North East Water

Annual Report 2025-26

VICTORIA State Government | Energy, Environment and Climate Action

newater.com.au

ISSN: 1838-1383
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Acknowledgement of Country

In the spirit of reconciliation, North East Water acknowledges the Traditional Owners of Country throughout north-east Victoria and their connections to land, water, sky and community. We pay our respects to their Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander people today.

We are proud to work with the eight Aboriginal communities in our service region, including the two Registered Aboriginal Parties of Yorta Yorta and Taungurung. We are also committed to our relationships with the Duduroa Dhargal, Dhudhuroa Waywurru, Dalka Warra Mittung, Bangerang, Jaithmathang and Jaithmathang TABOO communities.

We remain committed to working in partnership with local First Nations people to ensure their ongoing contribution to the water management landscape.



'Yorta Yorta Dreaming' (detail) by Tamara Murray, winner of the 2025 North East Water First Nations Art Prize.

North East Water 2025-26

Key statistics

123,470
Population served

52,874
Residential properties

4,935
Business customers

21
Water treatment plants

22
Wastewater treatment plants

39
Towns

99.7%
Safe drinking water compliance

94%
Customer satisfaction

$1,114
Average residential bill (200kL)

1,356
Sewer mains (kms)

1,681
Water mains (kms)

100%
Renewable energy

16,668
Megalitres water sold

$72.2M
Capital expenditure

216.4
Employees (FTE)

Figure 1 – North East Water 2025-26 key statistics

Our vision

Healthy environment, thriving communities, prosperous region.

Our purpose

To deliver safe, sustainable water and wastewater services and solutions for our communities.

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Section 1

Overview



About this report

North East Water's 2025-26 Annual Report is a summary of the corporation's performance during the 2025-26 financial year. It outlines our operational, social, environmental and financial performance in meeting our obligations and strategic ambitions.

The report provides customers, community, business and agency stakeholders and partners with information on our activities to meet statutory responsibilities under the *Financial Management Act 1994* and the directions of the Ministers for Finance and Water.

North East Water's report discloses a balanced and accurate view of performance and is structured to reflect the priorities and ambitions of our 2025-26 Corporate Plan and *Strategy 2040*.



Participants in the Emerging Leaders program, 2025-26.

Message from the Chair and Managing Director

We are pleased to present North East Water's 2025-26 Annual Report, providing highlights of our services, achievements and key milestones for the past year.

We are incredibly proud of the role our business has played in continuing to support Victoria's north-east region including providing essential water and waste water services to more than 123,000 customers across 20,000 square kilometres encompassing 39 cities and towns.

We continued to implement the ambitions established in Strategy 2040 to ensure a healthy environment, thriving communities and a prosperous region. In 2025-26, this included the pursuit of circular economy outcomes, ambitious carbon emission reduction targets and the development of feasibility studies and business cases to support commercial innovation projects such as biochar and agri-farming.

Our commitment to fair prices and our customers saw our water bills remain the second most-affordable in regional Victoria. Through our dedicated Customer Care Fair Practice Plan we supported thousands of customers with payment plans, leak rebates and help accessing concessions and utility relief grants. We also continued to implement a Safety-by-Design plan aimed at ensuring our services are designed to protect customers experiencing financial or domestic abuse.

We strengthened our culture with a refresh of the corporation's mindsets, delivery of the emerging leaders' program, and a continued focus on health, safety and wellbeing.

We completed town master plans and held multiple community forums and webinars to present them, and upgraded the planning process to support the Victorian Government's housing targets.

We continued to collaborate with our regional partners, stakeholders and communities on a range of activities including developer forums, our next Urban Water Strategy, integrated water management projects and the upgrade of our West Wodonga Wastewater Treatment Plant.

A milestone in June 2026 was the approval by the Essential Services Commission of our five year price plan following an extensive multi-year customer and community engagement program, extensive planning and ambitious scope. In this plan we have committed to:

- Ensuring our water bills always remain on par or below the regional average for the full five years
- An expansive $280 million capital program to address growth, environmental compliance and climate resilience
- Rebalancing our volumetric water tariffs to better support tenants, larger households and small businesses
- Doubling our customer support fund to provide bill relief to customers experiencing financial difficulty and to help thousands more apply their concession to their water bill
- Adoption of five new customer outcomes: fair prices, sustainable practice, reliable systems, responsive services, local community
- Partnering with Traditional Owner and First Nations communities on environmental water projects.

The 2025-26 year was full of highlights and outstanding achievements and as such we extend our sincere thanks and gratitude to our employees, customers and partners. We also acknowledge our board for their leadership and governance which continues to ensure pursuit of our vision.

In accordance with the *Financial Management Act 1994*, we are pleased to present North East Water's Annual Report for the year ending 30 June 2026.



Stephen Brown
Chair



Jo Murdoch
Managing Director

About us

North East Water was established on 1 July 1997 by Government Order under the *Water Act 1989*, following an application by the Ovens Region Water Authority and the Kiewa Murray Water Authority. The Authority transitioned to a corporation on 1 July 2007. Today, our role, powers and responsibilities continue to be defined by the *Water Act 1989*.

Our core functions include the collection, storage, treatment and delivery of water, alongside the collection, treatment and recycling of sewage and trade waste. Through these essential services, we support the health, wellbeing and sustainability of the communities we serve.

We provide water and wastewater services to approximately 123,000 people across north-east Victoria. Our region spans 39 towns over around 20,000 square kilometres, from larger centres such as Wodonga (with over 16,500 connections) to smaller communities like St James (with less than 40 connections). While around 90% of our customers are residential, we also support large industries, commercial enterprises and rural customers across towns including Wodonga, Wangaratta, Wahgunyah, Benalla and Myrtleford.

Our operations are supported by 21 primary water treatment plants and 22 wastewater treatment plants across the region. We also supply reclaimed water through 17 schemes servicing 27 third-party sites, including community-benefit initiatives, as well as North East Water-operated farms. We manage our infrastructure to agreed performance standards and comply with all relevant legislation, codes and our Customer Charter.

We understand that effective infrastructure management is critical to achieving our objectives and supporting resilient communities. Our focus remains on delivering excellent customer service, safeguarding water supply, protecting public health, maintaining business continuity, acting as responsible land and water stewards, and preserving biodiversity.

Our diverse infrastructure portfolio is managed through a whole-of-life approach, ensuring long-term value and performance. Developed in consultation with our customers, our service standards guide how we maintain and invest in assets with an estimated replacement value of $1.9 billion.

Strong relationships underpin everything we do. We work closely with our customers, local communities, employees, partners, suppliers and First Nations communities, along with other water corporations, developers, regulators, government agencies and local councils, to deliver outcomes that benefit our region.

As a public utility, we are accountable to the Minister for Water. During the reporting period, this included the Hon. Gayle Tierney MP (1 July 2025 to 14 April 2026) and the Hon. Harriet Shing MP (from 15 April 2026 to 30 June 2026).

We are committed to serving our community with integrity, transparency and care.

Table 1 – Our business at a glance

Aspect	2025-26	Change (%)	Impact [1]	2024-25	2023-24	2022-23	2021-22
Population served (water)[2]	123,470	1.7	F	121,413	119,559	117,367	116,121
Population served (sewerage)[2]	115,088	2.0	F	112,812	110,821	108,817	107,111
Connected properties (water)	57,809	1.6	F	56,925	56,103	55,273	54,677
Connected properties (sewerage)	53,294	1.9	F	52,321	51,436	50,689	49,931
Water sold (megalitres) [3]	17,142	1.1	F	16,960	15,585	14,451	14,098
Sewage treatment volumes (megalitres)	10,384	-1.3	F	10,517	11,799	12,552	11,280
Employee numbers [4]	216.4	3.9	F	208.2	208.0	199.4	187.1
Total revenue ($'000)	108,266	7.8	F	100,471	88,481	81,853	72,336
Net operating result - before tax ($'000)	8,615	190.2	F	2,969	-6,760	-9,620	-15,126
Total assets ($'000)	1,942,117	72.7	F	1,124,571	1,061,414	1,039,514	919,725
Capital expenditure ($'000)	78,351	7.9	F	72,591	40,383	31,848	27,956

Notes:
1. Favourable (F), neutral (N) or unfavourable (UF) impact on the corporation's business.
2. Measure is calculated on revised houshold data from 2021 Census based on average occupancy rates
3. Includes reclaimed and raw water sales.
4. Measured as full time equivalent employees (FTE).

Figure 2 – Area of operations

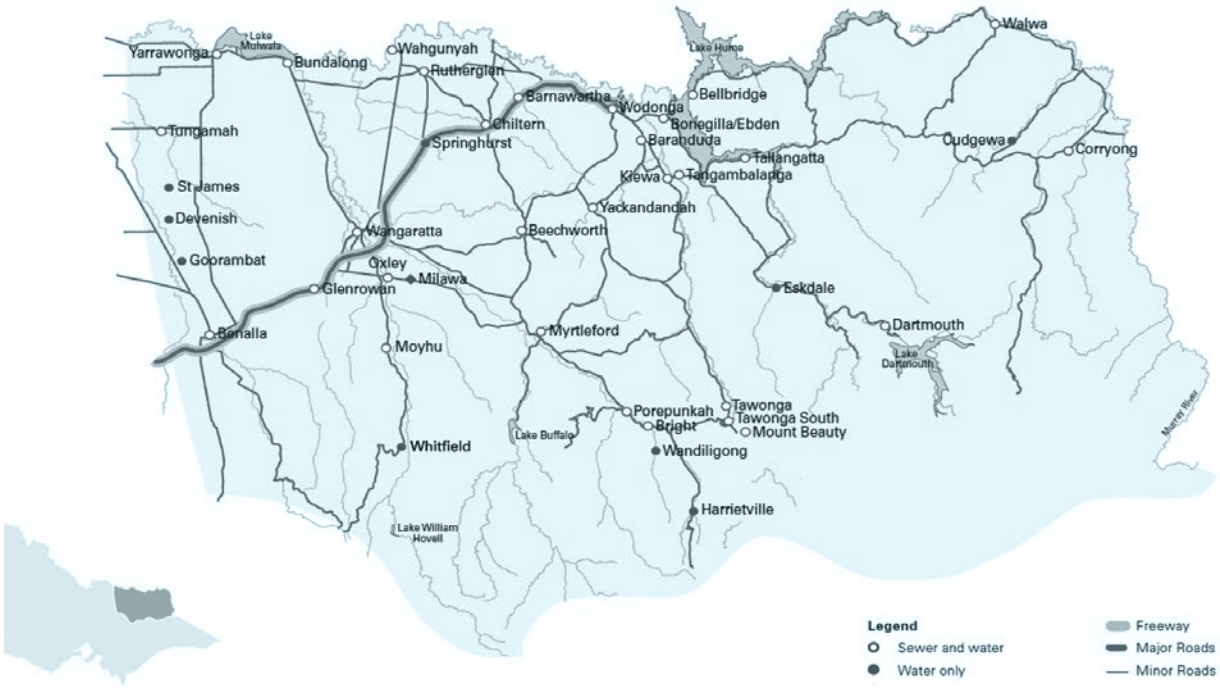


Table 2 – Corporation-wide key performance indicators

Performance indicator	2025-26 Results	2025-26 Target	Target Met?	2024-25 Results	2023-24 Results	2022-23 Results
Restoration of water supply following unplanned interruptions						
% interruptions restored within 5 hours[2]	95.6%	98%	N	93.5%	95.8%	98.3%
Drinking Water						
% volume of drinking water compliant with quality standards[3]	99.7%	100%	N	100%	100%	99.9%
Wastewater						
% wastewater complying with EPA licence[3]	94.5%	92%	Y	91.2%	86.7%	84%
Sewer blockages (including spills)						
Blockages / 100km main[3]	11.6	12	Y	11.1	7.8	9.6
Containment of sewer overflows						
% spills contained within 5 hours[2]	96.9%	100%	N	94.7%	79.7%	81.8%
Reliability of water supply service						
Unplanned interruptions/100km main[2]	13.4	14	Y	15	13	11.1

Notes:

1. Energy and Water Ombudsman of Victoria.
2. ESC service standard.
3. Internal Corporation key performance indicator.

Price determination 2026-31

Following more than two years of planning and extensive customer and community engagement, North East Water's 2026-31 price submission was approved by the Essential Services Commission (ESC) in early June 2026.

This marked the end of North East Water's eight-year regulatory period, a period punctuated by emergency climate events, a global pandemic and unexpected regional growth. Guided by long term master planning, we delivered a record $380 million in capital expenditure, proactively responding to growth and compliance risks and increased costs for construction, and demonstrating our ability to deliver large capital programs. All while maintaining the second lowest average bill in regional Victoria and for large water corporations nationally.

We engaged thousands of customers, stakeholders and community members for our 2026-31 submission. This included forums, pop-up kiosks, workshops, webinars, focus groups and surveys reaching over 6,800 people, or 12% of our customer base.

They told us that they want North East Water to deliver:

FAIR PRICES
Fair prices, value for money and increased customer support

SUSTAINABLE PRACTICES
Minimise our impact on the environment and contribute to sustainable environmental health

RELIABLE SYSTEMS
Clean, safe water and more resilient systems

RESPONSIVE SERVICES
Timely responses and seamless customer experiences

LOCAL COMMUNITY
Local people and local partnerships to achieve positive outcomes for customers

We also heard that housing shortages, cost of living and caring for the environment are very important to them, and we worked hard to responsibly address their feedback in our price submission.

This resulted in a proactive approach to growth and housing, compliance and regulation, climate change, supporting customers experiencing financial difficulty and ageing infrastructure. It means continuing to partner, collaborate, engage and communicate with our customers, communities and key stakeholders.

The ESC approved an ambitious program of works, including:

- Water tariff rebalancing, and our commitment to customers that our bills will always remain on par, or below, the average bill for regional Victorian water corporations during the price period
- $280M capital investment program which will provide capacity for an estimated 9,000+ new house connections and an estimated 500 jobs across the region
- Improved environmental compliance at our wastewater facilities, enhanced customer experience through technology, and continued building of climate resilience
- Increasing our Customer Support fund to $400,000 a year to provide bill relief customers experiencing financial difficulty (each year) and to help thousands more apply their concession to their water bill
- Maintaining controllable operating expenditure costs in accordance with benchmarks
- Continued ongoing and genuine engagement with our customers, community, First Nations and key stakeholders

We would like to thank the thousands of customers and community members who helped shape and influence our price submission. We valued their insights and feedback throughout the process.

Strategy 2040

In April 2024, we adopted our visionary roadmap for the future, Strategy 2040.

The strategy was developed following 12 months' engagement where North East Water sought the views of our board, staff, Customer and Community Advisory Group, Traditional Owner and First Nations representatives, vulnerable customers, customer support agencies, key regional leaders, major customers and developers.

Healthy environment, thriving communities and a prosperous region is our vision with our purpose being **to deliver safe, sustainable water and wastewater services and solutions for our communities.**

Strategy 2040 guides our future-focused endeavours, encapsulating our commitment to staying agile, adaptive and resilient to changing environments, being innovative and open to new ways of doing things, and ensuring service excellence and value for our customers and community.

Our approach revolves around embracing a future where water is secure, waste is transformed into valuable resources, technology and data is enabling improved services and we are meeting our customers' expectations to be fair, reliable, responsive, sustainable and local.

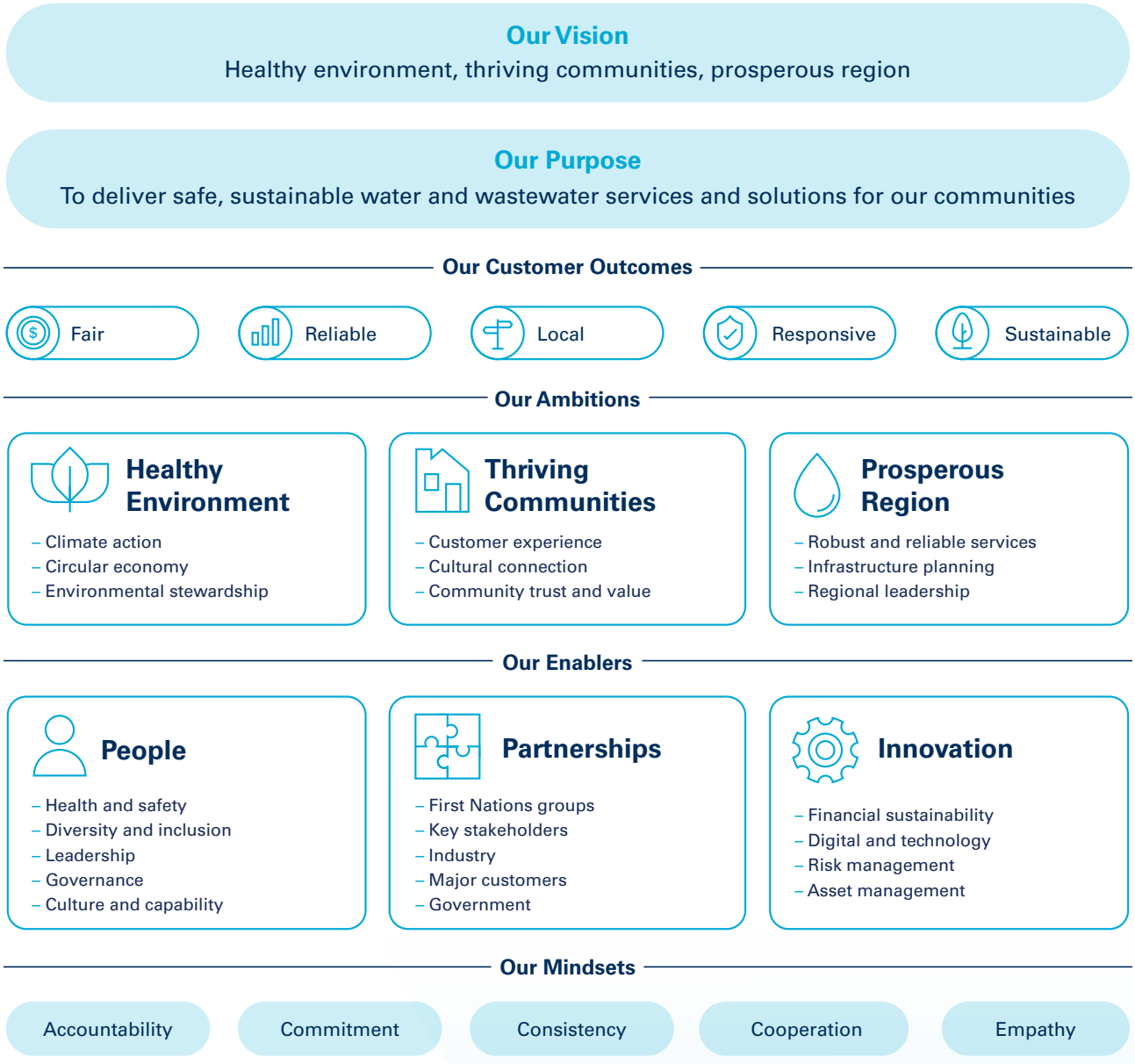
It is a future where customers and communities and our employees are valued and respected, and where partnerships, collaboration and inclusive engagement are resulting in positive outcomes.

We're also continually scanning the horizon to stay ahead of trends and emerging issues, leveraging our services and infrastructure to contribute to the economic, environmental, social and cultural prosperity of our region.

The strategy was reviewed and revised in early 2026 to ensure its continued currency and effectiveness in meeting our purpose and vision.

An overview of Strategy 2040 is provided in Figure 3.

Figure 3 – Strategy 2040



Highlights and achievements

Healthy environment

North East Water is committed to strong climate action, circular economy initiatives and environmental stewardship.

Circular economy

North East Water continued to advance its circular economy ambitions by exploring innovative opportunities to improve operational efficiency, recover resources and reduce waste. Strategic investigations assessed the potential for agribusiness expansion, biochar as a regional waste solution, and biomethane injection into the national gas grid.

In 2025-26 more than 50 representatives from the agriculture, manufacturing, engineering, Landcare and local government sectors participated in a visioning exercise for the West Wodonga Resource Recovery Hub, identifying future opportunities to generate renewable energy, recover valuable resources and deliver lasting environmental and economic benefits for the region.

North East Water also played a key role in a visioning exercise for a regional waste solution involving biochar. This workshop, held early 2026, was attended by leaders from local government, Regional Development Victoria and the Ovens Murray Regional Partnership.

Another highlight for the year was North East Water adopting a Circular Economy Roadmap (2026-31) outlining our approach to embedding circular economy principles across all aspects of our operations. Supporting our Strategy 2040 ambitions, it draws on legislative frameworks, sector best practice and innovative case studies to guide our transition from a linear ‘take-make-use-dispose’ model to a regenerative and restorative system. The document details our ambitions, guiding principles, and key actions to support resource recovery, reduce waste, and create ongoing value for our communities and the environment.

Rutherglen reuse scheme

North East Water progressed the Rutherglen Reuse Scheme, a significant project backed by a $5 million grant through the Australian and Victorian Governments' Water Infrastructure for Sustainable and Efficient Regions (WISER) initiative.

The project will upgrade the Rutherglen Wastewater Treatment Plant and recycled water network, improving recycled water quality from Class C to Class B standard. This will expand opportunities for irrigation of public open spaces and agricultural land, while improving the quality of non-routine discharges to the Murray River.

Key milestones achieved during the year included completing irrigation upgrades at major recycled water customer sites and commencing functional design and procurement activities.

Once delivered, the scheme will enhance environmental outcomes, strengthen climate resilience, and provide critical infrastructure to support future growth in Rutherglen and Wahgunyah.

Environmental partnerships

In 2025-26, North East Water invested in strategic partnerships to deliver practical conservation outcomes and engage the community in environmental stewardship.

We partnered with the Game Management Authority to support its waterfowl monitoring program and quail surveys. Our wastewater treatment plants and farming operations at Wangaratta and Benalla provide valuable sanctuary for a wide range of birds, making them ideal sites for this important research.

We continued our partnership with La Trobe University for turtle conservation with the deployment of a floating island for nesting at the Barnawartha Wastewater Treatment Plant, as well as the tracking of turtles around the Myrtleford plant.

We also supported the Macquarie Perch Refuge Project at Loombah Reservoir, led by the Australian Trout Foundation in partnership with the Victorian Fisheries Authority, by enabling critical on-ground access to the otherwise closed reservoir catchment.

Through this collaboration, our partners are able to undertake daily monitoring of fish traps during the annual spawning run in Ryans Creek, removing migrating trout from the system. This targeted effort will help improve habitat conditions within the reservoir, supporting the future reintroduction of the nationally endangered Macquarie Perch.

North East Waterways Strategy

North East Water continued to help shape the future of regional waterway management through its contribution to the North East Catchment Management Authority (NECMA) review of the North East Waterways Strategy. Key priorities emerging from the review align closely with the ongoing refresh of our own Urban Water Strategy, strengthening an integrated approach to water security and environmental stewardship.

Through partnerships in water quality monitoring programs, North East Water is supporting early detection of impacts to waterways following extreme events, helping protect drinking water supplies while maintaining community connections to local waterways.

Thriving communities

Our customers and community remain at the heart of everything we do. Our priority is providing high quality and safe drinking water and wastewater services and affordable tariffs.

Water Wise

North East Water continued to promote responsible water use across the region through its 'Water Wise' initiatives, supporting customers to better understand and manage their water use. A key highlight was the Water Wise water conservation roadshow, which delivered face-to-face engagement across multiple towns, providing practical advice, answering town water supply questions and sharing water saving tips.

Complementing this engagement, North East Water worked closely with communities to encourage water conservation behaviours. This included targeted messaging and outreach that reinforced the importance of efficient water use, empowering customers to take simple but meaningful actions in their daily lives. Through these efforts, the corporation strengthened community awareness while building trust and shared responsibility for water security across the region.

Demonstrating the impact of community-led action, a standout initiative was the voluntary water reduction campaigns in Yackandandah and Myrtleford. By encouraging residents to reduce consumption to circumvent potential restrictions, the campaign highlighted how early, collective effort can help preserve local supplies and delay the need for formal measures.

Customer & Community Advisory Group

North East Water continued to strengthen its customer-first approach through the Customer and Community Advisory Group (CCAG). Established in November 2023, the CCAG strengthens customer outcomes by establishing customer perspectives and expectations in the early stages of our projects. Through this structured engagement, we are embedding the voices of our customers and communities into our strategic planning and decision making.

Across 2025-26, the CCAG considered a wide range of agenda items reflecting both operational and strategic priorities. Through its meetings and associated engagement activities, the CCAG provided meaningful input into a range of priority initiatives, most notably the 2026-31 price submission (PS5), the Urban Water Strategy, the Customer Experience Strategy and our Customer Care Fair Practice Plan.

A key strength of the CCAG is the diversity of voices it brings together. Membership reflects a broad cross-section of the region, including First Nations, community representatives, sector leaders and individuals with experience in advocacy, local government and community services. This diversity supports more inclusive and accessible engagement, strengthening the quality of feedback provided. For North East Water, the benefits are clear – enhanced transparency, improved decision-making and greater confidence that our services, investments and strategic direction aligns with the needs and priorities of the communities we serve.

Master plans

Following on the finalisation of infrastructure master plans for 15 towns and regional cities in 2024-25, North East Water prepared public-facing summaries in 2025-26 which were shared with councils for feedback, further strengthening collaboration and ensuring the plans reflect local priorities.

These foundational documents were instrumental in the development of our long-term capital program for the price submission. The master plans guided North East Water's medium and long-term capital investment program, supporting water security, environmental sustainability, regulatory compliance, and growth across the region. Underpinned by this groundwork, the Essential Services Commission supported in full our proposed $280 million capital program for the next regulatory period.

Together with initiatives such as the Urban Water Strategy and Strategy 2040, these plans provide a pathway for the continued wellbeing, prosperity, and resilience of our communities.



During 2025-26, we supported

4,457

customers to access financial support

Customer care

North East Water continued to provide practical support to customers experiencing financial hardship, family violence and social isolation through our dedicated customer care team and Customer Care Fair Practice Plan.

During 2025-26, we supported 3,017 customers to access Utility Relief Grants – a 16% increase on the previous year – and provided hardship assistance to a further 200 residential and small business customers. We also supported 1,059 not-for-profit organisations through water and sewerage rebates, while 159 customers received assistance through the Community Rebate Program and 322 customers benefited from leak rebates. We also helped over 17,000 customers apply concessions to their water bill.

In the process of developing the price submission, and with the strong support of our communities, we also successfully made the case to double our customer support fund for the 2026-31 regulatory period.

By embedding fairness, safety and inclusivity into service delivery, we are helping ensure all customers can access essential water services with dignity and confidence. Early identification and proactive engagement remain central to our approach, with the customer care, contact centre and debt recovery teams working together to connect customers with the support they need.

Prosperous region

North East Water is committed to ensuring our region has a secure and safe water supply and that we do everything we can to support community growth.

Wodonga Resource Recovery Hub

Major delivery milestones were achieved in 2025-26 on the $83 million West Wodonga Wastewater Treatment Plant (WWTP) capacity upgrade and emissions reduction project. Construction works were largely completed during the 2025-26 period in readiness for full operation during the first half of 2026-27.

This transformative project supports the region's anticipated growth by expanding the capacity of Wodonga's wastewater treatment system. This is achieved through the construction of new anaerobic treatment facilities and associated infrastructure allowing high strength industrial loads to be diverted from the existing WWTP for treatment and thereby freeing up capacity for growth that will sustain Wodonga to 2045 and beyond.

A key feature of the project is its ability to convert organic matter in wastewater into biogas, generating renewable energy and improving resource recovery. This will help to offset operational energy demands and advance our commitment to achieving net zero greenhouse gas emissions by 2035. We've already reduced our scope 1 and 2 emissions at the plant by 88%, and the entire operation is being powered by off-grid energy.

While construction works were progressing during the 2025-26 period, phased commissioning also commenced, with waste activated sludge (WAS) from the existing WWTP being diverted to one of the covered anaerobic lagoons (CAL) from mid-March 2026. This enabled the existing waste-activated sludge tanks to be taken off line for development into the post anaerobic nutrient removal bioreactor. Since the introduction of WAS to the CAL, the anaerobic digestion process has generated biogas from mid-May 2026. This has enabled the biogas and flare system to be successfully commissioned ensuring the on-going safe management of biogas.

Commissioning and biological process development will continue during the first half of 2026-27 as the high strength industrial loads are progressively diverted into the new facilities and the biological process develops and stabilises.

Bushfire response

North East Water demonstrated a strong and coordinated response to significant bushfire activity across the region, ensuring the safety of people, customers and critical infrastructure during a period of rapidly changing conditions. Teams across the organisation worked together to maintain essential water services, with incident management arrangements operating effectively to monitor risks, support decision-making and respond in real time. This coordinated approach enabled the organisation to continue delivering safe and reliable water services when communities needed them most.

Operational teams played a critical role on the ground, deploying to affected areas to support treatment and reticulation systems, undertake essential checks and restock key supplies. Teams worked extended hours under challenging conditions to maintain system integrity, including installing temporary infrastructure to strengthen resilience in high-risk locations. These efforts ensured continuity of supply and quality of service, demonstrating the organisation's preparedness and capability to respond to emergency events.

To support operations in disrupted environments, North East Water also implemented innovative solutions to maintain communication and connectivity. The deployment of satellite-based communication technology enabled teams to remain connected where conventional networks were compromised, supporting ongoing coordination and operational oversight. Together, these actions highlight the organisation's resilience, adaptability and commitment to protecting essential services, reinforcing North East Water's role as a trusted provider during times of crisis.

Supporting housing targets

North East Water is investing in the infrastructure needed to support the region's future growth. Working closely with the seven local governments across our service area, we developed 50-year growth forecasts that align with regional growth strategies, township structure plans and Victorian Government housing targets.

Community feedback gathered through the 2026-31 price submission process highlighted an expectation that North East Water plans for growth and increases infrastructure investment. In response, our proposed capital program included growth-related projects that will create capacity for more than 9,000 new housing connections, supporting the State Government's target of 32,300 new homes across north-east Victoria by 2051.

Growth continued across the region during 2025-26, with North East Water issuing 899 Statements of Compliance for new lots and approving 884 new water connections. This is an increase of 7.5% from the previous year.

All-systems review

North East Water completed its annual all-systems review, a comprehensive assessment of water and wastewater systems across the region. The review considers asset condition, service performance, growth demands, water quality, environmental risks, operational challenges and emerging issues to identify future priorities and investment needs.

The condition of each town's water and wastewater systems was reviewed to help prioritise investment, which in turn informs our annually-updated 10-year rolling capital program.

By bringing together expertise from across the business, the review supports informed decision-making and helps ensure our infrastructure remains resilient, fit-for-purpose and capable of delivering safe, reliable and sustainable services to our communities now and into the future.

Developer forums

North East Water continued to strengthen partnerships with developers, land development consultants and local councils through its developer forums, creating a shared understanding of the infrastructure needed to support housing and population growth across the region.

