



Annual Report

2024-2025

Responsible body's declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present Southern Rural Water's Annual Report for the year ending 30 June 2025.



Joanne Butterworth-Gray

Chair

Southern Rural Water

Corporate Dated on 15 October 2025

Contact us

Southern Rural Water

88 Johnson Street, Maffra, VIC 3860

1 Tower Road, Werribee, VIC 3030

132 Fairy Street, Warrnambool, VIC 3280

25 Lucknow Street, Mitcham, VIC 3132

1300 139 510

Email: srw@srw.com.au

Website: www.srw.com.au

About this report

This annual report has been prepared for the financial year 1 July 2024 to 30 June 2025. This report is prepared in Adobe PDF format and is available for download as an A4 document.

© State of Victoria, Southern Rural Water 2025.

This publication is copyright. No part may be reproduced by any process except in accordance with the provisions of the *Copyright Act 1968*.

ISSN 1837–1992.

Disclaimer: This publication may be of assistance to you, but Southern Rural Water and its employees do not guarantee that the publication is without flaw of any kind or is wholly appropriate for your particular purposes and therefore disclaims all liability for any error, loss or other consequence which may arise from you relying on any information in this publication.



Acknowledgement to Country

Southern Rural Water acknowledges and recognises Aboriginal people as the Traditional Owners and Custodians of the land and waters on which we work and live, and we respect their deep and ongoing connection to Country. Southern Rural Water operates on the lands and waters of the Gunaikurnai, Bunurong, Wurundjeri, Wadawurrung, Eastern Maar, Gunditjmara peoples.



Contents

Year in review	2
Governance and organisational structure	38
Workforce data	52
Other disclosures	60
Performance reporting (financial) (Part B)	100
Appendices	152



Year in review



Vision, values, foundations

Our vision

Southern Rural Water's vision is to deliver great value for customers and community through excellence in rural water management. In delivering this vision, our aspirations are to provide:

Customer value through outstanding service

We strive to be reliable, accessible and easy to deal with, allowing customers to interact with us in a way that works for them. We provide clear operating systems and management arrangements and deliver on our commitments. Our customers are at the core of our decision-making; we strive to understand their needs and we advocate on their behalf.

Community value to help our regions thrive

We take seriously our contribution to support thriving regional communities. We are committed to honouring the knowledge, aspirations and ongoing connection to Country of Traditional Owners in our operations, water planning activities and decision-making. We understand the importance of the services we provide, the partnerships we build and investment decisions we make. We acknowledge the social value of our assets and that the water we manage is a precious resource. As a result, we work to minimise our impacts and improve environmental outcomes.

Excellence in everything we do

We support communities through the effective management of water supply, demands and assets to safeguard the security and quality of drinking water for our urban partners and to meet regulatory standards. We strive to provide long-term water security and improve water availability for our customers while maintaining an agile, responsive business.

Our People

Our people are at the heart of everything we do. It is our people who build these foundations and apply them to bring our vision to life.

Our values

Our values guide us to be always safe and accountable, working as one team to deliver a lasting legacy.

Health, safety and wellbeing

Safety is everybody's responsibility and is a key focus of the way we operate. Ensuring we have a strong safety culture is critical to achieving our ambition of being always safe and well.

Culture

Leadership drives culture and culture is what sets us apart. We continue to take necessary steps to make Southern Rural Water a great and safe place to work for everyone. Our people are engaged in a program to continue to uplift our culture and ensure strong cohesion as one team.

Our foundations

Our foundations are the building blocks of our business and drive our key priorities for us to deliver on our vision. They enable us to be financially sound, resilient and insight-driven, operate efficient systems and be a great partner, an outstanding asset manager and a trusted resource steward.



Supporting Traditional Owner self-determination

We are committed to honouring the knowledge, vision and ongoing connection to country of Traditional Owners in our operations, water planning activities and decision-making. The Victorian Government's *Water is Life: Traditional Owner Access to Water Roadmap* in 2022 proposes a range of actions to improve Traditional Owner access to water and management of water landscapes.

Traditional Owner corporations are exploring water availability in Southern Rural Water managed systems where water ownership enables self-determination. Internally, our Reconciliation Team builds partnerships and is supporting change. This team works toward raising First Peoples awareness across the organisation and is responsible for initiating events to coincide with important milestones such as National Reconciliation Week and NAIDOC Week.

Over the past 12 months we have worked with consultants MurriMatters to develop a First Peoples cultural safety framework which sets out a continuum to move from cultural awareness to cultural security across four key domains of

- culture,
- environments,
- leadership and management capability and
- capacity and professional learning and development.

We have commenced implementation of the framework and will continue this moving forward.



Chair and Managing Director report

It's been a challenging time for many parts of the state, with dry conditions significantly impacting farmers across Southern Victoria. Southern Rural Water has played a vital role in supporting farmers through these circumstances.

One of our key initiatives has been the introduction of a groundwater water trade platform. For the first time, this provides a transparent and accessible water trading pathway for our groundwater customers. Targeted marketing campaigns have helped promote water trading of unused entitlements, and expressions of interest have enabled access to new groundwater resources. Fast-tracked applications for customers experiencing dry conditions have further ensured timely support. Importantly, we've remained attentive to the needs of those facing these challenges and are committed to helping.

Throughout a year where customers have faced ongoing dry conditions, our efforts to improve system efficiencies have become even more crucial. For example, our generational investments in the Werribee, Bacchus Marsh, and Macalister irrigation districts are building resilience for the future. We have continued to make significant progress in finalising multi-year programs that modernise the Macalister and Werribee irrigation districts. As a result, water delivery efficiency has improved by 12 percent in Macalister, 22 percent in Bacchus Marsh, and 30 percent in Werribee over the past decade.

We've also devoted this year to future planning, consulting with customers on the Werribee Reconfiguration Project—a transformation designed to supply farmers with high-quality, reliable recycled water into the future. In the state's east, the early stages of consultation for the Macalister Fresh program aim to build on our generational modernisation investments by exploring avenues to support long-term regional prosperity in Gippsland.

Our team's dedication is evident in their tireless work to meet strategic organisational goals, strengthen operational performance, and uphold the standards expected by our communities, partners, and customers. Among our priorities such as dam safety we have undertaken painting gates at Lake Glenmaggie and conducting anchor testing. At Blue Rock Lake, we undertook critical joint renewals on the upstream face of the spillway walls. These works are essential for dam performance and ensure community safety remains central to our decision-making.

Our zero-tolerance approach to non-compliance, such as unauthorised water take, ensures fair management of water resources for all customers. This year, a successful prosecution resulted in a company—found drilling an illegal water bore—being fined \$10,000 and ordered to cover court costs.

On the allocation front, we successfully sought expressions of interest from farmers regarding additional water allocations from the Latrobe River. Through the entitlement known as 3-4 Bench, 16 GL previously reserved for power generation has been reallocated equally to agriculture, Traditional Owners, and the environment, meaning 5.3 GL will support farmers for expansion or drought-proofing.

In addition to our operational advancements, we have also prioritised organisational culture. One of our highlights this year was achieving a significant milestone in gender diversity as a result of the Gender Equality Action Plan adopted in 2022. Our leadership team now features an equal number of female and male members across management, executive, and senior roles, reflecting our commitment to an inclusive and equitable environment where diverse perspectives inform strategy.



Our focus extends to our work with Traditional Owners. During this period, we issued two licences to the Gunaikurnai on the Albert and Franklin rivers, as well as one licence to the Bunurong on the Powlett River. We recognise the important role we play in returning water to enable self-determination for Traditional Owners. Looking forward, we are collaborating with Traditional Owners on ongoing water management forums and exploring partnerships to support cultural water projects, ensuring their voices remain central to our long-term planning.

Finally, our ongoing commitment to sustainability has enabled us to achieve net zero greenhouse gas emissions for the 2024-25 financial year. We accomplished this through improved energy efficiency, expanded solar energy use, deployment of zero-emissions vehicles, and the purchase of certified carbon credits to offset remaining emissions.

Collectively, these initiatives underscore our commitment to delivering real-world benefits to farmers and communities, fostering resilience, inclusion, and stewardship for the future.



A handwritten signature in black ink, appearing to read 'JBG'.

Joanne Butterworth-Gray
Chair



A handwritten signature in black ink, appearing to read 'C-FitzGerald'.

Cameron FitzGerald
Managing Director

Manner of establishment

Gippsland and Southern Rural Water Corporation, trading as Southern Rural Water, is established under the *Water Act 1989*. The responsible Minister for the period from 1 July 2024 to 18 December 2024 was the Hon Harriet Shing MP, Minister for Water. The responsible Minister from 18 December 2024 to 30 June 2025 was the Hon Gayle Tierney MP, Minister for Water.

Our services and functions

We are proud to be the lifeblood of the agricultural economy of southern Victoria. With assets valued at around \$2.1 billion, our irrigation districts deliver water from catchment to farm gate. As regulators of surface and groundwater, we provide fair, equitable and sustainable access to water resources. Our services support farmers to generate high quality, fresh and local produce, much of which ends up on tables across the globe to be enjoyed by consumers.

We supply water to irrigators, power generators, urban water corporations and we work with the Victorian Environmental Water Holder and alongside catchment management authorities and Melbourne Water to manage the release of environmental flows.

We continue to strengthen our relationships with Traditional Owners, listening to learn and supporting their aspirations for self determination.

We service an area of 88,000 square kilometres, stretching from the South Australian border to the New South Wales border and from the Great Dividing Range to the Victorian coastline.

We operate seven major dams, eight diversion weirs, three irrigation districts and manage take and use licences for waterways, licences relating to catchment dams and farm dam registration.

We recognise the important role that we play as stewards of water resources, ensuring that we manage them sustainably for the long term.

Set out on the following page are further details of our key services.

Key Services

Irrigation: We manage the release and delivery of water to three irrigation districts: Werribee (WID), Bacchus Marsh (BMID) and Macalister (MID). This includes operating and maintaining regulated rivers, channels, pipeline networks, drainage systems and the supply of recycled water. We also supply water to power generators and to urban water corporations.

Large dams: We operate and maintain seven dams to harvest and store water on behalf of irrigators and bulk entitlement holders, including power generators and urban water corporations. In addition, we manage eight diversion weirs and the Willang Yarn balancing storage in Denison, all of which help us to manage water flows through our system. We also work with catchment management authorities, Melbourne Water and the Victorian Environmental Water Holder to manage the release of environmental water flows.

Groundwater and rivers: We are delegated under the *Water Act 1989* to manage licensed water use from southern Victoria's unregulated rivers and groundwater aquifers, including groundwater in urban areas. This includes assessing applications to take and use water, construct new farm bores, construct or alter dams, along with metering water use, ensuring compliance with legal requirements, monitoring rivers and aquifers to apply rosters and restrictions where necessary to protect environmental outcomes.

Recreational facilities: We enable a range of recreational activities at our storages, such as picnicking and fishing at Blue Rock Lake, to the more intensive motorised boating activities at Pykes Creek, Melton Reservoir and Lake Glenmaggie. Facilities range from picnic grounds, playgrounds and barbecues to boat launching ramps. We are responsible for the ongoing maintenance of these facilities to ensure they meet the needs of the broader community. We continue to work with government departments and agencies to ensure that we are providing appropriate and fit for purpose access to these amenities, such as the funding for a new all-abilities pontoon at Blue Rock Lake in partnership with Better Boating Victoria.



Objectives, functions, powers and duties

Our functions include delivery of water and irrigation drainage services as well as administering water shares and take and use licences.

We have business centres located in Maffra, Werribee, Mitcham and Warrnambool and have smaller offices scattered across our regions to ensure we remain closely connected to our customers across our whole service area.

Our services support a food and fibre agriculture sector that contributes more than \$14.2 billion to the economy each year.

We recognise the important role we play as stewards of water resources, ensuring that we manage them sustainably for the long term.

The water we harvest, store, manage and license is primarily for agricultural, urban and industrial purposes. Water shares are held by individual customers within the districts and transactions are recorded in the Victorian Water Register.

Bulk entitlements are held by power companies for energy production, urban water corporations for raw water to treat for urban supplies and by the Victorian Environmental Water Holder.

We also deliver a range of other functions, including:

- Operating as resource manager for some surface water catchments.
- Operating and maintaining groundwater pumps in and around the MID to manage salinity.
- Providing governance and administrative support to the Victorian Drillers' Licensing Board.
- Managing statutory referrals to support the environment, our customers and community.
- Leading, supporting and collaborating on special projects relating to the water sector.



Southern Rural Water at a glance



7

Major storages



1,187 KM

Channels, pipes and drains in the WID, BMID and MID



\$2.1 B

in assets



8

Diversion weirs



487,000 ML

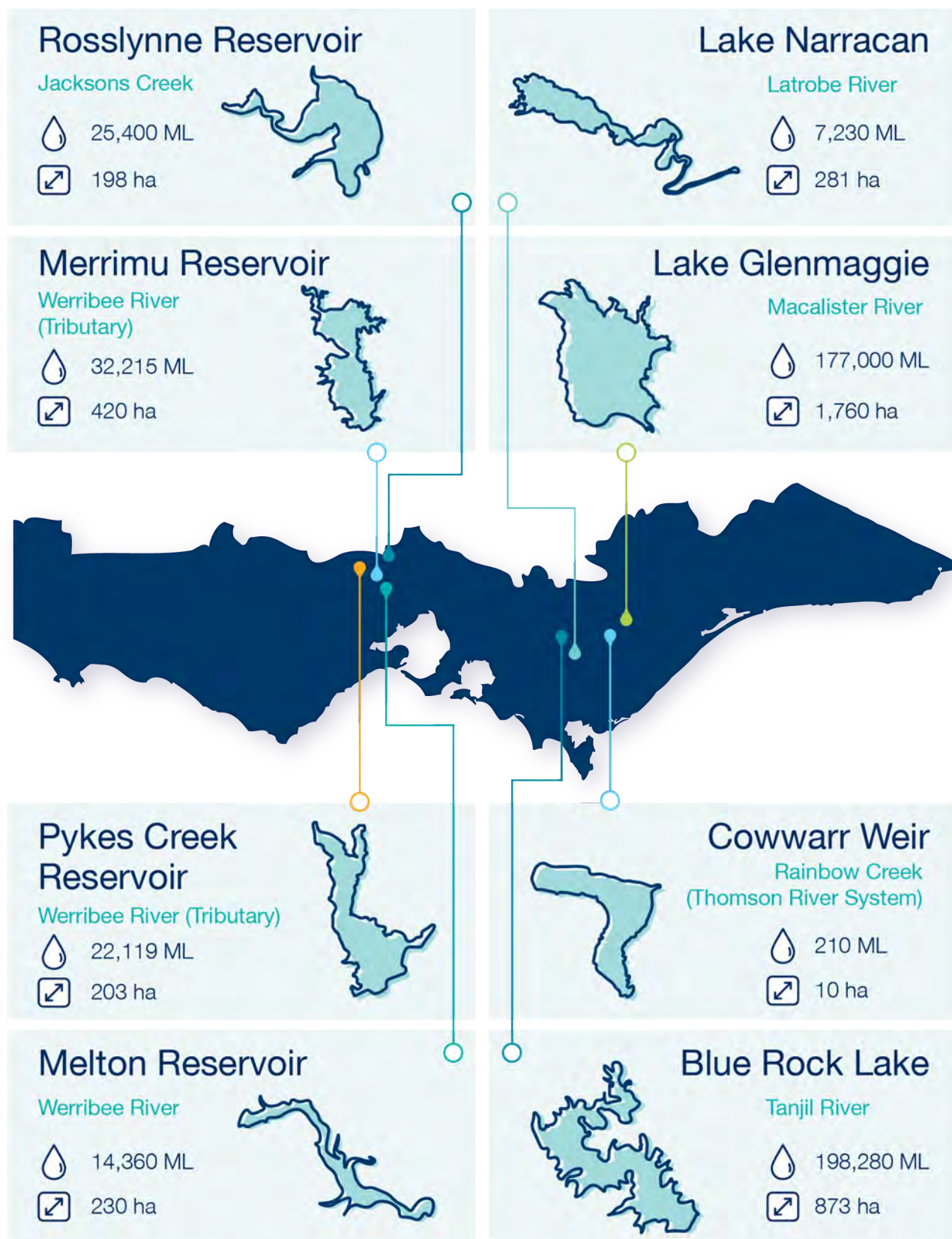
Total storages capacity volume



WID 6,740 ML

Total recycled water customer contracted volume





Performance reporting (non-financial)

Achievements

During 2024-25, the ongoing management of water supply to customers continued to be challenging. From late spring though to the end of the season, all irrigation districts experienced dry weather creating high demand for water.

Delivery reliability and efficiency across the MID remained high. In the WID and BMID we exceeded our targets to ensure customers received their water on the day it was confirmed and our delivery efficiency targets, despite the challenges of supplying water during a high demand season and a major construction period in the WID.

Our unregulated customers who access groundwater or surface water experienced a dry summer and autumn period which saw irrigation occurring late in the season. This resulted in increased water demands, with some relying on temporary water trades to ensure they were compliant with their licence requirements.

Operational performance

Macalister Irrigation District

The geographic area of the MID represents the irrigation area served by Southern Rural Water's pipelines and channels. The Macalister Irrigation Area (MIA) covers the same area as the MID but also includes our unregulated groundwater and surface water customers in that area.

Regulated water is supplied to the MIA via two main systems:

- The gravity-fed irrigation district which relies on upstream heads of water from Lake Glenmaggie to move through the channels and pipes.
- Direct river diversions from the Thomson, Rainbow and Macalister rivers.

Lake Glenmaggie is the main storage and together with a balancing storage and diversion weirs on the Thomson and Macalister rivers, provides water to more than 1,000 customers.

Water storages were slightly below average for the start of the 2024-25 irrigation season that runs between 15 August and 15 May. This created a lower High-Reliability Water Shares (HRWS) announcement on 1 July of 55 percent, this increased to 100 percent High-Reliability Water Shares (HRWS) on 24 September.

Our MID customers are seeing the benefits of our multi-year investment in modernisation, with our water delivery efficiency exceeding target at 86 percent.

Similar to last year, there was a drier start to the MID season, resulting in the high delivery of water on the first day of the season for the MID. Throughout the late winter and spring period we had smaller rainfall events resulting in continued demand from the available water in storage and lower inflows than experienced over the past five years.

This combination of demand for water and lower inflows resulted in there being no spill entitlement for the 2024-25 season (which allows for a reset of irrigation entitlements if Lake Glenmaggie overflows before 15 December each year). From January and into the autumn months it was mostly dry conditions, creating high and consistent supply demand through to the end of the season on 15 May.

Overall, despite a season where spill entitlement was not achieved, it was a productive season for customers with good on-farm rain, supported with a large volume of water available through the storages. At the end of the 2024-25 season Lake Glenmaggie had 71,823 ML in storage and the Thomson Dam Reserve had 33,103 ML in storage.



Macalister Irrigation District performance against target 2024-25

Measure	Target	Actual
Delivery reliability	100%	100%
Delivery efficiency	85%	86%
Customers with access to demand management ¹	80%	80%
Release of water savings	1,000 ML	1,441 ML

¹ This is calculated based on the number of outlets, not the number of customers, meaning 80% of outlets in the MID have a demand management ordering system available.

Werribee and Bacchus Marsh Irrigation Districts

In the state's west, we manage the supply of river water in the regulated Werribee system to WID and BMID customers and to river diverters along the southern stretches of the Werribee River. We also manage the delivery of recycled water to customers in the WID from the Western Treatment Plant.

Like much of south west Victoria, the Werribee system experienced drier and warmer than average weather conditions that led to high demand in the districts over the entire season.

The water levels in storage within the Werribee system fell during the dry summer conditions. Pykes Creek started the season at 83 percent and ended the season at 59 percent. Melton started the season at 53 percent and was drawn down to 7 percent by June 2025.

Southern Rural Water's share of Merrimu Reservoir decreased by 15 percent across the season. Water was strategically held further up the catchment in Pyke's Creek and Merrimu to reduce evaporation losses. Water releases from these storages to Melton are carefully managed to meet demand in the WID and reduce losses in the system.

The starting allocation of the 2024-25 season was 50 percent High Reliability Water Shares (HRWS) with a carry-over volume of 9,148 ML. Despite the dry conditions, some good inflows into the storages meant that 100 percent HRWS and 100 percent Low Reliability Water Shares (LRWS) were allocated by the end of the season for the sixth consecutive season.

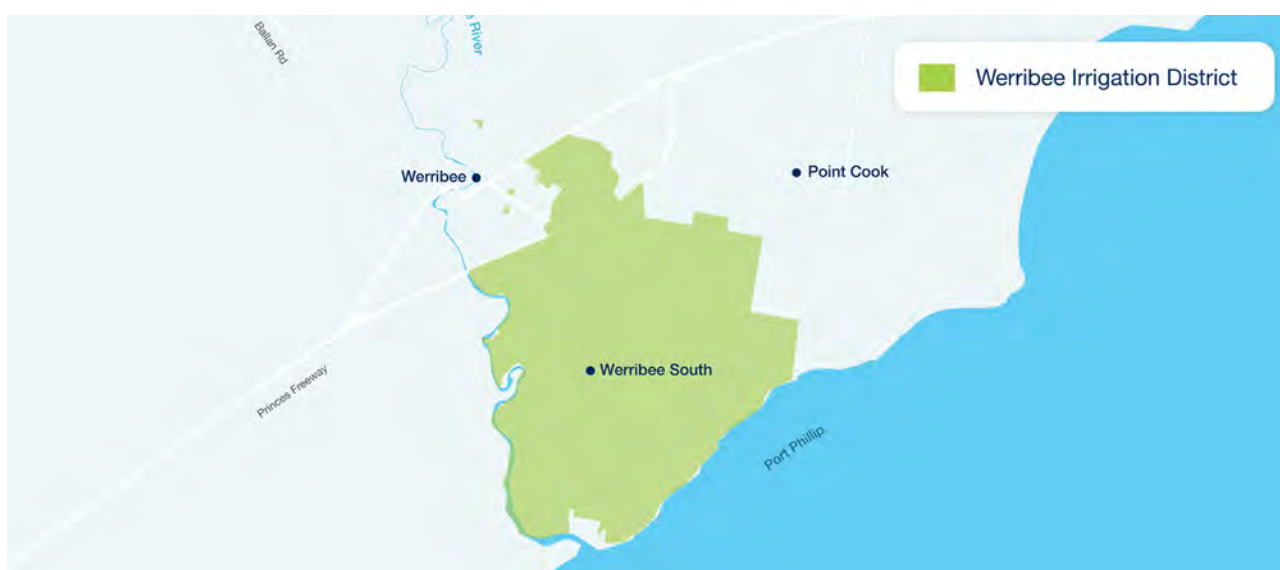
Overall, a total of 15,913 ML including Werribee river water, was delivered through outlets in the Werribee system. Recycled water was unavailable for an extended period from February to May due to blue green algae blooms in Melbourne Water's supply storage. This outage meant that customers used more river water allocation than planned and increased water use towards the end of the season. We exceeded our delivery efficiency targets in both districts.

Our delivery efficiency in both the BMID and WID exceeded expectations, with 88 percent of BMID water and 83 percent of WID water delivered to customers. This delivery efficiency is the result of significant investments in modernisation in the districts during the past decade. Changing open channels to pipeline has supported less manual operations and less water loss and delivery efficiency.



Bacchus Marsh Irrigation District performance against target 2024-25

Measure	Target	Actual
Orders from district customers delivered on day that was confirmed	95%	99.6%
No. of unplanned disruptions of 3+ days	1	1
Water released that is delivered to BMID customers	80%	88%



Werribee Irrigation District performance against target 2024-25

Measure	Target	Actual
Orders from district customers delivered on day that was confirmed	95%	98%
No. of unplanned disruptions of 3+ days	1	0
Water released that is delivered to WID customers	80%	83%
Recycled water quality salinity threshold (averaged over 24 hrs) – electrical conductivity in microsiemens per centimetre ($\mu\text{S}/\text{cm}$)	<1800	<1800
Events where recycled water cannot be supplied for five consecutive days due to high salinity ($\geq 1,800 \mu\text{S}/\text{cm}$) or blue green algae	2	1*
Drainage - rainfall events (up to 75mm in 6 hrs) resulting in complaints from water being on properties for more than 24 hrs	5	0

*Recycled water non-supply period of 13 weeks due to blue green algae

Groundwater and rivers

Southern Rural Water's delegated licencing and regulatory functions include powers to determine licences and to monitor and enforce licence conditions, along with facilitating the orderly access to water resources through implementation of management plans, works licences and water trade.

Southern Rural Water has more than 8,000 customers accessing groundwater or surface water for a wide range of enterprise types including; stock and domestic water for rural landholders, dewatering quarries, irrigated food and fibre production, geothermal licences, environmental uses and large volume licences for heavy industry.

Customers with licences in the Deutgam Water Supply Protection Area, located in the Werribee region, received a 50 percent groundwater allocation. This allocation was made in accordance with management plan rules considering trends in water level and water quality within monitoring bores.

Victoria experienced unprecedented dry conditions across south west Victoria. To support our customers in the south west, Southern Rural Water led a number of initiatives including supporting customers to understand their water allocations, education around carry over and prioritising applications to trade water.

We launched an online trade platform which enables customers to trade their water, or purchase water from a seller in their area.

Interest in south western Victoria has increased in groundwater available from deep aquifers (Paaratte Groundwater Management area and the Warrnambool Zone of the Dilwyn aquifer). To support this Southern Rural Water ran an expression of interest to understand water demand and will host an auction in 2025 to increase water availability in the area.





Capital projects

Macalister Irrigation District modernisation

Through the culmination of many years of hard work in delivering ‘future building projects’ across our agricultural region, the MID modernisation has been vital in implementing best practice water use efficiency. It has delivered greater resilience for food production in eastern Victoria in the face of an anticipated warmer and drier climate.

The MID modernisation project, known as MID2030, included the following benefits:

- Efficiencies in the delivery of irrigation water and customer service improvements.
- Reduced nutrients entering local streams and the Gippsland Lakes.
- Water savings for the environment and agricultural production.
- Improvement in safety by removing manual handling of old regulator infrastructure.

The modernisation program was delivered in phases to achieve value in water savings with service improvements.

Phase 1A started in 2013 and was completed in 2017 achieving approximately 13.3 GL in water savings. Phase 1B was delivered in four stages with works commencing in 2017 and completed in 2020. This achieved approximately 9,600 ML in additional water savings.

The Phase 2 program commenced in 2020 and was completed in 2024, delivering a further estimated 7,200 ML in water savings. The Phase 2 program of works included channel upgrades in Stratford and Boisdale.

As part of Phase 2, a pipeline was constructed in the vicinity of Boisdale-Newry Road and Back Valencia Creek Road and old manual wheels were replaced with new modernised outlets at four locations. Three critical regulators were also upgraded in the Main Northern Channel at Football Lane, Three Chain Road and Upper Maffra Road.

Phase 2 also included the delivery of the Newry pipeline and was completed in 2023. The Newry pipeline replaced ageing channels with 17.25 kilometres of new pipeline, five kilometres of customer connection pipelines, in addition to outlet upgrades, reconnection works and decommissioning. The project rationalised approximately two-thirds of existing outlets and, by transitioning to a reliable piped supply, less water is lost to leakage, evaporation and farm runoff.

The initial Phase 2 scope of works were completed and during its delivery, some additional works were identified enabling the extension of Phase 2.

These additional works included the replacement of ageing wheels and modernisation of 66 customer outlets and will be completed by December 2025. These additional works further support the rationalisation of outlets and water saving opportunities, targeting modernisation of the highest water usage outlets first.

During the project works, significant cultural heritage grinding stones were found. Gunaikurnai Land and Waters Aboriginal Corporation (GLaWAC) have removed the grinding stones from their original location to protect them and they are currently in safe storage. The grinding stones will be relocated to Lake Glenmaggie in the 2025/26 year. Southern Rural Water and GLaWAC will be jointly funding a shelter, including an interpretive display at Lake Glenmaggie, to provide both viewing and educational opportunities for the public.

The MID modernisation project was jointly funded by Southern Rural Water, the Victorian Government and the Australian Government through the National Water Grid Fund.

Werribee Irrigation District modernisation

The WID modernisation has been vital to future proof the district by improving climate resilience and supporting the production of food close to Melbourne.

The WID modernisation project commenced in 2016 and was completed in 2024. The WID modernisation project was delivered over five stages. It involved the installation of over 39 kilometres of new pipeline, generating an estimated 5,000 ML of water savings annually. It significantly improved the reliability of supply and will support productivity in drier times, as well as the health of the Werribee River.

Stages 1 to 3 works started in 2016 and were completed in December 2019. It delivered 23 kilometres of pipeline and the upgrade of 138 customer outlets, with an estimated annual water saving of 3,650 ML.

Stage 4 and 5 works were both completed in 2024. Stage 4 included approximately 8.2 kilometres of pipeline and Stage 5 works delivered 8.3 kilometres of new pipeline and a new regulator inside the main irrigation channel near Tarneit Street.

As part of the Stage 4 and 5 works, under a separate contract with Rubicon Systems Australia, the automation of 70 new customer outlets was completed, enabling an enhancement in reliable water delivery, improved service to customers and accurate meter reading.

