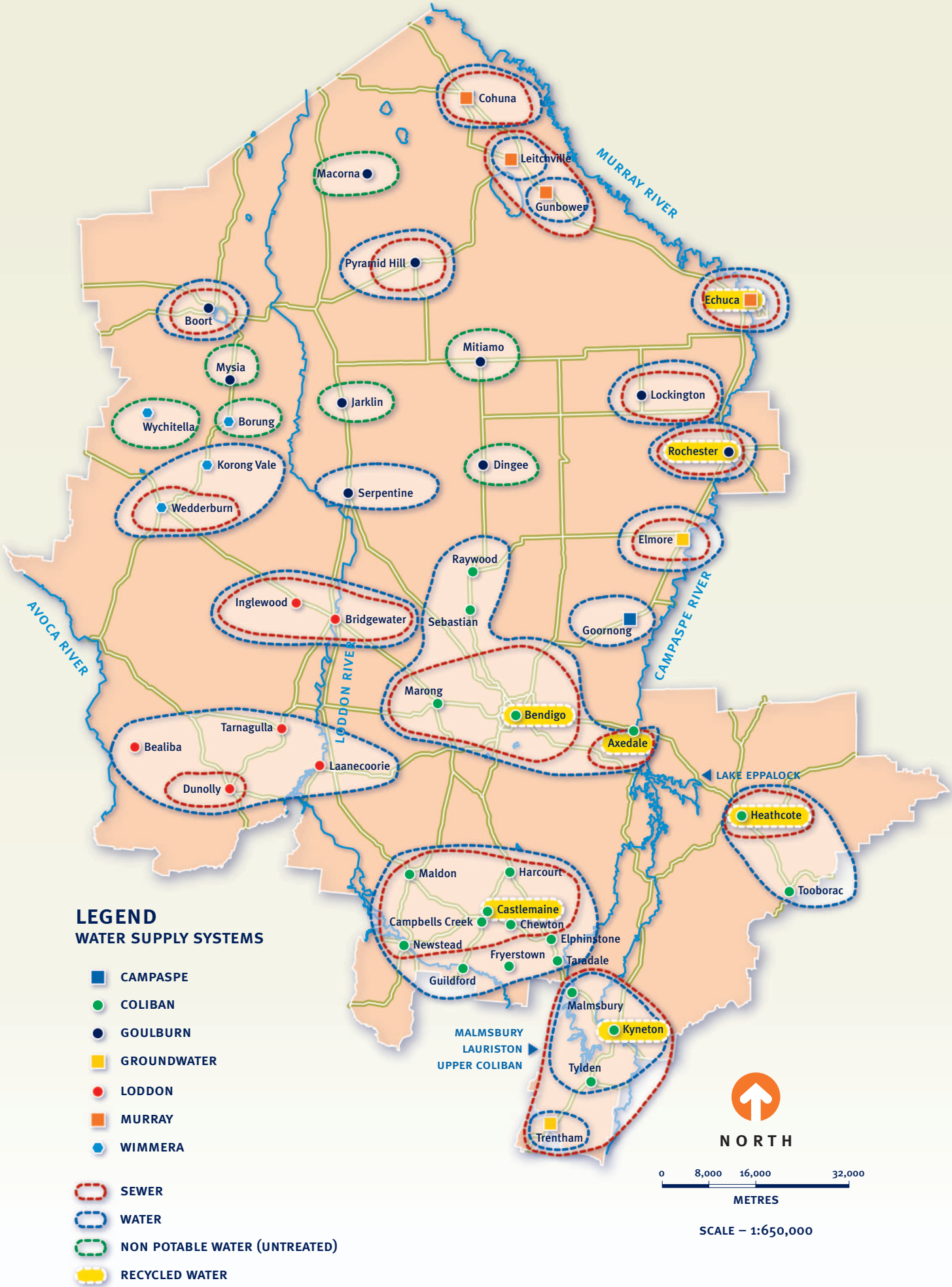




ANNUAL REPORT 2019

COLIBAN WATER SERVICE REGION DIAGRAM



Disclaimer: This illustration is provided as a guide only.
Coliban Water reserves the right to alter information at any time. © v5 210914 Coliban Water.

INTRODUCTION

ABOUT THIS REPORT

This Annual Report describes the programs, initiatives and actions we undertook between 1 July 2018 and 30 June 2019.

It reports on our progress in implementing our *2018/19 Corporate Plan*.

VISION

Water to Live, Grow and Enjoy.

PURPOSE

We deliver water services for community needs now and into the future.

OUR PROFILE

Coliban Region Water Authority was established on 1 July 1992 under the *Water Act 1989* as a Regional Urban Water Authority. The Authority became the Coliban Region Water Corporation on 1 July 2007 and operates as Coliban Water. Our shareholder is the Victorian Government. Our responsible Minister for the period of 1 July 2018 until 30 June 2019 was The Hon. Lisa Neville MP, Minister for Water.

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ABORIGINAL ACKNOWLEDGEMENT

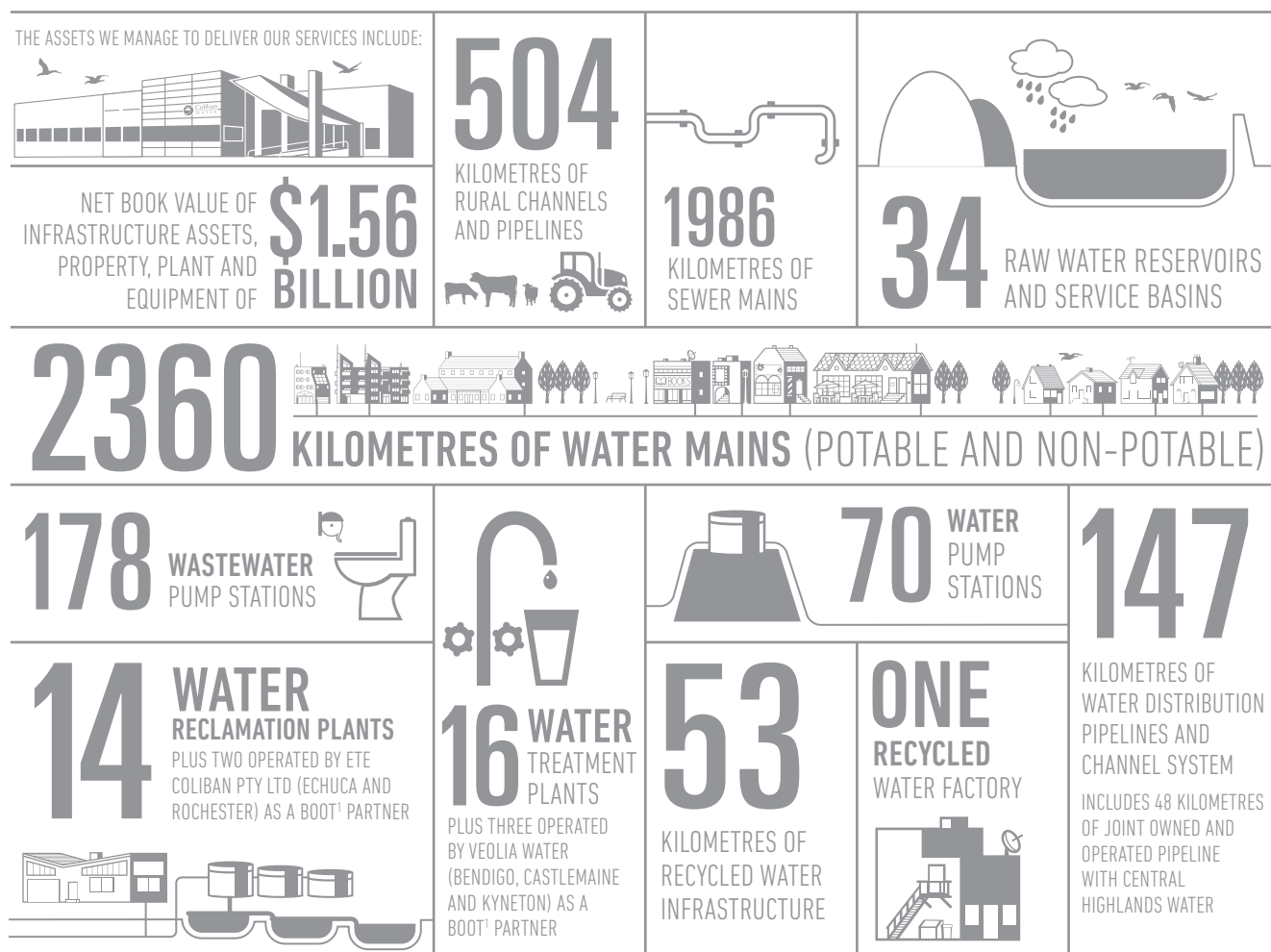
Coliban Water proudly acknowledges our region's Aboriginal community and their rich culture and pays respect to their Elders past, present and emerging.

We acknowledge Aboriginal people as Australia's first peoples and as the Traditional Owners and custodians of the land and water on which we rely. We recognise and value the ongoing contribution of Aboriginal people and communities to Victorian life and how this enriches us.

We embrace the spirit of reconciliation, working towards the equality of outcomes and ensuring an equal voice.

The cover design of this year's report recognises Coliban Water's success in achieving status as a White Ribbon Accredited Workplace in August 2018. It is representative of our commitment to standing up, speaking out and acting to prevent all forms of family violence and our commitment to providing support to our employees, customers and community.

ASSET SNAPSHOT



(1) BOOT – Build Own Operate Transfer. These assets are owned by our BOOT partners.

SERVICES

We provide urban water and wastewater services in accordance with the provisions of Part 8 – Water supply and Part 9 – Sewerage, of the *Water Act 1989*. Rural customers are supplied under Part 4 Division 2 Section 51 of the Act.

Our services include:

- › Water harvesting
- › Water storage
- › Water treatment
- › Water distribution
- › Urban wastewater collection
- › Treatment, re-use and disposal, including trade waste
- › Water purchase
- › Recycled water
- › Rural water supply

CHAIRPERSON AND MANAGING DIRECTOR'S REPORT

On behalf of Coliban Water, we are pleased to present our 2018/19 Annual Report detailing our business performance for the reporting year. This report contains our audited financial statements, statutory disclosures and other information.

We are very proud of our *Strategy 2030*, developed during the year, which is guided by four strategic directions that address our future challenges and opportunities - these strategic directions are explored further in the 'Our Strategic Vision' section of this report. *Strategy 2030* aligns to the Victorian Government's *Water for Victoria Plan*, our *Pricing Submission 2018*, and our vision of Water to Live, Grow and Enjoy.

Our Vision and Strategy inspire and motivate us to actively contribute to the social fabric and wellbeing of our communities, the health of our environment and the prosperity of the region. Our products and services are an enabler for economic development and are essential to the liveability of the communities we serve. We remain committed to providing safe, secure and reliable water services for our region ensuring our services meet regulated standards for service performance and quality, and; remaining accessible and affordable for all of our urban and rural customers.

We maintained a sound financial performance ending 2018/19 in a secure financial position, achieving an operating result, before other economic flows, of \$5.6 million. We financed all business activities and investments during the year from revenues and internal funding sources and repaid loans totalling \$4.0 million. Through our capital program, we invested \$20.4 million in upgrades and improvements to water and sewerage infrastructure. Our long term financial goal to continue repaying debt, accumulated through loans raised in the past, has progressed and remains achievable.

In accordance with the *Financial Management Act 1994*, we are pleased to attest that Coliban Water's 2018/19 Annual Report is compliant with all statutory reporting requirements.

The 2018/19 year was the first of Coliban Water's five-year regulatory period for water prices, as set by the Essential Services Commission (ESC). Engagement with our customers continued with *Your Town* visits and with our annual Customer Forum. The Forum was a very successful evening, where we presented customers with information on our performance across the five Customer Outcome commitments, developed as part of our *Pricing Submission 2018*.

Our water resources remained secure, with Permanent Water Savings Rules in place for all urban supplies and our rural customers receiving full allocations for the 2018/19 season. We received full allocations for the bulk water entitlements that we hold in the Goulburn and Murray systems and a 55 per cent allocation for sources of supply in the Grampians system.

During 2018/19 we traded water allocations surplus to our current and future supply requirements, enabling buyers to secure water through the water market to meet their seasonal water supply needs. Our sources of supply remain secure for the foreseeable future, although meteorological forecasts indicate that the coming year will be drier and warmer; these forecasts are informing our forward water resource and water supply planning.

We continued a lead role in the delivery and operation of the interim solution for managing rising groundwater levels in Bendigo, to protect local waterways and the Central Deborah tourist goldmine. Groundwater extraction and treatment continued and will operate for a further two years while the Victorian Government continues to work with an independent advisory group to formulate a long-term strategy for managing groundwater levels in Bendigo. We are pleased to be part of this important community project.

We made the pledge to a 13 per cent reduction of our carbon emissions by 2024/25 (from 33,604 tonnes CO₂-e to 29,304 CO₂-e). We are on track to achieve the Victorian Government's target of zero net emissions by 2050, with the finalisation of our *Energy and Carbon Management Strategy* and development of the *Annual Carbon and Energy Plan* (the implementation plan).

We actively participated in and contributed to the Victorian Government initiated Coliban Integrated Water Management Forum. This Forum aims to facilitate local government, water sector organisations and other key agencies working together under the *Integrated Water Management Framework for Victoria*, to plan and implement significant water-related outcomes that provide value to our region. The forum has progressed a number of initiatives and has received funding for a number of new projects to be delivered across the region.

We also signed a Memorandum of Understanding to deliver the transition strategy for Water Sensitive Bendigo. Partnering with City of Greater Bendigo, Department of Environment, Land, Water and Planning, Dja Dja Wurrung Clans Aboriginal Corporation and North Central Catchment Management Authority, we are working to deliver the 50-year vision and transition strategy for Bendigo. This pivotal body of work will inform our long range planning and assist us in identifying critical water interventions to secure the future resilience and liveability of Bendigo.

Our core aim is efficient delivery of essential services that are accessible, affordable and provide value for money, while also ensuring water supplies are always secure, water products are of high quality and environmental performance is compliant. The way in which we think about and plan for the essential services that we deliver is constantly evolving in response to customer and stakeholder feedback, informing us of community expectations in terms of service and performance.

We see community engagement and involvement in developing future water solutions as an essential element of how we do business and plan for the future. We always strive to innovate and collaborate with our key partners and stakeholders, and always look to generate efficiencies and improved productivity by optimising the operation of our infrastructure and business systems and the deployment of our resources.

We are committed to working with our customers, communities, and key stakeholders to deliver *Strategy 2030*, and to continue our delivery of the priorities of the Victorian Government's *Water for Victoria Plan*.

In February 2019, we said farewell to our Managing Director, Jeff Rigby, who provided leadership and guidance to the organisation for seven years. We thank Jeff for his contribution and wish him every success in the future.

We sincerely thank our fellow directors, our staff, our business partners and the agencies and communities we work with for their commitment, support and contribution during 2018/19.



Lucy Roffey
Chairperson

Neville Pearce
Acting Managing Director

OUR STRATEGIC VISION

In February 2019 we launched Coliban Water's *Strategy 2030*. The water security of our region is at the core of our strategy, and our vision is *Water to Live, Grow and Enjoy*. *Strategy 2030* is guided by four strategic directions that address our future challenges and opportunities in achieving this vision.

1. Water Security and Zero Carbon
2. Healthy People and Environment
3. Prosperous Economies
4. Green and Active Communities

Our implementation of *Strategy 2030* is reliant on engagement and relationships with our stakeholders, and we look forward to reporting on our progress against actions in our 2019/20 Annual Report.

For the 2018/19 financial year our organisation has continued to focus on the delivery of the 13 Mission Objectives launched by our Leadership Team in May 2017. A summary of these objectives, actions and progress at 30 June 2019 is in the table below. The table also provides a link between our actions and *Water for Victoria (WFV)* and the *Letter of Expectations (LOE)*. Further information is provided throughout this Annual Report for 2018/19

Water for Victoria implementation areas:

1. Climate Change
2. Waterway and catchment health
3. Water for agriculture
4. Resilient and liveable cities and towns
5. Recognising and managing Aboriginal values
6. Recognising recreational values
7. Water entitlements and planning
8. Realising the potential of the grid and markets
9. Jobs, economy and innovation

Letter of Expectations priority areas:

1. Climate Change
2. Customer and Community outcomes
3. Water for Aboriginal, cultural, spiritual and economic values
4. Resilient and liveable cities and towns
5. Recognising recreational values
6. Leadership and culture
7. Financial sustainability

MISSION OBJECTIVES AND ACTIONS

TIMEFRAME PROGRESS WFV LOE

ASSET PERFORMANCE MANAGEMENT

Implement the ISO 55000:2014 Asset Management standard and align with Department of Treasury & Finance <i>Asset Management Accountability Framework</i>	2020			
Implement findings of Asset Management Customer Value benchmarking project conducted by Water Services Association of Australia	2020			2
Complete first-time attestation for compliance with <i>Asset Management Accountability Framework</i>	2018			
Deliver initiatives register presented in major contractor recontracting proposal	2020+			
Develop and implement a structured project lifecycle management framework	2020			

FINANCIAL RESILIENCE

Attainment of water pricing objectives presented in <i>Pricing Submission 2018</i> in final <i>Water Price Review 2018</i>	2018			7
Achieve annual <i>Corporate Plan</i> financial objectives for 2017/18	2018			7
Determine a methodology that will support attaining financial performance targets from a total expenditure (TOTEX) perspective while maintaining risk exposure within tolerance	2020			7

STRATEGIC COALITIONS

Joint review of transactions with major private partners	2020+			7
Progress Bendigo Wastewater Treatment Opportunity by major private partner	2020		9	7
Leverage international capability of incumbent partners	Ongoing			9

CORPORATE IDENTITY

Review Coliban Water's <i>Diversity & Inclusion Action Plan</i>	2020			6
Deliver Coliban Water's 'Reflect' <i>Reconciliation Action Plan</i> and develop 'Innovate' <i>Reconciliation Action Plan</i>	2020		5	3, 6
Progress White Ribbon accreditation	2020			6
Continue high performing teams program for 2018/19	Ongoing			
Participate in People Matter Survey and share survey findings with the organisation	Ongoing			6

Completed and/or Ongoing

In Progress and On Track

Pending Confirmation of Timeline

MISSION OBJECTIVES AND ACTIONS

TIMEFRAME PROGRESS WFV LOE

CLIMATE SHIFT RESILIENCE

Complete <i>Integrated Water Management Plans</i> for Bendigo, Castlemaine and Kyneton	2020	✓	1, 4	1, 4
Progress next version of <i>Urban Water Strategy</i>	2020	⊕	1	1
Facilitate the Coliban Integrated Water Management Forum and relevant projects	2020	⊕	1, 4	1, 4
Facilitate climate change adaptation across all aspects of our business (excluding water supply)	Ongoing	⊕	1	1

RURAL SERVICE REVITALISATION

Close Jackass Flat and Poverty Gully rural channel systems	2020	✓		
Re-examine on-line platform for rural water services	2020	⊕	3	2
Examine permanent conversion of rural channel systems supplying recycled water (Cockatoo Hill and Ascot)	2020	⊕	3	2

CUSTOMER EMPOWERMENT

Progress new Customer Relations Management System project	2020	⊕		2
Acceptance in <i>Water Price Review 2018</i> of customer proposals presented in <i>Pricing Submission 2018</i>	2018	✓		2
Continue <i>Voice of the Customer</i> project post-determination on <i>Pricing Submission 2018</i>	Ongoing	✓		2

REGIONAL VITALITY AND PROSPERITY

Operate <i>Bendigo Groundwater Project Interim Solution</i>	2020+	⊕	2, 4	2, 4
Provide support and strategic advice to Department of Environment, Land, Water and Planning in relation to the long-term solution to manage Bendigo's groundwater	2020+	⊕	2, 4	2, 4
Achieve first phase <i>Carbon Reduction Pledge</i> under <i>Statement of Obligations (Emission Reduction)</i>	2020+	⊕	1	1
Achieve renewable energy initiatives	2020+	⊕	1	1
Corporate office located on a single site	2020+	⊕		

STAKEHOLDER VALUE CREATION

Implement new Stakeholder Relationship Management system	2020	✓		
Support promotion and implementation of <i>GREATER</i> health initiative	2020+	⊕		2

INTELLIGENT BUSINESS

Participate in Bendigo Smart City Consortium and <i>City Deal</i> proposal for Bendigo	2020+	⊕		4
Deliver <i>Digital Metering Project</i>	2020+	⊕	1	2
Deliver <i>Data Science Strategy</i>	2020	⊕		2
Implement <i>Information Management Framework</i>	2020	⊕		
Deliver <i>Information Management Strategy</i>	2020+	⊕		
Implement <i>Information Security Framework</i>	2018	⊕		

OPPORTUNITY EXPLOITATION

Review and re-set of <i>Corporate Risk Appetite</i>	2019	⊕		
Complete regulatory audit of <i>Drinking Water Quality Risk Management Plan</i>	2018	✓		
Implement <i>Enterprise Risk Management Framework</i>	2020+	⊕		

EARNED AUTONOMY

Achieve acceptable form of price control in <i>Pricing Submission 2018</i> and acceptance of self-assessed 'Advanced' rating	2018	✓		
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HARNESSING TALENT

Implement <i>Coliban Water Workforce Plan 2020</i>	2020	⊕		6
Approval of <i>2017 Enterprise Agreement</i> by Fair Work Commission	2018	✓		6
Participate in <i>Australian Water Association Twinning Program</i>	2020	✓		

CUSTOMERS AND COMMUNITY ENGAGEMENT

CUSTOMER SUPPORT

When customers need information or assistance, our Customer Support Team is focussed on delivering a quality customer experience.

Our Contact Centre was independently benchmarked as the highest performer in quality customer experience for the 16 Victorian urban water corporations in Victoria. This result was released on 10 December 2018 in the Essential Services Commission *Water Performance Report 2017/18*.

We measure the time it takes for us to answer a call to our 1300 number. This is known as our Grade of Service (GoS). Our GoS in this reporting period was 83.03 per cent and the average wait time was 39 seconds.

In 2018/19, our Contact Centre answered 58,000 calls and responded to a further 15,000 emails and online form requests. Our focus continues to be on first contact resolution. The Complex Enquiries team has a focus on those enquiries that need more investigation to resolve.

The Customer Support Team also manages water ordering for our rural customers during the rural season which runs between October and May. During the 2018/19 season, we processed 1,916 rural water orders and delivered a total of 5,491 megalitres of water. We completed 46 permanent licence transfers for customers which equated to a volume of 149.1 megalitres, 41 temporary transferred with a volume of 252.3 megalitres and 53 full licence ownership transfers with a volume of 333.7 megalitres. We also processed five surrendered licences amounting to 12.6 megalitres.

Coliban Water also manages and maintains 15 publicly accessible standpipes across the greater Bendigo region. Treated water is supplied to 13 sites for both private and commercial water carters, whilst the remaining two sites provide recycled water. During the last 12 months, our standpipes were accessed on 34,000 occasions, representing an increase of 30 per cent on the previous year.

In total our customers took delivery of approximately 214 megalitres through both private and commercial access, up 20 per cent from the previous year, regarded as a reflection of the drier seasons in the past 12 months.

During 2018/19 we commenced the delivery of our Relationship Systems Project. This project will implement online systems to replace Coliban Water's Billing and Customer Relationship Management systems as well as provide a new Stakeholder Relationship Management system. Our aim is to improve customer experience by modernising and personalising the systems we use for managing bills, accounts and conversations.

ENERGY AND WATER OMBUDSMAN VICTORIA (EWOV)

EWOV provides a free, independent service which resolves disputes between Victorians and their energy and water providers. Over the 2018/19 year, we received 32 EWOV cases with a further 12 enquiries that did not require a formal referral to Coliban Water.

As per previous years, EWOV cases were centred on consumption, billing and tariffs. The case load referral this year represented a 40 per cent year-on-year decrease.

COMMUNITY INCLUSIVENESS

We comply with the Victorian Government's policy framework on multicultural and gender issues and youth and Aboriginal affairs. We respect the diversity of our customers and our employees and aim to deliver culturally appropriate communications and engagement opportunities that meet their needs and expectations. We also continue to give consideration to heritage and cultural related issues on our capital works projects.

Telephone interpreter and text telephone (TTY) services are offered to assist non-English speaking and speech and hearing impaired customers. This information is provided to our customers on our website in the most common languages spoken in our region.

We commenced an accreditation project with Scope Australia in early 2018 to work towards receiving the Communication Access symbol. The Australian Communication Access Symbol was launched by Scope in 2011 and is the newest access symbol in Australia. When people see this symbol, they will know that the place or service is communication accessible. In order to display the symbol, products and services must meet specific criteria for communication access.

In June 2019 we received Communication Access Accreditation, with Scope Australia granting Coliban Water an organisation-wide licence for the symbol. This is a fantastic achievement for the business and our communities, as we continue to improve access and experience for all members of the communities we serve. This achievement also made Coliban Water the first water corporation in Australia to be awarded accreditation for this symbol. Further work will continue in this space as we implement actions and embed practices into the organisation.

At the Bendigo LGBTI Roadshow in February 2018, Coliban Water committed to create and host the Bendigo LGBTI Bendigo Business Network for its first year. Workshops and meetings were held quarterly from May 2018 to February 2019 to collaborate on LGBTI initiatives and activities in our region. The network is currently hosted by Safe Harbour and is now called the Greater Bendigo LGBTI+ Community Alliance.

WHITE RIBBON WORKPLACE ACCREDITATION

We have a zero tolerance for violence, which includes family violence and men's violence against women. In August 2018, we became a White Ribbon Accredited Workplace. We were the first water authority in Australia to become accredited as part of our commitment to recognising and responding to family violence, and to providing support to our community, customers and employees. During the 18 month process, the accreditation required us to examine our policies, procedures, training and communication across our organisation, then refine and implement new initiatives where necessary.

RECONCILIATION ACTION PLAN (RAP)

We continued implementation of our *'Reflect' Reconciliation Action Plan* and our work with Reconciliation Australia to finalise our new *'Innovate' RAP*.

We signed up to the Wanyarram Dhelek Aboriginal School Based Apprenticeships and Traineeships (SBAT) program, working with the program partners to offer up to two program places. Two local Indigenous students were selected and will commence their SBAT in 2019/20.

We also supported the Bendigo and District Aboriginal Cultural Centre's fluoride research program for Aboriginal children. We assisted the program by helping educate the children on the benefits of choosing tap water by providing educational Choose Tap packs to every participating child and by running education sessions.

During the National Water Week celebration event, we invited Dja Dja Wurrung Clans Aboriginal Corporation to run workshops with the participating schools, teaching them traditional dances and conducting a smoking ceremony at the commencement of the event.

Our new *Social Procurement Framework* includes increasing opportunities for Aboriginal businesses and social enterprises and for Victorian Aboriginal people. This encourages staff to consider sourcing quotes from a Social Benefit Supplier including businesses that are verified by Supply Nation.

COMMUNITY ENGAGEMENT

Our goal is to connect with each community across our region to understand their expectations and values. By building relationships based on transparency and trust, we aim to include customers in our decision making processes to deliver quality outcomes and value for money.

Our *Pricing Submission 2018-23* was approved by the Essential Services Commission on 19 June 2018 and came into effect on 1 July 2018. We are committed to working with our customers and communities to ensure we understand their expectations, and use their feedback to help with the decision making for our next pricing submission in 2023.

CUSTOMER AND COMMUNITY COMMITTEES

We use the *International Association for Public Participation (IAP2)* framework when conducting community engagement activities. We strive to earn greater trust and deliver better value for the customers and communities that we serve. In pursuing this goal, we continue to work with our customer committees and various established community groups to help us connect with customers and better understand what they value.

Our Committees:

- › The Rural Customer Advisory Group meets quarterly with a focus on rural engagement for future prices and services, rural operations, water trading rules, equity between urban and rural customers and seasonal forecasts.
- › We are working with landowners adjoining our water storages in and around the Kyneton area to establish a Reference Group; we have met four times so far.

COMMUNITY CONNECT

We continue to build strong relationships with local progress associations and community groups through our Community Connect program. This program is designed to discuss projects, local issues and opportunities with established community groups.

YOUR TOWN COMMUNITY VISITS PROGRAM

Our *Your Town* community visits program has been running since 2013. This year we visited 13 towns and met with over 106 customers. This program offers a face-to-face, informal opportunity for staff from various areas of our business to chat with customers, allowing us to learn more about our customers, understand issues at a local level and respond to customer enquiries. We understand that different communities have different needs and experiences and we value all feedback.

Our *Your Town* program is in the process of being updated and the scheduling has been closely aligned to the rollout of the Digital Metering Project. The program will continue in 2019/20.

DIGITAL METERING PROJECT

As part of our ongoing program to install digital metering technology on existing customer water meters in our region, we visited the townships of Rochester, Mitiamo, Dingee, Dunolly and Leitchville as part of our *Your Town* and Community Connect programs to engage residents about the program. The sessions offered customers in these townships an opportunity to chat to staff face-to-face, ask questions and provide feedback on the program; installation in some of these areas is currently underway. This is the second of a four-stage program to take place over a six year period.

TAP WATER TASTE TEST

We continue to make our Tap Water Taste Testing available to customers and the general public. One Tap Water Taste Testing event was held in 2018/19, with a total of 29 participants. The information gathered will help to prioritise investment in our networks.

CUSTOMER FORUMS

On Tuesday 25 June 2019, 48 customers from across our region participated in our Annual Customer Forum. Customers engaged with us and shared their thoughts on our progress on the five Customer Outcomes:

1. Supply high quality water you can trust
2. Provide infrastructure to meet customer needs now and into the future
3. Reduce our environmental footprint and achieve a socially responsible, sustainable business for future generations
4. Open and transparent about pricing and service disruptions, and easy to do business with
5. Support the liveability of the region.

Coliban Water also participates in the City of Greater Bendigo Round Table sessions and Farming Advisory Committee which has a focus on the challenges and opportunities for rural communities in and around the greater Bendigo area. We also continue to work closely with the Trentham Forum, with a focus on their interest in additional water supply sources for the future.

COMMUNITY ENGAGEMENT FOR CAPITAL PROJECTS

Communication and engagement needs are assessed for every capital project we deliver. We develop communications and engagement plans for each of our major capital projects, ensuring programs are in place to involve customers and stakeholders where appropriate. This financial year our capital delivery works program was \$20.4 million. Our larger communication and engagement projects for the year included:

- › Delivery of Stage One and Planning for Stage Two – Digital Metering Program
- › Heathcote Backlog Sewer Scheme
- › Trentham Groundwater Bore Project
- › Heathcote Water Treatment Plant Upgrades
- › Castlemaine Free Chlorination Treatment Trial Project

SCHOOL AND COMMUNITY EDUCATION

We deliver interactive and informative programs about the natural and urban water cycle, water efficient behaviours and the benefits of tap water to a range of audiences.

We have delivered our Water Heroes incursion to 2,035 children in 53 kindergartens across the region, encouraging water-saving behaviours and tap water as the preferred drink option. Building on our partnership with Dental Health Victoria's Smiles for Miles program, we have provided water bottles and teaching resources to over 60 kindergartens in our region.

Hands-on and curriculum-linked sessions have been delivered in 22 primary schools across the region, using science demonstrations, role plays, catchment modelling and quizzes.

Feedback from teachers remained positive with content delivered believed to be age-appropriate and relevant to curriculum. The feedback received from students was also encouraging, with participants enjoying being involved in the session explanations and taking lessons to apply at home.

To celebrate National Water Week, 400 students from eight schools participated in a poster competition. We collaborated with the North Central Catchment Management Authority and the City of Greater Bendigo to host a Water Hero Convention. Eighty-two students participated in water-themed activities at the Bendigo Botanic Gardens. Our mascot, Tap, visited Storytime at the Echuca and Castlemaine libraries to remind children and their parents to Choose Tap.

Broader community education has continued to be a focus. We have engaged with a range of organisations including Scouts, Haven, Home, Eaglehawk Community House, Echuca University of the Third Age and the Dunolly Community Garden group.

New initiatives for the 2018/19 year included two more school incursions, 'Flushed!' and 'Choose Tap'. We partnered with Bendigo Health's Smiles for Miles program to deliver teacher professional development and trialled a workplace hydration challenge with our staff.

Three *Education Newsletters* were sent to kindergartens, schools and interested stakeholders in the region. This e-newsletter provides updates on current water-themed events and resources in an educational context.

We have continued our support for the state government Schools Water Efficiency Program (SWEPE). Forty schools in our region have participated in this water saving initiative which, since August 2012, has resulted in a total of 280.6 megalitres of water savings for the schools involved. We collaborated with ResourceSmart Schools to provide support for schools completing the water module.

We continue to support the Victorian Government's Target Your Water Use campaign with information available on our website and detail on customer accounts. We are continuing to develop programs, initiatives and opportunities to work with our communities.

Information is provided by post, letterbox drop, email or in person. We continue to build electronic distribution groups to provide targeted information to groups within our community, such as land developers or schools. We also have information on our website for customers who have internet access. Additionally, content on our social media platforms continues to grow as another avenue to deliver information to our communities.

We continue to make use of our customer accounts as an opportunity to provide further information to customers. This includes a bi-annual customer newsletter.

Communication campaigns are also a way in which we provide information for targeted community education including *Permanent Water Saving Rules*, *Smart Gardens for a Dry Climate* and *Bin It Don't Flush It*.

CHOOSE TAP

We support community events by providing our Choose Tap portable water stations to keep event goers hydrated with bubblers and a place to fill up their bottles and by educating them on the benefits of choosing tap. Our stations went to 106 events around our region, an increase of 14 events on the previous year.

We partnered with the City of Greater Bendigo and the Friends of the O'Keefe Rail Trail to install three Choose Tap 'next generation' public water bottle refill units and drinking fountains. These fountains provide live usage data to help inform usage trends and is part of a bigger plan towards becoming a Smart City.

A total of 62 Early Learning Centres, participating in the Smiles for Miles program, received 6,393 reusable Choose Tap bottles to help enforce the message of tap water being better for their health. The centres also received Choose Tap educational resources including Water Hero program kits.

DIGITAL COMMUNICATIONS

Building engaging digital content on our social media platforms has continued to be a focus this year. Followers have grown on our Facebook platform since its launch in February 2017, with an additional 181 followers for a total of 633. Our Twitter followers have also grown by 98 during the year to a total of 2,423.

Our LinkedIn platform has been used to promote career opportunities and we continue to add content to our YouTube and Flickr platforms. We have explored the use of 'boosted' posts to Facebook to ensure a more targeted message is delivered to areas identified, which has increased the viewing rates. For example, a post to promote a *Your Town* visit in Kangaroo Flat had 5,246 views.

Our website had 110,689 visits in 2018/19. Popular pages were our customer support online forms, reservoir levels, account information, news and employment opportunities. We have been working on a new corporate website, which will be live in early 2019/20.

In April 2019 we launched our online self-service Assets Map. Whilst we continue to provide over-the-counter, printed asset maps, customers are now able to access location and condition information about our underground assets online. Since its launch, our map is being used by plumbers, developers and our customers an average of 43 times per day, increasing approximately 13 per cent per month.

We also launched our Faults and Interruptions Region Map on our website in May 2019, providing members of the community relevant information on all reactive sewer and water works, classified as priority 1 or 2, throughout our service region.

The map shows three different stages of works, including Issue Reported, Work in Progress and Work Complete, letting customers know if a job has been created, if field crews are onsite or if work has been completed. To search for jobs, customers can use the location of the device they are using or manually search for a street address. Customers and members of the public also have the option to subscribe to a job via the map, and will be sent an SMS or email notification when the status of the job changes.

The Faults and Interruptions Region Map offers customers choice on how they access information about faults, enhances ease of doing business and increases transparency about interruptions to services.

ABORIGINAL CONSULTATION

Under the requirements of the *Aboriginal Heritage Act (2006)*, we engaged cultural heritage consultants during the project planning and delivery stages to identify and assess sites of Aboriginal cultural heritage significance.

During the year we have continued our commitment to building a respectful relationship with traditional owners including the Dja Dja Wurrung. We have greatly valued the education and advice provided by the Dja Dja Wurrung to help our organisation respect and value traditional owner rights and country.

We have worked on projects including: Aboriginal Waterway Assessments, Natural Resource Management, Weed Management, Integrated Water and Urban Water Strategy. A major focus has been the work on our *Reconciliation Action Plan* and delivery of the obligations of Schedule 16 of the *Reconciliation and Settlement Agreement* between the Dja Dja Wurrung and the State of Victoria.

CULTURAL HERITAGE MANAGEMENT PLANS

During 2018/19 the *Cultural Heritage Management Plans (CHMPs)* for the Heathcote Sewer Backlog Project were developed with the Taungurung Land and Waters Council (TLWC) and approved in accordance with the *Aboriginal Heritage Act (2006)* and *Aboriginal Heritage Regulations (2018)*. The TLWC has worked with Coliban Water and the construction contractor, throughout the construction phase of the project, to implement the measures required by the CHMPs. The project is expected to be completed by the end of 2019.

LAND USE ACTIVITY AGREEMENT (LUAA)

In 2018/19 there were no agreements entered into under the requirements outlined in the Dja Dja Wurrung LUAA. However, the Dja Dja Wurrung were notified of two Advisory Activities, for works on existing infrastructure at the Newstead Tank site and at Malmsbury Reservoir. Coliban Water also commenced the process required for a Negotiation B Activity in 2018/19; this is ongoing and expected to be completed by the end of 2019.

ON-WATER RECREATION

Coliban Water is delivering on the Victorian Government commitment to provide more recreational fishing locations, by guaranteeing access for non-powered craft and small craft with electric motors at specified reservoirs. In April 2019, after completing a detailed risk assessment, Barkers Creek Reservoir was opened to on-water recreation. The public are permitted to kayak or canoe on this reservoir.

Work is continuing in considering risks associated with the provision of on-water recreation at Malmsbury, Lauriston and Upper Coliban Reservoirs. It is anticipated that early in 2019/20, similar activities will be permitted at these reservoirs.

WATER SECURITY

WATER SUPPLY SYSTEMS

We have nine water supply systems and 26 separate urban supplies, including groundwater sourced for Elmore and Trentham.

The Coliban System Northern can be supplemented with supply from the Waranga Western Channel (via the Goldfields Superpipe) and Lake Eppalock. The Coliban System Southern is exclusively supplied by our Coliban River catchment storages. (For further detail see our region map on the inside front cover.)

Our three Coliban River catchment storages are Upper Coliban, Lauriston and Malmsbury reservoirs. These storages started the year (1 July 2018) at 46,932 megalitres (67 per cent of capacity), reaching a maximum of 61,046 megalitres (88 per cent of capacity) on 10 October 2018. The storages then slowly decreased to 44,932 megalitres (65 per cent of capacity) by 30 June 2019.

On 1 July 2018, our share of Lake Eppalock held 48,820 megalitres (89 per cent of our share of full capacity) and at 30 June 2019 held 34,741 megalitres (63 per cent of our share of full capacity).

At the start of the year, our Coliban System Southern storages were holding more than the reserve trigger level of 45 gigalitres that was in place at the time. In October 2018 the trigger level was increased to 50 gigalitres, due to the dry conditions and reduced inflows to our storages.

Whenever the storage levels are below this trigger, water is pumped from Lake Eppalock to supply Bendigo rather than from the southern storages. There was no water pumped from the Waranga Western Channel at Colbinabbin this financial year.

WATER STORAGE VOLUMES

STORAGE VOLUME IN OUR REGION

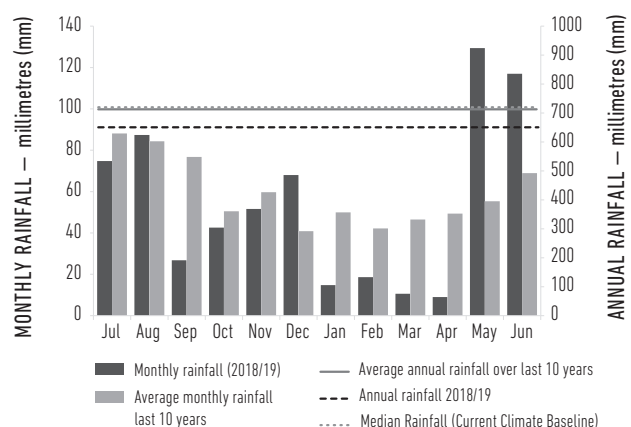
	AS AT 30 JUNE 2018 MEGALITRES (ML)	AS AT 30 JUNE 2019 MEGALITRES (ML)	% FULL 30 JUNE 2019
COLIBAN SYSTEM NORTHERN			
Sandhurst Reservoir	2,180	2,399	92.6
Caledonia Reservoir	181	124	58.0
Lake Eppalock (Coliban Water share)	48,834	34,741	63.4
Spring Gully Reservoir (recycled water)	917	1,017	60.5
COLIBAN SYSTEM SOUTHERN			
Upper Coliban Reservoir	28,442	26,646	70.5
Lauriston Reservoir	15,700	16,040	81.1
Malmsbury Reservoir	2,735	2,246	18.7
McCay Reservoir	1,152	1,136	83.5
Barkers Creek Reservoir (rural)	622	783	46.3
Groundwater – Trentham storages	69	54	59.6
Total	100,832	85,186	64.5

RAINFALL AND INFLOWS

We received 651 millimetres of rainfall at Malmsbury Reservoir for the year. This is 10 per cent less than the average for the past 10 years of 713 millimetres, and 11 per cent less than the historical average of 720 millimetres.

