



2017 / 2018
ANNUAL
REPORT

LANCE CREEK WATER CONNECTION

WATER SECURITY / REGIONAL GROWTH / STRONG COMMUNITIES



The Lance Creek Water Connection is a key component in South Gippsland Water's long-term strategy to secure water supplies for the region for the next 50 years.

Supplying over 60% of South Gippsland Water's customer base, this key Victorian Government project will connect Korumburra, Poowong, Loch and Nyora with the Lance Creek Water Supply System.

As a result of the Lance Creek Water Connection, restrictions in the connected towns will be much less likely in future.

The project connects the Lance Creek Water Supply System to Victoria's water grid, providing access to water from the Melbourne supply system.

The combination of these systems will secure water supply for the region and provide a dependable environment for community development, economic growth and future investment.

PIPELINE



Lance Creek to Korumburra

This section of the Lance Creek Water Connection pipeline extends about 20km from Lance Creek Water Treatment Plant to the Korumburra Water Treatment Plant. Work began in November 2017, and pipe installation was 95% complete by 30 June 2018.

The project has kept to schedule with a total of 12km of polythene pipe and 9.7km of steel pipe installed, including a dual section of pipeline near Korumburra. Favourable autumn weather meant that preliminary site reinstatement works proceeded well and were about 90% complete by the end of the financial year.



Korumburra to Poowong

Site preparation and construction began on the section of pipe between the Korumburra and Poowong water treatment plants in February 2018. A total of 8.8km of polyethylene pipe has been installed along the construction corridor resulting in the laying of pipe being 95% complete as at 30 June 2018. Site reinstatement works have progressed at a reliable rate with about 50% of site work complete on this section of corridor.



Dual Pipeline - Korumburra

A 50 tonne excavator was brought in to add extra muscle to the excavation of a 2m wide trench needed for a 1.4km section of dual pipeline between the Korumburra treated water storages and Korumburra township.

One pipeline is part of the infrastructure that will transport water from Lance Creek Water Treatment Plant northward to Korumburra. The other will replace two existing, aged trunk mains that carry water from the Korumburra treated water storages southward to Korumburra. The project has provided a timely and economically feasible opportunity to upgrade water supply to Korumburra residents through the reticulated system.

WATER TREATMENT PLANTS

Access to Melbourne supply

The mid-2016 construction of the valve station and final transfer pipeline connections between the Melbourne Supply System and the Lance Creek System were amongst some of the first on-ground work associated with the Lance Creek Water Connection.

The infrastructure, Delivery Point 5 (DP5) allows for connection between the Lance Creek Water Treatment Plant and the Melbourne Supply System providing a secure water supply for the region.

Commissioning of DP5 started during June 2018 and will provide access to water from Cardinia Reservoir or the Victorian Desalination Plant which can be blended with water from the Lance Creek Reservoir at the Lance Creek Water Treatment Plant.



Lance Creek cut-in

A key milestone for the project in early 2018 was the installation of infrastructure to connect the new pipeline to the existing Lance Creek clear water storage tank.

A cut-in was made to an operational 600mm main used to supply Wonthaggi, Inverloch and Cape Paterson. The cut-in was necessary to install new equipment, valves and pipe connections that will connect to the new pump station at the Lance Creek Water Treatment Plant. Throughout the 12 hour job, water continued to be supplied to all customers via a temporary pipe installed to bypass the isolated area.



Pump Station Construction

Some of the terrain between Lance Creek and Poowong is particularly steep, so new water transfer pump stations are needed at both the Lance Creek and Korumburra. These new pump stations will be capable of pumping 140 litres per second and 30 litres per second respectively.

Construction on the Lance Creek pump station began in early 2018. Three 220 kW pumps were installed in June 2018 to provide the power to transfer water from Lance Creek, through the hills of Kongwak and Jumbunna, to the Korumburra treated water storages - a total height difference or lift of 209m.

The Lance Creek pump station will also have capacity for an additional two pumps that will enable pumping in excess of 200L/s to cater for future water demands.



Water Treatment

When the Lance Creek Water Connection is commissioned, greater volumes of water will be processed at the Lance Creek Water Treatment Plant to supply Korumburra, Poowong, Loch and Nyora and to continue supply to Wonthaggi, Cape Paterson and Inverloch.

Adjustments in the treatment process, including chloramination and fluoridation, will enable the blending and treatment of greater volumes of water, ensuring customers are provided with an effectively treated, world-class water supply.

On completion of this project, the Lance Creek Water Treatment Plant will supply an average of 8 million Litres per day to approximately 60% of South Gippsland Water's customer base.

ENVIRONMENT / COMMUNITY

Giant Gippsland Earthworms

The Lance Creek Water Connection project team discovered evidence of Giant Gippsland Earthworms near Korumburra in an area that hadn't previously been identified as a likely habitat.

Prior to the commencement of the pipeline project, South Gippsland Water, developed plans to minimise impact on Gippsland Giant Earthworm habitat, including the utilisation of horizontal drilling methods in order to avoid known colony areas.

The project team immediately enacted its environmental contingency plan and experts from the Department of Environment, Land, Water and Planning and the South Gippsland Shire Council were consulted.

Key to the process was the involvement of biologist Beverley Van Praagh who provided advice to the team on how to progress without damaging habitat or earthworms. Following Dr Van Praagh's site inspection, and her assistance with the careful relocation of the colony to an equally suitable site close-by, works resumed in accordance with all necessary environmental requirements.



Photos courtesy of Dr Beverly Van Praagh

Purpose Vision and Objectives

Purpose

We provide sustainable water services that are essential to the prosperity and wellbeing of our communities and natural environments

Vision

Our customers value the services and outstanding experiences proudly delivered by our capable and committed teams

To fulfil our 2023 Vision

Our **Achievement Culture** and **Productive Practices** deliver **Outstanding Customer Experiences** and **Valued Services**, that contribute to **Thriving Communities** and a **Healthy Environment**

Outstanding customer experience:

- Our customers say we are fair and reasonable, professional and friendly, and easy to deal with
- Our customers say we provide consistent, reliable, high quality services

Delivering valued services:

- We make sound decisions that benefit the region
- Our business and infrastructure planning ensures service reliability and sustainability
- We work collaboratively with partners and stakeholders

Thriving communities:

- We contribute to prosperous and healthy communities
- We provide effective support programs for our customers
- We listen to and respond effectively to community concerns about our services and activities

Healthy environment:

- We progressively reduce our environmental impact
- We effectively plan and adapt for climate variability
- We contribute towards improving the region's waterways, coastal habitat, and the land we manage

Achievement culture:

- We invest in developing people to achieve their potential
- We foster inclusion, trust and constructive behaviours
- Our workplace practices empower achievement
- Our safety culture ensures we do not compromise on safety and wellbeing

Productive practices:

- We increase effectiveness by leveraging technology and streamlining processes
- We enable innovation and strive to find new ways to improve our business
- We invest in business infrastructure and support services that enable performance

Table of Contents

PURPOSE, VISION AND OBJECTIVES	4	SOCIAL SUSTAINABILITY	20
OUR REGION	6	Collaboration Within the Water Sector	
South Gippsland – The Region		Community Service Obligations – Financial Assistance to Eligible Customers and Pensioners	
Nature and Range of Services Provided		Customer Consultation	
STATEMENT BY THE MANAGING DIRECTOR AND CHAIR	8	Lance Creek Water Connection Engagement	
THE BOARD	9	Schools Education and Water Efficiency Programs	
ORGANISATIONAL STRUCTURE	11	Meetings with Local Community and Special Interest Groups	
THE MANAGEMENT TEAM	11	Social Media and the South Gippsland Water Website	
CORPORATE INFORMATION	12	Management of Social and Economic Impacts	
Role of the Board and Membership		BULK ENTITLEMENT COMPLIANCE REPORTING	22
Remuneration of Directors and Executive Officers		WATER SERVICES	23
Meetings, Committees and Composition of Committees		Water Quality	
Statement of Availability of Other Information		Compliance with Safe Drinking Water Regulations 2015	
Disclosure Index		Water Consumption	
Declaration of Pecuniary Interest		Drought Response Plan	
External Auditors		Major Non-Residential Water Users	
Risk Management and Chair's Statement		Customers by Volume/Range for 2017/18	
Manner of Establishment and the Relevant Minister		WASTEWATER SERVICES	25
Objectives, Functions, Powers and Duties		Wastewater Management	
Freedom of Information (Fol)		Treated Effluent	
Contact for Requests		Bio Solids	
Compliance with the Building Act 1993		ENVIRONMENTAL SUSTAINABILITY	26
Events Subsequent to Balance Date		Corporate Sustainability Strategy	
Protected Disclosures Act 2012		Environment and Sustainability	
Victorian Industry Participation Policy – Implementation		Policy Environmental Management System	
Consultancies for 2017/18 – Greater than \$10,000		Regional Catchment Strategies	
Disclosure of Major Contracts		Sustainable Water Use	
Details of Information and Communication		Uniform Drought Response Plan	
Technology (ICT) Expenditure		Water Supply Demand Strategy	
Corporate Water Consumption 2017/18		Community Partners in Environment and Sustainability	
Water Consumed Per Unit of Office Space		Biodiversity	
National Competition Policy		Greenhouse Gas Emissions	
Goods and Service Tax (GST)		Net Energy Consumption	
Details of Government Expenditure		SUMMARY OF MAJOR PROJECTS 2017/18	30
OUR PEOPLE	18	REPORT OF OPERATIONS	31
Employment and Conduct		Financial Performance	
Diversity and Inclusion		FINANCIAL REPORT	33
Workforce Data		COMPREHENSIVE OPERATING STATEMENT	34
Employee Assistance Program (EAP)		BALANCE SHEET	35
Enterprise Agreement		CASH FLOW STATEMENT	36
Occupational Health and Safety Management (OH&S)		STATEMENT OF CHANGES IN EQUITY	37
Lost Time Injury Frequency Rate		NOTES TO THE FINANCIAL REPORT	38
Medical Injury Frequency Rate		PERFORMANCE REPORT	82
South Gippsland Water LTI / MTI Performance		APPENDIX A – DISCLOSURE INDEX	87

Our Region

South Gippsland – The Region

South Gippsland is located around two hours' drive from Melbourne. The region has a key focus on the natural environment with two internationally recognised National Parks, Wilsons Promontory and Tarra Bulga, north east of Yarram. South Gippsland is a popular tourist destination, well known for its coastal resorts such as Inverloch, Cape Paterson, Waratah Bay, Sandy Point and Port Albert.

Dairy farming is the major industry in the region. It sits alongside a range of other important agricultural and horticultural enterprises including beef, lamb, wine, cheese and vegetable production, and a commercial fishing industry.

Based on our purpose, vision and outcomes, South Gippsland Water recognises that water is fundamental to our communities, industries and natural environment.

As a regional service provider South Gippsland Water's aim is to support economic development and strong communities. The Corporation is proactive in providing environmentally sustainable water and wastewater services in a way that benefits our customers and the wider community.

Nature and Range of Services Provided

South Gippsland Water's service area covers 4,000 square kilometres and its total operation in 2017/18 comprised:

Headworks

- Water catchments with a total area of 1,234 square kilometres

Water Services

- 10 separate water supply systems
- 10 water treatment plants
- 725km of water mains
- 15 water pump stations
- 13 reservoirs and 18 service storages
- 4,483 million litres (ML) annual volume of drinking water supplied to customers
- servicing 21,307 water assessments (accounts) over 21 rural centres.

Sewerage (Wastewater) Services

- 10 conventional wastewater collection systems
- 1 vacuum wastewater system
- 2 pressure sewer systems
- 11 sewerage treatment plants
- 1 dedicated saline trade waste system
- 500km of wastewater mains
- 64 wastewater pump stations
- 506 residential pressure pump stations
- 4 marine environment outfalls
- 2 inland water discharge points
- Collecting some 3,968ML and treating around 3,145ML of wastewater
- servicing 19,074 wastewater assessments (including trade waste) over 17 rural centres.



South Gippsland Water and Sewerage Service Localities

Centres	Population Served (Permanent) ^{1,2}	Water		Sewerage Customers Billed ³
		Customers Billed ³	Supplied From	
Port Franklin	134	107	Agnes River	Not serviced
Port Welshpool	209	284	Agnes River	268
Toora, Agnes, Bennison	436*	516	Agnes River	286
Welshpool, Hedley	331	206	Agnes River	121
Fish Creek	199*	208	Battery Creek	Not serviced
Korumburra	3,649*	2292	Coalition Creek	1,977
Foster	1,167*	876	Deep Creek / Foster Dam	787
Inverloch, Wattle Bank	5,168*	4,707	Lance Creek	4,672
Cape Paterson	857*	1,159	Lance Creek	1,144
Wonthaggi, South Dudley, Glen Alvie, Kongwak, Lance Creek	8,075*	4,701	Lance Creek	4,469
Loch	639*	155	Little Bass	118
Nyora	700*	357	Little Bass	194
Poowong	361*	207	Little Bass	137
Koonwarra	405	82	Ruby Creek	Not serviced
Leongatha, Kardella, Leongatha South, Ruby	5,134*	3,203	Ruby Creek	3,021
Alberton	262	148	Tarra River	104
Devon North, Tarra Valley	344	124	Tarra River	Not serviced
Port Albert	245*	398	Tarra River	335
Yarram	1,735*	1,196	Tarra River	1,082
Dumbalk	414	106	Tarwin River	Not serviced
Meeniyan	462*	275	Tarwin River	244
Waratah Bay	216	Not serviced	N/A	115
Total	31,142	21,307		19,074

Notes:

1. Population Served based on ABS 2017 Census data. The ABS methods of calculation utilise State Suburbs (SSC) locations and where available, townships marked as * utilise the Urban Centre Locality (UCL). These areas may not always reflect the exact sewer/water district.
2. Updated with Victoria in Future 2016 population and household projections growth factor of Bass Coast Shire Council 2.0%, South Gippsland Shire Council 0.3% and Wellington Shire Council 0.1%.
3. Water and Sewerage Assessments = Number of Rated Properties at June 2018.



The Foster main street celebrating the Great Victorian Bike Ride spending the 2nd night of the 2017 tour in the town.

Statement by the Chair and Managing Director

We are pleased to present the Report of Operations for South Gippsland Water for the year ending 30 June 2018.

The Corporation has seen some substantial achievements throughout the year with a major focus on the construction of the Lance Creek Water Connection, a \$43M project that will secure the long term water supply for the townships of Korumburra, Poowong, Loch and Nyora.

The State Government backed Lance Creek Water Connection project involves the interconnection of smaller surface water supplies to the corporation's largest reservoir, Lance Creek. The project utilises an existing connection to the Melbourne Supply System, including Cardinia Reservoir and the Wonthaggi Desalination Plant. This important project has progressed significantly during 2017/18 and is due for completion within budget and ahead of schedule with commissioning commencing in October 2018.

Parts of the region experienced dry summer and autumn conditions during the year which culminated in stage three water restrictions being placed on the Coalition Creek water supply system. Commencing February 2018, water was sourced from the Tarwin River to augment the water supply for the township of Korumburra. A total volume of 83ML to May 2018, was utilised to meet the town's water needs including demand from major customer Burra Foods. All other towns continued to abide by Permanent Water Saving Rules.

The environment remains a key focus for the Corporation as work towards meeting a greenhouse gas emissions reduction pledge of 15% by 1 July 2025. The installation of a 75.6 kW system comprising of some 278 solar panels and 3 inverters at the Corporation's Lohr Avenue pump station will help produce 87% of the sites energy needs from a renewable source. This energy saving is one of a raft of projects that will contribute to the key goal of achieving net zero carbon emissions by 2050.

South Gippsland Water also continues to be an active member of a number of strategic partnerships including the Gippsland Regional Water Alliance with neighboring water corporations, Westernport Water, Gippsland Water, East Gippsland Water and Southern Rural Water. The partnership provides the opportunity to work together in areas such as procurement, contracts, information technology, customer and community and capability sharing and has resulted in significant collaboration, information sharing and savings through efficiency.

The recently established partnership agreement between the Gunaikurnai Land and Waters Aboriginal Corporation (GLaWAC) and the Gippsland Environment Agencies (GEA) works towards strengthening community ties and shared regional objectives of local indigenous communities. Additionally, the Corporation has entered into the West Gippsland Catchment Partnership Agreement, with the key aims to strengthen coordination, collaboration and accountability between key catchment management partners.

The year saw a whole of organisation approach to the development of the 2018 Pricing Submission which was largely driven by the voice of the customer. The process resulted in six key organisational outcomes, the progress of these will be reported back to the wider community in the coming years. Outcomes include focuses such as delivering reliable water and waste water services in an environmentally responsible manner, partnering with stakeholders and community to plan for future years, incorporating projects that will contribute to the health and livability of our communities and treating all customers with honesty and respect.

The pricing review process resulted in South Gippsland Water committing to hold prices to CPI for the next two years. As a result, South Gippsland Water customers will continue to pay some of the lowest prices in Australia for water and sewerage services.



David Schultz
Chair



Philippe du Plessis
Managing Director

The Board

From the 1st July 2017 to 30th June 2018 the Board consisted of:



David Schultz – MIEAust, CPEng, GAICD

Appointed 1st October 2011

Chair

David Schultz is a Civil Engineer and is a graduate of the Australian Institute of Company Directors course. He is a non-Executive Director of Life Saving Victoria. David, along with his wife Jan and family, has owned a holiday house in Inverloch for over 30 years. He has been actively involved with the Inverloch Surf Life Saving Club since it started in 1998, being a member of the first patrol, President of the club from 1999 until 2006 and now a life member. Previously, David held various executive roles with GHD Global including Practice Leader of the management consulting practice and Senior Project Director Middle East.



Dr Irene Irvine

Appointed 1st October 2012

Irene Irvine operates her own consultancy providing strategic support to the education and not-for-profit sectors since retiring as Pro Vice Chancellor Deakin University. An experienced company director, Irene currently chairs South Gippsland Shire's Audit Committee and is Deputy Chair of Karingal Disability Services. Her past roles have included Chair of Phillip Island Nature Parks, Deputy Chair of Zoos Victoria and Director of State Trustees, Open Gardens Australia and Craft Victoria. Irene has lived part time in South Gippsland for over 20 years. She holds a Bachelor of Science (Honours), a Graduate Diploma Administration, a Doctor of Philosophy, a Diploma of Education, is a graduate of Leadership Victoria (Williamson Community Leadership Program) and is a graduate of the Australian Institute of Company Directors course.



Anna Kilborn – BSc, GAICD

Appointed 1st October 2011

Deputy Chair

Anna Kilborn is an environmental scientist with over 25 years' experience in integrated planning and stakeholder engagement. She holds a Bachelor of Science and is a graduate of the Australian Institute of Company Directors course. Anna is currently a member of the Victorian Environmental Assessment Council and has previously served as a member of the Regional Development Australia Gippsland Committee. She is committed to promoting integrated planning and sustainability in the Gippsland region.



Geoff Lake

Appointed 1st October 2015

Geoff Lake is a barrister at the Victorian Bar. He is the Chair of Vision Super and a councillor and former mayor of the City of Monash. Geoff is also a director of the Australian Institute of Superannuation Trustees and the Municipal Association of Victoria. He has previously served as president of the Australian Local Government Association and the Municipal Association of Victoria and is past board member of the Metropolitan Fire Brigade.



Kate Young

Appointed 1st October 2015

Kate Young is a town planner at Crowther & Sadler. Kate is currently on the Board at Gippsland Grammar, chairing the Governance Committee, and is a former Director of the East Gippsland Catchment Management Authority. Kate also served on the Gippsland Lakes Ministerial Advisory Committee and East Gippsland Shire Inundation and Adaption Management Project Steering Group Committee. Kate has a Bachelor of Arts (Psychology), post graduate qualifications in Planning and Environment, Arts (Criminology) and is a graduate of the Australian Institute of Company Directors course.



Jim Fawcett CPA

Appointed 1st October 2007

Jim Fawcett is a Certified Practising Accountant and principal in a local accounting firm for over 30 years. During that time, he has also had extensive involvement with local community and sporting groups. He is a former Board Member and President of Woorayl District Memorial Hospital and its successor Gippsland Southern Health Service. He is a past Councillor and Mayor of South Gippsland Shire Council.



Chris Rose

Appointed 1st October 2017

Christopher Rose is a Director and Founder of ThreePipe Consulting Pty Ltd. He has more than 30 years' experience in public land management, 11 years' executive management experience and acted as Chief Executive Officer of Parks Victoria for one year. He is currently a Director of the Victorian Fisheries Authority and also sits on the National Parks and Wildlife Advisory Council, and has previously held directorships of Alpine Tourism (Deputy Chair), Destination Gippsland, the Gippsland Coastal Board, and the Alpine Resorts Coordinating Council. Chris holds a Bachelor of Forest Science. He is a graduate of the Australian Institute of Company Directors and a Fellow of the Williamson Community Leadership Program.



Susan Friend

Appointed 1st October 2017

Sue Friend is a Chartered Accountant and Consulting Director at Sapere Research Group. She has held senior roles in global accounting firms and smaller consultancies. Sue is currently a board member of Melbourne Market Authority and Chair of the Financial Audit and Risk Management committee. Sue was previously on the board of Yarra Valley Water from 2010 to 2017 and was a member of the Risk Management & Audit Committee (including Chair from 2012 to 2016) and its Sustainability, Planning, Infrastructure & Regulation Committee. Sue also holds independent audit committee roles with the Municipal Association of Victoria and County Court Victoria. Ms Friend holds a Bachelor of Commerce, a Bachelor of Laws, and is a graduate of the Australian Institute of Company Directors.

Retiring Directors on 30th September 2017 were:

Chris Badger

Appointed 1st October 2011

Michelle Blackburn

Appointed 1st October 2015

The Board

Director Attendance at Board and Committee Meetings

1st July 2017 to 30th June 2018

Director	Board	Audit and Risk Management Committee	Engagement and Planning	People Safety and Culture Committee	Innovation, Disruption, Efficiency and Sustainability Committee	Infrastructure, Service Delivery and Customers Committee	People and Culture Committee	Health, Safety, Environment and Special Tasks Committee
David Schultz <i>Chair of Board</i>	9 of 10	5 of 5	2 of 3	2 of 2	1 of 1	1 of 1	2 of 2	2 of 2
Anna Kilborn <i>Chair of;</i> <i>Health, Safety, Environment and Special Tasks Committee to October 2017</i> <i>Innovation, Disruption, Efficiency and sustainability from October 2017</i>	10 of 10	5 of 5	-	-	1 of 1	-	-	2 of 2
Chris Badger <i>Chair of Infrastructure, Service Delivery and Customers Committee to October 2017</i>	3 of 3	2 of 3	-	-	-	1 of 1	-	-
Chris Rose	6 of 7	-	-	2 of 2	1 of 1	-	-	-
Jim Fawcett <i>Chair of Audit and Risk Management Committee</i>	10 of 10	5 of 5	2 of 3		1 of 1	-	2 of 2	-
Irene Irvine <i>Chair of People and Culture Committee to October 2017</i>	9 of 10	-	-	2 of 2	-	1 of 1	2 of 2	-
Geoff Lake <i>Chair of Engagement and Planning Committee from October 2017</i>	8 of 10	2 of 2	3 of 3	-	-	1 of 1	-	2 of 2
Kate Young <i>Chair of People, Safety and Culture Committee from October 2017</i>	9 of 10	-	2 of 3	2 of 2	-	-	2 of 2	2 of 2
Michelle Blackburn	2 of 3	-	-	-	-	-	-	1 of 1
Sue Friend	6 of 7	3 of 3	-	2 of 2	-	-	-	-



The view over Corner Inlet from the Toora Water Treatment Plant.

Organisational Structure

Board of Directors			
Board Committees including the Audit and Risk Management Committee			
Managing Director			
Executive Management Industry Awareness Strategic Relationships Corporate Compliance		Strategic Marketing OH&S Company Secretary	
General Manager Corporate Services	General Manager Operations	General Manager Infrastructure and Planning	General Manager People Culture and Customer
Finance and Accounting	Operations and Maintenance	Capital Works	Customer Service
Risk Management	Renewal and Replacement	Planning and Development	People and Culture
Occupational Health & Safety	Water Quality	Works Design and Documentation	
Information Technology	Water Sampling	Works Construction Services	
	Environment	Dam Safety	
	Dam Safety	Asset Management	

The Executive Management Team

Managing Director

Philippe du Plessis

Philippe is responsible for direction of the Management Team and the corporate and strategic functions of South Gippsland Water. These include strategic relationships, strategic marketing, the Corporation's performance and image, IT, OH&S, awareness of future trends in the water industry and contact with the Corporation's key stakeholders.

