Yarra Valley Water

2025-26

Yarra Valley Water Annual Report



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Language statement

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

We use Aurora Sewage and Recycled Water Treatment Plant throughout this report to refer to the asset and activity that manages both sewage and recycled water treatment. We refer to the Aurora Treatment Plant site for the broader site and land that houses co-located assets including our waste to energy facility and Wollert Community Farm.

Acknowledgement of Traditional Owners and Custodians



Yarra Valley Water proudly acknowledges the Wurundjeri Woi-wurrung, Bunurong and Boon Wurrung Peoples of the Kulin Nation as the Traditional Owners and Custodians of the land, water and skies on which we rely and operate. We pay our deepest respects to their Elders past, present and emerging.

We acknowledge the enduring cultural, social and spiritual connections that First Peoples have with Country and recognise and value the care and protection provided by Traditional Owners and Custodians over thousands of generations. We also recognise and value the continuing rich cultures and contribution of First Peoples to the Victorian community.

Our purpose

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



Key statistics

More than
2m
Population served

$7.4b
Infrastructure asset base

854k
Residential properties

63k
Business customers

60k
Connections to recycled water

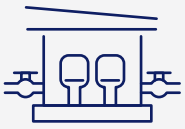
Our assets

10,622 km
Water supply mains

968 km
Recycled water supply mains

10,572 km
Sewer mains





81

Drinking water and recycled water pumping stations

150

Drinking water and recycled water pressure reducing stations

103

Sewage pumping stations



50

Drinking water and recycled water service reservoirs



9

Sewage treatment plants



2

Food waste to energy facilities



3

Recycled water treatment plants

Introduction

About us

A message from the Chair and Managing Director

Our strategic context

1

About us

As one of the largest water utilities in Victoria, we deliver essential water and sewerage services to more than 2 million people and 63,000 businesses every day. We manage over $7 billion worth of assets across a 4,000 square kilometre service area, stretching from Wallan in the north to Warburton in the east.

Our primary role is to supply safe, reliable water and sewerage services to customers. We're proud of our high-quality drinking water. Most is sourced from protected catchments in Melbourne's east and water from the Victorian Desalination Plant.

We strive to remove and treat sewage in a way that minimises environmental impact. Most sewage is transported to Melbourne Water's Eastern and Western Treatment Plants. The remainder is treated at our 9 local treatment plants, several of which recycle water for non-drinking use in homes, businesses and public spaces. This helps take the pressure off Melbourne's drinking water supply and is part of our work to secure water for the future.

Our purpose is to support the health and wellbeing of our customers and create a brighter future for communities and the natural environment. Our 2030 Strategy guides how we deliver on this purpose. It is underpinned by the principle of Honouring and Healing Country and supported by 3 strategic pillars – customer, community and the environment.



As Melbourne continues to grow, we play an important role in supporting new and established communities through investment in the infrastructure and services needed to meet future demand. We're responding to the broader operating context, including climate change and rising costs, while continuing to provide reliable water and sewerage services now and into the future.

We serve a diverse community. Our service area includes more than 10,000 First Peoples and over 600,000 residents born overseas. A significant proportion of our customers also speak a language other than English at home, with Hindi, Mandarin, Greek, Tamil, Cantonese, Sinhalese and Arabic among the most spoken. This diversity shapes how we engage with customers and communities and helps ensure our services are accessible and inclusive.

Beyond delivering essential services, we continue to invest in innovative solutions that create value for customers, communities and the environment. This includes generating renewable energy from commercial food waste, expanding the use of digital technologies to improve customer outcomes and exploring nature-positive approaches that support environmental resilience. These initiatives help reduce waste, lower emissions, improve water efficiency and asset management, while strengthening the sustainability of our operations. They also support our broader goal of delivering reliable services while creating lasting benefits for future generations.

Our people are central to everything we do. Guided by our values, putting people first, working as one team, being brave, delivering what matters and having a positive impact, our workforce reflects the diversity of the communities we serve.

Yarra Valley Water is a water corporation under the *Water Act 1989*. Our activities are overseen by an independent Board of Directors appointed by the Victorian Government. The *Water Act 1989* and the Statement of Obligations issued by the Minister for Water govern our activities. During the 2025-26 financial year, we were accountable to the Hon. Gayle Tierney MP (1 July 2025 to 14 April 2026) and the Hon. Harriet Shing MP (from 15 April to 30 June 2026) as the Minister for Water.

Regulation and oversight are provided by the Department of Health for drinking water quality and the Environment Protection Authority Victoria for environmental compliance. The Essential Services Commission is our economic regulator. Every 5 years we're required to make a price submission which sets out the services and standards we propose to deliver to our customers and proposed prices. Our 2023-28 Price Submission, developed after an extensive customer and community engagement process, came into effect on 1 July 2023.

A message from the Chair and Managing Director

Welcome to our 2025–26 Annual Report which outlines our financial performance and shows how we're delivering value to create a brighter future.

Every day, more than 2 million people rely on us for safe drinking water and reliable sewerage services. As Melbourne continues to grow and change, our role in supporting the health, wellbeing and liveability of our communities has never been more important. Guided by our 2030 Strategy, we continue to respond to long-term challenges such as climate change, population growth and water security while delivering essential services our customers depend on. The safety and wellbeing of our people, partners, customers and the community remains at the heart of everything we do.

This year highlighted the continuing challenges facing our customers, communities and the water sector. Hotter and drier conditions, increasing demand for water and economic pressures reinforced the importance of careful planning, responsible investment and long-term thinking. At the same time, heightened global uncertainty continued to impact energy markets, construction supply chains and operating costs, influencing the way we plan and deliver services.

Against this backdrop, our focus remained clear, delivering safe and reliable essential services today while preparing to meet our customers' needs for the future, through careful and considered long term planning. We know many households continue to face financial pressures, which is why supporting customers experiencing financial hardship remains a priority. During the year, more customers accessed support through our specialist WaterCare customer support team and government assistance initiatives. The number of customers supported by our WaterCare team increased by 7%, while approved Utility Relief Grants (URG) rose by 22%, ensuring more customers could access the help available and remain connected to essential services.

At the same time, a growing population and the impacts of climate change mean that we need to invest more to maintain reliable services now and for future generations of customers. We know every dollar counts and we remain committed to making responsible investments while upgrading aging infrastructure, expanding our network and delivering the services our customers rely on every day.

Looking ahead, water security remains one of our greatest challenges. Safeguarding water for the future will require innovative thinking, collaboration and long-term planning. In the past year, we've experienced the steepest annual decline in water storages since the peak of the Millennium Drought. This has been driven by hot, dry conditions, record-low stream flows and higher household use.

We partner with our water sector colleagues to collectively address water supply challenges and ensure a reliable water supply for our customers, community and the environment. We play an active role in supporting the Victorian Government's Water Security Plan and strive to provide new water infrastructure growth to progress the Housing Statement.

We continue to deliver strong outcomes for customers throughout the year. Customer satisfaction remained high, with 85% of customers satisfied with their most recent interaction with us. During 2025-26 (measured from April 2025 to March 2026), we restored services within 4 hours for 96.4% of customers experiencing planned and unplanned interruptions, and within 12 hours for 99.7% of customers.

We also achieved 92% customer satisfaction with fault call handling and 89% satisfaction with our field response, exceeding our target. We continued to perform strongly in the Essential Services Commission's customer perception survey, ranking equal second for trust and overall satisfaction, equal third for reputation and fourth for value for money on a rolling 12-month basis.



This year our efforts were recognised at the 2025 Auscontact Excellence Awards where we received the Employee Experience Initiative of the Year – Culture, Engagement and Inclusion award for our 'Privacy Check Pop Up'. This on-screen innovation helps us keep our customers' information secure and makes it easier for our contact centre staff to verify a customer's identity. It also provides extra protection for people who may be experiencing family violence.

Our performance is measured against 6 key outcomes our customers told us matter most:

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

Through our 2023-28 Price Submission, customers play a direct role in assessing our performance across these 6 outcomes and 17 measures. We engaged a Community Assessment Panel to evaluate how well we've achieved the outcomes. As part of our commitment, we've promised to provide a community rebate of up to $1.8 million for each outcome we don't achieve (up to $10.5 million per annum).

This year, based on our overall performance and where we didn't fully achieve our planned outcomes, the panel has recommended we return $3.42 million to customers and community in 2026-27 through initiatives such as community grants, community education and water conservation programs.

This year also marked a significant milestone in reducing our environmental impact. In July 2025, we transitioned to using 100% renewable electricity supply to power our operations and for the first time, reported net zero Scope 1 and 2 emissions for 2025-26 under the Victorian Government's Statement of Obligations (Emission Reduction), an independently verifiable framework, 4 years ahead of schedule. We're now focused on tackling Scope 3 emissions and exploring how we can contribute to broader nature-positive outcomes.

We also completed construction on our second, larger food waste to energy facility at Lilydale. Co-located with the Lilydale Sewage Treatment Plant, this facility will put us on track to meet our emissions reduction targets. Once fully operational, we can process around 55,000 tonnes of food waste a year at the new facility, generating up to 56,000 kilowatt hours of electricity per day and meeting 35% of our renewable electricity needs.

Our 2030 Strategy is underpinned by the guiding principle of Honouring and Healing Country. During the year, we continued delivering actions in our third Reconciliation Action Plan and strengthening our partnership with Traditional Owners and Custodians.

Caring for Country and protecting the natural systems we operate within is fundamental to what we do. Through our partnership, Wurundjeri Woi-wurrung continued to care for Country onsite at the Aurora Sewage and Recycled Water Treatment Plant and progress work to protect biodiversity at other significant sites. This includes creating habitat at Upper Yarra Sewage Treatment Plant for critically endangered species including the Lowland Leadbeater's Possum and Victoria's fauna emblem, the Helmeted Honeyeater.

Maintaining resilient and secure operations remains a critical priority. We continued to strengthen our cyber security capability and incident readiness, while establishing the governance and foundations needed to support the safe and responsible use of Artificial Intelligence (AI). For the third consecutive year, we achieved our target maturity rating under the National Institute of Standards and Technology (NIST) Cyber Security Framework, demonstrating ongoing progress in protecting our systems, critical infrastructure and customer information. We also continued to work closely with other metropolitan water corporations through joint cyber incident response exercises, helping strengthen preparedness and resilience across the sector.

As AI technologies continue to evolve, we're taking a measured approach to their adoption, ensuring they generate value for our organisation, while also protecting our assets, people and customers.

Other key highlights this year include:

- Delivering 156,629 billion litres of water to our customers, all 100% compliant with the Victorian Safe Drinking Water Regulations.
- Investing $424 million in capital expenditure to deliver essential services including upgrading and expanding water and sewerage infrastructure to meet the needs of a growing population.
- Commencing network-wide rollout of digital meters across our service area, after a successful pilot. This investment gives our customers near real-time insight into their water use and early alerts for potential leaks.
- Announcing a new long-term dual maintenance partnership for the organisation to strengthen our reliability and supply chain resilience. This will go live in October 2026.
- Progressing major project approvals to support resilient water services, through projects such as Aurora Sewage and Recycled Water Treatment Plant and Transfer System, Healesville Sewerage Treatment Plant Upgrade, Craigieburn Hub Tanks Project, Yan Yean Road Main Upgrade, Aurora to Bald Hill Recycled Water Transfer Main and Mt Fraser Drinking Water and Recycled Water Transfer System.

We delivered a net profit after tax of $20.6 million, which is $80.5 million below last years' profit. Despite a challenging operating environment, we remain financially resilient. Profitability has been affected by lower development revenue, rising financing costs, inflation, increased construction and supply chain costs, higher costs to serve a growing customer base, increased depreciation associated with investment in new and renewed infrastructure, and the significant investment required to support population growth, water security, climate resilience and ageing infrastructure. We remain committed to delivering value for customers by driving productivity, improving efficiency and making prudent investment decisions that help minimise price impacts while continuing to provide safe, reliable and sustainable services for future generations.

We've continued to make responsible and efficient investments throughout the year, supported by strong governance and a clear capital expenditure prioritisation framework, while maintaining our focus on delivering core services. Our people and partners work hard to balance efficiency with service excellence. We also continued to benchmark our performance through the Water Services Association of Australia's national program, with the latest results demonstrating strong cost efficiency across a range of operational areas.

Our achievements this year reflect the contribution of our people, and we thank them for their ongoing commitment to delivering what matters most for our customers and community. We welcomed new Board members Marcus Stewart, Joyti Wardhen and Domenic Isola, whose experience and perspectives add to our collective oversight. We also acknowledge and thank Karen Milward, Victor Perton and Deputy Chair, Rob Skinner for their contribution and commitment during their time on the Board.

We're grateful to the Victorian Government and our community and industry partners for their support and collaboration. Guided by our Executive leadership team and Board Directors, we're looking forward to building on our strong foundations and continuing to deliver for our customers, communities and the environment.



Gabrielle Bell
Chair



Natalie Foeng
Managing Director



Our strategic context

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

Our planning is underpinned by these key themes:



Honouring and healing Country



Transforming around the customer



Helping communities thrive



Leading for our environmental future



Enabling high performance

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

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

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

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

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

Government policy direction

Priority policy areas

- Climate change and energy
- Customer, community and engagement
- Recognise Aboriginal values
- Recognise recreational values
- Resilient and liveable cities and towns
- Leadership, diversity and culture
- Performance and financial management
- Compliance and enforcement

Customer commitments 2023-28

- Caring for Country philosophy for all our decisions and actions

Services we provide

- Safe and pleasant drinking water
- Reliable water and sewerage services
- Timely response and repair
- Service that meets everyone's needs

Actions for the future

- Saving water for the future
- Looking after our natural environment

Sustainable Development Goals



Strategic theme	2023–28 Price Submission customer commitments	Letter of expectations	Sustainable Development Goals
Honouring and Healing Country	• Caring for Country philosophy for our decisions and actions	• Supporting Aboriginal self-determination • Partnerships with Traditional Owners	
Transforming around the customer	• Safe and pleasant drinking water • Reliable water and sanitation services • Timely response and repair • Service that meets everyone's needs	• Customer and community engagement • Bills and support	
Helping communities thrive	• Saving water for the future	• Customer and community engagement • Adapting to climate change • Integrated water management • Water use and efficiency • Recognise recreational values • Sustainable water management • Housing Statement • Bulk entitlements compliance	
Leading for our environmental future	• Looking after our natural environment	• Emissions reduction • Increasing renewable energy • Circular economy outcomes • Environmental statutory obligations • Transportation	
Enabling high performance		• Diversity and inclusion • Audited statement of performance	



2025-26 Highlights

KEY INITIATIVES

Honouring and healing Country

Transforming around the customer

Helping communities thrive

Leading for our environmental future

Enabling high performance

Overview of 2025-26 performance



2

Honouring and healing Country

Our service area always was and always will be on Aboriginal land.

We acknowledge the historic and ongoing impacts of colonisation and are committed to moving forward together. Our commitment to reconciliation and caring for Country shapes everything we do.

Listening to and learning from Traditional Owners and Custodians deepens our understanding of our responsibility to maintain and enhance the systems that sustain all life. Honouring and Healing Country is our guiding principle. It's embedded in how we work and where we direct our efforts and is delivered through the following three outcomes.

Advancing reconciliation

We continue to deepen partnerships with First Peoples and First Peoples' organisations to foster trust, respect and shared decision-making. Through our third Reconciliation Action Plan (RAP), we work to create meaningful opportunities, build cultural capability and embed cultural safety across our workforce and partnerships.



We've seen strong staff engagement and participation with reconciliation initiatives across the business this year. Our staff have a genuine desire and curiosity to learn and get involved. We're currently in our first year implementing our current RAP, which is our second Stretch RAP.

Key highlights include:

- Expanding our outreach activity and providing in-person customer service and bill support at local gathering places.
- Supporting local First Peoples community-led events through sponsorship, attendance and volunteering to build long-term partnerships.
- Providing meaningful learning opportunities and a redesigned mandatory cultural awareness module to strengthen our cultural understanding.
- Enhancing our Reconciliation Leadership Committee to further embed reconciliation across the organisation.
- Coordinating an industry-wide Reconciliation Networking Group to strengthen sector capability.

Enabling self-determination

We respect First People's decision-making, leadership and governance and support Traditional Owners and Custodians to lead in the care and management of lands, waters and cultural heritage. This includes supporting participation in water planning and decision making and building our organisational readiness to engage with Victorian Treaty processes as they evolve.

Key highlights include:

- Continuing our partnership with Wurundjeri's Narrap Unit at Aurora Sewage and Recycled Water Treatment Plant enabling self-determined caring for Country through land management, restoration and cultural burning.
- Collaborating across the water sector to strengthen cultural capability and readiness for Victoria's Treaty process.
- Creating social and economic opportunities through our procurement activities, including increasing engagement with First Peoples businesses and social enterprises.
- Working with partners to enhance biodiversity and recreational connections across the marram baba Merri Creek Regional Parkland.
- Hosting our second Blak Christmas Market to support First Peoples artists, designers and businesses.
- Expanding opportunities for First Peoples businesses through our contract partners and improved monitoring indirect spend across our supply chain.

Caring for Country

We operate on Wurundjeri Country and a small area of Bunurong/Boonwurrung Country. We're committed to embedding a caring for Country philosophy into how we plan and deliver our services. By working in partnership with Traditional Owners and Custodians, and drawing on First Peoples' knowledge, we aim to create healthier waterways, landscapes and ecosystems. Through a caring for Country mindset, we aspire to deliver cultural, social, environmental and economic benefits to our customers and community.

Key highlights include:

- Partnering with Wurundjeri to care for Country, including exploring nature-based solutions and recycled water opportunities to improve environmental outcomes.
- Working with Wurundjeri to improve access to Country by exploring a new co-location for the Narrap Unit at another of our treatment plant sites to improve their access to managing Country in Melbourne's north.
- Supporting a cross-collaborative approach to land and water management that incorporates traditional First Peoples' knowledge and caring for Country practices.
- Supporting Wurundjeri's long-term strategic planning for land and water management, through a secondment of one of our senior managers.
- Collaborating with Wurundjeri and Whittlesea Community Connections to plan a cultural interpretive trail at the Wollert Community Farm.

Transforming around the customer

We care for our customers and work hard to deliver great experiences for them, every time.

We do this by putting customers at the centre of our service design and transforming how we deliver to meet their evolving needs and expectations. We use customer insights, lived experience, research and performance data to inform our decisions, continuously improve our services, and embed Safety by Design across our systems, processes and customer experiences.

Our focus areas guide how we design services, strengthen relationships and create positive customer experiences.

Earned trust and satisfaction

As an essential service, trust and satisfaction are fundamental to our relationship with customers and communities. We build trust through reliable services, transparent communication and delivering on the commitments we make. By listening to customer feedback and acting on what we learn, we continue to improve the services and experiences we provide.



Key highlights include:

- Maintaining strong performance across all 4 of the Essential Services Commission's customer perception survey metrics.
- Continuing to put customers at the centre of performance assessment through our Community Assessment Panel.
- Committing to return a $3.42 million rebate to customers and community in 2026-27, through initiatives such as community grants, education and water conservation programs.
- Strengthening the protection of customer data and privacy by introducing multi-factor authentication (MFA) for both online and phone interactions.

Great customer experience

We aim to make every interaction simple, accessible and inclusive. Whether customers engage with us online, over the phone or in person, we work to provide clear information, responsive support and services that are easy to access and use.

Key highlights include:

- Achieving 85% customer satisfaction for customers' most recent interaction while responding to increased demand during a hotter, drier summer.
- Helping customers manage their bills, with 97% of customers who accessed our support services believing we helped them.
- Supporting more than 310,000 customers through our upgraded MyAccount online customer portal.
- Supporting business customers to save water and manage costs through tailored advice and financial support.
- Receiving the Employee Experience Initiative of the Year – Culture, Engagement and Inclusion award at the 2025 Auscontact Excellence Awards for our 'Privacy Check Pop Up' enhancing customer privacy and safety.

Affordable for all

Safe and reliable water services should be accessible to everyone. We work to keep our services affordable while providing tailored support for customers experiencing vulnerability or financial hardship. This helps ensure customers can access the support they need and remain connected to essential services.

Key highlights include:

- Supporting customers experiencing financial hardship through tailored assistance, including concessions and government grants, and payment plans.
- Supporting more customers experiencing financial hardship, with the WaterCare program increasing support by 7% and approved Utility Relief Grants rising by 22%.
- Raising awareness of our financial support options through targeted advertising campaigns and community outreach.
- Embedding customer safety, wellbeing and rights through our Safety by Design Framework.
- Embedding lived experience into our services through engagement with family and domestic violence victim-survivors.
- Championing cross-sector collaboration as a founding member of Thriving Communities Australia.
- Supporting the *Respect and Protect* initiative alongside more than 70 prominent Australian businesses to help prevent financial abuse.

Transforming around the customer continued...

Safe and pleasant drinking water

Our top priority is to provide safe and pleasant drinking water for our customers every day. Most of our water is sourced from protected catchments and is supplemented with water from the Victorian Desalination Plant.

We rigorously monitor and manage water quality to meet high standards, supported by strong compliance and assurance processes. This gives our customers confidence that the water supplied to their homes and businesses is safe, clean and reliable every day.

Key highlights include:

- Providing safe and pleasant drinking water for our customers, with 82% of customers agreeing we provide great drinking water.
- Achieving 100% compliance with the *Victorian Safe Drinking Water Regulation* supported by independent laboratory testing of around 7,000 water samples.
- Expanding our presence at community events, engaging more than 16,000 people, dispensing over 8,500 litres of tap water and achieving 95% customer satisfaction.
- Launching our bespoke Refiller van to build trust in Melbourne's drinking water through a stronger presence at community events.
- Promoting Choose Tap through community sport partnerships such as Outer East Football Netball League and the Eastern and Northern Football Netball Leagues.
- Continuing proactive PFAS (per and polyfluoroalkyl substances) monitoring with Melbourne Water, with no detections in our drinking water supply.
- Maintaining drinking water quality through proactive monitoring, inspection and maintenance of critical water supply assets.
- Strengthening water quality management through staff and delivery partner training, proactive complaint management and customer support.

Reliable assets and services

Our customers rely on us every day for essential water and sewerage services. We invest in, maintain and manage our water and sewerage networks to ensure customers receive reliable services now and into the future. This also supports growing communities and helps protect the environment.

Key highlights include:

- Renewing and replacing 74.7km of aging water and sewerage pipes across our network.
- Supporting Victoria's Housing Statement by enabling faster servicing of new developments and growth areas through timely infrastructure planning and approvals.
- Refreshing our Climate Resilience Plan (CRP) to strengthen our understanding of climate-related and nature-related risks and inform future investment decisions.
- Using sensors and predictive technologies to improve performance, detect failures earlier and strengthen network resilience.
- Responding to increased fault volumes during a hotter, drier year, with changing soil moisture contributing to more water main failures and service interruptions.



Timely response and repair

When service interruptions occur, our priority is to restore services as quickly and safely as possible. Clear communication and a timely response enable our teams to restore services for customers as quickly as possible and maintain confidence in the services we provide.

Key highlights include:

- Exceeding our commitment to minimise service interruptions, despite a 9% increase in water-related faults and emergencies during a hotter, drier year.
- Achieving 84% customer satisfaction with service restoration during a period of higher-than-average fault volumes.
- Restoring services within 4 hours for 96.4% of customers, and within 12 hours for 99.7% of customers, during planned and unplanned interruptions.
- Achieving 92% customer satisfaction with fault call handling, and 89% customer satisfaction with our field response, supported by strong collaboration with our maintenance delivery partner.
- Improving restoration outcomes and customer experience through clearer communication, enhanced site management and contractor-led community engagement advisor.
- Appointing Ventia and Service Stream as our new long-term maintenance service providers. This new partnership will commence in October 2026.

Digital meters

Digital meters help customers better understand and manage their water use through timely information and early leak alerts. By helping customers reduce water use and save money, digital metering is supporting Melbourne's long-term water security and a more resilient water future for our communities.

Key highlights include:

- Commencing a network wide rollout of digital meters following the successful installation of 25,000 meters during the pilot and business case approval in February.
- Installing nearly 69,000 digital meters this year across our service area and on track to rollout 900,000 digital meters by 2031.
- Helping customers save more than 260 megalitres of water through digital leak notifications and near real-time water use insights.
- Building the capability to deliver the rollout at scale, increasing installation capacity to around 15,000 meters per month.
- Replacing aging, failing and hard to access meters, improving billing accuracy and operational efficiency.
- Expanding digital metering to support growth areas, commercial customer and smarter network management through real-time data insights.

Helping communities thrive

Water is essential to the health, wellbeing and prosperity of our communities.

As Melbourne continues to grow and climate change places increasing pressure on water resources, we're focused on securing a reliable water future, strengthening resilience and supporting liveable and inclusive communities.

Our focus areas guide how we support water security, respond to community needs and contribute to the wellbeing of the communities we serve.

Secure water future

We continue to respond to long-term challenges such as climate change, population growth and water security while delivering essential services our customers depend on. We do this by balancing the need to secure long-term water supply with the responsibility to invest wisely in resilient systems. Recording the steepest annual decline in Melbourne's water storages since the peak of the Millennium Drought, with storages falling by more than 10% to 64% by the end of June, down from 71.5% at the same time last year.



Key highlights include:

- Supporting the Victorian Government's order of 150 billion litres of water from the Victorian Desalination Plant for 2026-27 to strengthen Melbourne's water security.
- Working closely with metropolitan water corporations, Barwon Water and the Victorian Government to strengthen and diversify Melbourne's water supply, guided by the Victorian Water Security Plan and the Water Security Taskforce.
- Collaborating with the metropolitan water corporations and the Victorian Government to plan for and respond to emerging major industrial and commercial developments, including data centres. This includes establishing servicing guidelines and working with individual large water users on their servicing needs, with a focus on water efficiency and servicing via recycled water wherever possible.

Water conservation

Water security and water conservation are two of our greatest challenges. Safeguarding water for the future requires innovative thinking, collaboration and long-term planning so that we can protect this precious resource for our customers and communities to come.

Key highlights include:

- Partnering with metropolitan water corporations, Barwon Water and the Department of Energy, Environment and Climate Action (DEECA) to deliver the Make Every Drop Count campaign encouraging everyday water-saving behaviours.
- Engaging communities across our service area to promote water conservation, including through our partnership with Melbourne Polytechnic at the 2026 Melbourne International Flower and Garden Show.
- Helping nearly 1,000 households reduce water use through our Water Audit and Showerhead Exchange program.
- Monitoring 250 households' water usage through the Efficient Shower Impact Monitoring (ESIM) project, in partnership with DEECA, the University of Queensland and Griffith University to better understand household water use.
- Helping 63% of government schools in our catchment area save water through the Victorian Government's Schools Water Efficiency Program (SWEP).
- Delivering 237 Water Watchers incursions, engaging around 6,000 primary school students in water conservation.
- Working with around 30 business customers who use around 100 million litres of water or more annually to develop Water Efficiency Management Plans.

Recycled water

Recycled water for non-drinking purposes, is another important part of our water future. Using recycled water helps take pressure off our precious drinking water supplies and can keep our local parks, sporting fields and communities green.

Our recycled water network spans 968 km of dedicated recycled water mains, connecting over 60,000 homes and businesses, with the majority in Melbourne's Northern Growth Area. Customers use recycled water for a range of non-drinking water purposes, including watering gardens, flushing toilets, doing the laundry and washing cars.

Essential upgrades at 2 recycled water treatment facilities – Brushy Creek Recycled Water Facility and Aurora Sewage and Recycled Water Treatment Plant – have continued to affect the delivery of recycled water. The Aurora Sewage and Recycled Water Treatment Plant returned to service in June 2026. These important investments will strengthen the reliability and capacity of our recycled water network, alongside other recycled water projects already underway.

Helping communities thrive continued...

Key highlights include:

- Undertaking more than 15,000 recycled water inspections to support the safe delivery of recycled water.
- Progressing plans for a new recycled water treatment facility at Aurora Sewage and Recycled Water Treatment Plant to support Melbourne's Northern Growth Area, producing 10 megalitres of recycled water a day and more than tripling existing capacity by 2028-29.
- Progressing construction on the Brushy Creek Recycled Water Infrastructure Project, extending recycled water supply to parts of Croydon, Chirnside Park and Mooroolbark from 2027.
- Reassessing sustainable, alternative water supply for Doncaster Hill and the Manningham area, to reduce demand on drinking water.
- Continuing to develop our Recycled Water Community Assets Program by working to identify new partnership opportunities to offset potable water use by major infrastructure projects and large water users by funding alternative water infrastructure for public open spaces.
- Actively engaging with major project authorities and industry partners to identify opportunities for innovative water efficiency solutions.

Non-revenue water

Reducing non-revenue water remains an important part of securing water for the future. Non-revenue water represents the difference between the amount of water we purchase from Melbourne Water and the volume we sell to customers. It includes water lost through bursts and leaks, water used for firefighting and operational water use.

In recent years, hotter and drier conditions have contributed to an increase in water faults across our system. As a result, our non-revenue water was 9.6% this year, against a target of 7.3%. Reducing water loss remains a key priority for us and we continue to strengthen how we monitor, maintain and improve our network.

Key highlights include:

- Continuing to roll out our District Metered Area (DMA) program which helps us monitor the network more closely, identify where water loss is occurring, and respond earlier with leak detection and repairs. The program now covers 62% of the network and includes 600 sensor sites, helping identify 5.5 billion litres of water loss since its inception, previously undetected.
- Reducing water loss through our Active Leak Detection program, saving an average of 4 million litres per day by identifying underground leaks earlier.
- Trialling AI-assisted leak detection and satellite-enabled risk profiling to identify leaks or bursts, supporting earlier intervention and stronger network performance.



Valued community partner

We're committed to building resilient and inclusive communities by fostering trust and respect, promoting human rights and advancing social equity. As part of our commitment to partnering with the community, we work with local government, community organisations and other stakeholders to create fairer and more sustainable outcomes for people across our service area. Our place-based planning approach helps improve natural spaces, such as parks, waterways and green corridors, supporting recreation, biodiversity and climate resilience. We also work closely with other water authorities, councils, government and emergency services to strengthen preparedness, build resilience and support communities through extreme weather events and other emergencies.

Key highlights include:

- Delivering emergency response training to 26 State Emergency Service volunteers, improving coordination and access to our support during incidents involving our assets.
- Supporting customers experiencing vulnerability through trusted community partnerships and local connections, ensuring they can access the information and support they need.
- Awarding $180,000 through our Community Grants Program to support 18 grassroots projects that strengthen communities, promote water efficiency and protect the environment.

Integrated Water Management

Collaboration between the water industry, community and stakeholders, Traditional Owners and Custodians, developers and other government agencies, is critical for effective water cycle management and planning. It helps enhance Melbourne's liveability and respond to challenges of population growth and climate change, supporting our customers and communities now and into the future.

Integrated Water Management (IWM) plays an important role in building resilience. Its benefits extend beyond water security and include improved health and wellbeing through greener neighborhoods, urban cooling, improved sewage management and greater flood resilience.

IWM can also create cultural, social and environmental benefits, including opportunities for water justice for Traditional Owners and Custodians. And while recycled water helps reduce pressure on drinking water supplies, rainwater and stormwater runoff can also be harnessed to support environmental, cultural and agricultural water needs and irrigate open spaces.

Helping communities thrive continued...

Key highlights include:

- Continuing to deliver a septic systems awareness program, funded by DEECA, to encourage eligible property owners to connect to the reticulated sewer network, helping improve waterway health.
- Helping to embed IWM into urban planning across our catchment through Catchment Scale IWM forums led by DEECA, and partnerships with key stakeholders.
- Exploring the role of IWM in building water security for new Activity Centres and precincts, in line with DEECA's new IWM framework and guidelines.
- Partnering with Melbourne Water, councils and Wurundjeri to investigate stormwater harvesting opportunities in Melbourne's Northern Growth Area.
- Improving the health of local waterways through partnerships across key catchments, including Moonee Ponds Creek and Gardiners Creek (KooyongKoot).
- Progressing nature-based solutions on our treatment plant land to improve waterway and catchment health, biodiversity, urban cooling and caring for Country outcomes.

Wollert Community Farm

This year, we celebrated one year of the Wollert Community Farm, built on buffer land around the Aurora Sewage and Recycled Water Treatment Plant. The farm, developed and operated in partnership with Whittlesea Community Connections (WCC), offers opportunities for community to connect, learn and prosper through environmental and horticultural activities.

Stage 2 construction is planned to commence in July 2026, with our construction partner TVN On-Country delivering a farm hub facility that will support training, education and community-based events.

Key highlights include:

- Working with Wurundjeri's Narrap Unit, Acacia Environmental, and WCC to manage 42 hectares of conservation areas across the site.
- Supporting Traditional Owner-led land management through cultural burning and the protection of endangered woodland and grasslands.
- Protecting biodiversity through threatened species surveys, confirming the presence of the nationally listed Golden Sun Moth and Growling Grass Frog.
- Maintaining compliance with cultural and historical heritage obligations across the site.
- Supporting WCC's *nugal biik* ('belongs to the earth' in Woi-wurrung) activities through native plants propagation, ranger programs, environmental restoration and employment pathways.

Beveridge North West Precinct Project

We're supporting the Victorian Government's efforts to address housing needs, including the transfer of surplus land at Beveridge North West precinct to Development Victoria, who will then lead planning and delivery for the site as the new landowner.

Key highlights include:

- Continuing to work closely with government, industry and community partners to help shape a water-efficient, liveable neighbourhood in our capacity as a service authority.
- Working with Melbourne Water to embed integrated water management aligned to the Precinct Structure Plan, enabling water-sensitive design and sustainable water outcomes.



Leading for our environmental future

Protecting and restoring the natural environment is central to everything we do.

Our communities and partners expect water services that support healthy ecosystems, reduce environmental impact and respond to the challenges of climate change.

We lead for our environmental future by managing resources responsibly, enhancing biodiversity and reducing emissions. Our approach balances sustainable service delivery with environmental stewardship – ensuring our ecosystems thrive alongside our growing communities. By collaborating with stakeholders, regulators and Traditional Owners and Custodians, we strengthen the long-term resilience of the environment we all depend on.

Our key focus areas guide how we reduce environmental impact, restore ecosystems and prepare for a changing climate.

Beyond zero carbon

We're proud of our progress in reducing emissions while continuing to deliver essential water and sewerage services. Through renewable energy, energy efficiency initiatives and ongoing investment in decarbonisation, we continue to reduce our environmental footprint and contribute to Victoria's transition to a low-carbon future.



In 2025-26, we achieved our Statement of Obligations (Emission Reduction) target by reporting net zero Scope 1 and 2 emissions. Building on this milestone, we'll continue to focus on driving down our emissions and on reducing emissions across our broader value chain. We'll also explore opportunities to deliver positive environmental outcomes beyond zero carbon.

Key highlights include:

- Reporting net zero Scope 1 and 2 emissions for the first time, under the Victorian Government's Statement of Obligations (Emission Reduction), an independently verifiable framework, 4 years earlier than obligated.
- Powering 100% of our operations using renewable electricity from 1 July 2025 through on-site generation and renewable electricity purchased via Zero Emissions Water.
- Reducing the impact of residual fugitive emissions through high integrity Victorian carbon projects including food waste to energy, biodiversity planting and a Growing Carbon partnership project.
- Expanding our focus to include Scope 3 emissions across our value chain, supported by new reduction targets and carbon-informed infrastructure planning.
- Using our Carbon in Construction Tool to reduce Scope 3 emissions, identifying a potential 60% reduction in carbon emissions in one project alongside significant cost savings through design optimisation.
- Continuing to transition to a zero emissions fleet, with all new vehicles purchased from 1 July 2025 required to be electric where available and fit-for-purpose. Our fleet now includes 53 fully electric vehicles and 42 petrol hybrids.
- Expanding renewable-powered electric vehicle charging stations across our sites, with 62 charge points planned at our Mitcham head office.
- Partnering on a hydrogen generation pilot project to explore the role of renewable hydrogen in the future of the water sector.

Towards circular

We are working towards a more circular approach to how we use resources. By reducing waste, recovering valuable resources and finding new ways to reuse materials, we can lower environmental impacts and create greater value from existing resources. Collaboration and innovation continue to play an important role in this work.

Key highlights include:

- Replacing over 7,000 tonnes of construction materials with recycled or lower carbon alternatives through our Carbon in Construction tool.
- Expanding the use of recycled, reprocessed and lower carbon-intensive materials across our projects.
- Baselining the carbon footprint of construction projects through to 2030 to inform future emission reduction.
- Working with our design and construction partners to reduce our carbon footprint on projects, through smarter materials, design and construction methods.
- Developing more holistic carbon in construction reduction targets, in time for our next price submission in 2028.

Food waste to energy

Our food waste to energy facilities demonstrate how resources can be recovered and reused to create value. Here, commercial food waste that would otherwise be sent to landfill is converted into renewable energy, helping to reduce our emissions, support the circular economy and power our operations.

Key highlights include:

- Processing 15,538 tonnes of commercial food waste and generating 2,779 MWh of electricity at our Wollert food waste to energy facility, known as ReWaste.
- Completing and commissioning our second, larger food waste to energy facility, co-located with the Lilydale Sewage Treatment Plant, which will process about 55,000 tonnes of food waste a year and generate 35% of our renewable electricity needs once fully operational.
- Working with the Environment Protection Authority (EPA) Victoria to support the development of a regulatory framework for the sustainable reuse of digestate, a nutrient-rich by-product of the waste to energy process.
- Partnering with agricultural and science sectors to trial digestate processing methods and identify sustainable reuse opportunities.

Leading for our environmental future continued...

Healthy ecosystems

Healthy ecosystems are essential to the wellbeing of communities and the long-term health of our waterways and environment. Through partnerships, land and water management activities, habitat restoration and caring for Country initiatives, we work to protect and enhance the natural environment across our service area. This includes learning from and working alongside Traditional Owners and Custodians to support healthier landscapes and waterways for future generations.

Key highlights include:

- Continuing to partner with Wurundjeri and the Narrap Unit at Aurora Sewage and Recycled Water Treatment Plant to care for Country through self-determined land management and restoration activities.
- Protecting and restoring biodiversity across 11 high-value conservation sites, including expanding habitat for threatened species.
- Restoring 35 hectares of habitat at the Upper Yarra Sewage Treatment Plant, partnering with Wurundjeri Woi wurrung Cultural Heritage Aboriginal Corporation, Zoos Victoria, Melbourne Water, Greening Australia, Jacobs, the Department of Energy, Environment and Climate Action, North East Link Project and Spiire, supporting the Helmeted Honeyeater, Lowland Leadbeater's Possum and other native wildlife.
- Expanding protected habitat for the nationally endangered Eltham Copper Butterfly following the success of habitat restoration at Eltham.
- Investing in priority sewerage and treatment plant upgrades to improve reliability, resilience and capacity across our network, including our Healesville Sewage Treatment Plant, which has now reached end-of-life.
- Completing Stage 1 of the Wollert Community Farm in partnership with Whittlesea Community Connections and progressing Stage 2, including a new farm hub delivered by TVN On-Country.
- Progressing a Nature Positive approach through research, governance, partnerships and First Peoples.
- Completing our first nature materiality assessment to inform a future Nature Plan and integrate nature-related risks into our next corporate strategy and Price Submission.
- Advancing biodiversity monitoring through Nature Positive research and innovative environmental DNA sampling.

Community Sewerage Program

We're committed to providing communities with access to reliable sewerage services while reducing reliance on aging septic systems. Through our Community Sewerage Program, we help protect local waterways, improve water quality and deliver lasting environmental and public health benefits.

Key highlights include:

- Enabling more than 420 property owners in Kallista, Lilydale, Lower Plenty and Sassafras to connect to modern sewerage services.
- Commencing construction in Yarrambat, which will enable over 50 more properties to connect.
- Progressing construction in Olinda, providing sewerage services to another 500 customers when completed later in 2026.
- Advancing plans for a new sewerage service in Park Orchards, with construction of the first stage of works due to begin in late 2026.
- Completing critical sewerage infrastructure upgrades, including pump stations in Lower Plenty, Sassafras, and The Patch.
- Supporting 250 properties to transition from septic systems to the sewerage network improving environmental and public health outcomes.
- Working with DEECA, the EPA and local councils to promote the benefits of new sewerage network and encourage customer connections.



Enabling high performance

Delivering for our customers and communities depends on strong people, effective systems and sound governance.