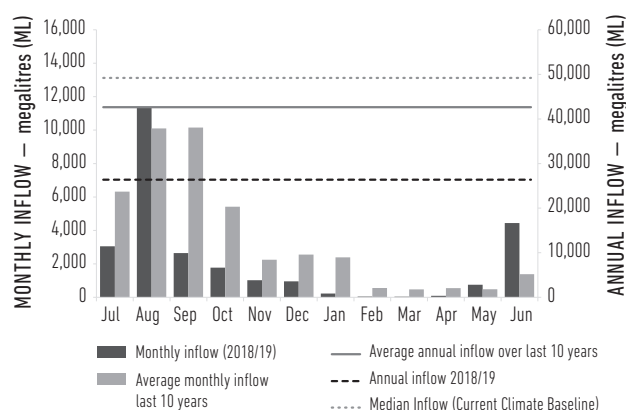
Above average rainfall was received for a total of four months, and we received three months of above average inflows.

MALMSBURY RESERVOIR > MONTHLY RAINFALL 2018/19

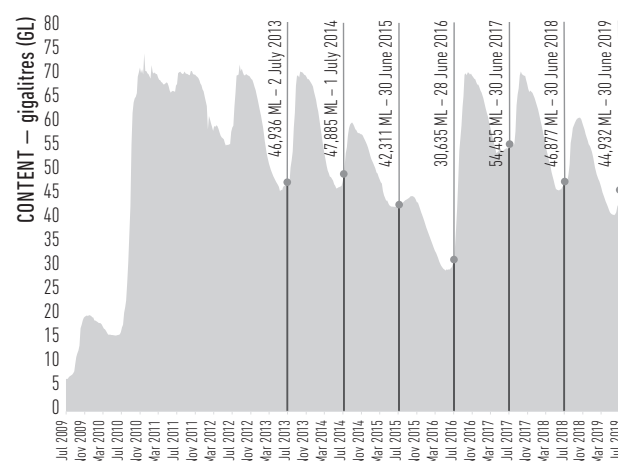


RAINFALL AND INFLOWS continued

COLIBAN HEADWORKS STORAGES > MONTHLY INFLOW 2018/19



COLIBAN STORAGE CONTENTS > UPPER COLIBAN, LAURISTON & MALMSBURY RESERVOIRS



WATER ALLOCATION

We received the following water allocations across our region from our bulk water suppliers.

SYSTEM	ALLOCATION (%)
Loddon	100
Campaspe	100
Goulburn	100
Murray	100
Wimmera	55

A total of 8,686 megalitres of water stored in Lake Eppalock was used to supply our customers in Bendigo, Heathcote and the Coliban Northern rural system. Our customers in Castlemaine and Kyneton (Coliban Southern) areas were supplied by our Coliban catchment reservoirs. A 100 per cent allocation was made to all our rural network customers. We announced rural allocations in early July to help rural customers plan for the upcoming rural season.

WATER PURCHASES AND TRADE

We purchased a total of 359.7 megalitres of Zone 7 Low Reliability Water Shares for our Murray System. During 2018/19 we sold a total of 10,112 megalitres of surplus allocation into the water market.

There was no sale of permanent water entitlement during 2018/19.

SOURCES OF WATER: 2018/19

	MEGALITRES
Direct river extractions	3,378
Groundwater	145
Draw from dams/reservoirs	28,194
Channel and pipeline supplies	2,685
Total	34,402

WATER RESTRICTIONS

At the start of 2018/19 all towns in our region remained on Permanent Water Saving Rules. During the year we monitored our water resource position and discussed options to ensure our ongoing water security, should dry conditions eventuate. At the end of the reporting period, all towns remained on Permanent Water Saving Rules.

We have developed a business-wide *Drought Management Plan* and nine system-specific plans to provide for regional liveability during periods of extended water shortages.

COMPLIANCE REPORTING – DELEGATED LICENSING FUNCTIONS

MEASURE	2018/19
Risk-based compliance and enforcement policy or strategy	No
Compliance and enforcement information published on website	No
Public information or education campaigns on enforcement in 2018/19	No

We are currently working towards developing a risk-based compliance and enforcement policy and to identify compliance priorities in regard to our delegated licensing functions.

Notes to Bulk Water Entitlements Table on page 12

- Note 1: 18,434 megalitres discharged from Malmsbury Reservoir to Coliban Main Channel
- Note 2: 1,074 megalitres discharged from Lauriston Reservoir to Kyneton system
- Note 3: 8,282 megalitres and 404 megalitres discharged from Lake Eppalock to Bendigo pipeline and Heathcote respectively
- Note 4: 1,715 megalitres Malmsbury environmental flow and no natural spilling. Malmsbury passing Flows account balance was 620 megalitres as at 30/06/2019. Flows in the Coliban River are recorded daily and provided weekly to the North Central Catchment Management Authority (North Central CMA). At the request of the North Central CMA the minimum passing flow has been returned to 4 megalitres per day. The rationale is to accumulate environmental reserves to provide for larger 'fresher' flows during dry periods. By request of North Central CMA, 0 megalitres discharged to Coliban River for summer fresher flow. G-MW, as storage manager for Lake Eppalock, are responsible for meeting the passing flow requirements on the Campaspe River downstream of Lake Eppalock.
- Note 5: Field validation has been finalised and the bulk metering program for Coliban Water will be finalised during 2019/20.
- Note 6: Jarklin and Serpentine were originally supplied under the Loddon bulk entitlement and are currently supplied as part of the Goulburn System. Coliban Water owns shares for their supply and receives an annual 'Water Allowance' with a similar reliability to Goulburn high reliability water shares. The water shares can only be traded within the East Loddon Pipeline scheme and do not form part of the water share portfolio held by Coliban Water.

BULK WATER ENTITLEMENTS

We hold Bulk Water Entitlements for surface water in the Campaspe, Coliban, Goulburn, Loddon, Murray and Wimmera systems. For Trentham we hold a Bulk Entitlement and groundwater extraction licence, and for Elmore only a groundwater extraction licence. We also hold water shares (high and low reliability) in the Campaspe, Goulburn and Murray Systems. The volumes taken during 2018/19 were as follows:

SUPPLY SYSTEM	SOURCE OF SUPPLY	BULK ENTITLEMENT VOLUME (MEGALITRES)	BULK ENTITLEMENT ALLOCATION (MEGALITRES)	CARRYOVER 01 JULY 2018 (MEGALITRES)	RAW WATER VOLUME TAKEN (MEGALITRES)	BALANCE 30 JUNE 19 (MEGALITRES)	REPORTING REQUIREMENTS IN ACCORDANCE WITH BULK ENTITLEMENT (BE) CLAUSE
CAMPASPE	CAMPASPE RIVER						
BULK ENTITLEMENT (AXEDALE, GOORNONG & PART ROCHESTER) CONVERSION ORDER 1999							
Axedale & Goornong		215	215	63	85	93	12.1(b) – Annual volume taken – 85 megalitres 12.1(c) – Any credits granted – Nil 12.1(d) – Metering Program – See Note 5.
Rochester		134	134	16	0	50	12.1(e) – Temporary or permanent transfer of all or part of BE – 200 megalitres of allocation transferred to other Allocation Accounts 12.1(f) – Period of restriction – Nil 12.1(g) & (h) – Any amendment to BE, or new BE for Axedale, Goornong & Rochester – Nil
TOTAL		349	349	78	85	143	12.1(i) – Any failure to comply with BE – Nil 12.1(j) – Difficulties in complying – Nil
COLIBAN	COLIBAN RIVER, CAMPASPE RIVER						
BULK ENTITLEMENT (CAMPASPE SYSTEM – COLIBAN WATER) CONVERSION ORDER 1999							
Bendigo area, Castlemaine area, Kyneton area, Heathcote area & Coliban Rural	Coliban River Reservoirs: Upper Coliban, Malmsbury & Lauriston and Lake Eppalock	50,260	N/A	N/A	28,194	N/A	18.1(f) – Annual volume taken – See Notes 1, 2 & 3 18.1(g) – Annual evaporation loss – from our headworks is 7,507 megalitres and our share of Lake Eppalock is 4,384 megalitres 18.1(h) – Internal spill in Lake Eppalock to G-MW share – 0 megalitres 18.1(i) – Passing flow compliance record – see Note 4 18.1(j) – Any credits granted – Nil 18.1(k) – Temporary or permanent transfer of bulk entitlement – Nil 18.1(l) – Bulk entitlement or licence transferred to CW – Nil 18.1(m) – Period of restriction – NIL 18.1(n) – Alteration to primary entitlements – Nil 18.1(o) – Transfer of primary entitlements – Refer to table 13 18.1(p) – Annual volume supplied to primary entitlements – 28,194 megalitres of allocation 18.1(q) – Any amendment to bulk entitlement – Nil 18.1(r) – Any new bulk entitlement – Nil 18.1(s) – Implementation of environmental and metering programs – Nil 18.1(t) – Any failure to comply with BE – Nil 18.1(u) – Difficulties in complying – Nil 18.1(v) – Passing flows less than specified – Nil
GOULBURN	WARANGA WESTERN CHANNEL						
BULK ENTITLEMENT (GOULBURN CHANNEL SYSTEM – COLIBAN WATER) ORDER 2012							
Boort		440	440	163	185	117	15.1(b) – Annual volume taken – 1,118 megalitres 15.1(c) – Volume from other locations – Nil
Mysia					2		15.1(d) – Any credit granted – Nil
Lockington					104		15.1(e) – Metering program – See Note 5.
Macorna					6		15.1(f) – Assignment of allocation or transfer of all or part of BE – Nil
Mitiamo		1,980	1,980	198	23	1,288	15.1(g) – Assignment of allocation or transfer of entitlement to Coliban Water under this order – 300 megalitres of allocation transferred to other Allocation Accounts
Dingee					19		15.1(h) – Amendments to BE – Nil
Pyramid Hill					143		15.1(i) – New BE – Nil
Rochester					595		15.1(j) – Failure to comply – Nil
TOTAL		2,420	2,420	361	1,077	1,405	15.1(k) – Difficulties in complying – Nil

Refer to notes to Bulk Water Entitlements Table on page 11.

SUPPLY SYSTEM	SOURCE OF SUPPLY	BULK ENTITLEMENT VOLUME (MEGALITRES)	BULK ENTITLEMENT ALLOCATION (MEGALITRES)	CARRYOVER 01 JULY 2018 (MEGALITRES)	RAW WATER VOLUME TAKEN (MEGALITRES)	BALANCE 30 JUNE 19 (MEGALITRES)	REPORTING REQUIREMENTS IN ACCORDANCE WITH BULK ENTITLEMENT (BE) CLAUSE
GROUNDWATER		GROUNDWATER LICENCE					
Elmore	Bore	284	284	71	145	210	
Trentham	Bore	48	48	N/A	10	N/A	
BULK ENTITLEMENT (TRENTHAM) CONVERSION ORDER 2012							
Trentham	Spring Water	120	120	N/A	137	N/A	12.1(b) – Annual volume taken under entitlement – 137 megalitres 12.1(c) – Average annual amount taken over three years – 104 megalitres 12.1(d) – Annual volume taken under licence – 10 megalitres 12.1(e) – Metering program – see Note 5 12.1(f) – Temporary or permanent transfer of all or part of BE – Nil
TOTAL		120	120	N/A	137	N/A	12.1(g) – Any amendments of transfers with respect to Order – Nil 12.1(h) – Any failure to comply with order – Nil 12.1(i) – Any difficulties complying with Order – Nil
LODDON		LODDON RIVER					
BULK ENTITLEMENT (LODDON SYSTEM- COLIBAN WATER) CONVERSION ORDER 2005							
Bridgewater & Inglewood		820	655	165	261	403	13.1(b) – Annual volume taken – 417 megalitres (refer to Note 6) 13.1(c) – Any credits granted – Nil 13.1(d) – Metering Program – See Note 5.
Laanecoorie, Dunolly, Bealiba & Tarnagulla					156		13.1(e) – Temporary or permanent transfer of all or part of BE – Nil 13.1(f) – Period of restriction – Nil 13.1(g) – Any amendment to BE – Nil 13.1(h) – New BE granted – Nil
TOTAL		820	655	165	417	403	13.1(i) – Any failure to comply with BE – Nil 13.1(j) – Difficulties in complying – Nil
WIMMERA		WIMMERA CHANNEL					
BULK ENTITLEMENT (WIMMERA AND GLENELG RIVERS – COLIBAN WATER) ORDER 2010							
Korong Vale & Wedderburn		300	165	333	232	258	13.1(b) – Annual volume taken – 240 megalitres 13.1(c) – Amount and location of water taken from other than specified point – Nil 13.1(d) – Final allocation for year – 65 megalitres, 55 percent
Borong					4		13.1(e) – Metering Program – See Note 5. 13.1(f) – Temporary or permanent transfer of all or part of BE – Nil
Wychitella					4		13.1(g) – Any BE or other entitlement transferred to Coliban Water under this order – Nil 13.1(h) – Any amendment to BE – Nil 13.1(i) – New BE granted – Nil
TOTAL		300	165	333	240	258	13.1(j) – Any failure to comply with BE – Nil 13.1(k) – Difficulties in complying – Nil
MURRAY		MURRAY RIVER					
BULK ENTITLEMENT (RIVER MURRAY – COLIBAN WATER) CONVERSION ORDER 1999							
Echuca		5,055	5,055	1,660	2,876	3,948	20.1(b) – Annual volume taken – 4,203 megalitres of allocation 20.1(c) – New off-take points – Nil 20.1(d) – Water returned – Nil
Cohuna		1,230	1,230	190	1,006	1,038	20.1(e) – Metering Program – See Note 5. 20.1(f) – Temporary or permanent transfer of all or part of BE – 2,000 megalitres of allocation transferred from and 890 megalitres of allocation transferred to other Allocation Accounts
Gunbower					59		20.1(g) – Any BE or other entitlement transferred to Coliban Water under this order – Nil 20.1(h) – Any amendment to BE – Nil
Leitchville					262		20.1(i) – New BE granted – Nil
TOTAL		6,285	6,285	1,849	4,203	4,986	20.1(j) – Any failure to comply with BE – Nil 20.1(k) – Difficulties in complying – Nil
GOULBURN		WARANGA WESTERN CHANNEL					
Coliban System Northern	Water Shares High Reliability	22,774	22,774	1,329	0	17,143	Purchase – 0 megalitres of allocation
	Water Shares Low Reliability	2,858	0				Trade – 6,960 megalitres of allocation (1,800 megalitres of allocation transferred from and 8,760 megalitres of allocation transferred to other Allocation Accounts)
Serpentine	Water	50	50	N/A	40	N/A	Refer to Note 6
Jarklin	Allowance	10	10	N/A	1	N/A	Refer to Note 6
CAMPASPE		LAKE EPPALOCK					
Coliban System Northern	Water Shares High Reliability	2,591	2,591	115	0	306	Purchase – 0 megalitres of allocation
	Water Shares Low Reliability	646	0				Trade – 2,400 megalitres of allocation (200 megalitres of allocation transferred from and 2,600 megalitres of allocation transferred to other Allocation Accounts)
MURRAY		MURRAY RIVER					
Echuca, Cohuna, Gunbower & Leitchville	Water Shares High Reliability	55	55	15	0	420	Purchase – 359.7 megalitres of Low Reliability Water Shares and 0 megalitres of allocation
	Water Shares Low Reliability	522	0				Trade – 350 megalitres of allocation transferred from other Allocation Accounts

Refer to notes to Bulk Water Entitlements Table on page 11.

RURAL USAGE

WATER SOURCES

SOURCES	NUMBER OF CUSTOMERS SUPPLIED	SUPPLIED VOLUME (MEGALITRES)
Raw	931	4,236.9
Recycled	165	1,254.1

Note: Recycled water customers can be supplied with recycled water, raw water or potable water depending on total demand and supply availability.

RURAL SYSTEM TRADING BY OUR CUSTOMERS

PERMANENT TRADE		TEMPORARY TRADE		TRADE AS PART OF LAND TRANSFERS	
NUMBER OF TRADES	VOLUME MEGALITRES	NUMBER OF TRADES (SALES)	VOLUME MEGALITRES (SALES)	NUMBER OF TRADES	VOLUME MEGALITRES
46	149.1	41	252.3	53	333.7

SOUTHERN SYSTEM

CHANNEL	NO. OF LICENCES	TOTAL LICENCE VOLUME (MEGALITRES)	TOTAL USAGE (MEGALITRES)	NO. OF LICENCES SUPPLIED
COLIBAN HEADWORKS STORAGES				
Lauriston Reservoir	5	10.0	0.9	1
Malmsbury Reservoir	2	4.0	0.0	0
Upper Coliban Reservoir	1	1.0	0.2	1
System Total	8	15.0	1.1	2
COLIBAN MAIN				
Coliban Main – 1	39	5,756.6	178.3	25
Coliban Main – 4/1	19	182.1	41.0	15
Coliban Main – 4/3	92	488.3	237.8	66
System Total	150	6,427.0	457.1	106
EMU VALLEY SOUTH				
Abbotts	104	409.4	269.3	91
Emu Valley No 1	81	354.1	205.6	73
Emu Valley No 2	64	371.1	158.5	53
Mannes	17	93.8	22.2	11
Strathfieldsaye	2	5.0	1.5	2
System Total	268	1,233.4	657.1	230
HARCOURT				
Harcourt Modernised Pipeline	173	2,169.7	1,173.6	149
System Total	173	2,169.7	1,173.6	149
POVERTY GULLY				
Campbells Creek	0	0.0	0.0	0
Poverty Gully	0	0.0	0.0	0
System Total	0	0.0	0.0	0
SPRING GULLY				
Diamond Hill	12	64.3	19.7	9
Spring Gully	34	152.8	101.6	29
System Total	46	217.1	121.3	38
Southern System Total	645	10,062.2	2,410.2	525

Our rural customers had 100 per cent allocation for the 2018/19 season.

NORTHERN SYSTEM

CHANNEL	NO. OF LICENCES	TOTAL LICENCE VOLUME (MEGALITRES)	TOTAL USAGE (MEGALITRES)	NO. OF LICENCES SUPPLIED
ASCOT				
Ascot	35	731.4	350.0	22
Ellesmere	45	157.6	90.5	33
Goornong	18	352.2	295.4	14
Huntly	2	18.6	2.3	1
White Hills	7	254.7	177.6	6
System Total	107	1,514.5	915.7	76
AXE CREEK				
Axe Creek	66	335.2	140.1	50
Kangaroo	2	11.4	1.4	1
System Total	68	346.6	141.5	51
COCKATOO HILL				
Cockatoo Hill	31	124.4	62.9	20
Neilborough	10	31.5	23.2	9
Raywood	65	299.3	236.4	55
Sebastion	7	59.7	15.8	5
System Total	113	514.9	338.3	89
EMU VALLEY NORTH				
Emu No 1 (Eppalock)	14	83.1	88.6	14
Emu No 2 (Eppalock)	17	172.2	133.7	8
System Total	31	255.3	222.2	22
EPPALOCK PIPELINE				
Eppalock Pipeline	81	836.3	444.2	73
System Total	81	836.3	444.2	73
JACKASS FLAT				
Ironstone	0	0.0	0.0	0
Jackass Flat	0	0.0	0.0	0
Sparrowhawk	0	0.0	0.0	0
System Total	0	0.0	0.0	0
LOCKWOOD				
Lockwood	116	592.5	215.6	98
Marong	30	251.8	126.7	23
South Lockwood Pipeline	46	397.3	204.3	45
Wilson's Hill	31	230.3	95.0	24
System Total	223	1,471.9	641.5	190
SPECIMEN HILL				
Maiden Gully	43	344.5	238.1	34
Myers Flat	16	105.2	68.0	13
Speciman Hill	30	290.4	71.1	23
System Total	89	740.1	377.2	70
Northern System Total	712	5,679.6	3,080.7	571

RECYCLED WATER PRODUCTION AND USAGE

Coliban Water manages 16 Water Reclamation Plants (WRPs). Wastewater is then treated to recycled water standards or classes for reuse.

AXEDALE

Axedale WRP produces treated Class B recycled water, which is supplied to the Axedale Golf Club for irrigation use.

BENDIGO

The Bendigo WRP produces treated Class B and Class C recycled water. Class C recycled water is used for on-site irrigation. Either Class B or Class C recycled water is supplied to off-site users, such as the Fosterville Gold Mine, the Bendigo Livestock Exchange and three neighbouring farmers depending on the end use purpose. The excess water is released into Bendigo Creek in accordance with our Environment Protection Authority (EPA) licence.

The Bendigo Recycled Water Scheme uses Class A recycled water produced at the Bendigo Recycled Water Factory and/or water supplied into the scheme from our southern storages or Lake Eppalock under a water quality framework approved by the Department of Health and Human Services (DHHS) and the EPA.

The Class A recycled water is available via the recycled water pipeline network and is used by sporting facilities, parks and gardens, primary schools, rural customers, car washes, and commercial customers, who use it for dust suppression.

BOORT

Boort WRP produces Class C recycled water. The Class C recycled water is used to supplement the raw water that is usually used for on-site irrigation.

CASTLEMAINE

The Castlemaine WRP produces Class C recycled water, which is supplied to the Castlemaine Golf Course via a pipeline, and to an earthworks company for dust suppression and construction works via tanks located at the company's plant. The excess water is released into Campbells Creek in accordance with our EPA licence.

DUNOLLY

The Dunolly WRP produces Class C recycled water, which is used for on-site irrigation.

ECHUCA

The Echuca WRP produces Class B recycled water, which is pumped to a storage tank (Singers Road Storage), located between Echuca and Rochester, and from there it is supplied to local irrigators.

HEATHCOTE

The Heathcote WRP produces Class C recycled water, which is supplied to the Heathcote Golf Club for irrigation use.

KYNETON

The Kyneton WRP produces Class B and Class C recycled water. The Class C recycled water is supplied for on-site irrigation. The Class B recycled water is supplied to the Kyneton Racecourse and the Macedon Ranges Shire Council for the watering of local sports grounds and the Botanical Gardens in Kyneton. The excess water is released into the Campaspe River in accordance with our EPA licence or stored in on-site storage lagoons.

ROCHESTER

The Rochester WRP produces Class B recycled water, which is pumped to a storage (Singers Road Storage), located between Echuca and Rochester, and from there it is supplied to local irrigators.

Note that Bridgewater, Elmore, Gunbower, Lockington, Pyramid Hill and Wedderburn WRPs produce treated Class C recycled water, which is used for on-site irrigation as required. Recycled water produced from these plants has not been used during 2018/19.

The Cohuna WRP does not have a reuse application. The treated water is stored in on-site lagoons and disposed by means of evaporation.

The table below shows the recycled water usage volumes.

WATER RECLAMATION PLANT	RECYCLED WATER USAGE VOLUME (MEGALITRES)	
	2018/19	2017/18
Axedale	7.1	16.5
Bendigo Class A Class B and C	551.7 1,043.7	624.3 1,096.4
Boort	5.0	0.0
Bridgewater	0.0	0.0
Castlemaine	111.4	20.8
Cohuna	-	-
Dunolly	4.1	14.1
Echuca	1,101.4	1,718.4
Elmore	0.0	0.0
Gunbower	0.0	0.0
Heathcote	109.7	127.9
Kyneton	327.3	315.5
Lockington	0.0	0.0
Pyramid Hill	0.0	0.0
Rochester (reuse water is taken into account in Echuca WRP)	-	-
Wedderburn	0.0	24.6
Total	3,261.4	3,958.5

Notes

- Class B recycled water produced from Rochester and Echuca Water Reclamation Plants are stored in a same storage lagoon and supplied to local irrigators.
- On-site farm land at the Wedderburn WRP did not have a farmer during 2018/19, hence recycled water produced was not used during this year.

RECYCLED WATER MANAGEMENT

All customers using recycled water must comply with management requirements contained in the *Site Management Plan* or *Environment Improvement Plan* for each site.

CAPITAL PROJECTS

Capital portfolio expenditure reached \$20.4 million in 2018/19, the first year toward meeting our five year capital portfolio target of \$136.5 million.

Set at a level to ensure the portfolio was funded through operating cashflows, the capital portfolio budget was set at \$25.8 million before a change in accounting policy for cloud based investment resulted in a reduced portfolio budget of \$22.9 million⁽¹⁾.

The delivery of the 2018/19 capital plan demonstrated our ability to deliver successful outcomes while dynamically managing time and funding allocations in a reduced capital portfolio.

During the year, Coliban Water did not undertake or complete any project with a total investment greater than \$10 million.

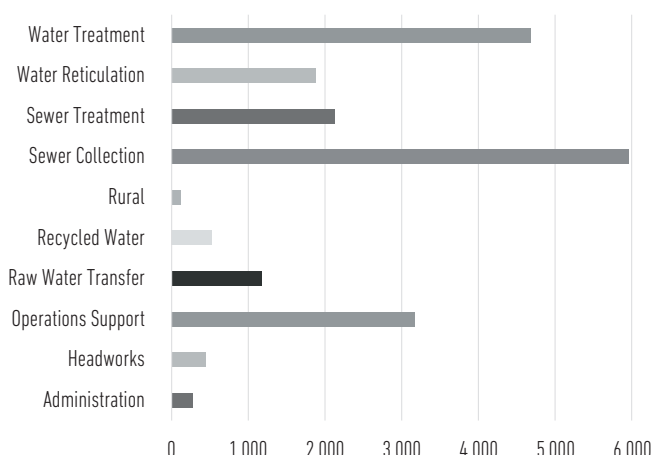
The Water Treatment program had a total 2018/19 capital spend of \$4.7 million and delivered the following key achievements:

- › Heathcote Water Treatment Plant Upgrades (Heathcote): including the upgrade of UV disinfection equipment, addition of a chlorine contact tank and commencement of works for a permanent Powdered Activated Carbon (PAC) dosing system which will improve the aesthetic water quality and significantly reduce the occurrence and severity of taste and odour events. The \$4.8 million project is being delivered across 2018/19 and 2019/20 with \$2.3 million delivered in 2018/19.
- › Water Treatment Plant Program Logic Control (PLC) Upgrades (non-metro various*): upgrades of PLC in Cohuna and Boort at a cost of \$0.6 million.
- › Water Treatment Plant Renewals and Optimisation (non-metro various*): \$0.5 million annual program to reduce operational and water quality risks at water treatment plants.
- › Laanecoorie Water Treatment Plant Raw Water Dosing (Laanecoorie): install raw water dosing to reduce water quality risks at Laanecoorie Water Treatment Plant at a cost of \$0.2 million.

The Water Reticulation program had a total 2018/19 capital spend of \$1.9 million and delivered the following key achievements:

- › Water Main Renewals (non-metro various*): \$0.6 million was expended to ensure security of water supply to customers and reduce water losses from bursts and leaking mains. This included renewing 920 metres of water mains at five different locations in Echuca at a cost of \$0.14 million.
- › Digital Metering (non-metro various*): incurred \$0.5 million for the installation of data loggers to existing meters and to rectify inaccessible or difficult to reach meters.
- › Pressure Management Program (non-metro various*): annual program (\$0.2 million) to manage the pressure of water supplied to customers.

2018/19 CAPITAL EXPENDITURE (\$'000s)



The Sewer Treatment program had a total 2018/19 capital spend of \$2.1 million and delivered the following key achievements:

- › Water Reclamation Plant Renewals and Optimisation (non-metro various*): \$1.6 million of the annual program was invested in works to reduce operational and environmental risks at various Water Reclamation Plants. Major works included the installation of new inlet screens and dosing system, replacement of a UV disinfection unit and installation of new monitoring instruments for pH and turbidity.

The Sewer Collection program had a total 2018/19 capital spend of \$6.0 million and delivered the following key achievements:

- › Heathcote Sewerage Scheme (Heathcote): The \$5 million project is being delivered over 2018/19 and 2019/20 and involves the installation of 10 kilometres of sewer main to provide a new sewer service to 149 houses and 62 vacant lots in 3 separate areas of Heathcote. \$3.0 million was delivered in 2018/19.
- › Sewer Main Renewals (non-metro various*): annual program for sewer main condition assessment and renewal of \$1.5 million was invested to improve operational efficiencies and reduce blockages and overflows to the environment.
- › Bendigo Trunk Sewer Main Renewal (Bendigo): \$0.9 million was invested in the renewal of 135m of sewer trunk main within the Epsom Water Reclamation Plant to improve the asset integrity and the reliability of the Bendigo Sewer Network.

* Non-metro various indicates the project will deliver outcomes to more than one town and/or system within the Coliban Water Region.

(1) The investment in cloud systems is not recognised as capital under the new policy, but is now reported in the as operational expenditure. Total cloud investment reported in the Comprehensive Operating Statement amounts to \$2.9 million

The Rural program had a total 2018/19 capital spend of \$0.1 million and delivered the following key achievements:

- › Channel Renewals (non-metro various*): the annual program of \$0.1 million for the renewal of various channels was invested in the region.

The Recycled Water program had a total 2018/19 capital spend of \$0.5 million and delivered the following key achievements:

- › Bendigo Recycled Water Scheme Upgrade (Bendigo): \$0.5 million was invested in the delivery of operational and functional modifications to the tertiary filters to ensure the Treatment Plant can produce treated Class A quality recycled water.

The Raw Water Transfer program had a total 2018/19 capital spend of \$1.2 million and delivered the following key achievements:

- › Coliban Main Channel Renewals (non-metro various*): a \$0.6 million investment in the annual program was delivered for maintaining the integrity, reliability and water resource security of the Coliban Main Channel
- › Water shares (non-metro various*): \$0.3 million in water share purchases were made to ensure adequate water resource security for towns in our Murray Supply System.
- › Superpipe (non-metro various*): the \$0.2 million annual program was invested for maintaining water resource security, water quality and monitoring.

The Operations Support program had a total 2018/19 capital spend of \$3.2 million and delivered the following key achievements:

- › Planned Corrective and Reactive Maintenance (non-metro various*): annual program of \$1.5 million was spent on renewals and refurbishment of water, recycled water and sewer assets to ensure levels of service are maintained.
- › Integrated Water and Sewer Planning (non-metro various*): annual program of \$0.8 million was invested in comprehensive plans to consider the long term provision of water and sewerage services.
- › Telemetry Replacement and Renewals (non-metro various*): annual upgrade program of \$0.6 million was incurred to replace redundant hardware in the field to fully integrate into the Supervisory Control and Data Acquisition (SCADA) networks.

- › Occupational Health and Safety (OHS) remedial works program (non-metro various*): a \$0.3 million annual program of works was undertaken to address safety concerns raised to ensure that all of our assets meet relevant safety standards.

The Headworks program had a total 2018/19 capital spend of \$0.4 million and delivered the following key achievements:

- › Land Management (non-metro various*): a \$0.3 million annual program of works were undertaken to survey land title boundaries, install perimeter fencing and improve the land around our reservoirs.

The Administration program had a total 2018/19 capital spend of \$0.3 million and delivered the following key achievements:

- › Information Technology Equipment Improvements (non-metro various*): \$0.3 million was invested in the annual program to manage Information Technology Infrastructure and end user computing assets to ensure they are capable of supporting our computing needs.

CUSTOMER SERVICE OBJECTIVES – WATER RETICULATION

We are required to report on 14 service standards, related to water, to the Essential Services Commission (ESC). In these standards are: supply interruptions, including number, duration, response time to a burst pipeline and leaks, as well as the amount of unaccounted water.

We achieved compliance in 11 of the 14 service standards in 2018/19. The service standards that were not met include;

- › Average unplanned customer minutes off water supply
- › Average duration of unplanned water supply interruptions
- › Customers experiencing five or more water supply interruptions

A single incident in March 2019, where a third party damaged a water main, resulted in 1,032 customers being impacted by an outage lasting more than five hours; this incident affected the achievement of two service standards.

The failure to meet the remaining service standard is due to multiple bursts/leaks in Guildford. The water main that impacted customers in Guildford is in the process of being renewed.

WATER MAIN RENEWAL

Across our region, we replaced approximately 3.2 kilometres of water mains as part of our ongoing water mains renewal program, at a cost of around \$589K. This included renewing 920 metres of water mains at five different locations in Echuca at a cost of \$137K. The mains were renewed using directional boring, a trenchless technology that reduces the need for excavations and overall cost savings of 25 to 50 per cent.

We identify sites for replacement by analysing a range of criteria including the criticality, risk to customers, number of failures, number of supply interruptions, number of customers impacted and the assessed remaining useful life of the asset.

WATER MAINS CLEANING PROGRAM

At a cost of approximately \$70K, water mains cleaning was completed in Bridgewater, Inglewood, Wedderburn, Korong Vale, Serpentine, Laanecoorie, Bealiba, Tarnagulla and Dunolly.

This program removes sediment from the water mains and improves chlorine residuals across our networks using multiple techniques including air scouring. Air scouring involves forcing a mixture of compressed air and water through the system to remove naturally occurring sediment and other particles. This method of mains cleaning is safe, uses minimal water compared to other methods and is environmentally friendly.

Our ongoing water mains cleaning program helps protect the integrity of the water system, enhances the drinking water quality we supply to customers and ensures our water continues to meet Australian Drinking Water Guidelines.

LEAK DETECTION PROGRAM

Coliban Water has an on-going leak detection program. Leak Detection this year was prioritised in Trentham with over 27 kilometres of water-mains assessed. The program identified 12 leaks within our network, which were located and repaired, and a further eight leaks identified in private plumbing and the property owner notified.

WATER TREATMENT PLANT IMPROVEMENTS

This year some of the major Water Treatment Plant (WTP) improvement works included:

- › Commencement of significant upgrades at Heathcote WTP to improve water quality
- › Installation of Cohuna WTP fluoride system
- › Inspection and repair of clear water storage tanks at multiple sites to improve security of supply, including at:
 - Laanecoorie WTP
 - Boort WTP
 - Bridgewater WTP
 - Korong Vale WTP
 - Pyramid Hill WTP
- › Commencement of detailed design for significant Echuca WTP upgrades to improve water quality and security of supply.
- › Commencement of renewal of control and communications systems at:
 - Echuca WTP
 - Boort WTP

Coliban Water undertook a trial this year to further improve the resilience of our Castlemaine water supply network by trialling a 12-month free chlorination trial from October 2018, which was an alteration from the chloramination disinfection methodology used previously.

Our ability to balance the chlorine dose rates to ensure adequate disinfection levels to the aesthetics (taste and smell) of the water will be the key consideration to deciding on the success of this trial. The dose rates were significantly dropped during January 2019 and this has been able to be maintained through the winter months so far, even though the water age increases with the limited customer water usage.

We will be in a position to review the 12-month trial and inform the community of the short and long-term strategy for the Castlemaine water supply network in late October 2019.

VALVE MAINTENANCE

In our water supply network, there are in excess of 10,000 water isolation valves that play an important role in ensuring supply is maintained to customers. A valve maintenance program has been implemented that involves proactively exercising (opening and closing) valves to confirm their location (mapped into our Geographic Information System [GIS]), condition and operability. This ensures that the valves can be located quickly and are functioning correctly allowing quick isolation of water mains in case of any bursts or works that are required. This year 467 valves were exercised in Bridgewater, Inglewood, Serpentine, Wedderburn, Korong Vale, Maldon and Newstead.

Coliban Water provides drinking water to 76,482 properties in our region, and with our partners we operate 19 water treatment plants. During 2018/19 the drinking water supplied to our customers was generally of a high standard.

Schedule 2 of Victoria's *Safe Drinking Water Regulations (SDWR) 2015* lists three specific drinking water quality standards that apply to all drinking water supplies in Victoria: *Escherichia coli* (E. coli), Total Trihalomethanes (THM) and Turbidity, all of which have mandated limits and frequencies for sampling and testing. The *SDWR 2015* also require that any drinking water that is supplied to customers must not contain any toxin, pathogen, substance or chemical, whether alone or in combination with another toxin, pathogen, substance or chemical, in such amounts that may pose a risk to human health.

All of our drinking water supplies were compliant with the E.coli, THM and Turbidity drinking water standards during 2018/19.

There were a few isolated events where elevated results for some chemicals were recorded during the routine monitoring of the drinking water that we supply, and the circumstances associated with their detection are described below.

An elevated concentration of nickel was reported for a sample collected from the Boort Water Sampling Locality (WSL). The result was above the health-based guideline value for nickel, given in the *Australian Drinking Water Guidelines (ADWG)*. The nickel results for the follow-up tests that were conducted were well below the health-based guideline value in the *ADWG*, indicating that there were no long-term, systemic issues related to nickel in Boort.

The stainless steel fittings that are used to collect water samples are flamed, to disinfect the fittings prior to collection of samples for microbiological water quality analysis. As stainless steel contains a certain percentage of nickel, flaming may have caused the leaching of small amounts of nickel, which is the most probable cause for the presence of an elevated nickel concentration. A separate set of fittings are now being used for collection of samples for microbiological water quality analysis to eliminate the possibility of nickel leaching from the fittings. It should be noted that no elevated nickel results have been recorded since this change was implemented to the water sampling practice.

An elevated lead result, above the health-based guideline value in the *ADWG*, was reported in a routine sample collected from within the Strathfieldsaye WSL. The lead results for the follow-up tests that were conducted were well below the health-based guideline value in the *ADWG*, indicating that there were no ongoing, systemic issues related to lead in Strathfieldsaye.

As part of an investigation, the condition of the sample point was visually inspected to determine whether the sample point assembly was likely to be the cause, as lead leaching from the brass fittings in the assembly is the common cause of isolated elevated lead results reported for the drinking water samples. The visual inspection showed no signs of corrosion, but the water supply connection to the property had been disconnected. As per the assessment of the relevant water quality data and findings from the site inspection, the probable cause of the one-off, elevated lead result was a combination of stagnation of water in the service line and the inadequate flushing of the service line prior to the collection of the sample.

A routine sample collected at the outlet of the Clear Water Storage (CWS) tanks at the Echuca WTP, returned an aluminium result of 0.28 mg/L (acid soluble aluminium). This result exceeded the aesthetic guideline value for aluminium given in the *ADWG*. Although the concentration of aluminium found in the sample has no public health significance, we did report it to the Department of Health and Human Services (DHHS) as an aluminium based chemical (i.e. Aluminium Sulphate, known as Alum) is used at the Echuca WTP as a coagulant in the treatment process.

The investigation revealed that there were no issues with the treatment process that would lead to the carryover of aluminium into the treated water. The probable cause of the presence of aluminium at a higher than normally recorded level in the drinking water was suspension of sediments in the CWS tanks as the annual cleaning of the CWS tanks were completed in the week prior to the collection of the respective water sample.

During the period 11 to 13 October 2018, we received 11 complaints from within the Echuca WSL. These complaints were spread across the WSL, with customers describing the drinking water as being dirty or coloured.

An investigation revealed that the root cause of the complaints received was due to dislodgment of sediments in the distribution pipes, resulting from high flow through the pumps that supply drinking water to both the distribution pipes and to the treated water storage (TWS) tank. The Echuca WTP was shut down on 11 October 2018 for planned maintenance work, which has resulted in the draining of the TWS tank to a very low level. When the plant restarted, the pumps started with a high flowrate to bring the water level in the TWS tank to back within the normal operating range. Despite the appearance of the water, it did not pose an unacceptable risk to the health of customers.

During the period 1 to 2 April 2019, we received four customer complaints from within the Boort WSL. These complaints were spread across the WSL, with customers describing the drinking water as being dirty or coloured. In addition, there were some discussions by locals on social media (i.e. Facebook) about the discolouration of drinking water.

An investigation revealed that the root cause was elevated levels of manganese in the treated water, as a result of higher than normal concentrations of manganese in the raw water during this period. It should be noted that the concentration of manganese in the treated water exceeded the aesthetic guideline value specified in the *ADWG*, but it did not exceed the health-based guideline value. The process modification and optimisation that was subsequently undertaken at the Boort WTP was effective in removing the manganese to an acceptable level, which improved the aesthetic quality of the drinking water within a short period of time. Despite the appearance of the water, it did not pose an unacceptable risk to the health of customers.

As part of a routine review of the chemicals that are used for water treatment and that come into contact with treated drinking water, we discovered that during the 2017/18 financial year a chemical known as Memguard 61 was used as an antiscalant at the Reverse Osmosis (RO) treatment unit at the Bridgewater Water Treatment Plant.

Advice from the supplier of Memguard 61 was that this chemical should not be used as an antiscalant, as its intended use is as a clean-in-place chemical that should not come in contact with treated drinking water. The major concern is that Memguard 61

contains Ethylenediamine tetraacetic acid (EDTA) as a sequestrant. The sequestrant makes up 10 to 30 per cent of the total content of Memguard 61.

Given the retrospective nature of the discovery, there are no actual EDTA results for the water supplied to customers, but using a range of conservative assumptions, it is possible that the concentration of EDTA in the drinking water being supplied during this period exceeded the health-based guideline value in ADWG. In response to this, advice was sought from an international expert on chemicals in drinking water, who estimated that the concentration of EDTA would not be of a health concern. Based on this advice, there is confidence that customers were not exposed to an unacceptable health risk through the use of Memguard 61. Although the incident occurred in 2017/18, it was reported to DHHS during the 2018/19 period and necessary actions have been taken to eliminate this kind of issue from occurring in the future.