General Manager Corporate Services

Jessica Armstrong

Jessica manages finance and accounting, information technology and risk management. The key responsibility of the General Manager Corporate Services is that of custodian of the Corporation's assets and financial resources on behalf of all stakeholders.

General Manager Infrastructure and Planning

Mark Lynch

Mark is responsible for the planning, direction and management of the Corporation's Capital Works Program incorporating a broad range of projects. Other functions under this role include asset management, managing the Corporation's Urban Water Strategy including the Drought Response Program, and engineering and technical services.

General Manager Operations

Ravi Raveendran

Ravi manages the Corporation's operational functions including Water Treatment Plants, Waste Water Treatment Plants, and water and wastewater services delivery infrastructure. His responsibilities include compliance with water and wastewater quality guidelines, ongoing quality monitoring, operations improvement, site safety, environment and catchment management, and specialist services to major customers.

General Manager People, Culture and Customer

Annette Katiforis

Annette's role provides strategic advice and programs relating to: leadership and management capability, diversity and inclusion and other cultural focuses; workforce planning and design; contemporary human resources operations; and, contemporary and attuned customer service strategy and operations.

Corporate Information

Role of the Board and Membership

The Board of Directors, appointed by the Minister for Water, operate under the provisions of the Water Act 1989 and has responsibility for the governance of the Corporation, providing strategic direction and accountability for the performance of South Gippsland Water.

Responsibility for the ongoing operation and implementation of strategy is delegated to the Managing Director and Executive Management Team. The Board comprises of a non-Executive Chair, the Managing Director and seven non-Executive Directors.

Remuneration of Directors and Executive Officers

Refer to the Notes to Accounts within the Financial Report.

Meetings, Committees and Composition of Committees

The Board generally meets on the fourth Thursday of nominated months and as required. In order to effectively carry out its responsibility, the Board has established the following committees:

1st July 2017 – 30th June 2018

Audit and Risk Management Committee

The Audit and Risk Management Committee is an advisory committee of the Board. The primary objectives of the Committee is to assist the Board in discharging its responsibilities for financial and non-financial reporting, maintaining a reliable system of internal controls, risk management systems, and fostering the organisation's ethical environment. The Committee exercises independent judgement and is objective in its deliberations, decisions and advice.

For the period 1st July 2017 to 30th September 2017 the committee comprised of four non-executive independent Directors – Jim Fawcett (Chair), Chris Badger, Anna Kilborn, and David Schultz.

For the period 1st October 2017 to 30th June 2018 the Committee comprised of five non-executive independent Directors - Jim Fawcett (Chair), Anna Kilborn, Geoff Lake, Sue Friend and David Schultz.

Vito Giudice has held the position of independent external member from the 22nd June 2017.

The Committee meets with the internal and external auditors.

Engagement and Planning Committee

The primary objective of the Engagement and Planning Committee is to assist the Board to fulfil its duties and oversee the strategic context, planning, development and delivery of the Corporation's community and stakeholder management. The Committee provides oversight to the Capital Works Plan including asset management and delivery of services to South Gippsland Water customers.

For the period 1st October 2017 to 30 June 2018 the committee comprised of four non-executive independent Directors – Geoff Lake (Chair), Jim Fawcett, Kate Young and David Schultz.

People Safety and Culture Committee

The primary objective of the People, Safety and Culture Committee is to assist the Board to fulfil its governance responsibilities in relation to organisational development, corporate culture and to provide a safe and healthy workplace at South Gippsland Water. It also manages executive remuneration and performance management review processes.

For the period 1st October 2017 to 30th June 2018 the Committee comprised of five non-executive independent Directors - Kate Young (Chair), Sue Friend, Irene Irvine, Chris Rose and David Schultz.

Innovation, Disruption, Efficiency and Sustainability Committee

The primary objective of the Innovation, Disruption and Environmental Sustainability Committee is to assist the Board to focus on the major changes and disruptors that may and perhaps should impact South Gippsland Water in the short, medium and long term future. The Committee also assists the Board to fulfil its duties and discharge its Corporate Governance responsibilities.

For the period 1st October 2017 to 30th June 2018 the committee comprised of four non-executive independent Directors - Anna Kilborn (Chair), Irene Irvine, Chris Rose and David Schultz.

Infrastructure, Service Delivery and Customers Committee

The primary objective of the Infrastructure Service Delivery and Customers Committee is to assist the Board to fulfil its duties and oversee the strategic context, planning, development and delivery of the Corporation's community and stakeholder management. The Committee provides oversight to the Capital Works Plan including asset management and delivery of services to South Gippsland Water customers.

For the period 1st July 2017 to 30th September 2017 the committee comprised of five non-executive independent Directors – Chris Badger (Chair), Michelle Blackburn, Irene Irvine, Geoff Lake and David Schultz.

Health, Safety, Environment and Special Tasks Committee

The primary objective of the Health, Safety, Environment and Special Tasks Committee is to assist the Board to fulfil its duties to provide a safe, healthy and environmentally sound workplace at South Gippsland Water.

For the period 1st July 2017 to 30th September 2017 the committee comprised of five non-executive independent Directors – Anna Kilborn (Chair), Michelle Blackburn, Geoff Lake, Kate Young and David Schultz.

People and Culture Committee

The primary objective of the People and Culture Committee is to assist the Board to fulfil its governance responsibilities in relation to organisational development and employee related activities. It also manages executive remuneration, performance management and review processes.

For the period 1st July 2017 to 30th September 2017 the committee comprised of four non-executive independent Directors – Irene Irvine (Chair), Jim Fawcett, Kate Young and David Schultz.

Statement of Availability of Other Information

In compliance with the requirements of the Ministerial Directions of the Minister for Finance, Financial Reporting Direction (FRD) 22C, details in respect of the information items below have been retained by the Corporation and are available to the relevant Ministers, Members of Parliament and the public (subject to Freedom of Information requirements, if applicable). However, in adopting best practice disclosure policies and to ensure the Corporation discharges its accountability obligations, where relevant, details about some of the following matters have been disclosed within this Report of Operations:

- a. a statement that declarations of pecuniary interests have been duly completed by all relevant officers of the Corporation
- b. details of shares held by senior officers as nominee or held beneficially in a statutory Corporation or subsidiary
- c. details of publications produced by the Corporation about the activities of the Corporation and where they can be obtained
- d. details of changes in prices, fees, charges, rates and levies charged by the Corporation for its services, including services that are administered
- e. details of any major external reviews carried out in respect of the operation of the Corporation
- f. details of any other research and development activities undertaken by the Corporation that are not otherwise covered either in the Report of Operations or in a document which contains the Financial Report and Report of Operations
- g. details of overseas visits undertaken including a summary of the objectives and outcomes of each visit
- h. details of major promotional, public relations and marketing activities undertaken by the Corporation to develop community awareness of the services provided by the Corporation
- i. details of assessments and measures undertaken to improve the occupational health and safety of employees, not otherwise detailed in the Report of Operations
- j. a general statement on industrial relations with the Corporation and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the Report of Operations
- k. a list of major committees sponsored by the Corporation, the purposes of each committee and the extent to which the purposes have been achieved.

The information is available on request from:

South Gippsland Region Water Corporation, Company Secretary
PO Box 102, Foster, VIC, 3960
Phone: 03 5682 0444
Email: sgwater@sgwater.com.au

Disclosure Index

An index identifying the Corporation's compliance with statutory disclosure requirements is contained in Appendix A, page 87.

Declaration of Pecuniary Interests

In addition to complying with the disclosure and conflict of interest requirements under the Corporations Act 2001, each Director, the Managing Director and Senior Managers are required to disclose any pecuniary interests under the provisions of the Water Act 1989.

External Auditors

Crowe Horwath Australasia Ltd, as an agent for the Auditor-General Victoria, undertook the external audit for 2017/18.

Manner of Establishment and the Relevant Minister

South Gippsland Region Water Corporation (trading as South Gippsland Water) was constituted on 22nd December 1994, under the Water Act 1989, by order of the Hon. Geoff Coleman, Minister for Natural Resources (Order No S102 published in the Government Gazette). The order took effect from 1st January 1995.

During the 2017/18 reporting period the responsible Minister for the reporting period was *The Hon Lisa Neville MP, Minister for Water for the period from 1st July 2017 to 30th June 2018.*

Objectives, Functions, Powers and Duties

Under the Water Act 1989, South Gippsland Water is responsible for a range of functions in its service area relating to water supply and sewerage. These are:

Water Supply

- To provide, manage, operate and protect water supply systems, including the collection, storage, treatment, transfer and distribution of water.
- To identify community needs relating to water supply and to plan for the future needs of the community relating to water supply.
- To develop and implement programs for the conservation and efficient use of water.
- To investigate, promote and conduct research into any matter related to its functions, powers and duties in relation to water supply.
- To educate the public about any aspect of water supply.

Wastewater

- To provide, manage, and operate systems for the conveyance, treatment and disposal of sewerage and, if the Corporation so decides, trade waste.
- To identify community needs relating to sewerage services and to plan for the future needs of the community relating to sewerage services.
- To develop and implement programs for the recycling and reuse of treated wastewater.
- To investigate, promote and conduct research into any matter related to its functions, powers and duties in relation to sewerage services.
- To educate the public about any aspect of sewerage.

Both the water and wastewater functions must be performed in an environmentally sound way, having regard to the need to preserve aspects which have landscape and fauna and flora values.



Outfall infrastructure at Venus Bay exposed due to shifting sands.

Corporate Information

Freedom of Information (Fol)

Operation

The *Freedom of Information Act 1982* allows the public a right of access to documents held by the Corporation. South Gippsland Water is considered to be a "Government Agency" under the terms of the *Freedom of Information Act 1982*. Accordingly, it is required to comply with the procedures that have been prescribed along with the Corporation's Freedom of Information policy guidelines. Decisions to release information are made by an Authorised Officer.

All applicants are advised of the internal review and appeal provisions available.

Applications

There were no applications received by South Gippsland Water under the *Freedom of Information Act 1982* during 2017/18.

Contact for Requests

Requests under the *Freedom of Information Act 1982*, describing the documents requested, must be made in writing. A Freedom of Information (Fol) application fee of \$28.40 from 1st July 2017 is payable. Depending on the circumstances, further charges may also be payable. Fol fees and charges are not subject to GST.

Requests should be addressed to:

The Fol Contact Officer
14-18 Pioneer Street, Foster, Vic 3960
PO Box 102, Foster, Vic 3960
Phone: (03) 5682 0444
Fax: (03) 5682 1199
Email: sgwater@sgwater.com.au

Compliance with the Building Act 1993

The Corporation has identified a partial compliance with the *Building Act 1993*, whereby inspection and monitoring at a number of facilities had lapsed during 2017/18. This will be corrected during 2018/19 reporting period.

Events Subsequent to Balance Date

There were no events that have arisen subsequent to balance date through to the reporting date that may have a significant impact on the operations of the entity in future years.

Protected Disclosures Act 2012

Compliance with the Protected Disclosure Act 2012 (formerly the Whistleblowers Protection Act 2001)

The *Protected Disclosure 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 taken.

South Gippsland Water does not tolerate improper conduct by employees, nor the taking of reprisals against those who come forward to disclose such conduct. The Corporation 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.

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

Reporting procedures

Disclosures of improper conduct or detrimental action by South Gippsland Water or any of its employees and/or officers may be made to the General Manager People, Culture and Customer Service as the Protected Disclosures Officer.

Alternatively, disclosures of improper conduct or detrimental action by South Gippsland Water or any of its employees and/or

or officers may also be made directly to the Independent Broad-based Anti-corruption Commission (IBAC):

Level 1, North Tower, 459 Collins Street
Melbourne, VIC 3000
Phone: 1300 735 135
www.ibac.vic.gov.au

Further information

The Protected Disclosure Policy and Procedures, which outline the system for reporting disclosures of improper conduct or detrimental action by South Gippsland Water or any of its employees and/or officers, are available on South Gippsland Water's website.

Disclosures under the Protected Disclosure Act 2012

	2017/18	2016/17
The number of disclosures made by an individual to the Department and notified to the Independent Broad-based Anti-corruption Commission	0	0
Assessable disclosures	0	0

Jobs First: Victorian Industry Participation Policy - Implementation

In October 2003, the Victorian Parliament passed the *Victorian Industry Participation Policy Act 2003*, (VIPP), which requires public bodies and departments to report on the implementation of the policy. Departments and public bodies are required to apply the VIPP in all tenders over \$3M in metropolitan Melbourne and \$1M in regional Victoria.

One contract was awarded on the Sewer Rehabilitation and Relining project with a total tender amount of \$1M or more in 2017/18. At the close of the financial year no construction had commenced on this project. :

The objectives and fundamentals of VIPP were applied to this tender in accordance with the VIPP guidelines.

There were six contracts awarded on the Lance Creek Water Connection project with a total tender cost of \$1M or more in 2016/17 with works being carried out during the 2017/18 financial year:

Supply of mild steel cement lined pipe

- 99% complete. Remaining pipe scheduled for delivery in September 2018.

Supply of high density polyethylene pipe

- 99% complete. Remaining pipe scheduled for delivery in September 2018.

Construction of high density polyethylene water main - Korumburra to Poowong

- Contract 98% complete. Some final site reinstatement works to be completed after winter when weather and ground conditions permit.

Construction of mild steel cement lined water main - Lance Creek to Korumburra

- Contract 99% Complete. Commissioning and pressure testing of the pipeline completed in July 2018. Some minor site reinstatement works to be completed after winter when weather and ground conditions permit.

Construction of high density polyethylene water main - Lance Creek to Korumburra

- Contract 99% Complete. Commissioning and pressure testing of the pipeline completed in July 2018. Some minor site reinstatement works to be completed after winter when weather and ground conditions permit.

Construction of pump stations and associated works.

- Contract 66% Complete. Works at Melbourne Supply System Connection Point (DP5) are nearing completion. Lance Creek Pump Station and site works are 60% complete. Korumburra Pump Station and site works are 30% complete with works at Poowong Water Treatment Plant yet to commence.

All VIPP objectives and Contractor commitments are being met including preferential use of locally sourced equipment and materials, and creating and retaining local jobs.

The objectives and fundamentals of VIPP were applied to each of these tenders in accordance with the VIPP guidelines.

Corporate Information

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

In 2017/18, there were seventeen consultancies where the total fees payable to the consultants were \$10 000 or greater. The total expenditure incurred during 2017/18 in relation to these consultancies was \$289,837 (excl. GST).

Details of individual consultancies are outlined below.

Consultancies for 2017/18 – Greater than \$10,000

Consultant	Project /Task	Start Date	End Date	Total Approved Project Fee (Excl. GST)
AECOM	Annual dam safety inspections and surveillance	July 2017	June 2018	\$25,090
SMEC	Hydraulic Modelling and Network Planning	September 2017	July 2018	\$36,799
SJ Progressive Consultancy	Hydraulic Modelling – Internal Support	October 2017	July 2018	\$65,000
Urban water Solutions	Wonthaggi Sewer Model Development	July 2017	June 2018	\$41,520
Mott MacDonald	Wonthaggi and Yarram sewer modelling – Flow and Rain gauges	August 2017	January 2018	\$49,495
Urban water Solutions	Yarram Sewer Model Development	August 2017	January 2018	\$32,210
GHD	Lance Creek Pump Station Relocation – Structural design	July 2017	May 2018	\$22,118
SafeGroup Automation	Lance Creek Electrical, SCADA and Control Supervision	August 2017	August 2018	\$32,261
RM Consulting Group	Lance Creek Rehabilitation Guidance	August 2017	September 2018	\$14,250
Jacobs	Leongatha Water Supply Augmentation Strategy	November 2017	July 2018	\$45,094
CMP Consulting Group	Water Treatment Plant Asset Class Plan	February 2018	June 2018	\$15,845
CMP Consulting Group	Waste Water Treatment Plant Asset Class Plan	February 2018	June 2018	\$15,845
Essential Economics	Facilities Economic Impact Assessment	February 2018	April 2018	\$13,900
CMP Consulting Group	Wonthaggi Low level Basin Design	March 2018	December 2018	\$79,844
SMEC	Hydraulic Modelling and Network Planning for Lance Creek Water Supply	March 2018	July 2018	\$34,777
Urban water Solutions	Wonthaggi Sewer Master Planning	October 2017	September 2018	\$34,360
Urban water Solutions	Inverloch Sewer Modelling Development and Calibration	December 2017	September 2018	\$20,898

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

In 2017/18, there were twenty nine consultancies engaged during the year, where the total fees payable to the consultants was less than \$10 000. The total expenditure incurred during 2017/18 in relation to these consultancies was \$95,510 (excl. GST).

A consultant is a particular type of contractor that is engaged primarily to perform a discrete task for an entity that facilitates decision making through:

- Provision of expert analysis and advice; and/or
- Development of a written report of another intellectual output.



Pipe being laid for the Lance Creek Water Connection and the steep terrain of the pipeline alignment.

Corporate Information

Disclosure of Major Contracts

South Gippsland Water did not award any major contracts (valued at \$10 million or more) during 2017/18. A major contract' is a contract entered into during the reporting period valued at \$10 million or more.

There was one new contract potentially of a value of \$5M or greater awarded during the reporting period 2017/18. The Sewer Rehabilitation and Relining Schedule of Rates contract is awarded for a 3 year term for an approximate amount of \$2.2M. The contract has an option for an additional 3 years subject to performance criteria and the total contract value may exceed \$5M if the contract is extended.

The Lance Creek Water Connection project is referred to in an earlier section of this report.

The following table summarises the major projects undertaken by South Gippsland Water during 2017/18, and the progress or results at the end of the financial year.

SOUTH GIPPSLAND WATER - MAJOR PROJECTS		
Project	Description	Result / Progress
Carbon Emission Reduction South Gippsland Water is committed to greenhouse gas emissions reduction and in 2017 pledged a reduction of 15% by 2025. The pledge is the first step on the road to achieving net zero emissions by 2050, as per the Victorian Government's water plan, Water for Victoria.	A program has been developed at various sites to install solar, wind or other systems to achieve these targets.	A 75 kW solar panel system has been installed at the Lohr Avenue, Inverloch sewer pump station site. When commissioned this will reduce the power consumption at the site, feed power into the grid and reduce carbon emissions considerably.
Water Renewals/Replacement To rehabilitate/replace inefficient water mains.	Water main replacement program based on established priorities with the Operations Group. Works include the progressive replacement of asbestos cement (AC) pipes installed up to the 1970s.	Ongoing replacement of troublesome water mains within South Gippsland Water's region. Approximately 1.8 km of water mains, including trunk mains were replaced over the year.
Reticulation Sewer Rehabilitation/Infiltration Curtailment/Relining To rehabilitate/reline inefficient sewer mains. Identify troublesome reticulation pipeline locations with increased groundwater infiltration and stormwater inflows.	Reticulation sewer rehabilitation/ replacement works including pipeline replacement/relining and manhole repairs/ replacement based on established priorities with the Operations Group.	A multiyear contract has been awarded and in the order of 20 km of sewer is programmed for CCTV with 10 km to be relined this year.
Wonthaggi Sewer System Upgrades Implementation of overall upgrading/ augmentation strategy is required to address the existing system capacity deficiencies associated with the Wonthaggi Sewer Reticulation System and to cater for the rapid escalating current and future development within the township.	A staged improvement implementation program over a 50 year horizon for augmenting the Wonthaggi Sewer Reticulation System based on the hydraulic model analysis, flow survey data and comparative risk assessments for existing system capacities.	Planning and Design has been completed for the next stage of works and will be tendered shortly.
Lance Creek Water Connection Project – Lance Creek to Korumburra and Korumburra to Poowong Connection of existing Korumburra and Little Bass Water Supply systems to the Lance Creek Reservoir and Melbourne Supply System Pipeline.	Installation of water supply trunk main and pumping stations from Lance Creek to Korumburra and Poowong, Loch and Nyora.	Refer to earlier sections of this report.
Inverloch Sewer System Upgrades Implementation of overall upgrading/ augmentation strategy is required to address the existing capacity deficiencies associated with the Inverloch Sewer Reticulation System and to cater for the rapid escalating current and future development within the township.	A staged improvement implementation program over a 50 year horizon for augmenting the Inverloch Sewer Reticulation System based on the hydraulic model analysis, flow survey data and comparative risk assessments.	Approximately 300m of sewer upgrade works was completed.
Korumburra Water Main To rehabilitate/replace inefficient and failing water mains.	Water main replacement program based on established priorities with the Operations Group. Works include the progressive replacement of asbestos cement (AC) and concrete pipes.	Construction has been completed on approximately 500m of transfer pipeline including 20 property connections and a major customer connection.
Project Management of Foster Reuse. To supply water to the Foster Showgrounds and the Golf Course as part of a community project funded by the South Gippsland Shire Council.	Plan, Design and Install approximately 2,500 metres of reuse pipe and a pump station to the two community groups. Storage tanks at each site will be installed. Old disused sewer and water infrastructure has been utilised as a conduit for the reuse pipe, which will minimise driveway and roadway disturbance.	Construction of the pipeline has commenced and is 50% complete. Storage tanks and pump station installation will follow.
Purchase of Hydraulic Models The business has purchased software so that sewerage and water system planning can be partially self-performed in future years. This will allow for efficient delivery of a core business function.	Hydraulic modelling is an essential component of water supply and sewerage system planning work. It allows planning that balances capacity with whole of life costs to minimise charges to customers. Historically, the business has outsourced all modelling activities. A combination of self-performing with some outsourcing is the most effective way to deliver this service but required the purchase of modelling software.	Models and master planning for water and sewerage systems has been developed. This includes Wonthaggi, Inverloch and Yarram for sewer and Korumburra, Wonthaggi, Inverloch, Cape Paterson and Leongatha for water.

Corporate Information

Details of Information and Communication Technology (ICT) Expenditure

For the 2017/18 reporting period, South Gippsland Water spent \$3,351,123 on Information Communication and Technology, with the details shown below.

Business As Usual (BAU) ICT Expenditure	Non-Business As Usual (non-BAU) ICT Expenditure	Operational Expenditure	Capital Expenditure
(Total)	(Total = Operational Expenditure and Capital Expenditure)		
\$2,512,555	\$838,569	\$0	\$838,569

Information Communication and Technology (ICT) expenditure relates to South Gippsland Water's costs in providing business-enabling ICT services. It comprises Business As Usual ICT expenditure and Non-Business As Usual ICT expenditure. Non-Business as Usual ICT expenditure relates to extending or enhancing South Gippsland Water's current ICT capabilities. Business as Usual ICT expenditure is all remaining ICT expenditure which primarily relates to ongoing activities to operate and maintain the current ICT capability.

South Gippsland continues to transform a number of business systems to improve business performance. This has included Hydraulic Modelling and SCADA automation systems. This has resulted in an increase in ICT expenditure by the Corporation over the reporting period which is expected to continue.

Corporate Water Consumption 2017/18

The calculation below is based on the Foster head office and annex, accommodating 54 full-time equivalent staff (including contractors) and includes Foster head office and annex consumption only.

All other depots, workshops, treatment plants (water and wastewater), pumping stations and infrastructure facilities are specifically not included.

Indicator	Target	Actual 2017/18	Variation %	Actual 2015/16	Actual 2015/16
Consumed [Kilolitre (kL) = 1,000 litres]	260kL	232kL	-11%	213kL	223kL
Kilolitres consumed per full-time equivalent staff member	4.8kL	4.3kL	-11%	3.9kL	4.1kL



L-R: Mark Lynch - General Manager Infrastructure and Planning, Chris Hindle - Senior Project Engineer, David Shultz - Chair and Philippe du Plessis - Managing Director, following signing of construction contracts for the Lance Creek Water Connection.

Aboriginal Cultural Values

South Gippsland Water has been working with other Gippsland Environmental Agencies in progressing a Partnership Agreement and Partner Action Plan with the Gunaikurnai Land and Waters Aboriginal Corporation (GLaWAC). GLaWAC represents the Traditional Owners from the Brataualung, Brayakaulung, Brabralung, Krauatungalung and Tatungalung family clans, who were recognised in the Native Title Consent Determination, made under the new Traditional Owner Settlement Act 2010, the first such agreement under that Act.

The Corporation have also been working with the Traditional Owner organisation that represent the Bunurong people of the South-Eastern Kulin Nation. In particular via a site familiarization exercise to further understand significance of local assets in and around Korumburra and Poowong. Support has been provided in the Bunurong region regarding application for an Aboriginal Water Officer grant.