The WID modernisation project was jointly funded by Southern Rural Water, the Victorian Government and the Australian Government through the National Water Grid Fund.

Minor civil works program and contract

In line with our procurement strategy, in March 2025, we established a Minor Civil Works Panel. The establishment of the panel aligns with our goal to reduce the procurement costs and to improve both productivity and capital program outcomes.

Under a framework agreement, the minor civil works program includes the following categories of works:

- access track works
- minor civil works
- fencing
- minor building and facilities works
- vegetation and pest management
- minor asset structure civil works.

We engaged ASG Industrial, Barwon Asset Solution, ETS Infrastructure Management Pty Ltd, Jaydo Construction Pty Ltd and McInnes Earthmoving Pty Ltd to provide minor civil works services within our capital and maintenance works programs, over an initial three-year period.

Minor Civil Works Panel Members commenced work under the program shortly after contracts were awarded in March 2025.

Dam safety activities

In accordance with the standard requirements set by the Australian National Committee on Large Dams, compliance driven dam safety reports and assessments occurred in 2024-25. Southern Rural Water prides itself on its strength in dam safety. All of our dams met safety standards.

This included design reviews, risk assessments, dam break and consequence assessments, intermediate and comprehensive dam safety inspections and dam safety emergency plan and flood plan document updates.

These works proceeded through the engagement of combined engineering consultancy panel arrangements.

Asset management

The 25-year capital plan, which was one of the main tools used to develop our capital plan for the price submission, continues to be reviewed and updated and helps to form our long-term capital requirements forecast, underpinning our financial sustainability.

Significant work has been completed on producing asset management and class plans for our various asset systems as well as continued development of our 25-year capital plans.

Our Strategic Asset Management Plan and Asset Management Policy were both updated and endorsed by the Asset Management Steering Group throughout the 2024-25 year. Major updates included the inclusion of both environmental and climate change targets.

Development of all key asset management plans and critical asset class plans started in 2023-24. Development of critical asset class plans continued throughout the 2024-25 year. This includes asset class plans for water supply structures, regulators, channels and operational technologies.

The Glenmaggie flood plan is currently under review and will be finalised by June 2026. Intermediate dam safety inspection reports were finalised and no high priority issues were identified.

Bulk entitlements

A bulk entitlement order (Order) provides authorisation for the holder to take, use and store water, and can also include conditions around the operation of reservoirs. Southern Rural Water holds the following Orders.

- Thomson/Macalister
- Latrobe Reserve
- Latrobe – Southern Rural
- Werribee System – Irrigation
- Tarago River – Southern Rural Water
- Maribyrnong – Southern Rural Water
- Latrobe – Loy Yang B
- Latrobe – GLaWAC
- Latrobe - Southern Rural Water licences

During 2024-25 Southern Rural Water complied with all provisions of the applicable Orders.

In 2025, the creation of three new bulk entitlements was completed. The new entitlements were created by transferring 16 GL from the Latrobe 3-4 Bench Bulk Entitlement to equal shares of 5,333 ML. As these bulk entitlements only came into effect on 27 March 2025 with no water used under these entitlements in 2024-25, Southern Rural Water will provide annual reports for these bulk entitlements commencing in the 2025-26 Annual Report.

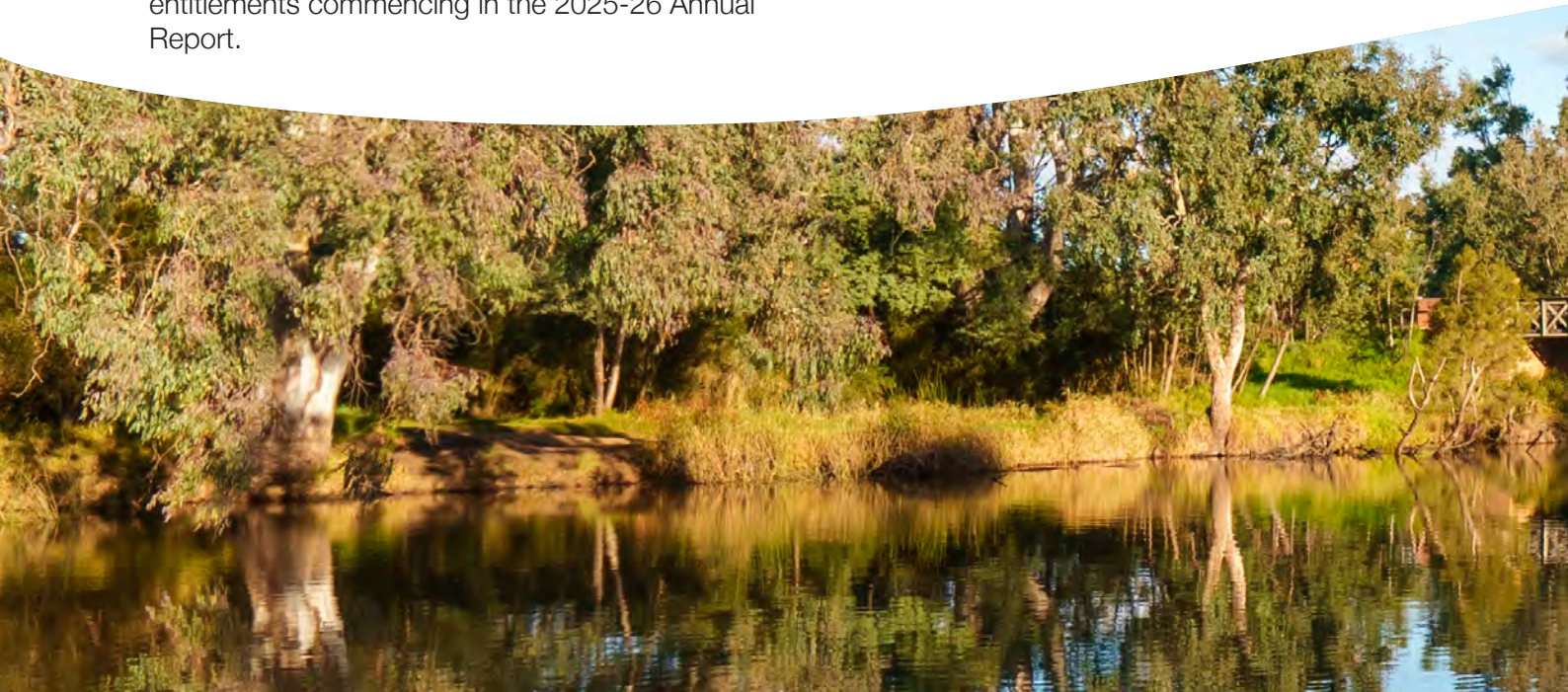
Two of the new entitlements are held by Southern Rural Water, the Latrobe GLaWAC Bulk Entitlement, which is held by Southern Rural Water on behalf of the GLaWAC and the Latrobe – Southern Rural Water licences bulk entitlement for use by irrigators on the Latrobe River.

As more than one organisation or group can have shares (or entitlement) in the water being held in a reservoir, each shareholder must follow rules about the volumes that can be taken from the reservoir, system, or waterway, including the costs of managing the system and how they are shared.

At a number of reservoirs, Southern Rural Water acts as the storage manager on behalf of all shareholders. As a storage manager, we:

- Allocate water (both increases and decreases) according to the inflow and capacity shares held by shareholders.
- Ensure that we meet the passing flows downstream of our reservoirs for environmental purposes.
- Release water to meet a shareholder's request.

Passing flows are a vital part of our bulk entitlement orders and are met before allocation requests are supplied.



Thomson/Macalister

Set out below is information required by Section 20.3 of Bulk Entitlement (Thomson/Macalister – Southern Rural Water) Conversion Order 2001.

20.1 sub-section	Description	Volume (ML)
a (i)	Releases from the Thomson Reservoir to supply primary entitlements	13,310
a (ii)	Share of Thomson Reservoir storage capacity (under Clause 9)	33,941
A (iii)	Inflows attributed (under clause 10.1 and 10.2)	7,674
Annual 2024-25	Taken from waterway	
e (i)	Northern Channel ¹	41,660
e (ii)	Southern Channel ¹	90,250
e (iii)	Eastern Channel ¹	26,199
e (iv)	Cowwarr Channel ¹	7,319
e (v)	Southern Channel to Thomson Channel	1,986
(i)	Water taken by the primary entitlement holders	154,956



	Water pumped to supply primary entitlement holders	
g (i)	Lake Glenmaggie	0
g (ii)	Macalister River	13,111
g (iii)	Thomson Reservoir	0
g (iv)	Thomson River	11,970
g (v)	Rainbow Creek	4,705
(h)	Volume of water held at Lake Glenmaggie	69,439
	Environmental allocation (2024-25 season)	20,950
	Environmental carryover (2024-25 season)	8,936
	Total available to environment (2024-25 season)	29,886
	Environmental release (including carryover)	22,725
	Write off unused carryover (due to storage spilling)	0
(i)	Environmental carryover available (2025-26 season)	7,161
(j)	Credits granted (under clause 17)	Nil
(k)	Temporary or permanent transfers of a bulk entitlement or any other entitlement to SRW	Nil
(l)	Alteration made to Schedules 1 or 2 under sub-clause 8.1	Nil
(m)	Number, amount and places of origin and destination of transfers of primary entitlement	Nil
(n)	Amendments	Yes ²
(o)	New bulk entitlements granted	Nil
(p)	Programs approved to date under sub-clause 18.2	Being implemented
(q)	Programs approved to date under sub-clause 19.3	Being implemented

¹ 20.1 (c), (d) and (e) Daily volumes have been recorded at Lake Glenmaggie, Cowwarr Weir, Wandocka (environmental flow), Maffra Weir (environmental flow), Main Northern Channel, Main Eastern Channel, Main Southern Channel and Cowwarr Channel and can be provided on request.

Southern Rural Water has undertaken an assessment on its compliance with the diversion limit in accordance with section 20.4. This assessment has shown that Southern Rural Water is fully compliant with Section 20.1 (b).

² 20.1 (n) September 2024 to include the Thomson/Macalister System Mitigation Water Environmental Entitlement as a primary entitlement

Latrobe – Southern Rural

Set out below is information required by Section 16.1 of Bulk Entitlement (Latrobe – Southern Rural) Conversion Order 1996

16.1 sub-section	Description	Volume (ML)
	The amount of water in Blue Rock Lake:	
(e)	1 July 2024	197,448
	30 June 2025	133,833
	The amount of water in Lake Narracan:	
	1 July 2024	5,290
	30 June 2025	3,770
(f)	The amount of water in the entitlement holder's share of Blue Rock Lake - 2.10% at 30 June 2024	1,851
	The annual amount of water taken by the entitlement holder:	
(g)	Upstream of Yallourn Weir	800
	Downstream of Yallourn Weir	8,533
(h)	The amount of annual losses debited to the entitlement holder's share of Blue Rock Lake (due to evaporation)	1,409
(i)	The annual amount of any internal spill of water to the entitlement holder's share of storage in Blue Rock Lake	88
(j)	Any periods of rationing and the degree of rationing of licence holders listed under Schedule 1	Nil
(l)	Implementation of programs approved under sub-clauses 14.2 and 15.1.1	
	Environmental Management Plan	Being implemented
	A metering program in line with the bulk entitlement guidelines	Approved by Minister
(m)	Any transfer of all or part of this bulk entitlement or assignment of all or part of a water allocation available under this bulk entitlement	Nil
(mA)	Any transfer of all or part of a bulk entitlement, or assignment of all or part of a water allocation available under a bulk entitlement to the entitlement holder available under a bulk entitlement to an entitlement holder	Nil
(o)	Amendments to this bulk entitlement	Nil

16.1 sub-section	Description	Volume (ML)
	The annual amount supplied to any group of bulk/environmental entitlement holders specified by the Minister:	
	Drought Reserve:	13,492
	Gunaikurnai Land and Waters Aboriginal Corporation	0
	Gippsland Water	25,472
	Loy Yang A	22,444
	Loy Yang B	10,119
(p)	SECV	5,392
	Southern Rural Water	2,826
	Southern Rural Water- Licences	0
	TRUenergy	20,450
	Victorian Environmental Water Holder	18,144
	Latrobe- Environmental	0
(q)	Failures in complying with this bulk entitlement	Nil
(r)	Existing or anticipated difficulties by the entitlement holder in complying with the bulk entitlement	Nil

Notes:

16.1 (a), (b), (c), (d) Daily volumes have been recorded and can be provided upon request.

The following information is provided in accordance with Clause 15.4 of the Conversion Order 1996.

The entitlement holder has a network of meters installed within its low-quality water system that enables it to determine the low-quality water usage by both the Loy Yang A and Loy Yang B power stations. This equipment is checked monthly for validity and annually for signal integrity.

Latrobe Reserve

Set out below is information required by Section 15.1 of Bulk Entitlement (Latrobe Reserve) Order 2013.

15.1 sub-section	Description	Volume (ML)
(b)	Volume of water taken by reserve holder from Blue Rock Lake under this order	21,800
(c)	The amount of water in the reserve holder's share of Blue Rock Lake:	
	1 July 2024	37,238
	30 June 2025	13,492
(d)	The amount of annual losses debited to the reserve holder's share of Blue Rock Lake	1,554
(e)	The annual amount of any internal spill of water from or to the reserve holder's share of storage in Blue Rock Lake	787 to reserve Nil from reserve
(f)	The implementation of a metering program ¹	Approved by Minister
(g)	Any assignment of all or part of a water allocation available under this entitlement	Nil
(h)	Any transfer of all or part of this bulk entitlement to any person	21,800
(i)	Any amendment to this bulk entitlement	Nil
(j)	Any failure by the reserve holder to comply with any provision of this bulk entitlement	Nil
(k)	Any existing or anticipated difficulties experienced by the reserve holder in complying with this bulk entitlement	Nil

¹ (f) The metering program used for the reserve holder is that used by Southern Rural Water for its bulk entitlement metering requirements

Latrobe – Loy Yang B

Set out below is information required by Section 12.1 of Bulk Entitlement (Latrobe – Loy Yang B) Conversion Order 1996.

12.1 sub-section	Description	Response
(a)	Daily volumes have been recorded and can be provided upon request	NA
(b)		
(c)	The amount of water taken by the entitlement holder at its pumping station	15,383 ML
(d)	Works undertaken as part of the metering program ¹	Nil
(e)	Temporary or permanent transfers of all or part of the bulk entitlement	Nil
(f)	Temporary or permanent transfers of licences to this bulk entitlement or licences to this bulk entitlement	Nil
(g)	Amendments	Nil
(h)	There have been no failures in complying with the provisions of the Order. There are no existing or anticipated difficulties in complying with the bulk entitlement	NA
(i)		

¹ 12.1 (d) In accordance with Clause 11.4, the Entitlement Holder has a network of meters installed within its low-quality water system that enables it to determine the low-quality water usage by both the Loy Yang A and Loy Yang B power stations. This equipment is checked monthly for validity and annually as approved by the Minister.

Reservoir operations

The performance targets for all reservoir operations were achieved in 2024-25.

Storage operations performance against target 2024-25			
Site	Measure	Target	Actual
Blue Rock Lake	Releases within 10% of ordered flow	95%	100%
Pykes Creek Reservoir & Lake Merrimu	Water is harvested at the maximum possible rate	95%	100%
Werribee system	Releases are within 10% or 5 ML of ordered flow	95%	100%
Maribyrnong system	Releases are within 10% or 1 ML of ordered flow	95%	100%

Werribee System – Irrigation

Set out below is information required by Section 18.1 of the Bulk Entitlement (Werribee System – Irrigation) Conversion Order 1997.

18.1 sub-section	Description	Volume (ML)
(g)	Releases necessary to supply transfers of primary entitlements	0
	Water taken from the waterway for the year at each of the diversion weirs and pumps specified in Clause 10:	
(h)	Bacchus Marsh Diversion Weir	236.10
	Werribee Diversion Weir	13,424.17
	Maddingley pumps	2,921.0
	Water taken by SRW from the system waterway at each of the diversion weirs:	
(h)	Lerderderg Weir to Goodmans Creek Southern Rural Water share	309.7
	Goodmans Creek to Merrimu Reservoir Southern Rural Water share	131.7
	Werribee Upper Diversion Weir to Pykes Creek	704.3
	Volume of water taken by primary entitlement holders:	
(i)	● High and low reliability water shares	14,598.51
	● Myrniong	62.995
	Volume of water taken by primary entitlement holders including outfalls:	
		2790.48 + (65.42 outfall)
(i)	Bacchus Marsh	547.6
	River diverters	62.995
	Myrniong	11180.73 + (55.34 outfall)
	Werribee	79.7
	Storage pumpers	
(k)	Credits granted (under Clause 15)	Nil
(l)	Temporary or permanent transfer of the bulk entitlement	Nil

(m)	Bulk entitlement or licence transferred to the Authority	Nil
(n)	Southern Rural Water applied the following restrictions to primary entitlement holders in the Werribee and Bacchus Marsh irrigation districts and licensed diverters on the Werribee River	100% HRWS 100% LRWS
(p)	Trades of primary entitlement ¹	317.5 HRWS 174.1 LRWS
(r)	Changes to this bulk entitlement	Yes ²
(s)	New bulk entitlements granted	Nil
(t)	Environmental management program approved to date under sub-clause 16.3	Being implemented
(t)	Metering program approved to date under sub-clause 17.3	Approved by Minister
(u)	Any failure by the authority to comply with provisions of the bulk entitlement	Nil
(v)	Compliance: difficulty in complying with the bulk entitlement and any remedial action taken	Nil

¹ 18.1 (p) Further details, including number, places of origin and destination are available under the water register.

18.1 (a) (i) and (ii), (b), (c), (d) and (f) Daily volumes have been recorded and can be provided upon request. These include the daily flow passing each of the storages, including Pykes Creek Reservoir, Melton Reservoir and Lake Merrimu.

If required, Southern Rural Water will also report on the daily passing flow on each of the following diversion structures: Upper Werribee Diversion Weir, Bacchus Marsh Diversion Weir, Lerderderg Diversion Weir, Goodmans Creek Diversion Weir and Werribee Diversion Weir.

² 18.1 (r) Minor amendment made in April 2025 to add Storage Manager obligations

Tarago River – Southern Rural Water

Set out below is information for 2024-25 as required by Section 15.1 of Bulk Entitlement (Tarago River – Southern Rural Water) Conversion Order 2009.

15.1 sub-section	Description	Volume (ML)
(b)	Annual releases made from Tarago Reservoir to supply primary entitlements	189 ML
(c)	SRW's Bulk Entitlement Metering Plan has been issued to the responsible Minister for approval	Approved by Minister
(d)		NA
(e)	SRW has complied with the provisions of the Order	NA
(f)		NA

Maribyrnong – Southern Rural Water

Set out below is information required by Section 19.1 of Bulk Entitlement (Maribyrnong – Southern Rural Water) Conversion Order 2000.

19.1 Sub-section	Description	Response
a (i)	Water released to supply licence entitlements SRW's share of Rosslynne Reservoir:	0 ML
a (ii)	30 June 2024	1,088 ML
	30 June 2025	996 ML
a (iii)	Inflows, taking into account evaporation and measurement discrepancies	92 ML
a (iv)	Allowances for transfer and operating losses	0 ML
a (v)	Water deducted for passing flow requirements	104.6 ML
(b)	Compliance with meeting the passing flows specified in clause 12	Yes
(c)	Water taken by Southern Rural Water's licensees from the waterway to satisfy entitlements under licences.	0 ML
(d)	Temporary or permanent transfers from this bulk entitlement	0 ML
(e)	Temporary or permanent transfer to Southern Rural Water	0 ML
(f)	Alterations to schedule 1 or 2	Nil
(g)	Temporary transfers within the system	Nil
(h)	Amendments to this bulk entitlement	Yes ¹
(i)	New bulk entitlements granted	Nil
(j)	The implementation of any programs approved under-clauses 17.2 and 18.3	Nil
(k)	Any failure by Southern Rural Water to comply with any provision of this bulk entitlement	No ²
(l)	Any difficulty experienced or anticipated by Southern Rural Water in complying with this bulk entitlement and any remedial action taken or proposed.	No ²

¹ 19.1 (h) Minor amendment made in April 2025 to add Storage Manager obligations.

² 19.1 (k) and (l) Southern Rural Water has complied with all provisions of this bulk entitlement and experienced no difficulties in complying.

Engagement

Our vision is to provide great value to customers and community through excellence in rural water management. In order to deliver on this, we listen to our customers and community to explore what this means for them to inform our strategic priorities and our focus for the future. Our strategic engagement plan guides how we do this and provides a framework for engaging on our service delivery, strategic projects and business strategy. This plan sets out the key forums and committees to support successful engagement including:

- Customers via consultative committees, customer reference groups, external stakeholder committees and drop-in sessions.
- Stakeholders via strategic forums, customer reference groups and partnership opportunities.
- Community via strategic forums, customer reference groups, sponsorship and events.

We also produce tailored engagement plans for individual projects and programs of work to ensure diverse voices help shape decisions and inform how we maximize benefits to customers, communities and the environment.

We use communications channels and tools such as surveys, website articles, e-news, virtual meetings, online and in-person presentations, and social media to raise awareness about our work and to encourage people to engage and have their say.

Customers and stakeholders

Our customers include our Macalister, Werribee and Bacchus Marsh irrigators, as well as the Victorian Environmental Water Holder, licensed river and groundwater diverters and power companies. They buy and sell water and pay for licences to take water from river systems and beneath the ground.

Stakeholders are the water industry, regulatory and compliance stakeholders that intersect with the operations of Southern Rural Water, particularly in the supply of recycled water, integrated water management planning, cultural heritage and environmental management.

Community is defined as community groups, organisations and local councils that have a shared interest in the work - and consequences – of Southern Rural Water's operations in their local area.

Community stakeholders can provide advice on environmental issues and catchment planning. We are continually exploring how we can support the work of communities in the areas we serve by sponsoring community events, fundraisers and charitable projects – initiatives that enhance community cohesion and social connectedness.

Supporting Traditional Owners

Southern Rural Water works on the lands and water of six Traditional Owner groups, including Gunaikurnai, Bunurong, Wurundjeri, Wadawurrung, Eastern Maar, Gunditjmara peoples.

We have continued to support the implementation of Water is Life: Traditional Owner Access to Water Roadmap with a focus on progressing successful return of water allocations.

We have developed process pathways to support a more streamlined and culturally sensitive approach to the licensing process which includes an abridged application form specifically for water for cultural use. This has been prepared with input from Traditional Owner groups and DEECA.

Over the past 12 months we have issued a further three licences to Registered Aboriginal Parties. Two licences for 150 ML each on the Albert and Franklin rivers to Gunaikurnai Land and Waters Aboriginal Corporation (GLaWAC) and a licence for 250 ML from the Powlett River to Bunurong Land Council and Aboriginal Corporation.

We continue to support the Victorian Government's Central and Gippsland Region Sustainable Water Strategy, leading and supporting initiatives that have links to Traditional Owners and the use of water for self determination. These initiatives focus on the provision of water to GLaWAC through the allocation of the 3-4 bench and supporting work to return water to Wadawurrung Traditional Owner and Aboriginal Corporation currently held by Barwon Water.

In 2025 the Minister for Water issued Southern Rural Water with a bulk entitlement for 5.3 GL from Blue Rock Reservoir's 3-4 Bench to allow water licences to be issued to GLaWAC.

Over the past 12 months we have been focused on listening and learning from our Traditional Owners and through this process we have developed five engagement principles including: engage early, culturally safe, support and resourcing, provide appropriate timeframes and self-determined.

We will continue to look at how we deepen our relationships and partnerships with Traditional Owners across the coming year. Our actions will be further enhanced by a dedicated cultural liaison role.

Customer consultative committees

Our customer consultative committees are an essential tool in our strategic engagement plan, they enable us to gather insights from our customers and provide an opportunity for sharing information both ways. We have two customer committees – the Macalister Customer Consultative Committee and Southern Groundwater and Rivers Forum.

The Macalister Customer Consultative Committee meets quarterly and is represented by irrigators in the MID and river diverters on the Thomson and Macalister rivers and Rainbow Creek. They meet to discuss operational and policy issues, including capital initiatives, water allocations and water orders.

The Southern Groundwater and Rivers Forum meets quarterly and is represented by members from small, medium and large agribusinesses that are groundwater and rivers customers. They meet to discuss operational and policy issues on groundwater and surface water compliance and licensing.

Along with customer consultative committees, we host quarterly customer drop-in session in Bacchus Marsh and attend engagement committees hosted by Wyndham City Council to ensure strong communication on operational and planning matters.

Southern Rural Water also hosts reference groups for key projects. In the past year, this has included work in our Maribrynong and Moorabool regions to engage with community, customers and stakeholders on a study to identify cultural, environmental, social and economic values of the catchments.

A stakeholder reference group was formed in our Macalister region to collaboratively look at the future opportunities for the region and a customer reference group supported us as part of our Werribee Reconfiguration Project.

Our stakeholders

Our service region includes Melbourne Water's region, three metropolitan urban water retailers, six regional urban water corporations, five catchment management authorities and regional, rural and urban municipalities.

We work closely with the Victorian Government, chiefly the Department of Energy, Environment and Climate Action (DEECA), the Department of Treasury and Finance, Agriculture Victoria, Environment Protection Authority Victoria, Department of Health and the Essential Services Commission.

We meet regularly with the urban water businesses, power companies and government departments who hold bulk entitlements in the storages we manage.

Sponsorship and events

We are committed to supporting community events and activities. Our sponsorship priorities target not-for-profit activities that strengthen local communities, promote sustainable environmental practice and educate, particularly on water-related topics.

Southern Rural Water coordinates a general sponsorship program, where community groups and individuals can submit a request for sponsorship.

Each application is assessed according to our sponsorship procedure that is focused on supporting community events, fundraisers or charitable projects that enhance community cohesion and social connectedness – the things that bind farming communities.

In 2024-25, we sponsored a range of community organisations across our service area. This included supporting a charity event at Hamilton Base Hospital, which raised more than \$8,000 towards upgrading a mammogram machine to provide access to breast cancer detection. Importantly, this supported women's health in regional areas.

We supported Bookaar Cricket Club, located near Camperdown with funding towards purchasing rainwater tanks to help the club towards its future water sustainability goals.

We supported Boisdale Consolidated School to enable farm-based learning in an outdoor classroom that provides students with hands-on experience and connections with real-world agricultural professionals.

We also partnered with urban water corporations Greater Western Water and Wannon Water to co-sponsor the National Water Week Poster Competition prize for schools. National Water Week is an Australia-wide initiative that inspires individuals, communities, and organisations to build awareness around the value of water.



A partnership to meet our net zero target

Southern Rural Water has partnered with Wannon Water to reduce carbon emissions in the Victorian water industry. Under the partnership agreement, Wannon Water will trade 3,000 Australian Carbon Credit Units to Southern Rural Water in the period from 2024-25 to 2029-30.

Wannon Water currently holds Australian Carbon Credit Units generated through its carbon reforestation project and has agreed to assist us in achieving our 2025 goal of net zero greenhouse gas emissions under the terms of the agreement.

Our climate change mitigation plan and Wannon Water's roadmap to net zero set out the actions needed to achieve our respective goals, including investment in renewable energy, reducing high energy activities and transitioning towards hybrid and electric vehicles.

The agreement is a testament to collaboration in the industry and helps both organisations achieve a more sustainable future for their communities and stakeholders.

Recreational values

We acknowledge the association recreational users have with our public storages and we remain committed to developing plans for their ongoing use in partnership with our urban water authorities.

Southern Rural Water has been working with DEECA to implement the new Water (Recreational Area) Regulations 2023 and has completed the drafting of Recreational Area Management Plans for each of our six recreational areas.

The plans provide a comprehensive and practical framework to manage recreational activities at the recreational areas in a way that protects the natural environment, maintains water quality and supports safe enjoyment by visitors.



Key values referenced in the development of the plans include: environmental protection, recreational opportunities, cultural heritage, economic benefits and community engagement.

The plans detail permitted recreational activities, management objectives, designated set aside areas to balance use and conservation and they also highlight the variety of stakeholders involved in the management of the recreational areas.

The plans include future development aspirations which would improve the experience of visitors to the recreational areas and form the basis of long-term planning for the recreational areas, subject to funding.

Current projects

We partner with other agencies to improve boating facilities at the reservoirs. The projects include:

A \$550,000 Better Boating Victoria funded project for a new pontoon with an all-abilities lift at Blue Rock Lake boat ramp to improve access to the water. Construction is underway and expected to be completed in August 2025. We are also investigating whether a pontoon can be installed at the second boat ramp near the dam wall to improve access to the waterway for boaters.

Installation of two new electric barbecues at Blue Rock Lake and six new picnic tables at Pykes Creek Reservoir.

We are working with OzFish and the Melton Sportfishing Club to develop a plan to introduce fish habitats to the reservoir. This should improve the survival rate for juvenile fish and improve the recreational fishing at the reservoir.

We are also reviewing the wastewater systems at each recreational area to ensure they are fit for purpose and comply with the Environment Protection Authority regulations.

We are a member of the Melton Weir Development Committee and collaborate with the Melton City Council and community representatives in developing a strategy for recreational activities at Melton Reservoir and its surrounds.