On 24 June 2019 a customer called us to advise that their property had no water. Upon investigation it was found that the service line to the affected property was mistakenly connected to a raw water pipeline, that runs adjacent to the potable water main, by the property owner's plumber. It is not clear how the error occurred as there appeared to be sufficient information to distinguish between the two pipelines.

The raw water pipeline was not running for the first time since the property had been connected to pipe, which is why it was discovered. The raw water connection was disconnected and potable water supply was provided to the property as soon as the issue was discovered. All pipes in the property were flushed with potable water, including the hot water service. Subsequent water quality testing confirmed that there is no ongoing issues. In addition, properties in the vicinity of the raw water pipeline were checked to confirm that they were connected to the potable water supply system. This incident has been reported to DHHS.

WATER QUALITY

The following table shows the compliance of our drinking water sampling localities with the water quality standards specified in Victoria's *SDWR 2015*.

The townships of Borung, Dingee, Jarklin, Macorna, Mitiamo, Mysia and Wychitella were supplied with regulated water (non-drinking water) during 2018/19.

WATER SAMPLING LOCALITY	SDWA 2015			
	E. COLI (≤ 1 ORGS/100 ML)	TOTAL TRIHALOMETHANES (≤ 0.25 MG/L)	TURBIDITY (≤ 5 NTU)	OTHER PARAMETERS ⁽¹⁾
Axedale	✓	✓	✓	✓
Bealiba	✓	✓	✓	✓
Bendigo (Northern)	✓	✓	✓	✓
Bendigo (Southern)	✓	✓	✓	✓
Bendigo (Spring Gully)	✓	✓	✓	✓
Big Hill	✓	✓	✓	✓
Boort	✓	✓	✓	X ⁽²⁾
Bridgewater – Inglewood	✓	✓	✓	✓
Castlemaine	✓	✓	✓	✓
Cohuna	✓	✓	✓	✓
Dunolly	✓	✓	✓	✓
Echuca	✓	✓	✓	X ⁽³⁾
Elmore	✓	✓	✓	✓
Epsom-Huntly	✓	✓	✓	✓
Fryerstown	✓	✓	✓	✓
Goornong	✓	✓	✓	✓
Guildford	✓	✓	✓	✓
Gunbower	✓	✓	✓	✓
Harcourt	✓	✓	✓	✓
Heathcote	✓	✓	✓	✓
Junortoun	✓	✓	✓	✓
Korong Vale	✓	✓	✓	✓
Kyneton	✓	✓	✓	✓
Laanecoorie	✓	✓	✓	✓
Leitchville	✓	✓	✓	✓
Lockington	✓	✓	✓	✓
Maiden Gully – Marong	✓	✓	✓	✓
Maldon	✓	✓	✓	✓
Malmsbury	✓	✓	✓	✓
Newstead	✓	✓	✓	✓
Pyramid Hill	✓	✓	✓	✓
Raywood	✓	✓	✓	✓
Rochester	✓	✓	✓	✓
Sebastian	✓	✓	✓	✓
Serpentine	✓	✓	✓	✓
Strathfieldsaye	✓	✓	✓	X ⁽⁴⁾
Taradale-Elphinstone	✓	✓	✓	✓
Tarnagulla	✓	✓	✓	✓
Tooborac	✓	✓	✓	✓
Trentham	✓	✓	✓	✓
Tylden	✓	✓	✓	✓
Wedderburn	✓	✓	✓	✓

Notes to water quality table:

- Other water quality parameters monitored under our water sampling program as part of our *Drinking Water Quality Risk Management Plan*.
- A routine sample collected from the Boort WSL returned a nickel result of 0.099 mg/L, which exceeded the health-based guideline value (0.02 mg/L) specified in the *ADWG*. The likely cause was corrosion in the removable stainless steel (gooseneck) fitting used to collect samples. All gooseneck fittings have been replaced and tracking codes introduced. The follow up test results were below the guideline value in the *ADWG*.
- A routine sample collected from the Echuca WSL returned an aluminium result of 0.28 mg/L, which exceeded the aesthetic guideline value (0.2 mg/L) specified in the *ADWG*. The follow-up test result was below the guideline value in the *ADWG*. Note that exceedance above aesthetic guideline value is not considered as a breach in water quality standard, but Coliban Water has reported it to the DHHS as an aluminium-based chemical is used at the Echuca WTP as coagulant in the treatment process.
- A routine sample collected from the Strathfieldsaye WSL returned a lead result of 0.033 mg/L, which exceeded the health-based guideline value (0.01 mg/L) specified in the *ADWG*. The likely cause was a combination of stagnation of water in the service line and the inadequate flushing of the service line prior to the collection of the sample. The follow up test results were below the guideline value in the *ADWG*.

WATER TREATMENT PROCESS

The following table shows how Coliban Water treats water to make it safe to drink.

SYSTEM (WATER TREATMENT PLANT) WATER SAMPLING LOCALITY		TREATMENT PROCESS							ADDED SUBSTANCES									
		COAGULATION	CLARIFICATION	FILTRATION	TASTE / ODOUR / ALGAE TOXIN REMOVAL	PH CORRECTION	DISINFECTION	DESALINATION	ALUM / ACH / POLYMER BLEND	POLYELECTROLYTE	ACTIVATED CARBON	OZONE	ULTRAVIOLET	LIME/SODA ASH/CAUSTIC SODA CARBON DIOXIDE SULPHURIC ACID	CHLORINE	AMMONIA	FLUORIDE	
Bendigo	Axedale Northern Spring Gully Southern Raywood Sebastian Big Hill Epsom – Huntly Junortoun Maiden Gully – Marong Strathfieldsaye	✓	✓	M	✓	✓	✓		✓		✓	✓		✓	✓	✓	✓	
Boort	Boort	✓	✓	✓		✓	✓		✓	✓				✓	✓			
Bridgewater	Bridgewater – Inglewood	✓	✓	✓	✓	✓	✓	✓	✓		✓		✓	✓	✓	✓		
Castlemaine	Castlemaine Fryerstown Guildford Harcourt Maldon Newstead Taradale – Elphinstone	✓	✓	M	✓	✓	✓		✓		✓	✓		✓	✓	✓ ⁽¹⁾	✓	
Cohuna	Cohuna	✓	✓	✓	✓	✓	✓		✓	✓	✓			✓	✓			
Echuca	Echuca	✓	✓	✓	✓	✓	✓		✓	P	✓			✓	✓		✓	
Elmore	Elmore					✓	✓						✓	✓	P			
Goornong	Goornong	✓	✓	✓	✓	✓	✓		✓		P			✓	✓			
Gunbower	Gunbower	✓ ⁽²⁾	✓	M	✓	✓	✓		✓		✓		✓	✓	✓			
Heathcote	Heathcote Tooborac	✓	✓	✓	✓	✓	✓		✓	✓	P			✓	✓	✓		
Korong Vale	Korong Vale Wedderburn	✓	✓	✓	✓	✓	✓		✓	✓	P			✓	✓	✓		
Kyneton	Kyneton Malmesbury Tylden	✓	✓	M	✓	✓	✓		✓		✓	✓		✓	✓		✓	
Laanecoorie	Bealiba Dunolly Laanecoorie Tarnagulla	✓	✓	✓	✓	✓	✓		✓	✓	✓		✓	✓	✓	✓		
Leitchville	Leitchville	✓	✓	M	✓	✓	✓		✓		✓		✓	✓	✓			
Lockington	Lockington	✓	✓	✓	✓	✓	✓		✓	P	✓			✓	✓			
Pyramid Hill	Pyramid Hill	✓	✓	✓	✓	✓	✓		✓	✓	P			✓	✓			
Rochester	Rochester	✓	✓	M	✓	✓	✓		✓		✓			✓	✓			
Serpentine	Serpentine	✓	✓	✓	✓	✓	✓		✓	✓	P			✓	✓			
Trentham	Trentham			M	✓		✓		✓		✓			✓	✓			

Legend: **P** = periodic, as required; **M** = membrane filtration

Notes:

1. Ammonia dosing turned off from October 2018.
2. Magnetic Ions Exchange (MIEX) is periodically used to remove organics/colour from the water.

WATER, WASTEWATER CUSTOMERS AND WATER USAGE BY SYSTEM

WATER SUPPLY SYSTEM	WASTEWATER			TREATED WATER								
	CONNECTIONS			CONNECTIONS			USAGE (ML)				USAGE (KL/CONNECTION)	
	RESIDENTIAL	NON RESIDENTIAL	TOTAL	RESIDENTIAL	NON RESIDENTIAL	TOTAL	RESIDENTIAL	NON RESIDENTIAL	TOTAL	5 YEAR AVERAGE	RESIDENTIAL	NON RESIDENTIAL
CAMPASPE												
Goornong	0	0	0	166	24	190	36	10	46	44	217	417
Total	0	0	0	166	24	190	36	10	46	44	217	417
COLIBAN NORTHERN												
Bendigo *	42,282	3,291	45,573	44,639	3,514	48,153	9,098	3,084	12,182	11,345	204	878
Heathcote	773	106	879	1,091	130	1,221	165	104	269	243	151	800
Axedale	117	11	128	123	17	140	25	6	31	28	203	353
Raywood	0	0	0	83	15	98	25	8	33	26	301	533
Sebastian	0	0	0	73	5	78	20	11	31	29	274	2200
Tooborac	0	0	0	48	6	54	8	2	10	10	167	333
Total	43,172	3,408	46,580	46,057	3,687	49,744	9,341	3,215	12,556	11,682	203	872
COLIBAN SOUTHERN												
Castlemaine	4,220	387	4,607	4,936	431	5,367	886	785	1,671	1,534	179	1,821
Kyneton	2,413	391	2,804	2,616	442	3,058	451	430	881	797	172	973
Maldon	662	89	751	960	121	1,081	178	79	257	222	185	653
Newstead	313	31	344	358	38	396	64	23	87	72	179	605
Chewton	277	16	293	346	19	365	57	11	68	61	165	579
Malmsbury	285	21	306	301	23	324	46	32	78	65	153	1,391
Harcourt	215	16	231	276	25	301	59	10	69	63	214	400
Taradale	0	0	0	133	12	145	24	12	36	32	180	1,000
Guildford	0	0	0	125	9	134	22	2	24	23	176	222
Tylden	151	7	158	123	9	132	19	9	28	28	154	1,000
Fryerstown	0	0	0	92	5	97	15	0	15	14	163	0
Elphinstone	0	0	0	81	6	87	15	1	16	15	185	167
Total	8,536	958	9,494	10,347	1,140	11,487	1,836	1,394	3,230	2,925	177	1,223
GOULBURN												
Rochester	1,221	142	1,363	1,360	178	1,538	412	117	529	857	303	657
Boort	384	67	451	397	89	486	111	35	146	138	280	393
Pyramid Hill	244	36	280	252	49	301	57	32	89	84	226	653
Lockington	188	24	212	192	33	225	49	15	64	55	255	455
Serpentine	0	0	0	64	21	85	15	3	18	17	234	143
Mitiamo **	0	0	0	43	8	51	9	3	12	12	209	375
Dingee **	0	0	0	29	11	40	4	3	7	8	138	273
Macoma **	0	0	0	8	2	10	0	0	0	1	0	0
Mysia **	0	0	0	8	1	9	0	0	0	0	0	0
Jarklin **	0	0	0	6	1	7	1	0	1	1	167	0
Total	2,037	269	2,306	2,359	393	2,752	658	208	866	1,173	279	529
GROUNDWATER												
Trentham	566	61	627	616	66	682	83	23	106	94	135	348
Elmore	347	46	393	381	59	440	73	36	109	106	192	610
Total	913	107	1,020	997	125	1,122	156	59	215	200	156	472
LODDON												
Dunolly	336	53	389	400	58	458	58	20	78	71	145	345
Inglewood	327	37	364	401	44	445	65	22	87	84	162	500
Bridgewater	174	26	200	193	33	226	37	33	70	57	192	1,000
Tarnagulla	0	0	0	108	14	122	13	6	19	16	120	429
Bealiba	0	0	0	75	12	87	10	3	13	14	133	250
Laanecoorie	0	0	0	37	4	41	6	0	6	5	162	0
Total	837	116	953	1,214	165	1379	189	84	273	247	156	509
MURRAY												
Echuca	6,098	816	6,914	6,311	882	7,193	1,818	1,288	3,106	3,017	288	1,460
Cohuna	985	135	1,120	1,134	360	1,494	365	301	666	610	322	836
Leitchville	141	27	168	163	115	278	50	116	166	161	307	1,009
Gunbower	146	20	166	147	29	176	35	14	49	48	238	483
Total	7,370	998	8,368	7,755	1,386	9,141	2,268	1,719	3,987	3,836	292	1,240
WIMMERA												
Wedderburn	397	55	452	448	62	510	71	34	105	99	158	548
Korong Vale	0	0	0	113	8	121	16	2	18	18	142	250
Borong **	0	0	0	20	2	22	3	0	3	4	150	0
Wychitella **	0	0	0	11	3	14	1	1	2	2	91	333
Total	397	55	452	592	75	667	91	37	128	123	154	493
Grand Total	63,262	5,911	69,173	69,487	6,995	76,482	14,575	6,726	21,301	20,231	210	962

*Includes the areas of Eaglehawk, Huntly, Kangaroo Flat, Maiden Gully, Marong and Strathfieldsaye.

**Indicates non-treated water supply.

PER CAPITA DAILY RESIDENTIAL DRINKING WATER CONSUMPTION

We provided drinking water to a population of around 162,000*. The total consumption of water was 14,575 megalitres across this population of our region which averages out to 246.5 litres per person, per day.

*The population estimate is based on total residential connections multiplied by the household density in each town (based on data from the 2011 Census).

WATER SUPPLY SYSTEM	RECYCLED WATER					
	CONNECTIONS			USAGE (MEGALITRES)		
	RESIDENTIAL	NON-RESIDENTIAL	TOTAL	RESIDENTIAL	NON-RESIDENTIAL	TOTAL
Bendigo	662	28	690	34	341	375

RECYCLED WATER AND CUSTOMER USAGE

We supply recycled water to third-pipe customers in the Bendigo region.

In 2018/19 we supplied 34 megalitres to residential customers and 341 megalitres to non-residential customers.

AVERAGE RESIDENTIAL BILL

Average household water consumption in 2018/19 was 210 kilolitres. This is higher than in previous years due to drier and warmer conditions. Based on this, the average home owner's bill was \$1,388.77¹ (tenant \$473.63). Based on 200 kilolitres consumption, the average home owner's bill would have been \$1,366.22² (tenant \$451.08).

A total of 5,154 customers were on instalment plans as at 30 June 2019³. This includes residential (5,082) and a small number of non-residential (72) customers.

Notes:

¹ Total residential bill based on average consumption

² Total residential bill based on 200kl consumption

³ Number of instalment plans at the end of 2018/19

NON-REVENUE WATER

WATER SUPPLY SYSTEM	TREATED WATER (MEGALITRES)		NON-REVENUE WATER (MEGALITRES)
	SUPPLIED	USAGE	
Campaspe	67	46	21
Coliban Northern	13,389	12,556	833
Coliban Southern	3,808	3,230	578
Goulburn	962	866	96
Groundwater	249	215	34
Loddon	338	273	65
Murray	4,636	3,987	649
Wimmera	236	128	108
TOTAL	23,684	21,301	2,383

The term non-revenue water is the difference between the volume of bulk water that leaves our treatment plants (treated water supplied) and the volume of water for which we bill customers (treated water usage). It has also been known as unaccounted for water.

We cannot accurately quantify the breakdown for Unbilled Authorised Consumption (such as fire-fighting) or Unauthorised Consumption (such as illegal use) as it is not metered.

Non-revenue water for 2018/19 was calculated to be 2,383 megalitres (10.1 per cent). The Essential Services Commission target of less than or equal to 15 per cent non-revenue water was achieved.

MAJOR NON-RESIDENTIAL WATER USERS

We had six non-residential water users within the range of annual reporting.

MAJOR NON-RESIDENTIAL CUSTOMERS BY VOLUME RANGE		NUMBER OF CUSTOMERS
USAGE RANGE – MEGALITRES (ML) PER YEAR		
Equal to or greater than 100 ML and less than 200 ML		1
Equal to or greater than 200 ML and less than 300 ML		3
Equal to or greater than 300 ML and less than 400 ML		0
Equal to or greater than 400 ML and less than 500 ML		2
Equal to or greater than 500 ML and less than 750 ML		0
Equal to or greater than 750 ML and less than 1,000 ML		0
Greater than 1,000 ML		0
TOTAL		6

MAJOR NON-RESIDENTIAL CUSTOMERS

- › Hazeldenes Chicken Farm Pty Ltd
- › N & C Enterprises Pty Ltd
- › Kagome Foods Australia Pty Ltd
- › Hardwicks Meatworks Pty Ltd
- › Lactalis Australia Ltd (Bendigo)
- › Simplot Australia (Properties) Pty Ltd

We work with all our major water users to develop and implement water conservation plans and principles.

There were no other formal water efficiency programs to report for the year.

WASTEWATER SYSTEM

WATER RECLAMATION – SEWAGE INFLUENT AND TREATED EFFLUENT VOLUMES

We provide wastewater services to 69,173 properties in our region, and with our partners we operate 16 Water Reclamation Plants (WRPs).

Our WRPs treat sewage to a specified quality and then release the treated water for either reuse, as recycled water, or to waterways, except at Cohuna WRP, where the treated water is stored in evaporation lagoons.

The following volumes were treated and reused, or released (discharged), during 2018/19.

TOWN	SEWAGE INFLUENT (MEGALITRES)	TOTAL EFFLUENT DISCHARGED (MEGALITRES)	EFFLUENT DISCHARGED TO WATERWAYS (MEGALITRES)	EFFLUENT DISCHARGED FOR REUSE (MEGALITRES)
Axedale	14.2	7.1	0.0	7.1
Bendigo	7,613.3	5,564.8	4,115.6	1,595.4
Boort	72.8	5.0	0.0	5.0
Bridgewater	32.0	0.0	0.0	0.0
Castlemaine	1,164.7	1,309.3	1,197.8	111.4
Cohuna	262.7	0.0	0.0	0
Dunolly	40.7	4.1	0.0	4.1
Echuca	1,739.7	1,101.4	0.0	1,101.4
Elmore	34.1	0.0	0.0	0.0
Gunbower	49.4	0.0	0.0	0.0
Heathcote	132.7	109.7	0.0	109.7
Kyneton	766.8	758.5	431.2	327.3
Lockington	28.5	0.0	0.0	0
Pyramid Hill	46.0	0.0	0.0	0
Rochester	197.1	-	-	-
Wedderburn	28.3	0.0	0.0	0.0
TOTAL	12,223.2	8,859.8	5,744.7	3,261.4

The treated water produced by the Bendigo WRP was released to Bendigo Creek in accordance with our amended Environment Protection Authority (EPA) licence, which allows for a combined release of treated water from both the Bendigo WRP and the New Moon Groundwater Treatment Plant (GWTP).

The supply of recycled water to the Castlemaine Golf Course experienced some interruptions during 2018/19 due to inadequate disinfection to meet the treated Class C recycled water standard on some occasions. The inadequate disinfection was caused by a combination of issues with the ultraviolet (UV) disinfection unit and the solids treatment system. Despite these issues, the quality of the treated water released into Campbells Creek was compliant with EPA licence conditions during this financial year.

The Kyneton WRP consists of two treatment systems. Domestic wastewater is treated at the Biological Nutrient Removal (BNR) plant to a quality equivalent to treated Class B recycled water, and wastewater from trade waste customers is treated via a lagoons system to treated Class C recycled water quality. Under our EPA licence for this site, we are permitted to release treated water from the Kyneton WRP to the Campaspe River, provided that flow in the river is adequate to achieve at least a one in five dilution with river flows.

During 2018/19, the treated water release to the Campaspe River was limited due to low or no flow in the river. In addition, the inflows to the Kyneton WRP increased due to the growing area that it services. Consequently, onsite storage lagoons reached capacity early in the winter season.

As a result, we obtained approval from the EPA to be exempt from the dilution requirement of our EPA Licence and released treated water from the BNR plant to the Campaspe River as an emergency measure under Section 30A of the *Environment Protection Act 1970*. However, a further release of blended treated water from both the BNR plant and the lagoon system to the Campaspe River commenced on 6 June 2019, due to the continued storage constraints at the site and wet weather.

A health warning was issued in connection to the water quality within the Campaspe River as a result of the blended treated water release in June 2019. In response to community feedback, we held a meeting with landowners on 13 June 2019 and committed to create a communications notifications working group and to run tours of the plant for interested landowners.

Releases of blended treated water to the Campaspe River also occurred earlier in the financial year (i.e. between July and September 2018). As a result, some of the quality parameters exceeded the limits specified in the licence.

A number of works are currently being undertaken at the Kyneton WRP to ensure that ongoing compliance with licence conditions is achieved.

This year, some of the major WRP improvement works included:

- › Continued electricity demand management, which was initiated in the last year at the Bendigo WRP, which enables temporary shutdown of the aeration system during periods of high regional energy demand to increase supply of locally-available electricity for households and other users.
- › New inlet screens were installed at the Bendigo WRP to improve the capture of coarse solids, such as sticks, rags and other debris, prior to the downstream biological process tanks.
- › Electricity sub meters were installed at the Bendigo WRP to assist with monitoring power usage in order to get a better understanding of the power demand of the site.
- › A new coagulant (i.e. Aluminium Chlorohydrate) dosing system was installed at the Bendigo WRP to improve the performance of the existing tertiary filtration process. In addition, online monitoring instruments (i.e. for pH and turbidity) were installed to monitor the raw water quality to the tertiary filters to better manage the process.
- › Re-commenced cropping of farmland at the Bendigo WRP to enable reuse of recycled water and improve the quality of the site soils.
- › The existing UV disinfection unit at the Castlemaine WRP is currently being replaced with a new system to improve the treated water quality.
- › A long-term strategy to manage the biosolids produced at the WRPs is currently being prepared.

CUSTOMERS SERVICE OBJECTIVES – SEWERAGE COLLECTION

Compliance was achieved for all five of the Essential Services Commission (ESC) service standards that we report on. These standards are in our Customer Charter and relate to sewerage blockages (number per 100 kilometres), average time to attend sewer spills and blockages, average time to rectify blockages, percentage of sewage spills contained within five hours and number of customers receiving more than three sewer blockages in a year. We have seen an overall improvement in system performance.

	SERVICE STANDARD	ACTUAL
Sewerage blockages (per 100 kilometres)	43	27.1
Average time to attend sewer spills and blockages (minutes)	30	26.8
Average time to rectify a sewer blockage (minutes)	80	65.8
Spills contained within five hours (per cent)	99%	100%
Customers receiving more than three sewer blockages in the year (number)	2	2

In the aim of improving sewer performance and reducing service interruptions and overflows, we have continued to invest resources into gravity sewer preventative maintenance programs, including:

- › Preventative sewer cleaning of approximately 4,100 sewer mains (roughly 203 kilometres of sewer). This is one of the largest preventative cleaning programs we have undertaken
- › Closed Circuit Television (CCTV) condition assessment of around 1,550 poor performing sewer mains (roughly 80 kilometres)
- › Sewer manhole inspections of roughly 500 sewer manholes, of which 96 were raised to the surface.
- › Undertaking relining works on poor performing mains, discussed further below.

SEWER BLOCKAGES

Blockage rates typically follow a seasonal trend, lowering over summer and peaking during winter. The blockage trend that occurred in 2018/19 has improved when compared with performance in recent years. Record low blockage counts were reported in a number of months. The reduction in the blockage rate is likely due to the enhanced and increased gravity sewer preventative maintenance program which has included sewer cleaning, condition assessment and manhole inspections.

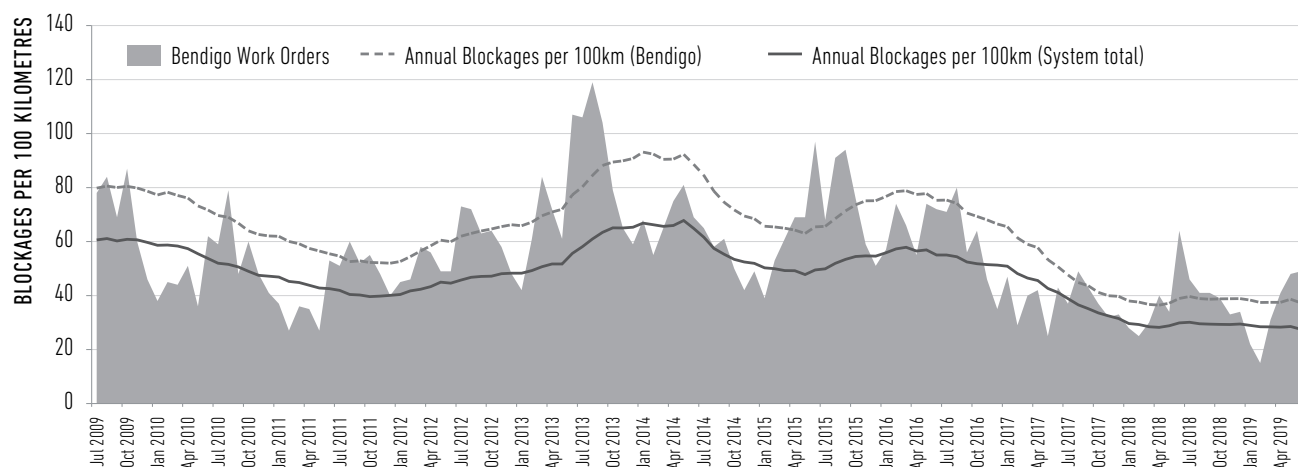
SEWER MAIN RENEWAL

Our program for sewer main condition assessment and renewal has continued this year, prioritised based on criticality (risk), age and structural condition.

This year we renewed a total of 139 sewer main sections which is equivalent to approximately 7.9 kilometres of sewer main.

Works included the relining of a 135 metre section of 1,050 millimetre sewer main immediately upstream of the Bendigo Water Reclamation Plant located in Epsom.

BLOCKAGE RATE CHART (BLOCKAGES PER 100 KILOMETRES)

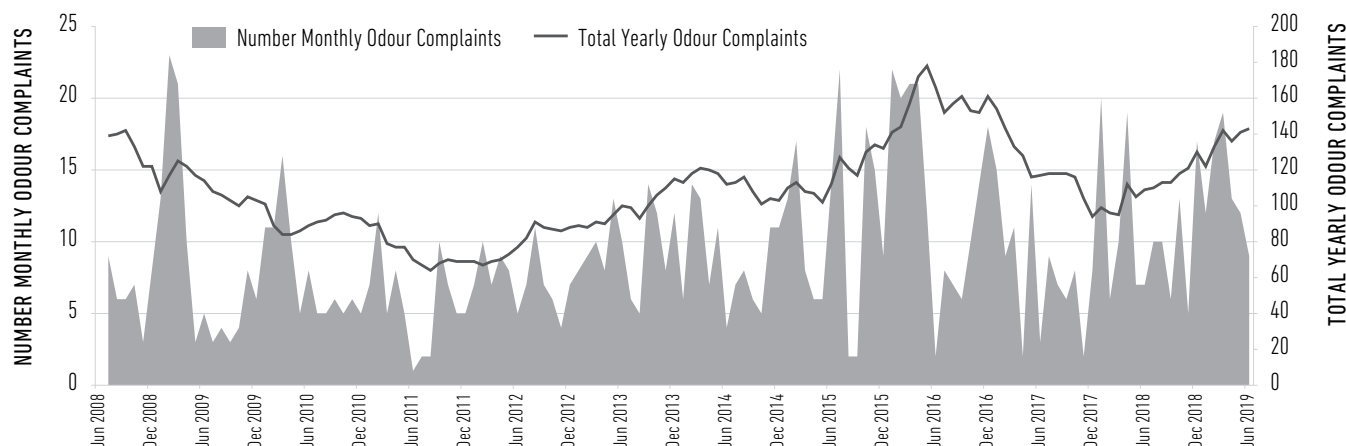


ODOUR MANAGEMENT

In 2018/19 we received 143 odour complaints. The reasoning for the complaints is broken down below:

- › 60 per cent were associated to a Coliban Water asset
 - 19 per cent Sewer Pump Stations and rising mains
 - 16 per cent gravity sewer reticulation (non-blockage)
 - 11 per cent gravity sewer reticulation (blockage)
 - 1 per cent gravity sewer reticulation (preventative maintenance)
 - 13 per cent WRPs
- › 20 per cent were communications with customers regarding a previous complaint or a resolved issue
- › 16 per cent were non Coliban Water assets (such as private plumbing and storm water)
- › 4 per cent could not be confirmed

ODOUR COMPLAINTS



TRADE WASTE

As part of our active program to maintain control of potential impacts on our wastewater network and WRPs from trade waste customers, we have:

- › Reviewed our trade waste customer classification system
- › Commenced a review of our trade waste prices
- › Conducted additional trade waste monitoring
- › Actively managed 18 Major trade waste customers' waste water flows and quality under Trade Waste Agreements.

ODOUR AND CORROSION STRATEGY IMPLEMENTATION

We continued to operate and enhance our existing Odour and Corrosion Control Systems and monitor odour at critical sites within our sewer networks. During the year 2018/19 we have also:

- › Installed a new odour control system in Castlemaine
- › Replaced existing odour control systems in Castlemaine and Bendigo
- › Purchased new monitoring equipment including odour loggers
- › Identified assets experiencing high levels of corrosion and prioritised renewal works
- › Undertaken a gas sampling program

INFLOW AND INFILTRATION STRATEGY IMPLEMENTATION

The entry of stormwater and groundwater into the sewer systems is known as Inflow and Infiltration. Our sewerage network and WRPs' performance is impacted by the additional flows. During 2018/19 we have:

- › Undertaken catchment flow monitoring in Kyneton and Bendigo to identify and prioritise asset investment
- › Undertaken sewer manhole rehabilitation
- › Installed alarming on an Emergency Relief Structure and two sewer network manholes

SUPERVISORY CONTROL AND DATA ACQUISITION (SCADA) UPGRADES FOR SEWER NETWORK

SCADA upgrades have continued with the upgrade of several critical Sewer Pump Stations (SPSSs) in 2018/19. Several treatment plants and high lift tower sites have also been upgraded. The upgrades bring higher quality data and greater control and operation of the site using the latest SCADA hardware on the market.

Works are ongoing for the development of a new SCADA Human Machine Interface (HMI) that models and provides greater insight into the operation of the sewer network. Further sewer manhole level sensing has been implemented, further reducing operational risk for the business.

WORKING AT COLIBAN WATER

OUR TRADEMARK BEHAVIOURS

Our trademark behaviours guide our interactions with each other, our customers and our stakeholders. Our trademark is:

- › **Trust** – the team and the people within Coliban Water
- › **Honesty** – always be honest, good or bad
- › **Unified** – one consistent message
- › **Committed** – do what it takes to achieve the outcomes

We are committed to providing a workplace that is inclusive, flexible, empowering and safe, where the diversity of our people is embraced. We have a rich cultural diversity with 14* per cent of our workforce not born in Australia and 10* per cent who speak languages other than English at home. With a focus on gender equity, our workforce demographics for females has increased over the past year from 41 per cent to 43 per cent. The Coliban Water Leadership team consisting of 10, has strong diversity with equal representation of males to females. We have 31 per cent female representation within the Senior Management Team and are working towards achieving gender balance through the implementation of a gender equity strategy. In 2018/19 we have continued implementation of our Diversity and Inclusion Plan including a focus on the accessibility of our workplace for both customers and staff, the development of a new *Reconciliation Action Plan* and the implementation of a range of family violence policies, education and training.

Our ongoing work and commitment to family violence has resulted in Coliban Water being awarded White Ribbon Workplace Accreditation status and our focus on accessibility has enabled the workplace to achieve Accessibility Accreditation with Scope.

The Diversity and Inclusion plan continued to provide opportunities for the employment of indigenous people through our Rural team partnering with Dja Dja Wurrung to undertake channel maintenance and by working together with secondary schools and TAFE to offer local indigenous students school based traineeships.

*Data based on demographics collected via 2018 People Matter Survey where staff participation rate was 85 per cent.

DEVELOPING OUR PEOPLE

Our commitment to providing training and professional development opportunities to our employees has continued this year, with employees participating in a range of leadership and technical training.

Our focus this year has been on delivering a range of health and safety training to educate employees on the risks associated with undertaking their work and ensuring safe work practices to minimise the risks.

Employees continue to actively participate in a range of professional development opportunities within the water industry and their areas of professional expertise. This participation enables our people to leverage the industry knowledge base, explore new technologies and best practice, growing our workforce knowledge and capability.

We have continued to support employees to undertake accredited training and further study at both undergraduate and postgraduate levels.

Our corporate structure can be found on page 41.

STUDENT AND GRADUATE OPPORTUNITIES

Coliban Water has a commitment to providing local employment and to building the region's skills, capability and employability. We continue to provide opportunities through a range of programs for people starting out in their careers.

We continue to build engineering talent with our Graduate Program that enables graduate engineers to rotate through up to nine different areas across the organisation. Our summer vacation program offers employment to students across a range of engineering and business disciplines, and our Work Integrated Learning (WIL) program is a partnership with local universities that provides opportunities to simultaneously study and work. Our most recent WIL students studied and worked in the areas of engineering and information technology.

These programs provided an opportunity to students and new graduates in building their skills and knowledge whilst gaining valuable work experience.

WORKFORCE STATISTICS		2019							2018						
		ALL EMPLOYEES		ONGOING			FIXED TERM AND CASUAL		ALL EMPLOYEES		ONGOING			FIXED TERM AND CASUAL	
		HEADCOUNT	FTE	FULL TIME HEADCOUNT	PART TIME HEADCOUNT	FTE	HEADCOUNT	FTE	HEADCOUNT	FTE	FULL TIME HEADCOUNT	PART TIME HEADCOUNT	FTE	HEADCOUNT	FTE
DEMOGRAPHIC DATA	Gender														
	Women	87	81	58	21	73	8	8	79	73	55	17	67	7	6
	Men	117	116	110	3	112	4	4	114	113	107	3	109	4	4
	Self-described	n	n	n	n	n	n	n	n	n	n	n	n	n	n
	Age														
	15-24	5	5	5	0	5	0	0	7	7	4	0	4	3	3
	25-34	48	46	42	3	43	3	3	49	48	44	3	46	2	2
	35-44	50	47	39	9	45	2	2	43	40	35	7	40	1	0
	45-54	65	63	52	8	58	5	5	68	66	58	7	63	3	3
	55-64	30	30	26	2	28	2	2	24	23	21	2	22	2	2
	65+	6	6	4	2	6	0	0	2	2	0	2	2	0	0
CLASSIFICATION DATA	Classification ⁽ⁱ⁾														
	Band 1	13	13	12	0	12	1	1	16	16	14	0	14	2	2
	Band 2	40	38	30	8	36	2	2	40	38	29	6	33	5	5
	Band 3	48	45	35	9	41	4	4	45	43	34	8	40	3	3
	Band 4	54	52	48	4	50	2	2	46	44	42	3	44	1	0
	Band 5	28	28	23	3	26	2	2	24	23	21	3	23	0	0
	Band 6	16	16	15	0	15	1	1	15	15	15	0	15	0	0
	Executives ⁽ⁱⁱⁱ⁾														
	Executives	5	5	5	0	5	0	0	7	7	7	0	7	0	0
TOTAL EMPLOYEES		204	197	168	24	185	12	12	193	186	162	20	176	11	10

Notes:

- (i) All figures reflect employment levels during the last full pay period in June of each year.
- (ii) Excluded are those on leave without pay or absent on secondment, external contractors/consultants, and temporary staff employed by employment agencies.
- (iii) Ongoing employees includes people engaged on an open ended contract of employment and executives engaged on a standard executive contract who were active in the last full pay period of June.
- (iv) The increase in employment headcount levels between June 2018 and June 2019 is a result of an increase in flexible working arrangements including part-time, job share and transitions to retirement. The increase is also attributed to the commencement of a business wide, information technology transformational project.
- (v) (e.g. "30 fixed term and casual FTE staff were employed for a two month period to support delivery of a World Water Expo in May 2019.")
- (vi) Employees classified as Band (Band 1 to 6) are employed under the *Coliban Water Enterprise Agreement 2017*. Employees classified as Executives are engaged on a standard executive contract.

Our employees have expertise and experience in a variety of disciplines including Engineering, Water Quality, Environmental Science, Project Management, Customer Support, Accounting, Economics, Human Resources, Corporate Communications, Governance and Risk, Information Technology and Administration.

SALARY ANALYSIS

Annualised total salary, by \$20,000 bands, for executives and other senior non-executive staff.

SALARY RANGES	SENIOR EMPLOYEES	EXECUTIVES
\$154,000 – \$173,999	13 [^]	2
\$174,000 – \$193,999	0	2
\$194,000 – \$213,999	0	1
\$214,000 – \$233,999	0	0
\$234,000 – \$253,999	0	0
\$254,999 – \$273,999	0	0

Notes:

The salaries reported above are for the full financial year, at a 1 – FTE rate, and exclude superannuation.

The Senior employees and Executives included in the above table have annualised total salaries above the VPS Band 6 max as at 30 June 2019 of \$159,124

[^]All senior employees reported in this salary range are reported in the Classification Band 6 of the Workforce Statistics.

EMPLOYEE RELATIONS

The *Coliban Water Enterprise Agreement 2017* provides the employment terms and conditions for most Coliban Water employees. The Employee Consultative Committee, which includes representatives from staff and management, has been established this year to ensure the Enterprise Agreement encourages and enables our workforce to achieve improved business performance. We have continued to work productively with relevant unions and there was no time lost due to industrial issues or disputes during the year.

EMPLOYEE TRAINING AND DEVELOPMENT

All employees participate in our Performance Development Program (PDP). This process aligns individual expectations with business objectives and enables staff and managers to identify opportunities for training and professional development.

PROFESSIONAL DEVELOPMENT ACTIVITIES	2018/19	2017/18
Total training hours	4,800	5,067
Total training investment	\$602,425	\$671,614

ATTRACTION AND RETENTION

We have adopted the Victorian Public Sector employment principles of:

Fair and reasonable treatment

- › Equal opportunity
- › Merit in employment
- › Reasonable avenue of redress against unfair and unreasonable treatment

These principles underpin our human resources policies and practice.

Employers must ensure that:

- › Decisions are based on merit
- › Employees are treated fairly and reasonably
- › Equal employment opportunity is provided
- › Reasonable avenues of redress against unfair or unreasonable treatment

Employees must:

- › Act with impartiality
- › Display integrity, including avoiding real or apparent conflicts of interest
- › Be accountable for their actions
- › Provide responsive service

We continue to actively promote our commitment to diversity and inclusion as part of our recruitment process and encourage people from a diverse range of backgrounds to apply. To further support a diverse workforce and contribute to an inclusive work environment we offer a range of flexible working arrangements, including the establishment of agreements to work from alternative work locations.

Together with our business partners, we provide employment for around 280 people throughout the region.

OUR BUSINESS PARTNERS

On 1 July 2013 Coliban Water's Operations and Maintenance Services Contract commenced. This contract was awarded to Lendlease Services Pty Ltd and was extended for a period of five years on 1 July 2017, with a further option of an additional five years. The scope of this contract includes operations and maintenance of water and wastewater assets in our region, excluding water treatment at Bendigo, Castlemaine and Kyneton, and wastewater treatment at Echuca and Rochester.

We also manage two public private partnerships:

AQUA 2000 – BENDIGO WATER SERVICES PTY LTD (BWS)

BWS is owned by Veolia Water Australia. The company owns and operates water treatment plants for Bendigo, Castlemaine and Kyneton areas under a 25 year Build Own Operate Transfer (BOOT) contract that started in June 2002.

CAMPASPE WATER RECLAMATION SCHEME – ETE COLIBAN PTY LTD (ETEC)

ETEC is owned by Pentair Water Operations Australia Pty Ltd. The company owns and operates the Echuca and Rochester Water Reclamation Plants under a 25 year BOOT contract that commenced in September 2004.

We also have a joint venture with Central Highlands Water (CHW) to operate and maintain the Goldfields Superpipe, constructed from Colbinabbin – Bendigo – Ballarat in 2007/08. Veolia Water is contracted to operate the Superpipe on the joint venture's behalf.

We are committed to being an active leader in sustainability performance across our region.

Our operations are underpinned by our certified Environmental Management System which ensures and maintains our commitment to environmental sustainability. The delivery of positive environmental outcomes is what we strive for, and we work to and manage any impacts associated with our activities.

We actively engage the stakeholders within our region, including the Department of Environment, Land, Water and Planning (DELWP), Environment Protection Authority (EPA), North Central Catchment Management Authority (North Central CMA), Goulburn-Murray Water (G-MW), Parks Victoria, traditional land owners, regional sustainability groups and the nine local government areas covering our region.

Key initiatives for the year included:

- ▶ Delivering the *Energy and Carbon Management Strategy*
- ▶ Promotion and support of Integrated Water initiatives in the region, including active participation in the Coliban Integrated Water Forums.