To meet current and future challenges, we continue to invest in our workforce, strengthen our capabilities and improve the way we work.

Our people, technology, processes and decision-making frameworks help us deliver reliable services, manage risk and create long-term value for customers and communities. By fostering a safe, inclusive and high-performing workplace, embracing innovation and maintaining strong governance, we can continue to deliver essential services into the future.

Our key focus areas guide strong performance, accountability and continuous improvement across our organisation.

People and culture

We are committed to creating a safe, inclusive and supportive workplace where people can grow, collaborate and perform at their best. Guided by our people strategy – *Better for Being Here* – we continue to build the capability, leadership and culture needed to deliver for our customers and communities.



Key highlights include:

- Achieving strong participation (75%) and a high engagement (83%) score in our March 2026 Pulse Survey, reflecting a workforce deeply connected to our purpose.
- Building organisational capability and performance through our People Strategy, focused on operational excellence, safety, leadership and workforce capability.
- Developing a new Ways of Working policy that supports hybrid working, employee wellbeing, collaboration and supports service delivery through a principles-based approach.
- Advancing a strategic workforce planning framework to strengthen the systems, data and practices needed to plan for future workforce needs and support a more agile and capable organisation.
- Increasing First Peoples representation to 1.73% of our workforce through targeted recruitment and employment initiatives, including our partnership with Mob Jobs.
- Supporting emerging leaders through industry programs and conferences including OzWater and the Peter Cullen Trust Leadership program.
- Developing future talent through our redesigned 3-year Technical Pathways Graduate Program and annual Vacation Program.
- Encouraging more girls to pursue Science, Technology, Engineering and Mathematics (STEM), careers through our expanded STEM Pathways Work Experience Program, with 12 Year 10 students from 6 different secondary schools participating following a successful pilot.
- Promoting careers in STEM through the Gems in STEM program, with employees sharing their career experiences and insights with secondary school students.
- Strengthening international collaboration through our partnership with Indonesia's Tirta Musi water utility, supporting knowledge sharing in non-revenue water, energy efficiency and water safety.

Diversity, equity and inclusion

We continued to strengthen our diversity, equity and inclusion agenda through progress in gender equality, disability inclusion and cultural capability.

Key highlights include:

- Receiving Australian Disability Network accreditation as a Disability Confident Recruiter, recognising our commitment to accessible, inclusive and equitable recruitment.
- Strengthening our Equity Impact Assessment (EIA) process by building capability across more than 70 employees and applying it to priority projects, including our M4 water main renewal project and Customised Collections billing project.
- Partnering with Women's Health in the North to deliver a new Water Wise peer-connector education program, with multilingual workshops helping women and gender-diverse people build water efficiency knowledge and confidence.
- Strengthening our employee reference groups to foster inclusion, deepen our understanding of diversity perspectives and create a more equitable workplace.
- Undertaking research into the lived experiences of recently arrived migrants from non-English speaking backgrounds to inform more inclusive, culturally responsive services and improve access to services.
- Developing a multicultural communications and engagement framework, supported by practical tools to deliver consistent, evidence-based communication.

Enabling high performance continued...

Gender equity

As part of our responsibilities under the Gender Equality Act 2020, we met all progress reporting requirements set by the Commission for Gender Equality in the Public Sector. We also submitted our 2026-2030 Gender Equality Action Plan, received our compliance notice for our 2025 Workplace Gender Audit from the Commission for Gender Equality in the Public Sector, and carried out Gender Equity Assessment (also known as Equity Impact Assessments).

Key highlights included:

- Increasing women's representation to 53% of the total workforce.
- Strengthening women's representation in senior leadership, increasing by 6% since 2023, with women now holding 70% of Executive and Deputy General Manager roles.
- Continuing to increase women's representation in senior management to 49.1%, up from 48.7% in 2025.
- Increasing women's representation in engineering roles to 41.9%.
- Maintaining a gender pay gap of 10.8% for base salary and 13% for total remuneration, reflecting our ongoing commitment to pay equity.
- Increasing the number of men taking paid parental leave, supporting more equitable sharing of caring responsibilities.

Safe and well

The safety and wellbeing of our people remains paramount. We're committed to providing a safe, respectful and inclusive workplace where everyone feels supported to perform at their best.

We remain focused on continually strengthening our safety culture, reducing risk and enhancing the systems and controls that keep our people and partners safe.

Key highlights include:

- Returning a strong Safety Climate score of 85% through our internal engagement pulse survey, up from 84% the previous year, reflecting our continued focus on developing a safety culture.
- Recording a Total Recordable Injury Frequency Rate (TRIFR) of 4.13 in April 2026, below our target of less than 5.5.
- Rolling out our critical control management framework, with 'risk deep dives' and in-field verifications of critical risk controls.
- Launching our Field Safety Program, including baseline risk assessments of all operational sites and a Field Safety Inspection Program.
- Bringing together more than 70 contractors and delivery partners at our second annual Contractor Safety Forum to strengthen shared safety performance.
- Strengthening our safety culture through our Safe and Well Committees, leading people-based safety initiatives across the organisation.
- Building safety capability through new e-learning modules for asbestos awareness and contractor safety management.
- Strengthening contractor safety compliance and progressing a new safety management platform to improve safety insights and reporting.



Always efficient

Strong governance, risk management and disciplined financial management underpin our ability to deliver reliable and affordable services. These foundations help ensure we remain accountable, make informed decisions and create long-term value for customers and the community.

We continue to strengthen our financial resilience so we can respond to climate change, maintain and renew critical infrastructure, and support population growth while managing rising costs and future risks.

Key highlights include:

- Maintaining strong financial oversight while managing cost pressures and delivering essential services, including higher maintenance and technology costs, identifying efficiencies and reprioritising investment as we prepare for the 2028-33 Price Submission.
- Maturing our Enterprise Portfolio Management Office (EPMO) by establishing strong governance and support for the delivery of strategic projects.
- Delivering productivity initiatives to support our 1.7% annual operating expenditure efficiency target (2023-28) through improved education processes, uptake of electronic billing and enhanced procurement processes.
- Investing $424 million in capital expenditure, including northern sewer expansion, septic connections and network renewal projects.
- Continuing delivery of our Top 10 projects, with over half supporting new development in the Northern Growth Area.
- Optimising project planning, design and delivery to respond to rising construction costs and supply chain pressures while maximising value within approved funding.

Enabling high performance continued...

Digital enablement

Digital technology plays an important role in helping us deliver reliable, efficient and accessible services. We continue to invest in systems and capabilities that improve customer experience, support informed decision-making, strengthen cyber resilience and protect customer and business information.

Key highlights include:

- Establishing key strategic and architectural foundations, including an AI Strategy and a draft Technology Strategy.
- Strengthening our cyber posture, with National Institute of Standards and Technology (NIST) maturity placing us among industry leaders.
- Investing in our operational technology and communications network, to improve real-time visibility, resilience and responsiveness.
- Modernising key corporate platforms across enterprise systems and infrastructure, including Maximo, payroll system, human resources, finance and safety systems.
- Completed Phase 1 implementation of the Portfolio and Project Management Tool strengthening project governance and delivery capability.
- Progressing new customer-facing digital portals, including Works Portal and Land Development Portal.
- Delivering major contact centre automation, including automated Utility Relief Grant processes to improve service efficiency and customer experience.

Cyber resilience

We continue to strengthen our cyber security capability and incident readiness while building strong governance and foundations needed to support the safe and responsible use of AI.

Key highlights include:

- Maintaining resilient and secure operations, for the third consecutive year, we achieved our targeted maturity rating under the NIST Cyber Security Framework.
- Continuing to work closely with other metropolitan water corporations through joint cyber incident response exercises, helping to strengthen preparedness and resilience in the sector.
- Enhancing cyber preparedness through regular simulation exercises that strengthen our ability to detect, respond to and recover from cyber incidents.

Artificial intelligence

We're taking a deliberate and responsible approach to AI, using it to create value while protecting our assets, people and customers.

Key highlights include:

- Established the governance, capability and delivery foundations required for the safe and practical adoption of AI across the business.
- Voluntarily aligned our approach with the AI Safety Standard, incorporating the Australian AI Ethics Principles, 10 guardrails aligned to ISO/IEC 42001:2023 and the NIST AI Risk Management Framework.
- Completed our enterprise AI Strategy and AI Policy, providing a clear roadmap and governance framework for responsible, value-driven AI adoption.
- Established a dedicated AI Acceleration Squad to support delivery of high value opportunities such as AI driven sewer sensor alerting, cyber endpoint protection, AI augmented application coding, and language learning model-driven enhanced reporting and insights.
- Supported industry collaboration by chairing the Data, Analytics and AI Community of Practice, uniting 13 water utilities to share knowledge and strengthen sector capability.


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Overview of 2025-26 performance

Price submission customer commitments

In 2025-26, we worked towards 6 service outcomes, represented by 17 measures, that customers told us they valued most and expected following an extensive customer engagement process. Our performance results are measured from April 2025 to March 2026. A summary of our results is provided below. Further information is available on **our website**.

			Metric	Result
Outcome area	**Measure**	**Metric**	**1 April 2025 – 31 March 2026**	
Safe and pleasant drinking water	Compliance with safe drinking water regulations	Number of non-conformances	0	0
	Customers who agree we provide great drinking water	Percentage of customers surveyed	≥91%	82%[1]
Reliable water and sewerage services	Customers who experience 3 or more unplanned interruptions	Number of customers	<7,000	7,527[2]
	Customers who experienced 5 or more unplanned interruptions in the last 3 years, and any interruptions this year	Number of customers	<3,572	3,330
Timely response and repair	Customers' satisfaction with the restoration of their services (planned and unplanned interruptions)	Percentage of customers surveyed	≥91%	84%[3]
	Customers whose water or sewerage service wasn't restored within 4 hours (planned and unplanned interruptions)	Percentage of customers who've experienced an interruption	≤4.85%	3.56%
	Customers whose water or sewerage service wasn't restored within 12 hours (planned and unplanned interruptions)	Percentage of customers who've experienced an interruption	≤0.35%	0.30%
Service that meets everyone's needs	Customers' satisfaction with their most recent interaction with us	Percentage of customers surveyed	≥86%	85%
	Customers, who accessed our support services, believe Yarra Valley Water helped them with their bills	Percentage of customers surveyed	≥92%	97%

Outcome area	Measure	Metric	Metric	Result
			1 April 2025 – 31 March 2026	
Saving water for the future	Water lost in Yarra Valley Water's supply system	Percentage of water purchased from Melbourne Water	≤7.3%	9.6%[4]
	Recycled water used where it's available	Percentage of all water used	≥4.4%	1.72%[5]
	Average household water use	Litres per property per day	≤396	407[6]
	Business customers who use more than 100ML (100 million litres) of water a year, who have an active water efficiency plan	Percentage of customers	100%	100%
Looking after our natural environment	Hectares of land we actively manage to preserve and restore biodiversity and natural habitats	Hectares	13	67[7]
	Volume of sewage spills reported to the EPA as having a material impact to the environment	Kilolitres	≤5,000	2,128
	Number of customers who were on septic tanks and are now connected to the sewerage network	Number of customers	>200	250
	Percentage of energy requirements met from renewables	Percentage of electricity used	100%	100%

1. Changing customer demographics and increased chlorination to meet water quality standards are influencing perceptions. Targeted bill inserts have improved customer confidence, reinforcing the need for consistent customer communication.
2. Performance is above the long-term average. Additional renewals and targeted trials, including alternative supply during outages, are underway to meet target.
3. Customer satisfaction with the restoration of services remains below target, reflecting increased fieldwork volumes from prolonged dry conditions. Higher demand is impacting response times, with a focus on improving restoration performance. This puts pressure on responding in a timely manner which flows through to satisfaction.
4. Actions underway through the District Metered Area program that targets network leakage.
5. Essential upgrades at Brushy Creek and Aurora Sewage and Recycled Water Treatment Plants have reduced supply, resulting in delivery targets not being met.
6. Average daily household usage remains above target, driven by dry conditions, population growth and offline class A plants. A new Make Every Drop Count advertising campaign commenced in January 2026.
7. Under PS23, we had 'willingness to pay' to achieve beyond 47 hectares, and we have achieved 67 hectares. A new plan will be developed for PS28.

Overview of 2025-26 performance continued...

Financial summary

We delivered a net profit after tax of $20.6 million.

Profitability has been affected by lower development revenue, rising financing costs, inflation, increased construction and supply chain costs, higher costs to serve a growing customer base, increased depreciation associated with investment in new and renewed infrastructure, and the significant investment required to support population growth, water security, climate resilience and ageing infrastructure.

We invested $424 million during the year to renew, expand and upgrade water and sewer infrastructure. These investments help provide reliable services for customers, support growth across our service area, and deliver the outcomes committed through our approved price submission.

Total assets have increased by $765 million from prior year, mainly due to the growth in capital investments during the year and increases to our land assets as a result of revaluations.

Total liabilities increased by $506 million from prior year, mainly due to additional borrowings to fund capital investments in technology, water and sewerage infrastructure and deferred tax liabilities.

A dividend of $33.5 million paid in 2025-26 relates to an efficiency dividend of $3.4 million and a final dividend of $30.1 million for the 2024-25 financial year. The amount of the final dividend for the year ended 30 June 2026 will be determined by the Minister for Water and the Treasurer of Victoria in consultation with the Board. This will be paid during the 2026-27 financial year.

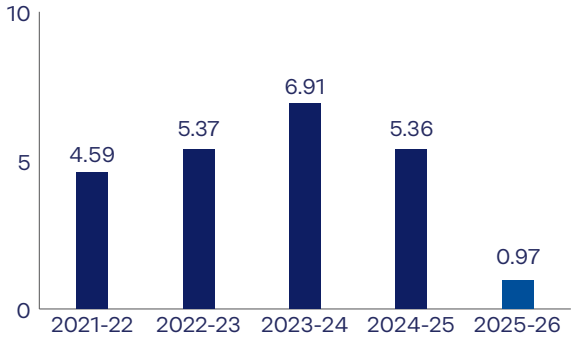
Five-year financial summary

Statement of Comprehensive Income	2026 $'000	2025 $'000	2024 $'000	2023 $'000	2022 $'000
Service and usage revenue	1,106,038	1,073,543	1,004,998	959,584	954,406
Other revenue	162,326	216,316	234,023	168,992	131,765
Total revenue	**1,268,364**	**1,289,859**	**1,239,021**	**1,128,576**	**1,086,171**
Operating and other expenses	872,857	818,363	776,809	732,027	727,304
Depreciation and amortisation	149,741	133,390	120,711	120,584	115,130
Finance costs	216,756	193,787	166,859	143,183	132,877
Total expenses	**1,239,354**	**1,145,540**	**1,064,379**	**995,794**	**975,311**
Profit before income tax	29,010	144,319	174,642	132,782	110,860
Income tax	(8,406)	(43,174)	(52,388)	(39,765)	(33,365)
Net profit after tax	**20,604**	**101,144**	**122,254**	**93,017**	**77,495**

Balance Sheet	2026 $'000	2025 $'000	2024 $'000	2023 $'000	2022 $'000
Current assets	239,507	207,704	183,920	179,253	202,263
Non-current assets	7,577,667	6,844,092	6,275,005	5,892,228	5,653,772
Total assets	**7,817,174**	**7,051,796**	**6,458,925**	**6,071,481**	**5,856,035**
Current liabilities	378,399	352,849	327,090	668,713	592,036
Non-current liabilities	5,191,978	4,711,708	4,347,636	3,646,502	3,558,580
Total liabilities	**5,570,377**	**5,064,557**	**4,674,726**	**4,315,215**	**4,150,616**
Net assets	**2,246,797**	**1,987,238**	**1,784,199**	**1,756,266**	**1,705,419**

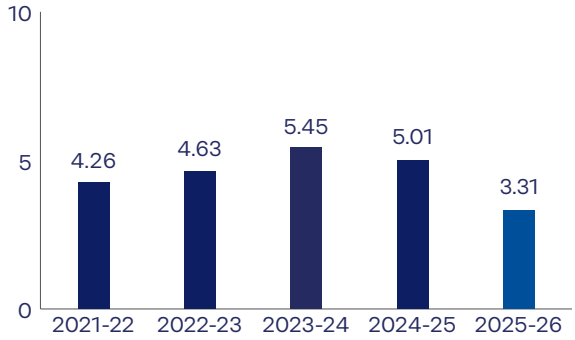
Overview of 2025-26 performance continued...

Return on equity (%)



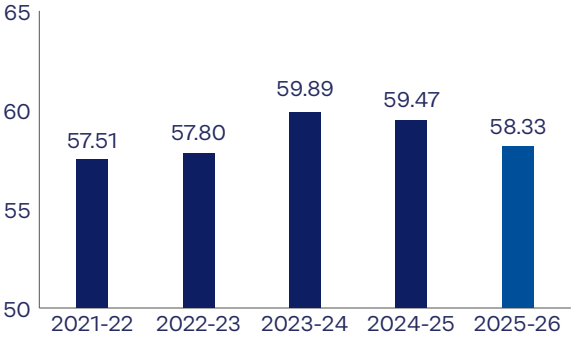
Return on equity decreased in 2025-26, mainly due lower profit as a result of a decline in Developer Contributed Assets and New Customer Contribution revenue combined with increased financing, operational and depreciation costs.

Return on average assets (%)



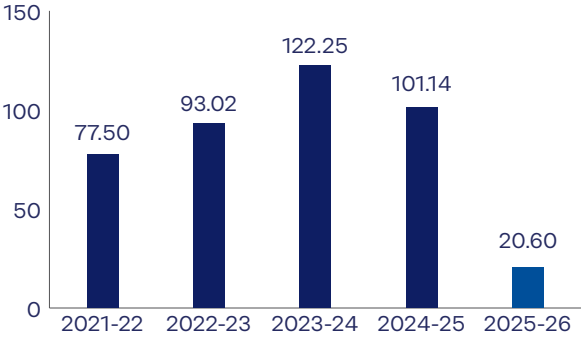
Return on assets decreased in 2025-26, mainly due to growth in the asset base, along with increase to asset values as a result of the revaluation of our infrastructure and land assets, combined with lower profits due to declining Developer Contributed Assets and New Customer Contribution revenue and increasing Operating Expenditures in 2025-26.

Gearing Ratio (%) interest bearing debt to assets



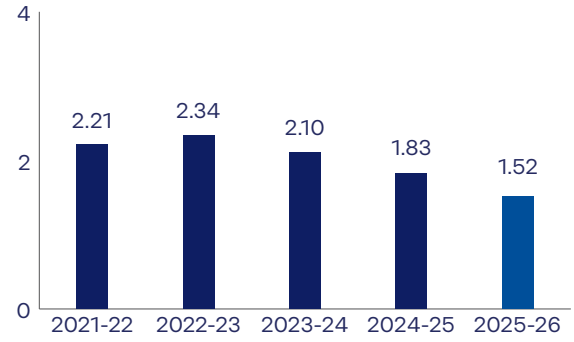
The gearing ratio decreased in 2025-26 due to an increase in total assets resulting from investment in water and sewerage infrastructure renewal, improvement and growth projects along with an increase from revaluation of infrastructure and land assets, offset by an increase in borrowing levels to fund capital expenditure.

Net profit after tax ($M)



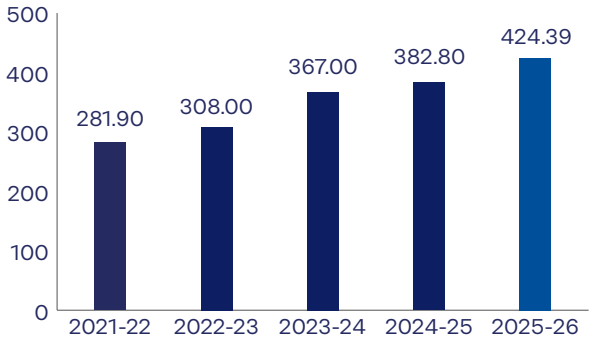
Net profit after tax has decreased in 2025-26 mainly due to lower profit as a result of reduced Developer Contributed Assets and New Customer Contributions and higher operating expenditure, financing and depreciation charges.

Interest cover times



Interest cover ratio has decreased in 2025-26 primarily due to higher interest costs on borrowings compared to 2024-25.

Capital expenditure ($M)



2025-26 Capital expenditure has increased due to higher investment in water and sewerage infrastructure renewal, improvement, and growth projects.



Delivering value

Our leadership

Our people and culture

Liveability outcomes

Environmental outcomes

Our performance

3

Our leadership

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

A high standard of corporate governance

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

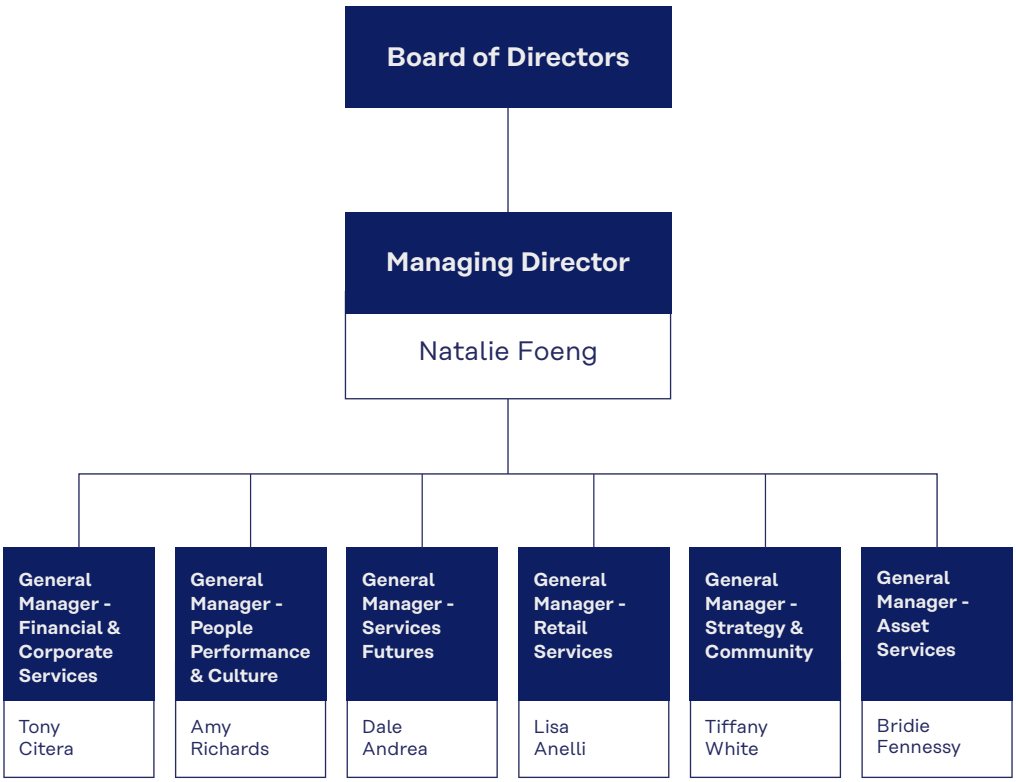
- Setting the strategic direction.
- Establishing goals for management and monitoring achievement of these goals.
- Monitoring the business' performance.

We are committed to ensuring a robust Corporate Governance Framework is in place and review it regularly against best practice.

This section sets out the main Corporate Governance practices in place during the 2025-26 financial year.



Organisational chart



Our leadership continued...

Our Board

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

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

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

The Board is supported by Jamil Tye, a non-voting Independent Aboriginal Delegate.



Gabrielle Bell

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

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

Gabrielle is an experienced Non-Executive Director in the Victorian Water sector and has previously served on the boards of South East Water, iota Services Pty Ltd and Southern Rural Water.

Gabrielle's other current roles include Non-Executive Director of Aware Real Estate Management Pty Ltd and BCI Minerals Limited (ASX:BCI) and she has held prior roles in the public transport, superannuation and public health sectors.

Gabrielle is a corporate lawyer and has worked in both Australia and Southeast Asia. Gabrielle also holds a degree in Chemical Engineering. Her commitment to governance, industrial safety and climate change issues make her a valuable addition to our board.

Committee membership:

- Leadership, Culture and Wellbeing Committee
- Customer, Asset and Sustainability Committee.



Victoria Marles AM

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

Victoria Marles became a Director on 1 October 2017.

Victoria is the Chair of Australian Land Conservation Alliance, a director of the Great Ocean Road Coast and Park Authority and Environmental Justice Australia. She has practiced as a lawyer in the private, not-for-profit and public sectors in media/communications and consumer complaints law.

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

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

Committee membership:

- Finance, Audit and Risk Management Committee - Chair
- Leadership, Culture and Wellbeing Committee.

Our leadership continued...



Domenic Isola

BBA (Acc), FCPA Member, GAICD

Domenic Isola became a Director on 1 October 2025.

He is a Fellow of CPA Australia and a Graduate of the Australian Institute of Company Directors. Domenic was a Director and Chair of the Finance and Audit Committee at Lower Murray Water for 4 years until September 2025. He is currently a director of Northern Health.

He has served in Chief Executive Officer and senior management roles, overseeing financial and corporate governance services at Hume City Council and Wyndham City Council, and was a Banking Audit Manager at the Commonwealth Bank.

He was previously on the Board of the Broadmeadows Revitalisation Board, Dianella Health Services, the Institute Council at Kangan Batman TAFE and Chair of the Northern Economic Working Group. Domenic brings extensive expertise in community health, executive leadership, and corporate governance.

Committee membership:

- Finance, Audit and Risk Management Committee
- Leadership, Culture and Wellbeing Committee.



Mary Kanavoutsos

BEng (Chem) (Hons), GAICD

Mary Kanavoutsos became a Director on 1 October 2023.

Mary brings over 30 years' experience in the water infrastructure industry, including her current role as Senior Vice President for AECOM's international water business. Her leadership in strategy, governance, commercial and technical expertise, and the delivery of complex infrastructure spans across Australia, New Zealand, Asia, UK and the Middle East.

Mary is widely acknowledged for her strong focus on business strategy, sustainability, customer and community value. Mary holds a Bachelor of Engineering (Chemical) Honors degree from University of Melbourne.

Committee membership:

- Leadership, Culture and Wellbeing Committee - Chair
- Customer, Asset and Sustainability Committee.



Robyn McLeod AM

BA, BEd, FAICD

Robyn McLeod became a Director on 1 October 2023.

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

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

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

Committee membership:

- Finance, Audit and Risk Management Committee
- Customer, Asset and Sustainability Committee.



Marcus Stewart AM

GAICD

Marcus Stewart became a Director on 1 October 2025.

Marcus is a proud Nira illim bulluk man of the Taungurung Nation and one of Australia's most respected Indigenous leaders. He brings almost two decades of experience advising Fortune 500, NASDAQ and ASX-listed companies on strategy, change management and public policy.

He was the inaugural Co-Chair of the First Peoples' Assembly of Victoria, where he led the establishment of the Yoorrook Justice Commission – Australia's first truth-telling process with the powers of a royal commission – and helped lay the foundations for the nation's first Treaty.

Committee Membership:

- Finance, Audit and Risk Management Committee
- Customer, Asset and Sustainability Committee.

Our leadership continued...



Ari Suss

MPPM Master of Public Policy and Management, GAICD

Ari Suss became a Director on 1 October 2021.

Ari is Chief Executive Officer of Melbourne Avalon Airport, a Director of the Melbourne Arts Precinct Corporation and Luna Park Melbourne.

Ari has provided specialist expertise in regulatory, legislative, and political matters for Linfox's logistics, property and aviation businesses, joining as Manager of Government and Corporate Affairs in 2004. He became Executive Director of Fox Private Group in 2008 and CEO of Fox Special Projects Group, supporting the family investment arm of the Linfox Group of Companies in 2018.

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

Ari has a Masters degree in Public Policy and Management from Monash University and has completed executive studies at Harvard Business School. Ari is a Graduate Member of the Australian Institute of Company Directors.

Committee membership:

- Leadership, Culture and Wellbeing Committee.



Catherine (Kate) Vinot

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

Kate Vinot became a Director on 1 October 2021.

Kate is an experienced business leader with strong commercial acumen and a deep understanding of developing and delivering effective strategies. She has held senior executive roles in public and private organisations in the water, energy, resources and environment sectors and sustainable urban development. Kate also has close to 20 years' experience as a Board Director and Chair.

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

Committee membership:

- Customer, Asset and Sustainability Committee - Chair
- Finance, Audit and Risk Management Committee.



Jyoti Wardhen

BCom, BSc, CA, GAICD

Jyoti Wardhen became a Director on 1 October 2025.

Jyoti brings over two decades of experience as an investment banker, project financier, infrastructure investor, PPP sponsor and government adviser. She has previously held senior roles at Lazard Investment Bank, KPMG, Citi M&A and ANZ Project and Structured Finance. During this time, Jyoti has led 30+ projects and transactions worth in excess of $80 billion.

Jyoti is also the Managing Director of Morphosis Advisory, an infrastructure advisory firm providing strategic, commercial, financial, procurement and transaction advice to government agencies, unlisted funds and ASX-listed corporations.

Prior to establishing Morphosis Advisory, Jyoti led the commercial advisory work for the $62 billion Suburban Rail Loop (East) program of works. She also advised NHFIC on its funding arrangements for social/affordable housing projects in Victoria and is now advising clients in the water sector.

Jyoti is an experienced non-executive director having previously served on the boards of organisations within the property, crisis housing and childcare sectors.

Committee membership:

- Finance, Audit and Risk Management Committee
- Customer, Asset and Sustainability Committee.



Natalie Foeng

Managing Director
BCom (Acc), CA, GAICD

Natalie is the Managing Director of Yarra Valley Water and is committed to leading with purpose, ensuring essential services meet the needs of today while helping to safeguard the future for generations to come. She is dedicated to steering the organisation towards sustainable growth, operational excellence and delivering liveability and wellbeing outcomes for customers and the community.

With extensive executive experience in both public and private sectors, Natalie has a strong track record of leadership across critical infrastructure utility, sustainability, and community impact. She is focused on driving innovation in water management to address the challenges of climate change and population growth, fostering a culture of inclusivity and collaboration across the organisation and industry, and promoting holistic and environmentally sustainable solutions in service delivery.

Natalie was appointed Managing Director on 1 July 2025, and actively participates in Board committees in this capacity, including Finance Audit and Risk Management Committee and the Customer, Assets and Sustainability Committee. She is currently serving as a Board Director on the Institute of Water Administration.

Natalie's tenure as an Independent Member of the Victorian Department of Education's Audit and Risk Committee concluded on 2 December 2025.

Committee Membership:

- Leadership, Culture and Wellbeing Committee.

Our leadership continued...

Directors who retired during the year

Rob Skinner AM

BE (Hons), MSc, FIEAust, FAICD

Rob Skinner retired as a Director on 30 September 2025 after 10 years' service.

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

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

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

Karen Milward AM

GAICD

Karen Milward retired as a Director on 30 September 2025 after 8 years' service.

Karen is the owner and operator of Karen Milward Consultancy Services (21 years) and is currently the Chair of Mullum Mullum Aboriginal Gathering Place and Community First Development (formerly Indigenous Community Volunteers). Karen is the founder and former Chair of Kinaway Chamber of Commerce Victoria Ltd, and former Co-Chair of the Victorian Aboriginal Employment and Economic Council.

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

Karen was inducted into the Victorian Women's Honour roll in 2022 and in the 2025 King's Birthday Honours, Karen was appointed as a Member of the Order of Australia, for significant service to Indigenous advocacy, and to reconciliation.

Victor Perton

BEc, LLB, LLM, Dip Chinese Law, GAICD

Victor Perton retired as a Director on 30 September 2025 after 10 years' service.

Victor is the founder and Chief Optimism Officer of The Centre for Optimism, which fosters realistic and optimistic leadership. He has chaired a range of public-sector inquiries and committees and has provided advice on governance and regulatory matters.

Victor served as a Member of the Victorian Parliament, has been a member of the Victorian Bar for 40 years, was Commissioner to the Americas and a Senior Adviser to the Australian G20 presidency.

His other board experience includes the Transport Accident Commission, the Global Integrity Summit and the Australian Centre for Financial Studies.



Independent Aboriginal Delegate

Jamil Tye

BSc (Geosciences) (Hons), MTeach, GAICD

Jamil Tye was appointed as the Independent Aboriginal Delegate on 1 September 2024. Jamil is the Executive Director, External Community Engagement and Impact at Monash University, where he previously served as Director of the William Cooper Institute for 6 years and completed both his undergraduate and postgraduate studies.

As a proud Yorta Yorta and Boonwurrung man, he is passionate about increasing access to educational opportunities for Aboriginal and Torres Strait Islander peoples.

Jamil previously worked at the Victorian Department of Health and Human Services in the Victorian Public Service, where he held a number of roles focused on the design, development and implementation of policies and programs. During this time, he completed a one-year secondment to KPMG Australia's Policy, Programs and Evaluation Government Advisory Practice.

Prior to government, Jamil was employed by BHP Billiton as a geologist in the Foundations for Graduates program. Upon completing the program, he held several positions across the Technical Services team in the Pilbara.

In 2024, Jamil completed the Vincent Fairfax Fellowship, delivered by the Cranlana Centre for Ethical Leadership in partnership with Monash University, further strengthening his critical thinking, moral courage and applied leadership skills.

In 2025, Jamil completed the Australian Institute of Company Directors Course.



Independent member of the Finance, Audit and Risk Management Committee

Dean Glasscock

MAppFin, BBus (Hons), FCPA, GAICD

Dean joined the Finance, Audit and Risk Management Committee in May 2024 as an independent non-voting member.

Dean is currently the Chief Financial Officer of Indigo Networks, an independent multi-utility operator and serves Ocean Mind Limited as Board member and Chair of the Finance and Risk Committee.

With more than 20 years' experience as an international finance professional, Dean's career has spanned funds management, advisory and senior operational roles in the infrastructure sector. Dean's extensive experience includes regulated utility sectors, major infrastructure investment and strategic financial management.

Prior to joining Yarra Valley Water, Dean served as CFO of Victoria Power Networks and United Energy, the owner and operator of three electricity distribution businesses in Victoria.

Our leadership continued...

Board charter

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

Code of conduct

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

Declaration of private interests

All Directors have completed a declaration of private interests.

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

Independent professional advice

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

Board performance review

In accordance with the Board Policy, an externally facilitated Performance Review of the Board was conducted over May, June and July 2026. The objective of the review was to assist the Board with optimising its performance, enhancing culture and fulfilling its key functions across all areas of responsibility.

The 2025-26 process involved each Director completing an assessment questionnaire followed by a round table discussion on the findings and improvement opportunities. The Board will implement an action plan aligned to the opportunities identified to further enhance the Board's performance.

Induction

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

The program includes an overview of the Yarra Valley Water business, the water industry and the linkages with Government. We also hosted stakeholder visits to the Board during the year, including representatives from the Essential Services Commission.

Learning and development

In 2025-26, the Directors were provided a range of opportunities to increase their knowledge and experience on a range of topics, including through presentations from management and external speakers from within and beyond the water sector. These focused on learning about the operations of the business together with topics that informed the strategic direction of the business, including a cyber security ransom decision-making exercise.

Several Directors sought to elevate and broaden their knowledge, attending an ethical leadership course and a Women in Leadership event during the year, and they reflected and shared their learnings with the Board and Management.

Directors also attend seminars and other events to broaden their exposure to water industry issues and initiatives including the VicWater and OzWater conferences, and seminars and webinar events outside of the water sector.

Board committees

The Board has established 3 Committees of Directors to assist with carrying out its responsibilities and to allow detailed consideration of complex issues. Each Board Committee has its own terms of reference, which set out the Committee's objectives, duties and responsibilities, composition, meetings, authority and reporting responsibilities. Dean Glasscock is an independent non-voting member of the Finance, Audit and Risk Management Committee.

The Committees are as follows:

Finance, Audit and Risk Management Committee	The Finance, Audit and Risk Management Committee assists the Board in fulfilling its duties and responsibilities relating to risk management, the effectiveness of internal controls and the accounting and reporting practices of the business, reviewing financial reports and overseeing the audits conducted by internal and external auditors.
Leadership, Culture and Wellbeing Committee	The Leadership, Culture and Wellbeing Committee assists the Board in reviewing strategies and policies to ensure critical actions and plans are in place to implement and develop the business' people and culture, the adequacy of the Executive Performance Framework, the Management Succession Plan and the business' Diversity Policy, Strategy and Action Plans.
Customer, Asset and Sustainability Committee	The Customer, Asset and Sustainability Committee assists the Board with oversight to ensure the business is meeting customer needs and community expectations, including asset management, capital delivery and regulatory commitments. It also provides insight and has oversight of the business' future plans to deliver its customer, asset and sustainability objectives.

Attendance at Board and Committee meetings – 1 July 2025 to 30 June 2026

	Board	Finance, Audit and Risk Management Committee	Customer, Asset and Sustainability Committee	Leadership, Culture and Wellbeing Committee
G Bell	7 of 8	-	4 of 4	3 of 5
M Kanavoutsos	7 of 8	-	4 of 4	4 of 5
R McLeod	8 of 8	4 of 4	4 of 4	-
V Marles	8 of 8	4 of 4	-	5 of 5
A Suss	5 of 8	-	-	5 of 5
K Vinot	8 of 8	4 of 4	4 of 4	-
N Foeng[2]	8 of 8	-	-	5 of 5
M Stewart	5 of 6	1 of 3	1 of 3	-
J Wardhen	5 of 6	2 of 3	2 of 3	-
D Isola	6 of 6	2 of 3	-	3 of 3
J Tye[3]	8 of 8	-	-	-
D Glasscock[4]	-	3 of 4	-	-
V Perton	2 of 2	-	0 of 1	1 of 1
K Milward	1 of 2	-	0 of 1	1 of 1
R Skinner	1 of 2	0 of 1	1 of 1	-

Notes:

1. Attendance at Board and Committee meetings excludes 4 Board Circular Resolutions, 1 Finance, Audit and Risk Management Committee Circular Resolution and 6 Customer, Asset and Sustainability Circular Resolutions.
2. N. Foeng is a member of the Leadership, Culture and Wellbeing Committee but not a member of the Finance, Audit and Risk Management Committee or Customer, Asset and Sustainability Committee, however she attends in her capacity as Managing Director.
3. J Tye has no voting rights. Jamil attends Board Meetings in his capacity as an Independent Aboriginal Delegate.
4. D Glasscock has no voting rights. Dean attends Finance, Audit and Risk Management Committee in his capacity as an Independent Member.
5. During 2025-26, the Board also held special Board meetings on 16 September 2025 and 28 October 2025. The Customer, Asset and Sustainability Committee held one special meeting on 31 July 2025.

Our leadership continued...

Our leadership team



Natalie Foeng

Managing Director BCom (Acc), CA, GAICD

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

Refer to details in the Board section.



Tony Citera

Chief Financial Officer
BCom (Acc), FCPA

Tony leads Finance and Corporate Services. This remit includes providing business partnering support across the organisation as well as seamless financial planning, management accounting, statutory accounting, treasury and taxation support, all of which are focused on the financial sustainability of the organisation and delivering exceptional outcomes for customers and the community. His remit also includes leading various critical support functions for the organisation such as general counsel, payroll, procurement, risk and compliance, property and facilities management.

Tony has extensive experience as a finance executive and in senior leadership roles across several industries spanning logistics, retail, telecommunications and media. Prior to joining Yarra Valley Water, Tony held senior finance and commercial leadership roles at Australia Post, Telstra and Sensis.

Tony is also the executive lead of the Finance, Audit and Risk Management Committee and serves on the advisory board of a start-up organisation external to Yarra Valley Water.

Tony was appointed Chief Financial Officer effective from 15 September 2025.



Amy Richards

General Manager People, Performance and Culture

BCom/LLB, GDip LegalPrac, MAICD

Amy is responsible for execution of our People Strategy 'Better for Being Here', including the delivery of safety, talent, diversity and inclusion, culture and capability and Human Resources operations.

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

In addition to this, Amy is also Board Director at Western Port Biosphere.



Dale Andrea

General Manager Service Futures
BSc (Psychology - Hons), PhD (Psychology)

Dale leads the development and execution of our Technology Strategy and Digital Enablement Plan, partnering with the business to lift productivity, strengthen decision-making, and enhance customer and employee experiences.

Dale brings together technology, data and business expertise to deliver end-to-end solutions, including customer-facing digital channels and services, while driving greater insight and automation to improve the management, performance and resilience of water and sewerage assets. He oversees major transformation initiatives, including the District Metered Area program, rollout of digital meters, the Corporate Systems Evolution program, and redevelopment of the land development customer portal.