A key milestone in 2025-26 was the publication of the Growth Servicing Plan, which outlines the location and timing of major water and sewer infrastructure required to service planned growth areas. The plan provides greater transparency for the development industry, identifies areas with limited capacity for new connections, and supports informed investment and planning decisions. It will be updated annually to reflect changing growth forecasts and infrastructure priorities.

Developer forums played an important role in communicating these plans, gathering feedback on our 2026-31 price submission, and building support for proposed changes to New Customer Contributions. Through ongoing collaboration and long-term planning, North East Water is helping to unlock new housing opportunities while ensuring infrastructure keeps pace with regional growth.

People

We know our workforce of the future will require the culture, mindset and capabilities to think and act beyond the traditional ways of working.

Emerging Leaders program

North East Water continued its investment in our future leaders through the Emerging Leaders program, bringing together staff from across the organisation to build capability and strengthen leadership foundations. The program forms part of a broader commitment to developing a consistent leadership approach across all levels of the business, aligning emerging talent with the organisation's strategic direction and values. Participants were introduced to key leadership concepts, including mentoring and coaching, and understanding the role of trust and psychological safety in high-performing teams.

Throughout the program, participants progressed through a series of structured modules designed to build both resilience and confidence. Early sessions focused on identifying individual strengths and development areas, while later modules explored more advanced leadership themes such as conflict management, coaching as a core leadership skill and role modelling values and behaviours. Additional modules examined strategic insight and foresight, helping participants understand how Strategy 2040 connects to their roles, as well as practical approaches to leading through change.

The program concluded with a strong emphasis on embedding learning into everyday practice, with participants reflecting on their growth and strengthening connections across the organisation. The experience fostered collaboration, openness and cross-business relationships, creating a network of emerging leaders equipped to lead with clarity, authenticity and purpose.

Belonging Plan

In 2025-26, North East Water launched its Belonging Plan, marking an important culmination in our commitment to creating an inclusive workplace where everyone feels valued, respected and connected. The plan was shaped through extensive consultation with employees, leaders, the First Nations Reference Group and the board, ensuring it reflected the lived experiences, perspectives and aspirations of our diverse workforce.

The plan celebrates diversity and sets a clear direction for strengthening inclusion. During its first year of implementation, key achievements included reviewing our organisational 'mindsets', developing the next iteration of our Gender Equality Action Plan, introducing a new Flexible Work Policy to support equitable access to flexible work arrangements, and expanding opportunities for staff and leaders to connect through organisation-wide forums.

Together, these initiatives are helping to foster a workplace culture where people can thrive, contribute authentically and feel a genuine sense of belonging.

Women in Water Operations

We continued to play a leading role in advancing diversity across the Australian water industry through our stewardship of the Women in Water Operations (WiWO) network. Chaired by North East Water and delivered through the Water Industry Operations Association of Australia, the network reached a significant milestone in 2025-26 with the establishment of a national Steering Committee supported by a three-year strategy focused on increasing visibility, removing barriers and strengthening opportunities for women in operational roles.

What began as a locally driven initiative here at North East Water has evolved into a nationally recognised network, connecting professionals across the country through webinars, industry publications, conferences and networking events. These activities have elevated the profile of women in operations, strengthened leadership pathways and fostered a more connected and inclusive industry.

North East Water's leadership of WiWO reinforces our commitment to building a diverse, capable and future-ready workforce. By helping to shape industry-wide change, we are enhancing workforce attraction and retention, supporting employee development, and contributing to safer, more inclusive workplaces across the sector.

Victorian Water Training Academy Pilot

North East Water continued to invest in the skills, leadership and capability needed to meet the future challenges of the water industry. Through participation in the VicWater Workforce Readiness Victorian Water Training Academy Pilot, we contributed to sector-wide initiatives focused on workforce capability, training pathways and skills development, while creating new opportunities for our people to build technical expertise and advance their careers.

We also supported the next generation of water industry leaders through the Intelligent Water Networks' (IWN) Mentoring Program. By contributing mentors and engaging with professionals from across the Victorian water sector, North East Water helped strengthen leadership capability, foster knowledge sharing and build valuable industry connections.

These initiatives reflect our commitment to investing in our people and working collaboratively across the sector to develop a skilled, resilient and future-ready workforce. By building capability today, we are helping ensure the safe, reliable and sustainable delivery of water services for our communities into the future.

Partnerships

Building strong partnerships, fostering collaboration and nurturing trusted relationships are vital to providing greater access to resources, capabilities and expertise.

Cross-industry collaboration

Victoria's water sector, comprising 18 water corporations, has a strong track record of collaboration and practical partnerships to achieve greater efficiencies, reduce duplication, foster innovation, build capability and improve resilience. There are many examples of how North East Water is working with other water corporations to achieve better outcomes for customers including through the:

- Northern Urban Water Accord and Murray Mutual Aid Cluster delivering efficiencies through shared resources, procurement and mutual support
- Victorian Intelligent Water Network (IWN) and Water Minister's Climate Innovation Challenge which enable collaborative innovation and capability building through structured technology trials and projects
- Zero Emissions Water Carbon Offsets (ZEWCO) jointly procuring ACCUs to meet our 2035 net zero emissions targets, reducing risk and transaction costs (more detail is provided on page 38)
- Victorian Water Industry Association (VicWater) driving sector-wide advocacy, collaboration, knowledge sharing and coordinated action
- Institute of Water Administration (IWA) connecting water industry professionals for capability development and knowledge sharing
- Integrated Water Management (IWM) jointly planning the water cycle to improve liveability and expand water reuse in Victoria
- VicWater Climate Adaptation Working Group developing shared climate risk tools and adaptation strategies
- Financial sustainability collaboration providing a collective focus on optimising insurance, procurement, pricing and regulation outcomes
- Optimising our billing system with water corporations using the same platform
- Choose Tap water education program increasing tap water consumption and improving community health
- VicWater Safety Executive Group strengthening safety leadership, culture and performance through collaboration and information sharing
- WaterAble disability inclusion network and leadership program supporting connection, development and representation

- VicWater Diversity and Inclusion Committee advancing workforce diversity, equity, inclusion and leading practice
- Water Services Association of Australia (WSAA) addressing key issues of water security, customer value, resilient and regenerative futures, First Nations services and engagement and people, culture and capability.

Northern Urban Water Accord

Recognising the common and significant challenges to maintaining water security and continuing to deliver reliable, high-quality and affordable services, the Northern Urban Water Accord (NUWA) was established to deliver better outcomes through collaboration and ensure a connected, resilient and thriving northern Victoria.

Participating water corporations in the NUWA are North East Water, Goulburn Valley Water, Coliban Water, Central Highlands Water, Grampians Wimmera Mallee, Lower Murray Water and Goulburn Murray Water.

We work collaboratively to plan across boundaries, share operational and specialist capability and resources, look at ways to be more efficient and reduce costs, and share and grow ideas that drive innovation and progress.

Some key areas of focus are capital planning and delivery, water security and procurement.

First Nations partnerships

North East Water continued to strengthen relationships with Traditional Owners and First Nations communities across the region, recognising the importance of First Nations knowledge, values and aspirations in shaping the future of water management.

Throughout 2025-26, we engaged with First Nations communities through the development of our Urban Water Strategy, On-Country discussions, meetings with Elders, and strategic planning conversations. The board met with representatives of the Yorta Yorta community in Wangaratta, while our strategy and planning team worked with Bangerang Elders to explore opportunities in water conservation education and water sensitive urban design. We also met with leaders of Jaithmathang TABOO to better understand their ecological priorities and aspirations for Country.

North East Water continued to build its partnership with the Taungurung Land and Waters Council through regular engagement on strategic planning and capital projects. Staff participation in the Wawa Biik cultural experience further strengthened cultural understanding across the organisation, while work commenced on a Memorandum of Understanding to formalise and guide our ongoing relationship.

These partnerships are helping to create stronger, more meaningful collaboration with First Nations communities and ensuring their voices are reflected in the planning and management of water.

Environmental water programs

North East Water continued its partnership with Duduroa Dhargal Aboriginal Corporation, NECMA and the Victorian Environmental Water Holder (VEWH) to deliver 240 megalitres of environmental water to Ryans Lagoon in Wodonga.

The watering of Ryans Lagoon demonstrated the environmental benefits of cultural water, helping to recreate the natural flooding and renewal cycles that existed before the construction of the Hume Dam. The initiative continues to support the long-term restoration of the site, with environmental watering and cultural burns contributing to a healthier wetland ecosystem that now provides habitat for fish, frogs, turtles and a diverse range of birdlife.

Building on this success, we also partnered in a NECMA-led project to deliver a further 20 megalitres of environmental water to Mullinmur Wetland in Wangaratta. Working alongside the Victorian Environmental Water Holder, Wangaratta Landcare & Sustainability and Bangerang Aboriginal Corporation, the project supported critical habitat for threatened species, including endangered freshwater catfish, endangered Murray River turtles and the threatened broad-shelled turtle.

These collaborative efforts highlight the value of partnerships in improving waterway health, supporting biodiversity and strengthening connections between people, water and Country.

Innovation

> North East Water embraces a culture of continuous improvement as an integral component of financial and business sustainability.

Grants

North East Water continued to secure external funding to deliver critical initiatives and innovation without imposing the cost on customers. During 2025-26, we attracted grant funding and in-kind support to advance water security, integrated planning and environmental outcomes across the region.

Along with the $5 million secured for the Rutherglen Reuse Scheme mentioned earlier, North East Water obtained a further $750,000 to progress groundwater investigations that will inform Wangaratta's long-term water security planning. Stage two of the groundwater project is now underway, focusing on identifying and assessing potential borefield locations to support future water supply options.

North East Water also led the $80,000 DEECA-funded 'Enabling Integrated Water Management in development in the North East' project on behalf of the North East Integrated Water Management (IWM) Forum. Working alongside government agencies, local councils and Traditional Owners, the project is exploring ways to better embed IWM outcomes into future development and planning processes.

In addition, we received $60,000 through the Victorian Water Minister's Climate Innovation Challenge to trial the use of biochar for blue-green algae control in collaboration with Goulburn-Murray Water, supporting both water quality improvements and circular economy outcomes.

Together, these investments are helping North East Water deliver innovative, sustainable and cost-effective solutions that strengthen water security and build resilience for future generations.

Bushfire recovery

North East Water implemented an innovative response to the impacts of bushfire activity over the summer, addressing significant water quality challenges caused by ash and debris entering local waterways.

Following heavy rainfall in fire-affected areas, extremely high turbidity levels in Tallangatta Creek placed pressure on the town's water treatment processes and required immediate action to maintain safe drinking water supplies for the community.

In response, teams introduced advanced pre-treatment technology at the Tallangatta Water Treatment Plant, installing lamella clarifier units at the front end of the treatment process. These systems effectively removed silt, ash and debris before the water reached existing filters, significantly improving treatment efficiency and enabling the plant to continue operating at higher flow rates. The results were immediate and substantial, with turbidity levels dramatically reduced prior to full treatment, easing pressure on infrastructure and maintaining system performance during challenging conditions.

This proactive and adaptive approach ensured that the quality of drinking water supplied to the community remained unaffected. By investing in innovative solutions and enhancing system resilience, North East Water not only responded effectively to the immediate event but also strengthened its preparedness for future challenges.

One Basin Cooperative Research Centre Partnership

North East Water is delivering its five-yearly Urban Water Strategy, with a 50-year planning horizon to support regional water security, through a collaborative academic partnership. This innovative approach strengthens the integration of research and industry expertise into long-term water planning.

Through a partnership with the One Basin Community Research Centre (CRC), North East Water secured $450,000 in-kind contributions to strengthen the modelling and analysis underpinning North East Water's 50-year water security outlook.

The One Basin CRC is an industry-led, collaborative partnership established to build a more productive, resilient and sustainable Murray-Darling Basin. The 10-year, $150 million program brings together researchers, industry, and First Nations communities to develop real-world solutions for water and environmental risks.

North East Water has partnered with One Basin CRC to apply best-practice academic research and innovative modelling approaches to assess climate risk in six priority north-east towns which may face water shortages prior to 2040. The modelling approach visualises changes in supply and demand due to climate change, population and industrial growth which can identify 'tipping points' in system performance.

The CRC's approach reveals more detail in system dynamics than the standard modelling approach, and a broader set of future risks and opportunities for managing water resources under uncertainty. A suite of academic services is being provided, including modelling, community engagement and adaptive pathways planning, at no cost beyond our in-kind contributions.

Financial performance

Summary of financial results

This year, our core revenue streams performed strongly, achieving an operating surplus before tax of $8.6 million. This marks a significant improvement from last year's operating surplus of $2.9 million before tax and exceeds our budgeted operating loss of $7.0 million before tax.

Warm and dry weather conditions during summer resulted in favourable volumetric water sales against budget and the previous year. Average residential water consumption was 208 kilolitres per household, a slight decrease on the previous year of 1.9% and increase on budget of 6.7%.

An increase in total expenditure of $2.8 million compared to the previous year was driven by an increase in financing costs of $2.9 million due to additional borrowings, primarily to fund the construction of the West Wodonga emissions reductions and capacity project.

From a cash flow perspective, the corporation invested $78.4 million in new and renewed capital infrastructure. This was primarily funded with additional borrowings of $56.3 million during the year, along with the favourable net cash flows from operating activities of $22.0 million, a comparative result to the prior year and increase of $5.4 million or 33% on budget.

Table 3 provides the high level financial results for 2025-26 compared with the previous four years.

Table 3 – Summary of financial results 2021-22 to 2025-26

Financial Results	**2025-26 $'000**	**2024-25 $'000**	**2023-24 $'000**	**2022-23 $'000**	**2021-22 $'000**
Core business revenue	82,920	80,249	73,901	65,732	60,398
Government contributions	878	1,398	75	318	55
Other revenue	24,468	18,824	14,505	15,803	11,883
Total Revenue	**108,266**	**100,471**	**88,481**	**81,853**	**72,336**
Operating expenditure	60,154	60,924	61,286	60,192	57,383
Depreciation expenditure	28,142	27,777	27,199	25,622	26,316
Finance costs	3,191	5,764	3,767	2,415	775
Environmental contribution	3,192	3,191	2,998	2,998	2,998
Other Economic Flows	-505	-154	-9	246	-10
Total Expenditure	**99,651**	**97,502**	**95,241**	**91,473**	**87,462**
Net Result before tax	**8,615**	**2,969**	**-6,760**	**-9,620**	**-15,126**
Current assets	26,518	26,266	23,220	19,573	17,368
Non-current assets	1,915,599	1,098,305	1,038,194	1,019,941	902,357
Total Assets	**1,942,117**	**1,124,571**	**1,061,414**	**1,039,514**	**919,725**
Current liabilities	55,329	78,777	36,029	23,505	31,970
Non-current liabilities	577,550	281,357	262,661	248,420	187,824
Total Liabilities	**632,879**	**360,134**	**298,690**	**271,925**	**219,794**
Net cash flows from operations	22,005	22,338	12,222	5,341	6,099
Payments for infrastructure property, plant and equipment	78,351	72,591	34,962	31,848	27,866

Notes: Comprehensive financial statements can be found at page 110.

Understanding our revenue

Total revenue for the year increased by $7.8 million or 8% compared to the previous year and exceeded budget by $16.2 million or 18%.

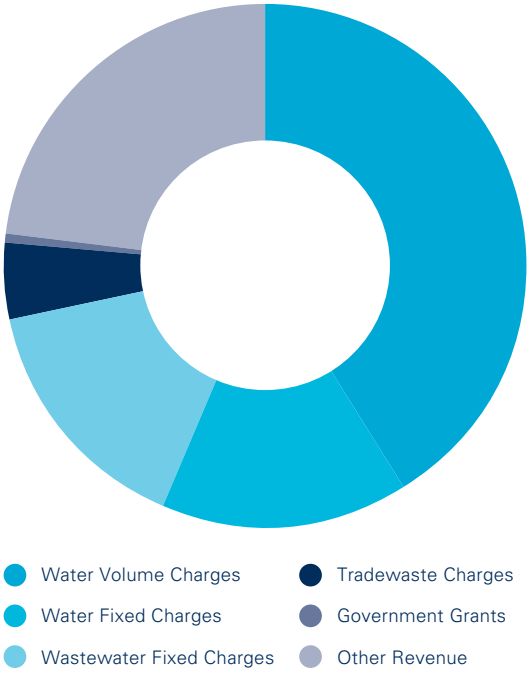
This favourable result is primarily due to strong developer contributions of $19.2 million, an increase of $4.2 million or 28% on the prior year and $11.6 million or 152% increase on budget. This is primarily associated with the value of gifted assets associated with subdivisions, handed over to North East Water to operate and maintain.

A warm and dry summer period that led to strong residential water consumption across our service area, similar to the prior year also contributed to the favourable result. Volumetric water charges were $3.8 million or 9% above budget, and $1.6 million or 3.7% higher than the previous year. Average residential consumption was 208 kilolitres per household compared to 212 kilolitres in the previous year and budget of 195 kilolitres.

Consistent with our price and growth projections, water and wastewater service charges increased by 5.4% from the previous year and in line with budget. This increase was driven by the application of the consumer price index of 2.4% and ESC approved real price path of 0.45%.

For an indication of the sources of income received by the corporation, see figure 4.

Figure 4 – Operating revenue 2025-26



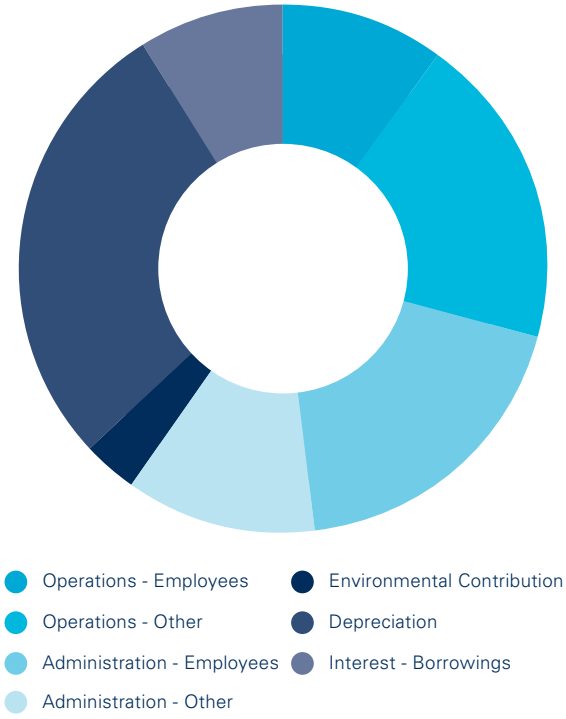
Understanding our expenses

Total expenditure, excluding income tax was $2.5 million or 2.6% higher than the prior year. The majority of this increase is attributed to financing costs, increasing by $2.9 million or 50% on the previous year. New borrowings of $56.3 million were taken out during the year to fund a large portion of our capital expenditure program. Employee benefits increase by $1.5 million or 5.5% in the prior year, however, were less than budget by $0.9 million or 2.9%.

Pleasingly, repairs and maintenance, direct operating expenditure and other operating expenses reduced by a combined $2.2 million or 6.6% on the prior year. Electricity costs decreased by $0.8 million or 15.5% on the prior year.

Figure 5 provides a breakdown of expenditure type.

Figure 5 – Expenditure 2025-26



Performance against objectives

Income and expenditure before tax compared to budget is outlined in Table 4.

Table 4 – Total revenue and expenditure vs budget

	Actual 30 June 2026 $'000	Corporate Budget 2025-26 $'000	Variance $'000	Variance %
Total Revenue	108,266	92,334	15,932	17.3
Total Expenditure	99,651	99,374	277	0.3

Section 2

Operations Report





Climate change and energy



Introduction

In 2025-26, North East Water met its commitment to source 100% renewable electricity and thereby negate our scope 2 emissions. We are following a diversified path of securing direct renewable power supply agreements, investing in behind-the-meter generation, and self-generation of renewable energy certificates to achieve our goal.

Negating our scope 2 emissions paved the way for a sustained focus on eliminating scope 1 emissions and meeting our obligation to achieve net-zero emissions by 2035. Significant reductions to our scope 1 emissions have been realised through the staged commissioning of the Wodonga Resource Recovery Hub (WRRH) reducing methane emissions by approximately 600 t CO2-e in 2025-26.

As part of our ongoing commitment to climate adaptation, we continued the annual review of our Climate Adaptation and Resilience Plan (CARP), with a strong focus on drought preparedness. This review forms part of the Urban Water Strategy currently under development.

Emissions reduction

Scope 1

Scope 1 emissions in 2025-26 were 9,295 t CO_2-e, a reduction of 2,123 tonnes compared to the previous year. The primary reduction in scope 1 emissions was due to the commissioning of the covered anaerobic lagoons at the WRRH (pictured). Covering, capturing and ultimately destroying methane emissions during sludge treatment reduced emissions by approximately 600 tonnes. Methane emission reduction also came from infrastructure improvements (new aeration and automation processes) or cessation of high load flows at several wastewater treatment plants including Bellbridge, Bright, Mount Beauty, Wangaratta trade waste, and Yackandandah.

Emissions from vehicle fleet and stationary fuel consumption were within the expected quarterly variation with no significant changes to the previous years' operations or infrastructure. These emissions are approximately 10-15% of scope 1 emissions.

Table 5 – Scope 1 emissions by greenhouse gas

	Scope 1 Emissions by greenhouse gas (source greenhouse gas reported in t CO2-e)			
Service delivery category	**Carbon dioxide (CO2) in t CO2**	**Methane (CH4) in t CO2-e**	**Nitrous oxide (N2O) in t CO2-e**	**Other in t CO2-e**
Water treatment and supply	0	0	0	0
Sewage collection, treatment, and recycling	0	6,757	1,603	0
Transport	698	0.1	5	0
Other (e.g. offices, depots, etc.)	230	0.00	2	0
Total	**928**	**6,757**	**1,610**	**0**

Newly completed covered anaerobic lagoons and FOG tank as part of the $83M West Wodonga WWTP emissions reduction and capacity upgrade project.

Total scope 1 and 2

North East Water recorded an emissions total of 9,295 t CO_2-e for 2025-26, a 53% reduction (or 10,522 t CO_2-e less) on the previous year. This significant reduction in total emissions was a result of sourcing 100% of our electricity from renewable sources thereby negating scope 2 emissions. This is coupled with the aforementioned scope 1 reduction from WRRH and select smaller wastewater treatment plants.

Table 6 – Total scope 1 and 2 emissions reporting

	Scope 1 and 2 Emissions (t CO2-e)				
	2024-25	2025-26 scope 1 and 2 emissions			Variance (%) between 2024-25 and 2025-26
Service delivery category	**Total scope 1 and 2 emissions**	**Scope 1 emissions**	**Scope 2 emissions**	**Total emissions**	
Water treatment and supply	3,983	0	0	0	-100%
Sewage collection, treatment, and recycling	14,772	8,360	0	8,360	-43%
Transport	852	703	0	703	-18%
Other (e.g. offices, depots, etc.)	209	232	0	232	11%
Total emissions (after REC retirement)	**19,817**	**9,295**	**0**	**9,295**	**-53%**

Total scope 3

Scope 3 emissions were 32,885 t CO_2-e.

Purchased goods (such as chemicals) and capital goods were the most significant contributors to scope 3 emissions, with the vital upgrade and expansion of our biggest wastewater treatment plant in West Wodonga driving the majority of capital goods emissions.

Air travel (7 t CO_2.e) and waste disposal (400 t CO_2.e) made negligible and minor contributions respectively.

Process-based data and emission factors were prioritised where possible, though 65% of scope 3 emissions were derived using spend-based data and emission factors.

Our scope 3 assessment used the *Water Services Association of Australia Guide to Scope 3 Emissions Management for the Water Sector,* 2024 and the *Greenhouse Gas Protocol Corporate Value Chain Scope 3 Standard*.

Table 7 – Scope 3 emissions

Scope 3 emissions source	**Scope 3 emissions (in t CO_2-e)**
Commercial air travel	7
Waste disposal	400
Any other scope 3 sources assessed	32,478
Total reported Scope 3 emissions	**32,885**

Progress towards five-year emissions target

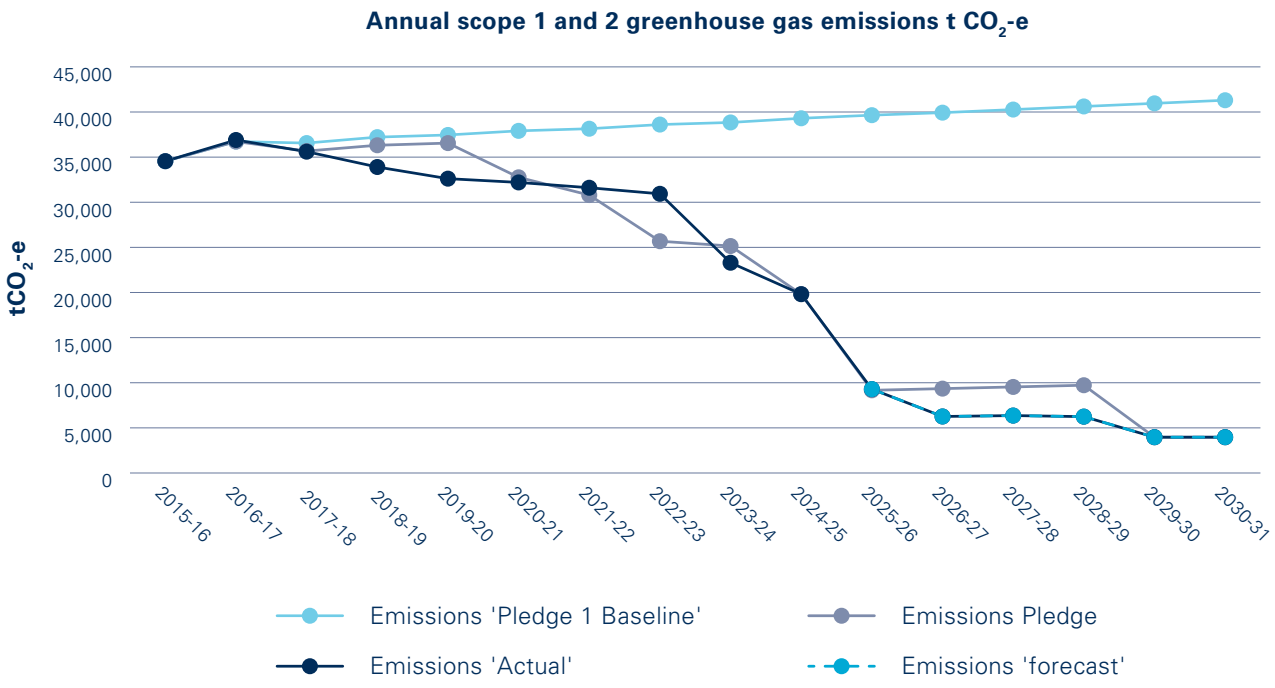
The corporation remains on track to be carbon neutral by 2035.

Scope 2 emissions were reduced to zero primarily through the procurement of 100% renewable energy through the State Electrical Commission and our ongoing power purchase contract with wind generation in Ararat.

This year we reduced scope 1 emissions following the staged commissioning of the Wodonga Resource Recovery Hub. The diversion of thickened waste activated sludge began operating in the final four months of the year, reducing emissions by approximately 600 tonnes, and will lead to an annual reduction of 2,000 t CO_2-e from 2026-27 onwards. Infrastructure and further process improvements in secondary treatment at the hub have been prepared with further emissions reduction anticipated.

We plan for further future scope 1 reductions through our 2025-26 commitment to Australian Carbon Credit Unit (ACCU) purchases from the newly formed Zero Emissions Water Carbon Offsets (ZEWCO). We also continued to explore the generation of our own ACCUs through investigations into biochar and biogas to grid injection.

Figure 6 – Progress towards upcoming five-year emissions target



Offsets

The corporation did not report any offsets in 2025-26.

As North East Water prepares for our target of net zero emissions by 2035, we are undertaking detailed modelling of our current and future emissions profile to understand exactly how many carbon credits may be required. We are a founding member of ZEWCO, a collective within Victoria's water sector designed to procure carbon credits at scale.

Table 8 – Climate active eligible carbon offset units retired to reduce scope 1 emissions

Name and type of project/s implemented to generate retired carbon offset units / supported by carbon offset retirement	Climate Active eligible offset unit	Offset quantity	Retirement date	Offset unit vintage year	Public registry
None	0	0	0	0	0

Increasing renewable energy

Total electricity

Total electricity consumption for 2025-26 was 23,403 MWh, a minor increase of 0.5% on the previous year, and in line with typical operational variability and growth.

Table 9 – Total electricity consumption (segmented by service delivery category)

Service delivery category	2024-25 Total electricity consumption (MWh)	2025-26 Total electricity consumption (MWh)
Water treatment and supply[1]	9,943	9,885
Sewage collection, treatment, and recycling[1]	12,895	13,088
Other (e.g. offices, depots, etc.)[2]	458	430
Total (by service delivery category)	**23,296**	**23,403**

Commentary

1. Includes behind-the-meter consumption
2. Includes behind-the-meter consumption (excludes generator use)

Electricity source

2025-26 is the first year North East Water procured and consumed 100% renewable electricity.

Electricity self-consumed from our behind-the-meter solar assets was down 2% compared to the previous year. This is in line with the varied nature of daylight-hour electricity generation and consumption patterns.

We sourced the remaining electricity from grid connected renewable electricity generators evidenced by retail and self-supplied large scale renewable electricity generation certificates.

There was no new behind-the-meter assets brought online in 2025-26.

Table 10 – Total electricity consumption (segmented by source)

Electricity source[1]	2024-25 Total electricity consumption (MWh)	2025-26 Total electricity consumption (MWh)
Purchased directly through an electricity retailer[1]	20,963	21,043[3]
Not directly purchased but sourced from outside the organisation	0	0
Corporation led/self-sourced activities and initiatives[2]	2,409	2,360[4]
Total (all by source)	**23,372**	**23,403**

Notes

1. Including State Purchasing Contracts and other retail contracts.
2. Electricity consumed from behind-the-meter electricity generation, on-site generation and consumption of biogas.

Commentary

3. Increase is in line with growth and treatment flow variations. Electricity use as a proportion of water and wastewater treated within the expected range of the past five years.
4. No new self-generation activities in 25-26. Within the expected range of behind-the-meter consumption considering daylight hour consumption patterns.

Table 11 – Total energy usage per corporation full time equivalent (FTE) employee

Total energy usage (fuels and electricity) in GJ	Total FTE employees	Energy usage (GJ) per FTE employee
97,580	216	451[1]

Commentary

1. Increase in FTE brought energy usage per FTE down by approx 6%

Fuel use

Use of fuels for stationary equipment is predominantly attributed to diesel use on back-up generators and machinery such as pumps and farm equipment.