An organisation wide program of Cultural Awareness and Heritage training has commenced with 21 employees completing the program to date. A program to directly sponsor Aboriginal people in training, scholarships and pilot programs for shared benefits, have not commenced.

Water Consumed Per Unit of Office Space

Water consumed per unit of office space for 2017/18 was 208.45 litres.

Competitive Neutrality Policy

Competitive neutrality requires government businesses to ensure where services compete, or potentially compete with the private sector, any advantage arising solely from their government ownership be removed if it is not in the public interest. Government businesses are required to cost and price these services as if they were privately owned. 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 efficiency in the provision of service.

South Gippsland Water continues to *comply with the requirements of the Competitive Neutrality Policy*.

Goods and Service Tax (GST)

South Gippsland Water received a ruling from the Australian Taxation Office that establishes that our basic services ... "supply of water, sewerage (and sewerage-like) services ... (are) ... GST-free," to our customers. South Gippsland Water put in place appropriate accounting arrangements to manage all other aspects of GST.

Details of Government Advertising Expenditure

South Gippsland Water's advertising expenditure does not exceed \$100,000.



South Gippsland Water staff participating in a mock emergency management scenario at Foster Office.

Our People

South Gippsland Water recognises its staff play a vital role in delivering outcomes for customers. Building on broad organisational structural changes previously implemented, the Corporation recruited capability to strengthen procurement, inventory management, fleet management and financial accounting capabilities. Throughout this period of change, the sound performance of our staff has enabled the Corporation to continue to deliver services to required standards to customers across the region.

The new Executive Team collaborated with the business to deliver a Strategic Framework in order to provide a long term vision against which to align improvement priorities and team goals, and focus performance. An organizational cultural change program commenced including developing new Corporate Behaviours *Behaviours for Growth*.

Employment and Conduct Principles

South Gippsland Water is committed to applying merit and equity principles to its recruitment processes and in staff management practices. Selection processes ensure applicants are assessed and evaluated fairly and equitably on the basis of the key selection criteria and other accountabilities, without discrimination. South Gippsland Water communicates its adherence to employment and conduct principles by issuing all new employees with a copy of the Code of Conduct for Victorian Public Sector Employees, induction processes that reinforce many elements of the Code of Conduct, and by having an aligned set of policies.

These mechanisms collectively address ethical issues such as conflict of interest, integrity, respect and human rights. Board Directors and senior management make pecuniary interest statements annually.

Employees have been correctly classified in workforce data collections.

Diversity and Inclusion

South Gippsland Water recognises that a diverse and inclusive workforce brings skills, experiences, backgrounds and attitudes that together create and encourage innovation, agility and better decision making. This commitment is demonstrated in targets being set mid-2016, with progress against them as set out in the table below.

In recognition of the need to strongly lead change in gender balance in some areas of the organization, during the year a Special Measure under S12 of the *Equal Opportunity Act 2010* was applied in recruiting a trainee in the Water Quality and Treatment team. This saw the appointment of a highly qualified female candidate in a field where historically the significant majority of employees are male.

South Gippsland Water's Diversity and Inclusion Plan is available via www.sgwwater.com.au/about-us/corporate-policy-legislation.

Occupational Health and Safety Management (OH&S)

South Gippsland Water's Occupational Health and Safety unit continued its strong focus on improving Occupational Health and Safety (OH&S) risk control across the corporation by implementing new procedures and systems. This involved continual recertification of South Gippsland Water's Occupational Health and Safety Management System with AS 4801:2001 the Australian Standard for OH&S management systems.

Accreditation and compliance to this standard helps ensure South Gippsland Water is addressing the critical and key criteria of both State and National OH&S legislation. In maintaining accreditation of its OH&S Management System to the national standard, numerous systems have been created for capturing risks, assessments and actions. These systems assist employees to safely carry out their duties without impediment.

In addition, the Corporation continued to embed the on-line contractor induction system, and expanded this system to include the scheduling of safety training.

There was 30 Hazards reported per 100 full time equivalent staff during 2017/18 compared with 2016/17 of 13 Hazards per 100 full time equivalent staff.

In addition, there was 38 Incidents per 100 full time equivalent staff during 2017/18 compared with 2016/17 of 37 Hazards/Incidents per 100 full time equivalent staff.

Through the expanded use of task based risk assessments, employees continue to demonstrate a high understanding of OH&S requirements, the hazards related to their working environment.

Workforce Inclusion Policy Initiative	Target (% FTE)	Actual Progress in 2017/18	Baseline 2015/16*
Gender diversity	1. General Managers and Executive Officers <ul style="list-style-type: none"> • 60% male • 40 % female by June 2020 	69% male 31% female	80% male 20% female
	2. All staff 67% male 33% female by Dec 2018	68% male 32% female	73% male 27% female
Cultural and linguistic diversity	3. One Aboriginal trainee by Dec 2018	Nil	Nil
	4. 2.5% of workforce will identify as Aboriginal or Torres Strait Islander by 2020	0% of staff responding to People Matter Survey 2017	1% of workforce, based on staff responding to People Matter Survey May 2016
	5. 20% of workforce will speak a language other than English by 2020	15% of staff responding to People Matter Survey May 2017	13% of staff responding to People Matter Survey May 2016
Age diversity	6. 7% of staff under age 25 by Dec 2018	4.9%	3.8%
Flexible work arrangements	7. 7.25% of workforce will work flexibly by 2020	96%	Data not available
Caring responsibilities	8. 35% of the workforce will have caring responsibilities outside of workplace by 2020	Data not available	Data not available
LGBTI diversity	9. 7% of the workforce will identify as belonging to LGBTI communities by 2020	5% of staff responding to People Matters Survey May 2017	6% of staff responding to People Matters Survey 2016
All abilities	10. 10% of the workforce will have an identified disability by 2020	8% of staff responding to People Matter Survey May 2017	2% of staff responding to People Matter Survey May 2016

* Note targets were not in place in 2015/16. Comparative data is shown for illustrative purposes where applicable and where data is available.

* Note for target 1. a change to calculations from past years to exclude two senior technical positions not holding management responsibilities.

* Note change to target 6. definition from past years – previous target aimed at increasing % of employees under 25.

Our People

Workforce Data

Ongoing Employees					Fixed Term & Casual Employees	
	Employees (Headcount)	Full Time (Headcount)	Part Time (Headcount)	FTE	Headcount	FTE
June 2018	101	84	17	96.1	14	11.3
June 2017	96	91	5	93.4	14	10.7

	June 2017/18			June 2016/17		
	Ongoing		Fixed Term and Casual Employees	Ongoing		Fixed Term and Casual Employees
	Employee (Headcount)	FTE	FTE	Employee (Headcount)	FTE	FTE
Gender						
Male	71	69.5	3.6	68	67.4	6.0
Female	30	26.6	7.6	28	26.0	4.7
Self-described	0	0	0	0	0	0
Age						
Under 25	4	3.3	2	4	4	0
25-34	18	17.4	3.4	18	17.6	2.4
35-44	21	19.7	2.7	21	20.4	2.2
45-54	38	37	2.7	33	32.3	5.0
55-64	18	16.7	0.5	17	16.1	1.1
Over 64	2	2	0	3	3	0
Classification						
Trainee	0	0	2	0	0	0
Band 3	3	3	0	5	5	2
Band 4	16	15	1.8	16	16	2.3
Band 5	22	20.2	2.6	21	19.3	1.4
Band 6	22	20.8	1	17	16.8	0.6
Band 7	16	15.5	1	16	16	2
Band 8	9	8.6	0.9	7	6.5	0.8
SEO	9	9	2	10	9.8	1.6
Executives	3	3	0	3	3	0
Managing Director	1	1	0	1	1	0
	101	96.1	11.3	96	93.4	10.7

Employee Assistance Program (EAP)

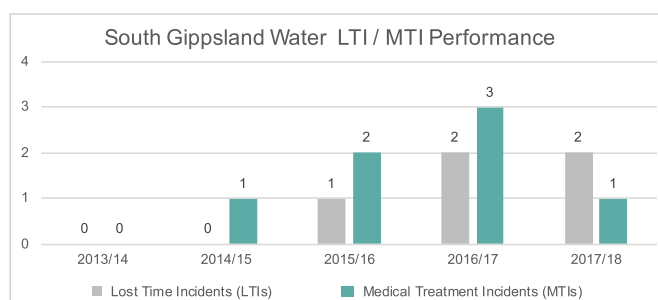
The Corporation offers a confidential Employee Assistance Program to assist staff and their immediate family in times of stress and difficulty. The program provides employees and family members with counselling, coaching and support for workplace and personal issues. The Corporation receives non-identifiable reports to assist it in recognising and proactively addressing any potential themes that might present for the workforce.

Enterprise Agreement

The current enterprise agreement came into effect December 2016. The corporation has operated consistent with its conditions throughout the year, including implementing policy and procedures to bring into effect a new set of clauses aimed at supporting employees experiencing family violence.

There were no WorkCover claims for 2016/17. There were three WorkCover claims in 2017/18 with the average cost of claims being \$15,329.00 and a total of 145.5 lost time days relating to these claims.

Note: The value and LTI is high due to one long standing and ongoing claim.



Lost Time Injury & Medical Injury Frequency Rate

		Lost Time Injury Frequency Rate		Medical Injury Frequency Rate	
Year	Total Hours Worked	Number of LTIs	LTIFR / Million Hour	Number of MTIs	MTIFR / Million Hour
2013/14	202,684	0	0	0	0
2014/15	205,694	0	0	1	4.8
2015/16	209,460	1	4.8	2	9.5
2016/17	223,871	2	8.9	3	13.4
2017/18	301,021	2	6.6	1	3.3
Average over five years			4.0		6.2

The Corporation recorded two Lost Time Incident (LTI) during 2017/18 and one Medical Treatment Injury (MTI).

The Corporation has maintained a targeted focus on the safe delivery of the Lance Creek Water Connection Project, with the following contractor safety, inspections and audits conducted during 2017/18.

Safety Program	Actuals	Safety Forums	Safety Inspections	Safety Walk Throughs	Safety Audits
Project team		9	59		23
SGW Management Team				8	
Board				2	
No. of contractor inductions completed	511				
Hazard /Near Misses recorded versus injury notifications	258:1				

There has been zero injuries reported against the project during 2017/18.

Social Sustainability

South Gippsland Water operates within the framework set out by the Essential Services Commission, which has responsibility for economic regulation, determining pricing and assessing the service delivery performance of water, gas and electricity providers in Victoria.

The State Government sets out its requirements for water service providers in the Statement of Obligations which forms a direct relationship between the Corporation and government. The Essential Services Commission monitors South Gippsland Water's performance against many of these obligations.

Collaboration Within the Water Sector

South Gippsland Water, in partnership with East Gippsland Water, Gippsland Water, Westernport Water, and Southern Rural Water, continues to proactively engage in delivering efficiencies and service improvements for water customers across the region as part of the partnership's industry-leading Gippsland Regional Water Alliance. Since its formation in 2013 the five Gippsland water corporations have identified efficiencies and improvements across areas such as procurement, fleet management, customer services and meter reading.

Community Service Obligations - Financial Assistance to Eligible Customers and Pensioners

The Corporation's Customer Service Team includes a dedicated Credit Manager to identify and assist customers who may be experiencing hardship. Financial assistance is provided to individuals and organisations as part of the Government's Community Service Obligations

Value of Community Service Obligation Provided	2017/18	2016/17
Provision of concessions to pensioners	\$1,576,754	\$1,519,025
Rebates paid to not-for-profit organisations under the water and sewerage rebate scheme	\$147,916	\$145,805
Utility Relief Grants Scheme payments (30 cancelled customers did not send their information)	\$17,035	\$11,942
Hardship Grants applied	\$ -	\$9,000
Water concessions on Life Support Machines - Haemodialysis	\$734	\$776
Community Rebate Program	\$14,161	\$ -
Hardship Relief Grant Scheme (Sewerage Connection Scheme)	Unknown*	Unknown*

*The Corporation does not have access to this figure.

Customer Consultation

South Gippsland Water recognises that engaging, informing and consulting with its customers and stakeholders is pivotal to the effectiveness of its services and ensures that water management and planning delivers outcomes for resilient and liveable communities.

As such, the Corporation has in place an engagement strategy that sets out that all major projects are required to have a communications and engagement plan prepared in accordance to the International Association for Public Participation's Framework (IAP2) for Effective Public Participation. Available publicly via www.sgwater.com.au/about-us/publications.

South Gippsland Water consults with customers, community groups, major regional industries, small businesses and their associations, schools and sporting clubs in order to ascertain their views and preferences regarding services and projects directly affecting them.

During 2017/18 South Gippsland Water completed consultation initiatives on major projects, including the Lance Creek Water Connection and the Pricing Submission to the Essential Services Commission.



Amy Van Kuyk of South Gippsland Water presents to students at the RCE Sustainable Schools Expo in Inverloch.

Lance Creek Water Connection Engagement

In April 2016, South Gippsland Water was successful in gaining \$30M State Government funding for the Lance Creek Water Connection. The pipeline will connect Korumburra, Poowong, Loch and Nyora with the Lance Creek Water Supply System providing water security for these townships for the next 50 years.

Throughout planning and construction, the project's Community Engagement Strategy, developed in-line with the International Association for Public Participation's Framework (IAP2) for Effective Public Participation, and its Communication Delivery Plans have been instrumental in guiding the Corporation in effective engagement across the broad range of individuals and stakeholders associated with or interested in the Lance Creek Water Connection.

Significant to the success of the project's progress has been the one-on-one communication and engagement the project team has had with affected land owners and members of the community since the project's inception. This proactive approach has enabled the team to develop strong links with the local community, build sound and reputable relationships with land owners, contributing to risk minimisation and fostering quality customer service.

In addition to planning and construction, key areas requiring effective engagement and communication have been the formal Easement Acquisition and Temporary Occupation processes as set out under the *Water Act (1989)* and the *Land Acquisition and Compensation Act (1986)*. This has required close liaison and consultation with land owners and key stakeholders including Department of Environment, Land, Water and Planning (DELWP), the Minister for Water and the Department of Health and Human Services.

The majority of communication and engagement activities have centered around planning and construction milestones and achievements and reinforcing water security and regional development messaging. Toward the end of the financial year, messaging has adjusted to prepare the community for the upcoming supply of chloraminated and fluoridated water to Korumburra, Poowong, Loch and Nyora and the Lance Creek Water Supply connection to the Melbourne Water Supply.

Throughout the financial year, to maximise reach across the general community, a broad range of communication and awareness raising mechanisms have been utilised including:

- Media releases with general project information and updates, reaching some 50,000 people across the service region
- Dedicated one-on-one engagement process with affected land owners
- Direct email of bi-monthly community updates and media releases to registered interested persons, key stakeholders and affected land owners
- Information posted for viewing and download on the Corporate website www.sgwater.com.au
- Regular social media posts (Facebook, Twitter)

Schools Education & Water Efficiency Programs

Education

South Gippsland Water has continued to facilitate school education programs throughout 2017/18, including:

- Visits to/from 6 secondary and primary schools in support of their water related aspects of their curriculum and the hosting excursions at a variety of locations.
- Celebrating National Water Week through a school poster competition and related activities with 8 local primary schools participating.
- Participation at the Regional Centers of Expertise (RCE) Gippsland Sustainable Schools Expo at Inverloch Hub
- Sponsorship and funding of 23 customer schools to participate in the state government's Schools Water Efficiency Program which involves students monitoring and online reporting of water use. Schools from South Gippsland have saved more than 54ML since the program began in 2012 that would have otherwise cost them \$162,000 in water tariffs.
- Providing a STEM Sisters Mentor to the local STEM Sisters group in partnership with the Gippsland and Bass Coast Learning Area Network.
- The South Gippsland Water website includes a dedicated education section featuring teaching resources and activities.

Water Efficiency

South Gippsland Water supported the establishment of the Victorian Water Efficiency Strategy, a joint initiative of Water Corporations from across the Victorian Water Industry. The Corporation signed onto the strategy in August 2017 and in line with the strategy, the Corporation has undertaken a range of activities including;

- In February 2018 completed a social media campaign "Summer Savers" which featured water efficiency messages and links to the Smart Approved Water Mark website.
- Summer social media posts promoting the Permanent Water Saving Rules.
- Local township 'pop up' stalls with water efficiency giveaways and local media in Korumburra to promote water efficiency and activation of Staged Water Restrictions in March 2018. Activation of Water Restrictions occurred with simultaneous media releases regarding 'Target Your Water Use' initiatives.
- Participated in the South Gippsland and Bass Coast Sustainability Festival promoting water efficiency and Target Your Water Use initiatives, April 2018.
- Ongoing water efficient showerhead program. Free water efficient showerheads available to customers.

Meetings with Local Community and Special Interest Groups

The Corporation values meetings of this type and is keen to provide speakers to address special interest groups on common interest topics, e.g. Shire Councils, Lions, Rotary, various business and community development groups, local residents and Landcare groups, etc.

Social Media and the South Gippsland Water Website

South Gippsland Water maintains profiles on Facebook, Twitter and Linked In. The platforms provide an avenue of consistent activity and communication, keeping customers and stakeholders informed with respect to services and projects. They also provide an avenue for community comment and reporting of system faults and issues.

South Gippsland Water's website www.sgwater.com.au provides public access to copies of published materials, system alerts and updates, avenues for bill payment and reporting faults, and invitations to comment, and at certain times, submit online surveys.

Management of Social and Economic Impacts

South Gippsland Water offers a wide range of assistance programs to customers facing financial difficulties including Family Violence. These include a tariff assistance and relief program, free referral to an independent financial counsellor, and the provision of payment options and instalment amounts to ease the payment path for customers. Features of the program include, for the Corporation to:

- Engage in discussions with the customers to determine suitable payment options available.
- Treat all customers sensitively and on a case-by-case basis.
- Ensure customers circumstances are kept confidential.
- Provide customers with information about assistance programs and government concessions, including the Utility Relief Grant Scheme and Community Rebate program.
- Provide assistance in negotiating instalment amounts if the customers' circumstances change.
- Offer a range of payment options recognising that the financial hardship may be short or long term.
- Refer the customer to an available free, independent and accredited financial counselling service.
- Provide interpreter services on request.
- Suspend debt processes while negotiating a suitable arrangement with a customer.
- Not engage in legal action, restriction of water supply, and additional debt recovery actions against customers who meet the necessary criteria and continue to make payments according to an agreed schedule.
- Provide information about how to reduce water consumption, and invite customers to seek further assistance from the Corporation in reducing water usage.
- Advise customers about their right to lodge a complaint with the Energy and Water Ombudsman if their affordability issue is not resolved with the Corporation.

During 2016/17 The Corporation undertook an extensive consultation program with the view of further extending the Corporation's Customer Assistance program. The result of the consultation program was that customers were in favour of delivering further social obligations and contributing towards customer hardship programs. This focus will include an interest free loan scheme for business customers, water efficiency audits, and debt reduction/elimination programs. The program is continuing to be developed.

The Corporation also follows the guidelines as set down by the Victorian Water Industry, under its "Industry Guide on Residential Hardship". Good relationships are maintained with government departments, voluntary support agencies and counselling services in the region in order to assist with referrals and support services for customers.

During 2017/18 the Corporation received further funds for the establishment of the Community Water Rebate program. A water efficiency program designed to target hardship customers and provide no or low cost water efficiency improvements such as fixing leaks, replacing inefficient or faulty toilet cisterns and hot water systems. South Gippsland Water has received \$50,000 which was partially rebated over 2016/17 and into 2017/18.

To date the Corporation has processed 23 rebates for customers regarding water efficiency improvements and continues to identify possibly eligible customers to contact to assist with this program.

Bulk Entitlement Compliance Reporting

South Gippsland Water holds eleven Bulk Water Entitlements for surface water in the South Gippsland Basin that define the Corporation's legal right to extract water to supply its 10 water supply systems. These systems are reported on as follows for 2017/18 reporting period:

Reference number of Bulk Entitlement and water system	Water supply	Towns serviced	Bulk Entitlement ML/year	Raw water volume taken ML ¹	Storages ²	Volume in storages at 30/06/18 ML	Entitlement transfer from ML/y	Entitlement transfer to ML/y
WSE000058 Devon North, Alberton, Yarram, Port Albert	Tarra River	Devon Nth, Alberton, Yarram, Port Albert.	853	410 ³	N/A	N/A	Nil	Nil
WSE000059 Dumbalk	Tarwin River East	Dumbalk	100	19	N/A	N/A	Nil	Nil
WSE000060 Fish Creek	Battery Creek	Fish Creek	251	117	Battery Creek Reservoir	123	Nil	Nil
WSE000061 Foster	Deep Creek	Foster	326	170	Deep Creek Reservoir	205	Nil	Nil
WSE000062 Korumburra	Coalition Creek	Korumburra	1,000	697	No. 1	131	Nil	Nil
	Ness Creek				No. 2	28		
	Bellview Creek				No. 3	146		
	Tarwin River		1,800	83	N/A	N/A	Nil	Nil
WSE000063 Leongatha	Ruby Creek	Leongatha, Koonwarra.	2,476	1,542	Res. 1	14	Nil	Nil
					Res. 2	65		
					Hyland Reservoir	193		
					Western Reservoir	800		
	Coalition Creek		1,800		N/A	N/A		
WSE000064 Loch, Poowong, Nyora	Little Bass River	Loch, Poowong, Nyora.	420	266	Little Bass Reservoir	218	Nil	Nil
WSE000065 Meeniyen	Tarwin River	Meeniyen	200	69	N/A	N/A	Nil	Nil
WSE000070 Toora, Port Franklin, Welshpool, Port Welshpool	Agnes River	Toora, Port Franklin, Welshpool, Port Welshpool.	1,617	551	Cooks Dam	58	Nil	Nil
WSE000069 Wonthaggi, Inverloch	Lance Creek	Wonthaggi, Inverloch, Cape Paterson.	3,800	1,621	Lance Creek Reservoir	3081	Nil	Nil
WSE000078 Greater Yarra System-Thomson River Pool-South Gippsland Water	Greater Yarra System-Thomson River Pool	Wonthaggi, Inverloch, Cape Patterson.	1,000	27 ⁴	NA	NA	Nil	Nil

General Reporting Requirements

Amendments to bulk entitlements	No amendments to bulk entitlements in 2017/18.
New bulk entitlements	No new bulk entitlements in 2017/18.
Failure to comply with provisions of bulk entitlements	All systems complied with the provisions of bulk entitlements
Difficulties experienced in complying with entitlement and remedial actions	All Bulk Entitlement conditions were met and no difficulties were experienced in meeting these conditions
Compliance with making allowances	No proposals were submitted associated with making allowances.
Compliance with environmental obligations	Environmental obligations were in place for all bulk entitlements and no changes were made to the programs
Compliance with metering obligations	Metering programs were in place for all bulk entitlements and no changes were made to the programs

Notes:

1. Annual amount of water taken in ML for 2017/18 reporting period.
2. Storages included under each Bulk Entitlement.
3. An additional 43 ML of water was taken from groundwater licence BEE051808 and stored in the Devon North Raw Water Basin. This 43ML is not counted in the total Raw Water Volume Taken for the purposes of this report.
4. Water was transferred from Delivery Point DP5 to the Lance Creek Reservoir.

Water Services



South Gippsland Water's Todd Lomax inspects water quality from a flushing point in Korumburra.

Water Quality

South Gippsland Water maintained its water quality monitoring program consistent with the requirements of the *Safe Drinking Water Act 2003* and the *Safe Drinking Water Regulations 2015*. Percentage compliance detailed in the table below is based on the number of water sampling localities complying with requirements of the *Safe Drinking Water Regulations 2015* in the period 1st July 2017 to 30th June 2018. Further details of drinking water compliance for each distribution system are reported annually to the Department of Health and Human Services and are available on South Gippsland Water's website, or on request.