SUSTAINABLE WATER USE

We are continuing to manage for sustainable water use across our region. In March 2017, we developed our *Urban Water Strategy 2017 (UWS)*. The UWS uses climate and population growth projections provided by DELWP. The climate baselines were based on the guidance notes prepared by DELWP. The baselines confirm a reduction in rainfall and a significant reduction in inflow. We manage our water resources consistent with our *Annual Water Outlook and Annual Operating Plan*, as well as relevant operational plans, prepared at the commencement of each financial year and finalised by the end of each November. The objective is to ensure that water is appropriately stored for future years and to minimise the risk of water restrictions being imposed.

Likewise, our water allocation accounts with external water storage managers are managed to ensure the long term sustainability of our water supplies.

Our water supply leak detection and water mains replacement programs continue, as does the program to minimise the loss of water at water treatment plants, including the implementation of backwash water recycling.

SUSTAINABLE AND RESILIENT WATER SERVICES SYSTEMS

The Harcourt Rural Pipe System continued successful operation during the 2018/19 irrigation season. This project is part of our broader rural services efficiency program. We continue to investigate alternative options, including potential piping, to reduce leakage and inefficiencies from our rural system. Decommissioning may be considered as an appropriate solution in some circumstances.

We supported the Victorian Government's Bendigo Groundwater Project to minimise impacts and maximise benefits of Bendigo's rising groundwater. Works for the interim solution were completed and treated water production commenced in August 2017. We continue to work with developers and other stakeholders to investigate options for integrated provisioning of water and wastewater services to ensure sustainable and resilient water services systems.

INTEGRATED WATER MANAGEMENT

Following the release of the State Government *Integrated Water Management Framework for Victoria* in 2017, we have been working with the department to establish the Coliban Integrated Water Forum. The forum was initially chaired by Mick Bourke and involves representatives from all nine councils, Dja Dja Wurrung Aboriginal Clans Corporation, Yorta Yorta Nations Aboriginal Corporation, Taungurung Clans Aboriginal Corporation, North Central CMA, Local DELWP, Victorian Planning Authority, GMW, GWM Water. Jeff Rigby stepped in as interim chair in early 2018 until Jenny Dawson was appointed as permanent chair in June 2019.

The forum has identified project opportunities for the region that can deliver on a number of integrated water objectives. A key deliverable is the development of a Strategic Directions Statement which establishes the direction and focus of the forum. This was completed in September 2018.

A Water Sensitive Bendigo Working Group and network has been formed to implement the *Vision and Transition Strategy for a Water Sensitive Bendigo* (the *Strategy*), a research project developed by the Cooperative Research Centre for Water Sensitive Cities in 2018. The *Strategy* provides a 50-year vision for Bendigo as a thriving inland city, where water innovation supports healthy people, green environments and resilient systems. Partner organisations, including Coliban Water, City of Greater Bendigo, DELWP, Dja Dja Wurrung Clans Aboriginal Corporation and North Central CMA, and supporting organisations including the CRC for Water Sensitive Cities, Department of Health and Human Services and GMW have signed a Memorandum of Understanding outlining the working arrangements. A three-year Implementation Plan has been developed as a result. An example is partnering with the City of Greater Bendigo's Reimagining Bendigo Creek project.

We continue to work with all nine councils across the region with the development of innovative solutions for integrated water management.

BIODIVERSITY

Many of the sites we manage support important and rare native species and ecological communities. Our Threatened Biodiversity Register includes 23 threatened plant and 29 threatened fauna species.

Recognising the need to minimise our impact on biodiversity and native vegetation through the delivery of our operational activities and projects, we actively contribute to the implementation of *Victoria's Biodiversity Strategy – Protecting Victoria's Environment – Biodiversity 2037*, through participation at regional events, as well as working with staff to recognise the value of biodiversity and habitat through avoiding and minimising impacts on native vegetation associated with our works, wherever possible.

Biodiversity protection and conservation continues to be considered through both capital works planning and approval processes and in the planning of operational tasks across the organisation. We continue to monitor populations of the federally-listed Growling Grass Frog species at the Bendigo Water Reclamation Plant, with healthy numbers observed and recorded during core breeding periods over spring and summer. We have been working with adjoining landowners and Landcare Groups to identify where we could work collaboratively over the coming years to manage threats to the population, such as pest plants and animals.

Implementation of three year land rehabilitation plans developed and implemented as part of the Coliban Main Channel Renewals project, and at Castlemaine Water Reclamation Plant, has continued with a focus on revegetation using local indigenous species. Tough climatic conditions during the last year have adversely impacted on seed germination and seedling establishment, with losses of seedlings at all sites. Infill planting has occurred to ensure outcomes are achieved. We consult with adjoining Landcare groups and landowners to ensure these works are complementary to works already being implemented, and will deliver the best possible habitat outcome for native fauna, whilst working in with operational constraints.

Spring Gully Reservoir and Barkers Creek Reservoir were registered as Land for Wildlife properties in recognition of the high quality habitat values at these sites. Spring Gully Reservoir supports threatened woodland bird and mammal species and Barkers Creek Reservoir supports the federally-listed, critically endangered White Box – Yellow Box – Blakely's Red Gum Grassy Woodland Community.

The Bendigo Field Naturalists Group has undertaken biannual bird counts at the Bendigo Water Reclamation Plant again this year, providing valuable data.

LAND AND CATCHMENT MANAGEMENT

Our catchments and operational areas are closely managed to ensure we monitor our land for fire and tree hazards and manage our pest plant obligations, whilst also protecting water quality in our storages. We also work to enhance river health and support biodiversity across our lands and catchments. Further to this, we give consideration to the principles set out in the *Regional Catchment Strategy*, *Victorian Waterway Management Strategy* and the *State Environmental Protection Policy (SEPP)*.

As part of our pest plant management programs, we continued to manage land around the Malmsbury, Lauriston and Upper Coliban Reservoirs, as well as along our rural channel network and around our minor storages. This program focusses on invasive terrestrial weeds, such as Gorse, Patterson's Curse and Blackberries, that impact on adjoining landowners and natural environments. The program also controls aquatic weeds, such as nut-grass and umbrella sedge, on earthen channels, which can restrict flows to our customers.

Through our fire hazard management programs, we take a proactive approach to reducing fuel loads to minimise risks to adjacent landowners' high value assets, as well as public areas. We also work collaboratively with other agencies through regional forums to prepare for upcoming and future fire seasons. We also continue to undertake a tree hazard management program to reduce risks to staff, public and assets at our Coliban River Reservoirs, and across our various land assets. We engage specialist consultants and contractors to assess and prune trees to minimise the risk of limb shedding and retain habitat for fauna wherever possible. This aids in minimising removals and maintaining trees, wherever possible, in the landscape for biodiversity and amenity values, whilst maintaining both safe work sites and safe public open spaces.

After completing the Pines Removal Project, rehabilitation of the harvested stands in recreational and visitor areas has continued. During 2018/19, significant work occurred to complete major elements of the rehabilitation program for the Upper Coliban and Lauriston Reservoirs. Rehabilitation efforts have focused on pest plant and Pine wildling control to protect revegetation efforts, and access track enhancement. It has also involved working collaboratively with Dja Dja Wurrung Aboriginal Corporation for a shelter design overseeing the Upper Coliban dam wall and spillway that reflects the cultural values of the area and welcomes visitors to Dja Dja Wurrung country.

We will continue to engage with Traditional Owner enterprises, such as Djandak (Dja Dja Wurrung Enterprises Pty Ltd), to deliver land and natural resource management outcomes on country where possible.

Since the release in February 2015 of our *Drinking Water Storages and Land Management Plan*, 20 Catchment Works Agreements have been entered into with adjoining landowners, effectively removing stock access from adjoining private property to raw water supplies around the Malmsbury and Upper Coliban Reservoirs.

Achievements under these agreements include around 27 kilometres of fencing and approximately \$146K in off storage watering incentives at Malmsbury, Lauriston and Upper Coliban Reservoirs. We are continuing to negotiate with landowners adjoining Lauriston Reservoir to complete fencing to minimise risks to water quality. In order to achieve this, we have created a Landowner Reference Group to assist with supporting informed decision-making around land management issues.

Additional notable achievements which have occurred since the release of the *Plan* include:

- › Commencement of revegetation works of foreshore lands at Malmsbury Reservoir and Upper Coliban Reservoir, now that livestock exclusion fencing has been completed
- › Implementation of a signage strategy at recreational areas adjoining the Coliban River Reservoirs to deliver enhanced visitor experiences

CATCHMENT PLANNING AND PROTECTION

We are responsible for providing statutory and strategic land use planning engagement with municipalities where sewerage is not connected, and we are a determining referral authority under section 55 of the *Planning and Environment Act 1987*. As part of our role in declared water supply catchments, declared under the *Catchment and Land Protection Act 1994*, we provided responses to planning permit applications referred to us by local government under clause 66.02-5 – 'Special Water Supply Catchment' of the Victorian Planning Provisions and relevant municipal planning schemes.

Our responses provide support to local government, by recommending conditions to applications for the use and development of privately-owned land in open water supply catchments, so as to ensure minimal impacts on the quality and quantity of water available to the environment and for use in water supply to the townships that we service. We have, on occasion, objected to the issuing of a planning permit, where we consider there is potential for adverse impacts.

The Memorandum of Understanding (MoU) between Coliban Water and the North Central Catchment Management Authority (North Central CMA), which was originally signed by the two organisations in late 2015, was reviewed and renewed in 2018 for a further two years. The MoU enables the protection and/or enhancement of the beneficial uses of catchment areas and the environment, with a focus on risks to water security from climate change and land-use change. A key action outlined in the MoU addendum Action Plan was the continued development and implementation of the *Upper Coliban Catchment Integrated Catchment Management Plan*.

In addition to this, the NCCMA have progressed the Kyneton Offsets Project to the implementation phase. Ten kilometres of land along the Campaspe River and Post Office Creek will see the benefits of environmental improvement works, providing an ongoing benefit to the overall health of the Campaspe River, well beyond the life of the project. At the end of 2018/19, the NCCMA have completed 2.5 kilometres of willow and woody weed removal, and 1 kilometre of fencing, at agreed sites along the Campaspe River.

UPPER COLIBAN INTEGRATED CATCHMENT MANAGEMENT PLAN

The *Upper Coliban Integrated Catchment Management Plan (ICMP)* was developed from work that commenced in 2015/16, in response to various threats facing the Upper Coliban Catchment (UCC). Through active participation by a range of stakeholders, including landholders within the catchment, local Landcare groups, local and Victorian government agencies, and Goulburn-Murray Water, the *ICMP* is a comprehensive analysis of the benefits and costs of protecting and enhancing the UCC. The *ICMP* is a key step in the delivery of safe drinking water supply and a key principle of 'Catchment to Tap' multi-barrier approach for the production of safe drinking water.

The *ICMP* will enable the provision of a safe and secure water supply for communities in central and northern Victoria, along with enhanced river, biodiversity and catchment health outcomes. The *ICMP* has a 20-year horizon and has been developed around three specific, measurable, achievable, realistic and time-bound goals which address future development pressures, waterway protection and habitat connectivity goals.

Delivery and implementation of the *ICMP* is through a Coliban Water and North Central CMA partnership program called 'A Healthy Coliban Catchment' (AHCC). The program involves a range of on-ground actions (stock exclusion from waterways, riparian regeneration and revegetation, willow removal) and strategic planning through municipal planning scheme amendments and the development of Environmental Significance Overlay controls to protect and enhance source water supplies.

Over 2018/19 the program delivered on-ground works outlined through the AHCC *Annual Works Plan*, including 14 kilometres of riparian fencing, 25 off-stream watering points, 66 hectares of weed management and 13 hectares of revegetation across the UCC. Similar targets are planned for in the works plan for 2019/20.

A Social Benchmarking survey was conducted within the UCC, and data was gathered using surveys mailed to rural landowners. The survey covered topics that will inform future engagement with rural landowners, and benchmark the implementation of best practice Natural Resource Management (NRM). The survey was to all property owners (in the form of a census) who occupied land of two hectares or more within the shires of Hepburn and Macedon Ranges. There were 851 potential respondents, and 413 returned surveys were received, for a response rate of 50 per cent.

The evidence presented throughout the survey report supported the conclusion that the UCC is a multifunctional landscape; that is, there is a mix of values that shape the land use and management practices of rural landowners in the UCC. It seems likely that agriculture is an important element of the appearance and condition of the UCC, however other values, such as amenity (e.g. recreation and aesthetic) and conservation, are likely to be more important for most UCC landowners.

The AHCC has initiated a partnership with the two relevant local governments, Macedon Ranges Shire Council and Hepburn Shire Council to better manage on-site domestic wastewater systems. Funding has been allocated by Council and the AHCC program to develop a monitoring and reporting pilot program initially focussed on high risk locations. The partnership with Macedon Ranges Shire Council also extends to supporting their delivery of a Regenerative Grazing Workshop and short course, and landholder information sessions.

Catchment Water Quality monitoring has been increased in conjunction with the AHCC program and this is being complemented with a Healthy Coliban Citizen Science water quality monitoring program, being delivered by North Central CMA.

The delivery of catchment works, through partnerships between water corporations and catchment management authorities, is a key element of the *Our Catchments, Our Communities* policy

framework, which is a state-wide strategy for integrated catchment management in Victoria.

Dja Dja Wurrung Enterprises (DDW Enterprises Pty Ltd) are supported by the AHCC through funded inclusion on the Technical Working Group and input into the development of the Annual Works Plan. The Aboriginal Waterways Assessment (AWA) for the UCC area provided directions for opportunities for DDW Enterprises to engage, partner and support AWA outcomes within the AHCC program. The tool used to conduct AWAs was developed by the Murray Darling Basin Authority to help Traditional Owner groups assess the cultural health of waterways, in order assist them to participate in the planning and management of waterways, and develop culturally-informed management objectives.

IMPROVED PLANNING OUTCOMES

We have initiated the planning process, through a planning scheme amendment in the Greater Bendigo municipal planning scheme, for the introduction of an Environmental Significance Overlay control for the Bendigo Water Reclamation Plant (WRP) at Epsom. Encroachment and development of land for sensitive uses near to water reclamation plants is a significant issue affecting all water corporations.

For Coliban Water, the Bendigo WRP is a critical piece of community infrastructure that receives and treats sewage from approximately 103,600 people in the Bendigo region – comprised of about 92,000 residents and 11,600 industrial, commercial or other customers.

Due to the nature of the treatment processes carried out at the Bendigo WRP, it can generate unpleasant odours. We hold a licence to operate the WRP, issued by EPA Victoria, which states that under normal operation offensive odours must not be discharged beyond the boundary of the plant.

However, unexpected events, such as the malfunction of equipment or abnormal weather conditions, can lead to 'upset conditions' in which unintended air emissions may be detected beyond the boundaries of the plant. It is for this reason the amendment is required, which will highlight any sensitive land use within the overlay, such as residential development, schools or childcare centres.

STATE ENVIRONMENTAL PROTECTION POLICY (SEPP) (WATERS)

The *State Environment Protection Policy (Waters)* was published in the Victorian Government Gazette on 19 October 2018. The *SEPP (Waters)* now formally replaces *SEPP (Groundwaters of Victoria)* and *SEPP (Waters of Victoria)* (including all schedules). While *SEPP (Waters)* is now Victorian policy, DELWP and EPA Victoria are working together on the Subordinate Legislation Reform Project to deliver consolidated regulations and Environment Reference Standards that will support the state's new preventative framework for environment and human health protection that comes into effect in 2020. We are an active participant in the Water Special Working Group that is supporting this process.

The *SEPP (Waters)* are implemented through our reporting and engagement with the EPA to ensure all reasonably practical measures are undertaken in applying the principles of the waste hierarchy. Our water reclamation plants and sewer networks maintenance programs aim to minimise any impacts. Network argumentation and risk-based monitoring programs provide the basis for ensuring any wastewater discharges meet the expectations and obligations of beneficial uses.

Projects, such as our Kyneton Environmental Offsets project aim to achieve the protection of beneficial uses at a landscape scale of environmental enhancement, along with other beneficial environmental works. We engage with local government on the management of domestic wastewater at a municipal scale and also at an individual Lot scale through our response to planning permit referrals.

ENVIRONMENT PROTECTION AUTHORITY (EPA) AMALGAMATED LICENCE AND COMPLIANCE

Planning for projects that will increase the service and performance capacities progressed at our priority WRPs through 2018/19, in particular for the Kyneton WRP.

In addition to this, the North Central CMA have progressed the Kyneton WRP Licence Amendment and Offset project to the implementation phase. In-principle agreement for the Licence Amendment and Offset project application was obtained from the EPA in October 2018, with formal approval to be granted upon attainment of project milestones that initiate offsetting of nutrient loads to the Campaspe River. So far, the North Central CMA have completed 2.5 kilometres of willow and woody weed removal and 1 kilometre of fencing.

The project has been delayed due to landholder negotiations not achieving successful agreement at an originally proposed work site. As a result, the project will be rolled out across a greater length of waterway at alternative upstream locations. The project will achieve a total of 13.5 kilometres of weed removal, 13.5 kilometres of native riparian revegetation, 11.4 kilometres of fencing and off-stream watering provisions, where required.

The EPA's Major Industries Unit conducted a Major Industry Assessment (MIA) of the Bendigo WRP on 24 April 2018. The final report was issued to Coliban Water on 17 May 2019, including nine requirements and 22 recommendations. The majority of the requirements are in regard to improvements in the compliance monitoring program for the site, its procedures, and enabling the EPA to use the program to assess compliance. These requirements will be served to Coliban Water in Pollution Abatement Notices in 2019/20.

The Castlemaine WRP experienced solids treatment and disinfection issues from July 2018. While EPA Licence requirements were complied with, this resulted in the quality of water released to Campbells Creek being of a lower quality than normal. Precautionary steps were taken to advise the community and downstream creek users to avoid contact with the water in the creek until treatment issues were resolved. We worked with downstream landholders, the EPA and the Office of the Chief Veterinary Officer to understand the risks in consideration of water usage and ongoing water requirements into the future.

In May 2019 we were granted EPA approval to release treated water outside of Licence requirements from the Kyneton WRP. On 31 May 2019 we began releasing Class B without instream flows. On 6 June 2019 we were required to begin releasing a blend of Class B and Class C recycled water in order to protect lagoon infrastructure and to avoid any uncontrolled releases from the plant. The EPA requested we include public health warning with notifications regarding appropriate uses of recycled water, with notifications to landowners. These warnings recommended that water in the Campaspe River was not suitable for stock consumption or recreational use. We have continued to work with landowners, EPA and local government to fully understand the risks and impacts of the discharge within the context of the expected water quality of the Campaspe River. Coliban Water continues to work towards the implementation of a mitigation strategy to upgrade the plant and achieve compliance, preventing future discharges of poorer quality treated water.

ENVIRONMENTAL COMPLIANCE

We manage sewage treatment services at 14 Water Reclamation Plants (WRPs), 12 of which were regulated in 2018/19 under EPA amalgamated Licence 74405. A further two WRPs are managed by contractors operating under Build Own Operate Transfer (BOOT) schemes.

Additionally, we manage the operation of the Bendigo Groundwater Treatment Plant, located at the New Moon mine site in Sailor's Gully, which prevents natural releases of highly saline, high arsenic-containing, water to the environment, whilst also protecting local tourist infrastructure.

Our 2018/19 Annual Performance Statement (APS) to the EPA will report that licence compliance was achieved at six WRPs, with eleven non-compliances being recorded in relation to the Kyneton WRP, Bendigo WRP, Heathcote WRP, Castlemaine WRP, Elmore WRP and Lockington WRP. A summary of the eleven non-compliances is listed below.

REQUIREMENT	LOCATION	DATE	DESCRIPTION
LI_G1 LI_DW2.10	Kyneton WRP	01/07/2018	Discharge ratio of 1:5 exceeded
LI_G1	Bendigo WRP	04/07/2018	The discharge pipeline leaked treated water into onsite storm-water drain which flowed offsite
LI_G5	Bendigo WRP	17/05/2019	Monitoring program insufficiently identifies compliance to EPA (Major Industry Assessment)
LI_A1	Bendigo WRP	17/07/2018	Offensive odours emitted from centrifuge shed
LI_A1	Heathcote WRP	23/08/2018	Offensive odours emitted from Lagoon 1
LI_A1	Castlemaine WRP	21/09/2018 - 30/09/2018	Offensive odours emitted from Solids Treatment Process
LI_G1	Kyneton WRP	07/03/2019	Discharge of irrigation water from irrigation bays to Snipes Creek
LI_DL1	Elmore WRP	08/03/2019	Investigating possible lagoon seepage to groundwater in accordance with PAN
LI_DL1	Lockington WRP	08/03/2019	Investigating possible lagoon seepage to groundwater in accordance with PAN
LI_G1 LI_DW2.10	Kyneton WRP	31/05/2019	Discharge ratio of 1:5 exceeded
LI_DW2	Kyneton WRP	30/06/2019	Annual median concentrations exceeded for BOD and TSS

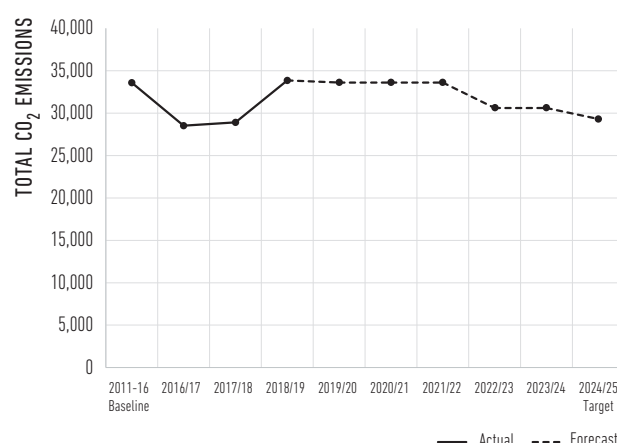
Increased maintenance activities on our sewer networks have continued to result in improved performance and further reductions in dry weather sewer spills to the environment. During 2018/19, in accordance with EPA's notification protocol, the EPA was notified of 10 high priority sewer spills from our sewer catchment systems. This is an improvement on the 14 high priority sewer spills that were reported in 2017/18. In such cases, we provide immediate response and priority clean-up, particularly in areas of unrestricted public access or sensitive land uses. Our Operations and Maintenance operational partner utilises standard operating procedures to respond to high priority sewer spills that are designed to protect public health and minimise the environmental impact of spills.

Coliban Water appeared in the Kyneton Magistrates Court on 18 February 2019 in relation to a sewage spill from a pressurised main located off Jeffrey Street, Kyneton, which occurred in June 2016. The magistrate ordered Coliban Water to provide \$100k to Dja Dja Wurrung to fund an Aboriginal Waterway Assessment of the Campaspe River and pay for EPA's legal costs. No conviction was laid against Coliban Water.

The development of our *Energy and Carbon Management Strategy* has been a key strategic focus for the corporation in 2018/19. The *Strategy* will be implemented through an *Annual Carbon and Energy Plan* that will set the priorities and monitor progress against the targets.

We aim to minimise our impact on the environment through the reduction of carbon emissions and to reduce operational costs associated with the purchase of grid electricity. We do this through adopting a ‘portfolio’ approach that encompasses procurement, demand management, renewable generation and energy efficiency.

NET GREENHOUSE GAS EMISSIONS (TONNES OF CO₂ EQUIVALENT)



STATEMENT OF OBLIGATIONS (EMISSIONS REDUCTION)

We will reduce our carbon emissions by 13 per cent to our pledged target of 29,304 tonnes CO₂-e in 2024/25, against the baseline of 33,604 tonnes CO₂-e.

In addition to this 4,300 tonnes CO₂-e, reduction, we have a further ‘stretch’ target to reduce emissions by an additional 8,000 tonnes CO₂-e.

Our greenhouse emissions have increased in 2018/19 due to the operation of the Goldfields Superpipe, electricity consumption and water security, closely linked in drier climatic conditions.

PERFORMANCE INDICATOR	TONNES CO ₂ -EQ		VARIANCE (%)	COMMENTARY
	2018/19 TARGET	2018/19 RESULT		
Water Treatment and Supply	8,936	10,328	15.6	The Goldfields Superpipe has been operational in 2018/19.
Sewerage Treatment and Management	23,019	22,117	-3.9	The decrease in emissions can be attributed to significant energy intensive equipment being offline.
Transport	980	878	-10.4	O&M fuel usage has decreased.
Other	669	533	-20.3	Building energy consumption has remained stable.
Total	33,604	33,857		

We are amongst the 13 Victorian water corporations that are partners in Zero Emission Water, a Power Purchase Agreement with Total Eren’s Kiamal Solar Farm. This project will enable us to generate cost neutral carbon offsets to cover between 15–20 per cent of our electricity emissions over the contract life.

We have been responsive to community energy security needs. We are participating in the combined Australian Energy Market Operator (AEMO)/ Australian Renewable Energy Agency (ARENA) Demand Management Program and Frequency Control Ancillary Services Program. This initiative is contributing to grid stability, as well as providing options for energy management across the business.

To increase energy understanding across our asset base, we are continue to participate in a number of industry-wide energy projects, which includes sub-metering and developing training materials to assist staff. We are an active member of state and national water industry energy networks. These forums are a valuable space to share insights and knowledge across the sector.

TOTAL ELECTRICITY USE	(MWh)		COMMENTARY
	2017/18 RESULT	2018/19 RESULT	
Water Treatment and Supply	4,833	9,652.5	The Goldfields Superpipe was operational in 2018/19 contributing to a 15 % increase in electricity use.
Sewerage Treatment and Management	18,348.7	17,700.4	Energy-intensive assets have been offline in 2018/19 at Bendigo Water Reclamation Plant.
Other (office, workshops, depots etc)	478.4	498.3	No significant change from previous years.
Total (a)	23,660	27,851.3	

ENERGY GENERATED OR EXPORTED

Coliban Water has one water treatment plant that utilises a 30kW photovoltaic system. We are currently finalising a feasibility study to identify other solar renewable energy opportunities across our asset base. Numerous telemetry sites are powered by solar panels.

RENEWABLE ELECTRICITY USED	(MWh)		COMMENTARY
	2017/18	2018/19	
1. Solar	0	56.37	30kW System at Korong Vale WTP. Solar generation made up 40% of total energy use onsite.
2. Hydro-electric	0	0	
3. Wind Power	0	0	
4. Biogas	0	0	
5. Green-power	0	0	
6. Other	0	0	
Total	0	56.37	
Percentage renewable electricity =(b)/(a)*100	0%	0.2%	

CORPORATE WATER CONSUMPTION

At our Bendigo head office, we consumed 5.6 kilolitres per year per Full-Time Equivalent (FTE) staff member working.

HEAD OFFICE WATER CONSUMPTION	2018/19	2017/18	2016/17
Total water consumption (kilolitres)	1,105	890	777
Full-time equivalent (FTE) staff	197	186	185
Volume per FTE (kilolitres)	5.6	4.8	4.2

Total water consumption applies to 30 & 37-45 Bridge Street Bendigo

MANAGEMENT OF SOCIAL AND ECONOMIC IMPACTS

We have a *Coliban Assist Program (CAP)* which was developed to identify and assist customers in genuine financial hardship.

Engagement with welfare agencies in our region to seek their input helps us to assess and develop our program. We are committed to ensuring our program is relevant and effective for our customers and to do this we actively maintain and build continual relationships with welfare agencies in and around our region.

Our payment arrangement process is in place to continue to assist customers. At the end of the financial year we had 5,154 active payment arrangements. This is an increase on last year's total of 4,747 which is attributed to our continued focus on encouraging and supporting customers entering into long term sustainable arrangements.

We understand that every customer's situation is different and we work with our customers to empower them to select the most appropriate option, whilst setting up a payment arrangement that suits their circumstances and capacity to pay. Our *CAP* is committed to assisting and supporting our customers through financial difficulties and protecting those customers that are victims of family violence.

In September 2017, we submitted our *Pricing Submission 2018* to the Essential Services Commission which included more assistance and support to vulnerable customers that may have difficulty paying bills. This included an additional \$0.4 million over five years.

COMMUNITY REBATES PROGRAM

This year we commenced a joint initiative with the Victorian Government to assist low income and vulnerable customers to better understand their water usage through undertaking a water audit. This water audit assists customers to reduce water bills by supporting them to be more efficient and sustainable in their consumption of their water resource.

A key element of the program is educating and empowering vulnerable and hardship customers so they can control their current and future water use through better understanding their water usage. Assistance is also provided by repairing leaks, using a registered plumber, at no cost to eligible customers. This program has assisted 163 customers at a total cost of \$56,336.

COMMUNITY SERVICE OBLIGATIONS

The Victorian Government makes available concessions and rebates for eligible customers within our region. The table below summarises the value of concessions and rebates we have processed over the past three years. Eligible concession holders are provided a 50 per cent deduction off the water and sewerage charges, up to a maximum of \$320.90 per annum. If a household is billed for water usage only, the concession is capped at a maximum of \$164.45 per annum. This year the concession for both charges increased by \$7.80. We have approximately 21,986 customers in our region who are eligible for this payment.

The Utility Relief Grant (URGs) supports eligible customers who are unable to pay their account due to a temporary financial crisis.

Over the past 12 months, we have continued our focus on actively providing information to eligible customers with regard to the URG.

CONCESSIONS AND REBATES

	2018/19	2017/18	2016/17
Not for profit rebates	\$429,228	\$425,035	\$416,525
Pension concession	\$5,904,178	\$5,721,023	\$5,617,845
Utility Relief Grants	\$197,935	\$148,675	\$251,494
Water Concessions on Life Support Machines	\$535	\$162	\$221
Hardship relief grant scheme (Coliban Assist Program)	\$146,187	\$76,099	\$137,408
Community Rebates Program	\$56,336	\$23,664	N/A

CUSTOMER AND COMMUNITY REBATES

Customer and Community Rebates were developed in consultation with customers as part of our 2018-2023 pricing submission to the Essential Services Commission. The 19 rebates replace the previous four Guaranteed Service Levels (GSLs).

We paid 1,263 Customer and Community Rebates in 2018/19, the first year of the expanded rebate scheme. The total cost of all rebate payments was \$100,316. Third party damage to the Napier Street water main accounted for 51 per cent of the total rebate scheme expenditure for the year.

A total of four community rebates were payable for our performance in 2018/19. This includes for the sewer spill to the Long Gully Creek, a short-term water colour issue due to manganese in Boort and ongoing low-pressure performance in Lockington and Gunbower. In each instance, we will consult with the affected community to ensure that the funds are delivered to a project that would be of maximum benefit to the local area.

CUSTOMER AND COMMUNITY REBATES 2018/19

CUSTOMER REBATES	REBATE	NO. PAID	PAYMENT
Sewer intrusion – blown seal	\$50	24	\$1,200
Sewer intrusion – under 1 hour	\$300	5	\$1,500
Sewer intrusion – over 1 hour	\$1,000	0	\$0
Special Meter Read late	\$19.24	19	\$366
3+ sewer blockages	\$100	10	\$1,000
4+ water outages	\$50	55	\$2,750
5+ hour water interruption	\$50	1,146	\$57,300
Correspondence >10 days	\$10	0	\$0
Planned water outage peak times	\$100	0	\$0
Rural water allocation	*	0	\$0
Customer restriction	\$300	4	\$1,200
Customer unrestricted > 24 hours	\$300	0	\$0
Ongoing water quality issue	\$57.13	0	\$0
High priority inspection >2 days	\$250	0	\$0
High priority mains inspection >10 days	\$310.06 +\$41.25 per lot	0	\$0
Total Customer rebates		1,263	\$65,316
COMMUNITY REBATES	REBATE	NO. PAID	PAYMENT
Large sewer spill	\$20,000	1	\$20,000
Poor water pressure / flowrate	\$5,000	2	\$10,000
Boil water / do not consume notice	\$5,000	0	\$0
Short-term water quality issue	\$5,000	1	\$5,000
Total Community rebates		4	\$35,000

* Rebate amount payable to rural network customers in any year where they receive less than 100 per cent allocation. The rebate amount in the applicable financial year is calculated by the difference between 100 per cent allocation and the allocation percentage as at 1 April, multiplied by the rural Infrastructure Charge payable.

BOARD RESPONSIBILITIES

Our Board comprises nine Directors, eight Non-Executive Directors, who are appointed by the Victorian Minister for Water, and a Managing Director appointed by the Board.

The Board is responsible for the overall strategy and corporate governance of the business, which includes:

- › setting the strategic direction for the business
- › monitoring the performance of the business against objectives and targets
- › monitoring the strategic risks of the business
- › setting the executive remuneration policy.

The Board also establishes policies and procedures to ensure we meet all of our regulatory and legal responsibilities.

A Statement of Obligations outlining the service, accountability and reporting obligations of our Board is available from our website.

The Board meets formally, and convenes informally as required to discuss specific issues and projects.

Following the departure of former Managing Director Jeff Rigby on 18 February 2019, Executive General Manager Service and Infrastructure, Neville Pearce, was appointed to the Board on 18 February 2019 as Acting Managing Director.

BOARD DIRECTORS AS AT 30 JUNE 2019

CHAIRPERSON

LUCY ROFFEY

B Com, Grad Dip Mngt, FAICD, FCA

Lucy Roffey was appointed to the Board on 1 October 2015, and was appointed as Chairperson on 1 October 2017. Ms Roffey is Chief Executive Officer of Central Goldfields Shire Council. She was previously Chief Executive Officer of Buloke Shire Council and has held other executive roles in Local and State Government.

Ms Roffey's expertise includes Finance and Corporate Governance, Strategic Planning, Stakeholder Management and Commercial Operation. Ms Roffey is a member of Chartered Accountants Australia and New Zealand's Public Sector Panel and the Victorian Inclusion and Diversity Group.

DEPUTY CHAIRPERSON

NIGEL MCGUCKIAN

B. Ag. Science (Hons), Grad Dip Education, FAICD

Mr McGuckian is Chair of the Loddon Campaspe Regional Partnership, and the Otis Foundation. He was a cofounder of RM Consulting Group – an environmental and agricultural consulting business and worked as a consultant with the business for 28 years. Mr McGuckian has a broad range of experience in agriculture, environment, economics and community development.

MANAGING DIRECTOR

JEFF RIGBY

(Ceased appointment to the Board on 18 February 2019)

BEng (Civil), MEngSc, MBA, CPEng, FIEAust, EngExec, NER, FAICD, FGIA, FCIS, MIPAA

Jeff Rigby was appointed by the Board and commenced at Coliban Water in December 2011.

Mr Rigby has 35 years of experience working in the water industry in regional Victoria. He was the Managing Director of Grampians Wimmera Mallee Water from 2007 prior to joining Coliban Water.

Mr Rigby is a Board Director of the national peak body for the urban water sector, the Water Services Association of Australia, representing the Association's regional water utility members. Since 2017, he has been a Board Director of VicWater, the State association for the water utility sector. Mr Rigby also serves as a Board Director of Castlemaine Health, a regional public hospital.

Mr Rigby is a chartered professional engineering executive and chartered secretary.

ACTING MANAGING DIRECTOR

NEVILLE PEARCE

(Appointed to the Board 18 February 2019)

MBA, BEng (Civil and Structural), FIEAust, GAICD, AFAIM

Neville Pearce was appointed as Acting Managing Director on 18 February 2019, which includes his role as an Executive Director on the Board.

Mr Pearce has 30 years of experience in the water industry, holding leadership positions with Central Highlands Water and Barwon Water prior to joining Coliban Water in 2008.

Neville has a background in strategic planning, contract management, asset management, water and sewer operations, project design and delivery, and customer service.

Neville has been a Director on the Board of AWA Alliance Bank since October 2013, is the Chair of the Audit and Risk Committee and member of the People and Performance Committee.

Neville is also a Director on the Board of Zero Emissions Water (ZEW), focused on delivery of green energy and reducing carbon emissions for the water industry.

As a public sector organisation, it is important that we promote and instill a culture of openness, transparency and good governance.



ROWAN O'HAGAN

B AgSc (Hons), M AgSc, MAcc, PhD, FAICD

Dr Rowan O'Hagan was appointed to the Board on 1 October 2015. Dr O'Hagan was a Director of North East Water from 2011 to 2015. She is also a Member of Charles Sturt University Council. Dr O'Hagan is the Principal of Rowan O'Hagan Consulting and the National Manager of the Australian Pork Industry Benchmarking Project.

MARIKA MCMAHON

BA, LLB

Marika McMahon was appointed to the Board on 1 October 2015. Ms McMahon is a lawyer (Accredited Family Law Specialist) and Director of O'Farrell Robertson McMahon. Marika is the Chair of Be.Bendigo and was previously a board member at at Bendigo Health, Rural Ambulance Victoria and Ambulance Victoria.

BOB CAMERON

LLB FAICD

Bob Cameron was appointed to the Board on 1 October 2015. Mr Cameron is a Bendigo lawyer.

He was a Victorian Cabinet Minister for 11 years, holding portfolios of Local Government, Workcover, TAC, Agriculture, Police, Emergency Services and Corrections.

DAVID RICHARDSON

BA, MBA, GAICD

David Richardson was appointed to the Board in May 2014.

Mr Richardson has extensive experience in strengthening engagement with industry, government and the community and has held a wide number of executive management roles.

Mr Richardson is the Partnerships Manager for Deakin University Bendigo and was Chief Executive Officer of Strategem Financial Group (2007–16). Mr Richardson is an Independent Director of Victorian Chamber of Commerce & Industry (2016–present), CVGT Australia Pty Ltd (2016 – present) and is a member of the Victorian Government's Regional Partnership for Loddon Campaspe (2016– present).

Mr Richardson holds a Bachelor of Arts, a Masters of Business Administration and is a Diploma graduate of the Australian Institute of Company Directors program.

WILLIAM (BILL) O'NEIL

BA (Urban and Regional Studies), MAICD

William O'Neil was appointed to the Board on 1 October 2015.

Mr O'Neil is the owner and Director of O'Neil Pollock and Associates Pty Ltd, a sole practitioner town planning and regional economic development consulting firm based in Harcourt. In addition to his consulting business Mr O'Neil is a Senior Sessional Member with Planning Panels Victoria.

Mr O'Neil is a Director of Loddon Mallee Housing Services (trading as Haven; Home, Safe), Bendigo Affordable Housing Company Ltd, Mount View Properties (VIC) Pty Ltd and WOMP Pty Ltd.

He served three terms as a Director on the Board of the Bendigo Health Care Group (2007 – 2015).

HELEN SYMES

BBus (Accounting), Dip Financial Planning, CPA

Helen Symes was appointed to the Board on 1 October 2017.

Helen, is a Certified Practising Accountant and has over 25 years of diverse accounting experience across corporate agriculture, healthcare, emergency services, media and public practice. She has held senior finance roles for both private and Government organisations, including Ambulance Service Victoria, Warakirri Pty Ltd, and Wimmera Health Care Group. She is also a partner in a dryland farming business. Helen was the Independent External Member on the Audit, Governance and Risk Committee for GWMWater from 2016 to 2017.

COMMITTEES OF THE BOARD

Committees of the Board are established to provide advice to Management and recommendations to the Board within their delegated areas of responsibility. Each committee has a charter detailing its role and responsibilities consistent with best practice corporate governance principles.

AUDIT COMMITTEE

The Audit Committee meets quarterly and at other times as required. It is responsible for making recommendations to the Board on matters including:

- › Oversight of annual budgeting and forecasting processes
- › Financial accounts and external reporting
- › Audit activities (internal and external)
- › Key financial policies and systems of internal control.

From 1 July 2018 until 30 June 2019 members of the committee were Rowan O'Hagan (Chair), Bill O'Neil, Helen Symes, David Richardson and Bob Cameron.

All committee members are independent.

PEOPLE AND REMUNERATION COMMITTEE

The People and Remuneration Committee meets on at least two occasions per year, and is responsible for making recommendations to the Board on:

- › Managing Director's performance objectives and assessment
- › Succession planning for the Managing Director
- › Executive remuneration (compliance and benchmarking)
- › Diversity strategy and targets
- › Contemporary workplace of choice
- › Health, safety and wellbeing culture.

From 1 July 2018 until 30 June 2019 members of the committee were Lucy Roffey (Chair), Marika McMahon, David Richardson and Nigel McGuckian.

All committee members are independent.

RISK, ASSET AND COMMUNITY COMMITTEE

The Risk, Asset and Community Committee is responsible for:

- › Risk management framework, systems and performance
- › Asset management system and performance against objectives
- › Customer engagement including advice on key initiatives and projects
- › Stakeholder engagement including the health and performance of key relationships.

From 1 July 2018 until 30 June 2019 members of the committee were Bob Cameron (Chair), Marika McMahon, Helen Symes, Bill O'Neil and Nigel McGuckian.

All committee members are independent.