Table 12 – Total stationary fuel use in buildings and machinery

	Total stationary fuel use (buildings and machinery)	
Fuel type	**in GJ**	**in t CO2-e**
Fossil gas	0	0
Biogas	0	0
Diesel[1]	3,155	222
LPG	0	0
Petrol[2]	140	9
Other	0	0
Total	**3,295**	**231**

Commentary

1. Predominantly used by machinery and back-up generators
2. Used by small machinery

Zero Emissions Water Carbon Offsets

Along with 14 other water corporations, North East Water joined the Zero Emissions Water Carbon Offsets (ZEWCO) initiative to collectively procure Australian Carbon Credit Units (ACCUs) to offset scope 1 emissions.

In January 2026, Ministerial approval was received under Section 127 of the Water Act to establish ZEWCO as a joint venture company and this has since been formalised with ASIC. North East Water's Managing Director sits on the board of ZEWCO.

In 2025-26, North East Water invested $34,100 in ZEWCO management fees and a further $9,655 in legal fees in establishing the company.

We have since provided ZEWCO with our indicative need for certificates over the next 20 years to help meet our obligation of zero carbon emissions by 2035.

ZEWCO is an example of Victorian water corporations working together to support the sector's transition to net zero emissions by enabling timely, efficient, collective investment in high-integrity carbon offsets.

Total renewable electricity

Total renewable energy came from two primary sources – self-generated solar and power purchase agreement for wind energy – for a total of 13,580 MWh in 2025-26.

Table 13 – Total renewable electricity consumption

Renewable electricity consumption categories	2024-25 renewable electricity consumption (MWh)	2025-26 renewable electricity consumption (MWh)	2025-26 renewable electricity consumption (% of total consumption)	Variance (%) between 2024-25 and 2025-26
Total renewable electricity consumption from grid-sourced electricity North East Water reported because of the Commonwealth Government's LRET				
Total grid-sourced: Mandatory	**3,770**	**3,640**	**15.6%**	**-3.4%**
Total renewable electricity consumption from corporation led/self-sourced activities and initiatives				
Biogas	0	0	0.0%	0.0%
Hydroelectric	0	0	0.0%	0.0%
Solar[1]	6,577	6,534	28.0%	-0.7%
Wind[2]	3,233	3,384	14.5%	4.7%
Other renewable[3]	0	9,846	42.3%	
Total renewable electricity consumption	**13,580**	**23,404**	**100.0%**	**72.3%**

Commentary

1. Self-generated from solar arrays behind-the-meter and exported (includes minor small scale solar BTM use)
2. Renewable energy from retailer - wind power purchase agreement
3. Renewable electricity covered by corporation acquired large scale renewable energy certificates (LGCs). Mix of solar (1,073) and wind (8,773).

Table 14 – Total energy usage from fuels and electricity segregated by energy source

Total energy usage	Renewable (in GJ)	Non-renewable (in GJ)	TOTAL (in GJ)
From fuels	0	13,329	13,329
From electricity	84,251	0	84,251
Total	**84,251**	**13,329**	**97,580**

Renewable energy certificates

Large scale generation certificates are critical in achieving our 100% renewable electricity target. We and our power providers surrendered 19,889 renewable large scale generation certificates to cover our 2025-26 consumption.

Table 15 – Total renewable energy certificate (REC) retirement to reduce scope 2 emissions

REC retirement method	2025-26 RECs retired: (1 REC = 1 MWh renewable electricity)
Voluntarily retired by North East Water[1]	10,390
GreenPower	0
Certified carbon neutral electricity purchased	0
Voluntarily retired on North East Water's behalf[2]	9,499
Total RECs retired to reduce scope 2 emissions	19,763
Voluntarily retired on North East Water's behalf for scope 3 electricity[3]	126
Total RECs retired to reduce scope 3 emissions	**126**

Commentary

1. Includes behind-the-meter and exported self-generated solar LGCs
2. Power Purchase Agreement and State Electrical Commission (including network losses)
3. State Electrical Commission coverage of distribution losses

On-site renewable generations

The corporation does not have a large energy storage system, though we continue to utilise and optimise our water pumping and high elevation water storage assets to lower electricity costs and peak usage demand.

Table 16 – Total energy storage system (power capacity and total storage capacity)

Energy storage system	2025-26 Total energy storage system power capacity (MW)	2024-25 Total energy storage system storage capacity (MWh)
Total: energy storage systems	**0**	**0**

The table below includes the West Wodonga Solar Farm (3MW), our regional headquarters system (140kW), the Yackandandah Water Treatment Plant small-scale 40kw solar system and a small scale-system recently installed at Walwa.

Table 17 – Total on-site renewable electricity generation capacity and generation

Renewable electricity source	2025-26 Total on-site[1] renewable electricity generation capacity (MW)	2025-26 Total on-site[1] renewable electricity generated (MWh)			Total generated (By source)
		Consumed on-site	Exported	Other purposes	
Biogas	0	0	0	0	0
Hydroelectric	0	0	0	0	0
Solar	3	2,332.5	4,236.5	0	6,569
Wind	0	0	0	0	0
Other renewable	0	0	0	0	0
Total (renewable)	**3**	**2,332.5**	**4,236.5**	**0**	**6,569**

Notes

1. This includes all on-site generation capacity and generation from large-scale renewable energy systems (those systems eligible for accreditation under the Commonwealth Large-Scale Renewable Energy Target), small-scale renewable energy systems (systems which do not meet the minimum system capacity limits required for accreditation under the Commonwealth Large-Scale Renewable Energy Target) and any other electricity generation systems.

The table below represents estimates for electricity generation provided by back-up diesel generators utilised during power outages based on generator run hours.

Table 18 – Total other (non-renewable) on-site electricity generation capacity and generation

Non-renewable electricity source	2025-26 Total on-site non-renewable electricity generation capacity (MW)	2025-26 Total on-site electricity generated (MWh)			
		Consumed on-site	Exported	Other purposes	Total generated (by source)
Non-renewable sources[1]	7.71	74	0	0	74
Total (non-renewable)	**7.71**	**74**	**0**	**0**	**74**

Commentary

1. Use of backup generators based on generator load and average run hours

Adapting to climate change

The 2025-26 review of North East Water's Climate Adaptation and Resilience Plan (CARP) strengthened our understanding of how assets and water supplies may be impacted by prolonged drought. The review is informing development of our Urban Water Strategy, which identifies long-term investments required to improve water security and resilience across vulnerable communities over the next 50 years. A recent example is the installation of a raw water pump station at the Myrtleford Water Treatment Plant, enabling access to dead storage within the Nil Gully Reservoir.

The CARP review process continues to underpin a mature and proactive approach to resilience planning, helping embed climate adaptation into infrastructure investment and project design. Recent initiatives – including expanded mobile and fixed generator capacity, mobile refuelling equipment, behind-the-meter solar, increased chemical storage, and mobile pump sets – have all been driven by identified resilience needs.

In 2026-27, the CARP will focus on lessons from recent bushfire events and emerging industry knowledge, helping strengthen local resilience while supporting collaborative preparedness across the sector through the Murray Mutual Aid arrangement

2026 bushfires

Following a hot and dry summer, North East Water's systems were tested with bushfire directly impacting infrastructure in the Upper Murray region and indirectly impacting water quality downstream.

Bushfire response

The Walwa bushfire in January impacted power, logistics and communications across several townships serviced by North East Water. Learnings from the 2019-20 bushfires in this area ensured that infrastructure was better prepared with back-up power, fuel storage and tailored community messaging. During the fire period, North East Water implemented satellite communications and integrated with emergency services to ensure water and wastewater services were maintained without interruption.

Tallangatta Water Treatment Plant silt busters

Following the bushfire, and drawing upon previous experience, North East Water installed 'silt busters' at the Tallangatta Water Treatment Plant. The silt busters ensured water quality could be maintained during periods of rainfall on the firegrounds as these increased ash and sediment run off into the catchment upstream. This ensured a continuous and reliable supply of drinking water to the township of Tallangatta which, at the time, also housed the DEECA Forest Fire Management Incident Control Centre.

Huon Hill Water Treatment Plant upgrade

We also delivered key infrastructure projects to enhance community resilience to extreme weather events. Enhancements to the Huon Hill Water Treatment Plant's chemical dosing systems were completed in 2026. These will improve resilience to blue-green algae outbreaks and post-fire water quality impacts, such as elevated iron and manganese levels in the Murray River downstream of the Hume Weir.

Transportation

North East Water uses many operational vehicles including tactical response trucks, hydrovac jetter trucks and 4WD utilities that operate on diesel.

Due to North East Water's significant footprint (approximately 9% of the state by area), diesel consumption is a large contributor to transport fuel consumption and emissions.

North East Water will welcome two new electric vehicles to its pool car fleet in 2026-27 and continues to operate hybrid pool vehicles.

Table 19 – Total number and proportion of transportation vehicles segmented by engine/fuel type and vehicle category

	Transportation vehicle engine/fuel type						
Transportation vehicle category	**Petrol**	**Diesel**	**LPG**	**Petrol Hybrid**	**Diesel Hybrid**	**Battery Electric**	**Other**
Passenger vehicles[1]	19	3	0	10	0	0	0
Goods vehicles[2]	1	104	0	0	0	0	0
Category Total (Number)	**20**	**107**	**0**	**10**	**0**	**0**	**0**

Commentary

1. Petrol includes 10 hybrid vehicles
2. Includes petrol goods vehicles that were not used but still registered.

Table 20 – Total energy use and greenhouse gas emissions of transportation vehicles segmented by engine/fuel type and vehicle category

	Transportation total energy use by fuel type (GJ)							Fuel type totals	
Transportation vehicle category	**Petrol**	**Diesel**	**Biodiesel**	**Renewable Diesel**	**LPG**	**Electricity**	**Other**	**Total energy use (GJ)**	**Total emissions (t CO2-e)**
Passenger vehicles[1]	1,291	244	0	0	0	0	0	1,535	104
Goods vehicles	45	8,454	0	0	0	0	0	8,498	598
Total energy use (GJ)	**1,336**	**8,698**	**0**	**0**	**0**	**0**	**0**		
Total emissions (t CO2-e)	**90**	**612**	**0**	**0**	**0**	**0**	**0**		

Commentary

1. Petrol passenger vehicles includes hybrid vehicles

Customer, community and engagement



Introduction

> At North East Water, our customers and community remain at the heart of everything we do.

In 2025-26, we continued to provide safe, reliable drinking water and wastewater services to our growing region while investing in the infrastructure needed to support future growth and prosperity.

We also remained focused on delivering value for money for our customers. North East Water's average residential customer bill was once again the second most affordable in the Victorian regional water sector, reflecting our commitment to affordability while maintaining high-quality services and investing in essential infrastructure.

Customer experience continued to be a major focus throughout the year. In November 2025, North East Water was ranked number one among Victorian water corporations for overall customer satisfaction in the Essential Services Commission customer perception survey. At the same time, we were rated number two for value for money. We also progressed a range of initiatives to improve customer service, accessibility and digital capabilities, including planning for a new Customer Experience Strategy and future customer service improvements.

Recognising the ongoing cost-of-living pressures affecting our communities, we strengthened our commitment to supporting customers experiencing hardship, vulnerability and financial difficulty. Through our Customer Care Fair Practice Plan and expanded support initiatives, we supported via grants and rebates more than 4,400 customers.

Customer and community engagement continued to play an important role in shaping our future direction. The development of our 2026-31 price submission was underpinned by one of the most significant engagement programs in North East Water's history. Through surveys, focus groups, deliberative forums, workshops, community pop-ups, webinars, online tools and direct stakeholder engagement, we heard from thousands of customers and community members over a three-year period. With the strong support of our communities, we also successfully doubled our customer support fund for each year of the 2026-31 regulatory period.

We also maintained strong and productive relationships with our stakeholders and partners, including Government departments and agencies, local councils, First Nations communities, catchment management authorities, regulators, developers, community organisations and other water corporations. These partnerships continue to help us deliver better outcomes for our customers, communities and the environment while supporting the long-term prosperity of north-east Victoria.

Bills and support

Bills

North East Water's average bill in 2025-26 was $1,114 (in line with our commitment to customers in our 2018-26 price path). Our water bills increased by 0.45% plus inflation, or approximately $34 a year.

Table 21 – Total urban bills for 2025-26 ($ actual)

Indicator	2025-26
Residential bill – owner occupier The actual bill for an owner-occupier with typical (average) water use in the year	$1,114.06
Residential bill – tenant The actual bill for a tenant with typical (average) water use in the year	$581.38
Typical (average) water use (kL) assumed in owner-occupier and tenant bill calculations	200
Non-residential bill – business The annual bill for a business using 3 ML per annum in the year	$9,253.38

Customer support

North East Water continued to provide practical support to customers experiencing financial hardship, family violence and social isolation through our dedicated customer care team and Customer Care Fair Practice Plan.

In 2025-26 we supported 1,059 not-for-profit organisations through water and sewerage rebates to the value of $269,000 and 17,452 customers through concessions to the value of $4,890,000.

We also helped 3,017 eligible customers (a 16% increase over 2024-25) access Utility Relief Grants to a value of $717,000. Pleasingly, of all Victorian water businesses, North East Water had the highest number of these state-funded grants approved, significantly outperforming the sector in securing these important grants for our customers.

We supported 159 customers through the Community Rebate Program, and 322 customers received a leak rebate.

A further 198 customers accessed financial assistance through our residential and small business hardship program to a combined value of $111,777, this has seen the amount of support increase by 12% from the previous year.

Table 22 – Customer support

Operational Performance

Customer Responsiveness and 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 No. of customers with instalment plans	2,511	2,817	11%	NA	NA
Water bills – customers awarded hardship grants No. of customers awarded hardship grants	201	198	-1.0%	NA	NA
Water quality complaints No. of complaints per 100 customers	0.36	0.19	-93%	0.41	-54%
Customer Responsiveness – number of payment issue complaints No. of complaints per 100 customers	0.14	0.19	23%	0.30	-38%
Customer Responsiveness – total complaints No. of complaints per 100 customers	0.79	0.70	-12%	1.07	-34%

Customer responsiveness

Despite a small increase in payment issue complaints from the previous year, the number of customer complaints remains well under target for 2025-26.

Table 23 – Customer perception and satisfaction survey results

Community Service Obligations	2024-25 Total actual (or nominal) dollar amount of concessions provided in year ($)'000	2024-25 Total number of customers provided concessions in year (No. of customers)	2025-26 Total actual (or nominal) dollar amount of concessions provided in year ($)'000	2025-26 Total number of customers provided concessions in year (No. of customers)
Provision of Water and Sewerage Concessions	$4,606	17,038	$4,890	17,452
Rebates paid to not-for-profit organisations under the water and sewerage rebate scheme	$261	1,032	$269	1,059
Utility Relief Grant scheme payments	$696	2,604	$717	3,017
Water Concession on life support machines	$4	9	$4	8
Hardship Relief Grant Scheme (Water and Sewerage Connection Scheme)	$0	0	$0	0

Customer satisfaction

Since 2014, North East Water has undertaken an annual customer research program to track the experiences and perceptions of our customers. We remained committed to our six clear and consistent customer values of affordable, reliable, local, responsive, efficient and sustainable, and each year we measure our customers' satisfaction with each.

In 2025-26, through our customer research program, North East Water surveyed 2,000 customers. The results (Table 24, below) demonstrate our continued delivery of high-quality services to meet our customer commitments.

North East Water publicly communicates its performance against these service outcomes annually on our website and biannually through webinars.

Table 24 – Customer perception and satisfaction survey results

Survey attribute	2025-26	2024-25
1. Affordable Prices	92%	92%
2. Reliable Services	95%	95%
3. Responsive Services	91%	91%
4. Efficient Systems	96%	95%
5. Local Focus	88%	87%
6. Sustainable Practices	93%	94%
Overall	92%	92%

Customer and community engagement

North East Water is committed to building trust through meaningful engagement with customers, communities and stakeholders. Guided by the International Association for Public Participation (IAP2) framework, we involve our communities in decisions that shape the services we provide and the future of our region.

During 2025-26, we completed engagement for our 2026-31 price submission, including public consultation, webinars, presentations and a deliberative forum to shape the final submission.

We also delivered a comprehensive engagement program to support the development of our Urban Water Strategy. Activities included community kiosks, stakeholder interviews, focus groups, surveys and workshops, each helping us better understand community expectations around water security and future planning. We worked closely with Traditional Owners and First Nations groups to ensure cultural values, local knowledge and partnership opportunities were also considered throughout the process.

In total, 24 projects and initiatives were posted on our 'Have Your Say' online engagement platform, providing opportunities for customers and stakeholders to share feedback through surveys, polls and feedback forms.

Other key engagement activities in 2025-26 included:

- Engagement with communities on major capital projects, infrastructure upgrades and system improvements.
- Biannual Developer Forums to strengthen relationships with the development industry.
- Delivering webinars on our proposed price submission, Customer Report Card and Customer Outcomes Report.
- Holding quarterly meetings of our Customer and Community Advisory Group (CCAG), securing valuable feedback to support decision-making, strategic planning and service improvement.

Throughout the year, we maintained regular communication through our website, social media channels, media releases, webinars and community newsletters. Campaigns focused on water conservation, Choose Tap, sewer protection, customer support and service updates. Our quarterly *Splash* newsletter was distributed with customer bills, helping customers stay informed about our programs, services and initiatives across the region.

We also engaged with key stakeholders including local government, the Department of Energy, Environment and Climate Action (DEECA), Regional Development Victoria (RDV), the Essential Services Commission (ESC), the Environment Protection Authority (EPA) and the Department of Health (DoH).

In addition, we continued to work closely with VicWater, the Water Services Association of Australia (WSAA), Intelligent Water Networks (IWN), catchment management authorities and other industry partners to help deliver shared outcomes for our communities.



Recognise Aboriginal Values



Introduction

> During 2025-26, North East Water remained committed to reconciliation and building relationships, partnerships and practical outcomes with Traditional Owner and First Nations groups.

We completed our second Innovate Reconciliation Action Plan and developed our subsequent Country and Culture Action Plan – a program of works that align with the expectations of the Water Minister, Statement of Obligations, DEECA and *Water is Life*, as well as our own Strategy 2040 ambitions and successful internal programs.

We continued to provide staff with information about important Aboriginal matters such as *Water is Life*, Treaty, NAIDOC Week, National Reconciliation Week and National Sorry Day.

Engagement with First Nations communities during the price submission process led to several key outcomes including rebalancing our tariff structure to reduce the water variable component (thereby reducing bills for tenants and large families), and a commitment to explore opportunities to provide bill relief for First Nations customers, including how cultural water allocations may be used.

We also undertook dedicated First Nations engagement seeking input to our Belonging Plan and Urban Water Strategy and continued both our Independent Aboriginal Delegate appointment with the board and our Elders-in-Residence program.

We hosted our sixth First Nations Art Prize, helped implement Wodonga's First Nations Reference Group, and met with local Aboriginal stakeholders and organisations to develop the guiding principles for a First Nations Engagement Framework.

Uncle Allan Murray and Uncle Phil Murray (Duduroa Dhargal) along with Managing Director Jo Murdoch at the turning of the pumps to fill Ryans Lagoon.

Water is Life

Supporting the principles of *Water is Life*, North East Water once again partnered with Duduroa Dhargal Aboriginal Corporation, the North East Catchment Management Authority (NECMA) and the Victorian Environmental Water Holder (VEWH) to transfer 240ML of environmental water at Ryans Lagoon, Wodonga.

The delivery of environmental water into the lagoon showcases the environmental benefits of cultural watering and better reflected the flooding and refreshing of the lagoon that would have occurred before the construction of the Hume Dam (which significantly reduced natural flood events).

This environmental water program drew on the First Nations knowledge of Duduroa Dhargal, the environmental expertise of NECMA and the water pumping and transferring knowledge and resources of North East Water.

This site will ultimately become an education experience for the broader community with cultural burns and watering leading to the wetlands now being home to fish, frogs, turtles and a wide array of birdlife.

In 2025-26, North East Water again partnered with a NECMA-led project to deliver a further 20 megalitres of environmental water to Mullinmur Wetland in Wangaratta. The collaboration also involved the Commonwealth and Victorian Water Holders, Wangaratta Landcare & Sustainability, and the Bangerang Aboriginal Corporation.

The watering event supports local populations of endangered freshwater catfish, endangered Murray River turtles, and the threatened broad-shelled turtle – all species that rely on the wetland for habitat, breeding and long term survival.

Wodonga First Nations Reference Group

North East Water continued to collaborate with aligned organisations in our network to develop innovative approaches to advance reconciliation. This included helping to establish the Wodonga First Nations Reference Group alongside the City of Wodonga, NECMA and Wodonga Tafe.

The group comprises a dozen First Nations community members to serve as an advisory council to strengthen communication between the local Aboriginal and Torres Strait Islander community and key Wodonga agencies. The reference group plays a leadership role by facilitating respectful relationships and encouraging engagement from the Wodonga Aboriginal community.

The group provided us the opportunity to promote our First Nations Art Prize and gain First Nations' insight into our Belonging Plan, Customer Care Fair Practice Plan, and methods to encourage more First Nations applicants in our recruitment processes.

Importantly, it also informs us of the key programs being rolled out by the partner organisations and enables us to dovetail our own initiatives with theirs. In 2025-26, this enabled us to leverage NECMA's Project Advisory Committee meetings for their Waterways Strategy renewal to speak with the same cohorts with regard to our Urban Water Strategy.

First Nations Art Prize

In October 2025, North East Water proudly celebrated the sixth biennial First Nations Art Prize, showcasing the creativity, culture and storytelling of Aboriginal artists from north-east Victoria and the Murray border region.

Held in partnership with Murray Arts and Burraja Gallery, the exhibition featured works from 13 artists responding to the theme of water. The event continues to strengthen relationships with First Nations communities while providing an important platform to recognise and celebrate local artistic talent.

The exhibition drew strong community and media interest, highlighting the significance of First Nations voices and perspectives. Supported by NECMA through an additional prize category, the event further demonstrated the value of collaboration in promoting Aboriginal culture, creativity and connection to Country, while reinforcing North East Water's commitment to meaningful engagement with First Nations peoples.

Partnerships with Traditional Owners

In 2025-26 North East Water sought to formalise a partnership agreement with Taungurung Lands and Water Council, with a draft MoU Partnership Heads of Agreement currently under consideration.

With the appointment of the corporation's first Aboriginal Strategic Partnerships Officer in 2026-27, we will further partnership discussions with the remaining seven First Nations groups in our region, subject to each group's desire to engage. Not only will this create further opportunity for genuine engagement, but it will also formalise existing relationships and the material contribution each group can provide towards water planning and management.

This will also extend to ensuring Traditional Owner groups were informed of opportunities to access water entitlements or allocations within Country, such as the water secured for Ryans Lagoon and Mullinmur Wetlands (as noted above). We also continued to pursue partnership opportunities with Aboriginal community controlled organisations such as the First Nations Chamber of Commerce, Kinaway, and employment support agency, On-Country Pathways.

Supporting Aboriginal self-determination

North East Water continued to strengthen its commitment to meaningful engagement with First Nations peoples during 2025-26 by working with both Registered Aboriginal Parties and First Nations groups within our footprint to better understand their priorities.

We worked closely with the Taungurung Land and Waters Council (TLaWC) to ensure Traditional Owner values were considered in water management and infrastructure planning. Through regular engagement, we progressed important discussions regarding the application of Land Use Activity Agreements (LUAAs), helping to build a shared understanding of requirements and identifying opportunities to navigate approval processes efficiently while meeting the expectations of the Taungurung community.

Over the past year, North East Water and TLaWC collaborated on a range of strategic and operational matters, including consultation on the organisation's price submission, capital works program and Urban Water Strategy, and consultation on their own 5-year strategic plan.

We also regularly met with Yorta Yorta, Bangerang, Jaithmathang TABOO and Duduroa Dhargal to discuss the development of the Urban Water Strategy and our upcoming capital projects, along with their individual strategic priorities and opportunities for collaboration.

Supporting Aboriginal procurement

In 2025-26, North East Water continued its platinum partnership with Kinaway, a Chamber of Commerce dedicated to the development of Aboriginal and Torres Strait Islander businesses in Victoria.

Through this partnership North East Water has increased its market engagement and provided a better understanding how our procurement profile aligns with supplier products and services available on the Kinaway supplier directory. We are supported with a range of services including advice on the development of a procurement strategy to target First Nations-owned businesses, specific to our location and contracting needs.

Spend with First Nation owned businesses has increased this financial year by 44.6%. Two First Nations businesses were engaged over the period for a combined value of $120,903.

Recognise recreational values



Introduction

The north-east region of Victoria boasts an exceptionally beautiful natural environment featuring stunning waterways, mountains and bushland that attract tourists year round. Protecting this environment is a mandate for North East Water, along with maintaining recreational and community facilities through the provision of recycled water.

Consideration of recreational values in business operations

Though North East Water does not have any Determined Recreational Areas under the *Water Act 1989*, we continue to support the recreational value of water at Lake Kerferd, the water reservoir that provides Beechworth's drinking water.

Lake Kerferd supports recreational fishing, and keen anglers have reported catching fish such as redfin, trout cod, golden perch and European perch. The lake has historically been stocked with different species of fish to encourage recreational fishing.

In 2025-26, North East Water continued to support recreation for the broader community through the supply of recycled water to several greenspaces in Wodonga, Wangaratta, Rutherglen, Mount Beauty and Bright, including golf courses, sporting ovals, public parks and education facilities.

We also secured a National Water Grid Fund grant to upgrade the wastewater treatment process at Rutherglen and expand the recycled water network, which is providing improved recycled water to recreational facilities including a golf course.

Lake Keford

Improvements to information services

We maintain a dedicated page on our website to showcase the recreational value of Lake Kerferd. This webpage supports community engagement with the site by promoting the recreational offerings (specifically, fishing) and encouraging responsible enjoyment of the region's natural assets.

The site is also seasonally promoted via our social media channels.

Engagement processes with community and stakeholders

As part of developing North East Water's Drought Preparedness Plans under the Urban Water Strategy, extensive engagement was undertaken with local councils and communities to better understand expectations during future droughts. Councils across the region were invited to identify priority public green spaces – such as sporting fields, parks and recreation areas – that could be considered for protection during extended dry periods. The collaboration helped build a regional database of critical community green spaces, recognising their importance not only to the character and liveability of local towns, but also to the recreational opportunities and community connection they provide.

Community feedback has highlighted strong support for maintaining public parks and sporting fields during drought, with 79% of survey respondents in favour of keeping these spaces green, provided alternative water sources such as recycled water, stormwater or rainwater are used. The findings demonstrate the value communities place on these spaces as places, while also recognising the need to use water responsibly.

By working closely with councils, stakeholders and the community, North East Water is helping to develop transparent and sustainable drought response plans that balance the recreational and social benefits of green spaces with the need to conserve scarce water resources during future drought events.

Collaboration with stakeholders

North East Water collaborates with local governments and community organisations to explore and support recreational objectives across the region.

In 2025-26, this commitment was reflected in community consultation on the exterior design of the new Mt Beauty raw water pump station facade, which has been specifically designed to blend in with the local recreational area around the lake in the centre of the town. It is a popular spot for cycling, walking and boating activities for locals and tourists.

Resilient and liveable cities and towns



Introduction

> North East Water is committed to supporting a healthy and prosperous region, ensuring our region has a secure and safe water supply, and that we do everything we can to reduce our environmental footprint.

Climate volatility, extreme weather events and an ever-increasing demand on limited water supply places pressure on this commitment. Regional resilience requires innovative service solutions, water efficiency and conservation, and communities educated on how they can contribute to this regional goal.

In 2025-26, North East Water continued to show demonstrable improvements in water and wastewater management and to the assets that support them, planning ahead to ensure innovation is leading intergenerational solutions to ageing assets.

Adapting to population growth and changing customer expectations requires a collaborative approach, and North East Water remains committed to partnerships of purpose with state and local government, agencies, developers and the community.

Integrated Water Management

North East Water continued to provide leadership and support for Integrated Water Management (IWM) via the North East IWM Forum. We continued to host the IWM Champion role and advocating for a strategic approach that embeds IWM outcomes through policy frameworks, planning schemes, the statutory referral process, and land development activities and assessments within north-east Victoria.

Key achievements during the year included the conclusion of the Integrated Stormwater Management Community of Practice, which has made significant contributions to regional collaboration and leadership in stormwater management. Through shared learning and collaboration, the Community of Practice identified priority actions, including the development of a regional stormwater infrastructure auditing framework. This framework is now being progressed through a project led by Rural City of Wangaratta with seed funding supplied by DEECA.

The forum also reviewed and updated its priority project list, leading to the endorsement of new projects in September 2025. Three of these projects were further developed by IWM partners and submitted into the IWM Grant Program. These include the Mount Beauty and Tawonga South IWM Plan, stage two of Diverse Water Sources for Victoria Park Precinct Yarrawonga, and stage two of the Baranduda Fields IWM Plan. Outcomes of these applications were pending at the time of reporting.

North East Water has also led delivery of the first phase of another region-wide project, 'Enabling IWM in Development in the North East'. A regional review of how IWM is currently embedded in town planning systems across the north-east has been completed. The project identified local barriers, gaps, and opportunities (including locations) to strengthen IWM integration through planning policy, statutory tools, planning scheme provisions and other codes and tools of practice.

North East Water collaborated with key partners to deliver the forum's fourth technical site tour focused on IWM planning in practice at Bright and Porepunkah. The site tour was a collaboration between Alpine Shire Council, North East Water and North East CMA, designed to explore water cycle challenges associated with future growth in a small rural township context. It examined stormwater management planning for the Porepunkah growth area, planned upgrades to the Porepunkah-Bright Wastewater Treatment Plant, riparian revegetation and waterway protection activities, and the Porepunkah Fishway project.

The flood levee constructed around the raw water offtake on Wodonga Creek that supplies water to the Wodonga Water Treatment Plant.

Urban water efficiency

Water efficiency

Through education, community engagement and targeted conservation initiatives, North East Water continued to support sustainable water use and help communities respond to changing climate conditions.

Throughout the year, our 'Water Wise' campaign encouraged customers to use water efficiently through practical tips, seasonal messaging and simple actions that support long-term water security. Messages were shared through social media, local media and our quarterly customer newsletter, *Splash*.

North East Water also participated in a Victorian water sector initiative supported by DEECA to develop a more consistent statewide approach to water conservation communications. Updated campaign resources and messaging were shared across participating water corporations, helping reinforce water-saving behaviours during periods of high demand and extreme summer conditions.

Several communities faced challenging water supply conditions throughout the year. During winter in Bright, targeted communications encouraged residents, businesses and visitors to reduce water use during a period of lower-than-average flows and heightened demand on the town's water supply. Engagement also extended to accommodation providers to help promote water-wise behaviours among visitors.

