Annual Report

2025-26



CENTRAL HIGHLANDS WATER

MORE THAN WATER

Traditional Custodians Acknowledgement

We respectfully acknowledge the Traditional Custodians of the region we operate within, the Dja Dja Wurrung, Wadawurrung, Wurundjeri, Djab Wurrung, Wotjobaluk, Jaadwa, Jadawadjali, Wergaia and Jupagulk peoples and pay our deepest respect to their Elders past and present.

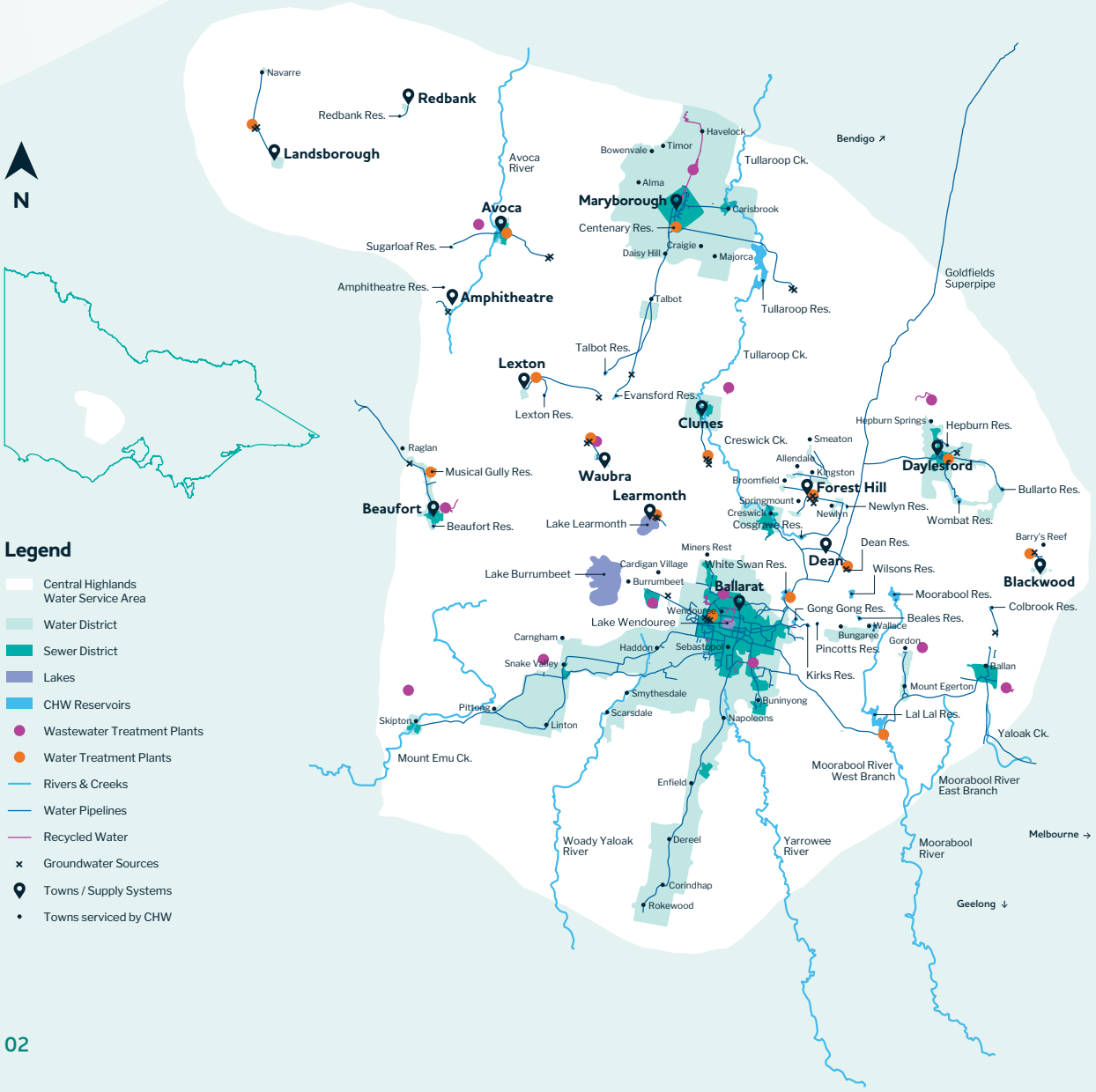
We acknowledge their role as custodians of land and water for thousands of years. Their continuing culture, contribution and connection to Country is vital to the life of this region.

Central Highlands Water is committed to supporting Traditional Custodians and local Aboriginal community groups on their journey to self-determination and the implementation of Healthy Country Plans.

It remains our intention that our ongoing actions will deepen these partnerships to better understand how we can support the desired objectives and work together to achieve shared outcomes that enhance Country and communities.

Central Highlands Water recognises and values the contributions that Aboriginal and Torres Strait Islander peoples make in our society. Sovereignty has never been ceded. It always was and always will be, Aboriginal land.

Service area



About this report

This Annual Report details Central Highlands Water's operational and financial performance during 2025-26. It has been prepared in accordance with the relevant *Ministerial Reporting Directions, Financial Reporting Directions and Financial Reporting Directions FRD30D – Standard Requirements for the Publication of Annual Reports.*

The Corporation

Central Highlands Region Water Corporation is a statutory body and is one of 18 state-owned water businesses in Victoria operating under the guidance of the *Water Act 1989 (Vic)*. We operate in accordance with a Statement of Obligations issued by the Minister for Water, pursuant to the *Water Industry Act 1994 (Vic)*. Central Highlands Water's Board reports to the Minister for Water via the Department of Energy, Environment and Climate Action (DEECA). Our pricing and service standards are regulated by the Essential Services Commission (ESC), Victoria's economic regulator of prescribed essential utility services.

The Minister responsible for Central Highlands Water for the period 1 July 2025 – 14 April 2026 was the Hon. Gayle Tierney MP, Minister for Water and for the period of 15 April 2026 – 30 June 2026 was the Hon. Harriet Shing, Minister for Water.

Responsible Body Declaration

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



Angeleen Jenkins
Chair
Central Highlands Region Water Corporation

15 October 2026

Additional copies: This annual report is available for viewing or download from Central Highlands Water's website, www.chw.net.au

To minimise our impact on the environment, we will not print hard copies of this report and encourage you to view this report online. If you require a copy of this report, please contact us at:

Email: customer.enquiries@chw.net.au
Phone: 1800 061 514
Post: PO Box 152 Ballarat Vic 3353
In person: 7 Learmonth Rd Wendouree Vic 3355
ABN: 75 224 340 348

ISSN: 2203-9503 (Print)
ISSN: 2203-9511 (Online)

© State of Victoria, Central Highlands Water 2026. This publication is copyright. No part may be reproduced by any process except in accordance with the provisions of the *Copyright Act 1968*.

Contents

Part 1: Year in Review
About us 05
Chair and Managing Director's message 06
At a glance 08
Our urban water systems 10
Summary of financial results 11
Strategic framework 12
Performance against objectives 13
Our major infrastructure investments 18
Our priorities 19

Part 2: Our Organisation and People
Organisational structure 37
Meet our Board 38
Corporate governance 41
Audit and risk 42
Board committees 42
People and culture 44
Our workforce 45
Occupational health and safety 46

Part 3: Disclosures
Local Jobs First 49
Government advertising expenditure 49
Consultancy expenditure 50
ICT expenditure 52
Major contracts 52
Freedom of information 52
Building Act 1993 53
Competitive Neutrality Policy 53
Public Interest Disclosure Act 2012 53
Emergency procurement 53
DataVic Access Policy 53

Part 4: Water
Corporate water consumption 55
Major non-residential water users 55
Water consumption table 56
Drought preparedness 57

Part 5: Environmental and Social Sustainability
Environmental sustainability 59
Groundwater 59
Bulk entitlement compliance 60
Climate change and energy 62
Greenhouse gas emissions 62
Energy use and production 64
Transportation 67
Social sustainability 68
Customer support indicators 68
Procurement 69

Part 6: Performance Report
Financial performance 71
Water and sewerage service 72
Water reuse 72
Statutory declaration 73
Victorian Auditor-General's report 74

Part 7: Financial Report
Comprehensive operating statement 76
Balance sheet 77
Cash flow statement 78
Statement of changes in equity 79
Notes to the financial statements 80
Victorian Auditor-General's report 128

Part 8: Disclosure Index 130



Ballarat South Wastewater Treatment Plant public centenary tour

Part 1

Year in Review

About us

Our vision

Fostering sustainable living, thriving communities and a healthy environment.

Our purpose

We care for our community and environment ensuring essential water services are safe, reliable and affordable now and in the future.

Our values

Integrity | Teamwork | Leadership | Care

Our 2040 Strategy Outcomes

- Trusted and reliable provider
- Healthy environment and caring for Country
- A valued partner in advancing our region
- Exceptional customer and community value
- Thriving, innovative workforce and culture

Central Highlands Water (referred to as CHW or the Corporation in this report) is a regional water corporation providing drinking water, sewerage, trade waste and recycled water services to customers throughout the Central Highlands region of Victoria.

Our region

We service a large geographical region of 9,275 square kilometres and manage 15 distinct water supply systems and 13 wastewater systems for communities within the local government areas of Ballarat, Central Goldfields, Golden Plains, Hepburn, Pyrenees, Northern Grampians, Moorabool and Corangamite.

Our services

We provide water supply and sewerage services through 81,948 water supply connections and 71,796 sewerage service connections to 192,952 residents throughout the Central Highlands region.

Our core functions are:

Water supply

- collect, store, treat, transfer and distribute water
- manage and protect the water supply system
- identify current and future water needs
- develop and implement programs for the conservation and efficient use of water
- educate the public about the water supply.

Sewerage

- efficiently collect, transfer, treat and dispose of sewage
- identify current sewerage needs and plan for future needs
- develop and implement programs for the recycling and reuse of treated sewage
- investigate, promote and conduct research into the provision of sewerage services.

Trade waste

- partner with industrial and commercial customers, and the community, to provide environmentally friendly operating systems for the delivery, treatment and disposal of trade waste.

Recycled water

Provide recycled water that supports us to:

- reduce demand on our water catchments
- save a significant amount of drinking water
- reduce the amount of recycled water discharged to regional waterways
- provide a safe, alternative water source for agricultural irrigation, recreational lakes and irrigation of public parks, golf courses and sporting ovals.

We perform these functions in an environmentally responsible way, recognising the need to preserve landscape, fauna and flora.

Chair and Managing Director's message

As we reflect on the past year, we're proud of the impact Central Highlands Water continues to make across our region. We have delivered safe and reliable water and wastewater services to more than 192,000 people, but we also continue to be more than water to the communities we serve.

In line with our More than Water 2040 Strategy we are focused on our role in a future where communities thrive, the environment is protected, and essential water services remain consistent and affordable.

Our successes are not possible without the dedication of our people, the strong partnerships we have across the region, as well as our collaboration with the other Victorian water corporations we work alongside, to deliver better outcomes for customers, community and the environment.

This year, we have continued to make meaningful progress towards our priority outcomes, and we are pleased to share some of those achievements with you.

Exceptional value for our customers and community

Supporting vulnerable customers and helping shield against cost-of-living impacts remained a focus for us, as we continued our commitment of $2.5 million over five years for those facing hardship. Our Customer Care team expanded their community outreach efforts visiting the local Foodbank, community groups and gathering places to share the many ways we can provide support. We also onboarded a Cost-of-Living Fast Track program to further extend this reach. We continued to partner with Ballarat Foundation, charities and agencies to get the Pocket Full of Help support resource to those needing it, included sharing printed copies via new channels, such as the emergency department at Grampians Health and Victoria Police.

Our Digital Metering program is making significant headway with most meters outside of Ballarat now installed and our first round of bills utilising digital data shared with customers in Redbank in June. We're now moving towards installing large meters, and the remaining meters within Ballarat, and preparing for the realisation of the full customer service and water efficiency benefits of the program, where customers can access their digital usage data online.

A trusted and reliable provider

We celebrated 100 years of one of Ballarat's most important pieces of essential infrastructure, Ballarat South Wastewater Treatment Plant. This site transformed the public health of our growing city, gradually removing the need to collect and transport waste from outhouses, establishing a network of sewer infrastructure to deliver the system our community relies on today. The site is now at the forefront of innovation, with lagoon expansions, sustainability initiatives and solar energy integration driving the advanced processes that treat the waste from over 85,000 people, while protecting public health and the environment.

We continued looking ahead to the long-term water needs of our region developing a business case for the Forest Hill Water Supply Connection project. This investigation explored the opportunity to connect six communities to the Ballarat water supply network, to combat the shared demand on the area's groundwater supply in the Forest Hill area. The outcomes of this business case will be reviewed in the coming year.

Significant progress on our Capital Works program also continued with major upgrades underway on our White Swan Reservoir Dam Upgrade Project, which will increase capacity by approximately 15 percent, or 2 billion litres. We also began works on major Integrated Water Management project, the Ballarat North Water Reclamation Plant recycled water expansion project and continued to progress operation works at our Daylesford High Level Water Basin.

A valued partner in advancing our region

We've continued to focus on our partnerships with water authorities from across Victoria, collaborating on areas of innovation, exploring sector wide efficiency opportunities and enhancing our statewide resilience. In turn we can then apply this growth and learnings to the bespoke needs of our individual geographic areas and environment, and the needs of our customers, ultimately improving outcomes for our own communities.

Together we've collaborated via the Northern Urban Water Accord, Western Region Sustainable Water Strategy, Intelligent Water Network, Institute of Water Administration, Integrated Water Management, WaterAble, Pride in Water, Water Alliance, Zero Emissions Water and Zero Emissions Water Carbon Offsets, Vic Water Climate Adaptation Working Group and Safety Executive Group, and the Choose Tap program.

Separately, we also continue to foster strong partnerships at a local level including the Central Highlands region councils, schools, as well as environmental and community groups. Our work with councils on Integrated Water Management is growing, we're building strong ties with the Ballarat Tech School and Federation University Australia and we're also supporting the delivery of major community events.

A healthy environment and caring for Country

Our progress in the sustainability space continued as we confirmed our use of 100% renewable electricity. As part of our long-term Climate Resilience Plan (2024-2034), we implemented a comprehensive energy efficiency program aimed at lowering carbon emissions and improving operational efficiency. We are also making solid progress towards our further goal of net-zero emissions by 2035, with a 78% reduction towards our target. This has been achieved through a portfolio of renewable energy projects and reductions in direct emissions.

We maintained our ongoing efforts to enhance local ecosystems and safeguard water resources, working with the Wadawurrung Traditional Owners Aboriginal Corporation and the Moorabool Landcare Network to plant 8,800 native plants across seven revegetation sites within our catchment reserves. This forms part of our broader environmental and sustainability efforts.

A thriving, innovative workforce and culture

The physical and psychological safety of our workforce is an ongoing focus area for us and pleasingly our hazard to injury ratio continues to show significant improvement. This highlights the positive outcomes of our strong hazard and near miss reporting culture. Our ongoing promotion of our Life Saving Rules further embeds important safety considerations across our workforce, with two new rules also now added in the past year, relating to Psychosocial Risks and Lifting Operations.

Healthy masculinity remains an area that we seek to positively impact. We were proud that through our membership of the Communities of Respect & Equality (CoRE) alliance, and work with Women's Health Grampians, that our inaugural Men's Initiative program was recognised as a finalist at the Australian Water Association Victorian awards, continuing to expand awareness of this important change driver across our industry. Similarly, we were able to share the program broadly at the Water Industry Operators of Australia conference. We're now commencing our second Men's Initiative program to continue to embed these important learnings.

Looking to the future, we are committed to delivering on our More than Water 2040 Strategy.

The achievements outlined in this report reflect our focus on values of Customer Care, Equity, Sustainability and Reliable Services, and our commitment to creating lasting benefit for our community.

We thank our people, stakeholders and partners for their continued support across the Central Highlands region.



Angeleen Jenkins
Chair



Jeff Haydon
Managing Director



A message of appreciation from our Board Chair

This past year has once again reinforced the importance of collaboration, accountability and a shared commitment to delivering for our communities.

I thank the CHW Board of Directors for their expertise, diligence and strong governance. Their leadership has provided strategic direction and oversight, ensuring the organisation remains focused on achieving sustainable, long-term outcomes.

Our Board also experienced some minor changes on 1 October 2025 as we welcomed Jane-Frances Kelly, Dr Jessie Harman OAM and Dr Peter Morison, and farewelled outgoing board members, Tony Peake OAM and Lynne McLennan – we thank them for their exemplary service.

During this reporting period, I also acknowledge the constructive relationship with the State Government and thank both the Minister for Water, the Honourable Harriet Shing MP, and former Minister for Water, the Honourable Gayle Tierney MP, for their support and commitment to a strong and sustainable Victorian water sector.

Above all, I recognise the outstanding efforts of our people. Through their professionalism, innovation and commitment to our customers and communities, they continue to deliver safe reliable services across the Central Highlands region.

At a glance



192,952
total population serviced

CENTRAL HIGHLANDS WATER

$3.019 B
value of infrastructure, property, plant and equipment

$145.5 M
current operating revenue

218.91
full-time equivalent employees



30
reservoirs



35
groundwater bores



11
diversion weirs

17
bulk water entitlements held

51
service basins and tanks

2,680 KM
of water mains



17,457 ML
total water supply volume

15
water treatment plants



41
water pumping stations

12,966 ML
wastewater treated



75,633
residential water connections

1,651 KM
sewer mains

13
wastewater treatment plants



71,796
wastewater connections



6,315
non-residential water connections

107
wastewater pump stations

1,048 ML
effluent irrigated to land

30
major trade waste customers



Our urban water systems

Size, based on approximate number of water supply connections	Name of water supply system	Communities provided with water supply	Communities provided with sewerage service
Greater than 1,000 connections	Ballarat	Ballan, Ballarat and immediate suburbs, Bungaree, Buninyong, Cardigan Village, Corindhap, Creswick, Dereel, Enfield, Gordon, Haddon, Linton, Miners Rest, Mount Egerton, Napoleons, Rokewood, Scarsdale, Skipton, Smythesdale, Snake Valley, Wallace	Ballan, Ballarat and immediate suburbs, Buninyong, Cardigan Village, Creswick, Enfield, Gordon, Miners Rest, Skipton, Smythesdale, Snake Valley
	Maryborough	Alma, Bet Bet, Carisbrook, Daisy Hill, Majorca, Maryborough, Talbot	Maryborough, Carisbrook
	Daylesford	Daylesford, Hepburn	Daylesford, Hepburn
500 – 1,000 connections	Clunes	Clunes	Clunes
	Beaufort	Beaufort, Raglan*	Beaufort
	Avoca	Avoca	Avoca
	Forest Hill	Allendale, Broomfield, Newlyn, Kingston, Smeaton, Springmount	N/A
100 – 500 connections	Blackwood	Barrys Reef, Blackwood	N/A
	Lexton	Lexton	N/A
	Landsborough	Landsborough, Navarre	N/A
	Waubra	Waubra	Waubra
	Learmonth	Learmonth	Learmonth
Fewer than 100 connections	Amphitheatre	Amphitheatre*	N/A
	Redbank	Redbank*	N/A
	Dean	Dean	N/A

Note:

* Regulated (non-drinking water) supply

Summary of financial results

	2021-22 $'000	2022-23 $'000	2023-24 $'000	2024-25 $'000	2025-26 $'000
Core business revenue	119,002	128,348	119,210	142,010	138,039
Government contributions	951	1,104	1,478	1,253	140
Other revenue	7,333	6,693	7,418	9,832	7,253
Total revenue	**127,286**	**136,145**	**128,106**	**153,095**	**145,432**
Operating expenditure	57,525	63,497	69,276	74,972	79,252
Depreciation expenditure	40,201	35,714	41,330	43,640	44,968
Finance costs	5,463	5,319	6,166	6,911	7,190
Other expenditure	11,896	10,292	15,563	20,180	19,113
Total expenditure	**115,085**	**114,822**	**132,335**	**145,779**	**150,523**
Net other economic flows	(4,141)	3,626	514	3,325	(1,210)
Net result before tax	**16,342**	**17,697**	**(4,743)**	**4,067**	**(3,881)**
Current assets	23,912	29,578	35,557	58,763	87,557
Non-current assets	1,617,975	1,834,330	1,851,566	1,868,185	3,061,019
Total assets	**1,641,887**	**1,863,908**	**1,887,123**	**1,926,948**	**3,148,576**
Current liabilities	38,269	44,170	51,526	64,023	110,810
Non-current liabilities	338,560	409,130	428,510	453,684	734,435*
Total liabilities	**376,829**	**453,300**	**480,036**	**517,707**	**845,245**
Net cash flows from operations	35,206	34,948	25,713	29,078	28,858
Payments for property, plant and equipment (including infrastructure)	27,983	36,856	49,929	43,002	33,934

Explanation for the summary of financial results

The external operating environment resulted in some challenges over the past year with a continued slowdown in growth resulting in lower earnings from developer contributions. Additionally, drier weather conditions across our region required an increase in Goldfields Superpipe pumping and associated costs from transferring water via this infrastructure. As a result, in 2025-26 we delivered an operating loss before tax of $3.9 million.

We completed the scheduled five-year asset revaluation which has resulted in a substantial increase of $1.2 billion in asset value over the prior year and a corresponding increase in equity in balance sheet. This strengthens the balance sheet and reflects the current replacement value of our infrastructure assets, while also increasing future depreciation expenses. *Non-current liabilities also show a substantial increase due to the deferred tax liability on the increase in asset values resulting from asset revaluation.

Despite the challenges, our financial position remains strong with $29 million operating cashflow to assist in funding our large capital expenditure program. The Department of Treasury and Finance (DTF) has undertaken the annual desktop review and assigned us a desktop rating of 'A' based on our healthy financial sustainability position and sound long term financial ratios. We remain committed to delivering customers exceptional value by investing almost $46 million in capital projects for 2025-26. The projects delivered ensure we can continue to provide water and wastewater services for future generations, enhance our climate change resilience, and support liveable and sustainable communities.

Financial management compliance attestation statement

I, Angeleen Jenkins, on behalf of the Board, certify that the Central Highlands Region Water Corporation has no Material Compliance Deficiency with respect to the applicable Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994* and Instructions.



Angeleen Jenkins
Chair
Central Highlands Region Water Corporation

15 October 2026

Strategic framework

OUR 2040 STRATEGY

OUR VISION	Fostering sustainable living, thriving communities and a healthy environment.
OUR PURPOSE	We care for our community and environment, ensuring essential water services are safe, reliable and affordable now and in the future.
OUR VALUES	• Integrity • Teamwork • Leadership • Care
OUR 2040 STRATEGY OUTCOMES	
OUR STRATEGIC ACTION AREAS	• Shape growth, drive resilience and water security • Engaged community partner • Build strategic capabilities • Proactively embrace technology and innovation • Rapidly reduce our environmental impact • Explore strategically aligned growth opportunities

Performance against objectives

Trusted and reliable provider

Key: ✔ Achieved ● In progress

Key project / initiative	Overview	Status
2027 Urban Water Strategy	We commenced the review of our Urban Water Strategy in 2025-26. This focussed on updating our long-term projections for water and wastewater supply and demand and engaging with our partners to identify challenges and opportunities across our service area.	✔
Central and Gippsland Region Sustainable Water Strategy actions	We continued to drive regional water efficiency and education programs. We supported DEECA in progressing actions relating to integrated water management opportunities, returning water to the Moorabool River system, and streamlining temporary water trades.	✔
Water Efficiency Plan	Our Water Efficiency Plan was finalised during 2025-26. It highlights priority areas of focus for future water efficiency initiatives.	✔

Case study

The final phase of the Daylesford Water Treatment Plant Upgrade major infrastructure project is underway after being announced by the Victorian Minister for Water, and the state member for Macedon, in August 2025.

Once complete, the plant upgrade will enable high quality treatment of more than 300 million litres of supplementary water to the Daylesford system per year, boosting urban water supply needs during times of drought or low rainfall.

This project is a significant step forward in securing the region's water future for the next 50 plus years.



Daylesford, Victoria

Healthy environment and caring for Country

Key: ✔ Achieved ● In progress

Key project / initiative	Overview	Status
Beaufort Farm Carbon Sequestration Planting Project	We've continued to explore the feasibility of nature-based carbon-offset initiatives to reduce our carbon emissions. This includes consideration of carbon sequestration in mixed species environmental planting on farmland we manage in the Beaufort area.	●
Djaara Wanggal Group participation (supporting delivery of Gatjin strategy)	Continued progress towards the implementation of the Gatjin Strategy – Implementation Plan 2025-26 initiatives incorporating: • establishing process to build Djaara guidance and oversight into delivery of groundwater management plans • establishing and implementing engagement and resourcing framework to enable Djaara/Djandak to participate in Price Submission and Urban Water Strategy • scoping a pilot project for shared ownership of groundwater • establishing a research and development program, including existing projects to partner on, and identify future needs • establishing and enact a process to transfer water entitlements to Djarra through the connections program.	●
Moorabool River water recovery actions	100 megalitres of water was released to Wadawurrung Traditional Owners for cultural use. We also actively participated in the Moorabool Working Group which achieved agreement regarding the process to return of 3700 megalitres of water to Traditional Custodians and the environment.	✔
Implement overarching partnership agreement with Wadawurrung Traditional Owners Aboriginal Corporation (WTOAC)	We continued working with WTOAC under the umbrella of our formal partnership agreement. This year we worked together to deliver works on Country, including the planting of local indigenous plants and grasses, weed management and the management of pest animals. Alongside Djarra and Ballarat and District Aboriginal Cooperative (BADAC), WTOAC also provided valuable insights, feedback and inputs into our second draft Innovate Reconciliation Action Plan (RAP). We continued to co-fund a Wadawurrung partnership co-ordinator with Melbourne Water, Barwon Water and the Corangamite Catchment Management Authority.	●

Case study

Our Greenhouse Gas Emissions Reduction Plan supports our goal to achieve net zero for CHW owned and operated assets earlier than 2035.

Specifically, the plan includes actions to drive energy efficiency, investigate direct greenhouse gas emissions from wastewater treatment plants, transition to renewable electricity, sequester and then offset residual emissions and enhance business capacity in carbon and energy management.

As part of implementation of the plan, we commenced using 100% renewable electricity for all CHW owned and operated assets from 1 July 2025 and substantially reduced direct greenhouse gas emissions from Ballarat South Wastewater Treatment Plant through commissioning of a new excess biogas flare.

Additionally, we conducted reviews of reduction opportunities including establishment of nature-based carbon offsets on CHW land, increased use of electric vehicles and the transition of office heating away from natural gas.

Further, we also participated in the formation of Zero Emissions Water Carbon Offsets Limited (ZEWCO), established to help Victorian water corporations work together to source high-integrity carbon offsets.



Lal Lal solar array

Valued partner in advancing our region

Key: ✔ Achieved ● In progress

Key project / initiative	Overview	Status
Upper Avoca Reconnections Project	We continue to support the Upper Avoca Reconnections Project Control Group. Their current goals are not directed towards the land we manage; however, we will continue to engage on broader catchment issues.	✔
Recreational upgrades to enhance visitor satisfaction	We completed site-based projects to improve visitor satisfaction at our recreational spaces including: • tree safety works • lawn replacements • upgrades tables and seating • renewed signage • general facilities renewal and upkeep. We also developed a revised policy for adoption which will create a pathway for our future direction regarding recreational use of our facilities and assets.	✔

Case study

Works on the Ballarat North Water Reclamation Plant recycled water expansion pipeline project commenced in May 2026.

Once complete, this infrastructure will provide Class A recycled water from the Water Reclamation Plant to Wendouree West Recreation Reserve. This will also increase supply to Lake Wendouree, and ultimately to Victoria Park, via a new distribution system being constructed by City of Ballarat, as partners in this project.

Major improvements include an additional micro filtration unit, which will increase the capacity of the Class A recycled water facility at the Ballarat North Water Reclamation Plant to 5 million litres daily.

