



City West Water™



# Annual Report

2020-21

## Acknowledgement of Country

Greater Western Water respectfully acknowledges the Traditional Owners of the lands and waters upon which we work and operate. We pay our deepest respects to the traditional custodians past, present and future. We acknowledge the continued cultural, social and spiritual connections that First Nations people have with the lands and waters and recognise and value that the Traditional Owner groups have cared for and protected them

for thousands of generations. We will further develop our partnership with the Traditional Owner groups to ensure their contributions to the future of the water management landscape and to maintain their cultural and spiritual connection.

## Introductory note

On 29 October 2020, the Victorian Minister for Water Lisa Neville, the Chair of Western Region Water Corporation (WW) Andrew Cairns and the Chair of City West Water Corporation (CWW) David Middleton announced the integration of CWW and WW to form Greater Western Water (GWW). The integration supports the growing needs of the rapidly expanding area west of Melbourne and strengthens the high quality of service to customers.

On 28 February 2021, the Acting Victorian Minister for Water Richard Wynne made the Ministerial determinations transferring all the functions, powers and duties of WW to CWW and abolishing WW effective 1 July 2021.

The new trading name for the integrated entity is Greater Western Water. In accordance with the Ministerial determinations, Greater Western Water is making two annual reports: (1) this 2020-21 Annual Report, the last report for CWW trading as City West Water, and (2) a separate 2020-21 Annual Report for WW, also its last. Future annual reports will be made by CWW trading as Greater Western Water.



This document is available as a PDF or Word document on our website:

[gww.com.au](http://gww.com.au)



# Contents

<b>Our Year in Review</b>	<b>2</b>		
<b>About Us</b>	<b>8</b>		
Business at a glance	8		
Strategic framework	10		
Sustainable Development Goals	11		
<b>Who we are</b>	<b>12</b>		
Our people	12		
Our People Strategy	14		
<b>Our Customers and Communities</b>	<b>18</b>		
Customer service results	18		
Putting customers first	19		
Trade waste	20		
Social sustainability	21		
Water consumption	22		
Annual reporting of major non-residential water users	23		
Total residential water bill	24		
<b>Our Environment</b>	<b>25</b>		
Environmental management	25		
Environment Policy	27		
Environmental Management System	27		
Greenhouse gas and energy reporting	29		
Sustainable water use	34		
		Sustainable and resilient water and wastewater service systems	36
		Sustainable water strategies	38
		Drought preparedness	38
		Other statutory obligations	39
		<b>Our Business</b>	<b>41</b>
		Corporate governance	43
		Members of the Board	43
		Board committees	45
		Health, safety and wellbeing	46
		Financial overview	48
		Other information	50
		Asset Management Accountability Framework (AMAF) attestation	54
		Other information available on request	56
		<b>City West Water Financial Management Compliance Attestation</b>	<b>57</b>
		<b>Financial Report</b>	<b>58</b>
		<b>Appendices</b>	<b>142</b>
		Appendix 1: Disclosure Index	142
		Appendix 2: Addressing the Minister's Letter of Expectations MRD07	144
		Appendix 3: The United Nations Global Compact	150
		Appendix 4: Bulk water entitlement reporting	152

# Our Year in Review

**David Middleton**  
Chair



**Maree Lang**  
Managing Director



## Message from the Chair and Managing Director

The Greater Western Water Board is pleased to present this final Annual Report for our corporation trading under its former name of City West Water.

City West Water was established in 1995 and has a proud tradition of serving the residents and businesses of Melbourne's rapidly growing west reliably, affordably and sustainably. The City West Water region covers Melbourne's western suburbs, Victoria's industrial heartland, and Melbourne's inner city and central business district (CBD). During this time, the population and economy of the region grew rapidly and in November 2020 we welcomed our 500,000th customer.

The region and the corporation have seen significant change since 1995. Along with growth, the region's population has become ever more diverse and vibrant, the economy has shifted away from heavy industry towards services, and the region's climate has become dryer and more variable.

City West Water has kept pace with this change, working hard to provide meaningful and accessible communications for customers, involving community in our decision making, and helping the community to understand the value of water and to conserve it. At the same time, we have brought new water sources, such as desalinated water, into our drinking water supply and, for non-drinking purposes, stormwater and recycled water re-use programs. A strong focus on regional partnerships through flagship programs introduced by City West Water include the Greening the West partnership and the regional stormwater harvesting partnerships to support healthy, liveable spaces across the west.

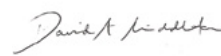
In 2020-21, the pace of change increased significantly across our region with the coronavirus (COVID-19) pandemic disrupting businesses and households. We were proud to supply essential water and sanitation services continuously throughout the pandemic and thank our customers and community for allowing us to continue field work in their neighbourhoods at times of great uncertainty for them and their families.

We would like to express our utmost appreciation to our people and our delivery partners who have facilitated the delivery of essential services with care and compassion. We were pleased to continue to deliver major works and initiatives, including the completion of new sewerage infrastructure for our growing population, such as the West Werribee sewer pump station (SPS44) and the Lonsdale Street Sewer Upgrade.

One of the most significant efforts for which we would like to thank our people is their work on the integration of City West Water and Western Water. Since it was announced by the Minister in October 2020, the boards of City West Water and Western Water, the joint management team and joint employees have worked tirelessly to ensure a smooth transition to Greater Western Water. I would like to thank Cheryl Batagol PSM for her expert work as Independent Chair of the Joint Transition Committee of the City West Water and Western Water boards. I would also like to thank all of our people, directly or indirectly involved in the integration, for their focus on the 'best of both' in bringing two water corporations together for the benefit of customers and community.

We are proud to continue to support the United Nations Global Compact, an initiative that encourages businesses to adopt sustainable and socially responsible policies. The 17 Sustainable Development Goals (SDGs) provide a lens to view our business and explore opportunities to deliver services to achieve broader health, prosperity and liveability outcomes. Our stormwater harvesting projects are just one great example of our commitment to sustainability, health, prosperity and liveability outcomes. Greater Western Water will continue to define what the SDGs mean to our people and community and embed them in the work we do.

We welcome former City West Water directors Tania Fryer and Bruce Cohen to the Board of Greater Western Water. We acknowledge and thank departing City West Water directors Bill Jaboor, Chris Lovell, Sawsan Howard, Freya Marsden and Deputy Chair Mary Beth Bauer. Each of these dedicated directors has made a significant contribution to City West Water's achievements on behalf of its customers, community and environment and to the establishment of Greater Western Water.



**David Middleton**  
Chair

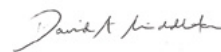
24 August 2021



**Maree Lang**  
Managing Director

24 August 2021

In accordance with the *Financial Management Act 1994*, I am pleased to present City West Water's Annual Report for the year ending 30 June 2021.



**David Middleton**  
Chair  
Greater Western Water

# Key initiatives and projects



## Achievement culture

- Our commitment to WaterAble, a newly established network that supports people with disability and their allies across the Victorian water industry.
- Simon Roberts recognised for his commitment to drive transformational change in the water sector, winning the National Young Professional Award at the Australian Water Association National Water Awards.
- Launched our Change and Resilience Program to build awareness, knowledge and practical tools to help our people be resilient through ongoing change.



## Dynamic technology

- Upgraded our telephony platform to a cloud-based solution that provides a more stable environment and enables our people to better serve customers while working from home.
- Introduced a new portal that gives customers access to information statements online.
- Upgraded the outages map on our website, enabling customers to identify unplanned service outages and track resolutions in real time.
- Established auto opt-in option for 'MyAccount', which increased registrations by 61 per cent compared to 2019-20.



## Streamlined delivery

- Completed the \$13.4 million project to install a new 2.3km water pipeline to ensure inner-city suburbs including Carlton and Carlton North continue to receive a safe and reliable water supply for years to come.
- Completed the \$21 million project to install a 900m sewer main under Lonsdale Street to support Melbourne's growing population.
- Completed the \$12 million infrastructure upgrade of the West Werribee sewer pump station, increasing capacity of essential sewerage services to meet the predicted growth of up to 60,000 new dwellings in the area.
- Welcomed our 500,000th customer, reflecting the growth in our service area – from 210,000 customers in 1995.



## Great partnerships

- Announced the creation of a new water corporation - Greater Western Water - to support the needs of the rapidly expanding area west of Melbourne and strengthen the high quality of service to customers. Western Water and City West Water integrated to create the new water corporation on 1 July 2021.
- Launched Chain of Ponds 'Litter Trackers' into Moonee Ponds Creek to help provide information about the movement of rubbish along the waterway.
- Launched the next phase of Greening the West in a new strategic plan (2020-25), continuing work to improve health and social outcomes and enhance liveability for communities in Melbourne's west.
- Co-funded a program with Yarra City Council to save an extra 20 million litres of drinking water per year by upgrading Fitzroy North's Edinburgh Gardens stormwater harvesting scheme to collect, treat and use diverted stormwater runoff.



## Purposeful leadership

- City West Water Managing Director, Maree Lang, was appointed the inaugural Managing Director of Greater Western Water.
- Chief Information Officer, Jennifer Rebeiro, was named one of Australia's top 50 senior technology and digital executives for her work driving innovation and influencing change across the organisation.
- Continued our COVID-19 Control Centre for the safety and wellbeing of our people.
- Took up hosting of the Living Melbourne Our Urban Forest initiative from the City of Melbourne.



## Extensive knowledge of the water cycle

- Received a Premier's Sustainability Award for our work with the community to develop innovative stormwater harvesting initiatives that increase green spaces across Melbourne's west and reduce demand on drinking water.
- Recognised at the Australian Water Association's (Vic) Awards for organisational excellence for our Hardship Prediction Model, and for infrastructure project innovation for the Lonsdale Street Sewer Upgrade project.
- Committed to purchasing up to 3,000MWh of clean electricity as an active partner in the Zero Emissions Water program.

# Integration story

## Becoming Greater Western Water

On 1 July 2021, Greater Western Water became the new water corporation for Melbourne's CBD and north-western region. Greater Western Water was formed by bringing together the areas previously serviced by Western Water and City West Water.

Greater Western Water builds on the excellent work and rich legacies of these two organisations and provides for a secure, sustainable and prosperous future for the region, its customers and people. It draws on the history and deep knowledge of the region that Western Water and City West Water people have built over decades.

Since the formation of Greater Western Water was announced in October 2020, a three-year program of work commenced to manage the integration. This work is ensuring a smooth transition, where customers experience continuity of service and our people work together to create a new organisation with one culture.

---

*Through the integration work and beyond, our aim is to be an organisation that represents leading practice and exemplary governance.*

---

A Joint Transition Committee oversaw the integration work, chaired by leading water sector expert, Cheryl Batagol, with members from both organisations' boards and support from the Department of Environment, Land, Water and Planning (DELWP). A Joint Steering Committee, which comprised executives from Western Water and City West Water, provided transition oversight and guidance and approved key decisions. A Joint Transition Office, a collaborative project team made up by employees from both businesses, managed the transition and delivered a detailed program of works in preparation for 1 July 2021. The team monitored budgets, dependencies, milestones, risks and resourcing. A Program Assurance Advisor and Integration Advisor, both external to Greater Western Water, provided support and confidence in governance and approach.

In the lead up to 1 July 2021, we aligned the information and messaging in our customer communications and created engagement opportunities to ask our community what they want from their new water corporation. We also worked together to create awareness of Greater Western Water and sought feedback on the Greater Western Water brand, proposed prices, customer charters and permanent water saving plan. We will continue to focus on aligning customer experiences and consolidating and evolving policies and plans.

# Serving our customers since 1995

City West Water has a proud tradition of serving the residents and businesses of Melbourne's CBD, inner city and western suburbs.

Since 1995, the region's population has grown and become more diverse; the economy has shifted from heavy industry towards services, and the climate has become drier and more variable.

City West Water has kept pace with these changes. We have developed new infrastructure, delivered new water sources, supported a healthy environment, communicated with customers and involved community in our decision making.

1995

City West Water began operations on 1 January 1995.

- 190,000 homes
- 65,000 businesses
- 577,647 pop. (1991 Census)
- 56 billion litres of water purchased from wholesaler
- 48 billion litres of sewage accepted

1990s

- Established a Customer Feedback forum to engage with our customers
- Delivered water conservation programs for schools, business and communities
- Introduced hardship programs for customers under financial strain
- Joined Cleaner Production Partnership with EPA to reduce industrial waste
- Environmental Improvement Plan and Community Environment Awards
- City of Melbourne Award for Environmental Best Practice Program

2000s

The decade is marked by the Millennium Drought (2001–2009): the worst drought in 100 years.

- Promoted diversity and inclusion through Business Women's Network and Multicultural Commission's Accord
- Extended supply and use of recycled water through upgraded Altona Treatment Plant and construction of the West Werribee Dual Reticulation scheme
- Connected with customers and community through a new website and Water Learn it! Live it! resource kit for schools
- Provided bottled water and water trucks to people impacted by Black Saturday bushfires
- Implemented water conservation initiatives, including Target 155 Water Wise for Life, efficient showerheads exchange

1995



## 2010s

- Relocated to Footscray head office and depots in Brooklyn and Kensington and undertook a business transformation program
- Supported students through sponsorship of Victoria University's Celebrating Women in STEM Scholarship and participation in an industry graduate program
- Signed up to the United Nations Global Compact to support sustainable development goals
- Undertook major works program in Melbourne's CBD, including Spencer Street Sewer Upgrade and Collins Street Water Main Renewal project
- Reduced carbon emissions from our operations: installed solar panels at Altona Treatment Plant and joined Zero Emissions Water partnership to purchase solar power
- Supported projects to transform community spaces: Greening the West, Chain of Ponds, Greening the Pipeline, Stormwater Harvesting Fund
- Connected with customers and community through event sponsorship, education activities, release of customer charters and launch of YourSay website

## 2020s

- Completed Carlton Water Main Renewal project and Lonsdale St Sewer upgrade
- Upgraded West Werribee sewer pump station to service the growing community
- Launched MyAccount to provide a flexible, user-friendly portal for customers
- Launched an online Delivery Partner Hub to connect with contractors
- Appointed our first First Nations Advisor to work across our organisation and with Traditional Owners and First Nations community
- Committed to WaterAble, a network supporting people with disability and their allies across the water sector

## 2021

- 462,000 homes
- 42,000 businesses
- Welcomed our 500,000th customer
- 1.2 million people
- Supplied 98 billion litres of drinking water
- Supplied 2.6 billion litres of recycled water
- Collected 91 billion litres of sewage

2021

# About Us

SDGs reported on:



## Business at a glance

City West Water provided water, sewerage, trade waste and recycled water services to residential, commercial and industrial customers across Melbourne’s CBD, inner-city areas and the growing western suburbs.

<div>462,000</div> <div>residential properties</div>	<div>42,000</div> <div>non-residential properties</div>	<div>\$2 billion</div> <div>infrastructure managed</div>
<div>98 billion</div> <div>litres of drinking water supplied</div>	<div>2.6 billion</div> <div>litres of recycled water supplied</div>	<div>91 billion</div> <div>litres of sewage collected</div>

In 2020-21, we serviced approximately 462,000 residential properties, 42,000 non-residential properties (including schools, councils and industrial, commercial and small businesses), and a population of more than one million people. We managed \$2 billion of infrastructure across a service area of more than 700km<sup>2</sup>.

In 2020-21, we supplied approximately 98 billion litres of drinking water and 2.6 billion litres of recycled water and we collected 91 billion litres of sewage. We continued to support growth in the city, established suburbs and western growth corridor through the construction of 75km of water mains, 86km of sewer and 55km of recycled water mains. We provided services to 4,445 new greenfield lots and 7,082 new brownfield lots and continued our planning for future suburbs and communities.

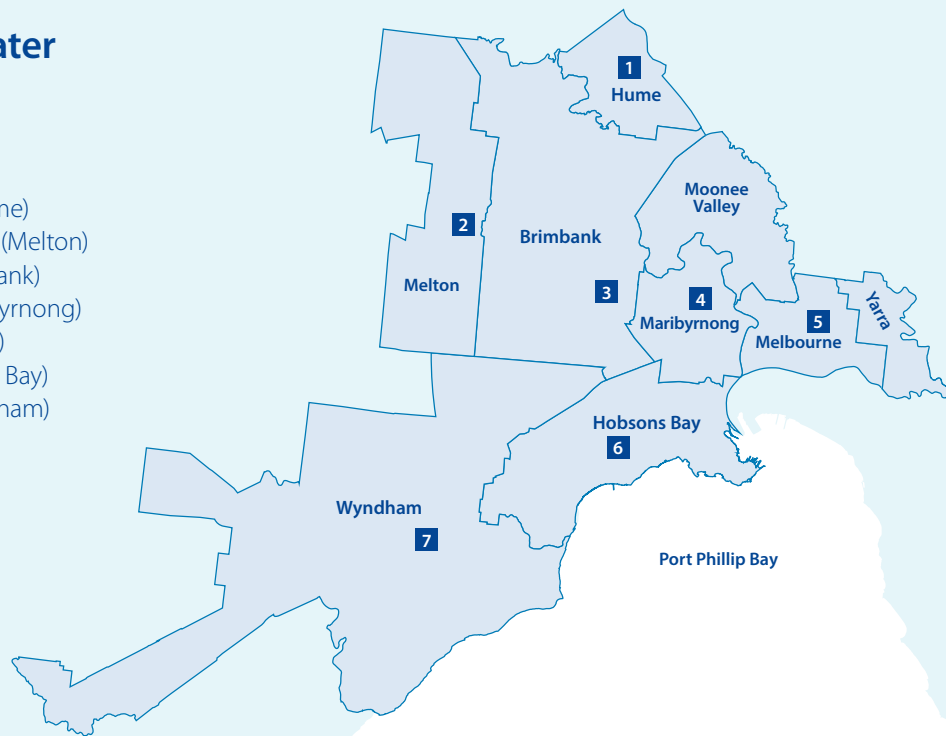
City West Water is a statutory authority incorporated under the *Water Act 1989*. We are one of 19 water corporations owned by the State Government of Victoria that provide a range of services to customers and communities across the state, and one of three retail water corporations in metropolitan Melbourne. The Minister for Water for the period 1 July 2020 to 30 June 2021 was the Hon. Lisa Neville MP. The Hon. Richard Wynne MP was Acting Minister for Water from 15 February 2021 to 30 June 2021.