In Yackandandah, an exceptionally dry summer, low stream flows and increasing demand prompted a four-week campaign encouraging residents to reduce outdoor water use and help avoid the need for stage four water restrictions. The community responded strongly, helping preserve local water supplies and maintain service reliability.

Across the broader region, customers were also encouraged to conserve water during periods of extreme heat, when demand traditionally peaks.

The positive response from communities in Bright, Yackandandah and across the region highlights the important role customers play in managing water resources sustainably and supporting the long-term security of local water supplies.

Community programs

In 2025-26, North East Water assisted 160 customers in accessing the Community Rebate Program. The program supports eligible customers to reduce drinking water use by improving the water efficiency of their homes. By reducing unnecessary water use through fixing leaks or replacing faulty or inefficient products, it helps to conserve water and lowers the cost of water bills.

North East Water was not a participant of the Community Housing Retrofit Program in 2025-26.

Table 25 – Community programs

Name of Program	Number of customers
Community Rebate Program	160
Community Housing Retrofit Program	0

Urban water consumption

In 2025-26, our residential customers' daily consumption decreased slightly from an average of 246kL in 2024-25 to an average 242kL per connection. Table 26 provides connection and consumption data for residential and non-residential customers, and Appendix 3 sets out water consumption by town and customer type for 2025-26.

Appendix 3 also shows per capita daily residential water consumption for 2025-26 by town.

Average annual water consumption has been derived from metred volume of water delivered to customers, in accordance with the ESC's Performance Indicator Definition. North East Water's meter fleet primarily contains analogue meters with minimal digital meters in use.



Table 26 – Water consumption for residential and non-residential connections 2025-26

	Residential customers	Non-Residential Customers	Total
Number of customers (as at 30 June 2026)	52,874	4,935	57,809
Potable water use (ML)			
(1) Total potable water consumed	10,897	5,677	16,574
Per capita daily water use (residential customers/litres)	242		
Non-potable water use (ML)			
Recycled water used (end use)			
• Commercial purposes	—	118	118
• Industrial purposes	—	16	16
• Agricultural purposes	—	236	236
• Municipal purposes	—	12	12
• Beneficial allocation	—	—	—
• Within process	—	292	292
(2) Total recycled water used	**—**	**675**	**675**
(3) Total treated stormwater used (ML)	**—**	**—**	**—**
(2) + (3) Total non-potable water used	**—**	**675**	**675**
(1) + (2) + (3) Total water used (ML)	**10,897**	**6,352**	**17,249**
(4) Total non-revenue water (ML)			**2,093**
(1)+(2)+(3) + (4) Total water all sources (ML)			**19,342**

Major non-residential users

Information on North East Water's major water customers during 2025-26 is provided in accordance with Section 122ZJ of the *Water Act 1989*.

Table 27 – Major non-residential water users' volumetric range

Volumetric Range – ML per year	Number of Customers
Equal to or greater than 50ML and less than 100ML	5
Equal to or greater than 100ML and less than 200ML	3
Equal to or greater than 200ML and less than 300ML	2
Equal to or greater than 300ML and less than 400ML	0
Equal to or greater than 400ML and less than 500ML	1
Equal to or greater than 500ML and less than 750ML	0
Equal to or greater than 750ML and less than 1000ML	0
Greater than 1000ML	0
Total no. customers	**11**

We received funding through the DEECA WaterSmart program last year and rolled out loggers to 11 sites from across the region. These loggers allow major customers to understand their water use and identify efficiency options across their business. The loggers identify anomalies in water usage patterns in real time and report back to the customers daily should they detect unusual usage at set times.

We will continue to work with customers to install loggers and conduct water audits using the remaining funding over 2026-27.

North East Water continued to support customers by providing options as required including the supply of treated reuse water to industrial customers.

Table 28 – Major non-residential water users' participation in water efficiency programs

Name of Customer	Participation in water efficiency program (Y/N)	Water Management Plan Developed (Y/N)
Wodonga Rendering Pty Ltd	Unknown	Since the Environmental and Resource Efficiency Plan (EREP) became voluntary for Victorian businesses, the corporation no longer keeps a record of customers that are participating in water efficiency programs
Vitasoy Australia Products	Unknown	
Mars Australia Pty Ltd	Unknown	
Clae Finance L.S.F	Unknown	
Alpine MDF Industries P/L	Unknown	
Australian Textile Mills	Unknown	
The Murray Road Unit Trust	Unknown	
Carter Holt Harvey Wood Products Aust Ltd	Unknown	
Moira Shire Council	Unknown	
Westmont Aged Care Services Ltd	Unknown	

Non-revenue water

In 2025-26, we extracted 19,351 megalitres of water, treated 18,765 megalitres, and sold 16,668 megalitres of potable water (16,574 ML) and raw water (94 ML) to customers.

Non-revenue water for 2025-26 was 11.15% (2,093 megalitres), down from 13.46% (2,555 megalitres) the previous year. This is the first year of the current eight-year regulatory period in which water loss has been below our 12% target, demonstrating the ongoing effectiveness of our Water Loss Reduction Plan.

This has required a sustained and collaborative effort across the business, including deeper data interrogation and targeted works across the Bright, Wandiligong and Porepunkah cluster. Reticulation teams have maintained a heightened focus on early leak detection and rectification, which has been a key driver in bringing losses down this year.

We will continue to address water losses in 2026-27 by progressing the pressure reduction works across the Bright, Wandiligong and Porepunkah network, targeting sustained loss reduction through improved pressure management. This is complemented by a transient (water hammer) management study to protect ageing infrastructure from surge-related damage, alongside continuation of our inground asset renewals program to address the network's highest-risk mains.

Rainwater

There are very few stormwater harvesting schemes operational in our region. None, including the scheme run by the Wodonga Council, are metered, and therefore we are unable to track or report on volumes consumed by end users. Rainwater tanks are being installed in some new developments; however, North East Water does not collect data on rainwater or greywater use in our operational area. The only data collected is that for our regional headquarters (see corporate water consumption overleaf).

However, Strategy 2040 sets an ambition to explore alternative water solutions to provide improved liveability, environmental and economic outcomes. This includes a 2030 outcome to have secured the resources to support the exploration of innovative alternate water solutions including potential stormwater harvesting schemes.

Through the Integrated Water Management (IWM) Forum, North East Water continues to work collaboratively with other organisations in the north-east region, including councils and catchment management authorities, to support use of alternative water sources. North East Water is leading the Forum's priority project for the year that specifically unpacks how IWM is considered from planning and design to the construction phases of new developments.

Drought response

North East Water's managed storages increased capacity from 57% to above 90% during the winterfill period and remained above 90% over spring and early summer. A rapid decline in storage levels was seen in mid to late summer reaching the lowest point of 54% in early May 2026. A rapid increase in storage levels for all storages was seen in June 2026 (except Bright, where raw water extraction ceased in June 2026 to ensure compliance with the annual raw water extraction volume) which saw the storage levels end 2025-26 at 81%.

According to the Bureau of Meteorology, north-east Victoria experienced below average rainfall during spring and summer with above average rainfall experienced during late autumn. Temperatures across the region remained above average with temperatures very much above average during the summer periods. The warmer and drier conditions led to increased water usage by customers, with record usage seen across many towns in January 2026.

Dry conditions across our catchments led to low inflows to the Benalla storages and saw raw water extraction ceased for extended periods to the Bright, Myrtleford and Beechworth storages.

Throughout the year, we made progress in securing more resilient water supplies for the Wangaratta systems by investigating and constructing groundwater options to supplement existing surface water sources.

North East Water will continue collaborating with our bulk water supplier, Goulburn Murray Water, local communities, and water resource regulators to find solutions that improve supply security for each system.

The corporation did not invoke its Drought Preparedness Plan in 2025-26. However, in consultation with DEECA, water conservation campaigns were initiated for Yackandandah and Myrtleford in summer when stream flows dropped below water restriction triggers. The response from the communities was significant and town usage decreased, circumventing the need for restrictions.

Corporate water consumption

As we continue to embrace flexible work arrangements, our water consumption continues to fluctuate.

Our regional headquarters and Wodonga Depot used 81 kilolitres of rainwater in 2025-26 which represents approximately 11% of the total water consumed at these sites. The proportion of rainwater utilised during 2025-26 remained on par with the rain water utilised in the previous year.

North East Water does not currently meter individual depots separately from that used as part of its operations. We will investigate this to determine whether these functions could be separated for reporting in 2026-27.

Table 29 – Corporate water consumption per full time employee (kL)

Corporate water consumption	2025-26	2024-25	2023-24	2022-23	2021-22
kL per full time employee	4.6	4.2	2.6	2.1	2.8
Total head office KL used	665.9	590.5	372.1	272.3	367.1
FTE (head office)	146	140	140	131	131
5 year average	3.3	2.9	2.4	2.7	3.6

Circular economy outcomes

In 2025-26, North East Water developed its Circular Economy Roadmap (2026-31), establishing a clear pathway to embed circular economy principles across the organisation. The roadmap guides our transition from a traditional 'take–make–use–dispose' model to a regenerative approach that maximises the value of resources, reduces waste and supports long-term environmental sustainability.

A key focus is unlocking greater value from wastewater and treatment by-products to reduce environmental impacts and deliver long-term operational efficiencies.

As part of this transition, North East Water is transforming the West Wodonga Wastewater Treatment Plant into the Wodonga Resource Recovery Hub. While continuing to provide essential wastewater treatment services, the site will also generate biogas as a renewable energy source. Investigations are also underway to assess opportunities to produce biomethane and convert biosolids into biochar, supporting our ambition to evolve from a waste-generating utility to a leader in resource recovery.

Key activities over the last 12 months include:

- Circular economy visioning exercise at the Wodonga Resource Recovery Hub with key government, agency, education and regional stakeholders
- Hosting a visioning workshop with regional leaders to explore a collaborative waste solutions incorporating biochar
- Participation in the pilot 'Circular Design and Manufacturing' course delivered by Wodonga TAFE (which featured our Resource Recovery Hub as a case study)
- Assessment of biochar opportunities with field testing supported by IWN and the development of a business case to inform future investment
- Completion of an investigative report on the potential to expand our agri-farming operations to provide greater value for our customers.

Biosolids

There was no reuse of biosolids during 2025-26.

This is a reduction compared to previous years and due to the physical attributes of stockpiled biosolids and impacts from weather preventing spreading on agricultural land. North East Water produced 2,584 tonnes of biosolids during 2025-26.

Environmental statutory obligations

Environmental obligations

We continue to be guided by Strategy 2040, with a healthy environment a core element of our vision and ambitions centred on climate action, circular economy and environmental stewardship.

Partnerships with local and state organisations continue to help drive these ambitions, with North East Water participating in the North East IWM Forum, the Climate Change, Energy & Environment (CCEE) Network meetings, and the North East Natural Resource Management Group. These groups drive the implementation of *Water for Victoria*, the Regional Catchment Strategy and the Victorian Waterway Management Strategy, which provide information on how we can continue to embed environmental principles into our actions.

In 2025-26 North East Water continued to strengthen our Environmental Management System (EMS), with an external audit to recertify the system noting no non-conformances. The EMS is certified to the ISO14001:2015 standard and informs our legislative and regulatory obligations for environmental and climate risks, as well as driving business improvements.

Key environmental stewardship projects for 2025-26 included:

- Partnerships with multiple stakeholders, including the Game Management Authority, the Arthur Rylah Institute and North East CMA, to monitor and improve biodiversity at North East Water sites
- Environmental and Human Health Assessments for the discharges into the Spring/Reedy Creeks at Beechworth and Ovens River at Bright
- Partnering in a research project with La Trobe University for the protection of turtle populations indigenous to north-east Victoria
- Assisting the Victorian Fisheries Authority Macquarie Perch breeding program to protect this endangered species and re-establish population

- Membership on the steering committee for North East Catchment Management Authority's review of the North East Waterways Strategy
- Assessment of groundwater impacts at the Benalla Wastewater Treatment Plant.

Sustainable water use

North East Water continues to support the delivery of the Northern Region Sustainable Water Strategy, and all actions that the corporation participates in are complete.

North East Water investigated the relocation of entitlements between Bright and Myrtleford to address shortfalls, and also completed trial groundwater bores in Wangaratta to inform the viability of a managed aquifer recharge to augment water supply.

North East Water completed significant work on our next iteration of the Urban Water Strategy (UWS). Due for completion in 2027, the UWS is our five-yearly opportunity to reassess the water security in each town and propose demand management and/or augmentation options.

Housing Statement

Developer and council engagement

North East Water maintains regular engagement with developers, development consultants and local councils to support growth across our service region. Formal engagement activities include biannual developer forums, quarterly meetings with planning staff from each of the seven councils in our area of operations, councillor briefing sessions, and executive-level meetings with councils.

In addition, North East Water works directly with developers and consultants on specific projects and servicing requirements. We actively encourage developers to engage with us early in the development process to identify servicing needs and address any potential constraints. Information on development limitations and network capacity constraints is also published on our website.

During 2025-26, North East Water responded to approximately 117 developer servicing enquiries prior to the submission of planning permit applications.

Connection capacity

In 2025-26 North East Water issued Statements of Compliance for 899 new lots and approved 884 new water connections. The cumulative data since 2018-19 shows that as of 30 June 2026 there are 797 lots available to connect.

Across the region we saw 106 fewer lots created, and 62 more water connections approved than in the previous year.

Table 30 – Residential water connections and lots created

Residential water connections and lots created

Lots available as at end of 2024-25	Lots created 2025-26	new connections 2025-26	Lots available as at the end of 2025-26
782	899	884	797

Capital program

North East Water's capital program continued to grow as we prioritised investments to meet regional growth and the regulatory demands of our current operating environment.

In 2025-26, total capital expenditure was $72.2 million, the second highest single-year investment in North East Water's 29-year history. As of 30 June 2026, a total of $38.4 million of further work was committed, providing a strong pipeline of projects leading into our next price period.

In 2025-26, notable progress was made on our comprehensive 8-year program of 148 projects, with 73 projects successfully completed, and a further 59 projects in progress. These projects cover a broad range, highlighted by the successful completion of the chemical upgrade at the Wodonga Water Treatment Plant to protect Wodonga's water supply from climatic events, the upgrade of the West Wodonga Wastewater Treatment Plant outfall pipeline, the construction of the Wandiligong booster pumping station and the Wangaratta gravity sewers supporting growth in the area.

Further to this, contracts for the Wodonga Leneva spine sewers and water mains have been awarded along with the Beechworth Wastewater Treatment Plant upgrade.

Our capital program also underscores our dedication to renewing our existing ageing assets. In 2025-26, this included the water main and sewer relining program, which plays a crucial role in maintaining and enhancing the functionality of our infrastructure.

By employing our prioritisation tool to guide the capital program, North East Water strives to continually improve service delivery, meet the increasing needs of our communities, and uphold the reliability and efficiency of our systems.

Table 31 – Capital expenditure 2021-22 – 2025-26

	2025-26 $'000	2024-25 $'000	2023-24 $'000	2022–23 $'000	2021–22 $'000
Wastewater environmental improvements	49,026	52,804	16,560	15,184	13,828
Renewal of wastewater infrastructure	3,320	4,733	4,381	1,435	1,784
Water quality and reliability improvements	9,112	9,231	1,319	6,480	7,314
Renewal of water infrastructure	5,651	8,005	6,715	3,454	3,663
Corporate and fleet management	5,150	3,494	5,986	5,188	1,277
Total	**72,259**	**78,269**	**34,961**	**31,741**	**27,866**

Local Jobs First Act 2003

The *Local Jobs First Policy* comprises two key components: the *Victorian Industry Participation Policy* (VIPP) and the Major Projects Skills Guarantee (MPSG). At North East Water, we are obligated to adhere to the *Local Jobs First Policy* for all projects that meet the specified monetary value thresholds. For projects valued at $1 million or more, the VIPP Policy requirements must be met. This threshold specifically applies to projects carried out in regional Victoria. Additionally, the MPSG applies to all construction projects valued at $20 million or more.

Under the *Local Jobs First Policy*, all projects subject to its provisions must have a Local Industry Development Plan (LIDP). This plan outlines the commitments to engage local small to medium businesses from Australia or New Zealand as an integral part of the project's execution. Moreover, it stipulates the specific number of local jobs to be generated or preserved throughout the project's implementation phase.

Projects commenced – Local Jobs First Standard Projects

During 2025-26, North East Water commenced two Local Jobs First Standard projects totalling $14.76 million. These projects were located in north-east Victoria and had an average commitment of 95.16% local content.

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

- An average commitment of 95.16% of local content was made
- A total of 19.4 jobs (annualised employee equivalent (AEE)) were committed, with no jobs created, and the retention of 17.5 existing jobs AEE
- 1.9 positions for apprentices, trainees and cadets were committed, created, and retained
- There were no MPSG applicable project
- There was one small to medium sized businesses that prepared a LIDP for contracts successfully appointed as principal contractor.

Projects completed – Local Jobs First Standard Projects

During 2025-26, North East Water completed Three Local Jobs First Standard projects, totalling $8.03 million. These projects had an average local content commitment of 95.23%. The MPSG did not apply to these projects.

The outcomes expected from the implementation of the *Local Jobs First Policy* to these projects where as follows:

- A total average commitment of 95.23% local content was made
- A total of 15.9 jobs AEE were committed, including the creation of 0.7 new jobs and the retention of 9.3 existing jobs AEE
- There were 5.9 positions retained and created for apprentices, trainees and cadets
- A total of 151 small to medium sized businesses engaged through the supply chain on these projects.

Reporting requirements – Strategic projects

At the time of reporting there was one LIDP active and none completed for a project within the monetary threshold exceeding $50 million.

Reporting requirements – grants

No grants were provided by North East Water during 2025-26.

Major contracts

There were no contracts entered into greater than $10M. There is one active, being West Wodonga WWTP capacity and emissions reduction project with a value of $83 million. This project is due for completion in the 2026-27 reporting period.

Building Act 1993

North East Water ensures that all building and maintenance work it undertakes comply with the relevant sections of the *Building Act 1993*.

Social Procurement Policy

North East Water's Social Procurement Strategy identifies opportunities to utilise our procurement spend to generate social and environmental benefits for the community. We integrate social procurement into our procurement practices and embed those practices throughout the procurement lifecycle.

Social procurement is a mandatory evaluation criterion under the Victorian Government procurement policies for all procurements exceeding $1 million. In 2025-26, this requirement was applied to 3 tenders across various spending categories. Procurements that may provide targeted opportunities to provide social procurement benefits are also considered on a case-by-case basis.

The West Wodonga WWTP capacity and emissions reduction project includes obligations to provide training and employment opportunities to Victorian priority jobseekers and First Nations people. The project is also subject to the Building Equality Policy commitments, with targets for participation from women in the project workforce. In addition, and in alignment with our environmental social procurement objective, there is a commitment to defer project generated waste from landfill (see next page for progress against targets).

Achievements – direct engagement

North East Water directly engaged with the five Victorian social benefit businesses with alignment to Social Procurement Framework outcomes, as summarised at Table 32. This list is generated by applying the Victorian Government ABN wash tool that identifies Victorian social enterprise and First Nations-owned business. All are based within regional Victoria for a total spend of $149,903 (including GST).

Table 32 – Social benefit business' engagement

Social benefit business	Victorian Social Procurement Framework - objective alignment	2025-26 spend (inc GST)
Worktrainers Ltd	Sustainable Victorian social enterprises and Aboriginal business sector	$24,759
Taungurung Land and Waters Council	Sustainable Victorian social enterprises and Aboriginal business sector	$83,639
Ethan Indigenous Pty Ltd	Sustainable Victorian social enterprises and Aboriginal business sector	$37,265
Albury Wodonga Regional Foodshare	Sustainable Victorian social enterprises and Aboriginal business sector	$100
Albury Wodonga Community College Limited	Opportunities for Victorians with disability	$4,142

Case study

> The West Wodonga Wastewater Treatment Plant capacity and emissions reduction project is the largest project ever undertaken by North East Water and is delivering significant social, economic and environmental benefits alongside critical infrastructure upgrades.

The project is being delivered in line with the Victorian Government's Building Equality Policy, with targets to increase participation by women in the construction workforce. It also includes Major Project Skills Guarantee commitments, creating training and apprenticeship opportunities to build local capability.

Through a dedicated Social Procurement Plan, the project is generating employment and training opportunities for Victorian priority jobseekers and First Nations people. The target of allocating 6% of total project hours to these groups has been exceeded, with participation currently tracking at 9.53% of actual hours.

The project is also delivering strong environmental outcomes. Against a target of diverting 85% of construction waste from landfill, the project has achieved a diversion rate of 99.97%, significantly exceeding expectations and supporting North East Water's commitment to sustainable procurement and resource recovery.

Emergency procurement

North East Water maintains an Emergency Procurement Manual which outlines our obligations when procuring goods under emergency provisions. The corporation is prepared to swiftly and responsibly address any potential emergencies that may arise and adhere to the established procedures and guidelines to safeguard efficient and best practice procurements in such circumstances.

There are also emergency financial delegations to ensure appropriate approvals for emergency procurements. In accordance with North East Water's Emergency Procurement Manual, emergency procurement is activated with the standing up of an Incident Management Team (IMT). Low level emergencies managed within standard operating procedures are not included in this reporting. The table below details emergency procurement spend under an IMT.

Table 33 – Emergency financial delegations 2025-26

Nature of emergency	Date of activation	Summary of goods and services procured under new contracts	Total spend on goods and services in response to the emergency	Number of new contracts awarded valued at $100,000 (incl. GST) or more
Raw water entering clear water storage tank IMT	23-Dec-25	Laboratory testing, tank cleaning, SMS communications and bottled water	$13,969	None
Walwa Fire IMT	1-Jan-26	Emergency communications (Starlink, EPIRB, satellite phones), water filtration units, emergency power sources, fuel, fittings, generator consumables and servicing and contractor support.	$133,187	None
Extreme Heatwave IMT	6-Jan-26	Bushfire survival kits for operational vehicles	$1,467	None

Procurement complaints

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

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

Leadership, diversity and culture



Introduction

North East Water fosters an inclusive and diverse workplace, recognising that our people are central to everything we achieve. A capable, flexible and accountable workforce underpins our ability to deliver on our commitments to customers and communities.

Through the delivery of Strategy 2040, alongside our Gender Equality Action Plan, Belonging Plan, and Health, Safety and Wellbeing Plan, we continue to strengthen our focus on diversity, inclusion and organisational culture across the corporation.

We are committed to developing our people to ensure they have the skills and mindset to succeed. In 2025-26, this commitment was demonstrated through our Emerging Leaders program, a program created for opportunities for cross-collaboration, capability building and continuous improvement for the corporation's future leadership.

Our commitment to culture is further supported through our Ways of Working plans, employee support officers and wellbeing program.

We are guided by our mindsets of accountability, commitment, consistency, cooperation and empathy, which shape our expected behaviours and interactions with each other and the communities we serve.

Our leadership

Introduction

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

Our board comprises nine non-executive directors and one executive director (Managing Director). The non-executive directors are appointed by the Minister for Water and the Managing Director is appointed by the board in accordance with the *Water Act 1989*.

The board is responsible for the overall corporate governance of North East Water, including:

- Setting the strategic direction for the business
- Establishing goals and objectives
- Monitoring performance
- Setting the risk appetite
- Establishing and leading the culture of the organisation.

The board also establishes policies and procedures to ensure we meet our regulatory and legal responsibilities.

In 2025-26, directors oversaw the completion of our 2026-31 price submission. They met with a range of stakeholders including the Essential Services Commissioners (ESC) and attended the ESC's Public Forum for our price submission. Directors also engaged with key stakeholders to explore innovative water security options for the region.

Highlights during the period include:

- Reviewing the corporation's Strategy 2040
- Appointing a new Independent Aboriginal Delegate
- Visting several of the corporation's operational sites and hearing from staff on a range of operational matters as well as informal engagements to recognise achievements
- Connecting culturally with representatives from Yorta Yorta Nations Aboriginal Corporation.
- Meeting with key community leaders and stakeholders to discuss key topics such as price submission, water security and innovation.

Directors

Stephen Brown

Stephen Brown was appointed a director of North East Water in October 2015. He previously served as deputy chair and was appointed chair in October 2023.

Stephen has held senior executive positions in the banking and finance industry with KPMG, ANZ, Bendigo and Adelaide Bank, RSD Chartered Accountants and Rural Finance Corporation. He has held various other governance roles including being a director at Vision Super. Stephen is currently a director at VicWater and Bendigo Stadium Limited, and an independent Audit and Risk Committee member at City of Greater Bendigo, South Gippsland Water and Portable Long Service Authority.

Having completed a Bachelor of Business (Accounting), Stephen is a Chartered Accountant. He is a registered Company Auditor, a Fellow of Chartered Accountants Australia and New Zealand, and a Fellow of the Australian Institute of Company Directors.

Stephen is a member of the board's Audit, Finance and Risk Committee, People, Culture and Safety Committee and the Transformation and Major Projects Committee.

Jennifer Fraser

Jennifer Fraser was appointed a director of North East Water in October 2023.

Jennifer brings to the role significant board, public administration, planning, water and catchments experience. In addition to North East Water, Jennifer is also an independent director of the Gunai Kurnai Traditional Owner Land Management Board.

Past roles include as a commissioner with the Victorian Environmental Water Holder from 2019 until 2023. Jennifer was also a member of the Victorian Marine and Coastal Council, a former director of the East Gippsland Catchment Management Authority and a sessional member of Planning Panels Victoria. She has also consulted for EarthEon Pty Limited on strategic water policy, planning and management issues.

In a voluntary capacity she was a Council Member and then chair of Medley Hall (now Wilam Hall), a residential college at the University of Melbourne, and a director of Westside Circus (now Circus Nexus).

Jennifer is a member of the board's People, Culture and Safety Committee and the Transformation and Major Projects Committee.

Catherine Goss

Catherine Goss was appointed a director of North East Water in October 2025.

Catherine is a Chartered Accountant with over 20 years' experience in practise and the financial services industry, including leadership roles across finance, operations, governance, strategy and project management.

Catherine holds a Bachelor of Commerce from the University of Queensland and is a member of Chartered Accountants in Australia and New Zealand. She is also a member of the Australian Institute of Company Directors and hold a Graduate Diploma of Applied Finance.

Catherine is a member of the board's Audit, Finance and Risk Committee and the Transformation and Major Projects Committee.

Jonathan Green

Jonathan Green was appointed a director of North East Water in October 2021.

Jonathan is a lawyer and company director. He is a director of Realgate Legal, where he advises on commercial transactions, property matters, mergers and acquisitions, development projects and strategic legal issues for businesses and organisations.

Jonathan is the immediate past chair of Albury Wodonga Health, a former chair of Northeast Health Wangaratta, and a former director of Murrumbidgee Local Health District. His board experience includes public-sector governance, major projects, regional service delivery, organisational transformation and significant governance restructures.

Jonathan is a Barrister and Solicitor of the Supreme Court of Victoria. He holds a Bachelor of Laws and Bachelor of Arts and is a Fellow of the Australian Institute of Company Directors.

Jonathan chairs the Board's Transformation and Major Projects Committee and is a member of the Audit, Finance and Risk Committee.

Allison Jenvey

Allison Jenvey was appointed a director of North East Water in October 2025.

She is a retired public practice accountant, having acted for many businesses in the region. Allison also served on the Wodonga Chamber of Commerce Committee for many years, including some time as president, so she has a sound working knowledge of the region's business community.

Allison has a strong governance background, having served on regional boards for many years. She currently chairs the board of BankWAW and is deputy chair of the Northern Victoria Institute of TAFE Board.

She holds a Bachelor of Business (Accounting), is a Fellow of CPA Australia, and is a Graduate of the Australian Institute of Company Directors.

Allison and her husband run a small beef cattle stud near Springhurst.

Allison is a member of the board's People, Culture and Safety Committee and the Transformation and Major Projects Committee.

Leanne Mulcahy

Leanne Mulcahy was appointed a director of North East Water in October 2021.

Leanne has extensive experience in governance, dispute resolution, community engagement and leadership. Prior to her appointment to the board of North East Water, she served as chair of the North East Catchment Management Authority for four years. Her professional background includes local government and the not-for-profit sector, focusing strongly on organisational governance, strategic oversight and stakeholder engagement.

She currently serves on several audit and risk committees and provides interim governance support to organisations. Leanne also practises as a mediator and family dispute resolution practitioner. In 2026, she was awarded a scholarship to complete her accreditation in expert determination.

Leanne holds an MBA, a Master of Laws and is a Graduate of the Australian Institute of Company Directors. She is currently completing her final unit in the Graduate Certificate of ESG Leadership.

She is a member of the Board's Audit, Finance and Risk Committee and the Transformation and Major Projects Committee.

John Murray

John Murray was appointed a director of North East Water in October 2023.

Previously appointed as the Independent Aboriginal Delegate to the North East Water Board in July 2022, John was appointed by the Minister as a director in October 2023.

John is a Yorta Yorta / Duduroa man born and raised on the border. He currently works as the Program Manager, Traditional Owner Agreements for Hume with DEECA. He has extensive experience working with First Nations communities across Victoria, NSW and Queensland with a background in local and state government, education and working with young people.

He is a proud father and cultural man who leads a local Aboriginal dance troupe, holds an Advanced Diploma in Community Service Sector Management, Diploma in Community Service and a Certificate IV in Training and Assessment.

John is a member of the board's People, Culture and Safety Committee and the Transformation and Major Projects Committee.

Victoria Schmidt

Victoria Schmidt was appointed a director of North East Water in October 2019 and was appointed deputy chair in October 2023.

Victoria is a technology and transformation consultant specialising in establishing IT governance frameworks, system implementation projects, change management and culture initiatives, corporate services and customer engagement.

Victoria also serves as a director on the board of TasWater and she has held previous board positions in the banking, public health and early childhood sectors.

Victoria holds a Bachelor of Science in Engineering and a GAICD qualification from the Australian Institute of Company Directors.

Victoria is the chair of the board's Audit, Finance and Risk Committee and a member of the Transformation and Major Projects Committee.

Angela Verde

Angela Verde was appointed a director of North East Water in October 2019.

Angela has extensive executive level leadership experience within state government and the not-for-profit sector and is a former regional director of Regional Development Victoria in the Hume region.

She has worked in clinical, research, management, policy and governance roles and is currently the deputy chair of Albury Wodonga Health. She was also previously a director and deputy chair on Goulburn Ovens TAFE having served on the board from 2016 to 2022.

Angela's board roles have included membership of sub-committees responsible for primary care and population health, audit and risk, remuneration and succession, people and safety, finance, governance and quality.

Angela holds a Bachelor of Applied Science and a Diploma of Business Management and is a Graduate of the Australian Institute of Company Directors (GAICD).

Angela is chair of the board's People, Culture and Safety Committee and a member of the Transformation and Major Projects Committee.

Jo Murdoch

Jo Murdoch joined North East Water as Managing Director in January 2022.

An experienced senior executive, Jo is committed to business transformation, innovation and operational excellence.