Southern Rural Water undertook a cultural heritage survey at Blue Rock Lake in partnership with the GLaWAC. The survey identified more than 2,000 artifacts along the shoreline. The artefacts have been logged and are being further studied.



Governance and organisational structure

Organisational structure



Our organisational structure as of 30 June 2025.

Business units	
Service Delivery	Operating our Macalister, Werribee and Bacchus Marsh Irrigation Districts, managing licence diversions from surface water and groundwater and the construction of bores and dams with a climate readiness approach. Information and operational technology service delivery as well as customer service via telephone, online and face-to-face channels, supported by digital technologies aligned to customer expectations and supporting customers during hardship.
Asset Futures	Managing the full lifecycle of Southern Rural Water's engineered and technology assets, from planning to renewal and decommissioning. Developing and delivering the capital plan with a focus on managing critical risks including digital transformation program delivery.
Strategy, People and Culture	Strategic planning to ensure sustainable management of water resources, pricing, business performance, environment protection and climate change mitigation and adaptation. Providing communications and engagement functions for customers, stakeholders and communities. Managing the employment, wellbeing and development of a diverse, capable and engaged future-ready workforce including pathways for diversity and gender equity.
Finance, Safety and Risk	Supporting and delivering fiscal management, risk management and corporate governance. Implementing safe systems of work to ensure our people are always safe. Managing procurement, facilities and fleet to ensure contemporary, accessible and sustainable work environments and resources.
Corporate Secretary	Supporting and delivering governance, freedom of information, privacy and legal advice. Overseeing corporate governance compliance practices and assurance activities, ensuring statutory obligations are met.

Governing board

In accordance with the *Water Act 1989* the Southern Rural Water board is responsible for the strategic planning of the corporation and the management of the affairs of the corporation.

In doing so, the board is mindful of the sustainable management principles for water corporations and acts as efficiently as possible, consistent with commercial practice.

The Minister for Water appoints the directors of Southern Rural Water and sets the terms and conditions of appointment. Directors are appointed based on their qualifications and experience and do not represent any particular constituency.

The chair is appointed by the Minister and the deputy chair is appointed by the board. The managing director is also appointed by the board in accordance with the *Water Act 1989*.

At 30 June 2025, the board comprised seven non-executive directors and the managing director.

In 2024-25 Southern Rural Water appointed its first independent Aboriginal board delegate. The role is appointed directly by the board and provides an independent perspective and input to the board on a range of issues including environmental and water management and connection to First Peoples values.

Director profiles

Joanne Butterworth-Gray

Chair

Joanne Butterworth-Gray is a transformational leader whose 45-year career spans agribusiness, government and executive roles. She is renowned for fostering mindset shifts and championing adoption of innovative technologies and sustainable practices across Australian farming communities. Her collaborative, entrepreneurial approach has modernised industry organisations, embracing contemporary governance to address complex challenges in food security, climate impact, energy transition and digital innovation.

Joanne's experience as a professional chair and non-executive director covers large capital projects, asset modernisation, land management, utilities, agribusiness and legal frameworks. Her commitment to emerging technologies is strengthened by completing the AI Fluency for Directors course at the University of Sydney. Passionate about climate mitigation and adaptation, she drives outcome-focused strategies and has led industry-wide moves toward new technologies and circular economy practices.

Key accomplishments include: 2002 RIRDC runner-up, 2006 becoming the first female CEO of Victoria's wine industry and, in 2013, leading governance transformation at a maximum-security prison.

Michelle McCrum

Deputy Chair

Michelle brings over 30 years of strategic leadership and extensive experience in cultural change and digital technology consulting. Living in a rural, agricultural community and married to a fifth-generation farmer, she understands firsthand the challenges of climate change and the importance of water security in farming.

As Chair of the Governance and Compliance Committee, Michelle ensures Southern Rural Water upholds strong oversight, transparency and ethical decision-making. She engages in multiple rural communities actively listening to farmers, working to explore solutions and opportunities for support.

Committed to the future of rural water management, Michelle continues to study cyber, digital technologies and AI to guide the next generation through emerging technologies to meet evolving industry challenges.

Jane Doolan

Director

Jane has dedicated over 30 years to sustainable water management, bringing expertise in policy development, river health, water security and catchment management. As former Deputy Secretary for Water at the Victorian Department of Environment and Primary Industries, she gained extensive knowledge of Victoria's river systems and irrigation areas.

Serving on the Murray Darling Basin Authority board, Jane has witnessed the impact of water scarcity in northern Victoria, using these insights to guide early intervention strategies in the south. As Southern Rural Water's board representative on the Southern Groundwater and Rivers Forum, she listens to irrigators and advocates for sustainable solutions that balance agricultural and environmental needs.

Jane is committed to shaping a resilient irrigation industry that operates within sustainable limits while addressing climate challenges and the protection of the environment.

Michael Browne

Director

Michael has over two decades of experience in planning, project management and asset delivery within the water industry. His roles at Sydney Water, Yarra Valley Water and across the sector have shaped his expertise in urban water cycle management, which he brings to Southern Rural Water.

A Barkandji-Wamba Wemba man from rural New South Wales, Michael works collaboratively to embed integrated water management policies and enhance planning for Country. He champions approaches that incorporate Traditional Owner's goals as a foundational understanding to strategic planning that further informs technical approaches.

Michael advocates for inclusive water management, ensuring community and cultural values remain central. His vision prioritises water as a shared community asset, integrating sustainability, emerging technologies and long-term resilience into decision-making.



Brendan Flynn

Director

Brendan brings extensive expertise in finance, economics, and government policy from both private and public sectors to the Southern Rural Water board. His experience as Deputy Secretary at the Victorian Department of Treasury and Finance and the Department of Premier and Cabinet has given him a deep understanding of economic and social policies.

He recognises the vital role of water and agriculture in Victoria's economy and sees Southern Rural Water as essential in delivering sustainable resources. Passionate about rural communities, Brendan listens to customer concerns, advocates for effective water management, and promotes the value of water services.

He is eager to contribute to Southern Rural Water's vision of excellence in rural water management.

Kylie Steel

Director

Kylie comes from a five-generation legacy of apple and cherry farming in Bacchus Marsh, where she has witnessed business practices evolve in response to climate change and emerging technologies.

Major environmental events, including the Millennium Drought and Black Saturday bushfires, shaped her career, inspiring further studies in bushfire science and the establishment of SCB Consult, a specialist consultancy in climate change, bushfire science and emergency management.

A passionate advocate for sustainability and resilient farming, Kylie prioritises risk management and strong relationships with farming communities. She also serves on the Resilient Building Council of Australia, Bushfire Building Council and Barwon Health Foundation.

Anthony Scarff

Director

Anthony brings energy and a deep commitment to economic and environmental sustainability at Southern Rural Water. With over 20 years' experience across finance, strategy and business administration, he takes a holistic approach to ensuring customers and communities continue to benefit from a strong organisation.

Throughout his career, Anthony has transformed businesses, modernised systems and created efficiencies to improve customer service and operational success. His expertise supports Southern Rural Water's focus on water management, benefiting farmers, customers and the environment.

Cameron FitzGerald

Managing Director

As Managing Director, Cameron is dedicated to delivering water services that support the prosperity of agriculture. He deeply respects farmers and their vital role in producing healthy, nutritious food and works to ensure water security for their success.

A leader in water-saving initiatives, Cameron played a pivotal role in Target 155 during the Millennium Drought, shaping long-term conservation practices for Melbourne. He sees sustainable water management as key to regional and urban resilience.

At Southern Rural Water, he has driven infrastructure modernisation, expanding access to agricultural and environmental water. His leadership also enabled Victoria's first-ever Traditional Owner water licence, setting a precedent for inclusive water rights.

Committed to empowering people, Cameron fosters a collaborative, diverse team, turning innovation into meaningful outcomes for communities, farmers and the environment.

Jackson Chatfield

Independent Aboriginal Board Delegate

Jackson is a proud Gunditjmara-Kirrae Whurrong man born and raised on Country in Warrnambool, south west Victoria. He is now based in Port Fairy. He currently serves as Executive Officer of the Birrarung Council, providing cultural and strategic leadership to advise the Victorian Government on protecting the Birrarung (Yarra River) under the *Yarra River Protection Act 2017*.

Jackson supported DEECA's water catchment group's preparations and responses to the Yoorrook Justice Commission's Land Injustices Inquiry, deepening his insight into Victoria's water reform agenda and a deep understanding of the challenges and opportunities to support Aboriginal self-determination and strengthen Traditional Owners' role in Victoria's water sector.

His previous roles include Statewide Aboriginal Landcare Facilitator with the Victorian Landcare Program at DELWP and Cultural Ambassador for the Victorian Nature Festival. Through these roles, Jackson has championed Traditional Owner involvement in environmental management and strengthened cultural knowledge-sharing across the sector.

Committee membership and roles

The board conducted a review of its committee structures during 2024-25 to ensure alignment with Southern Rural Water's strategic goals and to enhance the effectiveness, accountability and oversight of its governance framework.

This review resulted in the establishment of a Governance and Compliance Committee, the conclusion of the Asset Governance Committee and a re-scoping of the Audit, Risk and Governance Committee with some of its responsibilities re-distributed to the newly established Governance and Compliance Committee.

Committee and membership	Responsibilities
Audit and Risk Committee. <i>(from 13 November 2024)</i> / Anthony Scarff – Chair / Joanne Butterworth-Gray / Brendan Flynn / Kylie Steel All members of the committee are independent.	Key oversight responsibilities: ● financial reporting and the annual financial statements ● the report of operations on financial management, performance and sustainability ● risk management ● the internal audit function ● the external audit function (including the Auditor-General and duly appointed representatives) ● remedial action of audit (internal and external) issues. ● systems and controls for financial management, performance and sustainability, including risk management.
People, Safety and Culture Committee / Michael Browne (Chair from 13 November 2024) / Michelle McCrum (Chair to 12 November 2024) / Joanne Butterworth-Gray (from 13 November 2025) / Jane Doolan	Key oversight responsibilities: ● organisational capability and succession planning ● health, safety and wellbeing of all employees ● organisational culture ● diversity and inclusion ● First Peoples' reconciliation ● executive remuneration.

Committee and membership	Responsibilities
Governance and Compliance Committee (from 27 October 2024) / Michelle McCrum – Chair / Jane Doolan / Brendan Flynn / Kylie Steel	Key oversight responsibilities: ● asset management accountability ● digital governance (incl VDPS) ● environmental management ● dam safety management ● emergency management ● compliance attestation ● corporate policies ● delegations ● Traditional Owner engagement.
Audit, Risk and Governance Committee (1 July 2024 – 12 November 2024) / Anthony Scarff – Chair / Joanne Butterworth-Gray / Michelle McCrum / Kylie Steel All members of the committee are independent.	Key oversight responsibilities: ● integrity of the annual financial statements and financial reporting ● exposure to legal and business risk and associated risk management ● effectiveness of the external and internal audit functions ● adequacy and effectiveness of financial management, financial control systems and other internal controls ● monitoring compliance with laws and regulations ● fostering excellence in corporate governance.
Asset Governance Committee (1 July 2024 – 27 October 2024) / Jane Doolan – Chair / Anthony Scarff / Kylie Steel	Key oversight responsibilities: ● adequacy and integrity of capital works planning ● performance and governance of capital program delivery ● strategic asset management improvement program ● dam safety performance including dam portfolio risk assessments and dam design review ● environmental management system ● climate change mitigation and adaptation.

For all committees, the board chair is an ex-officio member, the Managing Director has a standing invite, whilst other board members are also permitted to attend.

Customer committees

Southern Rural Water has established consultative committees consisting of customer representatives from across our region. These committees work with Southern Rural Water on matters relating to operations in their irrigation districts or service area. Directors also attend the scheduled customer consultative committees throughout the year.

Board and committee meeting attendance

Director	Board	Audit and Risk Committee	Asset Governance Committee	People, Safety and Culture Committee	Governance and Compliance Committee	Customer committees
Joanne Butterworth-Gray	10/10	6/6	1/1	3/3	1/1	-
Michael Browne	10/10	1/1	-	3/3	1/1	1/1
Jane Doolan	10/10	-	2/2	3/3	-	2/4
Brendan Flynn	10/10	4/4	1/1	-	1/1	-
Michelle McCrum	10/10	3/4	1/1	3/3	-	-
Anthony Scarff	10/10	6/6	2/2	-	1/1	1/1
Kylie Steel	10/10	6/6	2/2	--	1/1	1/1
Cameron FitzGerald	10/10	6/6	2/2	3/3	-	8/8
Jackson Chatfield	5/6	-	-	-	-	-

Board stakeholder engagement

From time-to-time board members represent Southern Rural Water at a range of stakeholder meetings and events throughout the water sector and broader regional development industry.

Board meetings are held at strategic locations across southern Victoria, providing the opportunity for inspection tours and meetings with customers and stakeholders to further extend relationships and to gain exposure to customer priorities and industry trends in development.

Occupational health and safety

Our commitment to health and safety is a cornerstone of our operational excellence and organisational culture. The health and safety of our people is our number one priority, as reflected in our organisational value of being always safe.

Our 2024-25 Health and Safety Annual Plan underscores our dedicated efforts to foster a safer, healthier workplace for all employees, contractors and stakeholders. Our overarching goal remains: We want our people to be healthier and safer as a result of their association with Southern Rural Water.

An always safe culture

A key focus of our plan is strengthening internal partnerships with our employees to promote meaningful relationships and achieve impactful health and safety outcomes.

Safety culture transformation

We are shifting from a traditional 'safety at' approach to a more engaged 'safety with' mindset, emphasising shared responsibility and proactive safety behaviours in partnership with our people.

Collaborative initiatives

The introduction of business partnering and weekly hot desking at depots and offices across the geographical spread of our organisation has fostered closer collaboration among teams and health and safety representatives (HSRs).

Enhanced HSR engagement and inclusion

We focused on supporting HSRs in their role of consulting between employers and employees by improving communication and providing more support from the health and safety team. We made deliberate efforts to involve HSRs in key safety consultations and discussions with stakeholders, including regulators like WorkSafe Victoria.



Wellbeing and psychological safety

Recognising that health and safety extends beyond physical safety, we are proactively addressing psychosocial hazards in the workplace.

In September 2024, we launched the Always Safe and Well Plan which outlines a suite of initiatives and resources to ensure our people have the support to live and work safely. The plan is underpinned by the principles of preventing harm, intervening early, promoting health and supporting recovery.

The plan includes:

- The mental health support team, led by the Managing Director, which reviews critical psychosocial controls to strengthen our support framework.
- Compliance with Psychological Health Regulations, including consulting with our people leaders about systems.
- Wellbeing Initiatives, including a leadership program focusing on managing employee mental health, interpersonal conflicts, performance management, resilience and wellbeing, a wellbeing half day in December and flu vaccinations and skin checks.
- We also have mental health first aid training and support services including internal contact officers and an employee assistance program.

Leading major safety projects

We align with best practice in health and safety through targeted initiatives. This includes:

Contractor safety management

We have formalised a Contractor Safety Management System, to monitor health and safety performance with our contractors for major projects and program of works.

Worker safety technology

Our Lone Worker Safety Review and safety alert technology has been rolled out for our higher risk field-based workgroups. The safety technology, which is recognised as best practice across our industry, addresses one of our greatest risks of working alone and driving in rural and remote locations, providing a satellite-enabled 'net of protection' in-vehicle and on-person.

Empowering our people

Empowering our people with knowledge and skills is vital, to ensure health and safety practices are employee-led and employee-owned, from frontline workers to management.

To keep safety front of mind, we launched a monthly safety spotlight from February 2025 to shine a light on relevant health and safety topics. This is designed to increase knowledge and awareness of our Safety Management System and its related components, such as our occupational health and safety procedures.

Enhancing our safety management system and culture

To ensure continuous improvement, we have conducted a comprehensive review of our Safety Management System using the Plan-Do-Check-Act model aligned with ISO 45001 standards.

We are in the process of centralising risk assessments within our occupational health and safety platform. This allows us to store workgroup risk assessments – such as safe work method statements and job safety analyses – in a centralised system. The enhancement improves remote access and facilitates organisation-wide sharing, promoting greater efficiency and safety management.

We remain steadfast in our commitment to fostering a safe, healthy and resilient workplace. Through strategic initiatives, collaborative partnerships and continuous improvement, we aim to protect our people and embed safety into the very fabric of our organisational culture. Our collective efforts ensure we not only meet compliance standards but also meet industry best practice in health and safety excellence.

Our safety culture

The Global Safety Index is a tool to measure safety culture in organisations. Our latest survey, completed in May 2025, revealed a continued improvement in our maturity rating for our safety culture from 60.5 in 2024 to 63.5 this year. This places SRW in the “sustainable” benchmark and confirms last year’s findings that our approach is effective and recognises the consistent effort that has been placed on embedding a culture of being always safe.

Building on our renewed commitment to enhancing mental health and wellbeing resources in the workplace through the launch of our Always Safe and Well Plan, we are pleased to report a significant increase in staff satisfaction. Our Mental Health Index rating has risen from 34.4 (in the “developing” benchmark category) last year to 49.8 (in the “maturing” benchmark category) this year, indicating marked progress in our efforts. This positive shift demonstrates our people recognise and appreciate the organisation’s dedicated initiatives to support their growth and overall wellbeing.

Safety performance

There were three lost time injuries in 2024-25 with a lost time injury frequency of 13.3 (per million hours worked). To arrest this uptick in lost time injury frequency rates, we continue to strengthen our approach to proactively manage health, safety and wellbeing risks by shifting our focus to harm prevention and early intervention.

This shift is a deliberate strategy to arrest the increasing trend and prevent further lost time injuries. No lost time injuries have been recorded since December 2024.

Each injury has been investigated by the health and safety team and where applicable, safety procedures updated. These increases have also been communicated throughout the organisation and these incident examples were used to remind staff to always remain careful in the performance of routine tasks.

Safety performance indicators

The table below sets out our 2024-25 performance against key performance indicators versus our performance for previous years.

Indicator	2024 - 25	2023-24	2022-23	2021-22
Number of lost time injuries for the year	3	2	1	1
Lost time injury frequency rate (per million hrs worked)	13.3	10.0	3.9	4.1
Days lost due to injuries incurred during the year	53	124	215	12
Medical treatment injuries for the year	5	1	4	0
Medical treatment frequency rate (per million hours worked)	16.1	12.2	8.3	0
Total incidents (excl. near-misses)	57	50	38	8
Total incidents (excl. near-misses) per 100 FTE	34.05	31.0	22.5	5.1
Number of near misses reported	11	12	7	11
Frequency rate of near misses reported	44	41.1	33.3	44.7
First aid incidents	7	3	1	7
First aid treatment frequency rate	19.3	40.5	14.2	28.4
Standard lost time injury claims exceeding employer liability (>10 days)	2	2	1	1
Standard lost time injury claims exceeding employer liability (>10 days) per 100 FTE	1.1	1.2	1.7	0.7
Average cost per compensation claim	\$7,622	\$6,489	\$6,712	\$2,714
Number of reported hazards closed out	41	32	58	52
Number of reported hazards for the year per 100 FTE	24	32	58	52
Number of workplace inspections completed	81	80	102	77



Workforce data

Public sector values and employment principles

The *Public Administration Act 2004* established the Victorian Public Sector Commission (VPSC) with the role of strengthening public sector efficiency, effectiveness and capability and to advocate for public sector professionalism and integrity.

Southern Rural Water has policies and practices that are consistent with the VPSC's employment standards and provide for fair treatment, career opportunities and the early resolution of workplace issues. Southern Rural Water educates its employees on how to avoid conflicts of interest, how to respond to offers of gifts and how it deals with misconduct.

Recruitment

Southern Rural Water applies merit-based decision making and equity principles when appointing employees. The selection process ensures applicants are assessed and evaluated fairly and equitably on the basis of key selection criteria and other accountabilities without discrimination.

We have continued our focus on female-focused recruitment campaigns in technical and operational areas and in July 2024, we achieved a 50:50 gender split in our leadership team, with an increase in female managers overseeing functions, in asset management, health and safety, emergency management and risk, water supply and capital delivery.

Employment and conduct principles

All employees are provided with a copy of the Code of Conduct for Victorian Public Sector Employees. Our induction processes, corporate policies and training reinforce many elements of the code of conduct, including our values and workplace legislation.

Our zero-tolerance approach to inappropriate workplace behaviours has seen a shift in employees feeling safe to speak up and report behaviours. This has contributed to a safer work environment both physically and psychologically at all levels of the organisation and has contributed to employees collaborating as one team, being accountable for their actions and being highly motivated.

Workforce data

The following table shows employee and full-time equivalent (FTEs) numbers in the last full pay period of 2024-25 and the equivalent period in 2023-24.

	June 2024					June 2025				
	No.	FTE	FT	PT	Casual	No.	FTE	FT	PT	Casual
Gender										
Women	57	51.84	37	16	4	61	56.71	44	12	5
Men	110	109.20	97	5	8	111	110.41	99	3	9
Age										
15-24	5	5.00	4	0	1	6	6.00	3	0	3
25-34	29	27.57	24	4	1	30	28.97	24	4	2
35-44	45	43.48	36	6	3	44	43.09	39	3	2
45-54	48	46.59	38	5	5	53	51.51	43	5	5
55-64	36	34.92	30	4	2	33	31.92	29	2	2
65+	4	3.48	2	2	0	5	4.63	4	1	0
Band A-F										
A	14	12.50	10	3	1	11	10.29	7	1	3
B	55	54.07	49	6	0	54	52.32	46	5	3
C	34	32.42	27	6	1	35	33.70	30	5	0
D	25	24.24	21	2	2	31	30.64	28	1	2
E	28	27.02	23	4	1	29	28.37	26	3	0
F	5	5.00	4	0	1	6	6.00	6	0	0
Executive	6	5.80	0	0	6	6	5.80	0	0	6
Senior Management	0	0	0	0	0	0	0.00	0	0	0
Other	0	0	0	0	0	0	0.00	0	0	0
Total employees	167	161.05	134	21	12	172	167.13	143	15	14

Note: Senior management are reported in Band E and F categories.

Workforce inclusion policy

Diverse workforce

We value the contribution of a diverse workforce that offers new and different perspectives, powering greater collaboration and innovation. We acknowledge the responsibility to create gender equality and an inclusive workplace where everyone can be their best self.

We have a diverse workforce that reflects our communities. We foster a workplace culture that is inclusive and collaborative, supporting the diversity of our people. We have inclusive ways of working that bring the diversity of our people to life.

We are committed to providing employment opportunities for Aboriginal and Torres Strait Islander people and will continue to take action to attract, retain and provide a culturally safe environment for these employees. In 2024-25, three percent of our workforce identified as Aboriginal or Torres Strait Islander, which has increased from two percent in 2023-24.

The development of our First Peoples cultural safety framework will further support our diversity and inclusion work, that is currently underpinned by our First Peoples Awareness training, which all new employees complete. In 2024-25, 29 employees completed this training module.

We have increased our cohort of young employees (under 25), in operational, field and professional roles, including appointing a trainee in finance and we are developing a water operations traineeship program to be launched in 2025-26 which will focus on opportunities for Aboriginal and Torres Strait Islander and young people.

We continue to build pathways for younger employees and those pursuing careers in STEM through a range of targeted recruitment and development initiatives. Our graduate engineer program and industry-based learning placements provide structured opportunities for early career professionals to gain hands-on experience in the water sector. We also offer high school work experience placements across our operational district, with the goal of raising awareness and interest in water industry careers.

The following table outlines additional workplace inclusion goals in the disability, age and Aboriginal and Torres Strait Islander people categories.

Workplace inclusion goals		Previous	Current	Target
		June 2024	June 2025	June 2026
Disability ¹	Percentage with an identified disability	6%	5%	>10%
Age	Under 25 years of age	3%	5%	>5%
Aboriginal and Torres Strait Islander people	Maintain or increase proportion of employees who identify as being of Aboriginal or Torres Strait Islander descent	2%	3%	>2%

¹ This data is from the Victorian Public Sector's People Matter Survey results.

Gender Equality Action Plan

Our Gender Equality Action Plan (GEAP) outlines key initiatives, including enhancing recruitment and promotion practices that attract a diverse workforce, focusing on flexibility, culture, diversity and inclusion and equal remuneration. Our diversity and inclusion plan forms part of our GEAP, which is published on our website.

In September 2024, our GEAP progress report to the Commission for Gender Equality in the Public Sector (Vic) was deemed compliant. The report indicated:

- Our gender pay gap has reduced from 8.3 percent in 2021 to 7.5 percent in 2023 and similarly the total remuneration gap (includes allowances, etc.) has reduced from 12.6 percent to 9.8 percent.
- Our employees feel more culturally safe at work.
- Our employees feel safer to challenge inappropriate work behaviour.
- Barriers to success, including gender, disability and carer status have reduced significantly.

- Our employees, particularly our male employees are utilising flexible work practices and feel highly supported by their leaders.
- We are supporting both male and female employees to work in part-time capacities, including return from parental leave and supporting transition to retirement.

In 2024-25, we have further increased female representation including in field and operational roles, in STEM, engineering and degree level roles and in our leadership cohort.

In 2025-26 we will complete the next round of GEAP progress reporting and review and develop our next GEAP, which is due to be submitted in May 2026.

In June 2025, we hosted Dr Niki Vincent, the Victorian Public Sector Gender Equality Commissioner, for an engaging and thought-provoking session on the *Victorian Gender Equality Act 2020*, what real inclusion looks like and how we can embed lasting change and help drive a more inclusive public sector.

Representation of women:	June 2024	June 2025	June 2026 Target
Percentage of total employees	34%	35%	>40%
Holding executive positions	29%	33%	50%
In the leadership group	48%	52%	50%
Holding degree-required positions (other than engineering)	53%	53%	50%
In STEM positions	28%	37%	>40%
In field positions ¹	10%	13%	>30%

¹ Includes storage operators, water service officers, water management officers. It excludes supervisors and managers.

People plan

We have actively delivered on our people plan, which is a critical enabler for delivering on our vision. Our strategic people plan aspires to enhance employee capability and professional development and is focused on customer service delivery excellence and drives our culture forward. Success is delivered through a clear link to our vision and strategy by understanding what we stand for, what defines us and what sets us apart from the others.

We have focused on building and developing capability, including investing in leadership development at emerging, established and executive levels.

In the past three years, we have supported leaders and employees through the Peter Cullen Trust leadership program, WSAA Young Utility Leaders program, executive health and safety leadership, along with delivering our suite of professional development, compliance and technical training. We are also equipping our employees to manage their own mental health and wellbeing along with targeted professional development.

We created efficiencies in our recruitment and onboarding processes and supported the implementation of a new payroll module into our existing ELMO Human Resources information system, including delivering employee and people leader training in November 2024.

We continue to support diversity and inclusion activities with parental leave, enhanced flexible working conditions to suit employee needs, flexible leave and the option to substitute relevant public holidays.



**Peter Cullen
Water and
Environment Trust**

Bridging science, people
and the environment

Our 2025 People Matter Survey showed an increase in engagement and satisfaction across all measures and found that 89 percent of our employees are supported with their flexibility needs and 86 percent of employees feel culturally safe at work, as well as being physically safe. Our employees treat each other with respect, are motivated and feel they are achieving great things for themselves and for Southern Rural Water.

We celebrated International Women's Day, NAIDOC Week, Reconciliation Week and RUOK? Day and continue our involvement in the water industry's WaterAble and Pride in Water networks.

With the launch of our Always Safe and Well Plan, we have enhanced our wellbeing strategy and continue to focus on the wellbeing and psychological safety of our people.

Our senior leaders and people leaders participated in our wellbeing leadership program which comprised four sessions of practical, high-level strategies and actions that they can take to navigate sensitive issues including managing employee mental health, interpersonal conflicts, performance management and wellbeing.

Our culture continues to be a key feature as we seek to transition to a modern, values-driven way of working, to generate thriving, sustainable and tangible success across the business.

Culture program

We have continued with our value-based culture program called One Self One Team One Southern Rural Water which has now been rolled out to 90 percent of our workforce. The program focuses on understanding of self (**accountability**), which supports collaboration and connection across Southern Rural Water (**one team**) and leads to a strong culture to deliver a legacy (**legacy**). This program aligns to our organisation values.



Strategic workforce planning

As part of our future ready focus, we support our people to build personal resilience and develop professionally and to have the right people in the right roles, with the right skills, at the right time.

Our strategic workforce planning has included:

- Embedding and building leadership capability development at emerging, established and executive levels.
- Developing our workforce to support our customers who are experiencing drought conditions, including frontline adaptive communication skills and providing mental health booklets to aid conversations with drought-affected farmers.
- Developing capability at all levels, including refining our learning offerings and training matrix based on performance appraisal and development plan input, ensuring leaders and employees are identifying opportunities for capability building and continuing to embed our culture and values via the One Self One Team One Southern Rural Water program.
- Ensuring we plan for the workforce of the future to meet the changing needs of our customers and community.
- Supporting our talent mapping and succession planning with secondment, higher duties and ongoing opportunities to build capability.
- Increasing our regional, female, graduates and First Peoples talent pools to support our gender equality and diversity strategies.





Other disclosures

Major contracts

Southern Rural Water has not entered into any major contracts at a value greater than \$10 million during the 2024-25 financial year.