This project aims to provide a sustainable, climate-independent water source for the Wendouree West Reserve and to help maintain water levels in Lake Wendouree, supporting its ecological health and recreational use for the Ballarat community.



Lake Wendouree, Ballarat

Exceptional customer and community value

Key: ✔ Achieved ● In progress

Key project / initiative	Overview	Status
Digital Metering Program	The Digital Water Metering Project continued to make progress, with approximately 32,400 meters installed, representing the majority of properties outside of the Ballarat area. The focus for the remainder of project will be installing meters in Ballarat. The project also achieved a major milestone in early June 2026, with the first bill issued utilising data collected by digital meters. We anticipate providing customers with access to digital metering data, via our customer portal, in the coming financial year.	●
Schools Water Efficiency Program (SWEP)	SWEP continued to support schools within our region to save over 28.8 million litres of water at an estimated avoided cost of more than $86,500. The SWEP program is now free for every primary and secondary school, providing real-time data on their water use and an opportunity to identify water leaks early to alert schools to the possibility of significant water loss.	●

Case study

Our Customer Assistance team continues to support the region's most vulnerable and disadvantaged customers, some still feeling the impacts of COVID-19, as well as the current broader cost of living pressures.

To provide further assistance to those in need, we have introduced and funded a new Community Rebate Program, a Cost-of-Living Hardship Fast Track Program and also continued work to raise awareness across the community of the various ways we can support those facing hardship, or difficulty paying their bill.



Central Highlands Water head office

Thriving and innovative workforce

Key: ✔ Achieved ● In progress

Key project / initiative	Overview	Status
Leadership Capability Framework update	We continue to embed our Leadership Capability Framework with all line leaders undertaking annual 360-degree feedback, to identify and target individual development needs. This work is complemented by the continuation of our Learn Lead Grow leadership program and the implementation of the safety strategy actions, including the reintroduction of all leaders to 'Safety for Leaders' training.	●
Diversity, Inclusion and Accessibility Plan actions	All items in our 2022-25 Diversity, Inclusion and Accessibility Action and Implementation Plan have been finalised. Planning is now underway for a combined Diversity and Inclusion Action Plan and Gender Equality Action Plan. This will be our Equity, Diversity, Inclusion and Accessibility (EDIA) Plan, aligning with both our 2040 Strategy and Innovate Reconciliation Action Plan (RAP). This will equip us to continue to embrace the diversity of our future workforce, continue our ongoing commitment to gender equality and support marginalised communities. It will ensure our continued commitment to creating a psychologically safe environment where all employees feel welcome, comfortable, and encouraged to be their authentic selves.	●

Case study

Our commitment to support a pathway into early careers in Science, Technology, Engineering and Maths (STEM) was a key-driver to our partnership with Ballarat Tech School for Boys and Girls in the STEM program.

The Ballarat Tech School is a centre of science, technology, engineering, and mathematics (STEM) excellence that engages students from its partner schools in a high-tech learning environment. Schools and industry are connected in innovative learning programs that challenge students to solve problems in a real-world context.

Through our partnership, we jointly offered STEM-based experiences to students from years 8-10 from across our service region, who would benefit from deeper learning and engagement with like-minded students from other schools.

Utilising the Design Thinking model, the program allows for participation and learning for our team members and presents students with opportunities to engage across four days with:

- site visits
- solving a challenge designed in partnership with CHW
- study and career pathways
- networking and connections.

The 2025 program formed part of our approach as a valued partner in advancing our region, aligned with our More than Water 2040 Strategy.

Through offering insights into the water industry for high school students, we also created a potential talent pool for future skills.



Ballarat Tech School Boys and Girls in STEM program

Our major infrastructure investments

With a combined value of almost $46 million, our Capital Works program represents one of our larger customer-funded capital programs.

The continued management of environmental and water supply risks saw us prioritise and bring forward key projects, including Creswick Rising Main, Daylesford High Level Basin and Treatment Plant upgrades and White Swan Dam Upgrade.

Our investment and construction across the Central Highlands has been strategically allocated to future-proof our region, preparing for growth and a changing climate.

In 2025-26, we achieved 93% of our Capital Works Program expenditure target. At the conclusion of the third year of our 2023-28 Pricing Plan we remain well established to deliver on the Capital Delivery program for the pricing period.

Project name	Expenditure 2025-26	Description
Ballarat Sewer Flow Containment Project (Ballarat Sewer Build – Stage 2)	$10.95 m	Works on the Ballarat Sewer Build continued and Stage 2 major construction elements completed, with commissioning scheduled for 2026-27. The 100-year-old sewer network is being upgraded to service the Ballarat community for future generations. Since the original sewer pipe was constructed, Ballarat's population has grown from 22,000 to over 120,000. This project prepares for the predicted population growth of Ballarat to over 160,000 residents by 2040.
Daylesford Water Treatment Plant Upgrade (Daylesford Water Supply Pipeline Project)	$2.61 m	Design has been completed and construction has commenced on the Daylesford Water Treatment Plant Upgrade. This project will further enhance drinking water quality and safety with the installation of an ultraviolet (UV) disinfection system as well as upgrades to various water treatment components at the plant.
Digital Water Metering	$3.11 m	Our Digital Water Metering project is in the second stage of deployment bringing the total number of meters installed for this project to over 32,000.
White Swan Ultraviolet (UV) Upgrade	$0.55 m	The White Swan Water Treatment Plant treatment process currently provides filtration and chemical disinfection microbial safety barriers. The upgrade enhanced the disinfection capability of the plant by installing a UV disinfection process step immediately downstream of the filtration process. The project included the installation of six UV reactors and ensures the plant continues to meet microbial health-based water quality targets. This project was completed in 2025-26.
Water and sewer main renewals	$4.48 m	In the past 12 months, we have renewed more than 7.57 km of water and sewer mains as part of our ongoing Water and Sewer Renewal Program.
Ballarat North Recycled Water Expansion (Integrated Water Management works)	$2.52 m	Commencing in April 2026, this project is upgrading and expanding the Ballarat North Recycled Water Treatment Plant Class A facility. Works include construction of a recycled water pipeline to increase Class A recycled water to Lake Wendouree, and construction of connections and associated infrastructure to service Victoria Park and Wendouree West Recreation Reserve. This project is being delivered in collaboration with City of Ballarat, funded by DEECA, and will continue in 2026-27.
White Swan Reservoir Dam Upgrade	$1.77 m	Constructed between 1949 and 1952, the White Swan Reservoir continues to play a vital role in securing Ballarat's drinking water supply. As one of the region's key water storage assets, ensuring its long-term reliability and safety is essential. The upgrade will bring the reservoir in line with current guidelines established by the Australian National Committee on Large Dams (ANCOLD). Works commenced in March 2026 and will continue into the first quarter of 2028.
Enfield Water Improvement Project	$1.04 m	We have committed $3 million to an infrastructure project to improve the water network in the Enfield area. To minimise customer disruptions, this renewal project is being delivered in a phased approach, consisting of a North, Central and South section. In 2025-26, we upgraded a further 900 m of pipe in the Central section between Napoleons and Enfield, installed further operational valves in the Central section and purchased 1 km of pipe for the next stages.
Learmonth Water Treatment Plant UV Upgrade	$0.54 m	The Learmonth Water Treatment Plant UV Upgrade Project was delivered proactively to further enhance drinking water quality and safety. The addition of UV disinfection technology ensures the treatment plant meets regulatory standards. Works were completed in 2025-26.

Our priorities

We deliver our services focused on our More than Water 2040 Strategy while also aligning with the Minister's Letter of Expectations and the United Nations' Sustainable Development Goals.

Minister's Letter of Expectations

- Climate change and energy
- Customer, community and engagement
- Recognise Traditional Owner values
- Recognise recreational values
- Resilient and liveable cities and towns
- Leadership, diversity and culture
- Performance and financial sustainability



Climate change and energy

We recognise climate change as an ongoing strategic risk. We continue to prioritise our response through a combination of adaption and mitigation initiatives to limit threats, reduce our energy consumption and increase our agility.

Emissions reduction

We remain committed to emission reduction supporting the whole of Victorian Government emissions reduction pledge to achieve net-zero emissions by 2035.

To deliver on our commitments under the Statement of Obligations, (Emission Reduction) and reduce emissions as quickly as possible, we committed to sourcing 100% of electricity from renewable sources from 2025 and to achieving net-zero emissions from no later than 2035, for CHW owned and operated assets.

We remain an active partner in the Zero Emissions Water (ZEW) joint venture for collective procurement of Renewable Energy Certificates (RECs) and have become a partner in Zero Emissions Water Carbon Offsets joint venture for collective procurement of carbon offsets, as a part of our portfolio approach to reducing emissions.

This is reported on in Part 5: Environmental and Social Sustainability (see page 59).

Electricity consumption

This is reported on in Part 5: Environmental and Social Sustainability (see page 59).

Adaptation to climate change and variability

Climate change presents current and future risks to services for customers and the community. Accordingly, we are planning and delivering effective adaptation responses to a changing climate.

This is reported on in Part 5: Environmental and Social Sustainability (see page 59).



Customer and community engagement

Water bills urban

Indicator	2025-26
Residential bill – owner occupier ($ actual) The actual bill for an owner-occupier with typical (average) water use in the year	1,380.64
Residential bill – tenant ($ actual) The actual bill for a tenant with typical (average) water use in the year	345.20
Typical (average) water use (kL) assumed in owner-occupier and tenant bill calculations	147.62
Non-residential bill – business ($ actual) The annual bill for a business using 3 ML per annum in the year[1]	11,750.34

Note:

1 Non-residential bills include both water and wastewater volume charges.

Our commitment to achieving positive customer outcomes continued through two key initiatives:

- Financial Hardship campaign
- Customer Assistance and Community Rebate programs

The message of 'Water is essential, support is too' has been central to our Financial Hardship campaign, used to communicate the numerous ways we can support customers experiencing difficulty in paying their water bill. The campaign aim is to reach more of our community, raise awareness of our financial assistance programs, and educate customers that we are here to help. We encourage customers to seek assistance early and promoted the range of financial support services and payment options available, helping to reduce financial stress and improve access to assistance.

Our Customer Experience team continued to deliver the following customer support and community rebate programs:

- access to State Government concessions
- access to the Department of Families, Fairness and Housing (DFFH) Utility Relief Grant Scheme
- access to the Community Rebate Program provided in partnership with DEECA, supporting our vulnerable customers
- access to the Community Housing Retrofit Program provided in partnership with DEECA, supporting not-for-profit housing providers
- referrals to no-cost financial counselling services and other local agencies
- a range of payment options including Centrepay and flexible payment arrangements
- community information sessions providing information on payment options, how to read a water meter, how to identify leaks, concessions and other assistance available.

We remain a proactive member of the Network Coordination Group, who seek to collaboratively work together to address issues affecting the community's most vulnerable members. This includes the production and promotion of the Pocket Full of Help, a compact information resource with a directory of local community contacts for people requiring assistance.

Customer responsiveness performance indicators

	2024-25 result	2025-26 result	Variance to 2024-25	Notes	2025-26 target	Variance to target	Notes
Water bills – customers on flexible payment plans No. of customers with instalment plans	3,421	3,402	-0.6%				
Water bills – customers awarded hardship grants No. of customers awarded hardship grants	184	210	14.1%	1			
Customer Responsiveness – water quality complaints No. of complaints per 100 customers	0.077	0.066	-14.3%	2	0.180	-63.3%	3
Customer Responsiveness – number of payment issue complaints No. of complaints per 100 customers	0.009	0.040	344.4%	4	0.032	25.0%	5
Customer Responsiveness – total complaints No. of complaints per 100 customers	0.261	0.267	2.3%		0.500	-46.6%	6

Notes:

1 The Customer Assistance team continue to build and enhance relationships with community organisations and proactively source community events as a means of highlighting our assistance programs. We have also increased our financial hardship communications with the aim to reach more of our community, raise awareness of the financial assistance programs, and educate customers that we are here to help. This generates more customer awareness resulting in higher application rates.

2 & 3 Water quality complaints have reduced, trending towards baseline levels following an increase in complaints related to network events in 2024-25. Water quality complaints continue to track below target.

4 & 5 Our Customer Resolutions team has improved reporting accuracy by correctly categorising Energy and Water Ombudsman Victoria (EWOV) billing complaints in the 'billing' or 'affordability' categories rather than in the' other' category. The team now prioritises logging these under specific billing codes to capture the core issue, ensuring better visibility into root causes. This process improvement has resulted in an increase in billing complaints for the reporting period however these complaints were spread across a range of billing-related matters rather than being concentrated around a specific issue, process, or customer group. We will continue to monitor complaint data and customer feedback to identify any emerging trends and support ongoing service improvements.

6. Total complaints were slightly higher than the prior year but continue to track well below the target rate.

Customer engagement

In line with a commitment to meaningful engagement with customers, community and stakeholders, we continued to use the International Association of Public Participation (IAP2) framework in consultation programs with local communities.

We completed the following activities and initiatives, which also align with our 2023-28 Pricing Submission outcomes, including Customer Care, Equity, Sustainability and Reliable Services.

Evaluation of our activities is not a stand-alone process, but rather, an integral and ongoing component of every activity. Equally important, it enables forward planning and the allocation of resources to be undertaken more strategically.

The review and evaluation process involves:

- key performance indicators (KPIs) which measure outputs against communications priority actions as a measure of our success in implementing our strategy
- ongoing and periodic team member, customer and stakeholder feedback to assess changes in perceptions resulting from the initiatives outlined in the strategy
- ongoing measure of success against outcomes of customer engagement including the Water Alliance annual Customer Satisfaction Survey of 500 customers relating to perceptions in the area of trust, reputation in the community, value for money and overall satisfaction.

Community partnerships and support

Major events	Ballarat Begonia Festival: Alongside our major stakeholder, City of Ballarat, we engaged with over 75,000 visitors across three days about our key theme of water efficiency. Ballarat Business Awards (Trade Business Award): In partnership with Commerce Ballarat, we acknowledged business and trade stakeholders. Maryborough Energy Breakthrough: We supported our second largest service region, by partnering with the Central Goldfields Shire Council. This significant economic and educational state-wide event hosted over 15,000 attendees.
Child and Family Services (CAFS) Community Water Bottle Partner	We continued our partnership with CAFS raising a further $12,500, through the sale of reusable stainless-steel water bottles, supporting the Thread Together program. Through the Community Water Bottle Partnership program, we aim to minimise single use water bottle purchases, raise funds for local organisations that serve our community, promote safe drinking water and water conservation and build important community partnerships.
Community Engagement Panel	We hosted two in person Community Engagement Panel (CEP) meetings in October 2025 and April 2026 where we engaged with members about our planning for the future and progress on our commitments from our 2023-28 Pricing Plan. We also prepared for our July 2026 meeting where we share our 2025-26 financial year results.
Community Support Program	We financially supported 10 regional community non-profit events and services through our biannual program in the areas of education, environment, art and culture, charity and welfare, health, and sport.
Waterwatch Victoria Corangamite Catchment Management Authority (CCMA)	Our partnership with the CCMA Waterwatch program supported waterway education for community members and schools. Primary and secondary schools participated in the River Detectives program, with access to resources, training, and equipment for local water quality testing. Over the past 12 months 9 schools participated, Siena Catholic Primary, Wendouree Primary, Mount Egerton Primary, Emmaus Catholic Primary, Pleasant Street Primary, Delacombe Primary, Skipton Primary, Mt Clear College and Woady Yaloak Primary School (Ross Creek Campus). The students were provided with an opportunity to explore the relationships between water, land, plants, animals, people, and communities through an experiential pathway program. Community members' involvement in waterway monitoring has also assisted in building awareness and understanding of waterway management.

Major capital delivery projects engagement

All major project campaigns include digital and social media communication, as well as media relations.

Ballarat Sewer Build	As works progressed on this project we maintained regular engagement with business owners, residents and community groups. We maintain ongoing awareness via digital platforms, face-to-face communications, awareness advertising, media relations and signage.
Daylesford Water Supply Pipeline Project	The final phase of this major infrastructure project is underway, supported by customer and stakeholder communication. Residents were advised of the contract award, approximate timeframes and expected impacts via letter and online communication platforms. This initial phase of the works was formally announced by the Victorian Minister for Water, and the Member for Macedon in August 2025.
Daylesford High Level Water Supply Basin upgrades	Phase 1 of the Daylesford High Level Basin works were completed in late 2025, involving installation of a temporary water supply on Wombat Hill, to enable the basin to be taken offline and inspected. Phase 2, involving actual repairs to the basin, commenced in April and is underway currently. Significant ongoing consultation with Hepburn Council has occurred, particularly coordinating our works to minimise disruption to community users of Wombat Hill Botanic Gardens, focusing on site signage, website updates and pedestrian access.
Ballarat North Trunk Sewer	A focused communications campaign highlighted the project's role in supporting growth in Ballarat's northern corridor. We engaged directly with local landholders and provided regular updates via local media coverage and social media posts to ensure transparency throughout delivery.
Ballarat Southern Trunk Sewer	We kept the community informed about the project's progress and purpose through regular media relations and news stories, as well as updates on our website and social media. Communications highlighted how the project supports Ballarat's projected population growth to more than 160,000 by 2040, helping to ensure the city's wastewater infrastructure keeps pace with future demand.
White Swan Reservoir Dam Upgrade Project	Leading into the project commencement in March 2026, we communicated with local stakeholders including the City of Ballarat, DEECA and neighbouring landowners. Stakeholders and the community remained informed through updates on our website, roadside digital messaging boards and face-to-face conversations with residents.
Digital Water Metering	Digital water meters are now installed in the majority of properties outside of the Ballarat area. We delivered community engagement in Ballarat and Daylesford to support the remainder of our community to prepare for installation, access project information and understand the customer and environmental benefits of digital water metering.

Choose Tap awareness program

We continue to promote the Choose Tap program throughout our region, increasing access to drinking water by installing more water fountains at public spaces and schools. Our ongoing stakeholder agreements have seen us install new fountains across four local shires and councils.

We launched two special edition water bottles, the Ballarat Begonia Festival bottle 'Down by the Yarrowee' designed by local artist, Bridgid Corcoran, and the Ballarat Miners First Nations bottle designed by Noongar Traditional Custodian, Shakira Winmar.

Drinking water fountains	We installed eight drinking water fountains across schools, sporting clubs and community spaces. In partnership with the City of Ballarat, we proudly celebrated a decade-long partnership as part of the Choose Tap program, an initiative promoting community health and hydration by providing free access to drinking water fountains in public spaces. Since its launch in 2014, more than 100 Choose Tap fountains have been installed across our region including parks, schools, and community spaces, promoting healthier lifestyles, reducing reliance on single-use plastics, and providing easy access to safe drinking water for all residents.
Hydration station	We provided drinking water and reduced single-use plastic waste at 12 major community events through the support of our water trailer during the 2025-26 summer period, with 5,485.5 litres of fresh tap water enjoyed, saving the equivalent of 10,971 single-use 500ml plastic bottles from our environment. Overall, these events had an estimated attendance of more than 140,000 visitors.

Education and water literacy

School and early learning centre incursions/excursions	We engaged with students from 11 schools and early education centres, delivering a total of 18 sessions to over 500 students.
Water and Native Animals art competition at Ballarat Begonia Festival	We welcomed participation by 22 preschools and primary schools at our annual art and education focused competition, with over 6,200 votes cast.
National Water Week	We engaged with school children about water via the National Water Week poster competition with the theme 'Accelerating Action' receiving 80 entries from four schools across four local government areas in our region.
Education e-newsletter	We developed and distributed five education newsletters which were delivered to more than 150 educators with a 41% average open rate.
School Water Efficiency (SWEP)	Our SWEP partnership involved 50 schools within our region. Over the past 12 months this program has supported schools in our region to save approximately 28.8 million litres of water at an estimated avoided cost of more than $86,500.
Community e-newsletter	We developed and distributed five community newsletters, with topics including information on our major capital projects, events and community engagement opportunities, water saving tips, support for those experiencing financial hardship, bushfire and dry conditions preparedness. These were sent to over 29,100 customers with an average open rate of 51.3%. Clicks were 5.79. Unsubscribe rate was less than 1%.
Parks and reservoirs	The community enjoyed our recreational assets which provided visitors with a range of experiences, including weddings, celebrations, water education activities, public performances as well as being an important wellbeing and social space. Over the past 12 months, over 80 official events with over 3,000 visitors were hosted at our parks, as well as large numbers of casual events.

Recognise Traditional Owner values

Supporting Aboriginal self determination

Number of formal partnership agreements with Traditional Owners/ Traditional Owner Groups	1

We have a partnership agreement with the Wadawurrung Traditional Owners Aboriginal Corporation (WTOAC). This partnership was established on the 11 March 2025 and is ongoing. Under the umbrella of the partnership, we have:

- co-funded a WTOAC partnership officer alongside Melbourne Water, Barwon Water and the Corangamite Catchment Management Authority
- delivered natural resource management work on Country, including weed management, indigenous seedling and grasses plantings, pest animal management
- progressed the development of Healthy Country indices covering land that we have we have operational responsibilities for
- harvested pine plantations on WTOAC land, on their behalf, with profits returned to WTOAC and the land being cleared for return to Wadawurrung for self-determined cultural purposes
- participated in cultural learning opportunities.

We continue to work with both DJAARA/Djandak and WTOAC on opportunities to access water entitlements and allocations for self-determined cultural use. In 2026 we shared 100 ML to WTOAC for their determination of uses for cultural and environmental purposes.

Number of formal partnership agreements with Aboriginal Community Controlled Organisations	0
Nature of formal partnerships with Aboriginal Community Controlled Organisations	NA

Number of tender events	
– tender events	12
– tender responses received	49
– number of tender requests received from Aboriginal businesses	1
– total number of tender requests accepted from Aboriginal Enterprises	0

Our Social Procurement strategy encourages team members to utilise search engines including Kinaway and Victorian Aboriginal Business Directory to locate potential suppliers.

Under our Procurement Framework, tenders are publicly advertised and, where potentially aligned Aboriginal Enterprises exist, invitations are sent to them directly, through Tenderlink. As part of our next Innovate Reconciliation Action Plan, we have committed to developing a standalone First Nations procurement plan to be implemented from 2027-28.

Recognise recreational values

Number of site-based projects planned/delivered to improve recreational enjoyment of water storages:

Planned	1
Delivered	1

Kirks and Gong Gong Reservoir Parks remain popular regional destinations for recreation, picnics, weddings, and community events. During the reporting period, we continued to invest in these parks through upgrades to picnic facilities, accessibility, and landscaping, enhancing visitor amenity and supporting greater community enjoyment of the reservoir and surrounding parklands.

Number of water storage recreational areas with Recreational Area Management Plans in place	3

We have continued to engage with key users and stakeholders about recreational opportunities. This included direct engagement with users based on specific projects and initiatives, including:

- fishing clubs
- community and naturalist groups
- local government
- Traditional Custodians
- schools

Evidence relating to our provision of information to support users to plan their activities can be found at: www.chw.net.au/community/reservoirs-parks-and-gardens

We also continue to collaborate with government agencies and partner organisations to advance recreational opportunities and funding. Key initiatives included a new Memorandum of Understanding with the North Central and Corangamite Catchment Management Authorities, support for recreational fish stocking in partnership with the Victorian Fisheries Authority, and participation in DEECA's State Recreation Working Group.



Resilient and liveable cities and towns

Integrated Water Management (IWM)

We actively participated in, and promoted, the Central Highlands Region Integrated Water Management (IWM) forum through:

- hosting the employment of the regional IWM officer role, in partnership with the Victorian Government, City of Ballarat and Corangamite Catchment Management Authority
- having a representative act as the Regional IWM Champion
- hosting IWM forum meetings and IWM practitioner group meetings, with high levels of attendance recorded for the 2025-26 year
- connecting regional stakeholders and supporting collaborative projects.

We contributed to the development of the Central Highlands Region IWM forum strategies, plans and outcomes by:

- finalising and releasing the Ballan IWM Plan
- leading and chairing meetings with stakeholders including local government, water corporations and Traditional Custodians associated with the implementation of deliverables outlined in each of the IWM plans for Ballan, Maryborough, Ballarat and Hepburn, Daylesford, Creswick and Clunes
- facilitating the writing of application documents, conducting engagement to obtain community support for IWM grant applications with Corangamite Catchment Management Authority, North Central Catchment Management Authority, Glenelg Hopkins Catchment Management Authority, City of Ballarat, Dja Dja Wurrung Traditional Owners and Pyrenees Shire Council
- identifying new funding opportunities and communicating these to Central Highlands IWM member organisations
- providing opportunities for learning and networking through Clearwater stormwater events, tailored learning opportunities and setting up discussion groups for IWM members.

We continued to implement various actions to achieve shared benefits for Central Highlands Region IWM forum members. This included:

- progressing the Ballarat North Water Reclamation Plant upgrade project, to provide additional recycled water to community recreation facilities in partnership with the City of Ballarat
- completing a business case to assess the viability of servicing the Ballarat North Growth Area with recycled water
- acting as a partner and providing support to City of Ballarat for the Ballarat North growth area strategic grant application
- continuing to foster local capacity building and supporting other regions by collaborating on IWM matters of statewide significance
- advocating for the Central Highlands region and rural and regional Victoria on IWM equity, funding and project resourcing
- commencing the new Regional Priorities project with stakeholders and subject matter experts from local government, catchment management authorities, Traditional Custodian organisations and state government.

Water use and efficiency

We continued to drive urban water efficiency undertaking the following projects and initiatives:

- participation in the WaterSmart Program with our largest non-residential customers and local councils. The program consists of data logging and water audits to reduce water consumption and identify opportunities to save water, with City of Ballarat identifying a water saving of 22.2 ML
- driving the State Government Schools' Water Efficiency Program (SWEP) across 50 schools within our region, saving over 28.8 million litres of water and an estimated avoided cost of more than $86,500
- continued collaboration with The Water Conservancy and Smart Drop Certified website, incorporating initiatives on our website and ongoing promotion through our quarterly education newsletter
- promote 'Target Your Water Use' information on customer bills and also on our website
- amplified key messages and content from the DEECA Statewide Content Message Framework, which relate to the value of water, water is under pressure, a collective responsibility, everyday savings and understanding restrictions
- continued to promote Permanent Water Saving Rules throughout the Central Highlands region.

Community programs

Program	No. of customers
Community Rebate Program	156
Community Housing Retrofit Program[1]	0*

Notes:

1 Applicable for participating organisations only

* In 2024-25 we reported 184 customers received funding via the Community Housing Retrofit program, when they actually received funding via the Community Rebate Program. All available 2025-26 community programs funding was allocated to where it was most needed, this year 100% was allocated to the Community Rebate Program.

Water consumption report

Refer Part 4: Water (see page 55)

Drought preparedness

Refer Part 4: Water (see page 57)

Major non-residential water users

Refer Part 4: Water (see page 55)

Corporate water

Refer Part 4: Water (see page 55)

Circular economy

We recognise our responsibility to transition towards a circular economy. This involves embedding practices that design out waste and pollution, extend the life of products, materials and resources, and minimise environmental impacts across our operations and systems.

This commitment is formalised in our More than Water 2040 Strategy, which outlines our ambition to operate within a largely circular economy, adopting innovative approaches to ensure minimal waste generation.

We have embedded circular economy principles across our operations, including:

- Asset management: Maximising the life and value of existing assets
- Resource recovery: Reclaiming nutrients through recycled water and biosolids reuse on farmland
- Energy recovery: Utilising biogas to generate heat for treatment plant operations
- Renewable energy: Supporting on-site renewable electricity generation
- Waste minimisation: Maintaining established recycling programs for materials such as cardboard, paper, metals and e-waste
- Land management: Reincorporating forestry residues as soil conditioners. Delivering catchment and land management programs to support environmental regeneration.
- Nature-based solutions: Investigating initiatives such as groundwater aquifer recharge and wetland nutrient sinks
- Smart systems: Implementing digital metering and other technologies to reduce water consumption
- Integrated Water Management: Integrated water cycle planning and delivery of alternative water supplies
- Partnerships and procurement: Supporting the City of Ballarat in progressing circular economy procurement solutions for regional waste streams
- Collaboration: Working with DEECA and the broader water sector through the Circular Economy and Energy Working Group

Environment Statutory Obligations

We operate 13 wastewater treatment plants, two of which are licensed for discharge to waterways. Five of these facilities are located within Special Water Supply Catchment Areas, where enhanced environmental protection measures apply.