Compliance with Safe Drinking Water Regulations 2015

Parameter	Water Quality Standard	Percentage of localities receiving compliant water in 2017/18
<i>Escherichia coli</i> (<i>E. coli</i>)	All samples of drinking water collected to contain no <i>E. coli</i> per 100 millilitres of drinking water with the exception of any false positive sample	100%
Turbidity	The 95th percentile of results for samples in any 12-month period must be less than or equal to 5.0 Nephelometric Turbidity Units	100%
Trihalomethanes (Total)	Less than or equal to 0.25mg/L of drinking water	100%
All other parameters as detailed in South Gippsland Water's drinking water monitoring program	Drinking water is not to contain an algal toxin, pathogen, or any substance or chemical in such amounts as may pose a risk to human health	100%

Average Annual Drinking Water Consumption ML

Year	2017/2018	2016/2017	2015/2016	2014/2015	2013/2014
Alberton/Port Albert Yarram/Devon North	387	359	356	346	341
Dumbalk	15	15	15	14	14
Fish Creek	71	79	75	78	72
Foster	133	133	137	130	134
Korumburra	609	587	577	598	584
Wonthaggi/Cape Paterson/Inverloch	1,439	1,447	1,487	1,490	1,458
Leongatha/Koonwarra	1,446	1,510	1,478	1,453	1,481
Meeniyan	50	49	47	44	43
Poowong/Loch/Nyora	177	161	173	181	181
Toora/Welshpool/Port Welshpool/Port Franklin	306	311	323	325	329
Total	4,598	4,651	4,668	4,659	4,637



South Gippsland Water staff participating in an internal water taste test. L-R: Bree Wiggins, Nicky Pavlou, Jessica Armstrong and Philippe du Plessis.



Staff participating in confined space training, L-R: Brett VurLOW, Lucy Allsop and Paul Selzer.

Water Services

Water Consumption

District Name	Residential Customers				Non-residential Customers				Total number of customers	Total potable water volume (ML)	Total recycled water volume (ML)	Total Consumption (ML)	Average Annual Consumption (ML)	Weekly residential potable water consumption (ML)	Per Capita Daily Residential Consumption (KL)	Non-revenue Water			Total non-revenue water (ML)	Total all water sources (ML)
	Number	Potable water volume (ML)	Recycled wastewater volume (ML)	Recycled stormwater volume (ML)	Number	Potable water volume (ML)	Recycled wastewater volume (ML)	Recycled stormwater volume (ML)								Leakage (ML)	Firefighting (ML)	Other (ML)		
Devon North Alberton Yarram Port Albert	1,274	142	N/A	N/A	487	208	96	N/A	1,790	350	96	446	406	2.73	0.02	63	N/A	36	99	545
Dumbalk	78	9	N/A	N/A	19	7	0	N/A	98	16	0	16	15	0.17	0.01	2	N/A	1	3	19
Fish Creek	102	13	N/A	N/A	99	45	0	N/A	201	58	0	58	74	0.25	0.02	56	N/A	3	59	117
Foster	633	72	N/A	N/A	176	57	0	N/A	811	129	0	129	131	1.38	0.02	30	N/A	3	33	162
Korumburra	1,857	250	N/A	N/A	281	412	0	N/A	2,189	662	0	662	63	4.81	0.02	85	N/A	23	108	770
Wonthaggi Inverloch Cape Paterson	9,266	991	N/A	N/A	836	393	0	N/A	10,105	1,384	0	1,384	1,464	19	0.02	187	N/A	38	225	1,609
Leongatha Koonwarra	2,568	380	N/A	N/A	557	970	0	N/A	3,166	1,350	0	1,350	1,444	7.3	0.02	107	N/A	77	184	1,534
Meenyan	210	37	N/A	N/A	47	17	9	N/A	267	54	9	63	50	0.72	0.02	12	N/A	2	14	68
Loch Poowong Nyora	550	76	N/A	N/A	140	121	0	N/A	692	197	0	197	176	1.46	0.01	57	N/A	12	69	266
Waratah Bay	0	0	N/A	N/A	0	0	14	N/A	0	0	14	14	0	0	0.00	N/A	N/A	N/A	N/A	14
Toora Port Franklin Welshpool Port Welshpool	640	64	N/A	N/A	407	219	4	N/A	1,053	283	4	283	316	1.23	0.02	182	N/A	84	266	549
Total	17,178	2,034	-	-	3,049	2,449	123	-	20,372	4,483	123	4,593	4,683	39	0.02	781	-	279	1,060	5,653

Note: Average annual demand is calculated as a 5 year rolling average 2013/14 – 2017/18. Revenue water excludes standpipe sales (35ML), desalination plant site consumption of (2ML) and estimated sales consumption (9ML).

Use of Alternate Water Sources

Total Use of Alternate Water Sources (ML)

Tarwin River: 83ML (for Korumburra)

Devon Nth Groundwater: 45ML.

Total Alternative Water Sources: 128ML

Drought Response Plan

South Gippsland Water's supply storages and river systems are relatively small, relying on the region's generally high annual rainfall to replenish storages prior to the summer draw down.

One water system, the Coalition Creek System (Korumburra), was subject to staged water restrictions during the 2017/18 year.

South Gippsland Water was successful in securing State Government funding of \$30 million in the 2016 State Government Budget to be allocated towards a \$43 million project to secure the water supply to Korumburra, Poowong, Loch and Nyora.

The Lance Creek Water Connection is currently under construction and includes connecting pipelines from the Little Bass and Coalition Creek water supply systems to the Lance Creek Reservoir and Melbourne Supply System. This is a three year project and in the interim, South Gippsland Water will rely on a combination of water sources, including surface and ground water to secure the Coalition Creek Water Supply System over the summer months. This means utilising a temporary pump station and a network of aged pipeline and pump infrastructure to augment the supply to Korumburra.

Major Non-Residential Water Users

Name of Customer	Information as to customer participation in water conservation programs
Saputo Dairy Australia Ltd - Formerly Murray Goulburn Cooperative Ltd (Leongatha)	Highly active in water conservation
Burra Foods Pty Ltd (Korumburra)	Processing facilities upgraded; including water conservation measures and community re-use

Customers by Volume/Range for 2017/18

Volumetric Range ML per year	Number of Customers
Equal to or greater than 100ML and less than 200ML	0
Equal to or greater than 200ML and less than 300ML	0
Equal to or greater than 300ML and less than 400ML	1
Equal to or greater than 400ML and less than 500ML	0
Equal to or greater than 500ML and less than 750ML	0
Equal to or greater than 750ML and less than 1,000ML	1
Greater than 1,000ML	0
Total Number of Customers	2

Wastewater Services

Wastewater Management

During 2017/18, South Gippsland Water was compliant with sewerage treatment quality standards at all ten of its wastewater systems. Two premises experienced an offsite discharge from the final lagoon overflowing due to 90th percentile rainfall in the month leading up to the event. One premise also exceeded its mean daily flow discharge limit. The details of the non-compliance to the Environment Protection Authority waste discharge licence is shown in the table below.

Analysis of performance against EPA Licence 74240 environmental performance conditions

Condition Area	Condition Reference	Condition Description	Condition complied with?
General	G1	Waste from the premises must not be discharged to the environment except in accordance with this licence.	Yes
	G2	You must immediately notify EPA of non-compliance with any condition of this licence.	Yes
	G3	By 30 September each year you must submit an annual performance statement to EPA for the previous financial year in accordance with the <i>Annual Performance Statement guidelines</i> (EPA Publication 1320).	Yes
	G4	Documents and monitoring records used for preparation of the annual performance statement must be retained at the premises for seven years from the date of each statement.	Yes
	G5	You must implement a monitoring program that enables you and EPA to determine compliance with this licence.	Yes
Amenity	A1	Offensive odours must not be discharged beyond the boundaries of the premises.	Yes
Water Discharges	DW1	Stormwater discharged from the premises must not be contaminated with waste.	No ¹
	DW2	Discharge of waste to surface waters must be in accordance with the 'Discharge to Water' table.	No ²
	DW2.8	Discharge of treated wastewater during wet weather conditions must be in accordance with specifications in "Discharge to Water" section of EPA Publication 1322 'Licence Management Guidelines'.	No ¹
	DW3	The mixing zone extends as defined in the licence.	Yes
	DW4	You must install and maintain signage at the discharge point showing, (a) the extent of the mixing zone, (b) your name, (c) the EPA licence number, and (d) the discharge point number.	Yes
Land Discharges	DL1	You must not contaminate land or groundwater.	Yes
	DL2	Discharge of wastewater to land must not adversely affect the land.	Yes
	DL4	Deposit of biosolids to land must not adversely affect the land.	Yes

Note 1: The Foster and Wonthaggi Wastewater Treatment Plant final lagoons filled and overflowed in September 2017 due to 90th percentile rainfall in the month leading up to the incidents.

Note 2: The Baxter's Beach wastewater system was non-compliant with licence condition DW2 as the annual mean daily flow limit was exceeded for the year 2017/18. Marine ecosystem monitoring indicates that beneficial uses of the Baxter's Beach environment are protected.

Improvements in wastewater management implemented during the year included:

- A number of sewerage pumping stations have been upgraded to improve efficiency and reduce the risk of spills from occurring.
- Targeted cleaning of sewer pipelines has been undertaken to reduce blockages and spills in higher risk areas including Inverloch and Wonthaggi.
- Continued improvements to wastewater management systems have been implemented, particularly for monitoring, calibration, documentation and reporting.
- Improvements have been made to the aeration system at the Korumburra Waste Water Treatment Plant with the replacement of the remaining half of the dissolved oxygen monitoring system which has increased aeration efficiency.
- Optimisation of treatment processes and chemical use at the Leongatha and Korumburra Waste Water Treatment Plants.

The Corporation practices are in compliance with the State Environment Protection Policy (Waters of Victoria).

Treated Effluent

Treated effluent re-use systems are in place at Tarraville, Welshpool, Toora, Inverloch, Waratah Bay, Meeniyan, Leongatha and Korumburra. A total of 123ML (3.4%) of treated effluent was re-used during 2017/18.

South Gippsland Water also transports wastewater from Poowong, Loch and Nyora to South East Water's Lang Lang Recycling Plant for treatment and reuse. Effluent is treated to Class A standard, and the recycled water scheme services industry and agriculture in the Lang Lang, Koo Wee Rup and Nyora areas.

South Gippsland Water continues to seek innovative methods for disposal of effluent for all of its sewerage treatment plants.

Biosolids

A total of 1,155 tonnes from a stockpile of stored biosolids was transferred from the Biosolids Management Facility at the Leongatha Waste Water Treatment Plant to the Soil and Organic Recycling Facility at Dutson Downs to be processed for re-use. This comprises 75% of the Corporation's biosolids production for 2017/18.

Environmental Sustainability

Corporate Sustainability Strategy

To deliver our purpose, "We provide sustainable water services that are essential to the prosperity and wellbeing of our communities and natural environments", South Gippsland Water is focused on four key sustainability priorities.

Water and wastewater services

We will provide water resources to a diverse region for a range of uses and accommodate the impacts of population growth and climate change, this will include identifying alternative water supplies such as recycled water.

Water and wastewater quality

We will provide a quality product to the region and contribute to public health through the delivery of safe drinking water and the collection and treatment of wastewater.

Natural environment

We will protect, conserve and enhance our community's natural assets to ensure that our water resources are managed appropriately, to minimise the impact of our operations on the surrounding environment, and protect our natural assets for future generations.

Greenhouse Gases

We will reduce our greenhouse gas emissions to minimise our contribution to climate change and will be an adaptable business to enable our services to be delivered in a changing climate.

Environment and Sustainability

South Gippsland Water's Environment and Sustainability Policy defines its commitment to undertaking activities in an environmentally responsible manner, taking into account resource availability, environmental values, legislative obligations, community expectations and "Better Practice" protocols. The Environment and Sustainability Policy forms the basis upon which the Corporation sets its objectives and targets and reflects its commitment to comply with the relevant legal requirements.

Policy Environmental Management System

South Gippsland Water's commitment to responsible environmental management is also reflected in the Environmental Management System (EMS) which has been certified to the Australian Standard AS/NZS ISO 14001. The role of the EMS is to identify, manage and reduce impacts to the environment from the Corporation's activities.

Some of the key areas of the EMS include:

- Identifying impacts that the Corporation may be having on the environment
- Operational and incident management procedures
- Objectives and targets to improve environmental performance
- Specification of environmental responsibilities
- Continual improvement.



South Gippsland Water's Maintenance Team repair a broken main.

Sustainable Water Use

South Gippsland Water recognises that with appropriate management, by-products of wastewater treatment (e.g. treated effluent) can be a resource rather than a waste product.

A total of 123ML (3.4%) of recycled water was used for irrigation during 2017/18, with the majority being used on agricultural land, and a small amount for recreation/sporting grounds.

Treated wastewater from South Gippsland Water's Tarraville Waste Water Treatment Plant is piped to an adjacent property for pasture irrigation by a neighbouring landholder and a grazer in Cape Paterson uses a portion of the treated wastewater from the Inverloch wastewater system for irrigation.

The Toora Football Club uses treated wastewater from the Toora wastewater system to irrigate the playing surface of the recreation oval. This re-use arrangement has effectively drought-proofed this important community facility.

All treated wastewater from the Waratah Bay Waste Water Treatment Plant is used onsite for pasture irrigation, and occasionally by a neighbouring landholder for crop and pasture irrigation.

Following an extensive upgrade of the Leongatha and Korumburra Waste Water Treatment facilities, stand pipes have been installed enabling reuse for applications such as road works and weed control.

The sewerage scheme constructed at Meeniyah has incorporated wetlands as the final treatment process. This provides for the potential of treated effluent to multiple reuse sites within the area including the Stony Creek Football Oval, the Meeniyah Football Oval and the Meeniyah Golf Course, and provides for irrigation on South Gippsland Water's land surrounding the treatment plant.

A collaborative approach with South East Water sees 100% of effluent from the Poowong, Loch and Nyora Sewerage Scheme treated at the Lang Lang Waste Water Treatment Plant and utilised by industry and agriculture in the Lang Lang, Koo Wee Rup South and Nyora areas.

South Gippsland Water continues to look for further opportunities to establish wastewater re-use schemes where beneficial and cost-effective outcomes can be secured.

The Corporation practices are in compliance with the *Use of Reclaimed Water Guidelines for Environmental Management*.

Catchment Risk Management

South Gippsland Water continued to assess risks to water quality in declared water supply catchments with annual reviews and implementation of the SGW Integrated Catchment Management Plan. This plan, alongside the Health Based Targets approach to assessing catchment risks to water quality, provides comprehensive information in which to assess risk to water quality for all water supplies in the South Gippsland Water region.

Statutory planning permits continued to be assessed against the Ministerial Guidelines for planning permits in open potable water supply catchments. South Gippsland Water worked with the Municipal Shires of South Gippsland, Baw Baw and Wellington in the management of Municipal Domestic Wastewater Management Plans. Twenty Nine (29) planning applications within potable water supply catchments were processed during the 2017/18 period.

Regional Catchment Management Strategy

The West Gippsland Regional Catchment Strategy 2013-2019 is the main strategic framework for land, water and biodiversity management in our region. South Gippsland Water continues to support the implementation of the objectives of the strategy and operates in accordance with this strategy and principles thereof.

South Gippsland Water recognises the close link between catchment management and the Corporation's goals to manage and provide environmentally sound, safe, high quality drinking water to its customers. The Corporation regards itself as a key stakeholder in environment and catchment management initiatives and continues to work with the West Gippsland Catchment Management Authority, South Gippsland Landcare and local councils in implementing programs to manage and protect catchment areas.

Environmental Sustainability

Support has been provided for water quality projects including the regulation of point source discharges in Foster and Little Ruby Creeks and, in conjunction with GippsDairy, programs to reduce sediment and nutrient losses from agricultural land through the Core 4 project. South Gippsland Water has supported riparian fencing and revegetation remediation of gullies and slips through its H2O Grants. There has been ongoing support of programs including the Corner Inlet Connections project and the recognition of significant cultural values of Traditional Land Owners, the Gunaikurnai, Bunurong and Boon Wurrung people.

Victorian Waterway Management Strategy

South Gippsland Water continues to work in partnership with the West Gippsland Catchment Management Authority to deliver positive outcomes to both the community and the environment.

Catchment Partner Plan

South Gippsland Water actively works to ensure that compliance with its Bulk Entitlements and Environmental Watering Programs is consistent with the Victorian Waterway Management Strategy and in particular the West Gippsland Waterway Strategy 2014-2022. The corporation supports ecological outcomes from the available passing flows from reservoirs, as well as supporting the economic values of waterways, their community use, participation, advocacy and stewardship in the region's waterways.

Uniform Drought Response Plan

The South Gippsland Water Drought Response Plan (DRP) was prepared in accordance with State Government guidelines. The DRP is a dynamic document which is periodically refined based on actual drought experience and as more supply system information becomes available.

The requirements specified in the DRP guidelines include:

- defining the legal and institutional context
- describing the supply system and changes since the last drought
- setting objectives for drought management
- identifying and evaluating drought response options
- developing a sequential plan of action
- identifying pre-drought activities
- evaluating the effectiveness of the DRP post-drought.

South Gippsland Water started the 2017/18 year with Korumburra on Stage 1 Water Restrictions which were lifted July 2017. The Corporation then activated Stage 2 Water Restrictions during the following summer in March 2018 for Korumburra, with restrictions being upgraded to Stage 3 in May 2018, before being lifted during July 2018. It is anticipated that following completion of the Lance Creek Water Connection that Korumburra will have a secure water supply system and will not require regular restrictions each summer.

Korumburra Water Supply System – Water Restriction Summary 2017/18

Stage	Date Activated	Date Lifted
1	23/03/2017	7/08/2017
2	15/03/2018	Upgrade - Stage 3
3	3/05/2018	9/07/2018

Community Partners in Environment and Sustainability

South Gippsland Water supports local organisations and groups involved in catchment improvement and environmental education. These organisations provide benefits to South Gippsland Water by raising awareness and understanding of water issues and by providing on-ground improvements in our water supply catchments. By supporting these organisations, South Gippsland Water is strengthening partnerships and providing wider benefits to the South Gippsland community.

South Gippsland Water provides financial contributions to groups either by annual sponsorship or on a case-by-case basis.



The Be Smart Choose Tap water trailer in action at Mossvale Park Music Festival.

Community groups, organisations and activities supported by South Gippsland Water in 2017/18

Name	Activities	Type of Support	
		Financial	In-kind
National Water Week (NWW)	Local primary schools participated in the NWW Poster Competition with all families of participating schools receiving a calendar of posters promoting water conservation and raising awareness about the many and varied water sources	-	✓
Schools Water Efficiency Program (SWEP)	South Gippsland Water funds Year 2 and Year 3 program payments for local schools to participate. With 23 schools from the region now involved in the program	\$495	-
H4O – Help For Water Efficient Organisations Grants	Community grants for water efficiency projects	\$2,000	-
H2O – Hills To Oceans Grants	Landholder and community grants to improve catchment health and environment	\$976	-
Public Water Bottle and Drinking Water Fountains or Water Trailer	Donation of water or loan of portable water bottle refill stations, drinking fountains, or water trailer to community events as part of the Choose Tap Coalition.	-	✓
Public Water Bottle Refill and Drinking Fountain	Donation of permanent refill stations to community groups and public facilities. 2017/18 - 2 fountains were donated to Korumburra Basketball Association and Leongatha SPLASH Aquatic and Sports Center. Donated as part of the Choose Tap Coalition.	\$10,000	-
South Coast Water Partnership	A partnership of 9 health and community based organisations that aims to improve health outcomes for local communities by promoting the health benefits of drinking water over sugar sweetened beverages	-	✓

Environmental Sustainability



A view of Corner Inlet and Wilsons Promontory National Park from the Toora Water Treatment Plant.

Biodiversity

South Gippsland Water recognises its responsibility in protecting the biodiversity assets in its areas of operation for the benefit of the region. The Corporation is committed to integrating biodiversity conservation and management into operating and management systems.

Accordingly, South Gippsland Water will:

- *integrate social, environmental and economic factors into decision-making and seek to maximise net beneficial outcomes*
- *apply the precautionary principle in evaluating the decisions and policies we make*
- *act to conserve or reinstate the biodiversity and ecological integrity of land, aquatic and other natural assets that we manage*
- *maintain biodiversity registers for land and aquatic systems in the vicinity of our operating areas and take these into account during planning and approval processes*
- *ensure staff appreciate and respect biodiversity values and recognise their role in protecting biodiversity from detrimental impacts as a result of their work activities*
- *cooperate with other agencies in the development and implementation of biodiversity conservation initiatives.*

South Gippsland Water has developed profiles for all systems that contain a wealth of biodiversity information, including:

- *Bioregion designation*
- *Flora, fauna and threatened species*
- *Planning scheme zones and overlays.*

South Gippsland Water is supporting the implementation of the

Victorian Government's biodiversity plan, *Protecting Victoria's Environment – Biodiversity 2037* by:

- *Undertaking environmental risk assessment for all capital works projects to ensure the protection of biodiversity.*
- *Referral of the Lance Creek Water Connection project under the Environment Protection and Biodiversity Conservation Act 1999 due to the presence of the endangered Gippsland Giant Earthworm.*
- *Detailed assessments and management plans developed to avoid impact to the endangered species' Gippsland Giant Earthworm and Eucalyptus strzeleckii during the Lance Creek Water Connection project.*

Carbon Emissions Reduction Pledge

South Gippsland Water is committed to greenhouse gas emissions reduction and in 2017 pledged a reduction of 15% by 1 July 2025. The pledge is the first step on the road to achieving net zero emissions by 2050, as per the Victorian Government's water plan, *Water for Victoria*.

South Gippsland Water is also committed to achieving zero net emissions by 2050. The longer-term strategy may include a combination of the following:

- *Increased energy efficiency and reduce or avoid energy use for new projects*
- *Intelligent Water Networks (IWN) – participation in industry-scale renewable projects*
- *Community energy projects*
- *Purchasing accredited offsets and GreenPower*
- *Other options that become available as the Australian energy market evolves.*



75.6kW Solar system installed at the Lohr Avenue Sewer pump station at Inverloch. It will produce 87% of the sites energy needs.



Environmental Sustainability

Greenhouse Gas Emissions

The following table sets out Corporate Greenhouse Gas Emissions and energy consumption for the past five years.

Greenhouse Gas Emissions (tonnes of CO ₂ equivalent)							
Performance Indicator	2013/14	2014/15	2015/16	2016/17	2017/18	% Variance	Commentary
Water treatment and supply	1,664	2,058	2,268	2,136	2,228	+4.3%	More water treated in 2017/18 compared to 2016/17
Sewerage treatment and management	4,421	4,673	4,251	5,353	6,020	+12.5%	More wastewater treated in 2017/18 compared to 2016/17. Increase in Scope 1 emissions (methane and nitrous oxide)
Transport	652	523	698	698	811	+16.2%	More kilometers travelled in 2017/18 compared to 2016/17
Other activities	135	157	168	161	189	+17.4%	Additional office in 2017/18 compared to 2016/17
Offsets	0	0	0	0	0	0%	
Total	6,872	7,411	7,385	8,348	9,248	+10.8%	Increase due to more Scope 1 emissions from wastewater treatment and fuel consumption. More Scope 2 emissions from electricity consumption

Energy Consumption (kWh/ML)							
Performance Indicator	2013/14	2014/15	2015/16	2016/17	2017/18	% Variance	Commentary
Water treatment and supply	240	298.7	345.5	346.8	360.3	+3.9%	More water collected and treated in 2017/18 compared to 2016/17
Sewerage treatment and management	499.5	669.9	655.7	618.6	646.6	+4.5%	More domestic wastewater collected and treated in 2017/18 compared to 2016/17

Energy Generation (MWh)							
Performance Indicator	2013/14	2014/15	2015/16	2016/17	2017/18	% Variance	Commentary
Water treatment and supply	-	-	-	-	-	-	
Sewerage treatment and management	-	-	-	20	45.1	+125.5%	New solar system at Wonthaggi WWTP. Full year of generation compared to only half a year in 2016/17. Solar system was not eligible for LGCs (system <100 kW). STCs were sold.
Other	46.4	46.4	46.4	46.4	43.3	-6.7%	Solar systems at Toora depot, Korumburra depot, Leongatha depot and Wonthaggi depot. Considering 1% generation efficiency loss per year since system install. Solar systems were not eligible for LGCs (all systems <100 kW). STCs were sold.

Net Energy Consumption

1,297 MJ/ML potable water and 2,328 MJ/ML wastewater.

South Gippsland Water aims to reduce greenhouse gas emissions to minimise its contribution to climate change, and to be an adaptable business in order to enable services to be delivered in a changing climate.

The Corporation has identified around 50 options for energy savings. The key energy efficiency improvement opportunities are:

- Reduction of treatment volumes in wastewater and water treatment
- Efficiency improvement of pumping systems
- Investigating use of the potential renewable energy in water, sun and wind
- Motivation of employees to be efficient with their energy use.

Environmental Sustainability



Solar Panels installed at Wonthaggi Wastewater Treatment Plant.