Our leadership continued...



Lisa Anelli

General Manager Retail Services
BBus (Acc), CA, GAICD

Lisa is responsible for the successful delivery of critical customer service functions.

She leads a group that delivers meter reading, billing management, debt collection, customer care centre operations and commercial and development services, along with strategic long-term planning for these functions to achieve the organisation's customer service outcomes.

Lisa is also responsible for the development and implementation of support programs for customers experiencing vulnerability, including leading a program to ensure customers are safe from our products and services being weaponised by perpetrators of family violence.



Tiffany White

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

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

Her role includes corporate strategy, enterprise portfolio management and business planning, pricing and regulatory economic affairs, corporate sustainability, strategic research, marketing and communication programs, community inclusion and stakeholder engagement. She also represents the business in collaborative industry policy development such as long-term water security planning and serves as a member of the Water Services Association of Australia's Strategy and Policy Committee.



Bridie Fennessy

General Manager Asset Services
BA/LLB, GDip LegalPrac

Bridie oversees the prudent and efficient management of the end-to-end asset lifecycle of the water, recycled water, sewerage networks and waste to energy facilities and delivery of safe, reliable and affordable water and sanitation services – now and for the future.

Bridie oversees our infrastructure capital delivery programs – including our flagship infrastructure projects, emergency management arrangements and energy and emissions planning and adaption.

She is also a standing member of the Victorian Plumbing Advisory Council (PAC), appointed in February 2026, which provides statutory advice on plumbing industry matters.

Bridie is a member of the core Executive team and is supported by three Deputy General Managers, who are part of our extended leadership team.

Our people and culture

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

Organisational culture

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

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

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



We're committed to continually developing our achievement-oriented culture to create the best possible outcomes for our community. We use:

- The Human Synergistics Organisational Culture Inventory, an internationally recognised benchmarking tool, to measure and track our culture.
- The Victorian Public Sector Commission's 'People matter survey' to provide insights into how our employees view different aspects of the workplace including leadership, learning and growth, diversity and inclusion, work group cohesion and collaboration.
- Targeted pulse checks to support continuous listening and to measure progress on actions taken to enhance culture and engagement.

Our culture is supported by our work to continue implementing our People Strategy, Better for Being Here. This builds organisational capability and performance by strengthening operational excellence, safety, leadership and workforce capability.

Fair treatment at work

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

We do not tolerate discrimination, and all employees are required to comply with relevant commonwealth and state legislation that establishes grounds on which discrimination is illegal. This includes Acts relating to Occupational Health and Safety, Equal Employment Opportunity, Discrimination and Human Rights.

All new staff and leaders are required to complete our Positive Behaviours workshop training, which supports our commitment to creating a workplace where our people safely perform to their highest potential and are 'better for being here'. All employees are also required to complete discrimination awareness training which is renewed every 2 years.

Recruitment

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

We've been accredited by the Australian Disability Network as a Disability Confident Recruiter for the period April 2026 to April 2027. This accreditation reflects our sustained commitment to fair, accessible and inclusive recruitment practices and aligns us with recognised best practice standards and evolving community expectations. It reinforces our broader focus on improving equity of access to employment, removing barriers in recruitment processes and strengthening workforce diversity outcomes.

Through a Women in STEM initiative led by our Asset Services Group, secondary school students participated in week-long placements involving site visits and practical activities designed to showcase career opportunities across STEM disciplines.

Diversity and inclusion

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

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

Our people and culture continued...

Our People Strategy embeds this focus on diversity, equity and inclusion and is fundamental to our business performance. Our second Gender Equality Action Plan (GEAP) 2026-2030 builds on our inaugural GEAP (2021-2025) and guides our progress through a range of initiatives, partnerships, and programs. Our 2026-2030 GEAP will be published on our website within three months of receiving our compliance outcome from the Commission for Gender Equality in the Public Sector.

Internally our employee reference groups work to foster inclusion, improve our understanding of diversity and call attention to bias and less fair processes. We leverage our diversity membership programs to actively engage employees and reference groups with up-to-date research, insights and educational events. We also contribute to the Victorian water industry through our involvement with VicWater and metropolitan communities of practice.

Building cultural capability across the organisation remained a key focus during 2025-26 through the rollout of a refreshed Cultural Learning Program. Participants reported stronger connections between reconciliation and their role at Yarra Valley Water, with increased clarity about how they can personally contribute to reconciliation outcomes. Uptake of the Cultural Learning eLearn module was strong, with 462 employees completing the training during the year. In addition, 178 employees participated in Aboriginal Cultural Awareness Training or Caring for Country through Totems workshops, while 250 employees took part in cultural immersion walks with Wurundjeri. The value of the immersion program was reflected in 830 participation instances across the year, demonstrating growing engagement and momentum in building cultural capability across the organisation.

Under the Gender Equality Act, we have an obligation to conduct Equity Impact Assessments (EIAs) – a structured process that applies a gendered lens to new and up-for-review policies, programs and services. We continue to integrate EIAs across our work and implement the actions outlined in our GEAP. We have conducted EIAs on programs, policies and services, both internally and customer facing.

Through our focus on gender balance, we've made a deliberate effort in the recruitment process to include balanced interview panels and shortlists. Our managers and the recruitment team have adjusted their approach to shortlisting, and we've made changes to our job advertisement and careers website. We have a target of 50% women in leadership positions.

At 30 June 2026, the proportion of women in senior leadership positions include:

- Directors – 70% female
- Executive leadership team – 71% female
- People leadership – 49.1% female
- Overall workforce – 53.3% female.

We're also committed to providing employment opportunities for First Peoples, with a target of 2% of our workforce identifying as First Nations, and will continue to take action to ensure we work towards having a culturally safe environment and promote attraction and retention. We have partnered with a 100% Aboriginal-owned community-driven organisation dedicated to creating culturally safe employment pathways for First Nations people. At the time of reporting, 18 employees, or 1.73% of our workforce identify as Aboriginal and/or Torres Strait Islander.

Independent Aboriginal Delegate, Jamil Tye, a Yorta Yorta and Boonwurrung man, sits alongside the Board to learn from and support our Directors.

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

Safety and wellbeing

The safety of our staff and contractors is paramount and our human-centric approach to safety and wellbeing continued to deliver strong outcomes throughout 2025-26. This was reflected in low incident frequency rates, improved hazard closure performance, increased field-based safety assurance and risk reduction activities, as well as strong workforce engagement on safety matters. By maintaining a focus on proactive risk management, workforce participation and continuous improvement, we have continued to strengthen our safety culture and create safer working environments across the organisation.

Key safety and wellbeing initiatives delivered during the year included rolling out our Critical Control Management Framework. This involved detailed risk reviews and starting in-field verification activities to ensure critical controls are effective and operating as intended. We also enhanced our Psychological Health and Safety Management Plan to align with the requirements of the new Victorian Psychological Health Regulations, reinforcing our commitment to support the mental health and wellbeing of our people.

A significant milestone was operationalising our Field Safety Program, including commencing baseline safety risk assessments across all operational sites and rolling out a comprehensive field safety inspection program. We also hosted our second annual Contractor Safety Forum, bringing together more than 70 contractors and delivery partners to share learnings, discuss emerging risks and strengthen collaboration on safety outcomes. In addition, our Contractor Safety Partnering Framework was expanded beyond delivery partners and construction contractors to encompass contractors operating across the broader business, creating a more consistent and robust approach to contractor safety management.

Our Safe and Well Committees continued to play a central role in driving safety improvement by championing our people-centred safety model. Through workforce engagement, consultation and co-design, the committees have helped simplify safety processes, involve end users in the development of safety initiatives and identify practical solutions to workplace risks. During the year, we also developed and launched a range of internal e-learning modules covering hazardous manual handling, asbestos awareness, construction safety and effective contractor safety management, further strengthening safety capability across the organisation.

Our ongoing commitment to safety performance has resulted in the Total Recordable Injury Frequency Rate (TRIFR) of 4.55 as at July 2026, outperforming our target of less than 5.5. This outcome reflects the collective efforts of our people, leaders and contractors in embedding safe work practices and proactively managing risk.

Looking ahead, our focus will be on further strengthening the application of our Contractor Safety Partnering Framework, procuring a new safety management platform to enhance safety insights and support predictive risk management, and continuing to embed our Critical Control Management Framework. We will also maintain the momentum of our Field Safety Program, expanding its reach across all operational sites and continuing to build a mature, proactive and data-informed approach to safety and wellbeing.

Other key safety performance indicators	2025-26	2024-25	2023-24
Number of reported hazards for the year per 100 full time equivalent staff members [1]	27.90	84.6	221.80
Number of recordable injuries for the year per 100 full time equivalent staff members	0.93	0.71	0.98
Number of 'lost time' standard claims for the year per 100 full time equivalent staff members	0.20	-	0.24
Average cost per claim for the year	$20,372	$41,239	$1,366
Outstanding claim cost	$229,878	$115,509	$37,371

1. Current results reflect hazard reporting normalising, rather than a change in reporting culture, with numbers decreasing following the Electrical Hazard Rectification Project in 2023-24, which drove high levels of proactive hazard identification.

Our people and culture continued...

Employment data

	Full time	Part time	Casual	Total	FTE 2025-26	Full time	Part time	Casual	Total	FTE 2024-25
Gender										
Male	444	22	8	474	462.8	398	22	8	428	417.1
Female	398	125	13	536	494.6	348	108	9	465	430.3
Self-described[1]	1	1	-	2	1.6	1	1	-	2	1.6
Total	**843**	**148**	**21**	**1,012**	**959**	**747**	**131**	**17**	**895**	**849**
Age										
15-24	27	6	16	49	37.2	26	7	11	44	35.7
25-34	181	23	4	208	200.1	160	22	4	186	178.5
35-44	299	54	-	353	339.2	266	45	1	312	299.3
45-54	219	42	-	261	249.6	195	36	-	231	221.4
55-64	100	16	1	117	111.5	81	15	1	97	91.2
65+	17	7	-	24	21.4	19	6	-	25	22.9
Total	**843**	**148**	**21**	**1,012**	**959**	**747**	**131**	**17**	**895**	**849**
Classification										
Executive	6	1	-	7	6.7	6	1	-	7	6.9
Senior Manager	38	2	-	40	39.6	36	1	-	37	36.6
Administration and field staff	799	145	21	965	912.7	705	129	17	851	805.5
Total	**843**	**148**	**21**	**1,012**	**959**	**747**	**131**	**17**	**895**	**849**

1. According to research published by the Commission for Gender Equality in the Public Sector (CGEPS), there are many reasons why people choose not to disclose their sexual orientation or gender identity at work. These include concerns that bias may limit career opportunities, change workplace relationships, or result in subtle or overt discrimination. We continue to support the collection of inclusive workforce data and draw on data from our payroll system and the People Matter Survey, an anonymous survey completed by approximately 80% of staff in accordance with the reporting requirements of the Gender Equality Act 2020. In the 2025 survey sample, 1% of respondents identified as non-binary or chose another term to describe their gender. Payroll data indicates that 0.19% of employees have recorded their gender as self-described. By comparison, the 2023 CGEPS workplace gender audit insights show that 0.5% of Victorian public sector employees had recorded their gender as self-described.

During 2025-26, workforce growth was primarily driven by organisational changes within the Asset Services Group and continued investment in Service Futures. New roles support the uplift in data and analytics capability, the expansion of artificial intelligence and machine learning capability, and continue to develop our digital metering program. These changes strengthen our capacity to deliver reliable, data-informed services and improved outcomes for customers.

Of the 7 Executives, 1 is classified as Senior Executive Service 3 (PESES-3) and 6 are classified as Senior Executive Service 2 (PESES-2). One Executive works part time.

Corporate information

Information and Communication Technology (ICT) expenditure

For the 2025-26 reporting period, Yarra Valley Water had a total ICT expenditure of $83 million, details are shown below:

	$'000
Business As Usual (BAU) ICT expenditure	
BAU ICT expenditure	27,872
Non BAU ICT expenditure	
Operational expenditure	99
Capital expenditure	35,415
ICT depreciation	19,996
Total non-BAU ICT expenditure	**55,510**
Total ICT expenditure	**83,382**

In 2025-26 we continued to improve how we monitor critical technology systems, matured our enterprise service management capabilities and strengthened digital workplace practices through continued adoption of Microsoft 365 and SharePoint.

Consultancy expenditure

The following is a summary of consultancy expenditure incurred during 2025-26.

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

In 2025-26 Yarra Valley Water engaged 8 consultancies where the total fees payable to the consultants were less than $10,000. Total expenditure incurred during the reporting period in relation to these consultants was $52,388 (GST exclusive).

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

In 2025-26 Yarra Valley Water engaged 27 consultancies where the total fees payable to the consultants were $10,000 or greater (GST exclusive). Total expenditure incurred during the reporting period in relation to these consultants was $1,875,392 (GST exclusive).

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

Our people and culture continued...

Government advertising expenditure

In 2025-26 government advertising expenditure related to our services that exceeded $100,000 (excluding GST) was as follows:

Name of campaign	Campaign summary	Dates	Advertising[2] (media) (excl GST)	Creative and campaign development (excl GST)	Research, Post-campaign evaluation (excl GST)	Total
Shower Shorter	The 'Shower Shorter' campaign launched in the lead up to summer, at a time when storage levels were 18% lower than at the same time the previous year. It aimed to educate customers on the impact showers have on household water consumption, highlighting that reducing time spent in the shower could deliver significant water savings - while also lowering energy use, and saving households money. The campaign ran across outdoor billboards, press, social media, YouTube, and audio platforms such as Spotify.	28 September 2025 - 7 December 2025	Approved: $200,000 Actual: $168,913.11	Actual: $30,513.26	Actual: $0	Approved: $200,000 Actual: $199,426.37
Make Every Drop Count[1]	The *Make Every Drop Count* campaign was delivered as a coordinated, statewide initiative to build community understanding of water security challenges and encourage practical, everyday water-saving behaviours. Delivered collaboratively by Barwon Water, Greater Western Water, Melbourne Water, South East Water, Yarra Valley Water and DEECA, the campaign targeted Victorians aged 18–34 as a priority audience, with messaging designed to reconnect the community with the value of water by linking everyday behaviours - such as shorter showers and running full loads - to long-term water security outcomes. The campaign ran across a broad mix of channels, including outofhome, broadcast and streaming video, radio, print, digital, social, display and multicultural media, supported by owned channels.	30 January 2026 – 30 April 2026	Planned: $509,784.55 Actual: $430,509.80	Planned: $212,158.59 Actual: $179,670.70	Planned: $28,056.86 Actual: $22,854.24	Planned: $750,000 Actual: $633,034.74

1. MEDC was a joint campaign. Figures in the table represent Yarra Valley Water's contribution.
2. Advertising media expenditure is the amount approved for the campaign media spend by the Advertising Approval Group (AAG).

Grants and transfer payments

We provide grants to community organisations through our Yarra Valley Water Community Grants Program. Funds support community organisations, schools and local groups to deliver projects that use water wisely, strengthen communities and care for the environment.

Grants with a total investment of $177,137.65 (18 projects) awarded in 2025-26 are listed below.

Organisation	Project	Funding
Billanook Primary School	Rewilding the Billanook Primary School Gully: Ephemeral Waterway Restoration and Inclusive Nature Space	$7,077.00
Boots For All Inc.	SPORT FOR ALL - Closed-loop wash system for circular economy solution to divert sports footwear waste	$15,000.00
Coburg Primary School	Inclusive Sensory Garden and Sustainable Learning Spaces	$13,300.00
Coldstream Primary School	Water efficiency system	$3,000.00
Donnybrook Primary School	Pasifika Wellbeing Garden: Caring for Culture, Land and Water	$10,000.00
Friends Of Darebin Creek	Blake St Parklands Revegetation	$8,572.00
Jika Jika Community Centre Inc.	Showered with Hope - installation of water efficient showers	$15,000.00
Jubilee Housing Inc.	'Grow Your Own' Community Garden	$9,040.00
Migrant Information Centre (Eastern Melbourne) Limited	Water Conservation Education and Awareness Program for CALD Communities residing in the Yarra Ranges	$14,975.00
North Ringwood Community Childrens Centre Inc.	Bush to Bowl Explorers - Bush Tucker and Sensory Discovery Space	$2,985.00
Sikh Community Connections Inc.	Water & Wellbeing: Empowering Multicultural Communities Through Health, Sustainability & Connection	$15,000.00
Sussex Neighbourhood House Inc.	Growing Together: A Waterwise Community Garden & Youth Mural Project	$7,800.00
The Friends Of Damper Creek Conservation Reserve Inc.	Restoration of Damper Creek Conservation Reserve – Alice St/Sunhill Rd	$5,000.00
The Kevin Heinze Garden Centre Inc.	Learning with Water: The KHG Water-Smart Garden	$12,323.65
The Motherhood Lounge Inc.	Healthy homes, healthy families - community education and engagement program	$4,000.00
1st Craigieburn Scout Group (The Scout Association of Australia Victorian Branch)	1st Craigieburn Scout Hall Hydration & Hygiene Upgrade	$12,500.00
Victoria State Emergency Service Heidelberg Unit	Heidelberg SES Headquarters Irrigation System	$6,565.00
Worawa Aboriginal College Limited	Community garden beds and composting system	$15,000.00

Our people and culture continued...

Reviews and studies expenditure

During 2025-26, there were 6 reportable (of material size and sufficiently structured) reviews and studies, equating to a total cost of $690,612.

Selected due to their potential application or implication for external users, the details of these reviews and studies are outlined below.[1]

Name of the review	Reasons for review/ study	Scope	Anticipated outcomes	Timeline	Estimated cost for the year (excl. GST)	Final cost if completed (excl. GST)	Publicly available (Y/N) and URL
Sewer Level Sensor & AI/ ML trial	Proactively mitigate sewer overflows and optimise asset programs to maximise asset life and reduce asset failure.	Trial low-power IoT manhole sensors, platforms and analytics for network surveillance and alarming.	Deliver predictive blockage identification, infiltration detection and real-time alerts enabling proactive operations and spill prevention.	July 2024 to October 2026	$361,940	N/A	N, in progress
Nature and Climate Assessment and Planning	Address escalating climate and nature risks and opportunities.	Integrate and operationalise decision-ready, nature-positive and climate-resilient plans, roadmap, risk insights and a reporting framework.	Deliver prioritised opportunities, improved asset longevity, confident investment planning, enhanced ecosystem health and reliable services.	May 2025 to September 2026	$175,000	N/A	N, in progress
Enhanced Constructed Wetlands	Address persistent contaminant removal challenges.	Evaluate enhancements to floating wetlands using protein binders, biofilms and biochar to absorb contaminants of emerging concern.	Deliver high efficiency pollutant attenuation with lower energy and carbon emissions enabling scalable adoption.	June 2026 to March 2028	$55,000	N/A	N, in progress

Name of the review	Reasons for review/ study	Scope	Anticipated outcomes	Timeline	Estimated cost for the year (excl. GST)	Final cost if completed (excl. GST)	Publicly available (Y/N) and URL
Adaptive pathways for resource recovery: future options for wastewater solids	Mitigate biosolids management uncertainty from tightening PFAS regulations.	Develop adaptive pathways framework evaluating utilities data, technology readiness, stakeholder engagement and scenario mapping.	Deliver an evidence-based plan enhancing decisions, strengthening business cases, supports community and regulatory engagement, reducing reliance on vulnerable outlets and enabling circular economy opportunities.	June 2026 to March 2027	$45,000	N/A	N, in progress
Impacts of climate change on the YVW workforce	Assess climate impacts on utility workforce resilience.	Analyse high-risk periods affecting personnel wellbeing, availability, capacity using literature, workshops, interviews.	Identification of priority actions for YVW, including protecting recovery time, building surge capacity, strengthening psychosocial safety, improving forecasting and learning systems, and embedding workforce resilience into governance and risk management.	January 2025 to March 2026	$35,172	$35,172	N, Insights shared at OzWater 2026, and publishable research paper is being prepared.
Digestate Re-Use Project Stage 3: Product Quality & Proof of Performance	Demonstrate the quality, regulatory compliance and agricultural performance of digestate produced at ReWaste facilities.	Conduct field and pot trials assessing soils, crops, fertiliser equivalence, drought responses and regulatory compliance.	Generate independent evidence enabling regulator confidence, market development, optimal application practice and commercialisation progression.	December 2025 to June 2029	$18,500	N/A	N, in progress

1. Table does not include reviews or studies that may be Commercial-in-Confidence or commercially sensitive, or where the release may be detrimental to government operations (e.g. by pre-empting the finalisation of policy decisions prior to their announcement).

In addition to these items, we've undertaken other works in the course of normal business activities, including cultural heritage studies, ecology studies and options analysis associated with capital infrastructure projects together with reviews associated with our internal and integrated audit function. Refer to page 71 for additional information associated with consultancy expenditure.

Our people and culture continued...

Social procurement

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

Key activities achieved during 2025-26 include:

- Renewing our platinum memberships with Social Traders and Kinaway Chamber of Commerce Victoria Limited (Kinaway). We continue supporting these partnerships and leveraging our strong alliance to further promote social and First Peoples' enterprises throughout our organisation.
- A dedicated Social Procurement Working Group to promote, develop and deliver positive outcomes. It consists of cross functional social procurement champions from across the organisation.
- Centralising our quote level procurement processes to create better opportunities for businesses to quote and access work directly with us.
- Hosting a second Blak Christmas Market in the lead up to the holiday period for staff to purchase gifts from local First Peoples' businesses and learn about their service and support of local communities.
- Attending First Peoples' business and award events hosted by Kinaway and Industry Capability Network Victoria, along with our key strategic suppliers.
- Holding our second partner forum, bringing together suppliers, contractors and First Peoples' businesses to network and find ways to work together on our projects and priorities.

We spent more than $2.87 million with First Peoples' businesses and social enterprises in 2025-26.

Disclosure of emergency procurement

In 2025-26, Yarra Valley Water did not activate Emergency Procurement policies.

Fair Payments Policy

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

In 2025-26, Yarra Valley Water paid 90% of invoices with a contract value under $3 million within 14 calendar days. The average days taken to pay invoices under $3 million was 12.2 calendar days.

Legislative compliance

Privacy and Data Protection Act 2014

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

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

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

Public Interest Disclosure 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. The legislation also provides protection for people making disclosures in accordance with the PID Act and establishes a system for the matters disclosed to be investigated and rectifying action to be taken.

Yarra Valley Water has established procedures for the protection of persons from detrimental action in reprisal for making a public interest disclosure about Yarra Valley Water, its board members, officers or employees. Yarra Valley Water cannot receive disclosures under the PID Act.

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

Independent Broad-based Anti-Corruption Commission
Address: Level 3, 2 Lonsdale Street, Melbourne Victoria 3000
Mail: GPO Box 24234, Melbourne, VIC 3001
Website: Ibac.vic.gov.au
Email: a secure email disclosure process is available on IBAC's website
Phone: 1800 422 284

Freedom of Information Act 1982

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

An applicant can apply for access to documents created by Yarra Valley Water or supplied to us by an external organisation or individual. This includes maps, films, microfiche, photographs, computer printouts, computer discs, tape recordings, and videotapes. Information about the type of material produced by Yarra Valley Water is available on Yarra Valley Water's website at **www.yvw.com.au/foi**.

The FOI Act allows Yarra Valley Water to refuse access, either fully or partially, to certain documents or information. Examples include cabinet documents, some internal working documents, law enforcement documents, documents covered by legal professional privilege, personal information about other people and information provided in-confidence.

The FOI Act specifies that Freedom of Information (FOI) requests should be processed within 30 days. In some cases, this time may be extended, for example, where external consultation is required under ss29, 29A, 31, 31A, 33, 34 or 35. Processing time may also be extended by periods of up to 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 Yarra Valley Water, under section 49A of the FOI 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 by email to **FOI@yvw.com.au** or by post. An application fee of $34.50 applies from 1 July 2026. Access charges may be payable if the document pool is large, and the search for material is time consuming.

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

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

FOI requests should be addressed to the Freedom of Information Officer, Yarra Valley Water, 25-35 Lucknow Street, Mitcham, Victoria, 3132. Requests can also be submitted via the following email address: **FOI@yvw.com.au**.

Freedom of Information statistics

During 2025-26, we received 48 applications. 14 were received from the public, 30 were from law firms or insurance agencies, 3 were from media agencies, and 1 was from government departments, authorities and local councils.

Some 38 FOI decisions were made during the 12 months ending 30 June 2026. Of these, 18 decisions were made within the statutory 30 day period, 17 decisions were made within an extended statutory 30 to 45 day period, and 3 decisions were made within 46 to 90 days.

Of the total decisions made, 3 granted access in full and 35 granted access in part.

The average time taken to finalise requests in 2025-2026 was 30 days.

Of the requests finalised, the average number of days taken to decide the request was 6 days under the statutory time (including extended timeframes).

During 2025-2026, one request was subject to review by OVIC. No requests progressed to Victorian Civil Administrative Tribunal.

Further Information regarding the operation and scope of FOI can be obtained from the Act; regulations made under the Act; and Freedom of Information – Office of the Victorian Information Commissioner (**https://ovic.vic.gov.au**)

Building Act 1993

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

Our people and culture continued...

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

In 2025-26	
Number of major works projects undertaken by Yarra Valley Water (greater than $50,000)	3
Number of building permits, occupancy permits or certificates of final inspection issued in relation to buildings owned by the entity	Nil building permits Nil occupancy permit Nil certificates of occupancy
Number of emergency orders and building orders issued in relation to buildings	Nil emergency orders Nil building orders
Number of buildings that have been brought into conformity with building standards during the reporting period	Nil buildings brought into conformity

Disclosure of major contracts

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

Yarra Valley Water executed 5 major contracts during 2025-26:

- SEC Energy for the supply of energy on large sites valued at $16.8 million (excluding GST). Contract expiry 30 June 2028.
- The Drain Man for the Sewer Property Connection Branch Renewal program valued at $46.2 million (excluding GST). Contract expiry 21 September 2031.
- MFJ Construction for the construction of mains in Cameron Street valued at $11.29 million (excluding GST). Contract expiry 23 July 2026.
- Service Stream Utilities and Ventia for the Civil, Mechanical & Electrical Maintenance Services for the Northern and Southern Region programs, evaluated at $950 million (excluding GST). Contract expiry 30 September 2035.

Contracts may allow for agreed variations.

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

Sourcing decisions

Yarra Valley Water undertakes an objectives-based assessment when undertaking decisions relating to major sourcing events. During the year, as part of setting up the scope of our new maintenance contracts, we decided to insource some functions including after-hours fault calls handling, water quality sampling, SCADA monitoring and Mechanical & Electrical triage.

Local Jobs First Policy Disclosures

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

During 2025-26, we commenced 5 Standard Local Jobs First projects where a Local Industry Development Plan (LIDP) was required. The contract value of these projects totalled $195 million and they were located across metropolitan Melbourne and regional areas.

The outcomes expected from implementing the Local Jobs First - Victorian Industry Participation Policy (VIPP) to these 5 projects are:

- An average of 88.4% local content commitment.
- A total of 285.3 jobs (annualised employee equivalent (AEE) were committed, including creating 98 new jobs and retaining 186.3 jobs (AEE).
- A total of 27.5 positions for trainees, cadets and apprentices were committed, including 11.8 created and 15.7 retained positions.

During 2025-26, we completed 10 Standard projects that required a LIDP. The value of these totalled $53 million, and they were located across metropolitan Melbourne and regional areas. Twelve projects, with a combined value of $238.6 million that were mostly delivered during 2025-26, are due to be completed in the coming months and will be reported in 2026-27.

The outcomes from implementing the Local Jobs First – VIPP to the 10 projects were:

- An average of 63.6% local content commitment was achieved.
- A total of 61.2 jobs (AEE) were achieved, including creating 0 new jobs (AEE) and retaining 61.2 jobs (AEE).
- A total of 1.2 positions for trainees, cadets and apprentices were achieved, including 0 created and 1.2 retained positions.

For the 10 completed projects, 160 small to medium sized businesses were engaged as either the principal contractor or as part of the supply chain.

Competitive Neutrality Policy

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

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

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

Disclosure of procurement complaints

In 2025-26, Yarra Valley Water did not receive any formal complaints associated with procurement or contract management.

Other information

In compliance with the requirements of the Standing Directions of the Minister for Finance, details for the items listed below have been retained and are available from Yarra Valley Water on request, subject to the *Freedom of Information Act 1982*:

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

The information is available on request from:

Freedom of Information Officer
Yarra Valley Water
25-35 Lucknow Street
Mitcham VIC 3132

Financial management compliance attestation statement

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



Gabrielle Bell
Chair

Liveability outcomes

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

Resilient and liveable cities and towns

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

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

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

Integrated water management (IWM) aims to leverage the water management opportunities related to these wide-ranging community needs within the context of climate change, population growth and urbanisation. We're committed to working collaboratively through placemaking and urban development planning processes, to ensure all Melburnians can continue to enjoy local green open spaces, supported with alternative water where possible.



We've been involved in developing both Melbourne and regional system strategies, which identify the pivotal role that IWM plays to increase the resilience and security of water supplies. We participate in the industry-wide IWM forums facilitated by the Department of Energy, Environment and Climate Action (DEECA), that aim to accelerate and embed IWM into urban planning through partnerships and collaboration with key stakeholders.

Progress on our commitments in the Yarra catchment include:

- Completing the Upper Merri Creek and Kalkallo IWM sub-catchment plans. These are informing ongoing stormwater harvesting investigations in partnership with Melbourne Water.
- Completing the preliminary business case and options assessment for a potential future Dingley extension of the Eastern Alternative Water Scheme and preparing IWM plans for the Suburban Rail Loop East precincts in collaboration with South East Water, Melbourne Water, DEECA and Councils.
- Undertaking a replanning phase to assess options for the Doncaster Hill and Manningham Alternative Water Project. This includes reassessing the proposed underground recycled water facility at Tram Road Reserve and considering affordable alternative water solutions, including rainwater and stormwater reuse, to reduce demand on drinking water and provide improved community outcomes.
- Investigating rainwater harvesting from commercial and industrial areas in the Northern Freight precinct.
- Continuing IWM investigations as part of the Beveridge North-West Precinct Project in partnership with Melbourne Water.
- Continuing early development of a land restoration project in Wallan informed by the outcome of a wetland project delivered by a developer on adjacent land.
- Completing Stage 1 of the Wollert Community Farm and starting farm operations. Stage 2 planning is underway. Refer to page 30 for further details.
- Continuing design work to commission the Kalkallo Stormwater Treatment Plant.
- Expanding the Northern Growth Area recycled water scheme, with the Aurora Sewage and Recycled Water Treatment Plant upgrade now in the detailed design phase.

Construction is underway on the Brushy Creek Recycled Water Scheme to extend the supply of recycled water to parts of Croydon, Chirnside Park, Mooroolbark and Lilydale. We're working with DEECA in implementing the new IWM Framework and Guidelines, including participation in rapid assessments for 28 precincts and activity centres in our service area over 2025-26. The assessments inform liveability and resilience planning for the proposed Housing Statement precincts, including aspects such as alternative water volumes, reduction in stormwater run-off and open space irrigation with alternative water. This work will help us advocate for integrated water management outcomes within future Drainage Servicing Schemes and Precinct Structure Plans that are yet to be gazetted, delivering benefits for healthy waterways and communities.

In contributing to uplifting community literacy around improving waterway health, we've continued collaborating with local councils and we're implementing a communications program in Yarra Ranges and Banyule.

Supported with DEECA funding, the program raises awareness of septic systems and encourages property owners to transition from onsite wastewater treatment to the reticulated sewer system to improve waterway health.

For the last 2 years, we've been monitoring the effectiveness of rainwater tanks through a staff trial as a means of improving our understanding of this alternative water supply source. Digital meters have been installed on staff tanks as well as at our own office in Mitcham as part of the pilot investigation. This has provided many insights including water usage patterns and tank performance. We will continue to collaborate with the University of Melbourne as research partners on this work to establish the next stage of the pilot to further understand potential water-saving volumes and downstream waterway health opportunities.

Liveability outcomes continued...

We're also partnering with the other metropolitan water corporations and DEECA on a 'Maximising Recycled Water Use by Residential Customers' program with the aim of working towards improved water security outcomes through more prudent and efficient use of recycled water by residential customers. Phase 1 of this project is now complete. It involved exploring the barriers and enablers of household recycled water use. Phase 2, which involves implementing solutions, is now in the project planning phase.

Recognising recreational values

One of our 2030 Strategy aspirations is for our communities and stakeholders to trust and value us as a partner in shaping resilient and prosperous communities. We continue to consider planning opportunities in our service area to increase access to sustainable green and blue spaces that support recreational objectives.

Open spaces are valued by communities and contribute to the health and wellbeing of nearby residents. With the stress of climate change, water for irrigation is vital for maintaining safe playing surfaces as well as providing cool, green community spaces. We've built relationships through IWM forums and partnership projects which means we're well placed to continue to support recreation-focused projects.

Our commitment is visible in our 2030 Strategy Scorecard target of 'active public open space supported by an alternative water source'. As a step towards this target, we've completed a public open space mapping exercise to identify sporting grounds or reserves across our service area that could potentially be supported by alternative water. We're also seeking partners to develop our Community Assets Program, to offset drinking water used by large water users while providing communities with a long term and sustainable water supply to irrigate community spaces.

Our involvement to help improve creeks in our service area for amenity and recreation continued in the Gardiners Creek (KooyongKoot) Regional Collaboration and the Moonee Ponds Creek Chain of Ponds Collaboration.

During 2025-26 we continued to progress site-based projects on our land including:

- A partnership with Nillumbik Council to protect and enhance Eltham Copper Butterfly habitat at Diosma Road Reserve in Eltham with regular community involvement.
- Wollert Community Farm development on land at our Aurora Sewage and Recycled Water Treatment Plant; where community members volunteer regularly at the *nugal biik* nursery. This land also forms part of the marram baba Merri Creek Regional Parklands.
- Mt Lilydale Mercy College's nature classroom and sports grounds on land at our Lilydale Sewage Treatment Plant.
- Wallan wetlands restoration project which will ultimately connect with the proposed wallan wallan Regional Parklands.
- Upper Yarra Habitat Restoration Project with community involvement through Yarra4Life (Refer to page 122 for details).

Other opportunities to support recreational values that we continue to progress include:

- Our Community Grants Program to fund activities that support community groups, not-for-profits and local organisations to deliver initiatives that use water wisely, strengthen communities, and care for nature, land and waterways. Funding was awarded to a range of projects that will deliver lasting environmental and community benefits.
- Identifying the risks associated with sewer spills by mapping current waterway values using the latest available datasets. These include ecological values (such as fish, macroinvertebrates, and native vegetation), cultural values, and beneficial uses (including licensed non-potable water supplies and recreational uses). This risk assessment framework supports directing investment towards highest risk sewer network assets, where spills have the greatest potential impact on environmental, cultural and community values.
- Exploring locations where we can improve recreation and access on our land, such as on pipe tracks.
- Our sponsorship of football leagues across our region, recognising and supporting the important role sport plays in building resilient communities and promoting core values like respect, gender equality and wellbeing.

Housing Statement

Victoria's Housing Statement addresses the challenge of providing increased housing supply at affordable prices to meet the needs of a growing population.

In October 2024, the Victorian Government announced 60 new Activity Centres near train and tram zones to encourage the development of 300,000 new homes. To support development within the 28 Activity Centres in our service area, prioritised infill planning is underway to maintain customer service levels as growth progresses. This involves identifying, planning and staging key asset investments to effectively accommodate future growth.

The Housing Statement also lists priority planning projects for growing suburbs, including those in the Northern Growth Area. These are already planned for in our 2023-28 Price Submission. Substantial work is underway, with close liaison with developers and stakeholders to ensure timely servicing of new development.

In 2025-26 we worked with developers to deliver 3,285 new lots to suburbs within the Northern Growth Area. Across our service area we received 87 planning permit applications for developments with 10 or more lots. Of these, 63% requested Preliminary Servicing Advice prior to their Planning Permit application, to which we gave advice. We are proactively reaching out to customers who have not requested Preliminary Servicing Advice to ensure they have the right advice for their development. We worked with DEECA and VicWater to provide the state government with performance measures for customer application completion and key indicators for greenfield development. For the 2025-26 year, we issued 3,041 residential property Conditions of Connection in Northern Growth Area suburbs, allowing housing construction to start.

We'll continue to support all growth and housing applications. Our plans and servicing advice will ensure water and sewer networks continue to meet Customer Charter requirements as the population increases.

Developer and council engagement

We had regular discussions with local councils and the Victorian Planning Authority to facilitate knowledge sharing of key assets and projects required to facilitate development. These discussions included location and timing of the assets as well as requests for space allocation within the Precinct Structure Plan or development areas for future assets to ensure customer service levels continue to be met as growth occurs.

We ran regular meetings with greenfield developers in the Northern Growth Area, both before and after planning permit applications to ensure a timely response and delivery of assets to service new development.

When engaging with developers and councils we provide clear expectations of requirements for development and clear guidelines on completing applications, including information and timing of assets required before the development can proceed.

We worked with DEECA and the other water retailers to standardise and ensure consistency of the monthly reporting on key metrics around servicing residential development and works deeds.

Delivering infrastructure

In 2025-26, we invested $424 million in capital projects to support population growth, connect more communities to sewerage services and renew critical infrastructure.

Our 2023-28 Price Submission includes 10 high-value projects. During the year, we continued delivering these projects in line with our asset management strategy, with more than half supporting development in Melbourne's Northern Growth Area. We worked to refine project designs and delivery approaches to manage rising construction costs and keep projects within approved budgets.

A key milestone was completing the Love Branch Sewer, which increases network capacity in Wollert and will service more than 20,000 existing and future properties, including Aurora, Rathdowne and the Woodlea Lifestyle community.

We also progressed the M4 Distribution Main Renewal, advanced the design of the Aurora Sewage and Recycled Water Treatment Plant and Transfer System, and prepared for stage one of the Park Orchards Community Sewerage Project.

We strengthened oversight of our major infrastructure program through our Asset Portfolio Management Office, helping ensure projects, investment decisions and resources remain aligned with our long-term priorities and customer commitments.

Liveability outcomes continued...

Sustainable water management

We continue to support the delivery and implementation of the *Central and Gippsland Sustainable Water Strategy* and *Greater Melbourne Urban Water and System Strategy: Water for Life*, in collaboration with DEECA and connected water corporations. These strategies aim to ensure a secure and sustainable water supply for the next 50 years, balancing water needs, making efficient use of supplies, diversifying water sources and transitioning to a more climate resilient supply of water.

In 2025-26 we:

- Supported the Victorian Government's Target 150 initiative by promoting efficient and sensible water use through water efficiency and behaviour change programs.
- Continued to work with DEECA and other water corporations to progress planning and readiness for future water supply augmentation options.
- Shared insights and learnings from our water audit and showerhead exchange program pilot with the Victorian Government and other water corporations.
- Promoted participation in the Victorian Government's Schools Water Efficiency Program for schools across our service area.
- Assisted businesses and local councils to become more water efficient and explore alternative water sources.
- Continued our participation in the Catchment Scale IWM Forums, including Yarra, Maribyrnong and Dandenong, to focus efforts on improving and innovating to develop alternative water supplies, such as stormwater.
- Partnered with DEECA and other water corporations to consider opportunities to maximise recycled water use.
- Supported the self-determined priorities of Traditional Owners and Custodians in collaboration with the broader water sector, including those priorities set out in Water is Life: Access to Water Roadmap.
- Continued our contribution to the development of a south-central pooled resource and associated reforms with the Victorian Government and across the water sector.

Water use and efficiency

On average, Melbourne is using more water than rainfall is providing. Hotter, drier weather and a growing population is putting increasing pressure on the city's water supplies. We're collaborating with DEECA and members of the Accord to advance the Victorian Government's Water Security Plan. The plan aims to ensure safe, reliable and affordable water supplies for growing communities by planning now for future population growth, climate change and drought impacts.

Our customer's per capita usage reduced to 165 litres per person per day in 2025-26 after increased usage in 2024-25. We promote sensible and efficient use of water through the Target 150 program, advertising campaigns and education programs. We also help businesses and councils to become more water efficient.

