undertaken by, or on behalf of, entities subject to the Standing Directions 2018 under the *Financial Management Act 1994*.

We leverage our buying power to deliver social, economic and environmental outcomes benefiting the Victorian community, the economy and the environment – above and beyond the goods, services and construction works procured.

Our first Social Procurement Strategy was approved by the Department of Treasury and Finance in March 2020. The strategy was updated most recently in March 2024, and has prioritised the following 5 objectives from the Victorian Government's Social Procurement Framework:

- opportunities for Victorian Aboriginal people
- opportunities for Victorians with disability
- women's equality and safety
- sustainable Victorian regions
- implementation of the Climate Change Policy objectives.

During 2025–26, we carried out the following activities in support of social procurement:

- We spent $2,804,937 (ex-GST) with certified social benefit suppliers. This was broken into the following categories, noting that some spend sits across multiple categories:
- $1,575,272 with Victorian social enterprises
- $375,057 with Victorian social enterprises (disability)
- $74,648 with Victorian social enterprises (priority job seekers)
- $1,178,757 with Victorian Aboriginal businesses.
- We spent $439,398 with First Nations organisations (non-certified with Kinaway or Supply Nation).
- We continued our nursery services contract with genU, an accredited Australian Disability Enterprise that provides direct economic and social benefit through employment and training of employees with a disability. The contract provides for ongoing full-time employment and training of 5 local employees and 24 local supported employees.
- We continued our Platinum Partnership with Kinaway, enabling us to secure the services of a relationship manager who assists with cultural awareness education and training, provides advice on our RAP development and informs us about new Victorian Aboriginal suppliers.
- We commenced an Employment in Construction Program for Priority Jobseekers placing 2 participants with Barwon Water and BAS to gain training, experience and employment pathways. The program's success has enabled further opportunities for next financial year.

Government advertising expenditure

In 2025–26, we contributed to one government advertising campaign with a total media spend of $100,000 or greater (ex-GST). See Table 38 for a full breakdown of expenditure during the financial year.

Campaign name: Make Every Drop Count

Campaign summary: A Melbourne and Geelong-wide campaign managed by the Accord to encourage Victorians to reduce their water use (see page 39 for more information)

Start/end date: November 2025 to February 2026

Table 38: Make Every Drop Count expenditure for 2025–26

Expenditure type	Planned/Actual	Spend ($)
Advertising (media) expenditure (ex-GST)[1]	Planned	0
	Actual	120,540
Creative and campaign development expenditure (ex-GST)	Planned	0
	Actual	42,937
Research and evaluation expenditure (ex-GST)[2]	Planned	0
	Actual	6,087
Post-campaign evaluation and expenditure (ex-GST)	Planned	0
	Actual	N/A
Print and collateral expenditure (ex-GST)	Planned	0
	Actual	N/A
Other campaign expenditure (ex-GST)	Planned	0
	Actual	4,919
Total expenditure		**174,483**

Notes:

Approved 'Advertising (media) expenditure' is the amount approved for each campaign by the Advertising Approval Group (AAG). Planned campaign expenditure amounts are the amounts included in the Campaign Strategy form submitted to the AAG for review.

1. Media buy was split between Accord and Non-Accord members across all channels except TikTok and Search Engine Marketing (SEM), which could not be targeted geographically. The expenditure for these items has been worked out in the following way:
   * Tik Tok: split between Accord and Non-Accord members in the detailed media plan was used as the basis to determine water corporation contributions to that channel
   * SEM: DEECA's contribution proportionate to their overall media investment was removed, and then the Accord contribution proportions to the balance was applied
2. This figure includes post-campaign evaluation as these elements were not costed separately.

Consultancy and contract expenditure

Consultancies valued at more than $10,000

In 2025–26, there were 105 consultancies where the total fees payable to consultants were $10,000 or greater. Our total expenditure on these consultancies during the financial year was $8,719,252 (ex-GST).

Details of individual consultancies are outlined on our website: barwonwater.vic.gov.au

Consultancies valued at less than $10,000

In 2025–26, there were 60 consultancies where the total fees payable to the consultants were less than $10,000.

Our total expenditure on these consultancies during the financial year was $237,089 (ex-GST).

Reviews and studies expenditure

During 2025–26, there were 40 reviews and studies undertaken with a total cost of $275,000.

These reviews and studies covered a range of topics including circular economy opportunities, waterway impacts, water contaminants and water infrastructure.

For further information, refer to Appendix D.

Information and Communications Technology (ICT) expenditure

For the 2025–26 reporting period, we had a total ICT expenditure of $31,433,548 with the details shown in Table 39.

Table 39: ICT expenditure for 2025–26

All operational ICT expenditure	ICT expenditure relating to projects to create or enhance ICT capabilities		
Business As Usual (BAU) ICT expenditure	Non-Business As Usual (non-BAU) ICT expenditure	Operational expenditure (OPEX)	Capital expenditure (CAPEX)
$17,769,933	**$12,355,932**	**$30,125,865**	**$1,307,683**

Note:

"ICT expenditure" refers to Barwon Water's costs in providing business enabling ICT services within the current reporting period. It comprises Business As Usual (BAU) ICT expenditure and Non-Business As Usual (Non-BAU) ICT expenditure.

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

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

Disclosure of major contracts

In 2025–26, we entered into 2 contracts valued at over $10 million. The contracts were awarded to:

- Treatment Maintenance Panel – 32 contracted parties – estimated value $17,600,000
- Pettavel Basin Augmentation Stage 2 – awarded to Unyte Southern Pty Ltd – contract value $22,293,292.85.

Details of these contracts are available on the Buying for Victoria website: tenders.vic.gov.au

Freedom of Information

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

FOI Act

An applicant has a right to apply for access to documents held by Barwon Water. This comprises documents both created by Barwon Water or supplied to Barwon Water by an external organisation or individual and may also include: maps; drawings; microfiche; photographs; audio recordings; CCTV footage; emails; or any written material in hardcopy or electronic form. Information about the type of material produced by Barwon Water is available on our website under the Part II Information Statement.

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

Examples of documents that may not be accessed include: cabinet documents; some internal working documents; law enforcement documents; documents covered by legal professional privilege, such as legal advice; personal information about other people; and information provided to us in-confidence.

The Freedom of Information (FOI) processing time for requests received is 30 days. However, when external consultation is required under sections 29, 29A, 31, 31A, 33, 34 or 35, the processing time automatically reverts to 45 days. Processing time may also be extended by periods of 30 days in consultation with the applicant. With the applicant's agreement, this may occur any number of times. However, obtaining an applicant's agreement for an extension cannot occur after the expiry of the timeframe for deciding a request.

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

An application fee of $34.50 will apply from 1 July 2026 (previously $33.60).

Access charges may also be payable if the document pool is large and the search for material time consuming. Access to documents can also be obtained through a written request to our Freedom of Information Officer, as detailed in section 17 of the FOI Act.

When making a request under the FOI Act, applicants should ensure requests are in writing and clearly identify the types of material and documents they are seeking.

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

Barwon Water
Freedom of Information Officer
Mail: PO Box 659, Geelong VIC 3220
Phone: 1300 656 007
Email: info@barwonwater.vic.gov.au

FOI statistics and timelines

During 2025–26, we received 13 new FOI requests and continued to manage 3 FOI request from the 2024–25 period. The 3 FOI requests from the 2024–25 period, along with 6 FOI requests from this current period, became valid under section 17 of the Act. We made 9 decisions within the statutory time period. Of the remaining requests within the current period, 2 were withdrawn, 2 were incomplete and therefore did not proceed, and 3 remain in progress. Table 40 outlines the outcome of each of the requests.

The average time taken to finalise the requests in 2025–26 was 40 days from the request being made. We extended the time for 7 of the 9 requests as we needed to consult with third parties, which is allowed for under the Act.

No requests were subject to complaint or internal review by OVIC throughout the period.

Table 40: FOI outcomes for 2025–26

FOI decision reached	Number
Full access granted	1
Partial access granted	6
Withdrawn / Time elapsed	2
Not proceeded with / FOI incomplete	2
No documents	2
Third party consultation by another agency	0
Outside the Act / publicly available	0
Not yet finalised	3

Further information

Further information regarding the operation and scope of FOI can be obtained from the FOI Act, regulations made under the FOI Act and by visiting: ovic.vic.gov.au

Compliance with the Building Act

As we own or control 2 government buildings – located at 55–67 Ryrie Street, Geelong and 18 Kadak Place, Breakwater – we are required to include a statement about how these buildings comply with the building and maintenance provisions of the *Building Act 1993*.

We require that appropriately qualified consultants and contractors are engaged for all proposed works on land controlled by Barwon Water, and that their work and services comply with current building standards.

All such consultants and contractors are required to have appropriate mechanisms in place to ensure compliance with the building and maintenance provisions of the *Building Act 1993*, Building Regulations 2018 and the National Construction Code.

In relation to our existing buildings, the Barwon Water Group's facilities function is responsible for planned maintenance schedules to maintain building assets in accordance with relevant standards and essential safety measure requirements.

We employ an intranet-based work order system for staff to notify the organisation of maintenance and safety issues. In addition to this, we also conduct routine site inspections and receive security and failure alerts through a variety of automated alarms.

See Table 41 on page 76 for a full breakdown of our compliance activities during 2025–26.

Table 41: Building Act compliance in 2025–26

Metric	2025–26 activity
Number of major works projects (greater than $50,000)	2 major works projects
Number of building permits, occupancy permits, or certificate of final inspection issued in relation to buildings owned by the entity	0 building permits 0 occupancy permits 0 certificates of final inspection
Number of emergency orders and building orders issued in relation to buildings	0 emergency orders 0 building orders
Number of buildings that have been brought into conformity with building standards during the reporting period	0 buildings brought into conformity

Competitive neutrality policy

Competitive neutrality requires government businesses to ensure where services compete, or potentially compete with the private sector, any advantage arising solely from their government ownership be removed if it is not in the public interest. Government businesses are required to cost and price these services as if they were privately owned. Competitive neutrality policy supports fair competition between public and private businesses and provides government businesses with a tool to enhance decisions on resource allocation. This policy does not override other policy objectives of government and focuses on efficiency in the provision of service.

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

Public interest disclosures

The *Public Interest Disclosures Act 2012* enables people to make disclosures about improper conduct by public officers and public bodies. The Act aims to ensure openness and accountability by encouraging people to make disclosures and protecting them when they do.

What is a public interest disclosure?

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

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

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

Making a public interest disclosure

Anyone can make a public interest disclosure about Barwon Water and its Board members, officers or employees by contacting the Independent Broad-based Anti-Corruption Commission (IBAC) using the contact details provided below:

IBAC Victoria
Address: Level 3, 2 Lonsdale Street, Melbourne VIC 3000
Mail: IBAC, GPO Box 24234, Melbourne VIC 3001
Website: ibac.vic.gov.au
Phone: 1800 422 284
Email: A secure email disclosure process is available on IBAC's website

Barwon Water is not able to receive public interest disclosures.

Barwon Water has established procedures for the protection of persons from detrimental action in reprisal for making a public interest disclosure. You can access our procedures at: barwonwater.vic.gov.au

Compliance with the Disability Act

The *Disability Act 2006* reaffirms and strengthens the rights of people with a disability and recognises that these rights must be supported across the government sector and within the community.

Our All Abilities Action Plan 2022–25 was a strategic plan that helped us remove barriers preventing people with a disability from using our goods, services and facilities, and from gaining and keeping employment. It aimed to raise awareness of disabilities, which are both invisible and visible to others.

Compliance with the Disability Act, and our All Abilities actions, have been absorbed into the newly developed Unity and Belonging Plan. This plan will continue to help us promote inclusion and participation in the community and address attitudes and practices that may result in discrimination through specific actions related to all abilities inclusion.

The broader plan will help us drive a safe culture where anyone who chooses to disclose a disability will be treated the same as they were before they disclosed. Monitoring of activity and measuring outcomes is included as part of the Unity and Belonging Plan.

Emergency procurement

There was no emergency procurement activated in the 2025–26 financial year.

Disclosure of procurement complaints

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

We received no formal complaints through our procurement complaints management system in 2025–26.

Statement of availability of other information

Additional information available on request

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

This information includes:

a. declarations of pecuniary interests completed by relevant officers

b. shares held by a senior officer

c. details of Barwon Water publications

d. changes to fees and charges

e. major external reviews carried out on Barwon Water

f. major research and development activities

g. overseas visits, including objectives and outcomes of each visit

h. major promotional, public relations and marketing activities

i. assessments and measures to improve the OHS of employees

j. a general statement on industrial relations.

The information is available on request from info@barwonwater.vic.gov.au

Additional information included in the annual report

Details in respect of the following items have been included in this annual report on the pages indicated below:

k. consultancies and contractors, including services provided and expenditure committed (page 74)

l. major committees, including their purposes and the extent to which those purposes were achieved (pages 58 and 59).

Modern slavery

Our first Modern Slavery Statement was approved by the Board in December 2020. This statement was developed in accordance with the *Modern Slavery Act 2018*.

Our capabilities to address modern slavery have matured through the implementation of policies, processes and training, and we are working to further embed modern slavery awareness and risk assessment into our Procurement Governance Framework.

We are a foundation member, and an active participant of the WSAA Modern Slavery and Supplier Relationships community of practice. These groups share information across the sector to enhance the sector's ability to achieve positive Environmental, Social and Governance (ESG) outcomes.

During 2025–26, we continued working with WSAA, a national water sector consortium and a technology provider, to assess and address modern slavery risk through our supply chain. A single online platform collects, compares and collates information on suppliers to inform year-on-year progress.

We are currently connected with 617 water sector suppliers, of which 43% have completed the modern slavery survey. Barwon Water have engaged directly with 165 suppliers, of which 61% have completed the modern slavery survey. Suppliers can opt to share their responses with other consortium members, in turn streamlining reporting and reducing the administrative burden for both the supplier and the sector.

Appendix A: Emissions reduction and renewable energy reporting

The following reporting should be read in conjunction with the dedicated 'Climate change and energy' section on pages 17 to 21. These sections combined fulfil our reporting requirements according to FRD 24: Reporting of environmental data by government entities.

Breakdown of scope 1 emissions by greenhouse gas

Table A1: Breakdown of scope 1 emissions by source

Service delivery category	Scope 1 emissions by greenhouse gas (tCO2-e)			
	Carbon dioxide (Co2)	Methane (CH4)	Nitrous oxide (N2O)	Other
Water treatment and supply	1,168	2	3	-
Sewage collection, treatment and recycling	40	3,013	4,294	-
Transport	1,224	0	9	-
Other	201	0	0	-
Total	**2,634**	**3,015**	**4,306**	**-**

Climate Active eligible carbon offset units retired to reduce scope 1

Table A2: Climate Active eligible carbon offset units retired in 2025–26

Name and type of project/s from which carbon offset units were retired	Climate Active eligible offset	Offset quantity	Retirement date	Offset unit vintage year	Public registry
(Nil retired)	-	-	-	-	-

Electricity consumption

Our electricity statistics for 2024–25 have been updated to correct an error in last year's reporting that resulted in a minor (2%) over-estimation of grid electricity use. The associated over-surrender of voluntary Large-Scale Generation Certificates (LGCs) has also been corrected, with the excess LGCs carried across to our 2025–26 voluntary surrender.

From 1 July 2025, a rule change under the Statement of Obligations (Emissions Reduction) requires renewable electricity percentage and scope 2 emissions to be calculated using the market-based method. This method is based on total renewable electricity use, including the mandatory Large-scale Renewable Energy Target (LRET).

As a result, the volume of renewable electricity required in 2025–26 was lower than in previous years under the former method. This change is the main reason for variances in wind electricity use, our primary source of LGCs, as well as self-sourced renewable electricity and total renewable electricity volumes.

Biogas-sourced electricity was also less than last financial year due to biogas co-generation units being offline.

Table A3: Electricity use comparison

Activity	2025–26 (MWh)*	2024–25# (MWh)*
Water treatment and supply	11,004	9,500
Sewage collection, treatment and recycling	25,964	26,382
Other	830	821
Total electricity consumption	**37,798**	**36,704**

*MWh = megawatt-hours

#Adjusted to correct prior reporting year error

Electricity consumption (segmented by source)

Table A4: Electricity consumption by source comparison

Electricity source	2025–26 (MWh)*	2024–25# (MWh)*
Purchased directly through an electricity retailer	33,244	31,647
Not directly purchased but sourced from outside the organisation	–	–
Corporation-led, self-sourced activities and initiatives	4,555	5,057
Total electricity consumption	**37,798**	**36,704**

*MWh: megawatt-hours

#Adjusted to correct prior reporting year error

Renewable electricity consumption

Table A5: Renewable electricity use comparison

Renewable electricity consumption categories	2025–26 (MWh)*	2024–25# (MWh)*	Percentage of total use 2025–26 (%)	Variance from last year (%)
Renewable electricity use: from Commonwealth Government's LRET				
Grid sourced: Mandatory Large-scale Renewable Energy Target	5,748	5,758	15%	0%
Renewable electricity use: self-sourced activities				
Biogas	397	749	1%	-47%
Hydroelectric	0	0	0%	0%
Solar	10,895	11,264	29%	-3%
Wind	20,758	24,691	55%	-16%
Other	–	–	–	–
Total self-sourced renewable	**32,051**	**36,704**	**85%**	**-15%**
Total renewable	**37,799**	**42,462**	**100%**	**-14%**

*MWh: megawatt-hours

#Adjusted to correct prior reporting year error

On-site renewable electricity generation capacity and reporting

We operate a diverse portfolio of renewable generation assets including:

- more than 4 megawatts of on-site solar generation assets, including a 3-megawatt solar farm at our Black Rock water reclamation plant, and numerous other solar arrays situated at our plants and depots
- our Colac biogas co-generation facility, with two generation units totalling 910 kilowatts capacity powered using biogas, a by-product of anaerobic treatment of high-strength organic waste.