Committed to Carbon Reduction

South Gippsland Water is committed to lowering greenhouse gas emissions and in 2017 pledged a reduction of 15% by 1 July 2025. The pledge is the first step to achieving net zero emissions by 2050, as per the Victorian Government's water plan, Water for Victoria. To achieve the emissions reduction target, South Gippsland Water will be installing over 1 Megawatt of behind the meter solar systems at water and wastewater treatment plants across the South Gippsland region.

South Gippsland Water first implemented a Sustainability Strategy in 2008/09. Since then, it has been updated a number of times with many smaller scale projects completed, including implementing energy efficiency projects such as changing to LED security lighting, trialling and installing low energy wastewater treatment aeration at lagoon systems, and installing solar systems where viable. These projects have been successful in keeping electricity usage relatively stable, even with increased population and the addition of new assets during this time.

The pledge of a 15% emissions reduction by 2025 will be achieved in the main, through installing over 1 Megawatt of behind the meter solar systems;

- 684kW solar system at Lance Creek Water Treatment Plant
- 180kW solar system at Leongatha Wastewater Treatment Plant
- 144kW solar system at Korumburra Wastewater Treatment Plant
- 50kW solar system at Inverloch Wastewater Treatment Plant*



South Gippsland Water is committed to greenhouse gas emissions reduction to achieving zero net emissions by 2050. The longer-term strategy may include a combination of the following:

- Increased energy efficiency and reduce or avoid energy use for new projects
- Intelligent Water Networks (IWN) – participation in industry-scale renewable projects
- Community energy projects
- Purchasing accredited offsets and GreenPower
- Other options that become available as the Australian energy market evolves.

It is estimated that without action total corporate emissions would increase by some 45% by the year 2050. South Gippsland Water's action in this space will assist the Victorian Water Sector in achieving the target of net zero emissions by 2050.

Foster Wastewater Re-use Partnership

South Gippsland Water is working in partnership with the South Gippsland Shire Council, Foster Recreation Reserve and Foster Golf Club which will see treated wastewater re-used to irrigate playing surfaces at the local sportsgrounds.

In 2013 Foster Golf Club and Recreation Reserve Committee's contacted South Gippsland Water with respect to providing reclaimed water to the local facilities for irrigation. The groups provided detail on approximate annual irrigation water usage and the Corporation completed a desktop feasibility study in 2014. The study included identifying the availability of sufficient supply to meet reuse demand, designing a system to deliver the required demand and establishing the estimated capital cost of the project.

The study concluded that there is sufficient wastewater from the Foster Waste Water Treatment Plant to meet potential required reuse demand and that the project may be feasible subject to funding.

In 2016, South Gippsland Shire Council budgeted funding of \$400,000 to complete this community project with South Gippsland Water overseeing design, construction, project management and administration for the project. Construction commenced in March of 2018.

The project involves installing some 2.5km of pipework from Foster Wastewater Treatment Plant into the township. Provision of storage tanks at each of the facilities and upgrading electrical systems and a new pump system. In addition, both the Recreation Reserve and Golf Club have completed environmental improvement plans and land capability assessments in advance of being provided treated effluent for re-use. At the close of the financial year the construction of pipework was 90% complete with 300m of pipework, storage tanks and electrical upgrades still under construction.

Once complete the project will be able to provide some 600 KL per day of recycled water to both the Foster Recreation Reserve and Foster Golf Club and reduce the total volume of treated effluent discharged into Corner Inlet.



Installation of the new 'purple pipe' that will feed recycled water into Foster from the Wastewater Treatment Plant for re-use at the recreation reserve or golf club.

Report of Operations

Accountable Officer's Compliance Attestation

I, David Schultz, on behalf of the South Gippsland Region Water Corporation certify that the South Gippsland Region Water Corporation has complied with the applicable Standing Directions of the Minister for Finance under the Financial Management Act 1994 and Instructions. I am pleased to present South Gippsland Water's Annual Report for the year ending 30 June 2018.



David Schultz

Chair

South Gippsland Water

Dated: 6th September 2018

Financial Performance

The full year operating result for 2017/18 was a loss before tax of \$3.4M.

Total revenue was \$29.2M, an increase on the prior year of \$1.2M which is largely driven by customer growth and a general increase in tariffs of CPI (2.13%). This growth partially offset the decline in major and non-residential customer water consumption for the period which was \$0.5M below the annual budget. One major customer was down 19% on average consumption. Developer contributions and gifted assets were lower than the prior year due to the timing of developer activities, reducing the value of gifted assets received for the period by \$0.5M. Other revenue comprises miscellaneous and unregulated income which is \$0.5M higher than

increased by 2% which is lower than the annual increment awarded under the Employee Bargaining Agreement of 3%. Other operating expenditure has been impacted by higher chemical and maintenance costs in particular, in addition to general cost movements.

Cash flow from operations has increased from the prior year by \$1.1M due to an increase overall in cash received from revenue.

Total assets at 30 June 2018 were \$439.2M, an increase of \$18.6M from the prior year balance. This increase is caused by the construction of the Lance Creek Water Connection project. Total assets have increased overall despite a reduction in cash balances held at year end which resulted in lower current assets of \$3.6M from the prior year. Total liabilities are \$148.3M, an increase of \$3.6M from the prior year. This is driven by increased debt \$1.4M and accrued expenses associated with the Lance Creek Water Connection project, \$1.9M.

A decision was made at year end to repay long term debt and hold this as current variable loans until the new financial year, thereby taking advantage of a lower cost of borrowings that would apply to new long term debt (financial accommodation levy) from 1 July 2018. As a result, a movement between current and long term liabilities has occurred, causing an aberration of the current ratio reducing from 1.2 times in 2016/17 to 0.4 times in 2017/18. This result is temporary and will improve as current loans are refinanced in the new financial year. The strategy was communicated to stakeholders and has resulted in savings to the Corporation.

The Corporation received an equity contribution of \$17.4M from the State Government in 2017/18 for the Lance Creek Water Connection project. This assisted in the payments made for infrastructure, property, plant and equipment totalling \$33.5M. The internal financing ratio has reduced to 27% reflecting the ability of the organisation to use funds from operations to support a larger than normal payment for infrastructure.



Welding of pipeline as part of the Lance Creek Water Connection.

the prior year. Unregulated income fluctuates across the years mostly due to external cost recoveries associated with capital works activities undertaken in the period.

Total expenditure for the year decreased by \$0.6M to \$32.6M. This is predominantly due to lower depreciation, amortisation and financing costs than the prior year. Depreciation and amortisation has continued at the prior year level following the revaluation of assets applied in 2016/17. The prior year results, however, included an asset impairment of \$0.6M which has not reoccurred in 2017/18. Lower average debt was held across the year due to the timing of capital project delivery and funding received from the State Government for the Lance Creek Water Connection major project. The repayment of two long term loans has reduced the average interest rate from 5.11% to 4.78%. The impact of lower debt holdings and the reduced interest rate has resulted in a lower financing cost for the business overall.

Operating expenditure increased for the year by \$0.3M. This reflects an increase in employee benefits of \$0.2M and other direct operating expenditure of \$0.1M. Employee benefits have



A section of dual pipeline installed near Korumburra as part of the Lance Creek Water Connection.

Report of Operations

2017/18 Summary of Financial Results

Financial Result	2017/18 (\$'000)	2016/17 (\$'000)	2015/16 (\$'000)	2014/15 (\$'000)	2013/14 (\$'000)
Profit & Loss - Summary					
Core revenue	26,615	25,491	26,156	24,578	24,823
Developer contributions and gifted assets	997	1,414	605	2,310	1,981
Other revenue	1,550	1,043	2,288	2,400	950
Total revenue	29,162	27,948	29,049	29,288	27,754
Operating expenditure	18,176	17,946	18,035	16,848	16,366
Depreciation and amortisation	11,112	11,684	9,311	9,279	9,389
Finance costs	2,586	2,861	2,873	2,561	2,351
Other	732	685	603	-	-
Total expenditure	32,606	33,176	30,822	28,688	28,106
Net profit before tax	(3,444)	(5,228)	(1,773)	600	(352)
Balance Sheet - Summary					
Current assets	6,020	9,755	10,187	9,253	6,321
Non-current assets	433,297	410,800	413,943	334,536	319,982
Total assets	439,317	420,555	424,130	343,789	326,303
Current liabilities	18,021	9,837	8,945	9,348	11,894
Non-current liabilities	129,290	134,826	141,484	114,175	94,712
Total liabilities	147,311	144,663	150,429	123,523	106,606
Net Assets	292,006	275,892	273,701	220,266	219,697
Net cash flows from operations	9,039	7,996	5,045	6,298	8,443
Payments for infrastructure, property, plant and equipment	33,468	10,124	8,180	18,292	12,471

Summary of Financial Performance

Performance Indicator	2017/18	2016/17	2015/16	2014/15	2013/14
Internal Financing Ratio	26.90%	81.50%	48.70%	38.40%	68.60%
Gearing Ratio	12.50%	12.70%	13.30%	15.80%	12.50%
Interest Cover (Cash)	4.6 times	3.9 times	2.8 times	3.9 times	4.6 times
Return on Assets	-0.20%	-0.60%	0.30%	0.90%	0.60%
Return on Equity	-0.50%	-1.40%	-0.40%	0.20%	-0.10%
Current ratio	0.4 times	1.2 times	1.3 times	11 times	0.6 times



A pipe laydown area as part of the Lance Creek Water Connection project construction.

Financial Report

For The Year Ended 30 June 2018

TABLE OF CONTENTS

NOTE	CONTENTS	PAGE
-	Comprehensive Operating Statement	34
-	Balance Sheet	35
-	Statement of Cash Flows	36
-	Statement of Changes in Equity	37
1	About this report	38
2	Funding delivery of our services	39
3	The cost of delivering services	40
4	Key assets available to support output delivery	46
5	Other assets and liabilities	58
6	Financing our operations	62
7	Risks, contingencies and valuation judgements	65
8	Statutory obligations	69
9	Other disclosures	72
10	Appendices	
	Accountable officer's and chief finance and accounting officer's declaration	79
	Victorian Auditor General's Report	85
	Performance Report	82
	Disclosure Index	87

Comprehensive Operating Statement

For the Financial Year Ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000
Revenue			
Service charges	2.1	15,065	14,649
Usage charges	2.1	11,550	10,842
Government grants and contributions		200	-
Developer contributions	2.2	997	1,414
Interest income		116	119
Net gain on disposal of non-financial assets		21	64
Other income		1,213	860
Total revenue		29,162	27,948
Expenses			
Interest	6.1.2	2,586	2,861
Depreciation and impairment	4.1.3	10,882	11,400
Amortisation	4.2	230	284
Environmental contribution	8.2	1,101	1,101
Employee benefits	3.1.1	9,332	9,001
Direct operating expenses	3.2	4,795	4,647
Other operating expenses	3.3	3,680	3,882
Total expenses		32,606	33,176
Net result before tax		(3,444)	(5,228)
Income tax benefit	8.1.1	2,158	1,245
Net result for the period		(1,286)	(3,983)
Other comprehensive income			
<i>Items that will not be reclassified to net result</i>			
Income tax relating to other comprehensive income	8.1.2	-	674
Total other comprehensive income for the period		-	674
Comprehensive result		(1,286)	(3,309)

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

Balance Sheet

For the Financial Year Ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	6.2	302	5,125
Receivables	5.1	4,666	3,561
Inventories		638	583
Prepayments		414	430
Total current assets		6,020	9,699
Non-current Assets			
Receivables	5.1	419	464
Infrastructure, property, plant and equipment	4.1	406,619	385,365
Intangible assets	4.2	3,636	3,522
Deferred tax assets	8.1.2	22,623	21,505
Total non-current Assets		433,297	410,856
TOTAL ASSETS		439,317	420,555
LIABILITIES			
Current liabilities			
Payables	5.2	5,323	3,423
Interest bearing liabilities	6.1	9,802	3,880
Employee benefits	3.1.2	2,811	2,482
Prepaid income		85	52
Total current liabilities		18,021	9,837
Non-current liabilities			
Interest bearing liabilities	6.1	44,920	49,420
Employee benefits	3.1.2	289	285
Deferred tax liabilities	8.1.2	84,081	85,121
Total non-current liabilities		129,290	134,826
TOTAL LIABILITIES		147,311	144,663
NET ASSETS		292,006	275,892
EQUITY			
Contributed capital	9.1.1	88,233	70,833
Asset revaluation reserve	9.1.2	142,174	142,174
Accumulated surplus	9.1.3	61,599	62,885
TOTAL EQUITY		292,006	275,892

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

Statement of Cash Flows

For the Financial Year Ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000
Cash flows from operating activities			
Receipts			
Receipts from customers		26,420	26,366
Receipts from other sources		1,873	1,725
Goods and services tax received from the ATO ¹		3,305	1,987
Payments			
Payments to suppliers and employees		(18,858)	(18,049)
Interest paid		(2,567)	(2,869)
Goods and services tax paid to the ATO ¹		(33)	(63)
Environmental contribution levy paid		(1,101)	(1,101)
Net cash inflow from operating activities	6.2.1	<u>9,039</u>	<u>7,996</u>
Cash flows from investing activities			
Payments for infrastructure, property, plant and equipment		(33,468)	(10,124)
Payments for intangible assets		(126)	(65)
Proceeds from sale of infrastructure, property, plant and equipment		93	372
Net cash (outflow) from investing activities		<u>(33,501)</u>	<u>(9,817)</u>
Cash flows from financing activities			
Proceeds from borrowings		9,802	700
Repayment of borrowings		(8,380)	(3,699)
Proceeds from contributions by State in its capacity as owner		17,400	5,500
Net movements in contractor deposits		817	(52)
Net cash inflow from financing activities		<u>19,639</u>	<u>2,449</u>
Net (decrease) / increase in cash and cash equivalents		<u>(4,823)</u>	<u>628</u>
Cash and cash equivalents at the beginning of the year		<u>5,125</u>	<u>4,497</u>
Cash and cash equivalents at the end of the year	6.2	<u><u>302</u></u>	<u><u>5,125</u></u>

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

¹ The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to the taxation authority is classified as operating cash flows.

Statement of Changes in Equity

For the Financial Year Ended 30 June 2018

		Contributed Capital	Asset Revaluation Reserve	Accumulated Surplus	Total Equity
	Notes	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2016		65,333	141,500	66,868	273,701
Total comprehensive income for the year					
- Net result for the period	9.1.3	-	-	(3,983)	(3,983)
- Other comprehensive income net of tax	9.1.2	-	674	-	674
Transactions with the State in its capacity as owner:					
- Contributed equity	9.1.1, 9.5	5,500	-	-	5,500
Balance as at 30 June 2017		70,833	142,174	62,885	275,892
Total comprehensive income for the year					
- Net result for the period	9.1.3	-	-	(1,286)	(1,286)
- Other comprehensive income net of tax		-	-	-	-
Transactions with the State in its capacity as owner:					
- Contributions by owners	9.1.1, 9.5	17,400	-	-	17,400
Balance as at 30 June 2018		88,233	142,174	61,599	292,006

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

NOTE 1. ABOUT THIS REPORT

Basis on accounting

The financial report includes separate financial statements for South Gippsland Region Water Corporation (the Corporation) as an individual reporting entity. This financial report is general purpose financial report, that consists of a Comprehensive Operating Statement, Balance Sheet, Statement of Changes Equity, Cash Flow Statement and notes accompanying these statement for the period ending 30 June 2018. The general purpose financial report and notes accompanying these Australian Accounting Standards (AASs), Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board, and the requirements of the *Financial Management Act 1994* and applicable Ministerial Directions. The Corporation is a not for profit entity for the purpose of preparing the financial statements.

Where appropriate, those AASs paragraphs are applicable to not-for-profit entities have been applied.

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

The annual financial statements were authorised for issue by the Board on 23rd August 2018.

The principal address is:

South Gippsland Region Water Corporation
14 – 18 Pioneer Street
Foster Vic 3960

Accounting policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

Unless otherwise stated, all accounting policies applied are consistent with those of the prior year.

Where appropriate, comparative figures have been amended to align with current presentation and disclosure.

Functional and presentation currency

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

Classification between current and non-current

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

Rounding

Unless otherwise stated, amounts in the report have been rounded to the nearest thousand dollars. Figures in the financial statements may not equate due to rounding.

Historical cost convention

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

Accounting estimates

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes 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 made in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in applying Australian Accounting Standards that have significant effects on the financial statements and estimates relate to:

- The fair value of land, buildings, infrastructure, plant and equipment (Note 4.1.2);
- Estimation of useful life (Note 4.1.3);
- Impairment of assets (Note 4.1.3);
- Deferred tax assets and liabilities (Note 8.1.2);
- Accruals for revenue (Note 5.1) and expenses (Note 5.2);
- Employee benefit provisions (Note 3.1); and
- Actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to (Note 3.1)).

NOTE 2. FUNDING DELIVERY OF OUR SERVICES

This note 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. To enable the Corporation to fulfill its objectives under the Water Act 1989 (to supply water and wastewater services), it receives income predominately from customers for the supply of water and wastewater services.

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.

Structure

- 2.1 Service and usage charges
- 2.2 Developer contributions

Income from transactions**2.1. Service and usage charges**

	2018	2017
	\$'000	\$'000
Service charges		
Water service charges	6,216	5,990
Wastewater service charges	8,613	8,444
Trade waste service charges	236	215
Total service charges	15,065	14,649
Usage charges		
Water usage charges	8,536	8,157
Wastewater usage charges	487	287
Trade waste usage charges	2,527	2,398
Total usage charges	11,550	10,842

Water and sewage service charges are recognised when services have been provided or service charges have been made. Water and sewage service charges are recognised evenly throughout the financial year to reflect the pattern of revenue being earned. Service charges are based on a fixed fee and represent charges for access to water and sewage. Service charges are recognised as revenue when levied or determined. Major trade waste charges are recognised as revenue at the end of the service delivery period. Volume meters are read and appropriate charges levied as per the trade waste agreements. The meters are read on a cyclical basis with accounts sent on a four monthly basis.

Water, wastewater and tradewaste usage charges by measure are recognised as revenue when the water is provided. Meter readings are undertaken progressively during the year. An estimation, calculated by multiplying the number of days since the last reading by each customer's average service usage, is made at the end of each accounting period in respect of meters which have not been read at balance date.

The payment in advance by customers of accounts which at reporting date were unbilled is classified as unearned income.

2.2. Developer contributions

	2018	2017
	\$'000	\$'000
Fee income	775	711
Developer contributed assets	222	703
Total developer contributions	997	1,414

Water and wastewater infrastructure assets built by developers in new land subdivisions that on completion are provided to the Corporation or fees paid by developers to connect new developments to the Corporation's existing water supply and wastewater systems are recognised as revenue when the contributions are received.

Developer contributed assets arise where developers pay for the cost of construction of new assets and subsequently gift these assets to the Corporation, which maintains them in perpetuity. In accordance with the requirements of AASB Interpretation 18 - Transfers of Assets from Customers, AASB 1004 Contributions and AASB 118 Revenue, recognition of income occurs when the risks and rewards of ownership have been transferred to the Corporation. This non-cash revenue is recorded as developer contributed assets. Contributions of assets received free of charge or for nominal consideration are recognised at their fair value when the Corporation obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions.

NOTE 3. THE COST OF DELIVERING SERVICES

This note 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.

Structure

3.1	Our people
3.1.1	Employee benefits – Comprehensive Operating Statement
3.1.2	Employee benefits – Balance Sheet
3.1.3	Superannuation
3.2	Direct operating expenses
3.3	Other operating expenses

3.1. Our People**3.1.1. Employment benefits – Comprehensive Operating Statement**

Employee benefits - Comprehensive Operating Statement	2018 \$'000	2017 restated \$'000
Salaries and wages	7,431	6,958
Annual leave benefits	713	715
Long service leave benefits	186	166
Employer superannuation contributions	706	626
Other employee benefits	296	536 ⁱ
Total	9,332	9,001

ⁱ Restatement of prior period costs for delivering services has occurred due to reclassifying expenditure items previously disclosed as employee benefits to other operating expenses. These items include staff medical and recruitment costs, staff amenities and protective clothing.

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

The amount charged to the Comprehensive Operating Statement in respect of superannuation represents contributions made or due by South Gippsland Water to the relevant superannuation plans in respect to the services of South Gippsland Water's staff (both past and present). Superannuation contributions are made to the plans based on the relevant rules of each plan and any relevant compulsory superannuation requirements that the Corporation is required to comply with.

3.1.2. Employee Benefits – Balance Sheet

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

NOTE 3. THE COST OF DELIVERING SERVICES (CONTINUED)**3.1 Our people (continued)****3.1.2 Employee benefits – Balance Sheet (continued)**

	2018 \$'000	2017 \$'000
Current provisions:		
<i>Rostered Days Off</i>	85	79
Annual Leave		
Unconditional and expected to settle within 12 months	668	761
Unconditional and expected to settle after 12 months	304	63
Long Service Leave		
Unconditional and expected to settle within 12 months	204	103
Unconditional and expected to settle after 12 months	1,249	1,195
	<u>2,510</u>	<u>2,201</u>
Provision for On-costs		
Unconditional and expected to be settled within 12 months	103	91
Unconditional and expected to be settled after 12 months	198	190
	<u>301</u>	<u>281</u>
Total current provisions for employee benefits	<u>2,811</u>	<u>2,482</u>
Non-current provisions		
Conditional long service leave, measured at present value	259	251
On-costs	30	34
Total non-current employee benefits	<u>289</u>	<u>285</u>
Total provision for employee benefits	<u>3,100</u>	<u>2,767</u>
Reconciliation of movement in provision for on-costs		
Opening balance	315	353
Additional provisions recognised	65	1
Amount utilised during the period	(49)	(39)
Closing balance	<u>331</u>	<u>315</u>
Current	301	281
Non-current	30	34
Closing balance	<u>331</u>	<u>315</u>

NOTE 3. THE COST OF DELIVERING SERVICES (CONTINUED)

3.1 Our people (continued)

3.1.2 Employee benefits – Balance Sheet (continued)

Annual leave, rostered days off and on-costs

Liabilities for annual leave, rostered days off and on-costs are recognised as part of the employee benefit provision as current liabilities, because the water corporation does not have a right to defer settlements of these liabilities. Liabilities for annual leave and rostered days off, are all recognised in the provision for employee benefits as 'current liabilities' as per AASB 119 Employee Benefits.

Liabilities for annual leave, rostered days off and on-costs are measured at:

- undiscounted value- if the Corporation expects to wholly settle within 12 months; or
- present value- if the Corporation does not expect to wholly settle within 12 months

Sick leave payments are made in accordance with relevant awards, determinations and Corporation policy. No provision is made in the Financial Statements for unused sick leave entitlements as these are non-vesting benefits.

On-costs

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

Long Service Leave

A liability for LSL is recognised in the provision for employee benefits. Unconditional LSL is disclosed as a current liability, even where the Corporation does not expect to settle the liability within 12 months. The Corporation does not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- undiscounted value- if the Corporation expects to wholly settle within 12 months; and
- present value-if the Corporation does not expect to wholly settle within 12 months.

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

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction.

NOTE 3. THE COST OF DELIVERING SERVICES (CONTINUED)**3.1 Our people (continued)****3.1.3. Superannuation****Superannuation contributions**

South Gippsland Water obligations for contributions to the Fund are recognised as an expense in Comprehensive Operating Statement when they are made or due.

Contributions by South Gippsland Water (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2018 are detailed below:

Scheme	Type of Scheme	Rate 2018	2018 \$'000	Rate 2017 restated	2017 \$'000
Vision Super	Defined Benefits	15.50%	47	15.50% ⁱ	41
Vision Super	Accumulation	9.50%	444	9.50%	422
Other	Accumulation	9.50%	365	9.50%	329

ⁱRestatement of the prior period defined benefits contribution rate has occurred.

South Gippsland Water was not required to pay for any unfunded liability payments to Vision Super in 2018 (2017: Nil).

There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2018 (2017: Nil).

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2018 is \$47,000 (2017: \$35,000).

Accumulation

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

Defined benefit

South Gippsland Water does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a pooled multi-employer sponsored plan.

There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of South Gippsland Water in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

Funding arrangements

South Gippsland Water makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary. In addition, South Gippsland Water reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

As at 30 June 2017, a full investigation was held. The vested benefit index (VBI) of the defined benefit category of which South Gippsland Water is a contributing employer was 103.1%. Because the VBI was above 100%, the 2017 interim actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

To determine the VBI, the Fund Actuary used the following long-term assumptions:

- => Net investment returns 6.5% pa
- => Salary information 3.5% pa
- => Price inflation (CPI) 2.5% pa.