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

To support the Victorian Government's target of '150 litres per person, per day', we focused on efficient and sensible water use by Melburnians to preserve our state's precious water. In 2025-26 this included:

- Engaging customers around water efficiency through social media, videos, sponsorships, bills, local media and website content, including the Target 150 program.
- Partnering with Barwon Water, Greater Western Water, Melbourne Water, South East Water and DEECA to deliver the Make Every Drop Count campaign encouraging practical, everyday watersaving behaviours across metropolitan Melbourne and Victoria.
- Expanding our on-ground presence, engaging more than 16,000 people, dispensing over 8,500 litres of tap water and achieving 95% customer satisfaction.
- Introducing our bespoke Refiller van, and attending major events to build trust in the quality and safety of drinking water, particularly in Melbourne's outer north and east. Major events included Kooyong Classic, Whittlesea Show and Craigieburn Festival.



- Promoting water conservation, efficiency and the value of water at events and festivals, including through our partnership with Melbourne Polytechnic at the 2026 Melbourne International Flower and Garden Show.
- Embedding our Choose Tap messaging into community sport through partnerships with the Outer East Football Netball League and the Eastern and Northern Football Netball Leagues, helping promote drinking water at community sporting events.
- Increasing participation in our Water Audit and Showerhead Exchange program, with nearly 1,000 households taking part during the year, helping customers reduce water use and better understand household consumption.
- Rolling out the Efficient Shower Impact Monitoring project, delivered in partnership with DEECA, the University of Queensland and Griffith University, with 250 households participating in detailed monitoring. Results are expected late 2026.
- Delivering 237 Water Watchers primary school education incursions and engaging around 6,000 students. A refreshed primary school incursion program will be delivered in 2026-27, along with an expanded kindergarten program.
- Expanding our Water Watchers beyond the classroom through a partnership with Village Cinemas, helping reach young audiences and their families with water saving messages.
- Welcoming 30 new schools into the Victorian Government's Schools Water Efficiency Program, with 63% of government schools in our service area now participating. Since 2012, participating schools have saved more than 2.6 billion litres of water, equating to more than $11 million in cost savings.
- Receiving 311 entries from 53 schools and 6 preschools through the National Water Week Poster Competition.
- Working with around 30 business customers that use around 100 million litres of water or more a year to develop Water Efficiency Management Plans.
- Supporting high usage business customers and local councils through the WaterSmart program in partnership with DEECA, helping improve water efficiency and reduce water consumption.

Under the WaterCare program, we can offer water audits directly to residential customers experiencing vulnerability or hardship through our Community Rebate Program (CRP). In 2025-26 this was funded by DEECA and we also contributed approximately $50,000.

The CRP aims to support customers to gain greater control over their bills by fixing minor leaks or replacing inefficient appliances. We organise a plumber if the customer can't afford to and pay them directly so there are no out-of-pocket expenses. There is strong demand for this program with 338 customers assisted in 2025-26. In addition to promoting water efficiency, these programs provide an opportunity for customers facing vulnerability and hardship to actively reduce their water usage, which gives them more control over their bills.

These programs also enable us to directly connect with customers and raise awareness of the services and support options available to them.

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

We also facilitated community access to tap water via our partnerships with local football leagues, the Eastern Football Netball League, the Northern Football Netball League and the Outer Eastern Football Netball League. We delivered water refill stations at 36 community events across the year, including at local football events and community festivals, helping to improve access to tap water in the community.

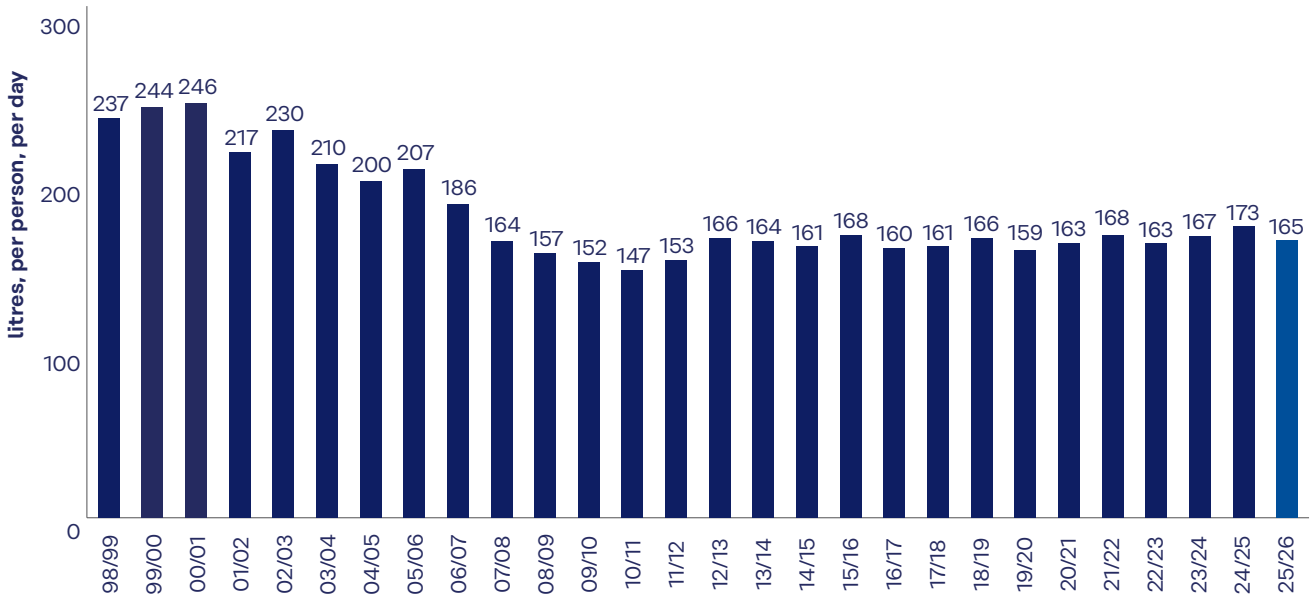
Liveability outcomes continued...

Water consumption report 2025-26

	Residential customers	Non-Residential customers	Total
Number of customers (as at 30 June 2026)	854,883	63,345	918,228
Potable water use (ML)			
(1) Total potable water consumed	**124,689**	**31,940**	**156,629**
Per capita daily water use (residential customers)	165		
Non-potable water use (ML)			
Recycled water used (end use)			
• Commercial purposes		99	99
• Industrial purposes		-	-
• Agricultural purposes		426	426
• Municipal purposes		246	246
• Beneficial allocation		-	-
• Within process		1,603	1,603
• Residential	177		177
(2) Total recycled water used	**177**	**2,374**	**2,551**
(3) Total treated stormwater used	**-**	**-**	**-**
(2) + (3) Total non-potable water used	**177**	**2,374**	**2,551**
(1) + (2) + (3) Total water used (ML)	**124,866**	**34,314**	**159,180**
Non-revenue water (ML)			
• Leakage			8,540
• Firefighting			104
• Bursts			2,700
• Other			4,896
(4) Total non-revenue water			**16,240**
(1)+(2)+(3) + (4) Total water all sources (ML)			**175,420**

1. Includes a small amount of unchlorinated water supplied directly from aqueducts.
2. Total consumption does not include water sourced from rainwater tanks or from greywater reuse.
3. The figures include an estimate for customer usage for Quarter 4 (April – June 2026) which was not available at the time of preparing this report. Customers are billed 3 months in arrears and therefore customer usage for April to June 2026 is not known until early October.





Drought preparedness

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

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

Melbourne's storages experienced a steep decline in the last 2 years, falling by more than 20%. During 2025-26 we've taken actions consistent with our Drought Preparedness Plan and as described in Greater Melbourne's Annual Water Outlook 2026. We've acted to boost storages by using desalinated water and encouraging customers to make every drop count. In April 2026, the Minister for Water announced that a 150 gigalitre order would be placed for 2026-27.

Permanent Water Use Rules continued to apply throughout 2025-26.

Liveability outcomes continued...

Annual reporting of major non-residential water use

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

Table 1: Customer by volume range

Volumetric range – ml per year	Number of customers
Equal to or greater than 50ML and less than 100ML	31
Equal to or greater than 100ML and less than 200ML	9
Equal to or greater than 200ML and less than 300ML	3
Equal to or greater than 300ML and less than 400ML	4
Equal to or greater than 400ML and less than 500ML	2
Equal to or greater than 500ML and less than 750ML	1
Equal to or greater than 750ML and less than 1,000ML	1
Greater than 1,000ML	1
Total number of customers	**52**

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

Table 2: Names of major customers (with use equal to or greater than 100ML per annum) and their participation in water efficiency programs

Name of Customer	Participation in water efficiency program	Water management plan developed
Austin Hospital	Yes	Yes
Box Hill Hospital	Yes	Yes
Cabrini Property Pty Ltd	Yes	Yes
Chadstone Shopping Centre Pty Ltd	Yes	Yes
Chiquita Mushrooms Pty Ltd	Yes	Yes
Colonial Farms	Yes	Yes
Continental Poultry Pty Ltd	Yes	Yes
CSL Behring Pty Ltd	Yes	Yes
Eastland Shopping Centre	Yes	Yes
La Trobe University	Yes	Yes
Monash – Blackburn Rd and Wellington Rd	Yes	Yes
Northern Hospital	Yes	Yes
Peters Ice Cream	Yes	Yes
RePurpose It	Yes	Yes
Sorbent Paper Company Pty Ltd	Yes	Yes
Spark / NEL (North East Link) (Banyule City Council)	Yes	Yes
Spark / NEL (North East Link) (Roads Corporation)	Yes	Yes
Specialist Linen Services	Yes	Yes
Visy Paper Coolaroo	Yes	Yes
Visy Packaging Properties Pty Ltd	Yes	Yes
Westfield Doncaster	Yes	Yes

To build business knowledge and support large water users to adopt local water solutions, we coordinate and facilitate seminars, undertake site visits at various businesses (exploring process and procedural improvements), and document case studies that share the learnings of others' achievements in this area. All large water users also have access to a national benchmarking website to compare their water consumption with others in similar industries.

Liveability outcomes continued...

Water recycling

This year we treated 7,941 megalitres of sewage effluent at our treatment plants of which 2,046 megalitres (25.7%) was reused as recycled water. Two of our recycled water treatment plants remained offline in 2025-26 due to safety upgrades of the chemical dosing facilities. Brushy Creek Recycled Water Treatment Plant will remain offline until August 2026. The Aurora Sewage and Recycled Water Treatment Plant came back online in June 2026. We use potable water in our Class A recycled water network when our plants are not in service.

We constructed 42 km of recycled water mains and connected approximately 4,463 properties to our Class A recycled water network for non-drinking purposes, such as toilet flushing and car washing. This brings the total number of properties connected to our Class A recycled water network to 60,085.

Water recycling continues to be a key component of our integrated water cycle management servicing strategy for the Northern Growth Area, and for new estates in the eastern suburbs around Brushy Creek Recycled Water Treatment Plant. Public open space irrigation and providing Class A recycled water to homes, for toilet flushing, garden watering and laundry use, provides significant water efficiency and environmental benefits to the community.

Water quality

During 2025-26, we maintained our commitment to provide safe and pleasant drinking water. This year we received 0.34 complaints for every 100 customers, achieving our target of 0.36 complaints or less.

We work to keep customers informed about any operational changes to their water supply. This year we also carried out targeted cleaning of 615 km of water mains.

We increased customer satisfaction with the overall quality of drinking water provided to 82%. Among customers who choose to drink tap water as their preferred source, our customer satisfaction is up to 92%.

Customer and community outcomes

Customer and community engagement

Customer and community insights play an important role in the decisions we make and the services we deliver. By actively listening and engaging with our customers regularly, we can tailor our services and programs to meet their expectations more effectively.

Our approach draws on customer insights, community engagement, partnerships, advisory groups, panels and citizens' juries to deepen our understanding of community needs.

Throughout the year, customers shared feedback through surveys, service interactions, market research and our Community Advisory Group, providing valuable insights that continue to improve our services and customer experience. We also supported customers by promoting available concessions and connecting those experiencing financial hardship with payment assistance and support.

Guided by the IAP2 framework, our Community Engagement team ensures stakeholders and communities are informed, consulted and involved in decisions about infrastructure projects. In 2025-26, the team supported 79 infrastructure projects, including the Mt Fraser Water Supply Tanks, the M4 Water Main Renewal and the Lilydale Food Waste to Energy Facility. By keeping residents, businesses and stakeholders informed and responding promptly to issues as they arose, the team helped address concerns early, reduce impacts and improve project outcomes.

Affordability and assistance programs

As an essential service provider, we are committed to delivering safe, reliable water and sewerage services as efficiently as possible to minimise pressure on customer bills while continuing to invest in the infrastructure and services our growing community relies on.

We have an important role in sustaining Victoria's productivity and supporting the communities we serve. In doing this we strive to relieve pressure on household budgets and ensure that the cost of water and sewerage services does not impact the competitiveness of our business customers. Because most of our investment decisions are long term, we have an obligation to make financial decisions that optimise community value and intergenerational equity.

We continue to hear from customers that they don't want bills to increase, and that small annual bill changes are better than a single large change. Since 2013-14, customers' bills have increased below the rate of inflation - that is they have fallen in real terms. The annual bill for a 'typical' residential customer using 150 kilolitres of water per annum is $21 per annum lower now than in 2013-14, even after inflation. These reductions are a result of the lower cost of debt over this period, combined with efficiencies in delivering our services.

In 2025-26, the typical annual residential bill for an owner (based on 150kL consumption per annum) was $1,114 - an increase from 2024-25 of $35. The typical annual residential bill for a tenant (based on 150kL consumption per annum) was $543 - an increase from 2024-25 of $21. The annual non-residential bill for a business (based on 3ML consumption per annum) was $16,383 - an increase from 2024-25 of $539.

While we work to keep bills as low as possible, we know that the broader climate of affordability pressures means keeping on top of bills remains a challenge for many Victorians. We continue to evolve our programs to support customers who find it difficult to pay their water bill, working in partnership with the community sector to ensure their expertise guides our work. Beyond the support we provide in relation to the bill, we also refer customers to financial counselling support and directly to relevant support teams in other partner organisations via Thriving Community Australia's One Stop One Story Hub. These include service providers from the energy, telecommunications, banking and transport sectors, as well as housing support.

By the end of June 2026 we had 13,678 customers being assisted within our WaterCare Customer Support Team which is 7% higher than June 2025.

In addition:

- 14,940 customers applied for and received Utility Relief Grant assistance totalling $6.2 million.
- We referred 245 customers to our external support partner who can provide additional services, including financial counselling, emergency relief, housing support, energy audits, employment coaching, drug and alcohol support - all at no cost to customers.
- We referred 121 customers via Thriving Communities Australia's One Stop One Story hub directly to the relevant customer support teams in other partner organisations.
- At 30 June 2026, 53,119 instalment plan arrangements were in place.

Throughout 2025-26, we continued to proactively improve awareness of and access to our financial support programs, particularly for customers who may be experiencing financial vulnerability or barriers to engagement. This work combined direct customer communications, targeted marketing activity, community outreach and partnerships with trusted community organisations.

While we reached customers across our entire service area through awareness campaign activity, targeted efforts focused on Banyule, Darebin and Manningham local government areas. This included direct community engagement activities across Melbourne's north and east, including financial support pop-up events and information sessions at Newbury Community and Child Centre, Doncaster Library, The Pines Library, Preston Library, Reservoir Library, the Harmony Centre and Diamond Valley Community Support.

Similar to previous years, a key objective was to ensure eligible customers had their concession registered on their account and were aware of the range of financial support options available if they were experiencing difficulty in managing their water bill. While campaign results are yet to be finalised, early indicators show positive outcomes in relation to greater awareness of available support options and increased engagement with financial assistance programs among eligible customers.

We also maintain ongoing relationships with organisations who work directly with our customers, building community capacity and connecting people with support. These trusted local networks help us to share information and connect with people who may not readily access the support we can provide. By working alongside these organisations on events such as Bring Your Bill Days, we can raise awareness of our financial support services, provide practical information within the community, and equip frontline partners with the knowledge to better support people experiencing hardship.

We attended community events and local Aboriginal Gathering Places to have a visible presence within communities. During Refugee Week 2026, we participated in community celebrations hosted by the City of Whittlesea and Hume City Council, joining more than 500 community members. Through these events, we connected with people from refugee, multicultural and multilingual backgrounds, sharing information about financial support programs, translated information and interpreter services, and other support available to help customers access and manage their water services.

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

Liveability outcomes continued...

	2024-25		2025-26	
Community service obligations	**$'000**	**customers**	**$'000**	**customers**
Provision of concessions to pensioners[1]	54,513	182,579	56,496	185,398
Rebates paid to not-for-profit organisations under the Water and Sewerage Rebate Scheme[2]	1,455	5,514	1,445	5,618
Utility Relief Grant payments[3]	5,048	12,255	6,202	14,960
Water concessions for life support machines – haemodialysis[4]	13	32	9	35
Hardship relief grant scheme[5]	0	0	0	0
Total	**61,029**	**200,380**	**64,152**	**206,011**

Notes:

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



Accessible and inclusive services

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

In 2025-26 we maintained our focus on promoting gender equality, and inclusion more broadly, across the organisation. This included:

- In partnership with local women's health organisations, completing equity impact assessments across priority projects and facilitating training and capacity building with over 70 staff. This process is a requirement under the Gender Equality Act, and identifies actions to promote gender equality, reduce intersectional inequalities and improve access and inclusion across our services.
- Undertaking a significant research project to understand the lived experiences and needs of people who have recently migrated to Australia from countries where English is not their first language – and how that influences their expectations and experience of us and the services we provide. The outcomes of this research will enable us to design inclusive, trusted and culturally responsive services, and address barriers that impact how people are able to engage with us. Alongside this, we have developed a framework and practical tools that provide staff with a consistent evidence-based approach to multicultural communications and engagement.
- Increasing customers' uptake of electronic billing, improving customer digital accessibility while reducing print and postage costs.

Family and domestic violence

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

As an essential service provider and employer, we actively support customers and employees affected by family violence, with their safety as our priority.

It's now widely recognised that government, corporate and community sectors must work together to support people affected by family violence.

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

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

During 2025-26 we continued to work on our dedicated family violence program of works. The risk-based program of works was developed through a review of Family and Domestic Violence (FDV) risks.

We've are further strengthening our systems to protect customer data and privacy, including providing multi factor authentication (MFA) for both online and phone interactions and review of our outbound communications to customers, system and manually generated to ensure they are safe for our customers.

Liveability outcomes continued...

We're also rolling out a Safety by Design Framework to ensure our systems, processes, services and policies are designed and aligned to core principles: service provider responsibility, user empowerment and autonomy, transparency and accountability. We've done this by involving FDV industry leaders who facilitated focus groups comprising family and domestic violence victim-survivors to ensure systems, processes, services and policies are shaped by their lived experiences. This year, this has included several lived experience workshops to ensure systems such as our online MyAccount customer self-service portal, and our Digital Meter rollout program, are designed considering the needs and experiences of victim survivors.

We supported this work through a range of initiatives, including:

- Participated in 16 Days of Activism, to raise awareness amongst our staff about this critical issue and how it relates to us. This includes running an online webinar for staff and joining colleagues across the sector as part of the Walk Against Family Violence.
- Proactively engaged with networks across our service area to promote our FDV supports for customers and to collaborate on strengthening responses and prevention.
- Participated in a 'Safety By Design' conference, which brought together regulators, industry leaders, customer advocates, vulnerability specialists and lived expertise to consider how we design our systems with safety in mind, so we can prevent harm before it happens.
- Formed a new partnership with DV Safe Phone. Our office is now a drop off zone where retired work and staff mobile phones are refurbished and donated to DV Safe Phones who distribute them via frontline agencies as untraceable safe phones for people fleeing violence.
- Remain signed up to the Respect and Protect initiative alongside over 50 prominent Australian businesses and ensure our family and domestic violence policy makes it clear that we have zero tolerance for the misuse of our services to perpetrate abuse.

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

- Tailored case management by specialist staff for customers to protect customers' privacy and safety, as well as providing support and assistance in relation to debt.
- Providing referrals to participating partners within the One Stop One Story Hub and via CareRing which may include additional wrap-around support.
- Providing a range of supports for staff impacted by family and domestic violence, including leave arrangements, safety plans and flexible work options.
- Providing relevant training to our staff – this includes training for all new starters, as well as more specialised training for customer facing staff and people leaders.
- Ensuring that we clearly and safely communicate our family violence policy and supports on our website.

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

Customer responsiveness

Customer responsiveness performance indicators

	2024-25 Result	2025-26 Result	Variance to prior year	Note	2025-26 Target	Variance to target	Note
Water bills - customers on flexible payment plans * Number of customers on flexible payment plans	52,172	53,119	1.8%	-	n/a **	n/a	-
Water bills - customers awarded hardship grants * Number of customers awarded hardship grants	6,145	6,332	3.0%	2a	n/a **	n/a	-
Customer responsiveness - total complaints Total number of complaints per 100 customers	1.04	1.14	9.6%	-	1.23	(7.3%)	3b
Customer responsiveness - water quality complaints Number of complaints per 100 customers	0.34	0.34	-	-	0.36	(5.6%)	-
Customer responsiveness - payment issue complaints Number of complaints per 100 customers	0.25	0.29	16.0%	5a	0.34	(14.7%)	5b

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

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

2a. Enhanced awareness campaigns for our customer support programs have led to increased engagement, with more customers accessing hardship grants than last year.

3b. Proactive initiatives including improvements to first call resolution, staff training to address knowledge gaps, and coaching for complex inquiries have contributed to total complaints being below target.

5a. Billing and account complaints marginally increased from last year, due to higher-than-expected bills resulting from increased usage from prolonged dry weather conditions.

5b. Enhanced call handling capabilities, supported by improved tools and targeted training, has strengthened first contact resolution of complex enquiries and contributed to a reduction in escalations to formal complaints, keeping volumes below target.

Liveability outcomes continued...

Water for Aboriginal cultural, spiritual and economic values

We recognise and support the self-determination of Aboriginal cultural values and economic inclusion in the water sector, we work in partnership with Traditional Owners and Custodians, respecting their inherent rights and connection to Country.

Our 2030 Strategy includes a guiding principle that sits above everything else - honouring and healing Country. This principle reflects our commitment to reconciliation, enabling self-determination and recognising inherent rights. Our approach to bringing this guiding principle to life is outlined above under honouring and healing Country (refer to page 20 for more details).

Partnerships with Traditional Owners and Custodians

We work in partnership with Wurundjeri Woi-wurrung Cultural Heritage Aboriginal Corporation (Wurundjeri) in how we plan and manage water on their Country, guided by their priorities and how they would like to work with us. This is in line with the intent of *Water is Life: Traditional Owner Access to Water Roadmap* and Wurundjeri's *Whole of Country Plan*.

We have partnered on 5 outcomes with Wurundjeri. These agreements underpin our commitment to embed a caring for Country philosophy into how we plan, deliver and manage our services. This includes removing barriers and expanding opportunities for Traditional Owners and Custodians to care for their Country across our service area. The agreements are:

- Heritage Unit resourcing
- Narrap Rangers grant
- Water Unit secondment
- Craigieburn Depot for the Narrap Rangers, including site upgrade Aurora Treatment Plant land rehabilitation.

We continue to support Wurundjeri through resourcing and other opportunities relating to cultural heritage, land and water in a self-determined way.

During 2025-26, some examples that illustrate the nature of our partnership include:

- Engagement with Wurundjeri on our treated wastewater discharges to the Birrarung (Yarra River), and how we could consider nature-based solutions such as polishing wetlands to improve discharge quality and recycled water opportunities to reduce discharge volumes.
- Co-location at one of our treatment plant sites that enables the Narrap Unit better access to manage their Country in the north of Melbourne.
- Supporting Wurundjeri's Water Unit in their long-term strategic planning for land and water management through a secondment of one of our senior managers. We are also collaborating with Wurundjeri on initiatives to honour Country, such as planning a cultural interpretive trail at the Wollert Community Farm together with Whittlesea Community Connections.
- Continuing to partner with the Narrap Unit to manage their Country at the Aurora Sewage and Recycled Water Treatment Plant site, carrying out a 6-hectare grassland restoration project. This land management project includes cultural burning and extensive weed management.
- Exploring opportunities for partnering on other sites, including habitat restoration at Upper Yarra Sewage Treatment Plant.
- Supporting requests for water in line with Wurundjeri's needs and priorities and in a range of practical ways.
- Continuing to support Traditional Owner partnerships through the Moonee Ponds Creek Chain of Ponds Collaboration.

Wurundjeri Woi-wurrung Cultural Heritage Aboriginal Corporation officially joined the Moonee Ponds Creek Chain of Ponds Collaboration in August 2025. Through the Collaboration, Wurundjeri Corporation is being supported to provide ongoing cultural practices along the creek, lead opportunities for the broader community to connect to the creek such as planting days and re-releasing local aquatic species, and other self-determined Wurundjeri priorities for *Wilami Wunmabil*. The Wurundjeri-led culturally immersive *Wilami Wunmabil* Trail was completed as part of Stage 1 of the 'Reimagining Moonee Ponds Creek' re-naturalisation project. This is a unique trail that celebrates the creek's rich cultural and natural values through mixed media and interpretative signage. There are plans to continue the *Wilami Wunmabil* Trail through the second stage of the project.

Supporting Aboriginal self-determination

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

We continue to monitor and respond to the key self-determined processes underway in Victoria, focusing on advancing self-determination, inherent rights, informed consent, water justice, treaty and truth.

Partnerships and engagement with Aboriginal Community Controlled Organisations

During 2025-26, we have continued to strengthen relationships and build trust through consistent engagement and support for self-determined aspirations including through sponsorships, volunteering and attendance at community-led events and initiatives. This is in line with our Stretch Reconciliation Action Plan. While we don't have formal partnership agreements in place, examples of our engagement with Aboriginal Community Controlled Organisations during 2025-26 include:

- Maintaining a strong partnership with Mullum Mullum Aboriginal Gathering Place and strengthened our relationship with Oonah Aboriginal Health and Community Services and Aboriginal Housing Victoria. Ongoing engagement and support for these organisations' initiatives, including their social enterprises and community events is enabling culturally safe, in-person customer support at community events.
- Establishing new relationships with Worawa Aboriginal College and Aboriginal Community Elders Service Aged Care, creating new opportunities to engage with and support First Peoples across education, Elders, sport and community.
- Supporting Whittlesea Community Connections' *nugal biik* Ranger program which provides cultural strengthening, skill development and land management training opportunities for disengaged and at risk young First Peoples.
- Continuing to support Wandoon Estate at Coranderrk as they progress their aspirations and are finalising the last of the cultural heritage requirements from the salvage of artefacts as part of the onsite wastewater installation system.

Procurement

Providing procurement opportunities is a key focus for us – both through direct procurement and through our supply chain. Our 2023-2028 Stretch Reconciliation Action Plan outlines further supply chain commitments to improve access for First Peoples' businesses to Yarra Valley Water procurement opportunities.

Our strong partnership with Kinaway Chamber of Commerce Victoria Limited (Kinaway) continues to support our efforts in both direct and indirect procurement, including to raise awareness of opportunities internally and with our partners. We have set ambitious strategic measures to increase the percentage of active suppliers that are certified First Peoples' businesses to more than 8% by 2030 and to increase our direct spend with certified First Peoples' businesses and social enterprises from $1.8 million in 2023 to a cumulative total of more than $16 million by 2030.

We have continued to make strong progress and have met our 2025-26 targets. As of 30 June 2026, 28 suppliers, or 7.14% of our active suppliers, were First Peoples' businesses. In 2025-26, our direct procurement spend for works, goods and services with these 28 First Peoples' enterprises amounted to $2.87 million - not including cultural heritage management.

We have implemented changes to strengthen our approach to social procurement, including re-establishing the social procurement working group, with champions representing different areas of the business.

In 2025-26 we issued 5 EOIs and 12 RFTs to the open market. We did not receive any responses from First Peoples' businesses.

Other key activities are outlined in the Social Procurement section on page 76.

We have also continued to enhance procurement processes broadly across the business, to improve efficiency through stronger supplier engagement, greater use of existing contract arrangements and pricing schedules, and by developing more cost-effective service delivery models.

Environmental outcomes

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

Our approach to identifying climate risks

The **State of the Climate 2024** report confirms that Australia's climate is warming, with more frequent extreme heat, declining cool-season rainfall in the south and rising sea levels. **Victoria's Climate Science Report 2024** highlights that these trends are already affecting water availability and infrastructure. Both reports underscore the need for climate adaptation to maintain water security and service resilience.

We regularly conduct climate-related risk assessments across strategic, enterprise and asset levels. Through these assessments we have identified climate-related physical and transition risks that could reasonably be expected to affect service delivery, asset performance, operating costs and long-term financial sustainability over the short, medium and long term.



Key climate risk assessments include:

- Strategic Risk Register – reviewed and updated quarterly.
- Workforce resilience assessment – completed this financial year.
- Climate and nature risk assessment as part of the refreshed Climate Resilience Plan, is in progress and due to be finalised in 2026-27.
- Detailed asset and system assessments for current and future risks – over 1,500 assessments have been completed and we continue to progress ongoing updates.
- Transition risk assessment, completed in 2023-24, is monitored and updated if the external environment changes.

Overall, our response to climate-related risks focuses on enhancing the resilience of assets, systems and workforce capability, while balancing service reliability, affordability and long-term sustainability.

Risk assessment processes

These assessments apply to our corporate risk management and asset management framework, and are aligned with emerging state and national guidance to assess the nature, likelihood and magnitude of climate-related risks across our operations. In addition to informing risk management, our assessments inform our strategic planning across assets, workforce and technology.

Our assessment approach integrates strategic risk identification, enterprise-level climate resilience planning and detailed physical risk analysis, to ensure a consistent and evidence-based understanding of climate impacts on our services, assets and people.

The risk assessments considered a range of climate change risks, including heat, fire, flood, storms, landslides, water quality and availability, supply chain and workforce impacts, insurance, legal and financial risks, geohazards, regulatory change, and changing customer and community expectations. They also considered opportunities relating to energy efficiency, digital and operational optimisation, customer engagement, and First Peoples involvement and partnerships.

For climate risk assessments to date we adopted Representative Concentration Pathway 8.5 (RCP8.5) as the default climate scenario, following past advisory guidance from DECCA, with sensitivity assessment using RCP4.5 for any extreme risks under RCP8.5 – noting we have not identified any extreme risks to date. The assessments will be progressively updated to the SSP 1-2.6 (low emissions) and SSP3-7.0 (high emissions) scenarios; and eventually to SSP2-4.5 as this data becomes available on Victoria's Future Climate Tool.

To understand how climate risks affect an asset class or system, we completed more than 1,500 detailed assessments across key functional systems for hazards including fire, flood, storms and hail, heat and drought. These assessments were undertaken using our Climate Resilience Risk Assessment tool, which incorporates:

- Recent climate projections and hazard datasets.
- Victorian and Commonwealth Government requirements.
- International best-practice guidance, including:
  - Intergovernmental Panel on Climate Change (IPCC) risk-based approach.
  - Department of Treasury and Finance's (DTF) draft Climate Change Technical Guidance Note.
  - DEECA Wastewater System Climate Risk Guidance.
  - International Sustainability Standards Board's (ISSB) Sustainability Disclosure Standard.

For each asset or system, we assessed risk under three conditions:

- Current climate.
- Future climate at the asset's anticipated end-of-life without additional mitigation.
- Future climate assuming additional mitigation measures.

Environmental outcomes continued...

Subject matter experts evaluated hazard exposure, potential impacts and asset vulnerability against our corporate risk framework to determine risk ratings.

Risks identified

This continuously updated work has identified several current key risks, including:

- Reduced catchment water availability and quality.
- Bushfire risks to assets.
- Storm and flood risks to assets and critical power or communications.
- Staff exposure to heat, smoke and fire, and prolonged surge periods.
- Insurance availability/coverage.

Our Strategic Risk Register captures climate change as a key driver of 2 of our highest-priority strategic risks that could be reasonably expected to affect us: water security and service resilience. These risks are monitored quarterly by our Board and inform long-term planning, investment decisions and organisational priorities. The strategic assessment provides the overarching context for more detailed climate risk analysis.

Our current Climate Resilience Plan identified strategic climate-related risks and opportunities and summarises 9 focus areas, outlining how we reduce greenhouse gas emissions and embed climate resilience into the way we operate. We reviewed this Climate Resilience Plan in the 2025-26 financial year, and will update the plan in 2026-27. To strengthen our approach to climate resilience, the plan includes both climate and nature risks and opportunities, reflecting how interrelated they are and our dependency on both.

Focus areas of our current Climate Resilience Plan



Detailed asset and systems assessments

To date we have completed over 1,500 detailed asset and systems assessments, which provided critical insights into our physical climate risk profile, including:

- Hazards with most impact across the network (bushfires and heat).
- Mitigation measures with greatest potential impact (e.g. elevating flood prone assets; designing to Bushfire Attack Level and higher heat standards).
- Overall asset and system risk profile, which is summarised in our lead climate resilience Key Performance Indicator.

These insights directly informed our investment planning, asset design standards, operational preparedness and long-term resilience strategy.

Transition risk assessments

We completed a transition risk assessment in 2023-24 and did not identify any material risks under current conditions. We continue to monitor the environment for potential emergence of identified risks. We also continue to implement the identified opportunities, especially through reducing our exposure to carbon pricing by generating our own energy.

Workforce resilience assessment

In March 2026, together with La Trobe University we completed a project to better understand what a climate-resilient work force might look like, what risks to workforce resilience are, and how we could strengthen our current approaches. The findings show that workforce climate resilience, across the entire organisation (not just in operational response teams), is shaped not only by direct exposure to climate hazards, but by interacting organisational, social, and systemic dynamics. This research demonstrated that we are already doing a lot to support our staff during incidents and periods of high intensity. It highlighted that workforce resilience is a strategic capability and needs to be increasingly considered and monitored as a core dimension of business continuity, especially as climate change and other global pressures intensify.

Board oversight

We capture climate change as a strategic enterprise risk. This includes risks to water security and the resilience of our service delivery (water quality, assets and people). The Board oversees climate-related risks and opportunities as part of its broader responsibility for enterprise risk management and long-term strategy. Oversight is supported through regular reporting to the Finance, Audit and Risk Management (FARM) Committee on climate-related risks and resilience planning.

Metrics for monitoring climate change risks

Climate change amplifies many of the risks we are already aware of, such as water security, bursts, spills and power and communication outages. Therefore, many of the operational service reliability measures we have in place also allow us to monitor the impacts of climate change risks:

- Metrics monitoring preparedness for disruption and operational incident response.
- Metrics to monitor water quality.
- Metrics to monitor timely response and repair of service disruptions.
- Metrics to monitor water used by customers and lost in our system.

The Strategic Risk Register includes monitoring climate change risks, with 2 key performance indicators (KPIs) – water security and service resilience. These are monitored and reported quarterly to the FARM Committee, with metric reporting supported by a detailed risk dashboard that provides additional context.

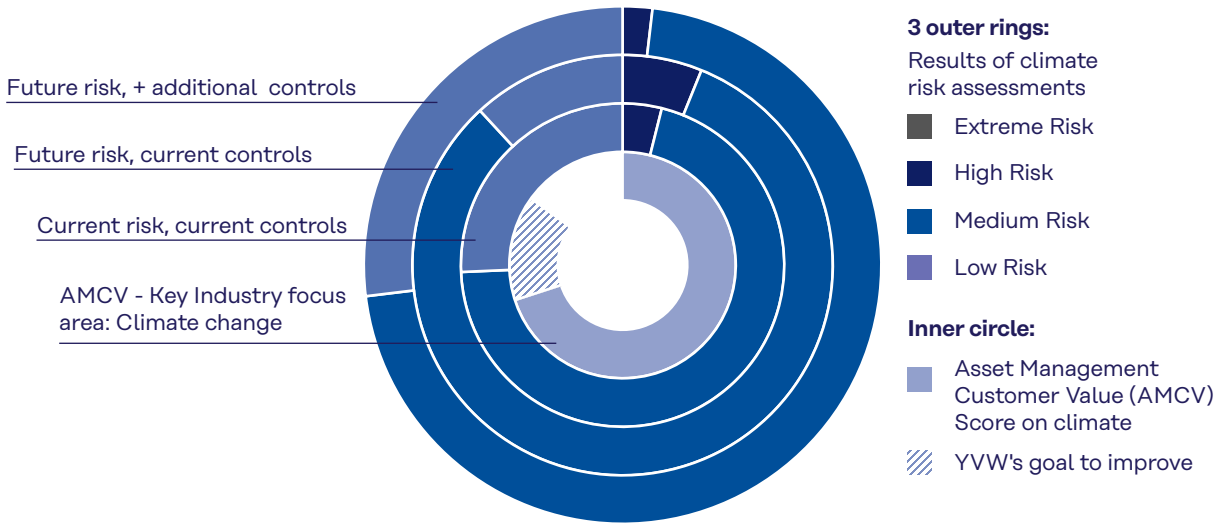
Environmental outcomes continued...

Strategic Risk Register Metric	Description
Water security	This includes 2 KPIs to monitor storage levels and progress on increased water supply, supporting the Victorian Government's Water Security Plan Melbourne's Annual Water Outlook.
Climate Resilience lead KPI*	This KPI monitors asset risks, future risk outlook and organisational maturity.

The Climate Resilience lead KPI, pictured below, summarises asset preparedness for climate risks at an organisational level. This KPI provides an overview of:

- The maturity level of climate change systems, are calculated based on Water Services Association of Australia's (WSAA) Asset Management Customer Value (AMCV) benchmarking assessment of climate-relevant systems (centre: high organisational maturity).
- Our current asset climate risk profile (innermost circle).
- Our future asset climate risk profile, with no additional mitigations (middle circle).
- Our future asset climate risk profile including additional mitigations (outer circle).

The diagram shows that while there is an increase in high and medium risks to our assets in the future (middle ring), there are also mitigation options available that we could implement to reduce these risks (outer ring). To date, we have found no current or future extreme risks. We are addressing and prioritising the identified climate risks, in the context of all other asset risk assessments and investment decisions.



Climate adaptation actions and risk management:

We have continued to build maturity and further adapted to our climate-related risks. Key actions implemented in 2025-26 that contributed to mitigation of and adaption to climate change include water security, emergency management, community resilience, workforce resilience, operational resilience, and energy transition and reducing our environment impact. Several of these areas are also reflected as key priority areas in our 2030 Strategy, namely: reliable assets and services, secure water future, valued community partner, beyond zero carbon, towards circular and healthy ecosystems.

Water security and systems resilience:

- We continued to support the delivery of long-term, climate responsive water strategies – including the *Central and Gippsland Region Sustainable Water Strategy*, the *Greater Melbourne Urban Water and System Strategy: Water for Life* and the *Water Security Plan*. These strategies include actions to diversify supplies, improve efficiency and contribute to readiness activities for future government-led augmentations.
- We progressed integrated water management projects, water conservation campaigns, water efficiency programs and recycled and fit-for-purpose water initiatives to support water security and strengthen resilience.
- We continued to work closely with the water sector to plan for and manage emerging demand from large water users, including data centres, ensuring coordinated planning and efficient use of supply across the system. We worked with new large customers to incorporate best practice water efficient design and, wherever feasible, use non-potable sources such as recycled water rather than drinking water.
- We considered climate change in our sewerage planning through the Victorian adaptive management guidelines and continued to assess system performance under climate scenarios.

Emergency management and community resilience

We continued consolidating our emergency management capability through training, strengthened incident management arrangements and further development of response and recovery plans.

We formalised our membership of 2 Regional Emergency Management Planning Committees (Eastern Metro and North West Metro) and confirmed our ongoing membership of the Yarra Ranges and Whittlesea Municipal Emergency Management Planning Committees. These memberships, combined with a marked increase in our partnering with agencies such as State Emergency Service Victoria and Country Fire, contributed to better preparing communities for incidents and emergencies impacting our services, including:

- Delivered an education session with 26 State Emergency Service volunteers about how they can quickly get assistance from us to operate our assets during their emergency response activities.
- Created and distributed new posters via community groups, educating communities about how they can prepare for bushfire and heatwave events impacting water services.
- Actively contributed water-related feedback to State emergency management plans and municipal-level community emergency risk assessments.
- Developed a H5 bird flu response plan to assist in preparations for this emerging risk and following staff participation in DEECA's State Water Exercises that simulated a H5 outbreak.
- Completed workforce resilience research, together with our research partner La Trobe University, which has also helped us better understand climate impacts on health, safety and availability during periods of peak demand.