Table A6: On-site renewable electricity generated by source

On-site renewable electricity source	On-site generation capacity (MW)#	2025–26 on-site renewable electricity generated (MWh)*			
		Consumed on-site	Exported	Other purposes	Total by source
Biogas	0.91	397	64	–	461
Hydroelectric	0.13	0	0	–	–
Solar	4.02	4,157	1,524	–	5,681
Wind	–	–	–	–	–
Other renewable	–	–	–	–	–
Total renewable	**5.06**	**4,555**	**1,588**	**0**	**6,142**

*MWh: megawatt-hours

#MW: megawatt

Other (non-renewable) on-site electricity generation

We do not maintain any grid-connected non-renewable generators.

While we do use diesel back-up generators in cases of power interruption, such use is excluded from this reporting requirement and the associated fuel usage is included in our reported scope 1 emissions.

Energy storage system capacity

Table A7: Energy storage capacity 2025–26

Energy storage system	Power capacity (MW)	Storage capacity (MWh)
Wurdee Boluc WTP battery	0.18	0.2

*MWh: megawatt-hours

#MW: megawatt

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

Our 2025–26 voluntary retirement quantity includes allocation of 706 previously surrendered RECs associated with an over-estimation error for our grid electricity use last financial year.

In addition to the RECs retired to reduce scope 2 emissions itemised below:

- a further 5 LGCs were surrendered with respect to scope 3 electricity consumed from public EV chargers
- SEC Victoria retired a further 1,475 LGCs supplied by Barwon Water with respect to scope 3 electricity transmission and distribution supply-chain losses associated with the grid electricity we purchased from SEC.

We report grid electricity use based on invoice date, which typically occurs the month following the consumption period. This means our reported grid electricity use generally covers the 12-month period June 2025 to May 2026.

Consequently, voluntary REC retirement by SEC Victoria on our behalf with respect to June 2026 usage will be reported in 2026–27.

Table A8: RECs retired for 2025–26

REC retirement method	RECs retired for 2025–26*
Voluntarily retired by Barwon Water	5,780
GreenPower	–
Certified carbon neutral electricity purchased	–
Voluntarily retired on Barwon Water's behalf	21,716
Total RECs retired to reduce scope 2 emissions	**27,496**

*1 REC = 1 megawatt-hour renewable electricity

Total energy usage from fuels and electricity (segmented by source)

Table A9: Total energy use – segmented by source

Total energy use	Renewable (GJ)*	Non-renewable (GJ)*	Total (GJ)*
From fuels	5,136	38,191	43,327
From electricity	136,095	0	136,095
Total energy used	**141,231**	**38,191**	**179,422**

Notes: Renewable electricity use includes consumption of electricity generated from renewable biogas, and the biogas used to generate that electricity is counted in renewable fuel use.

*GJ = gigajoule

Total stationary fuel use in buildings and machinery

Table A10: Total stationary fuel use in buildings/machinery

Fuel type	Energy (GJ)	Emissions (tCO2-e)
Fossil gas	1,851	95
Biogas	5,076	33
Diesel	18,339	1,287
LPG	0	0
Petrol	460	31
Other	0	0
Total	**25,726**	**1,447**

*GJ: gigajoule

Transportation vehicles (segmented by engine/fuel type and vehicle category)

Table A11: Transportation vehicles summary for 2025–26

Transport vehicle	Vehicle fuel/engine type						
	Petrol	Diesel	LPG	Petrol-hybrid	Diesel-hybrid	Battery EV*	Hydrogen FCEV#
Passenger vehicles	–	7	–	16	–	5	2
Goods vehicles	–	206	–	–	–	–	1
Total number	**–**	**213**	**–**	**16**	**–**	**5**	**3**

*EV: electric vehicle

#FCEV: fuel cell electric vehicle

Energy use and greenhouse gas emissions of transportation vehicles (segmented by engine/fuel type and vehicle category)

Table A12: Energy use and greenhouse gas emissions of transport vehicles

Transport vehicle	Transportation total energy use by fuel type (GJ)							Fuel type totals	
	Petrol	Diesel	Biodiesel	Renewable diesel	LPG	Electricity	Green hydrogen	Total energy use (GJ)*	Total emissions (t CO2-e)
Passenger vehicles	675	279	–	–	–	20	–	974	65
Goods vehicles	28	16,559	–	–	–	–	61	16,647	1,168
Total energy use (GJ)*	**703**	**16,838**	**–**	**–**	**–**	**20**	**61**	**17,621**	**N/A**
Total emissions (t CO2-e)	**48**	**1,186**	**–**	**–**	**–**	**0**	**0**	**N/A**	**1,233**

*GJ: gigajoule

Energy use intensity

Table A13: Energy use intensity per unit of service

Service	Total energy use (GJ)	Total units production or service	Energy intensity	Units	Descriptor
Water treatment and supply	56,336	42,093	1.34	GJ/ML	Gigajoules per megalitre of water produced at water treatment plants or received via Melbourne–Geelong pipeline
Sewage collection, treatment and recycling	99,118	709,041	0.14	GJ/EP	Gigajoules per normalised unit of sewage treatment plant loading (COD + nitrogen)

Appendix B: Financials

Consolidated General Purpose Financial Report

For the year ended 30 June 2026

The Group is pleased to present audited general purpose financial statements for the financial year ended 30 June 2026. It is presented in the following structure:

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Consolidated Comprehensive Operating Statement

For the financial year ended 30 June 2026

	Notes	2026	2025
		$'000	$'000
Revenue and income from transactions			
Revenue from contracts with customers	2.1.1	249,259	247,153
Government grants and contributions		1,796	1,877
Developer contributions	2.1.2	41,551	78,058
Other revenue	2.2	19,574	16,321
Rental income		857	833
Total revenue and income from transactions		**313,037**	**344,242**
Expenses from transactions			
Services and supplies	3.2	114,863	101,965
Depreciation, amortisation and impairment	4.1.2	90,262	89,632
Employee benefits	3.1.1	61,365	57,342
Environmental contribution	8.2	10,231	10,231
Other expenses		2,703	3,203
Total expenses from transactions		**279,424**	**262,373**
Finance income		311	427
Finance expense		(45,620)	(39,775)
Net finance costs	3.3	**(45,309)**	**(39,348)**
Net result from transactions (net operating balance)		**(11,696)**	**42,521**
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	9.1	(730)	(1,017)
Net gain/(loss) on financial instruments	9.1	372	217
Other gains/(losses) from economic flows	9.1	(1,863)	(147)
Total other economic flow included in net result		**(2,221)**	**(947)**
Net result before income tax		**(13,917)**	**41,574**
Income tax expense	8.1.1	831	12,490
Net result for the period		**(14,748)**	**29,084**
Other economic flows – Other comprehensive income			
Items that will not be reclassified to net result			
Increase/(decrease) in revaluation of infrastructure, property, plant and equipment		1,110,213	–
(Increase)/decrease in impairment of infrastructure, property, plant and equipment		(196)	(106)
Income tax relating to components of other comprehensive income	8.1.1	**(332,356)**	**31**
Total other economic flows – other economic flows		777,661	(75)
Comprehensive result		**762,913**	**29,009**

The above Consolidated comprehensive operating statement should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

As at 30 June 2026

	Notes	2026	2025
		$'000	$'000
ASSETS			
Current assets			
Cash and deposits	6.2	15,448	14,990
Trade and other receivables	5.1	60,051	62,038
Inventories		1,573	1,576
Prepayments		3,032	2,923
Non-financial physical assets classified as held for sale	4.3	5,735	8,329
Other financial assets		(162)	(215)
Total current assets		**85,677**	**89,641**
Non-current assets			
Trade and other receivables	5.1	–	1
Infrastructure, property, plant and equipment	4.1.3	5,047,628	3,833,747
Right-of-use assets		6,765	7,778
Intangible assets	4.2	8,408	7,417
Other financial assets		1,620	1,459
Total non-current assets		**5,064,421**	**3,850,402**
Total assets		**5,150,098**	**3,940,043**
LIABILITIES			
Current liabilities			
Trade and other payables	5.2	45,585	49,512
Interest bearing liabilities	6.1	108,960	102,289
Employee benefits provision	3.1.2	15,458	14,556
Other financial liabilities		159	157
Other provisions	5.3	11,053	1,588
Total current liabilities		**181,215**	**168,102**
Non-current liabilities			
Interest bearing liabilities	6.1	763,738	663,598
Employee benefits provision	3.1.2	1,481	1,342
Other provisions	5.3	7,315	4,193
Other financial liabilities		146	304
Net deferred tax liabilities	8.1.3	980,467	647,281
Total non-current liabilities		**1,753,147**	**1,316,718**
Total liabilities		**1,934,362**	**1,484,820**
Net assets		**3,215,736**	**2,455,223**
EQUITY			
Contributed capital		459,798	462,198
Asset revaluation reserve		1,994,598	1,216,937
Accumulated surplus		761,340	776,088
Total equity		**3,215,736**	**2,455,223**

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

Consolidated Statement of Changes in Equity

For the financial year ended 30 June 2026

	Contributed capital	Asset revaluation reserve	Accumulated surplus	Total equity
	$'000	$'000	$'000	$'000
Balance as at 1 July 2024	459,598	1,217,012	747,004	**2,423,614**
Comprehensive income for the year				
Net result for the year	–	–	29,084	**29,084**
Increase/(decrease) in infrastructure, property, plant and equipment as a result of revaluation or impairment, net of income tax	–	(75)	–	**(75)**
Total comprehensive income for the year	**–**	**(75)**	**29,084**	**29,009**
Transactions with the State in its capacity as owner:				
Contributions by owners	2,600	–	–	**2,600**
Balance as at 30 June 2025	**462,198**	**1,216,937**	**776,088**	**2,455,223**
Balance as at 1 July 2025	462,198	1,216,937	776,088	**2,455,223**
Comprehensive income for the year				
Net result for the year	–	–	(14,748)	**(14,748)**
Increase/(decrease) in infrastructure, property, plant and equipment as a result of revaluation or impairment, net of income tax	–	777,661	–	**777,661**
Total comprehensive income for the year	**–**	**777,661**	**(14,748)**	**762,913**
Transactions with the State in its capacity as owner:				
Contributions by owners	–	–	–	**–**
Return of capital to owners	(2,400)	–	–	**(2,400)**
Balance as at 30 June 2026	**459,798**	**1,994,598**	**761,340**	**3,215,736**

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

Consolidated Cash Flow Statement

For the financial year ended 30 June 2026

	Notes	2026	2025
		$'000	$'000
Cash flows from operating activities		*Inflows (Outflows)*	*Inflows (Outflows)*
Receipts			
Service, usage and trade waste charges		251,358	243,189
Interest received		311	427
Developer contribution fees		10,470	10,775
Government contributions received		2,178	242
GST received from the ATO		21,734	22,517
Other receipts		19,959	10,966
Payments			
Payments to employees		(60,951)	(66,286)
Payments to suppliers		(134,102)	(124,703)
Interest and other costs of finance paid		(45,620)	(39,774)
Environmental contribution levy paid		(10,231)	(10,231)
Net cash inflow operating activities		**55,105**	**47,122**
Cash flows from investing activities			
Payments for infrastructure, property, plant and equipment		(157,569)	(156,507)
Proceeds from sale of infrastructure, property, plant and equipment		82	218
Net cash outflow from investing activities		**(157,488)**	**(156,289)**
Cash flows from financing activities			
Proceeds from borrowings		186,000	170,000
Repayment of borrowings		(75,000)	(56,000)
Proceeds from contributions by State in its capacity as owner		-	2,600
Repayment of contributions to State in its capacity as owner		(2,400)	-
Payment of principal on lease liabilities		(5,759)	(5,007)
Net cash inflow from financing activities		**102,841**	**111,593**
Net increase in cash held		458	2,426
Cash and cash equivalents at the beginning of the financial year		14,990	12,564
Cash and cash equivalents at the end of the financial year	6.2	**15,448**	**14,990**

The above Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes.

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* and Financial Reporting Direction (FRD) 101 *Application of Tiers of Australian Accounting Standards*. The financial statements have been prepared on a not-for-profit basis.

The financial report includes consolidated financial statements for Barwon Region Water Corporation ("Barwon Water") and its wholly owned subsidiary, Barwon Asset Solutions Pty Ltd ("BAS"), collectively known as the Group. 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 Barwon 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 'Significant judgement or estimates'.

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

The principal address is:

Barwon Region Water Corporation
55–67 Ryrie Street
Geelong VIC 3220

Barwon Asset Solutions Pty Ltd
55–67 Ryrie Street
Geelong VIC 3220

Principles of consolidation

BAS is 100% owned by Barwon Water.

Information relating to the Parent is disclosed in Note 9.9. Barwon Water has made judgements and determined that the control test under AASB 10 *Consolidated Financial Statements* is satisfied based on:

1. Barwon Water having the capacity to affect the relevant activities of BAS that can significantly affect its returns.
2. Barwon Water has exposure to variable returns from BAS.
3. Barwon Water has sufficient discretion to direct the activities of BAS.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-Group transactions have been eliminated. For details regarding the controlled entity, please refer to Note 9.8.

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). In particular, they are presented in a manner consistent with the requirements of AASB 1049 *Whole of Government and General Government Sector Financial Reporting* (AASB 1049). 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.

2. Funding delivery of our services

Introduction

This section provides information about how the Group is funded and the accounting policies that are relevant for an understanding of the revenue recognised in the consolidated financial statements. The Group is committed to the customer outcomes of delivering safe, secure sustainable water; innovative, reliable services; healthier environment; and trust, affordability and value. To help achieve these outcomes, the Group levies rates, tariffs and charges for water, wastewater and related activities under the authority of the *Water Act 1989* and in accordance with other regulatory requirements as applicable. The Group's principal revenue stream is water and wastewater service and usage charges.

Income is recognised to the extent it is probable the economic benefits will flow to the Group and the income can be reliably measured at fair value. Where applicable, amounts disclosed as income are net of returns, allowances, duties and taxes.

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

2.1 Revenue from contracts with customers

The Group derives revenue from the transfer of goods and/or services over time and at a point in time in the following revenue streams. Revenue is recognised when, or as, the performance obligations to the customer are satisfied. Consideration received in advance of recognising the associated revenue from the customer is recorded as a contractual liability (refer Note 5.2). Where the performance obligations are satisfied but not yet billed, a contract asset is recorded (refer Note 5.1).

2.1.1 Service, usage and trade waste charges

	2026	2025
	$'000	$'000
Service charges		
Water service charges	27,369	26,288
Sewerage service charges	106,753	103,883
Recycled water service charges	1,619	1,577
	135,741	**131,748**
Usage charges		
Water usage charges	94,385	96,999
Sewage disposal charges	7,057	6,950
Recycled water usage charges	2,009	1,956
	103,451	**105,905**
Trade waste charges		
Trade waste usage charges	5,923	5,435
Trade waste other fees and charges	4,144	4,065
	10,067	**9,500**
Total service, usage and trade waste charges	**249,259**	**247,153**

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Water and wastewater service charges	Service charges are billed quarterly in advance based on a fixed fee and revenue is recognised over time as the customer simultaneously receives and consumes the services provided by the Group.	Revenue is recognised over time as service is provided.
Water and wastewater usage charges	Water usage and wastewater disposal charges are recognised as revenue when water is consumed by customers, and wastewater is disposed by customers. Meter reading is undertaken progressively during the year and billed quarterly in arrears. An estimation of usage and disposal charges is made at the end of each accounting period for connections where meters were not read at balance date. This is calculated by determining the level of billable service provided multiplied by the cost of each service. The estimated amount is included in contract assets.	Revenue is recognised over time as service is provided.
Trade waste disposal charges	Revenue related to trade waste disposal is based on the volume of waste disposed by customers.	Revenue is recognised over time as service is provided.

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

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

Significant estimate – accrued usage revenue

Measurement of contract assets relating to unbilled water usage and wastewater disposal services requires management to estimate consumption between the last meter reading and the reporting date.

The estimate is based on actual consumption data, meter-reading cycles and other operational information available at reporting date. Management reviews the key assumptions supporting the accrual, including non-revenue water and consumption volumes, and considers these assumptions reasonable based on historical experience and current operating conditions.

Actual consumption may differ from the estimates recognised at year end. However, management does not consider a reasonably possible change in key assumptions to have a material impact on the financial statements.