Local Jobs First Act 2003

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

Southern Rural Water is required to apply the Local Jobs First policy for all projects valued at \$3 million or more in metropolitan Melbourne and state-wide projects, or \$1 million or more for projects in regional Victoria. The MPSG policy applies to all construction projects valued at \$20 million or more.

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

Projects commenced: Local Jobs First Standard

During 2024-25, Southern Rural Water commenced one standard project with a total value of \$2.7 million ex GST.

The outcomes expected from the implementation of the Local Jobs First policy are shown below.

Local Jobs First commitments	Actual
Projects commenced during the year where local content was committed	1
/ Metropolitan	0
/ Regional	1
/ Statewide	0
Average local content commitment made	99.2%
Commitment Annualised Employee Equivalent for new and retained jobs	4.92
Commitment Annualised Employee Equivalent for apprentices, trainees and cadets	0.55
MPSG applicable projects commitment total hours for apprentices, trainees and cadets	10%
No. of small to medium enterprises engaged via contract inclusive of LIDP	14

Projects completed: Local Jobs First

During 2024-25, we completed eight projects totalling \$24.7 million (ex GST), with an average commitment of 82.50 percent achieved.

The reported outcomes of implementation of the policy are in the following table.

Local Jobs First outcomes	Actual
No. of projects where local content was committed that was completed during the year	8
Metropolitan	4
Regional	4
Statewide	0
Average local content commitment made	82.50%
Commitment outcome for AEE new and retained jobs	20.19
Commitment outcome for AEE apprentices, trainees and cadets	2.17
MPSG applicable projects commitment total hours for apprentices, trainees and cadets	3,238.60
No. of small to medium enterprises engaged via contract inclusive of LIDP	76

Reviews and studies expenditures

The following table sets out reviews and studies conducted during the year.

Project title	Reason for undertaking the review / study	Scope	Anticipated outcomes	Estimated cost 2024-25 (incl. GST)	Actual cost 2024-25 (incl. GST)	Publicly available
Energy Futures (AECOM)	Strategic scoping study to identify energy transition opportunities that generate unregulated revenue for Southern Rural Water.	Limited to Southern Rural Water owned land and assets – carbon offsets and operational emission reduction initiatives are excluded.	A report that details opportunities for energy generation and where possibilities lie for unregulated revenue streams.	\$45,450	\$44,960	N
Cultural Safety Framework Review (MurriMatters)	To enhance the organisation's understanding of cultural safety and develop a robust framework	A five-phase approach, including stakeholder engagement, facilitated workshops and research within the Victorian water sector.	A suite of developed training modules, framework, protocols and materials for use at Southern Rural Water.	\$69,370	\$69,370	N
Strategic Partnerships Framework Development (Nation Partners)	Partnerships have been identified as a core component of the organisational strategy and require a robust framework for definition.	Understand current state with reflection of the board's preferences.	To identify clear understanding of existing partnership capabilities and areas of growth and establish a clear pathway for embedding partnerships in strategic and operational practices.	\$43,697	\$43,697	N
On-Ground Assessments – Willow Grove (Nexsys Industries)	The assessment will provide advice to Southern Rural Water on suitability of three identified sites for reforestation.	A review and inspection program including desktop reviews of available data, specific assessment tasks against set criteria and visually assessed landscape through onsite visits.	A detailed report of findings, including bushfire risk, potential bushfire impacts and cultural heritage overlay.	\$43,697	\$43,697	N
Additional modelling – buffer scenarios			Updated modelling included in further reviews.	\$4,950	\$4,950	N

Project title	Reason for undertaking the review / study	Scope	Anticipated outcomes	Estimated cost 2024-25 (incl. GST)	Actual cost 2024-25 (incl. GST)	Publicly available
Bushfire Management Plan – Willow Grove (Nexsys Industries)	The plan will identify and mitigate bushfire risks associated with the Blue Rock reforestation project and aims to protect life, property and the environment.	Site assessments and fire risk analysis in conjunction with existing vegetation profiles, relevant codes of practice, legislation and municipal/CFA fire management plans and strategies.	The detailed report will provide guidance and recommendations to protect life, property and the environment by implementing strategic fire prevention and management measures tailored to the specifications of the site.	\$50,820	\$41,030	Y
MID Nutrient Modelling (AECOM)	A review of nutrient modeling and possible improvements in the MID.	Review of assumptions for modelling, assessment of accuracy and compatibility, assessment of sampling programs/ sites in place.	The report will detail key findings, recommendations for further model improvements, recommendations on suitability of sampling sites and presentation to key stakeholders.	\$32,000	\$35,134	N
Pest and Weed Strategic Management Plan (SMEC)	The current ad hoc approach for pest and weed management is no longer fit for purpose – a strategic management plan is required for all Southern Rural Water sites.	Southern Rural Water owned and managed land and assets, easements, irrigation channels, native vegetation offset sites and carbon reforestation offset sites.	The report will include optimum pest, animal and weed management for sites (with a focus on deer, pig and goat species and weeds) – in addition to any partnership opportunities with agencies currently undertaking similar studies.	\$41,785	\$41,681	N

Project title	Reason for undertaking the review / study	Scope	Anticipated outcomes	Estimated cost 2024-25 (incl. GST)	Actual cost 2024-25 (incl. GST)	Publicly available
Water Risks in the Upper Moorabool and Upper Maribyrnong catchments (HARC and Alluvium)	This project is a study funded by DEECA and managed by Southern Rural Water. It aims to quantify the risks associated with unlicensed water take and the opportunities to improve the management of water resources, now and into the future	Community and stakeholder engagement, identification of catchments values, water resources modelling, assessment of risk to catchment values from unlicensed take.	A project report including community and stakeholder identified opportunities to improve management of domestic and stock water take.	\$318,540	\$194,928 (to date)	Y (when complete)
Werribee Systems Reconfiguration Project (Proud Mary Consulting)	To gain a clear understanding of the views of the Werribee Growers Customer Reference Group on the potential for a new high reliability, low salt recycled water supply. To inform the preliminary business case.	Consultation through a series of facilitated workshops focusing on grower requirements on reliability, water quality and cost, as well as potential transition opportunities, risks and challenges.	A final report summarising the engagement process and feedback provided from the reference group. The outcomes of the discussions informed the Werribee Reconfiguration Preliminary Business Case.	\$92,972	\$92,972	Y
Wastewater Lagoon Treatment Systems Review (SMEC)	Changes to the EPA Act have prompted a review of the wastewater treatment plants under the umbrella of Southern Rural Water to prepare for regulatory implementation on 1 July 2026.	A review of wastewater systems with regards to relevant EPA codes, the provision of works to upgrade the systems and advice on the lagoon system licence requirements, if applicable.	The report and draft management plan resulting from the review will provide guidance for ongoing operations and maintenance of the systems – with adherence to legislation, regulations and guidelines.	\$35,000	\$24,800 (to date)	N

Project title	Reason for undertaking the review / study	Scope	Anticipated outcomes	Estimated cost 2024-25 (incl. GST)	Actual cost 2024-25 (incl. GST)	Publicly available
Recreational Area Management Plans (SMEC)	The Water (Recreational Area) Regulations 2023 requires Southern Rural Water to develop Recreational Area Management Plans (RAMP) to provide a comprehensive and practical framework for Southern Rural Water to manage the recreational areas.	Engagement with Southern Rural Water representatives and consultation with key stakeholders, local communities, government bodies, recreational users and Traditional Owners, desktop and onsite assessments and user analysis.	Plans for each recreational area will detail protective measures for the land, waterways, services and facilities in the area, as well as protecting and promoting Aboriginal cultural heritage in the area. In addition, the plans will facilitate the participation of Traditional Owner groups in the management of the area and list aspirational development plans for the areas.	\$82,850	\$15,455	N
Climate change assessment consolidation project (GHD)	Identify physical, economic and social vulnerabilities resulting from the future impacts of climate change and associated risks. Southern Rural Water seek to evaluate and consolidate the available climate change assessments of water supply availability and demand on its different water systems.	Review of surface water systems and other system-specific requirements for the modelling scenarios, a review of groundwater systems.	The detailed assessment and subsequent report and framework will include vulnerability assessments, risk rankings and recommendations for the priority systems through the climate readiness framework.	\$57,118	\$51,528	N

Project title	Reason for undertaking the review / study	Scope	Anticipated outcomes	Estimated cost 2024-25 (incl. GST)	Actual cost 2024-25 (incl. GST)	Publicly available
Macalister Fresh (Five Consulting)	The strategic sustainability report developed through the working group discussions will be used to inform the Macalister Fresh consultation paper.	Attending investment logic mapping workshops to develop mapping to address financial constraints and sustainability options.	Develop a working qualitative framework to assess proposed interventions to support future business case development.	\$50,000	\$16,634 (to date)	N
Macalister Fresh (HARC)	The analysis of data and subsequent report produced is designed to support the development of the Macalister Fresh consultation paper.	A multi-criteria review and analysis of MID operations via analysis of peak and part of peak demand times (indicative only).	The strategic sustainability report developed through the working group discussions will be used to inform the Macalister Fresh consultation paper.	\$25,000	\$20,084 (to date)	N
Macalister Fresh (RM Consulting)	The sustainability advice will inform workshops as part of the Macalister Fresh project and include knowledge of irrigated agriculture and strategic planning.	Contribution to the workshops with Southern Rural Water to develop sustainability options for consideration.	The strategic sustainability report developed through the working group discussions will be used to inform the Macalister Fresh consultation paper.	\$21,174	\$20,174 (to date)	N
Macalister Fresh (Smart Logic Mapping)	Investment logic mapping as part of the Macalister Fresh workshops.	Problem definition and response option identification methods.	Investment logic mapping to support technical investigations into suitable/ appropriate interventions.	\$10,000	\$8,800	N
Macalister Fresh (SMEC)	Support the development of the Macalister Fresh consultation paper by identifying infrastructure opportunities which address the investment logic mapping.	A strategic review of the existing MID irrigation network and development of high-level reconfiguration options.	A cultivated list of engineering-based interventions to address the issues identified in the investment logic mapping.	\$58,887	\$58,887	N

Project title	Reason for undertaking the review / study	Scope	Anticipated outcomes	Estimated cost 2024-25 (incl. GST)	Actual cost 2024-25 (incl. GST)	Publicly available
Macalister Fresh (Proud Mary Consulting)	Support Southern Rural Water to co-design the project vision and manage stakeholder workshops.	Facilitate and lead the co-design of the project vision and stakeholder workshops.	The report produced from the engagement will summarise feedback from reference group meetings and inform the progress of the consultation paper.	\$127,336	\$119,114	N
2025 Procurement Framework (Aster Advisory)	Professional assistance and review of procurement framework to ensure compliance with Victorian Government requirements	For Southern Rural Water goods and services procurement (excluding public construction), with focus on implementing best fit for organisation.	Achieve VGPB compliance.	\$11,000	\$8,927	N
Finance system – Proof of Concept (BlueCore)	Briefing on appropriate Microsoft finance solution from desktop reviews through to proof-of-concept demonstrations.	Examine and demonstrate Microsoft Business Central as fit-for-purpose for Southern Rural Water to replace Finance One.	Documents (including proposal for cost indications, timeframe of implementation and addressing the key selection and requirements criteria of fit-for-purpose solution) for configuration core finance components, including general ledger, accounts payable, billing, accounts receivable, fixed assets, banking and reporting.	\$25,960	\$25,960	N

Project title	Reason for undertaking the review / study	Scope	Anticipated outcomes	Estimated cost 2024-25 (incl. GST)	Actual cost 2024-25 (incl. GST)	Publicly available
Risk-based approach to complex licencing and cost recovery (Proud Mary Consulting)	To ensure our complex licensing application process is robust.	To evaluate the legislative and policy requirements and determine a framework to guide our process and cost recovery decision making. The scope also specifically focused on the Alcoa licence application and provided a brief overview of the current state of play in the Latrobe Valley as guidance for those upcoming renewals.	The documents developed include process framework, cost recovery framework and a snapshot of the state of play in the Latrobe Valley (with regard to licences).	\$44,000	\$42,680	N
Urban Encroachment Risk Assessment (HARC)	As urban encroachment extends closer to our assets, particularly in the MID, Southern Rural Water did not have the corporate knowledge to support decision making.	To identify and document our requirements for the protection of our assets when there are real estate developments near our assets.	A risk assessment report that highlights planning recommendations which will be used to support decision making for development near Southern Rural Water assets.	<\$25,000	\$24,695	N

Statement of availability of other information

In compliance with the requirements of the Standing Directions of the Minister for Finance, the items listed below have been retained by Southern Rural Water and are available on request, either partially or fully, subject to the provisions of the *Freedom of Information Act 1982*:

- A statement that declarations of pecuniary interests have been duly completed by all relevant officers.
- Details of publications produced by the agency about itself and how these can be obtained.
- Details of changes in prices, fees, charges, rates and levies charged by Southern Rural Water.
- Details of any major external reviews carried out on Southern Rural Water.
- Details of major research and development activities undertaken by Southern Rural Water.
- Details of major promotional, public relations and marketing activities undertaken by Southern Rural Water to develop community awareness of the agency and its services.
- Details of assessments and measures undertaken to improve the occupational health and safety of employees.

- A general statement on industrial relations within Southern Rural Water and details of time lost through industrial accidents and disputes.
- A list of the Southern Rural Water's major committees, the purposes of each committee and the extent to which the purposes have been achieved.
- Details of all consultancies and contractors, including consultants/contractors engaged, services provided and expenditure committed for each engagement.

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

- Details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary (no shares are held).
- Details of overseas visits undertaken (no board members or senior executives took overseas work-related trips).

Freedom of Information

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

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

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

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

Under the Act, the FOI processing time for requests received is 30 calendar days. However, when external consultation is required under ss29, 29A, 31, 31A, 33, 34 or 35, a 15 day automatic extension applies. Processing time may also be extended by periods of up to 30 days, in consultation with the applicant. With the applicant's agreement this may occur any number of times. However, obtaining an applicant's agreement for an extension cannot occur after the expiry of the timeframe for deciding a request.

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

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

Making a request

A Freedom of Information request can be made to Southern Rural Water by completing and lodging the Request for Access to Documents form that can be found online at www.srw.com.au.

When making an FOI request, applicants should ensure requests are in writing, clearly identify what types of material/documents are being sought and be accompanied by the application fee to be a valid request.

An application fee of \$33.60 applies in 2025-26. Additional charges may also be payable in relation to the costs of document search time if the document pool is large and the search for material time consuming, providing copies of the document and/or supervising the inspection of the document.

Requests should be to addressed to:

Freedom of Information
Southern Rural Water
PO Box 153
Maffra, VIC 3860
srw@srw.com.au

During 2024-25, Southern Rural Water received three Freedom of Information applications. Two from members of the public and one from a legal firm. Two related to personal requests and one non-personal request.

Requests	No.
Access in part	1
Outside the Act	1
Not finalised	1
Total	3
Outcomes of requests from the previous reporting period	
Withdrawn	1
Outside of the Act	1
Total	2

During 2024-25 Southern Rural Water made one decision within the extended statutory time period. One request was subject to an internal review by the Office of the Victorian Information Commissioner.

Building Act 1993

Southern Rural Water own office facilities at Maffra and Werribee and occupy six additional leased sites. We also have one owned and one leased operations depot at Werribee and one owned operational depot at Maffra and three further owned operational facilities at Lake Glenmaggie, Blue Rock and Merrimu storage locations.

We comply with the *Building Act 1993*, the Building Regulations 2006 and associated statutory requirements and amendments. We maintain internal control systems to ensure compliance with our Certificate of Occupancy and engage suitably qualified contractors to conduct regular maintenance to ensure our owned and leased facilities are maintained to standard and provide a safe workplace.

2024-25	
Number of major works projects undertaken (>\$50,000)	1
Number of building permits, occupancy permits or certificates of final inspection issued in relation to buildings owned	1 building permit
Number of emergency orders and building orders issued in relation to buildings	0
Number of buildings that have been brought into conformity with building standards during the year	0

Government advertisement expenditure

Southern Rural Water's expenditure in 2024-25 on government campaign expenditure did not exceed \$100,000.

Competitive neutrality policy

Competitive neutrality requires government businesses to ensure where services compete, or potentially compete, with the private sector, any net advantage arising from government ownership is accounted for if it is not in the public interest.

Government businesses that undertake significant business activities are required to implement competitive neutrality measures (such as setting competitive neutral prices), which accounts for any net advantage that comes from public ownership.

Competitive neutrality policy supports fair competition between public and private businesses and provides government businesses with a tool to enhance decisions on resource allocation. This policy does not override other policy objectives of government and focuses on removing resource allocation distortions.

Southern Rural Water continues to observe and apply the principles of the competitive neutrality policy in our business undertakings.

Public Interest Disclosure Act 2012

The *Public Interest Disclosures Act 2012* encourages and assists people in making disclosures of improper conduct by public officers and public bodies. The Act provides protection to people who make disclosures in accordance with the Act and establishes a system for the matters disclosed to be investigated and rectifying action to be taken.

Southern Rural Water does not tolerate improper conduct by employees, nor the taking of reprisals against those who come forward to disclose such conduct. It is committed to ensuring transparency and accountability in its administrative and management practices and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

We will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. We will also afford natural justice to the person who is the subject of the disclosure to the extent it is legally possible.

How do I make a public interest disclosure?

Anyone can make a public interest disclosure about Southern Rural Water, board members, officers or employees by contacting the Independent Broad-based Anticorruption Commission on the contact details provided below.

Please note Southern Rural Water is unable to receive Public Interest Disclosures, they are to be made to:

Independent Broad-based Anticorruption Commission

Level 1, North Tower, 459 Collins Street, Melbourne, VIC 3000

Phone: 1300 735 135

Internet: www.ibac.vic.gov.au

Email: [see the website www.ibac.vic.gov.au for the secure email disclosure process, which also provides for anonymous disclosures]

Further Information

Southern Rural Water has established procedures for the protection of persons from detrimental action in reprisal for making a public interest disclosure about Southern Rural Water or our employees. Southern Rural Water's procedures can be located on its website.

Emergency procurement

In 2024-25, Southern Rural Water did not activate emergency procurement on any occasion in accordance with the requirements of Victorian government policy and accompanying guidelines, with no resultant contracts awarded of a value of \$100,000 or more (GST inclusive).

Compliance actions

We implement the Minister for Water's call for a zero-tolerance approach to water theft. The Minister has established key performance indicators (KPIs) for a range of measures related to unauthorised take. Southern Rural Water customers consistently demonstrate higher rates of compliance than identified by the KPIs and our customers are ably supported by our team and proactive approaches to compliance identified through our compliance and enforcement framework.

The Southern Rural Water Resources Compliance and Enforcement Plan is consistent with state frameworks with a focus on supporting compliance through information and education, while breaches of the *Water Act 1989* are considered in light of an escalation process based on the nature and scale of a breach, prior non-compliant conduct and legislative powers.

We completed the process for issuing penalty infringement notices (PINs) through Fines Victoria. This provides powers for authorised water officers to issue PINs for a range of offences found within the *Water (Infringements) Regulations 2020* and provides an additional tool as part of an enforcement escalation pathway.

Our rapid adoption of automated meter reading technology has increased our ability to flag emerging issues with customers and allow informed decisions around water use and trade options prior to a breach occurring. Data generated through automated meter reads is reviewed each week for quality and to support timely investigation of potential breaches.

We respond to community notifications of potential offences under the *Water Act 1989* and each reported breach is investigated. We partner with regulators to investigate matters that may present as breaches under multiple acts or where water agencies have similar powers. Joint investigations ensure that all matters are considered and the most appropriate enforcement pathway is adopted.

Joint investigations and interactions have been completed with DEECA, Melbourne Water, Greater Western Water, Wannon Water, Barwon Water, Earth Resources Regulator, Environment Protection Authority, Australian Taxation Office, Victoria Police and various catchment management authorities and local councils throughout the year.

During 2024-25, we utilised unmanned aerial vehicles (drones) to gather evidence to support targeted investigations. Drones support the collection of high-quality data, including aerial imagery, photogrammetry to support development of digital terrain models and the measurement of a range of dimensions such as dam wall height and surface area. The further implementation of remotely sensed data is also being explored with industry partners across Victoria and New South Wales.

We completed Potentially Hazardous Dam (PHD) inspections focusing on High Consequence (High C) dams and expanding to inspections of all PHD's across the state.

Our employees are active members of the non-urban water compliance community of practice along with the non-urban metering community of practice. These groups support the development and adoption of best management practice approaches to water sector compliance in Victoria.

Southern Rural Water brings a diverse range of compliance issues to these forums including significant focus on unlicensed works and our ongoing work around compliance with licence conditions for potentially hazardous dams.

Southern Rural Water has a dedicated operations and compliance function to support compliance uplift. This investment has provided greater oversight and focus on efficient and sustainable compliance outcomes and providing a fair and equitable distribution of the water resource to our customers.

Compliance objectives for 2025-26

Southern Rural Water will continue catchment-based investigations of Maribyrnong and the Mornington Peninsula during 2025-26 to identify any potential non-compliances with the *Water Act 1989*. We will proactively engage with our customers to ensure compliance with their licensing obligations and demonstrate a zero-tolerance approach to water theft in line with the Minister's expectations.

We will conduct inspections and identify non-compliance with a view to educate and engage an appropriate enforcement response, ranging from warning letters, infringement notices, prosecutions and suspension or cancellation of licenses, to deal with noncompliance.

We will continue to provide our team with relevant compliance, investigative, enforcement and statutory training to uplift and continuously improve competency and regulatory practice. We will further enhance our compliance, investigative and enforcement capability over the next year.

Compliance Actions					
Category	2020-21	2021-22	2022-23	2023-24	2024-25
Total no. of breaches	12	21	7	18	35
No further action required	62	36	147	156	243 ¹
Dismissed (insufficient evidence)	62	36	147	156	243 ¹
Advisory Letter	9	0	0	27	63
Formal Warning	10	14	7	15	21
Penalty Infringement Notices	0	0	0	0	0
Notice of Contravention	2	7	0	2	12
Notice of Entry	0	0	0	1	1
Lockdown	0	0	0	0	0
Prosecutions commenced	0	0	0	1	0
Prosecutions finalised	0	0	0	0	1

Notes:

¹ Includes 150 Maribyrnong Catchment investigation

329 reported breaches (includes 201 Maribyrnong Catchment)

361 investigations commenced (includes 32 investigations carried forward from 2023-24 - Moorabool Catchment), 201 Maribyrnong Catchment, & others)

65 others (includes Waterway determinations (63) and Ministerial Directions (2))

4 referrals to other agencies

2 matters referred for prosecution

268 investigations finalised (includes 150 Maribyrnong Catchment)

Year	Volume				ABAs [or licences]		
	Water taken under corporation issued shares/ licences (ML)	Unauthorised Take (ML)	KPI Volume % ¹	Volume % (Excluding previous FY)	Number of ABAs	Negative ABAs	% of negative ABAs ²
2020-21	-281,102	-45.8	0.1%	*	13,302	2	0.03%
2021-22	-180,505	-490	0.27%	*	13,323	44	0.33%
2022-23	-737,380	-1,367	0.19%	*	13,304	46	0.35%
2023-24	-295,605	-1,084	0.37%	*	13,341	51	0.38%
2024-25	-331,166	-1,991	0.60%	*	13,185	80	0.61%

¹ KPI target unauthorised take < 1.0% of total water use

² KPI target number of negative Allocation Bank Accounts (ABAs) <3.0% of total accounts

* We have not reported on this previously and received advice from DEECA we should mark this area 'not reported on' and report as per previous year.

Dam safety, security and emergency management

Between July and August 2024, there were two incidents that required activation of our Incident Management Team (IMT). After-action reviews were conducted post the events and recommended actions are being planned and implemented in response to the after-action review findings.

Southern Rural Water undertook all legislative requirements as required by Part 7A of the *Emergency Management Act 2013* and the Ministerial Statement of Obligations (Water) section 5-2, submitting all required paperwork to the Minister in line with the resilience improvement cycle reporting timeframe.

Southern Rural Water's annual emergency management exercise took place in March 2025, which tested our capability to respond to both a water supply failure and serious IT incursion. An independent audit of Southern Rural Water's emergency risk management processes, its emergency risk management doctrine and emergency exercise was facilitated to provide assurance of its compliance with Part 7A of the Act. The audit formed the basis for the Statement of Assurance and Attestation to the Minister.

Dam Safety Emergency Plans were last updated in 2023-24 for all dams with significant or higher consequence category, as per the review schedule. The contact lists provided in the plans are reviewed and updated annually and this action has been completed for the 2024-25 period.

Environmental reporting

Proudly, this year we achieved our first year of net zero carbon emissions. This milestone is one we are proud of and achieved through renewable energy, efficiency upgrades, carbon offsets and the rollout of zero-emission vehicles.

By expanding our solar capacity and offsetting remaining emissions with certified carbon credits, including through an Australian Carbon Credit Unit trade agreement with Wannon Water, we've reduced our net emissions to zero.

Our commitment to clean energy also includes partnering with Kiamal Solar Farm via the Zero Emissions Water initiative and purchasing accredited Green Power.

While there's more to do, we're committed to supporting a sustainable future.

Environmental Statutory Obligations

Environment Protection Act

The *Environment Protection Act 2017* brings a risk-based approach to environmental protection in Victoria. The General Environmental Duty (GED) underpins the Act and places duty on all Victorians to prevent harm to human health and the environment.

The GED applies to our operations and activities that may cause harm from pollution or waste and means that Southern Rural Water needs to take steps to identify all our environmental risks. Managing these risks is achieved through implementing our Environmental Management System (EMS).

Environmental Reference Standard

The Environmental Reference Standard (ERS) is made under the *Environment Protection Act 2017*. It sets out the environmental values of the ambient air, ambient sound, land and water environments that are sought to be achieved or maintained in Victoria and standards to support those values.

Pursuant to the ERS, Southern Rural Water has an objective to monitor total phosphorus (TP) loads entering Lake Wellington from the MID. The TP load entering Lake Wellington should be no more than 100 tonnes per year on average.

Safe Drinking Water

As a water storage manager, we have obligations under the *Safe Drinking Water Act 2003* and Safe Drinking Water Regulations 2025. Primarily, we must prepare and implement a Safe Drinking Water Risk Management Plan (RMP) for each water storage that supplies raw water to urban water corporations.

Each RMP must contain a detailed description of the system of supply, identify and assess the risks to the quality of the water and describe the steps that are currently taken or could be taken to manage those risks.

The RMPs must be as comprehensive as possible and Southern Rural Water must document the ongoing implementation and review. The Act provides for regular independent audits of the RMPs at the request of the Department of Health, with the most recent audit being conducted in April 2023.

In 2024-2025 Southern Rural Water participated in the review and update of the Regulations led by the Department of Health. The new regulations came into effect on 6 July 2025.

Environmental Management System

To meet our legislative environmental requirements we have an Environment and Climate Change Policy which sets out our commitment and aspirations and an Environmental Management System (EMS) that provides the delivery model.

Southern Rural Water's EMS is the primary tool to drive strategic initiatives and compliance actions which allows us to protect and enhance the environment and achieve our climate change objectives, complementing our corporate strategy.

We have created a robust EMS framework, which incorporates our Climate Change Adaptation and Mitigation Plans, to manage our Environment Protection Act statutory obligations including the General Environmental Duty

Under the EMS there are three key objectives, each of which has six associated targets. The three objectives are:

- climate resilient water and assets,
- demonstrate environmental leadership
- and healthy ecosystems.

During the 2024-2025 financial year the following targets were completed:

Target	Description
Net zero greenhouse gas emissions.	Southern Rural Water achieved net zero greenhouse gas emissions for this financial year.
100% renewable energy.	Southern Rural Water achieved 100% renewable energy use across our operations.
Consolidate climate change water resource assessments on all systems.	This project reviewed and summarised the available climate change assessments on our different water systems to identify vulnerable systems.
Complete a risk assessment of Macalister salinity management zone.	This project's key objectives were to assess and measure current key drivers of salinity, and to identify areas for further investigation.
Develop circular economy principles in procurement and capital works program.	We developed a set of four guiding principles to improve sustainable outcomes in planning and procurement.
Develop a project proposal for a remote sensing program to enhance compliance and enforcement.	This project brief outlines a pathway forward for monitoring dams in catchments using remote sensing to ensure Southern Rural Water is compliant with the <i>Water Act 1989</i> .

Adapting to Climate Change

Southern Rural Water recognises the risks to its operations, assets, water resources and sustainability associated with climate change and is committed to transformative action to adapt to these changes. Actions contained within our EMS provide strategic direction and actions for the organisation to respond to the impacts of climate change.

The below initiatives demonstrate our progress in integrating climate change adaptation and risk into planning and decision-making across all aspects of the business.

Consolidation of water resources climate change assessments

This project reviewed and summarised the available climate change assessments on our different water systems, to present them in a simple, consistent format which identifies the key climate risks, vulnerable systems and the priorities for further consideration.

This review included surface water and groundwater systems. The outputs of this project will inform the Climate Readiness Framework to inform decision-making across the organisation.

Climate change infrastructure vulnerability assessment

This project aims to assess climate change-related vulnerabilities of Southern Rural Water's assets and infrastructure. Asset exposure and susceptibility screenings for six different climate hazards have been undertaken for structures, channels, operation technology and regulators across the MID, WID and BMID.