Jo is deputy chair of the Ovens Murray Regional Partnership, chair of the VicWater Managing Directors' Forum, a director with Zero Emissions Water Carbon Offsets (ZEWCO) and a member of both the Intelligent Water Network (IWN) executive steering group and the Water Services Association of Australia national Strategy and Policy Committee.

Prior to North East Water, Jo held leadership roles at Barwon Water in Geelong and Yarra City Council in Melbourne. While in Geelong Jo was a member of the Committee for Geelong Board, and deputy chair of the G21 Geelong Region Alliance Health and Wellbeing Pillar. While in Melbourne, Jo served on the Board of LGPro and the Local Government Management Australia.

Jo has post graduate qualifications including an MBA, is an accredited Evolve Communities Ally, and is IAP2 certified. She was also recognised in the Institute of Public Administration Australia's Top 50 Public Sector Women Awards for 2022 for her leadership commitment and contribution during the COVID-19 crisis.

As a North East Water Director, she is also an ex-officio member of the People, Culture and Safety Committee and the Transformation and Major Projects Committee.

Improving participation on boards by First Nations people

Consistent with *Water for Victoria*'s policy of building capacity to increase Aboriginal participation in water management and improving participation by Traditional Owners at board and committee level, North East Water developed the Independent Aboriginal Delegate program to appoint a First Nations' delegate to work alongside the board.

This initiative, pioneered by North East Water and now adopted by many other Victorian water corporations and catchment management authorities, continues to be an important and successful pathway for elevating Aboriginal leadership within the water sector.

The program aims to increase opportunities for Traditional Owners in water governance, strengthen participation in decision making, and build capability for future leadership roles. The delegate position provides valuable experience that can lead to full board directorships within the water sector.

We were proud to see our third Independent Aboriginal Delegate, Shayne Rodgers (Taungurung), appointed to the North Central Catchment Management Authority board in October 2025, and we appointed our fourth delegate, Summer Matthews (Barkindji/Ngiyampaa), for 2026-27.

Board Committees

The board assumes overall responsibility for the corporate governance of North East Water. It monitors the performance of the corporation both directly and through its board committees.

From July 2025 to October 2025, there were four board committees, being:

- Audit and Finance Committee
- Opportunity and Risk Committee (though no meetings were held during this time)
- People and Culture Committee
- Transformation and Major Projects Committee

In late October 2025, the Opportunity and Risk Committee was dissolved, and the members, charters and titles for the following two committees were updated to reflect the absorption of those responsibilities:

- Audit, Finance and Risk Committee
- People, Culture and Safety Committee

The Transformation and Major Projects Committee remained unchanged.

Audit, Finance and Risk Committee

The Audit, Finance and Risk Committee assists the board in fulfilling its corporate governance responsibilities regarding audit, risk and financial reporting and management.

This includes oversight and performance monitoring of the external and internal audit functions, the integrity of financial reporting, and oversight of the strategic direction and policy on financial sustainability and performance management. The committee also monitors the effectiveness of the internal control framework, compliance with applicable laws, regulations, standards and guidelines.

On behalf of the board, this committee also monitors the corporation's Risk Management Framework and Risk Permissions, as well as emerging risks.

Director Victoria Schmidt is the chair of the Audit, Finance and Risk Committee.

People, Culture and Safety Committee

The People, Culture and Safety Committee assists the board in fulfilling its corporate governance responsibilities by monitoring and overseeing various aspects related to people, culture and safety including the corporation's Gender Equality Action Plan, people performance and reporting, and the performance, development, and remuneration of the Managing Director.

Additionally, the committee oversees the customer experience and community engagement performance, First Nations relationships and engagement, stakeholder engagement and partnerships, board performance review, and industry insights related to people and culture.

Director Angela Verde is the chair of the People, Culture and Safety Committee.

Transformation and Major Projects Committee

The Transformation and Major Projects Committee was established in late 2022 to assist the board with fulfilling its corporate governance responsibilities regarding monitoring the performance of the corporation's transformation and major project programs, in particular the development of the price submission's capital program.

The committee has the responsibility of oversight and performance monitoring of the Capital Projects Delivery Plan, oversight of key enterprise programs, including the establishment of the Enterprise Portfolio Management Office, the regional master planning program, the emissions reduction roadmap, and the digital transformation and cybersecurity strategies.

Director Jonathan Green is the chair of the Transformation and Major Projects Committee.

Former Committee

Opportunity and Risk Committee

The Opportunity and Risk Committee assisted the board in exploring opportunities and fulfilling its corporate governance responsibilities of risk.

This included ensuring that North East Water was responsive to current and emerging risks and trends, and oversight and monitoring of the Risk Management Framework and Risk Appetite. The committee was dissolved in October 2025 with the committee's charter absorbed into the Audit, Finance and Risk Committee.

Former Director Rosemary Bissett was the chair of the Opportunity and Risk Committee.

Table 34 – Board members meeting attendance 2025-26

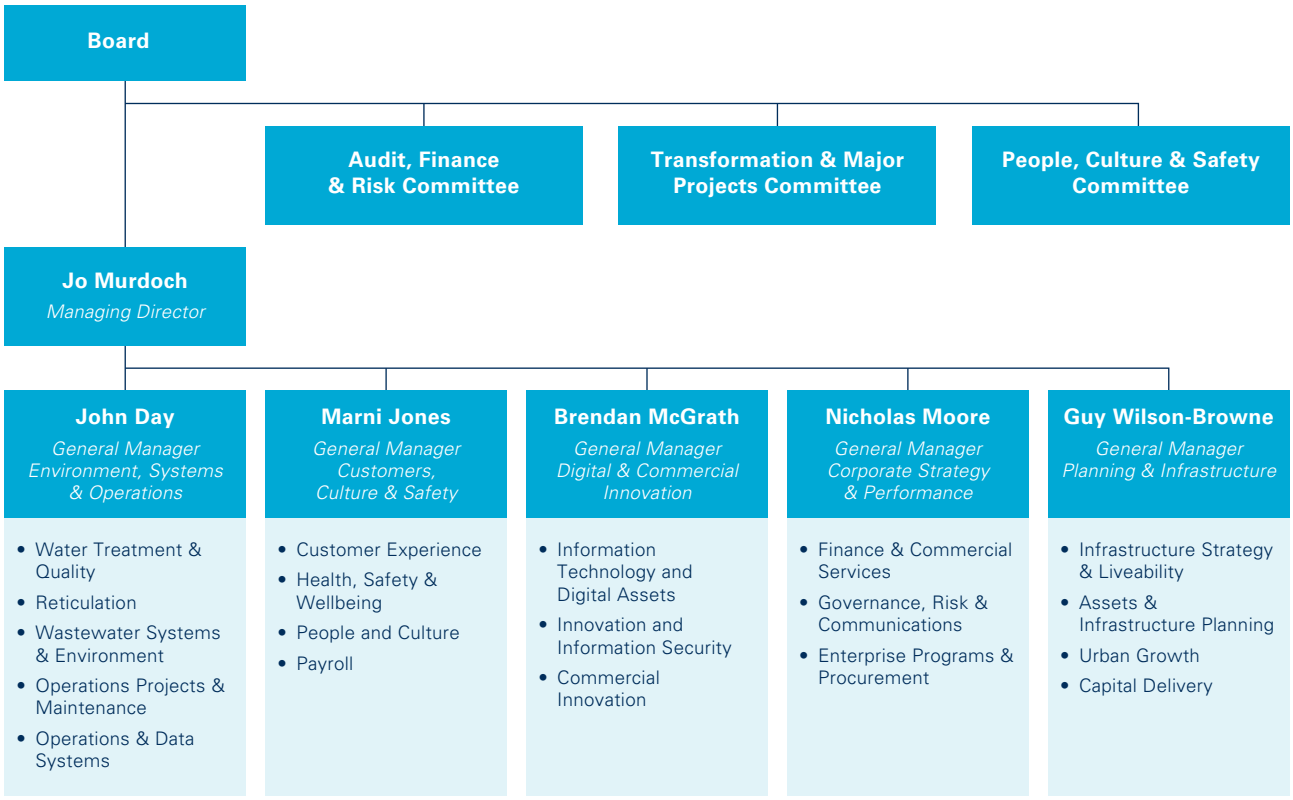
Member name	Board Meetings	Audit and Finance Committee[3]	Audit, Finance and Risk Committee[3]	People & Culture Committee[4]	People, Culture & Safety Committee[4]	Transformation and Major Projects Committee
Rosemary Bissett[1]	2 (of 2)			1 (of 1)		
Stephen Brown	7 (of 7)	1 (of 1)	3 (of 3)	1 (of 1)		3 (of 3)
Jennifer Fraser	7 (of 7)	1 (of 1)			2 (of 2)	3 (of 3)
Catherine Goss[2]	5 (of 5)		3 (of 3)			3 (of 3)
Jonathan Green	7 (of 7)		3 (of 3)	1 (of 1)		3 (of 3)
Allison Jenvey[2]	5 (of 5)				2 (of 2)	3 (of 3)
Leanne Mulcahy	7 (of 7)	1 (of 1)	3 (of 3)			3 (of 3)
John Murray[5]	5 (of 6)			1 (of 1)	1 (of 2)	2 (of 3)
Maria Rigby[1]	2 (of 2)	1 (of 1)				
Victoria Schmidt	7 (of 7)	1 (of 1)	3 (of 3)			3 (of 3)
Angela Verde	6 (of 7)			1 (of 1)	2 (of 2)	2 (of 3)
Jo Murdoch	7 (of 7)			1 (of 1)	2 (of 2)	3 (of 3)
Total number of meetings	**7**	**1**	**3**	**1**	**2**	**3**

Notes:

1. Rosemary Bissett and Maria Rigby ceased being directors 30 September 2025
2. Catherine Goss and Allison Jenvey commenced as directors 1 October 2025
3. Audit and Finance Committee updated membership (and title, to Audit, Finance and Risk Committee) as at 28 October 2025
4. People and Culture Committee updated membership (and title, to People, Culture and Safety Committee) as at 28 October 2025
5. John Murray was granted a leave for absence from 30 March 2026 to 30 April 2026

Organisational chart

Figure 7 – Organisational chart 2025-26



Executive Team

John Day

General Manager
Environment, Systems & Operations

As General Manager Environment, Systems & Operations, John oversees the critical functions of water and wastewater treatment systems (management and delivery), as well the mechanical and electrical planning and delivery teams.

John has more than 25 years of experience in water and wastewater operational and asset management roles, both in the water, pulp and paper, and petrochemical industries.

Additionally, John is a former director of the Water Industry Operators Association and is a member of the Institute of Water Administration, Australian Water Association.

John is the current lead for the VicWater Workforce Readiness project and the lead for Intelligent Water Networks Circular Economy Gas project investigating hydrogen and biomethane processes.

Marni Jones

General Manager
Customers, Culture & Safety

Marni has over 20 years of leadership and human resources experience, with the last 16 years in the government and water sector.

Leading the Customer, Culture and Safety portfolios, Marni manages the teams responsible for customer service including billing, customer insights, hardship and support services, as well as the People, Culture and Safety teams including OHS, return to work, recruitment, employee and industrial relations, learning and development, payroll, and wellbeing.

A major focus for Marni is to ensure that our customers receive caring, effective and efficient services when interacting with North East Water and that our staff work, grow and develop in a safe and supportive workplace culture.

Marni holds tertiary qualifications in Human Resource Management, Training and Development, Management and Leadership and Health Science, is a member of the Australian Human Resources Institute (AHRI) and the Australian Institute of Company Directors (MAICD); and is currently a board director with a local community organisation.

Brendan McGrath

General Manager
Digital & Commercial Innovation

Brendan McGrath leads North East Water's digital transformation and drives the organisation's commercial innovation and revenue creation agenda.

He has over 25 years of Victorian local government and private sector management experience. With post graduate Business Management qualifications and in CEO roles since 2008, initially with Indigo Shire and more recently with Rural City of Wangaratta, Brendan's strengths lie in human and financial resources management and policy, strategy, and business development.

His Bachelor of Applied Science degree, and local government and private sector management experience in community and recreation areas, gives him a strong understanding of the importance of working with people in the communities they live in.

Brendan has served as a non-executive director on the boards for North East Victoria Regional Tourism Board and GOTAFE Wangaratta. He is also the former President and Board Member of Local Government Professionals, the peak body for Local Government professionals in Victoria, and former Board Member of Procurement Australia, a National Procurement aggregation company.

Nicholas Moore

General Manager
Corporate Strategy & Performance

Appointed General Manager Corporate Strategy and Performance in December 2023, Nicholas is a finance and governance professional with extensive experience across both the government and private sector.

Nicholas has a successful track record in developing and implementing efficient and effective business processes and leads teams responsible for regulatory economics and pricing, corporate finance, business performance reporting, strategy, risk and governance, enterprise procurement and communications, as well as oversight of our major industrial customers.

Most recently, Nicholas led our 2026-31 price submission which establishes a strong platform for the next regulatory period to ensure we are balancing customer affordability while delivering on our operational and capital expenditure commitments in a financially responsible manner.

Nicholas holds a Bachelor of Business (Accountancy), is a Certified Practising Accountant (CPA) and a Graduate Member of Australian Institute of Company Directors (GAICD).

Guy Wilson-Browne

General Manager
Planning & Infrastructure

Guy is a leader in public sector strategy, planning, policy and governance with a passion for environmental sustainability and building thriving communities.

Along with his role at North East Water, he is also a member of the VicWater Safety Executive Group.

He is a Fellow of the Australian Institute of Company Directors (FAICD) having been appointed on the basis as a person who has contributed greatly to Australian governance.

Guy has enhanced his public sector experience with non-executive director roles at Westernport Water and the Yarra Energy Foundation.

His qualifications include a degree in Civil Engineering and Graduate Diplomas in Business Administration and Commercial Law.



Diversity and inclusion

Workforce inclusion

North East Water is committed to cultivating a positive workplace culture where safety, inclusion and belonging are prioritised. We invest in leadership development to ensure our leaders have the capability and confidence to champion diversity and foster psychologically safe workplaces.

In 2025-26, North East Water continued its leadership investment through the Emerging Leaders program, building leadership capability and a consistent approach across the organisation. Participants explored mentoring, coaching, trust and psychological safety to support high-performing teams.

As cultural awareness training was delivered in 2024-25, we took the opportunity to review our mindsets of accountability, cooperation, commitment, consistency and empathy. We also conducted multiple cross-business unit workshops supporting the development of our price submission. The corporation also undertook domestic and family violence awareness training and executive-led business updates.

All staff participate in annual professional development reviews through our Career Manager platform and use Ways of Working plans to support work-life balance. These plans focus on six core areas: safety, wellbeing, flexibility, performance, staying connected and caring, ensuring our people feel supported both professionally and personally.

In 2025-26, we held consultation workshops with staff, leaders and the board to inform the Gender Equality Action Plan (GEAP) 2026-29. This plan is shaped by the lived experiences of our people and builds on the progress made through existing initiatives, including the 2022-2025 GEAP, our progressive Reconciliation Action Plans and new Country and Culture Action Plan, Strategy 2040, and the Health and Wellbeing Plan.

The Belonging Plan (2026–2028) was launched at the end of 2025 and was informed by consultation workshops with staff, leaders, the First Nations Reference Group and the board. The plan celebrates the initiatives that progress inclusion at North East Water and captures the feedback and ideas to continue building a culture of belonging for all people.

The Belonging Plan is supported by a range of internal initiatives and inclusion-focused learning modules covering key topics such as First Nations cultures, LGBTIQ+ inclusion, gender equity, and cultural and generational diversity, all helping to build a deeper understanding and appreciation of diversity across our workforce.

This plan, along with the Gender Equality and Country and Culture Action Plans, can be found on our website.

Aboriginal employment

We continue to build pathways for First Nations people to employment at North East Water.

We focus on strategic recruitment campaigns that attract and appeal to a culturally diverse range of applicants, and through advertising on a range of platforms (including Indigenous Employment Australia), we are seeing a higher level of engagement and interaction from First Nations' people with regards to employment opportunities at North East Water.

As of June 30, 2026, 1% of our staff identify as Aboriginal or Torres Strait Islander.

Workforce data

We're committed to attracting and retaining diverse talent through an equitable, inclusive and merit-based recruitment process.

North East Water's executive team is comprised of two women and four men, and our senior leadership team comprises seven women and eight men.

We continued to attract diverse, skilled and high-calibre applicants in 2025-26. This included women appointed to roles across mechanical wastewater treatment operations, infrastructure strategy and planning, and men appointed to customer service and workforce safety.

Table 35 – Workforce analysis disclosures

	June 2026							June 2025						
	All employees		Ongoing			Fixed-term and casual		All employees		Ongoing			Fixed-term and casual	
	Number (Headcount)	FTE	Full time (headcount)	Part time (Headcount)	FTE	Number (headcount)	FTE	Number (Headcount)	FTE	Full time (headcount)	Part time (Headcount)	FTE	Number (headcount)	FTE
Gender														
Women	88	81.67	64	17	75.56	7	6.11	85	79.05	61	17	73.36	7	5.68
Men	136	134.69	127	3	128.69	6	6.00	130	129.10	118	3	120.11	9	9.00
Self-described	0	0.00	0	0	0.00	0	0.00	0	0.00	0	0	0.00	0	0.00
Total	**224**	**216.36**	**191**	**20**	**204.25**	**13**	**12.11**	**215**	**208.15**	**179**	**20**	**193.47**	**16**	**14.68**
Age														
15-24	6	6.00	5	0	5.00	1	1.00	3	3.00	2	0	2.00	1	1.00
25-34	41	39.32	37	4	39.32	0	0.00	43	42.10	38	3	40.10	2	2.00
35-44	71	67.87	63	7	67.23	1	0.64	62	58.45	50	9	56.03	3	2.42
45-54	56	55.03	52	2	53.39	2	1.63	60	58.77	52	4	55.14	4	3.63
55-64	45	43.30	30	6	34.47	9	8.84	41	39.99	33	3	35.36	5	4.63
65+	5	4.84	4	1	4.84	0	0.00	6	5.84	4	1	4.84	1	1.00
Total	**224**	**216.36**	**191**	**20**	**204.25**	**13**	**12.11**	**215**	**208.15**	**179**	**20**	**193.47**	**16**	**14.68**
Classification														
Executives	7	7.00	0	0	0.00	7	7.00	6	6.00	0	0	0.00	6	6.00
Senior Executive Officer	27	26.84	26	0	26.00	1	0.84	26	25.66	23	2	24.66	1	1.00
Enterprise Agreement	190	182.52	165	20	178.25	5	4.27	183	176.49	156	18	168.81	9	7.68
Total	**224**	**216.36**	**191**	**20**	**204.25**	**13**	**12.11**	**215**	**208.15**	**179**	**20**	**193.47**	**16**	**14.68**

Public Sector Values and Employment Principles

North East Water operates under the *Public Administration Act 2004* which includes a set of public sector values and employment principles with which all public sector entities must comply.

We promote these values and principles in the workplace through a range of policies, procedures and statements adopted by the corporation.

For more information on the Code of Conduct, visit the Victorian Public Sector Commission website: vpsc.vic.gov.au/resources/codes-of-conduct/.

In addition, North East Water is committed to complying with the following:

- *Victorian Equal Opportunity Act 2010*
- *Commonwealth Sex Discrimination Act 1984*
- *Commonwealth Disability Discrimination Act 1992*
- *Commonwealth Racial Discrimination Act 1975*
- *Commonwealth Human Rights and Equal Opportunity Commission Act 1986*
- *Commonwealth Affirmative Action (Equal Employment Opportunity for Women) Act 1986*
- *Victorian Racial and Religious Tolerance Act 2001*
- *Gender Equality Act 2020.*

We regularly conduct equal opportunity, supervisor and management training to support the rights and obligations of employees and ensure compliance with legislative requirements and internal North East Water standards.

Health, safety and wellbeing

At North East Water, the health, safety and wellbeing of all employees, contractors and members of the public remains our highest priority. We are committed to providing a safe and healthy working environment and to fostering a positive safety culture where everyone takes responsibility for identifying hazards, managing risks and supporting the wellbeing of others.

To further this goal in 2025-26, we:

- Strengthened ownership of health, safety and wellbeing through designated workgroups represented by elected health and safety representatives and employee support officers
- Established and embedded a dedicated Capital Delivery Safety Partner role to provide specialist health and safety support across the capital works program
- Enhanced safety controls for high-risk work activities by investing in improved tools, equipment and training programs, providing employees with additional safeguards and interventions when undertaking activities associated with risk of fatality or serious injury
- Utilised internal and external specialists to advise on safety design during the concept and planning stages of projects
- Leveraged the Health and Safety Committees to continually drive health and safety initiatives
- Conducted risk assessments, including job safety analysis and hazard identification for routine, non-routine and future works
- Worked alongside the Wellbeing Committee and employee support officers to deliver programs and resources to support psychological health and organisational wellbeing
- Continued to build organisational capability and maturity in health, safety and wellbeing through leadership accountability, proactive risk management and a focus on continual improvement.

Capital Delivery Safety Partner

As North East Water's capital delivery program continues to grow, the organisation has recognised the need for dedicated health and safety expertise to support the planning, design, construction and commissioning of major projects. In response, a specialist Capital Delivery Safety Partner role was established to provide focused safety leadership, guidance and assurance across the portfolio.

Working closely with project managers, contractors and operational teams, the Capital Delivery Safety Partner strengthens contractor safety management, embeds safety-in-design principles, improves critical risk management and helps ensure health and safety requirements are consistently applied throughout the project lifecycle.

Through site engagement, risk reviews, critical control verification and collaboration with delivery partners, the role provides assurance that high-risk activities are effectively planned, monitored and controlled by principal contractors delivering works on behalf of North East Water.

Family and domestic violence training

During 2025-26, all employees completed family and domestic violence awareness training to strengthen our ability to support employees and customers. The training increased awareness of the impacts of violence, helped staff recognise potential indicators, and built confidence in responding safely, sensitively and appropriately.

The initiative also delivered a family and domestic violence toolkit and conversation guide, providing practical resources, referral pathways and guidance for employees and managers. Together, these resources support a consistent, compassionate and informed response across the organisation.

Recognising that family and domestic violence can affect both employees and customers, North East Water also applied a safety-by-design lens to process improvements and service delivery. This approach helps identify and mitigate risks, while supporting privacy, security and access to services for vulnerable customers.

These initiatives reinforce North East Water's commitment to providing a safe, respectful and inclusive environment for our employees, customers and communities.

Corporate health and safety objectives and targets

Our health and safety objectives and targets are set every year and endorsed by the North East Water Board.

The objectives and targets are developed through a consultative process that includes management and the Health, Safety and Wellbeing Committees. The process also determines the measures and metrics to improve our occupational health and safety performance.

Objectives and targets in 2025-26 were developed giving consideration, but not limited, to:

- Improving safety leadership and capabilities
- Enhancing risk awareness and ownership
- Continuous safety system improvements

The objectives and targets were tracked throughout the year with quarterly reporting to the board, management and Health and Safety Committees, and are shown in Table 36.

Table 36 – Corporate health and safety objectives and targets 2025-26

Risk Area / element	Objective	Status	Comments
Enact the Strategic Plan	Continued implementation and improvement of OHS Management System	Ongoing	The corporation continued to maintain and implement an OHS Management System which is externally certified against ISO 45001.
Improve safety leadership and culture	Senior leaders and executive regularly informed of changes impacting health, safety and wellbeing	Completed	The corporation utilised safety alerts as a means of communicating changes on matters impacting health, safety and wellbeing. OHS is a standard agenda item on all meetings of board, executive and senior management and management undertake an annual review of the OHS management system.
	Increase staff's OHS knowledge and awareness	Ongoing	The corporation continued to utilise site visits, banter boards, noticeboards, newsletters and safety alerts to further promote awareness of OHS activities. Safety obligations training delivered to executive and senior management in 2026, with further training in progress for all staff.
System Innovation and Growth	Enhance third party and contractor management	Ongoing	Through consultation between the Planning & Infrastructure, Procurement and People & Culture teams, a review of contractor management tools commenced to enhance and steamline the management of risks associated with third parties. The corporation recruited and embedded a Capital Delivery Safety Partner role to strengthen our management of contractor safety.
	Explore ways to increase the use of digital platforms to enhance the corporation's health, safety and wellbeing	Ongoing	The corporation continued it's transition from paper-based processes to electronic platforms and commenced exploring opportunities to further digitise OHS processes.
Support Wellbeing	Develop and implement a wellbeing plan for staff which focuses on the five pillars of health - physical activity, mental health and wellbeing, healthy eating, alcohol and other drug use, and smoking.	Ongoing	The corporation's Wellbeing and Injury Management Advisor continues to implement our five-year Health and Wellbeing Plan across the business.

Safety incidents

North East Water is committed to maintaining an open and transparent reporting environment.

Reporting is actively encouraged for all incidents, including high potential incidents and close calls. Debriefs of incidents are carried out to determine the root cause and contributing factors in order to develop control measures to eliminate identified hazards. Where hazards are identified, elimination is the priority. If elimination is not feasible, measures are introduced to reduce the risk to as low as reasonably practicable.

One new lost time injury occurred during 2025-26.

The organisation continues to focus on embedding a reporting culture and proactive early intervention for musculoskeletal injuries. This has resulted in an increased number of incidents per 100 full time equivalent employees.

Table 37 – Lost time injury frequency rate

Risk Area / element	FTE	No. of LTI's	LTI/100 FTE	No. of Incidents	Incident per 100 FTE
2023-24	208.01	1	0.48	13	6.24
2024-25	208.15	2	0.96	14	6.73
2025-26	216.36	2	0.92	32	14.79

The average claims cost has decreased over the reporting period due to the closure of a long-term claim.

Table 38 – Average cost per claim

Year	Average cost per claim
2023-24	$174,172
2024-25	$167,327
2025-26	$130,150

Section 3

Corporate Governance





Good governance is fundamental to delivering transparent, accountable, and effective decision-making. North East Water's Risk Management Framework and Governance Framework, reviewed annually, provide a strong foundation for managing risk, ensuring compliance, and promoting ethical conduct across the organisation.

These frameworks support informed decision-making, innovation, and organisational resilience, enabling us to respond to emerging challenges such as climate change, population growth, and technological change. Strong governance helps ensure we continue to deliver safe, reliable, and sustainable water services while protecting environmental and public health.

Freedom of Information

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

An applicant has a right to apply for access to documents held by North East Water. This comprises documents both created by North East Water or supplied to North East Water by an external organisation or individual, and may also include maps, films, microfiche, photographs, computer printouts, computer discs, tape recordings and videotapes. Information about the type of material produced by North East Water is available on North East Water's website under Part II of its Information Statement.

The Act allows North East 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 North East Water in-confidence.

The Act was amended on 1 September 2017 to reduce the Freedom of Information (FOI) processing time for requests received from 45 to 30 days. However, when external consultation is required under ss29, 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 North East Water, under section 49A of the Act, they have the right to seek a review by the Office of the Victorian Information Commissioner (OVIC) within 28 days of receiving a decision letter.

Making a request

FOI requests can be lodged online at https://ovic.vic.gov.au. An application fee of $33.60 applies. Access charges may also be payable if the document pool is large, and the search for material time consuming.

Access to documents can also be obtained through a written request to North East Water's Freedom of Information team, as detailed in s17 of the *Freedom of Information Act 1982*.

When making an FOI request, applicants should ensure requests are in writing and clearly identify what types of material/documents are being sought.

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

Freedom of Information Officer
North East Water
PO Box 863 Wodonga, VIC 3690

FOI statistics/timeliness

During 2025-26, North East Water received two applications. Of these requests:

- Two requests were from the general public
- North East Water made two FOI decisions during the 12 months ended 30 June 2026
- No requests were referred to another agency
- All decisions were made within a 30 to 45 day time period
- The average time taken to finalise requests in 2025-26 was nine days.

Further information

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

Public Interest disclosures

Compliance with the *Public Interest Disclosures Act 2012*

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

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

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 or safety or the environment, or corruption.

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

How do I make a public interest disclosure?

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

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

North East Water has established procedures for the protection of persons from detrimental action in reprisal for making a public interest disclosure about North East Water, its board members, officers or employees. You can access North East Water's procedures on its website at newater.com.au.

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

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

Mail: IBAC, GPO Box 24234, Melbourne Victoria 3001
Internet: www.ibac.vic.gov.au
Phone: 1300 735 135

Email: see the website above for the secure email disclosure process, which also provides for anonymous disclosures.

Privacy and Data Protection Act 2014

The corporation's privacy statement, displayed on our website, is consistent with the requirements of the *Privacy and Data Protection Act 2014*. Staff receive training on privacy and its implications when they commence employment at North East Water and annually throughout the course of their employment.

Competitive Neutrality Policy

Competitive neutrality seeks to enable fair competition between government and private sector businesses. Any advantages or disadvantages that government businesses may experience, simply because of government ownership, should be neutralised.

North East Water continues to comply with the requirement of the Competitive Neutrality Policy.

Government advertising expenditure

North East Water did not reach the threshold of $100,000 on government advertising expenditure during 2025-26.

Table 39 – Reviews and studies 2025-26

Name of the review (portfolio(s) and output(s)/ agency responsible)	Reasons for review/study	Terms of reference/ scope	Anticipated outcomes	Estimated cost for the year (excl. GST)	Final cost if completed (excl. GST)	Publicly available (Y/N) and URL
PFAS Response Framework	Developing a framework to establish clear response pathways to proactively manage PFAS risks and protect public health.	Define triggers for responding to PFAS detections and identify potential additional risk-based sampling.	Clear pathways for responding to potential PFAS detections and additional sampling framework.	$93,170	$93,170	N
Customer Experience Strategy design	Development of Customer Experince Strategy	Develop guiding principles to help guide decision-making and service design	Continuous improvement and customer-focused behaviours across North East Water.	$83,314	$83,314	N
Asset Information Strategy	An asset information strategy is a key governance document which helps a business define a pathway towards becoming a data driven organisation.	Current state analysis and development of an updated Asset Information Strategy.	Uplift in governance and business processes and systems that will improve the reliability in and use of data.	$116,510	$116,510	N
Biochar business case development	Development of biochar product from waste stream. Understand potential capital investment and product market.	Assess technology and market to identify revenue opportunity from premium biochar production.	Identify potential revenue opportunities and size of current market for biochar product.	$168,782	$168,782	N
Circular economy roadmap consulting	Development of a circular economy roadmap.	Development of a circular economy roadmap to progress activities aligned with Strategy 2040.	Clear opportunities and coordination of increasing circular economy activities across the business.	$36,330	$36,330	N
New customer contributions capital expenditure review	Review of incremental forecast capital expenditure included in the new customer contributions model.	Review of business cases and master plans to estimate likely project costs with and without growth.	Acceptance of incremental growth capital to derive new customer contributions.	$31,176	$31,176	N
PS5 Capex review	Review of draft capital expenditure forecasts to help ensure documentation met the ESC's guidance requirements for price submission.	An assessment of NEW's approach to capital prioritisation and supporting documentation for the major projects.	Acceptance of the capital expenditure program by the ESC for the period 2026-31.	$33,163	$33,163	N

Name of the review (portfolio(s) and output(s)/ agency responsible)	Reasons for review/study	Terms of reference/ scope	Anticipated outcomes	Estimated cost for the year (excl. GST)	Final cost if completed (excl. GST)	Publicly available (Y/N) and URL
Project management capability uplift roadmap	Review of the most effective project management structure, digital tools and processes to meet business needs.	Development of a project management uplift roadmap.	Maximising efficiency and effectiveness of project management.	$43,138	$57,000	N
Benalla Goulburn Valley pipeline	To undertake initial high-level assessment on a potential future pipeline from the Goulburn River to Benalla.	Develop a robust methodology to determine the required peak transfer capacity from the Goulburn Valley Water system to Benalla.	Determine the volume of water required to be transferred and identify a preferred alignment, cost and sizing of required infrastructure.	$57,256	$57,256	N
Raw water source assessment consultancy	To undertake targeted water resource planning work to inform source water resource modelling.	Calibrating the demand model for each of our reticulation systems.	Report of the updated water resource options assessments for six priority towns.	$42,755	$71,409	N
IWM development planning system review	Identifying IWM planning for development opportunities and challenges at a regional scale.	DEECA grant to investigate how to improve the IWM development planning process, including statutory and strategic planning.	Identification of opportunities and challenges of IWM in development .	$42,500	$42,500	N

Government advertising expenditure

North East Water did not reach the threshold of $100,000 on government advertising expenditure during 2025-26.