All wastewater treatment plants within Special Water Supply Catchment Areas operate as zero-discharge facilities. Under normal operating conditions, all treated water is beneficially reused locally, eliminating the need for discharge to receiving waters. To further strengthen the resilience and environmental performance of these zero-discharge systems, several recycled water management upgrades were completed during the reporting period, including:

- commissioning of a recycled water supply scheme at Havelock, incorporating a new distribution main and two centre-pivot irrigators to facilitate the beneficial reuse of recycled water from the Maryborough WWTP
- completion and commissioning of the Daylesford WWTP Recycled Water Irrigation Expansion Project, extending irrigation to additional areas of the treatment plant farm and increasing the capacity for agricultural reuse of recycled water.

At the Ballarat South WWTP, all treated effluent discharged to the environment was fully compliant with licence requirements throughout the reporting period. During October 2025, a period of elevated wet weather inflows resulted in temporarily increased *E. coli* levels in the treated effluent. Although all discharge licence limits continued to be met, the event was managed as an environmental incident, with notifications provided to the Environment Protection Authority (EPA) and downstream stakeholders.

Catchment Management Authority (CMA) Regional Catchment Strategy

We continued to support the Victorian Government's *Our Catchments, Our Communities* strategy through Catchment Partnership Agreements with the Corangamite Catchment Management Authority (CCMA) and the North Central Catchment Management Authority (NCCMA), underpinned by a tripartite Memorandum of Understanding (MOU) with these organisations. During the reporting period, this MOU was reviewed and formally renewed, reaffirming our shared commitment to sustainable catchment management and environmental stewardship.

The renewed agreements strengthen collaborative relationships between the organisations, fostering cooperation and coordinated action to protect and enhance the health of regional catchments. The partnerships focus on several strategic areas of mutual interest, including:

- integrated catchment management
- integrated water management planning
- building climate resilience
- environmental water entitlements
- improving water quality
- community engagement and communication with regional communities and stakeholders.

Through these partnerships, we continue to work collaboratively to deliver positive environmental outcomes, support resilient communities, and improve the long-term health and sustainability of our catchments.

Victorian Waterway Management Strategy and River Health Projects

We contribute to the delivery of the Victorian Waterway Management Strategy through partnerships with catchment managers. Programs and projects in development or delivery include the Moorabool River Catchment Project (Corangamite Catchment) and the Integrated Catchment Management Plan (ICMP) for the Tullaroop catchment (North Central Catchment).

The ICMP for Tullaroop is receiving considerable investment from various parties, including the Victorian Government and CHW, with action to improve water quality, environmental, social, economic and cultural values in the Tullaroop catchment. This project is in a partnership with Traditional Custodians, the Djaara People, represented by Dja Dja Wurrung Clans Aboriginal Corporation, North Central CMA, Goulburn Murray Water.

Key ongoing actions include:

- active partner in the Tullaroop Integrated Catchment Plan
- continued riparian weed control across the catchment to protect and enhance streamside vegetation
- collaboration with Wadawurrung, providing for the release of water back to Wadawurrung Country as a self-determined use
- supporting community education programs, Corangamite Waterwatch program
- funding of the Leigh Catchment Group supporting a variety of Yarrowee River improvement projects under an Enforceable Undertaking agreed with the EPA.

Biodiversity 2037 Strategy

We actively support the delivery of the Victorian Government's Biodiversity 2037 Strategy. In 2025-26, actions that supported this strategy included:

- native revegetation plantings along waterways, decommissioned forestry coupes or land modifications to land management
- implementing our Biodiversity Strategy and associated action plan, including:
  - ongoing vegetation assessment across our assets
  - ongoing management across 13 biodiversity offset sites, with our managed estate
  - extensive weed management throughout our asset locations
  - vertebrate management at targeted locations.

Planning referrals (Environment Reference Standard)

We assessed planning permit applications for developments in potable water supply catchments for compliance against the *'Guidelines for onsite wastewater management'* and other relevant standards and guidelines.

We continue to use our powers, as a referral authority, to set conditions related to the installation and maintenance of septic tanks and effluent disposal systems. This has resulted in the processing of 108 planning applications within potable water supply catchments.

We work with the City of Ballarat, Moorabool, Pyrenees and Hepburn Shire Councils to support the implementation, operation and review of municipal Onsite Wastewater Management Plans.

Sustainable water management

We began the development of our revised Urban Water Strategy, due for completion in 2027. This involved long term water resource modelling of the surface and ground water systems used to supply water to our customers. We also completed modelling of our sewage treatment systems and recycled water systems considering population and commercial growth.

We undertook community engagement and began developing plans for the connection of the Forest Hill water supply system to the Ballarat System to improve water security in the Forest Hill system and reduce the need for water restrictions.

We continued to support the implementation of the Central Region and Gippsland Sustainable Water Strategy by undertaking the following actions:

- driving regional water efficiency and education programs
- delivering integrated water management initiatives through the Central Highlands Integrated Water Management Forum
- continue undertaking discussions with regional stakeholders to streamline temporary water trading in the Moorabool system.

Water recycling

We continued to recycle water across the 13 wastewater systems we operate for a range of uses, including:

- delivery of recreational and environmental water to Lake Wendouree
- provision of recycled water for sporting facilities and open public spaces across the region, including to Snake Valley Golf Club, Beaufort Golf Club, Goldfields Recreation Reserve at Beaufort and to agricultural irrigation across the region, for fodder production
- process industrial water at the Ballarat South and Ballarat North WWTPs.

Irrigation system improvements completed have included:

- the completion of installation and the commissioning of an irrigation supply and two pivot irrigators at Havelock for the agricultural reuse of recycled water from the Maryborough WWTP
- the completion and commissioning of new irrigation infrastructure at the Daylesford WWTP, increasing the area of the onsite farm under irrigation.

Sustainable and resilient water services systems

We continued to support the implementation of the Central Region and Gippsland Sustainable Water Strategy by undertaking the following actions:

- driving regional water efficiency and education programs
- delivering integrated water management initiatives through the Central Highlands Integrated Water Management Forum
- actively participating in the Corangamite CMA Regional Waterway Strategy working group and the Living Moorabool project.
- working with other stakeholders toward the streamlining of temporary water trading in the Moorabool system
- supporting water for Traditional Custodians by partnering with Wadawurrung to provide water for their self-determined use.

Leadership, diversity and culture

Diversity, Inclusion and Accessibility Plan and Gender Equality Action Plan

Our Diversity, Inclusion and Accessibility Plan (DIAP) 2021-2025 and Gender Equality Action Plan (GEAP) 2021-2025 are published on our website and can be located at: chw.net.au/about-us/careers/why-work-with-us

During the year there has been a strong focus on our GEAP activities with the finalisation of our foundational GEAP and development of our new plan. During the period CHW has undertaken the 2025 workplace gender audit, GEAP 2021-2025 progress reporting and development of a new GEAP 2026-2030. These have been submitted with the gender audit being marked as compliant and the progress report and new GEAP awaiting a response from the Commission for Gender Quality in the Public Sector (expected in October 2026).

The development of a new DIAP is underway. This strategic plan will intersect with the Reconciliation Action Plan (RAP) and GEAP and will be known as our Equity & Inclusion Plan (EqIP) plan and will be a strategic document outlining our commitment to fostering a welcoming and inclusive environment for all individuals, including those with disabilities. It aims to address potential barriers and promote equitable opportunities across all aspects of the organisation, from its workforce to its services and engagement with the community. Equality matters at CHW because it is fundamental to our purpose, values, and responsibility to the communities we serve. As a public sector organisation, we are committed to cultivating a workplace where all individuals feel safe, respected, and have a genuine sense of belonging.

Female Executive Officers metrics

We employ one female executive officer, which represents 20% of all CHW executives.

In our senior leadership group, we employee five females, representing 45.5% of this group, providing a strong pipeline of female leaders within CHW for future executive positions.

Aboriginal staff employed metrics

We employ three team members who identify as Aboriginal and/or Torres Strait Islander which represents 1.4% of all CHW staff. The water industry target is 1%.

We remain committed to increasing First Nations employment and have strategies designed to achieve this laid out in our RAP and GEAP.

Participation of Traditional Custodians on Board committee and internal committees

Shu Brown, our first Independent Aboriginal Board Delegate, was appointed as a Board Director on 1 October 2023.

Renee Bosworth was an Independent Aboriginal Board Delegate from 2024-26.

Summary of our progress

The Leadership, Diversity and Culture focus aligns with the Thriving, Innovative Workforce and Culture priority area within our More than Water – 2040 Strategy.

The Corporate Plan, Divisional Plans, RAP, GEAP, DIAP and our CHW values provides the strategy, direction and insight into how we will deliver on our priorities. This work is interrelated and each piece acts as a foundation or source of feedback for the other.

Our people play an integral role in our ability to achieve successful outcomes for our customers and the community. We recognise our people and culture are core to our business success, operationally and strategically. We have continued working on our culture, investing significantly in developing both technical and leadership capability through several enablers that have had direct influence on our culture. While not exhaustive, initiatives such as our internal Learn Lead Grow leadership development program, the culture maturity project, safety policies and initiatives, and actions to address People Matter Survey results have all contributed to our current state.

Gender Equality

We have maintained our strong focus on the finalisation of actions aligned with our foundational GEAP, delivering valuable insights that have directly informed the development of the GEAP for the 2026-2030 period. We observed positive movement in indicators including:

- reduction in gender pay gap to 1.6% in 2025
- sustained increase in the percentage of women receiving permanent promotions
- continued increase in the number of women in management positions to 41% in 2025
- strong participation of women on our Board, representing 55% of all members.

We are proud of the progress made; we remain committed to continuous improvement. Gender equality matters at CHW because it is fundamental to our purpose, values, and responsibility to the communities we serve. As a public sector organisation, we are committed to cultivating a workplace where all individuals feel safe, respected, and have a genuine sense of belonging.

The actions outlined in the 2026-2030 GEAP reflect both the lessons learned from our previous work and our ongoing dedication to building a more inclusive, equitable, and respectful work environment.

The vision and direction of the 2026-2030 GEAP is built on strong and sustained leadership, a clear framework, and a set of principles that ensure our actions are intentional and aligned with our organisational values to drive long-term, systemic change and address inequities.

Growing pathways and opportunities

During the reporting period we have focused on a number of initiatives to increase the participation of women in non-traditional roles, employees identifying as Aboriginal or Torres Strait Islander peoples, having a disability, gender diversity and the 15-24 age group.

We have undertaken significant work to re-promote our apprenticeship and traineeship opportunities, sharing videos of women in non-traditional roles highlighting their experiences; leading our recruitment campaign on our Careers page. We continue to actively recruit trainees, targeting diverse candidates, and particularly women for science, technology, engineering and mathematics (STEM) roles.

We recognise that a large portion of this work must be through partnerships with educational providers and agencies to develop pathways and opportunities. Work in this area has included:

- two-year graduate program with a female engineer experiencing multiple business areas
- Ballarat Tech School partnership to offer STEM-based experiences. The Ballarat Tech School is a centre of STEM excellence that engages students from our partner schools in a high-tech learning environment. We connect schools and industry in innovative learning programs that challenge students to solve problems in a real-world context.
- Federation University Australia co-op partnership in which students are employed with us while finishing their formal studies.

Performance and financial sustainability

For more information refer to Part 6 – Performance Report on page 71.



Compliance and enforcement

Bulk entitlements compliance

Bulk entitlements are reported in Part 5: Environmental and Social Sustainability section on page 59.

Customer protection, including the prevention of harm from family violence

We remain committed to protecting customers who may be experiencing vulnerability, including those affected by family violence.

To further enhance this commitment, we have established a dedicated Family Violence and Customer Assistance Officer role. This position, alongside our Customer Assistance Officer roles, provides tailored assistance to customers impacted by family violence, ensuring they receive safe, confidential and compassionate support while accessing our services.

We have also invested in delivering ongoing training in family violence awareness and response for our customer-facing staff. By delivering this training we continue to strengthen protection and provide a safe, respectful and supportive experience for vulnerable customers.

Cyber security roadmap progress

Over the past two years we have significantly strengthened our cyber posture, improving governance, assurance, monitoring and overall resilience. This uplift has enhanced Victorian Protective Data Security Standards (VPDSS) and the Australian Signal Directorate (ASD) Essential Eight Maturity and addressed key internal audit findings.

As we enter the third year of our Cyber Roadmap we are positioned to consolidate these gains, close remaining gaps and prepare for the next phase of the security uplift under a new Cyber Roadmap.

Strategic intent

Over the year ahead we will continue strengthening information security governance, improving technical control maturity, and ensuring cyber resilience across our essential services. Our strategic focus will centre on:

- advancing our cyber maturity levels across the VPDSS and the Essential Eight
- maintaining a strong foundation of cyber governance, assurance and monitoring
- uplifting identity, network and data protection controls
- increasing awareness and security capability across the workforce
- preparing the organisation for the second Cyber Roadmap (post-FY27).

Emerging technologies: recognising artificial intelligence (AI)

The rapid advancement of digital innovation over the past two decades has fundamentally transformed the way governments and organisations adopt AI systems and automated decision-making (ADM) technologies. We recognise the growing significance of AI and remain committed to understanding its potential impacts on our workforce, operations, and service delivery. We are continuing to embed AI governance considerations within our cyber security roadmap while proactively monitoring Federal and State government directives, compliance requirements, and recommended guidelines to ensure we remain informed and well-positioned to respond to the evolving AI landscape.

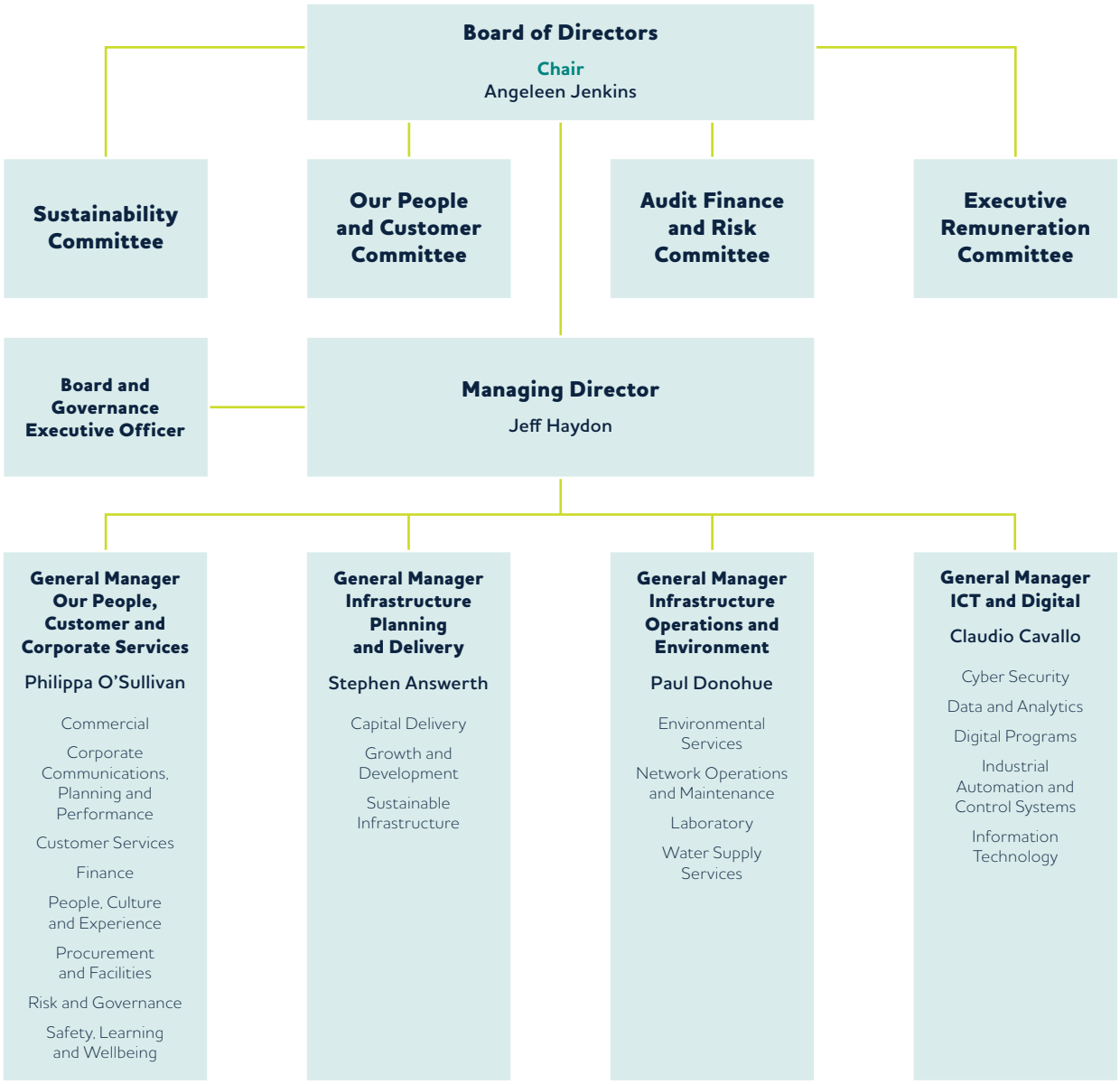


Artist and Noongar Traditional Custodian, Shakira Winmar, with Central Highlands Water Board Chair, Angeleen Jenkins

Part 2

Our Organisation and People

Organisational structure



Meet our Board



Angeleen Jenkins

Chair
Appointed October 2021

Director
Appointed October 2017

Experienced company director and business leader with expertise in safety, sustainability, risk management and environment, social and governance (ESG) practices.

Governance experience spans listed and private sector organisations, with current roles including Chair of Central Highlands Water and Non-executive Director appointments in the forestry sector.

Previous board experience includes long-term service with a major multinational construction group. Executive career experience was built across high-risk global contracting industries, including almost 25 years in the construction sector.

A Fellow of the Australian Institute of Company Directors and the Governance Institute of Australia, with extensive expertise in strategy, governance, culture, succession planning, stakeholder engagement, and risk oversight.



Dianne Smith

Deputy Chair
Appointed February 2026

Director
Appointed October 2023

Experienced Executive and Board Director with a background in tourism, business advocacy, and regional economic development.

Former leadership roles include Chief Executive positions with Industry Network Victoria, Melbourne Chamber of Commerce, Victoria Tourism Industry Council and Ballarat Tourism, along with management responsibilities at Parks Victoria.

Current governance roles include Independent Chair of Destination Central Victoria and advisor to the Zoo Board of Victoria's Revenue and Growth Sub-committee.

Holds a Bachelor of Economics from Monash University and is a graduate of the Australian Institute of Company Directors.

Key strengths include government relations, advocacy, communications, and commercial operations.

Shu Brown



Director
Appointed October 2023

Community leader and cultural advisor with extensive experience in Aboriginal engagement, family support services, and community development.

Current executive responsibilities include Chief of Culture, Public Relations and Engagement at the Ballarat and District Aboriginal Cooperative, with leadership across family violence, kinship care, mental health, housing, justice, and alcohol and other drug programs.

Brings valuable expertise in land, water and fire management, cultural heritage, community engagement, and Traditional Owner knowledge.

A passionate advocate for strengthening connections between people, culture, land, and waterways across the Central Highlands region.

Jane-Frances Kelly



Director
Appointed October 2025

Strategy, public policy, and governance professional with experience across government, academia, and public sector organisations.

Early career experience included management consulting and service within the United Kingdom Prime Minister's Strategy Unit.

Since relocating to Australia, leadership roles have focused on public policy and institutional strategy at the University of Melbourne and Victoria Police.

Holds a first-class honours degree in English Language and Literature from the University of Oxford, a Master of Business Administration (MBA) from the Wharton School and a Master of Public Policy from Princeton University.

Dr Jessie Harman OAM



Director
Appointed October 2025

Experienced Non-executive Director and committee chair with a background spanning higher education, research, international education, and industry engagement.

Executive career included senior leadership roles focused on university-industry partnerships and international education, supported by expertise in consumer behaviour and marketing.

Current governance responsibilities include chairing AF Gason Pty Ltd, the Central Highlands Integrated Water Management Forum, and Rotary Foundation Australia. Holds a Doctorate in Social Entrepreneurship, an MBA and a Bachelor of Arts (Honours), and is a graduate of the Australian Institute of Company Directors.

Appointed a Member of the Order of Australia in 2025 for significant service to social change leadership and regional Victoria.

Mark McKenzie



Director
Appointed October 2019

Primary producer and strategic communications professional with experience in business management, corporate affairs, marketing, and stakeholder engagement.

Leadership experience includes Executive roles across the wine and agricultural sectors, including the Victorian Wine Industry Association, Wine Grape Growers Australia, and Murray Valley Winegrowers.

Previous executive experience also includes leading the New South Wales (NSW) Irrigators Council. Governance appointments have included the National Irrigators Council, National Farmers' Federation Water Taskforce and NSW Technical and Further Education (TAFE) Commission.

Holds tertiary qualifications in agricultural science and brings expertise in industry advocacy, governance, and regional development.

Dr Peter Morison



Director
Appointed October 2025

Environmental and social scientist with more than 30 years of experience across water governance, environmental policy, strategic management, consulting, and research. Executive leadership experience includes Chief Executive Officer of VicWater and senior roles focused on integrated water management, liveability, and waterways services.

Recognised for bridging science and practice through contributions to leading publications on Integrated Water Management and Water Sensitive Urban Design.

Holds a PhD in environmental governance and policy and is a graduate of the Australian Institute of Company Directors. Current governance roles include directorships with Natural Capital and Climate Pty Ltd and Cooperative Power.

Scott Williams



Director
Appointed October 2021

Governance and industry leader with extensive experience across animal health, agriculture, research, development, and consulting.

Professional expertise spans veterinary practice, farm consultancy, agricultural pharmaceuticals and research and development.

Current governance roles include Director of the Australian Wool Testing Authority, Director of the Sovereign Hill Museums Association, Deputy Chair of the Victorian Animal Welfare Advisory Committee, and member of the Melbourne Veterinary School Advisory Board.

Recently appointed as a Non-executive Director of VicWater, with previous board service including Leadership Ballarat and the Committee for Ballarat.

Holds qualifications in Veterinary Science, Management and Strategic Foresight, and is a graduate of the Australian Institute of Company Directors.

Linda Scott



Director
Appointed October 2021

Risk management and governance specialist with extensive experience supporting organisations across audit, assurance, and compliance functions.

A Certified Practising Risk Manager, Certified ISO and NDIS Lead Auditor, and active risk management consultant, providing advice across a range of sectors.

Governance experience includes non-executive director appointments at Dhelkaya Health, the Asylum Seeker Resource Centre, Department of Energy, Environment and Climate Action (DEECA), the Commissioner for Environmental Sustainability (CES), Uniting Australia VicTas Synod and several regional local council committees. Current roles include ARC Independent Member for the Uniting Church, Company Secretary of the Swinburne Student Association and Director of risk and certification businesses.

Holds a Bachelor of Business and is a graduate of the Australian Institute of Company Directors.

Jeff Haydon



Managing Director
Appointed July 2022

Water sector executive with extensive experience in infrastructure, operations, sustainability, and strategic planning.

As Managing Director of Central Highlands Water, leads the delivery of water and wastewater services across the region. Career experience includes executive leadership of treatment operations, water supply systems, network operations, catchment management, growth planning, climate resilience, and laboratory services.

Previous roles include Director of Infrastructure at the City of Ballarat and international experience as a water engineering consultant.

Holds qualifications in Civil Engineering and Business Administration and is a graduate of the Australian Institute of Company Directors. Current governance experience includes service as a Board Member of the Committee for Ballarat.

Corporate governance

Role of the Board

The Board is responsible for the overall corporate governance of Central Highlands Water, which includes overseeing strategic direction in line with the governance framework to ensure compliance with the legal and policy requirements of the Victorian Government including the *Water Act 1989 (Vic)*, the *Public Administration Act 2004 (Vic)* and the *Financial Management Act 1994 (Vic)*.

Board composition

The Board comprises a non-executive Chair, eight Non-executive Directors, one Independent Aboriginal Delegate and the Managing Director. The Minister appoints the Non-executive Chair and Non-executive Directors, and the Managing Director is appointed by the Board in accordance with the *Water Act 1989 (Vic)*.

Board Meeting Attendance (Ordinary Meetings)

	Term	Eligible to Attend	Attended
Angeleen Jenkins (Board Chair)	1 July 2025 – 30 June 2026	5	5
Tony Peake (Deputy Chair)	1 July 2025 – 30 September 2025	1	1
Dianne Smith	1 July 2025 – 30 June 2026	5	5
Jane-Frances Kelly	1 October 2025 – 30 June 2026	4	4
Lynne McLennan	1 July 2025 – 30 September 2025	1	1
Linda Scott	1 July 2025 – 30 June 2026	5	5
Mark McKenzie	1 July 2025 – 30 June 2026	5	5
Peter Morison	1 October 2025 – 30 June 2026	4	4
Scott Williams	1 July 2025 – 30 June 2026	5	5
Shu Brown	1 July 2025 – 30 June 2026	5	1*
Renee Bosworth (Ind. Aboriginal Delegate)	1 July 2025 – 30 May 2026	4	3*
Jeff Haydon	1 July 2025 – 30 June 2026	5	5

Note:

* Cultural, personal or special leave

Audit Finance & Risk Committee Attendance

	Term	Eligible to Attend	Attended
Tony Peake (Chair)	1 July 2025 – 30 September 2025	1	1
Angeleen Jenkins	1 July 2025 – 30 June 2026	4	4
Dianne Smith (Chair as at 1 October 2025)	1 July 2025 – 30 June 2026	4	4
Jane-Frances Kelly	1 October 2025 – 30 June 2026	3	3
Linda Scott	1 July 2025 – 30 June 2026	4	3*
Scott Williams	1 July 2025 – 30 June 2026	4	4
Phil Delahunty (Indep. member)	1 October 2025 – 30 June 2026	3	3

Note:

* Cultural, personal or special leave

Board committees

The Board has four committees (as of 30 June 2026) to assist it in carrying out its responsibilities:

- Audit Finance & Risk committee
- Our People & Customers committee
- Sustainability committee
- Executive Remuneration committee

Audit, Finance & Risk committee

Purpose

The Audit Finance & Risk committee assists the Board in the organisation's governance and exercising of due care, diligence and skill.

The committee's key responsibilities are to:

- oversee and appraise the scope and quality of the audits conducted by internal and external auditors.
- maintain, by holding quarterly meetings, open lines of communication among the Board, internal auditors and external auditors to exchange views and information and confirm their respective authorities and responsibilities.
- serve as an independent and objective party to review the reliability and integrity of financial information.
- determine the adequacy of CHW's administrative, operating and accounting controls.
- oversee the organisation's Risk Management Framework including the integration of risk management principles into CHW's strategic objectives, policies and reporting.
- ensure compliance with laws, regulations, financial code of conduct and ethical standards.

The committee's authority and role is set out in the Audit and Risk committee Charter, a regulatory requirement that covers governance responsibilities including but not limited to those outlined in the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994*.

Membership of the committee is reviewed annually, and members are eligible for re-appointment. The committee comprises at least three non-executive Directors, with the option to include one independent external member. The members collectively, will have diverse backgrounds with a broad and complementary range of skills and experience relevant to CHW's operations. Meetings are held quarterly. Special meetings of the committee can be called, in accordance with CHW's Board Charter.