Environmental outcomes continued...

Operational and asset resilience

We have completed climate resilience risk assessments (fire and flood) of all key systems and asset classes, applying our climate resilience risk assessment tool and guidelines. This process is integrated in our Asset Management Framework. We have identified key risks and potential mitigation measures, which we have prioritised for further assessment in the context of other business needs. We may need to further amend our design standards to respond to these new climate resilience risks, as we better understand them.

We have developed a climate vulnerability assessment and decision-support framework for our underground water and sewer networks, enabling climate risk hotspots to be identified, targeted asset renewal, maintenance programs to be prioritised and future investment decisions to improve long-term network resilience and service reliability.

We started providing additional thermal management to increase the resilience of our most critical electrical assets (main switchboard) and operators by installing shading structures, mainly on our Sewer Pump Station (SPS) sites. Thermal imaging is now part of our yearly maintenance program of pump stations and treatment plant sites, to identify potential hot spots caused by heat-related deterioration.

We continued upgrading our electrical assets to improve their climate resilience to extreme heat, humidity and dust ingress, by improving the ventilation and thermal performance of the assets. We installed permanent standby generators for key pump stations to be more resilient to power outages. Other pump stations (without a permanent generator) are now serviced with a 'quick connect program' that facilitates even faster connection to a generator, in case of a power outage.

When planning our sewer assets, we incorporate climate change into hydraulic capacity assessments, to ensure the network provides sufficient capacity under future wet weather conditions. This supports our long-term servicing strategy targets and General Environmental Duty (GED) obligations. Climate change scenarios have now been embedded within our sewer capacity assessment methodology, sewer planning and design guidelines, ensuring that both the assessment of existing sewer capacity and the design of new sewer assets, consistently account for projected future climate conditions.

We hold an annual High Risk Weather Season briefing and continuously monitor weather intelligence sources to enable teams to respond to forecasts, triggering our severe weather checks.

Metrics for monitoring opportunities

There are several opportunities to respond to the challenges from climate change. We have decarbonised our energy needs and continued to reduce our impact on nature, using recycled and low carbon construction materials and active land management for biodiversity. The table below summarises these metrics.

Opportunity metrics	Details
Scope 1 and 2 emissions	We measure the tonnes of CO_2-e, reducing year on year. We're reporting 0 tonnes for 2025-26 and beyond.
Scope 3 emissions	We measure the % reduction in Scope 3 emissions (from Melbourne Water's operations, construction, suppliers) with an aim to reduce this by 67% by 2030 from our 2023-24 baseline.
Renewable electricity	We measure the % of electricity sourced from renewables. We use 100% renewable electricity.
Food waste to energy	We have 2 food waste to energy facilities that generate electricity for our own use and export excess to the grid. We measure the tonnes of food waste diverted from landfill as an indicator of performance in reducing methane emissions and generating carbon offsets.
Carbon in construction	We encourage use of recycled and lower carbon materials in our construction projects and measure the tonnes used each year.
Biodiversity	We strive to improve overall environmental outcomes on our land and actively manage targeted sites to preserve and restore biodiversity. We measure the number of hectares actively managed to preserve and restore biodiversity.

We expect that our assessment and disclosure of climate-related risks and opportunities will evolve over time as data availability improves, regulatory guidance develops and further analysis is undertaken.

Examples of climate change and nature opportunities

We are reporting net zero Scope 1 and 2 emissions this financial year. Refer to page 110 for more information about our approach to emissions reduction.

We have continued to encourage the use of recycled/low carbon materials in our construction to reduce our emissions and environment impact, and embrace a circular economy. Refer to page 124 for further information about our approach to decarbonising construction and other circular economy actions.

We continued to contribute to environmental resilience through managing our land with high remnant biodiversity value. Refer to page 122 for further information about our biodiversity actions. Earthworks are underway to restore habitat for the critically endangered lowland Leadbeater's Possum and Helmeted Honeyeater at our Upper Yarra Sewage Treatment Plant. Also, we are partnering with the Narrap Unit to care for an area of endangered Plains Grassy Woodland at our Aurora Treatment Plant site.

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

Environmental outcomes continued...

Bulk entitlements report

Reporting obligation	Greater Yarra system – Thompson river pool [1]	Victorian desalination project [3]	Goulburn system [6]	River Murray [12]
The volume of water taken by Yarra Valley Water in 2025-26	Clause 16.1(a) 172,869ML	Clause 13.1(a) 0ML	Clause 13.1(b) 10ML [7, 8]	0ML
Annual water allocation made available to Yarra Valley Water	Clause 16.1(b) 109,280ML	Clause 13.1(a) 23,309ML[4]	Clause 13.1(c) 5,384ML	Clause 10.1(a) 12,653ML
Share of storage volume at 30 June 2026 for carryover	Clause 16.1(b) 202,090ML	Clause 13.1(a) 23,309ML	4,346ML[9]	6,929ML [13]
Compliance with the entitlement volume	Clause 16.1(c) Yes	N/A	N/A	N/A
Any assignment of water allocation or temporary/ permanent transfers of the bulk entitlement	Clause 16.1(d) 0ML	Clause 13.1(b) Nil	Clause 13.1(d)[10] 5,331ML Clause 13.1(e) Nil	Clause 10.1(b) 12,605ML [14] Clause 10.1(c) Nil
Approval, amendment and implementation of approved metering program	Clause 16.1(e) Continued implementation[2]	N/A	N/A	N/A
Any amendment to the bulk entitlement	Clause 16.1(f) No	Clause 13.1(c) No	Clause 13.1(f) Yes[11]	Clause 11.1(d) Yes[15]
Any new bulk entitlement granted to Yarra Valley Water	Clause 16.1(g) Nil	Clause 13.1(d) Nil	N/A	N/A
Compliance with the bulk entitlement	N/A	Clause 13.1(e) Continued compliance[5]	N/A	N/A
Any failures to comply with any provision of the bulk entitlement	Clause 16.1(h) Nil	Clause 13.1(f) Nil	Clause 13.1(g) Nil	Clause 10.1(e) Nil
Any difficulty experienced in complying with the bulk entitlement and if so, any remedial action taken or proposed	Clause 16.1 (i) Nil	Clause 13.1(g) Nil	Clause 13.1(h) Nil	Clause 10.1(f) Nil

Notes for compliance with bulk entitlements

Greater Yarra system - Thomson River pool

1. Yarra Valley Water holds Greater Yarra System – Thomson River Pool Bulk Entitlement (Greater Yarra System – Thomson River Pool – Yarra Valley Water) Order 2014 – WSE000081.

2. Continued compliance with approved metering program through Bulk Water Supply Agreement between Melbourne Water and Yarra Valley Water and Melbourne Water's System Management Rules.

Victorian Desalination Project

3. Yarra Valley Water holds Bulk Entitlement (Desalinated Water – Yarra Valley Water) Order 2014 – WSE000054.

4. The Hon Gayle Tierney, Minister for Water, announced a 50GL desalinated water order for the 2025-26 year.

5. Compliance with our Desalinated Water long term average diversion limit of 56,951ML is assessed using a 5-year rolling average diversion.

Goulburn System

6. Yarra Valley Water holds Bulk Entitlement (Goulburn System – Yarra Valley Water) Order 2022 – WSE020022.

7. 10ML of the bulk entitlement was used to maintain the operational capacity of the North-South Pipeline and keep the pipeline charged for fire-fighting purposes, as allowed under clause 6.1 (b) of the Statement of Obligations (System Management).

8. Compliance with the combined annual diversion limit of 75,000ML for the holders of Bulk Entitlement (Goulburn System – Greater Western Water) Order 2022, Bulk Entitlement (Goulburn System – South East Water) Order 2022 and Bulk Entitlement (Goulburn System – Yarra Valley Water) Order 2022 is assessed using the actual measured annual diversion. Diversions are subject to clause 6.1 of Yarra Valley Water's Statement of Obligations (System Management).

9. Yarra Valley Water's commencement volume on 1 July 2025 was 4,034ML. At 30 June 2026, Yarra Valley Water held 4,346ML (3,606ML in Zone 1A and 740ML in Zone 1B).

10. Yarra Valley Water has in place water management strategies to manage water allocation holdings in the River Murray and Goulburn System to maximise the value of the resources held to their customers and minimise the risk of spilling water allocation. These strategies include the transfer of allocations between Bulk Entitlement Allocation Accounts and trading water allocations. Net total trade out was 5,331ML (3,471ML in Zone 1A and 1,860ML in Zone 1B).

11. The Minister for Water approved an amendment to this bulk entitlement to reflect a change in the cost arrangements payable to Goulburn-Murray Water for storage and supply of water, which came into effect on 16 October 2025.

River Murray

12. Yarra Valley Water holds Bulk Entitlement (River Murray – Yarra Valley Water) Order 2022 – WSE020023.

13. Yarra Valley Water's commencement volume on 1 July 2025 was 6,481ML. At 30 June 2026, Yarra Valley Water held 6,929ML (3,394ML in Zone 6 and 3,535ML in Zone 7).

14. Yarra Valley Water has in place water management strategies to manage water allocation holdings in the River Murray and Goulburn System to maximise the value of the resources held to their customers and minimise the risk of spilling water allocation. These strategies include the transfer of allocations between Bulk Entitlement Allocation Accounts and trading water allocations. Net total trade out was 12,605ML (5,570ML in Zone 6 and 7,035ML in Zone 7).

15. The Minister for Water approved an amendment to this bulk entitlement to reflect a change in the cost arrangements payable to Goulburn-Murray Water for storage and supply of water, which came into effect on 16 October 2025.

Environmental outcomes continued...

Greenhouse gas emissions and net energy consumption

Basis of preparation

The Clean Energy Regulator recommends that entities use a basis of preparation document to:

- Help meet record-keeping requirements.
- Document their processes to ensure calculations are repeatable.

A basis of preparation document records the methodology we use to prepare our National Greenhouse and Energy Reporting (NGER) reports. It typically explains:

- How we assessed our operational control at our facility boundaries
- Our reportable activities, associated emissions and energy sources
- The methods used for calculations including any sampling requirements, data collection and supporting processes

The basis of preparation is approved by our Managing Director and submitted with our NGER Section 19 report.

Organisational boundary

We calculate and report our energy and emissions data in accordance with the NGER (Measurement) Determination 2008. For the purposes of reporting to the Clean Energy Regulator under the NGER Scheme we are one facility - Water and Sewage Supply and Treatment System. The same boundary and activities within it are used for the reporting of emissions and energy information within this Annual Report. Emissions and conversion factors used in the calculation have been sourced from the National Greenhouse Accounts Factors 2025 published by DEECA.

Emissions reporting

Our Statement of Obligations (Emissions Reduction) requires us to reduce our greenhouse gas (GHG) emissions by 100% by 1 July 2030 compared to the 2011-2016 baseline. This equates to net zero t CO_2-e (tonnes of carbon dioxide equivalents) Scope 1 and 2 emissions. We pledged to go beyond our obligation and report net zero Scope 1 and 2 emissions from 1 July 2025 for the 2025-26 financial year, and achieved our target.

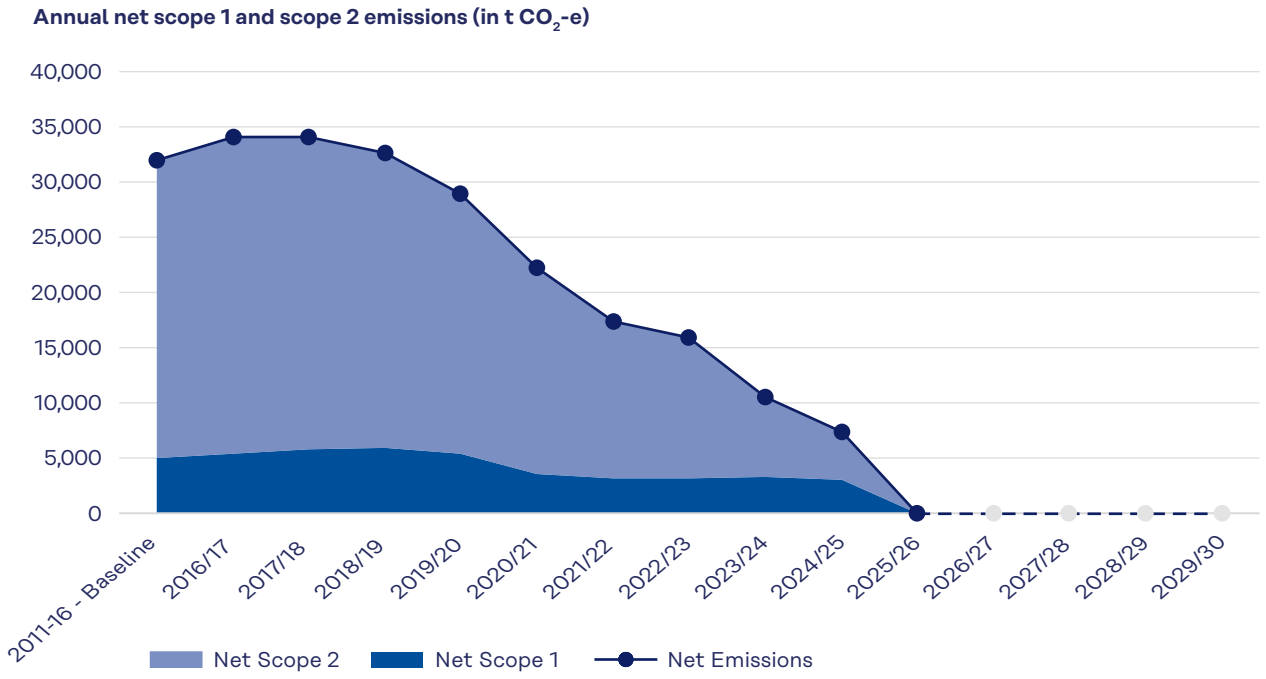
We achieved this through increased renewable energy use, real emissions reductions and offsetting residual emissions from transitional fuel use and sewage treatment processes that are currently difficult to eliminate.

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

Our operations currently include nearly 450 network connection points that are supplied by the electricity grid. This grid electricity consumption contributes to our Scope 2 emissions profile and is historically the largest source of our emissions. This year we consumed 100% renewable electricity, which reduced our Scope 2 emissions to zero.

We've also been working with our partners and suppliers to encourage them to reduce their emissions (Scope 3) year on year.

Trajectory of net emissions from baseline year to achievement of 'net zero' by 2030 (based on NGERS carbon accounting methodology



Greenhouse gas emissions (t CO_2e) – Scope 1 and 2 emissions

In 2025-26, we achieved net zero Scope 1 and Scope 2 greenhouse gas emissions, meeting our voluntary commitment 4 years ahead of the 2030 target established under the Statement of Obligations (Emission Reduction). This outcome reflects increased renewable electricity use, delivery of electrification projects, operational emissions reduction initiatives, and the retirement of eligible carbon offsets for residual emissions. These come from hard-to-eliminate fugitive emissions generated during sewage treatment processes and transitional fossil fuel used to maintain essential services and commission new infrastructure.

Total gross Scope 1 and Scope 2 emissions decreased by 49% compared to 2024-25, from 7,478 t CO_2-e to 3,809 t CO_2-e. Scope 2 emissions reduced to zero through the supply and certification of 100% renewable electricity across our operations, including electricity generated onsite and renewable electricity procured from the grid. As a result, all remaining emissions reported in 2025-26 were Scope 1 emissions.

The largest source of residual emissions remains sewage collection, treatment and recycling activities, where methane and nitrous oxide are generated as by-products of biological treatment processes. Additional emissions arise from transport fuels, fossil gas used for heating at our head office, and temporary diesel consumption associated with commissioning activities at the Lilydale Food Waste to Energy Facility. While we continue to reduce these sources through operational improvements and electrification, some remain difficult to eliminate with currently available technologies.

To achieve net zero emissions for the reporting year, we retired 3,809 Australian Carbon Credit Units (ACCUs), fully offsetting our residual Scope 1 emissions. These offsets comply with Climate Active requirements and the Statement of Obligations (Emission Reduction), supporting our transition towards a low-emissions and ultimately zero-emissions operation. Delays in commissioning our second food waste to energy facility at Lilydale has meant that we have entered into an exchange agreement with Wannon Water to source these eligible offsets from the registered Wannon Water Emissions Offset Project. The exchange agreement is a valuable example of collaboration within the Victorian water sector, supporting emissions reduction objectives while delivering emissions management benefits to both organisations.

Environmental outcomes continued...

	2024-25 result	2025-26 result				
Service delivery category	**Total emissions**	**Scope 1 emissions**	**Scope 2 emissions**	**Total emissions**	**Variance**	**Commentary**
Water treatment and supply	4,455	8	0	8	-100%	1
Sewage collection, treatment and recycling	2,054	2,868	0	2,868	40%	2
Transport	852	806	0	806	-5%	3
Other (e.g. office)	117	127	0	127	9%	4
Total GHG emissions (a)	**7,478**	**3,809**	**0**	**3,809**	**-49%**	**5**
Carbon Offsets (self generated) retired	0	0		0		6
Carbon Offsets (Non-self generated) retired	0	0		3,809		7
Total offsets (b)	**0**	**0**		**3,809**		**8**
Net emissions (a-b)	**7,478**	**3,809**		**0**	**-100%**	**9**

Commentary:

1. Increased consumption of renewable electricity has reduced our Scope 2 emissions.
2. The Waste to Energy Facility at Lilydale has been commissioned however connection to the electricity grid is not complete. The facility is operating on a diesel generator and utilising a diesel boiler to heat digestate. This increase in diesel consumption has resulted in the increased reported emissions in this category.
3. Continued rollout of our zero-emissions vehicle policy has resulted in continued reductions to transport emissions.
4. Marginal increase in gas use at our head office for heating and cooking due to increased attendance and utilisation of office spaces.
5. Increased consumption of renewable electricity and the reduction of our Scope 2 emissions.
6. We have registered two carbon projects with the Clean Energy Regulator and participating directly in a third, however these have not yet started to generate offsets.
7. We are collaborating with Wannon Water for the provision of Australian Carbon Credit Units this year. Wannon Water has provided ACCUs generated by its emissions offset project in North East Victoria. The project establishes permanent plantings of Eucalyptus polybractea trees on land that was previously used for agricultural purposes. In return Yarra Valley Water will provide Wannon Water with ACCUs generated from the Lilydale Food Waste to Energy Facility.
8. All offsets are climate active eligible and compliant with the Statement of Obligations (Emission Reduction). The volume of our emission baseline that are offset is approximately 12%.
9. This year we have reduced and fully offset our residual emissions in compliance with the Statement of Obligations (Emission Reduction) achieving net zero Scope 1 and Scope 2 emissions this year.

Name and type of project 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
EOP100586 - Wannon Water Emissions Offset Project	Yes	3,809	18/08/2026	2018-19	ANREU

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

REC retirement method	2025-26 certificates retired (1 REC = 1MWh renewable electricity)	Commentary
Voluntarily retired by YVW	2,172	1
GreenPower®	0	2
Certified carbon Neutral electricity purchased	0	3
Voluntarily retired on YVW's behalf	20,646	4
Mandatorily retired or conveyed to YVW's electricity retailer for mandatory retirement)	4,574	5
Total renewable energy certificates retired to reduce scope 2 emissions	**27,392**	**6**
Voluntarily retired on YVW's behalf to reduce Scope 3 electricity	1,051	7
Voluntarily retired by YVW for Scope 3 electricity - Electric Vehicle Public Charging	6	8

Commentary:

1. To comply with the Statement of Obligations (Emission Reduction) requirement for 100% renewable electricity and zero Scope 2 emissions, LGCs must be voluntarily surrendered. Under Yarra Valley Water's contract with the SEC, the Retailer manages the surrender of LGCs as part of its obligation to supply 100% renewable electricity. Under its contract with AGL, Yarra Valley Water as the Customer assumes responsibility for the voluntary surrender of LGCs. These certificates have been retired to meet the requirements of the Statement of Obligations (Emission Reduction). Yarra Valley Water also applies the Climate Active market-based method for Scope 2 emissions accounting, which requires the retirement of eligible renewable energy certificates for both supplied electricity and electricity generated and consumed behind the meter at registered power stations, ensuring associated Scope 2 emissions are accounted for and reduced to zero.
2. We do not currently purchase GreenPower® .
3. We do not purchase any carbon neutral electricity.
4. We transfer LGCs to the SEC Victoria to surrender on our behalf as required under the State Purchasing Contract for large market electricity sites.
5. This is a mandatory function of our electricity retailers to meet the Large-scale Renewable Electricity Target (LRET).
6. The total certificates retired to ensure 100% of our Scope 2 electricity consumption is from renewable generators.
7. The SEC mandate is to provide 100% renewable electricity in in compliance with Climate Active as an electricity Retailer, which is an upstream part of the supply chain compared to Yarra Valley Water as their Customer. The SEC has determined that to meet its commitments to being a 100% renewable electricity retailer requires the surrender of LGCs for Scope 3 electricity expended in the distribution of electricity. We have transferred these LGCs to the SEC to satisfy their requirement.
8. To ensure the electricity consumed by our electric vehicles is zero emissions we voluntarily surrender LGCs for all electricity purchased from public chargers where we cannot verify the emissions intensity.

Environmental outcomes continued...

Breakdown of emissions by each greenhouse gas – Scope 1

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

Process emissions

Sewage treatment and sludge handling are responsible for fugitive emissions of methane (CH_4) and nitrous oxide (N_2O). Methane emissions from sewage treatment occur at the Wallan Sewage Treatment Plant (our only site that generates methane as a by-product of the treatment process, and we have plans to reduce), and the decay of an existing stockpile of sewage sludge at the Lilydale Sewage Treatment Plant. Nitrous oxide is a by-product of the aerobic treatment process and occurs at all our sewage treatment plants. Given current technologies available to us, these emissions of nitrous oxide are impractical and prohibitively expensive to avoid. We have offset these emissions with our investments in local emission reduction projects that comply with the requirements of our Statement of Obligations (Emission Reduction).

Combustion emissions

Combustion emissions arise from the use of fossil fuels in our vehicle fleet, back-up generators and head office heating systems. The primary greenhouse gas emitted is carbon dioxide (CO_2), with smaller quantities of methane and nitrous oxide. As we continue to electrify our vehicle fleet and transition away from fossil fuel-based heating, these emissions are expected to reduce significantly in the coming years.

While electrification is a key pillar of our decarbonisation strategy, fossil fuels remain necessary in certain operational circumstances during the transition. This includes the commissioning of major infrastructure projects, where temporary energy sources may be required to establish, test and optimise critical systems before permanent electricity connections become available.

Waste to energy facilities

The Wollert Food Waste to Energy facility combusts biogas to generate renewable electricity. Under the National Greenhouse and Energy Reporting (NGER) framework, this process results in the reporting of methane and trace quantities of nitrous oxide emissions. However, the NGER framework does not currently recognise emissions reductions associated with alternative waste treatment, waste diversion from landfill, or avoided landfill methane emissions at this site. As a result, the inventory reflects emissions arising from biogas combustion but does not fully capture the broader emissions benefits delivered through the diversion of organic waste from landfill.

The Lilydale Food Waste to Energy facility is currently undergoing a staged commissioning process. Delays in securing a permanent grid connection have required the temporary use of diesel generators to support commissioning and operational testing activities, resulting in additional fossil fuel combustion emissions during the reporting period. These emissions are expected to be temporary and will cease once the facility is fully connected to the electricity network and operating under normal conditions.



Service delivery category	Carbon dioxide (CO_2) t CO_2e	Methane (CH_4) t CO_2e	Nitrous oxide (N_2O) t CO_2e	Other t CO_2e	Commentary
Water treatment and supply	8	0	0	0	1
Sewage collection, treatment and recycling	717	605	1,546	0	2
Transport	801	0	5	0	3
Other (e.g. office)	127	0	0	0	4
Total GHG emissions	**1,653**	**605**	**1,551**	**0**	**5**

Commentary

1. Combustion of diesel in backup generators produces CO_2 and trace amounts of CH_4 and N_2O. The volumes of these trace emissions are below the reporting limit of NGER.
2. N_2O and CH_4 are generated as byproducts of the sewage treatment process, CO_2 generated through this process is considered biogenic and is not reportable. Combustion of diesel in backup generators produces CO_2 and trace amounts of CH_4 and N_2O. Combustion of Biogas for electricity generation generates biogenic CO_2 which does not contribute to reportable emissions but does produce trace amounts of CH_4 and N_2O which are reportable.
3. Combustion of diesel and gasoline generates CO_2 and trace amounts of N_2O and CH_4
4. Combustion of fossil gas for heating and cooking at our head office produces CO_2 and trace amounts of CH_4 and N_2O. The volumes of these trace emissions are below the reporting limit of NGER.
5. Most of our emissions are from fossil fuel combustion in vehicles, generators and for heating and cooking. This has increased from previous years due to the increase in diesel consumption in backup generators due to the temporary consumption of diesel during commissioning of the Lilydale Food Waste to Energy Facility.

Environmental outcomes continued...

Scope 3 emissions

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

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

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

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

Source	Scope 3 emissions (t CO_2e)	Commentary
Commercial air travel	268	1
Waste disposal	274	2
Any other scope 3 sources assessed	113,423	3
Total reported scope 3 emissions	**113,965**	**4**

Commentary :

1. We updated the method for calculating emissions associated with air travel to account for the impact of CO_2 released at high elevation. This results in a higher emissions per km air travel than previous years.
2. Waste at the office was less than 10% lower than previous year.
3. Actual Scope 3 emissions data from our supply chain is often only made available after the publication of this report. Where actual data is not available at the time of publication of this report we use estimates based on historic performance and known activities that have occurred during the reporting period. We seek to update our internal tracking of Scope 3 emissions as information becomes known. 50% of direct Scope 3 emissions are attributed to Melbourne Water's operations and all estimates are prepared following the Guide to Scope 3 emissions management for the water sector – WSAA May 2024.
4. This increase from 2024-25 of approximately 12% is due to increased capital expenditure compared to last financial year.

Commercial air Travel	Passenger kilometres (kms)	Greenhouse gas emissions (t CO_2-e)	Commentary
Commercial air Travel	1,396,280	268	1

Commentary:

1. Passenger kilometres are estimated based on spend on interstate and international travel, we estimate approximately 10c / km of air travel spend. We apply emissions factors of total emissions 0.15353 kg CO_2-e per passenger kilometre for interstate flights and 0.19309 kg CO_2-e per passenger kilometre for international travel, this factor accounts for radiative forcing.

Total electricity consumption by service

Service delivery category	2024-25 result (MWh)	2025-26 result (MWh)	Commentary
Water treatment and supply	10,878	10,592	1
Sewage collection, treatment and recycling	16,352	16,821	2
Other (eg. Offices, depots)	1,274	1,290	3
TOTAL	**28,504**	**28,704**	**4**

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

Commentary:

1. Decrease from previous year due to commissioning of major water pump station that can deliver water from a more energy efficient part of Melbourne Water network.
2. Increase from previous year due to commissioning recycled water treatment at the Aurora Sewage and Recycled Water Treatment Plant. This offset the major reduction in electricity consumption seen at our Brushy Creek Treatment Plant following the upgrade of the aeration system.
3. Electricity at the office has increased slightly, in part due to the increase in electric vehicle charging.
4. Minor increase in total electricity consumption on previous years, however this is still historically quite low and is expected to increase next year as more facilities come online to accommodate major growth in the northern growth corridor.

2025-26 total electricity consumption by source (MWh)

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

In 2025-26, we self-generated a total of 3,293 MWh of renewable electricity at 6 of our sites. We consumed 2,251 MWh of this generation behind the meter and exported the surplus to grid.

Electricity source	2024-25 result (MWh)	2025-26 result (MWh)	Commentary
Purchased directly through an electricity retailer	26,494	26,453	1
Not directly purchased but sources form outside the organisation	-	-	2
Corporation led/ self-sourced activities and initiatives	2,010	2,251	3
TOTAL	**28,504**	**28,704**	**4**

Commentary:

1. We purchase all electricity not produced on site through an electricity retailer.
2. We do not source electricity from outside the organisation.
3. This is produced at our solar and biogas facilities.
4. This is largely unchanged as efficiency projects are offset by the commissioning of new facilities.

Environmental outcomes continued...

Renewable energy

This year, 100% of our Scope 2 electricity requirement was supplied from renewable sources.

Our Wollert Food Waste to Energy Facility generated 2,779 MWh of renewable electricity, which is down on previous years due to maintenance activities. Some 64% of the generation was used to run the facility and the adjacent sewage treatment plant, with the surplus exported to grid.

This year we executed an agreement to source renewable electricity from the Warburton Community Hydro Project, a community-owned 100 kW run-of-river renewable energy facility in the Upper Yarra. Located on the Warburton Golf Club grounds, the project harnesses water from Ythan Creek to generate up to 820 MWh of renewable electricity each year. Owned and operated by Upper Yarra Community Power Pty Ltd, the facility combines modern renewable energy generation with restored 1930s hydroelectric infrastructure, with revenue reinvested into the local community to support regional sustainability and resilience. Through this partnership we are supporting our community and the generation of renewable electricity within our service area.

We also continued our partnership with Zero Emissions Water (ZEW) to source renewable electricity from the Kiamal Solar Farm. This joint venture has been in operation since 2019 and is a demonstration of collaboration within the water sector to decarbonise our grid sourced electricity.

Solar systems located at our head office and 4 sewage treatment plants produced 514 MWh of renewable electricity for the year. We consumed 92% (474 MWh) of this renewable electricity onsite, with 8% surplus exported to the grid.

This year our head office (including electric vehicles) was again powered by 100% renewable electricity, with 25% coming directly from our solar carpark. The balance was sourced from the grid, certified through voluntary surrender of large-scale generation certificates. In 2025-26 our electric vehicle chargers consumed more than 150 MWh of renewable electricity, enough to drive about 1,000,000 km. The renewable electricity consumed to power our electric vehicles represents a 50% increase compared to the period 2024-25. This zero-emissions electricity displaced over 100,000 L of petrol/diesel, reducing our emissions by approximately 230 t CO_2-e. The increasing use of electric vehicles demonstrates our progress in transitioning to a zero emissions fleet.

Total renewable electricity consumption

Service delivery category	2024-25 renewable electricity consumption (MWh)	2025-26 renewable electricity consumption (MWh)	Scope 2 renewable electricity consumption (% of total)	Variance (%) between 2024-25 and 2025-26	Commentary
Total grid sourced	**4,821**	**4,574**	**100%**	**-5%**	**1**
Biogas	1,323	1,777	100%	34%	2
Hydroelectric	0	0	0		3
Solar	686	474	100%	-31%	4
Wind	0	0	0		5
Other	20,750	21,883	100%	5%	6
Total corporation led / self sourced	**22,760**	**24,134**	**100%**	**6%**	**7**
Total renewable electricity consumption	**27,581**	**28,708**	**100%**	**4%**	**7**
Percentage renewable Scope 2 electricity %	97%	100%		3%	7

Commentary:

1. The Large-scale Renewable Energy Target was slightly lower this year than previous years.
2. Increase in consumption use to increased production as waste to energy Wollert facility and increased consumption at co-located Aurora Treatment Plant due to recommissioning in early 2026.
3. We do not consume hydroelectricity behind the meter
4. Reduction due to slight drop in performance at head office and Upper Yarra Treatment Plant due to faulty inverters.
5. We do not consume hydroelectricity behind the meter.
6. All renewable electricity consumed that is generated offsite and certified through the surrender of LGCs. This includes electricity source via the grid from registered Victorian Solar, Wind and Hydroelectric power stations as well as our own biogas stations. Increased on previous year to meet targets of zero Scope 2 emissions.
7. Increased on previous year to meet target of zero Scope 2 emissions.

Environmental outcomes continued...

Total electricity generation capacity and electricity generated

Electricity generation from our Wollert Food Waste to Energy Facility was reduced due to maintenance throughout the year. Electricity generation was operating at 50% capacity throughout the 2025-26 year. This reduced the amount of renewable electricity we were able to generate in 2025-26 to 2,779 (MWh) - 35% of total generation capacity.

Some 1,777 MWh (64%) was consumed behind the meter – the remainder was exported to the grid and consumed at other sites.

Electricity source	Total onsite energy generation capacity (MW)	Total onsite renewable energy generated (MWh)			2025-26 Total by Source	Commentary
		Consumed on-site	Exported	Other		
Biogas	1	1,777	1,001	0	2,779	1
Hydroelectric	0	0	0	0	0	2
Solar	0.6	474	40	0	514	3
Wind	0	0	0	0	0	4
Other	0	0	0	0	0	5
Total renewable electricity sources	**1.6**	**2,251**	**1,042**	**0**	**3,293**	**6**
Total non-renewable sources	**0**	**0**	**0**	**0**	**0**	**7**
Total sources	**1.6**	**2,251**	**1,042**	**0**	**3,293**	**8**

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

Commentary:

1. We generate electricity at our waste to energy facility in Wollert. This is consumed on site by the Aurora Treatment Plant. Generation was limited to approximately 36% capacity this year while major routine maintenance to the digestor tanks and engines was completed. On site consumption was reduced from previous years while the treatment plant completed safety compliance upgrades.
2. We do not generate any hydroelectricity.
3. Solar systems at out head office and treatment plants are sized to optimise for behind the meter consumption. They achieved 92% behind the meter consumption. At the office this is due to increased consumption for charging electric vehicles.
4. We do not generate wind electricity.
5. We do not generate renewable electricity from any other source.
6. We generated 11% of our electricity needs this year from renewable sources.
7. We do not generate electricity from non-renewable sources. To avoid double reporting, energy used in diesel backup generators is reported as fuel consumption, not electricity generation.
8. We generated 11% of our electricity needs this year from renewable sources.

Total energy storage system (power capacity and storage)

Energy storage system	2025-26 total energy storage system power capacity (MW)	2024-25 total energy storage system storage capacity (MW)	Commentary
None	0	0	1

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

Fuel use and emissions

Fuel is used for stationary and transport purposes.

	Total Stationary fuel use (Buildings and machinery)		
Fuel source	**Energy used (GJ)**	**Greenhouse gas emissions (t CO_2-e)**	**Commentary**
Fossil Gas	2,479	127	1
Biogas	24,339	157	2
Diesel	10,381	728	3
LPG	0	0	4
Petrol	0	0	5
Other	0	0	6
Total	**37,199**	**1,012**	**7**

Commentary:
1. Entirely consumed at the head office for heating and cooking.
2. This includes biogas consumed in the Wollert Food Waste to Energy Facility to produce electricity.
3. Includes diesel generators and waste to energy boiler.
4. We do not consume any LPG.
5. We do not consume petrol for stationary fuel use.
6. We do not consume any other fuel for stationary energy.
7. This makes up about a quarter of our total emissions.

Our ambition is to transition to a zero emissions fleet. We've been steadily increasing the number of hybrid and electric vehicles in our fleet. We now have 95 vehicles (44%) that are hybrid or fully electric, including two fully electric vans, an increase from 13 vehicles over last year. From July 2025, we purchase only fully electric passenger vehicles (where fit for purpose vehicles are available).

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

Environmental outcomes continued...

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**	**Commentary**
Passenger Vehicles	17	35	0	42	0	51	0	1
Goods Vehicles	0	67	0	0	0	2	0	2
Category Total (Number)	**17**	**102**	**0**	**42**	**0**	**53**	**0**	**3**

Commentary:

1. We are continuing to implement out zero emissions passenger policy.
2. While most of our operational vehicles are still diesel due to limited fit for purpose vehicle availability, we have begun transitioning this class to zero emissions vehicles this year with the purchased two electric vans for use by water network operators. These vans are fitted with water quality testing and other equipment.
3. We have maintained a similar number of vehicles to previous years.

In 2025-26, we've seen a significant increase in the proportion of electric vehicles in our fleet. We have seen a reduction in total petrol consumed in our fleet and a corresponding reduction in vehicle emissions.

	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 CO_2-e)**	**Commentary**
Passenger Vehicles	3,182	2,786	0	0	0	594	0	6,562	411	1
Goods Vehicles	0	5,608	0	0	0	0	0	5,608	395	2
Total energy use (GJ)	**3,182**	**8,393**	**0**	**0**	**0**	**594**	**0**	**12,170**		**3**
Total emissions (t CO_2-e)	**215**	**591**	**0**	**0**	**0**	**0**	**0**		**806**	**4**

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

Commentary:

1. We are continuing to see a reduction in petrol consumption as we transition to electric vehicles.
2. Diesel use in this category is largely consistent with previous years.
3. Total energy use in transport vehicles has decreased from previous years as electric vehicles are more energy efficient.
4. We are continuing to see a reduction in our vehicle emissions as we transition to an electric fleet.

Total energy use

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

Total Energy Usage	Renewable (in GJ)	Non-renewable (in GJ)	Total (in GJ)	Commentary
From fuels	24,339	24,435	48,774	1
From electricity	102,969	0	102,969	2
Total	**127,308**	**24,435**	**151,743**	**3**

Commentary:

1. This includes biogas combusted for the purpose of electricity generation at the waste to energy facility in Wollert.
2. This includes the consumption of electricity generated from the combustion of biogas.
3. This increase from previous years is due to the inclusion of the biogas fuel consumed for the purpose of electricity generation which had not been included in previous years.

	Total energy usage (fuels and electricity) in GJ	Measure of performance		Commentary
Water treatment and supply	38,131	217.37	Electricity use (MJ) per ML delivered	1
Sewage treatment and recycling	39,508	4.98	Electricity use (MJ) per ML Treated	2
Head office energy	16,078	16.77	Energy usage (GJ) per FTE employee	3

Commentary:

1. Includes water delivered to customers.
2. Includes sewage treatment, recycled water production and waste to energy facility operations.
3. Includes head office electricity and gas energy consumption and transport energy.

Sustainable buildings and infrastructure

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

Corporate water consumption

Water consumption at our Mitcham office increased by 33.5% compared with 2024–25. Office attendance over the same period increased by 23.5%, which led to more water being used to flush toilets, prepare food and drinks and for personal hygiene. Dry summer and autumn conditions reduced the amount of rainwater available for irrigation, which increased potable water use at the site. As a result this water use is more closely aligned with 2020 levels. The amounts in the table below represent consumption at our Mitcham office and exclude any treatment plants or other work sites.

Environmental outcomes continued...

	2025-26	2024-25	2023-24
Total water consumption	3,722 kL	2,789 kL	2,805 kL
Number of FTE staff on site[1]	247	200	170
Average water use per employee (kL per employee)	15.07 kL	13.95 kL	16.50 kL
Total office space	10,000 m^2	10,000 m^2	10,000 m^2
Average water use per m^2	**0.372 kL**	**0.279 kL**	**0.281 kL**

1. FTE reported number is an average based on office attendance from access card data across the year due to hybrid work arrangements.

Other statutory obligations

Protecting and Restoring Biodiversity

In alignment with *Australia's Strategy for Nature 2024–2030*, the Victorian Government's *Protecting Victoria's Environment - Biodiversity 2037 Strategy*, the Wurundjeri Woi-wurrung's *Whole of Country Plan*, and the *Port Phillip and Western Port Regional Catchment Strategy*, we have continued to address biodiversity decline and enhance the ecological value of our landholdings.

Following a biodiversity audit by Nature Glenelg Trust, which identified 12 of our 190 sites as having high biodiversity value, we continued implementing targeted biodiversity management programs during 2025–26. To drive measurable outcomes, we established a corporate target to actively manage 47 hectares of land for biodiversity by 2028. We have already exceeded this target, with more than 67 hectares currently under restoration or active biodiversity management tailored to local ecological values and threats. Programs include weed and pest management, revegetation, waterway frontage restoration, microhabitat establishment and species monitoring using environmental DNA testing. A milestone this year was establishing a Section 69 Conservation Covenant with DEECA at our Aurora Treatment Plant, permanently protecting 42 hectares of habitat for threatened species.

Our work also supports the protection and enhancement of endangered vegetation communities and habitat for threatened species across several sites within our service area.

As part of our commitment to biodiversity restoration, we commenced construction of a 35-hectare wetland habitat at our Upper Yarra Treatment Plant. The project will improve the quality of stormwater and recycled water entering the Birrarung (Yarra River) while creating habitat for threatened species and enhancing local biodiversity. Developed in partnership with Greening Australia, Zoos Victoria, Melbourne Water, Wurundjeri Woi-wurrung and other delivery partners, the wetlands will support the critically endangered Helmeted Honeyeater and Lowland Leadbeater's Possum. Wetland establishment and planting are expected to be complete by the end of 2026.