Consultancies (under $10,000)

In 2025-26, there were 21 consultancies where the total fees payable to consultants were less than $10,000. The total expenditure incurred during 2025-26 in relation to these consultancies was $0.1 million (excluding GST).

Consultancies (over $10,000)

In 2025-26, there were 23 consultancies where the total fees payable to the consultant were $10,000 or greater. The total expenditure incurred during 2025-26 in relation to these consultancies is $1.5 million (excluding GST).

Details of these consultancies are outlined on the website newater.com.au.

ICT expenditure

For the 2025-26 reporting period, North East Water had a total ICT expenditure of $7.31 million with details outlined in Table 40.

Subsequent events

The corporation is not aware of any events that have occurred after the balance date which materially affect the financial position disclosed as at 30 June 2026.

Table 40 – Information communication and technology (ICT) expenditure

	Item	Business As Usual (BAU) Total ($) 'mill	Non-Business As Usual (non-BAU) Total ($) 'mill = Operational Expenditure + Capital Expenditure"	Operational Expenditure ($) 'mill	Capital Expenditure ($) 'mill
OPEX	Employee Expenses	2.53	-	-	-
	Consultancy	-	0.05	0.05	-
	Communications	0.24	-	-	-
	Software Licences	3.19	-	-	-
	Depreciation/ Amortisation	0.41	-	-	-
	Other	0.93	-	-	-
CAPEX	All CAPEX		0.50	-	0.50
Total		**7.31**	**0.55**	**0.05**	**0.50**

Availability of other information

The following information (to the extent applicable) is available or available in part on request, subject to the *Freedom of Information Act 1982*:

- Statement that declarations of pecuniary interests have been duly completed by all relevant officers
- Details of shares held by a senior officer as nominee, or held beneficially in a statutory authority or subsidiary[1]
- Details of publications produced by the corporation
- Details of changes in prices, fees, charges, rates and levies charged by the corporation
- Details of any major external reviews carried out on the corporation
- Major research and development activities undertaken by the corporation
- Overseas visits undertaken, including a summary of the objectives and outcomes of each visit [2]
- Details of major promotional, public relations and marketing activities undertaken by the Corporation to develop community awareness of the entity and its services
- Details of assessments and measures undertaken to improve the occupational health and safety of employees
- A general statement on industrial relations within the agency, and details of time lost through industrial accidents and disputes
- A list of major committees; the purposes of each committee; and the extent to which the purposes have been achieved, and
- Details of all consultancies and contractors including consultants/contractors engaged; services provided; and expenditure committed to for each engagement.

The information is available on request from:

Nicholas Moore
General Manager Corporate Strategy and Performance
North East Water Phone: 1300 361 622
Email: info@newater.com.au

Information that is not applicable to North East Water:

[1] No shares have ever been issued at North East Water

[2] No board members or senior executives took overseas work-related trips

Further information

Further information on North East Water's economic, social and environmental performance are available from the following current and/or earlier documents:

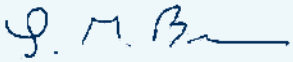
- Annual Reports
- Corporate Plans, including the corporation's Strategic Intent and Urban Water Strategy
- Price Submissions to the Essential Services Commission (ESC)
- Wastewater treatment plant performance reports
- Drinking water quality performance reports
- Customer Report Cards and Performance Reports.

These reports can be accessed on the corporation's website (newater.com.au) or hard copies are available on request.

Information relevant to Financial Reporting Direction 22H of the *Financial Management Act 1994* is available on request from North East Water located at 83 Thomas Mitchell Drive, Wodonga, or by calling 1300 361 622. This information is subject to the *Freedom of Information Act 1982*.

Financial Management Compliance Attestation

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



Stephen Brown
Chair

25 August 2026

Section 4

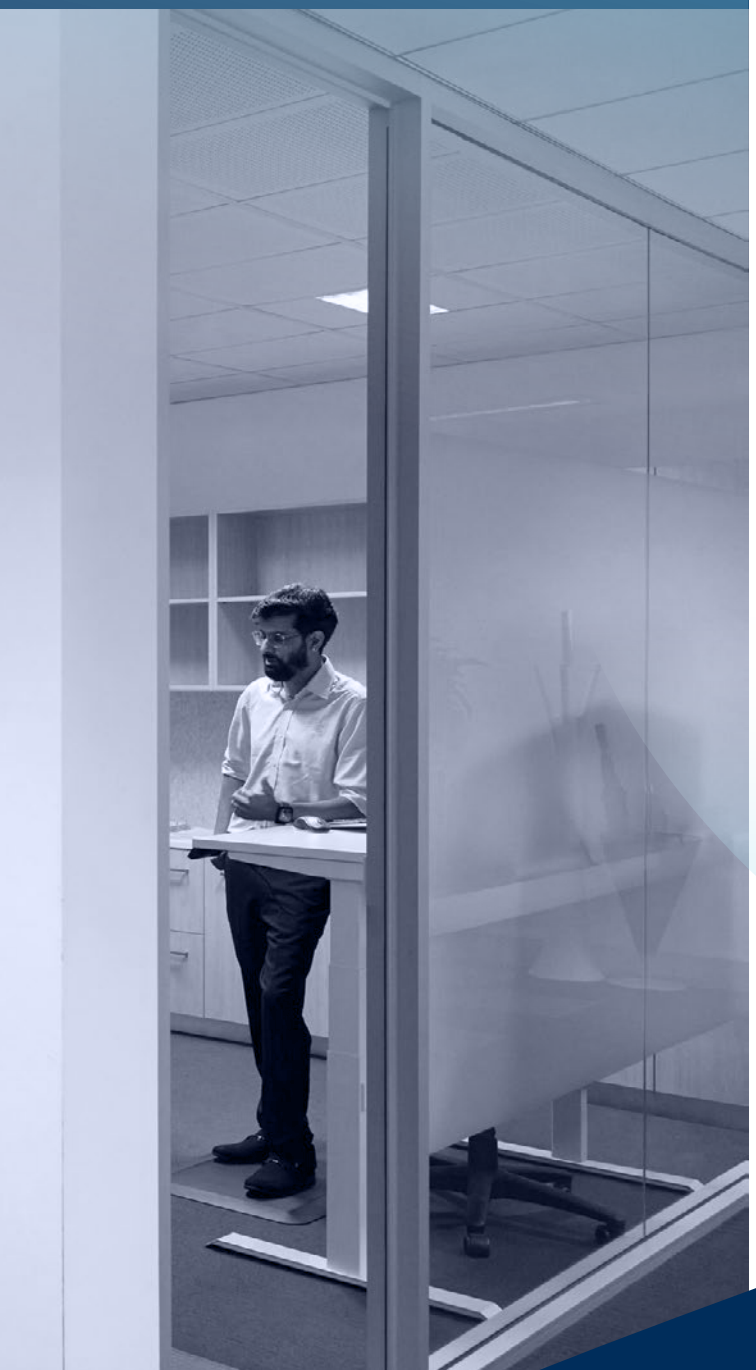
Performance Report



Introduction

Our Performance Report is prepared pursuant to section 51 of the *Financial Management Act 1994* under the direction from our Minister for Water, the Hon. Harriet Shing MP.

As part of the report of operations, the Performance Report details actual results achieved compared with targets for specified performance indicators and prior year results. Where there is a significant variation between a corporate plan target, the prior year and the actual performance, a variation explanation stating the reasons for the difference is included.



Financial Performance

KPI Number	Indicator	2024-25 Result	2025-26 Result	2025-26 Target	Variance to prior year	Notes	Variance to target	Notes
Financial Performance Indicators								
F1	**Cash interest cover (times)** Net operating cash flows before net interest and tax/net interest payments	3.96	3.09	2.71	-22.0%	1	14.0%	1
F2	**Gearing ratio** Total debt (including finance leases)/total assets x 100	12.49%	10.13%	18.89%	-18.9%	2	-46.40%	2
F3	**Internal financing ratio** Net operating cash flow less dividends/net capital expenditure x 100	30.03%	26.82%	15.48%	-10.7%	-	73.3%	3
F4	**Current ratio** Current assets/current liabilities (excluding long-term employee provisions and revenue in advance)	35.60%	52.41%	60.96%	47.2%	4	-14.0%	4
F5	**Return on assets** Earnings before net interest and tax/average assets x 100	0.72%	1.06%	0.04%	47.2%	5	2,550.0%	5
F6	**Return on equity** Net profit after tax/average total equity x 100	0.27%	1.24%	-0.65%	359.3%	6	290.8%	6
F7	**EBITDA margin** Earnings before interest, tax, depreciation and amortisation/ total revenue x 100	35.52%	40.94%	33.15%	15.3%	7	23.5%	7

Indicator Notes

To simplify reporting all indicators relating to Performance Reporting now sit under the Minister's Letter of Expectations (LOE) 7 Performance and Financial Sustainability. Where possible Essential Services Commission (ESC) and Department of Treasury and Finance indicators and definitions have been used to reduce duplication. A number of existing indicators have also had definitions amended to bring in line with ESC definitions.

The following notes provide explanations for significant variations from target. For financial performance indicators, a significant variation is defined in accordance with Letter of Expectation (LoE) 7 – Performance and Financial Management. For financial indicators a significant variation is ten percent. For operational performance indicators, a significant variation is one where the actual result varies from the corporate plan target by more than five percent.

- A red variance indicates a negative result for North East Water
- A green variance indicates a positive result for North East Water

Financial Performance Indicators

Note 1 – Cash interest cover

The cash interest cover ratio of 3.09 was lower than the prior year, reflecting increased interest payments during the period, but remained above the target level. Cash generated from operations remained consistent with the prior year at $22 million and exceeded the target of $16.5 million.

The favourable operating cash flow result relative to budget was primarily driven by higher than forecast water sales, which generated an additional $3.8 million in cash inflows. This increase was largely attributable to warmer and drier summer and autumn conditions, resulting in higher customer water consumption. While net interest payments increased compared to the prior year, they were in line with budget expectations.

Note 2 – Gearing ratio

The gearing ratio is favourable compared to prior year and target, due to the increase in total assets as a result of our infrastructure and land and buildings assets revaluation, which increased the fair value of total assets by $761 million. New borrowings increased by $56.25 million in 2025-26 compared to budget of $81 million. The favourable reduction in required borrowings compared to target was driven by a reduced capital expenditure program than originally forecast, and additional revenue generated through water sales of $3.8 million.

Note 3 – Internal financing ratio

The internal financing ratio has decreased compared to the prior year but is favourable compared to target. While the cashflows from operations were largely in line with the prior year, it did favourably increase compared to target. Net capital expenditure increased compared to the prior year, reducing the internal financing ratio. Refer to note 1 for details regarding the favourable increase to cashflows from operations.

Note 4 – Current ratio

The current ratio has improved compared to the prior year however remains unfavourable to target. Current liabilities remain higher than target, attributed to short term borrowings of $28.25 million at 30 June 2026 compared to target of $18.50 million. Our borrowings maturity profile was compliant with the Treasury Management Policy's debt portfolio guidelines at 30 June 2026.

Note 5 – Return on assets

The return on assets ratio is favourable to both prior year and target. This is attributed to a favourable operating surplus before interest and tax compared to the prior year and a target operating loss. This favourable operating result is attributed to an increase in water sales of $3.8 million compared to the budget as described in note 1 above and higher than budgeted developer contributions. Average total assets have also favourably increased on the prior year and target, attributed to the asset revaluation increment of $761 million, the large capital expenditure program undertaken during 2025-26 and an increase in non-cash developer contributions.

Note 6 – Return on equity

The return on equity ratio is favourable compared to both prior year and target. This is attributed to a favourable operating result after tax compared to the prior year and a target operating loss after tax of $4.9 million. This favourable operating result is largely attributed to a one-off tax adjustment for prior year gifted assets, resulting in a deferred income tax benefit of $4.2 million. Additionally, an increase in water sales of $3.8 million compared to target as described in note 1 above and higher than budgeted developer contributions for both prior year and target contributed to the favourable operating result. Average total equity favourably increased during the year as a result of the asset revaluation increment of $761 million, less tax effect of $228 million.

Note 7 – EBITDA margin

The EBITDA margin is favourable compared to prior year and to target due to an increase in the total revenue base. This is largely attributed to an increase in water sales of $3.8 million compared to budget and the prior year and developer contributions of $8.9 million above budget.

Operational Performance

KPI Number	Key Performance Indicator	2024-25 Result	2025-26 Result	2025-26 Target	Variance to prior year	Notes	Variance to target	Notes
Water and Sewerage Network Reliability								
WS1	**Water service – minutes off supply (planned and unplanned)** How many minutes on average a customer was without water supply during a year	134	89	195	-33.6%	8	-54.4%	8
WS2	**Unplanned water supply interruptions** Percentage of customers receiving 2 or more unplanned interruptions in the year	2.00%	1.67%	0.60%	-16.5%	9	178.3%	9
SS1	**Sewerage service – sewer blockages** Number of sewer blockages reported per 100 kilometres of sewer main	10.8	11.4	9.8	5.6%	10	16.3%	10
SS2	**Sewerage service – sewer spills** Number of sewer spills reported per 100 kilometres of sewer main	5.5	4.7	4.6	-14.5%	11	2.2%	-
SS3	**Containment of sewer spills** Sewer spills from reticulation and branch sewers contained within 5 hours/total sewer spills from reticulation and branch sewers x 100	94.6%	95.3%	100%	0.7%	-	-4.7%	-

Note 8 – Water service – minutes off supply (planned and unplanned)

The average minutes off supply for planned and unplanned interruptions has favourably reduced to 89 in 2025-26 compared to 134 in the prior year and target of 195. While total number of interruptions is largely consistent with the prior year at 445 (2025: 484), the total minutes off supply has considerably reduced to 39,505 (2025: 64,642). Two bursts on a raw water supply main during 2024-25 were isolated for a combined total of 22,826 minutes while repairs were undertaken. As this was a raw water main, minimal customers were impacted. Continued improvement and investment in water main renewals and maintenance equipment has assisted in the reduction in interruption times to customers during the current period.

Note 9 - Unplanned water supply interruptions

The percentage of customers receiving 2 or more unplanned interruptions has improved compared to the prior year, however remained unfavourable compared to target. A total of 965 customers experienced two interruptions during the year, compared to the target equivalent 333 customers. A large portion of these interruptions are attributed to two main breaks in Mt Beauty where 430 customers were impacted due to the location of the breaks and valves in the network. As a response, a pressure reducing valve is being installed to reduce the number of customers impacted to two, if future breaks occur. North East Water continues to invest in water main renewals to reduce the impact of interruptions on customers.

Note 10 – Sewerage service – sewer blockages

The number of sewer blockages per 100 km is unfavourable compared to the prior year and to target. The number of sewer blockages increase from 145 in 2024-25 to 154 in 2025-26. The target is based on 134 blockages per 100 km of sewer main. The unfavourable increase can be attributed to drier than average weather patterns across the summer period after three years of wetter than average patterns prior to 2023-24. As subsurface ground dries out during the warmer months, blockages tend to increase due to tree root intrusion. North East Water continues to invest in sewer maintenance activities and sewer main renewals through the capital program.

Note 11 – Sewerage service – sewer spills

Sewer spill performance, measured as spills per 100km of sewer main is favourable relative to the prior year and is in line with target. The number of sewer spills from the reticulation network decreased from 74 in 2024-25 to 64 in 2025-26. The corporation continues to invest in CCTV and preventative maintenance in high risk areas to reduce the occurrence and impact of sewer spills to our customers.

Water reuse

KPI Number	Key Performance Indicator	2024-25 Result	2025-26 Result	2025-26 Target	Variance to prior year	Notes	Variance to target	Notes
Water Reuse								
E1	**Recycled water - effluent treatment and reuse** Proportion of water recycled as a percentage of the volume of effluent produced	32.5%	30.5%	20.9%	-6.2%	12	45.9%	12

Note 12 – Recycled water – effluent treatment and reuse

Wastewater reuse was favourable compared to target, however slightly unfavourable compared to the prior year. While total wastewater volumes treated were similar to the prior year, there was a 6% decrease in the volume of recycled wastewater produced, unfavourably decreasing the percentage of effluent reused. Warmer summers over the past two years have contributed to the favourable irrigating conditions, resulting in higher than average recycled water use compared to the target based on a five year average.

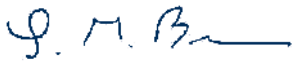
North East Water

Certification of Performance Report for 2025-26

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

The Performance Report outlines the relevant performance indicators for the financial year as determined by the responsible Minister and as set out in the 2025-26 Corporate Plan, the actual and comparative results achieved for the financial year against predetermined performance targets and these indicators, and an explanation of any significant variance between the actual results and performance targets and/or between the actual results in the current year and the previous year.

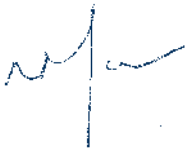
As at the date of signing, we are not aware of any circumstances which would render any particulars in the Performance Report to be misleading or inaccurate.



Stephen Brown
Chair
North East Water



Jo Murdoch
Managing Director
North East Water



Nicholas Moore
Chief Financial Officer
North East Water

16 September 2026

Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of North East Water

Opinion	I have audited the performance report of North East Water (the corporation) for the year ended 30 June 2026, which comprises the: • financial performance indicators • operational performance indicators • 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 the performance report that is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the performance report

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

Timothy Maxfield
as delegate for the Auditor-General of Victoria

Section 5

Financial Statements

Bright Water Treatment Plant





North East Water Financial Statements

30 June 2026

North East Water (the corporation) is pleased to present its audited general-purpose financial statements for the financial year ended 30 June 2026. It is presented in the following structure:

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Declaration in the Financial Statements

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

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

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

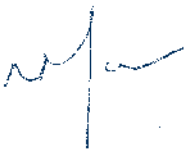
We authorise the attached financial statements for issue on 16 September 2026.



Stephen Brown
Chair
North East Water



Jo Murdoch
Managing Director
North East Water



Nicholas Moore
Chief Financial Officer
North East Water

16 September 2026

Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of North East Water

Opinion

I have audited the financial report of North East Water (the corporation) which comprises the:

- balance sheet as at 30 June 2026
- comprehensive operating statement for the year then ended
- statement of changes in equity for the year then ended
- cashflow 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 financial report presents fairly, in all material respects, the financial position of the corporation as at 30 June 2026 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and Australian Accounting Standards - Simplified Disclosures.

Basis for opinion

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

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

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

Board's responsibilities for the financial report

The Board is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Simplified Disclosures and the *Financial Management Act 1994,* and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board is responsible for assessing the corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

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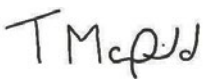
Auditor's responsibilities for the audit of the financial report

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

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

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

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



MELBOURNE
21 September 2026

Timothy Maxfield
as delegate for the Auditor-General of Victoria

Comprehensive operating statement for the financial year ended 30 June 2026

	Notes	2026 $'000	2025 $'000
Revenue and income from transactions			
Revenue from contracts with customers	2.1	107,388	99,018
Government grants and contributions	2.2	878	1,398
Total revenue and income from transactions		**108,266**	**100,416**
Expenses from transactions			
Depreciation	4.1.2 , 6.2.3	27,730	27,123
Amortisation	4.2	412	654
Employee benefits	3.1.1	28,960	27,450
Repairs and maintenance	3.3	4,765	5,426
Environmental contribution		3,191	3,191
Direct operational expenses	3.2	13,740	14,593
Other operating expenses	3.4	12,760	13,455
Total expenses from transactions		**91,558**	**91,892**
Finance income		71	55
Finance expense		(8,669)	(5,764)
Net finance costs	3.5	**(8,598)**	**(5,709)**
Net result from transactions (net operating balance)		**8,110**	**2,815**
Other economic flows included in net result			
Net gain on non-financial assets	9.1	402	144
Other gains/(losses) from economic flows	9.1	103	10
Total other economic flow included in net result		**505**	**154**
Net result before income tax		**8,615**	**2,969**
Income tax benefit/(expense)	8.1	4,238	(894)
Net result for the period		**12,853**	**2,075**
Other comprehensive income			
Items that will not be reclassified to net result			
Changes in physical asset revaluation surplus		760,094	(433)
Deferred income tax relating to these items		(228,028)	130
Other comprehensive income/(loss) for the period, net of tax		**532,066**	**(303)**
Total comprehensive result for the year		**544,919**	**1,772**

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

Balance sheet as at 30 June 2026

	Notes	2026 $'000	2025 $'000
ASSETS			
Current assets			
Cash	6.3	748	399
Receivables	5.1	23,420	23,687
Biological assets	5.2	1,510	1,398
Other non-financial assets	5.4	840	782
Total current assets		**26,518**	**26,266**
Non-current assets			
Receivables	5.1	72	82
Other non-financial assets	5.4	76	76
Infrastructure, property, plant and equipment	4.1	1,902,231	1,085,715
Intangible assets	4.2	11,308	10,582
Right-of-use assets	6.2.2	1,912	1,850
Total non-current assets		**1,915,599**	**1,098,305**
TOTAL ASSETS		**1,942,117**	**1,124,571**
LIABILITIES			
Current liabilities			
Trade and other payables	5.3	20,745	28,595
Interest bearing liabilities	6.1	28,250	44,000
Lease liabilities	6.1	250	278
Employee benefits provision	3.1.2	6,084	5,904
Total current liabilities		**55,329**	**78,777**
Non-current liabilities			
Trade and other payables	5.3	937	711
Interest bearing liabilities	6.1	166,250	94,250
Lease liabilities	6.1	2,022	1,937
Employee benefits provision	3.1.2	562	470
Net deferred tax liabilities	8.2	407,779	183,989
Total non-current liabilities		**577,550**	**281,357**
TOTAL LIABILITIES		**632,879**	**360,134**
NET ASSETS		**1,309,238**	**764,437**
EQUITY			
Contributed capital		265,139	265,257
Physical asset revaluation reserve		896,255	364,189
Accumulated surplus		147,844	134,991
TOTAL EQUITY		**1,309,238**	**764,437**

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

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

	Notes	Contributed capital $'000	Physical Asset Revaluation Reserve $'000	Accumulated Surplus $'000	Total $'000
Balance at 1 July 2024		**265,316**	**364,492**	**132,916**	**762,724**
Net result for the period		-	-	2,075	2,075
Other comprehensive loss		-	(303)	-	(303)
Total comprehensive income		**-**	**(303)**	**2,075**	**1,772**
Transactions with the State in its capacity as owner					
Capital contribution		500	-	-	500
State efficiency dividend payment		(559)	-	-	**(559)**
Balance at 30 June 2025		**265,257**	**364,189**	**134,991**	**764,437**
Balance at 1 July 2025		**265,257**	**364,189**	**134,991**	**764,437**
Net result for the period		-	-	12,853	12,853
Other comprehensive income		-	532,066	-	532,066
Total comprehensive income		**-**	**532,066**	**12,853**	**544,919**
Transactions with the State in its capacity as owner					
Capital contribution		1,000	-	-	1,000
State efficiency dividend payment		(1,118)	-	-	(1,118)
Balance at 30 June 2026		**265,139**	**896,255**	**147,844**	**1,309,238**

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

Statement of cash flows for the financial year ended 30 June 2026

	Notes	2026 $'000	2025 $'000
Cash flows from operating activities			
Receipts			
Service and usage charges/Revenue from contracts with customers		81,769	78,834
Interest received		71	55
Goods and services tax received from the ATO		10,938	9,584
Other receipts		5,607	2,526
Developer contribution fees		6,124	7,713
Receipts from government		130	1,034
Total receipts		**104,639**	**99,746**
Payments			
Payments to suppliers and employees		(70,328)	(67,690)
Goods and Services Tax paid to the ATO		(247)	(553)
Interest and other cost of finance paid		(8,656)	(5,780)
Environmental contribution levy paid		(3,191)	(3,191)
Payments for low-value asset leases		(212)	(194)
Total payments		**(82,634)**	**(77,408)**
Net cash flows from/(used in) operating activities		**22,005**	**22,338**
Cash flows from investing activities			
Payments for infrastructure, property, plant and equipment		(76,360)	(72,015)
Payments for intangible assets		(1,991)	(576)
Payments for biological assets		(107)	(110)
Proceeds from sale of infrastructure, property, plant & equipment		480	74
Net cash flows from/(used in) investing activities		**(77,978)**	**(72,627)**
Cash flows from financing activities			
Repayment of borrowings		(12,000)	(6,500)
Proceeds from borrowings		68,250	56,750
Repayment of principal element of lease liability		(310)	(309)
State efficiency dividends payment		(1,118)	(559)
Government capital contributions		1,500	-
Net cash flows from/(used in) financing activities		**56,322**	**49,382**
Net increase/(decrease) in cash held		349	(907)
Cash and deposits at the beginning of the financial year		399	1,306
Cash and deposits at the end of the financial year	**6.3**	**748**	**399**

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

Notes to the Financial Statements

1 | Basis of Preparation

1.1 Basis of preparation

A description of the nature of operations and the corporations principal activities is included in the report of operations, which does not form part of these financial statements.

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

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

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

Consistent with the requirements of AASB 1004 *Contributions*, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the corporation. Capital grants which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of distributions to or contributions by owners have also been designated as contributions by owners.

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

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in applying Australian Accounting Standards (AAS) that have significant effects on the financial statements and estimates are disclosed in the notes under the heading: 'Significant judgement or estimates'.

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

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

Going concern

The financial statements were prepared on a going concern basis. The board considered this view notwithstanding the net current asset deficiency as at 30 June 2026 of $28.8 million (2025: $52.5 million).

The deficiency includes $28.3 million of short-term borrowings, of which $11.25 million relates to the corporation's short term on call facility with Treasury Corporation Victoria (TCV). Consistent with the Treasury Management Policy, this debt will be converted into fixed term borrowings during the first quarter of 2026-27. Loans from TCV held by the corporation are guaranteed by the State of Victoria.

The deficiency also includes $6.1 million of current employee leave provisions of which $1.4 million is expected to be settled in the 2026-27 financial year. Operating budgets prepared for the 2026-27 Corporate Plan indicate that the entity is expected to

achieve an operating deficit of $3.2 million for 2026-27. Despite this, the corporation is forecasting to increase cashflows from operations to $18.5 million for 2026-27.

The corporation also monitors key financial sustainability cash and borrowing related indicators as part of its corporate performance scorecard. In addition, the corporation has borrowing approval from Department of Treasury and Finance to help fund the capital expenditure program. On this basis the board believes the going concern basis is appropriate for preparation of the financial statements.

Compliance information

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

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

2 | Funding delivery of our services

Introduction

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

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

Structure

2.1 Revenue from contracts with customers

- **2.1.1** Revenue from service, usage and trade waste charges
- **2.1.2** Developer contributions
- **2.1.3** Other revenue

2.2 Government grants and contributions

2.1 Revenue from contracts with customers

North East Water 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 contract liability. Where the performance obligations are satisfied but not yet billed, a contract asset is recorded.

		2026 $'000	2025 $'000
Revenue from contracts with customers			
Service, usage and trade waste charges	2.1.1	82,920	80,249
Developer contributions	2.1.2	19,165	14,934
Other revenue	2.1.3	5,303	3,835
Total revenue from contracts with customers		**107,388**	**99,018**

2.1.1 Revenue from service, usage and trade waste charges

	2026 $'000	2025 $'000
Service, usage and trade waste charges		
Water service charges	16,852	16,007
Wastewater service charges	16,344	15,483
Water usage charges	44,627	43,051
Trade waste charges	5,097	5,708
Total service, usage and trade waste charges revenue	**82,920**	**80,249**

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

North East Water has an ongoing obligation to provide a continuous supply of water and sewerage services to our customers in our service area and so, customers simultaneously receive and consume benefits in line with North East Water performing its obligation. Therefore, service and usage charges are recognised over time.

Service charges are billed quarterly in arrears based on a fixed charge for access to water and wastewater services provided to customers. Revenue is recognised over time as the customer simultaneously receives and consumes the services provided by North East Water.

Usage charges are billed quarterly in arrears and revenue is recognised over time as North East Water has the right to receive an amount of consideration based on the unit of water consumed by and trade waste disposed of during the financial year and the regulated price.

Revenue is recognised as services are delivered and typically billed quarterly in arrears. 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 5.3). The charges for fully satisfied performance obligations that are unbilled at year end are estimated and contract assets are recognised (refer Note 5.1).

2.1.2 Developer contributions

	2026 $'000	2025 $'000
Developer contributed assets	13,040	10,650
New customer contributions	6,125	4,284
Total developer contributions	**19,165**	**14,934**

Developer contributed assets (DCA) arise where developers pay for the cost of construction of new assets and subsequently gift these assets to North East Water, which maintains them in perpetuity. Revenue from developer contributed assets is recognised at a point in time when North East Water has satisfied its performance obligation. Depending on the type of developer application, this can result in the performance obligation being satisfied:

- when the Statement of Compliance is issued to the customer, or
- when the customer is connected to the Corporation's infrastructure network for the provision of water and sewerage services when no Statement of Compliance is required to be issued.

Revenue is recognised at the fair value of the gifted assets by assessing the value of the works using schedule of rates.

All performance obligations were satisfied during the financial year and therefore no corresponding contract assets or liabilities have been recognised at balance date.

New customer contributions represent charges levied on developers to recover the costs of augmenting or constructing infrastructure assets to meet the future demands of urban growth. Developers are required to make a fair and reasonable contribution towards the cost of developing North East Water's water supply distribution systems and wastewater disposal systems.