2.1.2 Developer contributions

	2026	2025
	$'000	$'000
Developer contributions		
Developer contributed assets	32,920	67,008
New customer contributions	8,627	11,047
Other capital contributions	4	3
Total developer contributions	**41,551**	**78,058**

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 the construction of new infrastructure assets, predominantly in new land subdivisions and, on completion, gift these assets to the Group to maintain in perpetuity. Depending on the type of developer application, this can result in the performance obligation being satisfied: • when the Statement of Compliance is issued to the customer, or • when the customer is connected to the Group's infrastructure network for the provision of water and wastewater services when no Statement of Compliance is required to be issued. Revenue in respect to 'developer contributed assets' is recognised at the fair value of the gifted assets by assessing the value of the works using a schedule of rates.	Revenue is recognised at a point in time.
New customer contributions	New customer contributions represent non-refundable upfront charges applicable when customers request to build or develop a property and connect to the Group's water supply and wastewater infrastructure network. The charges contribute towards the cost of augmenting the Group's water supply distribution systems and wastewater disposal systems. Depending on the type of new customer contribution application, this obligation will vary depending on the type of application submitted by the customer. As a result, a performance obligation can occur when: • the Statement of Compliance is issued to the customer, • the customer is connected to the Group's infrastructure network for the provision of water and wastewater services when no Statement of Compliance is required to be issued; or • the customer receives consent from the Group 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 Timing of revenue recognition from customers

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

	Service charges	Usage charges	Trade waste charges	Developer contributions	Total revenue with customers
	$'000	$'000	$'000	$'000	$'000
2025					
At a point in time	–	–	–	78,058	**78,058**
Over time	131,748	105,905	9,500	–	**247,153**
Total	**131,748**	**105,905**	**9,500**	**78,058**	**325,211**
2026					
At a point in time	–	–	–	41,551	**41,551**
Over time	135,741	103,451	10,067	–	**249,259**
Total	**135,741**	**103,451**	**10,067**	**41,551**	**290,810**

2.2 Other revenue

	2026	2025
	$'000	$'000
Other revenue		
Sale of services - BAS	4,426	3,781
Other service revenue	6,494	5,637
Net gain/(loss) arising from sale of LGCs	1,460	3,891
Miscellaneous revenue	7,194	3,012
Total other revenue	**19,574**	**16,321**

Sale of Services (BAS) – represents Barwon Asset Solutions' revenue charges for services to third parties such as civil maintenance services, minor capital works and communications centre management. Revenue is recognised over time as service is provided, when company has satisfied its contractual obligations.

Other service revenue relates to various services including new meter connections and inspection fees, fire hydrant fees, sale of inventory and derivative settlement income. Revenue is recognised on an accrual basis at either a point in time or over time as the service is provided.

Net gain/(loss) arising from sale of LGCs relates to sale of large-scale generation certificates (LGCs) generated via the Group's investment in Zero Emissions Water (ZEW) Ltd and Barwon Region Renewable Energy Partnership (B-REP).

Miscellaneous Revenue is recognised on an accrual basis at either a point in time or over time as the service is provided.

3. The cost of delivering services

Introduction

This section provides additional information about how the Group's funding is applied and the accounting policies that are relevant for an understanding of the expenditure recognised in the consolidated financial statements.

3.1 Employee benefits

3.1.1 Employee benefits – consolidated comprehensive operating statement

	2026	2025
	$'000	$'000
Employee benefits		
Salaries and wages, annual leave and long service leave	50,509	47,686
Employer superannuation contributions	8,119	7,234
Termination benefits	232	126
Other	2,505	2,296
Total employee benefit costs	**61,365**	**57,342**

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

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

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

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when the Group 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 – consolidated balance sheet

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

	2026	2025
	$'000	$'000
Current provisions:		
Annual Leave		
Unconditional and expected to settle within 12 months	4,965	4,478
Long Service Leave		
Unconditional and expected to settle within 12 months	885	882
Unconditional and expected to settle after 12 months	7,505	7,214
Other		
Unconditional and expected to settle within 12 months	93	66
Provisions for on-costs		
Unconditional and expected to settle within 12 months	893	735
Unconditional and expected to settle after 12 months	1,117	1,181
Total current provisions for employee benefits	**15,458**	**14,556**
Non-current provisions:		
Employee benefits - Long service leave	1,288	1,153
On-costs	193	189
Total non-current provisions for employee benefits	**1,481**	**1,342**
Total provisions for employee benefits	**16,939**	**15,898**

Annual Leave

Employee benefits relating to annual leave are expected to be settled wholly within 12 months of the reporting date, are recognised in employee benefit liabilities in respect of employees' services up to the reporting date, and are measured at the amounts expected to be paid when the liabilities are settled, at their nominal values.

Regardless of the expected timing of settlements, liabilities in respect of employee benefits are classified as a current liability, unless there is an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date, in which case it would be classified as a non-current liability.

Long service leave

Current Liability – unconditional LSL is disclosed as a current liability even where the Group does not expect to settle the liability within 12 months because it 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 Group expects to wholly settle within 12 months; or
- Present value – the component the Group does not expect to wholly settle within 12 months

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

In calculating present value, consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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 other economic flows included in the net result within the consolidated comprehensive operating statement.

On-costs

Provision for employee benefit on-costs, such as payroll tax, worker's compensation and superannuation, are recognised separately from the employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

3.2 Supplies and services

Supplies and services expenses represent the day-to-day running costs incurred in the normal operations of the business. They are recognised as an expense in the reporting period in which they are incurred.

	2026	2025
	$'000	$'000
Supplies and services		
Contractors	50,233	41,511
Consultants	17,312	14,077
Materials	9,753	12,194
Utilities	8,015	7,414
Labour hire	7,456	6,416
Insurance	1,443	1,777
Legal fees	670	615
Other expenses	8,239	7,920
Bulk water supplies	11,742	10,041
Total supplies and services	**114,863**	**101,965**

Expense	Description
Contractor expenses	Costs incurred in relation maintenance services, sludge removal, traffic management, waste disposal and other activities.
Consultant expenses	Costs incurred in relation to consultant fees, software licenses, support and maintenance costs for business operations.
Material expense	Costs incurred in relation to the harvesting, storage, treatment and transfer of water, the production and delivery of recycled water and the collection, treatment and disposal of wastewater, including the costs directly attributable to the maintenance and upkeep of the associated infrastructure.
Utility expense	Costs incurred mainly in relation to electricity, gas and telecommunications expense.
Labour hire expense	Costs incurred in relation to agency labour hire are incurred to support business operations, including functions such as information technology, finance, maintenance and infrastructure upkeep.
Legal expense	Cost incurred in relation to legal consulting.
Other expense	Other expenses are incurred in support of the operational functions of the business and include expenses such as subscriptions, training, postage and so on.
Bulk water supplies	Bulk water supplies are service and usage charges incurred for the supply and delivery of bulk water sourced from the Melbourne Water Yarra Thompson bulk water supply.

3.3 Net finance costs

	2026	2025
	$'000	$'000
Interest income	311	427
Interest on government borrowings	(33,894)	(28,293)
Interest on lease liabilities	(402)	(347)
Financial accommodation levy	(7,694)	(7,189)
Interest on financial liabilities – service concession arrangements	(3,630)	(3,946)
Net finance costs	**(45,309)**	**(39,348)**

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

Finance costs 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.

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

Financial accommodation levy is a levy applied to the Group 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 Group'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 Group by the State Government of Victoria.

4. Key assets available to support output delivery

Introduction

The Group 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 Group to be utilised for delivery of those outputs.

4.1 Infrastructure, property, plant and equipment

Initial recognition

Infrastructure, property, plant and equipment

Infrastructure, property, plant and equipment represent non-current physical assets comprising land, buildings, water, wastewater and drainage infrastructure, plant, equipment, service concession assets, works in progress and motor vehicles, used by the Group in its operations. Items with a cost or value in excess of $1,000 (2025: $1,000) and a useful life of more than one year are recognised as an asset. All other assets acquired are expensed.

Where assets are constructed by the Group, the cost at which they are recorded includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Items of infrastructure, plant and equipment are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment.

Assets acquired at no cost or for nominal consideration by the Group are recognised at fair value at the date of acquisition.

Service concession arrangements

The Group has entered into contractual arrangements with a third party to build, own and operate a biosolids drying facility at the Black Rock water reclamation plant. The contractor leases land from the Group and has built a thermal drying plant and will operate the facility for 20 years in exchange for a stream of payments. At the end of the contract period, the assets will be decommissioned and removed by the contractor and the site returned to the Group at no cost to the Group. This asset is recognised as a service concession asset under AASB 1059 *Service Concession Arrangements: Grantors*.

The Group recognises a service concession asset constructed, developed or acquired from a third party by the operator, including an upgrade to an existing asset of the Group, when the Group controls the asset. The Group controls or regulates the services the operator must provide with the asset, price, and any significant residual interest in the asset at the end of the term of the arrangement.

The Group initially measures service concession assets at current replacement cost in accordance with the cost approach to fair value in AASB 13 *Fair Value Measurement*. Subsequent to the initial recognition, or reclassification of the asset, the Group measures the service concession asset in accordance with AASB 116 *Property, Plant and Equipment* (AASB 116) or AASB 138 *Intangible Assets* (AASB 138) as appropriate. After initial recognition, the Group depreciates the service concession asset over its useful life using the principles in AASB 116. Service concession assets are subject to revaluation as required by FRD 103 *Non-Financial Physical Assets*. Refer to Note 7.3 Fair value determination for a summary of revaluation details by asset category with further details provided on accounting for revaluation in Note 4.1.1 Revaluations of infrastructure, property, plant and equipment.

Subsequent measurement

All non-current physical assets are subsequently recorded at fair value less accumulated depreciation and impairment in accordance with the requirements of FRD 103. Fair value is determined with regards to the assets highest and best use. Assets which are acquired for no, or nominal cost i.e. developer contributions are valued at their fair value at the date the asset transfers to the Group.

Revaluation of infrastructure, property, plant and equipment

Non-financial physical assets are revalued at fair value every 5 years in accordance with the Government purpose classifications defined in FRD 103.

The Valuer-General Victoria (VGV) is the Government's independent valuation agency and is used by the Group to conduct these scheduled revaluations. Certain infrastructure assets are revalued using specialised advisors under the direction of the VGV.

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

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

The plant, equipment and other asset class has been assessed for fair value and it was concluded that book value approximates fair value.

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

4.1.1 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.

4.1.2 Depreciation, impairment and amortisation

Charge for the period

For a breakdown of the depreciation and impairment charge for the period by class of property plant and equipment refer to Note 4.1.3 Reconciliation of movements in carrying values of infrastructure, property, plant and equipment.

	Notes	2026	2025
		$'000	$'000
Depreciation of infrastructure, property, plant and equipment	4.1.3	84,135	83,549
Depreciation of service concession assets	4.1.3	2,705	2,705
Depreciation of right-of-use assets		2,581	2,283
Total depreciation and impairment		**89,421**	**88,537**
Amortisation	4.2	841	1,095
Total depreciation, impairment and amortisation		**90,262**	**89,632**

Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, commencing from the time the asset is held ready for use. The asset's residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

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

Asset class	Useful life
Buildings	20 to 80 years
Infrastructure - distribution	10 to 90 years
Infrastructure - harvesting and major transfer	10 to 120 years
Infrastructure - quality	10 to 120 years
Infrastructure - collection	5 to 90 years
Infrastructure - treatment and disposal	10 to 120 years
Service concession asset	20 years
Plant, equipment and other	4 to 50 years
Embankments / Channels	300 to 350 years

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

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

Indefinite life assets

Land, earthworks and heritage assets 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

Non-financial assets, including infrastructure, property, plant and equipment, are assessed for indicators that may affect their service potential, fair value, useful lives or residual values. Climate-related matters are considered as part of this assessment and may indicate a need to review asset valuations, useful lives or residual values. Based on current information, climate-related risks are not expected to have a significant impact on the Group's asset values, service potential or the estimated useful lives of its assets.

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

	Land	Buildings	Heritage assets	Water distribution	Water harvesting and major transfer	Water quality	Sewer collection	Sewer treatment and disposal	Service concession assets	Plant, equipment and other	Capital works in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Year ended 30 June 2026												
Balance at 1 July 2025												
Gross carrying amount	212,880	58,956	14,405	1,400,164	391,033	121,906	1,289,587	296,260	30,225	39,277	163,333	**4,018,026**
Accumulated depreciation	–	(2,705)	–	(55,331)	(13,988)	(11,339)	(46,591)	(24,752)	(5,410)	(24,163)	–	**(184,279)**
Opening net book value – 1 July 2025	**212,880**	**56,251**	**14,405**	**1,344,833**	**377,045**	**110,567**	**1,242,996**	**271,508**	**24,815**	**15,114**	**163,333**	**3,833,747**
Additions	5,875	–	–	–	–	–	–	–	–	15	184,602	**190,492**
Fair value of assets received free of charge*	–	–	–	9,904	–	–	23,016	–	–	–	(32,920)	**–**
Disposals	(1,574)	–	–	(87)	(57)	(282)	(298)	(69)	–	(13)	–	**(2,380)**
Transfer between asset classes	6,914	(7,867)	–	16,998	(2,578)	33,794	17,551	(23,004)	–	(192)	(41,616)	**–**
Transfers from assets classified as held for sale	2,502	–	–	–	–	–	–	–	–	–	–	**2,502**
Revaluation	(7,845)	(1,217)	(10,571)	202,595	380,168	165,476	335,428	45,438	832	–	–	**1,110,304**
Impairments	(191)	–	–	(4)	–	–	–	(1)	–	–	–	**(196)**
Depreciation	–	(1,148)	–	(29,851)	(5,455)	(7,229)	(25,151)	(12,732)	(2,705)	(2,570)	–	**(86,841)**
Closing WDV at 30 June 2026	**218,561**	**46,019**	**3,834**	**1,544,388**	**749,123**	**302,326**	**1,593,542**	**281,140**	**22,942**	**12,354**	**273,399**	**5,047,628**
Total as at 30 June 2026 represented by:												
Gross book value	218,561	46,019	3,834	1,544,388	749,123	302,326	1,593,542	281,140	22,942	34,534	273,399	**5,069,808**
Accumulated depreciation	–	–	–	–	–	–	–	–	–	(22,179)	–	**(22,179)**
Net book amount	**218,561**	**46,019**	**3,834**	**1,544,388**	**749,123**	**302,326**	**1,593,542**	**281,140**	**22,942**	**12,354**	**273,399**	**5,047,628**

*Developer contributions

4.1.4 Net gain/(loss) on disposal of non-current assets

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

	2026	2025
	$'000	$'000
Proceeds on sale of infrastructure, property, plant and equipment	82	218
Less written down value	(812)	(1,235)
Net gain/(loss) on disposal	**(730)**	**(1,017)**

4.2 Intangible assets

	Software costs	Bulk water entitlements	Other	Total
	$'000	$'000	$'000	$'000
Balance at 1 July 2025				
Cost	32,045	5,922	34	38,001
Accumulated amortisation	(30,584)	–	–	(30,584)
Opening WDV at 1 July 2025	**1,461**	**5,922**	**34**	**7,417**
Additions	1,218	–	614	1,832
Disposals	–	–	–	–
Transfer between asset classes	–	–	–	–
Amortisation	(841)	–	–	(841)
Closing WDV at 30 June 2026	**1,838**	**5,922**	**648**	**8,408**

Note: The consumption of intangible assets is included in the 'depreciation, amortisation and impairment' line item on the consolidated comprehensive operating statement.

Recognition and measurement

Intangible assets are recognised at cost. 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 carried at cost less accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the Group. The amortisation periods are reviewed and adjusted if appropriate at each balance date. Intangible assets with indefinite useful lives are not amortised. However, all intangible assets are assessed for impairment annually as outlined below.

Purchased intangible assets are initially recognised at cost. When the recognition criteria in AASB 138 *Intangible Assets* is met, internally generated assets are recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Depreciation and amortisation begin when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

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

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

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised when incurred.

Amortisation

Intangible assets with finite useful lives are amortised as an expense on a systematic basis (typically straight-line), commencing from the time the asset is available for use (when it is in the location and condition necessary for it to be capable of operating in the manner intended by management). The amortisation periods are reviewed and adjusted if appropriate at each balance date. Intangible assets with indefinite useful lives are not amortised. The amortisation of Software costs is included in Note 4.1.2.

A summary of the policies applied to the Group's intangible assets is as follows:

	Software Costs	Bulk Water Entitlement
Useful lives	Finite	Indefinite
Amortisation method used	3.6 – 10 years straight line	Not amortised or revalued
Internally generated/acquired	Acquired and internally generated	Acquired
Impairment test/Recoverable amount testing	Assessed annually. Tested where an indicator of impairment exists.	Tested annually

Software costs

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

Bulk permanent water entitlements

Bulk permanent water entitlements purchased are treated as an intangible asset on the Consolidated Balance Sheet at cost (in accordance with AASB 138 *Intangible Assets* and FRD 109A *Intangible Assets*), and will not be subject to amortisation, as the bulk permanent water entitlements have an indefinite life.

4.3 Non-financial physical assets classified as held for sale

	2026	2025
	$'000	$'000
Freehold land held for sale	5,735	8,329
Total	**5,735**	**8,329**

Freehold land classified as held for sale forms part of the Group's property realisation program whereby assets identified as excess to the business' requirements are progressively being made ready for sale. At 30 June 2026, the assets are available for immediate sale and will remain as held for sale until settlement.

Assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell, as their carrying amount will be recovered principally through a sale transaction, rather than through continuing use. The Group considers that the sale is highly probable, the asset is available for immediate sale in its present condition and the sale is expected to be completed within 12 months from the date of classification. Assets are not depreciated or amortised while they are classified as held for sale. Assets classified as held for sale are classified as current assets.

5. Other assets and liabilities

Introduction

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

5.1 Trade and other receivables

	2026	2025
	$'000	$'000
Current		
Contractual		
Service and usage	25,441	26,528
Allowance for expected credit losses	(430)	(430)
Other receivables	2,426	1,943
Contract assets	28,352	28,362
Statutory		
Amount owing from Victorian Government	1,484	1,867
GST input tax credit receivables	2,778	3,768
Total current receivables	**60,051**	**62,038**
Non-current		
Receivables	–	1
Total non-current receivables	**-**	**1**
Total trade and other receivables	**60,051**	**62,039**

Trade and other receivables consist of:

Receivable	Initial measurement	Subsequent measurement
Contractual receivables (Service and usage charges)	Measured at transaction price, unless they contain a significant financing component, when they are recognised at fair value. The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year.	Classified as financial instrument and measured at amortised cost less any expected credit loss.
Contractual receivables (Other receivables and loans)	Recognised at fair value plus any directly attributable transaction costs. The Group holds contractual receivables with the objective of collecting the contractual cash flows.	Classified as financial instrument and measured at amortised cost using the effective interest method, less any impairment.
Statutory receivables	Statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.	Not classified as a financial instrument as not arising from contracts and measured at amortised cost less any expected credit loss.
Contract assets	Usage charges are recognised as revenue when the service or other goods have been provided. At the end of each accounting period, an estimation of usage and disposal charges is made for connections where meters were not read at balance date. This is calculated by determining the level of billable service provided multiplied by the cost of each service. The estimated amount is included in contract assets and requires judgement in determining the level of billable service provided at balance date. Refer to Note 2.1.1. The contract assets are transferred to contractual receivables when the rights become unconditional. This usually occurs when the Group issues a bill to the customer.	Measured at amortised cost less any provision for impaired receivables.

The amounts recognised as owing from the Victorian Government are in the nature of grants for water saving incentives, concessional and pensioner rebates applied to water and wastewater tariffs, and tariff charges applicable to the Department of Families, Fairness and Housing. The carrying amount at amortised cost is the reasonable approximation of fair value.

5.1.1 Impairment losses

Contractual receivables at amortised cost

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

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

Statutory receivables at amortised cost

The statutory receivables are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As 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 (2025: no allowance).

	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
	$'000	$'000	$'000	$'000	$'000
30 June 2026					
Expected loss rate – %	0.19%	2.33%	1.17%	4.41%	
Gross carrying amount – receivables from tariffs and sundry	14,407	1,286	1,876	7,873	**25,441**
Gross carrying amount – other receivables	2,427	–	–	–	**2,427**
Total	**16,834**	**1,286**	**1,876**	**7,873**	**27,869**
Loss allowance	**32**	**30**	**22**	**347**	**430**

	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
	$'000	$'000	$'000	$'000	$'000
30 June 2025					
Expected loss rate -Other	0.02%	0.54%	1.31%	5.44%	
Gross carrying amount – receivables from tariffs and sundry	15,922	1,606	1,754	7,246	**26,528**
Gross carrying amount – other receivables	1,943	–	–	–	**1,943**
Total	**17,865**	**1,606**	**1,754**	**7,246**	**28,471**
Loss Allowance	**4**	**9**	**23**	**394**	**430**

5.2 Trade and other payables

	2026	2025
	$'000	$'000
Current payables		
Contractual		
Trade creditors	9,629	14,054
Accrued expenses	17,344	21,116
Other creditors	4,820	3,344
Contract liabilities	13,677	10,825
Statutory		
Payroll tax payable	115	173
Total current payables	**45,585**	**49,512**

Contractual payables are classified as financial instruments and measured at amortised cost and represent liabilities for goods and services provided to the Group 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.

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

Contractual payables are unsecured and under normal circumstances, paid within 30 days of recognition.

5.3 Other provisions

	2026	2025
	$'000	$'000
Current provisions		
Remediation works	1,420	1,288
Heritage and structural works	9,335	-
Other	298	300
Total current provisions	**11,053**	**1,588**
Non-current provisions		
Remediation works	3,982	1,843
Heritage and structural works	1,247	-
Other	2,086	2,350
Total non-current provisions	**7,315**	**4,193**
Total other provisions	**18,368**	**5,781**

5.3.1 Reconciliation of movements in other provisions

	Remediation works	Heritage and structural works	Other	Total
	$'000	$'000	$'000	$'000
Opening balance as at 1 July 2025	3,131	–	2,650	**5,781**
Additional provisions recognised	3,306	10,709	447	**14,462**
Unwind of discount and effect of changes in the discount rate	(454)	(127)	(713)	**(1,294)**
Provision reversed during the year	–	–	–	**–**
Reductions arising from payments for costs incurred	(581)	–	–	**(581)**
Closing balance at 30 June 2026	**5,402**	**10,582**	**2,384**	**18,368**

Other provisions are recognised when the Group 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 a recovery will be received and the amount can be measured reliably.

Remediation works – Boundary Creek

As a result of the Group utilising a borefield as a water source intermittently over 38 years, environmental impacts have occurred to localised creek and swamp and surrounding area. As a consequence, the Group has a legal obligation at 30 June 2026 to remediate the creek and swamp and surrounding area. The remediation works provision is currently planned to be incurred over 8 years.

Heritage and structural works – Ovoid sewer aqueduct

A provision has been recognised for the estimated costs of demolishing the heritage-listed Barwon River Ovoid Sewer Aqueduct and completing associated works required under a Heritage Victoria Permit. The provision reflects the Group's present legal obligation under the *Heritage Act 2017* and is based on the estimated costs expected to be incurred to satisfy the permit conditions.

Other provision – Vegetation offset provision

Barwon Water is addressing its federal biodiversity offset obligations for projects under the *Environment Protection and Biodiversity Conservation Act 1999* by establishing vegetation offsets on existing and new purchases of land. These sites will be secured through restrictive covenants and actively managed over a 10-year period to generate the vegetation credits. The associated costs, including recurring management and monitoring over the next decade, are capitalised with a matching provision raised.

6. How we financed our operations

Introduction

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

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

6.1 Interest bearing liabilities

	Notes	2026	2025
		$'000	$'000
Current interest-bearing liabilities			
Borrowings*		103,000	97,000
Lease liabilities		2,135	2,006
Financial liabilities – Service concession arrangements	6.4	3,825	3,283
Total current interest-bearing liabilities		**108,960**	**102,289**
Non-current interest-bearing liabilities			
Borrowings*		729,900	624,900
Lease liabilities		4,807	5,841
Financial liabilities – Service concession arrangements	6.4	29,031	32,857
Total non-current interest-bearing liabilities		**763,738**	**663,598**
Total interest-bearing liabilities		**872,698**	**765,887**

*All borrowings have been transacted with the approval of the Treasurer of Victoria and hence are subject to Statutory Guarantee by the State of Victoria in accordance with the *Borrowing and Investment Powers Act 1987*. As a result, all borrowings are classified as secured; that is, all borrowings are secured by a State of Victoria guarantee which reduces the risk associated with borrowing.

Loans are sourced from the Treasury Corporation of Victoria 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 consolidated comprehensive operating statement over the period of the interest-bearing liabilities, using the effective interest method.

Lease liabilities are determined in accordance with AASB 16 *Leases*.

None of the Group's interest bearing liabilities are readily traded on organised markets in standardised form.

6.1.1 Maturity of borrowings

			Maturity dates				
	Carrying amount	Nominal amount	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	>5 years
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
30 June 2026							
Borrowings	832,900	1,004,581	21,095	61,085	55,176	470,917	396,308
Lease liabilities	6,942	7,545	231	402	1,810	5,074	28
Financial liabilities – SCA	32,856	44,581	585	1,170	5,331	30,161	7,333
Total	**872,698**	**1,056,707**	**21,910**	**62,658**	**62,318**	**506,152**	**403,669**
30 June 2025							
Borrowings	721,900	856,683	24,548	40,009	60,836	408,048	323,242
Lease liabilities	7,847	8,698	221	390	1,755	6,297	35
Financial liabilities – SCA	36,140	51,494	571	1,142	5,201	29,426	15,155
Total	**765,887**	**916,875**	**25,340**	**41,541**	**67,792**	**443,771**	**338,432**

6.1.2 Interest expense

Interest expense includes costs incurred in connection with the borrowing of funds. Interest costs include 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 Group 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 Group'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 Group by the State Government of Victoria.

Interest expenses are recognised as expenses in the period in which they are incurred and measured at fair value.

6.1.3 Borrowings

	2026	2025
	$'000	$'000
Secured loan facilities		
Amount used at balance date	832,900	721,900
Amount unused at balance date	76,000	57,000
Total borrowings	**908,900**	**778,900**

Security for loans is by way of Treasurer's guarantee in favour of the Treasury Corporation Victoria dated 24 June 1999. Loan interest is payable every six months and loans have a maturity up to 9.3 years (2025: 9.3 years).

All loans are with the Treasury Corporation Victoria and borrowed under the Treasurer's approval. Any unused facilities are not automatically carried over in the next financial year with a fresh approval required for each financial year. Treasurer's approval was obtained in June 2025 which included refinancing of $75 million (2025: $56 million) of loans maturing in 2025–26 and obtaining new loans of $177 million (2025: $166 million) between 1 July 2025 and 30 June 2026. The Treasurer's approval also includes $45 million refinancing of non-maturing debts and $10 million in temporary financial accommodation.

The Group has $200,000 of credit card facilities of which $27,941 was utilised at 30 June 2026 (2025: $27,697) and bank guarantees of $2,685,950 of which $1,886,756 was utilised at 30 June 2026 (2025: $800,093).

The Group has $6.70 million in facilities with transaction negotiation authority of which nil was utilised at 30 June 2026 (2025: $6.70m).

6.2 Cash flow information

For the purposes of the Consolidated Cash Flow Statement, cash and cash equivalents include cash on hand, deposits held at call with financial institutions and those highly liquid investments with original maturity of three months or less.

	2026	2025
	$'000	$'000
Cash at bank	15,448	14,990
Balance as per consolidated cash flow statement	**15,448**	**14,990**

6.3 Commitments for expenditure

Commitments for future expenditure include operating and capital commitments arising from non-cancellable contractual sources.

These commitments are disclosed 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 consolidated balance sheet.

6.3.1 Total commitments payable

	Notes	2026	2026	2025	2025
		$'000	$'000	$'000	$'000
Total commitments payable		**Nominal value**	**Present value**	**Nominal value**	**Present value**
Environment contribution commitments	8.2.1	20,462		30,693	
Operating commitments	6.3.2	37,548		50,900	
Capital commitments	6.3.3	58,471		65,937	
Service concession arrangement expenditure commitments – Biosolids drying facility	6.3.4	68,072	55,719	66,177	52,630
Commissioned SCA related liability	6.4	44,581	32,857	51,494	36,140
Total commitments (inclusive of GST)		**229,134**		**265,202**	
Less GST recoverable		(18,970)		(21,319)	
Total commitments (exclusive of GST)		**210,164**		**243,883**	

6.3.2 Operating commitments

	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
	$'000	$'000	$'000	$'000
Nominal value $ – 30 June 2026				
Operating commitments payable				
External consultants	5,465	2,365	–	**7,830**
Maintenance and meter services	2,500	2,500	–	**5,000**
Other operating expenditure	15,487	9,231	–	**24,718**
Total operating commitments payable (inclusive of GST)	**23,452**	**14,096**	**–**	**37,548**
Less GST recoverable	(2,132)	(1,281)	–	**(3,413)**
Total operating commitments payable (exclusive of GST)	**21,320**	**12,815**	**–**	**34,135**
Nominal value $ – 30 June 2025				
Operating commitments payable				
External consultants	5,547	2,614	–	**8,161**
Maintenance and meter services	3,168	3,168	–	**6,336**
Other operating expenditure	21,646	14,740	17	**36,403**
Total operating commitments payable (inclusive of GST)	**30,361**	**20,522**	**17**	**50,900**
Less GST recoverable	(2,760)	(1,866)	(2)	**(4,628)**
Total operating commitments payable (exclusive of GST)	**27,601**	**18,656**	**15**	**46,272**

6.3.3 Capital commitments

Capital commitments are recorded below at their nominal value and inclusive of GST. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the consolidated balance sheet.

	2026	2025
	$'000	$'000
Capital expenditure commitments payable		
Infrastructure, property, plant and equipment		
Less than 1 year	52,008	50,923
Longer than 1 year but not longer than 5 years	6,463	15,014
Longer than 5 years	–	–
Total capital commitments payable (inclusive of GST)	**58,471**	**65,937**
Less GST recoverable	(5,316)	(5,994)
Total capital commitments payable (exclusive of GST)	**53,155**	**59,943**

6.3.4 Service concession arrangement expenditure commitments

	2026	2025
	$'000	$'000
Service concession arrangement expenditure commitments		
Less than 1 year	10,146	8,705
Longer than 1 year but not longer than 5 years	45,333	37,462
Longer than 5 years	12,593	20,010
Total commitments (inclusive of GST)	**68,072**	**66,177**
Less GST recoverable	(6,188)	(6,016)
Total commitments (exclusive of GST)	**61,884**	**60,161**

6.4 Service concession arrangements

The Group sometimes enters into arrangements with private/public sector participants to design and construct or upgrade assets used to provide public services. These arrangements usually include the provision of operational and maintenance services for a specified period of time. These arrangements are often referred to as public private partnerships (PPPs).

The Group has adopted AASB 1059 *Service Concession Arrangements: Grantors* to account for PPP arrangements that meet the definition of a service concession arrangements (SCAs) in accordance with AASB 1059. Where a PPP is not considered a SCA, the Group determines whether the arrangement is a lease (and accounted for under AASB 16) or a construction contract (and accounted for under AASB 116 and AASB 9) and accounts for them under those relevant standards.

The Group has taken up the SCA under the 'financial liability' model where the Group pays the operator over the arrangement period, subject to specified performance criteria being met. At the date of commitment to the principal provisions of the arrangement, these estimated periodic payments are allocated between a component related to the design and construction or upgrading of the asset, and the components related to the ongoing operation and maintenance of the asset.

For arrangements within the scope of AASB 1059 that use the 'financial liability' model, the Group records the asset used in the SCAs at current replacement cost in accordance with the cost approach to Fair Value under AASB 13 *Fair Value Measurement*, with a related financial liability.

The thermal drying plant was commissioned on 3 September 2012, at which time a leased asset and leased liability were recognised in the consolidated balance sheet at $49,316,314 respectively, while payments to the contractor for the operation of the facility also commenced at that time.

The terms and conditions of the financial liability consist of monthly repayments comprising a service charge associated with the throughput of the plant, recognised in the Consolidated Comprehensive Operating Statement, and a finance component incorporating both interest and principal repayments based on an implicit interest rate of 10.99% (2025: 10.99%). Please refer to Note 6.3.4 for SCA operating expenditure commitments.

The table below illustrates the financing commitments for the service concession arrangement.

	2026	2026	2025	2025
	$'000	$'000	$'000	$'000
Commissioned SCA related	**Minimum future payments**		**Present value of minimum future payments**	
Less than 1 year	7,086	6,913	6,699	6,536
Longer than 1 year but not longer than 5 years	30,161	29,426	22,051	21,513
Longer than 5 years	7,333	15,155	4,106	8,091
Minimum future payments	**44,580**	**51,494**	**32,856**	**36,140**
Less future finance charges	(11,724)	(15,354)	–	–
Present value of minimum payments	**32,857**	**36,140**	**32,856**	**36,140**
Included in the consolidated balance sheet				
Current liabilities (Note 6.1)			3,825	3,283
Non-current liabilities (Note 6.1)			29,031	32,857
			32,856	**36,140**

7. Risks, contingencies and valuation judgements

Introduction

The Group 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 Group related mainly to fair value determination.

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.

The Group currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts are a reasonable approximation of fair value, either due to their short-term nature or with the expectation that they will be paid and/or recovered in full by the end of the 2026–27 reporting period.

Categories of financial instruments

Financial Instrument	Initial measurement	Subsequent measurement
Financial assets at amortised cost		
Financial assets include: • Loans and receivables • cash and deposits • receivables and • Investment in ZEW.	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 consolidated 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 assets at fair value through net results		
Derivative instruments	Fair value through net result.	Fair value through net result Any gains or losses arising from changes in the fair value of derivatives after initial recognition are recognised in the consolidated comprehensive operating statement as an 'other economic flow' included in the net result.
Financial liabilities at amortised cost		
Financial liabilities include: • payables (excl. statutory payables) • borrowings (incl. lease liabilities) and • financial liabilities arising from service concession arrangements.	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 consolidated comprehensive operating statement, over the period of the interest-bearing liability using the effective interest rate method. Gains or losses are recognised in the consolidated comprehensive operating statement as either: • interest expense calculated using the effective interest rate • impairment losses under the expected credit loss model, or • gain or loss on derecognition.