Supporting policies

- Board Charter
- Audit Finance and Risk Committee Charter
- *Water Act 1989*
- Standing Directors of the Minister for Finance under the *Financial Management Act 1994*

1 July 2025 to 30 September 2025	
Committee Member	**Role**
Tony Peake	**Committee Chair – Non-Executive Director (member)**
Angeleen Jenkins	Non-Executive Director (member)
Linda Scott	Non-Executive Director (member)
Dianne Smith	Non-Executive Director (member)
Scott Williams	Non-Executive Director (member)
1 October 2025 to 30 June 2026	
Dianne Smith	**Committee Chair – Non-executive Director (member)**
Angeleen Jenkins	Non-Executive Director (member)
Jane-Frances Kelly	Non-Executive Director (member)
Linda Scott	Non-Executive Director (member)
Scott Williams	Non-Executive Director (member)
Phil Delahunty	Independent Member

Other major Board committees

Executive Remuneration committee

Purpose: To ensure proactive governance acting in an advisory and governance capacity. The committee's key responsibilities are to:

- oversight of Charter and Executive Remuneration Policy
- annual review of Managing Director performance (delivering on agreed targets and objectives) and remuneration package including succession planning for the Managing Director and Executive roles
- oversight of annual review process undertaken by Managing Director of Executive team
- oversight of setting the annual performance targets, objectives and development plan for the Managing Director prior to Board approval
- oversight of annual reporting to the Victorian Public Sector Commission (VPSC).

1 July 2025 to 30 September 2025	
Committee Member	**Role**
Angeleen Jenkins	**Committee Chair – Non-Executive Director (member)**
Tony Peake	Non-Executive Director (member)
Lynne McLennan	Non-Executive Director (member)
1 October 2025 to 30 June 2026	
Angeleen Jenkins	**Committee Chair – Non-Executive Director (member)**
Dianne Smith	Non-executive Director (member)
Jessie Harman	Non-executive Director (member)

Sustainability committee

Purpose: To ensure the Board maintains a focus on sustainability throughout its policies, operations, service delivery and innovation. The committee's key responsibilities are to:

- oversee the CHW Sustainability Framework
- thought leadership on sustainability principles, processes and practices including but not limited to: water supply and demand, water quality, climate resilience, carbon emissions, catchment health, circular economy, strategic land use planning, property growth and development, integrated water management, infrastructure lifecycle management and Traditional Owner engagement in water management
- monitor the enterprise risk threats and opportunities associated with sustainability.

1 July 2025 to 30 September 2025	
Committee Member	**Role**
Scott Williams	**Committee Chair – Non-Executive Director (member)**
Mark McKenzie	Non-Executive Director (member)
Lynne McLennan	Non-Executive Director (member)
Shu Brown	Non-Executive Director (member)
Linda Scott	Non-Executive Director (member)
Jeff Haydon	Managing Director (member)
1 October 2025 to 30 June 2026	
Scott Williams	**Committee Chair – Non-Executive Director (member)**
Linda Scott	Non-Executive Director (member)
Mark McKenzie	Non-Executive Director (member)
Peter Morison	Non-Executive Director (member)
Renee Bosworth	Independent Aboriginal Delegate
Jeff Haydon	Managing Director (member)

Our People & Customers committee

Purpose: To ensure the Board maintains a focus on people, safety and customers through exceptional customer and community value and a thriving innovative workforce and culture. The committee's key responsibilities are to:

- review CHW's performance and measures of success in line with the 2040 strategic outcome areas
- monitor delivery of customer commitments in line with the price submission and corporate plan
- oversee business performance against regulatory commitments
- oversee of matters impacting CHW's health safety & wellbeing vision of zero harm
- review and monitor relevant leadership strategies and initiatives.

1 July 2025 to 30 September 2025	
Committee Member	**Role**
Lynne McLennan	**Committee Chair – Non-Executive Director (member)**
Tony Peake	Non-Executive Director (member)
Dianne Smith	Non-Executive Director (member)
Mark McKenzie	Non-Executive Director (member)
Renee Bosworth	Independent Aboriginal Delegate
Jeff Haydon	Managing Director (member)
1 October 2025 to 30 June 2026	
Jessie Harman	**Committee Chair – Non-Executive Director (member)**
Dianne Smith	Non-Executive Director (member)
Mark McKenzie	Non-Executive Director (member)
Shu Brown	Non-Executive Director (member)
Jeff Haydon	Managing Director (member)

People and culture

Public sector values and employment principles

We have policies, practices and values consistent with the Victorian Public Sector Commission's (VPSC) employment standards, *Public Administration Act 2004* and *Charter of Human Rights and Responsibilities Act 2006*, providing for fair treatment, caring for each other, collaboration, early resolution of workplace issues and career opportunities.

We provide regular training to team members to embed our values, how to avoid conflicts of interest and how to respond to offers of gifts. Leaders and team members receive targeted training on managing conflict, as well as responding to misconduct, harassment and bullying.

We recognise the importance of workplace culture in creating a positive and safe environment for our employees. A strong culture is a driving factor behind employee engagement, fostering a deeper connection to their work and aligning with our strategic priorities.

We have worked to define our target culture and are implementing a roadmap to mature and monitor progress against the desired state. This work has contributed to strong engagement from our workforce with 88 per cent of employees providing valuable feedback through the 2026 People Matter Survey.

We aim to connect our team members to the value of their work and how they deliver it, with 89 per cent understanding how their job helps us achieve our goals, 89 per cent feeling they achieve something meaningful through their work, 76 per cent inclusion highlighting team members feel culturally safe and can be themselves and 71 per cent employee engagement these results indicate our workforce is connected and fulfilled.

Culture and connection are supported throughout the employee lifecycle with team member development and rewards programs to encourage behaviour that supports values and our strategic direction.

All recruitment we undertake follows a consistent process to ensure selection is based on merit. We have enhanced recruitment practices as part of our diversity and inclusion plan to ensure equity for all. Applicants are assessed and evaluated based on the key selection criteria and key capabilities while controlling risks for unconscious bias. We are committed to providing a diverse and inclusive workforce.

We encourage applications from Aboriginal and Torres Strait Islander people, people with disability, people from culturally and linguistically diverse backgrounds, mature age workers and lesbian, gay, bisexual, transgender, queer/questioning, intersex and asexual (LGBTQIA+) people.

We recognise that internal programs and practices have a broader impact on the community, not only in the work we undertake and how it is performed, but also in how our employees share this knowledge and understanding in their personal lives. A number of our initiatives include partnerships with external organisations utilising independent expert support to grow our internal capability and understanding.

We are encouraged by the steady progress we have achieved in the area of Leadership, Diversity and Culture and the actions we have implemented during the year to support this growth. We recognise that we are on a continuous journey of improvement. Our dedication is reflected in the integration of diversity and inclusion measures into the performance framework for senior leaders, ensuring accountability and sustained focus. We continue to monitor performance against action plans and targets, reinforcing our commitment to creating a workplace that is inclusive, values driven, and aligned with our strategic goals.

Our workforce

	30 June 2025								30 June 2026						
	All Employees		Ongoing			Fixed Term & Casual			All Employees		Ongoing			Fixed Term & Casual	
	No	FTE	Full-time	Part-time	FTE	No	FTE		No	FTE	Full-time	Part-time	FTE	No	FTE
Women	87	79.20	56	21	69.70	10	9.50	Women	89	82.94	58	18	70.10	13	12.84
Men	136	135.69	119	1	119.89	16	15.80	Men	137	135.97	120	2	121.41	15	14.56
Self-described	0	0	0	0	0	0	0	Self-described	0	0	0	0	0	0	0
Age								Age							
15-24	4	4	3	0	3	1	1	15-24	4	4	3	0	3	1	1
25-34	37	36.89	34	1	34.89	2	2	25-34	36	34.69	30	3	31.91	3	2.78
35-44	60	55.97	45	9	50.47	6	5.50	35-44	61	59.10	55	5	58.10	1	1
45-54	70	66.75	52	9	57.75	9	9	45-54	68	64.86	44	10	50.86	14	14
55-65	48	47.44	38	2	39.64	8	7.80	55-65	55	54.26	44	2	45.64	9	8.62
65+	4	3.84	3	1	3.84	0	0	65+	2	2	2	0	2	0	0
Enterprise Agreement Classification								**Classification**							
Level 1	0	0	0	0	0	0	0	Level 1	1	0.94	0	0	0	1	0.94
Level 2	0	0	0	0	0	0	0	Level 2	0	0	0	0	0	0	0
Level 3	5	5	4	0	4	1	1	Level 3	1	0.62	0	0	0	1	0.62
Level 4	24	21.59	17	6	20.60	1	1	Level 4	25	23.29	19	5	22.29	1	1
Level 5	43	42.55	42	1	42.55	0	0	Level 5	47	46.15	43	2	44.15	2	2
Level 6	38	35.26	29	8	34.46	1	0.80	Level 6	38	35.99	29	7	34.15	2	1.84
Level 7	45	42.83	37	5	40.33	3	2.50	Level 7	47	45.58	42	4	44.58	1	1
Level 8	19	19.00	19	0	19.00	0	0	Level 8	25	24.52	22	1	22.52	2	2
Level 9	32	31.66	26	2	27.66	4	4	Level 9	26	25.82	23	1	23.82	2	2
Individual Employment Contracts								**Executives**							
Senior Leadership	11	11	1	0	1	10	10	Senior Leadership	11	11	0	0	0	11	11
General Manager	5	5	0	0	0	5	5	General Manager	4	4	0	0	0	4	4
Managing Director	1	1	0	0	0	1	1	Managing Director	1	1	0	0	0	1	1
Total Employees	**223**	**214.89**	**175**	**22**	**189.59**	**26**	**25.30**	**Total Employees**	**226**	**218.91**	**178**	**20**	**191.51**	**28**	**27.40**

Notes:

This table reflects our active employees as of the last full pay period of June 2026 and includes/excludes the following:
– Includes casual employees who worked in the last full pay period of June 2026.
– Excludes employees who were on leave without pay for the whole of the last full period in June 26 (including unpaid parental leave)
– Excludes Board Directors and Aboriginal Board Delegate

Employees are classified as level 1-9 under the 2021 CHW Enterprise Agreement.

Senior leaders are engaged uner individual contracts, aligned with the Public Entity Executive Remunaration Policy .

Individual employment contracts listed under Senior Leadership include Head of and senior technical positions.

FTE means full-time employee equivalent.

Both the number of employees and the FTE has increased slightly. This increase reflects the lower than usual vacancy rate at the time of reporting.

Occupational health and safety

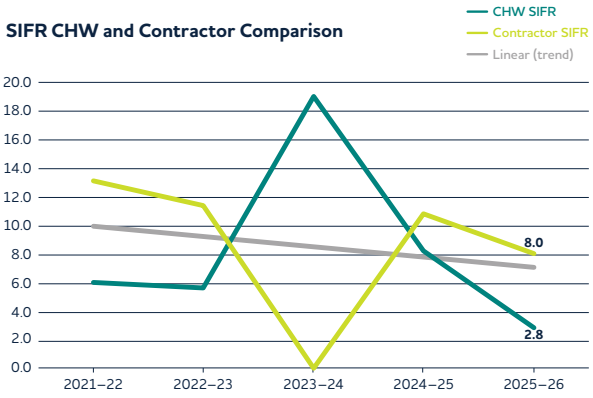
Key achievements

We have continued our focus on maturing our safety culture and performance during 2025-26 with the following key achievements completed:

- a revised 2-year Safety, Learning & Wellbeing strategic action plan has been developed and consulted through the Health, Safety & Wellbeing (HSW) Committee, our leaders and staff throughout our business
- continued improvement initiatives focusing on building the maturity of our Safety Culture including a focus on safety leadership interactions with our leaders and a continued focus on critical risk controls
- significant focus on initiatives to control mental health related workplace hazards including strengthening controls specific to work related stress
- overall hazard and near miss reporting has continued to be strong demonstrating a healthy reporting culture
- ongoing focus on improving contractor monitoring and assurance activities.

OHS performance data

Our Significant Injury Frequency Rate (SIFR) for 2025-26 of 2.8 is a significant decrease on the score of 8.2 for 2024-25 (see graph below). We will continue to focus on learning from incidents and building strengthened controls into our operational activities. Our contractors SIFR rate for 2025-26 of 8 is also a decrease on the score of 10.8 for 2024-25 reporting period. Contractor management continues to remain an ongoing area of focus.



Health and safety reporting

Measurement of implementation	2023-24	2024-25	2025-26
Hazards reported (per 100 FTE)	59.2	55.8	47.1
All incidents* (per 100 FTE)	29.8	26.52	42
All injuries (per 100 FTE)	9.4	4.65	4.1
Near misses (per 100 FTE)	20.5	21.9	37.9
Process (lead) – measures of implementation			
OHS induction training completion	100%	100%	100%
Consultation – OHS committees	85%	85%	87%
Consultation – senior management commitment	100%	100%	100%
OHS management system implementation, review and improvement	100%	100%	100%
Outcome (lag)			
No. of standard Workcover claims	2	1	0
Average cost per claim	$6,408	$7,998	0
Fatalities	0	0	0

Note:

* All incidents include injuries and near misses.

Revised Strategy and Safety Culture review

We continued our efforts to strengthening our safety culture maturity throughout 2025-26. We partnered with Sentis, a global consultancy that specialises in the application of psychology to workplace safety to review our current safety culture.

The focus of the review was on key drivers and enablers of our Safety Culture maturity-including a focus on safety leadership, learning culture, contractor management, critical risk controls and psycho-social risk management. We have incorporated actions from the review into our Safety, Learning and Wellbeing strategic action plan for 2026-28. We have consulted extensively with our staff on this revised strategy, engaging with the HSW Committee, our leaders and staff throughout our business.

Critical risk control

We recognise that some of the services we provide and activities we carry out involve inherently high risks. We operate within the risk tolerance level by only accepting exposure to risks where all things reasonably practicable have been done to control the risks to an acceptable level, and where undertaking the activity cannot be avoided.

Through the completion of more than 200 safety interactions by our people leaders over the past year, we have continued to enhance the focus on critical risk control from leadership, through to the teams they manage. This has had a continued positive impact on our reporting culture with solid hazard and near miss reporting continuing throughout the period. Identifying hazards enables us to be proactive in eliminating them before an injury occurs.

To drive focus on our critical risk controls we undertook organisation wide consultation and review of our existing Life Saving Rules throughout 2025, with the release of the new rules in September 2025. The revised rules included the addition of Occupational Aggression and Lifting Operations as key potentially fatal risks.

We completed a critical risk control review of our controls specific to Occupational Aggression in March 2026. This is one of the key potentially fatal risks that many staff through our organisation are exposed to which is reflected in our Life Saving Rules. An action plan following the critical risk control review session was completed, with the delivery of actions underway.

In addition to this, we delivered on our action plan following a critical risk control review on hazardous substances completed in early 2025. This activity was selected as it is one of the key fatal risks and is reflected in our Life Saving Rules. A significant number of our staff members are potentially exposed to this risk every day. As part of this process, we have identified improvements to systems and process with actions being tracked and implementation monitored.

Psychosocial risks

We have continued our focus on improving psychosocial risk controls at a team-based level throughout 2025-26. We partnered with an Organisation Psychologist in facilitating team-based sessions focused on building an understanding of individual teams-based factors contributing to workload, one of our key psychosocial risk factors.

This enabled a detailed understanding of contributing factors within each team and a focus on team based specific controls to improve to improve individual psychosocial risk control measures for our staff. Action plans will be established and monitored at a team level as part of a key action within our Safety, Learning & Wellbeing strategic action plan.

Contractor management

There has been a strong focus on strengthening contractor monitoring and assurance activities during the year. We provided refresher training on our contractor management framework to all staff who engage contractors as part of their role, focusing on monitoring and assurance activities. Work has continued around strengthening monitoring of our contractors through the introduction of additional safety KPIs and we have continued strengthening the monitoring capabilities of our staff, including performing field-based audits. Safety Business Partners and Governance team members have been providing support to staff in developing contractor management capability throughout 2025-26.





Daylesford Water Treatment Plant

Part 3

Disclosures

Local Jobs First

Local Jobs First Act 2003

The following information relates to projects commenced and/or completed during the 2025-26 reporting period, to which Local Jobs First applied; except those related to grants.

Projects commenced – Local Jobs First standard

During 2025-26, we commenced six Local Jobs First standard projects totalling $50.19 million.

The commitments made as part of the Local Jobs First policy for these projects, where information was provided, are as follows:

- an average of 97.45% of local content commitment was made
- a total of 45 jobs Annualised Employee Equivalent (AEE) were committed, including the creation of 20 new jobs and the retention of 25 existing jobs (AEE)
- no projects were commenced where the Major Projects Skills Guarantee (MPSG) applied
- the number of small to medium sized businesses engaged as either the principal contractor or part of the supply chain was 91.

Projects completed – Local Jobs First standard

During 2025-26, we completed one Local Jobs First standard project totalling $3.2 million.

The outcome of the project completed was as follows:

- 92% of local content achieved
- a total of five jobs (AEE) were retained, no new jobs were created
- no projects were completed where the Major Projects Skills Guarantee (MPSG) applied
- the number of small to medium-sized businesses engaged as either the principal contractor or part of the supply chain was seven
- for the completed project, one post contract review was to be submitted, and zero post contract reviews were submitted.

Projects Commenced – Local Jobs First strategic

During 2025-26, we commenced one Local Jobs First strategic project estimated to be $215 million.

The commitments made as part of the Local Jobs First policy for this project where information was provided is follows:

- 96.18% of local content commitment made
- a total of 12 jobs (AEE) were committed, including the creation of one new job and the retention of 11 existing jobs (AEE)
- no projects were commenced where the Major Projects Skills Guarantee (MPSG) applied
- the number of small to medium sized businesses engaged as either the principal contractor or part of the supply chain was five.

Projects Completed – Local Jobs First strategic

During 2025-26, we completed zero Local Jobs First Strategic projects.

Reporting on grants provided

For grants provided during 2025-26, no interaction reference numbers were required, which entailed a conversation with the Industry Capability Network (Victoria) Ltd.

Social procurement framework

Social Procurement is reported in Part 5: Environmental and Socal Sustainability: refer page 59.

Government advertising expenditure

Our expenditure during 2025-26 did not exceed $100,000.

Consultancy expenditure

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

In 2025-26, there were 30 consultancies where the total fees payable to the consultants were $10,000 or greater. The total expenditure incurred during 2025-26 in relation to these consultancies was $2,268,843 (excl. GST).

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

In 2025-26, there were 12 consultancies where the total fees payable to the consultants were less than $10,000. The total expenditure incurred during 2025-26 in relation to these consultancies was $38,760 (excl. GST).

Reviews and studies expenditure

In 2025-26 there were 11 reviews and studies undertaken which were not commercially sensitive with the total cost of $280,042. Details of the review and studies are outlined below.

Name of the review/study	Reason for review/study	Scope	Anticipated outcomes	Estimated cost for the year (excl. GST)	Final cost if completed (excl. GST) (total project cost)	Publicly available
Contract Management	Internal audit	Comprehensive review of contract management processes and controls to ensure that contractor arrangements have been identified, are appropriate to all parties, that the expected business benefits and value for money are realised, parties understand their obligations under the contract, and the risk of fraud and/or corruption is mitigated	Confirm compliance	$18,900	$18,900	No
End of Financial Year Audit	Regulatory audit	Review financial report, in accordance with the *Financial Management Act 1994* and the Australian Accounting Standards	Confirm compliance	$45,600	$45,600	No
Essential Services Commission (ESC)	Regulatory audit	Review ESC performance requirements and KPIs, including water industry service standards	Confirm compliance	$22,000	$23,312	No
Review Business Continuity & Disaster Recovery	Internal audit	Review will be to assess the adequacy and effectiveness of our current Business Continuity and Disaster Recovery Planning practices and processes (from a business operations and IT perspective) per relevant controls of ISO 22301 – Business Continuity and ISO 27031 – IT Disaster Recovery	Confirm compliance	$33,750	$33,750	No
Review of Digital Metering Project	Internal audit	Review of the project activities to gain holistic understanding including adequacy and effectiveness of our practices pertaining to delivery and management of Digital Water Metering project	Confirm compliance	$24,300	$24,300	No

Name of the review/study	Reason for review/study	Scope	Anticipated outcomes	Estimated cost for the year (excl. GST)	Final cost if completed (excl. GST) (total project cost)	Publicly available
Review Workcover & Injury Management	Internal audit	Review will be to assess the design, effectiveness, and compliance of Workcover claims and injury management practices, including return-to-work processes, in accordance with legislative and regulatory obligations	Confirm compliance	$16,560*	$0.00	No
Occupational Health & Safety (OHS) / Environment Management System (EMS)	Accreditation audit	Review of management systems in relation to the requirements of ISO 14001:2015 and ISO 45001:2018	Management system accreditation	$14,557	$14,557	No
Interim Financial Audit	Regulatory audit	Review financial report, in accordance with the *Financial Management Act 1994* and the Australian Accounting Standards	Confirm compliance	$60,000	$60,000	No
Unmanaged Third-Party Risks (including unauthorised access to IT infrastructure)	Internal audit	Review will be to assess the adequacy and effectiveness of our practices for the management of third-party risks, including risks associated with unauthorised access to IT infrastructure and systems.	Confirm compliance	$24,840*	NA	No
National Association of Testing Authorities (NATA) Accreditation	Reassessment audit	Reassessment is undertaken to ensure continuation for accreditation with NATA	Confirm accreditation	$12, 635	$12,635	No
Follow-up Review of Extreme & High Audit Recommendations	Internal Audit	Review recommendations with a risk rating of Extreme and High reported as closed to the Audit Finance & Risk Committee (AFRC) will be verified as part of this review. This will provide assurance to the management and AFRC that recommendations contained in the internal audit reports were adequately implemented and reported.	Confirm compliance	$6,900*	NA	No

Note:

* Not invoiced at 30 June 2026, due to not being finalised.

ICT expenditure

For the 2025-26 reporting period, we had a total ICT expenditure of $19,039,308 with the details shown below.

All operational ICT expenditure	ICT expenditure relating to projects to create or enhance ICT capabilities		
Business as usual (BAU) ICT expenditure	**Non business as usual (non-BAU) ICT expenditure (total = operational expenditure and capital expenditure)**	**Operational expenditure (OPEX)**	**Capital expenditure (CAPEX)**
$10,797,942	$8,241,366	$3,991,281	$4,250,085

Notes:

ICT expenditure refers to our costs in providing business enabling ICT services within the current reporting period. It comprises business as usual (BAU) ICT expenditure and non-business as usual (non-BAU) ICT expenditure.

Non-BAU ICT expenditure relates to extending or enhancing our current ICT capabilities.

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

Subsequent event

Relevant disclosure is reported on Note 9.2 in Part 7: Financial Report: refer page 122.

Major contracts

We entered into two contracts valued at $10 million or more in 2025-26. These contracts were awarded to:

- Veolia Water Services (ANZ) – awarded the *'Provision of Operation and Maintenance Services for CHW on Six Nominated Water Treatment Plants'* contract at a total cost of $214,722,729
- AECOM Australia – awarded the *'Provision of Engineering Services'* contract at a total cost of $14.8 million.

Details of this contract is available on the Buying for Victoria website: tenders.vic.gov.au

Freedom of information

The *Freedom of Information Act 1982* (the Act) allows the public a right of access to documents held by CHW.

The purpose of the Act is to extend as far as possible the right of the community to access information held by government departments, local councils, Ministers, and other bodies subject to the Act.

Anyone has a right to apply for access to documents held by CHW. This comprises documents both created by CHW or supplied to CHW by an external organisation or individual. This may also include maps, photographs and audio-visual material. Information about the type of material produced by CHW is available on our website, under Freedom of Information Part II – Information Statement, within the Freedom of Information (FOI) page.

The Act allows CHW 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 such as legal advice, personal information about other people and information provided to CHW in-confidence.

Under the Act, CHW is required to process valid requests within 30 days of receiving the request. In some cases, this time may need to be extended. If an applicant is not satisfied by a decision made by CHW, under section 49A of the Act, they have the right to seek a review by the Office of the Victorian Information Commissioner (OVIC) within 28 days of receiving a decision letter.

Making a request

Access to documents may be obtained through a FOI request to CHW. Each application must clearly identify the documents sought and must be accompanied by the required application fee of $34.50 (from 1 July 2026). Access charges may also be payable if the document pool is large, and the search for material time consuming.

When making an FOI request, applicants should ensure requests are in writing and clearly identify what types of material/documents are being sought. People wanting access to CHW documents under the Freedom of Information Act can use the online FOI application form at chw.net.au

We will also accept applications made in writing to:

Freedom of Information Officer
Central Highlands Water
PO Box 152
Ballarat Vic 3353

General enquiries about FOI may be made by contacting us on 1800 061 514 or via email to GovernanceandServicesTeam@chw.net.au

FOI responsiveness

We received 1 valid request during the 2025-26 period; it was responded to within the required 30-day timeframe by agreement with the applicant and in accordance with the Act. Full access was granted to the applicant.

One request that was carried over from the previous year was finalised by VCAT.

Additional information available on request

In compliance with the requirements of Standing Directions of the Assistant Treasurer, details in respect of the items listed below have been retained by CHW and are available (in full) on request from our FOI Officer (contact details follow), subject to the provisions of the *Freedom of Information Act 1982*.

- A statement that declarations of pecuniary interests have been duly completed by all relevant officers of CHW.
- Details of publications produced by CHW about itself, and how these can be obtained.
- Details of major promotional, public relations and marketing activities undertaken by CHW to develop community awareness of the corporation and its services.
- Details of changes in prices, fees, charges, rates and levies charged by CHW.
- Details of any major external reviews carried out on CHW.
- Details of major research and development activities undertaken by CHW.
- Details of overseas visits undertaken, including a summary of the objectives and outcomes of each visit.
- A list of CHW's major committees, the purpose of each committee and the extent to which the purpose has been achieved.
- A general statement on industrial relations within CHW and details of time lost through industrial accidents and disputes. Details of assessments and measures undertaken to improve the occupational health and safety of employees.

Building Act 1993

We do not own or control any government buildings and therefore are exempt from notifying its compliance with the building and maintenance provisions of the *Building Act 1993*. We conduct a regular program to ensure compliance with all relevant provisions of the *Building Act 1993* in building and maintenance activities. Any areas of concern are logged and addressed.

Competitive Neutrality Policy

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

Public Interest Disclosure Act 2012

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

- A public interest disclosure is a complaint of corrupt or improper conduct by a public officer or a public body. We are a public body for the purposes of the PID Act.
- Improper or corrupt conduct involves substantial mismanagement of public resources, risk to public health or safety or the environment, or corruption. The conduct must be criminal in nature or a matter for which an officer could be dismissed.
- You can make a public interest disclosure about CHW, or our Board members, officers or employees by contacting the Independent Broad-Based Anti-Corruption Commission (contact details follow).
- CHW is not able to receive public interest disclosures. We have an established procedure for the protection of persons from detrimental action in reprisal for making a public interest disclosure about CHW or our employees.

You can access our procedure at chw.net.au

Contacts

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

Address: Level 1, North Tower, 459 Collins Street, Melbourne Vic 3000
Mail: IBAC, GPO Box 24234 Melbourne Vic 3001
Website: www.ibac.vic.gov.au
Phone: 1300 735 135
Email: See the website above for the secure email disclosure process, which also provides for anonymous disclosures.

Emergency procurement

We did not enact our Emergency Procurement policy in 2025-26.

Procurement complaints

We did not receive any procurement complaints in 2025-26.

DataVic Access Policy

To comply with the Victorian Government's DataVic Access Policy, the information included in this Annual Report, including the Performance Report and Financial Report, will be made available online at data.vic.gov.au in a readable format.



Landsborough Water Treatment Plant

Part 4

Water

Corporate Water Consumption

	Consumption (kL)	No. of employees (FTE)	Annual use (kL per FTE)	Daily use (L per FTE)	Litres per m² office space
Central Highlands Water offices	1168	202.9	5.8	15.8	188.1

Note:

FTE figure represents staff based at our Wendouree offices and depots and Maryborough depot only.