Revenue is recognised at the point in time when North East Water has satisfied its performance obligation when either:

- a Statement of Compliance is issued to the customer, or
- the customer is connected to North East Water's network for the provision of water and wastewater services, or
- the customer receives consent from North East Water to connect to the Corporation's network.

The point in time when the corporation satisfies its performance obligation will vary depending on the type of application submitted by the customer.

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

All performance obligations were satisfied during the financial year and therefore no corresponding contract assets or liabilities have been recognised at balance date.

2.1.3 Other revenue

	2026 $'000	2025 $'000
Lucerne hay and biological asset sales	1,746	1,205
Temporary water sales	1,670	898
Water and wastewater plumbing fees	1,100	965
Other administration fees	787	767
Total other revenue	**5,303**	**3,835**

Revenue from the sale of produce and biological assets is recognised at a point in time when the trade occurs, triggering the performance obligation by North East Water.

Revenue from temporary water sales is recognised at a point in time when the trade occurs, triggering the performance obligation by North East Water.

Revenue from water and wastewater plumbing fees is recognised at a point in time when North East Water has completed its performance obligation. These fees and charges represent a variety of services provided by North East Water such as making new connections or alterations to the Corporation's water and wastewater network.

Other administration fees are recognised as revenue at a point in time on completion of North East Water's contractual obligations and consist mainly of one-off charges for services provided.

2.2 Government grants and contributions

	2026 $'000	2025 $'000
Revenue recognised as revenue from contracts with customers		
Other specific purpose grants	878	1,398
Total government grants and contributions	**878**	**1,398**

Grants recognised under AASB 15

North East Water has determined that all grant revenue is recognised as revenue from contracts with customers in accordance with AASB 15 and have enforceable and sufficiently specific performance obligations. This is recognised based on the consideration specified in the funding agreement and to the extent that it is highly probable, a significant reversal of the revenue will not occur. The funding payments are normally received in advance or shortly after the relevant obligation is satisfied.

Grants recognised under AASB 1058

Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised under AASB 1058 when North East Water has an unconditional right to receive cash which usually coincides with receipt of cash. On initial recognition of the asset, North East Water recognises any related contributions by owners, increases in liabilities, decreases in assets, and revenue ('related amounts') in accordance with other Australian Accounting Standards. Related amounts may take the form of:

- contributions by owners, in accordance with AASB 1004 *Contributions*;
- revenue or a contract liability arising from a contract with a customer, in accordance with AASB 15;
- a lease liability in accordance with AASB 16 *Leases*;
- a financial instrument, in accordance with AASB 9 *Financial Instruments*; or
- a provision, in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Asset*.

3 | The cost of delivering our services

Introduction

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

Structure

3.1 Employee benefits

3.1.1 Employee benefits – comprehensive operating statement

3.1.2 Employee benefits provision – balance sheet

3.2 Direct operational expenses

3.3 Repairs and maintenance

3.4 Other operating expenses

3.5 Net finance costs

3.1 Employee benefits

3.1.1 Employee benefits – comprehensive operating statement

	2026 $'000	2025 $'000
Employee benefits expense		
Salary and wages	22,653	21,788
Annual leave	1,616	1,632
Long service leave	466	464
Payroll tax	551	471
Employer superannuation contributions	3,127	2,536
Other	547	559
Total employee benefit costs	**28,960**	**27,450**

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

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

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

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

3.1.2 Employee benefits provision - balance sheet

Provision is made for benefits accruing to employees in respect of wages and salaries, 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 $'000	2025 $'000
Current provisions:		
Employee benefits		
Annual leave		
Unconditional and expected to settle within 12 months	620	282
Unconditional and expected to settle after 12 months	1,401	1,560
Long service leave		
Unconditional and expected to settle within 12 months	548	505
Unconditional and expected to settle after 12 months	2,694	2,760
Provisions for on-costs		
Unconditional and expected to settle within 12 months	182	123
Unconditional and expected to settle after 12 months	639	674
Total current provisions for employee benefits	**6,084**	**5,904**
Non-current provisions:		
Conditional long service leave	486	407
On-costs	76	63
Total non-current provisions for employee benefits	**562**	**470**
Total provisions for employee benefits	**6,646**	**6,374**

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave are all recognised in the provision for employee benefits as 'current liabilities', because North East Water does not have an unconditional right to defer settlements of these liabilities.

The components of this liability are measured at:

- Undiscounted value – the component North East Water expects to wholly settle within 12 months; or
- Present value – the component North East Water does not expect to wholly settle within 12 months.

No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in the Comprehensive Operating Statement as it is taken.

On-costs

On costs, such as payroll tax, superannuation and workers' compensation insurance, are recognised as liabilities when the employment to which they relate has occurred. They are not employee benefits and are to be disclosed separately from provisions for employee benefits. The on-cost provision is immaterial in 2026.

Long service leave

Liability for LSL is recognised in the provision for employee benefits.

Unconditional LSL (representing 7 or more years of continuous service) is disclosed in the notes to the financial statements as a current liability, even where North East Water does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- Undiscounted value - if North East Water expects to wholly settle within 12 months; or
- Present value - if North East Water does not expect to wholly settle within 12 months.

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

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

3.2 Direct operational expenses

	2026 $'000	2025 $'000
Water purchases	462	1,067
Electricity	4,353	5,154
Chemicals	2,493	2,191
Water testing and sampling	994	1,007
Mobile plant running costs	951	935
Other operating items	4,487	4,239
Total direct operational expenses	**13,740**	**14,593**

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

3.3 Repairs and maintenance

	2026 $'000	2025 $'000
Direct water	2,458	2,855
Direct wastewater	2,307	2,571
Total repairs and maintenance	**4,765**	**5,426**

Routine maintenance, repair costs and minor renewal costs are expensed as incurred. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold, the cost is capitalised and depreciated.

3.4 Other operating expenses

	2026 $'000	2025 $'000
Decommissioning costs	1,003	46
Credit loss allowance	452	385
Consultancy fees	2,339	4,536
Licence fees	3,471	3,010
Staff training and travel	531	496
Postage and account printing	588	639
Meter reading and replacement	856	775
Low-value asset lease payments	199	172
Other supplies and services	3,321	3,396
Total other operating expenses	**12,760**	**13,455**

Other operating expenses are recognised as an expense in the reporting period in which they are incurred. Short-term leases with a lease term of less than 12 months and low-value leases with an underlying assets fair value of less than $10,000 are recognised as an expense in the reporting period in which they are incurred.

3.5 Net finance costs

	2026 $'000	2025 $'000
Interest income	71	55
Interest on loans	(7,616)	(4,934)
Financial accommodation levy	(1,001)	(767)
Interest on lease liability	(52)	(63)
Net finance costs	**(8,598)**	**(5,709)**

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 and lease charges.

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

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

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

4 | Key assets available to support output delivery

Introduction

North East Water 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 North East Water to be utilised for delivery of those outputs.

Where the assets included in this section are carried at fair value, additional information is disclosed in Note 7.3 in connection with how those fair values were determined.

Structure

4.1 Total infrastructure, property, plant and equipment

- **4.1.1** Reconciliation of movements in carrying value of infrastructure, property, plant and equipment
- **4.1.2** Depreciation and impairment

4.2 Intangible assets

4.1 Total infrastructure, property, plant and equipment

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

	Land	Buildings and leasehold improvements	Water infrastructure	Water reticulation	Wastewater infrastructure	Wastewater reticulation	Plant, equipment and motor vehicles	Work in progress	Total
Balance at 1 July 2025									
Opening net book value at 1 July 2025	**54,148**	**13,266**	**197,446**	**298,583**	**175,298**	**259,193**	**6,977**	**80,804**	**1,085,715**
Additions	-	-	-	-	-	-	-	72,259	**72,259**
Disposals / Derecognition	-	-	(71)	-	(60)	(6)	(146)	-	**(283)**
Transfers to intangible assets	-	-	-	-	-	-	-	(1,138)	**(1,138)**
Transfers between categories	-	-	9,193	6,045	7,027	3,539	1,728	(27,532)	**-**
Contributed assets	-	-	-	4,981	1,319	6,740	-	-	**13,040**
Impairment of assets	-	-	-	(242)	-	(687)	-	-	**(929)**
Depreciation	-	(418)	(6,883)	(6,286)	(7,035)	(5,405)	(1,429)	-	**(27,456)**
Revaluation	19,958	6,880	80,737	236,594	97,702	319,152	-	-	**761,023**
Carrying amount at 30 June 2026	**74,106**	**19,728**	**280,422**	**539,675**	**274,251**	**582,526**	**7,130**	**124,393**	**1,902,231**
Total as at 30 June 2026 represented by:									
Gross book value	74,106	19,773	280,422	539,675	274,251	582,526	24,612	124,393	**1,919,758**
Accumulated depreciation	-	(45)	-	-	-	-	(17,482)	-	**(17,527)**
Net book value as at 30 June 2026	**74,106**	**19,728**	**280,422**	**539,675**	**274,251**	**582,526**	**7,130**	**124,393**	**1,902,231**

Right-of-use assets have not been included in the table above. Refer to section 6.2.

Initial recognition

Infrastructure, property, plant and equipment represent non-current physical assets comprising land, buildings, water and sewerage infrastructure, plant, equipment and motor vehicles used by North East Water 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.

Items of infrastructure, property, plant and equipment, are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition.

The cost of constructed non-financial physical assets includes the cost of all materials used in construction.

The cost of leasehold improvements is capitalised and depreciated over the shorter of the remaining term of the lease or their estimated useful lives. At balance date, leasehold improvements are depreciated over a ten year period.

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

Subsequent measurement

Infrastructure, property, plant and equipment are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset). Refer to Note 7.3 for fair value disclosures.

4.1.2 Depreciation and impairment

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

Leasehold improvements are depreciated over the shorter of the lease term and their useful lives.

The accounting policy relating to right-of-use assets has been disclosed in section 6.2.1.

Typical estimated useful lives for the different asset classes are included in the table below:

	Useful life: years 2025-2026	Useful life: years 2024-2025
Buildings		

	Useful life: years 2025-2026	Useful life: years 2024-2025
Buildings	25-120 years	25-60 years
Buildings - Leasehold improvements	10 years	10 years
Infrastructure		
Water		
Storages	15 – 350 years	15 – 350 years
Reticulation network	50 – 110 years	50 – 110 years
Pump stations	10 – 75 years	10 – 75 years
Treatment plants	10 – 120 years	10 – 120 years
Wastewater		

	Useful life: years 2025-2026	Useful life: years 2024-2025
Storages	15 – 350 years	15 – 350 years
Reticulation network	50 – 100 years	50 – 100 years
Pump stations	10 – 75 years	10 – 75 years
Treatment plants	10 – 80 years	10 – 80 years
Plant, equipment and motor vehicles		
Equipment	5 – 30 years	5 – 30 years
Machinery	10 years	10 years
Furniture & computers	1 – 10 years	1 – 10 years
Motor vehicles	5 years	5 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 the current economic climate and climate-related emerging risks were considered when estimating the useful life of these assets.

Impairment

Non-financial assets, including items of infrastructure, property, plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired. Exposure to climate-related matters could be an indicator that an asset (or a group of assets) is impaired. Whilst the potential risks and related opportunities from climate related change are considered as part of the corporation's asset impairment review methodology and processes, based on what is currently known, it is not expected that climate risks will have a significant impact on the corporation's principal activities, from an asset impairment standpoint.

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

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.

4.2 Intangible assets

	Permanent water entitlements	Computer software	Large scale generation certificates	Total
Balance at 1 July 2025				
Cost of fair value	8,529	10,390	19	**18,938**
Accumulated amortisation	-	(8,356)	-	**(8,356)**
Opening net book amount	**8,529**	**2,034**	**19**	**10,582**
Transfer from Works in Progress	1,036	102	-	**1,138**
Amortisation	-	(412)	-	**(412)**
Carrying amount	**9,565**	**1,724**	**19**	**11,308**
Total as at 30 June 2026 represented by:				
Cost of fair value	9,565	10,492	19	**20,076**
Accumulated amortisation	-	(8,768)	-	**(8,768)**
Carrying amount	**9,565**	**1,724**	**19**	**11,308**

Recognition

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.

Subsequent expenditure

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

Large-scale generation certificates

Large-scale generation certificates (LGCs) are recognised as intangible assets at cost per FRD 109 *Intangible Assets* and are not subject to amortisation as they have an indefinite life.

Permanent water entitlements purchased after June 2004 are treated as an intangible asset on the Balance Sheet at cost (in accordance with AASB 138 and FRD 109), and will not be subject to amortisation, as the permanent water entitlements have an indefinite life. Permanent entitlements purchased after June 2004 will be tested annually for impairment. Bulk permanent water entitlements prior to June 2004 are not recorded on the Balance Sheet as an intangible asset, as they cannot be reliably measured.

Computer software

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

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.

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

	Useful life: years
Intangible assets	
Software	3 – 5 years

There have been no changes to typical estimated useful lives for the above assets classes since June 2025.

Impairment of intangible assets

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

Software as-a-Service (SaaS) arrangements

SaaS arrangements are service contracts providing the corporation with the right to access the cloud provider's application software over the contract period. As such the corporation does not receive a software intangible asset at the contract commencement date. A right to receive future access to the supplier's software does not, at the contract commencement date, give the customer the power to obtain the future economic benefits flowing from the software itself and to restrict others' access to those benefits.

The following outlines the accounting treatment of costs incurred in relation to SaaS arrangements:

Recognise as other expense (Note 3.4) over the term of the service contract	• Fee for use of application software
Recognise as other expense (Note 3.4) as the service is received	• Configuration costs • Data conversion and migration costs • Testing costs • Training costs

The corporation made the following key judgements that may have the most significant effect on the amounts recognised in the financial statements.

Determination whether configuration and customisation services are distinct from the SaaS access

Implementation costs including costs to configure or customise the cloud provider's application software are recognised as operating expenses as the costs do not meet the recognition criteria under AASB 138 *Intangible Assets*.

Where the SaaS arrangement supplier provides both configuration and customisation services, judgement has been applied to determine whether each of these services are distinct or not from the underlying use of the SaaS application software.

1. Distinct configuration and customisation costs are expensed as incurred as the software is configured or customised (i.e. upfront).
2. Non-distinct configuration and customisation costs are recognized as prepayments then expensed over the SaaS contract term.

Non-distinct customisation activities significantly enhance or modify a SaaS cloud-based application. Judgement has been applied in determining whether the degree of customisation and modification of the SaaS cloud-based application is significant or not.

Capitalisation of configuration and customisation costs in SaaS arrangements

In implementing SaaS arrangements, the corporation has developed software code that either enhances, modifies or creates additional capability to the existing owned software. This software is used to connect with the SaaS arrangement cloud-based application.

Judgement has been applied in determining whether the changes to the owned software meets the definition of and recognition criteria for an intangible asset in accordance with AASB 138 Intangible Assets.

5 | Other assets and liabilities

Introduction

This section sets out those assets and liabilities that arose from North East Water operations.

Structure

5.1 Receivables

5.2 Biological Assets

5.3 Trade and other payables

5.4 Other non-financial assets

5.1 Receivables

	2026 $'000	2025 $'000
Current		
Contractual		
Service and usage charges	10,861	10,417
Loans to third parties	9	9
Allowance for expected credit losses	(765)	(663)
Other receivables	869	554
Contract assets	11,205	11,511
	22,179	**21,828**
Statutory		
GST input tax credit recoverable	1,241	1,859
Total current receivables	**23,420**	**23,687**
Non-current		
Contractual		
Loans to third parties	72	82
Total non-current receivables	**72**	**82**
Total receivables	**23,492**	**23,769**

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

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

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

Contract assets represents an estimation of unbilled service and usage charges, calculated by multiplying the number of days since the last reading by each customer's average service usage. This estimation is made at the end of each accounting period in respect of meters which have not been read at balance date and will be billed in the following accounting period. Usage

charges are all recognised as revenue when the service or other goods have been provided. The contract assets are transferred to contractual receivables when the rights become unconditional. This usually occurs when the corporation issues a bill to the customer.

Impairment of contractual receivables

The loss allowances for trade receivables and contract assets are based on assumptions about risk of default and expected loss rates. The expected loss rates applied as at 30 June 2026 vary from 1.01% for receivables that are up to 30 days past due to 18.20% for receivables that are more than 90 days past due (2025: 0.94% to 16.77%).

Contractual receivables at amortised cost

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

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

Statutory receivables at amortised cost

The statutory receivables are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As 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.

5.2 Biological assets

Biological assets comprise produce and livestock. Their quantities and measurement bases are disclosed below.

Biological asset	Measurement basis	Quantities		Carrying amount	
		2026	2025	2026 $'000	2025 $'000
Produce	Tonne	388	357	75	69
Livestock	Headcount	1,439	1,953	1,435	1,329
Total carrying amount				**1,510**	**1,398**

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

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

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

Reconciliation of movement in carrying amounts

	2026 $'000	2025 $'000
Livestock		
Carrying amount at beginning of period	1,329	920
Increases due to natural increase	551	319
Increases due to purchases	131	109
Increase due to fair value adjustment	206	486
Decreases attributable to deaths	(30)	(23)
Decreases attributable to sales	(752)	(482)
Carrying amount at end of period	**1,435**	**1,329**

5.3 Trade and other payables

	2026 $'000	2025 $'000
Current		
Contractual		
Trade creditors	8,239	12,048
Accrued expenses	7,539	8,918
Deposits and retentions	611	884
Contract liabilities	4,356	6,745
Total current payables	**20,745**	**28,595**
Non-current		
Contractual		
Deposits and retentions	937	711
Total non-current payables	**937**	**711**
Total trade and other payables	**21,682**	**29,306**

Contractual payables are classified as financial instruments and measured at amortised cost. Trade creditors and accrued expenses represent liabilities for goods and services provided to North East Water prior to the end of the financial year that are unpaid.

Deposits and retentions liabilities represent cash payments withheld from a contractor to guarantee post constitution defects. These are returned after practical completion of the project.

Contract liabilities primarily relate to service and usage charges and grant funding paid in advance where the performance obligation is yet to be performed by the corporation to settle the terms of receipt of revenue. The corporation will recognise these advance payments as revenue once it has performed the performance obligation associated with the payment.

Trade payables have an average credit period of 30 days.

5.4 Other non-financial assets

	2026 $'000	2025 $'000
Current other assets		
Prepayments	840	782
Total current other non-financial assets	**840**	**782**
Non-current		
Security deposits	76	76
Total non-current other non-financial assets	**76**	**76**
Total other assets	**916**	**858**

Prepayments represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period. This primarily includes IT software maintenance agreements and operating lease payments.

Security deposits represents North East Water's contribution in a Virtual Generation Agreement for electricity produced at the Ararat Wind Farm.

6 | How we financed our operations

Introduction

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

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

Structure

6.1 Interest bearing liabilities

6.1.1 Maturity of borrowings

6.2 Leases

6.2.1 The Corporation's leasing activities and how these are accounted for

6.2.2 Right-of-use assets

6.2.3 Amounts recognised in the comprehensive operating statement

6.2.4 Future lease payments

6.3 Cash flow information and balances

6.4 Commitments for expenditure

6.1 Interest bearing liabilities

	2026 $'000	2025 $'000
Current interest-bearing liabilities		
Loans from Treasury Corporation Victoria [i]	28,250	44,000
Lease liabilities [ii]	250	278
Total current interest-bearing liabilities	**28,500**	**44,278**
Non-current interest-bearing liabilities		
Loans from Treasury Corporation Victoria [i]	166,250	94,250
Lease liabilities [ii]	2,022	1,937
Total non-current interest-bearing liabilities	**168,272**	**96,187**
Total interest-bearing liabilities	**196,772**	**140,465**

[i] In accordance with the Borrowing and Investment Powers Act 1987, borrowings are sourced from TCV and secured by the Treasurer in the form of government guarantee.
[ii] Secured by the assets leased.

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

North East Water has classified borrowings which mature within 12 months as current liabilities and has discretion to refinance or rollover these loans with the TCV, pursuant to section 8 of the *Borrowings and Investment Powers Act 1987*. Borrowings known as 11am debt are also classified as current borrowings.

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

6.1.1 Maturity of borrowings

	Carrying amount	Nominal amount	Maturity dates				
	$'000	$'000	Less than 1 month $'000	1-3 month $'000	3 months - 1 year $'000	1 - 5 years $'000	5+ years $'000
30 June 2026							
Loans from TCV	194,500	194,500	11,250	-	17,000	80,000	86,250
Lease liabilities	2,272	3,112	20	42	188	488	1,534
Total interest bearing liabilities	**196,772**	**197,612**	**11,270**	**42**	**17,188**	**80,488**	**87,784**
30 June 2025							
Loans from TCV	138,250	138,250	32,000	2,000	10,000	48,000	46,250
Lease liabilities	2,215	2,848	29	45	204	628	1,309
Total interest bearing liabilities	**140,465**	**141,098**	**32,029**	**2,045**	**10,204**	**48,628**	**47,559**

(i) Loans from TCV payable within less than 1 month represent borrowings in the Corporation's short term 11am facility. These borrowings were not repaid and remained in this facility until transferred into fixed term loans.

6.2 Leases

North East Water leases various parcels of land, buildings and equipment. Rental contracts are typically made for fixed periods of 3 to 10 years, but may have extension options as described below. Leases for IT equipment typically have contract periods of 3 years. North East Water has elected not to recognise leases of IT equipment with low-value assets of less than $10,000.

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

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

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

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

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

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

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

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

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

6.2.1 Right-of-use assets

The following tables are subsets of land, building, plant and equipment and vehicles by right-of-use assets.

	Land	Buildings	Equipment	Infrastructure	Total
					$'000
Balance at 1 July 2025					
Cost	2,219	850	68	219	**3,356**
Accumulated depreciation	(818)	(467)	(62)	(159)	**(1,506)**
Carrying amount at beginning of year	**1,401**	**383**	**6**	**60**	**1,850**
Modification adjustments	335	1	-	-	**336**
Depreciation expense	(118)	(122)	(6)	(28)	**(274)**
Derecognition - cost	(75)	-	-	-	**(75)**
Derecognition – accumulated depreciation	75	-	-	-	**75**
Carrying amount at end of year	**1,618**	**262**	**-**	**32**	**1,912**
Total as at 30 June 2026 represented by:					
Cost	2,479	851	68	219	**3,617**
Less: Accumulated depreciation	(861)	(589)	(68)	(187)	**(1,705)**
Carrying amount at end of year	**1,618**	**262**	**-**	**32**	**1,912**

6.2.2 Amounts recognised in the comprehensive operating statement

	2026 $'000	2025 $'000
Interest expense on lease liabilities (included in finance costs)	52	63
Depreciation of right-of-use assets	274	340
Expense relating to low-value leases	199	172

6.2.3 Future lease payments

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

	2026 $'000	2025 $'000
Less than one year	338	401
One to five years	1,042	1,311
More than five years	1,732	1,742
Total future lease payments	**3,112**	**3,454**

6.3 Cash flow information and balances

	2026 $'000	2025 $'000
Cash on hand	3	3
Cash at bank	745	396
Balance as per cash flow statement	**748**	**399**

Cash including cash equivalents, comprise cash on hand and cash at bank and deposits at call which are held for the purpose of meeting short-term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

6.4 Commitments for expenditure

Commitments for future expenditure shown below include operating and capital commitments arising from contracts. These 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 balance sheet.

Total commitments payable

Nominal Amounts: 2026	Less than 1 year $'000	Between 1 and 5 years $'000	Over 5 years $'000	Total $'000
Capital expenditure commitments	30,270	11,884	-	**42,154**
Right-of-use asset lease commitments payable	338	1,042	1,732	**3,112**
Other commitments payable	1,753	1,742	-	**3,495**
Total commitments (inclusive of GST)	**32,361**	**14,668**	**1,732**	**48,761**
Less GST recoverable	2,942	1,333	157	**4,433**
Total commitments (exclusive of GST)	**29,419**	**13,335**	**1,575**	**44,328**

Nominal Amounts: 2025	Less than 1 year $'000	Between 1 and 5 years $'000	Over 5 years $'000	Total $'000
Capital expenditure commitments	56,234	-	-	**56,234**
Right-of-use asset lease commitments payable	401	1,311	1,742	**3,454**
Other commitments payable	1,697	3,776	-	**5,473**
Total commitments (inclusive of GST)	**58,332**	**5,087**	**1,742**	**65,161**
Less GST recoverable	5,303	462	158	**5,924**
Total commitments (exclusive of GST)	**53,029**	**4,625**	**1,584**	**59,237**

7 | Risks, contingencies and valuation judgements

Introduction

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

Structure

7.1 Financial instruments specific disclosures

7.2 Contingent assets and contingent liabilities

7.3 Fair value

7.3.1 Fair value determination

7.1 Financial instruments specific disclosure

Introduction

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

These financial instruments include:

Financial assets	Financial liabilities
Cash and cash equivalents	**Payables:** Trade creditors Deposits and retentions
Receivables: Service and usage charges Loans to third parties Other receivables	**Borrowings:** Interest bearing liabilities Lease liabilities

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

Classification of financial instruments under AASB 9

Loans and receivables are financial instrument assets with fixed and determinable payments that are not quoted on an active market.

Financial assets are initially measured at fair value plus or minus any direct transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost only if both of the following criteria are met:

- The asset is held within a business model whose objective is to collect the contractual cash flows, and
- The contractual terms give rise to cash flows that are solely payments of principal and interest

Gains or losses are recognised in the comprehensive operating statement as either:

- interest income calculated using the effective interest rate;
- impairment losses under the expected credit loss model; or
- gain or loss on derecognition.

The following assets are held with the objective to collect the contractual cash flows:

- cash and cash equivalents
- receivables (excluding statutory receivables and contract assets).

Financial liabilities are initially recognised at fair value, plus or minus any directly attributable transaction costs subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the comprehensive operating statement, over the period of the interest bearing liability, using the effective interest rate method. Gains or losses are recognised in the comprehensive operating statement as either:

- interest expense calculated using the effective interest rate;
- impairment losses under the expected credit loss model; or

- gain or loss on derecognition

North East Water recognises the following liabilities:

- Trade and other payables (excluding statutory payables and contract liabilities)
- Interest bearing liabilities (including lease liabilities).

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

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

7.2 Contingent assets and contingent liabilities

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

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.

At reporting date, North East Water is aware of the following material contingent assets not recorded or disclosed in the accounts.

	2026 $'000	2025 $'000
Contingent assets		
Contribution of assets to be built by developers in new land subdivisions	4,201	4,976
Total contingent assets	**4,201**	**4,976**

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 obligation cannot be measured with sufficient reliability.

At reporting date, North East Water have identified a biomass stockpile at the Wangaratta trade waste treatment plant that will require future remediation works. North East Water has previously submitted an Environmental Management Plan (EMP) for the site, which was accepted by the EPA resulting in the revocation of an improvement notice for the site. North East Water has now completed an updated EMP reflecting the trials on thermal pyrolysis to develop alternative options for containment and disposal of the biomass, which will be assessed by the EPA for approval. The final solution and costs for future remediation are still being developed, however are scheduled for remediation in the corporation's current five year regulatory period.

7.3 Fair value

Significant judgement: Fair value measurements of assets and liabilities

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

Fair value hierarchy

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

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

North East Water 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 VGV is the corporation's independent valuation agency. In conjunction with VGV, the corporation monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

7.3.1 Fair value determination

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 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).

Revaluation of infrastructure, property, plant and equipment

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

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 103I. The corporation in conjunction with VGV, monitors changes in the fair value of each asset class through relevant data sources, in order to determine whether a revaluation is required.

North East Water assets relating to land, buildings and infrastructure were independently valued by the VGV as at 30 June 2026, resulting in an overall increase of approximately 75% in the fair value of these assets. The increase primarily reflects significant growth in construction costs over recent years, including increases in labour, raw materials and contractor costs. In addition, updated guidance under AASB 13 requires a broader assessment of the costs that would be incurred to replace an asset's service capacity, including costs associated with site reinstatement, asset restoration and service disruption where relevant. The valuation also incorporated cost and unit rate information from recent North East Water capital projects, providing current market-based evidence to support the assessment of replacement costs and resulting fair values.

The market that the assets are valued in is being impacted by the uncertainty that the rising interest rates and increased construction costs has caused. The valuer has advised that the current market environment creates significant valuation uncertainty. The value assessed at the valuation date may therefore change over a relatively short time period.

Accounting for revaluation movements

Revaluation increments are credited directly to equity in the asset revaluation reserve surplus/(deficit), except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in determining the net result, the increment is recognised as revenue in determining the net result.

Revaluation decrements are recognised immediately as an expense in the net result, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited to the asset revaluation reserve.

Revaluation increases and revaluation decreases relating to individual assets within a class of infrastructure, property, plant and equipment are offset against one another within that class but are not offset in respect of assets in different classes.

An asset revaluation surplus is not transferred to accumulated funds on de-recognition of the related asset.

Non-specialised land

Non-specialised land is valued using the market approach. Under this valuation method the assets are compared to recent

comparable sales or sale of comparable assets which are considered to have a nominal or no added improvement value. An independent valuation of North East Water's non-specialised land was performed by ValueIt Pty Ltd on behalf of VGV. The valuation was performed using the market approach. To the extent that non-specialised land does not contain significant unobservable adjustments these assets are classified as Level 2 under the market based direct comparison approach. The effective date of the valuation is 30 June 2026.

Specialised land and buildings

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

The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement, and takes into account the use of the asset that is physically possible, legally permissible, and financially feasible. As adjustments of CSO's are considered as significant unobservable inputs, specialised land would be classified as Level 3 assets. For North East Water's majority of specialised buildings, the current replacement cost method is used, adjusting for the associated depreciation. As depreciation adjustments are considered as significant unobservable inputs in nature, specialised buildings are classified as Level 3 fair value measurements. An independent valuation of North East Water's specialised land and specialised buildings was performed by ValueIt Pty Ltd on behalf of VGV. The effective date of the valuation is 30 June 2026.

Water and wastewater infrastructure and reticulation

Water and wastewater infrastructure and reticulation assets are valued using the current replacement cost method. This cost represents the replacement cost of the component after applying depreciation rates on a useful life basis. Replacement costs relate to costs to replace the current service capacity of the asset. Economic obsolescence has also been factored into the current replacement cost calculation. Where it has

not been possible to examine hidden works such as underground assets, the use of reasonable materials and methods of construction have been assumed bearing in mind the age and nature of the building. The estimated cost of reconstruction including structure services and finishes as applicable. An independent valuation of North East Water's water and wastewater infrastructure was performed by VGV. The valuation was performed based on the current replacement cost of the assets. The effective date of the valuation is 30 June 2026.

As depreciation adjustments are considered as significant unobservable inputs in nature, water and wastewater infrastructure and reticulation assets are classified as Level 3 fair value measurements.