Financial Instrument	Initial measurement	Subsequent measurement
Derivative financial instruments	Fair value on the date on which a derivative contract is entered into.	Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from changes in the fair value of derivatives after initial recognition are recognised in the consolidated comprehensive operating statement as an 'other economic flow' included in the net result. Gains or losses include: • fair value changes either realised or unrealised • interest, or • dividends

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 Group 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 Group 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 Group has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Group'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 Consolidated Comprehensive Operating Statement.

Derivative financial instruments

Derivative financial instruments are classified as held for trading financial assets and liabilities. They are initially recognised at fair value on the date on which all contractual obligations under conditions precedent are met and on subsequent measurement. The initial revenue recognised represents the fair value of the expected future settlements at initial recognition.

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from changes in fair value of derivatives after initial recognition are recognised in the Consolidated Comprehensive Operating Statement as an 'other economic flow' included in the net result.

7.1.1 Financial instruments: Categorisation

30 June 2026	Notes	Financial assets / liabilities designated at fair value through profit/loss (FVTPL)	Financial assets / liabilities at amortised cost (AC)	Total
		$'000	$'000	$'000
Contractual financial assets				
Cash and deposits	6.2	–	15,448	**15,448**
Receivables				
Service and usage charges	5.1	–	25,011	**25,011**
Other receivables	5.1	–	2,427	**2,427**
Investment in Zero Emissions Water (ZEW) Ltd		15	–	**15**
Contract assets	5.1	–	28,352	**28,352**
Derivative financial assets				
Financial assets designated at fair value through profit or loss		1,443	–	**1,443**
Total contractual financial assets		**1,458**	**71,238**	**72,696**
Contractual financial liabilities				
Payables				
Trade creditors	5.2	–	9,629	**9,629**
Accrued expenses	5.2	–	17,344	**17,344**
Other creditors	5.2	–	4,820	**4,820**
Contract liabilities	5.2	–	13,677	**13,677**
Borrowings				
Loans from Treasury Corporation of Victoria	6.1	–	832,900	**832,900**
Lease liabilities	6.1	–	6,942	**6,942**
Financial liabilities - Service concession arrangements	6.1	–	32,856	**32,856**
Derivative financial liabilities				
Financial liabilities designated at fair value through profit or loss		304	–	**304**
Total contractual financial liabilities		**304**	**918,168**	**918,472**

30 June 2025	Notes	Financial assets / liabilities designated at fair value through profit/loss (FVTPL)	Financial assets / liabilities at amortised cost (AC)	Total
		$'000	$'000	$'000
Contractual financial assets				
Cash and deposits	6.2	–	14,990	**14,990**
Receivables				
Service and usage charges	5.1	–	26,098	**26,098**
Other receivables	5.1	–	1,943	**1,943**
Investment in Zero Emissions Water (ZEW) Ltd		15	–	**15**
Contract assets	5.1	–	28,362	**28,362**
Derivative financial assets				
Financial assets designated at fair value through profit or loss		1,229	–	**1,229**
Total contractual financial assets		**1,244**	**71,393**	**72,637**
Contractual financial liabilities				
Payables				
Trade creditors	5.2	–	14,054	**14,054**
Accrued expenses	5.2	–	21,116	**21,116**
Other creditors	5.2	–	3,344	**3,344**
Contract liabilities	5.2	–	10,825	**10,825**
Borrowings				
Loans from Treasury Corporation of Victoria	6.1	–	721,900	**721,900**
Lease liabilities	6.1	–	7,847	**7,847**
Financial liabilities – Service concession arrangements	6.1	–	36,140	**36,140**
Derivative financial liabilities				
Financial liabilities designated at fair value through profit or loss		461	–	**461**
Total contractual financial liabilities		**461**	**815,226**	**815,687**

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

	Notes	Net holding gain / (loss)	Total interest income / (expense)	Impairment loss	Total
		$'000	$'000	$'000	$'000
30 June 2026					
Contractual financial assets					
Debt instruments mandatorily measured at fair value through profit/loss		–	–	657	657
Financial assets at amortised cost – other than on derecognition	3.3	–	311	–	311
Total contractual financial assets		**–**	**311**	**657**	**968**
Contractual financial liabilities					
Financial liabilities at amortised cost – other than on derecognition	9.1	372	–	–	372
Financial liabilities at amortised cost	3.3	–	(45,620)	–	(45,620)
Total contractual financial liabilities		**372**	**(45,620)**	**–**	**(45,248)**
30 June 2025					
Contractual financial assets					
Debt instruments mandatorily measured at fair value through profit/loss		–	–	376	376
Financial assets at amortised cost – other than on derecognition	3.3	–	427	–	427
Total contractual financial assets		**–**	**427**	**376**	**803**
Contractual financial liabilities					
Financial liabilities at amortised cost – other than on derecognition	9.1	217	–	–	217
Financial liabilities at amortised cost	3.3	–	(39,775)	–	(39,775)
Total contractual financial liabilities		**217**	**(39,775)**	**–**	**(39,558)**

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 consolidated balance sheet but are disclosed by way of note and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

7.2.1 Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

The Group had no contingent assets at 30 June 2026 (30 June 2025: $Nil).

7.2.2 Contingent liabilities

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence 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.

The Group had no contingent liabilities at 30 June 2026 (30 June 2025: $Nil).

7.3 Fair value determination

This section sets out information on how the Group 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 Group 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 Group's independent valuation agency. In conjunction with VGV, the Group monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

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 is being applied this year given formal asset revaluations have been undertaken.

Land, buildings and infrastructure assets were independently valued as at 30 June 2026 under the direction of the Valuer-General Victoria. The valuation of land and buildings was performed by an independent property valuer and the valuation of infrastructure assets was performed by an independent infrastructure valuation specialist. The effective date of both valuations was 30 June 2026.

Significant judgements and estimates: Fair value measurement of assets

Fair value determination requires judgement and the use of assumptions. This section discloses the most significant assumptions used in determining fair values. Changes to assumptions could have a material impact on the results and financial position of the Group.

Specialised land

Specialised land was valued using a market-based direct comparison approach.

The valuation of specialised land was determined by analysing comparable land sales and applying adjustments for factors including location, size, topography, planning considerations and community service obligations. Community service obligation adjustments reflect restrictions associated with public ownership and the extent to which those restrictions would be recognised by market participants.

As significant unobservable inputs are used in determining fair value, specialised land is classified as a Level 3 fair value measurement.

Specialised buildings

Specialised buildings were valued using the depreciated replacement cost method.

The valuation reflects the current replacement cost of a modern equivalent asset adjusted for physical deterioration, remaining useful life and remaining service potential. Replacement costs were determined using recognised building cost information and current construction cost evidence.

As depreciation and useful life assumptions represent significant unobservable inputs, specialised buildings are classified as Level 3 fair value measurements.

Infrastructure assets

Infrastructure assets comprise water distribution, water harvesting and major transfer, water quality, sewer collection and sewer treatment and disposal assets, including service concession assets.

Infrastructure assets were valued using the current replacement cost method less accumulated depreciation and obsolescence. The valuation reflects the current cost of replacing the service potential embodied in the existing assets using modern equivalent assets.

Replacement costs were determined using contemporary engineering and construction cost information, current unit rates, asset quantities, useful life assumptions, remaining useful life assessments and asset condition information. Depreciation reflects the consumption of service potential based on age, condition and remaining useful life.

Water distribution assets include reticulation mains, service connections, tanks, service reservoirs, pressure management infrastructure and associated network assets. Water harvesting and major transfer assets include reservoirs, channels, major transfer infrastructure and groundwater facilities. Water quality assets comprise water treatment facilities and associated process, mechanical and electrical infrastructure. Sewer collection assets include reticulation mains, rising mains and pumping stations. Sewer treatment and disposal assets comprise water reclamation plants, recycled water facilities, treatment process assets, mechanical and electrical equipment and service concession assets.

Due to the specialised nature of these assets and the absence of an active market, infrastructure assets are classified as Level 3 fair value measurements. The valuation relies on significant unobservable inputs including replacement costs, useful lives, condition assessments and remaining service potential.

Plant and equipment

Plant and equipment assets are held at fair value.

Where plant and equipment are specialised in nature and rarely traded other than as part of a continuing operation, fair value is determined using the depreciated replacement cost method.

The valuation reflects replacement cost adjusted for age, condition, remaining useful life and service potential. As significant unobservable inputs are applied in determining fair value, plant and equipment assets are classified as Level 3 fair value measurements.

Climate-related factors and fair value measurement

Market participants' views of climate-related matters – including potential legislation – may affect the fair value measurement of assets and liabilities in the financial statements. Where relevant, climate-related matters may also affect fair value disclosures, particularly for measurements categorised within Level 3 of the fair value hierarchy. AASB 13 *Fair Value Measurement* requires disclosure of unobservable inputs used in fair value measurements, and those inputs should reflect the assumptions that market participants would use, including assumptions about climate-related risk.

At the time of preparing these financial statements, the Group acknowledges the risk that climate change may impact the assumptions that market participants use. However, the effect of these risks cannot be reliably measured and, therefore, no allowance has been made for climate change factors in the calculation of the fair value of property and infrastructure.

The Group's infrastructure, property, plant and equipment are exposed to the risk of damage from extreme weather events such as storms, high winds, floods and drought. Changes in global climate conditions could intensify one or more of these events and may also increase the cost of operations. The Group has extensive processes in place aimed at monitoring and mitigating these risks through proactive management and early detection, including the establishment and maintenance of flood management systems and increased monitoring during fire danger periods.

Physical risks arising from fires, floods and drought are to a great extent subject to risk transfer and are within the cover of the Group's property and business interruption insurance programs. However, should the frequency and severity of these events increase as a result of climate change, the cost of such coverage may increase.

Although it is intended that asset valuations will be based on a five-year cycle, FRD 103 *Non-financial physical assets* requires entities to perform annual fair value assessments for each class of non-financial physical assets to determine whether additional revaluations need to be undertaken between revaluation cycles. Management performs interim valuations when the triggers of FRD 103 are met.

The table on page 124 shows the valuation techniques used in measuring fair values for financial instruments and non-financial physical assets in the consolidated statement of financial position, as well as the significant unobservable inputs used.

Description of significant unobservable inputs to Level 3 valuations

2026 and 2025	Valuation technique	Significant unobservable inputs
Specialised land	Market approach	Adjusted for community service obligations
Specialised buildings	Current replacement cost	Cost per asset Useful life of specialised buildings
Heritage Assets	Current replacement cost	Cost per unit Useful life of heritage asset
Infrastructure - wastewater Collection		
Wastewater Retic Mains	Current replacement cost	Average cost per square metre Useful life of the infrastructure
Wastewater Rising Mains	Current replacement cost	Average cost per square metre Useful life of the infrastructure
Wastewater Pump Station	Current replacement cost	Cost per facility Number of pump stations Useful life of the infrastructure
Infrastructure - Wastewater Treatment		
Wastewater Treatment Plants	Current replacement cost	Cost per facility Number of treatment plants Useful life of the infrastructure
Wastewater Treatment Plants Mechanical/Electrical	Current replacement cost	Cost per asset Useful life of the infrastructure
Specialised Buildings	Current replacement cost	Cost per asset Useful life of the infrastructure
Infrastructure - water distribution		
Reticulation Mains	Current replacement cost	Average cost per square metre Useful life of the infrastructure
Service Basins and Tanks	Current replacement cost	Cost per facility Number of facilities Useful life of the infrastructure
Infrastructure - water harvesting		
Channels	Current replacement cost	Cost per facility Number of facilities Useful life of the infrastructure
Reservoirs	Current replacement cost	Cost per facility Number of facilities Useful life of the infrastructure
Groundwater	Current replacement cost	Cost per facility Number of facilities Useful life of the infrastructure
Infrastructure - water quality		
Specialised Buildings	Current replacement cost	Cost per asset Useful life of the infrastructure
Water Treatment Plants	Current replacement cost	Cost per facility Number of facilities Useful life of the infrastructure
Water Treatment Plants Mechanical/Electrical	Current replacement cost	Cost per asset Useful life of the infrastructure
Plant and equipment		
Computer Hardware	Current replacement cost	Cost per asset Useful life of the asset
Vehicles	Current replacement cost	Cost per asset Useful life of the asset

8. Statutory obligations

Introduction

This section includes disclosures in relation to the Group's statutory obligations.

8.1 Tax

8.1.1 Income tax

The Group has formed an income tax consolidated Group consisting of Barwon Region Water Corporation and Barwon Asset Solutions Pty Ltd. Barwon Region Water Corporation is the head entity of the Group.

The Group 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 tax payable 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.

The Group received confirmation from the Australian Taxation Office (ATO) regarding the taxation treatment of gifted assets, following the Victoria Power Networks decision. The ATO determined, through a tailored compliance engagement (TCE) arrangement, that the Group's proposed method of recognising gifted assets as non-assessable under section 6-5 of the *Income Tax Assessment Act 1997* was low risk. As a result, the Group will amend its historical tax positions in the 30 June 2026 financial year, reducing assessable income and capital allowances previously recognised in respect of gifted assets, and adjusting carried forward tax losses accordingly. Refer Note 8.1.2 for further information.

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	2025
		$'000	$'000
Consolidated comprehensive operating statement			
Current income tax expense		(2,803)	15,508
Temporary differences		74,749	(3,018)
Under/(over) provided in current year	8.1.2	(71,116)	-
Income tax on net result before tax		**831**	**12,490**
Tax reconciliation			
Net result before income tax		(13,917)	41,574
Tax at the Australian tax rate of 30% (2025: 30%)		(4,175)	12,472
Under/(over) provided in current year		14,861	-
Other		(9,855)	18
Income tax on net result before tax		**831**	**12,490**
Consolidated statement of changes in equity			
Net deferred tax - debited/(credited) directly to equity		(332,356)	31
Income tax reported in equity		**(332,356)**	**31**

8.1.2 Developer Contributed Assets – Income tax treatment

During the year, the Australian Taxation Office (ATO) issued a Tailored Compliance Engagement (TCE) to ten water corporations, including Barwon Water, in relation to the income tax treatment of developer contributed assets (DCAs). DCAs are assets transferred to the Group by property developers as a condition of subdivision approval, typically comprising water and sewerage infrastructure.

Prior to the issuing of the TCE, DCAs were recognised as assessable income for income tax purposes in the year of receipt. Following the TCE, the ATO indicated that the Group's proposed treatment of DCAs as not giving rise to assessable income is considered low risk. Having regard to this position, the Group has adopted the treatment that DCAs are not included in taxable income. The Group's external tax advisers have finalised the quantification of all adjustments arising from this change in treatment, and the Group is satisfied that no material uncertainty exists in respect of the amounts recognised in these financial statements.

Tax loss position and prior year true-up

The Group is not in a tax-paying position and has not paid tax in respect of prior years. As a result of the revised treatment of DCAs, the Group has calculated and substantiated additional tax losses attributable to the historical inclusion of DCAs as assessable income.

These losses have been quantified for all prior years back to 30 June 2012, being the earliest year for which adequate records and supporting documentation exist to substantiate the adjustments, up to and including the year ended 30 June 2025. As the Group has never been in a tax-paying position, no tax refund arises from this true-up. The adjustment is reflected entirely as an increase in the Group's accumulated tax losses and a corresponding increase in the DTA. The total reduction in income tax expense arising from the revised DCA treatment for the year ended 30 June 2026 was $71.1m.

In accordance with applicable taxation legislation, a true-up of these tax losses has been performed as at 30 June 2026, with the ATO's endorsement of this adjusted timeline. Amended income tax returns will be lodged for the relevant prior years to formally correct the Group's loss carry-forward position with the ATO. The revised tax losses have been recognised as a deferred tax asset to the extent that the Group considers it probable they will be utilised against future taxable profits, having regard to the Group's long-term financial projections and regulatory pricing determinations.

Accounting treatment – Deferred tax

In accordance with AASB 112 *Income Taxes*, the difference between the accounting carrying amount of DCAs and their tax base gives rise to a temporary difference. On initial recognition of a DCA, this temporary difference creates a deferred tax liability (DTL) on the consolidated balance sheet, with a corresponding deferred tax expense recognised in the consolidated comprehensive income statement. This DTL unwinds over the useful life of the underlying DCA assets, giving rise to deferred tax income in future periods.

As a result of the TCE, the historical DTLs previously recognised in respect of DCAs, which arose when DCAs were treated as assessable income, are no longer required. These historical DTLs have been reversed in full as part of the true-up, with the reversal recognised as a reduction in income tax expense in the current year. Going forward, as DCAs are no longer assessable income, no current period income tax expense or income tax payable will be recognised in respect of DCAs. The income tax effect of DCAs will therefore be reflected entirely through the movement in deferred tax balances as each DCA is recognised and unwinds over its useful life. Refer to the deferred tax movements table at Note 8.1.3 for further detail.

The Group has considered the requirements of AASB Interpretation 23 *Uncertainty over Income Tax Treatments* and has concluded that there are no uncertain tax treatments remaining in respect of DCAs as at 30 June 2026.