We operate under Statements of Obligations issued by the Minister for Water under section 4I of the *Water Industry Act 1994*. The statements impose obligations on us regarding the performance of our functions and exercise of powers. We are required to monitor compliance with the obligations set out in the statements, report on non-compliance and take remedial action as required.

## City West Water service area

### Key suburbs:

- 1 Tullamarine (Hume)
- 2 Caroline Springs (Melton)
- 3 Sunshine (Brimbank)
- 4 Footscray (Maribyrnong)
- 5 CBD (Melbourne)
- 6 Altona (Hobsons Bay)
- 7 Werribee (Wyndham)



The Essential Services Commission is our economic regulator. It approves the prices we charge our customers, as well as the standards of service we deliver. We are required to submit a five-year Pricing Submission to the Essential Services Commission which details outcomes we intend to achieve, as well as proposed prices. The commission undertakes a public review of our Pricing Submission in consultation with all stakeholders. Our current Pricing Determination took effect from 1 July 2018 and is effective for five years. In 2021, we will commence work on developing the Greater Western Water Price Submission 2023.

Our drinking water quality is regulated by the Department of Health under the *Safe Drinking Water Act 2003*. Our recycled water quality is regulated by the Environment Protection Authority under the *Environment Protection Act 1970* (*Environment Protection Act 2017* from 1 July 2021). The operation of our sewage treatment plant is also regulated by the Environment Protection Authority.

# Strategic framework

## Our vision

To be an exceptional service provider that puts customers first and benefits the community.

## Our ambition

Customer value is at the heart of all we do.

### We are driven to:

- deliver exceptional services that are affordable, safe and reliable
- be accessible and easy to deal with
- make all decisions in our customers' best interests and with future generations in mind.

We are passionate about community liveability and wellbeing.

### We are driven to:

- care for, and where possible, to enhance the environment – with an eye to the future and the challenges imposed by a changing climate
- be vibrant partners in the life of our community
- anticipate community needs and to take the lead within our areas of influence
- provide a fair return to the State Government of Victoria, to support it to meet its objectives to improve the lives of all Victorians.

## Our people

Our ambition is enabled by our people.

Our people are:

- **agile** – responsive to customer needs and a changing world
- **diverse** – reflect the community we serve
- **trusted** – make evidence-driven judgements, exercised with integrity.

## Successful achievement of our ambition is built on six strong foundations



### Achievement culture

We value people, learn and grow, and drive performance.



### Dynamic technology

We leverage technology to enhance service safety, security and reliability.



### Streamlined delivery

We aim to deliver services that are efficient, relevant to our customers' needs and represent best value.



### Great partnerships

We partner with our stakeholders to positively contribute to the lives of our customers, the communities we serve and our industry.



### Purposeful leadership

We are prepared to take the lead – providing insights, marshalling resources and offering timely solutions..



### Extensive knowledge of the water cycle

We use our knowledge to assist our partners and engage in purposeful industry leadership.



## Sustainable Development Goals



Ensure healthy lives and promote wellbeing for all at all ages.



Make cities and human settlements inclusive, safe, resilient and sustainable.



Achieve gender equality and empower all women and girls.



Take urgent action to combat climate change and its impacts.



Ensure availability and sustainable management of water and sanitation for all.



Strengthen the means of implementation and revitalise the global partnership for sustainable development.

At City West Water, we recognise the value that water and sewerage services bring to the health, prosperity and liveability of communities. We understand our role as custodians of water resources and infrastructure and proactively contribute to enhancing the environment within our service area. We also understand that local action can translate into far-reaching, global outcomes. This is particularly important as the world is impacted profoundly by the coronavirus pandemic.

City West Water has been a proud signatory to the United Nations Global Compact – a network dedicated to acting in advancing sustainable development to realise a world free from poverty, where communities enjoy peace and environments prosper.

Since becoming a signatory to the compact in early 2018, we are pleased to have made measurable progress towards embedding each of the 17 Sustainable Development Goals into the way we work and operate. We have identified six priority goals to be our areas of focus as these are areas where we can have maximum impact.

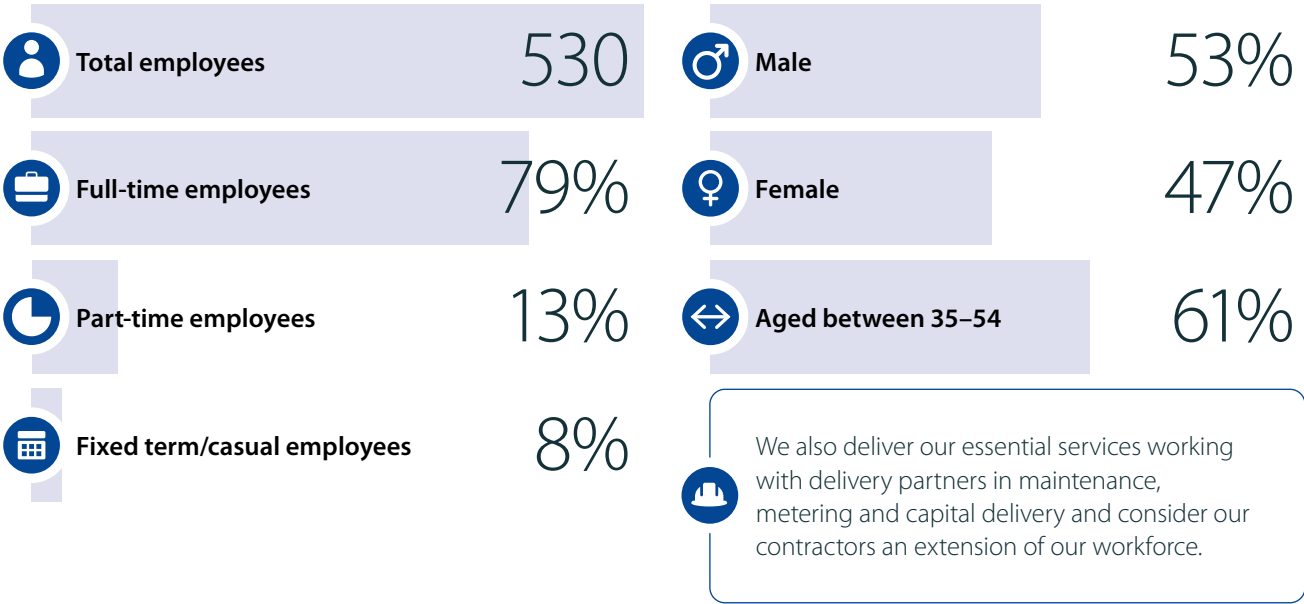
The Sustainable Development Goals provide a lens through which we can view our operations, to lift our gaze and broaden our reach to tackle important issues facing organisations across the globe; issues such as equality, health, justice and education.

Icons are used throughout this Annual Report to indicate where our activities are contributing to the Sustainable Development Goals. Appendix 3 lists our commitments and actions in embedding the 17 goals in our work every day.

# Who we are

Our people – employees, suppliers, business partners, contractors and the Board – are central to achieving our vision to be an exceptional service provider.

## Our people



## Comparative workforce data

The comparative workforce data table provides a snapshot of our employees. Employees have been correctly classified in workforce data collections based on working arrangement and employee level.

## Comparative workforce data

		All employees		Ongoing			Fixed term & casual		
		Number		Full Time	Part Time		Full Time	Part Time	
		(Headcount)	FTE	(Headcount)	(Headcount)	FTE	(Headcount)	(Headcount)	FTE
June 2021									
Demographic Data	Gender								
	Men	279	276.4	250	10	258	18	<5	18.4
	Women	251	233.7	168	55	208.5	20	8	25.2
	Self-described	0	0	0	0	0	0	0	0
	Age								
	15-24	13	11.4	6	<5	6	4	<5	5.4
	25-34	105	104.1	90	5	94.5	9	<5	9.6
	35-44	170	162.9	138	21	152.9	7	<5	10
	45-54	151	145.1	113	21	128.5	16	<5	16.6
	55-64	80	76.5	65	14	75.5	1	0	1
65+	11	10.1	6	<5	9.1	1	0	1	
Classification Data	Classification								
	Executive	7	7	7	0	7	0	0	0
	Senior Managers	41	40.6	36	0	36	3	<5	4.6
	Team Leaders	80	78	68	5	71.8	5	<5	6.2
	Individual Contributors	402	384.55	307	60	351.75	30	5	32.8
	Total Employees	530	510.15	418	65	466.5	38	5	43.6

## June 2020

Demographic Data	<b>Gender</b>								
	Men	245	243.7	228	6	232.7	11	0	11
	Women	207	188.3	137	58	177.9	8	<5	10.5
	<b>Age</b>								
	15-24	<5	<5	<5	0	<5	<5	0	<5
	25-34	88	86.9	76	<5	79.3	7	<5	7.6
	35-44	153	143.8	121	26	138.6	<5	<5	5.2
Classification Data	45-54	128	122	103	21	118	<5	0	<5
	55-64	73	69.3	59	12	67.7	<5	<5	<5
	65+	7	6.9	5	<5	5.9	<5	0	<5
	<b>Classification</b>								
	Executive	7	7	7	-	7	-	-	-
	Senior Managers	33	32.6	29	<5	30.6	<5	-	<5
	Team Leaders	69	68.5	64	<5	66.5	<5	-	<5
	Individual Contributors	343	323.9	265	59	306.4	15	<5	17.45
	<b>Total Employees</b>	<b>452</b>	<b>431.9</b>	<b>365</b>	<b>64</b>	<b>410.5</b>	<b>19</b>	<b>&lt;5</b>	<b>21.4</b>

### Notes:

- Increase in headcount and full-time equivalent (FTE) from 2019-20 reporting period is in part indicative of increased engagement due to Greater Western Water integration activities.
- All figures reflect employment levels during the last full pay period in June of each year.
- Women account for 44 per cent of leadership positions, including Managing Director level, Executive Leadership Team and Management.
- External contractors/consultants are excluded.
- From 2020-21, City West Water included the option of 'self-described' when collecting and reporting on workforce gender.
- Ongoing employees includes people engaged on an open-ended contract of employment and executives engaged on a standard executive contract who were active in the last full pay period of June.

## Culture and engagement surveys

In June 2021, we conducted our annual Engagement and Enablement Survey, which provides key information about our most valuable asset – our people. This year, we refreshed our approach, focusing on setting a baseline for the new entity, Greater Western Water, and laying the foundations for our new way of working. We were pleased to achieve 77 per cent participation in the survey with an engagement score of 70 per cent, representing strong positive feelings about working at City West Water.

Despite significant change during 2010-21, we were pleased to achieve 81 per cent participation in the February 2021 pulse survey. The survey showed that our people felt appropriately informed of future changes regarding the alignment of Greater Western Water, and that sentiment about returning to work post the coronavirus pandemic was in favour of blended working between the office and home.

## Co-creating culture

Work to co-create a thriving culture for the formation of Greater Western Water commenced in early 2021. This significant piece of work was kickstarted by the development of a Culture Champions Network and supporting Culture Transition Plan by representatives from Western Water and City West Water. This process engendered trust and fostered collaboration between the two organisations.

The Culture Transition Plan followed three phases that overlap as the organisational transition takes place: recognising the past, harnessing the transition, and becoming greater together.

To embed ownership of the new corporation, the following pillars of thinking were also championed:

- Building readiness for change and agility, starting with the use of deliberate language around the Greater Western Water name and site locations
- Celebrating success
- 'One jumper, one team' - calling out examples of cross-team collaboration

The Culture Champions Network, with representatives from Western Water and City West Water, promoted a culture-led approach to integration. The network is responsible for communicating the positive changes and cultural integration, providing feedback and articulating what works and what may need improvement. The network uses data from pulse employee surveys across Western Water and City West Water to identify and address areas of concern.

## Our People Strategy

Our People Strategy supports our vision of being an exceptional service provider that puts customers first and benefits the community.

The strategy identifies five areas of focus that enable our people, contractors and delivery partners to meaningfully engage with our organisational vision:

- **Purposefully connected** – our people feel and know that what they do matters.
- **Inclusive and thriving** – our people feel included, safe, able to be themselves and be well.
- **Driving and valuing performance** – our people are recognised and rewarded for their efforts and performance.
- **Learning and growing** – our people receive ongoing learning and development for their current and future roles and are supported to build a growth mindset.
- **Resilient and future ready** – our people will be equipped to manage the challenges that a rapidly changing environment brings, through innovative and collaborative ways of working.

Examples of actions in 2020-21 within these focus areas are described below.

### Purposefully connected

#### Flexibility and connection principles

The coronavirus pandemic presented a variety of challenges during 2020-21. Our COVID-19 Control Centre, set up at the beginning of 2020, evolved to focus on workplace and office design as well as the safety and wellbeing of our people.

We facilitated more than 110 hours of Think Tank sessions over a two-week period to understand how our people have been working and to plan for a hybrid model of home and office working arrangements. Key insights from these sessions included the need for creative collaboration and meaningful connection between sectors of the business. Our people told us that technology plays an important role in productivity and connection, but that they missed the social interaction and spontaneity of the workplace. We also learned that the greater autonomy and responsibility of working from home made people feel more trusted. These insights informed new ways of working with connection and flexibility.



Our commitments are as follows:

- We are committed to offering flexible and inclusive working arrangements for all employees in balance with team and role requirements.
- We aspire to be an employer of choice exemplified by measuring success through productivity over presence.
- We expect our people to drive transparent communication with their team, their leaders and their customers (internal and external).

By embracing more flexible working arrangements, our employees were enabled and empowered to continue to provide an essential service to our customers.

### Inclusive and thriving

Targets	2021 Target	2021 Actual
Our workforce will be gender balanced	Maintain a balance of 45-55% women	47% women
Women in leadership	Maintain a balance of 45-55% women	44%
Pipeline	40% of L3 roles are women	39%
Employees identify as First Nations	1.5%	2% <sup>1</sup>
Employees speak a language other than English	25%	38% <sup>1</sup>
Employees identify as person with disability	7%	6% <sup>1</sup>
Employees identify as LGBTIQ+	7%	7% <sup>1</sup>

1. These figures include City West Water and Western Water employees as the survey was conducted following the integration of employees under Greater Western Water (which occurred on 28 June 2021)

We apply the employment principles of the *Public Administration Act 2004*. Employees are selected and promoted based on ability, knowledge and skills in fair and open competition that ensures equal opportunity. Employees receive fair and equitable treatment without regard to race, colour, sexual preference, age, physical or mental disability, pregnancy, religion, political opinion, national extraction or social origin.

We work to meet our obligations under the *Disability Act 2006*, the *Disability Discrimination Act 1992*, the *Equal Opportunity Act 1995*, and the *Charter of Human Rights and Responsibilities Act 2006* with the aim of eliminating barriers for people with a disability from accessing goods, services, facilities and employment.

Our people have a right to work in an environment free from harassment, bullying and discrimination. We have policies for the prevention of harassment and bullying. Any behaviour to the contrary will result in disciplinary action up to, and including, dismissal. All employees are trained in equal opportunity and bullying prevention and Employee Support Officers are available to provide information to employees about rights and obligations.

### First Nations commitment

Meaningful engagement with our Traditional Owner partners throughout 2020-21 helped to shape the delivery of three integrated water management (IWM) projects: Arden Stormwater Harvesting Assessment, Aviators Field IWM Plan and the Werribee Recycled Water Expansion Phase 1. Representatives from the Boon Wurrung, Bunurong, Wadawurrung and Wurundjeri Traditional Owner groups were involved in decision-making and outcome-shaping to ensure the best result for the environment was achieved.