Vision Super has advised that the estimated VBI at 30 June 2018 was 106.2%.

NOTE 3. THE COST OF DELIVERING SERVICES (CONTINUED)

3.1 Our people (continued)

3.1.3 Superannuation (continued)

Funding arrangements (continued)

The Fund's full actuarial investigation as at 30 June 2017 identified the following in the Defined Benefit category of which South Gippsland Water is a contributing employer:

- => VBI surplus of \$69.8 million; and
- => Total service liability surplus of \$193 million
- => A discounted accrued benefits surplus of \$228.8 million

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2017.

The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses.

The discounted accrued benefit surplus means that the current value of the assets in the Funds Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses.

The 2018 full triennial actuarial investigation

An interim actuarial investigation is being conducted for the Fund's position as at 30 June 2018 as the Fund provides lifetime benefits in the Defined Benefit category. It is anticipated that this actuarial investigation will be completed in October 2018.

Funding calls

If the Defined Benefit category is in an unsatisfactory financial position at an actuarial investigation or the Defined Benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the Defined Benefit category has a shortfall for the purposes of SPS 160 and the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%. While an actuarial investigation is underway, the shortfall limit is 100%.

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up.

If there is a surplus in the Fund, the surplus cannot be returned to the participating employers.

In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

NOTE 3. THE COST OF DELIVERING SERVICES (CONTINUED)**3.2. Direct operating expenses**

Direct operating expenses	2018 \$'000	2017 restated \$'000
Repairs and maintenance	1,557	1,380
Chemicals	1,130	960
Electricity	814	786
Testing and sampling	482	445
Other direct costs	812	1,076 ⁱ
Total	4,795	4,647

ⁱ Restatement of prior period costs for delivering services has occurred due to reclassifying expenditure items previously disclosed as indirect operating expenses to direct operating expenses. These items include costs associated with the treatment of waste water.

Direct operating expenses represent costs associated with the operation of the Corporation's assets. Direct operating expenses are recognised in the reporting period in which they are incurred. Repairs and maintenance represents routine maintenance, repair costs and minor renewal costs. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold, (\$1,000 refer Note 4), the cost is capitalised and depreciated. The carrying amounts of any inventories held for distribution are expensed when the inventories are distributed.

3.3. Other operating expenses

Other operating expenses	2018 \$'000	2017 restated \$'000
Administration expenses	1,994	2,174 ⁱ
Customer services expenses	214	338 ⁱⁱ
Training and travel	211	238
Vehicle and fleet costs	529	447
Miscellaneous expenses	732	685
Total	3,680	3,882

ⁱ Restatement of prior period costs for delivering services has occurred due to reclassifying expenditure items previously disclosed as employee benefits to indirect operating expenses. These items include staff medical and recruitment costs, staff amenities and protective clothing.

ⁱⁱ Restatement of prior period costs for delivering services has occurred due to reclassifying expenditure items previously disclosed as indirect operating expenses to direct operating expenses. These items include costs associated with the treatment of waste water.

Other operating expenses generally represent the day-to-day running costs incurred to support operations. Administration, customer services, training and travel, vehicle and fleet and miscellaneous expenses are recognised as an expense in the reporting period in which they are incurred.

NOTE 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.

Structure

- 4.1 Infrastructure, property, plant and equipment at carrying amount:
 - 4.1.1 Reconciliation of movements in carrying values of infrastructure, property, plant and equipment
 - 4.1.2 Fair value determination: non-financial physical assets
 - 4.1.3 Depreciation and impairment
- 4.2 Intangible assets

NOTE 4. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY (CONTINUED)**4.1. Infrastructure, property, plant and equipment at carrying amount****4.1.1. Reconciliation of movements in carrying value of infrastructure, property, plant and equipment**

	<i>Land</i>	<i>Build-ings</i>	<i>Water distri-bution</i>	<i>Water harvest-ing and major transfer</i>	<i>Water quality</i>	<i>Sewer collect-ion</i>	<i>Sewer treatment and disposal</i>	<i>Plant, equip-ment and other</i>	<i>Capital works in progress</i>	<i>Total</i>
At 1 July 2016										
Cost or fair value	11,909	1,308	110,869	70,627	30,618	99,606	55,540	5,444	5,164	391,085
Accumulated depreciation	-	(1)	(4)	(3)	(2)	(162)	(5)	(2,469)	-	(2,646)
Carrying amount	11,909	1,307	110,865	70,624	30,616	99,444	55,535	2,974	5,164	388,438
Year ended 30 June 2017 restated										
Opening net book amount	11,909	1,307	110,865	70,624	30,616	99,444	55,535	2,974	5,164	388,438
Additions	-	-	201	-	-	502	-	-	7,925	8,628
Disposals (net)	-	-	-	-	-	-	-	(274)	-	(274)
Transfer between asset classes	-	115	1,415	83	301	2,569	266	1,308	(6,085)	(28)
Impairment of assets	-	-	-	-	-	-	-	-	(584)	(584)
Depreciation	-	(76)	(3,294)	(1,101)	(1,405)	(2,733) ⁱ	(1,248) ⁱ	(959)	-	(10,816)
Closing carrying amount	11,909	1,346	109,187	69,606	29,512	99,782	54,553	3,050	6,420	385,365
At 30 June 2017										
Cost or fair value	11,909	1,422	112,480	70,707	30,917	102,616	55,873	6,133	6,420	398,477
Accumulated depreciation	-	(76)	(3,293)	(1,101)	(1,405)	(2,834)	(1,320)	(3,083)	-	(13,112)
Carrying amount	11,909	1,346	109,187	69,606	29,512	99,782	54,553	3,050	6,420	385,365
Year ended 30 June 2018										
Opening net book amount	11,909	1,346	109,187	69,606	29,512	99,782	54,553	3,050	6,420	385,365
Additions	-	-	45	-	-	163	14	-	32,002	32,224
Disposals (net)	-	-	-	-	-	-	-	(86)	-	(86)
Transfer between asset classes	-	67	1,326	150	536	1,239	202	1,748	(5,268)	-
Depreciation	-	(82)	(3,297)	(1,094)	(1,423)	(2,750)	(1,284)	(952)	-	(10,882)
Closing carrying amount	11,909	1,331	107,261	68,662	28,624	98,434	53,485	3,760	33,154	406,619
At 30 June 2018										
Cost or fair value	11,909	1,489	113,852	70,860	31,454	104,018	56,086	7,651	33,154	430,473
Accumulated depreciation	-	(158)	(6,591)	(2,198)	(2,831)	(5,584)	(2,601)	(3,891)	-	(23,854)
Carrying amount	11,909	1,331	107,261	68,662	28,623	98,434	53,485	3,760	33,154	406,619

ⁱ Depreciation for the period 2017 has been restated due to correction of the classification between asset class sewer collection and sewer treatment and disposal.

NOTE 4. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY (CONTINUED)

4.1 Infrastructure, property, plant and equipment at carrying amount (continued)

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

Initial recognition

Infrastructure, property, plant and equipment represent non-current physical assets comprising land, buildings, water and wastewater infrastructure, plant, equipment and motor vehicles, used by the Corporation in its operations. Items with a cost or value in excess of the Corporation's asset capitalisation threshold of \$1,000 and a useful life of more than one year are recognised as an asset. All other assets acquired are expensed.

Items of infrastructure, property, plant and equipment, are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for zero or nominal cost, the cost is its fair value at the date of acquisition.

The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Subsequent measurement

Infrastructure, property, plant and equipment are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset). Refer to Note 4.1.2 for fair value disclosures.

Revaluation of infrastructure property plant and equipment

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

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

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

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

Revaluation reserves are not transferred to accumulated surplus/ (deficit) on derecognition of the relevant asset.

NOTE 4. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY (CONTINUED)**4.1 Infrastructure, property, plant and equipment at carrying amount (continued)****4.1.2 Fair value determination: non-financial physical assets****Significant judgement: Fair value measurements of assets and liabilities**

Fair value determination requires judgement and the use of assumptions. This section discloses the most significant assumptions used in determining fair values. Changes to assumptions could have a material impact on the results and the financial position of the Corporation.

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

Consistent with AASB 13 *Fair Value Measurement*, the Corporation determines the policies and procedures for both recurring fair value measurements such as infrastructure, property, plant and equipment, biological assets, investment properties and financial instruments and for non-recurring fair value measurements such as assets held for sale, in accordance with the requirements of AASB 13 and the relevant Financial Reporting Directions.

Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets 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 of input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Corporation has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

NOTE 4. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY (CONTINUED)**4.1 Infrastructure, property, plant and equipment at carrying amount (continued)****4.1.2 Fair value determination: non-financial physical assets (continued)**

2018	Carrying amount as at 30 June 2018 \$'000	Fair Value Measurement ⁱ		
		Level 1	Level 2	Level 3
		\$'000	\$'000	\$'000
Land at fair value				
Non Specialised Land	1,323	-	1,323	-
Specialised Land	10,586	-	-	10,586
Total land at fair value	11,909	-	1,323	10,586
Buildings at fair value				
Specialised Buildings	1,331	-	-	1,331
Total buildings at fair value	1,331	-	-	1,331
Infrastructure at fair value				
Infrastructure - water distribution	107,261	-	-	107,261
Infrastructure - water harvesting and major transfers	68,662	-	-	68,662
Infrastructure - water quality	28,623	-	-	28,623
Infrastructure - sewer collection	98,434	-	-	98,434
Infrastructure - sewer treatment and major disposal	53,485	-	-	53,485
Total infrastructure at fair value	356,465	-	-	356,465
Plant and equipment at fair value				
Plant and Equipment at fair value	3,760			3,760
Plant and equipment at fair value	3,760	-	-	3,760
Total of infrastructure at fair value	373,465	-	1,323	372,142

ⁱ Classified in accordance with the fair value hierarchy, see Note 4.1.2

NOTE 4. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY (CONTINUED)**4.1 Infrastructure, property, plant and equipment at carrying amount (continued)****4.1.2 Fair value determination: non-financial physical assets (continued)**

2017	Carrying amount as at 30 June 2017 \$'000	Fair Value Measurement ⁱ		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Land at fair value				
Non Specialised Land	1,323	-	1,323	-
Specialised Land	10,586	-	-	10,586
Total land at fair value	11,909	-	1,323	10,586
Buildings at fair value				
Specialised Buildings	1,346	-	-	1,346
Total buildings at fair value	1,346	-	-	1,346
Infrastructure at fair value				
Infrastructure - water distribution	109,187	-	-	109,187
Infrastructure - water harvesting and major transfers	69,606	-	-	69,606
Infrastructure - water quality	29,512	-	-	29,512
Infrastructure - sewer collection	99,782 ⁱⁱ	-	-	99,782
Infrastructure - sewer treatment and major disposal	54,553 ⁱⁱ	-	-	54,553
Total infrastructure at fair value	362,640	-	-	362,640
Plant and equipment at fair value				
Plant and Equipment at fair value	3,049	-	-	3,049
Plant and equipment at fair value	3,049	-	-	3,049
Total of infrastructure at fair value	378,944	-	1,323	377,621

ⁱ Classified in accordance with the fair value hierarchy, see Note 4.1.2

ⁱⁱ Depreciation for the period 2017 has been restated due to correction of the classification between asset class sewer collection and sewer treatment and disposal.

There have been no transfers between the levels during the period. There were no changes in valuation techniques throughout the period to 30 June 2018. For all assets measured at fair value, the current use is considered the highest and best use.

NOTE 4. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY (CONTINUED)

4.1 Infrastructure, property, plant and equipment at carrying amount (continued)

4.1.2 Fair value determination: non-financial physical assets (continued)

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

The Corporation, in conjunction with VGV monitors changes in the fair value of land and buildings through relevant data sources to determine whether revaluation is required. The fair value of infrastructure is monitored by the Corporation with reference to relevant data to identify whether an interim revaluation is required.

Non-specialised land

Non-specialised land are valued using the market approach, whereby assets are compared to recent comparable sales or sales of comparable assets that are considered to have nominal value.

An independent valuation was performed by Eagan National Valuers (Vic) to determine fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. From this analysis, an appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation was 30 June 2017.

To the extent that non-specialised land does not contain significant, unobservable adjustments, these assets are classified as Level 2 under the market approach.

South Gippsland Water conducted an assessment at 30 June 2018 with no material movement identified since the 2016 valuation.

Specialised land and buildings

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

The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement, and takes into account the use of the asset that is physically possible, legally permissible, and financially feasible. As adjustments of CSO are considered as significant unobservable inputs, specialised land would be classified as Level 3 assets.

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

An independent valuation of the Corporation's specialised land and specialised buildings was performed by the Valuer General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation was 30 June 2017.

Water and sewer infrastructure

Water and sewer infrastructure are valued using the depreciated replacement cost method less all forms of obsolescence and depreciation. This cost represents the replacement cost of the building/component after applying depreciation rates on a useful life basis. Replacement costs relate to costs to replace the current service capacity of the asset. Economic obsolescence has also been factored into the depreciated replacement cost calculation. Where it has not been possible to examine hidden works such as structural frames and floors, the use of reasonable materials and methods of construction have been assumed bearing in mind the age and nature of the building. The estimated cost of reconstruction includes structure services and finishes as applicable.

An independent valuation of the Corporation's water and sewer infrastructure was carried out by the Valuer General Victoria. The valuation was performed based on the depreciated replacement cost of the assets. The effective date of the valuation was 30 June 2017. These assets are classified as Level 3 fair value as the lowest level input, the absence of an active market, has a significant impact on the fair value which is unobservable.

South Gippsland Water conducted an assessment at 30 June 2018 with no material movement identified since the 2017 valuation.

NOTE 4. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY (CONTINUED)**4.1 Infrastructure, property, plant and equipment at carrying amount (continued)****4.1.2 Fair value determination: non-financial physical assets (continued)****Plant and equipment**

Plant and equipment is held at fair value. When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the depreciated replacement cost method. As depreciation adjustments are considered as significant, unobservable inputs in nature, plant and equipment is classified as Level 3 fair value measurements.

There were no changes in valuation techniques throughout the period to 30 June 2018 (2017: Nil). For all assets measured at fair value, the current use is considered the highest and best use.

Reconciliation of Level 3 fair value movements

A reconciliation from the opening balances to the closing balances for fair value measurements categorised within Level 3 of the fair value hierarchy, disclosing separate changes during the period.

2018	Land - Specialised	Buildings - Specialised	Water distribution	Water harvesting and major transfer	Water quality	Sewer collection	Sewer treatment and disposal	Plant equipment and other
Opening Balance	10,586	1,346	109,187	69,606	29,512	99,782	54,553	3,050
Additions	-	67	1,371	150	536	1,402	216	1,748
Disposals	-	-	-	-	-	-	-	(86)
Revaluation	-	-	-	-	-	-	-	-
Transfers In/ Out of Level 3	-	-	-	-	-	-	-	-
Depreciation	-	(82)	(3,297)	(1,094)	(1,424)	(2,750)	(1,284)	(952)
Closing Balance	10,586	1,331	107,261	68,662	28,623	98,434	53,485	3,760

2017 restated	Land - Specialised	Buildings - Specialised	Water distribution	Water harvesting and major transfer	Water quality	Sewer collection	Sewer treatment and disposal	Plant equipment and other
Opening Balance	10,586	1,307	110,865	70,624	30,616	99,444	55,535	2,974
Additions	-	115	1,616	83	301	3,071	266	1,308
Disposals	-	-	-	-	-	-	-	(274)
Revaluation	-	-	-	-	-	-	-	-
Transfers In/ Out of Level 3	-	-	-	-	-	-	-	-
Depreciation	-	(76)	(3,294)	(1,101)	(1,405)	(2,733) ⁱ	(1,248) ⁱ	(959)
Closing Balance	10,586	1,346	109,187	69,606	29,512	99,782	54,553	3,050

ⁱ Depreciation for the period 2017 has been restated due to correction of the classification between asset class sewer collection and sewer treatment and disposal.

NOTE 4. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY (CONTINUED)**4.1 Infrastructure, property, plant and equipment at carrying amount (continued)****4.1.2 Fair value determination: non-financial physical assets (continued)**

Significant unobservable inputs in Level 3 valuations

Asset Class	Valuation technique	Significant unobservable inputs
Land and Buildings		
Specialised land	Market approach	Community Service Obligation (CSO)
Specialised buildings	Depreciated replacement cost	Average cost per unit Useful life
Plant, Equipment and Vehicles		
Plant and Equipment	Depreciated replacement cost	Average cost per unit Useful life
Vehicles	Depreciated replacement cost	Average cost per unit Useful life
Water Infrastructure		
Storage	Depreciated replacement cost	Average cost per unit Useful life
Treatment Plants	Depreciated replacement cost	Average cost per unit Useful life
Mains and reticulation	Depreciated replacement cost	Average cost per metre Useful life
Pump stations	Depreciated replacement cost	Average cost per unit Useful life
Waste Water Infrastructure		
Treatment plants	Depreciated replacement cost	Average cost per unit Useful life
Mains and reticulation	Depreciated replacement cost	Average cost per metre Useful life
Pump stations	Depreciated replacement cost	Average cost per unit Useful life

(1) There were no changes from 2017 weighted average cost per unit for fair value assessment of unobservable inputs.

NOTE 4. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY (CONTINUED)**4.1 Infrastructure, property, plant and equipment at carrying amount (continued)****4.1.3 Depreciation and impairment**

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets that have finite useful lives, 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.

Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life, commencing from the time the asset is held ready for use. The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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

Asset	Useful Life
Corporate	
Buildings	50 years
Furniture and equipment	10 years
Plant and machinery	7 -10 years
Motor Vehicle	4 Years
Water Infrastructure	
Water harvesting	100 to 350 years
Water quality	10 to 350 years
Mains and reticulation	40 to 110 years
Pump Stations	18 to 75 years
Water Meters	15 years
Wastewater Infrastructure	
Sewer collection	50 to 100 years
Pump stations	10 to 75 years
Sewer treatment plants	5 to 350 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.

Indefinite life assets

Land assets, which are considered to have an indefinite life, are not depreciated.

Depreciation is not recognised in respect of these assets because their service potential has not, in any material sense, been consumed during the reporting period.

Impairment

Non-financial assets, including items of Infrastructure, Property, Plant and Equipment, are tested for impairment whenever there is an indication that the asset may be impaired.

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 as an impairment, except to the extent that it can be debited to an asset revaluation surplus amount applicable to that class of asset.

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

The recoverable amount for most assets is measured at the higher of current replacement cost and fair value less costs to sell. The current replacement cost of an asset is its cost measured by reference to the lowest cost at which the gross future economic benefits of that asset could currently be obtained in the normal course of the business.

NOTE 4. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY (CONTINUED)**4.1 Infrastructure, property, plant and equipment at carrying amount (continued)****4.1.3 Depreciation and impairment (continued)**

	2018	2017 restated
	\$'000	\$'000
Buildings	82	76
Water distribution	3,297	3,294
Water harvesting and major transfer	1,094	1,101
Water quality	1,423	1,405
Sewer collection	2,750	2,733 ⁱ
Sewer treatment and disposal	1,284	1,248 ⁱ
Plant equipment and other	952	959
Asset impairment	-	584
Total	10,882	11,400

ⁱ Depreciation for the period 2017 has been restated due to correction of the classification between asset class sewer collection and sewer treatment and disposal.

4.2. Intangible assets

\$'000	Software	Access rights	Water entitlements	Work in progress	Total
At 1 July 2016					
Cost	3,508	3,115	563	-	7,186
Accumulated amortisation	(3,320)	(145)	-	-	(3,465)
Carrying amount	188	2,970	563	-	3,721
Year ended 30 June 2017 restated					
Opening net book amount	188	2,970	563	-	3,721
Additions	3 ⁱ	-	-	82	85
Transfer between asset classes	53 ⁱ	-	-	(53)	0
Amortisation	(142)	(142)	-	-	(284)
Closing carrying amount	102	2,828	563	29	3,522
At 30 June 2017					
Cost	3,564	3,200	563	29	7,356
Accumulated amortisation	(3,462)	(373)	-	-	(3,834)
Carrying amount	102	2,827	563	29	3,522
Year ended 30 June 2017					
Opening net book amount	102	2,827	563	29	3,522
Additions	-	-	-	344	344
Transfer between asset classes	21	-	-	(21)	-
Amortisation	(88)	(142)	-	-	(230)
Closing carrying amount	35	2,685	563	353	3,636
At 30 June 2018					
Cost	3,585	3,200	563	353	7,701
Accumulated amortisation	(3,550)	(515)	-	-	(4,065)
Carrying amount	35	2,685	563	353	3,636

ⁱ Additions and transfers between asset classes has been restated to reflect prior year movements.

NOTE 4. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY (CONTINUED)**4.2 Intangible assets (continued)****Recognition**

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 begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

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:

Intangible Asset	Water Share Entitlements	Access Rights	Software Costs
Useful lives	Indefinite	Finite	Finite
Amortisation method used	Not amortised or revalued	22 years straight line	3 and 7 years – straight line
Internally generated / acquired	Acquired	Acquired	Internally generated / acquired
Impairment test / Recoverable amount testing	Tested annually and where an indicator of impairment exists	Amortisation method reviewed at each financial year-end / Reviewed annually for indicators of impairment	Amortisation method reviewed at each financial year-end / Reviewed annually for indicators of impairment

Permanent Water Entitlements

Permanent water entitlements purchased after 1 July 2011 are treated as an intangible asset on the Balance Sheet at cost (in accordance with AASB 138 Intangible Assets and FRD 109A Intangible Assets), and will not be subject to amortisation, as the permanent water entitlements have an indefinite life. Permanent entitlements purchased after 1 July 2011 will be tested annually for impairment. Bulk permanent water entitlements prior to 1 July 2011 are not recorded on the Balance Sheet as an intangible asset, as they cannot be reliably measured.

Access Rights

The Corporation has a contract to access South East Water's Lang Lang water recycling plant, transfer main and reuse facility which is amortised over 22 years.

Amortisation

Intangible assets with finite useful lives are amortised as an expense on a systematic basis (typically straight-line), commencing from the time the asset is available for use. The amortisation periods are reviewed and adjusted if appropriate at each balance date. Intangible assets with indefinite useful lives are not amortised. However, all intangible assets are assessed for impairment annually as outlined below.

Impairment of intangible assets

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

The policy in connection with testing for impairment is outlined in note 4.1.1.

NOTE 5. OTHER ASSETS AND LIABILITIES

This section sets out those assets and liabilities that arose from the Corporation's controlled operations.

Structure

5.1	Receivables
5.1.1	Movement in provision for doubtful debts
5.1.2	Ageing analysis of contractual receivables
5.2	Payables
5.2.1	Ageing analysis of contractual payable
5.3	Fair value determination of financial assets and liabilities

5.1. Receivables

	2018 \$'000	2017 restated \$'000
Current		
Contractual		
Trade receivables	2,201	1,434 ⁱ
Provision for doubtful debts	(62)	(101)
Sewer scheme receivables	92	171
Accrued revenue	2,003	1,855
Total contractual current receivables	4,234	3,359
Statutory		
GST recoverable	432	202
Total current receivables	4,666	3,561
Non-current		
Contractual		
Sewer scheme receivables	460	510
Provision for doubtful contractual receivables	(41)	(46)
Total contractual non-current receivables	419	464
Total receivables	5,085	4,025

ⁱ Trade receivables has been restated reflecting re-categorisation of debtors.

Receivables consist of:

Contractual receivables, classified as financial instruments and categorised as 'loans and receivables'. This includes trade receivables associated with service and usage charges, accrued income for unbilled usage charges, a provision for doubtful debts and sewer scheme receivables (current and non-current). They are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement they are measured at amortised cost using the effective interest method, less any impairment. Trade receivables are due for settlement no more than 30 days from the date of recognition for water utility debtors, and no more than 30 days for other debtors. Accrued revenue is an estimation of average water usage of the customer since the last reading of the customer's water meter to the 30th of June 2018.

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

5.1.1. Movement in provision for doubtful debts

As at 30 June 2018, current receivables of the Corporation with a nominal value of \$195,983 were impaired. The amount of the provision was \$102,713. The individually impaired receivables mainly relate to rental and vacated properties. It was assessed that a portion of the receivables is expected to be recovered. Non-current receivables with a nominal value of \$45,750 were impaired. The amount of the provision was \$41,150. The provision is for sewer schemes.