This year marked the first anniversary of operation of the Wollert Community Farm, established on buffer land surrounding our Aurora Treatment Plant. Developed and operated in partnership with Whittlesea Community Connections (WCC), the farm demonstrates how environmental stewardship can deliver biodiversity, cultural and community outcomes.



The farm is home to WCC's *nugal biik* initiatives ('belongs to the earth' in Woi-wurrung), which include:

- *nugal biik* Plants and Seeds, an Indigenous social enterprise indigenous nursery producing plants and seed stock for regional revegetation projects.
- *nugal biik* Mini, Junior, and Adult Ranger programs, supporting First Peoples to connect with Country through conservation and land management activities.
- A conservation volunteering program restoring Curly Sedge Creek.
- Refugee Employment Pathways programs providing volunteer and training opportunities.
- Native grass and wildflower seed collection and propagation for regional revegetation in partnership with the University of Melbourne.

Stage 2 of the farm's development will commence in July 2026, with construction partner TVN On-Country delivering a dedicated learning centre and community gathering space.

In partnership with the Wurundjeri Narrap Unit, Acacia Environmental and WCC, we continue to manage 42 hectares of conservation land across the site through:

- Traditional Owner-led land management, including cultural burning and grassland restoration.
- Protection and enhancement of endangered woodland and grassland communities.
- Habitat management and monitoring for threatened species. This includes threatened species surveys, which have identified EPBC-listed Golden Sun Moth and Growling Grass Frog populations.
- Cultural and historical heritage management and compliance activities.

(Refer to page 30 for more details on the Wollert Community Farm and page 96 for more details on Aboriginal values and inclusion).

During the year, we completed an assessment of our nature-related impacts, dependencies, risks and opportunities across our operations and key areas of our supply chain. As part of this, we developed a Nature Map, which shows where our assets and critical supplier assets intersect with known ecological information. Our nature and climate-related risks and opportunities were assessed together, to inform more effective and holistic approaches to how we manage these.

The findings are informing the development of our first integrated Climate and Nature Plan, which provides a framework to avoid, minimise and offset nature (including biodiversity) impacts, nature and climate-related risks, while supporting the protection and restoration of nature across our assets, landholdings and key locations of our supply chain. We have also started integrating our Nature Map and findings into our Asset Management Framework, with processes and policies starting to be created to enable our projects across the asset lifecycle, to prioritise the protection and restoration of critical and sensitive areas of ecological significance.

Biodiversity considerations continue to be integrated into asset planning, design, procurement, delivery, operations and maintenance. In accordance with our legal obligations, including the *Environment Protection and Biodiversity Conservation Act 1999*, *Environment Protection Act 2017*, *Flora and Fauna Guarantee Act 2019*, *Catchment and Land Protection Act 1994* and relevant planning requirements, we engage ecologists early in project development and apply measures such as biodiversity risk assessments, lifecycle analyses, net gain assessments, offset management plans, flora and fauna assessments and micro-siting processes to minimise impacts and protect biodiversity values. We have also completed a review of how to advance biodiversity opportunities across our asset lifecycle.

Through these initiatives we are contributing to national, state and Traditional Owner aspirations for nature recovery while enhancing biodiversity outcomes across our landholdings and the communities we serve.

Environmental outcomes continued...

A circular economy

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

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

We've progressed our circular economy ambitions at our Aurora Treatment Plant , where we're converting food waste into clean energy. We have commenced an agricultural trial of the digestate produced at our food waste to energy facility. This bio-product can assist with regenerating soils and may be used to supplement fertilizer. Enabling the beneficial reuse of digestate would further strengthen the circular economy outcomes delivered by our Aurora facility.

In 2025-26 we also completed the construction of our second food waste to energy facility in Lilydale, and we have started to receive food waste diverted from landfill.

Our electricity generation from food waste to energy operations was lower this year due to essential upgrades and commissioning, with full operations expected during 2026–27. Since operations at our Aurora site started in 2017, the facility has processed more than 221,000 tonnes of food waste and generated 44,659 MWh of renewable electricity.

Also at our Aurora site, our hydrogen pilot project is progressing well. Water utilities have a natural role to play in the emerging hydrogen economy because water is central to hydrogen production. The pilot is testing and verifying technologies which would enable the production of sustainable hydrogen and oxygen, before potential construction of a permanent production facility. A production facility would provide near-term operational benefits from oxygen-enabled wastewater treatment and disinfection using ozone (at Aurora Sewage and Recycled Water Treatment Plant), while generating a renewable energy source to power homes, vehicles and industry, reducing our reliance on fossil fuels.

We continued to pursue opportunities that make our supply chain in construction more circular. This year initiatives included:

- Recycling approximately 12,682 tonnes of asphalt profilings, which is 100% of the asphalt removed during resurfacing. These profilings are efficiently repurposed to produce reclaimed asphalt pavement.
- Recycling over 4,195 tonnes of concrete from footpaths and vehicle crossings. It's sent to concrete recyclers, where it undergoes processing to become crushed rock. This process not only reduces waste but also contributes recycled materials to other projects.
- Using approximately 7,500 tonnes of recycled or lower impact material in the construction of our assets.
- Refurbishing worn-out office chairs instead of sending them to landfill, reusing approximately 80% of the chairs' components.
- Collaborating to better understanding our impact and finding lower carbon solutions. We've continued to formalise and implement low carbon construction approaches in 25% of our portfolio projects. This was enabled by tools to estimate carbon content at various stages of the design process, procurement and process uplifts, and a dedicated site of essential information and resources, creating a Community of Practice for our staff and partners.

Waste and recycling

Recycling Victoria Target	Indicator code	Outcome	2025-26	2024-25	2023-24
1 & 3	WR-1	Waste to landfill in office (main office in Mitcham) (tonnes)	18.51	17.41	14.9
	WR-1	Waste to landfill in office (main office in Mitcham) (%)	60.7%	60%	62%
	WR-1	Food organics recycled in the office (tonnes)	0.7	2.34	2.6
	WR-1	Food organics recycled in the office (%)	2.3%	8%	11%
	WR-1	Recycled materials in the office (tonnes)	10.67	9.46	6.5
	WR-1	Recycled materials in the office (% of total)	35%	32%	27%
1 & 3	WR-1	Recycling rate [(recycled + composted)/total waste]	37.3%	40.40%	38%
	WR-2	E-waste[2] [kg]; % of sites with collection	540kg / 100%	0	100%
	WR-2	Printer cartridges recycling	[Collected by a third party for recycling]		
	WR-2	Soft plastics recycling	[No soft plastics recycling in the office]		
	WR-2	Hard hat and uniform recycling [tonnes]	0.3	0.2	0.15
	WR-3	Units of waste to landfill, normalised by FTE[1] working in the office [tonnes / employees]	0.07 (247 FTE)	0.09 (200 FTE)	0.14 (170 FTE)
	WR-4	Units of waste recycled, normalised by FTE[1] [tonnes/ employee]	0.04	0.05	0.04
	WR-4	Units of food organics recycled, normalised by FTE[1] [tonnes/ employee]	0.009	0.011	0.015
	WR-5	GHG emissions associated with waste disposal	274	302	310
	optional	Contamination of standard bin contents [%]	No bin audit conducted	No bin audit conducted	No bin audit conducted
		Waste to landfill from treatment plants (offices and treatment processes) (tonnes)	192	160	160
		% of biosolids reused	0%	0%	0%
	5.3.1.003	Mass Dry weight of biosolids reused	0 tonnes	0 tonnes	0 tonnes
		% of biosolids sent to Melbourne Water's Western and Eastern treatment plants	100%	100%	100%
	5.3.1.004	Mass dry weight of biosolids produced[4]	0	0	0
	5.3.1.005	Mass dry weight of biosolids stored[4]	0	0	0
2		Recycled water produced at our treatment plants (ML)[3]	2,551	1,790	2,666
2		Water beneficially reused (%)	26%	20%	21%
1 & 3		Organic material treated at ReWaste facility (tonnes)[5]	18,663	13,950	28,271

Some results have been rounded for consistency.

Notes:

1. Tracking of FTE staff attending Mitcham head office is based on security pass data and desk bookings.
2. e-waste is collected by an external provider at Mitcham Head Office where all IT equipment is administered. All e-waste from YVW sites outside of Mitcham Head Office is transported to Mitcham to be collected as part of the Mitcham e-waste service.
3. Total amount of recycled water produced.
4. All our biosolids are transferred to Melbourne Water through the bulk sewage agreement.
5. Reduction in capacity due to scheduled maintenance requiring operational shutdowns.

Environmental outcomes continued...

Percentage of biosolid mass reused

A 2023 review of how we're managing our biosolids confirmed that it's not currently viable for us to reuse our biosolids. The scale of our plants and the cost of available technology is a significant inhibitor to achieving an economically viable solution for reuse at our sites.

Given this, 100% of our wastewater solids are transferred to Melbourne Water's Eastern and Western Treatment Plants for treatment and possible reuse.

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

Victorian Waterway Management Strategy

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

Waterways

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

To improve waterway health, we continue to manage our nitrogen discharges to Port Phillip Bay in accordance with our self-imposed nitrogen cap of 87 tonnes. In 2025-26, our discharge was 53.3 tonnes.

In 2025-26 we will continue to pursue opportunities for better waterway outcomes including:

- Upgrading capacity and new treatment plant projects (Healesville and Aurora) to support growth, improve water security, improve environmental performance and provide recycled water to communities.
- Overseeing treatment plant improvements, including expanding wet weather storage, upgrading equipment and enhancing safety and performance.
- Collaborating with Melbourne Water to upgrade the Darebin Interceptor Sewer and address sewer capacity constraints.
- Enhancing sewer infrastructure reliability through inspections, maintenance, hydraulic capacity upgrades, trialling new technology for identifying blockages, inflow and infiltration.
- Delivering environmental improvements, such as odour management, climate resilience planning and addressing emerging contaminants like PFAS and microplastics.
- Improving our waterway values mapping by including cultural values and updating our recreational activity data sets.
- Continuing our waterway quality monitoring program in collaboration with councils and Melbourne Water to identify and monitor sites for indicators of wastewater run-off from septic tanks at locations associated with the Community Sewerage Program.
- The Upper Yarra habitat restoration project described in the biodiversity section above. This also contains a significant wetland which will improve quality of stormwater runoff and recycled water entering the Birrarung (Yarra River) from the site.
- Undertaking various integrated water management projects and collaborations (refer to page 29 for more details) including investigating stormwater harvesting to reduce downstream water quality impacts and recycled water projects which reduce sewage treatment plant discharge volumes thereby reducing flow, nutrients and pollutants to waterways and the bay.

Investing in and maintaining assets to meet customer and community expectations is central to our operations. We take a holistic and long-term approach to managing environmental impacts across the breadth of our services and activities.

Water quality and flow data relating to waterways is reported to the Essential Services Commission, the National Pollution Inventory and the Bureau of Meteorology each year.

Environmental improvement works

We remain committed to investing in projects that improve environmental outcomes across our operations. In addition, we maintain our focus on meeting the General Environmental Duty (GED), complying with operating licence requirements, and fulfilling our obligations under the Obligations of Managers of Land or Infrastructure (OMLI). OMLI are legally enforceable requirements made under the *Environment Protection Act 2017*.

We have undertaken a range of initiatives to better align our practices with the EPA Sewerage Management Guidelines. This includes expanding monitoring at high-risk locations within the sewer network, improving the mapping of environmental and social waterway values to support project prioritisation and updating our wet weather prioritisation framework to use the more accurate ARR2019 guidelines.

While the *Environment Protection Act 2017* focuses predominantly on a risk-based approach to environmental harm, the regulations still maintain a wet weather compliance standard to contain peak wet weather flows generated by a storm event with a 18.1% Annual Exceedance Probability. We invest in priority sewerage and treatment plant upgrades to improve reliability, resilience and capacity across our network. Work has progressed on several projects to minimise or eliminate non-compliant spills. We have:

- Initiated collaboration with Melbourne Water to upgrade the Darebin Interceptor Sewer and address a sewer capacity constraint.
- Initiated mapping of waterway values at Darebin Creek to better inform improvement projects for this catchment.
- Continued inflow reduction projects to reduce the frequency and volume of wet weather spills in Broadmeadows and Chirnside Park.
- Progressed implementation of 2 new emergency relief structures, including a screen to reduce impacts of sewage spills, on the Rosanna Branch Sewer.
- Completed construction of the Eley Road (Box Hill South) main sewer duplication.
- Continued to carry out asset inspection and renewal programs across our asset base to reduce the risk of environmental impact from blockages and asset failures.
- Started design for construction of wet weather storage at 4 of our sewage treatment plants at Upper Yarra, Whittlesea, Brushy Creek and Healesville.
- Started capacity upgrade planning for the Healesville and Aurora treatment plants to support growth, improve water security, improve environmental performance and provide recycled water to communities.

We also continued to construct new sewerage infrastructure for previously unsewered areas as part of the Community Sewerage Program. This program provides wastewater services to areas of high risk of impact to waterways and public health. These areas contain a large number of failing or inappropriate septic systems and properties unable to contain wastewater within property boundaries. Approximately 10,000 properties remain on the program, to be serviced over the next 20 years.

In 2025-26, new sewerage services were made available to 421 properties in Lilydale, Kallista, Lower Plenty and Sassafras.

Guided by our commitments under the OMLI (Urban Stormwater and On-Site Wastewater Management), we continue to work with councils to support improved onsite wastewater management. Since the establishment of the OMLI in May 2024, we have not received any requests from local councils to provide sewerage servicing strategies in response to a submitted Onsite Wastewater Management Plan. During the year, we closed our ‘pop-up’ information space for the Community Sewerage Program on Main Road Monbulk. We continue to engage with customers in the Dandenong Ranges who would like to know more about the connection process through one-to-one conversations with our project team, to support the switch to sewer.

Our performance

Financial performance indicators	2024-25 Result	2025-26 Result	Variance to prior year	Notes	2025-26 Target	Variance to target	Notes
Cash interest cover Cashflow from operations before net interest and tax payments / net interest payments	1.83 times	1.52 times	(16.9%)	1a	1.59 times	(4.4%)	-
Gearing ratio Total debt (including finance leases) / total assets x 100	59.47%	58.33%	(1.9%)	-	63.93%	(8.8%)	-
Internal financing ratio (Net operating cash flow – dividends) / capital expenditure x 100	13.73%	9.81%	(28.6%)	3a	17.12%	(42.7%)	3b
Current ratio (Current assets / current liabilities) excluding long-term employee provisions and revenue in advance x 100	77.29%	84.74%	9.6%	4a	78.13%	8.5%	-
Return on assets * Earnings before net interest and tax / average total assets x 100	5.01%	3.31%	(33.9%)	5a	3.82%	(13.4%)	5b
Return on equity * Net profit after tax / average total equity x 100	5.36%	0.97%	(81.9%)	6a	1.71%	(43.3%)	6b
Earnings before interest, tax, depreciation and amortisation * Earnings before interest, tax, depreciation and amortisation / total revenue x 100	36.55%	31.18%	(14.7%)	7a	33.23%	(6.2%)	-

* 2024-25 indicators have been restated due to a Zero Emissions Water (ZEW) fair value adjustment of $0.96 million received subsequent to the signing of 2024-25 financial statements, which has increased the net profit after tax, average total equity, EBITDA and total revenue.

Variance explanations

1a. Decrease in cash interest cover is primarily due to higher interest cost on borrowings and higher operating expenditure compared to 2024-25.

3a. Internal financing ratio has decreased mainly due to higher interest cost of borrowings and higher capital expenditure than previous year.

3b. Internal financing ratio is below target, due to lower net operating cash inflows, a higher-than-expected 2024-25 final dividend paid in 2025-26 and higher income tax instalments.

4a. Current ratio has increased compared with last year, primarily due to an increase in our income tax receivable arising because income tax instalments paid during 2025-26 exceeded the tax owing for the year.

5a and 5b. Return on assets has decreased compared with last year and is below target, mainly due to lower profit. This reflects reduced developer contributed asset and new customer contribution revenue, together with higher operating expenditure.

6a and 6b. Return on equity has decreased compared with last year and is below target, mainly due to lower profit. This reflects reduced developer contributed asset and new customer contribution revenue, together with higher operating expenditure.

7a. EBITA has decreased compared with last year and is below target, mainly due to lower profit. This reflects reduced developer contributed asset and new customer contribution revenue, together with higher operating expenditure.

Operational performance indicators	2024-25 Result	2025-26 Result	Variance to prior year	Notes	2025-26 Target	Variance to target	Notes
Water and sewerage network reliability indicators							
Water service – minutes off supply (planned) How many minutes on average a customer was without water supply during the year due to a planned event	16.93 minutes	9.63 minutes	(43.1%)	1a	20.54 minutes	(53.1%)	1b
Water service – minutes off supply (unplanned) How many minutes on average a customer was without water supply during the year due to an unplanned event	16.24 minutes	14.54 minutes	(10.5%)	2a	17.59 minutes	(17.3%)	2b
Unplanned water supply interruptions Percentage of customers receiving > 5 unplanned interruptions in the year / total number of water (residential and business) customers	3.5%	2.3%	(34.3%)	3a	2.6%	(11.5%)	3b
Sewerage service - sewer blockages Number of sewer blockages reported in the year / kilometres of sewer main x 100	26.9	34.30	27.5%	4a	31.38	9.3%	4b
Sewerage service - sewer spills Number of sewer spills reported in the year / kilometres of sewer main x 100	16.8	22.00	31.0%	5a	19.41	13.3%	5b
Sewerage service - containment of sewer spills Sewer spills from reticulation and branch sewers (priority 1 and 2) contained within 5 hours/total sewer spills from reticulation and branch sewers	99.6%	99.96%	0.4%	-	99.60%	0.4%	-
Water reuse indicators							
Recycled water - effluent treatment and reuse volume Proportion of water recycled as a percentage of the volume of effluent produced	25.3%	25.68%	1.5%	-	20.00%	28.4%	7b

Variance explanations

1a and 1b. Planned water supply interruptions reduced in 2025-26 driven by lower levels of developer works and lower work volumes in hydrant maintenance and mains cleaning programs, resulting in fewer customer interruption minutes than previous year.

2a and 2b. Customer interruption minutes were lower as a result of continued improvements to field processes, which helped reduce both the frequency and duration of unplanned water supply interruptions in 2025-26.

3a and 3b. The proportion of customers experiencing more than 5 unplanned water supply interruptions decreased during 2025-26, reflecting the measures implemented to improve water supply reliability and reduce repeat interruptions for customers, and fewer unplanned interruptions across the network.

4a and 4b. Sewer blockages increased in 2025-26, reflecting the impact of prolonged dry conditions throughout the year. These conditions contributed to increased tree root infiltration into sewer pipes, resulting in a higher blockage rate.

5a and 5b. Sewer spills increased in 2025-26, reflecting the higher number of sewer blockages across the network. While proactive maintenance continues to support network performance, dry conditions contributed to increased tree root infiltration into sewer pipes, increasing the blockages progressing to spills.

7b. Increase in recycled water reuse in 2025-26 was driven by higher volumes at the Whittlesea Treatment Plant and recommissioning the Aurora Sewage and Recycled Water Treatment Plant, resulting in a greater proportion of treated water reused during the year.

Our performance continued...

Certification of performance report for 2025-26

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

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

As at the 31st day of August 2026, we are not aware of any circumstances that would render any particulars in the Performance Report to be misleading or inaccurate.



Gabrielle Bell
Chair



Natalie Foeng
Managing Director



Tony Citera
Chief Financial Officer

Auditor's Report

Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of Yarra Valley Water Corporation

Opinion	I have audited the performance report of Yarra Valley Water Corporation (the corporation) for the year ended 30 June 2026, which comprises the: • financial performance indicators • operational performance indicators • variance explanations • 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.
Auditor's responsibilities for the audit of the performance report	As required by the *Audit Act 1994*, my responsibility is to express an opinion on the performance report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance Engagements will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance report.

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Auditor's responsibilities for the audit of the performance report (continued)	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.

TMcPJ

MELBOURNE
8 September 2026

Timothy Maxfield
as delegate for the Auditor-General of Victoria



2025-26 Financial report

4

The Directors of Yarra Valley Water Corporation present their report for the financial year ended 30 June 2026.

Directors

Directors in office during 2025-26 are listed below. Directors were in office for the entire period, unless otherwise stated.

Gabrielle Bell	**Chair of the Board**
Victoria Fay Marles	**Deputy Chair of the Board** *(from 1 October 2025)*
Natalie Foeng	**Managing Director**
Mary Kanavoutos	Director
Robyn Leigh McLeod	Director
Ari Daniel Suss	Director
Catherine (Kate) Deborah Vinot	Director
Domenic Isola *(appointed 1 October 2025)*	Director
Marcus Stewart *(appointed 1 October 2025)*	Director
Jyoti Wardhen *(appointed 1 October 2025)*	Director
Robert Clive Skinner *(end date 30 September 2025)*	Deputy Chair of the Board
Karen Milward *(end date 30 September 2025)*	Director
Victor John Perton *(end date 30 September 2025)*	Director

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

Directors' attendance at meetings

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

Principal activities

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

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

Dividends

The Treasurer has determined a Nil interim dividend for the financial year 2025-26. The amount of efficiency and final dividend for the year ended 30 June 2026 will be determined by the Treasurer in consultation with the Board and the Minister for Water in coming months.

	2024-25	2025-26
Interim Dividend	$4.625m Paid on 30 May 2025	Nil
Efficiency Dividend	$3.4m Paid on 15 May 2026	To be determined
Final Dividend	$30.080m Paid on 31 December 2025	To be determined

Capital repatriation

No capital repatriation payments were made during 2025-26 and 2024-25 financial years.

Review of operations

Detail on our operations during the year ended 30 June 2026 and the results of those operations are contained in this Annual Report.

State of affairs

There were no significant changes in our state of affairs during the year ended 30 June 2026.

2025-26 highlights section in this Annual Report outlines the program and initiatives we delivered this year.

Events subsequent to balance sheet date

No matter or circumstance has arisen since 30 June 2026 that has or might significantly affect our operations, the results of those operations, or our state of affairs in future financial years.

Environmental regulation

Our operations are subject to environmental regulation.

Licensing and permissions

As at 30 June 2026, we hold 6 Operating Licences issued by the Environment Protection Authority Victoria (EPA) under the *Environment Protection Act 2017*. Five licences impose conditions relating to discharges, reporting obligations and other matters concerning the operation of 5 sewage treatment plants. The sixth licence is to operate ReWaste, our food waste to energy facility at Wollert. It allows for the acceptance of commercial food waste, some of which are classed as reportable priority waste. Lilydale ReWaste facility will secure an operating licence after it has been fully commissioned and certified past proof of performance. We have submitted operating licence applications for 3 more of our treatment plants to the EPA, which do not have effluent discharges.

We have 7 recycled water plants producing Class A, B and/or C water for residential, commercial and irrigation purposes. Four of these treatment plants operate under a 100% beneficial reuse scheme. All plants previously operated under an Environmental Improvement Plan. These plants are now required to hold an A14 permit (reclaimed wastewater supply or use) to operate. We have transitioned 5 plants to an A14 permit and submitted the permit for one further recycled water treatment plant. The final A14 permit application will be submitted once the plant is commissioned.

Compliance

We had 3 notifiable incidents in relation to actual or potential breaches of a discharge licence at 2 of our sewage treatment plants during the 2025-26 period. Breaches were proactively notified to the EPA and root causes have been identified and rectified, as far as reasonably practicable.

All other operating licence conditions were met in 2025-26. We consider the risks of climate change on our EPA operating licences. In some instances, weather events can impact meeting the conditions of our licences. We apply general environmental duty principles to eliminate or reduce risks so far as reasonably practicable.

Compliance works

We addressed the following to ensure continued compliance:

- We have notified the EPA that the action plan for Healesville Sewage Treatment Plant in response to the Improvement Notice issued in 2024, has been completed. Construction of the wet weather storage upgrade is on track for delivery by June 2027.
- All licensed sites operate under a Risk Management and Monitoring Plan (RMMP) per permission condition requirements. We are currently reviewing and refining management plans in response to updated guidance by the EPA to the Water Industry

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

Further specific environmental performance measures are set out in the Delivering Value section.

Directors' deeds

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

Insurance of officers

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

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

Rounding of amounts to nearest thousand dollars

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

This Directors' Report is made in accordance with a resolution of the Directors of Yarra Valley Water on 31 August 2026.



Gabrielle Bell
Chair



Natalie Foeng
Managing Director

Comprehensive operating statement for the year ended 30 June 2026

	Note	2026 $'000	2025 $'000
Revenue			
Service and usage revenue	2.1	1,106,038	1,073,543
Developer contributed assets	2.1	66,282	103,896
New customer contributions by developers	2.1	33,851	50,899
Other revenue	2.1	57,739	57,547
Other income		4,454	3,974
Total revenue		**1,268,364**	**1,289,859**
Expenses			
Bulk water and sewerage expenses	3.1	(583,701)	(557,520)
Finance costs	6.1.2	(216,756)	(193,787)
Contract expenses	3.1	(79,188)	(75,153)
Salary and employee benefits expense	3.2.1 & 3.2.3	(77,159)	(64,935)
Environmental contribution	8.2	(47,458)	(47,458)
Depreciation	4.2	(133,718)	(117,919)
Amortisation	4.3	(16,023)	(15,471)
Other expenses	3.1	(85,351)	(73,297)
Total expenses		**(1,239,354)**	**(1,145,540)**
Profit before income tax		**29,010**	**144,319**
Income tax expense	8.1	(8,406)	(43,175)
Net profit after tax		**20,604**	**101,144**
Other comprehensive income			
Increase/(Decrease) from revaluation of infrastructure assets	9.3	(126,329)	216,236
Increase/(Decrease) from revaluation of land	9.3	523,144	-
Increase/(Decrease) from revaluation of buildings	9.3	(824)	-
Defined benefit superannuation plan actuarial gain	9.2	1,355	379
Deferred income tax on other comprehensive income	8.1	(124,911)	(64,985)
Other comprehensive income, net of tax		**272,435**	**151,630**
Total comprehensive income		**293,039**	**252,774**

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

Statement of financial position as at 30 June 2026

	Note	2026 $'000	2025 $'000
ASSETS			
Current assets			
Cash	6.2	2,363	2,927
Receivables	5.1	199,508	193,520
Current tax receivable	8.1	29,833	4,714
Other non-financial assets		7,803	6,543
Total current assets		**239,507**	**207,704**
Non-current assets			
Infrastructure, property, plant and equipment	4.2	7,351,588	6,630,027
Intangible assets	4.3	201,483	192,350
Defined benefit superannuation asset	3.2.3.2	16,866	15,112
Other non-financial assets		7,111	6,079
Other financial assets		619	523
Total non-current assets		**7,577,667**	**6,844,091**
Total assets		**7,817,174**	**7,051,795**
LIABILITIES			
Current liabilities			
Payables	5.2	141,409	130,910
Contract liabilities	5.3	74,695	64,354
Provisions - employee benefits	3.2.2	25,919	24,640
Other provisions	5.4	6,275	9,626
Lease liabilities		1	19
Borrowings	6.1	130,100	123,300
Total current liabilities		**378,399**	**352,849**
Non-current liabilities			
Payables	5.2	9,041	9,464
Contract liabilities	5.3	202	202
Provisions - employee benefits	3.2.2	3,467	3,615
Deferred tax liabilities	8.1	749,264	628,422
Lease liabilities		4	5
Borrowings	6.1	4,430,000	4,070,000
Total non-current liabilities		**5,191,978**	**4,711,708**
Total liabilities		**5,570,377**	**5,064,557**
Net assets		**2,246,797**	**1,987,238**
EQUITY			
Contributed equity	9.1	341,732	341,732
Retained earnings	9.2	732,723	744,651
Asset revaluation surplus	9.3	1,172,342	900,855
Total equity		**2,246,797**	**1,987,238**

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

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

	Note	Contributed equity $'000	Retained earnings $'000	Asset revaluation surplus $'000	Total $'000
Balance at 1 July 2024		341,732	692,977	749,490	1,784,199
Net profit after tax	9.2	-	101,144	-	101,144
Other comprehensive income, net of tax	9.2 & 9.3	-	265	151,365	151,630
Dividends incurred	9.2	-	(49,735)	-	(49,735)
Balance at 30 June 2025		**341,732**	**744,651**	**900,855**	**1,987,238**
Net profit after tax	9.2	-	20,604	-	20,604
Other comprehensive income, net of tax	9.2 & 9.3	-	948	271,487	272,435
Dividends incurred	9.2	-	(33,480)	-	(33,480)
Balance at 30 June 2026		**341,732**	**732,723**	**1,172,342**	**2,246,797**

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

Cash flow statement for the year ended 30 June 2026

	Note	2026 $'000	2025 $'000
Cash flow from operating activities			
Receipts from customers		1,155,214	1,115,055
Proceeds from grants		950	1,139
Payments to suppliers and employees		(876,704)	(810,579)
GST refunded (net)		46,705	43,140
Income tax paid		(37,596)	(56,608)
Interest and other costs of finance paid		(215,210)	(190,091)
Interest received		49	54
Net cash inflow from operating activities	6.2.1	**73,408**	**102,110**
Cash flows from investing activities			
Proceeds from sale of infrastructure, property, plant and equipment		800	1,248
Payments for acquisition of infrastructure, property, plant and equipment		(382,734)	(353,200)
Payments for acquisition of intangible assets		(25,231)	(29,566)
Net cash outflow from investing activities		**(407,165)**	**(381,518)**
Cash flows from financing activities			
Refinancing of borrowings - inflow		1,656,800	715,300
Refinancing of borrowings - outflow		(1,290,000)	(390,000)
Developer security deposits		(103)	301
Principal element of lease payments		(24)	(21)
Dividends paid	9.2	(33,480)	(49,735)
Net cash inflow from financing activities		**333,193**	**275,845**
Net increase / (decrease) in cash held		**(564)**	**(3,563)**
Cash at 1 July		2,927	6,490
Cash at 30 June	6.2	**2,363**	**2,927**

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

Notes to the financial statements for the year ended 30 June 2026

1 | Basis of preparation

Introduction

This section sets out the framework of our report.

Basis of preparation

This financial report is a general purpose financial report, consisting of the comprehensive operating statement, statement of financial position, statement of changes in equity, and cash flow statement and notes accompanying these statements for the period ending 30 June 2026. It has been prepared in accordance with Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board, the requirements of the *Financial Management Act 1994* and applicable Ministerial Directions. In accordance with *AASB 1053 Application of Tiers of Australian Accounting* Standards, we have prepared our financial statements in accordance with Tier 1 presentation requirements. Where accounting policies are considered material additional disclosure has been made in the relevant notes.

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

The financial report of Yarra Valley Water Corporation, as an individual for-profit reporting entity under *FRD 108 Classification of Entities as-for-profit*, for the year ended 30 June 2026, was authorised for issue in accordance with a resolution of the Directors on 31 August 2026.

Accounting policies

Accounting policies are applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. The accounting policies have been consistently applied, unless otherwise stated.

Functional and presentation currency

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

Classification between current and non-current

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be realised or paid. In accordance with *AASB 101 Presentation of Accounting Standards* an asset or liability is classified as current if it is expected to be turned over within the next 12 months.

Comparative information

In these financial statements, we have considered if changes in the classification or presentation of certain disclosures (and relevant comparative information) are required to improve readability by the user. These changes (if they occur) are in the presentation only and have not arisen as a result of the identification of errors or changes in accounting policies.

Accounting estimates

We evaluate estimates and make judgements which are incorporated in the financial report based on historical knowledge and the best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data obtained both externally and within Yarra Valley Water. Judgements and estimates require assumptions to be made about highly uncertain external factors such as discount rates, probability factors, and the effects of inflation. Judgements and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Revisions to accounting estimates are made in the period in which the estimate is revised and also in future periods that are affected by the revision. The judgements made in preparing these financial statements are disclosed in the notes. Actual results may differ from these estimates.

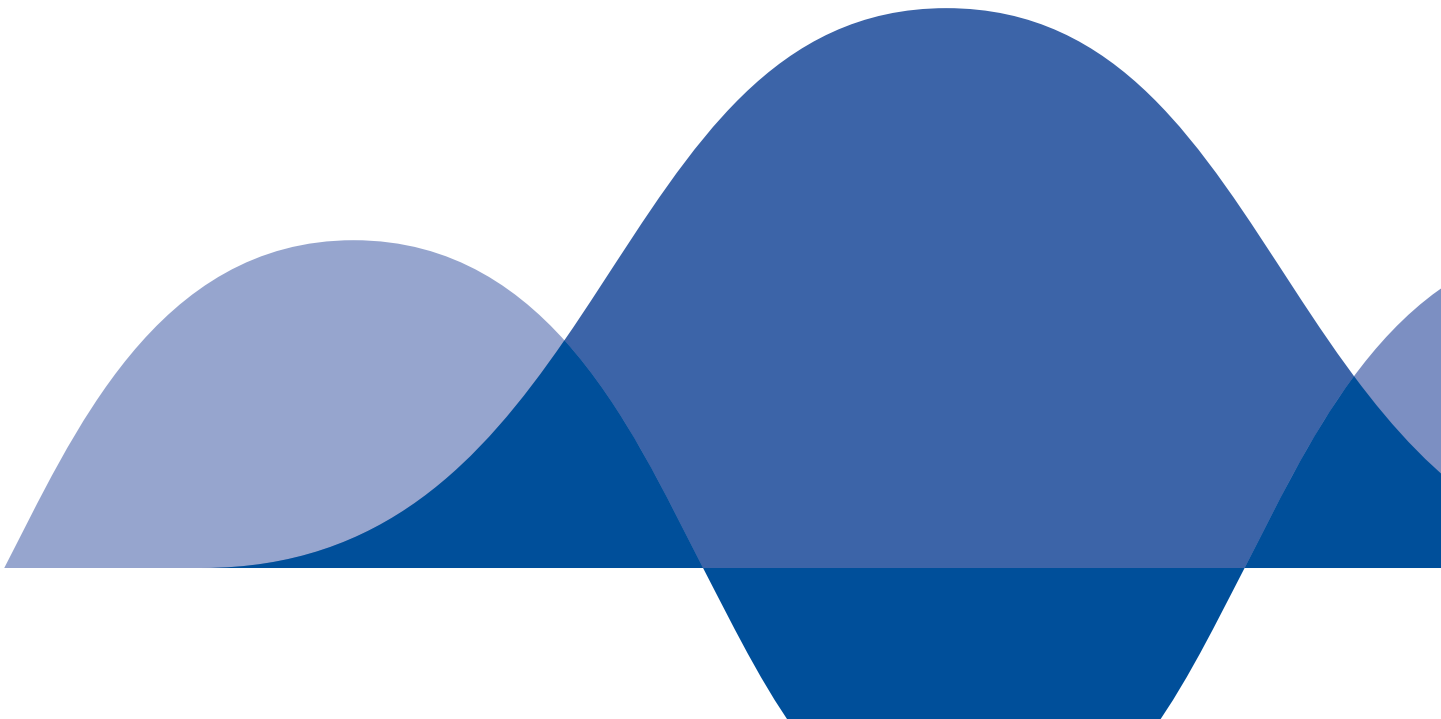
Accounting estimates undertaken in preparing this financial report relate to:

- revenue recognition – the timing in satisfying performance obligations and their associated transaction price, impacting:
  - new customer contributions– note 2.1
  - developer contributed assets – note 2.1
  - other revenue – note 2.1
  - accrued revenue – note 5.1
  - unearned income – note 5.3
- estimating accrued water usage and sewage disposal charges – notes 2.1 and 5.1
- assumptions on the likely tenure of existing staff, patterns of leave taken, future salary movements and future discount rates, impacting:
  - employee benefit provisions – note 3.2.2
  - superannuation fund – note 3.2.3
- recognition and measurement of Software-as-a-Service (SaaS) arrangements – notes 4.3
- asset residual values, useful lives and asset impairment – notes 4.2 and 4.3
- receivable impairment – calculation of the expected credit loss – note 5.1.2
- estimating the fair value of:
  - other provisions – note 5.4
  - contingent assets and liabilities – note 7.3
  - infrastructure, property, plant and equipment – notes 4.2 and 7.4.1
- assumptions on the likelihood of being able to realise deferred taxes in the future – note 8.1.

Going concern

Budgets, forecasts and financial position are regularly reviewed, with ongoing monitoring of cash flow requirements and customer payment trends. Based on the strength of strong cash receipts from customers, and the terminal value at the end of ten-year period exceeding the regulated asset base benchmark multiples, it is considered appropriate to continue to apply the going concern basis of preparation. Financing arrangements approved by the Treasurer are in place, to fund capital projects, refer note 7.2.3.2.

These financial statements have been prepared on a going concern basis and do not include any adjustments to the carrying amounts and classification of assets, liabilities, and reported expenses that may otherwise be required if the going concern basis was not appropriate.



Notes to the financial statements for the year ended 30 June 2026

2 | Funding delivery of our services

Introduction

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

Structure

2.1 Revenue from contracts with customers

2.1 Revenue from contracts with customers

Service and usage revenue	2026 $'000	2025 $'000
Fixed service charges	480,264	461,737
Water usage charges	568,231	554,415
Sewage disposal charges	33,039	32,658
Trade waste charges	30,053	29,658
Customer rebates	(5,549)	(4,925)
Total	**1,106,038**	**1,073,543**

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Fixed service charges	Charges for access to the water supply and sewerage systems, billed quarterly in advance to customers	Revenue is recognised over time as the customer receives access to our services
Water usage and sewage disposal charges	Charges to customers for water use and disposal of their sewage waste. Meter readings are cyclical and billed in arrears. An estimate is made at the end of the accounting period for unbilled customer water usage and sewage disposal, refer note 5.1. This estimate is determined based on bulk water purchases from Melbourne Water less the estimated non-revenue water, including bursts and leaks, water required for operational use, firefighting and unauthorised consumption/theft	Revenue is recognised over time as the customer simultaneously receives and consumes the services
Trade waste charges	Based on the volume of trade waste disposed of by customers. Volume meters are read, and appropriate charges levied per trade waste agreements. Meters are read on a cyclical basis with accounts sent on a quarterly basis	Revenue is recognised over time as the customer simultaneously receives and consumes the services
Customer rebates	Service and usage revenue is impacted by customer rebates including our Arrange and Save Program, refer note 9.7	A reduction in revenue is recognised at the point in time that the rebate is applied to the customer account

Advance payments by customers are classified as contract liabilities, refer note 5.3.

Developer contributed assets

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

Depending upon the developer's application, performance obligations are met when a statement of compliance (SoC) or acceptance of works (AoW) certificate is issued. An SoC is our consent for the relevant council to continue processing a developer's application. This non-cash revenue is recorded as DCA revenue. DCAs awaiting SoC are classified as contract liabilities, refer note 5.3. Upon initial recognition the assets are recorded at fair value. Fair value is determined based on the construction costs advised by the developer.

New customer contributions

New customer contributions (NCCs) represent charges applicable when a customer builds or develops a property and connects to our water supply and sewerage infrastructure. These contributions help pay for shared infrastructure and are recognised as revenue at the point in time when we've met the performance obligations associated with the contribution. Performance obligations are typically recognised as being met when a SoC or connection to services is issued. Payments in advance are classified as contract liabilities, refer note 5.3.

Notes to the financial statements for the year ended 30 June 2026

Other revenue	**2026 $'000**	**2025 $'000**
Other products and services	22,620	23,930
Recoverable works	11,281	12,932
Park and drainage collection fees	10,161	10,120
Information statements and applications	5,398	5,504
Water trading	5,424	2,294
Waste to energy	1,427	1,484
Other	1,428	1,283
Total	**57,739**	**57,547**

Other revenue items are recognised on an accrual basis.