In April 2021, the Greater Western Water Reconciliation Action Plan (RAP) Working Group participated in a cultural education experience on Taungurung Country, led by Aunty Kym Monohan, proud Taungurung Woman and First Nations Advisor for City West Water, and Aunty Jo Honeysett, a Taungurung Elder. The group was welcomed to Taungurung Country through the traditional Welcome to Country and smoking ceremonies. Taungurung Water Officer, Alejandro Voysest, presented on the cultural significance of water, describing several projects on Taungurung Country to heal and preserve Country. Cultural learning events will continue as part of our RAP commitment.

In 2020-21, 50 people leaders attended cultural awareness training facilitated by the Koorie Heritage Trust, continuing our commitment to help our people develop their awareness of First Nations culture and identity, and their capacity to be more understanding and responsive to First Nations communities. Our IWM Planner attended two cultural heritage and awareness training workshops facilitated by Boon Wurrung Elder Aunty Carolyn Briggs.

### WaterAble

Launched in July 2020, WaterAble is a network for people with disability and their allies in the Victorian water industry.

---

*WaterAble works to build an equitable and inclusive industry by bringing people with disability together, advocating for members, and improving inclusion and access for employees and customers with disability.*

---

This year, WaterAble's Connections Program connected senior leaders and employees to share knowledge and experiences and provide insights into how to support employees with disability and build a disability-inclusive culture. City West Water is proud to support the network, along with other state water corporations.

## Driving and valuing performance

### Online training plans

In 2021, we continued to use dynamic technology to support our people processes. We implemented a performance and career development process in myPlace, our online talent management platform, with training plans now fully online. The Executive and Senior Leadership Teams piloted the mid and end of year review process through myPlace. The technology enables a more streamlined process and effective reporting capability.

### Technical and Professional Honour Awards

In 2021, we launched the Annual Technical and Professional Honour Awards in memory of three inspiring colleagues: Angelo Iacobaccio, Steve Hinkley and Scott Vines.

The awards recognise individual employees for their contributions to the water industry and the community we serve. Award categories are Corporate Award, Customer First Award and Service Delivery and Operations Award. This year's three successful recipients received a bursary to use towards professional development activities relevant to their role.

## Performance and career development

### Valuing our technical professionals

We are proud to employ a range of technical experts to assist in the delivery of our services. As part of our commitment to career development, we partnered with Engineers Australia for our engineers to undertake a chartered program. This internationally recognised program provides our engineers with valuable credentials and furthers their professional capabilities.

## Learning and growing

### Ongoing leadership development

City West Water is committed to supporting our leaders and helping them develop their leadership and management skills. In 2020-21, we held bi-monthly senior leadership forums, providing leaders with key business updates and gathering insights and planning for the integration to Greater Western Water. These sessions provided an opportunity for our leaders to connect on business challenges and changes. Our leaders reviewed and refined goals as part of our new performance and career development process, and contributed to our new way of working through the redesign of the Footscray office for 2021 and beyond.

## Graduate Program

---

*Our Graduate Program continued to provide a pipeline of talented new employees.*

---

The two-year program includes four rotations in different sections and teams, a robust professional development program, and an innovation project in partnership with Melbourne Water's graduate program.

City West Water's Graduate Program commenced in 2018. In 2020, the first two graduates secured permanent positions as a Quality Engineer and a Planning Engineer. In 2021, we recruited four new graduates across Engineering, Finance, Economics and IT. Due to coronavirus restrictions, the recruitment and assessment process was conducted entirely online with our supporting partner Fusion. An additional five graduates are currently enrolled in the program and are due to complete their rotations by the end of 2021.

## Resilient and future ready

### COVIDSafe office

The City West Water office in Footscray was re-opened following the easing of restrictions. We used a phase one re-entry plan to coordinate safe and supported use of the workspaces and encourage productivity and connection.

COVIDSafe practices were put in place to ensure adequate physical spacing between desks, hygiene practices with sanitising products throughout the office, and an increase in office cleaning.

The office re-fit is responding to COVIDSafe protocols and to employees' desire to work flexibly from home and the office. The reimagined Greater Western Water offices will include:

- a large multipurpose space with technology to accommodate hybrid events
- layout and re-fit to accommodate all teams, designated into large neighbourhoods
- wellbeing zones where employees can take time out to recharge
- more meetings rooms, all with hybrid technology
- focus zones and desks for quiet conversations and private work

- innovation hub where employees come together to collaborate and create
- collaborative zones.

## Change and Resilience Program

The Change and Resilience Program was launched in May 2021 to build awareness, knowledge and practical tools to support resilience through change. The program addresses the challenges of the pandemic as well as the integration of City West Water and Western Water.

The 'Change and Me' workshop was delivered to more than 600 employees across Western Water and City West Water over a two-month period. The workshop introduced the human impact of change through the Kubler Ross model and practical activities, and gave employees tactics to manage wellbeing during times of uncertainty.

We launched an online learning hub, with tools and resources to encourage people to keep the conversations going from the 'Change and Me' workshops. Our leaders were given access to a specialised leadership module, 'Leading Change and Transition', which focused on leading people through change with trust and empathy.

### Single view of assets

Being 'future ready' requires us to adopt systems and solutions that ensure organisational efficiency, appropriate planning for future generations and the delivery of affordable services to our customers.

In 2020-21, we continued to trial and implement technologies and solutions to help us manage the challenges of ageing assets, increased demand and climate change. One such technology is the new 'Single View of Assets' dashboard, which responds to the challenge of multiple, disparate systems to provide a consolidated view of customers, assets and locations. This new dashboard gives employees access to real-time data that can be used to inform decisions, respond to issues and plan for the future. In the coming years, the data will be expanded to include a single view of locations and customers across the Greater Western Water service area.

# Our Customers and Communities

## SDGs reported on:



City West Water adopted a 'customers first' approach, striving to deliver services that are affordable, safe and reliable; to be accessible and easy to deal with; and to make decisions in our customers' best interests.

## In 2020-21, we:

# 98 billion litres

delivered more than 98 billion litres of drinking water to approximately 462,000 homes and 42,600 businesses

# 2.6 billion litres

delivered 2.6 billion litres of high-quality recycled water, saving precious drinking water

# 91 billion litres

collected 91 billion litres of sewage for treatment

# 7,800

served more than 7,800 trade waste customers

## Customer service results

In 2020-21, our customer service teams responded to more than 380,000 calls and 315,000 emails and customer applications. Our people, who respond to general enquiries, connections and technical services, faults and emergencies, assisted with enquiries ranging from usage and network charges to setting up payment plans.

Our people in the field continued to provide essential network services to maintain water and wastewater service reliability. In 2020-21, we attended to more than 16,867 service requests to repair disrupted water or sewer services.

The coronavirus pandemic had a significant impact on our day-to-day customer service operations, with an increased number of inbound calls from people experiencing financial hardship and seeking support. This had an impact on the wellbeing of our team members, resulting in higher than planned levels of personal leave,

which in turn impacted customer response times.

As a result, there was an increase in calls being abandoned, from 3.5 per cent in 2019-20 to 10.3 per cent in 2020-21. We continued to respond to emails within one business day. We supported our people in a variety of ways, including specific and targeted resilience sessions with our Employee Assistance Program (EAP) partners, additional leave provisions for parents to help their children learn remotely, and bringing on short-term people to ensure sustainable customer service.

## Technology upgrades

In 2020-21, we upgraded our telephony platform to a cloud-based solution that provides a more stable environment and enables our people to better service customers while working from home.

Our focus on providing self-service options for customers continued with the introduction of a new portal that enables customers to access information statements online.



A new customer refunds application automated the process and improved visibility of refund status. As a result, the average time from creation to approval was reduced by 20 per cent, from five days to four days. This was achieved while the volume of refunds increased by 150 per cent.

'MyAccount' usage continued to improve, with establishment of an auto opt-in option. There were 56,166 registrations in 2020-21, an increase of 61 per cent on 2019-20.

A virtual Help Desk was created in August 2020 to provide a real-time response to customer-facing team members needing assistance with customer enquiries.

### Customer satisfaction research

Though we have experienced many service challenges over the past 12 months, our customer satisfaction levels have steadily increased. Annual customer satisfaction research showed an increase in satisfaction levels amongst our residential customers, with an overall satisfaction score of 95 per cent for 2020-21, up from 93 per cent in 2019-20.

---

*The majority of residential customers were satisfied overall with the service received in the last 12 months, continuing the positive year-on-year momentum observed since 2015.*

---

Response to complaints and queries continued to be the most important satisfaction driver.

Non-residential customer satisfaction also increased, rebounding from 82 per cent in 2019-20 to 85 per cent in 2020-21. However, there is still opportunity to further improve satisfaction, as levels are below those of 2018-19. The new Greater Western Water operating model has been designed to improve services for non-residential customers with a strong focus on the customer's journey.

As part of the annual customer satisfaction survey, residential and non-residential customers were asked questions about the financial and general impacts of the coronavirus pandemic. These questions were designed to help us monitor the ongoing effects of the pandemic on our customers and the potential financial and related consequences on our business. Though there have been some minor changes in absolute levels of impact indicated from 2020, the overall financial impact of the pandemic on our customers is still significant: 54 per cent of residential customers and 70 per cent of non-residential customers reported a negative impact.

Across business customer groups, impact was evenly experienced. However, among residential customers, impacts were experienced more by certain cohorts. Those aged 50-59, part-time workers and people identifying as vulnerable were most negatively impacted. While the impacts of coronavirus continue to be felt, there was an overall improvement in customer confidence in their ability to pay upcoming utility bills on time or in full.

## Putting customers first

City West Water exists to provide exceptional water supply and wastewater services, all day, every day for our customers in their homes, businesses, places and spaces.

### Outage map enhancement

The outage map enhancement project was launched in July 2020 and completed in April 2021. The map shows service outages across our service area in real-time and proactively alerts customers of outages in their area via SMS notification.

To date, the project has increased customer satisfaction around our response to outages, with customers informed of when outages occur and how quickly they are fixed. The notifications have helped us become more customer-centric, providing a more personalised and efficient method of interaction. This proactive approach has also resulted in a small decrease in the number of calls to our operations centres.

### Hardship prediction modelling

In the early months of the pandemic, City West Water identified that our customers were experiencing increasing levels of financial strain. This was evident in bill concession applications, which increased from 868 in March 2020 to 3,123 in May 2020.

In response, we developed a Hardship Prediction Model to better understand and respond to the impacts of financial hardship experienced by our customers. The machine learning model uses customer, demographic and affordability data to identify customers at risk of falling into financial hardship. This information enables us to provide a more proactive, targeted service and provide customer education. As a result, interventions were implemented throughout 2020-21 to support customers, such as sending written confirmation of payment extensions, notifying customers by SMS of extension expiry, informing customers who are eligible for a relief grant, providing guides to help customers apply for support, and connecting with customers earlier to discuss options.

## Community engagement uplift

*Public participation and stakeholder engagement are integral to delivering exceptional services to our community.*

In 2021, we commenced a program of work to deliver a dedicated uplift in engagement activities for the new corporation, Greater Western Water. A key part of this work is the development of a Greater Western Water Community Engagement Framework that reflects best practice and ensures our community can access and engage with our organisation and provide feedback to help shape and improve services and initiatives.

### Strengthening emergency management

In August 2020, a failure at Melbourne Water's (MW) Silvan Water Treatment Plant resulted in undisinfected drinking water being supplied to Yarra Valley Water (YVW) and South East Water (SEW) customers. Boiled Water Advisory notices were issued by YVW and SEW for 101 suburbs, impacting an estimated 500,000 households in the north and east of Melbourne.

While the incident did not directly impact our drinking water supply, we did declare an incident and the lessons learnt from our response and the responses of YVW, SEW and MW are relevant to the effectiveness of our emergency management systems.

Since the incident, we have been working with MW, SEW and YVW to:

- review and align protocols for issuing and rescinding drinking water advisories (such as boiled water and do not drink) – assisting us to issue and lift advisories as soon as possible
- develop a plan to increase the number of water quality sensors across Melbourne – improving our ability to track the quality of water across our entire system
- review and update the Melbourne Metropolitan Water Industry Response Plan – enhancing our ability to support each other during major incidents
- review our communications protocols – to ensure we provide clear and timely information to the community during major incidents.

In addition, we reviewed and updated our Emergency Management Framework and various contingency plans and implemented new cross-functional engagement sessions with key emergency management personnel.

We also developed an interim Emergency Management Arrangement for Greater Western Water, to ensure the new organisation could respond to emergencies in a coordinated manner from Day 1 (1 July 2021).

## Trade waste

City West Water provides a reliable and affordable sewer network that accepts trade waste to support business and industry.

Our Business Customer Service team helps food businesses minimise the risk of fat blockages in our network by tracking grease trap pump out compliance and making sure that businesses that require a grease trap have one. The team monitors trade waste and audits site activities so the sewer network functions effectively, ensuring our people, assets and environment are protected and enabling recycled water and biosolid reuse opportunities to be realised.

In 2020-21, our customer base included 5,682 commercial customers that serve food, including takeaway shops, cafes and restaurants; and 2,207 industrial customers, including food and beverage manufacturers, chemical manufacturers, car washes, hospitals and laundries. We recorded just over 8,000 grease trap pump outs, a reduction on last year due to ongoing coronavirus restrictions impacting on our customers' ability to trade. Our industrial customers continued to be compliant, with less than one per cent non-compliant in 2020-21.

This year we trialled remote telemetry at several trade waste customer sites. The trial installed equipment that sent readings associated with pH, temperature and flow to an externally-hosted website in five-minute intervals. Any non-compliant results triggered an alarm to more proactively manage the resolution and ultimately drive continuous improvement, ensuring we can continue to provide a safe, reliable and affordable sewer network.

Our routine field-based site visits to industrial trade waste customers were impacted for most of the year by restrictions due to the coronavirus pandemic. We continued to interact with customers over the phone, video and via email, obtaining wastewater sample results, meter calibrations and pump out dockets. This allowed us to manage the risk posed by trade waste to our sewer network while ensuring we protected our people and community.

We continued to reach out to food business operators who have been impacted by restrictions. Each quarter throughout 2020-21, we offered all our food businesses a fee waiver for their fixed trade waste agreement fee if they hadn't been trading. More than 1,000 fee waivers were applied to trade waste customer accounts, providing customers with much needed assistance.

## Social sustainability

### Community service obligations

City West Water provided the following community service obligations.

Community service obligations	2021 \$'000	2020 \$'000	2019 \$'000
Provision of concessions to customers	25,553	23,159	22,901
Rebates paid to not-for-profit organisations under the water and sewerage rebate scheme	619	570	559
Utility relief grant scheme	948	562	382
Water concessions to those on life support machines (haemodialysis)	20	22	22

During 2020-21, City West Water provided hardship grants to 885 customers, Utility Relief Grant Scheme assistance to 2,227 customers and had 25,879 customers on instalment plans.

### Concessions to pensioners and cardholders

Customers who hold a pension concession card, a Department of Veterans Affairs gold card or a health care card are entitled to a 50 per cent concession on water and sewerage charges, up to an annual maximum. The 2020-21 maximum was \$337.10. If a customer is receiving one service only, they are entitled to a concession of up to half the annual maximum. We invoice the Victorian Department of Families, Fairness and Housing for the value of those concessions.

### Rebates paid to not-for-profit organisations under the Water and Sewerage Rebate Scheme

The State Revenue Office defines certain organisations as not-for-profit. Such organisations serve the community in the fields of education, health or nursing care, religious worship, charity, outdoor sporting or recreation activities or war veterans' organisations. These organisations are entitled to claim a concession on the service charge portion of their bills. We invoice the State Revenue Office for the value of those concessions.

### Utility Relief Grant Scheme

The Utility Relief Grant Scheme assists residential customers and people experiencing family violence who are unable to pay their electricity, gas and water bills and may be at risk of disconnection of supply due to a temporary financial crisis (in the last 12 months). Applicants must meet certain criteria to obtain the grant, for example family violence, a decrease in income, unexpected costs for essential goods and services, cost of shelter being 30 per cent or more of household income and, more recently, customers who have been impacted by coronavirus. A customer can apply for the grant multiple times within a two-year period, for up to maximum amount of \$650 for each utility.

### Water concessions for people on life support machines (haemodialysis)

Residential customers requiring in-home haemodialysis are entitled to a rebate on water usage and sewage disposal charges. The Department of Families, Fairness and Housing determines the rebate amount based on the average annual water usage of an in-home haemodialysis machine of 168,000 litres a year. The rebate is in addition to any other pension or concession to which a customer may be entitled. Customers who hold a pension concession card, a Department of Veterans Affairs gold card or a health care card are entitled to the rebate. We invoice the Department of Families, Fairness and Housing for the value of those concessions.

### Improving hardship assistance access

City West Water established a dedicated Hardship and Vulnerability team this year to assist our customers experiencing difficulties during the pandemic.

We continued to offer payment extensions for all customers (residential and non-residential) for up to 12 weeks. We reviewed our hardship service offering and investigated options to help customers, including introducing incentivised payment plans, expanding the eligibility criteria for hardship grants, and providing additional financial support to existing government grants and schemes. We also offered a fee waiver to our trade waste customer accounts.

We continued to inform customers about options for those experiencing hardship through a variety of ways including information on all customers' bills, our bill insert *Cascade*, on our website and social posts. We also collaborated with Thriving Community Partnerships to include our hardship offerings on their site.