Changes in facts and circumstances

Having adopted a position in respect of the DCA tax treatment based on the ATO's TCE, the Group will continue to monitor its tax position for any changes in facts and circumstances that may affect future periods. While the ATO has indicated that this treatment is considered low risk, the TCE does not constitute a binding determination. Any change in the recognition or measurement of tax balances arising from revised facts and circumstances, or changes in the Group's assessment of the relevant tax treatment, will be reflected in the period in which the change occurs.

8.1.3 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, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The Group's deferred tax liabilities exceed the level of deferred tax assets and therefore a net deferred tax liability has been disclosed in the consolidated balance sheet. The recoverability of the deferred tax asset has been assessed based on long-term corporate planning cash flow projections. This assessment includes a consideration of the NTER taxation provisions.

Deferred tax assets

	2026	2025
	$'000	$'000
The balance comprises temporary differences attributable to:		
Amounts recognised in consolidated comprehensive operating statement		
Provisions and accrued expenditure not deductible	21,636	19,957
Tax losses	122,381	48,462
Deferred tax assets	**144,017**	**68,419**
Movements:		
Opening balance at 1 July	68,769	83,566
Credited/(charged) to the consolidated comprehensive operating statement	1,679	361
(Under)/over provided in current year	(350)	–
Tax losses recognised/(utilised)	73,918	(15,509)
Closing balance at 30 June	**144,017**	**68,419**
Deferred tax asset to be recovered after more than 12 months	142,698	67,652
Deferred tax asset to be recovered within 12 months	1,319	767
Ending balance at 30 June	**144,017**	**68,419**

Deferred tax liabilities

	2026	2025
	$'000	$'000
The balance comprises temporary differences attributable to:		
Amounts recognised in consolidated comprehensive operating statement		
Depreciation	262,367	185,154
Expenditure capitalised	2,029	2,339
CfD derivative financial asset	433	908
Amounts recognised directly in equity		
Asset revaluations	859,655	527,299
Deferred tax liabilities	**1,124,484**	**715,700**
Movements		
Opening balance at 1 July	715,700	718,388
Credited/(charged) to the consolidated comprehensive operating statement	76,428	(2,657)
Other adjustment to asset valuation	332,356	(31)
Closing balance at 30 June	**1,124,484**	**715,700**
Deferred tax liability to be recovered after more than 12 months	1,124,484	715,700
	1,124,484	**715,700**
Net deferred tax liability	**980,467**	**647,281**

8.2 Environmental contribution

The *Water Industry (Environmental Contributions) Act 2004* ("Act") amended the *Water Industry Act 1994* to make provision for environmental contributions to be paid by water supply authorities. The Act establishes an obligation for authorities to pay into the consolidated fund annual contributions for the first period, from 1 October 2004 to 30 June 2008 in accordance with the pre-established schedule of payments, which sets out the amounts payable by each authority. The Victorian Government has committed to a sixth round or ('tranche') of the environmental contribution. The four-year tranche commenced on 1 July 2024.

The purpose for the environmental contribution is set out in the Act and the funding may be used for the purpose of financing initiatives that seek to promote the sustainable management of water or address water-related initiatives. The annual environmental contributions are disclosed separately within expenses.

The Group has a statutory obligation to pay an environmental contribution to the Department of Energy, Environment and Climate Action. This contribution is recognised as an expense during the reporting period as incurred.

8.2.1 Environmental commitments

	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
30 June 2026	10,231	10,231	–	**20,462**
30 June 2025	10,231	20,462	–	**30,693**

9. Other disclosures

Introduction

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

9.1 Other economic flows included in net results

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. Other gains/(losses) from other economic flows include the gains or losses from:

- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates
- reclassified amounts relating to available-for-sale financial instruments from the reserves to net result due to a disposal or derecognition of the financial instrument. This does not include reclassification between equity accounts due to machinery of government changes or 'other transfers' of assets and
- the revaluation gain or loss on the fair value of derivative financial instrument.

	Notes	2026	2025
		$'000	$'000
Net gain/(loss) on non-financial assets			
Net gain/(loss) on disposal of infrastructure, property, plant and equipment (including intangible assets)	4.1.4	(730)	(1,017)
Total net gain/(loss) on non-financial assets		**(730)**	**(1,017)**
Net gain/(loss) on financial instruments			
Net gain/(loss) arising from revaluation of CfD financial derivatives at fair value through net result	7.1.2	372	217
Total net gain/(loss) on financial instruments		**372**	**217**
Other gains/(losses) from economic flows			
Net gain/(loss) arising from revaluation of long service leave liability	3.1.2	(569)	11
Unwinding of other provision	5.3.1	(1,294)	(158)
Total other gains/(losses) from economic flows		**(1,863)**	**(147)**
Total other gains/(losses) from other economic flows		**(2,221)**	**(947)**

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

9.2 Events occurring after the balance date

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

9.3 Responsible persons

In accordance with the Ministerial Directions issued by the Minister for Finance under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period, as required by AASB 124 *Related Party Disclosures*.

The persons who held the positions of Ministers, Directors and Accountable Officers in Barwon Water are as follows:

Name	Title	Period of appointment
The Hon Gayle Tierney MP	Minister for Water	1 July 2025 to 14 April 2026
The Hon Harriet Shing MP	Minister for Water	15 April 2026 to 30 June 2026
J Plummer	Director – Chair*	1 July 2025 to 30 September 2025
D Powell	Director	1 July 2025 to 30 June 2026
A Lansberry	Director	1 July 2025 to 30 September 2025
C Eccles	Director	1 July 2025 to 30 June 2026
P Maddy	Director – Chair*	1 July 2025 to 30 June 2026
N Devidas	Director*	1 July 2025 to 30 September 2025
J Leonard	Director	1 July 2025 to 9 April 2026
J Kambovski	Director*	1 July 2025 to 30 June 2026
C Chesterfield	Director*	1 July 2025 to 30 June 2026
M Oldfield	Director*	1 October 2025 to 30 June 2026
K Griffiths	Director	1 October 2025 to 30 June 2026
J Mitchell	Director	1 October 2025 to 30 June 2026
S Cumming	Managing Director*	1 July 2025 to 30 June 2026

* These responsible persons were also Directors for Barwon Asset Solutions Pty Ltd. As part of those responsibilities the non-executive directors collectively received a total remuneration of $33,319 for the period 1 July 2025 to 30 June 2026 (1 July 2024 to 30 June 2025: $32,450).

Responsible persons remuneration

$		$	2026	2025
0	–	9,999	-	-
10,000	–	19,999	2	-
20,000	–	29,999	2	-
30,000	–	39,999	3	-
40,000	–	49,999	3	7
50,000	–	59,999	-	1
60,000	–	69,999	1	-
70,000	–	79,999	-	-
80,000	–	89,999	1	1
90,000	–	99,999	-	-
450,000	–	459,999	-	1
480,000	–	489,999	1	-
Total numbers			**13**	**10**
Total remuneration amount			**916,202**	**892,224**

Remuneration received or receivable by the Accountable Officer in connection with the management of the Group during the reporting period was in the range: $480,000–$489,999 (2025: $450,000–$459,999).

Remuneration paid to the respective Minister is shown in the financial statements of the State of Victoria's Annual Financial Report.

9.4 Related parties

The Barwon Region Water Corporation is a wholly owned and controlled entity of the State of Victoria. Barwon Water wholly owns and controls BAS.

Related parties of the Group 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.

Remuneration of executives

The number of executive officers, other than the Minister and accountable officers, 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 in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered. Accordingly, remuneration is determined on an accrual basis, and is disclosed in the following categories:

- *Short-term employee benefits* – include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.
- *Post-employment benefits* – include superannuation contributions where the benefit is realised post-employment.
- *Other long-term benefits* – include long service leave paid.
- *Termination benefits* – include termination of employment payments, such as severance packages.

Executive remuneration

	2026	2025
	$'000	$'000
Remuneration		
Short-term employee benefits	6,206	5,099
Post-employment benefits	717	574
Other long-term benefits	359	279
Total remuneration (a)	**7,282**	**5,952**
Number of executive officers	**31**	**28**
Total annualised employee equivalent (AEE) (b)	**27.6**	**25.2**

Notes:

(a) No executive officers met the definition of Key Management Personnel (KMP) of the entity under AASB 124 *Related Party Disclosures* and are therefore not reported within the related parties note disclosure.

(b) Annualised employee equivalent is based on the time fraction worked over the reporting period. This is based on paid working hours of 38 ordinary hours per week over the 52 weeks for a reporting period.

Significant transactions with government-related entities

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

Government-related entity receipts		2026	2025
Entity name	**Brief description of main activity**	**$'000**	**$'000**
Central Highland Water	Services and minor project works	280	296
Colac Area Health	Services and minor project works	13	–
Corangamite Catchment Management Authority	Services and minor project works	663	177
Department of Education	Services and minor project works	18	12
Department of Energy, Environment and Climate Action	Water reimbursement program	50	172
Department of Families, Fairness and Housing	Customer rebate reimbursements – water, sewerage and dialysis	10,925	11,428
Department of Transport and Planning	Project funding and reimbursement of legal fees	88	–
Development Victoria	Services and minor project works	61	25
Great Ocean Road Coast & Parks Authority	Services and minor project works	17	–
Greater Western Water	Pipeline access contribution, Employee secondment payment and Employee entitlements transfer	668	329
Melbourne Water Corporation	Project funding	144	–
South East Water Corporation	Employee entitlements transfer	18	–
South West Healthcare	Services and minor project works	36	816
Southern Rural Water	Employment entitlements transfer, services and minor project works	1,315	353
Transport Accident Commission	Employee secondment payment	–	105
Wannon Region Water Corporation	Employee secondment payment	12	21
Yarra Valley Water Corporation	Services and minor project works	1,603	849
Treasury Corporation Victoria	Proceeds from borrowings and sale of large-scale generation certificates	186,000	171,403

Government-related entity receivables		2026	2025
Entity name	**Brief description of main activity**	**$'000**	**$'000**
Barwon Health	Services and minor project works	22	–
Colac Area Health	Services and minor project works	–	13
Corangamite Catchment Management Authority	Services and minor project works (Greenlinks Project)	–	342
Department of Education	Services and minor project works	13	–
Department of Families, Fairness and Housing	Customer rebate reimbursements – water, sewerage and dialysis	1,182	583
Great Ocean Road Coast & Parks Authority	Provision of agreed services	–	14
Greater Western Water	Employee secondment payment	42	–
Melbourne Water Corporation	Project funding	322	–
Southern Rural Water	Provision of agreed services	222	417
Transport Accident Commission	Employee secondment payment	–	34
Yarra Valley Water Corporation	Provision of agreed services	322	17

Government-related entity payments		2026	2025
Entity name	**Brief description of main activity**	**$'000**	**$'000**
Central Highlands Region Water Corporation	Services and minor project works	178	–
Corangamite Catchment Management Authority	Agreement and program funding and employee secondment payment	604	165
Department of Energy, Environment and Climate Action	Environmental Contribution Levy, monitoring program, contractor services and other fees	13,724	11,120
Department of Health and Human Services	Services	86	85
Department of Transport and Planning	Services and minor project works	221	406
Department of Treasury and Finance	Financial Accommodation Levy	7,632	5,302
Environment Protection Authority	License fee	13	114
Essential Services Commission	Regulatory recovery fee	184	342
Geelong Arts Centre	Venue hire	12	–
Great Ocean Road Coast & Parks Authority	Lease agreements, license fee and partnership agreement	101	16
Greater Western Water	Water usage fee, Employee secondment payment and minor project works	95	62
Melbourne Water	Melbourne to Geelong Pipeline water supply	12,014	10,116
Parks Victoria	Consent fee, lease fee and license fee	16	16
SEC Energy Pty Ltd	Electricity charges	5,781	–
South East Water Corporation	Services and minor project works	42	–
Treasury Corporation Victoria	Repayment of borrowings and finance costs (loan interest expense)	109,038	83,151
V/Line Corporation	Permit application fees	11	7
Victorian Auditor-General's Office	Audit fees	267	290
Wannon Water	Employee entitlements transfer	20	–
Yarra Valley Water – SWEP	Subscription fee and minor project works	32	13

Government-related entity payables		2026	2025
Entity name	**Brief description of main activity**	**$'000**	**$'000**
Corangamite Catchment Management Authority	Agreement and program funding	118	344
Department of Health and Human Services	Water Act admin levy	85	86
Department of Treasury and Finance	Financial Accommodation Levy	–	1,888
Development Victoria	Services	165	–
Greater Western Water	Employee entitlements transfer	–	19
Melbourne Water	Melbourne to Geelong Pipeline water supply	75	–
Treasury Corporation Victoria	Borrowings and finance costs (total accrued interest)	840,253	729,397

Barwon Asset Solutions Pty Ltd

Barwon Asset Solutions Pty Ltd ("BAS") is a wholly owned subsidiary of Barwon Region Water Corporation ("Barwon Water"). During the financial year ended 30 June 2026, Barwon Water purchased goods and services and provided accounting and administrative assistance to BAS. All financial transactions between Barwon Water and BAS are eliminated upon consolidation. In addition, Barwon Water also provides BAS with a daily cash flow facility equivalent to a loan facility outlined in Note 9.8.

Key management personnel

Key management personnel ("KMP") are those persons having authority and responsibility for planning, directing and controlling the activities of the Group (comprising the company and subsidiary), directly or indirectly, this comprises independent Directors and the Managing Director. Key management personnel (as defined in AASB 124) includes the Portfolio Minister and all Directors listed under responsible persons in Note 9.3, as well as A Murray – Executive Director of BAS, who have the authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly, during the financial year.

	2026	2025
	$'000	$'000
Compensation of KMP		
Short-term employee benefits	1,157	1,162
Post-employment benefits	111	117
Total	**1,268**	**1,279**

Transactions with key management personnel and other related parties

Given the breadth and depth of the Group's activities, related parties transact with the Group in a manner consistent with other members of the public (for example, water and wastewater fees and charges). Further employment of processes within the Group occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements.

Outside of normal citizen type transactions with the Group, the only related party transactions that involved key management personnel and their close family members are as follows:

Shaun Cumming – Barwon Water Managing Director during 2025-26	2026	2025
	$'000	$'000
Non-executive director of Water Services Association of Australia during 2025-26 & 2024-25		
Barwon Water payments to Water Services Association of Australia during the year included membership fees, benchmarking services, consulting and other transactions being minor and commercial in nature.	74	198
Total payments made to related parties	**74**	**198**

All other transactions that have occurred with KMP and their related parties have been trivial or domestic in nature. In this context, transactions are only disclosed when they are considered of interest to users of the financial report in making evaluation decisions about the allocation of scarce resources.

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

Zero Emissions Water Pty Ltd ("ZEW") transactions

ZEW is a related party of the Group. Below is a summary of transactions and holdings with ZEW.

	2026	2025
	$'000	$'000
Payments	258	199
Receipts	35	70

9.5 Remuneration of auditors

	2026	2025
	$'000	$'000
Amounts received, or due and receivable, by the Victorian Auditor-General for auditing the financial report.	296	243

9.6 Ex-gratia expense

	2026	2025
	$'000	$'000
Forgiveness or waiver of debt (i)	537	569
Other (ii)	429	401
Total ex-gratia expense	**966**	**970**

(i) Grants or forgiveness of debt provided under Barwon Water's various Customer Support (Hardship) programs. These programs assist customers who are in financial hardship by offering credits to reduce the value of their debt. Major grant programs include Arrange and Save (payment plans where a customer is provided a "bonus credit" of one instalment payment if they meet their payment plan for five consecutive instalments), Utility Relief Grant matching, and leak allowances for hardship reasons.

(ii) Other ex-gratia expenses: Reductions of charges due to leaks or unexplained high consumption events experienced by customers who satisfy the requirements of our write-off policy ($284,000 during 2025-26). Compensation payments when there is no legal obligation or liability ($145,000 during 2025-26). Ex-gratia expenses are recorded in the 'Services and supplies' expenditure line within the Consolidated Comprehensive Operating Statement.

9.7 Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Consolidated Balance Sheet.

Cash flows arising from operating activities are included in the Consolidated Cash Flow Statement on a gross basis. The GST component of cash flows arising from investing and financing activities, which are recoverable from or payable to the ATO, are classified as operating cash flows.

9.8 Controlled entity

The consolidated financial statements at 30 June 2026 include the following controlled entity. The financial reporting period for the controlled entity is 1 July 2025 to 30 June 2026.

Controlled Entity	Place of incorporation	Book value of parent entity's investment in $		% shares held		Contribution to the results in $'000	
		2026	2025	2026	2025	2026	2025
Barwon Asset Solutions Pty Ltd	Australia	2	2	100	100	668	717

The relevant activities of BAS include:

- For Barwon Water – the civil maintenance services for planned and unplanned water and wastewater systems and minor low-cost capital works projects.
- External to the Group – civil maintenance services for planned and unplanned projects.