ON-WATER RECREATION COMMITTEE

The On-Water Recreation Committee meets as determined by the Committee, meeting three times in 2018/19 including the first meeting on 24 May 2019. The On-Water Recreation Committee is responsible for making recommendations to the Board on:

- › Strategic oversight of the implementation of on-water recreation at Coliban Water's reservoirs and of the development of a strategy for risk management prior to the opening of each reservoir
- › Stakeholder engagement, including engagement with relevant Ministers and Victorian Government agencies

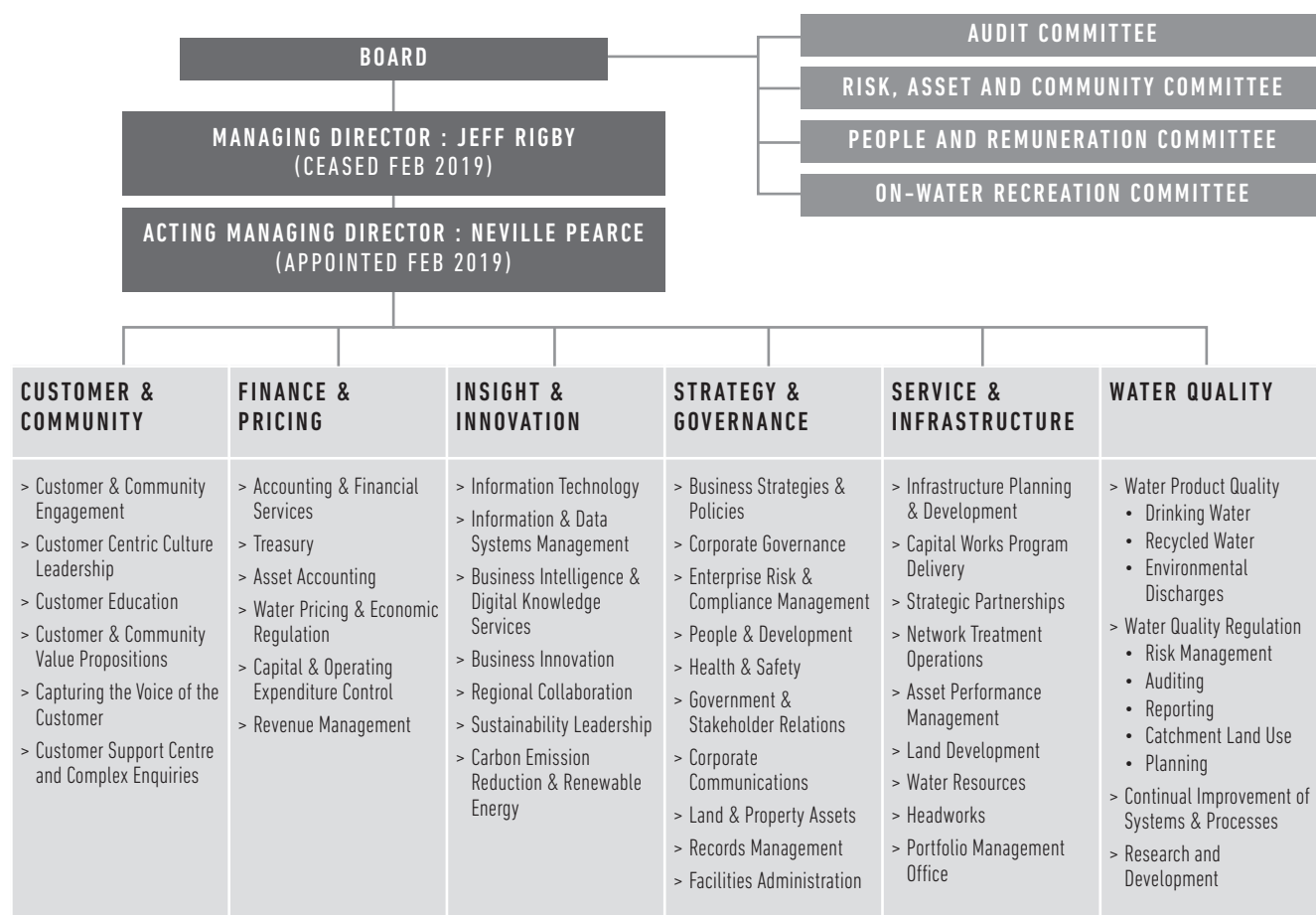
From 24 May 2019 until 30 June 2019 members of the committee were Bob Cameron (Chair), Lucy Roffey and Nigel McGuckian.

All committee members are independent.

BOARD AND COMMITTEE MEETINGS	BOARD OF DIRECTORS		AUDIT COMMITTEE		RISK, ASSET AND COMMUNITY COMMITTEE		PEOPLE & REMUNERATION COMMITTEE		ON-WATER RECREATION COMMITTEE	
	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED
DIRECTOR										
Jeff Rigby ⁽¹⁾	6	6	—	—	—	—	—	—	—	—
Neville Pearce ⁽²⁾	3	3	—	—	—	—	—	—	—	—
David Richardson	9	8	5	4	—	—	6	5	—	—
Bob Cameron	9	9	5	5	4	4	—	—	3	3
Marika McMahon	9	9	—	—	4	4	6	6	—	—
William (Bill) O'Neil	9	7	5	3	4	3	—	—	—	—
Rowan O'Hagan	9	9	5	5	—	—	—	—	—	—
Lucy Roffey	9	9	—	—	—	—	6	6	3	2
Helen Symes	9	9	5	5	4	4	—	—	—	—
Nigel McGuckian	9	9	—	—	4	3	6	5	3	3

(1) Term ceased 18 February 2019

(2) Term commenced 18 February 2019



LEADERSHIP TEAM

*Customer and Community***Kerry Noonan**

Executive General Manager Customer and Community

*Policy, Risk and Compliance***Christine Ashcroft**

General Manager Policy, Risk and Compliance

*People and Safety***Gretel Bowman-Farr**

General Manager People and Safety

*Strategy and Governance***Roslyn Wai**

Executive General Manager Strategy and Governance (Corporate Secretary)

*Information, Digital and Cyber***Amanda Finnis**

General Manager Information, Digital and Cyber

*Service and Infrastructure***Danny Mclean**

Acting Executive General Manager Service and Infrastructure (Chief Operating Officer)

*Finance and Pricing***Jarrah O'Shea**

Acting Executive General Manager Finance and Pricing (Chief Financial Officer)

*Insight and Innovation***Jon Anstey**

Executive General Manager Insight and Innovation

*Water Quality***David Sheehan**

Executive General Manager Water Quality

FINANCIAL MANAGEMENT COMPLIANCE ATTESTATION STATEMENT

I, Lucy Roffey, on behalf of the Board, certify that the Coliban Region Water Corporation has complied with the applicable Standing Directions of the Minister for Finance under the *Financial Management Act 1994* and Instructions.

Lucy Roffey, Chairperson

Date: 23 August 2019

OUR EMERGENCY MANAGEMENT SYSTEM

Our emergency management systems provide a consistent framework for managing all types of hazards and incidents.

We actively participate to build community resilience through managing vulnerabilities and operational interdependencies at Municipal and Regional Emergency Management Planning Committee meetings in locations where we have assets located.

At a state and national level, we participate in two water network groups to build sector-wide resilience; these are:

- › Sector Resilience Network, convened by the Department Environment, Land, Water and Planning (DELWP);
- › Water Sector Services Group convened by the Department of Home Affairs.

In the past 12 months we have validated our preparedness by undertaking emergency management exercises that assess our policies, procedures and the competency of staff.

HEALTH, SAFETY AND WELLBEING CULTURE

Our Occupational Health and Safety management system is externally certified to AS/NZS 4801:2001.

We have an active Health, Safety and Wellbeing (HSW) Committee that meets quarterly and is well supported by health and safety representatives. The meeting is chaired by the Managing Director.

Significant achievements and focuses in HSW for 2018/19 include:

- › Contractor Management – continued implementation of an online contractor induction program to compliment the robust tender process of contractor engagement and the works audit program
- › Building safety capability – delivery of safety training, education and engagement for Health and Safety Representatives
- › Safety focus – safety remains an agenda item at each Board Meeting, the weekly Leadership team meeting, and weekly all staff briefings
- › Working collaboratively with our strategic partners and contractor – sharing information and learning collectively from safety incidents and events
- › Risk based prioritisation – utilising a risk based approach to determine priorities for OH&S remedial works on assets and business safety initiatives
- › Supporting our workforce – the introduction of Family Violence Contact Officers to assist employees understand the process and supports Coliban Water can provide and the external community agencies that can help where an employee is experiencing or exposed to family violence
- › Safety system improvements – further enhancement of existing systems and processes to manage workplace safety risks

EXTERNAL AUDIT – INTEGRATED MANAGEMENT SYSTEM

In July 2017 BSI Group conducted a formal assessment of our three certified systems:

- › AS/NZS 4801:2001: Occupational Health and Safety
- › ISO 14001:2015 Environmental Management System
- › ISO 9001:2015: Quality Management System

We achieved compliance and recertification in all three systems which, subject to successful completion of annual surveillance audits, will continue through until August 2020. In August 2018 certification was maintained following an external surveillance audit on our three management systems.

SAFETY COMPETENCE AND CAPABILITY

We have grown staff safety capability this year with a focus on training, education and skills, including:

- › Training in Family Violence awareness and how to support customers and employees experiencing or exposed to family violence, was offered to all staff.
- › Education and training related to fatal risk areas including confined space, trenching, working at heights and asbestos awareness.

HEALTH AND WELLBEING

We continue to focus on the area of wellbeing of employees. Staff were invited to participate in a range of initiatives throughout the year, including:

- › Staff health checks
- › Employer funded immunisations
- › Support for a range of initiatives, such as White Ribbon and Pride Month
- › Continued engagement of the Employee Assistance Program.

OH&S PERFORMANCE MANAGEMENT AND REPORTING

To ensure the health, safety and wellbeing of our employees and contractors it is important that all hazards, near misses and incidents are reported to prevent recurrence. Significant incidents are subject to a thorough investigation and reported to the HSW Committee.

During 2018/19 there was one lost time injury that resulted in a total of one day off work. A lost time incident is one that results in a person being absent from work for at least one full shift due to a workplace injury.

Note: This injury did not result in a 'lost time standard claim' (which is greater than 10 days' time lost and/or employer liability was not met).

OH&S PERFORMANCE MEASUREMENT AND REPORTING

	2018/19	2017/18	2016/17	2015/16	2014/15
Number of reported incidents (excluding hazards) for the year (per 100 FTE)	44.97	36.56	45.41	34.73	29.93
Number of reported hazards for the year (per 100 FTE)	8.47	19.89	15.68	N/A	N/A
Number of lost time standard claims (per 100 FTE)	0	0	0	1.6	0.53
Average cost per claim for the year	0	0	0	\$54,650	\$22,373
WorkSafe estimate of outstanding claim costs	\$20,138	\$42,901	\$33,920	N/A	N/A

N/A = data not available FTE = full time equivalent

STATUTORY PERFORMANCE

FREEDOM OF INFORMATION (FOI)

The *Freedom of Information Act 1982* allows public access to documents held by government entities. All requests must be in writing to the Authorised Officer at Coliban Water PO Box 2770, Bendigo DC 3554, or via email at foi@coliban.com.au and accompanied by a fee of \$29.60 as of 1 July 2019.

The following officers have been appointed under the *Freedom of Information Act 1982*:

Principal Officer – Managing Director
Authorised Officer – Corporate Secretary

During 2018/19 Coliban Water received three FOI applications. These applications were processed in accordance with the *Freedom of Information Act 1982* and *Freedom of Information (Access Charges) Regulations 2014*. We met all obligations under the *Freedom of Information Act 1982*.

The table below shows the outcome of each FOI application.

OUTCOME	NUMBER
Full Access Granted	1
Partial Access Granted	1
No Access Granted	–
Application withdrawn	–
Not Yet Finalised (in progress)	1
Provided outside the FOI Act	–
Reviews and complaints received by the FOI Commissioner	–
Number of appeals to VCAT by FOI applicants	–

COMPETITIVE NEUTRALITY POLICY

We have implemented our Competitive Neutrality Policy. We have had 'pay for use' water pricing, consisting of a fixed and a variable (volumetric) charge for many years, and cross subsidies between business units are transparent and are disclosed through the Annual Report.

Vertical structural and financial separation of business functions has been in place for several years and the performance of business functions is reported separately in our annual financial statements. We have introduced competition in service delivery by the involvement of the private sector through competitively bid Public-Private Partnership contracts for infrastructure projects and by outsourcing other functions. We continue to monitor developments in the Competitive Neutrality Policy.

TAXATION

In common with the rest of the water industry, we are subject to a National Tax Equivalent Regime. This means we are subject to the *Income Tax Assessment Act 1997*, managed through the Australian Taxation Office, to ensure we do not gain a competitive advantage over the private industry in relation to taxation matters.

EXTERNAL FINANCING

Under the *Borrowing and Investment Powers Act 1987*, we may only source debt funding from Treasury Corporation Victoria and we are subject to a Financial Accommodation Levy (FAL). As a Victorian Government Agency our borrowings carry an implicit State Government guarantee that commands lower borrowing prices in financial markets. To offset this advantage, a FAL is levied on all borrowings, using a formula based on business credit ratings to ensure we do not obtain an unfair advantage when compared against the private sector.

PERFORMANCE BENCHMARKING

We participate in annual performance benchmarking studies through:

- › Essential Services Commission (ESC) – Service standards auditing and reporting
- › Department of Health and Human Services – Water Quality
- › Water Services Association of Australia (WSAA) – Asset Management, Customer Service, Civil Maintenance and Mechanical and Electrical Maintenance
- › Customer Service Benchmarking Australia – Customer Service

These processes measure the successful implementation of improvements and practices using risk management frameworks, standards of service and encourage continuous improvement. All these activities help identify areas where performance can be improved.

We also participated in benchmarking with Customer Service Benchmarking Australia (SenseCX) where we continuously improved our performance over the year, measured on a quarterly basis. The ESC utilise the same benchmarking methodology and our customer contact centre was benchmarked as the highest performer in a field of 16 Victorian urban water corporations (Essential Services Commission 2017-2018 report, published on 10 December 2018).

MEMBERSHIP OF INDUSTRY ASSOCIATIONS

Our industry and business association memberships contribute to our organisational capability through collaboration, benchmarking, networking and training. Involvement in these groups also allows us to participate in the review and development of industry codes of practice and to share our knowledge and expertise with others:

Some of our key membership associations include:

- › Water Services Association of Australia (WSAA)
- › Victorian Water Industry Association (VWIA)
- › Institute of Water Administration (IWA)
- › International Water Association (IWA)
- › Australian Water Association (AWA)
- › Water Services Sector Group (WSSG)
- › Australian National Committee on Large Dams (ANCOLD)
- › Water Industry Operators Association of Australia (WIOA)
- › CRC for Water Sensitive Cities
- › Australian Institute of Project Management (AIPM)
- › Australian Institute of Company Directors (AICD)
- › Water Quality Research Australia (Water RA)
- › Diversity Council of Australia (DCA)

PRIVACY AND DATA PROTECTION ACT 2014

The *Privacy and Data Protection Act 2014* came into effect on 17 September 2014. It is the Act that provides for responsible collection and handling of personal information in the Victorian public sector. Our employees receive ongoing information and training on importance of privacy and what is required to comply with Coliban Water's Privacy Policy and the Act.

BUILDING ACT 1993

We met all relevant compliance provisions of the *Building Act 1993* in our building and maintenance activities during the year.

GOVERNMENT ADVERTISING EXPENDITURE

We did not produce any advertising campaigns valued at \$100,000 or greater during the year.

SPONSORSHIP AND DONATIONS

Sponsorships, both financial and in-kind, totalling \$56,105 were provided to 112 school, sporting and community events throughout our region in 2018/19. Of this amount, \$38,972 was committed to the provision of our portable water stations, including associated plumbing costs.

All sponsorship applications were assessed for their suitability, in accordance with the *Victorian Government Sponsorship Policy*, including their alignment with our strategic vision and to the areas of water, health and the environment.

PROTECTED DISCLOSURE ACT 2012

Coliban Water is not able to receive disclosures under section 13 of the Act. However, the Act requires us to establish procedures under section 58 of the Act setting out how we will protect people against detrimental action that might be taken against them in reprisal for making a protected disclosure.

We have not received any complaints or disclosures considered to be Protected Disclosures in accordance with the Act.

For further information and how to make a protected disclosure contact:

Roslyn Wai, Corporate Secretary – Coliban Water.
PO Box 2770 Bendigo VIC 3554 | Phone: 1300 363 200
Website: www.coliban.com.au

Independent Broad-Based Anti-Corruption Commission (IBAC)
Victoria, Level 1, North Tower, 459 Collins Street Melbourne VIC 3000 | Phone: 1300 735 135 | Website: www.ibac.vic.gov.au

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) EXPENDITURE

For the 2018/19 reporting period, we had a total ICT expenditure of \$7.0 million, with the details shown below.

BUSINESS AS USUAL (BAU) ICT EXPENDITURE (\$'000)	NON BUSINESS AS USUAL (NON BAU) ICT EXPENDITURE (\$'000)	OPERATIONAL EXPENDITURE (\$'000)	CAPITAL EXPENDITURE (\$'000)
4,182.84	2,623.91	1,863.83	760.08

ICT expenditure refers to costs of providing business enabling ICT services. 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.

The \$2.8 million Non BAU ICT expenditure represents a combination of investment in cloud projects which are delivered using operational expenditure and multiple premise projects delivered within the capital portfolio.

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

LOCAL JOBS FIRST

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

We are required to apply the Local Jobs First policy in all projects valued at \$1 million or more as we are located in regional Victoria.

MPSG applies to all construction projects valued at \$20 million or more.

The MPSG guidelines and VIPP guidelines will continue to apply to MPSG applicable and VIPP applicable projects respectively where contracts have been entered prior to 15 August 2018.

PROJECTS COMMENCED – LOCAL JOBS FIRST STANDARD

During 2018/19, Coliban Water commenced one Local Jobs First Standard project totalling \$4 million.

The project is located in regional Victoria, with a commitment of 90 per cent local content.

MPSG did not apply.

The outcomes expected from the implementation of the Local Jobs First policy to this project where information was provided are as follows:

- › a 90 per cent local content commitment was made;
- › a total of eight jobs (annualised employee equivalent (AEE)) were committed, including the creation of one new job and the retention of seven existing jobs (AEE);
- › a total of four positions for apprentices and trainees were committed to be retained.

PROJECTS COMPLETED – LOCAL JOBS FIRST STANDARD

During 2018/19, Coliban Water did not complete any Local Jobs First Standard projects.

REPORTING REQUIREMENTS – ALL PROJECTS

During 2018/19, there was one small to medium sized business that prepared a VIPP Plan for a contract and was successfully appointed as Principal Contractor.

MAJOR CONSULTANCIES

A consultant is a particular type of contractor that is engaged primarily to perform a discrete task for an entity that facilitates decision making through provision of expert analysis and advice and/or development of a written report or other intellectual output.

During 2018/19 we engaged 59 separate consultants with a value over \$10,000*. The total cost, excluding GST, incurred during this period for major capital consultancies was \$2,953,415 (2017/18: \$2,420,033) and major operational consultancies was \$3,122,670 (2017/18: \$1,981,198).

OPERATIONAL CONSULTANT	PURPOSE OF CONSULTANCY	TOTAL APPROVED (EXC GST) (\$'000)	EXPENDITURE (EXC GST) (\$'000)	FUTURE EXPENDITURE (EXC GST) (\$'000)
AFS & Associates Pty Ltd	Financial assessments and advice	\$51.36	\$30.06	\$21.30
ASG Group Ltd	Information technology solutions	\$296.41	\$296.41	–
Arboricultural Consultants Australia Pty Ltd	Professional tree management advice	\$38.29	\$38.29	–
Atura Pty Ltd	Environmental management advice	\$21.94	\$21.94	–
Biosis Research Pty Ltd	Environmental management advice	\$37.66	\$30.65	\$7.01
Biruu Pty Ltd	Community benefit and financial analysis	\$19.00	\$19.00	–
Canine Ecological Pty Ltd	Ecological surveying and advice	\$16.43	\$16.43	–
CDM Smith Australia Pty Ltd	Water supply systems advice	\$24.83	\$24.83	–
Customer Service Benchmarking Australia	Research and Development	\$58.84	\$48.34	\$10.50
Davidson Executive and Boards Pty Ltd	Recruitment services and advice	\$45.00	\$45.00	–
Echo Managed Services Ltd	Information technology solutions	\$234.40	\$234.40	–
Engage Squared Pty Ltd	Information technology solutions	\$253.96	\$204.41	\$49.55
Envisian Pty Ltd	Information technology solutions	\$47.00	\$47.00	–
ESS Earth Sciences Pty Ltd	Seismic monitoring services	\$30.30	\$22.50	\$7.80
Fisher Leadership	Recruitment services and advice	\$24.73	\$24.73	–
GHD Pty Ltd	Engineering, architecture, environmental and construction services	\$1,248.87	\$918.66	\$330.21
Grant Thornton Australia Ltd	Tax review	\$15.20	\$15.20	–
Insync Surveys Pty Ltd	Stakeholder forums	\$18.50	\$18.50	–
Integrity Governance Pty Ltd	Board performance review	\$26.52	\$26.52	–
K J Ross & Associates Pty Ltd	Digital advancement advice	\$12.60	\$12.60	–
Landair Surveys	Dam Safety Structural Surveying	\$34.49	\$33.16	\$1.33
Marsden Jacob Associates Pty Ltd	Trade waste pricing advice	\$31.28	\$28.38	\$2.90
Natural Logic Australia Pty Ltd	On-water recreation access advice	\$19.26	\$19.26	–
Obviate Pty Ltd	SCADA engineering support	\$40.07	\$32.88	\$7.19
P3 Outcomes Pty Ltd	System reviews	\$47.66	\$24.66	\$23.00
PBJ & Associates Pty Ltd	Augmentation and model review	\$130.48	\$128.67	\$1.81
Practical Ecology Pty Ltd	Ecological restoration advice	\$31.85	\$11.20	\$20.65
Precise Value Pty Ltd	Growth advisory services	\$44.15	\$44.15	–
RepuTex (AU) Pty Ltd	Electricity forecast advice	\$16.81	\$16.81	–
RM Consulting Group Pty Ltd	Environmental and agricultural services	\$63.50	\$63.50	–
Rubicon Systems Australia Pty Ltd	SCADA engineering support	\$11.41	\$11.41	–
RXP Services Ltd	Information technology solutions	\$453.00	\$345.00	\$108.00
Safety Systems Pty Ltd	Asbestos audit services	\$56.56	\$43.82	\$12.74
Scope (Aust) Ltd	Communication accessibility and inclusiveness advice	\$34.89	\$24.73	\$10.16
Smart Power Utilities	Electricity procurement advice	\$34.83	\$34.83	–
SMEC Australia Pty Ltd	Environmental supervision services	\$36.85	\$36.85	–
Velrada Capital Pty Ltd	Information technology solutions	\$17.80	\$17.80	–
Veolia Water Utilities Pty Ltd	Experience centred maintenance review	\$52.00	\$52.00	–
Victorian Water Industry Association	Electricity sourcing strategy services	\$31.18	\$22.09	\$9.09
Wardy IT Solutions Pty Ltd	Information technology solutions	\$22.25	\$22.25	–
Yabbie Pond Pty Ltd	Recycled water factory engineering services	\$13.75	\$13.75	–
		\$3,745.91	\$3,122.67	\$623.24

CAPITAL		TOTAL APPROVED (EXC GST) (\$'000)	EXPENDITURE (EXC GST) (\$'000)	FUTURE EXPENDITURE (EXC GST) (\$'000)
CONSULTANT	PURPOSE OF CONSULTANCY			
Cruse Partnership Australia	OHS and systems audits	\$33.70	\$30.70	\$3.00
Dja Dja Wurrung Enterprises Pty Ltd	Cultural heritage site inspections	\$12.75	\$11.75	\$1.00
Engage Squared Pty Ltd	Information technology solutions	\$93.09	\$69.82	\$23.27
Figure & Ground Advisory Pty Ltd	Engineering and management advice	\$51.66	\$51.66	–
GHD Pty Ltd	Engineering, architecture, environmental and construction services	\$2,757.14	\$1,840.21	\$916.93
GRG Consulting Engineers Pty Ltd	Treatment plant process advice	\$13.12	\$13.12	–
Infor Global Solutions (ANZ) Pty Ltd	Information technology solutions	\$111.55	\$41.91	\$69.64
Information Management Services Pty Ltd	Information technology solutions	\$223.96	\$222.61	\$1.35
Infracorr Consulting Pty Ltd	Condition assessment services	\$29.00	\$29.00	–
Obviate Pty Ltd	SCADA engineering support	\$70.38	\$70.38	–
pH Water Consultants Pty Ltd	Treatment plant process advice	\$23.64	\$23.64	–
Powercor Australia Ltd	Power network advice	\$68.24	\$68.24	–
PT Tomkinson & Associates Pty Ltd	Site surveying and advice	\$20.37	\$20.37	–
RM Consulting Group Pty Ltd	Geotechnical investigations and project management	\$37.68	\$37.68	–
SAFEgroup Automation Pty Ltd	Engineering and SCADA services	\$284.48	\$255.68	\$28.80
Spiire Australia Pty Ltd	Planning, surveying and urban design	\$25.78	\$23.76	\$2.02
Webplace Pty Ltd	Website and content redevelopment	\$150.00	\$129.86	\$20.14
White Technics Pty Ltd	Electrical engineering advice	\$25.17	\$13.03	\$12.14
		\$4,031.71	\$2,953.42	\$1,078.29

MINOR CONSULTANCIES

During the year there were 50 minor consultancies at a cost of less than \$10,000 each*. The total cost, excluding GST, of these minor consultancies was \$230,168 (2017/18: \$164,709).

*Further information about these consultants can be requested under the *Freedom of Information Act 1982*, see page 43 for details.

ADDITIONAL INFORMATION AVAILABLE ON REQUEST

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

- (a) current and previous Annual Reports, the Customer Charter, Pricing Submission 2018 and other publications produced by Coliban Water about itself
- (b) details of any major external reviews carried out on Coliban Water
- (c) details of major research and development activities undertaken by Coliban Water
- (d) details of major promotional, public relations and marketing activities undertaken by Coliban Water to develop community awareness of the entity and its services
- (e) details of changes in prices, fees, charges, rates and levies charged
- (k) details of overseas visits undertaken

Also available on our website:

- › Reconciliation Action Plan
- › Diversity and Inclusion Plan
- › Community Engagement Plan

DISCLOSURE OF MAJOR CONTRACTS

Coliban Water did not award any major contracts valued \$10 million or more during 2018/19.

THE INFORMATION IS AVAILABLE ON REQUEST FROM:

Authorised Officer – Corporate Secretary, Coliban Water
Phone: 1300 363 200 | Email: coliban@coliban.com.au

ADDITIONAL INFORMATION INCLUDED IN THIS ANNUAL REPORT

Details in respect of the following items have been included in Coliban Water's Annual Report, on the pages indicated below:

- (f) assessments and measures undertaken to improve the occupational health and safety of employees (on page 42.)
- (g) a statement on industrial relations within Coliban Water (on page 29.)
- (h) a list of Coliban Water's major committees, the purposes of each committee, and the extent to which the purposes have been achieved (on pages 40–42.)
- (i) a statement of completion of declarations of pecuniary interests by relevant officers (on page 99.)

INFORMATION THAT IS NOT APPLICABLE TO COLIBAN WATER

The following information is not relevant to Coliban Water for the reasons set out below:

- (j) a declaration of shares held by senior officers
(No shares have ever been issued in Coliban Water)

DIRECTORS CERTIFICATION

We certify that the accompanying Performance Report of Coliban Region Water Corporation in respect of the reporting period ended 30 June 2019 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 for Water, and as set out in the *2018/19 Corporate Plan*. We have reported our actual and comparative results achieved for the financial year against predetermined performance targets and these indicators. We have reported 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.

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.

Signed at Bendigo on 23 August 2019, on behalf of the Board.



Lucy Roffey
Chairperson
Coliban Region Water Corporation



Neville Pearce
Acting Managing Director
Coliban Region Water Corporation



Jarrah O'Shea
Acting Executive General Manager
Finance and Pricing
(Chief Financial Officer)
Coliban Region Water Corporation

FINANCIAL PERFORMANCE INDICATORS

KPI NO.	KEY PERFORMANCE INDICATOR	2017/18 RESULT	2018/19 RESULT	2018/19 TARGET	VARIANCE TO PRIOR YEAR	NOTES	VARIANCE TO TARGET	NOTES
F1	Cash Interest Cover Net operating cash flows before net interest and tax / net interest	2.1 times	2.1 times	2.1 times	0.0%		0.0%	
F2	Gearing Ratio Total debt (including finance leases) / total assets * 100	27.3%	26.8%	27.0%	-1.8%		-0.7%	
F3	Internal Financing Ratio Net operating cash flow less dividends / net capital expenditure * 100	154.6%	133.3%	124.0%	-13.8%	1a	7.5%	
F4	Current Ratio Current assets / current liabilities (excluding long term employee provisions and revenue in advance)	1.5 times	1.4 times	1.0 times	-6.7%		40.0%	2b
F5	Return on Assets Earnings before net interest and tax / average assets * 100	2.6%	1.9%	2.0%	-26.9%	3a	-5.0%	
F6	Return on Equity Net profit after tax / average total equity * 100	1.1%	0.3%	0.3%	-72.7%	4a	0.0%	
F7	EBITDA Margin Earnings before interest, tax, depreciation and amortisation / total revenue * 100	50.8%	43.4%	46.7%	-14.6%	5a	-7.1%	

Reasons for variations greater than 10 per cent compared to that budgeted or significant variations to prior year actual result

- 1a Our internal financing ratio has decreased when compared to that achieved in the previous year due to an increase in net capital expenditure in 2018/19. Payments for infrastructure assets, property, plant and equipment increased by \$3.4 million in 2018/19. The increase was due to a lower net capital expenditure in 2017/18 resulting from a \$2.7 million capital contribution payment to GWMWater for the South West Loddon project recognised as a net operating activity rather than net capital expenditure. Operating cash flows remained consistent with prior year. This indicator is anticipated to remain consistent in future years as we continue to fully fund capital expenditure from cash inflows from operating activities.
- 2b Our current ratio favourably exceeded budget due to a significant increase of \$9.1 million in cash and cash equivalents. This is the result of higher income from water consumption and other usage charges with the extended summer conditions that occurred in 2018/19 compared to that budgeted.
- 3a Decreased earnings before net interest and tax of \$11.6 million has resulted in a less favourable return on assets ratio. This is the result of a \$6.7 million net movement relating to the Bendigo Groundwater Project: Transitional Solution, a \$3.3 million increase in Operating and Administration expenses and a \$2.0 million increase in asset disposals.
- The significant movement in Bendigo Groundwater Project: Transitional Solution is not unexpected as a \$7.9 million deposit balance was held at the commencement of 2018/19 and the fulfilment of project milestone. Refer to note 10.1 in the Financial Statements for further details.
- The increase in Operating and Administration expenses is a result of a \$2.9 million impact of the adopted change in accounting treatment for cloud investment during 2018/19 and the increase in asset disposals were in line with asset disposal policy.
- It is expected that this indicator will improve in the following year, consistent with our currently planned operating performance and anticipated asset base.
- 4a Decreased net profit after tax of \$7.6 million and an increase of \$1.3 million in reserves due to a managerial revaluation increment of land assets, has resulted in a less favourable return on equity ratio for 2018/19.
- This is a result of a \$6.7 million net movement relating to the Bendigo Groundwater Project: Transitional Solution, a \$2.7 million increase to Operating and Administration expenses resulting from the accounting treatment for cloud expenditure adopted by Coliban Water during 2018/19 and a \$2.0 million increase in asset disposals, in line with policy.
- It is expected that this indicator will improve in the following year, consistent with our currently planned operating performance
- 5a Decreased earnings before net interest and tax of \$11.6 million has resulted in a less favourable return on our EBITDA margin for 2018/19.
- This is a result of a \$6.7 million net movement relating to the Bendigo Groundwater Project: Transitional Solution, a \$2.7 million increase to Operating and Administration expenses resulting from the accounting treatment for cloud expenditure adopted by Coliban Water during 2018/19 and a \$2.0 million increase in asset disposals, in line with policy.
- It is expected that this indicator will improve in the following year, consistent with our currently planned operating performance.

WATER AND SEWERAGE SERVICE PERFORMANCE INDICATORS

KPI NO.	KEY PERFORMANCE INDICATOR	2017/18 RESULT	2018/19 RESULT	2018/19 TARGET	VARIANCE TO PRIOR YEAR	NOTES	VARIANCE TO TARGET	NOTES
WS1	Unplanned water supply interruptions No. of customers receiving >5 unplanned interruptions in the year / total number of water (domestic and non-domestic) customers * 100	0.00%	0.02%	0.01%	100.0%	6a	100.0%	7b
WS2	Interruption time Average duration of unplanned water supply interruptions	103.5	140.7	112.0	35.9%	8a	25.6%	9b
WS3	Restoration of unplanned water supply Unplanned water supply interruptions restored within (5) hours / total unplanned water supply interruptions * 100	100.0%	84.7%	98.0%	-15.3%	10a	-13.6%	11b
SS1	Containment of sewer spills Sewer spills from reticulation and branch sewers contained within 5 hours / total sewer spills from reticulation and branch sewers * 100	100.0%	100.0%	99.0%	0.0%		1.0%	
SS2	Sewer spill interruptions No. of residential sewerage customers affected by sewerage interruptions restored within 5 hours	98.3%	97.7%	99.0%	-0.7%		-1.4%	

Reasons for variations greater than 5 per cent compared to that budgeted or significant variations to prior year actual result

6a & 7b	15 customers experienced six water supply interruptions in the year due to multiple bursts on mains in close proximity in Guildford. While this result compares to zero customers receiving greater than five interruptions in the previous year it is ten more than the annual target. It should be noted that a total of 17 customers received 5 or more interruptions this year compared to 68 experiencing 5 interruptions in 2017/18. The business has prioritised works to address the local network issues in Guildford and prevent poor performance in the future.
8a & 9b	The less favourable result compared to the previous year's was due to a single incident in White Hills in March 2019, where 1,032 customers were affected by a 5+ hour supply outage caused by third party damage to the Napier Street water mains. Excluding this single incident, the result would have been in line with the previous year's result and the business would have met the annual target average interruption time. The business continues to work closely with third party contractors to mitigate the risk of future outages.
10a & 11b	The negative variance for this KPI was also caused by the damage to the water mains in Napier Street While Hills. Excluding that one incident, the business would have seen only a small negative variance compared to the previous year in restoring unplanned water supplies within 5 hours. Excluding that single event, the result would have been 98.8%, above the annual target for 2018/19. The business continues to work closely with third party contractors to mitigate the risk of future outages.

CUSTOMER RESPONSIVENESS PERFORMANCE INDICATORS

KPI NO.	KEY PERFORMANCE INDICATOR ⁽¹⁾	2017/18 RESULT	2018/19 RESULT	2018/19 TARGET	VARIANCE TO PRIOR YEAR	NOTES	VARIANCE TO TARGET	NOTES
CR1	Water quality complaints (colour, taste, odour, other) No. of complaints per 1,000 customers	2.57	3.52	3.5	37.0%	12a	0.6%	14b
CR4	Billing complaints No. of complaints per 1,000 customers	0.03	0.10	0.28	248.7%	13a	-62.6%	

⁽¹⁾As per the MRD, CR2 and CR3 are not included for performance reporting this year

Reasons for variations greater than 5 per cent compared to that budgeted or significant variations to prior year actual result

- 12a The increase in water quality complaints is attributable to two issues. Implementation of the Castlemaine Chlorination Program, designed to improve overall water quality and safety in the Castlemaine supply system, has resulted in ongoing customer concerns with the taste of water. The business continues to consult with the local community to address these concerns. A short-term spike in manganese in the water supply in Boort resulted in local water colour complaints in March – April 2019. The matter was addressed and rectified quickly following feedback from customers.
- 13a & 14b The variance compared to 2017/18 reflects eight billing complaints compared to two the previous year, however the business again performed better than the current year target. With complaints spread evenly across the year, and minimal tariff changes compared to the previous year, no one cause is attributable to the increased number of complaints. The business continues to provide additional opportunities for customers to provide feedback via the Your Town community program and other forums.

ENVIRONMENTAL PERFORMANCE INDICATORS

KPI NO.	KEY PERFORMANCE INDICATOR	2017/18 RESULT	2018/19 RESULT	2018/19 TARGET	VARIANCE TO PRIOR YEAR	NOTES	VARIANCE TO TARGET	NOTES
E1	Effluent re-use volume (end use) Percentage recycled for each category	39.3%	36.8%	39.0%	-6.3%	15a	-5.6%	16b
E2	Total net CO2 emissions Net tonnes CO2 equivalent	28,898	33,857	32,505	17.2%	17a	4.2%	

Reasons for variations greater than 5 per cent compared to that budgeted or significant variations to prior year actual result

- 15a & 16b Production capacity at the Bendigo recycled water factory was limited this year and despite ongoing dry conditions which typically increases demand for recycled water, the business saw a negative variance compared to the previous year and to the annual target. The reduction in recycled water production capacity was offset by a significant reduction in the total volume of effluent produced due to drier conditions, down to 8.9 GL from 10.1 GL the previous year. With capital upgrade works completed late 2018/19 and regulatory approval anticipated 2019/20 this indicator is anticipated to improve.
- 17a Increased net greenhouse gas emissions this year are attributable to the use of the Goldfields Superpipe to pump water from Lake Eppalock to Sandhurst Reservoir. Excluding the additional electricity requirements for pumping, the business would have otherwise seen a small decrease in total emissions compared to the previous year. Coliban Waters energy strategy sets a direction for future reduction in emission which is an anticipated to improve this indicator.

Independent Auditor's Report

To the Board of the Coliban Region Water Corporation

Opinion	<p>I have audited the accompanying performance report of the Coliban Region Water Corporation (the corporation) for the year ended 30 June 2019, which comprises the:</p> <ul style="list-style-type: none"> • financial performance indicators • water and sewerage service performance indicators • customer responsiveness performance indicators • environmental performance indicators • directors' certification. <p>In my opinion, the performance report of the Coliban Region Water Corporation in respect of the year ended 30 June 2019 presents fairly, in all material respects, in accordance with the performance reporting requirements of Part 7 of the <i>Financial Management Act 1994</i>.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the performance report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. 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 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance report in Victoria and have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the performance report	<p>The Board is responsible for the preparation and fair presentation of the performance report in accordance with the performance reporting requirements of the <i>Financial Management Act 1994</i>, 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.</p>

**Auditor's
responsibilities for
the audit of the
performance report**

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

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

- identify and assess the risks of material misstatement of the performance report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the corporation's internal control
- evaluate the overall presentation, structure and content of the performance report, including the disclosures, and whether the performance report represents the underlying events and results in a manner that achieves fair presentation.

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

MELBOURNE
29 August 2019



Paul Martin
as delegate for the Auditor-General of Victoria

DISCLOSURE INDEX

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FINANCIAL PERFORMANCE SUMMARY

Financial Result	Plan 2018/19	Actual 2018/19	Actual 2017/18	Actual 2016/17	Actual 2015/16	Actual 2014/15
REVENUE						
Service charges	73,319	71,999	71,870	69,026	67,537	65,899
Usage charges	49,254	56,605	52,839	45,605	46,517	44,796
Contributions & gifted assets	10,913	14,529	14,366	10,365	11,835	14,566
Government funding	3,000	2,278	5,725	6,235	4,561	26
Interest income	77	116	77	74	52	83
Other income	1,757	1,888	2,118	2,162	3,853	1,599
Total revenue	138,320	147,414	146,995	133,468	134,355	126,969
EXPENSES						
Operations, administration & employee	64,808	71,463	66,624	58,750	59,392	54,184
Expenditure of Government funding	3,665	5,218	2,010	1,624	1,300	0
Depreciation & amortisation	31,649	30,836	30,645	29,991	31,637	32,705
Borrowing & finance Charges	28,061	27,725	28,831	30,052	30,557	31,022
Environmental Contribution	5,116	5,116	3,272	3,272	3,272	3,272
Total expenditure	133,299	140,358	131,382	123,689	126,158	121,183
Net result before tax	5,021	7,056	15,613	9,778	8,197	5,786
Net result for the year	3,452	3,704	11,360	5,389	4,094	4,931
ASSETS						
Total current assets	29,747	41,241	41,201	35,243	36,120	32,189
Total non-current assets	1,624,052	1,629,824	1,631,358	1,629,008	1,627,031	1,332,020
Total assets	1,653,799	1,671,065	1,672,559	1,664,251	1,663,151	1,364,209
LIABILITIES						
Total current liabilities	31,976	33,490	30,689	29,902	29,336	20,150
Total non-current liabilities	573,128	575,454	583,876	588,152	593,007	501,178
Total liabilities	605,104	608,944	614,565	618,054	622,343	521,328
Net assets	1,048,695	1,062,121	1,057,994	1,046,197	1,040,808	842,881
Net cash inflows from operations	30,042	30,994	30,716	39,548	29,546	24,878
Payments for assets	(24,233)	(23,255)	(19,870)	(29,595)	(47,400)	(29,161)
Performance Indicator	Plan 2018/19	Actual 2018/19	Actual 2017/18	Actual 2016/17	Actual 2015/16	Actual 2014/15
Interest Cover (Cash)	2.1	2.1	2.1	2.3	2.0	1.8
Gearing Ratio	27.0%	26.8%	27.3%	27.9%	28.4%	33.9%
Internal Financing Ratio	124.0%	133.3%	154.6%	133.6%	62.3%	85.3%
Current Ratio	1.0	1.4	1.5	1.3	1.3	1.8
Return on Assets	2.0%	1.9%	2.6%	2.3%	2.4%	2.7%
Return on Equity	0.3%	0.3%	1.1%	0.5%	0.4%	0.6%
EBITDA Margin	46.7%	43.4%	50.8%	52.2%	51.5%	54.5%

Coliban Water achieved a net result for the year of a \$3.7 million profit, which is the fifth consecutive year of positive results. This continued strengthening of our financial performance and position since 2013 is pivotal to financing our capital works and underscores the importance to our region of Coliban Water being a financially sustainable corporation.