## Water consumption

City West Water provides different types of water to customers in our service area. The table below details water use by residential and non-residential customers in 2020-21.

Total water consumption data	2020-21		2019-20	
	Number	Volume (ML) <sup>12</sup>	Number	Volume (ML)
<b>Residential customers</b>				
Drinking water	462,377	63,820 <sup>1</sup>	445,754	64,616
Recycled wastewater	11,791 <sup>2</sup>	334 <sup>3</sup>	9,442	275
Recycled stormwater	0	0		
<b>Non-residential customers</b>				
Drinking water	42,639	34,202 <sup>4</sup>	42,437	38,504
Recycled wastewater	91 <sup>2</sup>	2,215 <sup>5</sup>	80	2,467
Recycled stormwater	8	90	8	95
<b>Total customers<sup>6</sup></b>	<b>505,016</b>		<b>488,191</b>	
<b>Total drinking water volume</b>		<b>98,021</b>		<b>103,120</b>
<b>Total recycled water volume</b>		<b>2,639</b>		<b>2,837</b>
<b>Total consumption</b>		<b>100,660</b>		<b>105,957</b>
Average annual consumption <sup>7</sup>		102,215		102,875
Weekly residential drinking water consumption		1,227		1,243
<b>Non-revenue water</b>				
Leakage <sup>8</sup>		5,731		4,672
Firefighting <sup>9</sup>		532		553
Other <sup>10</sup>		2,067		2,173
<b>Total non-revenue water</b>		<b>8,330</b>		<b>7,398</b>
<b>Total water all sources</b>		<b>108,990</b>		<b>113,355</b>

Average residential consumption	2020-21	2019-20
	Litres per person per day (L/pp/day)	
Average per capita daily residential drinking water consumption	150	154

### Notes:

- Includes drinking water supplied to customers with recycled meters but not connected to the recycled water network.
- Only includes recycled water customers who are connected and able to receive recycled water. In areas where it is available, recycled water is used for various activities at residential and non-residential customer properties, including garden watering, car washing, toilet flushing and laundry.
- Includes 4.44ML of drinking water used in blend or back up to the recycled supply system and used in the determination of non-revenue water.
- Includes drinking water supplied to customers with recycled meters but not connected to the recycled water network.
- Includes 34.48ML of drinking water used in blend or backup to the recycled supply system and used in the determination of non-revenue water.
- Customers that receive recycled sewage or stormwater also receive drinking water.
- Five-year average annual consumption from 2017 to 2021 reporting periods.
- Balance of non-revenue water, known as real losses, which includes bursts, leaks and background losses.
- Firefighting is part of a category called Authorised Unbilled Usage which includes firefighting, fire service usage, water haulers' usage, water main flushing and sewer cleaning.
- Other non-revenue water is known as apparent losses which includes unauthorised usage such as theft, misuse, illegal tampering, meter under-registration and data handling error.
- ML = million litres



### Corporate water consumption

This table shows water use at our Footscray office. There was a significant reduction in consumption in 2020-21 due to work from home orders in response to the pandemic and government requirements.

2020-2021	2019-2020
Water consumed 692kL	Water consumed 1,449kL
0.55kL per full time equivalent employee	3.5kL per full time equivalent employee
37.46 litres per m <sup>2</sup> of office space	235 litres per m <sup>2</sup> of office space

## Annual reporting of major non-residential water users

### Names of major customers and their participation in water efficiency programs

The *Water Act 1989* requires water corporations to publish the number and names of customers who are not farming, irrigators or domestic consumers, using 100ML or more water per year. Farmers, irrigators and domestic users may decline or opt out of the requirement to have their name published. The *Water Act 1989* also requires water corporations to indicate if these customers have participated in water efficiency programs.

These customers have participated in water efficiency programs:

#### Name of customer<sup>1</sup>

Asahi Premium Beverages – Laverton	Department of Justice – Port Phillip Prison	Nufarm Australia Limited
Asahi Premium Beverages – Tullamarine	Diamond Valley Pork Pty Ltd	Orica Australia Pty Ltd
Australian Pacific Airports Corporation – Melbourne Airport	Essendon Fields Airport	Peerless Holdings Pty Ltd
Campari Australia Pty Ltd	Graincorp Foods Australia Pty Ltd	Qenos Pty Ltd <sup>2</sup> (combined 2 sites)
Carlton & United Breweries Ltd	Ixom Operations Pty Ltd	Seqirus Pty Ltd
Cedar Meats Australia	JBS Australia Pty Ltd	The Australian Steel Company (Operations) Pty Ltd
Choldame Nominees	Melbourne Health	The Royal Childrens Hospital
CSF Proteins Proprietary Limited	Melbourne Water – Brooklyn Pumping Station	University of Melbourne
CSR Building Products Limited	Melbourne Water – Hoppers Crossing Pumping Station	Victoria Racing Club Limited
CYP Design and Construction Joint Venture	Mobil Refining Australia Pty Ltd	Western Health
Department of Health and Human Services – VCCC	Mr P G Song	Wilmar Sugar Pty Ltd
		Zoos Victoria – Melbourne Zoo

#### Notes:

1. One customer has elected not to be named in this table. Customers who are farmers, irrigators or domestic users may decline to have their name published.
2. Includes recycled water use

Customers by volume range (ML per year)	Number of Customers
Equal to or greater than 100ML and less than 200ML	20
Equal to or greater than 200ML and less than 300ML	3
Equal to or greater than 300ML and less than 400ML	5
Equal to or greater than 400ML and less than 500ML	1
Equal to or greater than 500ML and less than 750ML	1
Equal to or greater than 750ML and less than 1,000ML	3
Greater than 1,000ML	2
<b>Total number of customers</b>	<b>35</b>

## Total residential water bill

In 2020-21, City West Water customers had the lowest average residential water bills in Melbourne. We understand that affordability is a key priority for our customers, and we continue to look for ways to provide exceptional services at the lowest possible prices.

2020-21 Total residential water bill for a City West Water customer based on consumption during the year	150kL annual usage	200kL annual usage
Water network charge	\$210.80	\$210.80
Water usage charges	\$417.52	\$573.22
Sewerage network charge	\$252.60	\$252.60
Sewage disposal charge	\$95.32	\$127.09
<b>Total</b>	<b>\$976.24</b>	<b>\$1,163.71</b>

- For the current price determination, which sets out our prices from 1 July 2018 and the process we use to update our prices annually to 30 June 2023, City West Water price changes will be limited to changes in financing costs, inflation, changes in bulk charges, and the cost of any desalination water orders.
- The actual change in a customer's bill will depend on their water usage.

# Our Environment

## SDGs reported on:



City West Water is passionate about the health of our environment and our communities. This year we continued our strong focus on streamlined delivery, delivering positive environmental outcomes, benefiting communities and businesses. We continued to explore and implement alternative, sustainable water sources in recognition of the pressures on our water supplies through climate change and a growing population.

## Environmental management

### Climate Resilience Strategy

Our vision is to become a leader in climate mitigation and adaptation, and respond to the impacts of climate change on our services, customers and the broader community. Our Climate Resilience Strategy outlines our actions to achieve this vision. The strategy aligns with our support of the United Nation's SDGs and with our Emission Reduction Pledge, which commits us to mitigate climate change through an 80 per cent reduction in carbon dioxide equivalents (CO<sub>2</sub>-e) by 2025 (relative to a 2011–16 baseline).

Our 12 Month Action Plan: Climate Resilience and Emission Reduction Pledge (July 2020– June 2021) came to an end this year. The Action Plan provided a roadmap for how our Climate Resilience Strategy and the Emission Reduction Pledge work together to address climate change until June 2021. The action plan drove greater integration of climate change risk management considerations into our day-to-day planning and analysis, ultimately driving progress.

In line with our climate resilience objectives, this year we:

- progressed planning and design of solar installations for delivery in 2021-22
- collaborated with water corporations to invest in renewable energy through the Zero Emissions Water Power Purchasing Agreement (PPA) (the PPA went live in January with more than 1,500MWh of renewable energy sourced this year)
- played a lead advocacy role to improve urban greening and access to public open space, hosted the Chain of Ponds and Living Melbourne programs and continued our support of Greening the West
- collaborated in the IWM forums, playing a key role in the Maribyrnong and Werribee forums, including facilitating the Arden Macaulay precinct stormwater harvesting project and project managing the IWM plan for Aviators Field
- completed the first phase of a research project into the impacts of climate change on pipe bursts
- leveraged our sewer flow monitoring systems, combining them with our data and analytics platform to create a tool to predict future sewer spills and identify opportunities to prepare our network for large rainfall events
- worked with Melbourne Water on bushfire and dry conditions preparedness, and water security through the Water Resources Management Group and forums
- initiated the Werribee Zoo Recycled Water project to deliver more than 400ML/annum of recycled water by 2035
- invested in stormwater harvesting projects in our service region
- collaborated with DELWP, Monash University and utility service providers on the Net Zero Water Cycle Partnership investigating opportunities to reduce residential energy consumption associated with water usage
- completed the proof of concept trial for digital metering
- continued to monitor our actions against the latest climate science
- reviewed the impacts of sea level rise on our Altona Recycled Water Plant and identified no major risks in the medium term (before 2030).

### Task Force on Climate-Related Financial Disclosures

The Task Force on Climate-Related Financial Disclosures (TCFD) was formed to design a set of recommendations for consistent disclosures that will help financial market participants understand their climate-related risks. While TCFD reporting is not mandatory, there is growing global support for the reporting framework from business, investors, regulators and governments.

The taskforce released 11 disclosure recommendations across four pillars: Governance, Strategy, Risk Management and Metrics and Targets.

### Governance

Adapting to climate change is included as a stand-alone risk within City West Water's Strategic Risk Register. We actively seek positive outcomes for the environment and recognise and accept a moderate level of risk to pursue climate change adaptation and mitigation opportunities. Controls are in place and we also have an opportunity and risk consequence matrix as part of our Risk Management Framework which serves to monitor and test controls and treatments of adapting to climate change. Reporting on climate change is provided to City West Water's Risk Management and Audit Committee and Board on a bi-annual basis.

City West Water also submits an Environmental Performance Report on a quarterly basis to the Health Safety and Environment Committee. This report covers how the business is leading in climate adaptation (for example, the Climate Resilience Strategy) and how it partners in climate change mitigation through the insights of electricity consumptions and new opportunities such as renewables.

### Strategy

Climate change poses significant risks to the supply of water and services to our customers. At City West Water, climate considerations are embedded into our decision-making processes and long-term planning. Our 2016 Corporate Strategy outlines our vision to become a leader in climate mitigation and adaptation. We are committed to both reducing our emissions and proactively responding to the impacts of climate change on our services, customers and the broader community. In 2017, we committed to achieving an 80 per cent reduction in emissions by 2025 and to exploring a pathway to carbon neutrality by 2030.

In 2018, we developed a Climate Resilience Strategy, which outlines our key climate-related risks and opportunities. The strategy identified six key climate-related risks and developed strategies to mitigate or reduce these risks. These strategies are embedded into our business planning with key actions identified and tracked. For example, a key risk is a reduction in annual rainfall leading to reduced availability of water in Melbourne's storages. Our strategy is to both reduce water usage and diversify supply. Through the Greater Melbourne Urban Water and System Strategy (GMUWSS),

---

*We are working in partnership with the other Melbourne metropolitan water corporations to develop a 50-year strategy for Melbourne's water supply system.*

---

The strategy is adaptive and considers various climate scenarios and potential solutions. We are also exploring and investing in alternative water solutions, such as recycled water and stormwater harvesting projects, and participating in projects to reduce residential water consumption, such as the 'Every Drop Counts' advertising campaign and the Net Zero Water Cycle Project. Our approach for all climate risks identified in our Climate Resilience Strategy is to explore adaptive pathways and focus on collaboration to ensure continued high level of service to our customers into the future.

### Risk management

The risk associated with adapting to climate change is embedded within our Risk Management Framework. The internal Risk, Compliance and Audit function supports regular reviews of the strategic risk testing, the control effectiveness and treatment strategies in conjunction with risk appetite and tolerance levels. A consequence management and opportunities matrix is part of the Risk Management Framework and is used to test the controls. Our internal auditor, RSM, also conducts assessments on all the strategic risks, which includes adapting to climate change.

Climate-related risks are also captured in our Health, Safety, Environmental and Quality Systems with all events, incidents and audit outcomes reported on a regular basis.

## Metrics and targets

During 2020-21, City West Water had numerous environmental targets and metrics which set the foundation for achieving good environmental performance.

The Environmental Sustainability Plan (ESP) developed in 2018 came to an end in late 2020. The ESP objectives were informed by key initiatives and reflected the ambitions of our Corporate Plan, strategies, environmental risks and customer expectations. The objectives within the ESP aimed to:

- ensure safe and secure management of wastewater
- responsibly manage the resource intensity of the services we deliver
- optimise environmental performance of our contractors
- improve outcomes for the environment in which we operate.

From 1 July 2021, Greater Western Water has a fundamental role in the protection of the environment and human health by providing water, recycled water, sewerage and trade waste services to domestic and commercial customers across the CBD, Melbourne's west and adjoining regional areas. In delivering our services we adhere to the strategic intent of enhancing liveability, climate resilience and environmental health in our region through the implementation of our four strategic key pillars:

- Provide exceptional customer-centric services
- Support the growth and economic prosperity of our communities
- Enhance liveability, climate resilience and environmental health in our region
- Establish an affordable, future-ready business with strong presence in our region.

These commitments will be reflected in Greater Western Water's Corporate Plan, strategies and supporting systems.

## Environment Policy

City West Water's Environment Policy underpins our commitment to environmental stewardship and provides the foundation for the implementation of our environmental management processes.

The policy outlines how we meet our responsibilities via the following principles:

- streamlined delivery
- great partnerships
- purposeful leadership
- extensive knowledge of the water cycle.

## Environmental Management System

Our Environmental Management System provides a framework to identify, monitor and manage environmental risks and opportunities in a 'whole of life' approach following the 'plan, do, check, act' cycle. Through this approach we work to build sustainable practices into our business-as-usual process.

Our environmental commitments include:

- prevention of pollution – avoiding, reducing and controlling pollution from our operations
- continual improvement and learning – improving environmental performance through policy setting, planning, implementation, auditing, education, collaboration with internal and external stakeholders and management review
- compliance with legal and other obligations
- adapting to climate change and partnering on actions that mitigate climate change
- intergenerational equity – respecting the needs of current and future generations
- enhancing the environmental performance and resource efficiency of customers, contractors, suppliers and other stakeholders where the outcomes are consistent with our business objectives
- supporting our Business Strategy and Customer First Strategy in relation to the environment.

In 2020-21, our Environmental Management System continued to focus on:

- ensuring safe and secure management of water, sewerage services and recycled water
- water efficiency as a key contributor to resource optimisation
- climate change adaptation and mitigation
- responsibly managing the resource intensity of the services we deliver
- ongoing learning and review to enhance environmental performance
- optimising environmental performance to enhance environmental health outcomes.

Our Environmental Management System retained its certification to the ISO 14001:2015 system. In May 2021, a recertification audit was completed and the West Werribee Salt Reduction Plant was included in the scope of the audit for the first time.

In 2021, we reviewed our Aspects and Impacts Risk Register (Environmental Risk Register) in collaboration with all business groups to reflect current risks and opportunities associated with our products, activities and services.

City West Water continued to partner with Traditional Owner groups to incorporate traditional ecological knowledge into water planning and management. For example, Traditional Owner groups were involved in planning for alternative water projects such as the Arden Renewal Precinct Assessment and Werribee Recycled Water Expansion Phase 1.

### Environmental targets

Protecting and caring for the environment is a fundamental part of what we do, and we aim to reduce impacts to the environment as much as possible, particularly from our sewerage services. The following table outlines our environmental performance against targets.