Major non-residential water users

Major customers – use by volume range

Volumetric range – ML per year	Number of customers
Equal to our greater than 50 ML and less 100 ML	4
Equal to or greater than 100 ML and less than 200 ML	3
Equal to or greater than 200 ML and less than 300 ML	0
Equal to or greater than 300 ML and less than 400 ML	1
Equal to or greater than 400 ML and less than 500 ML	0
Equal to or greater than 500 ML and less than 750 ML	0
Equal to or greater than 750 ML and less than 1000 ML	1
Greater than 1000 ML	0

Major customers – participation in water efficiency programs

Customer	Comment
McCain Foods Aust Pty Ltd	Long-term collaboration continues to ensure best practice for resource efficiency, while production expands
City of Ballarat	Ongoing participation in upgrading of multiple green spaces to be more sustainable through the WaterSmart Program
Grampians Health	Significant redevelopment program will deliver water use improvements and expanded services
Mars Australia Pty Ltd	Collaboration continues to track and monitor water use and commitment to water efficiency
Suvo Minerals Australia	Long-term commitment to water efficiency
Hepburn Shire Council	Ongoing collaboration on Hepburn Integrated Water Management plan
Federation University	Maintaining commitment to water efficiency, water source substitution, where appropriate
Central Goldfields Shire Council	Ongoing collaboration on Maryborough Integrated Water Management plan

Water consumption table

Water Consumption Report 2025-26 Volumes to be reported in ML			
Residential connections	(1) Total number of residential connections		75,633
	(2) Total volume of potable water consumed by residential connections		11,151.64
	Per capita daily residential potable water consumption		158.34
	(3) Total volume of recycled water used by residential connections		0.00
	(4) Total volume of stormwater used by residential connections (supplied by water corporation)		N/A
Non-residential connections	(5) Total number of non-residential connections		6,315
	(6) Total volume of potable water consumed by non-residential connections		4,242.29
	(7) Total volume of recycled water used by non-residential connections for:	commercial purposes	49.80
		industrial purposes	0.00
		agricultural purposes	869.95
		municipal purposes	345.75
		beneficial allocation	0.00
		within process	564.97
		Total	1830.47
	(8) Total volume of stormwater used by non-residential connections (and supplied by water corporation) for:	Commercial purposes	N/A
		Industrial purposes	N/A
		Agricultural purposes	N/A
		Municipal purposes	N/A
		Beneficial allocation	N/A
		Within process	N/A
		Total	N/A
	(9) Total number of connections (1)+(5)		81,948
	(10) Total volume of potable water consumed by connections (2)+(6)		15,393.93
	(11) Total volume of recycled water and stormwater used by connections (3)+(4) +(7)+(8)		1,830.47
	(12) Total volume of water used by connections (10)+(11)		17,224.40
	Average annual water consumption ((Sum of annual water consumption for 2025-26 and the previous 4 years)/5)		14,351.44
Non-revenue water	(13) Volume of non-revenue water attributed to leakages		1,567.03
	(14) Volume of non-revenue water attributed to firefighting		4.10
	(15) Volume of non-revenue water attributed to other reasons		478.00
	(16) Total volume of non-revenue water (13)+(14)+(15)		2,049.13
	Total volume of water from all sources (12)+(16)		**19,273.53**

Drought preparedness

Lower than average rainfall across the entire region, and record low soil moisture content, presented challenges to our water supply systems this year.

There was reasonable recovery observed in the smaller systems through the winter months, however Ballarat and Maryborough systems recovery remained low. The dry conditions were challenging across the region with groundwater systems starting to show the impact of successive dry years. The Ballarat system relied heavily on Goldfields Superpipe pumping to remain above restrictions triggers.

All systems had their drought preparedness measures tested and prepared as part of our seasonal operational planning, with all measures ready and available for activation if required.

Drought response actions were required in Ballarat, Forest Hill, and water carting and a groundwater licence transfer was required for Lexton.

Measures implemented to maximise water supply resilience due to drought conditions included:

- over 9GL of Goldfields Superpipe pumping to Ballarat across 2025-26
- the Goldfields Superpipe Daylesford interconnector was used between August 2025 and May 2026 to support local storage levels
- relining works of the Daylesford High Level Basin to reduce system losses
- continued rollout of the Digital Water Metering project, aiding water loss detection
- Forest Hill system commencing Stage 1 restrictions in November 2025, moving to Stage 3 restrictions in January 2026
- water carting required for the Lexton system to maintain supply during peak periods.

Water restriction status remained at Permanent Water Saving Rules (PWSR) for all systems apart from Forest Hill.

System	Date	Drought response action	Comment
Amphitheatre	All year	PWSR	Amphitheatre Reservoir storage levels started low but recovered to adequate levels in August 2025 allowing groundwater to remain off for the majority of 2025-26
Avoca	All year	PWSR	Groundwater levels remained within their usual operating range throughout 2025-26
Ballarat	All year	PWSR	The Ballarat system received inflows that were well below average during 2025-2026. The Goldfields Superpipe remained in use for the entire period with 9GLof water transferred
Beaufort	All year	PWSR	Storage volumes remained relatively stable throughout 2025-26 with consistent inflows for the entire year
Blackwood	All year	PWSR	The Blackwood basins experienced high levels of seasonal drawdown. Groundwater pumping was required to manage storage levels
Clunes	All year	PWSR	Groundwater levels declined throughout the year with increased monitoring in the aquifer and network required.
Daylesford	All year	PWSR	Storages remained full into December with the Goldfields Superpipe used to support local levels throughout the year. Groundwater was turned off in July and remained off for the remainder of the year.
Dean	All year	PWSR	Groundwater levels began to decline throughout the year resulting in lower extraction rates from aquifer.
Forest Hill	All year	Stage 3	We received 50% of our groundwater allocation for Forest Hill in 2025-26. The system moved to Stage 1 restrictions in November to manage demand, with further Stage 3 restrictions introduced in January. Drawdown in peak flow periods continued to provide operational challenges but the response to water restrictions greatly lowered demand on the system
Landsborough	All year	PWSR	Groundwater levels remained relatively stable throughout 2025-26
Learmonth	All year	PWSR	Groundwater levels remained within their usual operating range throughout 2025-26
Lexton	All year	PWSR	The system was severely stressed by high demand due to dry conditions. Seasonal decline in groundwater levels required careful management, and water carting was used to supplement supply in peak periods. Additional groundwater licence volume was transferred to manage annual licence limits
Maryborough	All year	PWSR	The system was supplied from Tullaroop for the entire period. Increasing salinity in Tullaroop required the salt reduction plant to run for the majority of 2025-26
Redbank	All year	PWSR	The system remained on groundwater supply during 2025-26 due to the water quality preferences
Waubra	All year	PWSR	Groundwater levels remained within our usual operating thresholds throughout 2025-26



Forest Hill, Victoria

Part 5

Environmental and Social Sustainability

Environmental sustainability

Groundwater

Water supply system	Bore name	Groundwater licence number	RWA licence authority	Annual licence volume (ML)	Volume extracted in 2025-26**
Amphitheatre	Amphitheatre Bore	BEE059427	GWM Water	20	0.6
Avoca	Bung Bung Bores	BEE069412	G-MW	250	175
Ballarat	Ballarat West	BEE031536	SRW	1,700	506
	Bungaree Bore	BEE027683	SRW	69	23
Beaufort	Raglan	BEE030997	SRW	200	5.9
Blackwood	Barrys Reef Bore	BEE027580	SRW	50	3.8
Clunes	Clunes	BEE069135	G-MW	350	210
Daylesford	Coomoora Bore	BEE069510	G-MW	268*	8.3
Dean	Dean Bore	BEE025842	SRW	30	13
Forest Hill	Forest Hill Bores	BEE004957	G-MW	350	165
Landsborough / Navarre	Navarre Bore	BEE062916	GWM Water	150	41
Learmonth	Bankin Hill	BEE005382	G-MW	98	39
Lexton	Gordon Hill	BEE071487	G-MW	40*	34
Maryborough	Moolort Bores	BEE018090	G-MW	1,070.8*	11
	Stoney Creek Bore	BEE069615	G-MW	5	0
Redbank	Redbank Bores	BEE056519	GWM Water	50	2.6
Waubra	Waubra Bores	BEE014898	G-MW	65	45

Notes:

* includes temporary transfer to/from CHW licence in 2025-26.

** can include volume not utilised for urban supply, e.g. bore maintenance and testing, raw water customers.

Bulk entitlement compliance

We hold 17 Bulk Entitlement (BE) Conversion Orders which define our legal rights to extract water to supply its water supply systems. These orders are summarised below.

We also maintains a BE Metering Plan to ensure repairs, replacements, operational processes and data control is conducted in accordance with BE requirements. The 2023 revision of the Metering Plan has been reviewed by DEECA and formally approved.

Bulk Entitlement Order	Annual amount taken from specified point(s) under Order (*)	Volume remaining in reservoirs at 30 June 2026 (*)	Transfers of BE to supply system, amendments, new entitlements or credits (*)	Failures or difficulties with complying with requirements of BE (*)	Comment (*)
Bulk Entitlement (Upper West Moorabool System) Conversion Order 1995	1552 ML (14.1 (e))	Beales 166 ML Wilsons 260 ML Moorabool 2213 ML (14.1 (d))	None (14.1 (g)), (14.1 (h)), (14.1 (i)), (14.1 (j))	None (14.1 (k)), (14.1 (l))	Nil
Bulk Entitlement (Lal Lal – CHW) Conversion Order 1995	4161 ML (CHW) 1100 ML (VEWH) 2632 ML (Barwon Water) (18.1 (g))	CHW Share of Lal Lal Reservoir 17959 ML (18.1 (e))	None (18.1 (l)), (18.1 (m)), (18.1 (n)), (18.1 (o))	None (18.1 (p)), (18.1 (q))	Total net gain to CHW share of the reservoir was 1609 ML (18.1 (f)), (18.1 (j)). No water was taken from any point other than the specified point (18.1 (i)). 100ML released to Wadawurrung Traditional Owners Aboriginal Coporation from CHW share
Bulk Entitlement (Ballan) Conversion Order 1998	1.3 ML (12.1 (c))	Colbrook 164 ML	None (12.1 (d)), (12.1 (e)), (12.1 (f)), (12.1 (g)), (12.1 (h))	None (12.1 (i)), (12.1 (j))	Raw water supply to small volume of users
Bulk Entitlement (Blackwood and Barrys Reef) Conversion Order 1998	35.6 ML (11.1 (e))	Not Applicable	None (11.1 (g)), (11.1 (h)), (11.1 (i)), (11.1 (j))	None (11.1 (k)), (11.1 (l))	Nil
Bulk Entitlement (Yarrowee – White Swan System) Conversion Order 2002	10506 ML (14.1 (e))	White Swan 6335 ML Gong 618 ML Kirks 372 ML Pincotts 220 ML (14.1 (d))	None (14.1 (g)), (14.1 (h)), (14.1 (i)), (14.1 (j))	None (14.1 (k)), (14.1 (l))	9011 ML of Eppalock water from Superpipe added to White Swan Reservoir during 2025-26
Bulk Entitlement (Landsborough/ Navarre) Conversion Order 2003	0 ML (12.1 (d))	45 ML (12.1 (c))	None (12.1 (f)), (12.1 (g)), (12.1 (h)), (12.1 (i))	None (12.1 (j)), (12.1 (k))	No surface water used during 2025-26. System now relies on groundwater supply
Bulk Entitlement (Lexton) Conversion Order 2004	0 ML (12.1 (c))	121 ML (12.1 (b))	None (12.1 (e)), (12.1 (f)), (12.1 (g)), (12.1 (h))	None (12.1 (i)), (12.1 (j))	Reservoir remained out of service during 2025-26
Bulk Entitlement (Redbank) Conversion Order 2003	0 ML (12.1 (d))	0 ML (12.1 (c))	None (12.1 (f)), (12.1 (g)), (12.1 (h)), (12.1 (i))	None (12.1 (j)), (12.1 (k))	System reliant on groundwater supply for 2025-26
Bulk Entitlement (Avoca) Conversion Order 2003	23.5 ML (12.1 (d))	Sugarloaf 209 ML (12.1 (c))	None (12.1 (f)), (12.1 (g)), (12.1 (h)), (12.1 (i))	None (12.1 (j)), (12.1 (k))	System reliant on groundwater supply for 2025-26. Surface water use consumed by raw water customers

Bulk Entitlement Order	Annual amount taken from specified point(s) under Order (*)	Volume remaining in reservoirs at 30 June 2026 (*)	Transfers of BE to supply system, amendments, new entitlements or credits (*)	Failures or difficulties with complying with requirements of BE (*)	Comment (*)
Bulk Entitlement (Daylesford – Hepburn Springs) Conversion Order 2004	620 ML (12.1 (c))	Wombat 548 ML Bullarto 221 ML Hepburn 28 ML (12.1 (b))	None (12.1 (e)), (12.1 (f)), (12.1 (g)), (12.1 (h))	None (12.1(i)), (12.1 (j))	There was 8 ML of groundwater used during 2025-26 and 142ML of water from Eppalock through Superpipe connection
Bulk Entitlement (Creswick) Conversion Order 2004	407 ML (12.1 (c))	Cosgrave 266 ML Russells 25 ML Dean 68 ML (12.1 (b))	None (12.1 (e)), (12.1 (f)), (12.1 (g)), (12.1 (h))	None (12.1 (i)), (12.1 (j))	Transferred into the White Swan Reservoir during 2025-26
Bulk Entitlement (Beaufort) Conversion Order 2005	164 ML (12.1 (d))	Musical Gully 252 ML Troys 9 ML (12.1 (b))	None (12.1 (f)), (12.1 (g)), (12.1 (h)), (12.1 (i))	None (12.1 (j)), (12.1 (k))	6 ML of groundwater was supplied into the system during 2025-26
Bulk Entitlement (Amphitheatre) Conversion Order 2003	9.2 ML (12.1 (c))	34 ML (12.1 (b))	None (12.1 (e)), (12.1 (f)), (12.1 (g)), (12.1 (h))	None (12.1 (i)), (12.1 (j))	Nil
Bulk Entitlement (Skipton) Conversion Order 2004	0 ML (12.1 (c))	Not applicable	None (12.1 (e)), (12.1 (f)), (12.1 (g)), (12.1 (h))	None (12.1 (i)), (12.1 (j))	Reservoir remained out of service during 2025-26
Bulk Entitlement (Loddon System – Part Maryborough – CHW) Conversion Order 2005	1408.4 ML (14.1 (b))	Not applicable	(14.1 (e)) 600 ML traded into Tullaroop from Goulburn System. 150 ML traded out of Tullaroop to Goulburn system. (14.1 (g)) An amendment was made to reflect a change in the arrangment for determining costs payable to Storage Manager. None (14.1 (c)), (14.1 (h))	None (14.1 (i)), (14.1 (j))	There were no periods of restrictions during 2025-26 (14.1(f))
Bulk Entitlement (Evansford – Talbot System – Part Maryborough – CHW) Conversion Order 2006	1437.6 ML (17.1 (b))	Evansford 1069 ML 341.64 mAHD Talbot 272 ML 335.75 mAHD Centenary 126 ML (17.1 (c)) 280.93 mAHD	None (17.1 (d)), (17.1 (f)), (17.1 (g)), (17.1 (h)), (17.1 (i)), (17.1 (j))	None (17.1 (k)), (17.1 (l))	Reflects the total volume of water taken for Maryborough (i.e. volume leaving Centenary Reservoir less any groundwater into Centenary Reservoir). There were no periods of restrictions during 2025-26 (17.1 (h))
Bulk Entitlement (Bullarook System – CHW) Conversion Order 2009	90.4 ML (12.1 (b))	Not applicable	(12.1 (f)) An amendment was made to reflect a change in the arrangments for determining costs payable to the Storage Manager and to remove redundant references to the Resource Manager. None (12.1 (d)), (12.1 (g))	None (12.1 (h)), (12.1 (i))	Water pumped from Nelwyn Reservoir to Cosgrave Reservoir before moving to Ballarat. There were no periods of restrictions during 2025-26 (12.1(e))

Notes:

The numbers in brackets refer to the relevant clause of the BE Order.

We did not make any applications for changes under any of the "Making Allowances" clauses in BE in 2025-26.

We undertake an extensive river health program in order to fulfil our environmental obligations.

Metering programs were in place for all BE and no changes were made to the programs.

Climate change and energy

Climate change resilience

We recognise climate change as an ongoing strategic risk to our operations, assets, environment, water resources, water quality, finance and workforce. Our Climate Resilience Plan guides us to ensure we achieve our purpose and manage these risks in the face of climate change.

Our key risks and opportunities we have identified through the vulnerability assessment and subsequent detailed risk and opportunity assessments included:

- reduced water availability and increased demand
- increased peak demand for water
- raw and recycled water quality risks
- wildfire impacts to assets
- sewer system capacity overwhelmed by intense rainfall
- sewer system corrosion
- risks to electricity supplies
- reduced natural stream flows ad potential increased impacts from treated wastewater releases to waterways
- staff physical and mental safety
- impacts to land, biodiversity, catchment health and waterway ecology
- more droughts lead to inability to service water needs of community facilities
- increased costs to ensure assets are climate resilient
- increased energy and greenhouse gas emission costs
- compound climate change related events.

The Climate Resilience Plan has identified eight focus areas. Each focus area has developed a program of work, together with an implementation strategy. These focus programs are:

1. Embed climate resilience
2. Diverse and healthy water systems
3. Climate resilient assets and services
4. Natural environment resilience
5. Greenhouse gas emissions reduction
6. Emergency management
7. Financial resilience
8. Customer and community resilience and partnerships.

To help embed climate change within the organisation, a governance framework has been established including accountabilities, a reporting framework and periodic review. The success of the plan is measured by successful implementation of actions, water availability and greenhouse gas emission reductions.

Greenhouse gas emissions

We generate greenhouse gas emissions from a range of operational activities such as the consumption of electricity, methane and nitrous oxide emissions from wastewater treatment and the combustion of fossil fuel in vehicles.

Guided by our Emissions Reduction Plan, we have reduced our Scope 1 and 2 emissions by 78% when compared with the baseline figure of 18,336 tCO_2-e.

This has been achieved through a portfolio of renewable energy projects and reductions in direct emissions including:

- enhanced flaring, biogas consumption and improved measurement of methane generated by anerobic digestors at the Ballarat South WWTP
- operation of 0.96 MW solar arrays at the Ballarat South WWTP, Daylesford WTP, Learmonth Road Head Office and Kirks Reservoir Depot
- generation of renewable energy certificates from solar arrays at outsourced treatment plants including Lal Lal Reservoir, White Swan WTP and Ballarat North WWTP
- deployment of new, energy efficient technologies, such as high efficiency aerators, pumps and lighting
- continued participation in the ZEW initiative which is a water industry joint project to purchase large volumes of Renewable Energy Certificates (RECs)
- sourced 100% renewable electricity for the remaining grid electricity consumed in our operations from 1 July 2025.

Reportable emissions do not include all emissions associated with CHW's activities. Emissions from outsourced treatment plants, capital works and procured services are significant. These are considered Scope 3 emissions as they are not within our operational control. Through More than Water our 2040 Strategy, we are committed to better understanding the breadth of these emissions and working to reduce those emissions so far as reasonably practicable.

Our greenhouse gas emissions reduction performance for 2025-26 is outlined in the tables below. The format of our greenhouse gas emissions report is consistent with DEECA's reporting guidelines.

Table 1: Total scope 1 and 2 greenhouse gas emissions

Service delivery category	Scope 1 and 2 emissions (tonnes CO_2-e)[1,2]				Variance from last year
	2024-25 Total emissions	2025-26 emissions			
		Scope 1	Scope 2	Total emissions	
Water treatment and supply	4,549	0	0	0	-100%[3]
Sewage collection, treatment and recycling	8,867	3,382	0	3,382	-62%[4]
Transport	670	508	0	508	-24%[5]
Other (offices, depots, etc)	652	194	0	194	-70%[6]
Total emissions (after REC retirement)	**14,738**	**4,084**	**0**	**4,0847**	**-72%**

Notes:

1 Greenhouse gas emissions have been calculated in accordance with the National Greenhouse and Energy Reporting (Measurement) Determination 2008 as amended in 2025.

2 Tonnes CO_2-e represents the greenhouse gas emissions in carbon dioxide equivalence by applying the relevant Global Warming Potentials.

3 Scope 2 emissions for water treatment and supply have been avoided by the transition to 100% renewable electricity. 20,363 RECs have been retired against this category.

4 Scope 2 emissions associated with sewage treatment have avoided by the purchase of 100% renewable electricity. 5,060 RECs have been retired against this category. Scope 1 emissions have also significantly decreased due to enhanced flaring and improved measurement of methane generated in anaerobic digestors at the Ballarat South WWTP.

5 Scope 1 emissions for the transport category are reported lower due to reallocation of fuel emissions from diesel generators to the sewerage treatment collection, treatment and recycling category. Emissions from passenger vehicles are slightly lower than 2024-25. An increase in kilometres travelled in electric vehicles has contributed to the reduction in fuel consumed for passenger vehicles.

6 Scope 2 emissions for offices and depots have been avoided due to transition to 100% renewable electricity. 540 Renewable Energy Certificates (RECs) have been retired against this category.

7 Total net greenhouse gas emissions are below the target maximum of 14,738tCO2e.

Figure 2: Progress towards 2034-35 target

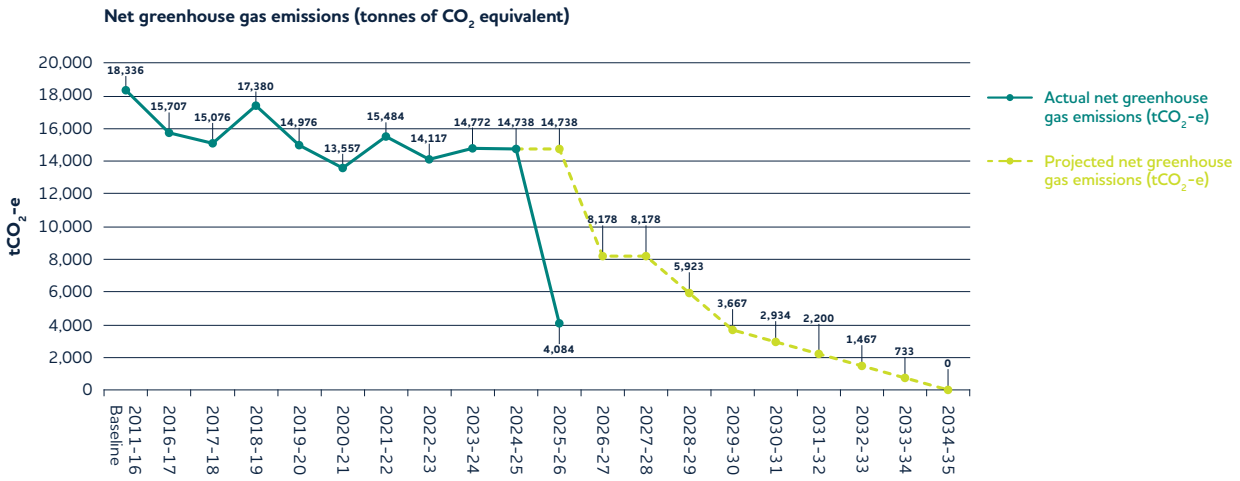


Figure 2 shows emissions performance since 2016-17 for our Scope 1 and 2 emissions. The graph depicts projected emission reductions to 2034-35. Notably, we transitioned to 100% renewable electricity ahead of plan. The 2011-16 baseline is the average annual emissions for the 5-year period from 1 July 2011.

Annual reporting requirement notes:

- no Climate Active eligible offset units were retired to reduce Scope 1 emissions
- we do not have non-renewable generators, aside from backup generators accounted for in Table 10, to report
- we do not have energy storage systems to report.

Table 2: Scope 1 emissions by greenhouse gas

Service delivery category	Scope 1 emissions by greenhouse gas (tonnes CO_2-e)			Commentary
	Carbon dioxide (CO2) in tCO_2-e	Methane (CH4) in tCO_2-e	Nitrous oxide (N2O) in tCO_2-e	
Water treatment and supply	0	0	0	No emissions as we have transitioned to 100% renewable electricity
Sewage collection, treatment and recycling	162	2,149	1,071	The main contribution of emissions is from methane and nitrous oxide generated during the biological treatment of sewage
Transport	504	0	4	The main source of emissions is from the combustion of petrol and diesel in our corporate fleet
Other (office, workshops, depot etc)	194	0	0	Primary contribution is from the combustion of natural gas for heating and hot water at our head office
Total	**860**	**2,149**	**1,075**	

Energy use and production

The following tables show energy use and production for sites for which we have operational control (Scope 1 & 2). It does not include outsourced treatment plants.

Table 3: Total electricity consumption by service delivery category

Service delivery category	2024-25 Total electricity consumption (MWh)	2025-26 Total electricity consumption (MWh)
Water treatment and supply	7,083	24,661[1]
Sewage collection, treatment and recycling	7,078	7,090
Other	760	761
Total	**14,922**	**32,513[2]**

Notes:

1 Total electricity consumption for 2025-26 was significantly greater than the previous year primarily due to the increased operation of the Goldfields Superpipe.

2 This does not include electricity consumption at outsourced treatment plants.

Table 4: Total electricity consumption by source

Electricity source	2024-25 Total electricity consumption (MWh)	2025-26 Total electricity consumption (MWh)
Purchased directly through an electricity retailer	14,715	2,559
Not directly purchased but sourced from outside the organisation	0	28,832[1]
Corporation led/self-sourced activities and initiatives	207	1,122[2]
Total	**14,922**	**32,513[3]**

Notes:

1 This is electricity supplied through the SEC under the State Procurement Contract.

2 Increase due to recommissioning of the Ballarat South WWTP solar system.

3 This does not include electricity consumption at outsourced treatment plants.

Table 5: Total renewable electricity consumption reporting

Renewable electricity consumption categories	2024-25 Renewable electricity consumption (MWh)	2025-26 Renewable electricity consumption (MWh)	2025-26 Renewable electricity consumption (% of total consumption)	Variance from last year
Total renewable electricity consumption from grid-sourced electricity reported because of Commonwealth's LRET				
Total grid-sourced: Mandatory	2,677	5,428	17%	103%
Total renewable electricity consumption from CHW led/self-sourced activities and initiatives				
Biogas	0	0	0%	NA
Hydroelectric	0	0	0%	NA
Solar	207	1,122	3%	442%[1]
Wind	0	0	0%	NA
Other renewable[2]	8,164	25,964	80%	218%
Total	**11,048**	**32,513**	**100%**	**194%**

Notes:

1 An increase in renewable electricity consumption from the Ballarat South WWTP as identified in footnote 2 to Table 4. This facility was recommissioned in June 2025.

2 These are the RECs retired against grid-electricity usage.

Table 6: Total on-site renewable electricity generation capacity and generation reporting

Renewable electricity source	2025-26 Total on-site renewable electricity generation capacity (MW)	2025-26 Total on-site renewable electricity generated (MWh)		Total generated (MWh)
		Consumed on-site	Exported	
Biogas	0.00	0	0	0
Hydroelectric	0.00	0	0	0
Solar	0.96	1,122	53	1,175
Wind	0.00	0	0	0
Other renewable	0.00	0	0	0
Total	**0.96**			

We also generate additional renewable energy annually through solar facilities and a mini hydro plant at outsourced treatment facilities.

Table 7: Total Renewable Energy Certificate retirement reporting to reduce scope 2 emissions

REC retirement method	RECs retired for 2025-26
Voluntarily retired by CHW	3,965[1]
Other (GreenPower, Certified carbon neutral electricity purchased and voluntarily retired on CHW's behalf)	22,971[2]
Total RECs retired	**26,936**

Notes:

1 This includes RECs retired from behind-the-meter renewable electricity generated at the Ballarat South WWTP and RECs retired for grid electricity consumed by small sites.