9.9 Parent entity information – Barwon Region Water Corporation

	2026	2025
	$'000	$'000
Current assets	83,131	86,995
Non-current assets	5,064,568	3,850,659
Total assets	**5,147,699**	**3,937,654**
Current liabilities	183,595	169,758
Non-current liabilities	1,753,626	1,316,264
Total liabilities	**1,937,221**	**1,486,022**
Reserves	1,994,598	1,216,937
Contributed capital	459,798	462,198
Accumulated funds	756,082	771,497
Total equity	**3,210,478**	**2,450,632**
Net result after income tax of the parent entity	**(15,416)**	**28,367**
Comprehensive result of the parent entity	**762,245**	**28,293**

Contractual requirements

The funding agreement between Barwon Water and BAS is for Barwon Water to provide daily cash flow if requested. This is equivalent to a loan facility with BAS to pay Barwon Water interest if utilised. The interest rate payable by BAS on the funding balance will be the aggregate of the Treasury Corporation Victoria 11am loan rate and Barwon Water's Financial Accommodation Levy (FAL) rate applicable on the date the interest accrues. The only borrowing limit that BAS is subject to is that total borrowings of Barwon Water do not exceed the Treasurer approved annual limit. This loan facility is repayable at call.

Barwon Water has contractual obligations to BAS under the Maintenance Services Agreement including the provision of vehicles, plant and equipment.

BAS is a proprietary limited company and Barwon Water is the sole shareholder. Being a company limited by shares, it limits the liability of shareholders to the value of their shares. The value of the shares in BAS are $2 (2 x $1 shares).

There are no contingent assets or liabilities resulting from the contractual arrangements. Refer Note 7.2 for the Group's contingent assets and liabilities.

9.10 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 Group.

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 Group is still in the process of assessing the impact of the new accounting standard, particularly with respect to the structure of the Group'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 Group and thus have not been included.

Barwon Region Water Corporation

Declaration in the financial statements

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

We further state that, in our opinion, the information set out in the Consolidated Comprehensive Operating Statement, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and accompanying Notes, presents fairly the financial transactions during the year ended 30 June 2026 and financial position of the Group at 30 June 2026.

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

We authorise the attached financial statements for issue on 13th October 2026.



Peta Maddy
Chair



Shaun Cumming
Managing Director



Darren Collins
Chief Financial Officer

Dated this 13th day of October 2026

Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of Barwon Region Water Corporation

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

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T 03 8601 7000 enquiries@audit.vic.gov.au www.audit.vic.gov.au

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994,* my responsibility is to express an opinion on the consolidated financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 and the consolidated entity'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 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 and the consolidated entity'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 and the consolidated entity 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
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the consolidated financial report. I remain responsible for the direction, supervision and performance of the audit of the corporation and the consolidated entity. I remain solely responsible for my audit opinion.

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



MELBOURNE
15 October 2026

Timothy Maxfield
as delegate for the Auditor-General of Victoria

Appendix C: Bulk entitlement reporting

Table C1: Bulk Entitlement (Aireys Inlet) Conversion Order 1997

Bulk entity clause	Description	Details
14.1 (d)	Painkalac Reservoir Level at 30-Jun-26	29.69 mAHD
	Painkalac Reservoir Storage Volume at 30-Jun-26	518 ML (97%)
14.1 (e)	Volume taken 2025–26	0 ML
14.1 (f)	Approval, amendment and implementation of programs and proposals under clauses 11, 12 and 13	
	Clause 11 – Making Allowances	Not applicable
	Clause 12 – Environmental Obligations	Ongoing management in accordance with Barwon Water's Environment Strategy and Environmental Obligations Program
	Clause 13 – Metering Program	Metering program approved August 2025
14.1 (g to j)	Transfers, amendments or new entitlements under this order	Nil
14.1 (k)	Any failure by Barwon Water to comply with any provision of this bulk entitlement	No
14.1 (l)	Any existing or anticipated difficulties experienced by Barwon Water in complying with this bulk entitlement and any remedial action taken or proposed by Barwon Water	No

Table C2: Bulk Entitlement (Apollo Bay) Order 2010

Bulk entity clause	Description	Details
10.1 (c)	Approval, amendment and implementation of programs and proposals under clauses 8 and 9	
	Clause 8 – Environmental Obligations	Ongoing management in accordance with Barwon Water's Environment Strategy and Environmental Obligations Program
	Clause 9 – Metering Program	Metering program approved August 2025
10.1 (d)	Volume diverted 2025–26 (West Barham diversion)	0 ML
	Volume pumped 2025–26 (Barham River)	596 ML
10.1 (e to h)	Transfers, amendments or new entitlements under this order	Nil
10.1 (i)	Any failure by Barwon Water to comply with any provision of this bulk entitlement	No
10.1 (j)	Any existing or anticipated difficulties experienced by Barwon Water in complying with this bulk entitlement and any remedial action taken or proposed by Barwon Water	No

Table C3: Bulk Entitlement (Colac) Amendment Order 2003

Bulk entity clause	Description	Details
12.1 (c)	Storage volumes at 30-Jun-26	
	Olangolah Reservoir level	344.38 mAHD
	Olangolah Reservoir volume	129 ML (100%)
	West Gellibrand Reservoir level	342.13 mAHD
	West Gellibrand Reservoir volume	1,860 ML (100%)
12.1 (d)	Volume taken 2025–26	4,010 ML
12.1 (e)	Approval, amendment and implementation of programs and proposals under clauses 9, 10 and 11	
	Clause 9 – Making Allowances	Not applicable
	Clause 10 – Environmental Obligations	Ongoing management in accordance with Barwon Water's Environment Strategy and Environmental Obligations Program
	Clause 11 – Metering Program	Metering program approved August 2025
12.1 (f to i)	Transfers, amendments or new entitlements under this order	Nil
12.1 (j)	Any failure by Barwon Water to comply with any provision of this bulk entitlement	No
12.1 (k)	Any existing or anticipated difficulties experienced by Barwon Water in complying with this bulk entitlement and any remedial action taken or proposed by Barwon Water	No

Table C4: Bulk Entitlement (Gellibrand) Conversion Order 1997

Bulk entity clause	Description	Details
11.1 (b)	Volume taken 2025–26	23.44 ML
11.1 (c)	Approval, amendment and implementation of programs and proposals under clauses 8, 9 and 10	
	Clause 8 – Making Allowances	Not applicable
	Clause 9 – Environmental Obligations	Ongoing management in accordance with Barwon Water's Environment Strategy and Environmental Obligations Program
	Clause 10 – Metering Program	Metering program approved
11.1 (d to g)	Transfers, amendments or new entitlements under this order	Nil
11.1 (h)	Any failure by Barwon Water to comply with any provision of this bulk entitlement	No
11.1 (i)	Any existing or anticipated difficulties experienced by Barwon Water in complying with this bulk entitlement and any remedial action taken or proposed by Barwon Water	No

Table C5: Bulk Entitlement (Lorne) Conversion Order 1997

Bulk entity clause	Description	Details
14.1 (d)	Allen Reservoir storage level at 30–Jun–26	120.4 mAHD
	Allen Reservoir storage volume at 30–Jun–26	215 ML (100%)
14.1 (e)	Volume taken from the weir and storage 2025–26 (Note: the weir has been decommissioned)	360 ML
14.1 (f)	Approval, amendment and implementation of programs and proposals under clauses 11, 12 and 13	
	Clause 11 – Making Allowances	Not applicable
	Clause 12 – Environmental Obligations	Ongoing management in accordance with Barwon Water's Environment Strategy and Environmental Obligations Program
	Clause 13 – Metering Program	Metering program approved August 2025
14.1 (g to j)	Transfers, amendments or new entitlements under this order	Nil
14.1 (k)	Any failure by Barwon Water to comply with any provision of this bulk entitlement	No
14.1 (l)	Any difficulties experienced or anticipated by Barwon Water in complying with this bulk entitlement and any remedial action taken or proposed by Barwon Water	No

Table C6: Bulk Entitlement (Meredith) Conversion Order 1995

Bulk entity clause	Description	Details
11.1 (d)	Approval, amendment and implementation of programs and proposals under clauses 9 and 10	
	Clause 9 – Environmental Obligations	Ongoing management in accordance with Barwon Water's Environment Strategy and Environmental Obligations Program.
	Clause 10 – Metering Program	Metering program approved August 2025
11.1 (e)	Volume taken 2025–26	0 ML
11.1 (f to i)	Transfers, amendments or new entitlements under this order	Nil
11.1 (j)	Any failure by Barwon Water to comply with any provision of this bulk entitlement	No
11.1 (k)	Any existing or anticipated difficulties experienced by Barwon Water in complying with this bulk entitlement and any remedial action taken or proposed by Barwon Water	No

Table C7: Bulk Entitlement (She Oaks) Conversion Order 1995

Bulk entity clause	Description	Details
13.1 (d)	Weir Pool level at 30-Jun-26	0.26 m
	Weir Pool storage volume at 30-Jun-26	19 ML (100%)
13.1 (e)	Volume taken under this entitlement 2025–26 (river flow)	0 ML
13.1 (f)	Volume taken under this entitlement over the past 3 years (2023–24 to 2025–26)	0 ML
13.1 (g)	Approval, amendment and implementation of programs and proposals under clauses 11 and 12	
	Clause 11 – Environmental Obligations	Ongoing management in accordance with Barwon Water's Environment Strategy and Environmental Obligations Program
	Clause 12 – Metering Program	Metering program approved August 2025
13.1 (h–k)	Transfers, amendments or new entitlements under this order	Nil
13.1 (l)	Any failure by Barwon Water to comply with any provision of this bulk entitlement	No
13.1 (m)	Any existing or anticipated difficulties experienced by Barwon Water in complying with this bulk entitlement and any remedial action taken or proposed by Barwon Water	No

Table C8: Bulk Entitlement (Lal Lal – Barwon) Conversion Order 1995 / Amendment Order 2010

Bulk entity clause	Description	Details
19.1 (f)	Amount of water in Barwon Water's share of reservoir capacity at 30-Jun-26	7,510 ML (100%)
19.1 (g)	Annual flow into Barwon Water's share of reservoir capacity at 30-Jun-26	-1,873 ML
19.1 (h)	Annual volume released to West Moorabool River from specified point A (releases to Barwon Water)	2,632 ML
19.1 (i)	Volume taken under this entitlement from specified point B (She Oaks Diversion Weir)	1,672 ML
19.1 (k)	Volume taken from a location downstream of specified point A, other than specified point B	Nil
19.1 (l)	Annual losses debited to Barwon Water's share of reservoir capacity	593 ML
19.1 (m)	Annual losses from releases between specified points A and B	960 ML
19.1 (n)	The implementation of programs approved under sub-clauses 16.2, 17.2, and 18.2	
	Clause 16.2 – Environmental Obligations	Ongoing management in accordance with Barwon Water's Environment Strategy and Environmental Obligations Program
	Clause 17.2 – Joint Metering Program	Metering program approved August 2025
	Clause 18.2 – Authority's Metering Program	Metering program approved August 2025
19.1 (o)	Any temporary or permanent transfer of all or part of this entitlement	Nil
19.1 (p)	Any bulk entitlement or licence in respect of the waterway temporarily or permanently transferred to Barwon Water with respect to the reservoir	Nil
19.1 (q)	Any amendment to this Bulk Entitlement	Nil
19.1 (r)	Any new bulk entitlement granted to Barwon Water with respect to its entitlement to a share of reservoir capacity	Nil
19.1 (s)	Any failure by Barwon Water to comply with any provision of this bulk entitlement	Nil
19.1 (t)	Any existing or anticipated difficulties experienced by Barwon Water in complying with this bulk entitlement and any remedial action taken or proposed by Barwon Water	Nil

Table C9: Bulk Entitlement (Upper Barwon System) Conversion Order 2002 / Amendment Order 2018

Bulk entity clause	Description	Details
15.1 (d)	Storage volumes at 30-Jun-26	
	West Barwon Reservoir (Barwon Water share)	9,212 ML (47%)
	West Barwon Reservoir (total)	11,006 ML (51%)
	Wurdee Boluc Reservoir	21,103 ML (56%)
	Barwon System (total)	32,109 ML (54%)
15.1 (e)	Volume taken under this entitlement 2025–26	26,971 ML
15.1 (f)	Approval, amendment and implementation of programs and proposals under clauses 13.3 and 14.3	
	Clause 13.3 – Environmental Obligations	Ongoing management in accordance with Barwon Water's Environment Strategy and Environmental Obligations Program.
	Clause 14.3 – Metering Program	Metering program approved August 2025
15.1 (g–j)	Transfers, amendments or new entitlements under this order	Nil
15.1 (k)	Any failure by Barwon Water to comply with any provision of this bulk entitlement	Yes – Barwon Water recorded one non-compliance event for passing flow conditions at Pennyroyal Creek Diversion weir due to an infrastructure and instrumentation failure. This resulted in the failure to pass 1 ML/day for a period of 5 days; although a portion of the 1 ML/d flow was still released to the creek. Once the issue was rectified, additional passing flows were released in subsequent days to make up for the reduction in flow.
15.1 (l)	Any existing or anticipated difficulties experienced by Barwon Water in complying with this bulk entitlement and any remedial action taken or proposed by Barwon Water	No

Table C10: Bulk Entitlement (Upper East Moorabool System) Conversion Order 1995 / Amendment Order 2004

Bulk entity clause	Description	Details
14.1 (d)	Storage volume at 30-Jun-26	
	Korweinguboora Reservoir	233 ML (10%)
	Bolwarra Weir	113 ML (100%)
	Bostock Reservoir	625 ML (9%)
	Upper Stony Creek Reservoirs	4,605 ML (49%)
	Lower Stony Creek Reservoir	0 ML (0%)
14.1 (e)	Volume taken under this entitlement 2025–26	2,377 ML
14.1 (f)	Approval, amendment and implementation of programs and proposals under clauses 12.2 and 13.3	
	Clause 12.2 – Environmental Obligations	Ongoing management in accordance with Barwon Water's Environment Strategy and Environmental Obligations Program
	Clause 13.3 – Metering Program	Metering program approved August 2025
14.1 (g–j)	Transfers, amendments or new entitlements under this order	Nil
14.1 (k)	Any failure by Barwon Water to comply with any provision of this bulk entitlement	No
14.1 (l)	Any existing or anticipated difficulties experienced by Barwon Water in complying with this bulk entitlement and any remedial action taken or proposed by Barwon Water	No

Table C11: Bulk Entitlement (Greater Yarra System – Thomson River Pool – Barwon Water) Order 2014

Bulk entity clause	Description	Details
16.1 (a)	The annual amount of water taken under this bulk entitlement (ML billable) in 2025–26	15,207 ML
16.1 (b)	The water allocation made available under this bulk entitlement and volume of carryover	0 ML 51,824.022 ML
16.1 (c)	Compliance with the entitlement share	Yes
16.1 (d)	Any temporary assignment or permanent transfer of all or part of this bulk entitlement	Nil
16.1 (e)	The approval, amendment and implementation of the metering program approved under clause 13	Metering program approved August 2025
16.1 (f)[1]	Any amendment to this bulk entitlement	Nil
16.1 (g)[1]	Any new bulk entitlement of water granted to the authority	Nil
16.1 (h)	Any failure by the authority to comply with any provision of this bulk entitlement and any remedial action taken or proposed	No
16.1 (i)	Any difficulties experienced or anticipated by Barwon Water in complying with this bulk entitlement and any remedial action taken or proposed	No

Notes:

1. On 1 July 2026, the Barwon Water Greater Yarra System – Thomson River Pool bulk entitlement was revoked and replaced with a new South-Central Pool bulk entitlement providing access to both surface and desalinated water. The new South-Central Pool arrangements provide Barwon Water with more flexibility to meet changing water needs. This will be formally reported in the 2026–27 Annual Report.

Groundwater bulk entitlements

The Bulk Entitlement (Anglesea Groundwater) Order 2009 authorises Barwon Water to take up to 35,000 ML of groundwater from the Lower Eastern View Formation in the Jan Juc Groundwater Management Area in any five-year period.

Table C12: Bulk Entitlement (Anglesea Groundwater) Order 2009 / Amendment Order 2014

16.1 (a)	Annual amount taken (volume) in 2025–26	3,205 ML
16.1 (b)	Any amendment to this order	Nil
16.1 (c)	Any failure by Barwon Water to comply with any provision of this bulk entitlement	Nil

Notes:

1. Information supplied refers to volume in megalitres unless stated otherwise.
2. References (e.g. 14.1 (d)) relate to clause numbers in each Bulk Entitlement Order.
3. Telemetry data has been used to evaluate compliance with passing flows and diversions (final quality checked data collected under the Regional Water Monitoring Partnership is yet to be supplied for the full financial year).

Appendix D: Reviews and studies

During 2025–26, there were 40 reviews and studies undertaken with a total cost of over $275,000. Details of individual studies are outlined below.