Essential Services Commission regulated standards	2021 Actual	2021 Target
Interruptions to sewerage services restored within five hours (%)	99	98
Unaccounted for water (%)	7.8	9.2
Average time to attend sewer spills and blockages (minutes)	23.8	31.0

### Other targets

Response to sewer spills within 5 hours (%)	100	100
Spills due to pump station equipment failure (no.)	0	0
Non-food waste customers non-compliant with trade waste agreements (%)	0.7	≤ 2.0
Compliance with Environment Protection Authority licence at Altona Recycled Water Plant (%)	100	100
ISO 14001:2015 (Environmental Management)	Retained	Retain
ISO22000:2005 (Sewage Quality)	Retained	Retain
HACCP (Water Quality)	Retained	Retain

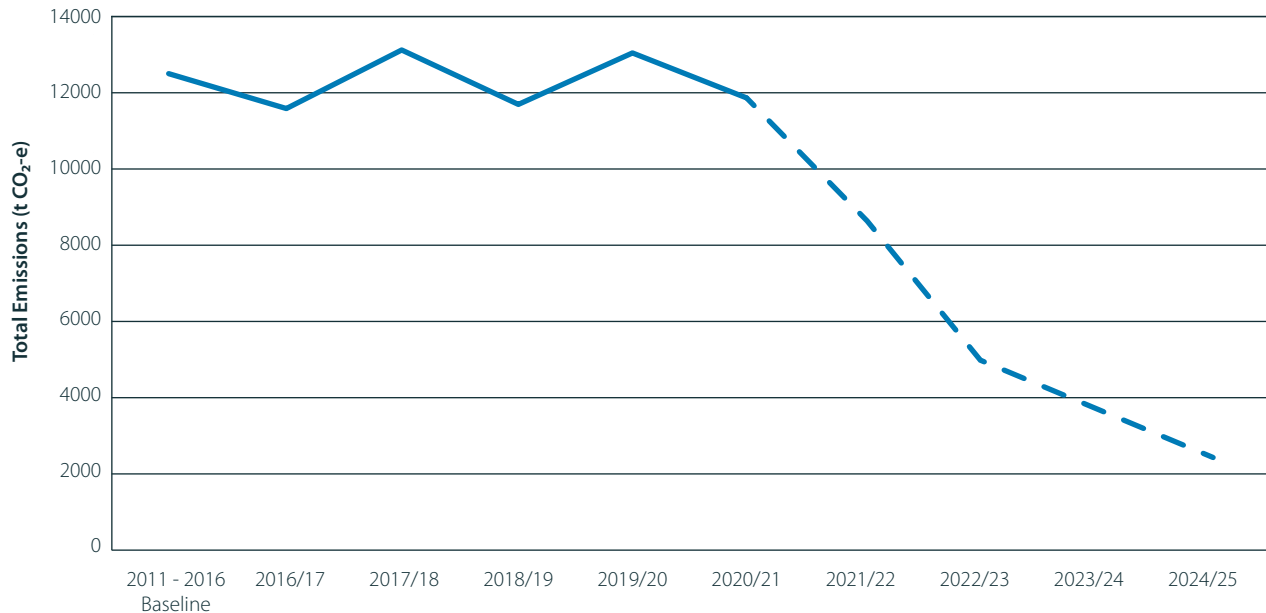


## Greenhouse gas and energy reporting

The table below presents our corporate energy performance.

**Table A1: Greenhouse gas reporting 2020-2021**

Performance indicator	Greenhouse gas emissions (t CO <sub>2</sub> -e)				Variance % (2020-21) projected vs. 2020-21 result	Commentary
	2020-21 projected	Scope 1 emissions	Scope 2 emissions	Total emissions		
Water treatment and supply	538	0	585	585	8%	Electricity consumption in our water transfer network increased this year in line with customer growth. 153 Large-Scale Generation Certificates (LGCs) from the Zero Emissions Water Power Purchasing Agreement were voluntarily surrendered to combat this growth.
Sewage collection, treatment and recycling	10,277	942	9,651	10,593	3%	Electricity consumption at our sewage treatment plants was lower than the previous year. This was due to the Werribee Recycled Water Plant being put in maintenance mode for four months, the Altona Recycled Water Plant being offline for one month, and process improvements being implemented (see p. 61 Environmental performance indicators, Note 1). 173 LGCs from the Zero Emissions Water Power Purchasing Agreement were voluntarily surrendered to offset growth in electricity use across our sewer collection network.
Transport	406	316		316	-28%	Emissions from our corporate fleet decreased due to coronavirus and reduced travel.
Other	560			286	-96%	Electricity consumption at the Footscray Head Office greatly reduced as most employees worked from home in 2020-21.
<b>Total Emissions</b>	<b>11,781</b>			<b>11,780</b>	<b>0%</b>	Total emissions this year are aligned with our forecast and target. Emissions from our water and sewer networks increased in line with customer growth however, this was offset by a reduction in corporate energy consumption due to coronavirus and the sourcing of renewable energy from the Zero Emissions Water Power Purchasing Agreement.

**Graph A4 Progress towards greenhouse gas emissions target for 1 July 2025****Commentary on graph:**

Total reportable emissions have fluctuated from 2016 to 2020, but overall there is a slight downward trend in emissions from the baseline years of 2011 to 2016. City West Water has been investing in renewable energy (through purchasing and investing in solar infrastructure) and planning for significant reductions from 2021 to 2025. The commissioning of the Zero Emissions Water solar farm in 2020-21 and a planned program of solar infrastructure projects will support commitments being established for Greater Western Water.

**Table B1 Total electricity consumption**

Service delivery category	19-20 result (MWh)	20-21 result (MWh)	Commentary
Water treatment and supply	601	750	Electricity consumption in our water transfer network increased this year in line with customer growth in areas such as Tarneit and Wyndham Vale.
Sewage collection, treatment and recycling	10,680	10,226	Electricity consumption at our sewage treatment and recycled water plants was slightly less this year. This was due to the Werribee Recycled Water Plant being put in maintenance mode for four months, the Altona Recycled Water Plant being offline for one month and some process improvements being implemented. Electricity consumption in our sewer collection system slightly increased this year in line with growth.
Other (e.g. offices, depots etc)	625	291	Electricity consumption reduced significantly at our head office in Footscray, due to most employees working from home in 2020-21.
<b>Total</b>	<b>11,906</b>	<b>11,268</b>	Electricity consumption reduced in 2020-21 compared to 2019-20. Increases in consumption in the water and sewer networks were offset by reduced consumption at our recycled water plants and reduced corporate consumption due to coronavirus.

**Table B3 Total renewable energy consumption**

Renewable electricity consumption categories	19-20 renewable energy consumption (MWh)	20-21 renewable energy electricity consumption (MWh)	2020-21 renewable energy consumption (% of total consumption)	Commentary
<i>Renewable electricity consumption from the electricity City West Water receives from the electricity grid as a result of the Commonwealth Government's Large-scale Renewable Energy Target (LRET)</i>				
Total Grid-sourced:				
Mandatory	2,013	2,094	19%	
<i>Renewable electricity consumption as a result of Corporation led/self-sourced activities and initiatives</i>				
Biogas	0	0	0%	
Hydroelectric	0	0	0%	
				326 LGCs were voluntarily surrendered from the Zero Emissions Water PPA. 205MWh of electricity was generated and consumed on site from the solar installation at the Altona Recycled Water Plant.
Solar	653	531	5%	
Wind	0	0	0%	
Other	0	0	0%	
Total corporation-led/self-sourced	653	531	5%	
<b>Total renewable electricity consumption</b>	<b>2,666</b>	<b>2,625</b>	<b>23%</b>	

### Reducing energy use and emissions

City West Water is working across various fronts to reduce energy use and emissions and increase renewable energy reliance. We have an industry-leading emissions reductions target of an 80 per cent reduction by 2025 and are exploring a pathway to carbon neutrality by 2030.

In 2020-21 we delivered a range of projects that have contributed to our ambitious target:

#### Zero Emissions Water Power Purchasing Agreement

As an active partner in the Zero Emissions Water (ZEW) program, City West Water purchases renewable energy from a large-scale solar project at Kiamal Solar Farm. In January 2021, we began to receive renewable energy from the project, with a total of 1,500MWh of renewable energy purchased through the scheme throughout 2020-21. In coming years, it is predicted that the project will abate up to 25 per cent of our emissions.

## Solar installations

Preliminary planning and design work have been completed for the installation of four new solar installations at our Altona Recycled Water Plant, Werribee Recycled Water Plant, Ballan Road tank site and Little River booster pump station. Set to come online in 2022, the solar installations are expected to deliver up to 1,000MWh of renewable energy annually, abating approximately 10 per cent of our emissions.

## Exploring net zero water cycle

We continued our collaboration with Monash University, The University of Queensland, DELWP, Yarra Valley Water and South East Water on the Net Zero Water Cycle Program, a research project that is exploring opportunities to reduce residential energy consumption associated with water use. In 2021, as part of Phase 1 of the research, the collaboration investigated opportunities for the overall reduction in water, water-related energy demand, and associated greenhouse gas emissions in the residential sector. The report includes a cost benefit analysis of projects to reduce emissions in the residential space and identifies opportunities for behaviour change strategies and for reform of government incentives to enable projects. Phase 2 – Options Focus is expected to be delivered in 2021-22, and Phase 3 – Impact Focus is intended as a series of large-scale interventions to reap the water, energy, greenhouse gas and other benefits identified in Phases 1 and 2.

---

*This project is assisting City West Water to identify solutions to reduce our customers' water and energy consumption, improving water security and providing financial and greenhouse gas emission savings to our customers.*

---

## Growing carbon trial

This year we partnered with the Port Phillip and Westernport Catchment Management Authority, Melbourne Water and Yarra Valley Water to deliver a carbon sequestration trial with the goal of generating carbon offsets. The project is in planning stage with works to occur in 2021-22. If the trial proves successful, the project aims to revegetate 50 hectares of land, prioritising land that provides environmental and social benefits for local communities.

## Collaborating for the environment

### Engaging with Traditional Owners

Representatives from the Boon Wurrung, Bunurong, Wadawurrung and Wurundjeri Traditional Owner groups were involved in key decision-making throughout 2020-21 to ensure that our alternative water projects aligned with traditional values and enhancement of the environment. Representatives from Traditional Owner groups participated in seven meetings, workshops and site visits throughout the year.

Projects involving Traditional Owner groups included:

- **Arden Stormwater Harvesting Assessment**

This assessment explored stormwater harvesting options to deliver recycled water to the Arden Renewal Precinct, located in the Maribyrnong catchment. As a priority project for the Werribee IWM Forum, innovative options to co-locate and share assets were explored, with extensive collaboration across Traditional Owner groups and the project's funding partners: City of Melbourne, Melbourne Water, Department of Transport, and DELWP.

- **Aviators Field IWM Plan**

This plan seeks to identify IWM opportunities in the Aviators Field precinct, early in the planning process. Development of the plan began in July 2020 and is set to be completed by October 2021. Findings will inform the Precinct's Structure Plan.

This project is a great example of collaboration, partnership and engagement across multiple stakeholders including the Victorian Planning Authority and Traditional Owner groups (Boon Wurrung, Bunurong and Wurundjeri). Funding partners include Wyndham City Council, Melbourne Water and DELWP.

- **Werribee Recycled Water Expansion Phase 1**

Planning for this project began in July 2020 and included engagement with Traditional Owners, the Wadawurrung. The expansion seeks to increase recycled water use and potentially decrease river water extractions from the Werribee River. It presents an opportunity for the return of river water entitlement for environmental or cultural flows.

## Greening the West

Established in 2013, Greening the West is a regional initiative that advocates for greater investment, large scale projects and collaboration across councils and agencies to improve community health, reduce heat stress, increase amenity, and foster social cohesion to improve quality of life in the west.

This year the next phase of the project was laid out in the *Greening the West Strategic Plan 2020-25*. The plan outlines the vision, goals and targets over the next five years and provides a framework that all partners can use as a guide for supporting a green, healthy, more liveable west, including:

- delivering water projects using stormwater/recycled water supplies for urban greening to improve community health and wellbeing and support liveability
- supporting urban cooling initiatives, such as extensive tree planting and the creation of new regional parks and recreation areas, to mitigate extreme heatwave events
- continuing to educate, connect and encourage community support and participation in urban greening initiatives
- supporting quality urban design and encouraging green infrastructure outcomes.

Greening the West is a bold strategy for a greener Melbourne endorsed by 41 organisations representing local government, Victorian Government, water authorities, statutory agencies and industry bodies. The project also provides opportunities for university research partnerships. For example, Monash University is researching urban greening and cooling including heat mapping at the Werribee Salt Reduction Plan.

### Greening the Pipeline

Greening the Pipeline is transforming the heritage-listed Melbourne Metropolitan Board of Works Main Outfall Sewer Reserve along the Federation Trail into a linear parkland. The project is creating a vibrant space to connect the Brooklyn community, enhance active transport options, manage water sensitively and provide a unique space to meet, play and enjoy passive or active recreation to support community health.

---

*Greening the Pipeline is creating a vibrant space to connect the Brooklyn community.*

---

Since the pilot project was completed in Williams Landing in 2017, Greening the Pipeline has leveraged \$8 million in funding to transform other sections of the reserve into a multi-recreational green space for the community to benefit. Several urban greening projects are underway spanning the Werribee to Brooklyn easement, as well as works to revitalise a 2.7km section of the reserve in Brooklyn.

This year, City West Water and Greening the Pipeline also co-funded an innovative stormwater harvesting project to irrigate Arndell Park in Wyndham, scheduled for completion in mid-2022.

Greening the Pipeline project partners are Melbourne Water, Wyndham City Council, Department of Transport, and DELWP. City West Water has supported the project by co-funding the Project Manager position.

### Moonee Ponds Creek Chain of Ponds

This year, City West Water hosted the Collaboration Lead position for the Chain of Ponds project. The project is a collaboration of 15 organisations, including local and state governments, community groups, not-for-profits, water corporations and universities. The project is transforming the Moonee Ponds Creek and surrounding areas into an iconic waterway providing social and environmental benefits to the community. City West Water is hosting the Project Manager position within the Strategic Projects Team for a two-year term.

### Living Melbourne: our urban forest

City West Water, on behalf of the Melbourne metropolitan water businesses, is hosting Living Melbourne: our metropolitan urban forest and has committed \$60,000 in support of the initiative for the next 12 months.

Living Melbourne is the result of more than four years of collaboration to develop the evidence base and actions required to connect, extend and enhance urban greening across Melbourne's metropolitan area. Living Melbourne has been endorsed by 41 organisations representing local government, Victorian government, water authorities, statutory agencies and industry bodies. The initiative brings together organisations to work towards a shared vision of resilient and thriving communities that are connected through nature.

### Turning waste into energy

City West Water is participating in a partnered PhD program with RMIT University to examine opportunities to reduce trade waste costs to customers and identify higher value uses such as resource recovery and energy generation.

Trade waste from food businesses or industrial customers often requires extra treatment due to a high nutrient load and the occasional presence of contaminants before it can be safely released into the wastewater system. Using organic waste streams for nutrient or energy recovery has the potential to reduce the costs associated with disposal and treatment and reduce greenhouse gas emissions. Samples from City West Water's trade waste customers are being tested at the RMIT Bundoora campus lab, investigating their potential for biogas and struvite production. The initial research findings will be available this year and the project will continue through to the end of 2023.

## Sustainable water use

### Water recycling

#### Stormwater harvesting

City West Water continues to co-fund projects to improve community liveability, create green open spaces, minimise flooding, improve water quality in our waterways and reduce reliance on drinking water resources for irrigation.

---

*Our Stormwater Harvesting Partnering Fund was awarded the Environmental Protection Award at the Premier's Sustainability Awards. The award recognises initiatives that increase green spaces and liveability.*

---

Over the past year, we invested \$2 million in stormwater harvesting as part of our second round of co-funded projects, with project partners including Melbourne Water, local councils, and DELWP contributing \$4.5 million. Three projects were funded in the second round and are scheduled to be delivered by June 2022. These projects will reduce demand on drinking water by over 150ML per year. This builds on the success of the first round of the fund, which has delivered six co-funded

projects across our service area and takes the total potable water savings to an estimated 250ML/yr.

At the completion of these projects, City West Water will have been involved in a total of 16 stormwater schemes.

### Aquifer storage and recovery

Work continued to develop an aquifer storage and recovery scheme adjacent to the Werribee Salt Reduction Plant to collect and store excess recycled water during low demand periods for use in summer peak demand periods.

From July 2017 to March 2020, an operational trial was conducted involving various cycles of injection, storage and recovery of recycled water. Data from the trial is being used to determine feasibility of the scheme. Geochemical analysis has been completed and geological modelling is expected to be finalised by late July 2021. Following this analysis, treatment requirements will be determined. If viable, the scheme could provide an alternative source of recycled water for residents of Werribee and other parts of the Wyndham City Council area.

### West Werribee recycled water scheme expansion

We're expanding our recycled water network to service key customers in the Werribee Parks Precinct, including Werribee Open Range Zoo and key open spaces in Werribee City Centre. This \$5.4 million expansion project, which is co-funded by City West Water and DELWP as part of the Working for Victoria initiative, will secure a low salt, fit-for-purpose alternative water source for local customers. The project is expected to increase the volume of recycled water we supply by approximately 477ML per year. Ultimately this project could substitute over 210ML per year of river water extractions with recycled water, which could return river water to the environment. This project supports long-term resilience of our water system by reducing reliance on drinking water and discharge of wastewater to Port Phillip Bay.

### Water efficiency and conservation

#### Water awareness programs in schools

Educational programs within Victorian schools help raise understanding and awareness of the water cycle and water efficiency. This year we participated in the following activities:



### • School incursions

Our education incursions are delivered to children in early learning, foundational to Year 8, as well as culturally and linguistically diverse students. Programs focus on valuing water as a resource, saving water around the home, and understanding how we manage water and sewage.

This year, we continued to manage the challenge of metropolitan schools transitioning to home-schooling in line with coronavirus restrictions. We continued to be agile in the way we interacted with teachers, adding new online content to our 'education at home' materials, including National Water Week learning materials. While several booked incursions were postponed due to restrictions, throughout 2020-21 we delivered 16 face-to-face incursions to schools and kindergartens with 1,200 students in attendance. Approximately 200 students participated in virtual incursions.