NOTE 5. OTHER ASSETS AND LIABILITIES (CONTINUED)**5.1 Receivables (continued)****5.1.1 Movement in the provision for doubtful debts (continued)**

	2018	2017
	\$'000	\$'000
Balance at beginning of year	149	45
Provision for doubtful debts recognised during the year	4	124
Receivables written off during the year as uncollectable	(50)	(20)
Balance at end of year	103	149

Receivables are assessed for bad and doubtful debts on a regular basis. A provision for doubtful debts is established when there is objective evidence that the Corporation will not be able to collect all amounts due according to the original terms of receivables. In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 Impairment of Assets.

A provision is made for estimated irrecoverable amounts from the sale of goods when there is objective evidence that an individual receivable is impaired. The increase in the provision for the year is recognised in the net result.

5.1.2. Ageing analysis of contractual receivables

The ageing of receivables is as follows:

\$'000	Carrying amount	Maturity dates				
		Less than 1 month	1-3 months	3 months-1 year	Over 1 year	Total
2018						
Sale of goods and services	4,479	3,017	528	515	419	4,479
Other receivables	174	174	-	-	-	174
Total	4,653	3,191	528	515	419	4,653
2017						
Sale of goods and services	3,820	2,442	474	440	464	3,820
Other receivables	3	3	-	-	-	3
Total	3,823	2,445	474	440	464	3,823

Interest starts accruing when the amount is due. Thereafter, interest is charged at 5.5 per cent on the outstanding balance. There are no material financial assets that are individually determined to be impaired. Past due but not impaired trade receivables relate to a number of independent customers for whom there is no recent history of default. The other amounts within receivables do not contain impaired assets and are not past due. Based on credit history, it is expected that these amounts will be received when due. There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated.

NOTE 5. OTHER ASSETS AND LIABILITIES (CONTINUED)**5.2. Payables**

Payables	2018	2017
	\$'000	\$'000
Current		
Contractual		
Trade creditors	1,436	2,432
Accrued expenses	2,573	582
Accrued borrowing expense	177	158
Security deposits / retentions	929	112
Total	5,115	3,284
Statutory		
Taxes payable	208	139
Total payables	5,323	3,423

Payables consist of:

- Contractual payables, classified as financial instruments and measured at amortised cost. Trade creditors represent liabilities for goods and services provided to the Corporation prior to the end of the financial year that are unpaid; and
- Statutory payables, that are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

Payables for supplies and services have an average credit period of 30 days, (2017: 30 days). No interest is charged on the 'other payables'.

5.2.1. Ageing analysis of contractual payable

\$'000	Carrying amount	Maturity dates				
		Less than 1 month	1-3 months	3 months- 1 year	Over 1 year	Total
2018						
Supplies and services	1,436	1,411	25	-	-	1,436
Other payables	3,679	2,573	-	1,106	-	3,679
Total	5,115	3,984	25	1,106	-	5,115
2017						
Supplies and services	1,962	1,882	79	1	-	1,962
Other payables	1,322	1,057	-	265	-	1,322
Total	3,284	2,939	79	266	-	3,284

NOTE 5. OTHER ASSETS AND LIABILITIES (CONTINUED)**5.3. Fair value determination of financial assets liabilities**

The fair values and net fair values of financial assets and liabilities are determined as follows:

- Level 1 – the fair value of financial instrument with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;
- Level 2 – the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and
- Level 3 - the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

The Corporation currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts are a reasonable approximation of fair value, either due to their short-term nature or with the expectation that they will be paid in full by the end of the 2019 reporting period.

These financial instruments include:

Financial Assets	Financial Liabilities
Cash and deposits	Contractual payables
Contractual receivables	Other payables
Other financial assets	

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.

NOTE 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 borrowing) 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 provides additional specific financial instrument disclosures.

Structure

6.1	Interest bearing liabilities
6.1.1	Maturity analysis of interest bearing liabilities
6.1.2	Interest expense
6.2	Cash flow information
6.2.1	Reconciliation of net result to cash flow from operating activities
6.3	Commitments for expenditure
6.3.1	Operating lease commitments
6.3.2	Capital commitments
6.3.3	Assets pledged as security

6.1. Fair value determination of financial assets liabilities

	2018	2017
	\$'000	\$'000
Current loans from Treasury Corporation Victoria	9,802	3,880
Non-current loans from Treasury Corporation Victoria	44,920	49,420
Total interest bearing liabilities	54,722	53,300

The borrowings are secured by a guarantee signed by the Treasurer of Victoria in favour of Treasury Corporation Victoria (TCV) as lender in respect to financial accommodation obtained by the Corporation under Section 8 of the Borrowings and Investment Powers Act 1987.

There were no defaults of principal or interest payments on any outstanding loans during the period.

Interest bearing liabilities are initially recognised at the fair value of the consideration received less directly attributable transaction costs incurred. Interest bearing liabilities are subsequently measured at amortised cost. Any difference between the initial amount recognised (net of transaction costs) and the redemption amount is recognised in the Comprehensive Operating Statement over the period of the interest bearing liabilities, using the effective interest method.

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

South Gippsland Water has classified borrowings which mature within 12 months as non-current liabilities on the basis that the entity 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. Borrowings known as 11am debt are classified as current borrowings.

6.1.1. Maturity analysis of interest bearing liabilities

2018 \$'000	Carrying Amount	Nominal Amount	3 months or less	3 - 12 months	1 - 2 years	2 - 5 years	> 5 years
Loans from TCV	54,722	54,722	9,802	6,000	7,900	18,220	12,800
2017 \$'000	Carrying Amount	Nominal Amount	3 months or less	3 - 12 months	1 - 2 years	2 - 5 years	> 5 years
Loans from TCV	53,300	53,300	3,880	4,500	6,000	19,620	19,300

South Gippsland Water has classified borrowings in 3-12 month maturity as long-term in accordance with the note above under 6.1.

NOTE 6. HOW WE FINANCED OUR OPERATIONS (CONTINUED)**6.1 Interest bearing liabilities (continued)****6.1.2. Interest expense**

Interest expense	2018	2017
	\$'000	\$'000
Interest on government loans	2,004	2,242
Financial accommodation levy	582	619
Total interest expense	2,586	2,861

Interest expense is the cost incurred in connection with the borrowing of funds. Interest expense is recognised in the period in which it is incurred. Interest expense includes interest on bank overdrafts, short term and long term borrowings, amortisation of discounts or premiums relating to borrowings and the financial accommodation levy (FAL) which is a cost associated with the arrangement of the borrowings from TCV.

6.2. Cash flow information

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.

	2018	2017
	\$'000	\$'000
Cash at bank and on hand	302	187
Deposits at call - TCV	-	4,938
Balance as per cash flow statement	302	5,125

6.2.1. Reconciliation of the net result to cash flow from operating activities

	2018	2017
	\$'000	\$'000
Net result for the period	(1,286)	(3,983)
Non-cash movements:		
Income tax expense	(2,158)	(1,245)
Depreciation and amortisation expense	11,112	11,100
Gain on sale of non-current assets	(21)	(64)
Contributed assets	(222)	(703)
Provision for receivables impairment expense	(94)	104
Impairment of non-current assets	-	583
Movements in assets and liabilities:		
Increase in receivables	2,113	2,163
Increase in inventory	(55)	(67)
Decrease (increase) in prepayments	16	(105)
Increase (decrease) in payables	(902)	399
Increase in employee benefits	332	191
Increase (decrease) in accrued expenses	204	(377)
Net cash inflows from operating activities	9,039	7,996

NOTE 6. HOW WE FINANCED OUR OPERATIONS (CONTINUED)**6.3. Commitments for expenditure**

Commitments for future expenditure include operating and capital commitments arising from contracts. Commitments included in this section are as follows.

Please refer to Note 8.2.1 for details on environmental commitments.

6.3.1. Operating lease commitments

	2018 \$'000	2017 \$'000
Operating Lease Commitments Payable (1)		
Payments within 1 year	4	4
Total	4	4
 Total commitments (inclusive of GST)	4	4
Less GST recoverable from the Australian Tax Office	-	-
Total commitments (exclusive of GST)	4	4

(1) Lease commitments represent payments due on current operating leases for office equipment. The leases are cancellable but incur a penalty of the present value of future lease payments.

6.3.2. Capital commitments

Capital commitments arise from contracts mainly attributable to the construction of new infrastructure. Otherwise commitments are reported at their nominal value and inclusive of GST. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the Balance Sheet.

2018 \$'000	Less than 1 year	Between 1-5 years	Over 5 years	Total
Infrastructure (inclusive of GST)	4,923	770	-	5,693
Less GST recoverable	(448)	(70)	-	(518)
Total commitment exclusive of GST	4,475	700	-	5,175
 2017 \$'000	Less than 1 year	Between 1-5 years	Over 5 years	Total
Infrastructure (inclusive of GST)	25,115	1,324		26,439
Less GST recoverable	(2,115)	(120)		(2,235)
Total commitment exclusive of GST	23,000	1,204	-	24,204

6.3.3. Assets pledged as security

The Corporation has not pledged any assets as security for liabilities or contingent liabilities. 2017: Nil.

NOTE 7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

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 higher level of judgement to be applied, which for the Corporation related mainly to fair value determination.

Structure

- 7.1 Financial instruments specific disclosures
 - 7.1.1 Financial instruments: categorisation
 - 7.1.2 Financial risk management objectives and policies
- 7.2 Contingent assets and contingent liabilities

7.1. Financial instruments specific disclosures**Introduction**

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

Categories of financial instruments

Loans and receivables and cash are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets and liabilities are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method (and for assets, less any impairment). The Corporation recognises the following assets in this category:

- cash and deposits (including term deposits); and
- receivables (excluding statutory receivables).

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

- payables (excluding statutory payables); and
- borrowings (interest bearing liabilities).

Derecognition of financial assets

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

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

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

NOTE 7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (CONTINUED)**7.1 Financial instruments specific disclosures (continued)****Impairment of financial assets**

At the end of each reporting period, the Corporation assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets, are subject to annual review for impairment.

The allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 Impairment of Assets. Impairment losses are recognised in the Comprehensive Operating Statement.

7.1.1. Financial instruments: Categorisation

	2018	2017
	\$'000	\$'000
Contractual financial assets		
Cash and deposits	302	5,125
Contractual receivables	4,653	3,823
Total contractual financial assets	4,955	8,948
Contractual financial liabilities (at amortised cost)		
Contractual payables at amortised cost	5,115	3,284
Interest bearing liabilities	54,722	53,300
Total contractual financial liabilities	59,837	56,584

7.1.2. Financial risk management objectives and policies

The Corporation's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. As a whole, the Corporation's financial risk management program seeks to manage these risks and the associated volatility of its financial performance. The main purpose in holding financial instruments is to prudentially manage the Corporation's financial risks within the government policy parameters. The Corporation's main financial risks include credit risk, liquidity risk, interest rate risk, with less exposure to foreign currency risk and other price risk.

Risk management is carried out by the Corporate Services department under policies approved by the Board of Directors. Corporate Services identifies, evaluates and may hedge financial risks in close co-operation with the Corporation's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Credit risk

Credit risk is the risk of financial loss to the Corporation as a result of a customer or counterparty to a financial instrument failing to meet its contractual obligations. Credit risk arises principally from the Corporation's receivables.

The Corporation's exposure to credit risk is influenced by the individual characteristics of each customer. The receivable balance consists of a large number of residential and business customers which are spread across a diverse range of industries. Receivable balances are monitored on an on-going basis to ensure that exposure to bad debts is not significant. The Corporation has in place a policy and procedure for the collection of overdue receivables.

NOTE 7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (CONTINUED)**7.1.2 Financial risk management objectives and policies (continued)****Liquidity risk**

Liquidity risk arises from being unable to meet financial obligations as they fall due. The Corporation's policy is to settle financial obligations within 30 days and in the event of dispute make payments within 30 days from the date of resolution.

The Corporation manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and financial liabilities.

Market risk

Market risk is the risk that changes in market prices will affect the fair value or future cash flows of the Corporation's financial instruments. Market risk comprises of interest rate risk, foreign exchange risk and other price risk. The Corporation's exposure to market risk is primarily through interest rate risk, there is insignificant exposure to foreign exchange risk and insignificant exposure to other price risks.

Objectives, policies and processes used to manage these risks are disclosed in the paragraphs below:

a) Interest rate risk

The Corporation minimises its exposure to interest rate changes on its long term borrowings by holding a mix of fixed and floating rate debt. Debt is sourced from Treasury Corporation Victoria and is managed within a range of Board approved limits with debt levels and interest rates being monitored regularly. The Corporation manages its debt and interest rate risk within the ranges set using the Treasury Management Guidelines set by the Audit and Risk Management Committee and approved by the Board.

The Corporation has minimal exposure to interest rate risk through its holding of cash assets and other financial assets. The Corporation may hold cash investment accounts with TCV, usually for a short term ahead of a planned repayment of a maturing term loan. These investments are normally made on a variable rate basis.

b) Foreign exchange risk

The Corporation has no significant exposure to changes in the foreign exchange rate.

c) Other price risk

The Corporation has no significant exposure to other price risks.

Interest rate exposure of financial instruments

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. The Corporation does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation has minimal exposure to cash flow interest rate risks through cash and deposits, term deposits and bank overdrafts that are at floating rate.

The carrying amounts of financial assets and financial liabilities that are exposed to interest rates and the Corporation's sensitivity to interest rate risk are set out in the table that follows.

NOTE 7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (CONTINUED)**7.1.2 Financial risk management objectives and policies (continued)**

2018	Total carrying amount \$'000	Weighted average interest rate %	Variable interest rate \$'000	Fixed Interest Rate \$'000	Non- interest bearing \$'000
Financial Assets					
Cash at Bank	302	0.15%	302	-	-
Contractual Receivables	4,653	-	552	-	4,101
Total	4,955	-	854	-	4,101
Financial Liabilities					
Borrowings - TCV	54,722	4.78%	9,802	44,920	-
Contractual Payables	5,115	-	-	-	5,115
Total	59,837	-	9,802	44,920	5,115
Net Financial (Liabilities) Assets	(54,882)	-	(8,948)	(44,920)	(1,014)
2017	Total carrying amount \$'000	Weighted average interest rate %	Variable interest rate \$'000	Fixed Interest Rate \$'000	Non- interest bearing \$'000
Financial Assets					
Cash at Bank	5,125	0.15%	5,125	-	-
Contractual Receivables	3,879	-	681	-	3,198
Total	9,004	-	5,806	-	3,198
Financial Liabilities					
Borrowings - TCV	53,300	5.11%	3,880	49,420	-
Contractual Payables	3,284	-	-	-	3,284
Total	56,584	-	3,880	49,420	3,284
Net Financial (Liabilities) Assets	(47,580)	-	1,926	(49,420)	(86)

Interest rate sensitivity

2018 \$'000	Carrying Amount	Net Result (+100) basis points	Equity (+100) basis points	Net Result (-100) basis points	Equity (-100) basis points
Cash and Cash Equivalents	302	2	2	(2)	(2)
Interest Bearing Liabilities -Variable	9,802	(69)	(69)	69	69
Total	10,104	(67)	(67)	67	67
2017 \$'000	Carrying Amount	Net Result (-100) basis points	Equity (-100) basis points	Net Result (+100) basis points	Equity (+100) basis points
Cash and Cash Equivalents	5,125	(36)	(36)	36	36
Interest Bearing Liabilities -Variable	3,880	27	27	(27)	(27)
Total	3,880	(9)	(9)	9	9

7.2. Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the Balance Sheet but are disclosed and, if quantifiable are measured at nominal value.

The Corporation was not aware of any contingent assets or contingent liabilities at the time of finalising the financial report (2017: \$Nil).

NOTE 8. STATUTORY OBLIGATIONS**Introduction**

This section includes disclosures in relation to the Corporation's statutory obligations

Structure

8.1	Tax
8.1.1	Income tax
8.1.2	Deferred tax assets and liabilities
8.2	Environmental contribution
8.1.2	Environmental contribution commitments
8.3	Dividends

8.1. Tax**8.1.1. Income tax**

The Corporation is subject to the National Tax Equivalent Regime (NTER), 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 30%, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

The income tax expense for the financial year differs from the amount calculated on the net result. The differences are reconciled as follows:

	2018 \$'000	2017 \$'000
Deferred income tax benefit	2,158	1,245
Income tax benefit reported in the income statement	2,158	1,245
Statement of changes in equity		
Net deferred tax - debited / (credited) directly to equity	-	674
Income tax reported in equity	-	674
Tax reconciliation:		
Profit (Loss) before income tax	(3,444)	(5,228)
Tax at the Australian tax rate of 30% (2017: 30%)	(1,033)	(1,568)
Tax effect amount - Non-deductible expenses	4	4
Tax effect amount - Overclaimed expense	22	531
Tax effect amount - Capital losses	-	(85)
Tax effect amount - Opening balance adjustment, depreciation	(1,151)	(127)
Income tax on profit before tax	(2,158)	(1,245)

NOTE 8. STATUTORY OBLIGATIONS (CONTINUED)**8.1.2. Deferred tax assets and liabilities**

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantially enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction that at the time of the transaction did not affect either accounting profit or taxable profit or loss. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

	2018	2017
	\$'000	\$'000
Amounts recognised in Comprehensive Operating Statement		
Employee benefits	67	(114)
Tax losses	1,051	274
Capital losses	-	85
Total deferred tax assets	1,118	245
Movements		
Opening balance at 1 July	21,505	21,260
Credited to the Comprehensive Operating Statement	1,118	245
Closing balance at 30 June	22,623	21,505
Deferred tax asset to be recovered after more than 12 months	-	-
Deferred tax asset to be recovered within than 12 months	-	-
Tax losses	-	-
Ending balance at 30 June	22,623	21,505

Deferred tax liabilities

	2018	2017
	\$'000	\$'000
Amounts recognised in Comprehensive Operating Statement		
Infrastructure, property, plant and equipment	1,040	1,000
Amounts recognised directly in equity		
Revaluation of infrastructure, property, plant and equipment	-	674
Total deferred tax liabilities	1,040	1,674
Movements		
Opening balance at 1 July	(85,121)	(86,795)
Credited/(debited) to the Comprehensive Operating Statement	1,040	1,674
Closing balance at 30 June	(84,081)	(85,121)
Deferred tax liability to be recovered after more than 12 months	-	-
Deferred tax liability to be recovered within than 12 months	-	-
Ending balance at 30 June	(84,081)	(85,121)

NOTE 8. STATUTORY OBLIGATIONS (CONTINUED)**8.2. Environmental contributions**

	2018	2017
	\$'000	\$'000
Environmental contribution levy	1,101	1,101

The Water Industry (Environmental Contributions) Act 2004 (the Act) amended the Water Industry Act 1994 to make provision for environmental contributions to be paid by water authorities. The Act establishes an obligation for authorities to pay into a consolidated fund annual contributions for the first period, from 1 October 2004 to 30 June 2008 in accordance with the pre-established schedule of payments, which sets out the amounts payable by each corporation. The contribution period has been extended until 30 June 2020.

The purpose of the environmental contribution is set out in the Act, and the funding may be used for financing initiatives that seek to promote the sustainable management of water or address water-related initiatives.

The Corporation has a statutory obligation to pay an environmental contribution to the Department of Environment, Land, Water and Planning. This contribution is recognised as an expense during the reporting period as incurred.

8.2.1. Environmental commitments

At 30 June 2018, the Corporation had outstanding environmental contribution commitments, to be paid is follows:

	2018	2017
	\$'000	\$'000
Payments within 1 year	1,230	1,101
Payments 1 - 5 years	1,230	2,460
Payments longer than 5 years	-	-
Total	2,460	3,561
 Total commitments (inclusive of GST)	 2,460	 3,561
Less GST recoverable from the Australian Tax Office ⁽¹⁾	-	-
Total commitments (exclusive of GST)	2,460	3,561

GST is not levied against the Environmental Contribution Levy as it arises from an Act and is not a taxable supply.

8.3. Dividends

An obligation to pay a dividend only arises after consultation with the portfolio Minister and the Treasurer and a formal determination is made by the Treasurer. The Corporation's preliminary estimate for the reporting period is no dividend being payable, (2017: Nil).

NOTE 9. OTHER DISCLOSURES

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

Structure

9.1	Equity
9.1.1	Contributed capital
9.1.2	Asset revaluation reserve
9.1.3	Accumulated surplus
9.2	Events occurring after the balance date
9.3	Responsible persons
9.4	Remuneration of executives
9.5	Related parties
9.6	Remuneration of auditors
9.7	Assets received as collateral
9.8	Ex-gratia payments
9.9	Australian Accounting Standards issued that are not yet effective

9.1. Equity**9.1.1. Contributed capital**

Contributed capital	Notes	2018 \$'000	2017 \$'000
Opening balance		70,833	65,333
Capital contributions	9.5	17,400	5,500
Closing balance		88,233	70,833

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

9.1.2. Asset revaluation reserve

	2018 \$'000	2017 \$'000
Opening balance	142,174	141,500
Revaluation increment for year		
- Land	-	674
Closing balance	142,174	142,174

The asset revaluation reserve is used to record revaluation increments and decrements in the value of non-current physical assets.

9.1.3. Accumulated surplus

	2018 \$'000	2017 \$'000
Opening balance	62,885	66,868
Profit after income tax expense	(1,286)	(3,983)
Closing balance	61,599	62,885

NOTE 9. OTHER DISCLOSURES (CONTINUED)**9.2. Events occurring after the balance sheet date**

There have been no matters or circumstances that have arisen since the end of the financial year which significantly affected, or may significantly affect the operations of the Corporation, the results of those operations, or state of affairs of the Corporation in future financial years.

9.3. Responsible persons

In accordance with the Ministerial Directions issued by the Minister for Finance under the Financial Management Act 1994, the following disclosures are made regarding responsible persons for the reporting period.

The names of persons who were responsible persons at anytime during the financial year were:

The Hon. Lisa Neville MP	Minister for Water	1 July 2017 - 30 June 2018
Mr David Schultz	Chairman	1 July 2017 - 30 June 2018
Ms Anna Kilborn	Deputy Chair	1 July 2017 - 30 June 2018
Mr Philippe du Plessis	Managing Director	1 July 2017 - 30 June 2018
Mr Chris Badger	Director	1 July 2017 - 31 October 2017
Ms Michelle Blackburn	Director	1 July 2017 - 31 October 2017
Mr Jim Fawcett	Director	1 July 2017 - 30 June 2018
Dr Irene Irvine	Director	1 July 2017 - 30 June 2018
Mr Geoff Lake	Director	1 July 2017 - 30 June 2018
Ms Kate Young	Director	1 July 2017 - 30 June 2018
Mr Chris Rose	Director	1 November 2017 - 30 June 2018
Ms Susan Friend	Director	1 November 2017 - 30 June 2018

Remuneration of responsible persons

Remuneration received or receivable by the Accountable Officer in connection with the management of the Corporation during the reporting period was in the range: \$320,000-\$329,999 (2017 restated: \$300,000-\$309,999).

Income band (\$)	2018	2017 restated
0 - 9,999	2	-
10,000 - 19,999	-	-
20,000 - 29,999	7	7
40,000 - 49,999	-	-
50,000 - 59,999	1	1
300,000 - 309,999	-	1
320,000 - 329,999	1	-
Total responsible persons	11	9
Total remuneration \$'000	537	503

9.4. Remuneration of executives

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

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered, and is disclosed in the following categories.

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis. Executives are not eligible to receive non-monetary benefits. The Corporation does not provide post-employment benefits or share based payments.

Other long-term benefits only refers to long service leave. There are no other long-service benefits or deferred compensation. Termination benefits include termination of employment payments, such as severance packages.

NOTE 9. OTHER DISCLOSURES (CONTINUED)

Remuneration	2018 \$'000	2017 restated \$'000
Short term employee benefits	726	608 ⁱ
Post-employment benefit	60	49 ^j
Other long term benefits	9	8
Total remuneration (a)	795	665
Total number of executives	4	4
Total annualised employee equivalents (b)	4	3.1

a) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 Related Party Disclosures. KMP's are reported within the related parties note disclosure (Note 9.6).

b) Annualised employee equivalent is based on the time fraction worked over the reporting period.

ⁱ Restatement of prior period remuneration has occurred due to the inclusion of all short and long term benefits paid.

9.5. Related parties

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.

Significant transactions with government - related entities

The Corporation received funding of \$17.4 million (2017: \$5.5 million), as contributed from owners. The funding was made in the form of contributed capital, refer Note 9.1.1.