The resulting climate vulnerability ratings for each asset class are being incorporated into the relevant Asset Class Plans.

The next step of the project is to identify assets for a third pass assessment and utilise the Climate Readiness Framework to identify possible futures, adaptation pathways, interventions and triggers to increase climate resilience of the assets.

The outputs of this project will inform asset management decision-making across the organisation.

Climate Readiness Framework

The Climate Readiness Framework is an adaptive decision-making tool developed and piloted in 2023-24. The framework uses climate-related assessment outputs to inform decisions that consider risks, vulnerabilities and opportunities in order to adapt to current and future climate change impacts across the organisation. It can be used to aid decision-making for a range of issues, such as water resources and infrastructure.

The framework adopts an adaptation pathways approach, considering the development and evolution of various plausible future scenarios. Adaptation pathways are useful in the face of uncertainty regarding climate change and its impacts, societal changes and the range of options available into the future, as they allow for flexibility and responsiveness. Through the use of adaptation pathways, the framework allows us to identify and prioritise intervention options, understand tipping and turning points, decision trigger points and barriers and limits to adaptation.

We have commenced embedding the framework into water resource planning, asset planning and corporate planning, to ensure we are prepared for an uncertain future.

Climate change mitigation

Southern Rural Water achieved net zero emissions (Scope 1 and 2) for 2024-25. This achievement aligns with Southern Rural Water's commitment under the Statement of Obligations (Emissions Reduction) (2022).

Meeting this target places Southern Rural Water ahead of the Victorian Government's target to achieve net zero greenhouse gas emissions by 2045 and the water sector's aggregate commitment to reach net zero emissions by 2035.

In addition, Victoria's water corporations have a target of 100 percent renewable electricity use by 2025, which Southern Rural Water achieved in 2023-24.

Our efforts to mitigate climate change were incorporated into our EMS in 2023-24, which now governs actions related to greenhouse gas emissions and energy consumption. We have reported our emissions in line with the National Greenhouse and Energy Reporting Scheme (NGERS) framework and the Climate Active Carbon Neutral Standard for reporting on retiring Australian Carbon Credit Units (ACCUs).

Southern Rural Water has undertaken the below initiatives to reduce Scope 1 emissions:

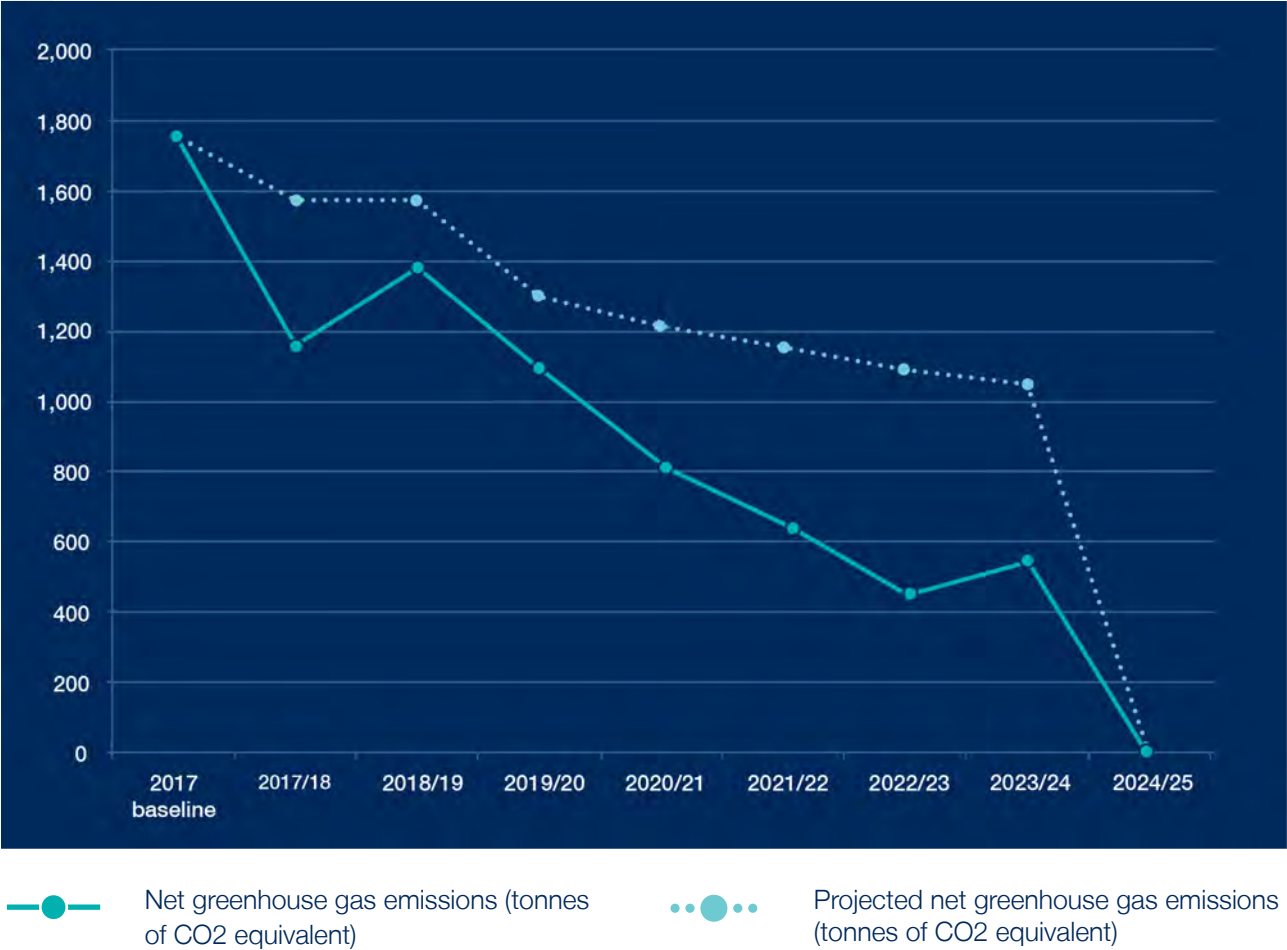
- Continued to transition our vehicle fleet towards zero emissions by 2030.
- Installed electric vehicle charging stations at our Blue Rock Lake and Maffra depots.
- Registered our carbon reforestation offsets project with the Clean Energy Regulator, which will involve reforestation of Southern Rural Water-owned land around our storages and generating Australian Carbon Credit Units. The first phase of the reforestation project will be delivered at Lake Glenmaggie in 2025-26 and is expected to sequester ~3,800 tonnes of carbon dioxide from the atmosphere over the next 25 years.
- Partnered with Wannon Water to reduce carbon emissions through the trade of Australian Carbon Credit Units.

Southern Rural Water has undertaken these initiatives to reduce Scope 2 emissions:

- Installed behind-the-meter solar at most of our buildings increasing renewable energy generation and consumption.
- Installed a battery system at our Blue Rock Lake depot.
- Procured cheaper long-term renewable energy through investment into the Zero Emissions Water initiative.
- Purchased GreenPower.
- Developed energy futures report to explore the feasibility of renewable energy opportunities across the asset portfolio.

Net zero emissions target

The chart shows Southern Rural Water’s path towards achieving net zero emissions.



Greenhouse gas emissions are typically reported in terms of Scope 1 and Scope 2 emissions.

Scope 1 emissions are direct emissions from sources owned or controlled by an organisation (e.g., fuel combustion in boilers, vehicles).

Scope 2 emissions are indirect emissions associated with purchased electricity, steam, heat, or cooling.

Scope 3, or indirect emissions, are not required to be reported by Southern Rural Water.

The table on the next page summarises Scope 1 and Scope 2 emissions. It shows we have achieved net zero greenhouse gas emissions for the 2024-25 as well as our 100 percent renewable energy target for the second consecutive year. This achievement is due to actively reducing fleet emissions, retiring Australian Carbon Credit Units and addressing Scope 2 emissions through behind the meter renewables, the purchase of LGCs and retail renewable energy (GreenPower).

Our Scope 1 emissions originate entirely from the vehicle fleet. To reduce these emissions we are working towards our target of a zero emissions fleet by 2030. This includes:

- Actively reducing the overall fleet size, with almost a 20 percent reduction since 2022-2023
- Swapping out diesel powered internal combustion engines for hybrid vehicles.
- Prioritising electric vehicles or plug-in hybrid electric vehicles when vehicles are changed over.
- Conducting market analysis on available and suitable electric vehicles.



Total scope 1 and 2 emissions reporting

Service delivery category	Scope 1 and 2 Emissions (t CO2-e)				Variance (%) between 2023-24 and 2024/25	Commentary
	2023-24 Year Scope 1 and 2 Emissions	2024-25 Year Scope 1 and 2 Emissions				
		Scope 1 emissions	Scope 2 emissions	Total emissions		
Water treatment and supply	0	0	8	8	8%	Variance is due to some electricity sites not having GreenPower applied during 2024-25. Southern Rural Water will retire 29 large-scale generation certificates, generated through the Zero Emissions Water Pty Ltd partnership to reduce its Scope 2 emissions.
Sewage collection, treatment and recycling	0	0	0	0	0%	
Transport	557	565	4	570	2%	Variance is due to reclassification of plant (eg. tractors, backhoes) into transport fuel use as opposed to stationary fuel use.
Other (e.g. offices, depots, etc.)	25	6	6	12	-53%	Variance is due to reclassification of plant (e.g. tractors, backhoes) in transport fuel. In 2023-24 plant was categorised as stationary fuel in the 'Other' category.

Service delivery category	Scope 1 and 2 Emissions (t CO2-e)				Variance (%) between 2023-24 and 2024/25	Commentary
	2023-24 Year Scope 1 and 2 Emissions	2024-25 Year Scope 1 and 2 Emissions				
		Scope 1 emissions	Scope 2 emissions	Total emissions		
Total emissions (after REC retirement) (a)	582	571	0	571	-2%	Southern Rural Water will retire 29 large-scale-generation certificates, generated through the Zero Emissions Water Pty Ltd partnership to reduce its Scope 2 emissions.
Carbon offsets (self generated) retired (b)	0	571	0	571	571%	Variance is attributed to Southern Rural Waters commitment to retire 571 Australian Carbon Credit Units (ACCUs) to reduce its Scope 1 emissions for 2024-25 FY.
Net emissions (after offset retirement) (a-b)	582	0	0	0	-100%	Southern Rural Water reported Scope 1 emissions for 2023-24 FY as 561 tCO2-e. An error in calculations was determined after the reporting date. This table reflects the correct figure for Scope 1 emissions 2023-24 FY (582 tCO2-e).

Breakdown of scope 1 emissions by greenhouse gas

Service delivery category	Scope 1 Emissions by greenhouse gas (source greenhouse gas reported in t CO ₂ -e ^{1,2})				
	Carbon dioxide (CO ₂)	in t CO ₂	Methane (CH ₄) in t CO ₂ -e	Nitrous oxide (N ₂ O) in t CO ₂ -e	Other ² in t CO ₂ -e
Water treatment and supply		0.00	0.00	0.00	0.00
Sewage collection, treatment and recycling		0.00	0.00	0.00	0.00
Transport		560.96	0.10	3.80	0.57
Other (e.g. offices, depots, etc.)		5.74	0.00	0.04	0.01
Total		566.69	0.10	3.84	0.58

¹Global warming potentials (GWPs) are values that allow direct comparison of the impact of different greenhouse gases in the atmosphere by comparing how much energy one tonne of a gas will absorb compared to one tonne of carbon dioxide. If a (hypothetical) greenhouse gas has a GWP of 50, this means 1 tonne of that gas is calculated to equal 50 t CO₂-e

²GWPs were sourced from DEECA FRD 2024-25 reporting guidance.

Climate active eligible carbon offset units retired

The table details of the Australian Carbon Credit Units Southern Rural Water has retired to meet its net zero commitment.

Name and type of project/s implemented to generate retired carbon offset units / supported by carbon offset retirement ^{1, 2}	Climate Active eligible offset unit ³	Offset quantity	Retirement date ⁴	Offset unit vintage year	Public registry ⁵
Reforestation and Afforestation	ACCUs	571	2 September 2025	2018-19	ANREU

¹ This reporting requirement aligns with Climate Active standards on offset disclosure. The Statement of Obligations (Emissions Reduction) 2022 details that water corporations must reduce their Scope 1 emissions by retiring "self generated" Climate Active Carbon Neutral Standard eligible offset units.

² Project type refers to the offset methodology. Project ID EOP100586

³ Australian Carbon Credit Units (ACCUs) are issued by the Clean Energy Regulator in accordance with the framework established by the Carbon Credits (Carbon Farming Initiative) Act 2011. ACCUs are Climate Active eligible offsets. Southern Rural Water has a formal agreement with Wannon Water. Under the partnership agreement, Wannon Water will trade 3,000 ACCUs to Southern Rural Water in the period from 2024-25 to 2029-30 and Southern Rural Water will return 3,150 ACCUs in 2030-31. Wannon Water's ACCUs are self-generated as required under the Statement of Obligations (Emissions Reduction) 2022.

⁴ Southern Rural Water is committed to lodging ACCUs for retirement immediately after its Clean Energy Regulator ANREU account is opened. The Climate Active Standard notes that offsetting in arrears is allowed usually within four months of the end of the reporting period. Once the ANREU account is active and the ACCUs are received, they will be retired. Southern Rural Water will maintain a defensible audit trail proving that the retirement of the reported offset units was accepted by the CER. Requests for information about the retirement of these offsets can be made to our office.

⁵ Australian National Registry of Emissions Units (ANREU) is administered by the Clean Energy Regulator. ANREU supports the issuance, holding, transfer and acquisition of Australian Carbon Credit Units (ACCUs) issued under the Australian Government's Emissions Reduction Fund.

Total electricity consumption by source

Electricity Source	2023-24 Total electricity consumption ¹ (MWh)	2024-25 Total electricity consumption ¹ (MWh)	Commentary
Purchased directly through an electricity retailer ¹	695.46	714.73	All purchased electricity in 2024-25 was renewable energy including through use of State Purchasing Contracts
Not directly purchased but sourced from outside the organisation	0	0	Southern Rural Water occupies office space at Yarra Valley Water's Mitcham location, which is not separately metered but 100% renewable.
Water corporation led/self-sourced activities and initiatives	163.69	187.72	Electricity generated from behind-the-meter solar installations across Southern Rural Water's sites. 24-25 results included behind-the-meter solar generation in the Bacchus Marsh and Werribee Irrigation Districts not previously reported.
Total (all by source)	859.15	902.45	

¹This indicator reports actual electricity consumption and does not factor in REC retirement.

Total electricity consumption by service delivery

Service delivery category	2023-24 Total electricity consumption ¹ (MWh)	2024-25 Total electricity consumption ¹ (MWh)	Commentary
Water treatment and supply	587.50	635.18	2024-25 results included behind-the-meter solar generation in the BMID and WID not previously reported.
Other (e.g. offices, depots, etc.)	271.66	267.26	
Total (by service delivery category)	859.16	902.45	Total electricity consumption includes electricity purchased through retailer and behind-the-meter renewable electricity consumption.



Total renewable electricity consumption

Renewable electricity consumption categories	2023-24 renewable electricity consumption (MWh)	2024-25 renewable electricity consumption (MWh)	2024-25 renewable electricity consumption (% of total consumption)	Variance (%) between 2023/24 and 2024-25	Commentary
Total renewable electricity consumption from grid-sourced electricity [Corporation] reported because of the Commonwealth Government's LRET					
Total grid-sourced: Mandatory	130.19	130.04	18%	0%	
Total renewable electricity consumption from Corporation led/self-sourced activities and initiatives					
Biogas	0	0	0	0	
Hydroelectric	0	0	0	0	
Solar	163.69	187.72	21%	15%	The variance (increase) in solar consumption is attributed to behind-the-meter solar generation in the BMID and WID not previously reported.
Wind	0	0	0	0	
Total renewable electricity consumption)	293.88	317.77	39%	8%	GreenPower and renewable energy certificates (29 large-scale generation certificates) is used to increase the renewable electricity consumption to 100%.

Total Renewable Energy Certificate (REC) retirement

REC retirement method	2024/25 RECs retired: (1 REC = 1 MWh renewable electricity)	Commentary
Voluntarily retired by Southern Rural Water	29	Large-scale generation certificates (LGCs) LGCs are used to cover the gap in total energy consumed and GreenPower used, in addition to assumed EV charging from commercial chargers
GreenPower	693.28	
Certified carbon neutral electricity purchased	0	
Voluntarily retired on Southern Rural Water's behalf	0	
Total RECs retired to reduce scope 2 emissions	29	

Total on-site renewable electricity generation capacity and generation

Renewable electricity source	2024-25 Total on-site renewable electricity generated (MWh)	Total on-site renewable electricity generation capacity (MW)		Total generated (By source)	Commentary
		Consumed on-site	Exported		
Biogas	0	0	0	0	
Hydroelectric	0	0	0	0	
Solar	0.24	187.72	73.60	261.33	2024-25 results included behind-the-meter solar generation in the BMID and WID not previously reported.
Wind	0	0	0	0	
Total (renewable)	0.24	187.72	73.60	261.33	

Total energy usage from fuels and electricity segregated by energy source

Total energy usage	Renewable (in GJ)	Non-renewable (in GJ)	TOTAL (in GJ)
From fuels	0	8,132	8,132
From electricity	3,249	0	3,249
Total	3,249	8,132	11,381

Total energy usage per water corporation Full Time Equivalent (FTE)

Total energy usage (fuels and electricity) in GJ	Total FTE employees ¹	Energy usage (GJ) per FTE employee	Commentary
11,381	167	68	

¹ For the purposes of FRD 24 reporting the definition of FTE is consistent with FRD 29. I.e., an FTE is a person who received pay (i.e., is on the entity's payroll) for the final pay period in the reporting period.

Fuels used in buildings and machinery and associated GHG emissions

Fuel type	Total stationary fuel use (buildings and machinery)		Commentary
	in GJ ¹	in t CO ₂ -e ¹	
Fossil gas	0.00	0.00	
Biogas	0.00	0.00	
Diesel	41.26	2.90	Diesel used as stationary fuel for machinery and tools at Southern Rural Water locations.
LPG	0.00	0.00	
Petrol	42.55	2.89	Diesel used as stationary fuel for machinery and tools at Southern Rural Water locations.
Other	0.00	0.00	
Total	83.81	5.78	

¹ Calculated based on the energy content and emissions factors from the National Greenhouse and Energy Reporting (Measurement) Determination 2008.

Total number and proportion of transportation vehicles

The table sets out information in relation to Southern Rural Water's vehicle fleet.

Transportation vehicle category	Transportation vehicle engine/fuel type										Total
	Petrol	%	Diesel	%	Petrol Hybrid	%	Hybrid Electric Vehicle (HEV)	%	Battery Electric	%	
Passenger vehicles	8	8%	65	66%	10	10%	6	6%	4	4%	93
Goods vehicles			5	5%							5
Non-road vehicles ¹			11								11
Total Number and Proportion of Road Vehicles (Number)	8	8%	70	66%	10	10%	6	6%	4	4%	98
Total Non Road Vehicles (Number)			11								11

¹ Non-road vehicles include tractors, backhoes and excavators

Energy used in transportation and associated greenhouse gas emissions

Transportation vehicle category	Transportation total energy use by fuel type (GJ)						Fuel type totals		Commentary
	Petrol	Diesel	Biodiesel	Renewable Diesel	LPG	Electricity	Total energy use (GJ)	Total emissions (t CO ₂ -e)	
Passenger vehicles (road)	658.20	6,460.69	0.00	0.00	0.00	27.11	7,145.99	504.58	All Scope 1 tCO ₂ -e (petrol, diesel) will be offset with Australian Carbon Credit Units (ACCUs). All Scope 2 tCO ₂ -e (electricity) is accounted for as renewable, either using behind-the-meter electricity or large-scale generation certificates (LGCs).
Goods vehicles (road)	0.00	529.41	0.00	0.00	0.00	0.00	529.41	37.38	All Scope 1 tCO ₂ -e (diesel) will be offset with Australian Carbon Credit Units (ACCUs).

Transportation vehicle category	Transportation total energy use by fuel type (GJ)						Fuel type totals		Commentary
	Petrol	Diesel	Biodiesel	Renewable Diesel	LPG	Electricity	Total energy use (GJ)	Total emissions (t CO2-e)	
Other	0.00	400.17	0.00	0.00	0.00	0.00	400.17	28.42	“Other” refers to plant vehicles (non-road). Plant includes vehicles (eg. tractors, backhoes) that are not stationary and not for the transport of goods or passengers. All Scope 1 tCO2-e (diesel) will be offset with Australian Carbon Credit Units (ACCUs).
Total energy use (GJ)	658.20	7390.26	0.00	0.00	0.00	27.11			
Total emissions (t CO2-e)	44.71	520.70	0.00	0.00	0.00	4.97			

Environmentally sustainable design and energy ratings of buildings

During 2024-25, Southern Rural Water delivered a new meeting room facility at Blue Rock Lake. The facility is built to a seven star energy efficiency, has capacity to install solar panels and has been positioned to take advantage of the current battery set-up at Blue Rock to operate as an off-grid standalone office if required.

Conservation

Native vegetation offset sites

We manage two native vegetation sites that provide offset credits, a 23.1 hectare site adjacent to Lake Glenmaggie and a 46.6 hectare site adjacent to Merrimu Reservoir.

As part of the landowner agreement with DEECA to establish these sites, we committed to a 10-year management plan designed to improve the extent and quality of native vegetation on the sites and to protect the sites in perpetuity.

Management actions on the sites include the minimisation of weeds, removal and control of pest species such as rabbits, deer and foxes, monitoring of erosion and maintenance of fencing.

In addition, the restriction of public access to the sites eliminates rubbish dumping, firewood collection, disturbance of vegetation by four-wheel-drive vehicles and the spread of weeds and pathogens.

Southern Rural Water submits an annual report to DEECA under the agreement to ensure compliance. Currently, the Lake Glenmaggie site is in the ninth year of reporting and Merrimu is in the third year.

Biodiversity conservation

We recognise the ecological linkages between different parts of the environment (e.g. streams, streamside vegetation and the biodiversity they support) and are aware that our actions and strategies influence biodiversity conservation.

Southern Rural Water works with government departments, local government and catchment management authorities to support biodiversity conservation and protection activities when undertaking works and projects.

Delivering strong outcomes in partnership

Victorian Waterway Management Strategy 2013

The Victorian Waterway Management Strategy (VWMS) provides a framework to manage and restore the environmental health of our rivers over the long term. A new strategy is currently being developed which is due to be finalised in 2025-26. Southern Rural Water provided feedback towards the development of the draft strategy in 2024-25.

Key elements of the VWMS relevant to Southern Rural Water include:

- Facilitate the movement of water to its highest value use.
- Provide and manage water for the environment.
- Restore flow-stressed river systems.

Southern Rural Water supports the VWMS by:

- Complying with environmental obligations in bulk entitlements.

- Facilitating the delivery of environmental water by working closely with Melbourne Water, the West Gippsland Catchment Management Authority (WGCMA) and the Victorian Environmental Water Holder.
- Responding to environmental incidents.
- Participating in the joint forums with Gippsland Water, WGCMA, community groups and irrigation customers, advising on environmental water requirements on the Thomson, Macalister and Latrobe rivers.
- Participating in the Lake Wellington Sustainable Irrigation Group, including assisting with the implementation of the regional Land and Water Management Plan.
- Leading the MID Nutrient Monitoring Program. During 2024-25 the nutrient model used to estimate TP loads from the MID was reviewed and updated to improve accuracy and consistency of data collection and analysis. Data from the monitoring program has helped to inform current and future management actions for the Gippsland Lakes.
- Working with catchment partners to achieve improvements in waterway condition near Southern Rural Water assets.
- Activities at our storages to improve waterway health, such as erosion control works, the management of native vegetation offset sites and amenity upgrades.

Regional waterway strategies

Regional waterway strategies are required under the *Water Act 1989* and are supported by the VWMS. The regional strategies identify high-value waterways and priority management activities during an eight-year period and are currently being updated.

Southern Rural Water's geographic area falls across five catchment management regions, with many of the regional waterway strategies currently under review. We have contributed to the development of the new strategies with each catchment management authority during consultation meetings.

Regional catchment strategies

Regional catchment strategies are required under the *Catchment and Land Protection Act 1994* to improve the health of the land, water and biodiversity resources for sustainable communities and environments.

These strategies are led by catchment management authorities in collaboration with partnering organisations. Southern Rural Water continues to contribute to strategic and biodiversity management across our region through the implementation of these strategies. We have five catchment management partners across our region: Glenelg Hopkins, Corangamite, Port Phillip and Western Port (Melbourne Water), West Gippsland and East Gippsland.

During the reporting period we:

- Continued to collaborate with stakeholders on catchment management issues. This included municipal councils, Crown land managers, individual property owners and parties looking at undertaking use and development activity in catchments.
- Continued our program to meter all significant water users and ensure our metering is compliant with policy, standards and government guidelines.
- Contributed to river and groundwater monitoring through partnerships, such as the Regional Water Monitoring Partnerships.
- Contributed to the implementation of the Lake Wellington Land and Water Management Plan.
- Supported Victoria's Water Recycling Action Plan through the WID Recycled Water Scheme.
- Managed irrigation-induced salinity in the MID through the maintenance and operation of groundwater control pumps.

Integrated water management

Integrated Water Management (IWM) considers the entire water cycle to provide the best community outcomes when planning, delivering and operating infrastructure and water services.

DEECA established IWM forums to identify, coordinate and prioritise opportunities and areas that would benefit most from collaborative water cycle planning and management.

There are 15 IWM forum areas across Victoria, 14 of which have a strategic direction statement, capturing the regional context, shared vision and water-related outcomes.

Each forum is represented by water corporations, local government, catchment management authorities and Traditional Owner groups. We participate in nine forums with a focus on surface water and groundwater strategies and projects.

We are a key contributor to the Werribee system reconfiguration project, as part of the Werribee catchment IWM forum, which is considering opportunities to substitute existing river water allocations with high quality fit-for-purpose recycled water to enable transition of river water to urban, environmental and cultural uses. Southern Rural Water is working with our partners in the region to explore this opportunity to future-proof our irrigation districts. A funding submission for a detailed business case has been submitted to the National Water Grid Authority.

In collaboration with South East Water, we are assisting with their expanding recycled water use in the Cora Lynn and Pakenham area. This is part of the Westernport catchment IWM forum to transition river and groundwater use to high quality fit-for-purpose recycled water.

We also contributes to the IWM forum for the Gippsland catchment region. During the year, the Gippsland forum with Southern Rural Water's support has continued to develop an erosion control and revegetation project to Blue Rock Lake to reduce stormwater runoff into the reservoir.

Remediation and Environmental Protection Plan

Southern Rural Water continues to regulate the implementation of Barwon Water's Remediation and Environmental Protection Plan (REPP) in relation to Boundary Creek, Big Swamp and Surrounding Environment.

The REPP sets out actions and investigative works to address impacts caused by historic groundwater extraction from the Barwon Downs bore field. Barwon Water has met all obligations under the REPP.

During the year Barwon Water has continued to deliver on the actions specified in the REPP and has recently submitted further climate resilience work underpinned by a Model Development Report, as well as follow up environmental investigations into Deans Marsh, Pennyroyal and Matthews Creeks and a revised version of the Surrounding Environment Investigation report.

Southern Rural Water met with the community leaders group in November to discuss the progress and outcomes reported in the annual report prepared by Barwon Water as a requirement of the REPP. We will continue to engage with the community annually while the implementation of the REPP is underway.

Corporate water consumption

Southern Rural Water's own corporate water consumption for 2024-25 was 2,138.5 kilolitres, being 12.80 kilolitres per full-time equivalent employee. Southern Rural Water uses water for amenities, lawns, gardens, vehicle washing and miscellaneous use, as well as for capital projects and construction.





Performance reporting (financial) (Part B)

Financial management compliance attestation

I, Joanne Butterworth-Gray, on behalf of the board, certify that Gippsland and Southern Rural Water Corporation has no Material Compliance Deficiency with respect to the applicable Standing Directions of the Minister for Finance under the Financial Management Act 1994 and Instructions.



Joanne Butterworth-Gray
Chair
Gippsland and Southern Rural Water Corporation
Dated 15 October 2025.

Current year financial review

Financial management

Long-term financial viability is a key pillar of our financial management. Finances are managed so the organisation is economically sustainable and each of the four following areas of operation fully recovers their respective own costs:

- eastern irrigation
- western irrigation
- headworks
- groundwater and rivers.

Overview

Our operating loss before tax was \$14.8 million, compared to a budgeted loss of \$17.3 million.

Southern Rural Water prices are approved by the Essential Services Commission (ESC) to recover the full cost of operation. Whilst the full cost of operation includes funding for the investment needs of the business, our pricing is designed to reimburse depreciation and capital charges associated with regulatory assets only.

Regulatory assets exclude acquisitions and construction prior to 1 July 2004 or assets funded directly by customer or government contribution. As reported by the comprehensive operating statement, depreciation expense is largely associated with non-regulatory assets. For the 2024-25 financial year Southern Rural Water recorded \$14.1 million of non-recoverable depreciation.