### • Kids Teaching Kids

This national program empowers children and young people to drive action on environmental issues. We are proud to sponsor the event and have done so for five years. This year's conference was held virtually with 60 schools tackling the theme: 2030 Vision: Rehabilitation. The conference included interactive school challenges, environmental ambassador speakers, live performances, and inspirational MCs.

### • National Water Week poster competition

National Water Week was held from 19-25 October 2020 with the theme 'Reimagining our Water Future'. The annual event inspires individuals, communities and organisations to work together to build awareness and understanding around water-related topics and challenges. This year, our participation in the National Water Week primary school poster competition was held online, with entries received digitally. We received more than 150 posters from students across five schools in our service area.

### Choose Tap

Choose Tap is a national program that promotes the benefits of drinking tap water to improve the health and wellbeing of communities and the environment through the reduction of single use plastics. With approximately 1,440 single use plastic bottles being sent to landfill every minute in Australia and only 20 per cent of plastic being recycled, this is a significant issue for everyone. We continue to partner with councils and other organisations in identifying high profile locations to install permanent water refill stations, making Melbourne's world class tap water more accessible when customers are out and about, as well as displaying important sustainability messaging.

### Make Every Drop Count

We continued to collaborate with Melbourne Water, South East Water and Yarra Valley Water on the Make Every Drop Count campaign, which promotes water conservation and mindful water use. The campaign encourages Melburnians to think about how they use water in the home and outdoors. It supports the Victorian Government's Target 155 objective, encouraging Melbourne households to limit water consumption to 155 litres per person per day. This year, with consideration to the pandemic, we adapted our approach to focus on activities that directly engaged with our customer base. Almost 150 people contributed water saving ideas through our Water Winners competition, more than 300 people registered for an online sustainable gardening webinar in partnership with Sustainable Gardening Australia, and we received 575 customer engagements across our social media channels.

### Community events and sponsorship

We are an active participant in the local communities we serve, supporting a diverse calendar of community events, programs and groups. Our event and sponsorship program is designed to build awareness and engagement with our brand by promoting our organisation, programs and key behaviour change activities.

- **Mobile water fountains** – Due to coronavirus, we kept our Mobile Water Fountains program on hold. We are ready to resume at the appropriate time, with a focus on increased surface cleaning processes and touch-free fountain options.
- **Community sponsorship** – Due to restrictions on public gatherings, we were unable to deliver our community sponsorship program for the round one period July–December 2020. However, round two of the Community Sponsorship Program, for events in January–June 2021, was made flexible to enable events to pivot online or deliver programs in new and different ways. We received 21 applications, with a total of 11 recipients. The total funding awarded for 2020–21 was \$23,600. We also worked with Western Water to develop a single COVIDSafe sponsorship program for events to be held across the new Greater Western Water service area over July–December 2021.
- **Strategic sponsorship** – This year we provided \$23,200 for strategic sponsorships to Australian Football League Women (AFLW) Western Bulldogs, the Western Bulldogs Community Foundation, Orange Sky and WaterAid.

## Sustainable and resilient water and wastewater service systems

### Major water and sewerage projects

Several major water and sewerage projects were successfully completed in 2020-21. All projects continued safely with COVIDSafe plans regularly reviewed and adapted in response to changing settings, continued learning and community expectations. Each project was delivered on-time and met our commitment to putting the customer and the community at the heart of all we do. Through community and stakeholder engagement approaches, including customer reference groups to provide a conduit between the project team the local community, we strengthened our relationships with our stakeholders.

#### Carlton Water Main Renewal

We completed the \$10 million renewal project to install 2.3km of new water main along Canning Street and decommissioned an existing main in Nicholson Street. The replacement of the 140-year-old pipeline ensures a safe and secure water supply for inner city suburbs including Carlton and Carlton North for years to come.

#### Lonsdale Street Sewer Upgrade

Stage 2 of the \$20 million Lonsdale Street Sewer upgrade was completed in November 2020, approximately one year after works commenced on the busy CBD site. The upgrade installed 900m of new sewer line under Lonsdale Street using a tunnel boring machine (TBM) that was launched and retrieved via shafts at three locations along Lonsdale Street. The first TBM drive to Elizabeth Street ended in May 2020 and the second drive to Spencer Street was completed in September 2020. Planning commenced for Stage 3 (Elizabeth Street Sewer upgrade) of the \$80 million Melbourne CBD Sewer Augmentation Strategy. The four-stage strategy will fully replace the 120-year-old sewer network and cater for the growing inner-city population.

#### Mt Atkinson Outlet Sewer

The Mt Atkinson Outlet Sewer project constructed approximately four kilometres of backbone sewer infrastructure through six private properties along Derrimut and Hopkins roads in Tarneit. It provides sewerage services to the expanding urban growth area in Melbourne's west, including the Werribee North sewerage catchment.

#### West Werribee Pumping Station

The \$12 million West Werribee sewer pump station (SPS44) upgrade was completed this year, delivering increased capacity for sewerage services to meet the predicted growth of 60,000 new dwellings in the Werribee area. The project relocated the existing pump station away from residential housing to reduce potential noise, odour and disruption during maintenance activities. Construction comprised a 380m length of 1200mm diameter sewer that crossed the Princes Freeway (via tunnelling), six maintenance holes, two wet wells and the associated mechanical and electrical works. The old pump station has now been decommissioned and the site will be restored to parkland.

#### Holden Reservoir Inlet Pipeline

The \$22 million, 4.15km Holden Reservoir Inlet Pipeline was commissioned in June 2021 after two years of construction. Led by Melbourne Water, working closely with City West Water, VicRoads, Melton and Brimbank City councils and local businesses, this pipeline provides an ongoing high-quality water supply to meet the demand from Melbourne's growing outer west. The pipeline feeds water from the Greenvale-Sydenham water transfer system to the existing water supply system. The next stage of the project involves future construction of two large water holding tanks at the western end of the pipeline.

#### Digital metering proof of concept trial

Our two-year Digital Metering Proof of Concept Trial was completed this year, with more than 2,500 customers participating and five million litres of water saved.

Established in 2018 and delivered through a joint program with South East Water and Yarra Valley Water, the trial tested whether digital meters benefit our customers through features such as leak detection and more timely water use data. To validate these concepts, we installed digital meters at households in Richmond and Docklands and at properties of a small number of City West Water employees. Some members of the trial were also offered access to our water usage portal, TappedIn, which allowed them to track their water consumption in near real-time.

The trial has shown digital metering can help quickly identify leaks, enable timely repairs and help customers better manage their water use and reduce their bills. In 2020-21, the trial detected 109 leaks across 63 residential and 46 non-residential properties, saving an estimated 5.30ML of water through leak detection and early repair.

The shift from proof of concept trials to enterprise-grade large scale digital metering will require significant capital investment, planning and business transformation. As Greater Western Water, we will continue to engage with our customers to understand their expectations and investigate options to better understand technologies, solutions and benefits across our growing service area.

### Big Build Project Partnership

In 2020-21, the Project Delivery team collaborated with our project partners to deliver \$23 million worth of water and sewer assets to support Victoria's Big Build across several project sites.

Our work with Metro Tunnel, Level Crossing Removal Project and Western Roads Upgrade delivered 3.4km of water assets and 0.6km of sewer assets built across nearly 30 locations at an estimated cost of \$8.3 million. For the Westgate Tunnel project, 2km of water assets and 1.2km of sewer assets were renewed across 30 project locations at an estimated cost of \$14.7 million.

The Melbourne Metro Tunnel project achieved an important milestone in May 2021 with the completion of tunnel boring activity. Four huge tunnel boring machines finished 20 months of digging under Melbourne to create two 9km tunnels. City West Water's involvement on the project over the past six years is a great example of bringing to life our vision to put customers first and benefit our community through strong collaboration. Through this collaboration, \$4.3 million of assets were renewed, temporary water services were provided at several key construction sites and we ensured continuity of critical water supplies to the hospitals in the Parkville precinct. This work involved collaboration internally across planning, design, project delivery, operations, property servicing, trade waste, billing, finance, and customer engagement.

### Renewals – partnership delivery model

City West Water's Renewals Team manages the procurement and delivery of upgraded water and sewer mains, all carried out while keeping customers front of mind and connected to essential services. For the whole of 2020-21, the Renewals team delivered a total of 92 water main renewals (26.49km) and a total of 372 sewers relined (17.18km)

In 2021, we moved to a partnership model with two delivery partners: Downer and Interflow.

---

*The partnership model has uplifted the way we engage with our customers and communities, how we approach safety and how we work collaboratively to solve problems and continuously improve.*

---

In its first six months, the delivery partnership has delivered more than 14km of water and sewer main renewals.

Work included:

- renewing more than 8km of water main across the service area
- renewing more than 6km of sewer main, including 127 separate lines, undertaken in streets and backyards across our service area
- conducting more than 40 'Walk and Talks' to bring together our people and delivery partners onsite to share knowledge and experiences
- uplifting the way we engage with customers and communities, onboarding dedicated community engagement staff on our renewals projects, a new suite of notifications and renewed focus on planning and evaluation of each of our projects
- establishing new ways of working, where we get together to solve problems, for example deciding on the best response to emergency works
- packaging projects to enable greater efficiencies in delivery and improving customer experience
- continuing to make safety a priority, for example through joint workshops with delivery partners that focus on issues such as sewer blowback
- working together to progress our social procurement initiatives to ensure we have local content, First Nations employment and gender diversity in the construction industry.

## Sustainable water strategies

### Greater Melbourne Urban Water and System Strategy

Victoria's water corporations are due to revise their existing urban water strategies and water supply system strategies by March 2022. This is required every five years to ensure our water plans are regularly reviewed and built on current knowledge, supporting us to navigate impacts of climate change and population growth.

City West Water is collaborating with Western Water, Melbourne Water, South East Water and Yarra Valley Water to develop the Greater Melbourne Urban Water and System Strategy (GMUWSS) 'Water for life', which will be the strategy for the whole Greater Melbourne Region.

---

*Water for life will provide a roadmap toward a secure water future across Greater Melbourne for the next 50 years.*

---

This strategy will provide a roadmap toward a secure water future across Greater Melbourne for the next 50 years, as the industry navigates the impacts of climate change and population growth. It will include actions for the next five years and updated drought preparedness plans, which provide a framework for managing reliability under dry and drought conditions.

In developing 'Water for life', we are working closely with our customers, Traditional Owners, key stakeholders and the broader community to build a genuine, shared understanding of:

- the current and future water challenges we need to address
- a broad range of options for how we'll respond to these challenges
- a clear understanding of what will trigger us to take specific actions
- key criteria against which we'll assess all options for the future.

The final strategy will be submitted to DELWP by March 2022.

### Central and Gippsland Regional Sustainable Water Strategy

Sustainable water strategies are long-term plans developed by DELWP to secure a sustainable water supply across Victoria's regions.

The Central and Gippsland Sustainable Water Strategy aims to address drier conditions, declining water storage levels, investment in the health of waterways and Traditional Owner values regarding environmental flows and water rights.

This year, we participated in the strategy consultative review process lead by the DELWP, which involved reviewing and providing input into policy papers relating to water cycle management, including diverse water supplies, efficient use of water in agriculture and shared benefits.

The Central and Gippsland Regional Sustainable Water Strategy is still in development and is expected to be released in 2021-22.

## Drought preparedness

Metropolitan water retailers are required to prepare drought preparedness plans, which set out actions to prepare for, and respond to, periods of water shortage.

### Annual Water Outlook

In accordance with the Drought Preparedness Plan, each year we collaborate with South East Water, Yarra Valley Water and Melbourne Water to publish Melbourne's *Annual Water Outlook*, which sets out our water security position and actions over the coming year.

The Outlook showed that Permanent Water Use Rules would remain in place for metropolitan Melbourne, and there would be no restrictions implemented. For 2020-21, Melbourne was supplied with 125 billion litres of desalinated water. With these actions, *Melbourne's Water Outlook 2021*, released in November 2020, assessed that Melbourne's water availability is secure for the coming year.

### Drought Preparedness Plan and by-law

Developed in accordance with the *Guidelines for Assessing the Impact of Climate Change on Water Supplies in Victoria*, the Drought Preparedness Plan has been in place since June 2012, with the Permanent Water Saving Plan in place since November 2011.

City West Water is currently participating in the DELWP review of the water restriction by-law and permanent water saving rules, to be completed by December 2021.

### Integrated water management

Integrated water management (IWM) is a collaborative process that brings together all stakeholders involved in the planning and management of water across the entire water cycle. IWM seeks to maximise liveability, resilience and sustainability outcomes across our cities and regions.

---

*IWM guides our service planning and plays an important role in meeting the challenges of supplying a rapidly growing population and helping Melbourne become a water-sensitive city.*

---

City West Water continues to support DELWP to deliver the IWM forums. Through the forums, water corporations, local government, catchment management authorities and Traditional Owners create a shared vision for the sustainable management of our water and land resources. Of Melbourne's five IWM forums, City West Water is a key contributor to the Maribyrnong River, Werribee River and Yarra River forums. We also lead and contribute to priority projects identified by the forums that maximise economic, social and ecological benefits to the community.

Over the past year, we have participated in several priority projects including:

- contributing to the development of strategic outcomes, indicators and measures to guide IWM planning across Melbourne
- partnering with Melbourne Water, Victorian Planning Authority, Wyndham City Council and Traditional Owners to develop the Aviators Field IWM Plan, due for completion at the end of 2021
- completing a stormwater harvesting assessment to assess the feasibility of providing alternative water to the Arden Renewal Precinct for toilet flushing, laundry and to support green open spaces
- partnering with the DELWP, local councils, Melbourne Water, Southern Rural Water and Western Water on a Regional IWM Masterplan for the western growth area
- supporting Western Water to investigate opportunities to provide fit-for-purpose recycled water to green open spaces in the Melton growth area
- supporting Western Water to investigate supplying recycled water to Melbourne Airport
- collaborating with IWM forum partners to support the assessment of a city-wide alternative water network for Melbourne.

## Other statutory obligations

### Victorian Biodiversity Strategy

Our Biodiversity Plan for Action aligns with and complements national, state and local government biodiversity plans, strategies and management initiatives.

The plan includes three areas of focus:

- protecting ecosystems – creating and maintaining healthy connected ecosystems resilient to threats
- valuing biodiversity – a cornerstone of healthy ecosystems
- engaging and working with stakeholders – collaborating and creating connections with stakeholders to conserve biodiversity.

In March 2021, a site assessment of the native vegetation at City West Water's Ballan Road Offset Site in Wyndham Vale was conducted. The native vegetation site is home to endangered and rare flora and fauna. The site assessment found all three Spiny Rice-flower locations and the plants were healthy. Some areas of native grassland are now mapped as non-native due to weed invasion; however other areas of previously mapped non-native vegetation are now mapped as Plains Grassland. Overall, the grassland was in reasonable condition.

We are now into the ninth year of a ten-year timeframe to improve and restore the site before maintaining it in perpetuity. The site continues to be actively managed to offset native vegetation removed as part of our construction works of sewerage and water supply assets.

### Victorian Waterway Management Strategy

We continue to work in partnership with Melbourne Water, state and local government, water corporations and the community to provide a flexible framework that maximises the use of water sources such as stormwater and recycled water, while balancing use from traditional catchments and dams.



Melbourne Water's *Healthy Waterways Strategy* outlines a shared vision and goals in protecting and improving waterways across our region and improving community liveability. Our stormwater harvesting projects support the strategy by slowing stream flows and improving general water quality. The harvested water is also used to irrigate our local parks and open spaces during summer. Greener open spaces connecting along our waterways help motivate community activity, such as exercise, and produce long-term benefits that can lead to the improvement of our mental health and general wellbeing.

### State Environment Protection Policy

The *State Environment Protection Policy (SEPP) (Waters)* guides the management of water quality to improve the protection of waterways, bays and coastal waters within Victoria.

The SEPP (Waters) was established under the *Environment Protection Act 1970* and provides a framework that governs how City West Water and other agencies work together to protect and manage surface water and groundwater within Victoria.

City West Water operates the Altona Recycled Water Plant. The plant has a discharge licence issued by the Environment Protection Authority (EPA), which sets environmental performance objectives. As a licence holder, City West Water is required to submit an Annual Performance Statement to the EPA. In addition, City West Water reports each year on water quality data and flow in the National Pollution Inventory and to the Essential Services Commission.

City West Water meets the requirements of the SEPP (Waters) through a broad range of activities, including:

- complying with EPA guidelines on environmental management for managing wastewater recycling
- risk assessments, specifically an Ecological Risk Assessment, which forms part of our monitoring program
- continuation of an approved EPA monitoring program for the licensed mixing zone, which ensures beneficial uses are not impacted outside the mixing zone
- addressing identified deficiencies put forward for internal approval for capital works
- implementing trade waste agreements
- preventative maintenance and renewal of assets to minimise spills, including seepage of wastewater via sewer overflows, collapse or leakage
- identifying catchments that are non-compliant through the standardisation of hydraulic modelling and informing the development and implementation of a sewer hydraulic compliance program with the objective to bring the sewerage system into compliance to contain flows associated with a one-in-five rainfall event.