2 This is associated with electricity supplied through the SEC under the State Procurement Contract. RECs are retired by SEC.

Table 8: Total energy usage from fuels and electricity segregated by energy source

Total energy usage	Renewable (GJ)	Non-renewable (GJ)	Total (GJ)
From fuels	10,092[1]	11,709	21,801
From electricity	117,045	0	117,045
Total	**127,137**	**11,709**	**138,847**

Note:

1 This is energy from the combustion of biogas generated from anaerobic digestion of sludge at Ballarat South WWTP, which is used to support the anaerobic digestion process and other site heating.

Table 9: Total energy usage per volume of water produced

	Total energy usage (fuels and electricity) (GJ)	2024-25 total volume of water from all sources (ML)	Energy usage (GJ) per ML of water supplied	Commentary
2024-25	74,455	20,812	3.6	Increased energy use by ML used is due to additional pumping from Goldfields Superpipe
2025-26	138,847	19,274	7.2	

Table 10: Total stationary fuel use in buildings and machinery

Fuel type	Total stationary fuel use (buildings and machinery)	
	(GJ)	(tCO_2-e)
Fossil gas	3,256	167
Biogas	0	0
Diesel[1]	841	59
LPG		
Petrol		
Other		
Total	**4,096**	**226**

Note:

1 Diesel consumed by generators.

Transportation

Table 11: Number of vehicles

Transportation vehicle category	Transportation vehicle engine/fuel type		
	Petrol	Diesel	Battery electric
Passenger vehicles	10	61	4
Goods vehicles	0	9	0
Category total (number)	**10**	**70**	**4**

We added two additional electric vehicles to our fleet in 2025-26. There are no LPG, petrol hybrid, diesel hybrid nor other transportation vehicle engine/fuel types in use.

Table 12: Vehicle emissions and energy use

Transportation vehicle category	Transportation total energy use by fuel type (GJ)			Fuel type totals	
	Petrol	Diesel	Electricity [1]	Total energy use (GJ)	Total emissions (tCO_2e)
Passenger vehicles	546	6,129	10	6,685	469
Goods vehicles	0	556	-	556	39
Total energy use (GJ)	**546**	**6,685**	**10**		
Total emissions (tCO_2e)	**37**	**471**	**0**		

Note:

1 Energy usage from electric vehicles has been estimated assuming 0.00067GJ per km.

Sustainable buildings and infrastructure

There were no newly completed buildings, leases entered into or environmental performance ratings to report.

Social sustainability

Customer support indicators

Community service obligations	2024-25 Total actual (or nominal) dollar amount of concessions provided in year ($)	2024-25 Total number of customers provided concessions in year (No. of customers)	2025-26 Total actual (or nominal) dollar amount of concessions provided in year ($)	2025-26 Total number of customers provided concessions in year (No. of customers)
Provision of water and sewerage concessions	$6,091,526	21,900	$6,199,289	22,320
Rebates paid to not-for-profit organisations under the water and sewerage rebate scheme	$356,000	1,337	$349,476	1,347
Utility relief grant scheme payments	$603,748	1,439	$572,062	1,558
Water concession on life support machines	$0	0	$0	0
Hardship Relief Grant Scheme (Water and Sewerage Connections Scheme)	$0	0	$0	0

Procurement

Our major procurement activities included requirement for our supplier compliance with ISO 14000.

Social procurement

All suppliers	
Number of suppliers engaged	754
Total expenditure (excl. GST)	$102,846,776

Social benefit suppliers	
Number of social benefit suppliers engaged	9
Total expenditure with social benefit suppliers (excl. GST)	$572,441

SPF Objective: Opportunities for Victorian Aboriginal people	
SPF Outcome: Purchasing from Victorian Aboriginal businesses	
Metric 1. Number of Victorian Aboriginal businesses engaged	4
Metric 2. Total expenditure with Victorian Aboriginal businesses (excl. GST)	$375,277

SPF Objective: Opportunities for Victorians with disability	
SPF Outcome: Purchasing from Victorian Social Enterprises led by a mission for people with disability and Australian Disability Enterprises	
Metric 3. Number of Victorian social enterprises led by a mission for people with disability and Australian Disability Enterprises engaged	2
Metric 4. Total expenditure with Victorian social enterprises led by a mission for people with disability and Australian Disability Enterprises (excl. GST)	$34,923

SPF Objective: Opportunities for Victorian priority jobseekers	
SPF Outcome: Purchasing from Victorian social enterprises led by a mission for job readiness and employment of Victorian priority jobseekers	
Metric 5. Number of Victorian social enterprises led by a mission for job readiness and employment of Victorian priority jobseekers engaged	1
Metric 6. Total expenditure with Victorian social enterprises led by a mission for job readiness and employment of Victorian priority jobseekers (excl. GST)	$115,176

SPF Objective: Sustainable Victorian social enterprises and Aboriginal businesses	
SPF Outcome: Purchasing from Victorian social enterprises and Aboriginal businesses	
Metric 7. Number of Victorian social enterprises engaged	4
Metric 8. Total expenditure with Victorian social enterprises (excl.GST)	$167,811
Metric 9. Number of Victorian Aboriginal businesses engaged	4
Metric 10. Total expenditure with Victorian Aboriginal businesses (excl. GST)	$375,277

Sustainable procurement

Activities included:

- completed transition to the new SEC electricity supply arrangements for large electricity using sites. These sites are 100% renewable electricity from 1 July 2025
- reviewed the capital development processes of the Project Management Framework to incorporate climate resilience.



Gong Gong Reservoir Planting Day with
Wadawurrung Traditional Owners Aboriginal Corporation

Performance Report

Statement of performance for the 2025-26 financial year

Financial performance

Key performance indicator	2024-25 result	2025-26 result	Variance to prior year	Notes	2025-26 target*	Variance to target	Notes
Cash Interest Cover Net operating cash flows before net interest and tax / net interest payments	4.49	5.01	11.6%	1	3.50	43.2%	2
Gearing Ratio Total debt (including finance leases) / total assets*100	9.31%	6.83%	(26.6)%	3	20.00%	(65.9)%	4
Internal Financing Ratio Net operating cash flow less dividends / net capital expenditure *100	66.06%	85.04%	28.7%	5	60.00%	41.7%	6
Current Ratio Current assets / current liabilities (excluding long-term employee provisions and revenue in advance) *100	0.97	0.82	(15.5)%	7	0.80	2.1%	8
Return on Assets Earnings before net interest and tax / average assets *100	0.58%	0.13%	(77.6)%	9	0.10%	30.0%	10
Return on Equity Net profit after tax / average total equity *100	0.20%	(0.15)%	(173.3)%	11	0.50%	(129.4)%	12
EBITDA Margin Earnings before interest, tax, depreciation and amortisation / total revenue *100	35.73%	33.60%	(6.0)%	13	30.00%	12.0%	14

Notes:

* Targets disclosed align with 2025-26 Corporate Plan ratio approved by the Board, based on long term planning.

1 & 2 Cash interest cover favourable to both prior year and target 2025-26 based on lower net interest payments. Interest income earned on higher cash holdings during 2025-26 reduced the overall net interest expenditure.

3 & 4 Gearing ratio favourable to the prior year despite higher 2025-26 debts and is also favourable to the target 2025-26 primarily due to the substantial uplift in asset base, resulting from the five-yearly asset revaluation exercise.

5 & 6 Internal financing ratio favourable to the prior year, and target, primarily due to planned slower delivery of Digital Water Meter Program, Daylesford Water Treatment Plant Upgrade and White Swan Dam Safety Upgrade, resulting in lower capital expenditure cash outflows.

7 Current ratio is unfavourable to prior year primarily due to higher current liabilities from increased accrued payables and drawdown of short-term borrowings, with Treasurer-approved 2025-26 borrowing limits. Additional borrowings were undertaken to facilitate settlement of higher payables expected in July-August 2026.

8 Current ratio favourable to target mainly due to more than proportionate increase in current assets, driven by increased cash balance over target, due to the yearend drawdown of short-term borrowings with Treasurer-approved 2025-26 borrowing limits.

9 Return on assets ratio unfavourable to prior year primarily due to substantial increase in asset base following five-yearly asset revaluation. This increase reflects current replacement costs of assets following amendments to AASB 13 Fair Value Measurement and sustained cost escalation in construction, labour and materials. Ratio has also been adversely impacted due to lower earnings resulting from continued slowdown in regional housing growth, reducing developer contributions (including gifted assets and cash contributions for new connections) compared to prior year.

10 Return on assets ratio is marginally favourable to target despite the increase in the asset base through the above-mentioned revaluation exercise; primarily due to earnings before interest and tax being higher than budget. The higher income is attributed to one-off gains from water shares swap, ZEW (Zero Emissions Water) PPA (Power Purchase Agreement) valuation gain, insurance recoupments and higher revenues from customer services and other revenue.

11 Return on equity ratio unfavourable to prior year due to substantial increase in equity through asset revaluation reserve, accounting for post-tax impact of increase in assets value arising from asset revaluation. The ratio has also been adversely impacted due to losses made during the year resulting from continued slowdown in regional housing growth, reducing developer contributions income (including gifted assets and cash contributions for new connections) compared to prior year.

12 Return on equity ratio unfavourable to target due to increase in equity through asset revaluation reserve resulting from the asset revaluation done in 2025-26 being substantially higher than target. Ratio has also been adversely impacted due to losses made during year resulting from continued regional housing growth slowdown, reducing developer contributions income (including gifted assets and cash contributions for new connections) not factored in target planning.

13 EBITDA margin unfavourable to prior year mainly due to lower earnings from developer contributions income (including gifted assets and cash contributions for new connections), lower temporary water sales and higher Goldfields Superpipe pumping costs, to ensure sufficient water supply, resulting from continued slowdown in growth and dry weather conditions in the region. Additionally, 2024-25 also saw one-off insurance settlement charges that did not come through in 2025-26 that further lowered ratio.

14 EBITDA margin is favourable to target mainly due to increase in earnings from one-off gains from water shares swap, ZEW (Zero Emissions Water) PPA (Power Purchase Agreement) valuation gain and higher revenues from customer services and other revenue.

Water and sewerage service performance

Key performance indicators	2024-25 result	2025-26 result	Variance to 2024-25	Note	2025-26 target	Variance to target	Note
Water service – minutes off supply (planned) how many minutes on average a customer was without water supply during a year	137	160	16.8%	1	175	-8.6%	2
Water Service – minutes off supply (unplanned) how many minutes on average a customer was without water supply during a year	133	121	-9.0%	3	120	0.8%	
Unplanned water supply interruptions percentage of customers receiving 5 unplanned interruptions in the year	0.01%	0.04%	300.0%	4	0%	n/a	5
Sewerage service – sewer blockages number of sewer blockages reported per 100 kilometres of sewer main	16.8	19.7	17.3%	6	25	-21.2%	7
Sewerage service – sewer spills number of sewer spills reported per 100 kilometres of sewer main	8.1	11.4	40.7%	8	20	-43.0%	9
Sewerage service – containment of sewer spills percentage of sewer spills from reticulation and branch sewers contained within 5 hours	96.3%	95.2%	-1.1%		100%	-4.8%	

Notes:

1 & 2 A continued focus on planned asset maintenance and pipeline renewal activities has been undertaken throughout FY25-26. Works this year have resulted in a slight increase of average water off time however overall performance remains within target.

3 Focus on staffing reactive response has seen a positive decrease in response times and subsequent water off time for FY25-26, an improvement in comparison to the FY24-25 result.

4 An increase in water main failures attributed to ageing infrastructure has contributed to a higher number of unplanned water supply interruptions during the reporting period.

5 Variance to target cannot be calculated due to 0 denominator.

6 & 7 Drier conditions have continued to contribute to an increased incidence of sewer blockages caused by tree root intrusion. Despite this, overall performance remains favourable against target.

8 & 9 While sewer spill incidents increased slightly during the reporting period, largely due to the drier conditions causing increased blockages due to tree root intrusions, performance continues to achieve target.

Water reuse

Key performance indicator	2024-25 result	2025-26 result	Variance to 2024-25	Note	2025-26 target	Variance to target	Note
Recycled water – effluent treatment and reuse proportion of water recycled as a percentage of the volume of effluent produced	18.9%	15.2%	-19.6%	1	15.0%	1.3%	

Notes:

1 Recycled water usage was lower as a proportion of effluent produced as a result of late spring rains delaying, and shortening, the summer season reducing the total demand for recycled water and increasing the volume of effluent produced over the previous drier year.

Statutory declaration

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

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

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



Jeff Haydon
Managing Director
Central Highlands Region Water Corporation



Philippa O'Sullivan
General Manager Customer and Business Services
Central Highlands Region Water Corporation



Angeleen Jenkins
Board Chair
Central Highlands Region Water Corporation

On this 15th day of October 2026

Victorian Auditor-General's report

Independent Auditor's Report

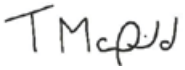
Victorian Auditor-General's Office

To the Board of Central Highlands Region Water Corporation

Opinion	I have audited the accompanying performance report of Central Highlands Region Water Corporation (the corporation) for the year ended 30 June 2026 which comprises the: • financial performance indicators • water and sewerage service performance indicators • water reuse performance indicator • notes to the performance report • statutory declaration. In my opinion, the performance report of the corporation for the year ended 30 June 2026 presents fairly, in all material respects, in accordance with the performance reporting requirements of Part 7 of the *Financial Management Act 1994*.
Basis for opinion	I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the *Auditor's responsibilities for the audit of the performance report* section of my report. My independence is established by the *Constitution Act 1975*. My staff and I are independent of the corporation in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the performance report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Board's responsibilities for the performance report	The Board is responsible for the preparation and fair presentation of the performance report in accordance with the performance reporting requirements of Part 7 of the *Financial Management Act 1994* and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of the performance report that is free from material misstatement, whether due to fraud or error.
Auditor's responsibilities for the audit of the performance report	As required by the *Audit Act 1994*, my responsibility is to express an opinion on the performance report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Standards on Assurance Engagements will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance report.

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

Auditor's responsibilities for the audit of the performance report **(continued)**	As part of an audit in accordance with Australian Standards on Assurance Engagements, I exercise professional judgement and maintain professional scepticism throughout the audit. I also: • identify and assess the risks of material misstatement of the performance report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. • obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the corporation's internal control • evaluate the overall presentation, structure and content of the performance report, including the disclosures, and whether the performance report represents the underlying events and results in a manner that achieves fair presentation. I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



MELBOURNE
16 October 2026

Timothy Maxfield
as delegate for the Auditor-General of Victoria

PART 7

Financial Report

Central Highlands Water
Comprehensive Operating Statement
For the year ended 30 June 2026

	Note	2026 $'000	2025 $'000
Revenue and income from transactions			
Service charges	2.1.1	**78,014**	75,094
Usage charges	2.1.1	**40,412**	41,995
Developer contributions	2.1.2	**19,613**	24,921
Government grants	2.2	**140**	1,253
Other revenue	2.3	**7,253**	9,832
Total revenue and income from transactions		**145,432**	153,095
Expenses from transactions			
Depreciation	4.1.1	**(42,546)**	(41,194)
Amortisation	4.2	**(2,422)**	(2,446)
Employee expenses	3.1.1	**(32,445)**	(30,875)
Direct operating expenses	3.2	**(33,022)**	(31,009)
Repairs and maintenance	3.3	**(9,133)**	(8,436)
Environmental contribution		**(4,652)**	(4,652)
Other expenses	3.4	**(19,113)**	(20,180)
Total expenses from transactions		**(143,333)**	(138,792)
Finance income	3.5	**594**	76
Finance expense	3.5	**(7,784)**	(6,987)
Net finance costs		**(7,190)**	(6,911)
Net result from transactions (net operating balance)		**(5,091)**	7,392
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	4.1.5	**(436)**	(2,778)
Other gains/(losses) from economic flows	9.1	**1,646**	(547)
Total other economic flow included in net result		**1,210**	(3,325)
Net result before income tax		**(3,881)**	4,067
Income tax expense	8.1.1	**1,149**	(1,241)
Net result for the period		**(2,732)**	2,826
Other economic flow - other comprehensive income (OCI)			
Items that will not be reclassified to net result			
Changes in physical asset revaluation surplus		**1,175,790**	-
Deferred income tax relating to components of OCI	8.1.1	**(277,624)**	-
Total other economic flows - other comprehensive income		**898,166**	-
Comprehensive result		**895,434**	2,826

The accompanying notes form part of these financial statements.

Central Highlands Water

Balance Sheet

As at 30 June 2026

	Note	2026 $'000	2025 $'000
ASSETS			
Current assets			
Cash and cash equivalents	6.3	**60,588**	31,279
Receivables	5.1	**23,616**	24,243
Inventories	5.3	**692**	857
Biological assets	5.6	**1,066**	1,232
Other non-financial assets	5.5	**1,595**	1,152
Total current assets		**87,557**	58,763
Non-current assets			
Infrastructure, property, plant and equipment	4.1.1	**3,018,934**	1,824,806
Intangible assets	4.2	**37,225**	38,265
Biological assets	5.6	**4,237**	5,099
Other financial assets	5.4	**623**	15
Total non-current assets		**3,061,019**	1,868,185
Total assets		**3,148,576**	1,926,948
LIABILITIES			
Current liabilities			
Payables	5.2	**35,922**	19,892
Interest bearing liabilities	6.1	**67,100**	36,480
Employee benefits provision	3.1.2	**7,788**	7,651
Total current liabilities		**110,810**	64,023
Non-current liabilities			
Interest bearing liabilities	6.1	**148,000**	143,000
Net deferred tax liabilities	8.1.2	**585,857**	309,382
Employee benefits provision	3.1.2	**578**	732
Other financial liabilities	5.4	**-**	570
Total non-current liabilities		**734,435**	453,684
Total liabilities		**845,245**	517,707
Net assets		**2,303,331**	1,409,241
EQUITY			
Contributed capital		**356,225**	357,569
Physical asset revaluation reserve		**1,541,218**	643,052
Accumulated surplus / (deficit)		**405,888**	408,620
Total equity		**2,303,331**	1,409,241

The accompanying notes form part of these financial statements.

Central Highlands Water
Cash Flow Statement
For the year ended 30 June 2026

	Note	2026 $'000	2025 $'000
Cash flows from operating activities			
Receipts			
Service and usage charges		**117,630**	116,899
Receipts from Government grants - other		**387**	166
Interest received		**594**	76
Developer contribution fees		**3,459**	2,365
Goods and Services Tax received from the ATO		**9,171**	8,562
Other receipts		**8,331**	13,497
Total receipts		**139,572**	141,565
Payments			
Payments to suppliers and employees		**(98,278)**	(99,503)
Interest and other cost of finance paid		**(7,784)**	(8,209)
Goods and Services Tax paid to the ATO		**-**	(123)
Environmental contribution levy paid		**(4,652)**	(4,652)
Total payments		**(110,714)**	(112,487)
Net cash inflow from operating activities		**28,858**	29,078
Cash flows from investing activities			
Payments for infrastructure, property, plant and equipment		**(33,934)**	(43,002)
Proceeds from sale of infrastructure, property, plant and equipment		**425**	210
Payments for investment in ZEW Ltd		**(220)**	(139)
Proceeds from investment in ZEW Ltd		**31**	100
Payments for intangible assets		**(127)**	(317)
Net cash outflow from investing activities		**(33,825)**	(43,148)
Cash flows from financing activities			
Repayment of borrowings		**(21,600)**	(29,350)
Proceeds from borrowings		**58,600**	72,350
Payment of capital repatriation		**(1,344)**	(672)
Principal payments of service concession liability		**(1,380)**	(4,163)
Net cash inflow from financing activities		**34,276**	38,165
Net increase in cash and cash equivalents		**29,309**	24,095
Cash and deposits at the beginning of the financial year		**31,279**	7,184
Cash and deposits at the end of the financial year	6.3	**60,588**	31,279

The accompanying notes form part of these financial statements.

Central Highlands Water
Statement of changes in equity
For the year ended 30 June 2026

	Contributed capital $'000	Physical asset revaluation reserve $'000	Accumulated surplus $'000	Total equity $'000
Opening balance at 1 July 2024	**358,241**	**643,052**	**405,794**	**1,407,087**
Net result for the year	-	-	2,826	**2,826**
Total comprehensive income	**-**	**-**	**2,826**	**2,826**
Transactions with the State in its capacity as owner:				
Capital repatriation paid to owners	(672)	-	-	**(672)**
Balance at 30 June 2025	**357,569**	**643,052**	**408,620**	**1,409,241**
Balance at 1 July 2025	357,569	643,052	408,620	**1,409,241**
Net result for the year	-	-	(2,732)	**(2,732)**
Asset revaluations	-	898,166	-	**898,166**
Total comprehensive income	**-**	**898,166**	**(2,732)**	**895,434**
Transactions with the State in its capacity as owner:				
Capital repatriation paid to owners	(1,344)	-	-	**(1,344)**
Balance at 30 June 2026	**356,225**	**1,541,218**	**405,888**	**2,303,331**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR END 30 JUNE 2026

1. BASIS OF PREPARATION

Introduction
Central Highlands Water manages 15 distinct water supply systems and 13 wastewater systems in a service area of 9,275 km^2, which is equivalent to just over 6% of Victoria's total area. Services are provided to approximately 192,952 residents and businesses in more than 60 towns. These communities range in population from fewer than 100 people to more than 100,000 in the Ballarat and District water supply system. These services are provided in a fully integrated 'catchment-to-tap' approach which involves:

- collection and storage of water via surface water and groundwater sources
- filtration and disinfection via 15 water treatment plants
- water delivery through 2,680 km of water mains
- the collection and treatment of wastewater via 1,651 km of sewer mains
- the beneficial reuse of reclaimed water and biosolids.

Significant events
During the 2025-26 financial year, the following significant events occurred:

- completed independent revaluations of infrastructure, land and buildings were completed (refer Note 4.1.2 and Note 7.3);
- transitioned from the Ballarat Water Pty Ltd service concession arrangements following their expiry on 19 October 2025 (refer Note 6.2); and
- completed an assessment of the income tax treatment of developer contributed (gifted) assets following Australian Taxation Office guidance, resulting in adjustments reflected in the current year's tax balance (refer Note 8.1).

1.1 Basis of preparation

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

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

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

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

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

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

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

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

Controlled Entities
These financial statements cover Central Highlands Water as an individual reporting entity and include all the activities of Central Highlands Water. Central Highlands Water has no controlled entities.

Compliance information

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

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

2. FUNDING DELIVERY OF SERVICES

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

2.1 Revenue from contracts with customers

	Note	2026 $'000	2025 $'000
Revenue from service, usage, trade waste charges and other revenue	2.1.1	**118,426**	117,089
Developer contributions	2.1.2	**19,613**	24,921
Total revenue from contracts with customers		**138,039**	142,010

2.1.1 Revenue from service, usage and trade waste charges

	2026 $'000	2025 $'000
Service charges		
Water service charges	**20,367**	19,823
Wastewater service charges	**56,968**	54,593
Trade waste service charges	**679**	678
Total service charges	**78,014**	75,094
Usage charges		
Water volume	**36,535**	38,404
Wastewater volume	**1,353**	1,467
Trade waste volume	**2,204**	2,001
Recycled water volume	**320**	123
Total usage charges	**40,412**	41,995
Total service, usage and trade waste charges	**118,426**	117,089

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

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

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Recycled water charges	Recycled water charges are all recognised as revenue over time as the performance obligation is satisfied. Central Highlands Water measures these charges based on the regulated prices and the volume of water consumed by customers, and sewage and trade waste disposed by customers. The charges are payable within 30 days.	Revenue is recognised over time as service is provided.

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

2.1.2 Developer contributions

	2026 $'000	2025 $'000
New customer contributions	**3,459**	2,365
Developer contributed assets	**16,154**	22,556
Total contributions	**19,613**	24,921

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

2.1.3 Timing of recognition of revenue from customers

Central Highlands Water derives revenue from the transfer of goods and services over time and at a point in time for the following charges.

	Service charges	Usage charges	Service charges	Disposal charges	Recycled water charges	Developer contributions	New customer contributions	Total revenue with customers
	Water	Water	Wastewater*	Wastewater*				
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2025								
At a point in time	-	-	678	3,468	-	22,556	2,365	29,067
Over time	19,823	38,404	54,593	-	123	-	-	112,943
Total	19,823	38,404	55,271	3,468	123	22,556	2,365	142,010
2026								
At a point in time	**-**	**-**	**679**	**3,557**	**-**	**16,154**	**3,459**	**23,849**
Over time	**20,367**	**36,535**	**56,968**	**-**	**320**	**-**	**-**	**114,190**
Total	**20,367**	**36,535**	**57,647**	**3,557**	**320**	**16,154**	**3,459**	**138,039**

* Service charges wastewater and disposal charges wastewater includes trade waste

2.2 Government grants

	2026 $'000	2025 $'000
Income recognised as income of not-for-profit entities		
General purpose grants	**72**	1,135
Income recognised as revenue from contract with customers		
Other specific purpose grants	**68**	118
Total government grants	**140**	1,253

Central Highlands Water has determined that all grant income is recognised as income of not-for-profit entities in accordance with AASB 1058 *Income of Not-For-Profit Entities*, except for grants that are enforceable and with sufficiently specific performance obligations and accounted for as revenue from contracts with customers in accordance with AASB 15 *Revenue from Contracts with Customers*.

Grants Recognised under AASB 1058 Income of Not-For-Profit Entities

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

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

Grants recognised under AASB 15 Revenue from Contracts with Customers

Income from grants that are enforceable and with sufficiently specific performance obligations are accounted for as AASB 15 *Revenue from Contracts with Customers*. This is recognised based on the consideration specified in the funding agreement and to the extent that it is highly probable a significant reversal of the revenue will not occur. The funding payments are normally received in advance or shortly after the relevant obligation is satisfied.

2.3 Other revenue

	2026 $'000	2025 $'000
Forestry timber sales	**2,380**	2,915
Temporary water sales	**42**	1,430
Insurance settlement income	**963**	1,761
Non-tariff fees and charges	**2,544**	2,194
Reimbursements	**211**	177
Other	**1,113**	1,355
Total other revenue	**7,253**	9,832

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Forestry timber sales	Revenue related to the sale of timber from commercial pine plantations based on the weight of timber sold.	Revenue is recognised at a point in time.
Temporary water sales	Revenue is recognised at the fair value of the temporary water sale.	Revenue is recognised at a point in time.
Insurance settlement income	Relates to non-recurring income received from insurance settlements. Includes claim settlements from damage caused by extreme storm/flood events.	Revenue is recognised at a point in time.
Non-tariff fees and charges	Revenue from fees and charges other than water and wastewater fees. Includes application fees, consent fees, information fees and laboratory service fees.	Revenue is recognised at a point in time.
Reimbursements	Revenue related to the reimbursement of expenditure incurred by Central Highlands Water on behalf of other parties.	Revenue is recognised at a point in time.
Other	Revenue from other services rendered upon provision of the goods or service provided to the customer.	Revenue is recognised at a point in time when service is provided.

3. THE COST OF DELIVERING OUR SERVICES

Introduction
This section provides an account of the expenses incurred by Central Highlands Water in delivering services and outputs.

3.1 Employee benefits and expenses

3.1.1 Employee expenses – comprehensive operating statement

	2026 $'000	2025 $'000
Salaries and wages	**27,315**	26,181
Employer superannuation contributions	**3,194**	3,121
Termination benefits	**1,094**	668
Other	**842**	905
Total employee expenses	**32,445**	30,875

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.

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

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

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

3.1.2 Employee benefits provision in the balance sheet

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

	2026 $'000	2025 $'000
Current provisions:		
Rostered days off		
Unconditional and expected to settle within 12 months	**238**	227
Annual Leave		
Unconditional and expected to settle within 12 months	**1,792**	1,877
Unconditional and expected to settle after 12 months	**132**	154
Long Service Leave		
Unconditional and expected to settle within 12 months	**605**	485
Unconditional and expected to settle after 12 months	**3,980**	3,899
Provisions for on-costs		
Unconditional and expected to settle within 12 months	**379**	367
Unconditional and expected to settle after 12 months	**662**	642
Total current provisions for employee benefits	**7,788**	7,651
Non-current provisions:		
Long service leave - conditional	**498**	632
On-costs	**80**	100
Total non-current provisions for employee benefits	**578**	732
Total provisions for employee benefits	**8,366**	8,383

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 Central Highlands Water does not have an unconditional right to defer settlements of these liabilities.