The five-year financial summary table describes our financial position once these non-regulatory charges are excluded, which reports an operating profit before statutory adjustments of \$0.9m million for the 2024-25 financial year, compared to a corporate plan budget of

\$0.7 million surplus.

This improved 2024-25 operating result before statutory adjustments compared to the corporate plan by \$0.2 million is largely attributed to lower financing costs from less average debt and lower interest rates than budgeted (\$0.3m).

Economic regulation

Economic regulation of Southern Rural Water is guided by a range of legislation, including the Essential Services Commission Act 2001, the Water Industry Act 1994 as amended by the water legislation (Essential Services Commission and other Amendments Act 2003) and other water industry legislation (including the Water Act 1989 and the Environment Protection Act 2017). More information on the regulatory framework is set out within the Water Industry Regulatory Order (WIRO) made by the Governor-in-Council.

Pricing principles

Southern Rural Water operates on a cost-recovery basis, ensuring pricing is sufficient to cover annual costs and to provide for investment needs. Pricing is founded upon the following principles:

- prices shall accord with government and Council of Australian Governments' policies, with particular reference to the National Competition Policy

- revenues flowing from prices shall meet the full cost of operation
- Southern Rural Water shall set separate prices for each specific service supplied
- prices shall be equitable and avoid cross subsidy
- Southern Rural Water will engage with customer committees on pricing and consider their recommendations in making pricing decisions
- prices shall be set to contribute to the investment needs of the operational area and associated customer group.

Our annual prices are submitted to the ESC for determination. This annual assessment is made in accordance with the price determination set by the ESC for the five-year period ending 30 June 2028.

Rural bills

Rural bills – medium customer	Area	2023-24	2024-25
Total rural water bill	Macalister	\$5,443	\$5,684
50ML of High Reliability Water Share	Werribee	\$23,545	\$24,497
	Bacchus Marsh	\$11,297	\$11,698
Total rural water bill	Surface water 50 ML of licenced volume	\$1,059	\$1,092
	Groundwater 150 ML of licenced volume	\$1,074	\$1,109

Social procurement framework

Southern Rural Water operates in regional communities across southern Victoria and recognises the impact of the opportunities that the organisation's collective procurement spend could have to the social and environmental landscape.

Southern Rural Water's Social Procurement Strategy provides the governance framework to meet our compliance obligations set by the Victorian Government 2018 Social Procurement Framework. It also provides the flexibility for Southern Rural Water to operate beyond compliance to play a key role in leading regional communities in social and sustainable procurement practices which underpin economic growth, social inclusion and improving sustainable outcomes for the environment.

Procurement at Southern Rural Water is categorised as:

- goods and services, including business supplies and service contracts
- public construction, which includes works and construction services as defined in the Ministerial directions for public construction procurement in Victoria.

Southern Rural Water complies with the requirement to include social procurement framework outcomes as a part of tender evaluations for individual capital procurement activities within the framework thresholds.

Southern Rural Water seeks opportunities to consider social procurement in our undertaking of training, procurement of goods and services and labour hire recruitment.

In support of our social procurement responsibilities, we seek to engage local trades and suppliers in the first instance when conducting routine facilities maintenance and cleaning contracts.

In addition, we support social procurement initiatives when we engage a local disability support provider to undertake grounds maintenance at several offices and public recreation areas.

Southern Rural Water has a strong community focus and expects our preferred suppliers to demonstrate engagement with and opportunities for, local contractors and local training and employment on all applicable projects, contributing to the table below.

For the 2024-25 financial year there were no new contracts engaged by Southern Rural Water which included indirect spend and non-spend social procurement commitments, however there were contracts from previous financial years that continued into the reporting period.

Social procurement activities and commitments during 2024-25	
Number of social benefit suppliers engaged during the reporting period:	4
Total amount spent with social benefit suppliers (direct spend) during the reporting period (\$ GST exclusive):	\$109.5k
Total number of mainstream suppliers engaged that have made social procurement commitments in their contracts with Southern Rural Water: <i>(New contracts engagements during the period)</i>	0
Total number of contracts that include social procurement commitments: <i>(Contracts in effect at any stage during the period)</i>	8

Supporting Aboriginal self determination

Southern Rural Water is committed to engaging with and supporting Indigenous businesses through our social procurement strategies. Our associated procurement tactics encourage those staff that purchase goods and services to identify and include aboriginal businesses in the supply process. Where barriers are identified which inadvertently disadvantage Indigenous businesses, our procurement staff will seek to support the indigenous business to successfully engage with us.

In the 2024-25 financial year, we did not conduct any tenders for goods and services procurement. The Southern Rural Water procurement framework limits tenders for goods and services as:

- tenders are not required for supplies up to \$250,000
- many goods and services items are procured by mandatory State Purchasing Contracts. As part of these contracts, the State has incorporated social procurement and Aboriginal self-determination within its selection of service providers. This acts to deliver positive social and Aboriginal self-determination outcomes by us without direct procurement activity.

Supporting Aboriginal self-determination during 2024-25

Goods and services procurement activities	
No. of tender requests received	0
No. of tender requests received from Aboriginal businesses	0
No. of tender requests accepted from Aboriginal businesses	0
No. of procurement contracts with Aboriginal businesses	2

Social procurement case study

St John's Ambulance Victoria

St John Ambulance Victoria is a registered charity that seeks to help those who are in sickness, distress, suffering or danger. Their activities are designed to build resilience in and give confidence to communities throughout our operating region.

St John's provides commercial services to Southern Rural Water using its certified social enterprise via first aid, snake bite and mental health training services, as well as the supply of associated first aid and other safety kits.

The services we have received always met our requirements and are provided in a professional and competent manner.

All earnings from St John's commercial operations go towards their program of life-saving community activities.

We expect to continue our commercial relationship with St John's Ambulance Victoria.

Procurement complaints

For the 2024-25 reporting period, Southern Rural Water received no complaint related to the procurement of goods and services within the scope of the Victorian Government Purchasing Board framework.

Subsequent events

There were no subsequent events that will affect operations in future years, other than those already discussed in this report.

Consultancy expenditure

Each year we engage consultants to provide expert analysis and advice to facilitate decision-making and provide skills not currently available within our organisation.

Greater than \$10,000

During 2024-25, we engaged with 18 consulting firms for operating and capital procurement greater than \$10,000 to provide advice, skills, and services. The total cost of these consultancies was \$3,831,748. For comparison, during 2023-24 we engaged with consulting firms at a total cost of \$925,972.

The increase in consultancy spend in 2024-25 can be attributed to the staging of our capital plan. 2023-24 focused on the delivery of major construction works, including modernisation of our irrigation districts, while 2024-25 focused on planning and design activities (requiring considerable consultancy support) in readiness for our next phase of asset investments.

Less than \$10,000

During 2024-25, we engaged with eight consulting firms for operating contracts less than \$10,000 to provide advice, skills, and services. The total cost of these consultancies was \$56,226. In comparison, during 2023-24 we engaged with consulting firms at a total cost of \$65,141.

Consultant	Purpose	Expenditure 2024-25	Future expenditure
SMEC AUSTRALIA PTY LTD	Crofts Road Bridge Abutment Renewal	\$58,086	\$4,193
	Development of Recreational Area Management Plans	\$14,050	\$68,800
	Glenmaggie Needles Valves Refurbishment	\$7,779	\$107,339
	Macalister Fresh – Strategic Review	\$53,525	\$0
	MID Regulator Replacement Program	\$578,477	\$41,407
	Pykes Creek Dam - Design Review & Risk Assessment	\$235,250	\$51,904
	Review of Wastewater Treatment Systems	\$24,800	\$7,018
	Rosslynne Dam - External Movement Investigations	\$7,425	\$0
	Rosslynne Environmental Flow Review	\$128,000	\$28,320
	Strategic Pest and Weed Management Plan	\$37,892	\$0
	Blue Rock Tower Roof Replacement - Initial Assessment	\$37,496	\$0
	Glenmaggie Dam Southern Service Gates Counterweights - Operationally disabling advice	\$14,354	\$72,241
	Glenmaggie Dam Structural assessment	\$15,600	\$93,100
	Glenmaggie Gate Painting - Asset Verification and Program Development	\$85,961	\$7,424
	Main Northern Channel Erosion Reconstruction - Condition Assessment and Detailed Design	\$158,362	\$0
	Melton Spillway Left Training Wall Upgrade - Design	\$168,306	\$102,681
	MID Tunnel 5 Detailed Design	\$281,232	\$59,375
	PS23 Meter and Dataloggers Roadmap	\$40,590	\$4,059
	Pykes Creek Dam - Outlet Tower Hydraulic Control Repair - Specification	\$23,100	\$0
	Detailed Design - FG Failed Gates	\$4,680	\$1,850
	Macalister Avon Project Development	\$20,797	\$1,930
	Werribee Office Carpark Redevelopment	\$40,625	\$0

Consultant	Purpose	Expenditure 2024-25	Future expenditure
AECOM AUSTRALIA PTY LTD	TEG - Energy Futures Consultancy	\$29,810	\$0
	Blue Rock Valve VL2	\$10,746	\$22,642
	Technical Services Panel - KPI and Planning Works	\$15,725	\$0
	Dam Break & Consequence Assessments	\$319,970	\$28,478
	MID Southern Concrete Flume	\$157,805	\$25,156
	Glenmaggie Dam Safety Inspections	\$34,803	\$0
	Blue Rock and Cowwarr Weir Electrical and Control Room Upgrade – Concept Design and Technical Specification	\$55,035	\$47,305
	Macalister Irrigation District Nutrient model - Review	\$31,940	\$0
	Glenmaggie Needles Valves Options Assessment	\$33,920	\$0
	Narracan Dam - Spillway & Operating Gear - Design Review	\$13,540	\$186,110
	Asset Class Plans	\$15,942	\$18,331
GHD PTY LTD	Blue Rock Spillway Structural Analysis	\$9,137	\$29,954
	Climate change consolidation project	\$26,925	\$25,000
	Hydraulic modelling	\$113,425	\$97,548
	Glenmaggie Dam Seismic Capacity Assessment	\$44,174	\$0
	Yallourn Weir Design Review	\$236,861	\$247,264
ALLUVIUM	Moorabool Maribynong catchment water resources risk	\$177,208	\$192,792
PROUD MARY CONSULTING PTY LTD	Macalister Fresh project development	\$31,155	\$84,605
	Risk based approach to complex licensing and cost recovery	\$38,800	\$8,800
	Werribee reconfiguration grower engagement	\$41,640	\$42,880
PAQUA CONSULTING	MID2030 Benefits Realisation	\$32,248	\$12,661
	Latrobe 3/4 bench - Bulk Entitlement Allocations	\$22,956	\$22,316
	Macalister Fresh project development	\$10,106	\$12,530

Consultant	Purpose	Expenditure 2024-25	Future expenditure
JACOBS GROUP (AUSTRALIA) PTY LTD	Detailed Design Maffra Weir Fishway	\$49,968	\$15,709
NATION PARTNERS PTY LTD	Strategic partnerships framework	\$39,725	\$0
HARC SERVICES PTY LTD	Glenmaggie Flood Plan Update	\$14,221	\$386,910
	Macalister Fresh Consultation Paper	\$22,700	\$0
FIVE CONSULTING (VIC) PTY LTD	Investment Logic Mapping Review and Gap Analysis	\$6,650	\$2,441
	Macalister Fresh-Finance Sustainability	\$20,781	\$15,583
CROSSCO CONSULTING PTY LTD	Mitchell River review - Stage 2	\$26,015	\$19,166
NTT AUSTRALIA DIGITAL PTY LTD	Strategic Options Assessment	\$23,850	\$0
BLUE CORE 365 DIGITAL SOLUTIONS	Business Central Demonstration	\$23,600	\$0
RESILIENT SERVICES PTY LTD	S7A Audit 2025	\$21,000	\$0
RM CONSULTING GROUP (RMCG)	Macalister Fresh Sustainability Advice	\$18,340	\$3,478
HYDROGEOLOGIC PTY LTD	Technical Panel Anglesea Alcoa licence applications	\$13,440	\$0
THE TRUSTEE FOR THE ROWENA GROUP TRUST	Macalister Fresh - Investment Logic Mapping Support	\$11,200	\$16,073
TOTAL		\$3,831,748	\$2,392,400

Information and Communication Technology expenditure

For the 2024-25 reporting period, Southern Rural Water spent \$6.9 million on information and communication technology (ICT), with the details shown below.

Business as Usual ICT expenditure	Non-Business as Usual ICT expenditure (Total = A + B)	Operational expenditure (A)	Capital expenditure (B)
\$3.4m	\$3.5m	\$0.5	\$3.0m

Community service obligations and social sustainability reporting

Concessions are available on domestic water charges for holders of valid concession cards.

Value of community service obligation provided	2023-24	2024-25
Pensioner concessions	\$12,016	\$10,982

Hardship

A range of personal and external issues, including natural disasters (bushfire, floods), market fluctuations and personal hardship can affect our customers. There are a range of options available for our customers that may require financial assistance.

Our billing reminders emphasise the range of options available to our customers, including payment extensions or individual payment plans.

Where customers experience hardship, we seek to understand their situation and find mutually acceptable solutions. Our debt management procedure is published on our website.

Hardship arrangements in place	No.	Value
Collection activities on hold	15	\$61,823

Executive officer disclosure

	All		Women		Men		Self-described	
Class	No.	Var.	No.	Var.	No.	Var.	No.	Var.
SES 3	0	0	0	0	0	0	n	n
SES 2	1	0	0	0	1	0	n	n
SES 1	5	0	2	0	3	0	n	n
Total	6	0	2	0	4	0	n	n

The number of executives in the report of operations is based on the number of executive positions that are occupied at the end of the financial year. The financial statements list the total remuneration paid to Senior Executive Services (SES) over the course of the reporting period as part of Key Management Personnel reporting. The financial statements note does not distinguish between executive levels or disclose separations. Separations are executives who have left the organisation during the relevant reporting period.

Reconciliation of executive numbers

		2025	2024
	Executives	5	5
	Accountable Officer (Managing Director)	1	1
Less	Separations		(1)
	Total executive numbers at 30 June	6	6

Significant changes in financial position

Increase to debt by \$10.9 million

Expenditure on capital projects was \$25 million for the financial year (2023-24 \$36 million).

As planned within the 2024-25 Corporate Plan, the cash operating surplus of Southern Rural Water is insufficient to fund our capital expenditure program, and it is necessary for us to utilise debt facilities and access government capital contributions to fund this level of capital expenditure.

In 2024-25, funding of the gap between operating cashflows and capital expenditure was provided from the receipt of government capital contributions for irrigation modernisation and critical asset projects (\$5.7 million) and by an increase to Southern Rural Water debts of \$10.9 million.

Significant changes or factors affecting performance

There were no major factors affecting performance other than those discussed in this report.

Five-year financial summary

Revenue	2024-25	2023-24	2022-23	2021-22	2020-21
	\$,000	\$,000	\$,000	\$,000	\$,000
Fees and charges	31,231	29,410	27,471	25,520	26,556
Storage operator charges	5,784	5,637	4,967	4,764	4,481
Government grants	1,803	1,311	1,060	1,139	2,756
Other	4,749	7,004	3,530	2,004	6,587
Total revenue	43,567	43,364	37,028	33,427	40,380
Expenditure					
Operations and maintenance	21,520	29,794	21,420	19,487	19,100
Other	11,488	11,621	11,489	9,890	10,312
Earnings before interest, taxation, impairment and depreciation	10,559	1,949	4,119	4,026	10,968
Depreciation and amortisation	20,256	18,958	16,931	16,595	16,632
Asset write-off and impairment	649	64	56	24	611
Finance cost	4,421	3,553	1,739	1,749	1,846
Total expenditure	58,334	63,990	51,635	47,745	48,501
Equity					
Net operating statutory loss before tax	(14,767)	(20,626)	(14,607)	(14,318)	(8,121)
Movement in retained earnings	(11,045)	(15,469)	(10,955)	(12,244)	(7,299)
Balance sheet					
Current assets	11,840	15,680	25,000	28,502	32,650
Non-current assets	1,642,733	1,643,358	1,641,563	1,434,736	1,437,654
Total assets	1,654,573	1,659,038	1,666,563	1,463,238	1,470,304
Current liabilities	27,437	23,651	29,973	17,885	16,961
Non-current liabilities	315,437	314,836	306,540	262,174	278,430
Total liabilities	342,874	338,487	336,513	280,059	295,391
Net cash inflow from operations	7,618	(5,491)	794	2,349	4,168

Revenue	2024-25	2023-24	2022-23	2021-22	2020-21
Payments for infrastructure, property, plant and equipment	26,251	36,001	29,580	9,540	13,590
Financial result reconciliation					
Net operating statutory loss	(14,767)	(20,626)	(14,607)	(14,318)	(8,121)
Add back non-regulatory depreciation and impairment	14,068	13,453	10,802	11,891	12,396
Add non-regulatory asset transfers and write-offs	649	64	56	24	611
Add major projects expensed	943	9,750	1,926	857	1,393
Operating profit before statutory adjustments	893	2,641	(1,823)	(1,570)	6,279

Five-year performance indicators

Performance indicator	2024-25	2023-24	2022-23	2021-22	2020-21
Internal financing ratio	30.5%	-15.3%	2.7%	42.6%	31.5%
Gearing ratio	5.89%	5.22%	4.3%	4.0%	4.2%
Interest cover (cash)	2.7	-0.6	1.5	2.5	3.4
Return on assets	-0.59%	-1.02%	-0.8%	-0.9%	-0.5%
Return on equity	-0.84%	-1.17%	-0.9%	-1.0%	-0.6%

How this report is structured

Gippsland and Southern Rural Water Corporation (the Corporation) has pleasure in presenting its audited general purpose financial statements for the financial year ended 30 June 2025. It is presented in the following structure:

	Page
Financial Statements:	
Comprehensive Operating Statement and Retained Earnings	3
Statement of Financial Position	4
Statement of Changes in Equity	5
Cash Flow Statement	6
Notes to the financial statements:	
1. Basis of preparation	7
<i>The basis on which the financial statements have been prepared and compliance with reporting regulations</i>	
2. Funding delivery of our services	8
<i>Revenue recognised from service and usage charges, grants and other sources</i>	
2.1 Revenue from contracts with customers	8
2.2 Chargeable works	8
2.3 Government grants and contributions	9
2.4 Sale of water and entitlements	10
2.5 Other income	10
3. The cost of delivering services	11
<i>Operating expenses of the Corporation</i>	
3.1 Employee benefits	11-12
3.2 Direct operating expenses	13
3.3 Other operating expenses	13
3.4 Net finance costs	13
4. Key assets available to support output delivery	14
<i>Infrastructure, property, plant and equipment, and intangible assets</i>	
4.1 Infrastructure, property, plant and equipment	14-16
4.2 Intangible assets	17-18
5. Other assets and liabilities	19
<i>Working capital balances and other key assets and liabilities</i>	
5.1 Receivables	19
5.2 Payables	19
6. How we financed our operations	20
<i>Borrowings, cash flow information</i>	
6.1 Interest bearing liabilities	20
6.2 Leases	21
6.3 Cash flow information and balances	22
6.4 Commitments for expenditure	22
7. Risks, contingencies and valuation judgements	23
<i>Financial risk management, contingent assets and liabilities as well as fair value determination</i>	
7.1 Interest bearing financial instruments	23
7.2 Contingent assets and contingent liabilities	23
7.3 Fair value determination	24

	Page
8. Statutory obligations	25
<i>Tax, environmental contributions, dividends</i>	25
8.1 Tax	26
9. Other disclosures	26
9.1 Other economic flows included in net result	26
9.2 Equity	26
9.3 Investment in ZEW Ltd	27
9.4 Events occurring after the balance date	27
9.5 Responsible persons	27
9.6 Related parties	28
9.7 Remuneration of auditors	29
9.8 Ex-gratia expense	29
9.9 Changes to Accounting policies	29
Appendix	
A Declaration in the financial statements - financial statements	30
B Performance Report	31-32
C Statutory Certification - performance report	33
D Victorian Auditor-General's Report	34

Gippsland and Southern Rural Water Corporation

Comprehensive Operating Statement and Retained Earnings
For the year ended 30 June 2025

		2024-25 \$'000	2023-24 \$'000
	Notes		
Revenue and income from transactions			
Revenue from contracts with customers	2.1	38,099	35,923
Chargeable works	2.2	354	954
Government grants and contributions	2.3	1,803	1,311
Sale of water and entitlements	2.4	2,240	3,955
Other income	2.5	739	934
Total revenue and income from transactions		43,235	43,077
Expenses from transactions			
Employee benefits	3.1.1	19,879	18,876
Environmental contribution		572	530
Chargeable works	2.2	354	954
Direct operating expenses	3.2	4,997	13,764
Repairs and maintenance		1,694	1,739
Depreciation of assets	4.1.4 & 6.2.2	19,967	18,645
Amortisation	4.2	289	313
Other operating expenses	3.3	5,512	5,552
Total expenses from transactions		53,264	60,373
Finance income		(6)	(29)
Finance costs		4,421	3,553
Net finance costs	3.4	4,415	3,524
Net result from transactions (net operating balance)		(14,444)	(20,820)
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	9.1	(323)	194
Total other economic flows included in net result		(323)	194
Net result before income tax		(14,767)	(20,626)
Income tax revenue	8.1.1	3,692	5,157
Net result		(11,075)	(15,469)
Other economic flows - other comprehensive income			
<i>Items that will not be reclassified to net result</i>			
Impairment/write-off of infrastructure, property, plant and equipment	4.1.1	(4,259)	(9,532)
Income tax relating to these items	8.1.1	1,065	2,383
Total other economic flows - other comprehensive income		(3,194)	(7,149)
Comprehensive result		(14,269)	(22,618)

The accompanying notes form part of these financial statements

Gippsland and Southern Rural Water Corporation

Statement of Financial Position
As at 30 June 2025

		2024-25 \$'000	2023-24 \$'000
	Notes		
Assets			
Current assets			
Cash and deposits	6.3.1	707	1,980
Receivables	5.1	10,445	13,135
Other non-financial assets		688	565
Total current assets		<u>11,840</u>	<u>15,680</u>
Non-current assets			
Infrastructure, property, plant and equipment	4.1.1	1,640,625	1,640,680
Right-of-use assets	6.2.1	725	535
Intangibles	4.2	1,383	2,143
Total non-current assets		<u>1,642,733</u>	<u>1,643,358</u>
Total assets		<u>1,654,573</u>	<u>1,659,038</u>
Liabilities			
Current liabilities			
Payables	5.2	9,356	11,094
Interest bearing liabilities	6.1	13,511	7,870
Lease liabilities	6.2.1	267	147
Employee benefits provisions	3.1.2	4,303	4,540
Total current liabilities		<u>27,437</u>	<u>23,651</u>
Non-current liabilities			
Interest bearing liabilities	6.1	83,950	78,730
Lease liabilities	6.2.1	519	442
Employee benefits provisions	3.1.2	462	401
Deferred tax liabilities	8.1.2	230,506	235,263
Total non-current liabilities		<u>315,437</u>	<u>314,836</u>
Total liabilities		<u>342,874</u>	<u>338,487</u>
Net assets		<u>1,311,699</u>	<u>1,320,551</u>
Equity			
Contributed capital	9.2.1	510,997	505,580
Physical asset revaluation reserve	9.2.2	850,411	853,605
Accumulated deficit		(49,709)	(38,634)
Total equity		<u>1,311,699</u>	<u>1,320,551</u>

The accompanying notes form part of these financial statements

Gippsland and Southern Rural Water Corporation

Statement of Changes in Equity
For the year ended 30 June 2025

	Notes	Contributed capital	Physical asset revaluation reserve	Accumulated deficit	Total
		\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2023		492,460	860,754	(23,165)	1,330,049
Net result for the year		0	0	(15,469)	(15,469)
Other comprehensive income	9.1.2, 9.1.3	0	(7,149)	0	(7,149)
Total comprehensive income		0	(7,149)	(15,469)	(22,618)
Transactions with the State in its capacity as owner					
Contributions by owners	9.1.1	13,120	0	0	13,120
Balance as at 1 July 2024		505,580	853,605	(38,634)	1,320,551
Net result for the year		0	0	(11,075)	(11,075)
Other comprehensive income	9.1.2, 9.1.3	0	(3,194)	0	(3,194)
Total comprehensive income		0	(3,194)	(11,075)	(14,269)
Transactions with the State in its capacity as owner					
Contributions by owners	9.2.1	5,717	0	0	5,717
Return of capital to owners	9.2.1	(300)	0	0	(300)
Balance as at 30 June 2025		510,997	850,411	(49,709)	1,311,699

The accompanying notes form part of these financial statements

Gippsland and Southern Rural Water Corporation

Cash Flow Statement
For the year ended 30 June 2025

		2024-25 \$'000	2023-24 \$'000
	Notes		
Cash flows from operating activities			
<i>Receipts</i>			
Service and usage charges		44,503	38,178
Receipts from Government			
- Recurrent	2.3	470	749
- Other	2.3	210	0
Interest received		6	29
Goods and Services Tax received from the ATO		3,678	6,202
Total receipts		<u>48,867</u>	<u>45,158</u>
<i>Payments</i>			
Payments to suppliers and employees		(36,068)	(46,436)
Interest and other cost of finance paid		(4,421)	(3,553)
Environmental contribution levy paid		(572)	(530)
Goods and Services Tax paid to the ATO		(187)	(130)
Total payments		<u>(41,248)</u>	<u>(50,649)</u>
Net cash flows from/(used in) operating activities		<u>7,619</u>	<u>(5,491)</u>
Cash flows from investing activities			
Payments for infrastructure, property, plant and equipment		(25,448)	(36,001)
Proceeds from sale of infrastructure, property, plant and equipment	9.1	816	671
Payments for intangible assets	4.2	(335)	(554)
Net cash flows used in investing activities		<u>(24,967)</u>	<u>(35,884)</u>
Cash flows from financing activities			
Proceeds from new borrowings (i)		17,814	23,314
Repayment of borrowings		(6,940)	(7,250)
Principal payments of lease liability		(216)	(188)
Proceeds from contributions by State in its capacity as owner	9.2.1	5,717	13,120
Repayments of contributions by State in its capacity as owner	9.2.1	(300)	0
Net cash flows from financing activities		<u>16,075</u>	<u>28,996</u>
Net decrease in cash and deposits		<u>(1,273)</u>	<u>(12,379)</u>
Cash and deposits at the beginning of the financial year		1,980	14,359
Cash and deposits at the end of the financial year	6.3	<u>707</u>	<u>1,980</u>

The accompanying notes form part of these financial statements

(i) \$6.94m of the proceeds from new borrowings was applied to repay maturing loans in the year ended 30 June 2025

1. Basis of preparation

Establishment of the Corporation

Gippsland and Southern Rural Water Authority (SRW or the Corporation) was established on 1 July 1995, by a Ministerial Order under section 98 of the *Water Act 1989*, dated 30 June 1995. The Authority's name was changed on 1 July 2007 to Gippsland and Southern Rural Water Corporation under Section 85(1) of the *Water Act 1989*, inserted by Section 54 of the *Water Governance Act 2006*. The business name of the Corporation is Southern Rural Water (SRW).

The Corporation is a not-for-profit entity owned by the State Government of Victoria, reported and domiciled in Victoria.

1.1 Basis of preparation

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

Gippsland and Southern Rural Water Corporation is a Tier 2 entity in accordance with FRD 101. These financial statements are the first general purpose financial statements prepared in accordance with Australian Accounting Standards – Simplified Disclosures. The Corporation's prior year financial statements were general purpose financial statements prepared in accordance with Australian Accounting Standards (Tier 1). As Gippsland and Southern Rural Water Corporation is not a 'significant entity' as defined in FRD 101, it was required to change from Tier 1 to Tier 2 reporting effective from 1 July 2024.

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

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

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

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

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

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Should judgements and assumptions made by management in applying AAS have significant effects on the financial statements, these estimates are separately disclosed in the notes. In the 2024-25 financial year, there are no revisions to 'Significant judgement or estimates' which requires separate disclosure other than as currently described in the notes to the financial statements.

These financial statements cover Gippsland and Southern Rural Water Corporation as an individual reporting entity. There is no entity consolidated into the Corporation.

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

Compliance information

These general-purpose financial statements have been prepared in accordance with the Financial Management Act 1994 (FMA) and applicable Australian Accounting Standards (AASs), which include Interpretations, issued by the Australian Accounting Standards Board (AASB). Where appropriate, those AASs paragraphs applicable to not-for-profit entities have been applied. Accounting policies selected and applied in these financial statements ensure that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

Going concern and regulatory environment

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

SRW is operating on the basis that the going concern premise remains appropriate, even though the continuous losses are factors that can indicate financial distress and raise doubts about the Corporation's ability to continue.

SRW's Net Result before tax of (\$14.4 million) (FY24: \$20.8 million) loss is impacted by \$20.2 million (FY24: \$18.9 million) depreciation and amortisation expense which is not fully recovered in the regulatory pricing and revenue setting framework.

Since 2006 the Economic regulation of SRW means that it cannot put money aside for future capital works and can only recover the cost of works through revenue from our customers when the assets are used.