Vehicles and major plant

Vehicles and major plant are valued using the current replacement cost method. North East Water acquires new vehicles and plant and at times disposes of them before the end of their economic life. The process of acquisition, use and disposal in the market is managed by experienced finance staff in North East Water who set relevant depreciation rates during use to reflect the utilisation of the vehicles and plant. There were no changes in valuation techniques throughout the period to 30 June 2026.

Equipment and office furniture

Equipment and office furniture is held at fair value. When equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the current replacement cost method. For all assets measured at fair value, the current use is considered the highest and best use. There were no changes in valuation techniques throughout the period to 30 June 2026.

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

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

Type	Valuation technique	Significant unobservable inputs
Land (specialised)	Market approach	Community Service Obligations (CSO) Adjustment
Buildings (specialised)	Current replacement cost	Direct cost per square metre Useful life of specialised buildings
Plant, equipment and motor vehicles	Current replacement cost	Cost per unit Useful life of plant and equipment
Water and wastewater Infrastructure and reticulation	Current replacement cost	Cost per metre Useful life of the infrastructure

Although it is intended that asset valuations will be based on a five year cycle, FRD 103 *Non financial physical assets* (FRD103) 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 perform interim valuations when the triggers of FRD103 are met.

8 | Statutory obligations

Introduction

This section includes disclosures in relation to North East Water's statutory obligations.

Structure

8.1 Income tax

8.2 Deferred tax assets and liabilities

8.3 Dividends

8.1 Income tax

North East Water is subject to the National Tax Equivalent Regime (NTER), which is administered by the ATO.

The income tax expense or revenue for the period is the expected tax payable or receivable on the current period's taxable income based on the national corporate income tax rate of 30%, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses. The income tax expense for the financial year differs from the amount calculated on the net result. The differences are reconciled as follows:

	2026 $'000	2025 $'000
Comprehensive Operating Statement		
Current tax payable	-	-
Deferred tax relating to temporary differences	(4,238)	894
Income tax expense/(benefit) in the Comprehensive Operating Statement	**(4,238)**	**894**
Deferred income tax expense (revenue) included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets (refer note 8.2)	(26,428)	3,908
Increase/(decrease) in deferred tax liability (refer note 8.2)	22,190	(3,014)
Total tax expense	**(4,238)**	**894**
Tax reconciliation		
Net result before income tax expense	8,615	2,969
Tax at the Australian tax rate of 30% (2025: 30%)	2,584	890
Non-deductible expenses for tax purposes	8	4
Non-assessable income for tax purposes – gifted assets(*)	(3,912)	-
Losses not previously recognised(*)	(28,782)	-
Derecognition of infrastructure tax assets(*)	25,974	-
Right-of-use asset and lease liability	(110)	-
Income tax expense/(benefit) in Comprehensive Operating Statement	**(4,238)**	**894**
Tax expense (income relating to items of other comprehensive income)		
Changes in physical asset revaluation surplus	(228,028)	130
	(228,028)	**130**

***Income tax treatments - Developer Contributed Assets (DCAs)**

The ATO has listed 10 water corporations (including North East Water) in a Tailored Compliance Engagement letter surrounding the tax accounting treatment of DCAs and whether they shall cease to be subject to corporate income tax. Previously DCAs have been included as taxable income, however, DCAs will no longer be included as taxable income, and therefore taxable expense will change.

Income tax expense consists of current period income tax and deferred tax expense. The difference between the DCAs accounting base and tax base creates a deferred tax expense (part of the income tax expense) on day one, with the other side of the entry being the Deferred Tax Liability (DTL) on Balance Sheet. Subsequently, this DTL will gradually wind down over the life of the DCAs, creating deferred tax income (part of the income tax expense) over the life of the DCAs. The TCE letter from the ATO advises that no current period income tax expense nor income tax payable on the Balance Sheet should be recognised.

North East Water is not currently in a tax paying position. It was agreed with the ATO that North East Water was permitted to perform a one-off true up of carried forward tax losses of $95.9 million to be reflected in the 2026 income year by reflecting the impact of the change in historic treatment its gifted assets in the losses carried forward schedule.

Furthermore, it was agreed that North East Water may revisit income years in the past as far back as it had records to substantiate the changes. This assessment has identified 15 years of tax losses back to July 2011.

8.2 Deferred tax assets and liabilities

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled. The relevant tax rates are applied to the cumulative amounts deductible and taxable temporary differences to measure the deferred tax asset or liability. 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 these temporary differences and losses.

The corporation applied Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to AASB 112) from 1 July 2023. Following the amendments, the corporation has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets.

North East Water's deferred tax liabilities exceed the level of deferred tax assets and therefore a net deferred tax liability has been disclosed in the balance sheet.

Deferred tax assets

	2026 $'000	2025 $'000
Amounts recognised in the comprehensive operating statement		
Prior and current tax losses	38,495	13,009
Other depreciable and amortisable assets	42	-
Lease liability	682	-
Provisions	1,994	1,912
Trade and other payables	130	25
Trade and other receivables	230	199
	41,573	**15,145**
Movements:		
Opening balance at 1 July	15,145	19,053
Charged to the comprehensive operating statement	26,428	(3,908)
Charged to equity	-	-
Closing balance at 30 June	**41,573**	**15,145**

Deferred tax liabilities

	2026 $'000	2025 $'000
Amounts recognised in the comprehensive operating statement		
Property, plant, equipment and infrastructure	111,131	45,139
Livestock	362	327
Right-of-use assets	574	-
	112,067	**45,466**
Amounts recognised directly in equity		
Revaluation of property, plant, equipment and infrastructure	337,285	153,668
Total deferred tax liabilities	**449,352**	**199,134**
Movements		
Opening balance at 1 July	199,134	202,278
Charged to the comprehensive operating statement	22,190	(3,014)
Charged to equity	228,028	(130)
Closing balance at 30 June	**449,352**	**199,134**
Net deferred tax liability	**407,779**	**183,989**

8.3 Dividends

North East Water made a capital repatriation payment of $1.12 million to the Department of Environment, Energy and Climate Action in June 2026, in accordance with the determination made by the Treasurer of Victoria under the *Public Authorities (Dividend) Act 1983*, based on a prescribed percentage of the previous years' adjusted net profit. An obligation to pay a dividend only arises after consultation with the portfolio Minister and the Treasurer and a formal determination is made by the Treasurer.

9 | Other disclosures

Introduction

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

Structure

9.1 Other economic flows included in net results

9.2 Responsible persons

9.3 Related Parties

9.4 Remuneration of auditors

9.5 Events occurring after balance date

9.6 Ex-gratia expense

9.7 Changes in accounting policies

9.8 Australian Accounting Standards issued that are not yet effective

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;
- the disposal of property, plant and equipment; and
- the net gain/loss arising from changes in fair value of biological assets

	2026 $'000	2025 $'000
Net gain/(loss) on non-financial assets		
Net gain/(loss) arising from changes in fair value of biological assets	206	486
Net gain/(loss) on disposal of property, plant and equipment	196	(342)
Total gain/(loss) on non-financial assets	**402**	**144**
Other gains/(losses) from economic flows		
Net gain/(loss) arising from revaluation of long service liability	103	10
Total other gains/(losses) from economic flows	**103**	**10**
Total other gains/(losses) from other economic flows	**505**	**154**

9.2 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 names of the persons who held the positions of Ministers and Accountable Officers in the corporation are as follows:

Title	Name	Period of appointment
Minister for Water	The Hon. Gayle Tierney	1 July 2025 – 14 April 2026
Minister for Water	The Hon. Harriet Shing	15 April 2026 – 30 June 2026
Managing Director	Joanne Murdoch	1 July 2025 – 30 June 2026
Chair	Stephen Brown	1 July 2025 – 30 June 2026
Acting Chair	Victoria Schmidt	3 May 2026 – 22 May 2026
Director	Victoria Schmidt	1 July 2025 – 30 June 2026
Director	Rosemary Bissett	1 July 2025 – 30 September 2025
Director	Angela Verde	1 July 2025 – 30 June 2026
Director	Maria Topfner-Rigby	1 July 2025 – 30 September 2025
Director	Jonathan Green	1 July 2025 – 30 June 2026
Director	Leanne Mulcahy	1 July 2025 – 30 June 2026
Director	Johnny Murray *	1 July 2025 – 29 March 2026
Director	Johnny Murray *	1 May 2026 – 30 June 2026
Director	Jennifer Fraser	1 July 2025 – 30 June 2026
Director	Allison Jenvey	1 October 2025 – 30 June 2026
Director	Catherine Goss	1 October 2025 – 30 June 2026

* Director Johnny Murray took unpaid leave of absence from 30 March 2026 to 30 April 2026

Remuneration

Remuneration received or receivable by the Accountable Officers in connection with the management of North East Water during the reporting period is reported in the table below.

	2026	2025
$10,000 - $19,999	1	-
$20,000 - $29,999	2	-
$30,000 - $39,999	6	6
$40,000 - $49,999	-	1
$60,000 - $69,999	1	-
$70,000 - $79,999	-	1
$360,000 - $369,999	-	1
$430,000 - $439,999	1	-
Total numbers	**11**	**9**
Total remuneration ($'000)	**771**	**690**

9.3 Related parties

North East Water is a wholly owned and controlled entity of the State of Victoria.

Related parties of North East Water 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.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of North East Water directly or indirectly. Key management personnel (as defined in AASB 124 *Related Party Disclosures*) includes the Portfolio Minister and all Directors listed under responsible persons in Note 9.2 and members of the executive leadership team who have the authority and responsibility for planning, directing and controlling the activities of the corporation directly or indirectly, during the financial year.

Remuneration of key management personnel

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

	2026 $'000	2025 $'000
Short-term employee benefits	1,974	1,930
Post-employment benefits	225	220
Other long-term benefits	46	38
Total remuneration [a]	**2,245**	**2,188**

[a] Executive officer remuneration does not relate to any staff acting on a temporary basis in executive roles, while the substantive executive officer is on paid leave or secondment.

Transactions with key management personnel and other related parties

Given the breadth and depth of North East Water activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. quarterly water bills and other North East Water regulated fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the Water Industry Award 2010 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 North East Water, there were no related party transactions that involved key management personnel and their related parties. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

Significant transactions with government-related entities

The corporation received funding and made payments to the following government related entities:

Government entity related payments

Entity Name	Description of transaction	2026 $'000	2025 $'000
Department of Energy, Environment and Climate Action	Environmental Contribution	3,191	3,191
Department of Energy, Environment and Climate Action	Licensing, monitoring, leasing and valuation fees	112	162
Department of Energy, Environment and Climate Change	State Efficiency Dividend	1,118	559
Department of Treasury and Finance	Financial Accommodation Levy	958	767
Department of Treasury and Finance	Other fees and charges	3	3
Essential Service Commission	Water and sewer recovery fee	66	48
Environmental Protection Agency	Wastewater license fees	-	172
Treasury Corporation of Victoria	Interest on borrowings	7,622	4,955
Department of Health and Human Services	Safe Drinking Water Levy	29	29
State Revenue Office Victoria	Payroll tax	489	523
State Revenue Office Victoria	Other fees and charges	4	27
Goulburn Murray Water	Bulk entitlement charges	530	1,080
Goulburn Murray Water	Other fees and charges	34	38
South East Water	After hours emergency call centre management	79	98
Vic Roads	Registration fees	109	107
Zero Emissions Water Carbon Offsets Limited	ZEWCO Management fees	34	-

Government entity related receipts

Entity Name	Description of transaction	2026 $'000	2025 $'000
Department of Energy, Environment and Climate Action	Community Rebate Program Funding	130	75
Department of Energy, Environment and Climate Action	Rutherglen Reuse & Upgrade Project	1,500	-
Department of Energy, Environment and Climate Action	Aquifer Recharge Project	-	370
Department of Energy, Environment and Climate Action	Enabling IWM in Development	-	80
Emergency Management Victoria	Wodonga Offtake Flood Levee	-	449
Department of Families, Fairness and Housing	Concession rebate reimbursements	4,435	4,878
Gippsland Water	Biochar Trial	-	27
State Revenue Office Victoria	Not-for-profit rebate reimbursements	-	261

Government entity related payables at 30 June 2026

Entity Name	Description of transaction	2026 $'000	2025 $'000
Department of Energy, Environment and Climate Action	Environmental Contribution	-	820
Department of Energy, Environment and Climate Action	Licencing, monitoring, leasing and valuation fees	1	-
Department of Treasury & Finance	Financial Accommodation Levy	-	222
Treasury Corporation of Victoria	Floating and fixed term borrowings	194,500	138,250
Environment Protection Authority	License fee	1	1
South East Water	After hours emergency call centre management	50	7

Government entity related receivables at 30 June 2026

Entity Name	Description of transaction	2026 $'000	2025 $'000
Department of Families, Fairness and Housing	Concession rebate reimbursements	455	300
State Revenue Office Victoria	Not-for-profit rebate reimbursements	530	261

Government entity related treasury activities

Entity Name	Description of transaction	2026 $'000	2025 $'000
Treasury Corporation of Victoria	Repayment of fixed-term borrowings	(12,000)	(3,750)
Treasury Corporation of Victoria	New fixed-term and on-call borrowings drawn down	56,250	50,250

9.4 Remuneration of auditors

	2026 $'000	2025 $'000
Auditor-General's Office – Audit of the financial statements	85	81
Internal audit program	54	67
Regulatory audit	24	23
Total remuneration of auditors	**163**	**171**

9.5 Events occurring after balance date

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

9.6 Ex-gratia expense

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

	2026 $'000	2025 $'000
Forgiveness of waiver of debt [b]	744	573
Other voluntary payments [c]	102	86
Total ex-gratia expenses [a]	**846**	**659**

[a] Includes ex-gratia expenses for both individual items and in aggregate that are greater than or equal to $5,000.
[b] Includes trade receivable write-offs.
[c] Includes payments to third party contractors for connection to North East Water sewerage infrastructure and payments towards water saving initiatives.

9.7 Changes in accounting policies

Right-of-use assets

North East Water has applied the updated requirements under FRD 104 to value leases to adopt the cost model for subsequent measurement of right-of-use assets. Upon adoption of the cost model, North East Water has applied a modified retrospective approach. The approach takes the right-of-use asset's carrying amounts recorded under the revaluation model as at 30 June 2025 as the right-of-use asset's opening balances on application of the cost model. Accordingly, the comparative information presented is not restated and is reported at the previously determined fair value.

9.8 Australian Accounting Standards issued that are not yet effective

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

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

AASB 18 *Presentation and Disclosure in Financial Statements*

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

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

AASB 18 requires an entity to:

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

AASB 18 applies to annual reporting periods beginning on or after 1 January 2027 for for-profit entities and applies to annual reporting periods beginning on or after 1 January 2028 for not-for-profit entities. The one-year deferral allows the AASB to consult with stakeholders and consider potential modifications for not-for-profit public sector entities.

On 30 October 2025, the AASB released Exposure Draft ED 338 Application of AASB 18 and AASB 17 by Superannuation and Not-for-Profit Entities and Operating Cash Flow Reconciliation, proposing its public sector modifications to AASB 18 for public comments by 27 February 2026. The corporation is currently in the process of assessing the potential impact of AASB 18.

In addition to the new standards above, the AASB has issued a number of other amending standards that are not effective for the 2025-26 reporting period. These standards are not expected to have any significant impact on the corporation and thus have not been included.

Section 6

Appendices



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



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Report of operations

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Appendix 2 – Services provided by North East Water

Town	Population	Household factor[1]	Water treatment process	Sewerage treatment process
Baranduda	4,542	3.0	Full treatment (from Wodonga supply)	Pumped to Wodonga
Barnawartha	738	2.5	Full treatment (from Wodonga supply)	Pumped to Wodonga
Beechworth	3,755	2.2	Full treatment	Lagoons and phosphorus removal
Bellbridge	453	2.5	Tertiary treatment	Lagoons - primary aerated
Benalla	11,728	2.2	Full treatment	Lagoons - primary aerated
Bright	3,542	2.2	Full treatment	Pumped to Porepunkah
Bundalong	1,034	2.4	Full treatment (from Yarrawonga supply)	Lagoons
Chiltern	1,243	2.2	Full treatment (from Wodonga supply)	Lagoons
Corryong	1,338	2.0	Full treatment	Lagoons - primary aerated
Cudgewa	124	2.1	Full treatment (from Corryong supply)	No service
Dartmouth	202	2.0	Full treatment	Lagoons
Devenish	106	2.2	Full treatment (from Yarrawonga supply)	No service
Eskdale	123	2.2	Full treatment	No service
Glenrowan	442	2.4	Full treatment (from Wangaratta supply)	Rotating biological contactor, lagoon
Goorambat	134	2.4	Full treatment (from Yarrawonga supply)	No service
Harrietville	478	2.3	Full treatment	No service
Kiewa	400	2.7	Full treatment (from Wodonga supply)	Pumped to Wodonga
Milawa	280	2.5	No service	Partly serviced - pumped to Wangaratta
Mt Beauty	1,144	2.0	Full treatment	Tertiary treatment
Moyhu	262	2.4	Full treatment	STEG with lagoons
Myrtleford	3,522	2.2	Full treatment	Lagoons - primary aerated and phosphorus removal
Oxley	546	2.6	Full treatment	Partly serviced - pumped to Wangaratta

Town	Population	Household factor[1]	Water treatment process	Sewerage treatment process
Porepunkah	1,008	2.4	Full treatment (from Bright supply)	Lagoons - primary aerated and phosphorus removal
Rutherglen	2,813	2.3	Full treatment (from Wahgunyah supply)	Pumped to Wahgunyah
Springhurst	195	2.5	Full treatment (from Wodonga supply)	No service
St James	86	2.2	Full treatment (from Yarrawonga supply)	No service
Tallangatta	1,025	2.2	Full treatment	Lagoons
Tangambalanga	1,056	2.8	Full treatment (from Wodonga supply)	Pumped to Wodonga
Tawonga	453	2.3	Full treatment (from Mount Beauty supply)	Partly serviced - pumped to Mount Beauty
Tawonga South	1,305	2.2	Full treatment (from Mount Beauty supply)	Pumped to Mount Beauty
Tungamah	418	2.2	Full treatment (from Yarrawonga supply)	Lagoons
Wahgunyah	1,145	2.3	Full treatment	Lagoons - primary aerated
Walwa	102	1.7	Full treatment	STEG with lagoons
Wandiligong	562	2.7	Full treatment (from Bright supply)	No service
Wangaratta	22,057	2.3	Full treatment	Lagoons - primary aerated and phosphorus removal
Whitfield	120	2.1	Full treatment	No service
Wodonga[2]	41,734	2.4	Full treatment	Tertiary treatment
Yackandandah	1,145	2.5	Full treatment	Lagoons - primary aerated and phosphorus removal
Yarrawonga	11,742	2.3	Full treatment	Lagoons - primary aerated

Notes:

1. The Household factor represents the average number of persons occupying each domestic dwelling in the town, based on 2021 ABS Census data. The population for each town is based on this factor multiplied by the number of residential water connections.
2. Includes Bandiana, Bonegilla, Ebden, Killara, Logic and Leneva.

Appendix 3 – Water consumption by town 2025-26

Town	Residential Customers				Non-residential Customers			Total Number of Connections	Total Potable Water Volume[4] (ML)	Total Non-potable Water Volume[5] (ML)	Total Water Volume[6] (ML)	Average Annual Consumption 2021-26 (ML)	Population
	Number of Connections[1]	Potable Water Volume[2] (ML)	Raw Water Volume (ML)	Per Capita Daily Residential Consumption[3] (L)	Number of Connections	Potable Water Volume (ML)	Recycled Water Volume (ML)						
Baranduda	1,514	399	0	240	61	437	0	1,575	836	0	836	709	4,542
Barnawartha	295	69	0	257	27	114	0	322	184	0	184	107	738
Beechworth	1,707	344	0	251	180	169	0	1,887	513	0	513	473	3,755
Bellbridge	181	40	0	245	6	5	0	187	46	0	46	42	453
Benalla	5,331	1,038	14	246	527	496	0	5,858	1,533	14	1,547	1,322	11,728
Bright	1,610	257	0	199	237	209	23	1,847	466	23	489	436	3,542
Bundalong	431	71	31	271	5	5	0	436	76	31	107	76	1,034
Chiltern	565	118	0	259	57	34	0	622	152	0	152	137	1,243
Corryong	669	112	7	243	143	50	0	812	162	7	169	154	1,338
Cudgewa	59	12	0	261	14	2	0	73	13	0	13	10	124
Dartmouth	101	14	0	191	10	7	0	111	21	0	21	18	202
Devenish	48	8	0	200	11	1	0	59	9	0	9	8	106
Eskdale	56	8	0	184	16	5	0	72	13	0	13	12	123
Glenrowan	184	36	0	226	39	39	0	223	75	0	75	56	442
Goorambat	56	10	0	210	10	2	0	66	12	0	12	9	134
Harrietville	208	29	0	164	30	22	0	238	51	0	51	50	478
Kiewa	148	47	0	325	6	4	0	154	52	0	52	41	400
Mt Beauty	572	66	0	159	76	32	4	648	99	4	103	98	1,144
Moyhu	109	20	0	212	21	5	11	130	26	11	36	35	262
Myrtleford	1,601	273	18	226	223	220	0	1,824	493	18	511	479	3,522
Oxley	210	51	0	254	5	3	0	215	54	0	54	40	546
Porepunkah	420	67	5	194	32	25	0	452	92	5	97	100	1,008
Rutherglen	1,223	342	0	333	144	117	82	1,367	459	82	541	392	2,813

Town	Residential Customers				Non-residential Customers			Total Number of Connections	Total Potable Water Volume[4] (ML)	Total Non-potable Water Volume[5] (ML)	Total Water Volume[6] (ML)	Average Annual Consumption 2021-26 (ML)	Population
	Number of Connections[1]	Potable Water Volume[2] (ML)	Raw Water Volume (ML)	Per Capita Daily Residential Consumption[3] (L)	Number of Connections	Potable Water Volume (ML)	Recycled Water Volume (ML)						
Springhurst	78	17	0	243	8	2	0	86	19	0	19	18	195
St James	39	11	0	355	10	2	0	49	12	0	13	10	86
Tallangatta	466	81	2	220	105	114	149	571	194	151	345	256	1,025
Tangambalanga	377	92	0	240	32	6	0	409	99	0	99	81	1,056
Tawonga	197	32	0	191	16	9	0	213	40	0	40	37	453
Tawonga South	593	86	0	180	35	20	0	628	106	0	106	102	1,305
Tungamah	190	42	1	282	23	8	6	213	50	8	58	51	418
Wahgunyah	498	136	0	325	38	73	0	536	209	0	209	178	1,145
Walwa	60	9	0	241	21	7	3	81	16	3	18	15	102
Wandiligong	208	33	0	162	10	4	0	218	37	0	37	38	562
Wangaratta	9,590	1,932	0	240	1,071	944	7	10,661	2,876	7	2,883	2,732	22,057
Whitfield	57	11	0	246	18	4	0	75	15	0	15	18	120
Wodonga	17,660	3,749	0	242	1,179	2,215	114	18,839	5,964	114	6,078	5,302	42,384
Yackandandah	458	87	7	226	70	35	0	528	123	7	130	122	1,145
Yarrawonga	5,105	1,148	10	270	419	230	74	5,524	1,379	84	1,463	1,559	11,742
Total	**52,874**	**10,897**	**95**	**242**	**4,935**	**5,677**	**474**	**57,809**	**16,574**	**569**	**17,142**	**15,321**	**123,470**

Notes:

1. Includes vacant allotments.
2. All volume figures are derived from water sold as measured at customer water meters. All figures have been rounded to the nearest whole number.
3. See Appendix 2 for town population data.
4. Total potable water volume is the sum of residential and non-residential potable water volumes and does not include non-revenue water.
5. Total non-potable water volume is the sum of residential and non-residential raw and recycled water volumes and does not include non-revenue water.
6. Total water volume is the sum of total potable water and total non-potable water volumes and does not include non-revenue water.

Appendix 4 – Bulk water entitlements 2025-26

In 2025-26, North East Water extracted a total of 19,696 megalitres of water from surface water and groundwater sources. The corporation extracted water in accordance with the conditions contained in bulk entitlements (BEs) and groundwater and surface water Take and Use Licences.

No new BEs were granted, and no amendments were made to any BEs during 2025-26. North East Water has BE metering and environmental programs in place.

A summary of the corporation's bulk entitlement extractions and compliance can be found below.

Bulk Entitlement/ Licence Name/ Licence number	Specified Extraction Point(s)	Entitlement Volume (ML)	Annual amount taken from specified point(s) (ML)	Any Amendment to Bulk Entitlement	Any Failure or difficulties in complying	Temporary transfers (ML)	Reporting Clause
Bulk Entitlement (Beechworth) Conversion Order 2001 WSE000085	Beechworth (Nine Mile Creek, Frenchmans Creek)	1,100	576	No	No	0	Clause 12.1
Bulk Entitlement (Bright) Conversion Order 2000 WSE000154	Freeburgh (Ovens River)	870	868	No	No	0	Clause 12.2
Consolidated Bulk Entitlement (Broken System – Tungamah, Devenish and St James – North East Water) Conversion Order 2004 WSE000036	Benalla (Broken River)	135	0	No	No	0	Clause 11.11[1] 11.1(f)
Bulk Entitlement (Chiltern) Conversion Order 2000 WSE000155	Chiltern (Barambogie Creek)	180	0	No	No	0	Clause 13.1
Bulk Entitlement (Corryong) Conversion Order 2000 WSE000130	Corryong (Nariel Creek)	680	235	No	No	0	Clause 12.1

Bulk Entitlement/ Licence Name/ Licence number	Specified Extraction Point(s)	Entitlement Volume (ML)	Annual amount taken from specified point(s) (ML)	Any Amendment to Bulk Entitlement	Any Failure or difficulties in complying	Temporary transfers (ML)	Reporting Clause
Bulk Entitlement (Cudgewa) Conversion Order 2000 WSE000131	Cudgewa (Cudgewa Creek)	29	0	No	No	0	Clause 12.1
Bulk Entitlement (Dartmouth) Conversion Order 2000 WSE000132	Dartmouth (Mount Tabor Creek)	60	0	No	No	0	Clause 13.1
Bulk Entitlement (Glenrowan) Conversion Order 1999 WSE000156	Glenrowan (Fifteen Mile Creek)	90	0	No	No	0	Clause 13.1[2] 13.1(e)
Bulk Entitlement (Harrietville) Conversion Order 1999 WSE000157	Harrietville (Ovens River, Simmons Creek)	91	60	No	No	0	Clause 12.1
Bulk Entitlement (Kiewa – Tangambalanga) Conversion Order 1999 WSE000087	Kiewa (Kiewa River)	179	0	No	No	0	Clause 12.1
Bulk Entitlement (Loombah McCall Say) Conversion Order 2001 WSE000037	Benalla (Ryans Creek)	2,324	1,773	No	No	0	Clause 15.1
Bulk Entitlement (Mount Beauty – Tawonga) Conversion Order 1997 WSE000088	West Kiewa River		298	No	No	0	Clause 11.1[3] 11.1(d), 11.1(e) & 11.1(f)
	Simmonds Creek		89				
	Diversion Tunnel		0				
	Total	718	387				

Bulk Entitlement/ Licence Name/ Licence number	Specified Extraction Point(s)	Entitlement Volume (ML)	Annual amount taken from specified point(s) (ML)	Any Amendment to Bulk Entitlement	Any Failure or difficulties in complying	Temporary transfers (ML)	Reporting Clause
Bulk Entitlement (Myrtleford) Conversion Order 2001 WSE000158	Myrtleford (Buffalo Creek)	1,212	678	No	No	0	Clause 12.1[4] 12.1(e)
Consolidated Bulk Entitlement (Ovens System – Moyhu, Oxley and Wangaratta – North East Water) Conversion Order 2004 WSE000160	Wangaratta	7,720	3,266	No	No	+ 100[5]	Clause 12.1 12.1 (e)[3]
	Oxley	112	78				
	Moyhu		42				
	Total		120				
Consolidated Bulk Entitlement (River Murray – North East Water) Conversion Order 1999 WSE000143	Bellbridge		53	No	No	1172[6]	Clause 20.1[6,7] 20.1 (d)
	Bundalong		69				
	Dartmouth (Mitta Mitta)		30				
	Eskdale		15				
	Tallangatta		241				
	Wodonga		8,001				
	Wahgunyah / Rutherglen		752				
	Yarrawonga		1,859				
	Total	14,540	11,020				
Bulk Entitlement (Springhurst) Conversion Order 1999 WSE000161	Springhurst (Diddah Diddah Creek)	36	0	No	No	0	Clause 13.1
Bulk Entitlement (Walwa) Conversion Order 2000 WSE000146	Walwa (Murray River)	61	18	No	No	0	Clause 12.1

Bulk Entitlement/ Licence Name/ Licence number	Specified Extraction Point(s)	Entitlement Volume (ML)	Annual amount taken from specified point(s) (ML)	Any Amendment to Bulk Entitlement	Any Failure or difficulties in complying	Temporary transfers (ML)	Reporting Clause
Bulk Entitlement (Whitfield) Conversion Order 1999 WSE000162	Whitfield (Musk Gully Creek)	34	0	No	No	0	Clause 12.1
Bulk Entitlement (Yackandandah) Conversion Order 2001 WSE000089	Yackandandah (Nine Mile Creek)	209	174	No	No	0	Clause 11.1

Notes:

1. No periods of restrictions were in place during 2025-26
2. No volume was added to the Glenrowan carryover account in 2025–26. The account currently holds the maximum permitted carryover volume of 40 ML.
3. Seasonal volumes taken at Mt Beauty: Diversion Tunnel 0 ML (Winter), 0 ML (Spring), 0 ML (Summer) and 0 ML (Autumn). West Kiewa River 61 ML (Winter), 6 ML (Spring), 131 ML (Summer) and 100 ML (Autumn). Simmonds Creek 19 ML (Winter), 68 ML (Spring), 0 ML (Summer) and 2 ML (Autumn)
4. Myrtleford annual extraction (678ML) and two year extraction (1,256 ML).
5. 100 ML of High Reliability King was traded from water shares held by North East Water to the Ovens System Bulk Entitlment for use at the Oxley and Moyhu offtakes.
6. During 2025-26, 4,516 ML of Zone 6 Murray River water was sold. In addition 1,107 ML of allocation was traded from water shares held by North East Water and 65 ML of allocation from Moira Shire Council as part of the Victorian Park irrigation water supply agreement to the River Murray BE.
7. Allocation available to the River Murray BE reached 100% on 17 November 2025 and 2,404 ML of return flow credits were also allocated in 2025-26.

North East Water

Contact Us

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Emergencies
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If you require access to interpretation or translation services, please call **131 450** and ask to contact **1300 361 633**.

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- TTY users phone **133 677** then ask for **1300 361 633**
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