We maintained our financial sustainability goal during 2018/19 to fully fund our capital investment program from operating cash flows by scaling back on planned capital works. We also maintained a \$4.0 million repayment toward our debt in line with our financial strategy.

Our water resources were secure throughout the year, with Permanent Water Savings Rules in place for all urban supplies and our rural customers received full allocations for the 2018/19 season.

Our performance indicators summarise our financial performance over the years. Indicators that varied significantly to plan or the previous year are explained in the Performance Report section of the Annual Report.

SIGNIFICANT CHANGES OR FACTORS AFFECTING OUR FINANCIAL PERFORMANCE – COMPREHENSIVE

OPERATING STATEMENT

The net result for the year was a profit of \$3.7 million compared to the \$3.5 million budgeted, and \$11.4 million achieved last year.

Total revenue increased \$0.4 million compared to the previous year, with movements in revenue components comprising:

- › Service charges remained consistent with an increase of \$0.1 million due to slight growth in customer connections and the approved price path for rates and charges;
- › An increase in usage charges of \$3.8 million due to a combination of extended summer conditions, causing consumption to increase from 200kl per household in 2017/18 to 210kl in 2018/19, together with an increase in temporary water sales of \$0.6 million;
- › Contributions and gifted assets remained similar to previous years with an increase of \$0.2 million in line with customer growth; and
- › A decrease in Government funding of \$3.4 million due to the phasing of funding received from the Department of Environment, Land, Water and Planning (DELWP) for the Bendigo Groundwater Project: Transitional Solution.

Total revenue increased \$9.1 million compared to the Corporate Plan budget for 2018/19, with material movements in revenue components including:

- › Service charges were \$1.3 million under budget due to a combination of lower than average growth rates than budgeted and less fees attained from major trade waste than anticipated.
- › An increase in usage charges of \$7.4 million due to water consumption being 22kl per household higher than budgeted as a result of the lower than average rainfall over the peak spring and summer periods and bulk water sales exceeding budget by \$2.3 million;
- › An increase in contributions and gifted assets of \$3.6 million as customer growth exceeded expectations; and
- › A reduction in Government funding from DELWP for the Bendigo Groundwater Project: Transitional Solution of \$0.7 million.

Total expenditure increased \$9.0 million compared to the previous year, with material movements in expenditure components including:

- › An increase in operations, administration and employee expenses of \$4.8 million resulting from:
 - the adoption of a new cloud investment accounting policy, resulting in an increase to operating and administration expenditure of \$2.3 million and \$0.6 million in employee benefits, where previously the investment was classified as capital in nature;
 - increase in outsourced operations, maintenance and BOOT contracts of \$0.7 million;
 - increase in general services of \$4.1 million comprising \$1.8 million in addition to the cloud adjustment noted above;
 - a decrease in project contributions of \$2.2 million; and
 - a further increase of \$0.9 million in employee costs due to the implementation of year two of the approved 2017 Enterprise Agreement and growth in employee numbers.
- › An increase in expenditure of Government funding of \$3.2 million, reflecting the increase in operational costs relating to the Bendigo Groundwater Project: Transitional Solution;
- › An increase in depreciation and amortisation of \$0.2 million reflecting the impact of additional assets being commissioned during the year; and
- › A decrease in borrowing and finance charges of \$1.1 million due to more favorable interest rates over the year for refinanced loans and the impact of loan repayments that commenced in 2016/17.

Total expenditure increased \$7.1 million compared to the Corporate Plan budget for 2018/19, with material movements in expenditure components including:

- › An increase in operations, administration and employee expenses of \$6.7 million resulting from:
 - an increase in electricity costs of \$0.7 million;
 - an increase in outsourced operations and maintenance costs of \$1.3 million;
 - the adoption of a new cloud investment accounting policy, resulting in an increase to operating and administration expenditure of \$2.3 million and \$0.6 million in employee benefits, where previously the investment was budgeted for as capital; and
 - an additional increase in employee expenses of \$1.3 million due to employee costs due to the difference in the budgeted impact of year two of the approved 2017 Enterprise Agreement and growth in employee numbers.
- › An increase in Government funding expenditure of \$1.5 million, reflecting changes in the timing of the planned operational costs relating to the Bendigo Groundwater Project: Transitional Solution;
- › A decrease in depreciation and amortisation of \$0.8 million reflecting less commissioning than anticipated; and
- › A decrease in borrowing and finance charges of \$0.3 million due to favorable interest rates over the year.

FINANCIAL OVERVIEW

SIGNIFICANT CHANGES IN OUR FINANCIAL POSITION – BALANCE SHEET

Total assets increased by \$1.5 million compared to the previous year, with material movements in asset components of the balance sheet being as follows:

- › A net increase in current assets of \$0.04 million due to an increase in receivables of \$1.9 million reflecting the higher water consumption during the year, offset with a decrease in cash held of \$1.3 million and a reduction in inventory of \$0.7 million as a result of the annual stocktake; and
- › A decrease in non-current assets of \$1.5 million due to the transfer of cloud based investment from intangible assets to the Comprehensive Operating Statement.

Total assets increased by \$17.3 million compared to the Corporate Plan budget for 2018/19, with material movements in asset components of the balance sheet being as follows:

- › An increase in current assets of \$11.5 million due to;
 - \$7.6 million additional cash held, \$0.5 million of which relates to funds held for the Bendigo Groundwater Project: Transitional Solution;
 - An increase in assets held for sale of \$0.5 million with a parcel of land in Echuca being actively marketed in 2018/19; and
 - An increase in receivables of \$3.8 million due to timing of payments.
- › An increase in non-current assets of \$5.8 million reflecting an increase in anticipated capital spend and the posting of a \$1.3 million land managerial revaluation.

Total liabilities decreased by \$5.6 million compared to the previous year, with material movements in liability components of the balance sheet being as follows:

- › An increase in current liabilities of \$2.8 million due to an increase in interest bearing liabilities of \$0.5 million, reflecting the increased loan repayment anticipated for 2019/20, and an increase in payables of \$1.7 million and employee benefits of \$0.6 million; and
- › A decrease in non-current liabilities of \$8.4 million due to an increase of \$1.1 million in deferred taxes relating to the net result and the managerial revaluation, offset by a reduction in loans and finance lease liabilities of \$9.7 million, an increase in payables of \$0.1 million and employee benefits of \$0.1 million.

Total liabilities on the Balance Sheet increased by \$3.8 million compared to the Corporate Plan budget for 2018/19, with material movements as follows:

- › An increase in current liabilities of \$1.5 million due to increases in payables and employee benefits; and
- › An increase in non-current liabilities of \$2.3 million due to an increase in deferred tax liabilities.

Our improvement in total net assets (equity) compared to last year of \$4.1 million is attributed to the accumulated funds increasing due to our financial operating performance for the year. This also applies to the increase in total net assets (equity) of \$13.4 million when comparing against the Corporate Plan budget for 2018/19.

SIGNIFICANT CHANGES IN OUR CASH FLOW STATEMENT

Net cash flows from operations were \$0.3 million higher compared to the previous year with an increase of \$2.5 million in receipts, offset with a decrease in payments to suppliers and borrowing costs of \$2.2 million during the year.

Net cash flows from operations increased by \$1.0 million compared to the 2018/19 Corporate Plan budget due to the net impact of higher receipts in service and usage charges resulting from the higher consumption per household and less payments to suppliers.

Payments for assets increased by \$3.4 million compared to the previous year due to the timing of payments made for capital works recognised in 2017/18.

Payments for assets decreased by \$1.0 million compared to the 2017/18 Corporate Plan budget reflecting the net result of the transfer of \$2.9 million of cloud investment to an operating and administration expense and the timing of payments made for capital works relating to the previous financial year.

POST BALANCE DATE EVENTS

There are no post balance date events that materially affect Coliban Water's 2018/19 financial statements.

UNDERSTANDING THE FINANCIAL STATEMENTS

COMPREHENSIVE OPERATING STATEMENT

The Comprehensive Operating Statement measures our performance over the year and shows if a surplus or deficit has been made in delivering products and services. The statement includes all sources of income less all expenses incurred in earning that income.

For the year ending 30 June 2019, Coliban Water's net result for the year of \$3.7 million.

BALANCE SHEET

The Balance Sheet sets out our net accumulated financial worth at the end of the financial year. It shows the assets we own as well as liabilities or claims against those assets.

Both assets and liabilities are expressed as current or non-current. Current assets or current liabilities are expected to be converted to cash receipts or outlays within the next twelve months. Non-current assets or liabilities are longer-term.

Equity is total capital, and reserves and accumulated profits that have been reinvested in the business over the years.

STATEMENT OF CHANGES IN EQUITY

The Statement of Changes in Equity shows the changes in equity from last year to this year.

The total overall change in equity during a financial year comprises the net result for the year after tax items charged directly to the equity account from revaluation of assets.

CASH FLOW STATEMENT

The Cash Flow Statement summarises our cash receipts and payments for the financial year and the net cash position at the end of the year. It differs from the Comprehensive Operating Statement in that it excludes non-cash expenses such as depreciation and the accruals taken into account in the Comprehensive Operating Statement. It includes, payments or receipts in relation to capital items and any financing activities such as movements in borrowings.

For the year ending 30 June 2019, we had a net cash flow from operating activities of \$31.0 million.

NOTES TO THE ACCOUNTS

The Notes to the Accounts provide further information about how the Financial Statements are prepared as well as additional information and detail about specific items within them.

The Notes also describe any changes to accounting standards, policy or legislation that may affect the way the statements are prepared. Information in the Notes is particularly helpful if there has been a significant change from the previous year's comparative figures.

STATUTORY CERTIFICATE AND AUDITOR GENERAL'S REPORT

These provide the reader with a written undertaking that the Financial Statements fairly represent our financial position and performance for 2018/19. The Report from the Auditor General provides an independent view and outlines any issues of concern.

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We certify that the attached financial statements for Coliban 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* and applicable Financial Reporting Directions, applicable 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 the accompanying notes, presents fairly the financial transactions during the financial year ended 30 June 2019 and the financial position of Coliban Region Water Corporation as at 30 June 2019.

At the date 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 23 August 2019.



Lucy Roffey
Chairperson
Coliban Region Water Corporation



Neville Pearce
Acting Managing Director
Coliban Region Water Corporation



Jarrah O'Shea
Acting Executive General Manager
Finance and Pricing
(Chief Financial Officer)
Coliban Region Water Corporation

COMPREHENSIVE OPERATING STATEMENT

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 (\$'000)	2018 (\$'000)
REVENUE			
Service charges	2.2.1	71,999	71,870
Usage charges	2.2.2	56,604	52,838
Contributions and gifted assets	2.2.3	14,529	14,367
Government funding	10.1	2,278	5,725
Interest income		116	77
Other income		1,888	2,118
Total revenue		147,414	146,995
EXPENSES			
Operating and administration expenses	3.2	52,964	49,615
Employee benefits	3.3.1	18,499	17,009
Expenditure of Government funding	10.1	5,218	2,010
Depreciation	4.1.1	29,293	29,032
Amortisation	4.2	1,543	1,613
Borrowing and finance charges	6.1.2	27,725	28,831
Environmental contributions	8.2	5,116	3,272
Total expenses		140,358	131,382
Net result before tax and other economic flows		7,056	15,613
Income tax (expense)/benefit	8.1.1	(1,498)	(3,705)
Net result before other economic flows		5,558	11,908
OTHER ECONOMIC FLOWS INCLUDED IN THE NET RESULT			
Net gain/(loss) on disposal of assets	4.1.3	(2,446)	(441)
Other gains/(losses) from other economic flows		(203)	(341)
Income tax benefit relating to components of other economic flows		795	234
Total other economic flows net of tax		(1,854)	(548)
Net result for the year		3,704	11,360
OTHER COMPREHENSIVE INCOME			
Change in asset revaluation reserves		1,328	6,288
Income tax (expense)/income relating to components of other comprehensive income	8.1.1	(437)	(1,886)
Total other comprehensive income for the year		891	4,402
Total comprehensive result for the year		4,595	15,762

The above Comprehensive Operating Statement should be read in conjunction with the accompanying notes.

BALANCE SHEET

AS AT 30 JUNE 2019

	Notes	2019 (\$'000)	2018 (\$'000)
ASSETS			
Current assets			
Cash and cash equivalents	6.2, 10.1	13,793	15,141
Receivables	5.1	24,619	22,749
Inventories	4.4	1,707	2,376
Prepayments		618	773
Assets held for sale	7.3.2	504	162
Total current assets		41,241	41,201
Non-current assets			
Receivables	5.1	649	797
Infrastructure, property, plant and equipment	4.1	1,562,365	1,563,197
Intangible assets	4.2	66,810	67,364
Total non-current assets		1,629,824	1,631,358
TOTAL ASSETS		1,671,065	1,672,559
LIABILITIES			
Current liabilities			
Payables	5.2	18,462	16,748
Interest bearing liabilities	6.1	9,727	9,275
Employee benefits	3.3.2	5,301	4,666
Total current liabilities		33,490	30,689
Non-current liabilities			
Payables	5.2	126	62
Interest bearing liabilities	6.1	437,550	447,278
Net deferred tax	8.1.2	137,068	135,930
Employee benefits	3.3.2	710	606
Total non-current liabilities		575,454	583,876
TOTAL LIABILITIES		608,944	614,565
NET ASSETS		1,062,121	1,057,994
EQUITY			
Contributed capital	9.1.1, 10.1	304,025	304,464
Asset revaluation reserves	9.1.2	388,094	387,203
Accumulated funds		370,002	366,327
TOTAL EQUITY		1,062,121	1,057,994

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	Contributed Capital (\$'000)	Asset Revaluation Reserves (\$'000)	Accumulated Funds (\$'000)	Total (\$'000)
Balance at 1 July 2017		308,429	382,801	354,967	1,046,197
Net result after income tax		–	–	11,360	11,360
Other comprehensive income for the year after tax		–	4,402	–	4,402
Transactions with the State in its capacity as owner:					
Contributions by owners	9.1.1, 10.1	(3,965)	–	–	(3,965)
Balance at 30 June 2018		304,464	387,203	366,327	1,057,994
Effect on application of new accounting standards		–	–	(29)	(29)
Net result after income tax		–	–	3,704	3,704
Other comprehensive income for the year after tax		–	891	–	891
Transactions with the State in its capacity as owner:					
Contributions by owners	9.1.1, 10.1	(439)	–	–	(439)
Balance at 30 June 2019		304,025	388,094	370,002	1,062,121

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

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 (\$'000)	2018 (\$'000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Service and usage charges		127,795	123,290
Other customer revenue		5,580	5,582
Receipts from Government		2,278	5,725
GST received from the ATO ⁽ⁱ⁾		7,244	5,883
Interest received		116	77
		143,013	140,557
Payments			
Payments to suppliers and employees		(79,041)	(77,501)
Borrowing costs and finance charges		(27,862)	(29,068)
Environmental contribution		(5,116)	(3,272)
		(112,019)	(109,841)
Net cash inflows from operating activities	6.2.1	30,994	30,716
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for infrastructure, property, plant and equipment		(22,266)	(18,352)
Payments for intangible assets		(989)	(1,518)
Proceeds from sale of infrastructure, property, plant and equipment		188	3,880
Net cash outflows from investing activities		(23,067)	(15,990)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(4,000)	(3,500)
Repayment of finance lease liabilities		(5,275)	(4,882)
Net cash outflows from financing activities		(9,275)	(8,382)
Net increase in cash and cash equivalents		(1,348)	6,344
Cash and cash equivalents at the beginning of the financial year		15,141	8,797
Cash and cash equivalents at the end of the financial year	6.2, 10.1	13,793	15,141

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

⁽ⁱ⁾Goods and Services Tax paid to the ATO is presented on a net basis.

NOTE 1: ABOUT THIS REPORT

INTRODUCTION

This note outlines the basis of preparation and compliance information relating to the financial statements.

STRUCTURE

1.1 Basis of Accounting

1.1 BASIS OF ACCOUNTING

General

This financial report of Coliban Region Water Corporation (Coliban Water) is a general purpose financial report that consists of a Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes accompanying these statements. The general purpose financial report has been prepared in accordance with Australian Accounting Standards (AASs), Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board, and the requirements of the *Financial Management Act 1994* and applicable Ministerial Directions.

Coliban Water is a not-for-profit entity for the purpose of preparing the financial statements. Where appropriate, those AASs paragraphs applicable to not-for-profit entities have been applied.

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, revenue and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid. This financial report has been prepared on a going concern basis.

The annual financial statements were authorised for issue by the Board of Coliban Water on 23 August 2019.

Accounting policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. Unless otherwise stated, all accounting policies applied are consistent with those of the prior year. Where appropriate, comparative figures have been amended to align with current presentation and disclosure.

In 2018/19 Coliban Water adopted a new accounting treatment for cloud investment. This has resulted in the reclassification of cloud based capital expenditure to operational expenditure.

Application of new accounting standards

AASB 9 *Financial Instruments*, which replaces AASB 39 *Financial Instruments: Recognition and Measurement*, introduces new requirements for recognition, classification and measurement, a new impairment model for financial assets based on expected credit losses, and simplified hedge accounting. Coliban Water has adopted AASB 9 as at 1 July 2018 and has applied the new rules on a modified retrospective basis. As a result, comparatives for 2017/18 in our 30 June 2019 accounts will not be restated. The financial impact of the application of AASB 9 resulted in a \$29,320 adjustment to retained earnings. Refer note 5.1.1 for further disclosure relating to AASB 9.

Functional and presentation currency

Items included in this financial report are measured using the currency of the primary economic environment in which Coliban Water operates ("the functional currency"). The financial statements are presented in Australian dollars, which is Coliban Water's functional and presentation currency.

Classification between current and non-current

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be realised or paid. The asset or liability is classified as current if it is expected to be turned over within the next twelve months, being Coliban Water's operational cycle.

Rounding

Unless otherwise stated, amounts in the report have been rounded to the nearest thousand dollar.

Historical cost convention

These financial statements have been prepared under the historical cost convention, except for the revaluation of financial assets and all classes of infrastructure assets, property, plant and equipment.

Accounting estimates

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.

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 made 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 AASs that have significant effects on the financial statements and estimates relate to:

- > fair value determination of non-financial physical assets (Note 7.3.1);
- > estimation of useful life (Note 4.1.2);
- > impairment of assets (Note 4.1.1);
- > recognition of deferred tax balances (Note 8.1.2);
- > employee benefits provisions (Note 3.3);
- > contingent assets and contingent liabilities (Note 7.2);
- > actuarial assumptions of the defined benefits superannuation (Note 9.7); and
- > accrued revenue and expenses (Note 5.1, Note 5.2).

NOTE 2: FUNDING DELIVERY OF OUR SERVICES

INTRODUCTION		STRUCTURE	
<p>This note presents the sources and amounts of income raised by Coliban Water, and the accounting policies that are relevant for an understanding of the items reported in the financial statements.</p> <p>Income is recognised to the extent it is probable the economic benefits will flow to Coliban Water and the income can be reliably measured at fair value. The income generated from these services we provide and the associated usage are Coliban Water's key sources of funding.</p>		<p>2.1 Summary of income that funds the delivery of our services</p> <p>2.2 Income from transactions</p> <p>2.2.1 Service charges</p> <p>2.2.2 Usage charges</p> <p>2.2.3 Contributions and gifted assets</p>	
	Notes	2019 (\$'000)	2018 (\$'000)
2.1 SUMMARY OF INCOME THAT FUNDS THE DELIVERY OF OUR SERVICES			
Service charges	2.2.1	71,999	71,870
Usage charges	2.2.2	56,604	52,838
Contributions and gifted assets	2.2.3	14,529	14,367
Government funding	10.1	2,278	5,725
Interest income		116	77
Other income		1,888	2,118
		147,414	146,995
Income is recognised net of goods and services tax (GST) to the extent it is probable the economic benefits will flow to Coliban Water and the income can be reliably measured at fair value. Where applicable, amounts disclosed as income are net of returns, allowances, duties and taxes.			
2.2 INCOME FROM TRANSACTIONS			
2.2.1 SERVICE CHARGES			
Water service charges		19,329	19,046
Rural water service charges		2,555	2,574
Wastewater service charges		47,028	46,364
Recycled water service charges		37	100
Trade waste service charges		3,050	3,786
		71,999	71,870
Service charges are recognised as revenue when services have been provided or when a rate levy has been charged.			
2.2.2 USAGE CHARGES			
Water usage charges		47,499	44,344
Rural water usage charges		1,431	1,269
Wastewater usage charges		1,449	1,384
Recycled water usage charges		704	636
Trade waste usage charges		1,064	1,319
Temporary water sales		4,457	3,886
		56,604	52,838
Water, rural, wastewater and recycled water usage charges are recognised as revenue when the service has been supplied.			
Trade waste usage charges are recognised as revenue at the end of the service delivery period. Volume meters are read and appropriate charges levied in accordance with the trade waste agreements. Major trade waste customer meters are read monthly or quarterly with accounts sent at the end of the service delivery period and accrued at year end based on actual usage.			
Temporary water sales are recognised as revenue when the sale occurs. Temporary water is sold on the open trading market when it is determined that the water allocation is in excess of Coliban Water's requirements.			
2.2.3 CONTRIBUTIONS AND GIFTED ASSETS			
Developer contributions and gifted assets		10,169	10,852
New customer contributions		4,360	3,515
		14,529	14,367

NOTE 2: FUNDING DELIVERY OF OUR SERVICES (CONTINUED)

2.2.3 CONTRIBUTIONS AND GIFTED ASSETS (CONTINUED)

Developer contributions and gifted assets are recognised at their fair value as revenue upon Coliban Water obtaining control for maintenance in perpetuity. Water, recycled water and wastewater mains within estate developments are often constructed and financed by property developers and on completion, the ownership of the mains are transferred to Coliban Water as a gifted asset.

New customer contributions paid by developers to connect new developments to existing water supply and wastewater systems are recognised as revenue when the contributions are received.

NOTE 3: THE COST OF DELIVERING OUR SERVICES

INTRODUCTION	STRUCTURE
This note provides information about how Coliban Water's funding is applied in delivering services and outputs, and the accounting policies that are relevant for an understanding of the items reported in the financial statements.	3.1 Summary of expenses incurred in the delivery of our services 3.2 Operating and administration expenses 3.3 Employee benefits 3.3.1 Employee benefits – comprehensive operating statement 3.3.2 Employee benefits – balance sheet

	Notes	2019 (\$'000)	2018 (\$'000)
3.1 SUMMARY OF EXPENSES INCURRED IN THE DELIVERY OF OUR SERVICES			
Operating and administration expenses	3.2	52,964	49,615
Employee benefits	3.3.1	18,499	17,009
Expenditure of Government funding	10.1	5,218	2,010
		76,681	68,634
Expenses are recognised net of goods and services tax (GST), except where the amount of GST is not recoverable from the ATO. In these circumstances, the GST is recognised as part of an item of expense.			
3.2 OPERATING AND ADMINISTRATION EXPENSES			
Partnership contract expenses		17,162	16,829
General services		13,047	8,931
Finance lease (BOOT toll) service payments		8,060	7,711
Electricity		5,758	5,644
Project contributions		784	2,981
Water purchases		2,118	1,738
Other operating and administration expenses		6,035	5,781
		52,964	49,615

Partnership contract expenses refer to the costs incurred in operating and maintaining both water and wastewater treatment plants and reticulation networks under the current contract with Lendlease. Refer to Note 6.3.2.

General services include costs relating to cloud investment, information technology services, legal, consultant and contractor costs incurred outside of the partnership contract expenses.

Finance lease Build Own Operate Transfer (BOOT) toll service payments represent the BOOT operating costs incurred to operate the Bendigo, Castlemaine and Kyneton water treatment plants and the Echuca and Rochester water reclamation plants.

Electricity costs are expensed as incurred. These costs include the electricity for office administration buildings and costs associated with operating all Coliban Water assets, excluding those operated under the BOOT contracts.

Project contributions refer to funds contributed by Coliban Water to external parties to deliver projects. These are expensed as incurred.

Water purchases are expensed as incurred. These costs relate to long term entitlement licenses held by Coliban Water with neighbouring water corporations and include a fixed fee associated with the volume of the license and a variable component based on volumes utilised.

Other operating and administration expenses include general operating costs, general maintenance, repair costs and minor renewal costs relating to corporate buildings that are expensed as incurred.

NOTE 3: THE COST OF DELIVERING OUR SERVICES continued...

	Notes	2019 (\$'000)	2018 (\$'000)
3.3 EMPLOYEE BENEFITS			
3.3.1 EMPLOYEE BENEFITS – COMPREHENSIVE OPERATING STATEMENT			
Employee benefits in the Comprehensive Operating Statement are a major component of operating costs and include all costs related to employment, including wages and salaries, superannuation, fringe benefits tax, leave entitlements, redundancy payments and WorkCover payments. The majority of employee expenses in the Comprehensive Operating Statement are salaries and wages.			
Salaries and wages		14,620	13,334
Annual leave		1,316	1,212
Accrued days off		590	562
Long service leave		258	255
Superannuation	9.7	1,715	1,646
		18,499	17,009
The amount recognised in the Comprehensive Operating Statement in respect of superannuation represents contributions made or due by Coliban Water to the relevant superannuation plans in respect to the services of Coliban Water's staff (both past and present). Superannuation contributions are made to the plans based on the relevant rules of each plan and any relevant compulsory superannuation requirements that Coliban Water is required to comply with.			
3.3.2 EMPLOYEE BENEFITS – BALANCE SHEET			
As part of annual operations, Coliban Water provides for benefits accruing to employees but payable in future periods in respect of annual leave, accrued days off, time in lieu, long service leave and related on-costs for services rendered to the reporting date.			
Current provisions			
Employee benefits – annual leave:			
Unconditional and expected to be wholly settled within 12 months		1,380	1,321
Unconditional and expected to be wholly settled after 12 months		24	–
Employee benefits – accrued days off and time in lieu:			
Unconditional and expected to be wholly settled within 12 months		200	162
Employee benefits – long service leave:			
Unconditional and expected to be wholly settled within 12 months		227	217
Unconditional and expected to be wholly settled after 12 months		2,867	2,432
		4,698	4,132
On-costs relating to employee benefits:			
Unconditional and expected to be wholly settled within 12 months		229	217
Unconditional and expected to be wholly settled after 12 months		374	317
		603	534
Total current provisions for employee benefits		5,301	4,666
Non-current provisions			
Employee benefits – long service leave		629	536
On costs relating to employee benefits		81	70
Total non-current provisions for employee benefits		710	606
Total provision for employee benefits		6,011	5,272
		2019	2018
Employee numbers at end of financial year		204	198

3.3.2 EMPLOYEE BENEFITS – BALANCE SHEET (CONTINUED)**Wages and salaries, annual leave and accrued days off**

Liabilities for wages, salaries, annual leave and accrued days off to be wholly settled within 12 months of the reporting date are measured at their nominal values. Employee benefits which are not expected to be wholly settled within 12 months are measured at the present value. Regardless of the expected timing of settlements, provisions made in respect of employee benefits are classified as a current liability, unless there is an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date, in which case it would be classified as a non-current liability.

Long service leave

Current liability – unconditional Long Service Leave (LSL) (representing 7 or more years of continuous service) is disclosed as a current liability even where Coliban Water does not expect to wholly settle the liability within 12 months because it does not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current liability for LSL are measured at:

- > Present value – component that Coliban Water does not expect to wholly settle within 12 months; and
- > Nominal value – component that Coliban Water expects to wholly settle within 12 months.

Non-current liability – conditional LSL (representing less than 7 years of continuous service) 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 required years of service. Conditional LSL is required to be measured at present value.

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

Employee benefit on-costs

Employee benefit on-costs, including superannuation, payroll tax and workers compensation are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

NOTE 4: KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

INTRODUCTION	STRUCTURE
Coliban Water controls infrastructure and other assets that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources that have been entrusted to Coliban Water to be utilised for delivery of those outputs.	4.1 Infrastructure, property, plant and equipment <ul style="list-style-type: none"> 4.1.1 Reconciliation of movements in carrying values of infrastructure, property, plant and equipment 4.1.2 Depreciation 4.1.3 Net gain/(loss) on disposal of assets 4.1.4 Capital commitments 4.2 Intangible assets 4.3 Joint operations 4.4 Inventories

4.1 INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT

4.1.1 RECONCILIATION OF MOVEMENTS IN CARRYING VALUES OF INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT

Movements in infrastructure, property, plant and equipment can occur under a number of circumstances. These include the addition of new works or assets, disposals, transfers between asset categories, depreciation or amortisation, impairment assessments, managerial revaluations and the five yearly scheduled revaluation. All movements are shown below.

2018–2019	Opening WDV at 1 July 2018 (\$'000)	Additions (\$'000)	Disposals / Writeoffs (\$'000)	Transfers in(out) of assets under construction (\$'000)	Transfers between categories (\$'000)	Fair value of assets received free of charge (\$'000)	Depreciation (\$'000)	Impairments (\$'000)	Revaluation (\$'000)	Closing WDV at 30 June 2019 (\$'000)
Land										
At fair value	45,574	–	(5)	149	(265)	–	–	–	1,378	46,831
Buildings										
At fair value	1,757	–	–	32	–	–	(104)	–	–	1,685
Buildings – Leasehold										
At fair value	1,137	–	–	47	–	–	(286)	–	–	898
Plant and Equipment										
At fair value	1,526	–	(85)	817	–	–	(486)	–	–	1,772
Infrastructure										
At fair value	1,355,762	–	(1,790)	25,480	25	–	(23,705)	(128)	–	1,355,644
Finance Leases										
At fair value	138,510	–	–	249	–	–	(4,712)	–	–	134,047
Works in Progress[®]										
At cost	18,931	20,968	–	(26,774)	(1,806)	10,169	–	–	–	21,488
Totals	1,563,197	20,968	(1,880)	–	(2,046)	10,169	(29,293)	(128)	1,378	1,562,365

2017–2018	Opening WDV at 1 July 2017 (\$'000)	Additions (\$'000)	Disposals / Writeoffs (\$'000)	Transfers in(out) of assets under construction (\$'000)	Transfers between categories (\$'000)	Fair value of assets received free of charge (\$'000)	Depreciation (\$'000)	Impairments (\$'000)	Revaluation (\$'000)	Closing WDV at 30 June 2018 (\$'000)
Land										
At fair value	37,785	–	(44)	1,280	265	–	–	–	6,288	45,574
Buildings										
At fair value	1,718	–	–	140	–	–	(101)	–	–	1,757
Buildings – Leasehold										
At fair value	1,363	–	–	43	–	–	(269)	–	–	1,137
Plant and Equipment										
At fair value	1,746	–	(32)	299	–	–	(487)	–	–	1,526
Infrastructure										
At fair value	1,357,056	–	(1,650)	24,085	(255)	–	(23,474)	–	–	1,355,762
Finance Leases										
At fair value	142,425	–	–	786	–	–	(4,701)	–	–	138,510
Works in Progress[®]										
At cost	18,542	20,355	–	(26,618)	(4,200)	10,852	–	–	–	18,931
Totals	1,560,635	20,355	(1,726)	15	(4,190)	10,852	(29,032)	–	6,288	1,563,197

[®]Refer note 10.1 for amounts relating to the Bendigo Groundwater Project: Transitional Solution

4.1.1 RECONCILIATION OF MOVEMENTS IN CARRYING VALUES OF INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Initial recognition and measurement of assets

Infrastructure, property, plant and equipment represent non-current physical assets comprising land, buildings, water and wastewater infrastructure assets, plant, equipment, motor vehicles and finance lease infrastructure used by Coliban Water in its operations. These assets comprise substructures or underlying systems held to facilitate harvesting, storage, treatment and transfer of water to meet customer needs. They also include wastewater systems.

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

Items with a cost value in excess of \$1,000 (2017/18: \$1,000) and a useful life of more than one year are recognised as an asset. All other assets acquired are expensed. Where assets are constructed by Coliban Water, the cost at which they are recorded includes an appropriate share of overheads. Assets acquired at no cost or for nominal consideration by Coliban Water are recognised at fair value at the date of acquisition.

Subsequent measurement

Infrastructure assets, property, plant and equipment are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset). Refer to Note 4.1.1 for fair value disclosures.

Revaluation of infrastructure, property, plant and equipment

The Valuer-General Victoria (VGV) is Coliban Water's independent valuation agency in relation to the valuation of infrastructure, property, plant and equipment.

Coliban Water, in conjunction with VGV, monitors changes in the fair value of infrastructure, property, plant and equipment through relevant data sources to determine whether a revaluation is required.

A fair value assessment for infrastructure occurred as at 30 June 2016 and was undertaken with involvement from VGV. Further details of the valuation exercise are provided in Note 7.3.1.

For the plant, equipment and motor vehicle asset classes, where Coliban Water is able to demonstrate that there is no evidence that a reliable market-based fair value (or other fair value indicators) exists for these assets, depreciated cost is used to represent fair value.

Revaluations are conducted in accordance with FRD 103H. Scheduled revaluations are undertaken every five years with an annual assessment of fair value to determine if it is materially different to the carrying value. If the difference to carrying value is greater than 10 per cent, a management revaluation is undertaken while a movement greater than 40 per cent will normally involve an approved valuer (usually the VGV) to perform a detailed assessment of the fair value. If the movement in fair value since the last revaluation is less than or equal to 10 per cent, then no change is made to the carrying amounts.

Revaluation increments are credited directly to equity in the asset revaluation reserve, except when an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in determining the net result, the increment is then recognised as revenue in determining the net result.

Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are then debited to the asset revaluation reserve.

Revaluation increases and revaluation decreases relating to individual assets within a class of infrastructure and property are offset against one another within that class but are not offset in respect of assets in different classes.

Asset revaluation reserves are not transferred to accumulated funds on derecognition of the relevant asset.

Impairment

Assets with indefinite useful lives are tested annually as to whether their carrying value exceeds their recoverable amount. All other assets are assessed annually for indicators of impairment, except for:

- > inventories;
- > deferred tax assets;
- > financial instrument assets; and
- > non-current assets held for sale.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds the recoverable amount. Where an asset's carrying amount exceeds the recoverable amount, the difference is written-off except to the extent that the write-down can be debited to an asset revaluation reserve amount applicable to that class of asset.

The recoverable amount for non-financial assets is measured at the higher of value in use (VIU) and fair value less costs of disposal. As Coliban Water is a not-for-profit entity, VIU is based on depreciated replacement cost where the future economic benefits of the asset are not primarily dependent on the asset's ability to generate cash inflows and where in the event of the loss of an asset, the future economic benefits arising from the use of the asset will be replaced.

A reversal of an impairment loss on a revalued asset is credited directly to equity under the heading asset revaluation reserve. This reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years. However, to the extent that an impairment loss on the same class of asset was previously recognised in the Comprehensive Operating Statement, a reversal of that impairment loss is recognised in the Comprehensive Operating Statement.

NOTE 4: KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY continued...

4.1.1 RECONCILIATION OF MOVEMENTS IN CARRYING VALUES OF INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Finance Leases

Coliban Water has entered into contractual arrangements with Bendigo Water Services Pty Ltd to build, own and operate water treatment facilities in Bendigo, Castlemaine and Kyneton and with ETE Coliban Pty Ltd to build, own and operate a wastewater treatment facility in Echuca and Rochester, over a 25 year period, in exchange for a stream of payments. At the end of the contract period, the assets are transferred to Coliban Water at no cost. As ownership of the asset is transferred to Coliban Water at the end of the contractual term, and this term is for the major part of the economic life of the asset, Coliban Water accounts for the asset under the BOOT Scheme as a finance lease.

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each stream of lease payment is allocated between the liability and finance costs. The interest element of the finance cost is charged to the Comprehensive Operating Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The assets acquired in a BOOT Scheme that meet the classification of a finance lease are depreciated over the asset's useful life. Refer Note 6.3.1.

4.1.2 DEPRECIATION

All non-current physical assets that have a limited useful life are depreciated. Where assets have separate identifiable components that have distinct useful lives and/or residual values, a separate depreciation rate is determined for each component.

Leasehold improvements are recognised at fair value and are depreciated over the unexpired period of the lease or the estimated useful life of the improvement, whichever is shorter. At balance date:

- > building leasehold improvements are depreciated over a 20 year and 5 year period consistent with the terms of the two leases (2017/18: 20 year and 3 year period); and
- > infrastructure leasehold improvements are depreciated over a 15 to 40 year period which is the shorter of the expected asset life and the 70 year lease (2017/18: 15 to 40 year period).

Land is not depreciated. Depreciation on all infrastructure, buildings, plant and equipment, and other non-current physical assets is calculated using the straight line method to allocate their costs or revalued amounts, net of their residual values, over their estimated useful lives, commencing from the time the asset is available and ready for use. The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Useful lives used are listed below and include a comparison to the prior year.

Asset	2018/19 Useful life	2017/18 Useful life
Buildings and leasehold improvements	3 to 100 years	3 to 100 years
Plant and equipment	1 to 40 years	1 to 40 years
Infrastructure and leasehold improvements	2 to 400 years	2 to 400 years
Finance lease infrastructure	25 to 100 years	25 to 100 years

4.1.3 NET GAIN/(LOSS) ON DISPOSAL OF ASSETS

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

Proceeds from disposal of assets	188	3,880
Written down value of assets disposed	(2,634)	(4,321)
Net gain/(loss) on disposal	(2,446)	(441)

4.1.4 CAPITAL COMMITMENTS

Capital expenditure commitments in nominal terms

Not later than one year	8,288	9,026
Later than one year and not later than five years	4	53
Total capital expenditure commitments (inclusive of GST)	8,292	9,079
Less GST recoverable	754	825
Total capital expenditure commitments (exclusive of GST)	7,538	8,254

NOTE 4: KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY continued...

4.2 INTANGIBLE ASSETS

Intangible assets represent identifiable non-monetary assets without physical substance. Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to Coliban Water.

Intangible assets with finite useful lives are amortised as an expense on a systematic basis (typically straight-line), commencing from the time the asset is available for use. The amortisation periods are reviewed and adjusted if appropriate at each balance date.

Intangible assets with indefinite useful lives are not amortised. However, all intangible assets are assessed for impairment annually.

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

	Permanent Water Entitlements 2018/19	Software 2018/19
Useful lives	Indefinite	Finite
Amortisation method used	Not amortised or revalued	1 to 10 years
Internally generated or acquired	Acquired	Both
Impairment test or recoverable amount testing	Reviewed annually for indicators of impairment.	Amortisation method reviewed at each financial year end and reviewed annually for indicators of impairment.

2018/2019	Water Entitlements (\$'000)	Software (\$'000)	Works in Progress (\$'000)	Total (\$'000)
Opening WDV at 1 July 2018	60,145	6,124	1,095	67,364
Additions	—	—	989	989
Transfers	246	341	(587)	—
Amortisation	—	(1,543)	—	(1,543)
Closing WDV at 30 June 2019	60,391	4,922	1,497	66,810

2017/2018	Water Entitlements (\$'000)	Software (\$'000)	Works in Progress (\$'000)	Total (\$'000)
Opening WDV at 1 July 2017	60,052	6,981	426	67,459
Additions	—	—	1,518	1,518
Transfers	93	756	(849)	—
Amortisation	—	(1,613)	—	(1,613)
Closing WDV at 30 June 2018	60,145	6,124	1,095	67,364

Permanent water entitlements

Permanent water entitlements purchased are recognised as an intangible asset on the Balance Sheet at cost (in accordance with AASB 138 *Intangible Assets* and FRD 109A *Intangible Assets*), and it has been determined there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for Coliban Water, therefore the entitlements will not be subject to amortisation, as the permanent water entitlements have an indefinite life. Permanent water entitlements will be tested annually for impairment.

Permanent water entitlements are tested for impairment at the cash generating unit (CGU) level by comparing the assets or CGU's recoverable amount with its carrying amount annually. Whenever there is an indication that the impairment exists, any excess of the carrying amount over the recoverable amount is recognised as an impairment loss in the Comprehensive Operating Statement.

4.2 INTANGIBLE ASSETS (CONTINUED)

In accordance with AASB 136 *Impairment of Assets*, Coliban Water has reviewed the carrying value of water entitlements at 30 June 2019. The VIU at the CGU level has been applied in determining the recoverable amount as at 30 June 2019 on the basis that the future economic benefits of the asset are primarily dependent on the asset's ability to generate cash flows consistent with the prior year. Where the VIU of the CGU is higher than its carrying value, the fair value less costs to sell is not required to be calculated. As the VIU at CGU is higher than the carrying amount as at 30 June 2019 no impairment of the permanent water entitlements has been recognised for the financial year ended 30 June 2019 (30 June 2018: no impairment recognised).