Revenue from contracts with customers	**2026 $'000**	**2025 $'000**
Total revenue recognised over-time	1,111,587	1,048,810
Total revenue recognised at a point in time	152,323	237,075
Total	**1,263,910**	**1,285,885**

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Other products and services	Includes various plumbing services including new meter connections and recycled water inspection fees	Revenue is recognised at the point in time when we've met the performance obligations associated with the products and services, for example, issuing a statement of compliance or installing a new water meter
Recoverable works	Revenue generated from third parties reimbursing us for works or services carried out on their behalf. These works are a mixture of operating expenditure and capital items	Revenue is recognised at the point in time when we've met the performance obligations
Park and drainage collection fees	Billing and collection administration fees from both Melbourne Water and the Department of Energy, Environment and Climate Action for revenue collected from customers on their behalf and the on-charge of costs incurred for supplementary council valuations	Revenue is recognised at the point in time parks and drainage fees are invoiced to customers or costs incurred on supplementary council valuations
Information statements and applications	Fees paid to receive information statements regarding water assets or applications to carry out works on water assets	Revenue is recognised at the point in time that the application is assessed or the information statement provided
Waste to energy	Generated by our ReWaste facility at Wollert and Lilydale which converts food waste into renewable energy	Revenue is recognised at the point in time when a gate fee is charged while accepting the waste into our facility
Water trading	Sale of water allocations in northern Victoria. Water trading revenue is impacted by the demand influenced by weather conditions and market pricing	Revenue is recognised at the point in time that the volume of water is deducted from our account and transferred to the account of the purchaser
Other revenue	Predominately generated from fire service revenue, council hydrant maintenance and legal settlement	Revenue is recognised at the point in time when we've met the performance obligations

Notes to the financial statements for the year ended 30 June 2026

3 | The cost of delivering our services

Introduction

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

Structure

3.1 Summary of expenses incurred in the delivery of our services
3.2 Our people
3.2.1 Employee benefits –comprehensive operating statement
3.2.2 Employee benefits – balance sheet
3.2.3 Superannuation
3.3 Remuneration of auditors

3.1 Summary of expenses incurred in the delivery of our services

Bulk water and sewerage expenses

Bulk water and sewerage charges are levied by Melbourne Water for water we buy and for sewage treated at Melbourne Water's treatment plants. Variable charges are levied in arrears and are payable on a weekly basis. Fixed charges are levied once a month and are payable on the fifteenth of the month to which they refer. Any variable charges that remain outstanding at the end of the period are accrued.

Bulk water and sewerage expenses	2026 $'000	2025 $'000
Variable expenses	90,951	75,036
Fixed expenses	492,750	482,484
Total	**583,701**	**557,520**

Contract expenses

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

Other expenses	Note	2026 $'000	2025 $'000
Information technology costs		29,728	23,083
Billing and revenue collection costs		9,196	8,684
Bad and doubtful debts	5.1.2	4,755	6,461
Electricity		6,048	6,329
Consulting services		5,458	5,254
Legal fees and insurance claims		4,321	4,406
Government taxes, fees and contributions		2,779	2,849
Laboratory services		3,425	2,649
Asset revaluation decrement	4.2 & 4.3	5,503	-
Impairment write down of assets to recoverable amount		659	2,546
Property fees and title searches		1,397	1,575
Subscriptions		1,581	1,571
Write off and surrender of assets	4.2 & 4.3	65	90
Other expenses		10,436	7,800
Total		**85,351**	**73,297**

Expense	Description	Recognition policy
Information technology costs	Information technology (IT) costs include licences and maintenance agreements related to IT and telecommunication costs	Recognised in the comprehensive operating statement as incurred.
Billing and revenue collection costs	Billing and revenue collection costs include printing, postage and collection fees	Recognised in the comprehensive operating statement as incurred.
Other expenses	Other expenses are operating expenses such as professional services, office administration, advertising expenses, motor vehicle expenses, travel and other miscellaneous expenses incurred in the ordinary course of business.	Recognised in the comprehensive operating statement as incurred.

3.2 Our people

3.2.1 Employee benefits – comprehensive operating statement

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

Termination benefits are payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when we can demonstrate commitment to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

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

Notes to the financial statements for the year ended 30 June 2026

3.2.2 Employee benefits – balance sheet

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

Employee benefits	2026 $'000	2025 $'000
Current liabilities - provisions		
Unconditional and expected to settle within 12 months		
Annual leave	2,915	2,758
Long service leave	1,057	1,533
Provision for on-costs	878	948
Unconditional and expected to settle after 12 months		
Annual leave	5,920	5,465
Long service leave	11,336	10,424
Provision for on-costs	3,813	3,512
Total	**25,919**	**24,640**
Non-current liabilities - provisions		
Long service leave	2,839	2,961
On-costs	628	654
Total	**3,467**	**3,615**
Reconciliation of movement in on-cost provision		
Balance at 1 July	5,114	4,152
Additional provision	2,255	2,686
Amounts utilised during year	(1,872)	(1,750)
Effect of changes in discount rate and remeasurement	(178)	26
Balance at 30 June	**5,319**	**5,114**

Reconciliation of on-cost provision relates to the sum of current $4.69m (2025: $4.46m) and non-current $0.63m (2025: $0.65m) on-costs.

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries (including non-monetary benefits, annual leave and on-costs) are recognised as part of the employee benefit provision as current liabilities, because we do not have an unconditional right to defer settlements of these liabilities. The liability for salaries and wages are recognised in the balance sheet at remuneration rates based on the latest approved 2025 Enterprise Agreement, which are current at the reporting date. As we expect the liabilities to be wholly settled within 12 months of the reporting date, they are measured at an undiscounted amount.

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

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

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

Unconditional long service leave

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

The components of this current LSL liability are measured at:

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

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

Conditional long service leave

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

3.2.3 Superannuation

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

3.2.3.1 Accumulation plans

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

3.2.3.2 Defined benefit superannuation asset

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

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

Superannuation plan information

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

All remaining active defined benefit members receive lump sum benefits on retirement, death, disablement and withdrawal. Previous defined benefit members were also eligible for pension benefits in certain circumstances. The defined benefit section of the plan is closed to new members. All new members of the fund receive accumulation only benefits.

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

Notes to the financial statements for the year ended 30 June 2026

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

- administration of the plan and payment to the beneficiaries from plan assets when required in accordance with the plan rules
- management and investment of the plan assets
- compliance with superannuation law and other applicable regulations.

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

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

3.3 Remuneration of auditors

	2026 $'000	2025 $'000
Audit of the Financial Statements and Performance Report - Victorian Auditor-General's Office	310	281
Internal audit - Deloitte Touche Tohmatsu	318	180
Total	**628**	**461**

Fees to Deloitte in this table relates only to internal audit fees.

4 | Key assets available to support output delivery

Introduction

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

Structure

4.1 Total infrastructure, property, plant and equipment: carrying amount
4.2 Reconciliation of movements in carrying values of infrastructure, property, plant and equipment
4.3 Intangible assets
4.4 Contractual commitments payable

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

	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2026 $'000	2025 $'000	2026 $'000	2025 $'000	2026 $'000	2025 $'000
At fair value						
Infrastructure	5,808,696	5,599,099	-	-	5,808,696	5,599,099
Land	1,182,878	659,784	-	-	1,182,878	659,784
Buildings	34,191	37,009	-	(2,401)	34,191	34,608
Plant and equipment	69,022	64,389	(43,468)	(38,763)	25,554	25,626
Leasehold improvements	63	63	(27)	(15)	36	48
At cost						
Right of use asset[1]	107	107	(102)	(81)	5	26
Capital works in progress	300,228	310,836	-	-	300,228	310,836
Total	**7,395,185**	**6,671,287**	**(43,597)**	**(41,260)**	**7,351,588**	**6,630,027**

1. Right-of-use assets is measured at cost basis effective 30 June 2026 as per FRD 104 Leases

Notes to the financial statements for the year ended 30 June 2026

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

	Infrastructure $'000	Land $'000	Buildings $'000	Plant and equipment $'000	Leasehold improvements $'000	Right of use assets $'000	Capital works in progress $'000	Total $'000
Balance at 1 July 2024	5,074,136	658,223	35,447	28,430	50	15	281,125	6,077,426
Additions	-	-	-	-	-	-	457,615	457,615
Transfers	417,747	1,561	1,528	4,875	-	19	(425,730)	-
Write off / disposal of assets	(23)	-	-	(1,134)	-	-	-	(1,157)
Depreciation	(108,997)	-	(2,367)	(6,545)	(2)	(8)	-	(117,919)
Impairment (write-down) / write-back of assets to recoverable amount	-	-	-	-	-	-	(2,174)	(2,174)
Revaluation decrease recognised in equity	216,236	-	-	-	-	-	-	216,236
Balance at 30 June 2025	**5,599,099**	**659,784**	**34,608**	**25,626**	**48**	**26**	**310,836**	**6,630,027**
Additions	-	-	-	-	-	-	463,891	463,891
Transfers	462,197	1,833	3,588	6,881	-	-	(474,499)	-
Write off / disposal of assets	(503)	-	-	(707)	-	-	-	(1,210)
Depreciation	(125,769)	-	(1,670)	(6,246)	(12)	(21)	-	(133,718)
Impairment (write-down) / write-back of assets to recoverable amount	-	(1,885)	(1,511)	-	-	-	-	(3,396)
Revaluation increase / (decrease) recognised in equity	(126,328)	523,146	(824)	-	-	-	-	395,994
Balance at 30 June 2026	**5,808,696**	**1,182,878**	**34,191**	**25,554**	**36**	**5**	**300,228**	**7,351,588**

Initial recognition

Infrastructure, property, plant and equipment are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment losses, where applicable. Where an asset is acquired for no or nominal cost, for example developer contributed assets, note 2.1, the cost is its fair value at the date of acquisition. The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project and appropriate proportion of variable and fixed overheads. We have a capitalisation threshold of greater than $100 exclusive of GST and the asset must be used for more than one reporting period.

Subsequent measurement

Infrastructure, property, plant and equipment are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset) and is summarised by asset category. Refer note 7.4.1 for fair value disclosures.

Revaluations

In accordance with *FRD 103 Non-financial physical assets*, in measuring the fair values of non-financial assets, we engage independent valuers for scheduled valuations every 5 years or earlier if interim indices suggest there has been a material movement. Scheduled valuations occurred in June 2026 for land and buildings, refer note 7.4.1. Between scheduled valuations we apply Valuer-General Victoria market indices to estimate fair value and record an adjustment if values have moved more than 10%. Infrastructure assets are measured at fair value every year.

Revaluations are performed with sufficient regularity so that the carrying amounts do not differ materially from fair values at the end of the reporting period.

The significant uplift in the value of land reflects the approval and gazettal of the Beveridge North West Precinct Structure Plan on 5 August 2025. The associated rezoning of the land has enhanced the development potential and the value of these land parcels. Consistent with the subsequent event disclosed in the prior year financial statements, the parcels remain part of our operational assets until the intended transfer to Development Victoria is approved. The detailed arrangements for the transfer have not yet been determined.

Revaluation increments are credited directly to equity in the asset revaluation surplus, except where a revaluation decrement for that class of asset was previously recognised as an expense. The increment is recognised as revenue up to the value of the previous expense. Any excess is recognised in the assets' revaluation surplus.

Revaluation decrements are recognised immediately as an expense, except where a revaluation increment for that class of asset was previously recognised in the asset revaluation reserve. The decrement is recognised as a debit in the asset revaluation surplus up to the value of the previous increment. Any excess is recognised as an expense.

Revaluation increases and revaluation decreases relating to individual assets within a class of infrastructure, property, plant and equipment are offset against one another within that class but are not offset in respect of assets in different classes.

Assumptions in respect of revaluations can be found in note 7.4.1.

Depreciation

The depreciable amount of all non-current physical assets, excluding freehold land and Crown land, is depreciated on a straight-line basis over their useful lives, commencing from the time the asset is held ready for use. Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

Class of fixed asset	Useful life
Buildings	5 to 100 years
Infrastructure assets:	
• Water meters	10 to 15 years
• Odour control facilities	10 to 30 years
• Water tanks, reservoirs and sewer treatment plants	3 to 100 years
• Pumping and pressure reducing stations and flow control facilities	10 to 100 years
• Water and sewer mains	100 years
• Other (including smaller assets within infrastructure assets above)	1 to 100 years
Plant and equipment	2 to 25 years

Notes to the financial statements for the year ended 30 June 2026

The cost of a leasehold improvement and right of use asset are capitalised and depreciated over the shorter of the estimated remaining term of the lease or their estimated useful lives.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each balance sheet date. There have been no material changes to asset category useful lives at 30 June 2026.

Impairment of non-financial assets

Infrastructure, property, plant and equipment and intangible assets with finite useful lives are assessed annually for indications of impairment. Whenever there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Physical, economic and environmental factors are taken into consideration in assessing useful lives of assets, such as asset condition and obsolescence, technology changes, capital planning and renewals, and climate related risks.

Where an asset's carrying value exceeds its recoverable amount, an impairment loss is recognised in net profit in the comprehensive operating statement for the excess amount, except to the extent that the write-down reverses an asset revaluation reserve amount applicable to that asset. The recoverable amount of assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

Other than the impairment write-downs already recognised within this note in the financial statements, there are no other material indicators of impairment at the time these financial statements were authorised for issue.

4.3 Intangible assets

Intangible assets represent identifiable non-monetary assets without physical substance. Intangible assets acquired are initially recognised at cost.

	Water entitlements $'000	Software $'000	ACCUs $'000	LGCs $'000	Intangible works in progress $'000	Total $'000
Balance at 1 July 2024	96,917	41,210	-	65	40,503	178,695
Additions	-	-	-	-	29,566	29,566
Transfers	-	38,873	202	58	(39,133)	-
Surrender of assets	-	-	-	(68)	-	(68)
Impairment (write-down) / write-back of assets to recoverable amount	-	-	-	-	(372)	(372)
Amortisation expense	-	(15,471)	-	-	-	(15,471)
Carrying amount at 30 June 2025	**96,917**	**64,612**	**202**	**55**	**30,564**	**192,350**
Additions	-	-	-	-	25,231	25,231
Transfers	-	23,559	-	65	(23,624)	-
Surrender of assets	-	-	-	(75)	-	(75)
Amortisation expense	-	(16,023)	-	-	-	(16,023)
Carrying amount at 30 June 2026	**96,917**	**72,148**	**202**	**45**	**32,171**	**201,483**

Water entitlements

Bulk entitlements are issued by the Minister for Water and registered in the Victorian Water Register. In accordance with AASB 138 Intangible Assets and FRD 109 – Intangible Assets, water entitlements are recognised at cost where cost can be reliability measured and recognised as an intangible asset on the balance sheet. Bulk entitlements have an indefinite useful life and are tested annually for impairment. When testing for impairment, we calculate the value of water entitlements as the fair value less cost to sell. Fair value is determined by valuing the water shares on the Victorian Water Register.

We hold Enduring Bulk Entitlements as part of the Goulburn-Murray Water Connections Project which entitle us to 30.5GL of water shares, made up of a mix of high reliability (19.3GL) and low reliability (11.2GL) water shares from trading zones 1A Goulburn, 1B Goulburn, 6 Murray and 7 Murray recognised at a cost of $96.9 million. We intend to hold these water entitlements for water supply security purposes. At 30 June 2026, the entitlements were assessed for impairment and no indicators were present.

For the financial year to 30 June 2026 we also held bulk entitlements to the Victorian Desalination Project and Greater Yarra System - Thomson River Pool that were gifted to us by the Minister for Water in 2014, at no cost to us. In accordance with FRD 109 these entitlements are not recognised on the balance sheet as an intangible assets as the accounting policy is to record them at the cost to Yarra Valley Water.

On 1 July 2026, the Yarra Valley Water Greater Yarra System – Thomson River Pool bulk entitlement and the Yarra Valley Water Desalinated Water bulk entitlements were revoked and replaced with a new Yarra Valley Water South-Central Pool bulk entitlement providing access to both surface and desalinated water. The new South-Central Pool arrangements provide Yarra Valley Water with more flexibility to meet changing water needs.

Notes to the financial statements for the year ended 30 June 2026

Software

Software development costs that enhance, modify or add capabilities to existing on-premise systems and meet the definition and recognition criteria for an intangible asset, are classified and recognised as intangible software assets.

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

We've made the following key judgements that may have the most significant effect on the amounts recognised in the financial statements:

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

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

  Where the SaaS arrangement supplier provides both configuration and customisation services, judgement has been applied to determine whether each of these services are distinct or not from the underlying use of the SaaS application software. Distinct configuration and customisation costs are expensed as incurred as the software is configured or customised (i.e. upfront). Non-distinct configuration and customisation costs are expensed over the SaaS contract term.

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

  Configuration and customisation work involved in implementing SaaS arrangements that isn't separate from the SaaS software access and considered not to be distinct is treated as a prepayment and spread over the contract term.

- Capitalisation of configuration and customisation costs in SaaS arrangements

  In implementing SaaS arrangements, we have developed software code that either enhances, modifies or creates additional capability to the existing owned software. This software is used to connect with the SaaS cloud-based application. Judgement has been applied in determining whether the changes to the owned software meets the definition of and recognition criteria for an intangible asset in accordance with *AASB 138 Intangible Assets*.

An internally generated intangible asset arising from a development project is recognised only if all the following are demonstrated:

- It is technically feasible to complete the intangible asset so that it will be available for use or sale.
- We intend to complete the intangible asset and use or sell it.
- We have the ability to use or sell the intangible asset.
- The intangible asset will generate probable future economic benefits.
- There is available adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- There is an ability to reliably measure the expenditure attributable to the intangible asset during its development.

Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to us.

Amortisation

Intangible assets with finite useful lives are amortised on a straight-line basis over the asset's useful life. Amortisation begins when the asset is available for use. That is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least annually, at the end of each annual reporting period.

Intangible assets with indefinite useful lives are not amortised. There has been no material change to useful lives during the current financial year.

Class of fixed asset	Useful life
Software	4 to 10 years
ACCUs, LGCs and water entitlements	indefinite

Impairment

Intangible assets that have an indefinite useful life and intangible assets not yet available for use are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Intangible assets with finite useful lives are tested for impairment whenever an indication of impairment is identified.

4.4 Contractual commitments payable

Significant contractual expenditure arising from contracts are disclosed at their nominal value and inclusive of GST. Our commitments include growth works and mains renewals for both water and sewer. Total expenditure contracted for at balance date but not provided for in the financial statements:

	2026 $'000	2025 $'000
Not later than one year	370,999	330,717
Later than one year and not later than 5 years	890,326	394,186
Greater than 5 years	416,384	195,568
Total (GST inclusive)	**1,677,709**	**920,471**

Notes to the financial statements for the year ended 30 June 2026

5 | Other assets and liabilities

Introduction

This section sets out any other assets and liabilities that arose from our operations and delivery of services..

Structure

5.1 Receivables
- 5.1.1 Ageing analysis and impairment of contractual receivables
- 5.1.2 Reconciliation of the expected credit loss allowance

5.2 Contractual payables
- 5.2.1 Ageing analysis of contractual payables

5.3 Contract liabilities

5.4 Other provisions

5.1 Receivables

	Note	2026 $'000	2025 $'000
Contractual receivables			
Trade receivables - debtors		106,424	102,524
Contract assets - accrued revenue	2.1	96,864	93,956
Less: allowance for expected credit losses	5.1.2	(14,972)	(13,319)
Statutory receivables			
Other receivables		6,174	5,736
GST receivables		4,891	4,516
Fringe benefits tax receivables		127	107
Total		**199,508**	**193,520**

Contractual receivables related to goods and services provided to customers are classified as financial instruments and categorised as 'loans and receivables'. They are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement they are measured at amortised cost using the effective interest method, less any expected credit losses.

Accrued revenue is recognised for water usage and sewage disposal as well as other works and services that have been rendered to balance date but not yet invoiced. Water usage charges, sewage disposal charges, trade waste charges, recycled water charges and water trading revenue are all recognised as income when the service has been provided. An accrual is recognised to account for water and sewage services not billed at the end of the period. This is calculated using the volume of water purchased from Melbourne Water to the end of the period less the estimated non-revenue water along with adjustments to actual consumption based on meter readings to the date of accrual.

Statutory receivables, such as amounts owing from the Victorian Government, GST input tax credits and fringe benefits receivables, are recognised and measured similarly to contractual receivables (except for credit losses). However, they are not classified as financial instruments because they do not arise from a contract.

5.1.1 Ageing analysis and impairment of contractual receivables

2026	Not Aged $'000	1 to 21 days [1] $'000	22 to 60 days $'000	61 to 89 days $'000	90 to 180 days $'000	Over 180 days $'000	Total $'000
Expected credit loss rate		4.79%	10.37%	12.80%	24.71%	33.71%	
Trade debtors							
Not past due	-	50,530	-	-	-	-	50,530
Past due	-	-	18,147	5,540	9,935	22,272	55,894
Allowance for expected credit losses	-	(2,419)	(1,881)	(709)	(2,455)	(7,508)	(14,972)
Net trade receivables - debtors	**-**	**48,111**	**16,266**	**4,831**	**7,480**	**14,764**	**91,452**
Accrued revenue	96,864	-	-	-	-	-	96,864
Other and statutory receivables	11,192	-	-	-	-	-	11,192
Total	**108,056**	**48,111**	**16,266**	**4,831**	**7,480**	**14,764**	**199,508**
2025							
Expected credit loss rate		3.21%	14.82%	13.51%	26.11%	34.33%	
Trade debtors							
Not past due	-	55,673	-	-	-	-	55,673
Past due	-	-	12,702	6,165	9,601	18,383	46,851
Allowance for expected credit losses	-	(1,786)	(1,882)	(833)	(2,507)	(6,311)	(13,319)
Net trade receivables - debtors	**-**	**53,887**	**10,820**	**5,332**	**7,094**	**12,072**	**89,205**
Accrued revenue	93,956	-	-	-	-	-	93,956
Other and statutory receivables	10,359	-	-	-	-	-	10,359
Total	**104,315**	**53,887**	**10,820**	**5,332**	**7,094**	**12,072**	**193,520**

1. The 1 to 21 days category includes customers needing extra support having renegotiated arrangements and payment terms.

All contractual receivables are recognised at the amounts receivable less any provision for the allowance of expected credit losses. Credit is generally allowed for a period of 20 days. The collectability of debt is assessed each accounting period for usage and other charges. Bad debts are written off when determined uncollectable, in accordance with delegation authorities and recognised in operating expenses, note 3.1.

Notes to the financial statements for the year ended 30 June 2026

5.1.2 Reconciliation of the expected credit loss allowance

The expected credit loss allowance is calculated based on debtor days and we then apply an expected default rate based on historical expected credit losses and forward looking estimates.

When estimating the expected credit loss we incorporate assumptions which consider:

- specific management actions on how we respond to overdue accounts
- our observations of customer behaviours on payment times
- interest rates
- inflation rates
- asset prices in equity and property markets
- unemployment levels.

The current macroeconomic environment is volatile. Should actual conditions vary to our assumptions around these factors, it could have a significant impact on our expected credit loss allowance in subsequent years.

Credit risk is disclosed in note 7.2.3.3.

	Note	2026 $'000	2025 $'000
Balance at 1 July		(13,319)	(10,558)
Write-offs recognised as an expense		3,102	3,700
Net provision movements including bad debts recovered	3.1	(4,755)	(6,461)
Balance at 30 June		**(14,972)**	**(13,319)**

5.2 Contractual payables

Current	2026 $'000	2025 $'000
Trade payables	32,334	29,167
Accruals	107,490	100,478
Security deposits	1,585	1,265
Total current	**141,409**	**130,910**
Non-current		
Security deposits	9,041	9,464
Total non-current	**9,041**	**9,464**
Total	**150,450**	**140,374**

Payables and accruals

Trade payables and accruals are recognised for future amounts to be paid in respect of goods and services received. The amounts are unsecured and are usually paid 14 to 30 days from the date the invoice is received.

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost. Security deposits predominately relate to capital works. Security deposits are claimable at the end of the warranty period.

5.2.1 Ageing analysis of contractual payables

2026	Not Aged $'000	Less than 1 month $'000	1 to 3 months $'000	3 to 12 months $'000	Over 12 months $'000	Total $'000
Trade payables	-	32,334	-	-	-	32,334
Accruals	107,490	-	-	-	-	107,490
Security deposits	1,585	-	-	-	9,041	10,626
Total	**109,075**	**32,334**	**-**	**-**	**9,041**	**150,450**
2025						
Trade payables	-	29,076	91	-	-	29,167
Accruals	100,478	-	-	-	-	100,478
Security deposits	1,265	-	-	-	9,464	10,729
Total	**101,743**	**29,076**	**91**	**-**	**9,464**	**140,374**

5.3 Contract liabilities

Current	Note	2026 $'000	2025 $'000
Unearned revenue and income	2.1	47,765	37,662
Customers paid in advance	2.1	23,792	22,414
Grant income		3,059	3,974
Developer contributions - current		79	304
Total current		**74,695**	**64,354**
Non-current			
Other		202	202
Total non-current		**202**	**202**
Total		**74,897**	**64,556**
Reconciliation of movements in contract liabilities			
Balance at 1 July		64,556	68,591
Revenue recognised during the reporting period		(25,354)	(35,949)
Increase in contract liabilities		35,695	31,914
Balance at 30 June		**74,897**	**64,556**

Notes to the financial statements for the year ended 30 June 2026

Unearned revenue and income

Unearned revenue and income represent developer contributed assets (DCAs) and new customer contributions (NCCs), application fees and lease and licence income where performance obligations associated with the payment are outstanding.

Customers paid in advance

Customers paid in advance represents payments received from customers in advance of the provision of goods or services or any legal or constructive obligation required by us to settle the terms of receipt of income. They mainly relate to water and sewerage services. We will recognise these advance payments once we have performed the performance obligations associated with the payments.

Developer contributions

Unearned developer contributions represent amounts received from developers for the reimbursement of costs that will be incurred by us when we construct assets to service new urban growth. These payments will be recognised as revenue at the point in time that we've completed the performance obligations agreed with the developer.

Other

Other represents our obligation to Wannon Water to provide ACCUs to them on or before 30 June 2029, refer note 4.3.

5.4 Other provisions

Provisions are recognised when we have a present legal or constructive obligation because of past events, for which it's probable that an outflow of economic benefits will result, and that outflow can be reliably measured.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. The recognition of provisions requires significant estimates and assumptions such as requirements of the relevant legal and regulatory frameworks, timing, cost estimation, legal disputes and climate related risks. These uncertainties may result in future actual expenditure differing from the amounts currently provided. Provisions are periodically reviewed and updated based on the facts and circumstances available at the time. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using a discount rate that reflects the time, value of money and the risks specific to the provision.

When some or all of the economic benefits required to settle a provision are expected to be received from a third party, the receivable is recognised if it's virtually certain that economic benefits will be received, and their amount can be reliably measured.

Our provisions are related to compulsory land and easement purchases, environmental remediation obligations and potential insurance and contract claims. There are risks around these provisions which could have an impact on the expenditure required to meet these obligations.

6 | Financing our operations

Introduction

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

This section includes disclosures of balances that are financial instruments (such as borrowings, lease liabilities and cash balances).

Financing arrangements are impacted by market activities, with impacts our cost of debt and the level of borrowings we need, refer note 7.2.

Structure

6.1 Interest bearing liabilities
6.1.1 Maturities of financial liabilities
6.1.2 Finance costs
6.2 Cash flow information and balances
6.2.1 Reconciliation of net result for the period to cash flow from operating activities

6.1 Interest bearing liabilities

	Carrying amount		Net fair value	
	2026 $'000	2025 $'000	2026 $'000	2025 $'000
Current				
Borrowings	130,100	123,300	130,100	123,300
Lease liabilities	1	19	1	19
Total current	**130,101**	**123,319**	**130,101**	**123,319**
Non-current				
Borrowings	4,430,000	4,070,000	4,290,157	3,997,930
Lease liabilities	4	5	4	5
Total non-current	**4,430,004**	**4,070,005**	**4,290,161**	**3,997,935**
Total	**4,560,105**	**4,193,324**	**4,420,262**	**4,121,254**

Loans are sourced from the Treasury Corporation of Victoria (TCV) under the provision of a guarantee to borrow up to the limits approved by the Treasurer. They are classified as financial instruments.

All interest-bearing borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. Interest-bearing liabilities are subsequently measured at 'amortised cost.' Amortised cost is measured using the effective interest rate method. This classification is determined at initial recognition.

Interest on borrowings is payable semi-annually and is accrued over the period it becomes due. Accrued interest is recorded as part of accruals.

The fair value of interest-bearing financial liabilities is determined by discounting future cash flows at prevailing market interest rates to retire the liability at the measurement date. This fair value is confirmed by TCV as market value of the portfolio at 30 June.

Borrowings which mature within 12 months are classified as non-current liabilities on the basis that we have the right to defer settlement for at least 12 months after 30 June by refinancing or rolling over these loans with TCV, pursuant to section 8 of the *Borrowing and Investment Powers Act 1987*. Borrowings known as 11am debt are classified as current borrowings.

Notes to the financial statements for the year ended 30 June 2026

6.1.1 Maturities of financial liabilities

The following table allocates financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

2026 Borrowings	Weighted average effective interest rate %	Less than 12 months $'000	1 to 3 years $'000	3 to 5 years $'000	Over 5 years $'000	Total $'000
Fixed interest rate	3.90	450,000	980,000	980,000	2,020,000	4,430,000
Floating interest rate	4.52	130,100	-	-	-	130,100
Leases		1	4	-	-	5
Total		**580,101**	**980,004**	**980,000**	**2,020,000**	**4,560,105**
2025 Borrowings						
Fixed interest rate	3.63	410,000	860,000	860,000	1,940,000	4,070,000
Floating interest rate	4.02	123,300	-	-	-	123,300
Leases		19	3	2	-	24
Total		**533,319**	**860,003**	**860,002**	**1,940,000**	**4,193,324**

6.1.2 Finance costs

	2026 $'000	2025 $'000
Interest on borrowings	162,387	142,093
Financial accommodation levy	54,355	51,690
Interest on leases	4	4
Other	10	-
Total	**216,756**	**193,787**

Finance costs are recognised as expenses in the period in which they are incurred. All qualifying assets (being assets that necessarily take a substantial period of time to get ready for their intended use or sale) are measured at fair value. Therefore, any finance costs directly attributable to the acquisition, construction or production of these qualifying assets are not required to be capitalised and will continue to be expensed in the period in which they are incurred.

The financial accommodation levy is applied to remove the competitive advantage that government entities may experience in borrowings and is consistent with the competitive neutrality principles as prescribed by the National Competition Policy Framework. The financial accommodation levy is charged for new borrowings based on our underlying credit rating and is paid into the State's Consolidated Fund in accordance with section 40N of the *Financial Management Act 1994*.

6.2 Cash flow information and balances

Cash and cash equivalents include cash at bank and cash on hand with original maturities of 3 months or less, and bank overdrafts.

	2026 $'000	2025 $'000
Cash at bank	2,362	2,926
Cash on hand	1	1
Total	**2,363**	**2,927**

6.2.1 Reconciliation of net result for the period to cash flow from operating activities

	Note	2026 $'000	2025 $'000
Net profit after tax		20,604	100,471
Adjustments for non-cash items			
Depreciation / amortisation	4.2 & 4.3	149,741	133,390
Bad debts and expected credit allowance	3.1	4,755	6,461
Defined benefit superannuation plan benefit	3.2.3.2	(399)	(295)
Net loss/(gain) on disposal of non-current physical assets		419	(113)
Write-off or surrender of assets	3.1	65	90
Impairment write-back and asset revaluation increment		(2,108)	-
Impairment write-down	3.1	6,159	2,546
Developer contributed assets and other authority works	2.1	(66,282)	(103,896)
Initial recognition of lease liability		5	19
Changes in operating assets and liabilities			
Increase in other current assets		(2,292)	(3,149)
Increase in GST receivables		(375)	(427)
Increase in trade receivables		(35,487)	(32,164)
Increase in accrued interest		1,533	3,693
Increase / (decrease) in provisions		(2,220)	2,437
Increase / (decrease) in contract liabilities		10,341	(4,237)
Increase / (decrease) in derivative financial instruments		(95)	(31)
Increase / (decrease) in net deferred tax liabilities		(4,070)	(1,234)
Increase / (decrease) in payables		(6,885)	(1,451)
Net cash inflow from operating activities		**73,409**	**102,110**

Notes to the financial statements for the year ended 30 June 2026

7 | Risks, contingencies and valuation judgement

Introduction

We are exposed to risk from our activities and outside factors. It's also often necessary to make judgements and estimates associated with recognising and measuring items in the financial statements. This section provides financial instrument specific information (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, primarily related to fair value determination.

Structure

7.1 Financial instrument specific disclosures
7.2 Financial risk management objectives and policies
7.2.1 Capital risk management
7.2.2 Climate related risk
7.2.3 Financial risks
7.3 Contingent assets and liabilities
7.4 Fair value
7.4.1 Fair value – non-financial physical assets

7.1 Financial instrument specific disclosures

Introduction

Financial instruments are contractual agreements that create a financial asset for one entity and a financial liability or equity instrument for another, as defined under *AASB 9 Financial Instruments*. Due to the nature of our activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example taxes, fines and penalties). Statutory assets and liabilities do not meet the definition of financial instruments in *AASB 9*.

Our financial instruments include:

Financial assets	Financial liabilities
• Cash and deposits – refer note 6.2 • Receivables (excluding statutory receivables) – refer note 5.1 • Investment in Zero Emissions Water Limited (ZEW)	• Payables (excluding statutory payables) – refer note 5.2 • Borrowings – refer note 6.1 • Derivatives

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

Categories of financial instruments

Type	Financial instrument	Initial measurement	Subsequent measurement
Financial assets at amortised cost	• Cash and deposits • Receivables (excluding statutory receivables) • Investment in Zero Emissions Water (ZEW)	Fair value plus any directly attributable transaction costs	Measured at amortised cost using the effective interest method less any impairment
Financial liabilities at amortised cost	• Payables (excluding statutory payables) • Borrowings	Fair value plus any directly attributable transaction costs	Measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the comprehensive income statement over the period of the interest-bearing liability, using the effective interest rate method
Derivative financial instruments	Derivative asset	Fair value on the date when all contractual obligations under the Conditions Precedent are met	Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from changes in fair value of derivatives after initial recognition are recognised in the comprehensive income statement

Offsetting financial instruments

Financial instrument assets and liabilities are offset, and the net amount presented on the balance sheet only when there is a legal right to offset the amounts and intention to either settle them on a net basis or simultaneously realise the asset and settle the liability.

Derecognition of financial assets and liabilities

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

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

When we have neither transferred nor retained substantially all the risks and rewards, nor transferred control, the asset is recognised to the extent of our continuing involvement.

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

Impairment of financial assets

At the end of each reporting period, we assess whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

We record the allowance for expected credit loss for the relevant financial instruments applying *AASB 9's* expected credit loss approach. This impairment assessment includes our receivables, statutory receivables and investments in debt instruments.

Notes to the financial statements for the year ended 30 June 2026

Although not a financial asset, contract assets recognised applying *AASB 15 Revenue from contracts* with customers are also subject to impairment. Equity instruments are not subject to impairment under *AASB 9*. While cash and cash equivalents are also subject to the impairment requirements of *AASB 9*, the impairment loss would be immaterial.

In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with *AASB 136 Impairment of Assets*. Impairment losses are recognised in the comprehensive operating statement.

7.2 Financial risk management objectives and policies

7.2.1 Capital risk management

We control our capital structure in order to meet shareholder requirements and to ensure operations can be funded as a going concern.

Our capital structure consists of net debt (borrowings as detailed in the table below and offset by cash and bank balances - refer note 6.2) and equity (comprising contributed equity, asset revaluation surplus and retained earnings detailed in notes 9.1 to 9.3).

The only externally imposed capital requirements are that:

- Financial accommodation does not exceed the approval limits set by the Treasurer of Victoria pursuant to the *Borrowing and Investment Powers Act 1987*.
- We are required to borrow exclusively from the Treasury Corporation of Victoria (TCV).

These external capital requirements are incorporated into the management of capital through the Board approved Corporate Plan.

We effectively manage our capital by assessing financial risks and adjusting capital structure in response to changes in these risks and the market. These responses include the management of debt levels in line with annual Treasury benchmarks approved by Board. There have been no changes to the strategy adopted to control capital during the year. The gearing ratios for the years ended 30 June 2026 and 30 June 2025 were as follows:

	2026 $'000	2025 $'000
Borrowings - current	130,100	123,300
Borrowings - non-current	4,430,000	4,070,000
Total borrowings	**4,560,100**	**4,193,300**
Leases - current	1	19
Leases - non-current	4	5
Total leases	**5**	**24**
Total borrowings and leases	**4,560,105**	**4,193,324**
Total assets	**7,817,174**	**7,051,796**
Gearing ratio	**58%**	**59%**

7.2.2 Climate related risk

Climate change is a financial risk to Yarra Valley Water and includes physical and transition risks. Identified climate change risks to our organisation and our asset base are managed and monitored via our risk management framework, our asset management framework, and our Climate Resilience Plan, which is available on our website.

Physical risks can cause direct damage to our assets, property, supply chains and operations, and impact our ability to deliver services to our customers. They can also impact our staff and the communities they live in. Risks include severe and increasingly frequent storms, floods, extreme heat and drought, bushfire or grassfire, reduced rainfall and increasing average temperatures. Previous experience has shown that extreme weather events can increase our operating costs, however acute physical risks arising from fires and floods are (to some extent) subject to financial risk transfer through insurance programs. If the frequency and severity of these events increase, insurance coverage may reduce, be more costly or be more challenging to procure. We have assessed the resilience of all our key infrastructure in flood and fire zones and found no immediate extreme risks.

Transition risks are the potential negative impacts on an organisation that occur during the shift to a lower-carbon future. These risks may arise following changes in legislation, government policy, technology advances, financial market shifts and customer/community expectations. Consequences of these risks could be increased cost of operations, a lack of skilled workers, exposure to more vulnerable power supplies, loss of key suppliers and/or customers, and reputational damage if we do not transparently demonstrate our actions to support a just transition. We have completed a transition risk assessment and found no immediate risks that need to be addressed now, in part due to our decarbonisation activities. We will monitor transition risks, as the policy landscape and Australia's decarbonisation ambition changes.

As a retail water corporation, we source our drinking water from Melbourne Water, our bulk wholesale provider. This partnership is essential to ensuring ongoing water supply for our customers.

Our Climate Resilience Plan identifies key actions to address both climate change adaptation and mitigation. The plan includes commitments to support a maturation of how we identify and manage climate risk, design and operate assets, deliver reliable services, respond to incidents and emergencies and support resilient communities and the environment.

Yarra Valley Water has reduced emissions across its operations and value chain through a combination of energy efficiency improvements, operational optimisation, renewable energy and fleet electrification initiatives. From 1 July 2025, the organisation has used 100 per cent renewable electricity across its operations and is reporting net zero operational emissions (Scopes 1 and 2) for the 2025-26 financial year. This milestone, achieved ahead of regulatory obligations, demonstrates our commitment to practical action that reduces emissions while supporting the transition to a resilient, low-carbon future. We will continue to work with suppliers, partners and stakeholders to reduce emissions across our broader Scope 3 value chain and support economy-wide decarbonisation.

We meet our current reporting obligations and have assessed what it would take to be ready for reporting against the Australian Sustainability Reporting Standard *AASB S2* climate-related disclosures, should these standards apply to the Victorian Water Sector in the future.

We've considered climate-related risks in the valuation of our infrastructure assets.

7.2.3 Financial risks

Our activities expose us to a variety of financial risks: interest rate risk, liquidity risk, credit risk and price risk. Our financial risk management program seeks to manage these risks and the associated volatility of our financial performance and ensure we manage our risks within government policy parameters. The Board regularly considers and reviews the management of these risks.

7.2.3.1 Interest rate risk

Interest rate risk is the risk to earnings or capital from movements in interest rates. We're exposed to interest rate risk through borrowing activities and market fluctuations compared with the assumptions used in the Essential Services Commission's pricing determination in relation to the underlying cost of debt.

Interest rate exposures are also recognised in terms of the change in the market value of the debt portfolio.

We effectively manage interest rate risk by maintaining the debt portfolio within the strategic targets and policy bands approved by the Board. Strategic and tactical debt portfolio options are assessed in consultation with TCV, with borrowing decisions based on future borrowing requirements, treasury management policy compliance and TCV's market interest rate outlook.

Refer section 6.1.1 for maturity analysis of contractual financial liabilities.

Interest rate risk exposures are actively managed by re-balancing our portfolio between short and long-term loans and leveraging low-cost short-term loans where appropriate, in consultation with TCV. The table below outlines the impact of a 100 basis point increase or decrease in variable interest rates on our portfolio.