The components of this liability are measured at:

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

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

On-costs

On costs, such as payroll tax, superannuation and workers' compensation insurance, are not employee benefits. They are disclosed separately as a component of the provision for employee benefits when the employment to which they relate has occurred.

Long service leave

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

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

The components of this current LSL liability are measured at:

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

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

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

3.2 Direct operating expenses

	2026 $'000	2025 $'000
Power	**5,616**	3,010
Fleet	**859**	871
Water and wastewater network	**5,462**	6,273
Bulk and temporary water charges	**534**	844
Forestry (biological assets)	**1,673**	1,805
Catchments and grounds	**1,442**	1,900
Monitoring and testing	**1,105**	1,045
Operating contracts	**9,366**	-
Service concession arrangement tolls	**5,891**	14,667
Other direct operational expense	**1,074**	594
Total direct operating expenses	**33,022**	31,009

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

Expense	Description	Recognition policy
Fleet	Expenses related to the management of fleet, including repairs and maintenance, insurance, registration and fuel.	Accruals basis. Recognised in the Comprehensive operating statement.
Power	Energy and electricity charges.	Accruals basis. Recognised in the Comprehensive operating statement.
Water and wastewater network	Expenses related to the management of water and wastewater assets, including mains and tank cleaning, sidelines and wet wells clearing, chemicals and inspections.	Accruals basis. Recognised in the Comprehensive operating statement.
Bulk and temporary water charges	Expenses related to bulk and temporary water charges.	Accruals basis. Recognised in the Comprehensive operating statement.
Forestry (biological assets)	Expenses related to the management of forestry assets, including harvesting, road maintenance and plantation management.	Accruals basis. Recognised in the Comprehensive operating statement.
Catchment and grounds	Expenses relating to catchment and ground assets, including biosolid waste disposal, bio-diversity maintenance, catchment assessments and waterway protection.	Accruals basis. Recognised in the Comprehensive operating statement.
Monitoring and testing	Monitoring and testing expenses related to monitoring of the water, wastewater and groundwater network.	Accruals basis. Recognised in the Comprehensive operating statement.
Service concession arrangement tolls	Expenses incurred under service concession arrangements. (refer Note 6.2)	Accruals basis. Recognised in the Comprehensive operating statement.
Operating contracts	Expenses related to the operations and maintenance contract with Veolia Water ANZ Pty Ltd. (refer Note 6.2)	Accruals basis. Recognised in the Comprehensive operating statement.
Other direct operational expense	Generally, represents the day-to-day running costs incurred in normal operations.	Accruals basis. Recognised in the Comprehensive operating statement.

The decrease in service concession arrangement tolls and corresponding increase in operating contract expenses reflects the expiry of the service concession arrangements on 19 October 2025 and transition to a new operations and maintenance contract with Veolia Water ANZ Pty Ltd. Refer note 6.2 for further information.

3.3 Repairs and maintenance

	2026 $'000	2025 $'000
Catchments and grounds	**1,536**	1,383
Water and sewer network	**6,812**	6,553
Facilities maintenance	**335**	317
Other repairs and maintenance	**450**	183
Total repairs and maintenance	**9,133**	8,436

3.4 Other operating expenses

	2026 $'000	2025 $'000
Audit fees	**330**	285
Bad and doubtful debts	**106**	276
Bank and merchant fees	**413**	434
Community engagement	**644**	495
Insurance	**651**	930
Other operating	**2,611**	4,439
Printing and postage	**748**	675
Professional and technical services	**5,324**	5,178
Telephone and communication links	**527**	588
Information technology expenditure	**7,759**	6,880
Total operating expenses	**19,113**	20,180

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

Expense	Description	Recognition policy
Audit fees	Audit fees paid to VAGO, and to internal auditors.	Recognised in the Comprehensive operating statement as incurred.
Bad and doubtful debts	Represents bad and doubtful debts written off during the period.	Recognised in the Comprehensive operating statement as incurred.
Bank and merchant fees	Bank charges and fees.	Recognised in the Comprehensive operating statement as incurred.
Community engagement	Includes expenditure for website development, advertising, art and design, education and community sponsorship.	Recognised in the Comprehensive operating statement as incurred.
Insurance	Insurance charges from Central Highlands Water's insurance policies held with Lockton Companies Australia Pty Ltd.	Recognised in the Comprehensive operating statement as incurred.
Other operating	Generally, represents the day-to-day running costs incurred in normal operations including customer hardship, community rebate program, the community housing retrofit program and donations.	Recognised in the Comprehensive operating statement as incurred.
Printing and postage	Printing and postage expenses.	Recognised in the Comprehensive operating statement as incurred.
Professional and technical services	Includes expenditure for consultants, contractors, recruitment services, subscriptons and memberships and other professional fees.	Recognised in the Comprehensive operating statement as incurred.

Expense	Description	Recognition policy
Telephone and communication links	Telephone and communication expenses.	Recognised in the Comprehensive operating statement as incurred.
Information technology expenditure	All operating expenses, maintenance contracts, license fees and other costs associated with operating the information technology environment of Central Highlands Water.	Recognised in the Comprehensive operating statement as incurred.

3.5 Net finance costs

	2026 $'000	2025 $'000
Interest income	**(594)**	(76)
Interest on secured TCV loans	**6,355**	5,474
Interest on financial liabilities - service concession arrangements	**26**	277
Financial accommodation levy	**1,403**	1,236
Net finance costs recognised in comprehensive operating statement	**7,190**	**6,911**

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

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

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

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

4. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

Introduction
Central Highlands Water controls infrastructure and other investments that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources that have been entrusted to Central Highlands Water to be utilised for delivery of those outputs.

4.1Infrastructure, property, plant and equipment

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

	Land $'000	Buildings $'000	Plant and equipment $'000	Infrastructure - water $'000	Infrastructure - wastewater $'000	Service concession assets $'000	Capital works in progress $'000	Total $'000
Year ended 30 June 2026								
Balance at 1 July 2025								
Gross carrying amount	81,216	39,564	33,672	1,148,794	471,235	54,555	92,557	1,921,593
Accumulated depreciation	-	(2,218)	(16,216)	(46,120)	(29,090)	(3,143)	-	(96,787)
Opening net book value - 1 July 2025	**81,216**	**37,346**	**17,456**	**1,102,674**	**442,145**	**51,412**	**92,557**	**1,824,806**
Additions	-	-	-	-	-	-	45,720	45,720
Gifted assets	-	-	-	-	-	-	16,154	16,154
Disposals	(16)	-	(617)	(104)	(125)	-	-	(862)
Impairments	-	-	-	(422)	(993)	-	-	(1,415)
Transfer between asset classes	-	525	2,492	73,886	10,150	(50,755)	(36,298)	-
Revaluation	23,489	41,788	(22)	454,800	657,150	-	-	1,177,205
Write-offs	-	-	-	-	-	-	(128)	(128)
Depreciation	-	(1,161)	(2,481)	(23,402)	(14,845)	(657)	-	(42,546)
Closing net book amount	**104,689**	**78,498**	**16,828**	**1,607,432**	**1,093,482**	**-**	**118,005**	**3,018,934**
Total as at 30 June 2026								
Cost or fair value	104,689	79,314	33,037	1,609,237	1,093,779	-	118,005	3,038,061
Accumulated depreciation	-	(816)	(16,209)	(1,805)	(297)	-	-	(19,127)
Net book amount	**104,689**	**78,498**	**16,828**	**1,607,432**	**1,093,482**	**-**	**118,005**	**3,018,934**

4.1.2 Initial recognition and subsequent measurement

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

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

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

Items with a cost or value in excess of $1,000 and a useful life of more than one year are recognised as an asset. All other assets acquired are expensed.

Revaluation of land, buildings, infrastructure and service concession assets

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

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

Central Highlands Water's assets relating to land, buildings and infrastructure were independently valued by the VGV as at 30 June 2026.

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

4.1.3 Accounting for revaluation movements

Infrastructure, property, plant and equipment

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

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

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

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

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

Biological assets

An increase or decrease in the fair value of these biological assets is recognised in the consolidated comprehensive operating statement as an 'other economic flow'. The accounting treatment for biological assets is disclosed in section 5.6.

4.1.4 Depreciation and impairment

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

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

	Periods
Buildings	
Buildings	30-70 years
Water infrastructure	
Storages	40 years to perpetual
Distribution network	40-100 years
Treatment plants	12-100 years
Wastewater infrastructure	
Distribution network	20-100 years
Treatment plants	25-100 years
Service concession assets	40-80 years
Plant and equipment	3-20 years
Motor vehicles	5-10 years

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

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

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

4.1.5 Net loss on disposal of non-financial assets

The loss from ordinary activities includes the following specific net gains and expenses:

	2026 $'000	2025 $'000
Net loss on disposal of non-financial assets	**(436)**	(2,778)
Net loss on disposal	**(436)**	(2,778)

4.2 Intangible assets

	Water entitlements $'000	Computer software $'000	Large scale generation certificates $'000	Carbon credit units $'000	Total $'000
Year ended 30 June 2026					
Balance at 1 July 2025					
Cost of fair value	32,066	16,413	262	100	48,841
Accumulated amortisation	-	(10,576)	-	-	(10,576)
Opening net book amount	**32,066**	**5,837**	**262**	**100**	**38,265**
Additions	1,466	-	127	-	1,593
Disposals	-	-	(211)	-	(211)
Amortisation	-	(2,422)	-	-	(2,422)
Closing net book amount	**33,532**	**3,415**	**178**	**100**	**37,225**
Total as at 30 June 2026 represented by:					
Cost or Fair Value	33,532	16,413	178	100	50,223
Accumulated amortisation	-	(12,998)	-	-	(12,998)
Net book amount	**33,532**	**3,415**	**178**	**100**	**37,225**

Recognition and measurement

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

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

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

Subsequent expenditure

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

Amortisation

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

A summary of the policies applied to Central Highlands Water's intangible assets is as follows:

	Water Share Entitlements	Software costs	Large-scale generation certificates	Australian carbon credit units
Useful lives	Indefinite	Finite	Indefinite	Indefinite
Amortisation method used	Not amortised	Straight-line	Not amortised	Not amortised
Internally generated/acquired	Acquired	Acquired	Acquired	Acquired
Impairment test/recoverable amount testing	Annually and where an indicator of impairment exists	Amortisation method reviewed each year-end: reviewed annually for indicators of impairment	Annually and where an indicator of impairment exists	Annually and where an indicator of impairment exists

Software costs

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

Software as-a-Service (SaaS) arrangements

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

The following outlines the treatment (see note 3.4) of costs incurred in relation to SaaS arrangements:

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

Central Highlands Water made the following key judgements that may have an effect on the amounts recognised in the financial statements.

Determination whether configuration and customisation services are distinct from the SaaS access
Implementation costs including costs to configure or customise the cloud provider's application software are recognised as operating expenses as the costs do not meet the recognition criteria under AASB 138 *Intangible Assets*.

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

1 Distinct configuration and customisation costs are expensed as incurred as the software is configured or customised (i.e. upfront).
2 Non-distinct configuration and customisation costs are 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.

As at 30 June 2026, Central Highlands Water held $327,303 (2025: $284,999) as prepayments in respect of configuration and customisation activities undertaken in implementing SaaS arrangements which are considered not to be distinct from the access to the SaaS application software over the contract term.

Permanent water entitlements
Permanent water entitlements are recognised as an intangible asset on the Balance Sheet at cost (in accordance with AASB 138 *Intangible Assets* and Financial Reporting Direction 109A *Intangible Assets* (FRD 109A)), and will not be subject to amortisation, as the permanent water entitlements have an indefinite life. Permanent water entitlements are tested annually for impairment.

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

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

5. OTHER ASSETS AND LIABILITIES

Introduction

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

5.1 Receivables

	2026 $'000	2025 $'000
Current		
Contractual		
Service and usage charges	**12,904**	12,302
Other receivables	**1,264**	1,338
Allowance for expected credit losses	**(448)**	(514)
Contract assets	**8,750**	9,343
Statutory		
GST input tax credit recoverable	**1,146**	1,774
Total current receivables	**23,616**	24,243
Total receivables	**23,616**	24,243

Receivables consist of:

Receivable	Initial measurement	Subsequent measurement
Contractual receivables (other receivable)	Recognised at fair value plus any directly attributable transaction costs. Central Highlands Water holds contractual receivables with the objective of collecting the contractual cash flows.	Classified as financial instrument and measured at amortised cost using the effective interest method, less any impairment.
Contractual receivables (service and usage charges)	Measured at transaction price, unless they contain a significant financing component, when they are recognised at fair value. Central Highlands Water does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year.	Classified as financial instrument and measured at amortised cost less any expected credit loss.
Statutory receivables	Recognised at fair value plus any directly attributable transaction costs.	Amortised cost less any expected credit loss.

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

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

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

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

5.1.1 Impairment of contractual receivables

The loss allowances for trade receivables and contract assets are based on assumptions about risk of default and expected loss rates. The expected loss rates applied as at 30 June 2026 vary from 4.64% for receivables that are more than 30 days past due to 5.51% for receivables that are more than 120 days past due (2025: 5.4% - 5.91%).

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

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

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

5.2 Payables

	2026 $'000	2025 $'000
Current payables		
Contractual		
Trade creditors	**9,467**	4,709
Sundry creditors	**1,217**	1,265
Accrued expenses	**6,807**	5,296
Accrued expenses capital	**14,765**	5,328
Contract liabilities	**3,564**	3,230
Total contractual	**35,820**	19,828
Statutory		
Payroll tax	**102**	64
Total statutory	**102**	64
Total payables	**35,922**	19,892

Payables for supplies and services have an average credit period of 30 days.

The terms and conditions of amounts payable to the government and agencies vary according to the particular agreements and as they are not legislative payables, statutory payables are not classified as financial instruments.

Accrued expenses capex relate to the acquisition of goods and services associated with the implementation of capital infrastructure where an invoice has not yet been received.

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

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

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

5.3 Inventories

	2026 $'000	2025 $'000
Current		
Stock - at cost	**692**	857
Total inventories	**692**	857

These inventories are held for consumption in the ordinary course of business operations and measured at the lower of cost and net realisable value. Costs are assigned to inventory quantities on hand at balance date on a weighted average cost (WAC) basis.

5.4 Other financial assets

	2026 $'000	2025 $'000
Non-current		
Investment in ZEW Ltd	**15**	15
Derivative financial instrument (ZEW-related Power Purchasing Agreement)	**608**	-
Total other financial assets	**623**	15

Derivative financial instrument

In the prior year, the ZEW-related Power Purchasing Agreement (PPA) was recognised within other financial liabilities (2026: $nil; 2025: $569,770), reflecting its liability position at the previous valuation date. The valuation at 30 June 2025 resulted in the PPA moving from a liability to an asset position and, accordingly, it is presented within other financial assets at 30 June 2026. At the date of signing the financial statements, the 30 June 2026 valuation had not yet been received.

ZEW transactions and balances

Central Highlands Water is one of 12 water corporation Members of Zero Emissions Water (ZEW) Limited, a public company limited by guarantee. ZEW's substantial objective is to acquire electricity, contracts for difference and other derivative products in relation to electricity, and/or green products from an energy and emissions reduction facility in Victoria and in turn supply these products to its Members. This vehicle provides the opportunity for water corporation members to collaboratively promote energy and emissions reduction initiatives in Victoria and to reduce emissions.

On 30 October 2018, a Members' Agreement was entered into between the water corporations and ZEW in order to regulate their rights and obligations as members of ZEW and as participants in the project. The Members' Agreement establishes the operating activities of ZEW and the decision-making responsibilities of the ZEW Directors.

Under the Members' Agreement Central Highlands Water's liability as a member is limited to $10 in the event of a winding up. As required by *Australian Accounting Standards*, Central Highlands Water has assessed the nature of its relationship with ZEW, and has concluded that it does not have control, joint control or significant influence over ZEW. Central Highlands Water will account for its investment in ZEW as a financial instrument within the scope of AASB 9 *Financial Instruments*. ZEW is a related party of Central Highlands Water.

The Members' Agreement specifies that ZEW may call on Central Highlands Water to make a loan available to ZEW amounting to $147,872. The loan, if requested by ZEW, would meet the definition of a financial asset as it gives rise to a contractual right for Central Highlands Water to receive cash from ZEW at the end of the loan term. At 30 June 2026, ZEW had requested and received a loan payment of $14,500. As this loan is concessional, it has been treated as an investment in ZEW and measured at amortised cost.

On 30 October 2018, ZEW entered into an 11-year Power Purchasing Agreement (PPA) with a solar farm energy generator. In relation to the PPA, ZEW will act as a central intermediary between the energy generator and the water corporations. The PPA contains a contract for difference (CfD) payment mechanism in respect of electricity generated by the facility and the sale and supply of large-scale generation certificates (LGCs) from the facility.

On 22 January 2021, the conditions precedent in the PPA were completed and the CfD derivative was recognised as a financial liability measured at its fair value. Subsequent changes in the derivative's fair value have been recognised in profit and loss.

Central Highlands Water now has an obligation to purchase its percentage of energy allocation under the Members' Agreement, via the CfD derivative. The financial impact of the Members' Agreement with ZEW has resulted in increased revenue and expenses, and the recognition of a derivative financial instruments and LGCs as intangible assets.

Payments to, and receipts from ZEW Ltd are disclosed in note 9.5.

5.5 Other non-financial assets

	2026 $'000	2025 $'000
Current		
Prepayments	**1,595**	1,152
Total other non-financial assets	**1,595**	1,152

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

5.6 Biological assets

Biological assets comprise nature forests and their quantities and measurement bases are disclosed below.

Biological asset	Measurement basis	Quantities		Carrying amount	
		2026 Hectares	2025 Hectares	2026 $'000	2025 $'000
Timber forests	Timber volume - current			**1,066**	1,232
Timber forests	Timber volume - non-current			**4,237**	5,099
Total		**1,206**	1,153	**5,303**	**6,331**

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

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

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

Biological assets refer to commercial pine plantation forestry which does not include native vegetation.

5.6.1 Reconciliation of movement in carrying amounts

	2026 $'000	2025 $'000
Carrying amount at beginning of period	**6,331**	5,922
Gains arising from changes in fair value less estimated point of sale costs attributable to physical changes	**2,412**	2,571
Gains/(losses) arising from changes in fair value less estimated point of sale costs attributable to price changes	**(1,061)**	753
Decreases due to harvest	**(2,379)**	(2,915)
Carrying amount at end of period	**5,303**	6,331

5.6.2 Cost of biological assets sold

	2026 $'000	2025 $'000
Cost of biological assets sold - Nature forests	**1,946**	2,116
Total cost of biological assets sold	**1,946**	2,116

6. HOW WE FINANCED OUR OPERATIONS

Introduction

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

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

6.1 Interest bearing liabilities

	2026 $'000	2025 $'000
Current		
Financial liabilities - service concession arrangements	**-**	1,380
Loans from TCV	**67,100**	35,100
Total current interest bearing liabilities	**67,100**	36,480
Non-current		
Financial liabilities - service concession arrangements	**-**	-
Loans from TCV	**148,000**	143,000
Total non-current interest bearing liabilities	**148,000**	143,000
Total interest-bearing liabilities	**215,100**	179,480

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

Central Highlands Water has classified borrowings which mature within 12 months as current liabilities. However, Central Highlands Water has the discretion to refinance or rollover these loans with the TCV, pursuant to section 8 of the *Borrowings and Investment Powers Act 1987*.

Lease liabilities are determined in accordance with AASB 16 *Leases*.

Service concession arrangements are determined in accordance with AASB 1059 *Service Concession Arrangements: Grantors* (refer to Note 6.2).

6.1.1 Maturity of borrowings

	Carrying amount $'000	Less than 1 month $'000	1-3 months $'000	3 months - 1 year $'000	1 - 5 years $'000	5+ years $'000
30 June 2026						
Financial liabilities						
Loans from TCV	**215,100**	**-**	**-**	**67,100**	**74,000**	**74,000**
Total	**215,100**	**-**	**-**	**67,100**	**74,000**	**74,000**
30 June 2025						
Financial Liabilities						
Financial liabilities - service concession arrangements	1,380	271	550	559	-	-
Loans from TCV	178,100	-	-	35,100	74,000	69,000
Total	179,480	271	550	35,659	74,000	69,000

6.2 Service concession arrangements

Central Highlands Water sometimes enters into arrangements with private/public sector participants to design and construct or upgrade assets used to provide public services. These arrangements usually include the provision of operational and maintenance services for a specified period of time. These arrangements are often referred to as public private partnerships (PPPs).

Central Highlands Water has adopted AASB 1059 *Service Concession Arrangements: Grantors* to account for PPP arrangements that meet the definition of service concession arrangements (SCAs) in accordance with AASB 1059 *Service Concession Arrangements: Grantors*. Where a PPP is not considered a SCA, Central Highlands Water determines whether the arrangement is a lease (and accounted for under AASB 16 *Leases*) or a construction contract (and accounted for under AASB 116 *Property, Plant and Equipment* and AASB 9 *Financial Instruments*) and accounts for them under those relevant standards.

Central Highlands Water uses the 'financial liability' model to account for SCAs. Central Highlands Water pays the operator over the arrangement period, subject to specified performance criteria being met. At the date of commitment to the principal provisions of the arrangement, these estimated periodic payments are allocated between a component related to the design and construction or upgrading of the asset, and the components related to the ongoing operation and maintenance of the asset.

The accumulation of costs incurred during construction results in a progressive build-up of the Service Concession Arrangement asset. A corresponding liability would be progressively recognised in line with the fair value of the SCA asset. The nature of the liability and the subsequent accounting depends on the consideration exchanged in reference to the contract arrangements between the grantor and the operator. An exception to this principle occurs when the grantor reclassifies an existing asset to a SCA.

Central Highlands Water in a service concession arrangement recognises a service concession liability (SCL) at the same amount as the SCA asset, adjusted by the amount of any other consideration from the grantor to the operator, or from the operator to the grantor. Therefore, any State contributions made prior to the recognition of the liability would reduce this amount.

However, when Central Highlands Water reclassifies an existing asset as a SCA, no liability is recognised unless additional consideration is provided by the operator. Instead, Central Highlands Water will recognise a SCA asset and a corresponding SCL for the amounts spent on upgrade/expansion work.

After initial recognition, Central Highlands Water will determine if the liability represents a financial liability. Where Central Highlands Water has a contractual obligation to pay to the operator as compensation for providing the SCA, it is measured as a liability in accordance with AASB 9 *Financial Instruments*. Interest is charged on the liability of some SCAs, refer to note 3.5 Net finance costs. The liability will be increased by interest charges, based on the interest rate implicit in the arrangement. Where the interest rate is not specified in the arrangement, prevailing market rate of interest for a similar instrument with similar credit ratings should be used. Refer to note 6.1 for the amounts disclosed as financial liability.

Subsequently, the liability will also be reduced by any payments made by Central Highlands Water to the operator if required by the contract.

The table below illustrates commitments for service concession arrangements.

	Notes	Minimum future payments		Present value of minimum future payments	
		2026 $'000	2025 $'000	2026 $'000	2025 $'000
Less than 1 year	6.4.1	-	1,406	-	1,380
Between 1 and 5 years	6.4.1	-	-	-	-
Over 5 years		-	-	-	-
Minimum financial payments		-	1,406	-	1,380
Less future interest charged in accounts		-	(26)	-	-
Total future financial liabilities payments		-	1,380	-	1,380
Representing service concession arrangement liability					
Current	6.1			-	1,380
Non-current	6.1			-	-
Total financial liabilities				-	1,380

Central Highlands Water held two service concession arrangements with Ballarat Water Pty Ltd at the beginning of the 2025-26 financial year, which expired on 19 October 2025. The arrangements were replaced with an operations and maintenance contract with Veolia Water ANZ Pty Ltd. As the new contract does not meet the definition of a service concession arrangement under AASB 1059 *Service Concession Arrangements: Grantors*, the service concession arrangements ceased from 19 October 2025.

6.3 Cash flow information and balances

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

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

	2026 $'000	2025 $'000
Cash and cash equivalents		
Cash at bank and on hand	**60,588**	31,279
Balance as per cash flow statement	**60,588**	31,279

6.4 Commitments for expenditure

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

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

6.4.1 Total commitments payable

	Less than 1 year $'000	Between 1 and 5 years $'000	Over 5 years $'000	Total $'000
Nominal Amounts 2026				
Capital commitments payable	**37,025**	**6,023**	**7,496**	**50,544**
Environmental contribution levy	**4,652**	**4,652**	**-**	**9,304**
Other commitments payable	**3,950**	**5,172**	**6,002**	**15,124**
Total commitments (inclusive of GST)	**45,627**	**15,847**	**13,498**	**74,972**
Less GST recoverable	**(3,725)**	**(1,018)**	**(1,227)**	**(5,970)**
Total commitments (exclusive of GST)	**41,902**	**14,829**	**12,271**	**69,002**

Nominal Amounts 2025				
Service concession arrangement commitments	1,380	-	-	1,380
Capital commitments payable	27,288	9,242	-	36,530
Environmental contribution levy	4,652	9,304	-	13,956
Other commitments payable	8,693	5,016	8,786	22,495
Total commitments (inclusive of GST)	42,013	23,562	8,786	74,361
Less GST recoverable	(3,271)	(1,296)	(799)	(5,366)
Total commitments (exclusive of GST)	38,742	22,266	7,987	68,995

7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

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

7.1 Financial instruments

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

These financial instruments include:

Financial assets	Financial liabilities
Cash and deposits	Payables
Receivables: - Service and usage charges - Other receivables	- Contractual payables (e.g., trade creditors, sundry creditors, accrued expenses and other expenses)
Investment in Zero Emissions Water (ZEW) Ltd	Interest bearing liabilities: - Loans from TCV
Derivative financial asset	Service concession liability

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

Categories of financial instruments

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

Financial instrument	Initial measurement	Subsequent measurement
Derivative financial instruments (ZEW)	Fair value on the date on which a derivative contract is entered into, through net result.	Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from changes in the fair value of derivatives after initial recognition are recognised in the consolidated comprehensive operating statement as an 'other economic flow' included in the net result. Gains or losses include: • Fair value changes either realised or unrealised; • Interest; or • dividends

Offsetting financial instruments

Financial instrument assets and liabilities are offset, and the net amount presented in the balance sheet when, and only when, Central Highlands Water has a legal right to offset the amounts and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Some master netting arrangements do not result in an offset of balance sheet assets and liabilities. Where Central Highlands Water does not have a legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as default, insolvency or bankruptcy, they are reported on a gross basis.

Derecognition of financial assets and liabilities

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

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

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

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

Derivative financial instruments

Derivative financial instruments are classified as held for trading financial assets and liabilities. They are initially recognised at fair value on the date on which all contractual obligations under Conditions Precedent are met and on subsequent measurement.

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from changes in fair value of derivatives after initial recognition are recognised in the consolidated comprehensive operating statement as an 'other economic flow' included in the net result.