SRW continues to hold a strong cash position with capacity to increase borrowings that is supported by the State of Victoria, hence management's assumption that the going concern premise is appropriate.

2. Funding delivery of our services**Introduction**

This section provides additional information about how the Corporation is funded and the accounting policies that are relevant for an understanding of the items recognised in the financial statements. The Corporation harvests, stores and manages water in reservoirs. This water is then supplied to irrigators, urban water corporations and power generators, or retained for the government. The Corporation also implements government regulations and policy for groundwater and surfacewater management in accordance with delegated powers from the *Water Act 1989*. The Corporation derives the majority of its revenue from charges for water entitlements. Most of these charges are a fixed amount per entitlement, however variable usage charges are applied in some areas.

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

2.1 Revenue from contracts with customers

	Notes		
Revenue from service and usage charges	2.1.1	38,099	35,923
Total revenue from contracts with customers		38,099	35,923

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

2.1.1 Revenue from service and usage chargesService charges*Fixed charges*

Water service charges

Irrigation, diversion and groundwater	28,310	26,645
Recycled water	1,147	1,215
Storage operator charges	5,784	5,639
Other charges		
Bore construction, application fees, transfer fees and information statements	1,084	874
	36,325	34,373

Water usage charges*Variable usage charges*

Irrigation, diversion and groundwater

Recycled water	14	3
	1,774	1,550
Total revenue from service and usage charges	38,099	35,923

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Fixed water and service charges (including recycled water and storage operator charges)	Fixed water and service charges are recognised as revenue when the services have been provided or service charge has been made. Fixed water and service charges are billed in advance and recognised evenly throughout the financial year to reflect continuous service being provided to customers. Fixed water and service charges are based on a fixed fee for access to water and recycled water. The charges are payable within 28 days.	Revenue is recognised over time as the service is provided
Other charges	Other charges revenue is recognised when the Corporation performs the related work, not when fees for bore construction, applications, transfers, or information statements are received. The charges are payable within 28 days.	Revenue is recognised at a point in time as the work is performed by the Corporation.
Water usage charges	Irrigation, diversion and groundwater charges are recognised as revenue when the meters are read. Meter readings are undertaken progressively during the year and at end of each respective season, which aligns with the end of the financial year as there are no further deliveries after the end of season meter read. The charges are payable within 28 days.	Revenue is recognised over time as service is provided.

2.2 Chargeable works

Chargeable works	354	954
Total chargeable works	354	954

The Corporation undertakes capital works for its customers. The cost of these works is included as a separate line of expenditure and revenue in the Comprehensive Operating Statement, and are recognised as the work is performed.

	2024-25 \$'000	2024-25 \$'000	2023-24 \$'000
2.3 Government grants and contributions	Funds received	Income recognised	Income recognised
<i>State Government</i>			
<i>AASB 15 revenue recognition</i>			
Recurrent	470	1,474	1,311
Other	210	329	0
Total government grants and contributions	<u>680</u>	<u>1,803</u>	<u>1,311</u>

The Corporation has determined that all grant income is recognised as income of not-for-profit entities in accordance with AASB 1058, except for grants that are enforceable and with sufficiently specific performance obligations and accounted for as revenue from contracts with customers in accordance with AASB 15. Income from grants that are enforceable and with sufficiently specific performance obligations are accounted for as revenue from contracts with customers. This is recognised based on the consideration specified in the funding agreement and to extent that it is highly probable a significant reversal of revenue will not occur. The funding payments are normally received in advance or shortly after the relevant obligation is satisfied.

Grants recognised under AASB 1058

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

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

Grants recognised under AASB 15

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

	2024-25 \$'000	2023-24 \$'000
2.4 Sale of water and entitlements		
Sale of created water shares (i)	1,722	3,146
Sale of water (ii)	328	0
Sale of surface licences (iii)	190	809
Total sale of water and entitlements	2,240	3,955
Sale of water and entitlements are recognised as revenue when the auction concludes.		
(i) Where the responsible minister approves an amendment to a Bulk Entitlement Order, to issue new water shares, the Corporation recognises this revenue at the time these new water entitlements are sold. Total proceeds are recorded in the Comprehensive Operating Statement as revenue.		
In 2024 the Water Minister approved net water savings of 4,485 ML Long Term Average Annual Yield (LTAAAY) as primary water entitlements in the Thomson-Macalister water system to be issued as 3,878 ML of High Reliability Water Shares (HRWS) and 1,710 ML of Low Reliability Water Shares (LRWS) achieved through the MID2030 Phase 1A project. The Corporation sold 600ML of HRWS (2023-24: 1,000ML) and 191ML of LRWS (2023-24: 441ML) from these water savings in 2024-25.		
(ii) During 2024-25, 2,347ML of Macalister Irrigation District seasonal allocations from unsold water entitlements issued to the Corporation from the MID2030 Phase 1A project were sold by the Corporation (2023-24: No seasonal entitlement sales).		
(iii) During 2023-24, the Corporation conducted an auction of unregulated surfacewater licences in the Mitchell river catchments and sold 1,245 ML of licensed volume. The proceeds raised of \$0.809m are recorded in the Comprehensive Operating Statement as 2023-24 revenue. No sales of unregulated licences occurred ub 2024-25.		
2.5 Other income		
Occupational licences and lease revenue	296	253
Late payment charges	328	353
Other income	115	328
Total other income	739	934

	2024-25 \$'000	2023-24 \$'000
3. The cost of delivering services		
Introduction		
This section provides additional information about how the Corporation's funding is applied and the accounting policies that are relevant for an understanding of the items recognised in the financial statements.		
3.1 Employee benefits		
3.1.1 Employee benefits in the Comprehensive Operating Statement		
Employee benefits		
- salaries and wages	13,545	13,305
- annual leave	1,582	1,565
- long service leave	371	186
- defined benefit superannuation contribution	10	16
- defined contribution superannuation contribution	2,116	1,928
- payroll tax	1,116	1,077
- termination benefit	199	108
- other	940	691
Total employee benefit costs	19,879	18,876

Employee expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, termination payments and workcover premiums.

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

The amount recognised in the Comprehensive Operating Statement in relation to superannuation is employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period (see note 3.1.3).

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

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

	2024-25 \$'000	2023-24 \$'000
3.1.2 Employee benefits provisions		
Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave (LSL) for services rendered to the reporting date and recorded as an expense during the period the services are delivered.		
Current provisions:		
<i>Annual leave</i>		
Unconditional and expected to settle within 12 months	983	1,021
Unconditional and expected to settle after 12 months	503	622
<i>Long service leave</i>		
Unconditional and expected to settle within 12 months	1,578	1,607
Unconditional and expected to settle after 12 months	631	625
<i>Provisions for on-costs</i>		
Unconditional and expected to settle within 12 months	419	446
Unconditional and expected to settle after 12 months	189	219
Total current provisions for employer benefits	4,303	4,540
Non-current provisions		
Long service leave	404	349
On-costs	58	52
Total non-current provisions for employee benefits	462	401
Total provisions for employee benefits	4,765	4,941
Reconciliation of movement in on-cost provision		
Opening balance	717	0
Additional provisions recognised	(51)	717
Closing balance	666	717
Current	608	665
Non-current	58	52
	666	717
Wages and salaries, annual leave and sick leave		
Liabilities for wages and salaries (including non-monetary benefits, annual leave, and on-costs) are recognised in the provision for employee benefits as current liabilities, because the Corporation does not have an unconditional right to defer settlement of these liabilities.		
The components of this current LSL liability are measured at:		
- undiscounted value – the component the Corporation expects to wholly settle within 12 months; or		
- present value – the component the Corporation does not expect to wholly settle within 12 months.		
No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in the Comprehensive Operating Statement as it is taken.		
Employment on-costs such as payroll tax, workers compensation and superannuation are not employee benefits. They are disclosed separately as a component of the provision for employee benefits when the employment to which they relate has occurred		
Unconditional LSL is disclosed as a current liability, even where [The Corporation] does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.		
Conditional long service leave is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current long service leave liability is measured at present value.		
Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an 'other economic flow' in the net result.		

		2024-25 \$'000	2023-24 \$'000
3.2	Direct operating expenses		
Expense	Description		
Bulk charges	Recycled water is supplied by a contract between Melbourne Water and the Corporation for distribution to customers in the Werribee Irrigation District.	1,053	1,135
Electricity	All electricity costs used in direct operations	269	226
Project works not capitalised	One-off expenditure associated with capital work projects	943	9,750
Services	Contract services	357	366
Operational technology	Support, licence fees and other costs of information technology used directly by operational assets	480	439
Vehicle and plant operating costs	Fuel, maintenance and other costs of operating vehicles and plant	656	723
Water resource monitoring	Stream and groundwater monitoring services	666	608
Other services		573	517
Total direct operating expenses		4,997	13,764
All items of direct operating expense are recognised on an accruals basis and recorded in the Comprehensive operating statement			
3.3	Other operating expenses		
Expense	Description		
Insurance	All liability and product insurance premiums	959	947
Professional services	Consultancy and other advisory services	694	906
Telecommunications	All telecommunications costs	254	297
Information technology	Operating expenses, maintenance contracts, licence fees and other costs associated with operating information technology.	1,093	1,125
Regulatory fees	Charges received from government regulatory entities	244	247
Training	Compliance and professional development training for staff	238	283
Grant funded project works	Services supplied to complete projects funded by grant income	1,379	901
Other expenditure		651	846
Total other operating expenses		5,512	5,552
All items of other direct operating expense are recognised on an accruals basis and recorded in the Comprehensive operating statement			
3.4	Net finance costs		
Interest from financial assets not at fair value through profit and loss			
<i>Finance income</i>			
Interest on bank deposits		(6)	(29)
<i>Finance costs</i>			
Financial liabilities at amortised cost - interest expense		3,448	2,657
Financial Accommodation Levy measured at amortised cost		973	896
Net finance costs recognised in comprehensive operating statement		4,415	3,524
Finance income includes interest received on bank term deposits and other investments and the unwinding over time of the discount on financial assets.			
Finance costs includes costs incurred in connection with the borrowing of funds including interest on bank overdrafts, short term and long-term borrowings, financial liabilities recognised for service concession arrangements, amortisation of discounts or premiums relating to borrowings and lease charges.			
Finance income is recognised using the effective interest method and finance costs are recognised as expenses in the period in which they are incurred.			
Financial accommodation levy is a levy applied to the Corporation to remove the market advantage that government entities may experience in borrowings as a result of being guaranteed by the State of Victoria. The financial accommodation levy is a commercial rate charged for new borrowings based on the Corporation's underlying credit rating and is paid into the State's Consolidated Fund in accordance with section 40N of the Financial Management Act 1994 in respect of financial accommodation provided to the Corporation by the State Government of Victoria			

4. Key assets available to support output delivery

Introduction

The Corporation controls infrastructure and other assets that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources that have been entrusted to the Corporation to be utilised for delivery of those outputs.

4.1 Infrastructure, property, plant and equipment

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

Year ended 30 June 2025

	Land \$'000	Water infrastructure \$'000	Machinery, fittings and equipment \$'000	Plant \$'000	Motor vehicles \$'000	Buildings \$'000	Capital works in progress \$'000	Total \$'000
At 1 July 2024	33,136	1,577,803	1,232	978	2,825	5,563	19,143	1,640,680
Additions - new assets	0	0	67	834	1,253	0	22,113	24,267
Transfers	0	22,322	623	0	0	698	(23,643)	0
Transfer from software	0	0	0	0	0	0	803	803
Impairment/write-off	0	(4,905)	0	0	0	0	0	(4,905)
Disposals	0	0	0	(120)	(369)	0	0	(489)
Depreciation of regulatory asset base	0	(4,066)	(444)	(102)	(786)	(265)	0	(5,663)
Depreciation of other assets	0	(14,068)	0	0	0	0	0	(14,068)
At 30 June 2025	33,136	1,577,086	1,478	1,590	2,923	5,996	18,416	1,640,625
At 1 July 2024								
Gross carrying amount	33,136	1,625,145	6,801	2,283	4,446	6,329	19,143	1,697,283
Accumulated depreciation	0	(47,342)	(5,569)	(1,305)	(1,621)	(766)	0	(56,603)
Net carrying amount	33,136	1,577,803	1,232	978	2,825	5,563	19,143	1,640,680
At 30 June 2025								
Gross carrying amount	33,136	1,642,487	7,490	2,760	4,489	7,027	18,416	1,715,805
Accumulated depreciation	0	(65,401)	(6,012)	(1,170)	(1,566)	(1,031)	0	(75,180)
Net carrying amount	33,136	1,577,086	1,478	1,590	2,923	5,996	18,416	1,640,625

Year ended 30 June 2024

	Land \$'000	Water infrastructure \$'000	Machinery, fittings and equipment \$'000	Plant \$'000	Motor vehicles \$'000	Buildings \$'000	Capital works in progress \$'000	Total \$'000
At 1 July 2023	33,136	1,550,865	1,366	1,110	1,808	5,821	45,064	1,639,170
Additions - new assets	0	0	0	0	1,917	0	28,073	29,990
Transfers	0	53,635	211	148	0	0	(53,994)	0
Revaluation	0	0	0	0	0	0	0	0
Impairment/write-off	0	(9,584)	0	0	0	0	0	(9,584)
Disposals	0	0	0	(53)	(389)	0	0	(442)
Depreciation of regulatory asset base	0	(3,660)	(345)	(227)	(511)	(258)	0	(5,001)
Depreciation of other assets	0	(13,453)	0	0	0	0	0	(13,453)
At 30 June 2024	33,136	1,577,803	1,232	978	2,825	5,563	19,143	1,640,680
At 1 July 2023								
Gross carrying amount	33,136	1,581,113	6,628	2,188	3,899	6,329	45,064	1,678,357
Accumulated depreciation	0	(30,248)	(5,262)	(1,078)	(2,091)	(508)	0	(39,187)
Net carrying amount	33,136	1,550,865	1,366	1,110	1,808	5,821	45,064	1,639,170
At 30 June 2024								
Gross carrying amount	33,136	1,625,145	6,801	2,283	4,446	6,329	19,143	1,697,283
Accumulated depreciation	0	(47,342)	(5,569)	(1,305)	(1,621)	(766)	0	(56,603)
Net carrying amount	33,136	1,577,803	1,232	978	2,825	5,563	19,143	1,640,680

The Right of use assets have not been included in the table above. See Section 6.2.1.

4.1.2 Initial recognition and subsequent measurement

Infrastructure, property, plant and equipment

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

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

Infrastructure, property, plant and equipment represent non-current physical assets comprising land, buildings, water and drainage infrastructure, plant, equipment and motor vehicles, used by the Corporation in its operations. Items with a cost or value in excess of \$5,000 (2024: \$5,000) and a useful life of more than one year are recognised as an asset. All other assets acquired are expensed, with the exception of those assets under the threshold that are considered as attractive assets.

Revaluation of infrastructure, property, plant and equipment

Non-financial physical assets are revalued at fair value every five years in accordance with the Government purpose classifications defined in Financial Reporting Direction 103 Non-Financial Physical Assets (FRD 103).

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

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

The Corporation assets relating to land, buildings, infrastructure and service concession assets were independently valued by the VGV as at 30 June 2021.

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

4.1.3 Accounting for revaluation movements

Infrastructure, property, plant and equipment

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

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

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

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

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

4.1.4 Depreciation and impairment

Depreciation is distinguished by:

- regulated asset base: expenditure that is recoverable from customers within prices authorised by the Water Industry Regulatory Order; and
- other assets: depreciation of assets acquired or constructed prior to 1 July 2004, or assets funded directly by customers or government contribution.

All non-current physical assets that have a finite 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.

Physical assets with indefinite useful lives are not depreciated, and this includes:

- earthen storage embankments;
- tunnels and other excavations;
- irrigation channel excavation and base material; and
- drain excavations.

Land is not depreciated.

Motor vehicles are depreciated on a diminishing balance basis, over their estimated useful life, commencing from the time the asset is held ready for use.

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

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

The accounting policy relating to right-of-use assets has been disclosed in Note 6.2.

Typical estimated useful lives within each asset class are consistent with the previous year and fall within the following ranges:

Class of Asset	Periods
Buildings	10 to 50 years
Water Infrastructure	
Storage embankments	350 years
Storage spillways	100 years
Storage discharge control structures	80 years
Storage civil works	50 years
Storage mechanical and electrical	25 years
Irrigation pipes	50 to 90 years
Irrigation structures, meters and pumps	25 to 75 years
Irrigation channels	100 years
Irrigation channel excavation and base material	Indefinite
Earthen storage embankments	Indefinite
Tunnel and other excavations	Indefinite
Drain excavations	Indefinite
Plant, equipment and other	
Machinery and tools	2 to 33 years
Computer equipment	4 to 10 years
Furniture and fittings	2 to 25 years
Motor vehicles	2 to 4 years
Plant	5 to 20 years

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

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

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

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

4.2 Intangible assets

Year ended 30 June 2025

	Software \$'000	Water allocation \$'000	Implementation in progress \$'000	Total \$'000
At 1 July 2024	925	117	1,101	2,143
Additions	0	0	335	335
Transfer	23	0	(23)	0
Transfer to capital works in progress	0	0	(803)	(803)
Assets written off	0	(3)	0	(3)
Amortisation	(289)	0	0	(289)
At 30 June 2025	659	114	610	1,383

At 1 July 2024

Cost (gross carrying amount)	10,013	255	1,101	11,369
Accumulated amortisation	(9,088)	(138)	0	(9,226)

Net carrying amount

	925	117	1,101	2,143
--	-----	-----	-------	-------

At 30 June 2025

Cost (gross carrying amount)	10,037	255	610	10,902
Accumulated amortisation	(9,378)	(141)	0	(9,519)

Net carrying amount

	659	114	610	1,383
--	-----	-----	-----	-------

Year ended 30 June 2024

	Software \$'000	Water allocation \$'000	Implementation in progress \$'000	Total \$'000
At 1 July 2023	1,164	129	621	1,914
Additions	0	0	554	554
Transfer	74	0	(74)	0
Assets written off	0	(12)	0	(12)
Amortisation	(313)	0	0	(313)
At 30 June 2024	925	117	1,101	2,143

At 1 July 2023

Cost (gross carrying amount)	9,939	255	621	10,815
Accumulated amortisation	(8,775)	(126)	0	(8,901)

Net carrying amount

	1,164	129	621	1,914
--	-------	-----	-----	-------

At 30 June 2024

Cost (gross carrying amount)	10,013	255	1,101	11,369
Accumulated amortisation	(9,088)	(138)	0	(9,226)

Net carrying amount

	925	117	1,101	2,143
--	-----	-----	-------	-------

Recognition and measurement

Intangible assets represent identifiable non-monetary assets without physical substance.

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

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

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

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

	Software	Water allocation
Useful lives	Finite	Indefinite
Amortisation method used	3 to 10 years straight line	Not amortised or revalued
Internally generated / acquired	Acquired	Acquired
Impairment assessment / Recoverable amount testing	Annually and where an indicator of impairment exists	Annually and where an indicator of impairment exists

Water allocation costs represent a water allocation within the Thomson Reservoir. This follows the purchase of 3,000ML of water allocation from Macalister Irrigation District water share owners in June 2016. The Minister for Water assigned this water allocation of 3,000ML to Greater Western Water for storage until the Corporation directs the delivery of the water. The water allocation was acquired by the Corporation to enable the sale of new water allocations to Werribee and Bacchus Marsh irrigators.

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

*Amortisation**Charge for the period*

- Software

289

313

Total amortisation

289

313

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.

Impairment of intangible assets

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

Intangible assets with finite useful lives are tested for impairment whenever an indication of impairment is identified.

All intangible assets are assessed for impairment annually as outlined below.

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

	2024-25 \$'000	2023-24 \$'000
5. Other assets and liabilities		
This section sets out those assets and liabilities that arose from the Corporation's operations and the delivery of services.		
5.1 Receivables		
Contractual		
Service and usage charges	6,233	5,607
Allowance for expected credit losses	(95)	(95)
Contract assets	4,028	7,056
Statutory		
GST Input tax credit receivables	279	567
Total current receivables	10,445	13,135
Total receivables	<u>10,445</u>	<u>13,135</u>

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

Contract assets relate to the Corporation's right to consideration in exchange for services transferred to customers for works completed, but not yet billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional, at this time an invoice is issued. This usually occurs when the Corporation issues an invoice to the customer.

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

5.1.1 Impairment losses

Impairment losses on financial assets and contract assets recognised in the comprehensive operating statement are disclosed in Note 9.1.

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

The loss allowances for trade receivables and contract assets are based on assumptions about risk of default and expected loss rates. Excluding a small number of recycled water charges, the Corporation's credit risk for water customers is mitigated by the Water Act 1989, where outstanding trade receivables are secured by a charge against the associated land or water share. The Corporation considers that underlying land and water share assets within each irrigation district provide adequate market value to support the trade receivable balance and there is no associated loss allowance to record in the net result (Note 9.1).

Statutory receivables at amortised cost

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

5.2 Payables

Contractual		
Trade creditors	5,893	7,033
Contract liabilities	2,723	3,225
Other advances for capital and other works	694	809
Statutory		
Fringe Benefits Tax payable	46	27
Total current payables	<u>9,356</u>	<u>11,094</u>

The contract liabilities primarily relate to payments received in advance of the provision of goods or services is considered as customers paid in advance. The Corporation will recognise these advance payments as revenue, once it has performed the performance obligations associated with the payments.

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

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

6. How we financed our operations**Introduction**

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

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

6.1 Interest bearing liabilities**Current interest bearing liabilities**

Treasury Corporation of Victoria (TCV) - Unsecured	13,511	7,870
Lease liabilities	267	147
Total current interest bearing liabilities	13,778	8,017

Non-current

Treasury Corporation of Victoria (TCV) - Unsecured	83,950	78,730
Lease liabilities	519	442
Total non-current interest bearing liabilities	84,469	79,172

Total interest bearing liabilities

98,247	87,189
---------------	---------------

Loans are sourced from the Treasury Corporation of Victoria (TCV) and secured by the Treasurer in the form of a government guarantee. They are classified as a financial instrument and initially recognised at the fair value of the consideration received less directly attributable transaction costs. Interest bearing liabilities are subsequently measured at amortised cost.

The Corporation has classified borrowings which mature within 12 months as current liabilities on the basis that the Corporation will and has discretion to refinance or rollover these loans with the Treasury Corporation of Victoria, pursuant to section 8 of the Borrowings and Investment Powers Act 1987.

Lease liabilities are determined in accordance with AASB 16 (refer to Note 6.2).

6.1.1 Maturity analysis of interest bearing liabilities

	Carrying amount \$'000	Nominal amount \$'000	Maturity dates				
			Less than 1 month \$'000	1-3 months \$'000	3 months - 1 year \$'000	1 - 5 years \$'000	5+ years \$'000
At 30 June 2025							
Treasury Corporation of Victoria (TCV)	97,461	96,828	3,341	225	9,945	44,500	39,450
Lease liabilities	786	786	22	44	200	519	0
	98,247	97,614	3,363	269	10,145	45,019	39,450
At 30 June 2024							
Treasury Corporation of Victoria (TCV)	86,600	82,394	0	250	7,620	36,720	42,010
Total non-current interest bearing liabilities	587	587	12	25	110	440	0
	87,187	82,981	12	275	7,730	37,160	42,010

6.1.2 Interest expense

Interest on loans from Treasury Corporation of Victoria (TCV)	3,417	2,631
Interest on lease liability	31	26
Financial accommodation levy	973	896
Total interest expense	4,421	3,553

Interest expense includes costs incurred in connection with the borrowing of funds. Interest costs include interest on bank overdrafts, short term and long term borrowings, amortisation of discounts or premiums relating to borrowings, financial accommodation levy and finance lease charges.

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

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

6.2 Leases

The Corporation leases various properties. Rental contracts are typically made for fixed periods of 5 years, but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

At inception of a contract, the Corporation assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At commencement or on modification of a contract that contains a lease component, the Corporation allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Corporation recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received

The right-of-use asset is subsequently depreciated using the straight-line method generally from the commencement date to the shorter of the asset's useful life (which is determined on the same basis as those of property, plant and equipment) or lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or the Corporation's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments) less any lease incentive receivable;
- variable payments based on an index or rate, initially measured using the index or rate as at the commencement date;
- payments arising from purchase and termination options reasonably certain to be exercised; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if the Corporation changes its assessment of whether it will exercise a purchase, extension or termination option, or if there is a revised in substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the comprehensive operating statement if the carrying amount of the right-of-use asset has been reduced to zero.

The Corporation presents right-of-use assets below and lease liabilities in Note 6.1.

6.2.1 Right-of-use-assets and lease liabilities**Right-of-use assets**

Buildings		
Carrying amount at beginning of year	535	478
Additions to right-of-use assets	426	400
Derecognition of right-of-use assets	0	(152)
Depreciation expense	(236)	(191)
Carrying amount at end of year	725	535
Cost	1,542	1,116
Less: Accumulated depreciation	(817)	(581)
Carrying amount at end of year	725	535

6.2.2 Amounts recognised in the Comprehensive Operating Statement

Depreciation charge of right-of-use assets (buildings)	236	191
Interest expense (included in finance cost)	31	26
Total	267	217

6.2.3 Future lease payments

The total of future lease payment commitments (including those lease payments that are not included in the measurement of the lease liability e.g. for short-term leases and leases of low-value items) are disclosed for each of the following periods.

Less than one year	287	165
One to five years	515	443
More than five years	0	0
Total	515	443

	2024-25 \$'000	2023-24 \$'000		
6.3 Cash flow information and balances				
Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and those highly liquid investments with an original maturity of three months or less, which are held for the purpose of meeting short-term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.				
6.3.1 Cash and deposits				
For Cash Flow Statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as current borrowings on the Balance Sheet, as indicated in the reconciliation below.				
Cash on hand	0	0		
Cash at bank	253	1,856		
Deposits at call	454	124		
Balance as per cash flow statement	707	1,980		
6.4 Commitments for expenditure				
Commitments for future expenditure include Operating and Capital commitments arising from contracts.				
<i>Nominal Amounts: 2025</i>				
	Less than 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
Operating commitments payable	2,231	6,463	1,376	10,070
Capital expenditure commitments payable	8,379	1,226	0	9,605
Environmental contribution levy commitments	572	1,143	0	1,715
Total commitments (inclusive of GST)	11,182	8,832	1,376	21,390
Less GST recoverable	839	199	0	1,005
Total commitments (exclusive of GST)	10,343	8,633	1,376	20,352
<i>Nominal Amounts: 2024</i>				
	Less than 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
Operating commitments payable	3,457	6,442	2,688	12,587
Capital expenditure commitments payable	14,426	0	0	14,426
Environmental contribution levy commitments	572	1,715	0	2,287
Total commitments (inclusive of GST)	18,455	8,157	2,688	29,300
Less GST recoverable	1,503	97	0	1,600
Total commitments (exclusive of GST)	16,951	8,060	2,688	27,700

7. Risks, contingencies and valuation judgements

Introduction

The Corporation is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information (including exposures to financial risks), as well as those items that are contingent in nature or require a high level of judgement to be applied.

7.1 Interest bearing financial instruments

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

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

Categories of financial instruments		
Financial instrument	Initial measurement	Subsequent measurement
Financial assets Cash and deposits Term deposits Loans and receivables Investment in Zero Emissions Water (ZEW)	Fair value plus or minus any directly attributable transaction costs	Amortised cost only using the effective interest rate method less impairment if both of the following criteria are met: * the asset is held within a business model whose objective is to collect the contractual cash flows, and * the contractual terms give rise to cash flows that are solely payments of principal and interest
Financial liabilities Payables (excluding statutory payables) Interest bearing liabilities: Lease liabilities	Fair value, plus or minus any directly attributable transaction costs subsequent to initial recognition.	Amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the profit and loss, over the period of the interest bearing liability using the effective interest rate method

7.1.1 Financial instruments: Categorisation

All financial assets and financial liabilities of the Corporation are measured at amortised cost in line with AASB 9 *Financial Instruments*.

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 a note and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The Corporation has no contingent assets at 30 June 2025 (2024: Nil)

Contingent liabilities

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- present obligations that arise from past events but are not recognised because:
 - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations; or
 - the amount of the obligations cannot be measured with sufficient reliability.

The Corporation has no contingent liabilities at 30 June 2025 (2024: Nil)

7.3 Fair value determination

This section sets out information on how the Corporation determined fair value for financial reporting purposes.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value hierarchy

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

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

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

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

7.3.1 Fair value determination

AASB 2022-10 Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities amended AASB 13 Fair Value Measurement by adding Appendix F Australian implementation guidance for not-for-profit public sector entities. Appendix F explains and illustrates the application of the principles in AASB 13 on developing unobservable inputs and the application of the cost approach. These clarifications are mandatorily applicable annual reporting periods beginning on or after 1 January 2024. FRD 103 permits Victorian public sector entities to apply Appendix F of AASB 13 in the next scheduled formal asset revaluation which is due by 30 June 2026.