In determining VIU, the permanent water entitlements have been allocated to the Echuca CGU and Bendigo CGU. The recoverable amount of each CGU has been determined based on a VIU calculation using cash flow projections from the five year approved Corporate Plan. Cash flows beyond the final year forecast period in the Corporate Plan have been extrapolated using a 2.5% growth rate (2017/18: 2.5% growth rate).

The carrying amount of the intangible asset with an indefinite useful life allocated to each CGU and the significant assumptions used in the calculation of the VIU is as follows:

	Bendigo CGU	Echuca CGU
Permanent water entitlements allocated to the CGU (\$ million)	60.10	0.29
Pre-tax discount rate (%)	6.38	7.88
Water use per customer (kilolitres)	188	188
Growth rate (%)	2.50	2.50
Headroom (\$ million)	266.60	11.15

Discount rate: Represents the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have been incorporated into the cash flow estimates. The weighted average cost of capital discount rate calculation is based on specific circumstances relating to Coliban Water.

Growth rate: Estimates are based on CPI level price rises.

Water use per customer: Based on historical averages of water usage for customers within the regions covered by the CGUs.

Sensitivity to key assumptions: Management has performed an assessment and consider that no reasonable possible change in a key assumption would cause either the Bendigo CGU or the Echuca CGU carrying amount to exceed its recoverable amount.

4.3 JOINT OPERATIONS

Joint operations are contractual arrangements between the entity and one or more other parties to undertake an economic activity that is subject to joint control. Joint control only exists when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

Jointly controlled operations and assets are accounted for using proportionate consolidation.

For all investments in jointly controlled operations and assets, in respect of any interest in jointly controlled assets, Coliban Water recognises in the financial statements:

- > its share of jointly controlled assets;
- > any liabilities that it had incurred;
- > its share of liabilities incurred jointly by the joint operation;
- > any income earned from the selling or using of its share of the output from the joint operation; and
- > any expenses incurred in relation to being an investor in the joint operation.

Coliban Water recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

On 6 May 2008, Coliban Water established with Central Highlands Water (CHW) a joint operation for the development, operation and maintenance of the pipelines and infrastructure associated with the Goldfields Superpipe. The joint operation involves the use of assets and other resources of both parties. Each party uses its own assets and incurs its own expenses and liabilities.

Under the agreement, the assets are jointly owned as tenants in common in their respective percentage interests. Coliban Water's capital share has been determined by the total expenditure on the Goldfields Superpipe less the incremental proportion of capital expenditure that relates to the additional capacity required to service CHW. The incremental proportion has been funded by CHW.

Coliban Water's operational cost share is calculated on a combination of a fixed component based on capacity share, a variable component based on volumes of water pumped and an energy charges share based on volumes stored or pumped from Lake Eppalock.

NOTE 4: KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY continued...

4.3 JOINT OPERATIONS (CONTINUED)

Principal Activity 2018/19	Interest ⁽ⁱ⁾	Water Distribution ⁽ⁱⁱ⁾ (\$'000)	Operational Costs ⁽ⁱⁱⁱ⁾ (\$'000)
Waranga Channel to Lake Eppalock to Sandhurst Reservoir	2/3	43,303	1,787

Principal Activity 2017/18	Interest ⁽ⁱ⁾	Water Distribution ⁽ⁱⁱ⁾ (\$'000)	Operational Costs ⁽ⁱⁱⁱ⁾ (\$'000)
Waranga Channel to Lake Eppalock to Sandhurst Reservoir	2/3	43,856	1,168

⁽ⁱ⁾Certain administration and operational costs are split 50/50 in line with agreement.

⁽ⁱⁱ⁾Disclosed as Infrastructure Assets. Refer Note 4.1.

⁽ⁱⁱⁱ⁾Disclosed as part of other operating and administration expenses. Refer to Note 3.2.

As at 30 June 2019, there were \$189,877 outstanding liabilities incurred by Coliban Water and the joint operation (as at 30 June 2018: \$38,772).

	2019 (\$'000)	2018 (\$'000)
4.4 INVENTORIES		
Inventories held for distribution	1,707	2,376
Total inventories	1,707	2,376

Inventories include goods held for distribution at no or nominal cost. Inventories held for distribution are measured at cost, adjusted for any loss of service potential. The basis used in assessing loss of service potential for inventories held for distribution include current replacement cost and technical or functional obsolescence. Technical obsolescence occurs when an item still functions for some or all of the tasks it was originally acquired to do, but no longer matches existing technologies. Functional obsolescence occurs when an item no longer functions the way it did when it was first acquired.

NOTE 5: OTHER ASSETS AND LIABILITIES

INTRODUCTION

This note sets out other assets and liabilities that arise from Coliban Water's operations.

STRUCTURE

5.1 Receivables

5.1.1 Impairment of contractual receivables

5.2 Payables

5.2.1 Ageing analysis of contractual payables

	2019 (\$'000)	2018 (\$'000)
5.1 RECEIVABLES		
Receivables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Balance Sheet.		
Current receivables		
Contractual:		
Rates and charges receivables	8,230	8,291
Sundry customer receivables	537	340
Less: Allowance for expected credit losses	(186)	(345)
Statutory:		
Accrued revenue	13,351	12,640
Amount owing from the Victorian Government	1,685	1,066
GST receivables	1,002	757
	24,619	22,749
Non-current receivables		
Contractual:		
Customer receivables	649	797
	649	797
Total receivables	25,268	23,546

Receivables consist of:

- > contractual receivables, such as debtors in relation to goods and services supplied; and
- > statutory receivables, such as amounts owing from the Victorian Government and GST input tax credits recoverable.

Contractual receivables are classified as financial instruments and categorised as loans and receivables.

Accrued revenue represents services supplied but not yet invoiced. Meter reading is scheduled quarterly and therefore an estimation is made at the end of each accounting period of services used that are recorded on meters which have not been read. Accrued revenue is estimated by multiplying the number of days since the last reading by an adjusted reading for an equivalent prior period, further adjusted for current climatic conditions.

Statutory receivables, are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments because they do not arise from a contract.

Contractual receivables are recognised initially at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest rate method less any provision for impaired receivables. Trade receivables for water corporation debtors and other debtors are due for settlement no more than 28 days from the date of recognition.

5.1.1 IMPAIRMENT OF CONTRACTUAL RECEIVABLES

Coliban Water applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for contractual receivables.

To measure the expected credit losses, receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 12 months before 31 December 2018 or 1 January 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

No loss allowance is recognised for statutory receivables because there is minimal risk of default.

NOTE 5: OTHER ASSETS AND LIABILITIES continued...

5.1.1 IMPAIRMENT OF CONTRACTUAL RECEIVABLES (CONTINUED)

On that basis, the loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for both trade receivables:

30 June 2019	Days past due (\$'000)				
	Current	> 30	> 60	> 120	Total
Expected loss rate	1%	2%	3%	4%	10%
Gross carrying amount of contractual receivables	7,810	708	1,321	1,277	11,116
Loss allowance	78	14	43	51	186

1 July 2018	Days past due (\$'000)				
	Current	> 30	> 60	> 120	Total
Expected loss rate	1%	2%	4%	20%	27%
Gross carrying amount of contractual receivables	7,980	730	439	1,344	10,494
Loss allowance	80	15	18	262	374

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on receivables are presented in other expenses within the comprehensive operating statement.

	2019 (\$'000)	2018 (\$'000)
Balance at the beginning of the year	(345)	(144)
Opening retained earnings adjustment on adoption of AASB 9	(29)	–
Opening loss allowance	(374)	(144)
Transfers In	(133)	–
Transfers Out	115	–
Increase in provision recognised in the net result	(168)	(341)
Reversal of provision of receivables written off during the year as uncollectible	392	140
Reversal of unused provision recognised in the net result	(18)	–
Balance at the end of the year	(186)	(345)

Loss allowance on trade receivables is presented under other economic flows in the net result in the Consolidated Statement of Comprehensive Income. 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.

In prior years, a provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified. Indicators that there is no reasonable expectation of recovery include, but are not limited to, the failure of a debtor to engage in a repayment plan with Coliban Water and a failure to make contractual payments for a period greater than 120 days past due. There are no material financial assets that are individually determined to be impaired.

The financial impact of the adoption of AASB 9 on the allowance for credit losses on 1 July 2018 and the movement from 1 July 2018 to 30 June 2019 is \$41,848.

NOTE 5: OTHER ASSETS AND LIABILITIES continued...

	2019 (\$'000)	2018 (\$'000)
5.2 PAYABLES		
Payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Balance Sheet.		
Current payables		
Contractual:		
Trade payables	3,358	3,439
Accrued expenses	14,194	13,102
Other payables	891	190
Statutory:		
FBT payable	19	17
	18,462	16,748
Non-current payables		
Contractual:		
Retention and advance deposits	126	62
	126	62
Total payables	18,588	16,810

Payables consists of:

- > contractual payables, such as accounts payable and accrued expenses. Accounts payable represent liabilities for goods and services provided to Coliban Water prior to the end of the financial year that are unpaid, and arise when Coliban Water becomes obliged to make future payments in respect of the purchase of those goods and services; and
- > statutory payables such as goods and services tax and fringe benefits tax payables.

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and are not included in the category of financial liabilities at amortised cost because they do not arise from a contract.

The contractual payables are unsecured and are usually paid within 30 days of recognition.

Accrued expenses are recognised when Coliban Water, as a result of a past event, has a present obligation that can be estimated reliably, and it is probable that a payment will be required to settle the obligation.

The amount recognised as accrued expenses is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

5.2.1 AGEING ANALYSIS OF CONTRACTUAL PAYABLES

The ageing at 30 June 2019 includes trade payables, accrued expenses and other payables. Statutory payables are excluded.

	Carrying Amount (\$'000)	Nominal amount (\$'000)	Maturity dates			
			Less than one month (\$'000)	1 to 3 months (\$'000)	3 months to 1 year (\$'000)	1 to 5 years (\$'000)
2018/2019						
Supplies and services	13,490	13,490	11,405	2,056	29	–
Other payables	5,079	5,079	4,720	21	212	126
	18,569	18,569	16,125	2,077	241	126

	Carrying Amount (\$'000)	Nominal amount (\$'000)	Maturity dates			
			Less than one month (\$'000)	1 to 3 months (\$'000)	3 months to 1 year (\$'000)	1 to 5 years (\$'000)
2017/2018						
Supplies and services	12,342	12,342	10,717	1,623	2	–
Other payables	4,451	4,451	4,301	58	30	62
	16,793	16,793	15,018	1,681	32	62

NOTE 6: FINANCING OUR OPERATIONS

INTRODUCTION

This note provides information on the balances related to the financing of Coliban Water, including financial commitments at year end. Coliban Water's recurrent operations are generally financed from cash flows from operating activities (see Cash Flow Statement). Asset investments are generally financed from a combination of surplus cash flows from operating activities, asset sales and loans from Treasury Corporation of Victoria (TCV).

STRUCTURE

- 6.1** Interest bearing liabilities
 - 6.1.1 Maturity analysis of interest bearing liabilities
 - 6.1.2 Borrowing and finance charges
- 6.2** Cash and cash equivalents
 - 6.2.1 Reconciliation of net result to cash flow from operating activities
- 6.3** Commitments for expenditure
 - 6.3.1 Finance lease commitments
 - 6.3.2 Other commitments

	2019 (\$'000)	2018 (\$'000)
6.1 INTEREST BEARING LIABILITIES		
Current interest bearing liabilities		
Loans from Treasury Corporation of Victoria	4,000	4,000
Finance lease liabilities – BOOT Schemes	5,727	5,275
	9,727	9,275
Non-current interest bearing liabilities:		
Loans from Treasury Corporation of Victoria	372,832	376,832
Finance lease liabilities – BOOT Schemes	64,718	70,446
	437,550	447,278
Total interest bearing liabilities	447,277	456,553

Interest bearing liabilities 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.

Interest bearing liabilities are classified as current liabilities unless Coliban Water has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Coliban Water has classified borrowings which mature within 12 months as non-current liabilities on the basis that Coliban Water will and has discretion to refinance or rollover these loans with TCV pursuant to section 8 of the *Borrowings and Investment Powers Act 1987*.

Borrowings known as 11am debt are classified as current borrowings.

Refer to Note 6.3.1 for details relating to the BOOT Scheme finance leases and relevant accounting policy.

6.1.1 MATURITY ANALYSIS OF INTEREST BEARING LIABILITIES

The following table sets out Coliban Water's exposure to interest rate risk, including the contractual repricing dates and the effective weighted average interest rate by maturity periods. Exposures arise predominantly from liabilities bearing variable interest rates as Coliban Water to date holds fixed interest rate liabilities to maturity.

As the financial assets and financial liabilities are at amortised value, the carrying amount equals fair value.

	Carrying Amount	Nominal Amount ⁽ⁱ⁾	Floating Amount	Fixed Interest Rate Maturing					
				1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
2018/2019	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Finance lease	70,445	–	–	5,727	6,200	6,700	7,239	7,822	36,757
Loans from TCV	376,832	422,912	5,332	–	35,000	35,000	35,000	35,000	231,500
Total	447,277	422,912	5,332	5,727	41,200	41,700	42,239	42,822	268,257

	Carrying Amount	Nominal Amount ⁽ⁱ⁾	Floating Amount	Fixed Interest Rate Maturing					
				1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
2017/2018	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Finance lease	75,721	–	–	5,275	5,727	6,200	6,700	7,239	44,580
Loans from TCV	380,832	409,334	5,332	–	30,000	28,000	32,000	33,000	252,500
Total	456,553	409,334	5,332	5,275	35,727	34,200	38,700	40,239	297,080

⁽ⁱ⁾ Nominal amount represents fair value.

NOTE 6: FINANCING OUR OPERATIONS continued...

	Notes	2019 (\$'000)	2018 (\$'000)
6.1.2 BORROWING AND FINANCE CHARGES			
Borrowing Costs:			
Borrowing Costs – Treasury Corporation of Victoria		16,445	17,242
Borrowing Costs – Financial Accommodation Levy		5,584	5,500
		22,029	22,742
Finance Charges			
Finance Charges:			
Finance lease interest charges		5,696	6,089
		5,696	6,089
Total borrowing and finance charges		27,725	28,831
<p>Borrowing costs are recognised as expenses in the financial period in which they are incurred. Borrowing costs include interest on short term and long term borrowings held with TCV and costs relating to the Financial Accommodation Levy (FAL) set by the Treasurer of the State of Victoria under section 40N(2) of the <i>Financial Management Act 1994</i>. The FAL is in place to remove the financial benefit obtained by Coliban Water in securing lower than market interest rates as a result of being guaranteed by the State of Victoria.</p> <p>Coliban Water has entered into two contractual arrangements to build, own and operate water and wastewater treatment facilities in the region (see Note 6.3.1). The interest element of finance leases is charged to the Comprehensive Operating Statement over the lease period.</p>			
6.2 CASH AND CASH EQUIVALENTS			
Cash at bank and cash on hand	10.1	6,886	1,109
Deposits at call		6,907	14,032
Total cash and cash equivalents		13,793	15,141
<p>Cash and cash equivalents recognised on the Balance Sheet comprise cash on hand, cash at bank and deposits at call which are held for the purpose of meeting short term cash commitments rather than for investment purposes, which are readily convertible to known amounts of cash with an insignificant risk of changes in value.</p> <p>The bank overdraft limit of Coliban Water is \$400,000. This facility is subject to annual review and at 30 June 2019 the amount of unused credit was \$400,000 (2017/18: \$400,000). The bank overdraft is secured by way of mortgage over the revenue of Coliban Water.</p> <p>Loan facilities from TCV have various maturity dates through to 30 April 2030 and may be extended by mutual agreement between Coliban Water and TCV.</p>			
6.2.1 RECONCILIATION OF NET RESULT TO CASH FLOW FROM OPERATING ACTIVITIES			
Net result for the year		3,704	11,360
Add/(less) non-cash movements in net result			
Depreciation and amortisation		30,836	30,645
Net (gain)/loss on disposal of non-current assets		2,446	441
Payments for fixed assets in payables movement		1,855	(1,580)
Non cash developer contributions & gifted assets		(10,169)	(10,852)
Income tax (expense)/benefit		703	3,471
		29,375	33,485
Movements in assets and liabilities			
Decrease/(increase) in receivables		(1,722)	(1,824)
Decrease/(increase) in inventories		669	(454)
Decrease/(increase) in prepayments		155	(26)
(Decrease)/increase in payables		1,778	(675)
(Decrease)/increase in employee benefits		739	210
Net cash inflows from operating activities		30,994	30,716
<p>Cash flows arising from operating activities are disclosed inclusive of GST.</p> <p>The GST component of cash flows arising from investing and financing activities which is recoverable or payable to the taxation authority is classified as operating cash flows.</p>			

NOTE 6: FINANCING OUR OPERATIONS continued...

6.3 COMMITMENTS FOR EXPENDITURE

6.3.1 FINANCE LEASE COMMITMENTS

Coliban Water has signed two BOOT contracts.

Bendigo Water Services Pty Ltd

A contract deed was signed on 5 May 1999 with Bendigo Water Services Pty Ltd for the provision of water treatment services for Bendigo, Castlemaine and Kyneton. Commercial acceptance of this facility was granted on 1 June 2002.

ETE Coliban Pty Ltd

Coliban Water signed a contract deed on 26 November 2002 with ETE Coliban Pty Ltd for the provision of water reclamation and reuse services for Echuca and Rochester. Commercial acceptance of this facility was granted on 28 September 2004.

The above contracts, which comprise both fixed and variable components, commit Coliban Water to the payment of tolls over the 25 year contract periods.

As ownership of the assets will be transferred to Coliban Water at the end of the contractual term and this term is for the major part of the economic life of the assets, Coliban Water accounts for the assets under the BOOT Schemes as finance leases.

Commitments for minimum lease payments (excluding the GST of \$7.0 million as at 30 June 2019 and \$7.6 million as at 30 June 2018), in relation to finance leases are payable as follows:

Commissioned BOOT Schemes related to finance lease liabilities	Minimum future lease payments ⁽ⁱ⁾		Present value of minimum future lease payments	
	2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
Not later than one year	10,999	10,971	5,727	5,275
Later than one year and not later than five years	44,035	44,026	27,961	25,866
Later than five years	43,130	54,139	36,757	44,580
Minimum future lease payment	98,164	109,136	70,445	75,721
Less future interest charges	(27,719)	(33,415)	—	—
Present value of minimum lease payments	70,445	75,721	70,445	75,721
Included in the financial statements as:				
Current lease liability	—	—	5,727	5,275
Non-current lease liability	—	—	64,718	70,446
Total finance lease liabilities – BOOT Schemes	—	—	70,445	75,721

⁽ⁱ⁾Minimum future lease payments include the aggregate of all base payments and any guaranteed residual.

Commissioned BOOT operating commitments (not including future interest charges but including GST) contracted for but not recognised as liabilities.

Operating commitments represent the service component of the BOOT Schemes for the provision of wastewater and water treatment services.

	Nominal Value		Present Value	
	2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
Not later than one year	9,192	9,025	8,528	8,377
Later than one year and not later than five years	41,202	40,909	31,773	31,544
Later than five years	42,088	55,420	24,660	31,309
	92,482	105,354	64,961	71,230

NOTE 6: FINANCING OUR OPERATIONS continued...

6.3.2 OTHER COMMITMENTS

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed at their nominal value and inclusive of the GST payable. In addition, 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.

Operating leases are those where a significant portion of the risks and rewards of ownership are retained by the lessor. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Comprehensive Operating Statement when incurred during the period of the lease as this represents the pattern of benefits derived from the leased assets.

Operating commitments

Operating commitments in nominal values including GST as at 30 June 2019 totalled \$67.2 million (2017/18: \$88.6 million). This amount is represented by one major contract for the provision of operations and maintenance services, that was extended for a further five years from 1 July 2017. Operating expenditure commitments under this contract are due and payable as follows:

	2019 (\$'000)	2018 (\$'000)
Operating expenditure commitments		
Not later than one year	29,290	32,325
Later than one year and not later than five years	37,915	56,250
Total operating expenditure commitments	67,205	88,575
Less GST recoverable	6,110	8,052
Total operating expenditure commitments (excluding GST)	61,095	80,523
Operating vehicle lease expenditure commitments		
Operating lease commitments for motor vehicles, over the remaining periods of the leases including GST, are expected to be as follows:		
Not later than one year	241	383
Later than one year and not later than five years	230	152
	471	535
Operating lease on head office building and Lake Eppalock Pumping Station		
Coliban Water has two operating leases in place for the Head Office buildings in Bendigo and an operating lease agreement to operate the Lake Eppalock Pumping Station. One of the Head Office buildings was renewed during 2019 for a further 5 year term expiring in 2024. The remaining Head Office building is due to expire in 2020 and the agreement to operate the Lake Eppalock Pumping Station expires in 2070.		
Expected lease payments, over the remaining periods of the leases including GST, are expected to be as follows:		
Not later than one year	415	323
Later than one year and not later than five years	1,003	197
Later than five years	201	342
	1,619	862

NOTE 7: RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

INTRODUCTION	STRUCTURE
<p>Coliban Water is exposed to risks from both its activities and external factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements.</p> <p>This section presents information on financial instruments, contingent assets and liabilities, and fair value determinations on Coliban Water's assets and liabilities.</p>	<p>7.1 Financial instruments specific disclosures</p> <p>7.1.1 Financial instruments: categorisation</p> <p>7.1.2 Financial risk management objectives and policies</p> <p>7.2 Contingent assets and contingent liabilities</p> <p>7.3 Fair value determination</p> <p>7.3.1 Fair value determination of non-financial physical assets</p> <p>7.3.2 Fair value determination non-financial physical assets held for sale</p>

7.1 FINANCIAL INSTRUMENTS SPECIFIC DISCLOSURES

Introduction

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

Coliban Water currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts are a reasonable approximation of fair value, either due to their short-term nature or with the expectation that they will be paid in full by the end of the 2018/19 reporting period.

Classification of financial instruments

The principal financial instruments comprise of cash assets, receivables (excluding statutory receivables), payables (excluding statutory payables), borrowings and finance lease liabilities.

Loans and receivables and cash are financial instrument assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recorded at fair value plus any directly attributable transaction cost. Subsequent to initial measurement they are measured at amortised cost only if both of the following criteria are met:

- > the asset is held within a business model whose objective is to collect the contractual cash flows, and
- > the contractual terms give rise to cash flows that are solely payments of principal and interest.

Coliban Water recognises the following assets in this category:

- > cash and deposits; and
- > receivables (excluding statutory receivables).

Financial liabilities are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest bearing liability, using the effective interest rate method. Coliban Water recognises the following liabilities in this category:

- > payables (excluding statutory payables); and
- > borrowings (including finance lease liabilities).

Offsetting financial instruments

Financial instrument assets and liabilities are offset and the net amount presented in the consolidated balance sheet when, and only when, the Corporation concerned 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 Coliban 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

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

7.1 FINANCIAL INSTRUMENTS SPECIFIC DISCLOSURES (CONTINUED)**Impairment of financial assets**

Coliban Water assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial assets, except those measured at fair value through profit and loss, are subject to annual review for impairment.

The allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. In assessing impairment of statutory (non-contractual) financial assets which are not financial instruments, Coliban Water applies professional judgement in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 *Impairment of Assets*. Impairment losses are recognised in the Comprehensive Operating Statement. Impairment losses recognised in the comprehensive operating statement on equity instruments classified as available for sale are not reversed through comprehensive operating statement.

Power Purchase Agreement

Coliban Water is one of 13 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(ies) 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. Coliban Water's Executive General Manager Service and Infrastructure is a Director of ZEW. The Members' Agreement establishes the operating activities of ZEW and the decision-making responsibilities of the ZEW Directors.

Under the Members' Agreement Coliban Water's liability as a member is limited to \$10 in the event of a winding up.

As required by Australian accounting standards, Coliban 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. Coliban 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 Coliban Water.

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. The PPA contains certain conditions precedent with the target commercial operation date of 1 October 2019. At 30 June 2019, the conditions precedent in the PPA are not completed, and ZEW does not have a contractual obligation for the CFD derivative. Therefore, there are no transactions to recognise as at 30 June 2019.

Upon satisfaction of the conditions precedent, the CFD derivative will be recognised as a financial liability and will be measured at its fair value. Subsequent changes in the fair value of the derivative will be recognised in profit and loss.

The Members' Agreement specifies that Coliban Water must make a loan available to the SPV amounting to \$142,544.42. The loan provided to ZEW meets the definition of a financial asset as it gives rise to a contractual right for Coliban Water to receive cash from ZEW at the end of the loan term.

Once the facility is operational, the financial impact of the members' agreement with ZEW is expected to be an increase in revenue, expenses, and recognition of LGCs as assets held for sale (asset).

NOTE 7: RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS continued...

7.1.1 FINANCIAL INSTRUMENTS: CATEGORISATION

The carrying amounts of the contractual financial assets and financial liabilities by category are disclosed below:

2018/2019	Financial assets at amortised cost (\$'000)	Financial liabilities at amortised cost (\$'000)	Total (\$'000)
Contractual financial assets			
Cash and deposits	13,793	–	13,793
Receivables⁽ⁱ⁾			
Rates and charges and sundry customer receivables	9,416	–	9,416
Accrued revenue	13,351	–	13,351
Total contractual financial assets	36,560	–	36,560
Contractual financial liabilities			
Payables			
Trade payables and accrued expenses ⁽ⁱⁱ⁾	–	17,552	17,552
Other payables	–	1,017	1,017
Borrowings			
Finance lease liabilities	–	70,445	70,445
Loans from TCV	–	376,832	376,832
Total contractual financial liabilities	–	465,846	465,846

2017/2018	Financial assets at amortised cost (\$'000)	Financial liabilities at amortised cost (\$'000)	Total (\$'000)
Contractual financial assets			
Cash and Deposits	15,141	–	15,141
Receivables⁽ⁱ⁾			
Rates and charges and sundry customer receivables	9,083	–	9,083
Accrued revenue	12,640	–	12,640
Total contractual financial assets	36,864	–	36,864
Contractual financial liabilities			
Payables			
Trade payables and accrued expenses ⁽ⁱⁱ⁾	–	16,541	16,541
Other payables	–	252	252
Borrowings			
Finance lease liabilities	–	75,721	75,721
Loans from TCV	–	380,832	380,832
Total contractual financial liabilities	–	473,346	473,346

⁽ⁱ⁾ The total amounts disclosed exclude statutory receivables.

⁽ⁱⁱ⁾ The total amounts disclosed exclude statutory payables.

NOTE 7: RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS continued...

7.1.2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The activities of Coliban Water expose it to a variety of financial risks, market risk, credit risk and liquidity risk. This note presents information about Coliban Water's exposure to each of these risks, and the objectives, policies and processes for measuring and managing risk.

The Board of Coliban Water has the overall responsibility for the establishment and oversight of the risk management framework. All borrowings are sourced through TCV and Coliban Water's total borrowing limit is regulated by the Department of Treasury and Finance (DTF) via approval from the Treasurer. Coliban Water operates within the risk management requirements that are imposed by TCV and DTF over these borrowings. The overall risk management program seeks to minimise potential adverse effects on the financial performance of Coliban Water. Coliban Water uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, other price risks and ageing analysis for credit.

Risk management is carried out by Coliban Water's management under policies approved by the Board of Directors. The finance department of Coliban Water identifies, evaluates and hedges financial risks in close co-operation with Coliban Water's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risks, credit risk and non-derivative financial instruments, and investment of excess liquidity.

The main risks that Coliban Water is exposed to through its financial instruments are as follows:

(a) Market risk

Market risk is the risk that changes in market prices will affect the fair value or future cash flows of Coliban Water's financial instruments. Market risk comprises of foreign exchange risk, interest rate risk and other price risk. Coliban Water's exposure to market risk is primarily through interest rate risk. There is insignificant exposure to foreign exchange risk and other price risk.

Objectives, policies and processes used to manage these risks are disclosed in the paragraphs below:

(i) Interest rate risk

Coliban Water's exposure to market interest rates relates primarily to Coliban Water's long term borrowings and funds invested on the money market.

Coliban Water minimises its exposure to interest rate changes on its borrowings by holding a mix of fixed and floating rate debt. Long term borrowings are fixed rate interest only loans. Short term borrowings are variable rate interest only loans. Debt is sourced from TCV as approved by the Treasurer and is managed within a range of Board approved limits with debt levels and interest rates being monitored regularly.

Coliban Water has minimal exposure to interest rate risk through its holding of cash assets and other financial assets.

(ii) Other price risk

Coliban Water has no significant exposure to other price risk.

(b) Credit risk

Credit risk is the risk of financial loss to Coliban Water as a result of a customer or counterparty to a financial instrument failing to meet its contractual obligations. Credit risk arises principally from receivables.

Coliban Water minimises concentrations of credit risk by undertaking transactions with a large number of customers. The receivables balance consists of a large number of residential and business customers which are spread across a diverse range of industries. Coliban Water is therefore not materially exposed to any individual customer. Receivable balances recognised on the balance sheet are the carrying amount net of any provision for impaired receivables. Coliban Water applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all receivables.

	Financial Institutions (A-1+) ⁽ⁱ⁾ (\$'000)	Government Agencies (AAA) ⁽ⁱ⁾ (\$'000)	Other (\$'000)	Total (\$'000)
2018/2019				
Financial assets				
Cash and cash equivalents	6,885	6,907	1	13,793
Receivables (excl. statutory receivables)	—	—	22,581	22,581
Total financial assets	6,885	6,907	22,582	36,374
2017/2018				
Financial assets				
Cash and cash equivalents	1,108	14,032	1	15,141
Receivables (excl. statutory receivables)	—	—	21,723	21,723
Total financial assets	1,108	14,032	21,724	36,864

⁽ⁱ⁾Standard and Poor's Corporation credit rating

An analysis of the ageing of Coliban Water's receivables as at the reporting date has been provided in Note 5.1.2.

NOTE 7: RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS continued...

7.1.2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk

Liquidity Risk is the risk that Coliban Water will not be able to meet its financial obligations as they fall due. Coliban Water's policy is to settle financial obligations within 30 days and in the event of a dispute make payments within 30 days from the date of resolution.

Coliban Water manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and financial liabilities.

Interest rate exposure of financial instruments

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. Coliban Water does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Coliban Water minimises exposure to cash flow interest rate risks by managing cash and deposits, term deposits and bank overdrafts at floating rates. Coliban Water invests cash into maturities that reflect the best interest rate opportunities whilst ensuring that cash is available when required to meet projected expenditures.

The carrying amounts of financial assets and financial liabilities that are exposed to interest rates and Coliban Water's sensitivity to interest rate risk are set out in the table that follows:

2018/2019	Weighted Av Interest Rate (%)	Carrying Amount (\$'000)	Fixed Interest Rate (\$'000)	Floating Interest Rate (\$'000)	Non-interest Bearing (\$'000)
Financial assets					
Cash and cash equivalents	0.80%	13,793	–	13,792	1
Receivables (excl. statutory receivables)	n/a	22,581	–	–	22,581
Total financial assets		36,374	–	13,792	22,582
Financial liabilities					
Payables (excl. statutory payables)	n/a	18,569	–	–	18,569
Finance lease liabilities	7.77%	70,445	70,445	–	–
Loans from TCV	4.19%	376,832	371,500	5,332	–
Total financial liabilities		465,846	441,945	5,332	18,569

2017/2018	Weighted Av Interest Rate (%)	Carrying Amount (\$'000)	Fixed Interest Rate (\$'000)	Floating Interest Rate (\$'000)	Non-interest Bearing (\$'000)
Financial assets					
Cash and cash equivalents	0.64%	15,141	–	15,140	1
Receivables (excl. statutory receivables)	n/a	21,723	–	–	21,723
Total financial assets		36,864	–	15,140	21,724
Financial liabilities					
Payables (excl. statutory payables)	n/a	16,793	–	–	16,793
Finance lease liabilities	7.77%	75,721	75,721	–	–
Loans from TCV	4.44%	380,832	375,500	5,332	–
Total financial liabilities		473,346	451,221	5,332	16,793

NOTE 7: RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS continued...

7.1.2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

The interest rate sensitivity analysis below has taken into consideration past performance, future expectations, economic forecasts and management's knowledge and experience of the financial markets. The table below shows the impact before tax and only includes financial instruments subject to variable interest. Coliban Water believes that a movement between -1.0% and 1.0% in interest rates is reasonable over the next 12 months.

	Carrying Amount (\$'000)	Interest Rate Risk			
		-1.0%		+1.0%	
		Result (\$'000)	Equity (\$'000)	Result (\$'000)	Equity (\$'000)
2018/2019					
Financial assets					
Cash and cash equivalents	13,792	(138)	(138)	138	138
Total financial assets	13,792	(138)	(138)	138	138
Financial liabilities					
Borrowings – floating interest rate loans	5,332	53	53	(53)	(53)
Total financial liabilities	5,332	53	53	(53)	(53)
Total Increase/(Decrease)		(85)	(85)	85	85

	Carrying Amount (\$'000)	Interest Rate Risk			
		-0.5%		+1.0%	
		Result (\$'000)	Equity (\$'000)	Result (\$'000)	Equity (\$'000)
2017/2018					
Financial assets					
Cash and cash equivalents	15,140	(151)	(151)	151	151
Total financial assets	15,140	(151)	(151)	151	151
Financial liabilities					
Borrowings – floating interest rate loans	5,332	53	53	(53)	(53)
Total financial liabilities	5,332	53	53	(53)	(53)
Total Increase/(Decrease)		(98)	(98)	98	98

7.2 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent assets and contingent liabilities are not recognised in the Balance Sheet, but are disclosed by way of this note and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

There were no material contingent assets or liabilities at 30 June 2019 (30 June 2018, \$nil).

7.3 FAIR VALUE DETERMINATION

Significant judgement: Fair value measurements of assets and liabilities

Fair value determination requires judgement and the use of assumptions. This section discloses the most significant assumptions used in determining fair values. Changes to assumptions could have a material impact on the results and financial position of Coliban Water. 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.

Consistent with AASB 13 *Fair Value Measurement*, Coliban Water determines the policies and procedures for both recurring fair value measurements such as infrastructure, property, plant and equipment, financial instruments and for non-recurring fair value measurements, such as non-financial physical assets held for sale, in accordance with the requirements of AASB 13 and the relevant Financial Reporting Directions.

There were no changes in valuation techniques throughout the period to 30 June 2019. Coliban Water conducted an assessment at 30 June 2019 with no material movement identified since the 2016 valuation in all classes except land. After applying the indices for land supplied by the VGV for the 2018/19 financial year, land was assessed as increasing in value by 19.6% since the last independent revaluation (2017/18, 16.5%). As this exceeds 10%, Coliban Water undertook a managerial revaluation on 30 June 2019, increasing Coliban Water's land value and asset revaluation reserve by \$1.4 million for 2018/19, to a total of \$7.7 million since the last independent revaluation (2017/18, \$6.3 million).

7.3 FAIR VALUE DETERMINATION (CONTINUED)

Fair Value Hierarchy

All assets for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- > Level 1: Quoted (unadjusted) market prices in active markets for identical assets;
- > 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.

Fair value determination of financial assets and liabilities

The fair values and net fair values of financial assets and liabilities are determined as follows:

- > Level 1 – the fair value of financial instrument with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;
- > Level 2 – the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and
- > Level 3 – the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

Financial asset and liabilities classified as Level 1 include cash and cash equivalents. Receivables, payables, finance lease liabilities and loans from TCV are classified as Level 2.

Coliban Water currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts are a reasonable approximation of fair value, either due to their short-term nature or with the expectation that they will be paid in full by the end of the 2018/19 reporting period.

Specialised land, specialised buildings and specialised buildings – leasehold

For Coliban Water's specialised buildings and specialised buildings – leasehold the depreciated replacement cost method is used, adjusted for associated depreciation. As depreciation adjustments are considered as significant unobservable inputs in nature, specialised buildings are classified as Level 3 for fair value measurements.

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

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

An independent valuation of Coliban Water's specialised land, specialised buildings and specialised buildings – leasehold was performed by Egan National Valuers on behalf of the VGV. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation was 30 June 2016.

Non-specialised land

Non-specialised land is valued using the market approach. Under this valuation method, the land is compared to recent comparable sales or sales of comparable assets which are considered to have nominal or no added improvement value.

An independent valuation was performed by independent valuers Egan National Valuers to determine the fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the land being valued. From the sales analysed, an appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2016.

To the extent that non-specialised land does not contain significant unobservable adjustments, these assets are classified as Level 2 under the market approach.

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

Infrastructure

Infrastructure is valued using the depreciated replacement cost method. 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 depreciated replacement cost calculation.

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 Coliban Water's infrastructure was performed by KPMG on behalf of the VGV. The valuation was performed using the depreciated replacement cost of the assets, based on the condition assessment of aboveground assets, age and material for underground assets and remaining useful lives. The effective date of the valuation was 30 June 2016.

As depreciation adjustments are considered as significant unobservable inputs in nature, infrastructure assets are classified as Level 3 for fair value measurements.

NOTE 7: RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS continued...

7.3 FAIR VALUE DETERMINATION (CONTINUED)

Vehicles

Coliban Water acquires new vehicles and at times disposes of them before the end of their economic life. The process of acquisition, use and disposal in the market is managed by experienced fleet managers within Coliban Water who set relevant depreciation rates during use to reflect the utilisation of the vehicles. Coliban Water uses depreciated replacement cost for vehicles hence they are classified as Level 3 for fair value measurements.

Plant and equipment

Plant and equipment is held at fair value. When plant and equipment is specialised in its use, such that it is rarely sold other than as part of a going concern, fair value is determined using the depreciated replacement cost method hence they are classified as Level 3 for fair value measurements.

7.3.1 FAIR VALUE DETERMINATION OF NON-FINANCIAL PHYSICAL ASSETS

2018/2019	Carrying amount as at 30 June 2019 (\$'000)	Fair value measurement at end of reporting period using:		
		Level 1 (\$'000)	Level 2 (\$'000)	Level 3 (\$'000)
Land at fair value				
Specialised	28,540	–	–	28,540
Non-specialised	18,291	–	18,291	–
	46,831	–	18,291	28,540
Buildings at fair value				
Specialised	1,685	–	–	1,685
	1,685	–	–	1,685
Buildings – leasehold at fair value				
Specialised	898	–	–	898
	898	–	–	898
Plant and equipment at fair value				
Specialised	1,772	–	–	1,772
	1,772	–	–	1,772
Infrastructure at fair value				
Specialised Water Infrastructure	392,843	–	–	392,843
Specialised Water Distribution Assets	174,895	–	–	174,895
Specialised Water Distribution Assets – Leasehold	463	–	–	463
Specialised Wastewater Infrastructure	456,121	–	–	456,121
Specialised Recycling Infrastructure	34,524	–	–	34,524
Specialised Rural Infrastructure	137,878	–	–	137,878
Specialised Headworks Infrastructure	158,920	–	–	158,920
	1,355,644	–	–	1,355,644
Finance lease infrastructure at fair value				
Specialised	134,047	–	–	134,047
	134,047	–	–	134,047
Total assets at fair value (excluding works in progress)	1,540,877	–	18,291	1,522,586

NOTE 7: RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS continued...

7.3.1 FAIR VALUE DETERMINATION OF NON-FINANCIAL PHYSICAL ASSETS (CONTINUED)

2017/2018	Carrying amount as at 30 June 2018 (\$'000)	Fair value measurement at end of reporting period using:		
		Level 1 (\$'000)	Level 2 (\$'000)	Level 3 (\$'000)
Land at fair value				
Specialised	27,364	–	–	27,364
Non-specialised	18,210	–	18,210	–
	45,574	–	18,210	27,364
Buildings at fair value				
Specialised	1,757	–	–	1,757
	1,757	–	–	1,757
Buildings – leasehold at fair value				
Specialised	1,137	–	–	1,137
	1,137	–	–	1,137
Plant and equipment at fair value				
Specialised	1,526	–	–	1,526
	1,526	–	–	1,526
Infrastructure at fair value				
Specialised Water Infrastructure	394,097	–	–	394,097
Specialised Water Distribution Assets	176,064	–	–	176,064
Specialised Water Distribution Assets – Leasehold	495	–	–	495
Specialised Wastewater Infrastructure	451,363	–	–	451,363
Specialised Recycling Infrastructure	33,860	–	–	33,860
Specialised Rural Infrastructure	139,727	–	–	139,727
Specialised Headworks Infrastructure	160,156	–	–	160,156
	1,355,762	–	–	1,355,762
Finance lease infrastructure at fair value				
Specialised	138,510	–	–	138,510
	138,510	–	–	138,510
Total assets at fair value (excluding works in progress)	1,544,266	–	18,210	1,526,056

NOTE 7: RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS continued...