Table D1: Summary of reviews and studies for 2025–26

Name of the review or study (agency responsible)	Reasons for review or study	Terms of reference or scope	Timeline	Anticipated outcomes	Estimated cost for the year (ex-GST) ($000)	Total project contribution, (ex-GST), if completed ($000)	Publicly available (Y/N) and URL. If no, why?
A rapid detection tool for Cryptosporidium sp. in water (RMIT)	Supports Barwon Water's Emerging contaminant research program.	Develop and test a portable tool that can detect the waterborne parasite Cryptosporidium in about 30 minutes. The tool will be compared with standard laboratory testing to check that it is accurate and easy to use.	2026	A faster way to identify a potential water-quality risk, giving Barwon Water earlier information to guide operational decisions and help protect public health.	5	5	Study in progress.
Advanced Grey Water Recycling: Hydraloop Trial (IWN)	Supports Barwon Water's resource recovery and optimisation research program.	Install and monitor 8 household-scale greywater recycling units in a range of homes and community settings. The trial will measure water savings, energy use, installation needs, maintenance and running costs.	2024–2027	Clear evidence on where greywater recycling works best, how much drinking water it can save, and what is needed for safe and affordable wider use in the community.	2		Study in progress.
AI for Next Generation Water Utility Decision Support	Supports Barwon Water's First Nations and Healthy Country research program.	To support Monash University to develop and pilot an agentic AI-powered decision support platform, in collaboration with Intelligent Water Networks.	2026–2027	To investigate the known and unknown correlations between water quality, climate (including remote sensing approaches) and algal blooms to provide proactive analysis, alerts and reporting.	0		Study in progress.
Ammonium-selective membranes to shift water industry into resource recovery and optimisation (RMIT)	Supports Barwon Water's resource recovery and optimisation research program.	Develop and test special filters that can recover ammonium from wastewater so it can be reused rather than discharged or lost.	2023–2029	A practical option for recovering nutrients, reducing waste and supporting local production of useful products such as fertiliser.	5		Study in progress.
Assessing water quality risk in water distribution networks in relation to bushfires (Deakin – PhD)	Supports Barwon Water's First Nations and Healthy Country research program.	Study how bushfire heat can damage plastic water pipes and cause chemicals or metals to enter the water. The work will also examine ways to reduce this risk.	2022–2026	Practical guidance to help Barwon Water protect drinking water networks before and after bushfires, supporting safer and more resilient services for fire-prone communities.	20		Study in progress.
Asset Bushfire Risk Modelling (Deakin – PhD Extra)	Supports Barwon Water's Smart Asset and Sustainable Infrastructure research program.	Create detailed maps showing where bushfires could affect catchments, water quality, infrastructure and access. The approach will first be tested in priority catchments.	2026–2027	A repeatable tool that helps Barwon Water identify high-risk areas, plan mitigation work and respond more effectively to bushfires, protecting water supplies and critical assets.	10		Study in progress.
Bioaccumulation of PPCPs in Terminal Lake Systems (Federation University)	Supports Barwon Water's Emerging contaminant research program.	Track how medicines and personal-care chemicals move through selected lakes and build a simple framework for understanding environmental risk. The study will also identify plants or algae that may help remove these substances.	2022–2026	A clearer picture of environmental risks and practical options for managing medicines and personal-care chemicals, helping protect waterways, wildlife and communities that value these lakes.	5	27	Study in progress.

Name of the review or study (agency responsible)	Reasons for review or study	Terms of reference or scope	Timeline	Anticipated outcomes	Estimated cost for the year (ex-GST) ($000)	Total project contribution, (ex-GST), if completed ($000)	Publicly available (Y/N) and URL. If no, why?
Bioremediation of Pharmaceuticals from Wastewater Streams (Federation University)	Supports Barwon Water's Emerging contaminant research program.	Test whether plants, algae and other natural processes can remove traces of medicines from wastewater. The work will move from small laboratory tests to larger, more realistic trials.	2023–2026	Practical, nature-based treatment options that could improve recycled-water quality, reduce environmental impacts and recover useful nutrients.	10	40	Study in progress.
Cellulose Recovery: Fate and opportunities of Cellulose in municipal wastewater treatment (Queensland University of Technology)	Supports Barwon Water's resource recovery and optimisation research program.	Investigate how cellulose, mainly from toilet paper, can be removed from wastewater and turned into useful materials such as packaging, bioplastics or chemicals. The study will also assess costs, treatment impacts and contaminants.	2026–2030	A pathway to lower wastewater treatment costs and emissions while turning a waste material into useful products, creating benefits for customers and the environment.	5		Study in progress.
Condition Assessment of Sewer Vents (Deakin – PhD)	Supports Barwon Water's Smart Asset and Sustainable Infrastructure research program.	Develop a safer and more affordable way to check the internal condition of sewer vent stacks using sound waves rather than relying only on visual inspections.	2024–2027	Earlier detection of hidden damage, allowing maintenance to be better targeted and reducing the risk of asset failure near homes and public places.	20		Study in progress.
Effect of electromagnetic fields on platypus behaviour	Supports Barwon Water's First Nations and Healthy Country research program.	Determine whether EMF radiation, vibration or noise produced by environmental monitoring devices affect platypus behaviour or welfare.	2023–2027	Better understand how platypus respond to in-stream monitoring equipment	0	31	Study in progress.
Feasibility study on cross-connection detection in residential properties (Deakin)	Supports Barwon Water's Smart Asset and Sustainable Infrastructure research program.	Use household water-use data and computer modelling to test whether incorrect links between drinking water and recycled-water pipes can be detected early.	2025	A clearer view of whether digital meter data can provide an early warning of cross-connections, helping protect drinking water quality and public health.	10		Study in progress.
Fed Uni M2 Microplastics Monitoring Project (Federation University)	Supports Barwon Water's Emerging contaminant research program.	Develop a monitoring approach for microplastics at selected Victorian sites and use the work to train students in real-world water research.	Ongoing	Better long-term information on microplastics, stronger links between science and water management, and a larger pool of skilled graduates for the sector.	0		Study in progress.
Heavy Metal Removal – AEA Ignite (RMIT)	Supports Barwon Water's resource recovery and optimisation research program.	Test a process that removes and recovers heavy metals from biosolids before they are converted into biochar, with a focus on moving the technology toward a larger trial.	2025–2026	More confidence that biochar derived from biosolids can meet safety and reuse requirements, supporting responsible resource recovery and future investment.	5		Study in progress.
Heavy Metal Removal – RMIT Fellowship (RMIT)	Supports Barwon Water's resource recovery and optimisation research program.	Design and test a semi-pilot system that removes and recovers heavy metals from biosolids before biochar production.	2025–2026	A practical design and evidence package for a larger pilot, helping Barwon Water reduce risk and create safer, higher-value biochar products.	20		Study in progress.

Name of the review or study (agency responsible)	Reasons for review or study	Terms of reference or scope	Timeline	Anticipated outcomes	Estimated cost for the year (ex-GST) ($000)	Total project contribution, (ex-GST), if completed ($000)	Publicly available (Y/N) and URL. If no, why?
Hydrogen Modelling – Colac (Monash University – PhD)	Supports Barwon Water's resource recovery and optimisation research program.	Build models and decision tools to assess how hydrogen and oxygen could be used in water treatment, including likely benefits, risks and operating needs.	2023–2026	Better evidence for future low-carbon treatment decisions, helping Barwon Water avoid poor investments and identify options that may reduce emissions and costs.	0		Study in progress.
Influence of Hard Water on Microplastic Shedding (Deakin)	Supports Barwon Water's Emerging contaminant research program.	Wash synthetic fabrics in waters with different hardness levels and measure how many microfibres are released.	2024–2028	A better understanding of whether local water chemistry affects microplastic pollution, with practical advice that may help households, manufacturers and the water sector to reduce releases.	0		Study in progress.
Internet Of Things (IOT) for Water (Queensland University of Technology)	Supports Barwon Water's Smart Asset and Sustainable Infrastructure research program.	Develop and test connected sensors, data tools and new ways of analysing water systems so problems can be found and managed earlier.	2025–2029	More reliable and efficient water services, better protection of water resources, and new digital tools that can reduce costs and improve decision-making.	5		Study in progress.
Lake Colac Microplastics (Deakin)	Supports Barwon Water's Emerging contaminant research program.	Measure microplastics and other emerging contaminants in selected regional lakes, including water, sediment and living organisms. The study will examine seasonal changes, likely sources and possible treatment options.	2022–2026	A clearer picture of risks to lake health and practical actions that could reduce pollution, protect wildlife and support community use of these waterways.	0		Study in progress.
National Drug Monitoring Program (NDMP) and SewAus Program (University of Queensland)	Supports Barwon Water's Emerging contaminant research program.	Collect and analyse wastewater samples to understand broad trends in drug use and other population health signals.	Ongoing	Reliable, anonymous population-level information that can support public health planning and help agencies respond to changing community needs.	0		acic.gov.au/publications/national-wastewater-drug-monitoring-program-reports
National Wastewater Surveillance Program (SWEEP) (Australian Centre for Disease Control (ACDC))	Supports Barwon Water's Emerging contaminant research program.	Take part in a national three-year pilot that checks wastewater for priority disease-causing organisms using a consistent approach across Australia.	2026–2029	Earlier warning of changes in community disease levels and stronger national coordination, supporting timely public health decisions without identifying individuals.	0		Study in progress.
New Energy Storage Solutions in the Water Sector (A pathway to decarbonisation) (Deakin)	Supports Barwon Water's resource recovery and optimisation research program.	Compare batteries, hydrogen fuel cells and other cleaner back-up power options with diesel systems used by water utilities.	2025–2028	Practical guidance on reliable, affordable and lower-emission backup power, helping keep essential water and sewer services operating during outages.	10		Study in progress.
Next-Generation Grease Interceptors for Minimisation of Sewer Blockages (RMIT)	Supports Barwon Water's Smart Asset and Sustainable Infrastructure research program.	Study how fats, oils and grease build up in plumbing and sewers of food businesses, then design and field-test an improved grease trap.	2025–2028	A better-performing grease trap that could reduce sewer blockages, spills, maintenance costs and disruption to businesses and the community.	20		Study in progress.

Name of the review or study (agency responsible)	Reasons for review or study	Terms of reference or scope	Timeline	Anticipated outcomes	Estimated cost for the year (ex-GST) ($000)	Total project contribution, (ex-GST), if completed ($000)	Publicly available (Y/N) and URL. If no, why?
PFAS Destruction in Biosolids-Derived Biochar Production (WaterRA)	Supports Barwon Water's resource recovery and optimisation research program.	Review current evidence on what happens to PFAS when biosolids are heated to make biochar, including the reliability of sampling and testing methods.	2025–2027	Independent guidance on whether PFAS destruction claims are reliable, reducing investment and regulatory uncertainty for safer biosolids management.	0	10	Study in progress.
Rapid and simple in-situ quantification of algae, cyanobacteria and diatoms	Supports Barwon Water's First Nations and Healthy Country research program.	Investigate the use of BBE's portable handheld BenthoTorch in understanding and predicting potential water quality issues and/or algal blooms.	2026–2027	To compare in-situ conventional sampling methods and assess the potential additional value of understanding benthic communities as a means of predicting potential water quality issues and/or algal blooms.	0		Study in progress.
Recycling and Clean Energy Commercialisation Hub 1 (REACH) (Deakin)	Supports Barwon Water's resource recovery and optimisation research program.	Test local uses for biochar, including agriculture, energy storage and improvements to the production process.	2025–2026	Proven, higher-value uses for biochar and better production methods, helping reduce waste, emissions and future costs while supporting regional jobs and innovation.	0		Study in progress.
RMIT Fate of MPs Research (PhD) (RMIT)	Supports Barwon Water's Emerging contaminant research program.	Measure where microplastics enter, move through and leave three local wastewater treatment plants, including seasonal changes and removal at each treatment step.	2022–2026	A clear baseline for improving treatment and monitoring, helping Barwon Water focus action where it can most effectively reduce microplastics entering the environment.	0	20	Study in progress.
Smart Sewer: PhD Research (Deakin) (Deakin)	Supports Barwon Water's Smart Asset and Sustainable Infrastructure research program.	Use sewer data, hydraulic science and machine learning to find partial blockages before they cause overflows.	2026–2030	Earlier warnings of sewer problems, allowing crews to act sooner and reducing spills, clean-up costs, environmental harm and disruption to the community.	20		Study in progress.
Smart Sewers: PhD Research (Deakin)	Supports Barwon Water's Smart Asset and Sustainable Infrastructure research program.	Develop and test methods that use sewer sensors and computer models to identify developing blockages before an overflow occurs.	2026–2028	More reliable early warnings and better use of existing sensors, helping protect public health, waterways and customers from sewer spills.	0		Study in progress.
Smart Sewers: Research Engineering Project (Deakin)	Supports Barwon Water's Smart Asset and Sustainable Infrastructure research program.	Improve the science, data tools and practical guidance needed to detect developing sewer blockages and apply smart-sewer technology.	2025–2028	A tested approach that utilities can use to prevent overflows, target maintenance and get more value from sewer monitoring systems.	15		Study in progress.
SoilCRC (University of Newcastle)	Supports Barwon Water's resource recovery and optimisation research program.	Test how nutrients are released from biosolids-derived biochar, whether it can act as a slow-release fertiliser, and whether contaminants remain safely bound.	2024–2026	Evidence on safe agricultural use and product performance, supporting healthier soils and a reliable market for recovered biochar.	15		Study in progress.

Name of the review or study (agency responsible)	Reasons for review or study	Terms of reference or scope	Timeline	Anticipated outcomes	Estimated cost for the year (ex-GST) ($000)	Total project contribution, (ex-GST), if completed ($000)	Publicly available (Y/N) and URL. If no, why?
Submerged Nanofiltration Membranes for Contaminant Removal in Treated Wastewater (Victoria University)	Supports Barwon Water's Smart Asset and Sustainable Infrastructure research program.	Test a low-energy membrane that sits directly in water and removes colour, organic matter and other contaminants from treated wastewater.	2025	Evidence on a simpler, lower-cost way to improve recycled water quality and expand safe reuse options.	0		Available on request.
SWISH (Student Water Innovation Showcase) (Deakin)	Supports Barwon Water's Partnerships and Communities research program.	Support final-year students to develop and showcase practical ideas for water, sewerage, energy, catchment and sustainability challenges.	2025–2027	New ideas for Barwon Water, stronger links with future engineers, and greater community awareness of water sector challenges and careers.	15		Study in progress.
The Living Moorabool: Evaluating the effects of Human-Driven Change on River Health (Deakin)	Supports Barwon Water's First Nations and Healthy Country research program.	Study how changes in land use, water flows and river management have affected the Moorabool River over time, using environmental data and community knowledge.	2021–2026	A stronger evidence base for future river restoration and catchment decisions, helping protect waterway health, cultural values and community enjoyment.	0		Study in progress.
Transformation of Reclaimed Waste Resources to Engineered Materials and Solutions for a resource recovery and optimisation (TREMS): Upcycled Biosolid Biochar for low-carbon concrete products (RMIT)	Supports Barwon Water's resource recovery and optimisation research program.	Test whether biochar made from biosolids can replace part of the material used in concrete without reducing strength or durability.	2026–2027	A lower-carbon concrete option and a useful market for recovered biochar, reducing waste and the environmental footprint of construction.	10		Study in progress.
Use of floating constructed wetlands in polishing treated wastewater effluent	Supports Barwon Water's Emerging contaminant research program.	Preliminary options assessment into the use of floating constructed wetlands in polishing treated wastewater	2024–2026	To evaluate the technical and commercial viability of implementing floating constructed wetlands on effluent holding basis.	0	17	No – broader outcomes will be published as part of Item 11.
Utilising pure oxygen from electrolysis for Wastewater Treatment (Stage 1) (RMIT)	Supports Barwon Water's resource recovery and optimisation research program.	Design and trial the use of high-purity oxygen from nearby hydrogen production to support wastewater treatment at the Northern Water Plant.	2024–2028	Evidence on whether oxygen reuse can cut energy use, operating costs and emissions, while improving treatment performance and delaying expensive upgrades.	20		Study in progress.
Wastewater Heat Recovery (IWN)	Supports Barwon Water's resource recovery and optimisation research program.	Measure heat available in a Geelong sewer and assess a pilot system that could use this heat at a nearby community facility.	2025–2026	A clear case for whether sewer heat can replace gas, cut energy bills and emissions, and be expanded to other community and industrial sites.	10		barwonassetsolutions.com.au/services/heat-as-a-service
Wastewater Heat Recovery: Resource Assessment, System Design and Analysis (RMIT)	Supports Barwon Water's resource recovery and optimisation research program.	Map how much usable heat is available in sewers and model where it could be recovered for nearby buildings or industry.	2025–2029	A practical guide to the best local opportunities for wastewater heat recovery, supporting lower energy costs and emissions.	0		Study in progress.
WaterRA 2095 Biosolids pyrolysis for PFAS destruction: Tracking the fate of fluorine in biosolids derived biochar production (WaterRA)	Supports Barwon Water's Emerging contaminant research program.	Carry out laboratory and pilot trials to track PFAS and fluorine through the process of heating biosolids into biochar, using improved sampling and analysis.	2025–2027	Reliable evidence on PFAS destruction and where fluorine ends up, supporting regulator confidence and safer long-term reuse of biochar derived from biosolids.	0		Study in progress.

Appendix E: Disclosure index

The 2025–26 Annual Report of Barwon Water Region Water Corporation is prepared in accordance with all relevant Victorian legislation and pronouncements. This index has been prepared to facilitate identification of the authority's compliance with statutory disclosure requirements.

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We formally joined the water industries' pledge to the Sustainable Development Goals in 2019. Key projects within this report are mapped to the 11 goals where we have a material impact and we are committed to achieving Sustainable Development Goal 6 (within the scope of our operations).		
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