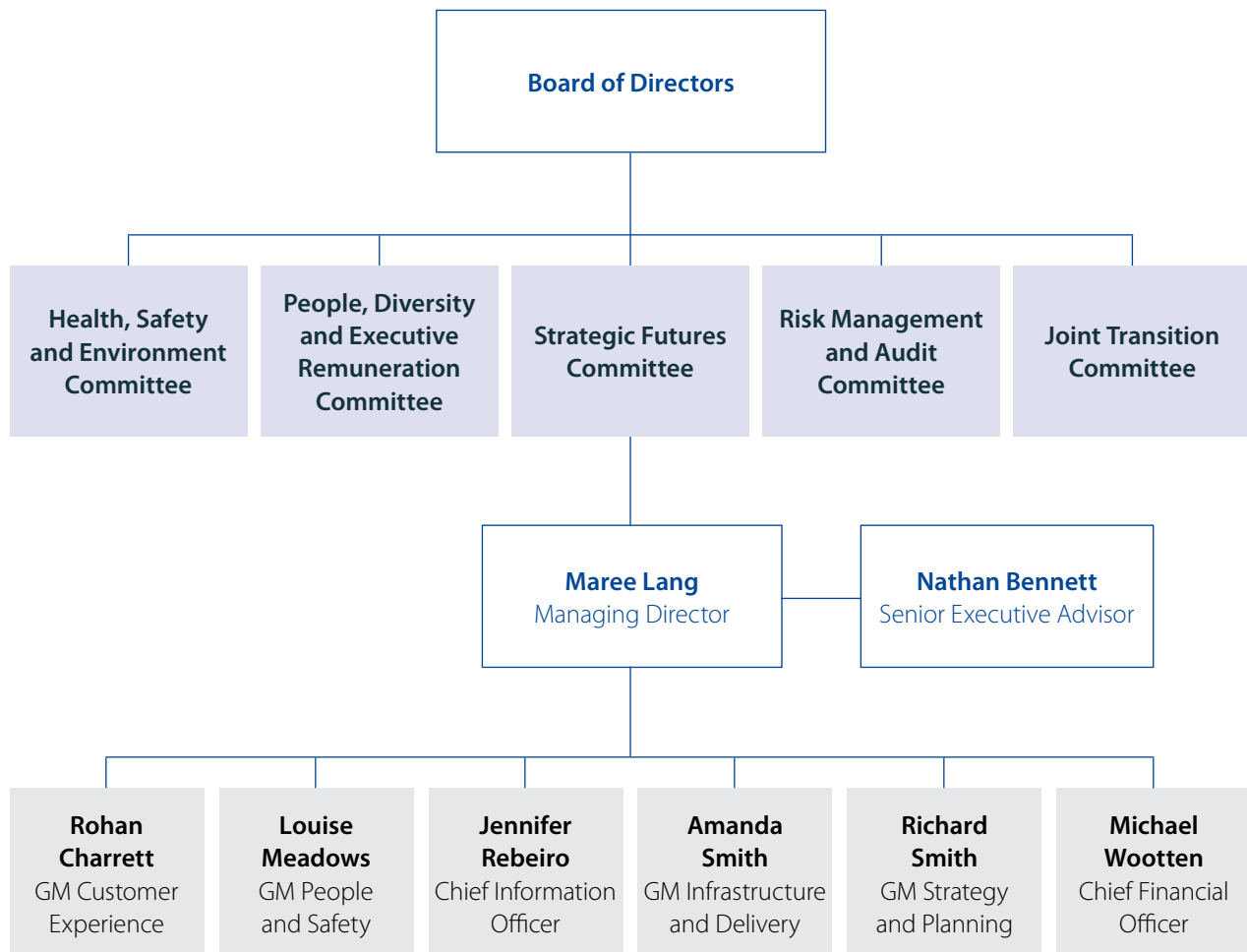


# Our Business

SDGs reported on:



## Organisational structure



### Customer Experience

Rohan Charrett

- Customer service
- Customer care and operations
- Credit management
- Business customer services
- Strategic business partnerships
- Billing and customer information management

### Infrastructure and Delivery

Amanda Smith

- Delivery of new infrastructure to support growth
- Enabling major government works
- Asset reliability program delivery
- Water, sewer and recycled water operations and maintenance
- Infrastructure quality programs
- Asset information and operational technology
- Drinking water, recycled water and sewage quality management

### People and Safety

Louise Meadows

- Human resources
- Payroll
- Employee communications
- Health, safety and wellbeing
- Learning and development
- Organisation development and change
- Culture and employee engagement

### Strategy and Planning

Richard Smith

- Business planning and regulation
- Strategy and policy
- Service planning
- Communications and engagement
- Customers first program office
- Strategic projects

### CIO/Information Technology

Jennifer Rebeiro

- IT operations
- Digital delivery
- Business engagement
- IT governance, assurance and architecture

### Corporate Services

Bart Clingin

- Secretariat to Board
- Finance
- Quality management systems
- Insurance
- Environmental
- Emergency management
- Risk management, compliance and audit, fleet management
- Legal services
- Contract management
- Procurement
- Business improvement
- Information security and records management

### GWW Integration/CFO

Michael Wootten

- Strategic implementation of integration
- GWW enabled to meet its regulatory obligations
- CWW finance function compliance

## Corporate governance

### Governance

The Hon. Lisa Neville MP was appointed as the Minister for Environment, Climate Change and Water in December 2014, then as Minister for Water on 23 May 2016. The Minister for Water for the period 1 July 2020 to 30 June 2021 was the Hon. Lisa Neville MP. The Hon. Richard Wynne MP was Acting Minister for Water from 15 February 2021 to 30 June 2021.

The Minister for Water is responsible for urban water, irrigation water, groundwater, water corporations and governance, allocation and trading, permanent water use rules and water restrictions.

The Minister for Water, in consultation with the Treasurer, appoints the directors of City West Water and sets the terms and conditions. Directors are eligible for reappointment for subsequent terms. The Board is responsible for setting and overseeing the policies, objectives and strategies of City West Water, and for ensuring that risk is appropriately managed.

The Board met 11 times in 2020-21. It is committed to performing its role in accordance with the highest standards of corporate governance. There were five committees of the Board. The Risk Management and Audit Committee met five times; the Health, Safety and Environment Committee met four times; the People, Diversity and Executive Remuneration Committee met three times; the Strategic Futures Committee met three times; and the Joint Transition Committee met 11 times.

The Board approves budgets and significant projects, reviews corporate policies and strategies and oversees progress on key issues affecting the corporation. The Board comprises eight non-executive directors and the Managing Director. Each director brings specialist skills to City West Water. All non-executive directors (including the Chair) are appointed by the Minister for Water. The Managing Director is appointed by the Board. The Board seeks independent review of its performance on an annual basis and reports to the Minister for Water and the Treasurer of Victoria on the outcomes of these reviews. We operate under the *Water Act 1989*. The activities of our organisation are governed by the *Water Act 1989* and the Statement of Obligations issued by the Minister for Water under Section 41 of the *Water Industry Act 1994*.

## Members of the Board

### David Middleton

Chair

BEng, MEng, MBA, GAICD

Mr Middleton was appointed to the Board on 1 October 2015. Mr Middleton was a Director at Yarra Valley Water from October 2011 to September 2015. Mr Middleton has more than 30 years of industry operational and executive experience and is currently General Manager, Water, Power and Energy at Calibre Group, a diversified engineering and construction firm. Mr Middleton holds Bachelor and Masters degrees in engineering, an MBA from Deakin University and is a Graduate Member of the Australian Institute of Company Directors (AICD). Mr Middleton has held previous Board roles as Managing Director of the CH2M Hill group of companies in Australia and Chair of CH2M Beca in New Zealand.

**Committee membership:** People, Diversity and Executive Remuneration Committee; Health, Safety and Environment Committee

### Mary Beth Bauer

Director, Deputy Chair

BA, FAICD, ACA, CPA (US)

Ms Bauer was appointed to the Board on 1 October 2015 and appointed as Deputy Chair on 1 October 2019. Ms Bauer has over 20 years' experience as a senior executive, advising CEOs and boards across Australia in a diverse range of industries. Ms Bauer has a very strong focus on governance and her professional experience includes finance, audit and risk, business strategy development, financial markets, mergers and acquisitions and all aspects of investor and stakeholder relations and strategic communications. She also serves on the Fisher Leadership Board and is Treasurer of University College.

**Committee membership:** People, Diversity and Executive Remuneration Committee (Chair), Risk Management and Audit Committee.

**Bruce Cohen**

## Director

BComm, LLB (Hons), MComm, PhD (Pub. Pol.)

Dr Cohen was appointed to the Board on 1 October 2015. Dr Cohen is the principal at BKE Consulting. During his career he has been a Director at Melbourne Water, Snowy Hydro Ltd and Victorian Energy Networks Corporation, as well as the Chair of VicTrack and the Victorian Commission for Gambling and Liquor Regulation. He is currently a Director at Austin Health.

**Committee membership:** Risk Management and Audit Committee; Strategic Futures Committee (Chair); Joint Transition Committee

**Bill Jaboor**

## Director

MBA, BA, Grad.Dip Local Government Management, Assoc. Dip. Business Studies

Mr Jaboor was appointed to the Board on 1 October 2015. Mr Jaboor has over 45 years' experience working in different roles within local government across Victoria and Queensland. Over the past 20 years he has been CEO at the cities of Brimbank, Hobsons Bay, Greater Shepparton and Benalla. He is currently Chair of Victoria Legal Aid, a Member of the Department of Justice and Regulation Independent Review Panel and a member of Victoria University's Western Advisory Committee.

**Committee membership:** Health, Safety and Environment Committee (Chair); People, Diversity and Executive Remuneration Committee.

**Freya Marsden**

## Director

BAGResEcon (Hons), MComm., GAICD

Ms Marsden was appointed to the Board on 1 October 2019. Ms Marsden is an experienced commercial and government non-executive director (NED). With over 20 prior and existing Chair and NED board and committee roles, Ms Marsden has utilised her experience in complex organisational environments including in regulated sectors such as energy and water as well as infrastructure provision and environmental sustainability. She holds a Master of Commerce and a Bachelor of Agriculture and Resource Economics. Ms Marsden has multisector finance, risk, audit and assurance experience in driving organisational value and is an AICD Graduate and Graduate of Mastering the Boardroom.

**Committee membership:** Risk Management and Audit Committee (Chair); Health, Safety and Environment Committee; Strategic Futures Committee.

**Tania Fryer**

## Director

LLB (Hons), BA, MCommrclLaw, GAICD

Ms Fryer was appointed to the Board on 1 October 2017. Experienced in technology, telecommunications and law, before becoming a professional company director, Ms Fryer was previously an executive at Telstra and prior to this was a lawyer at Allens Linklaters. Ms Fryer also serves on the boards of Grey Innovation Group Pty Ltd, Potential(x) Holdings Pty Ltd and .au Domain Administration Ltd, and the State Committee JDRF Australia (Juvenile Diabetes Research Foundation).

**Committee membership:** Risk Management and Audit Committee; Health, Safety and Environment Committee; Joint Transition Committee

**Sawsan Howard**

## Director

BAGSc., MEnvSt (Hons), MBA (Hons), Juris Doctor (Hons)

Ms Howard was appointed to the Board on 1 October 2019. Ms Howard is an Australian lawyer who also holds formal qualifications in agricultural and environmental science and business. She brings multi-industry perspectives from financial services, infrastructure, sustainability, energy and the primary production sector. She is the Chief Corporate Affairs and Marketing Office at IOOF, an ASX200 listed financial services company. Ms Howard is also a non-executive director with the Banksia Foundation and a member of the RMIT MBA Advisory Board.

**Committee membership:** Health, Safety and Environment Committee; People, Diversity and Executive Remuneration Committee; Strategic Futures Committee; Joint Transition Committee

**Maree Lang**

## Managing Director

MBA (Prof), B.Eng (Hons) (Chem), B.Comm

Ms Lang was appointed Managing Director in April 2020 and was appointed Acting Managing Director in November 2019. Prior to this Ms Lang was an executive with City West Water, leading the delivery of water services to over one million Melburnians across the CBD, inner suburbs and the growing western region, as well as the delivery of major new assets vital for growth, urban renewal and government infrastructure. She brings a passion to lead culture, safety and business transformation in order to deliver exceptional outcomes for customers and the communities we service. Ms Lang combines her water sector experience with a diverse

and commercial driven background, and her leadership was also recognised by her inclusion as Institute of Public Administration Australia (IPAA) Top 50 Public Sector Women (Victoria) 2018.

**Committee membership:** Health, Safety and Environment Committee. Attends all committee meetings.

### Christopher Lovell

Director  
BA, LLM, FAICD

Mr Lovell was appointed to the Board on 1 October 2017. Mr Lovell was previously a Director of the Barwon Region Water Corporation and its Deputy Chair. Mr Lovell is the Chair of Holding Redlich Lawyers and VicForests, a Director of Clemenger Group Limited and the Victorian Managed Insurance Authority. Mr Lovell is also the Independent Chair of the CBD Community Reference Groups North and South, Parkville Stakeholder Reference Group, and Arden North Melbourne Community Reference Group, each for Rail Projects Victoria.

Committee membership: Health, Safety and Environment Committee, People, Diversity and Executive Remuneration Committee, Strategic Futures Committee.

## Board committees

### Strategic Futures Committee

The Strategic Futures Committee assists the Board in ensuring the efficient and effective delivery of services in the growing west, including oversight of the development and implementation of City West Water's strategy and plans, stakeholder liaison and customer engagement. This includes the identification and management of risks as well as the strategic oversight of shared services and corporate alignment activities.

### Joint Transition Committee

The Joint Transition Committee was established in November 2020 following Ministerial approval in October 2020 for City West Water to integrate with Western Water to form Greater Western Water. The Joint Transition Committee was formed to oversee the integration of the two water corporations. This committee comprised an external independent Chair, three non-executive members from the City West Water Board, three non-executive members from the Western Water Board and a representative from DELWP. The committee was responsible for oversight of the delivery of the integration by 1 July 2021. This included the identification and

management of risks associated with the integration and having regard to the interests of the communities in the service areas of City West Water and Western Water, the employees of both water corporations, and the state of Victoria. The committee had its final meeting in June 2021.

### Risk Management and Audit Committee

The Risk Management and Audit Committee assists the Board of Directors in fulfilling its governance responsibilities by providing financial reports and other financial information produced by City West Water. In addition, it provides oversight of, and direction to, City West Water's internal control systems, legal and regulatory compliance processes, auditing and reporting processes, and risk management systems. All members of the Risk Management and Audit Committee are independent.

### Health, Safety and Environment Committee

The Health, Safety and Environment Committee assists the Board in fulfilling its governance responsibilities in relation to workplace health and safety and environment issues. It does this by providing oversight of, and direction to, City West Water's occupational health and safety and environment policies and procedures and related audit and reporting processes. In addition, it ensures the continuous improvement of City West Water's policies and procedures for health and safety and the environment.

### People, Diversity and Executive Remuneration Committee

The People, Diversity and Executive Remuneration Committee is responsible for setting City West Water's policy on executive remuneration and individual remuneration packages for senior executives. The committee is also responsible for oversight of City West Water's People Strategy and Diversity Action Plan, reviewing the effectiveness of the corporation's organisational structure and monitoring the effectiveness of the corporation's people management activities.

## Attendance at board and committee meetings

	Board Meeting		Risk Management and Audit Committee Meeting		Health, Safety and Environment Committee Meeting		People, Diversity & Executive Remuneration Committee Meeting		Strategic Futures Committee Meeting		Joint Transition Committee Meeting	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
David Middleton <sup>1</sup>	11	9	n/a	n/a	4	3	3	2	n/a	n/a	n/a	n/a
Mary Beth Bauer	11	11	5	5	n/a	n/a	3	3	n/a	1	n/a	n/a
Bruce Cohen	11	11	5	5	n/a	n/a	n/a	n/a	3	3	11	11
Bill Jaboor	11	11	n/a	n/a	4	4	3	3	n/a	n/a	n/a	n/a
Freya Marsden	11	11	5	5	4	4	n/a	n/a	3	3	n/a	n/a
Tania Fryer	11	11	5	5	4	4	n/a	n/a	3	3	11	11
Sawsan Howard	11	10	n/a	n/a	4	1	3	2	3	3	11	10
Maree Lang	11	11	n/a	5	4	4	n/a	3	n/a	3	n/a	11
Christopher Lovell	11	11	n/a	n/a	4	3	3	3	3	3	n/a	n/a
Cheryl Batagol <sup>1</sup>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	11	11
Jane Doolan <sup>2</sup>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	11	10
Liza McDonald <sup>2</sup>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	11	11
Les McLean <sup>2</sup>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	11	11
Kessia Thomson	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	11	8 <sup>3</sup>

1. Independent Chair

2. Western Water director

3. Heidi Matkovic attended the three other meetings as the representative of DELWP

## Health, safety and wellbeing

City West Water fosters an environment where everyone is responsible for safety and wellbeing. We are committed to providing healthy and safe workplaces for our employees, delivery partners, contractors, customers and the wider community who interact with us.