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

The following table shows the valuation techniques used in measuring Level 3 asset fair values for financial instruments in the statement of financial position, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs
Land (specialised)	Market approach: assets are compared to recent comparable sales or sales of comparable assets that are considered to have nominal value, adjusted for the community service obligation (CSO) to reflect the specialised nature of the land being valued.	Community service obligation (CSO) adjustment CSO adjustments to land values have taken into account the planning restrictions applying to their use, as well as the restrictions and impacts of the existence of water infrastructure assets (drains, channels and reservoirs).
Buildings (non-specialised)	Depreciated replacement cost. Valuation is based on the replacement of buildings to a 'modern equivalent' standard after applying an appropriate depreciation rate, useful life and adjusting for condition.	Useful life (remaining) Cost per square meter
Water infrastructure	Depreciated replacement cost: This cost represents the replacement cost of the asset/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 is also factored into the depreciated replacement cost calculation.	Useful life (remaining) Replacement cost per unit
Machinery, fittings and equipment	Depreciated cost: Unless there is market evidence that current replacement costs are significantly different from the original acquisition cost, it is considered unlikely that depreciated cost will be materially different from the existing carrying value.	Original useful life Cost per unit
Motor vehicles and plant	Depreciated cost: Unless there is market evidence that current replacement costs are significantly different from the original acquisition cost, it is considered unlikely that depreciated cost will be materially different from the existing carrying value.	Original useful life Cost per unit

Although it is intended that asset valuations will be based on a five year cycle, FRD 103 Non financial physical assets (FRD103) requires entities to perform annual fair value assessments for each class of non financial physical assets to determine whether additional revaluations need to be undertaken between revaluation cycles. Management perform interim valuations when the triggers of FRD103 are met. These triggers were not met in the year ended 30 June 2025.

	2024-25 \$'000	2023-24 \$'000
8. Statutory obligations		
Introduction		
The section included disclosures in relation to the Corporation's statutory obligations.		
8.1 Tax		
8.1.1 Income tax		
The Corporation is subject to the National Tax Equivalent Regime (NTER), pursuant to section 88(1) of the <i>State Owned Enterprises Act 1992</i> , which is administered by the Australian Taxation Office.		
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 25% (2024: 25%), 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.		
Income statement		
Current tax	3,692	5,157
Income tax reported in the Income Statement	<u>3,692</u>	<u>5,157</u>
Tax reconciliation		
Net result before income tax	<u>(14,767)</u>	<u>(20,626)</u>
Tax at the Australian tax rate of 25%	<u>(3,692)</u>	<u>(5,157)</u>
Income tax revenue	<u>(3,692)</u>	<u>(5,157)</u>
Tax expense (income relating to items in Other Comprehensive Income)		
Impairment/write-off of infrastructure, property, plant and equipment	<u>(1,065)</u>	<u>(2,383)</u>
Income tax revenue (expense) recognised in Other Comprehensive Income at the Australian tax rate of 25%	<u>(1,065)</u>	<u>(2,383)</u>
8.1.2 Deferred tax assets and liabilities		
Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantially enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction that at the time of the transaction did not affect either accounting profit or taxable profit or loss and did not give rise to equal taxable and deductible temporary differences. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it probable that future taxable amounts will be available to utilise those temporary differences and losses.		
The Corporation's deferred tax liabilities exceed the level of deferred tax assets and therefore a net deferred tax liability has been disclosed in the Balance Sheet.		
Deferred tax assets		
The balance comprises temporary differences attributable to:		
Employee entitlement provision	1,191	1,235
Deferred revenue	496	657
Leases	15	13
Benefit of carry forward tax losses	<u>98,759</u>	<u>99,300</u>
	<u>100,461</u>	<u>101,205</u>
Offset against deferred tax liabilities	<u>(100,461)</u>	<u>(101,205)</u>
	<u>0</u>	<u>0</u>
Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Cumulative depreciation and amortisation	57,022	61,457
Net gain on revaluation of infrastructure, property, plant and equipment	273,945	275,011
Offset from deferred tax assets	<u>(100,461)</u>	<u>(101,205)</u>
	<u>230,506</u>	<u>235,263</u>
Movement in deferred tax liabilities		
Carrying amount 1 July	235,263	242,803
Debited to other comprehensive income	(1,065)	(2,383)
Debited to the net result	<u>(3,692)</u>	<u>(5,157)</u>
	<u>230,506</u>	<u>235,263</u>

	2024-25 \$'000	2023-24 \$'000		
9. Other disclosures				
This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.				
9.1 Other economic flows included in net result				
Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions.				
Net gain/(loss) on non-financial assets				
Impairment of intangible assets	(3)	(12)		
Write-off of infrastructure, property, plant and equipment	(646)	(52)		
Gain on lease termination	0	29		
	<u>(649)</u>	<u>(35)</u>		
Net gain/(loss) on disposal of infrastructure, property plant and equipment (including intangible assets)				
Proceeds from sale of infrastructure, property, plant and equipment	816	671		
Written down value of disposed infrastructure, property, plant and equipment	<u>(490)</u>	<u>(442)</u>		
	326	229		
Total net gain/(loss) on non-financial assets				
	<u>(323)</u>	<u>194</u>		
Total other gain/(loss) from other economic flows				
	<u>(323)</u>	<u>194</u>		
9.2 Equity				
9.2.1 Contributed capital				
Balance at 1 July	505,580	492,460		
Capital transactions with the State Government in its capacity as owner arising from:	(300)	0		
Contribution - Macalister Irrigation System (MID2030 Phase 2 project)	247	8,445		
Contribution - Werribee Irrigation System (Modernisation project)	5,470	4,000		
Contribution - Bacchus Marsh Irrigation System (Critical infrastructure project)	0	675		
Balance 30 June	<u>510,997</u>	<u>505,580</u>		
Additions to net assets that have been designated as contributions by owners are recognised as contributed equity. Other transfers that are in the nature of contributions or distributions (capital repatriation) have been recognised as contributed equity.				
9.2.2 Asset revaluation reserve				
	2024-25			
	Land	Buildings	Water Infrastructure	Total
	\$'000	\$'000	\$'000	\$'000
Asset revaluation reserve	28,473	2,455	822,677	853,605
Impairment of water infrastructure assets	0	0	(4,259)	(4,259)
Impairment reduction - tax (at 25%)	0	0	1,065	1,065
Closing balance	<u>28,473</u>	<u>2,455</u>	<u>819,483</u>	<u>850,411</u>
	2023-24			
	Land	Buildings	Water Infrastructure	Total
	\$'000	\$'000	\$'000	\$'000
Asset revaluation reserve	28,473	2,455	829,826	860,754
Impairment of water infrastructure assets	0	0	(9,532)	(9,532)
Impairment reduction - tax (at 25%)	0	0	2,383	2,383
Closing balance	<u>28,473</u>	<u>2,455</u>	<u>822,677</u>	<u>853,605</u>

9.3 Investment in ZEW Ltd

The Corporation is one of 12 water corporation members of Zero Emissions Water (ZEW) Limited, a public company limited by guarantee. ZEW's substantial objective is to acquire electricity, contracts for difference and other derivative products in relation to electricity, and/or green products from an energy and emissions reduction facility(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. The Members' Agreement establishes the operating activities of ZEW and the decision-making responsibilities of the ZEW directors.

Under the Members' Agreement the Corporation as a member is limited to \$10 in the event of a winding up. As required by Australian accounting standards, the Corporation 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. The Corporation 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 the Corporation.

The Members' Agreement specifies that ZEW may call on the Corporation to make a loan available to ZEW amounting to \$8.6k. The loan, if requested by ZEW, would meet the definition of a financial asset as it gives rise to a contractual right for us to receive cash from ZEW at the end of the loan term. Up until 30 June 2025, ZEW had requested and received a loan payment of \$5k. As this loan is concessional, it has been treated as an investment in ZEW and measured at amortised cost.

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

On 22 January 2021, the conditions precedent in the PPA was completed and the Corporation now has an obligation to purchase its percentage of energy allocation under the Members' Agreement. While the financial impact of the Members' Agreement with ZEW has resulted in increased revenue and expenses, as the Corporation has a minor share within the PPA of 0.61%, the Corporation has not recognised the CfD derivative as a financial asset or liability.

The fair value of the PPA derivative is regularly valued by ZEW using energy market data from DEECA's independent expert for ZEW, as follows:

	2024-25	2023-24
	\$'000	\$'000
Fair value of PPA derivative: Financial liability	5,773	7,911
Corporation share at 0.61%	35	48

9.4 Events occurring after the balance date

The Corporation completed an efficiency payment to government in the form of the capital repatriation of \$0.6m in August 2025.

No further matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the Corporation, the results of those operations, or the state of affairs of the Corporation in future financial years.

9.5 Responsible persons

In accordance with the Ministerial Directions issued by the Minister for Finance under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period, as required by AASB 124 Related Party Disclosures. The responsible Ministers during the 2024-25 reporting period were the Hon Harriet Shing MP, Minister for Water from June 2022 to December 2024 and the Hon Gayle Tierney MP, Minister for Water since December 2024. Remuneration paid to the responsible Ministers is reported in the State's Annual Financial Report. The names of persons who were directors of Gippsland and Southern Rural Water Corporation at any time during the financial year are as follows:

Name	Title	Period of appointment
Members of Corporation Board:		
Ms J Butterworth-Gray	Chairman	1 July 2024 to 30 June 2025
Ms M McCrum	Director	1 July 2024 to 30 June 2025
Ms K Steel	Director	1 July 2024 to 30 June 2025
Ms J Doolan	Director	1 July 2024 to 30 June 2025
Mr M Browne	Director	1 July 2024 to 30 June 2025
Mr A Scarff	Director	1 July 2024 to 30 June 2025
Mr B Flynn	Director	1 July 2024 to 30 June 2025
Mr C FitzGerald	Managing Director and Accountable Officer	1 July 2024 to 30 June 2025

Mr S Wilkinson acted in the position of Managing Director and Accountable Officer from 6 January 2025 to 10 January 2025.

Remuneration

Remuneration received or receivable by the responsible persons in connection with the management of the Corporation during the reporting period was in the range: \$10,000 – \$389,999 (\$0 – \$349,999 in 2023-24).

Remuneration Band	2024-25	2023-24
\$0 to \$9,999		1
\$10,000 to \$19,999	1	2
\$20,000 to \$29,999	-	2
\$30,000 to \$39,999	6	4
\$70,000 to \$79,999	1	1
\$340,000 to \$349,999	-	1
\$380,000 to \$389,999	1	-
Total amount (\$'000)	\$718	\$672
Total numbers	9	11

9.6 Related parties

The Corporation is a wholly owned and controlled entity of the State of Victoria.

Related parties of the Corporation include:

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

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

Key management personnel (KMP)

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Corporation, directly or indirectly, this comprises Independent Directors and the Managing Director.

Key management personnel (as defined in AASB 124 *Related Party Disclosures*) includes the Portfolio Minister and all Directors listed under responsible persons in Note 9.5 and members of the executive leadership team who have the authority and responsibility for planning, directing and controlling the activities of the Corporation directly or indirectly, during the financial year.

Remuneration of KMP

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

Compensation of KMPs

Short-term employee benefits	646	605
Post-employment benefits	63	58
Other long-term benefits	9	9
Total remuneration	718	672

Significant transactions with government-related entities

During the year, the Corporation had the following government-related entities:

Government-related entity receipts

Entity name	Brief description of main activity		
Department of Energy, Environment and Climate Action	Contributed capital funding in relation to modernisation of irrigation districts (refer Notes 9.1.1)	5,717	13,120
Department of Energy, Environment and Climate Action	Grant funding in relation to various projects (refer Note 2.3)	1,803	1,311
Treasury Corporation of Victoria	Loan accommodation funding in relation to the Corporation's capital expenditure requirements	17,814	23,314
Zero Emissions Water	Promote energy and emissions reduction initiatives to reduce carbon emissions	4	3
Total		25,338	37,748

Government-related entity receivables

Entity name	Brief description of main activity		
Department of Energy, Environment and Climate Action	Bore Construction Licence revenue	0	180
Total		0	180

Government-related entity payments

Entity name	Brief description of main activity		
Treasury Corporation of Victoria	Repayments of loan accommodation in relation to the Corporation's capital expenditure	6,940	7,250
Treasury Corporation of Victoria	Payments of interest on loan accommodation funding (refer Note 6.1.2)	3,417	2,631
Department of Energy, Environment and Climate Action	Payments of groundwater monitoring activities	349	346
Department of Energy, Environment and Climate Action	Payments of environmental contribution (refer Note 8.2)	572	530
Department of Treasury and Finance	Payments of financial accommodation levy (refer Note 6.1.2)	973	896
Zero Emissions Water	Promote energy and emissions reduction initiatives to reduce carbon emissions	11	13
Total		12,262	11,666

Government-related entity payables

Entity name	Brief description of main activity		
Treasury Corporation of Victoria	Accrued interest on loan accommodation funding (refer Note 6.1.2)	448	215
Department of Treasury and Finance	Accrued payments of financial accommodation levy (refer Note 6.1.2)	240	202
Total		688	417

Transactions with key management personnel and other related parties

Given the breadth and depth of Corporation activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements. Outside of normal citizen type transactions with the Corporation, 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.

Other related parties - Zero Emissions Water

The Corporation Secretary of Southern Rural Water is a director and Company secretary of Zero Emissions Water. Transactions by the Corporation with Zero Emissions Water are entered in common with other members of the scheme and occur on an arm's length basis.

		2024-25 \$'000	2023-24 \$'000
9.7	Remuneration of auditors		
	Victorian Auditor-General's Office		
	Audit of the financial statements	57	55
	Total remuneration of auditors	<u>57</u>	<u>55</u>
9.8	Ex-gratia expense		
	Compensation	0	0
	Total ex gratia expense	<u>0</u>	<u>0</u>

Ex gratia expenses are the voluntary payments of money or other non-monetary benefit (e.g. a write off) that is not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability of or claim against the Corporation.

9.9 Changes to Accounting policies

Corporation applied for the first-time certain standards and/or amendments, which are effective for annual periods beginning on or after 1 July 2024 (unless otherwise stated). The impact has been disclosed in the table below.

Topic	Key requirements	Effective date	Impact
AASB2022-10 Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities	AASB 2022-10 amends AASB 13 Fair Value Measurement to modify the application of AASB 13 in relation to non-financial assets of NFP public sector entities not held primarily for their ability to generate net cash inflows. The highest and best use is presumed to be the asset's current use unless it is classified as held for sale or highly probable the asset will be used for an alternative purpose. A use is financially feasible if market participants would be willing to invest in an asset's service capacity. The Corporation is allowed to use its own assumptions as a starting point when measuring the fair value of the asset if both the market selling price of a comparable asset and market data are unobservable. The standard also provides guidance on the nature of costs to include in the replacement cost of a reference asset and on the identification of economic obsolescence.	1 January 2024	The impact of this change is being assessed by the Valuer-General Victoria and the Department of Treasury and Finance.

9.10 Australian Accounting Standards issued that are not yet effective

A number of new Australian Accounting Standards (AAS) have been published that are not mandatory for the 30 June 2025 reporting period. DTF assesses the impact of all these new standards and advises the Corporation of their applicability and early adoption where applicable.

Standard
AASB 2022-8 Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments AASB 2022-9 Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector AASB 2023-5 Amendments to Australia Accounting Standards – Lack of Exchangeability AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to AASB10 and AASB128 AASB 2024-2 Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments AASB 18 Presentation and Disclosure in Financial Statements AASB 2022-8 Amendments to Australian Accounting Standards - Insurance Contracts: Consequential Amendments AASB 2022-9 Amendments to Australian Accounting Standards - Insurance Contracts in the Public Sector

GIPPSLAND AND SOUTHERN RURAL WATER CORPORATION
Declaration in the financial statements

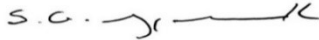
The attached financial statements for Gippsland and Southern Rural Water Corporation have been prepared in accordance with Standing Directions 5.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2023 and the financial As at the date of signing, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on ?? September 2025



Ms Joanne Butterworth-Gray
Chairman
Gippsland and Southern Rural Water Corporation
[Dated on 15 October 2025](#)



Mr Stuart Wrigglesworth
Chief Financial Officer
Gippsland and Southern Rural Water Corporation
[Dated on 15 October 2025](#)



Mr Cameron FitzGerald
Managing Director
Gippsland and Southern Rural Water Corporation
[Dated on 15 October 2025](#)

Independent Auditor's Report

To the Board of Gippsland and Southern Rural Water Corporation

Opinion	I have audited the financial report of Gippsland and Southern Rural Water Corporation (the corporation) which comprises the: • statement of financial position as at 30 June 2025 • comprehensive operating statement and retained earnings for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including material accounting policy information • declaration in the financial statements. In my opinion, the financial report presents fairly, in all material respects, the financial position of the corporation as at 30 June 2025 and its 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 Australian Accounting Standards - Simplified Disclosures.
Basis for opinion	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. 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 (including Independence Standards)</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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Board's responsibilities for the financial report	The Board is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards 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. In preparing the financial report, the Board is responsible for assessing the corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

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

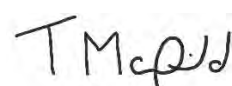
As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for 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
20 October 2025



Timothy Maxfield
as delegate for the Auditor-General of Victoria

PERFORMANCE REPORT

KPI Number	Key Performance Indicator		2024-25 Result	2023-24 Result	2024-25 Target	% Variance to prior year	Notes	% Variance to target	Notes
F1	Cash Interest Cover <i>Net operating cash flows before net interest and tax</i>	times	2.7	-0.6	2.0	-588.3%	1	35.5%	8
F2	Gearing Ratio <i>Total Debt (including Finance Leases)</i>	x 100	5.94%	5.26%	5.89%	13.0%	2	0.9%	
F3	Internal Financing Ratio <i>Net operating cash flow</i>	x 100	30.52%	-15.30%	16.55%	-299.4%	3	84.3%	9
F4	Current Ratio <i>Current assets</i>	times	0.51	0.82	0.58	-37.6%	4	-11.6%	10
F5	Return on Assets <i>Earnings before net interest and tax</i>	x 100	-0.68%	-1.08%	-0.75%	-36.8%	5	-8.7%	
F6	Return on Equity <i>Net profit after tax</i>	x 100	-0.84%	-1.17%	-0.93%	-27.9%	6	-9.6%	
F7	EBITDA Margin <i>Earnings Before Interest, Tax, Depreciation and Amortisation</i>	x 100	21.40%	1.78%	20.83%	1103.7%	7	2.8%	

Notes:

Significant variances to prior year

- Cash Interest Cover
An improvement of 588.3% occurs as the 2024-25 cash operating surplus has not been affected by large project cost expenditures as incurred in 2023-24 (\$8.8m less than 2023-24).
- Gearing Ratio
A deterioration of 13.0% is a result of the planned increase to borrowings driven by the capital expenditure program.
Remedial action for the deterioration to Gearing Ratio:
The factor influencing the change to the Gearing Ratio is caused by an increase to borrowings which is necessary to undertake the Corporation's significant program of capital expenditure to renew the ageing infrastructure asset base. No remedial action is proposed by SRW as this capital expenditure formed part of the 2024-25 budget and forms part of future financial planning assumptions.
- Internal Financing Ratio
An improvement of 299.4% occurs as the 2024-25 cash operating surplus has not been affected by large project cost expenditures as incurred in 2023-24 (\$8.8m less than 2023-24).
- Current Ratio.
A deterioration of 37.6% results from a planned increase to borrowings driven by the capital expenditure program. As required by the State's treasury management policy, a portion of these higher borrowings are held with maturities due within 12 months. In addition, receivables due from customers are lower at June 2025 than at the end of the 2023-24 financial year.
Remedial action for the deterioration to Gearing Ratio:
The principle factor influencing the change to the Gearing Ratio is caused by the amount of borrowings held with a 12 month maturity. No remedial action is proposed by SRW as this level of short-term borrowings is set by the State's treasury management policy.
- Return on Assets
An improvement of 36.8% has resulted from Earnings After Tax recording a \$6.6m smaller loss than 2023-24. The smaller loss than 2023-24 is largely attributed to a reduction in project works not capitalised (\$8.8m) offset by an increase to depreciation (\$1.3m) and higher asset write-off costs (\$0.6m).
- Return on Equity
An improvement of 27.9% has resulted from Net Profit After Tax recording a \$4.4m smaller loss than 2023-24. The smaller loss than 2023-24 is largely attributed to a reduction in project works not capitalised (\$8.8m) offset by an increase to depreciation (\$1.3m), higher asset write-off costs (\$0.6m), higher interest costs due to increased borrowings (\$0.8m) and a proportionately smaller income tax credit (\$1.5m).
- EBITDA Margin
An improvement of 1,103.7% has resulted from Earnings Before Interest, Tax, Depreciation and Amortisation recording a \$8.5m increase since 2023-24. This better result than 2023-24 is largely attributed to a reduction in project works not capitalised (\$8.8m).

Significant variances to target

The 2024-25 target is derived from the 2024-25 Corporate Plan of the Corporation.

- Cash Interest Cover
An improvement to the Cash Interest Cover of 35.4% results from higher than budgeted cash receipts from customers (receipt of \$3.2m of 2023-24 water entitlement sales revenue in 2024-25) and lower than budgeted interest costs as a result of reduced interest rates (\$0.3m).
- Internal Financing Ratio
An improvement to the Internal Financing Ratio of 83.4% results from higher than budgeted cash receipts from customers (receipt of \$3.2m of 2023-24 water entitlement sales revenue in 2024-25) and lower than budgeted interest costs as a result of reduced rates (\$0.3m), relative to \$4m lower than budgeted capital expenditure outflows as a result of some project timing delays and some lower than anticipated cost of works .
- Current Ratio
A deterioration of 11.6% results from an unbudgeted decision to hold a larger balance of short-term debt at June 2025 to take advantage of a lower rate of the financial accommodation levy in 2025-26.
No remedial action for the deterioration to Current Ratio is planned as the increase to short-term debt instruments at June 2025 was both consistent with the State's treasury management policy and will lower the Corporation's financing costs in 2025-26.

PERFORMANCE REPORT

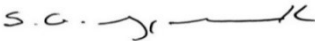
WATER SERVICE PERFORMANCE INDICATORS		2024-25 Result	2023-24 Result	2024-25 Target	% Variance to prior year	Notes	% Variance to target	Notes
KPI Number	Key Performance Indicator							
WSR1/ C1.4	Rural water supply deliveries							
	<u>Number of orders delivered</u> Total number of orders	x 100	97.8%	95.6%	95.0%	2.3%	2.9%	
C1.5	Applications completed within agreed timeframes							
	<u>Number of applications completed</u> Total number of applications	x 100	94.0%	97.0%	90.0%	-3.1%	4.4%	
WSR3	Groundwater supply							
	<u>Number of transfers processed within target period</u> Total number of transfers processed	x 100	89.0%	78.0%	90.0%	14.1%	1a	-1.1%
	Notes:							
1a.	The 78% result in 2023-24 was due to a higher number of complex applications. The improved result in 2024-25 is due to both a decline to the number of complex applications and improved internal processes to resolve these applications within the target timeframe.							
CUSTOMER RESPONSIVENESS PERFORMANCE INDICATORS		2024-25 Result	2023-24 Result	2024-25 Target	% Variance to prior year	Notes	% Variance to target	Notes
KPI Number	Key Performance Indicator							
CRR4	Billing Complaints							
	<u>Number of complaints per 1000 customers</u>	number	0.0	0.0	0.0	0.0%	0.0%	
ENVIRONMENTAL PERFORMANCE INDICATORS		2024-25 Result	2023-24 Result	2024-25 Target	% Variance to prior year	Notes	% Variance to target	Notes
KPI Number	Key Performance Indicator							
E2	Total net CO2 emissions							
	<u>Net tonnes CO2 equivalent (tCO2-e)</u>	tonnes	0.0	582.0	0.0	100.0%	1a and 1b.	0.0%
	Notes:							
1a.	The Corporation reported net tCO2-e equivalent for 2023-24 as 561 tCO2-e. An error in calculations was determined after the reporting date. This table reflects the correct figure for net tCO2-e for 2023-24 of 582 tCO2-e. In 2024-25 the Corporation's Scope 1 fleet emissions were reduced to 0 tCO2-e (2023-24 582 tCO2-e) by the retirement of 571 Australian Carbon Credit Units (ACCUs). Scope 2 emissions continue to be 0 tCO2-e as the Corporation uses 100% renewable energy.							
1b.								

GIPPSLAND AND SOUTHERN RURAL WATER CORPORATION
Statutory Certification

We certify that the accompanying Performance Report of Gippsland and Southern Rural Water Corporation, in respect of the 2024-25 financial year, is presented fairly in accordance with the *Financial Management Act 1994*.
The Performance Report outlines the relevant performance indicators for the financial year as determined by the Minister for Water and as set out in the 2024-25 Corporate Plan, the actual and comparative results achieved for the financial year against predetermined performance
As at the date of signing, we are not aware of any circumstances which would render any particulars in the Performance Report to be misleading or inaccurate.



Ms Joanne Butterworth-Gray
Chairman
Gippsland and Southern Rural Water Corporation
[Dated on 15 October 2025](#)



Mr Stuart Wrigglesworth
Chief Financial Officer
Gippsland and Southern Rural Water Corporation
[Dated on 15 October 2025](#)



Mr Cameron FitzGerald
Managing Director
Gippsland and Southern Rural Water Corporation
[Dated on 15 October 2025](#)

Independent Auditor's Report

To the Board of Gippsland and Southern Rural Water Corporation

Opinion	I have audited the performance report of Gippsland and Southern Rural Water Corporation (the corporation) for the year ended 30 June 2025, which comprises the: • financial performance indicators • water service performance indicators • customer responsiveness performance indicator • environmental performance indicator • notes to the performance report • statutory certification. In my opinion, the performance report of the corporation for the year ended 30 June 2025 presents fairly, in all material respects, in accordance with the performance reporting requirements of Part 7 of the <i>Financial Management Act 1994</i>.
Basis for opinion	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. 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 (including Independence Requirements)</i> (the Code) that are relevant to my audit of the performance report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Board's responsibilities for the performance report	The Board is responsible for the preparation and fair presentation of the performance report in accordance with the performance reporting requirements of the <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.

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

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

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

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

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

MELBOURNE
20 October 2025



Timothy Maxfield
as delegate for the Auditor-General of Victoria



Appendices

Appendix 1: Disclosure Index

Report of operations		
Legislation	Requirement	Page reference
Charter and purpose		
FRD 22	Manner of establishment and the relevant Ministers	6-9
FRD 22	Purpose, functions, powers and duties	11-18
FRD 22	Key initiatives and projects	19-21,105-108
FRD 22	Nature and range of services provided	9-10
Management and structure		
FRD 22	Organisational structure	38-47
Financial and other information		
FRD 10	Disclosure index	153-155
FRD 12	Disclosure of major contracts	61
FRD 15	Executive Officer disclosures	110
FRD 22	Employment and conduct principles	53
FRD 22, 29	Workforce data	54
FRD 22	Workforce inclusion policy	55-59
FRD 22	Occupational health and safety policy	48-50
FRD 22	Summary of the financial results for the year	101-102
FRD 22	5 year financial summary	112-113
FRD 22	Significant changes in financial position during the year	111
FRD 22	Major changes or factors affecting performance	111
FRD 22	Subsequent events	105
FRD 22	Application and operation of <i>Freedom of Information Act 1982</i>	71-72
FRD 22	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	72
FRD 22	Statement on National Competition Policy (Competitive Neutrality Policy)	73
FRD 22	Application and operation of the <i>Public Interest Disclosures Act 2012</i>	73-74

Report of operations		
Legislation	Requirement	Page reference
FRD 22	Details of consultancies over \$10 000 (consultancy expenditure)	105-108
FRD 22	Details of consultancies under \$10 000 (consultancy expenditure)	105-108
FRD 22	Disclosure of government advertising expenditure	72
FRD 22	Disclosure of ICT expenditure	109
FRD 22	Disclosure of review and study expenses	63-69
FRD 22	Disclosure of procurement complaints	105
FRD 22	Disclosure of emergency procurement	74
FRD 22	Statement of availability of other information	70
FRD 24	Reporting of environmental data by government entities	78-99
FRD 25	Local Jobs First	61-62
FRD 27	Performance Reporting	147-148
SPF	Social Procurement Framework	103-104
SPF and FRD 22	Social Procurement Activities	103
Ministerial Reporting Directions - Letter of Expectation Priority Policy Areas		
MRD 01	Climate change and energy	78-99
MRD 02	Customer, Community and Engagement	32-37,148
MRD 03	Recognise Aboriginal Values	5, 34,104
MRD 04	Recognise recreational values	36-37
MRD 05	Resilient and liveable cities and towns	78-99
MRD 06	Leadership, diversity and culture	56-59
MRD 07	Performance and financial management	147-148
MRD 08	Compliance and enforcement	74-77
Compliance attestation and declaration		
SD 5.1.4	Attestation for Financial Management Compliance	101

Report of operations		
Legislation	Requirement	Page reference
SD 5.2.3	Responsible Body Declaration	II
Legislation		
<i>Building Act 1993</i>		72
<i>Disability Act 2006</i>		NA
<i>Financial Management Act 1994</i>		101
<i>Freedom of Information Act 1982</i>		71-72
<i>Local Jobs Act 2003</i>		61-62
<i>Public Interest Disclosures Act 2012</i>		73-74
<i>Water Act 1989</i>		9