The Corporation has other significant transactions with Government which are listed below. In some instances, these transactions are separately disclosed and explained in these financial statements (refer reference to note). Otherwise, a reference to the amount for 2018 has been provided.

Transaction Type	Department	Note Reference	2018 \$'000	2017 \$'000
Borrowings from TCV	Treasury Corporation Victoria	6.1	54,722	53,300
Interest Expense	Treasury Corporation Victoria	6.1.2	2,004	2,242
Financial Accommodation Levy	Department of Treasury & Finance	6.1.2	582	619
Deposits at Call with TCV	Treasury Corporation Victoria	6.2	-	4,938
Pension and concession rebate	Department of Health and Human Services		1,564	1,505
Not for profit rebate	State Revenue Office		147	146
Environmental Contribution	Department of Environment, Land, Water & Planning	8.2	1,101	1,101

Key management personnel

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 9.3 who have the authority and responsibility for planning, directing and controlling the activities of the Corporation directly or indirectly, during the financial year.

The compensation below excludes the salaries and benefits of the Minister for Water. The Minister's remuneration and allowances are set by the Parliamentary Salaries and Superannuation Act 1968 and is reported within the Department of Parliamentary Services' Financial Report.

NOTE 9. OTHER DISCLOSURES (CONTINUED)**9.5 Related parties (continued)**

	2018	2017 restated
	\$'000	\$'000
Compensation of key management personnel		
Short term employee benefits	488	456 ⁱ
Post-employment benefits	43	41 ⁱ
Other long term benefits	6	6
Total remuneration	537	503

ⁱ Restatement of prior period remuneration has occurred due to the inclusion of all short and long term benefits paid.

The Corporation does not provide share based payments.

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. water, wastewater and related services. 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.

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

9.6. Remuneration of auditors

	2018	2017
	\$'000	\$'000
Audit Services - Victorian Auditor-General's Office (VAGO)		
Annual external audit fee	37	35
Non-VAGO audit and assurance services	81	62
Total Remuneration of Auditors	118	97

9.7. Assets received as collateral

The Corporation does not hold any assets as collateral, 2017: \$Nil.

9.8. Ex-gratia payments

The Corporation did not make any ex-gratia payments during 2018, 2017: \$Nil for both individual items and in aggregate that were greater than or equal to \$5,000.

NOTE 9. OTHER DISCLOSURES (CONTINUED)**9.9. Australian Accounting Standards issued that are not yet effective**

The following Australian Accounting Standards (AAS) become effective for reporting periods commencing after the operative dates stated:

Certain new AAS have been published that are not mandatory for the 30 June 2018 reporting period. The Department of Treasury and Finance assesses the impact of all these new standards and advises the Corporation of their applicability and early adoption where applicable.

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning on or after	Impact on financial statements
AASB 9 Financial Instruments	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	01-Jan-18	The change to the basis for recognising impairment losses over the life time rather than at a trigger point on the outstanding receivables, is probable that it will have a financial impact on implementation but has not been fully assessed. The initial assessment has indicated that there are no other significant expected impacts on the corporation, noting the Corporation does not have exposures with hedges.
AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 5, 7, 101, 102, 108, 112, 118, 120, 127, 131, 132, 136, 137 & 139 and Interpretations 2, 5, 10, 12, 19 & 127]	The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows: - the change in fair value attributable to changes in credit risk is presented in Other Comprehensive Income; and - other fair value changes are presented in profit or loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.	01-Jan-18	The assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss. Changes in own credit risk in respect of liabilities designated at fair value through profit and loss will now be presented within other comprehensive income (OCI). As the Corporation does not enter into any hedges, changes to hedge accounting will have no impact on the Corporation.
AASB 2014-1 Amendments to Australian Accounting Standards [Part E Financial Instruments]	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018 as a consequence of Chapter 6 Hedge Accounting, and to amend reduced disclosure requirements.	01-Jan-18	This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements.

NOTE 9. OTHER DISCLOSURES (CONTINUED)**9.9 Australian Accounting Standards issued that are not yet effective (continued)**

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning on or after	Impact on financial statements
AASB 15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	01-Jan-19	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue, developers cash contributions and contract modifications.
AASB 2015-8 Amendments to Australian Accounting Standards - Effective Date of AASB 15	This Standard defers the mandatory effective date of AASB 15 from 1 January 2017 to 1 January 2018.	01-Jan-18	This amending standard will defer the application period of AASB 15 for for-profit entities to the 2018-19 reporting period in accordance with the transition requirements.
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.	01-Jan-19	The assessment has indicated that as most operating leases will come on balance sheet, recognition of the right-of-use assets and lease liabilities will cause net debt to increase. Rather than expensing the lease payments, depreciation of right-of-use assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus. No change for lessors.

NOTE 9. OTHER DISCLOSURES (CONTINUED)**9.9 Australian Accounting Standards issued that are not yet effective (continued)**

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning on or after	Impact on financial statements
AASB 2016-3 <i>Amendments to Australian Accounting Standards – Clarifications to AASB 15</i>	This Standard amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. The amendments require: <ul style="list-style-type: none"> • A promise to transfer to a customer a good or service that is 'distinct' to be recognised as a separate performance obligation; • For items purchased online, the entity is a principal if it obtains control of the good or service prior to transferring to the customer; and • For licences identified as being distinct from other goods or services in a contract, entities need to determine whether the licence transfers to the customer over time (right to use) or at a point in time (right to access). 	1-Jan-18	The assessment has indicated that there will be no significant impact for the public sector, other than the impact identified for AASB 15 above.
AASB 2016-7 <i>Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities</i>	This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.	1-Jan-19	This amending standard will defer the application period of AASB 15 for not-for-profit entities to the 2019-20 reporting period.
AASB 2016-4 <i>Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities</i>	The standard amends AASB 136 Impairment of Assets to remove references to using depreciated replacement cost (DRC) as a measure of value in use for not-for-profit entities.	1-Jan-17	The assessment has indicated that there is minimal impact. Given the specialised nature and restrictions of public sector assets, the existing use is presumed to be the highest and best use (HBU), hence current replacement cost under AASB 13 Fair Value Measurement is the same as the depreciated replacement cost concept under AASB 136.
AASB 1058 <i>Income of Not-for-Profit Entities</i>	This standard replaces AASB 1004 Contributions and establishes revenue recognition principles for transactions where the consideration to acquire an asset is significantly less than fair value to enable to not-for-profit entity to further its objectives.	1-Jan-19	The assessment has indicated that revenue from capital grants that are provided under an enforceable agreement that have sufficiently specific obligations, will now be deferred and recognised as performance obligations are satisfied. As a result, the timing recognition of revenue will change.



Statutory Certification

SOUTH GIPPSLAND REGION WATER CORPORATION

Accountable officer's and chief finance and accounting officer's declaration

The attached financial statements for South Gippsland Region Water Corporation have been prepared in accordance with Direction 5.2 of the Standing Directions of the Minister for Finance under the Financial Management Act 1994, applicable Financial Reporting Directions, Australian Accounting Standards, 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 2018 and the financial position of the Corporation as at 30 June 2018.

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

We authorise the attached financial statements for issue on 6th September 2018.

A handwritten signature in dark ink, appearing to read "D Schultz".

David Schultz
Chairman

A handwritten signature in dark ink, appearing to read "P du Plessis".

Philippe du Plessis
Managing Director

A handwritten signature in dark ink, appearing to read "J Armstrong".

Jessica Armstrong
Chief Financial Officer



Victorian Auditor-General's Office

Independent Auditor's Report

To the Board of the South Gippsland Region Water Corporation

Opinion	<p>I have audited the financial report of the South Gippsland Region Water Corporation (the corporation) which comprises the:</p> <ul style="list-style-type: none">• balance sheet as at 30 June 2018• comprehensive operating statement for the year then ended• statement of changes in equity for the year then ended• cash flow statement for the year then ended• notes to the financial statements, including significant accounting policies• accountable officer's and chief finance and accounting officer's declaration. <p>In my opinion, the financial report presents fairly, in all material respects, the financial position of the corporation as at 30 June 2018 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 applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the corporation in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the financial report	<p>The Board of the corporation is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

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

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

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

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

MELBOURNE
10 September 2018



Paul Martin
as delegate for the Auditor-General of Victoria

Performance Report

For the year ended 30 June 2018

TABLE 1 - FINANCIAL PERFORMANCE INDICATORS

KPI No.	Key Performance Indicator	2016/17 Result	2017/18 Result	2017/18 Target	Variance to prior year %	Notes	Variance to Target %	Notes
F1	Cash Interest Cover Net operating cash flows before net interest and tax / net interest payments	3.9	4.6	4.0	17.9%	1 (a)	15.0%	1 (b)
F2	Gearing Ratio (%) Total debt (including finance leases) / Total assets x 100	12.7%	12.5%	13.7%	-1.6%	-	-8.8%	-
F3	Internal Financing Ratio (%) (Net operating cash flow less dividends) / Net capital expenditure x 100	81.5%	26.9%	25.2%	-67.0%	2	6.7%	-
F4	Current Ratio Current assets / current liabilities (excluding long term employee provisions and revenue in advance) times	1.2	0.4	1.0	-66.7%	3 (a)	-60.0%	3 (a)
F5	Return on Assets (%) Earnings before net interest and tax / average assets x 100	-0.6%	-0.2%	0.0%	66.7%	4 (a)	N/A	4 (b)
F6	Return on Equity (%) Net profit after tax / average total equity x 100	-1.4%	-0.5%	-0.8%	64.3%	5 (a)	37.5%	5 (b)
F7	EBITDA Margin (%) Earnings before interest, tax, depreciation and amortisation / Total revenue x 100	31.0%	34.9%	37.0%	12.6%	6	-5.7%	-

Notes:

- 1 (a) The improved result in the current year is due to higher cash flows from operations and lower interest payments. Net cash flows from operations has increased largely due to higher net GST receipts from capital payments. Lower interest payments have occurred due to lower average debt held across the year and a reduction in the average interest rate from refinancing of long term loans.
- 1 (b) The improved result compared to target is a result of the lower average debt held across the period, reducing the interest payments.
- 2 The internal financing ratio has worsened compared to the prior year due to high capital payments made relative to net cash from operations (this was factored in to the current year target). Large capital payments are driven by the Lance Creek Water Connection project which received government contributions in the period.
- 3 (a) The actual result for the current year and target have declined due to low current assets held relative to current liabilities. A decision was made at year end to repay long term debt and hold this as current variable loans until the new financial year, thereby taking advantage of a lower cost of borrowings that would apply to new long term debt (financial accommodation levy) from 1 July 2018. This result is temporary and will improve as current loans are refinanced in the new financial year. The strategy was communicated to stakeholders and has resulted in savings to the Corporation.
- 4 (a) Earnings before interest and tax have improved for the current year compared to the prior year however remains in deficit. A negative result for this ratio is therefore apparent. Low profitability is impacted by book depreciation which has increased due to asset revaluation.
- 4 (b) The variance from the target of 0 cannot be evaluated as a % variance to the base (not applicable). The absolute variance shows a worsening of the result from target of 0.2%. The actual result compared to target is lower due to a higher deficit result compared to target.
- 5 (a) Net profit after tax for the current year has improved on the prior year however remains in deficit. A negative result is therefore apparent for this ratio. Low profitability is impacted by book depreciation which has increased due to asset revaluation.
- 5 (b) Net profit after tax for the current year is higher than target due to a larger tax offset received for the period. The actual result for the current year has therefore improved from the target.
- 6 The actual result for the current year has improved on the prior year as income has increased relative to expenditure. Both income and expenditure have increased by CPI and the respective employee bargaining agreement increment however operating expenditure is lower in real terms due to a reduction in professional fees associated with long term water security planning and pricing submission preparation.

Financial Indicators:

Interest Financial Ratio - Low ratio indicates less operating cash available to fund the capital investment program

Gearing Ratio - Low ratio indicates less reliance on debt to finance assets

Interest Cover (EBIT) - Ability to meet ongoing interest expense and service debt from earnings

Interest Cover (Cash) - Ability to meet ongoing interest expense and service debt from operating cash inflows

Current Ratio (working capital) - The higher the current ratio, the more capacity to pay obligations in the short term.

Return on Assets - indicates how profitable a company is relative to its total assets. The higher the ROA indicates that more money is being earned on less investment.

Return on Equity - profitability indicator. A higher result indicates a better use of equity to generate profits.

EBITDA Margin - a measure of how much cash profit is made during the year.

Performance Report

For the year ended 30 June 2018

TABLE 2 - WATER AND SEWERAGE SERVICE PERFORMANCE INDICATORS

KPI No.	Key Performance Indicators	2016/17 Result	2017/18 Result	2017/18 Target	Variance to prior year %	Notes	Variance to Target %	Notes
WS1	Unplanned Water Supply Interruptions No. of customers receiving 5 or more unplanned interruptions in the year / total number of water (domestic and non-domestic) customers * 100.	0.0%	0.0%	0.0%	0.0%	-	0.0%	-
WS2	Interruption Time Average duration of unplanned water supply interruptions (minutes).	91 minutes	96 minutes	100 minutes	5.5%	7	-4.0%	-
WS3	Restoration of Unplanned Water Supply Unplanned water supply interruptions restored within five hours / total unplanned water supply interruptions * 100.	99.0%	98.0%	99.0%	-1.0%	-	-1.0%	-
SS1	Containment of sewer spills Sewer spills from reticulation and branch sewers contained within five hours / total sewer spills from reticulation and branch sewers.	100.0%	100.0%	100.0%	0.0%	-	0.0%	-
SS2	Sewer Spills Interruptions No. of residential sewerage customers affected by sewerage interruptions restored within five hours.	0.7%	0.5%	0.0%	-28.6%	8 (a)	N/A	8 (b)

Notes:

- 7 The average interruption time varies according to the specific circumstances of each water interruption event. An increase to the average duration of the unplanned water supply event has occurred in the current year compared to last year, however is within target.
- 8 (a) The decrease in the number of sewer spills from 2016-17 to 2017-18 is due to planned sewer cleaning activities and relining customer lines.
- 8 (b) The variance from the target of 0 cannot be evaluated as a % variance to the base (not applicable). The absolute variance shows a worsening in the result versus the target of 0.5%. The zero target will be revised in future as sewer spills do occur with damage caused by tree roots.

TABLE 3 - CUSTOMER RESPONSIVENESS INDICATORS

KPI No.	Key Performance Indicators	2016/17 Result	2017/18 Result	2017/18 Target	Variance to prior year %	Notes	Variance to Target %	Notes
CR1	Water quality complaints No. of complaints per 1,000 customers.	4.5	8.8	6.0	95.6%	9 (a)	46.7%	9 (b)
CR2	Sewerage service quality complaints No. of complaints per 1,000 customers.	0.0	0.0	1.0	0.0%	-	-100.0%	10
CR3	Sewage odour complaints No. of complaints per 1,000 customers.	0.2	0.1	1.0	-50.0%	11 (a)	-90.0%	11 (b)
CR4	Billing complaints No. of complaints per 1,000 customers.	0.2	0.5	2.0	150.0%	12 (a)	-75.0%	12 (b)

Notes:

- 9 (a) An increase in the number of water quality complaints in the current year compared to the prior year is a result of manganese issues at the Foster and Korumburra water treatment plants.
- 9 (b) As a result of increased customer complaints associated with manganese issues at the Foster and Korumburra water treatment plants, the annual target has not been met.
- 10 No sewerage service quality complaints were received for the current year which is consistent with the prior year result. The target will be reduced in future.
- 11 (a) Sewerage odour complaints have reduced in the current year to two, compared with four from the prior year, due to a proactive pump station cleaning program.
- 11 (b) Sewerage odour complaints are lower than the actual target. The target will be reduced in future.
- 12 (a) Billing complaints have increased from 4 in the prior year to 10 in the current year which does not reflect any specific trend. The total complaints overall are low compared to total customers.
- 12 (b) Billing complaints are lower than the actual target for the current period. The target will be reduced in future.

TABLE 4 - ENVIRONMENTAL PERFORMANCE INDICATORS

KPI No.	Key Performance Indicators	2016/17 Result	2017/18 Result	2017/18 Target	Variance to prior year %	Notes	Variance to Target %	Notes
E1	Effluent reuse volume Percentage recycled for each category:	3.5%	3.4%	4.0%	-2.9%	-	-15.0%	13
E2	Total net CO₂ emissions Net tonnes CO ₂ equivalent	8,347	9,249	7,501	10.8%	14 (a)	23.3%	14 (b)

Notes:

- 13 The reduction in effluent reuse volume in the current year, compared to target, is due to lower demand, reducing the re-use water purchased by the customer.
- 14 (a) Total net CO₂ emissions increased in the current year, compared with the prior year, primarily due to an increase in the domestic wastewater treated at Wonthaggi and Korumburra WWTPs. Higher COD (chemical oxygen demand) levels in the wastewater also led to an increase in methane as CO₂e (fugitive emissions). Diesel usage increased associated with the supply of water to Korumburra.
- 14 (b) Total net CO₂ emissions is higher than the target due to an increase in electricity usage from treating more water and wastewater, fugitive emissions from wastewater treatment in Korumburra and Wonthaggi and diesel usage associated with the supply of water to Korumburra.



Statutory Certification

SOUTH GIPPSLAND REGION WATER CORPORATION

Certification of Performance Report for 2017/18

We certify that the accompanying Performance Report of South Gippsland Region Water Corporation in respect of the 2017-18 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 2017-18 Corporate Plan, the actual and comparative results achieved for the financial year against predetermined performance targets and these indicators, and an explanation of any significant variance between the actual results and performance targets and / or between the actual results in the current year and the previous year.

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

A handwritten signature in dark ink, appearing to read "D Schultz".

David Schultz
Chairman

A handwritten signature in dark ink, appearing to read "P du Plessis".

Philippe du Plessis
Managing Director

A handwritten signature in dark ink, appearing to read "J Armstrong".

Jessica Armstrong
Chief Financial Officer

Dated this 6th day of September 2018



Independent Auditor's Report

To the Board of the South Gippsland Region Water Corporation

Opinion	<p>I have audited the accompanying performance report of the South Gippsland Region Water Corporation (the corporation) for the year ended 30 June 2018 which comprises the:</p> <ul style="list-style-type: none"> • financial performance indicators • water and sewage service performance indicators • customer responsiveness performance indicators • environmental performance indicators • statutory certification. <p>In my opinion, the performance report of the corporation for the year ended 30 June 2018 presents fairly, in all material respects, in accordance with the performance reporting requirements of Part 7 of the <i>Financial Management Act 1994</i>.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the performance report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the corporation in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance report in Victoria and have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the performance report	<p>The Board is responsible for the preparation and fair presentation of the performance report in accordance with the performance reporting requirements of the <i>Financial Management Act 1994</i> and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of the statement of performance that is free from material misstatement, whether due to fraud or error.</p>
Auditor's responsibilities for the audit of the performance report	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the performance report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance Engagements will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance report.</p>

Independent Audit 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 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 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
10 September 2018



Paul Martin
as delegate for the Auditor-General of Victoria

Appendix A – Disclosure index

The 2017/18 Annual Report of the South Gippsland Water is prepared in accordance with all relevant Victorian legislations. This index has been prepared to facilitate identification of the Authority's compliance with statutory disclosure requirements.

Direction	Requirement	Page Reference
Ministerial Reporting Directions		
MRD 1	Performance Reporting	82-83
MRD 2	Reporting on Water Consumption & Drought Response	24
MRD 3	Environmental & Social Sustainability Reporting	26-29
MRD 4	Bulk Entitlements	22
MRD 5	Major Non-residential Water Users	24
Financial Reporting Directions		
Report of Operations		
<i>Charter and purpose</i>		
FRD 22H	Manner of establishment and the relevant Ministers	13
FRD 22H	Objectives, functions, powers and duties	13
FRD 22H	Nature and range of services provided	6
<i>Management and structure</i>		
FRD 22H	Organisational structure	11
FRD 22H	Names of Board Members and Major Committees (inc. Audit Committee)	9 & 10
<i>Financial and other information</i>		
FRD 22H & 29B	Statement of workforce data	19
FRD 22H	Public Sector Employment and conduct principles	18
FRD 22H	Summary of financial results [5 year]	31-32
FRD 22H	Significant changes in financial position during the year	31-32
FRD 22H	Operational & budgetary objectives and performance against objectives	31-32
FRD 22H	Major changes or factors affecting performance	31-32
FRD 22H	Subsequent events	14
FRD 22H	Details of consultancies >\$10,000	15
FRD 22H	Details of consultancies – total No. and cost <\$10,000	15
FRD 12B	Disclosure of major contracts	16
FRD 22H	Application and operation of <i>Freedom of Information Act 1982</i>	14
FDR 22H	Compliance with the <i>Protected Disclosures Act 2012</i>	14
FRD 22H	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	14
FRD 22H	Statement on National Competition Policy	17
FRD 22H	Occupational Health and Safety Policy	18
FRD 22H	Workforce Inclusion Policy Initiative	18
FRD 24C	Environmental Reporting [Office]	17,26-28
FRD 25C	Jobs First; Victorian Industry Participation Policy disclosures	14
FRD 22H	Government Advertising Expenditure	17
FRD 22H	ICT Expenditure	17
FRD 10A	Disclosure index	87
FRD 22H	Statement of availability of other information	13
FRD 121	Infrastructure Assets (Water/Rail)	-
FRD 27C	Presentation & reporting of performance information	31-32,84-85
Financial Statements		
<i>Financial statements required under Part 7 of the Financial Management Act 1994</i>		
SD 3.2.1	Audit Committee and Membership Roles	12
SD 5.1.4	Financial Management Compliance Attestation	31
SD 5.2.1(a)	Compliance with Australian accounting standards and other authoritative pronouncements	38
SD 5.2.1(a)	Compliance with Ministerial Directions	38
SD 5.2.2	Declaration of Financial Statements	79
SD 5.2.3	Accountable officer's declaration	31
<i>Other disclosures in notes to the financial statements</i>		
FRD 9B	Departmental Disclosure of Administered Assets and Liabilities	None
FRD 11A	Disclosure of ex-gratia payments	75
FRD 13	Disclosure of Parliamentary Appropriations	73-74
FRD 15D & 21C	Disclosure of Responsible Persons, Executive Officers and other Personnel (Contractors with Significant Management Responsibilities)	73-74
FRD 17B	Wage Inflation and Discount Rates	40-41
FRD 102A	Inventories	60
FRD 103F	Non-financial current Physical Assets	53-55
FRD 106A	Impairment of Assets	53
FRD 105B	Borrowing Costs	62
FRD 109A	Intangible Assets	57-58
FRD 110A	Cash Flow Statements	36
FRD 112D	Defined Benefit Superannuation Obligations	43-44
FRD 114B	Financial Instruments	65-68
FRD 119A	Contributions by Owners	72
FRD 120K	Accounting and Reporting Pronouncements	65 & 66
Legislation		
<i>Freedom of Information Act 1982</i>		14
<i>Building Act 1983</i>		14
<i>Financial Management Act 1994</i>		79-81
<i>Audit Act 1994</i>		84-85
<i>Victorian Industry Participation Policy Act 2003</i>		14
<i>Multicultural Victoria Act 2004</i>		18
<i>Protected Disclosures Act 2012</i>		14



HEAD OFFICE

14-18 Pioneer Street
PO Box 102
FOSTER VIC 3960

Phone (03) 5682 0444
Fax (03) 5682 1199
Email sgwater@sgwater.com.au
Web sgwater.com.au

RESPONSIBLE MINISTER

The Hon Lisa Neville MP

BANKERS

Westpac Bank
28 Bair Street
LEONGATHA VIC 3953

AUDITORS

Auditor General, Victoria
By Agent Crowe Horwath Australasia Ltd

INSURERS

Jardine Lloyd Thompson (JLT)

SOLICITORS

Oakleys White
Russell Kennedy

INDUSTRY ASSOCIATIONS

Australian Water & Wastewater Association
Institute of Water Administration
Victorian Water Industry Association

OTHER ASSOCIATIONS

Business Management Health Services
Candowie-Lance Creek Catchment Management Group
South Gippsland Landcare Network
Victorian Employers Chamber of Commerce & Industry
Waterwatch
West Gippsland Catchment Management Authority
Gunaikurnai Land and Water Aboriginal Corporation (GLaWAC)
Gunaikurnai Traditional Owner Land Management Board (GKTOLMB)
Bunurong Land Council

CHARITY

WaterAid Australia

Copyright

State of Victoria, South Gippsland Water 2017. This publication is copyright. No part may be reproduced by any process except in accordance with the provisions of the Copyright Act 1968.