Notes to the financial statements for the year ended 30 June 2026

Interest rate sensitivity analysis	2026 $'000	2025 $'000
+ 100 basis points	(1,147)	(888)
- 100 basis points	1,147	888

7.2.3.2 Liquidity risk

Liquidity risk is the risk of not being able to meet the specific financial commitments including short-term working capital needs and financing new and maturing loans as they arise.

We manage liquidity risk by actively maintaining efficient banking practices, regularly monitoring forecast and actual cash flows and ensuring adequate borrowing facilities are maintained.

Financing arrangements

Annual approval is received from the Treasurer of Victoria for new borrowings, borrowings to refinance maturing and non-maturing loans and temporary purpose borrowing facilities. The new approved borrowing accommodation limit was $453.7 million for the period ending 30 June 2026.

We had access to a total of $86.9 million (2025: $126.7 million) of unused borrowings approved by the Treasurer at 30 June 2026.

7.2.3.3 Credit risk

Credit risk is the risk that a counterparty or customer will fail to meet contractual obligations. For us credit risk arises mainly from outstanding customer receivables as we're legally obliged to service all customers in our district without regard to their credit quality, refer note 5.1.2. While we have in place extensive debt collection strategies to minimise customer credit risk and recover outstanding receivables, we have taken into account the need for a compassionate approach due to the impact of cost of living pressures on our customers. This increases our level of credit risk.

The credit risk attributable to our deposits with TCV and other financial institutions is considered to be very low due to the minor amounts involved and the contractual arrangements in place for counterparties.

Our other credit risk arises from in-the-money receipts due from the Contract for Difference derivative under the Zero Emissions Water Power Purchasing Agreement (PPA).

At the reporting date, our maximum credit risk is the amount recorded in the balance sheet. For receivables, it's the total amount owed before expected losses are deducted. For the derivative financial instrument, it's the total forecasted cash we expect to receive when the floating price from the proponent is higher than the fixed price payable by us over the remaining term of the PPA.

7.2.3.4 Price risk

We use the Contract for Difference derivative financial instrument to manage energy related commodities purchased in the normal course of business, and therefore entered into the PPA to minimise a portion of our price risk.

We are also exposed to market risks that impact the prices we pay. Macroeconomic factors have led to increased prices due to labour shortages, supply chain delays, increased interest rates and inflationary pressures. We manage this risk where possible in contract negotiations.

7.3 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value.

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within our control.

Contingent liabilities are:

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

Contingent assets and contingent liabilities are presented inclusive of GST receivable or payable, respectively.

Contingent assets

We have previously disclosed contractual arrangements in future periods to construct assets with developers, including instances where developers have submitted designs for the construction in future reporting periods, as contingent assets. A reassessment concluded that these arrangements are executory in nature and doesn't constitute contingent assets as per AASB 137 Provisions, Contingent Liabilities and Contingent Assets. Accordingly, no contingent asset exists at 30 June 2026.

We're unaware of any other material contingent assets.

Contingent liabilities

We have previously disclosed arrangements under which it may be required to reimburse developers for additional works expected to be constructed in future periods as contingent liabilities. A reassessment concluded that these arrangements are executory in nature and doesn't constitute contingent liabilities as per AASB 137 Provisions, Contingent Liabilities and Contingent Assets. Accordingly, no contingent liability exists at 30 June 2026.

We recognise provisions for future settlement payments in relation to compulsorily acquired assets where negotiations are ongoing and the expected payment can be reliably estimated. In some instances, a contingent liability may exist, but we are unable to reasonably determine the likely payment required to settle an acquisition. We are not aware of, and are unable to reasonably quantify, any contractual or legal disputes arising from uncertain future events.

We're unaware of any other material contingent liabilities.

7.4 Fair value

Fair value determination requires judgement and the use of assumptions. This section discloses the most significant assumptions used in determining fair values. Changes to assumptions could have a material impact on our results and financial position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy. These are described as follows, and based on the lowest level inputs that are significant to the fair value measurement as a whole:

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

7.4.1 Fair value – Non-financial physical assets

Our land, buildings, plant and equipment and infrastructure are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and impairment losses. This note explains the judgements and estimates made in determining the fair values of non-financial assets. In accordance with *AASB 13 Fair Value Measurement*, our non-financial assets have been categorised into the 3 levels of the fair value hierarchy depending on the degree to which inputs into the fair value measurements are observable, and the significance of the inputs to the fair value measurement.

Notes to the financial statements for the year ended 30 June 2026

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Fair value $'000
Infrastructure	-	-	5,599,099	5,599,099
Land (specialised)	-	-	282,125	282,125
Land (non-specialised)	-	377,659	-	377,659
Buildings (market approach)	-	2,070	-	2,070
Buildings (depreciated replacement cost)	-	-	32,538	32,538
Plant and equipment	-	-	25,626	25,626
Right of use assets (market)	-	19	-	19
Right of use assets (concession)	-	-	7	7
Leasehold improvements	-	-	48	48
Balance at 30 June 2025	**-**	**379,748**	**5,939,443**	**6,319,191**
Infrastructure	-	-	5,808,696	5,808,696
Land (specialised)	-	-	261,280	261,280
Land (non-specialised)	-	921,598	-	921,598
Buildings (market approach)	-	2,086	-	2,086
Buildings (depreciated replacement cost)	-	-	32,105	32,105
Plant and equipment	-	-	25,554	25,554
Leasehold improvements	-	-	36	36
Balance at 30 June 2026	**-**	**923,684**	**6,127,671**	**7,051,355**

Infrastructure

KPMG has provided an independent valuation of infrastructure assets at 30 June 2026, using a discounted cash flow methodology to determine the fair value of infrastructure. This involved discounting the forecast stream of cash flows of the entire business to both debt and equity investors at a weighted average cost of capital (WACC), which represents an estimate of a hypothetical market participant's discount rate.

The valuation model:

- Calculates forecast cash flows to debt and equity over a 10-year forecast period. Cash flows to debt and equity are those cash flows available after all operating expenses (including taxes) have been paid and necessary investments in working and fixed capital have been made. Free Cash Flows to the Firm (FCFF) have been calculated using management's forecast cash flow statements. Cash Flows from Operations (CFO) have been used, with interest payments added back, less the tax shield on those interest payments to arrive at an adjusted unlevered CFO. Cash Flows from Investing (CFI) have been used as they incorporate capital expenditure. The adjusted CFO less the CFI represents the forecast yearly FCFF.
- Calculates a terminal value at the end of the forecast period based on the forecast Regulatory Asset Base (RAB) in the termination year and an exit RAB multiple. This includes the Taxation Amortisation Benefit (TAB) having regard to the level of cash flows and profitability derived at the end of the forecast period, the business' role in the water supply chain and complexity of operations, typical market participant assumptions for opportunities to outperform regulatory benchmarks, and comparable company and transaction multiples over time. Any TAB (applicable to any step-up in tax cost base) available to subsequent market participants has been implicitly included through the selection of the terminal value exit multiple.
- Arrives at an enterprise valuation by discounting the cash flows to the valuation date using the selected high ($7.39 billion) and low ($6.34 billion) WACC estimates and adopts a mid-point ($6.86 billion).
- Deducts non-infrastructure related assets and liabilities to derive the implied water infrastructure asset valuation.

The valuation is based on prevailing market, economic and other conditions at the date of the valuation and corresponds with a period of increased macroeconomic uncertainty. Where possible these conditions have been reflected in the valuation. Changes in these conditions could impact future value positively or negatively. Climate change is considered in our Corporate Plan forecasts which KPMG has incorporated in their calculation.

Infrastructure assets are classified as level 3. There is no active market which has a significant impact on the fair value.

Land and Building – specialised / non-specialised

The Victorian Valuer-General's (VGV) Office independently determined the fair value of our land and buildings at 30 June 2026. In undertaking the valuation of land, VGV's appointed valuer has adopted the market based direct comparison approach, where the properties were valued by analysing land sales in comparable proximity to our sites while allowing for shape, size, topography, location and other relevant factors specific to the land being valued.

Where applicable, specialised land is adjusted for the community service obligation (CSO) to reflect the specialised nature of the land being valued. As adjustments to CSO are considered as significant unobservable inputs, specialised land would be classified as level 3 assets. To the extent that non-specialised land does not contain significant, unobservable adjustments, the assets are classified as level 2 under the market approach.

In valuing buildings, the depreciated replacement cost method is based on the replacement of buildings to a 'modern equivalent' standard after applying an appropriate depreciation rate, useful life and adjusting for condition. As depreciation adjustments are considered as significant, unobservable inputs in nature, buildings are classified as level 3 fair value. To the extent that non-specialised buildings do not contain significant, unobservable adjustments, these assets are classified as level 2 under the market approach.

The fair value of land and buildings is confirmed by the Victorian Valuer-General's Office determining material or exceptionally material movements, in accordance with FRD 103 Non-financial physical assets.

If land was measured at historical cost, the carrying amount would be $109 million (2025: $107 million). If buildings were measured at historical cost, the carrying amount would be $45.7million (2025: $45 million).

Plant and equipment

Plant and equipment are held at carrying value (depreciated cost) which approximates fair value. Unless there is market evidence that current replacement costs differ significantly from the original purchase cost, the depreciated cost is unlikely to differ materially from the current carrying value. At 30 June 2026 no material movements have occurred other than as disclosed in note 4.2.

Notes to the financial statements for the year ended 30 June 2026

Reconciliation of level 3 fair value movements

	Infrastructure $'000	Land $'000	Buildings $'000	Plant and equipment $'000	Leasehold improvements $'000	Right of Use Assets[1] $'000	Total $'000
Balance at 1 July 2024	5,074,136	282,125	33,338	28,430	50	8	5,418,087
Acquisitions / transfers	417,747	-	1,460	4,875	-	-	424,082
Write-off / disposal of assets	(23)	-	-	(1,134)	-	-	(1,157)
Depreciation	(108,997)	-	(2,260)	(6,545)	(2)	(1)	(117,805)
Revaluation gain recognised in equity	216,236	-	-	-	-	-	216,236
Balance at 30 June 2025	**5,599,099**	**282,125**	**32,538**	**25,626**	**48**	**7**	**5,939,443**
Acquisitions / transfers	462,197	(11,228)	3,572	6,881	-		461,422
Write-off / disposal of assets	(503)	-	-	(707)	-		(1,210)
Depreciation	(125,769)	-	(1,670)	(6,246)	(12)		(133,697)
Impairment write-back of assets to recoverable amount	-	687	(1,511)	-	-		(824)
Revaluation gain/ (loss) recognised in equity	(126,328)	(10,304)	(824)	-	-		(137,456)
Balance at 30 June 2026	**5,808,696**	**261,280**	**32,105**	**25,554**	**36**		**6,127,671**

1. Right-of-use assets is measured at cost basis effective 30 June 2026 as per FRD 104 Leases

Valuation techniques and significant unobservable inputs in level 3 items

	Valuation technique	Significant unobservable inputs	Range (average)	Sensitivity of the input to fair value
Land (specialised)	Market approach	Community service obligation (CSO) adjustment to reflect the specialised nature of the land being valued	20% to 60% (22%)	A significant increase or decrease in the community service obligation adjustment would result in a lower or higher land valuation
			$1,000 to $17 million ($0.7 million)	
Infrastructure	Income approach using a discounted cash flow model	Weighted average cost of capital (WACC)	5.1% to 5.5% (5.3%)	An increase or decrease in the WACC by +/- 0.25% from the year end valuation, would decrease the valuation by $148.0 million (increased WACC) or increase it by $227.9 million (decreased WACC)
		Terminal value exit RAB multiple (inclusive of inflation)	1.15x to 1.25x (1.20x)	An increase or decrease in the terminal value exit rate RAB by +/- 0.05x from the year end valuation, would increase / (decrease) the valuation by $569.4 million
		Original useful life	1 to 100 years (57 years)	An increase or decrease in the estimated useful life of infrastructure would result in a higher or lower fair value
Plant and equipment	Depreciated cost (deemed fair value)	Original useful life	2 to 25 years (5 years)	A significant increase or decrease in the useful life impacts the fair value of plant and equipment
		Cost per unit	$100 to $2.1 million ($15,929)	A significant increase or decrease in cost per unit impacts the fair value of plant and equipment
Buildings	Depreciated replacement cost approach	Cost per square metre	$230 to $4,715 ($1,735)	A significant increase or decrease in cost per square metre impacts the fair value of buildings
		Useful life (remaining)	3 to 44 years (24 years)	A significant increase or decrease in useful life impacts the fair value of buildings

Notes to the financial statements for the year ended 30 June 2026

8 | Statutory Obligations

Introduction

This section includes disclosures in relation to our statutory obligations.

Structure

8.1 Income tax
8.2 Environmental contributions
8.3 Goods and services tax (GST)

8.1 Income tax

We're subject to the National Tax Equivalent Regime (NTER), which is administered by the Australian Taxation Office (ATO). The income tax expense for the period is the expected tax payable on the current period's taxable income. This is based on the national corporate income tax rate of 30%, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

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

Income tax	**2026 $'000**	**2025 $'000**
Statement of comprehensive income		
Current income tax expense payable	12,796	44,520
Adjustments for income tax of previous years	(200)	(22)
Deferred income tax expense		
Temporary differences	(4,190)	(1,323)
Income tax expense reported in the statement of comprehensive income	**8,406**	**43,175**
Statement of changes in equity		
Income tax reported in equity	**(133,350)**	**(64,985)**
Tax reconciliation		
Net result before income tax expense	29,010	144,319
Tax at the Australian tax rate of 30%	8,703	43,296
Adjustments for income tax of previous years	(200)	(22)
Deductible expenses	63	(45)
Non-deductible depreciation	6	6
Assessable income / (deduction)	(166)	(60)
Income tax on profit	**8,406**	**43,175**
Current tax payable / (receivable)	**(29,833)**	**(4,714)**

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantially enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction that at the time did not affect either accounting profit or taxable profit or loss. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets	2026 $'000	2025 $'000
Amounts recognised in the statement of comprehensive income		
Provisions	15,338	15,509
Buildings future deductible amounts	1,581	842
Contract liability	-	-
Total	**16,919**	**16,351**
Movements		
Balance at 1 July	16,351	14,411
Credited to comprehensive income	568	1,940
Balance at 30 June	**16,919**	**16,351**
Deferred tax liabilities		
Amounts recognised in the statement of comprehensive income		
Property, plant and equipment	(354,723)	(358,345)
Defined benefit superannuation asset	112	233
Amounts recognised directly in equity		
Revaluation of infrastructure to fair value	(149,863)	(187,762)
Revaluation of land to fair value	(255,858)	(93,206)
Revaluation of buildings to fair value	(677)	(925)
Defined benefit superannuation asset	(5,173)	(4,768)
Total	**(766,182)**	**(644,773)**
Movements		
Balance at 1 July	(644,773)	(579,082)
Recognised in comprehensive income	3,502	(706)
Recognised in other comprehensive income	(124,911)	(64,985)
Balance at 30 June	**(766,182)**	**(644,773)**
Net deferred tax liabilities	**(749,263)**	**(628,422)**

Notes to the financial statements for the year ended 30 June 2026

8.2 Environmental contributions

A 2004 amendment to the *Water Industry Act 1994* (the Act) provided for environmental contributions to be paid by Victoria's water supply authorities to government for the purposes of funding initiatives that promote the sustainable management of water or address adverse water-related environmental impacts. The responsible Minister may make an Order for up to 4 years that specifies the details relating to the obligation to pay environmental contributions.

The sixth tranche of the environmental contribution imposed a statutory obligation to pay an environmental contribution to the Department of Energy, Environment and Climate Action (DEECA) of $47.5 million each year for the period 1 July 2024 to 30 June 2028. These contributions are recognised as an expense during the reporting period in which they are incurred.

Environmental contribution commitments at balance date not provided for in the financial statements are as follows:

	2026 $'000	2025 $'000
Payable		
Not later than one year	47,458	47,458
Later than one year but not later than 5 years	47,458	94,916
Total	**94,916**	**142,374**

8.3 Goods and services tax (GST)

Revenues, expenses and assets are recognised net of GST, except where the amount of GST incurred is not recoverable from the ATO. In these circumstances, GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST. The net amount of GST receivable from or payable to the ATO is included in the balance sheet as part of receivables or payables, refer notes 5.1 and 5.2.

Cash flows are presented on a gross basis except for the GST on investing and financing activities which are disclosed within operating cash flows.

9 | Other disclosures

Introduction

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

Structure

9.1 Contributed equity
9.2 Retained earnings
9.3 Asset revaluation surplus
9.4 Responsible persons
9.4.1 Remuneration of responsible persons
9.5 Remuneration of executive officers
9.6 Related party
9.6.1 Transactions with government-related entities
9.6.2 Transactions with key management personnel and other related parties
9.6.3 Key management personnel
9.7 Ex-gratia expenditure
9.8 Economic dependency
9.9 Events subsequent to balance sheet date
9.10 Australian accounting standards issued that are not yet effective

9.1 Contributed equity

Additions to net assets which have been designated as contributions by owners are recognised as contributed equity. Other transfers that are in the nature of contributions or distributions (capital repatriation) have been recognised in contributed equity.

	2026 $'000	2025 $'000
Balance at 1 July	341,732	341,732
Balance at 30 June	**341,732**	**341,732**

9.2 Retained earnings

	2026 $'000	2025 $'000
Balance at 1 July	744,651	692,977
Net profit after tax	20,604	101,144
Defined benefit superannuation plan actuarial gain [1]	1,355	379
Net deferred tax assets recognised through retained earnings [1]	(407)	(114)
Dividends incurred	(33,480)	(49,735)
Balance at 30 June	**732,723**	**744,651**

1. Defined benefit superannuation plan actuarial gain net of tax effect $948,000 (2025: $265,000), refer note 3.2.3.2.

Dividend

An obligation to pay a final dividend only arises after a formal determination is made by the Treasurer following consultation with the Board and the Minister for Water.

9.3 Asset revaluation surplus

The asset revaluation surplus is used to record changes in the carrying amount of fixed assets arising on revaluation. Any revaluation increment is credited to the asset revaluation surplus unless it's reversing a previous decrement that was recognised in the comprehensive operating statement. In this case the increase reverses the previous decrement up to the full amount of the decrement and then any additional increment is recognised in the reserve. A decrement would be debited to the asset revaluation surplus to the extent of the balance of prior increments recognised in the reserve. Any further decrements would be taken to the comprehensive operating statement.

	Note	Infrastructure $'000	Land $'000	Buildings $'000	Total $'000
Balance at 1 July 2024		286,748	460,585	2,157	749,490
Revaluation, net of tax effect	4.2	151,365	-	-	151,365
Balance at 30 June 2025		**438,113**	**460,585**	**2,157**	**900,855**
Revaluation, net of tax effect	4.2	(88,430)	360,493	(577)	271,486
Balance at 30 June 2026		**349,683**	**821,078**	**1,580**	**1,172,341**

Notes to the financial statements for the year ended 30 June 2026

9.4 Responsible persons

The relevant Minister and Yarra Valley Water Directors are deemed to be responsible persons by Ministerial Direction pursuant to the provisions of the *Financial Management Act 1994*.

The responsible persons of Yarra Valley Water at any time during the financial year ended 30 June 2026 were:

Hon Harriet Shing MP (appointed 15 April 2026)	Minister for Water
Hon Gayle Tierney MP (end date 14 April 2026)	Minister for Water
Gabrielle Bell	Chair of the Board
Victoria Fay Marles	Deputy Chair of the Board
Natalie Foeng	Managing Director
Mary Kanavoutos	Director
Robyn Leigh McLeod	Director
Ari Daniel Suss	Director
Catherine (Kate) Deborah Vinot	Director
Domenic Isola (appointed 1 October 2025)	Director
Marcus Stewart (appointed 1 October 2025)	Director
Jyoti Wardhen (appointed 1 October 2025)	Director
Robert Clive Skinner (end date 30 September 2025)	Deputy Chair of the Board
Karen Milward (end date 30 September 2025)	Director
Victor John Perton (end date 30 September 2025)	Director

9.4.1 Remuneration of responsible persons

The Minister's remuneration and allowance are set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported within the state's Annual Financial Report. Other relevant interests are declared in the Register of Members' Interest which each member of Parliament completes.

The number of responsible persons from Yarra Valley Water whose remuneration was within the specified bands were as follows:

	2026 No.	2025 No.
$10,000 to $19,999	3	-
$40,000 to $49,999	3	-
$50,000 to $59,999	2	8
$60,000 to $69,999	3	-
$110,000 to $119,999	1	1
$490,000 to $499,999	1	-
$550,000 to $559,999	-	1
Total number	**13**	**10**
Total amount ($'000)	**1,095**	**1,152**

9.5 Remuneration of executive officers

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

Remuneration comprises employee entitlements in all forms of consideration paid, payable or provided by us, or on behalf of us in exchange for services rendered, and is disclosed in the following categories:

- **Short-term employee entitlements** include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as allowances.
- **Post-employment entitlements** include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.
- **Other long-term entitlements** include long service leave, other long service benefit or deferred compensation.
- **Termination entitlements** include termination of employment payments, such as severance packages.

	2026 $'000	2025 $'000
Short-term employee entitlements	2,091	1,873
Post-employment entitlements	202	166
Other long-term employment entitlements	56	54
Total amount ($'000)	**2,349**	**2,093**
Total number	**7**	**6**
Total annualised employee equivalent (AEE) [1&2]	**6**	**5**

1. AEE is based on the time fraction worked over the reporting period.
2. Includes Executive Officers, Acting Executive Officers (if on an executive contract) and those who ceased employment during the year.

9.6 Related party

Related parties include:

- All key management personnel and their close family members, and personal business interests (controlled entities, joint ventures and entities they have significant influence over).
- All cabinet ministers and their close family members.
- All department and public-sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

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

Notes to the financial statements for the year ended 30 June 2026

9.6.1 Transactions with government-related entities

9.6.1.1 Significant transactions with government-related entities

During the year, we had the following significant government-related entity transactions. The activities are further described in the second table.

	Transactions	2026 $'000	2025 $'000
Department of Energy, Environment and Climate Action (DEECA)			
Revenue recognised	Administration fees	3,433	3,270
	Grant funding	1,229	762
Expenses recognised	Environmental contributions	47,458	47,458
Cash collections paid during the year	Parks Victoria levy	84,392	70,584
Receivables at 30 June	Administration fees	392	604
Payables at 30 June	Parks Victoria levy	9,227	9,815
Melbourne Water (MW)			
Revenue recognised	Administration fees	6,728	6,850
	Grant funding	152	36
Expenses recognised	Bulk water and sewerage wholesaler charges	583,701	557,520
Cash collections paid during the year	Drainage levy	116,984	109,706
Receivables at 30 June	Administration fees	1,337	3,078
Payables at 30 June	Drainage levy	13,786	14,609
	Information statements	589	534
	Bulk water and sewerage wholesaler charges	4,127	3,518
Treasury Corporation Victoria (TCV)			
Expenses recognised	Interest on borrowings	162,387	142,093
Payables at 30 June	Aggregate borrowings	4,560,100	4,193,300
	Interest on borrowings	29,133	28,073

	Transactions	2026 $'000	2025 $'000
Department of Treasury and Finance (DTF)			
Expenses recognised	Financial accommodation levy	54,355	51,690
	Income tax equivalent	8,406	42,886
Cash amounts paid during the year	Dividends	33,480	49,735
Receivables at 30 June	Income tax equivalent	29,833	5,002
Payables at 30 June	Financial accommodation levy	13,784	13,311
Department of Families, Fairness and Housing (DFFH)			
Concessions applied to customer invoices	Concessions	56,496	54,513
	Utility Relief Grants	6,202	5,048
	Water concession for life support haemodialysis machines	9	13
Receivables at 30 June	Concessions and utility relief	4,626	4,280
Sustainability Victoria (SV)			
Revenue recognised	Grant funding	100	340

Notes to the financial statements for the year ended 30 June 2026

Transactions	Note	Brief description
Administration fees	2.1	We charge DEECA and Melbourne Water for the services we provide in billing and collecting parks and drainage levies respectively on their behalf and on charge costs incurred for supplementary council valuations.
Parks Victoria levy	2.1	Under a normal commercial agency arrangement, we bill and collect charges related to Parks Victoria services on behalf of the Minister for Water. These amounts are not payable to DEECA until the customer has paid us.
Drainage levy	2.1	Under a normal commercial agency arrangement, we bill and collect drainage rates and charges on behalf of Melbourne Water. These amounts are not payable to Melbourne Water until the customer has paid us.
Grant funding		We receive funding from government bodies to support various activities.
Bulk water and sewerage wholesaler charges	3.1	We transact solely with Melbourne Water for the purchase of drinking water and disposal of sewage.
Information statements	2.1	We pay a fee to Melbourne Water for drainage information included in information statements we issue to third parties.
Interest on borrowings and financial accommodation levy (FAL)	6.1	We pay interest and FAL on our borrowings from TCV.
Income tax equivalent	8.1	Income tax equivalents are remitted to the Victorian Government, via DTF.
Environmental contributions	8.2	Environmental contribution paid to DEECA.
Concessions		Customers who hold a Pension Concession Card, a Gold Repatriation Health Care Card for All Conditions or a Health Care Card are entitled to pay a concessionary amount instead of the full balance outstanding on their accounts. When a customer pays this lesser amount, the difference is billed to and paid by DFFH.
Utility Relief Grants		The Utility Relief Grant scheme provides assistance for residential customers unable to pay their utility accounts due to a temporary financial crisis. Customers need to demonstrate that unexpected hardship has left them seriously short of money so that they cannot pay their utility account without assistance.
Water concession for life support haemodialysis machines		The Victorian Government provides a rebate for customers required to use a dialysis/life support machine at home, to compensate for water use and sewage disposal charges relating to its use. The rebate amount is determined by DFFH based on the estimated annual water use of a dialysis machine (168kL). This rebate is in addition to any other pension or concession entitlements.
Capital repatriation	9.1	Capital repatriation remitted to the Victorian Government, via DTF.
Dividends	9.2	Dividends remitted to the Victorian Government, via DTF.

9.6.1.2 Other water bodies

We regularly work on projects impacting our industry in conjunction with other metropolitan water bodies, namely South East Water, Greater Western Water and Melbourne Water. Where this occurs, it is common for one entity to manage the expenditure in respect of all parties and invoice the others for joint costs.

9.6.1.3 Development Victoria

Development Victoria is a government agency that creates places for the community to live and work across Victoria, through diverse and strategic property development and urban renewal projects.

We allow developers, including Development Victoria, to deliver water and sewer assets required to service their developments in accordance with our land development delivery processes. Developers are required to fund and deliver these water and sewer assets under a Development Deed with us. Upon completion and acceptance of works, developers contribute these assets to us to operate and maintain. Where assets delivered provide shared capacity for other developments, we may reimburse developers towards the cost of delivering these assets in line with relevant policies.

This financial year no developer contributed assets, fees, and charges or reimbursable assets were delivered by Development Victoria.

9.6.1.4 Other Victorian Government related parties

Water and sewerage services were provided to wholly owned Victorian Government entities for properties within our district under normal commercial terms and conditions.

Given the breadth and depth of our activities, we transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements. All other transactions with Victorian Government related parties were made on normal commercial terms and conditions and have not been considered material for disclosure.

9.6.2 Transactions with key management personnel and other related parties

9.6.2.1 Zero Emissions Water Limited

Zero Emissions Water (ZEW) is a related party of Yarra Valley Water. Below is a summary of the transaction and holdings with ZEW related to the Power Purchase Agreement.

	Note	2026 $'000	2025 $'000
Receipts from ZEW		26	52
Payments to ZEW		195	151
Investment in ZEW		11	11

9.6.2.2 Charity support and membership

During the year we continued to support charities and acquire memberships in entities associated with our directors.

c. WaterAid Australia Limited (WaterAid)

We support WaterAid's fundraising activities during the annual water week, due to its association with the water industry and our ongoing efforts to raise public awareness aligned to our core purpose of supplying clean water and improved hygiene outcomes through sewerage services. WaterAid is a charity that enables the world's poorest people to gain access to clean water, decent toilets and good hygiene, allowing them to unlock their potential.

d. Mullum Mullum Indigenous Gathering Place Limited

We supported Mullum Mullum Indigenous Gathering Place (MMIGP) which provides a culturally safe and inclusive space for Aboriginal and Torres Strait Islanders to come together to feel connected and empowered. Director Karen Milward retired from the Yarra Valley Water Board on 30 September 2025. She is also the Chairperson of MMIGP. We've supported MMIGP by providing them office space at our Mitcham site while they undergo a rebuild of their site in Croydon.

e. Kinaway Chamber of Commerce Victoria Limited

In 2025-26, Karen Milward retired as a Director of Yarra Valley Water effective 30 September 2025 and from Kinaway Chamber of Commerce Victoria Limited (Kinaway). Kinaway is the peak body representing certified Aboriginal and Torres Strait Islander business in Victoria. We are a platinum partner of Kinaway. During the year, we also sponsored Kinaway's Victoria Aboriginal Business Awards.

f. Victorian Water Industry Association Inc (VicWater)

Victor Perton ceased to be a Director of Yarra Valley Water effective 30 September 2025 and was a director of VicWater. Marcus Stewart was appointed as a Director of Yarra Valley Water effective 1 October 2025 and is a director of VicWater an industry association representing various Victorian water corporations and water sector organisations. VicWater's purpose is to

Notes to the financial statements for the year ended 30 June 2026

unite the water sector to deliver better outcomes for Victorian customers, community and the environment. We participate in their event and training opportunities.

9.6.2.3 Professional services

During the year we engaged the services of the following organisations, associated with our directors.

a. Jacobs Group (Australia) Pty Ltd

Our Director Mary Kanavoutos has resigned from Jacobs as their ANZ Market Director on 2 October 2025. Prior to her appointment, we entered into a non-exclusive contract with no obligation on us to engage Jacobs' services to the value of $66.2 million (excluding GST). The initial term of the contract was for 5 years from 1 January 2022 to 31 December 2026. The contract has been extended for an additional term of 3 years from 1 January 2027 to 31 December 2029 for $37.5 million. The contract includes a framework for service rates and key performance indicators. The contract is managed by our Asset Services group.

Another member has taken over her position on Jacobs executive leadership team in respect of this contract since her appointment to our Board. We also follow appropriate procedures to avoid conflict of interest where matters related to Jacobs are raised to the Board.

During 2025-26, we received invoices totalling $20.6 million (excluding GST) (2025: $13.7 million).

b. Deloitte Touché Tohmatsu

Our Chair Gabrielle Bell's spouse is a partner at Deloitte Touché Tohmatsu. Prior to Ms Bell's appointment, we had entered a number of contracts with Deloitte. We have set out below the impact of these contracts on the current financial year.

- Internal Audit - In July 2022, we engaged Deloitte Touché Tohmatsu under the State Purchasing Contract to provide internal audit services. The contract was for an initial 3 year term, expired on 30 June 2026. We have appointed Aster Advisory as the incoming internal auditors from 1 July 2026. Internal audit services are managed by our Finance and Corporate Services group and disclosed in note 3.3.
- IT Services - we had an agreement with Deloitte Risk Advisory Pty Ltd in respect of IT services related to our OT Security Operations Centre and associated licences. The contract expired on 1 April 2026, we no longer use their services.

We followed appropriate procedures to avoid conflict of interest where matters related to Deloitte were raised at the Board, During the 2025-26 financial year, we received and paid invoices totalling $0.5 million (excluding GST) (2025: $0.7 million).

c. Karen Milward Consulting

In 2025-26, Karen Milward retired as a Director of Yarra Valley Water effective 30 September 2025. During the year we engaged the services to Karen Milward Consulting to deliver Aboriginal Cultural Awareness Training Programs for our employees. Karen was remunerated for these services.

d. Melbourne Water (MW)

Jyoti Wardhen was appointed as a Director of Yarra Valley Water effective 1 October 2025 and is an independent member of the Melbourne Water's Major Capital Delivery Program Steering Committee. MW is the wholesaler from whom we purchase bulk water and sewerage services however transactions with MW during the year were undertaken on commercial terms and conditions. We followed appropriate procedures to avoid conflict of interest where matters related to MW was discussed.

9.6.2.4 Other transactions with key management personnel and other related parties

All other key management personnel and other related party transactions have been considered immaterial for disclosure. We only disclose transactions when they may have influenced our financial statements due to the involvement of related parties, including any outstanding balances or commitments.

9.6.3 Key management personnel

Key management personnel are people with authority and responsibility for planning, directing and controlling the activities of Yarra Valley Water, directly or indirectly, comprising independent directors and the Managing Director. Key management personnel (as defined in *AASB 124 Related Party Disclosures*) includes the Portfolio Minister and all directors listed under responsible persons in note 9.4 who have authority and responsibility for planning, directing and controlling our activities directly or indirectly, during the financial year. The compensation detailed below excludes the salaries and entitlements the Portfolio Minister receives. The Minister's remuneration and allowances are set by the *Parliamentary Salaries and Superannuation Act 1968* and reported within the state's Annual Financial Report.

	2026 $'000	2025 $'000
Short-term employee entitlements	989	1,030
Post-employment entitlements	93	108
Other long-term employment entitlements	12	14
Total amount ($'000)	**1,094**	**1,152**
Total number	**13**	**10**
Total annualised employee equivalent (AEE) [1]	**10**	**10**

1. AEE is based on the time fraction worked over the reporting period.

9.7 Ex-gratia expenditure

Ex-gratia expenses are voluntary payments of money or other non-monetary benefit (for example a write-off) that is not made either to acquire goods, services or other benefits for Yarra Valley Water or to meet a legal liability, or to settle or resolve a possible legal liability or claim against us. Macroeconomic conditions can impact our response to customer debt, refer note 7.2.3.3. In accordance with *FRD 11 Disclosure of Ex-gratia Expenses* we are required to make these disclosures.

	2026 $'000	2025 $'000
Write-offs for disconnected customer accounts greater than 180 days	2,958	3,476
Hardship write-offs for customers in the Arrange and Save Program	3,298	3,536
Minimum account write-offs	138	138
Family violence bill adjustment	67	57
Bankruptcies and liquidations	8	86
Other credit, rebate or relief outside of hardship program	1	1
Total	**6,470**	**7,294**

All ex-gratia expenses (except hardship write-offs for customers in the Arrange and Save Program and family violence related credits, rebate or relief) above form part of bad and doubtful debts expense, refer note 3.1.

Notes to the financial statements for the year ended 30 June 2026

9.8 Economic dependency

Our normal trading activities are significantly dependent on the provision of finance from the Treasury Corporation of Victoria.

9.9 Events subsequent to balance sheet date

No other matters or circumstance has arisen that, in the opinion of the directors, has significantly affected or may significantly affect our operations, the results of those operations, or the state of affairs in future financial years.

9.10 Australian accounting standards issued that are not yet effective

AASB 18 Presentation and Disclosure in Financial Statements is effective for us from 1 July 2027, replacing *AASB 101 Presentation of Financial Statements*. The new standard will require us to classify financial performance results between operating, investing, and financing segments of income statement. We will also be required to include additional sub-totals.

This new standard is not effective yet hence the changes are not applied to the model financial statements developed by VicWater through KPMG. DTF is currently assessing potential impact of this standard for the financial year 2025-26 to public sector entities and is expected to provide further guidance on the application in due course.

There are no other standards yet to come into effect that are expected to have a material impact on the entity in the current or future reporting periods or on foreseeable future transactions.

Statutory certification

The attached financial statements of Yarra Valley Water Corporation have, in our opinion, been prepared in accordance with Direction 5.2 of the Standing Directions of the Minister for Finance issued pursuant to the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

In our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes presents fairly the financial transactions during the year ended 30 June 2026 and financial position of Yarra Valley Water 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 dated at Melbourne on 31 August 2026.



Gabrielle Bell
Chair



Natalie Foeng
Managing Director



Tony Citera
Chief Financial Officer

Auditor General's Report

VAGO
Victorian Auditor-General's Office

Independent Auditor's Report

To the Board of Yarra Valley Water Corporation

Opinion	I have audited the financial report of Yarra Valley Water Corporation (the corporation) which comprises the: • balance sheet as at 30 June 2026 • statement of comprehensive income for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including material accounting policy information • statutory certification. In my opinion, the financial report presents fairly, in all material respects, the financial position of the corporation as at 30 June 2026 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.
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.
Other Information	The Board is responsible for the "Other Information" included in the corporation's annual report for the year ended 30 June 2026. The Other Information in the annual report does not include the financial report, the performance report and my auditor's reports thereon. My opinion on the financial report does not cover the Other Information included in the annual report. Accordingly, I do not express any form of assurance conclusion thereon. In connection with my audit of the financial report, my responsibility is to read the Other Information when it becomes available and, in doing so, consider whether the Other Information is materially inconsistent with the financial report or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a materially misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.
Key audit matters	Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. These matters were addressed in the context of my audit of the financial report as a whole and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

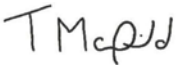
Level 31 / 35 Collins Street, Melbourne Vic 3000
T 03 8601 7000 enquiries@audit.vic.gov.au www.audit.vic.gov.au

Key audit matter	How I addressed the matter
Revenue from service and usage charges *Note 2.1 – Revenue from contracts with customers*	
Service and usage charges revenue: $1.106 billion I considered this to be a key audit matter because: • revenue is financially significant • the corporation's IT billing system and business rules are complex, and inputs to the system are derived from multiple sources • external service providers conduct meter readings of customer water consumption data • there is a high degree of estimation uncertainty in the revenue accrual (contract asset) for unbilled water and sewerage services at year end • the applicable accounting standard AASB 15 *Revenue from Contracts with Customers* requires extensive financial report disclosures.	My key procedures included: • testing the operating effectiveness of key controls in the billing system and billing process • assessing management's model, key assumptions, and inputs for estimating accrued revenue at 30 June 2026 • performing substantive analytical procedures by developing an expectation of usage and service charges revenue for the period based on water volumes, number of serviced properties and approved prices, and comparing it against the revenue recorded by the corporation • assessing the adequacy of revenue recognition and measurement policies • assessing the adequacy of financial statement disclosures against AASB 15.
Fair value estimate of infrastructure assets *Note 4.1 – Total Infrastructure, property, plant and equipment*	

Fair value of infrastructure assets: $5.809 billion
I considered this to be a key audit matter because:
• infrastructure assets are financially significant
• the fair value estimate is derived from an income-based valuation approach that uses a discounted cashflow (DCF) model
• management engage an external valuation expert to prepare the fair value estimate
• the DCF model is highly complex and involves significant judgements and assumptions
• small changes in key assumptions used in the DCF model can materially affect the fair value
• the DCF model's forecast period is long, and includes a terminal value, which increases the difficulty in accurately estimating the fair value
• the applicable accounting standard AASB 13 *Fair Value Measurement* requires extensive financial report disclosures.
	My key procedures included:
	• obtaining an understanding of the approach to estimating the fair value of infrastructure
	• assessing the competence, objectivity and capability of management's expert engaged to assist with the valuation process
	• engaging a subject matter expert to assist us in obtaining sufficient appropriate audit evidence, including:
	  ○ the appropriateness of using an income-based valuation approach
	  ○ the identification and assessment of the reasonableness of any changes to the DCF model and/or assumptions
	  ○ the reasonableness and consistency of assumptions used in the DCF model
	  ○ the reasonableness of all inputs used in the DCF model, with specific reference to underlying data and supporting documentation
	  ○ the DCF model's computational accuracy
	• assessing the completeness and adequacy of the financial report disclosures against the requirements of AASB 13, including the significant observable and unobservable inputs utilised in the model and the sensitivity analysis.

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

Auditor's responsibilities for the audit of the financial report (continued)	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. From the matters communicated with the Board, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. I describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



MELBOURNE
8 September 2026

Timothy Maxfield
as delegate for the Auditor-General of Victoria

Disclosure Index

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Yarra Valley Water's 2025-26 Annual Report is prepared in accordance with all relevant Victorian legislation and pronouncements. This index has been prepared to facilitate identification of Yarra Valley Water's compliance with statutory disclosure requirements.

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Water Industry Act 1994
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Local Jobs First Act 2003
Financial Management Act 1994
Public Administration Act 2004
Environment Protection Act 2017

United Nations Global Compact

The United Nations Global Compact requires us to report annually on the actions we're taking to meet our commitments as a member. This is reported both via this Annual Report and a CEO Statement of Continued Support, which is published on the website: **unglobalcompact.org**.

Yarra Valley Water

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