7.1.1 Financial instruments: Categorisation

2026	Notes	Cash and deposits $'000	Financial assets / liabilities designated at fair value through profit/ loss (FVPL) $'000	Financial assets / liabilities at amortised cost $'000	Total $'000
Contractual financial assets					
Cash and deposits	6.3	**60,588**	**-**	**-**	**60,588**
Receivables					
Service and usage charges	5.1	**-**	**-**	**12,456**	**12,456**
Other receivables	5.1	**-**	**-**	**1,264**	**1,264**
Contract assets	5.1	**-**	**-**	**8,750**	**8,750**
Investments in ZEW Ltd		**-**	**15**	**-**	**15**
Derivative financial assets					
ZEW Power Purchasing Agreement		**-**	**608**	**-**	**608**
Total contractual financial assets		**60,588**	**623**	**22,470**	**83,681**
Contractual financial liabilities					
Payables					
Supplies and services	5.2	**-**	**-**	**32,256**	**32,256**
Borrowings					
TCV loans	6.1	**-**	**-**	**215,100**	**215,100**
Total contractual financial liabilities		**-**	**-**	**247,356**	**247,356**

2025	Notes	Cash and deposits $'000	Financial assets / Liabilities designated at fair value through profit/loss (FVTPL) $'000	Financial assets / liabilities at amortised cost $'000	Total $'000
Contractual financial assets					
Cash and deposits	6.3	31,279	-	-	31,279
Receivables					
Service and usage charges	5.1	-	-	11,788	11,788
Other receivables	5.1	-	-	1,338	1,338
Contract assets	5.1	-	-	9,343	9,343
Investments in ZEW Ltd		-	15	-	15
Total contractual financial assets		31,279	15	22,469	53,763
Contractual financial liabilities					
Payables					
Supplies and services	5.2	-	-	16,598	16,598
Derivative financial liabilities					
ZEW Power Purchasing Agreement		-	570	-	570
Borrowings					
Service concessions liability	6.1	-	-	1,380	1,380
TCV loans	6.1	-	-	178,100	178,100
Total contractual financial liabilities		-	570	196,078	196,648

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

	Total interest income / (expense) $'000	Total $'000
2026		
Contractual financial assets		
Contractual financial assets	**594**	**594**
Total contractual financial assets	**594**	**594**
Contractual financial liabilities		
Financial liabilities at amortised cost	**(7,784)**	**(7,784)**
Total contractual financial liabilities	**(7,784)**	**(7,784)**
2025		
Contractual financial assets		
Contractual financial assets	76	76
Total contractual financial assets	76	76
Contractual financial liabilities		
Financial liabilities at amortised cost	(6,987)	(6,987)
Total contractual financial liabilities	(6,987)	(6,987)

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

7.2 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 and contingent liabilities are presented inclusive of GST receivable or payable respectively.

7.2.1 Contingent assets

At the date of this report the authority has no known contingent assets.

7.2.2 Contingent liabilities

At the date of this report the authority has no known contingent liabilities.

7.3 Fair value determination

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

Fair value hierarchy

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

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

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

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

Fair value determination

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

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

Non-specialised land

Land is valued using the market approach based on observable market evidence. Where no community service obligation (CSO) adjustment is required, the fair value measurement is classified as Level 2 fair value measurement within the fair value hierarchy.

An independent valuation of Central Highlands Water's non-specialised land was performed by Egan National Valuers on behalf of VGV. The valuation was performed using the market approach. The effective date of the valuation was 30 June 2026.

Specialised land and specialised buildings

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

The CSO adjustment reflects the Valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement and considers the use of the asset that is physically possible, legally permissible, and financially feasible. As adjustments of CSO are considered as significant unobservable inputs, specialised land would be classified as Level 3 fair value maeasurement. CSO adjustments ranging from 20% to 80% were applied where relevant, higher CSO adjustments result in lower fair value measurements.

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

An independent valuation of Central Highlands Water's specialised land was performed by Egan National Valuers on behalf of VGV. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation was 30 June 2026.

An independent valuation of Central Highlands Water's Specialised buildings was performed by EY Parthenon on behalf of VGV. The effective date of the valuation was 30 June 2026

Plant and equipment

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

Infrastructure assets

Infrastructure assets are valued using the current replacement cost method less all forms of obsolescence and depreciation. This cost represents the replacement cost of the building/component after applying depreciation rates on a useful life basis. Replacement costs relate to costs to replace the current service capacity of the asset. Economic obsolescence has also been factored into the current replacement cost calculation. However, for some heritage and iconic assets, the cost may be the reproduction cost rather than the replacement cost if those assets' service potential could only be replaced by reproducing them with the same materials.

Where it has not been possible to examine hidden works such as structural frames and floors, the use of reasonable materials and methods of construction have been assumed bearing in mind the age and nature of the building. The estimated cost of reconstruction includes structure services and finishes as applicable.

An independent valuation of Central Highlands Water's water and wastewater infrastructure was carried out by EY Parthenon on behalf of the VGV as at 30 June 2026. These assets are classified as level 3 fair value as the lowest level input, the absence of an active market, has a significant impact on the fair value which is unobservable.

The EY Parthenon analysis of the value of the Subject Assets at the Valuation Date was based upon a number of assumptions which are discussed below:

VGV provided us with a schedule of unit rates as at 31 December 2025 developed by Acumentis as part of the Victorian Regional Water Corporations Unit Replacement Cost Project. We have relied upon this document to develop our unit rates for most of the infrastructure assets. We note the following in this regard:

- *Basins – we note from the summary listing provided by and discussions with Central Highlands Management, and our site inspection findings that the main cost driver for basins is the earthworks. We adopted the following in this regard:*
    - *We have been provided with the design capacity in ML of each basin by and have applied an additional factor of 5% to the design capacity of each basin as the best approximation for the total amount of earth removed based on discussions with Central Highlands Management; and*
    - *We have estimated the replacement cost new (RCN) using unit rates derived from Acumentis for excavation and foundation works on a $/m3 basis. Our estimated RCN also includes preliminaries such as camps and works establishment and clearing works.*
- *Bores – we used a bottom-up approach to estimate replacement cost new for bores, based on the Acumentis rates for the depth, diameter, and material of the following four components: excavation depth, rising pipe, casing, and bore screen.*
- *Dams – we note from the summary listing provided by and discussions with Central Highlands Management, and our site inspection findings that dams primarily comprise of earth embankments, and concrete spillways as the main cost drivers. We note the following in this regard:*
    - *For earth embankments, we have estimated the RCN using unit rates derived from Acumentis on a $/m3 basis, including excavation and foundation works, and embankment wall construction including earth fill and riprap. We have been provided with technical specifications such as embankment height, crest length, crest width and slope which we used to estimate the volume of each embankment;*
    - *For concrete spillways where present, we have estimated the RCN using unit rates derived from Acumentis on a $/m3 basis, including excavation and foundation works, and spillway construction. We have been provided with technical specifications such as the length, width and height of each spillway we used to estimate the volume of each spillway; and*
- *Pipes – our review of relevant information indicated that the main cost drivers for this asset type is multifactorial including the material, diameter, length of each pipe, and the type of soil and depth for trenching/excavation. We adopted the following in our analysis:*
    - *We identified the material, diameter and length of each pipe in the fixed asset registers (FAR). For water pipe, we have assumed an average depth of 1m to 2m in light soil for the network based on discussions with Central Highlands Management. For sewer pipe, we have assumed an average depth of 2m to 4m in light soil based on discussions with Central Highlands Management; and*
    - *Our estimated RCN is based on the Acumentis unit rate on a $/m basis for each corresponding type of pipe based on material and diameter, inclusive of trenching/excavation, valves, service connections, hydrants and site restoration. We have adopted the modern equivalent for certain materials identified in the FAR that are no longer in use and have applied cost-to-capacity to estimate a unit rate for certain diameters not provided by Acumentis.*
- *Sewer Pump Stations – we used a bottom-up approach to estimate replacement cost new for sewer pump stations, utilising the following components:*
    - *Well - utilised the Acumentis unit rate on a $/m of depth basis for well construction and $/m3 for well excavation;*
    - *Pump - utilised the Acumentis schedule of pump unit rates on a cost to capacity basis according to the total installed kW capacities;*
    - *Pit - utilised the Acumentis schedule of pit replacement costs according to provided dimensions (depth and diameter);*
    - *Civil works - utilised the Acumentis unit rates for civil works identified, including concrete slabs, fencing, metalwork such as guardrails, roads, retaining walls, or other site works;*
    - *Switchboard/control - utilised the Acumentis rates for electricals based on installed kW capacity; and*
    - *Maintenance shaft - utilised the Acumentis Sewer Pump Station maintenance shaft rates.*
- *Tanks – we note that the from the summary listing provided by and discussions with Central Highlands Management, and our site inspection findings that the main cost driver for water storage tanks is the material and total storage capacity in ML. We adopted the following in this regard:*

- *We reviewed the list of all water storage tanks provided by Central Highlands Management, including the material and storage capacity, as well as sites described as having poor access that require additional gravel roads to access; and*
- *Based on the material and ML storage capacity of each water storage tank, we have performed a cost-to-capacity analysis to estimate an RCN based on the closest equivalent water storage tank by material and capacity provided in the Acumentis schedule of unit rates.*

- *Water Hydrants and Valves – we note that from the Acumentis schedule of unit rates and discussions with Central Highlands Management that these assets are considered part of the water and sewer network. We adopted the following in this regard:*
  - *Allocation of 2% of the total water pipe RCN to Water Hydrants, and 2% of the total pipe RCN to Valves.*
- *Water Pump Stations – our review of the summary listing, discussions with Central Highlands Management, and our site inspection findings indicated that the main cost driver for water pump stations is the total installed capacity in kW. We adopted the following analysis:*
  - *A list of each pump station was provided by Central Highlands Management identifying the total installed capacity;*
  - *We considered the Acumentis schedule of unit rates to estimate the total RCN for each comparable pump station considering the range of total installed kW capacities.*
  - *A cost-to-capacity analysis was applied based on the closest equivalent facility by capacity to reflect economies of scale whereby the incremental cost of each additional unit of capacity is reduced as a facility becomes larger.*
- *Water Treatment ("WTP") and Sewer Treatment ("STP") Plants – we note from the summary listing provided by and discussions with Central Highlands Management, and our site inspection findings that the main cost driver for a WTP and WWTP is based on the ML/d output of treated water. We adopted the following in this regard:*
  - *Central Highlands provided a list of all WTPs and WWTPs, including the ML/d capacity and type of treatment of each site; and*
  - *Based on the ML/d capacity of each site, we have performed a cost-to-capacity analysis to estimate an RCN for each site based on the closest equivalent facility by capacity provided in the Acumentis schedule of unit rates. We have also included additional allowances for dissolved air flotation ("DAF"), ultraviolet ("UV") disinfection and biosolids processing and storage where appropriate.*
- *Other assets – these assets are recorded in the fixed asset register without sufficient detail to utilise the cost approach.*

Biological assets

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

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

Nature forests

The fair value for nature forests is determined using a discounted cash flow method whereby expected net future cash flows are discounted at a current market determined rate. After harvest, productive trees are treated as inventories.

Nature forests refer to commercial pine plantation forestry which do not include native vegetation.

Climate related factors and fair value measurement

Market participants' views of potential climate-related matters, including legislation, may affect the fair value measurement of assets and liabilities in the financial statements. Where relevant, climate-related matters may also affect the disclosure of fair value measurements, particularly those categorised within Level 3 of the fair value hierarchy. AASB 13 *Fair Value Measurement* requires disclosure of unobservable inputs used in fair value measurements. Those inputs should reflect the assumptions that market participants would use, including assumptions about climate-related risk.

At the time of preparing these financial statements, Central Highlands Water acknowledges the risk that climate change may impact on the assumptions that market participants may use. Climate-related risks were considered as part of the valuation and obsolescence assessment, but no separate climate-related adjustment was identified as necessary at 30 June 2026.

Central Highlands Water's infrastructure, property, plant and equipment assets are exposed to the risk of damage from extreme weather events such as storms, high winds, floods and drought. Changes in global climate conditions could intensify one or more of these events. In addition, extreme weather events may also increase the cost of operations. Central Highlands Water has extensive processes in place aimed at monitoring and mitigating these risks through proactive management and early detection. Central Highlands Water has incorporated considerations for climate change into its risk management practices, such as the establishment and maintenance of flood management systems and increased monitoring during fire danger periods. Physical risks arising from fires, floods and drought are to a great extent subject to risk transfer and thereby within the cover of Central Highlands Water's property and business interruption insurance programs. However, should the frequency and severity of these events increase as a result of climate change, the cost of such coverage may increase.

Although it is intended that asset valuations will be based on a five year cycle, FRD 103 *Non financial physical assets* (FRD 103) requires entities to perform annual fair value assessments for each class of non financial physical assets to determine whether additional revaluations need to be undertaken between revaluation cycles. Management perform interim valuations when the triggers of FRD 103 are met.

8. STATUTORY OBLIGATIONS

Introduction
This section includes disclosures in relation to Central Highlands Water's statutory obligations.

8.1 Tax

8.1.1 Income tax

Central Highlands Water is subject to the National Tax Equivalent Regime (NTER), pursuant to section 88(1) of the *State-Owned Enterprises Act 1992*, which is administered by the Australian Taxation Office (ATO). The income tax expense or revenue for the period is the expected tax payable or receivable on the current period's taxable income based on the national corporate income tax rate of 30%, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

The differences are reconciled as follows:

(a) Income tax on net result

	2026 $'000	2025 $'000
Deferred income tax expense		
Temporary differences	**1,149**	6,906
Utilisation of losses	**-**	(8,147)
Income tax reported in the comprehensive operating statement	**1,149**	(1,241)
Tax reconciliation		
Net result before income tax expense	**(3,881)**	4,067
Tax at the Australian tax rate of 30% (2023: 30%)	**1,164**	(1,220)
Non-deductible items	**(15)**	-
Adjustment in respect of income tax of previous year	**-**	(21)
Income tax on net result before tax	**1,149**	(1,241)

(b) Income tax on other comprehensive income

	2026 $'000	2025 $'000
Changes in physical asset revaluation reserve	**1,175,790**	-
Tax at the Australian tax rate of 30% (2025: 30%)	**352,737**	-
Prior period deferred tax liability adjustment	**(75,113)**	-
Income tax on other comprehensive income	**277,624**	-

Income tax treatment - Developer Contributed Assets

Central Highlands Water is one of ten Victorian water corporations participating in a Tailored Compliance Engagement (TCE) with the Australian Taxation Office (ATO) regarding the income tax treatment of Developer Contributed Assets (DCAs).

Historically, Central Highlands Water has included DCAs in assessable income for income tax purposes. As part of the TCE, Central Highlands Water has reassessed the income tax treatment of these assets and recalculated its tax position from the 2018–19 income year. This reassessment has increased carried forward tax losses by $96.8 million. In addition, $16.1 million of DCAs recognised during the current financial year have been excluded from assessable income in determining the Corporation's current year tax loss.

Central Highlands Water had carried forward tax losses of $66.1 million at the beginning of the financial year. After taking into account the historical reassessment and the current year tax loss, carried forward tax losses at 30 June 2026 are $155.1 million.

The income tax treatment adopted by Central Highlands Water reflects the current approach being applied under the ATO's TCE. The recalculated carried forward tax losses have been recognised in determining Central Highlands Water's income tax position at 30 June 2026.

8.1.2 Deferred tax assets and liabilities

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

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

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets

	2026 $'000	2025 $'000
Amounts recognised in Comprehensive Operating Statement		
Doubtful debts	**134**	154
Employee benefits	**2,558**	2,519
Tax losses	**46,545**	19,840
Other	**761**	562
Total deferred tax assets	**49,998**	23,075
Movements:		
Opening balance at 1 July	**23,075**	31,155
Credited/(debited) to the comprehensive operating statement	**26,923**	(8,080)
Ending balance at 30 June	**49,998**	23,075
Deferred tax asset expected to be recovered after more than 12 months	**46,545**	19,840
Deferred tax asset expected to be recovered within 12 months	**3,453**	3,235
Ending balance at 30 June	**49,998**	23,075

Deferred tax liabilities

	2026 $'000	2025 $'000
Amounts recognised in Comprehensive Operating Statement		
Depreciation	**107,854**	82,080
Amounts recognised directly in equity		
Revaluation of infrastructure, property, plant and equipment	**528,001**	250,377
Total deferred tax liabilities	**635,855**	332,457
Movements		
Opening balance at 1 July	**332,457**	339,296
Movement during the period	**303,398**	(6,839)
Ending balance at 30 June	**635,855**	332,457
Deferred tax liabilities expected to be settled after more than 12 months	**635,855**	332,457
Total at 30 June	**635,855**	332,457
Ending balance at 30 June	**635,855**	332,457
Net deferred tax liability	**585,857**	309,382

9. OTHER DISCLOSURES

Introduction

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

9.1 Other economic flows included in net results

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. Other gains/(losses) from other economic flows include the gains or losses from:

- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates;
- reclassified amounts relating to available-for-sale financial instruments from the reserves to net result due to a disposal or derecognition of the financial instrument. This does not include reclassification between equity accounts due to machinery of government changes or 'other transfers' of assets; and
- the revaluation gain or loss on the fair value of derivative financial instrument.

	Note	2026 $'000	2025 $'000
Net gain/(loss) on other non-financial assets			
Net gain/(loss) arising from changes in fair value less estimated point-of-sale costs of biological assets	5.6	**(1,028)**	410
Capital works in progress written off	4.1.1	**(128)**	(929)
Net gain/(loss) from water entitlement trades		**1,465**	(182)
Total net gain/(loss) on non-financial assets		**309**	(701)
Net gain/(loss) on financial instruments			
Net gain/(loss) arising from derivatives		**1,064**	228
Total net gain/(loss) on financial instruments		**1,064**	228
Other gains/(losses) from economic flows			
Net gain/(loss) arising from revaluation of long service liability		**122**	(137)
Net gain/(loss) arising from revaluation of expected credit losses		**151**	63
Total other gains/(losses) from economic flows		**273**	(74)
Total other gains/(losses) from other economic flows		**1,646**	(547)

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

9.2 Events occurring after the balance date

At balance date, Central Highlands Water was aware of a payment to the value of $2,016,000 to be made to Department of Energy, Environment and Climate Action (DEECA) in May 2027 relating to the Victorian Government's State Efficiency Payment. This payment will be treated as a capital repatriation payment in the 2026-27 financial statements, recognised in contributed capital.

9.3 Responsible persons

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

Name	Title	Period of appointment
The Hon. Gayle Tierney MP	Minister for Water	December 2024 - April 2026
The Hon. Harriet Shing MP	Minister for Water	Since April 2026
Jeff Haydon	MD (Accountable Officer)	Since July 2022
Angeleen Jenkins	Board Chairperson Director	Since October 2021 Since October 2017
Dianne Smith	Deputy Board Chairperson Director	Since February 2026 Since October 2023
Mark McKenzie	Director	Since October 2019
Linda Scott	Director	Since October 2021
Scott Williams	Director	Since October 2021
Shu Brown	Director	Since October 2023
Jane-Frances Kelly	Director	Since October 2025
Jessie Harman	Director	Since October 2025
Pete Morison	Director	Since October 2025
Tony Peake OAM	Deputy Board Chairperson Director	October 2023 - October 2025 October 2021 - October 2025
Lynne McLennan	Director	October 2021 - October 2025

Remuneration

Remuneration received or receivable by the Responsible Persons in connection with the management of Central Highlands Water during the reporting period was in the range: $10,000 – $449,999 ($30,000 – $399,999 in 2024-25).

	Number 2026	Number 2025
$10,000 - $19,999	**2**	-
$20,000 - $29,999	**3**	-
$30,000 - $39,999	**5**	7
$70,000 - $79,999	**1**	1
$390,000 - $399,999	**-**	1
$440,000 - $449,999	**1**	-
Total responsible persons	**12**	9
Total remuneration ($'000)	**807**	743

9.4 Remuneration of executives

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

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

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services. Post-employment benefits include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

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

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

	2026 $'000	2025 $'000
Remuneration of executives		
Short-term employee benefits	**1,352**	1,432
Post-employment benefits	**133**	145
Other long-term benefits	**22**	26
Termination benefits	**119**	-
Total remuneration	**1,626**	1,603
Total number of executives	**5**	5
Total annualised employee equivalents	**4.3**	5.0

9.5 Related parties

Central Highlands Water is a wholly owned and controlled entity of the State of Victoria.

Related parties of Central Highlands Water include:

- all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over);
- all cabinet ministers and their close family members; and
- all departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

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

Key management personnel (KMP)

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

Remuneration of key management personnel

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

	2026 $'000	2025 $'000
Compensation of key management personnel		
Short-term employee benefits	**2,081**	2,101
Post-employment benefits	**202**	211
Other long-term benefits	**31**	34
Total	**2,314**	2,346

Significant transactions with government-related entities

During the year, the following government-related entity transactions occurred:

Government-related entity receipts

	2026 $'000	2025 $'000
Significant funds received		
Central Goldfields Shire	**200**	167
City of Ballarat	**416**	442
Department of Energy, Environment and Climate Action (DEECA)	**448**	199
Department of Families, Fairness and Housing (DFFH)	**9,395**	9,397
Moorabool Shire Council	**10**	22
State Revenue Office (SRO)	**345**	355
Total revenue	**10,814**	10,582

Government-related entity payments

	2026 $'000	2025 $'000
Significant payments		
Coliban Water	**3,264**	1,456
Department of Energy, Environment and Climate Action (DEECA)	**6,672**	5,450
Department of Treasury and Finance (DTF)	**1,376**	1,170
Melbourne Water	**140**	20
Treasury Corporation of Victoria (TCV)	**6,499**	399
Goulburn Murray Water	**276**	588
Total significant payments	**18,227**	9,083

Transactions with key management personnel and other related parties

Given the breadth and depth of Central Highlands Water's activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g., stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements. Outside of normal citizen type transactions with the department, there were no related party transactions that involved key management personnel and their close family members.

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

All other transactions that have occurred with KMP and their related parties have been trivial or domestic in nature. In this context, transactions are only disclosed when they are considered of interest to users of the financial report in making and evaluation decisions about the allocation of scarce resources**.**

ZEW Ltd transactions

ZEW is a related party of Central Highlands Water. Below is a summary of transactions and holdings with ZEW:

	2026 $'000	2025 $'000
Receipts from ZEW Ltd	**31**	100
Payments to ZEW Ltd	**(220)**	(139)

9.6 Remuneration of auditors

	2026 $'000	2025 $'000
Victorian Auditor-General's Office		
Audit or review of the financial statements and performance statement	**106**	106
Total remuneration of auditors	**106**	106

9.7 Changes in accounting policies

No change in accounting policies impacting Central Highlands Water for the year ended 30 June 2026.

9.8 Australian Accounting Standards issued that are not yet effective

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

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

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

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

AASB 18 *Presentation and Disclosure in Financial Statements* requires an entity to:

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

The standard is applicable for annual reporting periods beginning on 1 January 2028.

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

In addition to the new standards above, the Australian Accounting Standards Board has issued a number of other amending standards that are not effective for the 2025-26 reporting period. These standards are not expected to have any significant impact on the Corporation and thus have not been included.

DECLARATION IN THE FINANCIAL STATEMENTS

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2026 and financial position of Central Highlands 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 on 15 October 2026.



Jeff Haydon
Managing Director
Central Highlands Region Water Corporation



Philippa O'Sullivan
General Manager Our People, Customer and Corporate Services
Central Highlands Region Water Corporation



Angeleen Jenkins
Board Chairperson
Central Highlands Region Water Corporation

Victorian Auditor-General's report

Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of Central Highlands Region Water Corporation

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

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

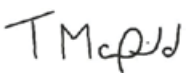
Auditor's responsibilities for the audit of the financial report

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

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

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

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



MELBOURNE
16 October 2026

Timothy Maxfield
as delegate for the Auditor-General of Victoria

Part 8

Disclosure Index

The Annual Report of the Corporation is prepared in accordance with all relevant Victorian legislations and pronouncements. This index has been prepared to facilitate identification of the Corporation's compliance with statutory disclosure requirements.

Legislation	Requirement	Page No.
Charter and purpose		
FRD 22	Manner of establishment and the relevant Ministers	03
FRD 22	Purpose, functions, powers and duties	05
FRD 22	Key initiatives and projects	13
FRD 22	Nature and range of services provided	05, 08, 09, 12
Management and structure		
FRD 22	Organisational structure	37
Financial and other information		
FRD 8	Performance against output performance measures	71
FRD 10	Disclosure index	130
FRD 12	Disclosure of major contracts	52
FRD 15	Executive disclosures	32
FRD 22	Employment and conduct principles	44
FRD 22	Occupational health and safety policy	46-47
FRD 22	Summary of the financial results for the year	11
FRD 22	Significant changes in financial position during the year	11
FRD 22	Major changes or factors affecting performance	11
FRD 22	Subsequent events	52
FRD 22	Application and operation of *Freedom of Information Act 1982*	52
FRD 22	Compliance with building and maintenance provisions of *Building Act 1993*	53
FRD 22	Statement on National Competition Policy	53
FRD 22	Application and operation of the *Public Interest Disclosures Act 2012*	53
FRD 22	Details of consultancies over $10,000	50
FRD 22	Details of consultancies under $10,000	50
FRD 22	Disclosure of government advertising expenditure	49
FRD 22	Disclosure of ICT expenditure	52
FRD 22	Reviews and studies expenditure	50
FRD 22	Statement of availability of other information	53
FRD 22	Asset Management Accountability Framework (AMAF) maturity assessment	Reported in 2023-24
FRD 22	Disclosure of emergency procurement	53
FRD 22	Disclosure of social procurement activities under the Social Procurement Framework	69
FRD 22	Disclosure of procurement complaints	53
FRD 24	Reporting of environmental data by government entities	59
FRD 25	Local Jobs First	49
FRD 27	Performance Reporting	71
FRD 29	Workforce Data disclosures	45
Compliance attestation and declaration		
SD 5.1.4	Attestation for compliance with Ministerial Standing Direction	73
SD 5.2.3	Declaration in report of operations	03
Declaration		
SD 5.2.2	Declaration in financial statements	127

Legislation	Requirement	Page No.
Other requirements under Standing Directions 5.2		
SD 5.2.1(a)	Compliance with Australian accounting standards and other authoritative pronouncements	81
SD 5.2.1(a)	Compliance with Standing Directions	11
SD 5.2.1(b)	Compliance with Model Financial Report	11
Other disclosures as required by FRDs in notes to the financial statements		
FRD 21	Disclosures of Responsible Persons and Executive Officers in Financial Report	122-124
FRD 103	Non-Financial Physical Assets	93-96
FRD 110	Cash Flow Statements	78
FRD 112	Defined Benefit Superannuation Obligations	87-89
FRD 114	Financial Instruments – general government entities and public non-financial corporations	109-113
Ministerial Reporting Directions – Letter of Expectation Priority Policy Areas		
MRD 01	Climate Change and Energy	20
MRD 02	Customer, Community and Engagement	21
MRD 03	Recognise Traditional Owner Values	26
MRD 04	Recognise Recreational Values	27
MRD 05	Resilient and Liveable Cities and Towns	28
MRD 06	Leadership, Diversity and Culture	32
MRD 07	Performance and Financial Management	34
MRD 08	Compliance and Enforcement	35
Legislation and policy		
Building Act 1993		53
DataVic Access Policy 2012		53
Financial Management Act 1994		11, 41, 42, 50, 51, 81, 92, 122, 127
Freedom of Information Act 1982		52
Local Jobs Act 2003		49
Public Interest Disclosures Act 2012		53
Water Act 1989		41-42

Glossary

AASs	Australian Accounting Standards
CHW	Central Highlands Water
CMAs	Catchment Management Authorities
DELWP	Department of Environment, Land, Water and Planning
EPA	Environment Protection Authority
FTE	Full-time equivalent
IWM	Integrated Water Management
Kilolitre (kL)	One thousand litres
Megalitre (ML)	One million litres
Gigalitre (GL)	One thousand megalitres
NGERS	National Greenhouse and Energy Reporting System Measurement
OHS	Occupational health and safety
PWSR	Permanent water saving rules
tCO_2-e	Tonnes of CO_2 equivalent
VWES	Victorian Water Efficiency Strategy
WTP	Water Treatment Plant
WWTP	Waste Water Treatment Plant

Central Highlands Water
7 Learmonth Rd Wendouree Vic 3355
PO Box 152 Ballarat Vic 3353
T 1800 061 514
E customer.enquiries@chw.net.au

chw.net.au