7.3.1 FAIR VALUE DETERMINATION OF NON-FINANCIAL PHYSICAL ASSETS (CONTINUED)

Description of significant unobservable inputs to Level 3 valuations

Asset Class 2019 and 2018		Valuation technique	Significant unobservable inputs
Specialised land	Land	Market approach	Community Service Obligation (CSO) adjustment ⁽ⁱ⁾
Specialised buildings	Buildings	Depreciated replacement cost	Direct cost per square metre Useful life of specialised assets
Specialised buildings – Leasehold	Buildings – Leasehold	Depreciated replacement cost	Direct cost per square metre Useful life of Leasehold Improvements
Plant and Equipment	Plant and Equipment	Depreciated replacement cost	Cost per unit Useful life of Plant and Equipment
Water Infrastructure	Water Mains	Depreciated replacement cost	Cost per metre Useful life of the Infrastructure
	Water Treatment Plants	Depreciated replacement cost	Average cost per treatment plant Useful life of the Infrastructure
Wastewater Infrastructure	Wastewater Mains	Depreciated replacement cost	Cost per metre Useful life of the Infrastructure
	Wastewater Treatment Plants	Depreciated replacement cost	Average cost per treatment plant Useful life of the Infrastructure
Water Distribution Infrastructure	Distribution Mains	Depreciated replacement cost	Cost per metre Useful life of the Infrastructure
	Distribution Channel	Depreciated replacement cost	Cost per metre Useful life of the Infrastructure
Water Distribution Infrastructure – Leasehold	Infrastructure – Leasehold	Depreciated replacement cost	Cost per metre Useful life of Leasehold Improvements
Recycling Infrastructure	Recycled Water Mains	Depreciated replacement cost	Cost per metre Useful life of the Infrastructure
	Recycled Water Factory	Depreciated replacement cost	Average cost per recycled water factory Useful life of the Infrastructure
Rural Infrastructure	Channels	Depreciated replacement cost	Cost per metre Useful life of the Infrastructure
	Mains	Depreciated replacement cost	Cost per metre Useful life of the Infrastructure
Headworks Infrastructure	Reservoirs & Basins	Depreciated replacement cost	Average cost per reservoir & basin Useful life of the Infrastructure
Finance Lease Infrastructure	Treatment Plants	Depreciated replacement cost	Average cost per treatment plant Useful life of the Infrastructure

⁽ⁱ⁾CSO adjustments of 20% were applied to reduce the market approach value for Coliban Water's specialised land for Level 3 assets. Refer Note 7.3.

NOTE 7: RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS continued...

7.3.1 FAIR VALUE DETERMINATION OF NON-FINANCIAL PHYSICAL ASSETS (CONTINUED)

Reconciliation of Level 3 at fair value movements

	Specialised land (\$'000)	Specialised buildings (\$'000)	Specialised buildings – leasehold (\$'000)	Specialised plant and equipment (\$'000)	Specialised infrastructure (\$'000)	Specialised finance lease infrastructure (\$'000)
2018/2019						
Fair Value						
Opening WDV at 1 July 2018	27,364	1,757	1,137	1,526	1,355,762	138,510
Purchases (sales)	149	32	47	732	23,690	249
Impairment loss	–	–	–	–	(128)	–
Transfers between categories	–	–	–	–	25	–
Transfers in (out) of level 3	–	–	–	–	–	–
Gains or losses recognised in net result						
Depreciation	–	(104)	(286)	(486)	(23,705)	(4,712)
	27,513	1,685	898	1,772	1,355,644	134,047
Revaluation	1,027	–	–	–	–	–
Closing WDV at 30 June 2019	28,540	1,685	898	1,772	1,355,644	134,047
2017/2018						
Fair Value						
Opening WDV at 1 July 2017	22,435	1,718	1,363	1,746	1,357,056	142,425
Purchases (sales)	1,280	140	43	267	22,435	786
Impairment loss	–	–	–	–	–	–
Transfers between categories	(162)	–	–	–	(255)	–
Transfers in (out) of level 3	(2)	–	–	–	–	–
Gains or losses recognised in net result						
Depreciation	–	(101)	(269)	(487)	(23,474)	(4,701)
	23,552	1,757	1,137	1,526	1,355,762	138,510
Revaluation	3,812	–	–	–	–	–
Closing WDV at 30 June 2018	27,364	1,757	1,137	1,526	1,355,762	138,510

7.3.2 FAIR VALUE DETERMINATION OF NON-FINANCIAL PHYSICAL ASSETS HELD FOR SALE

	Carrying amount as at 30 June 2019 (\$'000)	Fair value measurement at end of reporting period using:		
		Level 1 (\$'000)	Level 2 (\$'000)	Level 3 (\$'000)
2018/2019				
Assets held for sale	504	–	504	–
Total current assets held for sale	504	–	504	–
	Carrying amount as at 30 June 2018 (\$'000)	Fair value measurement at end of reporting period using:		
		Level 1 (\$'000)	Level 2 (\$'000)	Level 3 (\$'000)
2017/2018				
Assets held for sale	162	–	162	–
Total current assets held for sale	162	–	162	–

Assets held for sale are valued using the market approach. Under this valuation method, the assets are compared to recent comparable sales.

Assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell, as their carrying amount will be recovered principally through a sale transaction, rather than through continuing use. Coliban Water considers that the sale is highly probable, the asset is available for immediate sale in its present condition and the sale is expected to be completed within 12 months from the date of classification. Assets are not depreciated or amortised while they are classified as held for sale. Assets classified as held for sale are classified as current assets. An asset with a fair value of \$503,587 meets this classification.

Coliban Water transferred the parcel of land previously held for sale at 30 June 2018, with a carrying amount of \$161,699, back to non-current assets as the land was no longer being actively marketed.

NOTE 8: STATUTORY OBLIGATIONS

INTRODUCTION	STRUCTURE
This note provides information on the statutory obligations of Coliban Water.	8.1 Tax 8.1.1 Income tax 8.1.2 Deferred tax assets and liabilities 8.2 Environmental Contributions

	Notes	2019 (\$'000)	2018 (\$'000)
8.1 TAX			
8.1.1 INCOME TAX			
(a) Income statement			
Current income tax expense (paid or payable)		1,409	429
Deferred income tax expense			
Temporary differences		(2,824)	(4,465)
Adjustment for prior years		712	565
Income tax reported in the Income Statement		(703)	(3,471)
(b) Statement of changes in Equity			
Net deferred tax – debited/(credited) directly to equity		437	1,886
Income tax reported in equity		437	1,886
(c) Tax reconciliation			
Net result before income tax expense		7,056	15,613
Tax at the Australian tax rate of 30% (2018: 30%)		(2,118)	(4,684)
Tax effect of non-deductible/(non-taxable) amounts in calculating taxable income		(92)	–
Previously not recognised tax losses now recognised to decrease current tax expense			
> Tax losses brought to account		–	566
Previously recognised tax losses now not recognised to increase current tax expense			
> Under/over deferred taxes		–	413
Under/over for items not previously brought to account to increase deferred tax asset			
> Previously not recognised tax losses now recognised to increase deferred tax asset		476	–
Under/over for items not previously brought to account to decrease deferred tax liability			
> BOOT Infrastructure		236	–
Income tax on profit before tax		(1,498)	(3,705)
(d) Tax expense (income relating to items of other comprehensive income)			
Gain/(loss) on revaluation of infrastructure, property, plant and equipment	8.1.2	(437)	(1,886)
Net gain/(loss) on disposal of assets		734	132
Fair value increase/(decrease) in other financial assets		61	102
		358	(1,652)
(e) Tax losses			
Potential tax benefit @ 30%		62,289	60,403
		62,289	60,403

Coliban Water will not pay income tax for 2018/19. Tax losses have been brought to account.

NOTE 8: STATUTORY OBLIGATIONS continued...

8.1.1 INCOME TAX (CONTINUED)

National Tax Equivalent Regime (NTER)

Coliban Water is subject to the National Tax Equivalent Regime (NTER) 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.

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.

Coliban Water's deferred tax liabilities exceed the level of deferred tax assets and therefore it is required to bring to account tax expense, tax assets and tax liabilities in the Comprehensive Operating Statement, Balance Sheet and Statement of Changes in Equity as Coliban Water's projections show it is likely to generate tax profits in the foreseeable future against which unused tax losses can be utilised.

	Notes	2019 (\$'000)	2018 (\$'000)
8.1.2 DEFERRED TAX ASSETS AND LIABILITIES			
(a) Deferred tax assets			
Amounts recognised in Comprehensive Operating Statement			
Doubtful debts		56	104
Property, plant and equipment		21,157	22,738
Accrued expenses		3,279	2,758
Employee benefits		1,814	1,582
Tax losses		62,289	60,403
Total deferred tax assets		88,595	87,585
Movements			
Opening balance at 1 July		87,585	89,185
Credited/(debited) to the Comprehensive Operating Statement		1,447	(2,594)
Credited/(debited) to other comprehensive income	8.1.1	(437)	994
Closing balance at 30 June		88,595	87,585
Deferred tax asset to be recovered after more than 12 months		21,157	22,738
Deferred tax asset to be recovered within 12 months		5,149	4,444
Tax losses		62,289	60,403
Ending balance at 30 June		88,595	87,585

NOTE 8: STATUTORY OBLIGATIONS continued...

	2019 (\$'000)	2018 (\$'000)
8.1.2 DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)		
(b) Deferred tax liabilities		
Amounts recognised in Comprehensive Operating Statement		
Accrued income	127	149
Property, plant and equipment	223,213	221,480
Other deferred tax liabilities	1	–
Amounts recognised directly in equity		
Revaluation of infrastructure property, plant and equipment	2,322	1,886
Total deferred tax liabilities	225,663	223,515
Movements		
Opening balance at 1 July	223,515	219,758
Credited/(debited) to the net result	2,585	1,172
Credited/(debited) to other comprehensive income	(437)	2,585
Closing balance at 30 June	225,663	223,515
Deferred tax liabilities to be recovered after more than 12 months	225,536	222,082
Deferred tax liabilities to be recovered within 12 months	127	1,433
Ending balance at 30 June	225,663	223,515
Total net deferred tax asset/(liability)	(137,068)	(135,930)
AASB 112 <i>Income Tax</i> requires deferred tax assets arising from temporary differences to be offset against deferred tax liabilities on the basis that the deferred tax assets will be fully utilised against the deferred tax liabilities. Coliban Water's deferred tax liabilities exceed the level of deferred tax assets at 30 June 2019, therefore a net tax liability has been disclosed in the Balance Sheet.		
8.2 ENVIRONMENTAL CONTRIBUTIONS		
The <i>Water Industry (Environmental Contributions) Act 2004</i> (the Act) amended the <i>Water Industry Act 1994</i> to make provision for environmental contributions to be paid by water corporations.		
The Act established an obligation for Coliban Water to pay into the consolidated fund annual contributions for the first period, from 1 October 2004 to 30 June 2008 in accordance with the pre-established schedule of payments, which sets out the amounts payable. The contribution period has been extended to 30 June 2020 with the commitment disclosed in accordance with the current payment schedule.		
The purpose of the Environmental Contribution is set out in the Act, and the funding may be used for the purpose of funding initiatives that seek to promote the sustainable management of water or address water-related initiatives.		
Coliban Water has a statutory requirement to pay an Environmental Contribution to DELWP. This contribution is recognised as an expense during the reporting period as incurred.		
Environmental Contribution commitments		
Not later than one year	5,116	5,116
Later than one year and not later than five years	–	5,116
Total Environmental Contribution commitments	5,116	10,232
The Environmental Contribution in the current year totalled \$5.1 million (2017/18: \$3.3 million).		

NOTE 9: OTHER DISCLOSURES

INTRODUCTION	STRUCTURE
This note provides information on other disclosures that impact Coliban Water.	9.1 Equity 9.1.1 Contributed capital 9.1.2 Asset revaluation reserves 9.2 Responsible persons 9.3 Remuneration of executives 9.4 Related parties 9.5 Ex-gratia expense 9.6 Events occurring after the balance date 9.7 Superannuation 9.8 Auditors remuneration 9.9 Changes in accounting policies 9.10 Australian Accounting Standards issued that are not yet effective

	Notes	2019 (\$'000)	2018 (\$'000)
9.1 EQUITY			
9.1.1 CONTRIBUTED CAPITAL			
Opening balance at 1 July		304,464	308,429
Contributions to the Victorian Government	10.1	(439)	(3,965)
Closing balance at 30 June		304,025	304,464
The individual circumstances of a particular entity may require that certain State Government capital contributions, normally those associated with major asset acquisition programs, be accounted for as equity contributions. In accordance with FRD 119A <i>Transfers through Contributed Capital</i> , the Minister for Water, after consultation with the Minister for Finance, may direct that such contributions be recognised as Equity – Contributed capital.			
9.1.2 ASSET REVALUATION RESERVES			
Asset revaluation reserve: Land			
Opening balance at 1 July		33,648	29,246
Revaluation increment/(decrement) on current and non-current assets net of tax effect		1,019	4,402
Closing balance at 30 June		34,667	33,648
Asset revaluation reserve: Buildings			
Opening balance at 1 July		146	146
Closing balance at 30 June		146	146
Asset revaluation reserve: Infrastructure			
Opening balance at 1 July		353,409	353,409
Impairment losses		(128)	–
Closing balance at 30 June		353,281	353,409
Total reserves		388,094	387,203

NOTE 9: OTHER DISCLOSURES continued...

9.2 RESPONSIBLE PERSONS

In accordance with the Ministerial Directions issued by the Minister for Finance under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period.

The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported within the Department of Parliamentary Services' Financial Report.

The following lists the responsible persons for Coliban Water during the year:

Name	Title	Period of appointment	
The Hon. Lisa Neville MP	Minister for Water	01 Jul 2018	30 Jun 2019
Lucy Roffey	Director (Chairperson)	01 Jul 2018	30 Jun 2019
David Richardson	Director	01 Jul 2018	30 Jun 2019
William O'Neil	Director	01 Jul 2018	30 Jun 2019
Marika McMahon	Director	01 Jul 2018	30 Jun 2019
Rowan O'Hagan	Director	01 Jul 2018	30 Jun 2019
Robert Cameron	Director	01 Jul 2018	30 Jun 2019
Helen Symes	Director	01 Jul 2018	30 Jun 2019
Nigel McGuckian	Director	01 Jul 2018	30 Jun 2019
Jeff Rigby	Managing Director	01 Jul 2018	18 Feb 2019
Neville Pearce	Acting Managing Director	19 Feb 2019	30 Jun 2019

Remuneration

Remuneration received, or due and receivable, during 2018/19 by Responsible Persons including the Managing Director from Coliban Water in connection with the management of Coliban Water was \$619,510 (2017/18: \$644,669).

9.3 REMUNERATION OF EXECUTIVES

The number of executive officers, other than the Minister and Accountable Officer listed in Note 9.2 and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalents provides 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; and
- > Termination benefits include termination of employment payments, such as severance packages.

There have been minimal changes affecting total remuneration payable to executives in the past year. An Acting Executive Officer was in place from 29 April 2019 to 30 June 2019. Formal appointment of a new Executive Officer will occur in the 2019/20 financial year.

Remuneration of Executive Officers	2019 (\$'000)	2018 (\$'000)
Short-term employee benefits	1,113	1,085
Post-employment benefits	110	107
Other long-term benefits ⁽ⁱ⁾	(10)	26
Termination benefits	—	—
Total remuneration⁽ⁱⁱ⁾	1,213	1,218
	2019	2018
Total number of executives	8	7
Total annualised employee equivalents ⁽ⁱⁱⁱ⁾	6	6

⁽ⁱ⁾ Remuneration is determined on an accrual basis. As such, 'Other long-term benefits' represents long service leave accrued less long service leave taken during the year for Executive Officers. It is negative due to a period of extended long service leave taken by an Executive Officer during the year that amounted to more than the total annual accrual of long service leave for Executive Officers.

⁽ⁱⁱ⁾ No Executive Officers meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 *Related Party Disclosures* and as such, are not included in the related parties note disclosure (Note 9.4).

⁽ⁱⁱⁱ⁾ Annualised employee equivalent is based on the time fraction worked over the reporting period.

NOTE 9: OTHER DISCLOSURES continued...

9.4 RELATED PARTIES

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

Related parties of Coliban 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.

Significant transactions with government-related entities

During the year, Coliban Water had the following government-related entity transactions (inclusive of GST):

	2019 (\$'000)	2018 (\$'000)
Amounts recognised as revenue in the Comprehensive Operating Statement		
Entity and nature of transaction		
Central Highlands Water (Goldfields Superpipe joint operation)	678	962
Dept. of Health and Human Services (pensioner concessions)	5,346	5,778
Dept. of Environment, Land, Water and Planning (Bendigo Groundwater Project)	2,420	5,534
Dept. of Environment, Land, Water and Planning (secondment)	111	–
Dept. of Environment, Land, Water and Planning (community rebates program)	40	–
Dept. of Environment, Land, Water and Planning (other project contributions)	8	57
Goulburn Murray Rural Water Corp (native vegetation offsets)	–	154
Grampians Wimmera Mallee Water (native vegetation offsets)	–	285
Treasury Corporation of Victoria (interest on Bendigo Groundwater Project)	76	63
Total revenue	8,679	12,833
Amounts recognised as an expense in the Comprehensive Operating Statement		
Entity and nature of transaction		
Dept. of Environment, Land, Water and Planning (Environmental Contribution)	5,116	3,272
Dept. of Environment, Land, Water and Planning (valuations, monitoring, licences etc)	128	145
Dept. of Health and Human Services (Centrepay transaction fees)	29	28
Dept. of Health and Human Services (administration levies)	37	37
Dept. of Treasury and Finance (Financial Accommodation Levy)	5,594	5,500
Environmental Protection Authority (License renewals)	184	–
Goulburn Murray Rural Water Corp (water share fixed and bulk water charges)	1,852	1,760
Grampians Wimmera Mallee Water (rural water supply)	396	382
Grampians Wimmera Mallee Water (South West Loddon Rural Water Supply Project)	39	2,758
North Central Catchment Management Authority (Kyneton offset works)	609	–
Treasury Corporation of Victoria (borrowings repayments)	4,000	3,500
Treasury Corporation of Victoria (interest on borrowings)	16,446	17,242
Western Water (entitlement transfer)	114	–
Total expenses	34,544	34,624
Key management personnel		
KMP (as defined in AASB 124 <i>Related Party Disclosures</i>) are those persons having authority and responsibility for planning, directing and controlling the activities of Coliban Water, directly or indirectly. KMP of Coliban Water includes the Portfolio Minister, all Directors and the Managing Director as listed under responsible persons in Note 9.2.		
Compensation of Key Management Personnel⁽ⁱ⁾⁽ⁱⁱ⁾		
Short-term employee benefits	565	588
Post-employment benefits	52	50
Other long-term benefits	2	7
Total	619	645

⁽ⁱ⁾ Coliban Water did not employ any KMPs as a contractor through an external service provider during the reporting period.

⁽ⁱⁱ⁾ The compensation detailed above 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 Department of Parliamentary Services' Financial Report.

NOTE 9: OTHER DISCLOSURES continued...

9.4 RELATED PARTIES (CONTINUED)

Transactions with key management personnel and other related parties

Given the breadth and depth of Coliban Water's activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. service fees and usage 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 guided by the Victorian Government Procurement Board requirements.

Outside of normal citizen type transactions with Coliban Water, there were no related party transactions that involved key management personnel and their close family members.

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

9.5 EX-GRATIA EXPENSE

Ex-gratia expenses are the voluntary payments of money or other non-monetary benefit that is not made to either acquire goods, services or other benefits for Coliban Water or to meet legal liability, or to settle or resolve a possible legal liability of or claim against Coliban Water. Those greater than or equal to \$5,000 or those considered material in nature for 2018/19 totalled \$33,182 (2017/18: \$nil).

	2019 (\$'000)	2018 (\$'000)
Forgiveness or waiver of debt ⁽ⁱ⁾	18	—
Property damage payments	15	—
Total ex-gratia expenses	33	—

⁽ⁱ⁾ Includes ex-gratia expenses for individual items relating to financial hardship or being uneconomical to pursue.

9.6 EVENTS OCCURRING AFTER THE BALANCE DATE

There have been no matters and/or circumstances that have arisen since the end of the reporting period which significantly affect or may significantly affect the operations of Coliban Water, the results of those operations, or the state of affairs of Coliban Water in future financial years.

9.7 SUPERANNUATION

Coliban Water makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). The Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. Obligations for contributions to the Fund are recognised as an expense in the Comprehensive Operating Statement when they are made or become due.

(a) Accumulation

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

(b) Defined benefit

Coliban Water does not use defined benefit accounting for Vision Super's defined benefit obligation because sufficient information is not available. This is due to the Fund's Defined Benefit category being a multi-employer sponsored plan.

There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made by the Fund. As a result, the level of participation of Coliban Water in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119 *Superannuation*.

Funding arrangements

On the basis of the results of the 2018 triennial/full actuarial investigation conducted by the Fund Actuary, Coliban Water makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund Actuary. In addition, Coliban Water reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

The 2018 interim actuarial investigation surplus amounts

As at 30 June 2018, an interim actuarial investigation was held. The vested benefit index (VBI) was 102.0%. Because the VBI was above 100%, the 2018 interim actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years. To determine the VBI, the Fund Actuary used the following long-term assumptions:

Net investment returns	7.0% pa
Salary information	4.25% pa
Price inflation (CPI)	2.5% pa

Vision Super has advised that the estimated VBI at 30 June 2019 was 107.1%.

NOTE 9: OTHER DISCLOSURES continued...

9.7 SUPERANNUATION (CONTINUED)

The Fund's full actuarial investigation as at 30 June 2018 identified the following:

- > A VBI surplus of \$40.3 million; and
- > A total service liability surplus of \$156 million.

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2018.

The total service liability surplus means that the current value of the assets in the Fund's defined benefit category plus expected future contributions exceeds the value of expected future benefits and expenses.

The discounted accrued benefit surplus means that the current value of the assets in the Fund's Defined Benefit category exceeds the value of benefits payable in the future but accrued in respect of service to 30 June 2018.

The 2018 full triennial actuarial investigation

A full actuarial investigation is being conducted for the Fund's position as at 30 June 2018. It is anticipated that this actuarial investigation will be completed in December 2019.

Funding calls

If the Defined Benefit category is in an unsatisfactory financial position, as determined by an actuarial investigation or the Defined Benefit category's VBI is below its shortfall limit at any time other than at the date of the actuarial investigation, the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%. While an actuarial investigation is underway, the shortfall limit is 100%.

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Coliban Water) are required to make an employer contribution to cover the shortfall.

Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's defined benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up.

If there is a surplus in the Fund, the surplus cannot be returned to the participating employers.

In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

(c) Superannuation contributions

Contributions by Coliban Water to the various superannuation plans for the financial year ended 30 June 2019 are detailed below:

Scheme	Type of Scheme	Rate	2019 (\$'000)	2018 (\$'000)
Vision Super	Defined Benefits	9.5%-12.5%	36	43
Vision Super	Accumulated Contribution	9.5%	727	699
Emergency Services & State Superannuation	Defined Benefits	9.5%-10.3%	23	22
VicSuper Scheme	Accumulated Contribution	9.5%	94	104
Other Superannuation Funds	Accumulated Contribution	9.5%	785	695
Employee Personal Superannuation Funds	Accumulated Contribution	9.5%	50	83
Total contributions to all funds			1,715	1,646

Coliban Water was not required to pay any unfunded liability payments to Vision Super during 2018/19 (2017/18: \$nil).

There were \$149,205.42 contributions outstanding and \$nil loans issued from or to the above schemes as at 30 June 2019 (30 June 2018, \$285,449 contributions outstanding and \$nil loans issued).

The expected contributions to be paid to the defined benefit category of Emergency Services & State Superannuation and Vision Super for the year ending 30 June 2020 is \$65,186.

9.8 AUDITORS REMUNERATION

Auditors remuneration for auditing the financial statements of Coliban Water excluding GST for 2018/19 has been set at \$93,100 (2017/18: \$90,800) by the Victorian Auditor-General Office. No other benefits were received or are receivable by the Victorian Auditor-General Office.

NOTE 9: OTHER DISCLOSURES continued...

9.9 CHANGES IN ACCOUNTING POLICIES

AASB 9 Financial Instruments

AASB 9 replaces the provisions of AASB 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities, de-recognition of financial instruments, impairment of financial assets and hedge accounting, as reflected in note 7.1.

The adoption of AASB 9 *Financial Instruments* from 1 July 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements (refer to Note 5.1). In accordance with the transitional provisions in AASB 9 (7.2.15) and (7.2.26), the Corporation has applied a modified retrospective approach, therefore, comparative figures from financial year 2018 have not been restated.

Classification and measurement under AASB 9

On 1 July 2018 (the date of initial application of AASB 9), the Corporation's management has assessed which business models apply to the financial assets held by the Corporation and has classified its financial instruments into the appropriate AASB 9 categories.

To measure the expected credit losses, receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 48 months before 31 December 2018 or 30 June 2019 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On the date of the initial application, the financial instruments of the Corporation were as follows, with any reclassifications noted:

	Measurement category		Carrying amount		
	Original (AASB 139)	New (AASB 9)	Original (\$'000)	New (\$'000)	Difference ⁽ⁱ⁾ (\$'000)
Financial assets					
Current financial assets					
Contractual receivables	Amortised Cost	Amortised Cost	345.0	374.0	29.0

⁽ⁱ⁾The difference noted in this column is the result of the new expected credit loss model. Refer to section 5.1 for the application of the Expected Credit Loss model. The reclassifications of the financial instruments on adoption of AASB 9 did not result in any changes to measurements.

Reconciliation of impairment allowance balance from IAS 39 to AASB 9

Measurement category	Allowance for Impairment IAS 39/Provision under IAS 37 as at 30 June 2018 (\$'000)	Reclassification	Re-measurement (\$'000)	Expected Credit Loss under AASB 9 as at 1 July 2018 (\$'000)
Loans and receivables	345.0	Amortised Costs	29.0	374.0
Total	345.0		29.0	374.0

Impact statement

This resulted in an increase of the expected credit loss on 1 July 2018 by \$29,045 for trade receivables – service and usage charges and other receivables.

NOTE 9: OTHER DISCLOSURES continued...

9.10 AUSTRALIAN ACCOUNTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE

As at 30 June 2019, the following applicable standards and interpretations had been issued but were not mandatory for the financial year ending 30 June 2019. Coliban Water has not and does not intend to adopt these standards early.

Standard/ Interpretation	Summary	Effective date	Effective date for the entity	Estimated impact
AASB 15 <i>Revenue from Contracts with Customers</i>	The core principle of AASB 15 requires an entity to recognise revenue when the Corporation satisfies a performance obligation by transferring a promised good or service to a customer.	1/01/19	1/07/19	Coliban Water has assessed the changes in revenue recognition under AASB 15 noting it will have an impact on the timing and amount of revenue recorded in the financial statements, particularly in relation to revenue recognised for development services. The impact has been assessed as not material.
AASB 2014 5 <i>Amendments to Australian Accounting Standards arising from AASB 15</i>	<p>Amends the measurement of trade receivables and the recognition of dividends.</p> <p>Trade receivables that do not have a significant financing component are to be measured at their transaction price at initial recognition.</p> <p>Dividends are recognised in the profit and loss only when:</p> <ul style="list-style-type: none"> > the Corporation's right to receive payment of the dividend is established; > it is probable that the economic benefits associated with the dividend will flow to the entity; and > the amount can be measured reliably. 	01/01/2019, except amendments to AASB 9 (December 2009) and AASB 9 (December 2010) apply from 1 January 2018.	1/07/19	<p>Coliban Water has assessed that there will be no impact on the financial statements.</p> <p>Coliban Water does not have trade receivables that have a significant financing component, nor an expectation that dividends will be payable.</p>
AASB 2016-3 <i>Amendments to Australian Accounting Standards – Clarifications to AASB 15</i>	<p>This Standard amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. The amendments require:</p> <ul style="list-style-type: none"> > a promise to transfer to a customer a good or service that is 'distinct' to be recognised as a separate performance obligation; > for items purchased online, the Corporation is a principal if it obtains control of the good or service prior to transferring to the customer; and > for licences identified as being distinct from other goods or services in a contract, entities need to determine whether the licence transfers to the customer over time (right to use) or at a point in time (right to access). 	1/01/19	1/07/19	Coliban Water has assessed that there will be no significant impact on the financial statements, other than the minor impact identified for AASB 15.

NOTE 9: OTHER DISCLOSURES continued...

9.10 AUSTRALIAN ACCOUNTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE (CONTINUED)

Standard/ Interpretation	Summary	Effective date	Effective date for the entity	Estimated impact
AASB 2016-8 <i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities</i>	This Standard amends AASB 9 and AASB 15 to include requirements and implementation guidance to assist not-for-profit entities in applying the respective standards to particular transactions and events.	1/01/19	1/07/19	<p>This standard clarifies the application of AASB 15 and AASB 9 in a not-for-profit context. The areas within these standards that are amended for not-for-profit application include:</p> <p>AASB 9</p> <ul style="list-style-type: none"> > Statutory receivables are recognised and measured similarly to financial assets <p>AASB 15</p> <ul style="list-style-type: none"> > The 'customer' does not need to be the recipient of goods and/or services; > The 'contract' could include an arrangement entered into under the direction of another party; > Contracts are enforceable if they are enforceable by legal or 'equivalent means'; > Contracts do not have to have commercial substance, only economic substance; and > Performance obligations need to be 'sufficiently specific' to be able to apply AASB 15 to these transactions. <p>Coliban Water has assessed that there will be no significant impact other than the impact identified in AASB 9 and AASB 15.</p>
AASB 16 <i>Leases</i>	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on the Balance Sheet.	1/01/19	1/07/19	Coliban Water has assessed that there will be an estimated \$8.3 million increase to both assets and liabilities on the balance sheet (net impact of \$nil). This represents operating leases that are currently in place for buildings, vehicles, infrastructure assets and land.
AASB 1058 <i>Income of Not-for-Profit Entities</i>	This Standard establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objective.	1/01/19	1/07/19	<p>Coliban Water has assessed that Government funding will be impacted by these changes. As such, there will be an impact on the financial statements.</p> <p>It is anticipated that \$0.5 million of the funds to be received for the Bendigo Groundwater Project: Transitional Solution will remain unearned at 30 June 2020.</p>
AASB 1059 <i>Service Concession Arrangements Grantors</i>	This standard applies to service concession arrangements which involve (a) an operator providing public services related to a service concession asset on behalf of a grantor; and, (b) managing at least some of those services under its own discretion, rather than at the direction of the grantor.	1/01/20	1/07/20	No financial impact

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2018/19 reporting period (as listed below). In general, these amending standards include editorial and reference changes that are expected to have insignificant impacts on public sector reporting.

- > AASB 2016-5 *Amendments to Australian Accounting Standards – Classification and Measurement of Share based Payment Transactions*
- > AASB 2016-6 *Amendments to Australian Accounting Standards – Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts*
- > AASB 2017-2 *Amendments to Australian Accounting Standards*

The following accounting pronouncement has also been issued but not yet effective for the 2018/19 reporting period. The preliminary assessment suggests it may have an insignificant impact on public sector reporting.

- > AASB 2017-1 *Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments*

NOTE 10: FINANCIAL IMPACT OF LIMITED TERM PROJECTS

INTRODUCTION

This section provides the high level financial impact of limited term projects on Coliban Water's financial statements. Limited term projects should be considered separately to segregate the impacts on the recurring business of Coliban Water.

STRUCTURE

10.1 Bendigo Groundwater Project: Transitional Solution

10.1 BENDIGO GROUNDWATER PROJECT: TRANSITIONAL SOLUTION

Background

On 24 June 2016, Coliban Water entered into a four year funding agreement with the Victorian Government, through the Department of Environment, Land, Water and Planning (DELWP), to deliver the Bendigo Groundwater Project: Transitional Solution on behalf of the State. The funding agreement provides total funding of \$26.9 million to cover the construction and operational costs for the four year period of the transitional solution.

The Bendigo Groundwater Project: Transitional Solution addresses an emerging risk for the Bendigo community in relation to the groundwater that is rising up through currently disused mine shafts under the central part of Bendigo. Left unmanaged, this water will pose a risk to the tourism sector and decrease the general amenity of the central business district area of Bendigo. DELWP, as the lead agency on behalf of the Victorian Government, and in consultation with Coliban Water, a State and Local Government Advisory Group (SLGAG) and a Community Reference Group (CRG), has developed a four year transitional solution for the groundwater issue.

	Bendigo Groundwater Project		Coliban Region Water Corporation		Consolidated	
	2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
FINANCIAL IMPACT ON THE COMPREHENSIVE OPERATING STATEMENT						
Revenue						
Service and usage charges	–	–	128,603	124,708	128,603	124,708
Contributions and gifted assets	–	–	14,529	14,367	14,529	14,367
Government funding	2,200	5,031	78	694	2,278	5,725
Interest income	76	63	40	14	116	77
Other income	–	–	1,888	2,118	1,888	2,118
Total revenue	2,276	5,094	145,138	141,901	147,414	146,995
Expenses						
Operating, administration and employee benefits expenses	–	–	71,463	66,624	71,463	66,624
Expenditure of Government funding	5,142	1,986	76	24	5,218	2,010
Depreciation and amortisation	3	3	30,833	30,642	30,836	30,645
Borrowing and finance charges	–	–	27,725	28,831	27,725	28,831
Environmental Contributions	–	–	5,116	3,272	5,116	3,272
Total expenses	5,145	1,989	135,213	129,393	140,358	131,382
Net result before tax and other economic flows	(2,869)	3,105	9,925	12,508	7,056	15,613

Government funding is recognised as operating revenue on receipt or when Coliban Water obtains control of the funding and meets certain other criteria as outlined by AASB 1004 *Contributions*, whichever is the sooner, and disclosed in the Comprehensive Operating Statement as Government funding. Expenditure of Government funding reflects the costs of operating and maintaining the Groundwater Treatment Plant.

NOTE 10: FINANCIAL IMPACT OF LIMITED TERM PROJECTS (CONTINUED)

10.1 BENDIGO GROUNDWATER PROJECT: TRANSITIONAL SOLUTION (CONTINUED)

	Bendigo Groundwater Project		Coliban Region Water Corporation		Consolidated	
	2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
FINANCIAL IMPACT ON THE BALANCE SHEET						
Assets						
Total current assets	5,006	7,938	36,235	33,263	41,241	41,201
Total non-current assets	496	730	1,629,328	1,630,628	1,629,824	1,631,358
Total assets	5,502	8,668	1,665,563	1,663,891	1,671,065	1,672,559
Liabilities						
Total current liabilities	666	524	32,824	30,165	33,490	30,689
Total non-current liabilities	—	—	575,454	583,876	575,454	583,876
Total liabilities	666	524	608,278	614,041	608,944	614,565
Net assets	4,836	8,144	1,057,285	1,049,850	1,062,121	1,057,994
Equity						
Contributed capital	(3,336)	(2,897)	307,361	307,361	304,025	304,464
Asset revaluation reserves	—	—	388,094	387,203	388,094	387,203
Accumulated funds	8,172	11,041	361,830	355,286	370,002	366,327
Total equity	4,836	8,144	1,057,285	1,049,850	1,062,121	1,057,994

Cash held relating to the project is held in a separate deposit account exclusively for the delivery of this project. Costs incurred in building the assets are recognised on Coliban Water's Balance Sheet as work in progress up until the assets are operational at which time, the completed assets are transferred to DELWP through a capital contribution and reported on DELWP's Balance Sheet, based on allocation statements authorised by the Minister for Water.

	Bendigo Groundwater Project		Coliban Region Water Corporation		Consolidated	
	2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
FINANCIAL IMPACT ON THE CASH FLOW STATEMENT						
Net cash inflows/(outflows) from operating activities	(2,723)	3,204	33,717	27,512	30,994	30,716
Net cash outflows from investing activities	(209)	(959)	(22,858)	(15,031)	(23,067)	(15,990)
Net cash outflows from financing activities	—	—	(9,275)	(8,382)	(9,275)	(8,382)
Net increase/(decrease) in cash and cash equivalents	(2,932)	2,245	1,584	4,099	(1,348)	6,344
Cash at the beginning of the financial year	7,938	5,693	7,203	3,104	15,141	8,797
Cash at the end of the financial year	5,006	7,938	8,787	7,203	13,793	15,141

Independent Auditor's Report

To the Board of the Coliban Region Water Corporation

Opinion	<p>I have audited the financial report of the Coliban Region Water Corporation (the corporation) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2019 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • statutory certification. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the corporation as at 30 June 2019 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. 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 <i>Code of Ethics for Professional Accountants</i> (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.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the financial report	<p>The Board of the corporation is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, 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.</p> <p>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.</p>

**Auditor's
responsibilities
for the audit
of the financial
report**

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

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

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

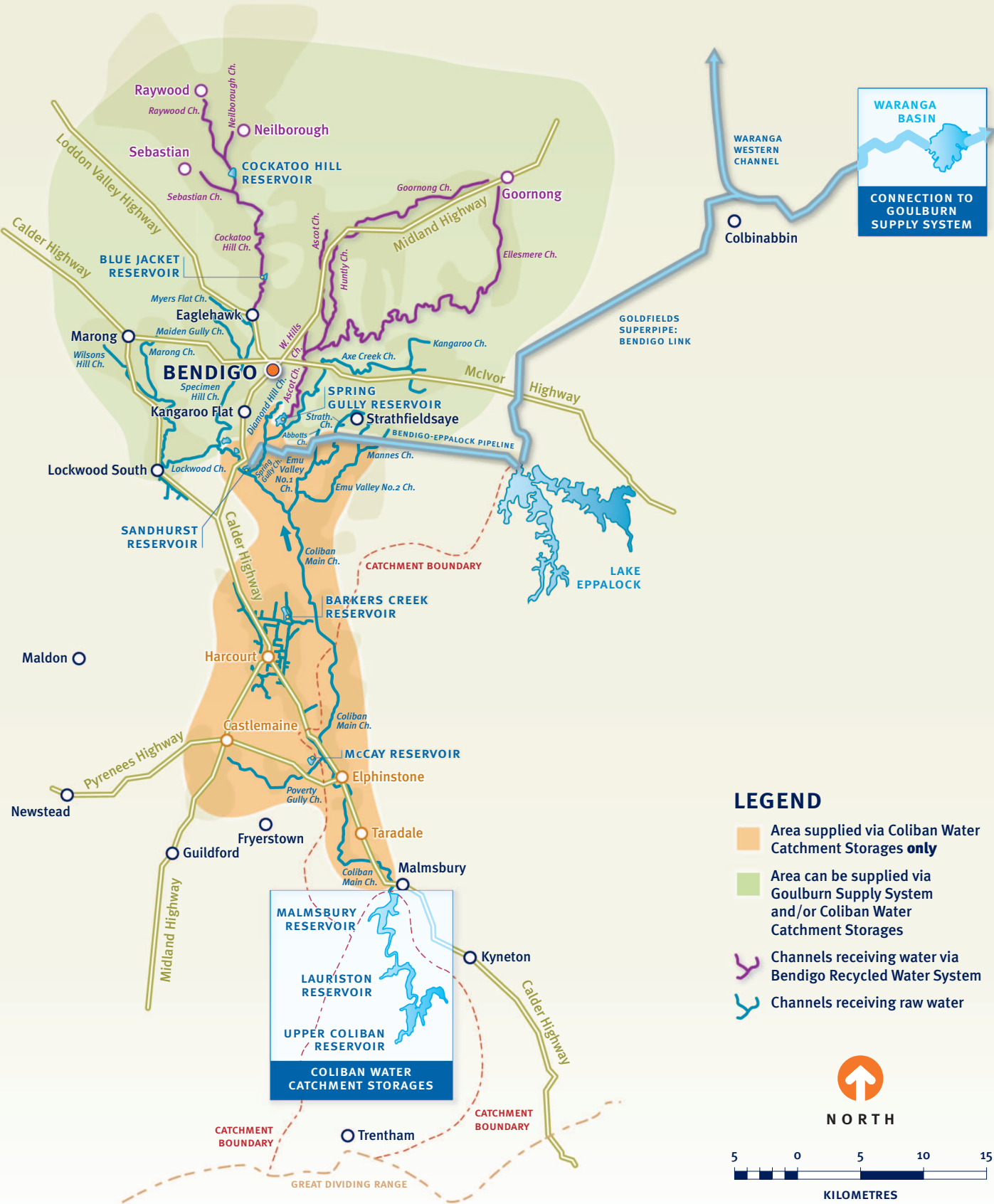
I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
29 August 2019



Paul Martin
as delegate for the Auditor-General of Victoria

COLIBAN WATER RURAL SYSTEM DIAGRAM



Disclaimer: This illustration is provided as a guide only. Coliban Water reserves the right to alter information at any time. © v3 280618 Coliban Water.

In August 2018 we became an accredited White Ribbon Workplace.

The White Ribbon Workplace Accreditation Program recognises workplaces that are taking active steps to stop violence against women and to create a safer and more respectful workplace.

Our White Ribbon accreditation demonstrates our zero tolerance for violence, including family violence and men's violence against women.

We will continue to promote an environment where people can feel safe and confident to seek support and we will strive to provide support to our employees, customers and community.

37- 45 BRIDGE STREET | BENDIGO | VICTORIA 3550

POST PO BOX 2770 | BENDIGO DC | VIC 3554

TELEPHONE 1300 363 200

FACSIMILE 03 5434 1341

WEB WWW.COLIBAN.COM.AU

ABN 96 549 082 360

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