A positive culture, with shared attitudes, values and beliefs, is vital to our health, safety and wellbeing. Our *Health and Safety Policy* commits us to:

- enable a positive health and safety culture
- provide effective health and safety leadership
- manage risks to health and safety and prevent adverse events
- strive for continuous improvement
- upskill and engage our people
- consult on, and communicate about, health and safety
- provide effective, transparent and user-friendly systems
- comply with the law.

This year, our coronavirus recovery and response was a key focus of our *Annual Health, Safety and Wellbeing Plan 2020-21*. The plan is aligned to our *Health and Safety Strategy (2017-2022)* and commits us to delivering initiatives within the following four focus areas:

- **Partnerships** – building on the work commenced in the previous year, we continued to engage and communicate with our delivery partners through the Delivery Partner Hub and virtual engagement to enable positive health, safety and wellbeing outcomes.
- **Culture and capability** – the safety leadership program for the Executive Leadership Team was finalised over the first half of 2020-21, culminating in the articulation of a Strategic Ambition for Health, Safety and Wellbeing, as well as initiating the scoping and development of a similar program for the Senior Leadership Team, to be delivered over 2021-22.



As coronavirus restrictions impacted on face-to-face training, we focused on delivering interim arrangements for our people and our delivery partners. Over the second half of 2020-21, role-specific training ramped up and we engaged our training providers to develop virtual training packages, such as Confined Space and Working at Heights awareness courses.

- **Health and Safety Management System** – we continued to focus on accessibility, simplification and integration through continuous improvement:
  - We passed a surveillance audit and achieved recertification of our Health and Safety Management System (against AS4801).
  - We undertook further work to identify gaps against our current Health and Safety Management System, with requirements for certification to ISO45001. A gap analysis and roadmap to certification were created, with work commencing to transition in 12-18 months.
  - We continued to focus on critical risks for health, safety and wellbeing including working at heights risk/s and high-pressure water jetting.
- **Coronavirus recovery** – we supported continued working from home arrangements, limited field-based activity and implementation of workforce 'bubbles' for our operational sites.
  - We focused on integration of physical and psychosocial risk management to support the health, safety and wellbeing of our people, with mandatory or self-nominate mechanisms to support wellbeing, resilience, ergonomics and flexible ways of working.
  - We developed robust COVIDSafe plans for operations and routinely communicated and engaged with employees and delivery partners to provide clarity and certainty in a changing environment.

We were pleased to achieve strong positive results on Safety and Wellbeing in our Engagement and Enablement Survey for 2020-21. Responses in relation to performance on safety were positive, with an overall satisfaction rating of 81 per cent.

### Employee health and safety performance

	2021	2020	2019
Hazards reports per 100 full-time equivalent employees	6.4	3.9	3.0
Incidents reports per 100 full-time equivalent employees	4.4	9.0	6.5
Lost time standard claims per 100 full-time equivalent employees	0.2	0	0.2
Average cost per WorkCover claim	\$7,439	\$6,069	\$44,782
Total recordable injury frequency rate per million hours worked	6.8	6.1	7.7

The Total Recordable Injury Frequency Rate (TRIFR) has ended the year at 6.8, against a target of less than 6.1, with 11 TRIFR impacting events incurred during the 2020-21 financial year. The 2021-22 Plan will focus on consolidation of health and safety management systems for Greater Western Water, continuing and deepening our collaborative approach to management of critical risks and high potential events and improve our safety maturity.

## Financial overview

### 2021 highlights

Full year profit before tax of \$56.8 million was \$20.4 million (56 per cent) above our budgeted target of \$36.4 million. This was mainly driven by favourable outcomes on trade waste revenues, developer revenues, miscellaneous fees and charges, operating expenses and net interest expenses. The favourable result was partly offset by lower than budget water services charges, sewerage services charges, sewage disposal charges, higher depreciation and abnormal expenses.

### Summary of financial results

	2021 \$'m	2020 \$'m	2019 \$'m	2018 \$'m	2017 \$'m
Revenue from contracts with customers	702.7	757.0	704.8	697.9	684.0
Other income	0.4	0.6	0.5	0.4	0.5
<b>Total revenue</b>	<b>703.1</b>	<b>757.6</b>	<b>705.3</b>	<b>698.3</b>	<b>684.5</b>
Bulk charges	352.9	364.7	349.2	341.6	337.0
Environmental contribution	29.8	26.5	26.5	18.6	18.6
Employee benefits	46.6	42.4	41.9	45.1	42.5
Depreciation and amortisation	69.0	65.5	52.5	50.9	47.9
Finance expenses	68.4	68.8	66.4	64.9	63.5
Other operating expenses	79.6	73.3	73.1	64.5	64.8
<b>Total expenses</b>	<b>646.3</b>	<b>641.0</b>	<b>609.6</b>	<b>585.5</b>	<b>574.2</b>
<b>Profit before tax</b>	<b>56.8</b>	<b>116.6</b>	<b>95.7</b>	<b>112.8</b>	<b>110.3</b>

### Summary of financial position

	2021 \$'m	2020 \$'m	2019 \$'m	2018 \$'m	2017 \$'m
Current assets	143.7	116.7	111.5	114.9	119.9
Non-current assets	2,584.5	2,474.2	2,362.6	2,255.2	2,163.3
<b>Total assets</b>	<b>2,728.2</b>	<b>2,590.9</b>	<b>2,474.1</b>	<b>2,370.1</b>	<b>2,283.2</b>
Current liabilities	164.2	164.8	168.2	145.6	101.3
Non-current liabilities	1,763.3	1,641.9	1,455.1	1,388.2	1,342.1
<b>Total liabilities</b>	<b>1,927.5</b>	<b>1,806.7</b>	<b>1,623.3</b>	<b>1,533.7</b>	<b>1,443.4</b>
<b>Net assets*</b>	<b>800.7</b>	<b>784.2</b>	<b>850.8</b>	<b>836.3</b>	<b>839.8</b>
Net cash flows from operating activities	62.5	88.5	88.1	92.0	73.9
Payments for infrastructure, property, plant and equipment	158.9	155.0	126.6	101.8	83.4

\* Net assets have been impacted by the asset revaluation adjustment (tax effected) of \$45.2m.

### Summary of capital expenditure

	2021 \$'m	2020 \$'m	2019 \$'m	2018 \$'m	2017 \$'m
Total capital expenditure	155.3	153.2	124.3	109.8	90.6

Significant capital projects for 2021 included the Lonsdale Street Sewer Strategy \$6.8 million, Mt. Atkinson Outlet Sewer \$5.2 million, Strategic Futures \$2.8 million, Billing and Collections Replacement \$3.4 million, Sewer Pump Station Upgrade \$3.6 million, Business Process Efficiencies \$2.2 million, M205 Carlton Water Main Renewal \$2.8 million, Design of CBD Sewer Augmentation Stage 3 Elizabeth Street \$0.8 million and Altona Recycled Water Plant rectification \$0.5 million.

### Summary of financial performance

	2021 \$'m	2020 \$'m	2019 \$'m	2018 \$'m	2017 \$'m
Cash interest cover (times)	2.3	2.6	3.0	3.1	2.6
Gearing ratio (%)	59.2	57.5	50.5	49.8	48.3
Internal financing ratio (%)	26.4	8.2	44.9	18.2	73.0
Current ratio (times)	1.1	0.8	0.9	0.8	1.3
Return on assets (%)	4.7	7.3	6.7	7.6	7.8
Return on equity (%)	5.0	10.9	7.5	9.4	9.3
EBITDA margin %	27.6	33.1	30.4	32.7	32.4

Further information on current year financial performance can be found in the Performance Report section of this report.

### Information and communication technology expenditure

During the 2020-21 reporting period, City West Water had a total Information and Communication Technology (ICT) expenditure of **\$50.2 million**, with details shown below.

Year	All operational ICT expenditure	ICT expenditure related to projects to create or enhance ICT capabilities			Total ICT expenditure \$'m
	Business as usual (BAU) ICT expenditure \$'m	Non BAU ICT expenditure (operating and capital \$'m)	Operational expenditure \$'m	Capital expenditure \$'m	
2021	17.7	32.6	0.1	32.5	50.2
2020	13.7	17.9	0	17.9	31.6
2019	15.8	14.9	0	14.9	30.7
2018	15.8	14.9	0	14.9	30.7
2017	14.2	9.8	0	9.8	24
2016	16.7	9.8	0	9.8	26.5
2015	14.3	13.3	0	13.3	27.6

ICT expenditure refers to the corporation's costs in providing business-enabling ICT services. It comprises Business as Usual (BAU) ICT expenditure and Non-Business as Usual (Non BAU) ICT expenditure. Non BAU ICT expenditure relates to extending or enhancing City West Water's current ICT capabilities. Examples of projects worked on during 2021 include IT costs for the Greater Western Water integration, billing and collections system, Greater Western Water growth and licensing and desktop and end user computing.

BAU ICT expenditure is all remaining ICT expenditure which primarily relates to ongoing activities to operate and maintain current ICT capability. Examples of this include licence fees, external support, maintenance costs and help desk services.

### Matters subsequent to end of financial year

Other than the disclosures regarding the integration of City West Water and Western Water as Greater Western Water and coronavirus on page 136 of the annual report, no matter or circumstance has arisen since 30 June 2021 which has significantly affected, or may significantly affect:

- the corporation's operations
- the results of those operations, or
- the corporation's state of affairs in the financial year subsequent to 30 June 2021.

### Consultancies

During 2020-21, City West Water engaged five consultants on various engagements where the total fees payable to the consultants was less than \$10,000 (GST exclusive).

During 2020-21, City West Water engaged 34 consultants on various consultancies where the total fees payable to the consultant were \$10,000 or greater (GST exclusive). The total expenditure during 2020-21 in relation to these consultancies was \$4,125,153 (GST exclusive). Details of individual consultancies can be viewed at



[gww.com.au](http://gww.com.au)

These consultancies include arrangements where an individual or organisation is engaged to provide expert analysis to facilitate decision making and perform a specific one-off task that involves skills or perspective that would not normally be expected to reside within City West Water. Consulting engagements throughout 2021 included various integration-related advice, strategy reviews, asset management assistance and specialised technical advice and guidance.

City West Water engages several individuals and organisations to provide works or services on behalf of the corporation. These contract services are not considered to be consultants and are not included in the above numbers.

## Other information

### Social and sustainable procurement

In 2020-21, City West Water prioritised the following Social Procurement Framework objectives which align with the organisation's strategic direction and values:

- Social Procurement Objectives:
  - opportunities for Victorian First Nations People
  - women's equality and safety
- Sustainable Procurement Objectives: environmentally sustainable business outputs - implementation of the climate change policy objectives.

We undertook capability and awareness activities to support our Social Procurement Strategic Plan. To improve capability, the Chief Financial Officer (also the Chief Procurement Officer) was engaged to review and approve social procurement plans for procurement activities above \$20 million. The Procurement Advisory Committee was engaged to comment on the key procurement policy and procedures and to incorporate our social procurement obligations and objectives.

To raise awareness, high-level social procurement communications were distributed to our people and targeted briefing sessions were held with business groups involved in procurement.

Social and sustainable procurement highlights for the year included:

- Completed the digital metering proof of concept trial. The trial sought to test the benefits of digital meters for customers through features such as leak detection and more timely water use data. Results showed that digital metering can help quickly identify leaks, enable timely repairs and help customers better manage their water use to save water and money.
- Completed the stormwater harvesting project at Edinburgh Gardens in Fitzroy North in partnership with the City of Yarra. The new system will capture and treat stormwater in a new one million litre underground tank and use it to irrigate the gardens.
- Launched round two of the Stormwater Harvesting Partnering Fund, including funding Dempster Park Stormwater Harvesting Scheme in Sunshine North. This scheme will aim to capture stormwater in a 1.2 million litre below-ground storage tank to be treated before irrigating the park and surrounds.

- Committed to purchasing up to 3,000MWh of clean electricity from the Kiamal Solar Farm at Ouyen, as part of the Zero Emissions Water (ZEW) program.
- Through our sponsorship program, we engaged a Boon Wurrung artist to create unique installations (eco-sculptures) that will culminate in creatively revegetating the banks of the Maribyrnong River during Wominjeka Festival 2021.

### Freedom of Information (FOI)

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

City West Water is subject to the *Freedom of Information Act 1982*. An applicant has a right to apply for access to documents held by City West Water.

The documents sought by an applicant may be created by City West Water or supplied to City West Water by an external organisation or individual, and could include maps, films, microfiche, photographs, computer printouts, computer discs and CCTV. Information about the type of material produced by City West Water is available at



[gww.com.au](http://gww.com.au)

The Act allows City West Water to refuse access, either fully or partially, to certain documents or information. Examples of documents that may not be accessed include internal working documents, law enforcement documents, documents covered by legal professional privilege (such as legal advice), personal information about other people, and information provided to City West Water in confidence.

The Act stipulates those agencies such as City West Water have 30 days to process FOI requests, and that in some instances this time may be extended.

If an applicant is not satisfied by a decision made by City West Water, under section 49A of the *Freedom of Information Act 1982* they have the right to seek a review by the Office of the Victorian Information Commissioner (OVIC) within 28 days of receiving a decision letter.

During 2020-21, City West Water received 66 requests for access to documents under the Act.

Request	No.
Access in full	11
Access in part	30
Access denied	0
Other – invalid	8
Other – transferred	2
Other – withdrawn	4
Other – outside the Act	3
Other – no documents	0
Not finalised	8
<b>Total</b>	<b>66</b>

Of these 66 requests:

- 18 were from law firms
- 21 were from insurance companies
- the remainder were from the general public.

City West Water made 55 FOI decisions during the 12 months ended 30 June 2021:

- 29 decisions were made within the statutory 30-day time period
- 15 decisions were made within an extended statutory 30 to 45 day time period
- 11 decisions were made within 46 to 90 days.

The average time taken to finalise requests in 2020-21 was 34.29 days.

FOI requests can be lodged online via the Greater Western Water website at:



[gww.com.au/FOI](http://gww.com.au/FOI)

An application fee of \$30.10 applies. Access charges comprising search charges and photocopying charges may also be payable. Access to documents can also be sought through a written request to Greater Western Water's FOI Officer.

When making an FOI request, applicants should ensure requests are in writing, and clearly identify what types of materials and/or documents are being sought. Requests for documents in the possession of Greater Western Water should be addressed to:

Freedom of Information Officer  
Greater Western Water  
Locked Bag 350  
Sunshine Vic 3020

For further information about FOI, refer to the *Freedom of Information Act 1982* and regulations or go to the government's website at:



[ovic.vic.gov.au](http://ovic.vic.gov.au)

### Compliance with *Building Act 1993*

City West Water owns or controls:

- four buildings at 293 Queen St, Altona Meadows
- two buildings at William Thwaites Drive, West Werribee
- one building at 218 Kensington Road, West Melbourne
- one building at 73 Old Geelong Road, Brooklyn.

Consequently, City West Water is required to include a statement on its compliance with the building and maintenance provisions of the *Building Act 1993* in relation to these buildings.

To achieve this in 2021:

- our buildings were inspected by a competent inspector
- occupancy permits were issued
- assets were maintained under the required standards and codes
- an asset management system was used to maintain the assets.

City West Water requires that appropriately qualified consultants and contractors are engaged for all proposed works on land controlled by City West Water and that their work and services comply with current building standards. All such consultants and contractors are expected to have appropriate mechanisms in place to ensure compliance with the building and maintenance provisions of the *Building Act 1993*, Building Regulations 2018 and the National Construction Code.

In relation to our existing buildings in Altona Meadows and West Werribee, City West Water facility management is responsible for:

- mandatory testing of emergency and exit lighting and lift equipment in accordance with relevant standards
- monthly, quarterly and bi-annual inspection and preventive maintenance
- routine mechanical services and monthly and annual fire service audits.

Programmed Facility Management is responsible for the same works at the buildings at West Melbourne and Brooklyn as they run the day-to-day operations at these sites.

The testing and inspections at these sites inform the works program which is delivered annually through existing maintenance contracts.

In 2020-21:

Number of major works projects undertaken by City West Water (greater than \$50,000)	• 1 major project
Number of building permits, occupancy permits or certificate of final inspection issued in relation to buildings owned by City West Water	<ul style="list-style-type: none"> <li>• 0 building permits</li> <li>• 8 occupancy permits</li> <li>• 8 certificates of occupancy</li> </ul>
Number of emergency orders and building orders issued in relation to buildings	<ul style="list-style-type: none"> <li>• 0 emergency orders</li> <li>• 0 building orders</li> </ul>
Number of buildings that have been brought into conformity with building standards during the reporting period	• 0 buildings brought into conformity

### Compliance with the *Public Interest Disclosures Act 2012*

The *Public Interest Disclosures Act 2012* encourages and assists people in making disclosures of corrupt or improper conduct or detrimental action by a public officer or a public body.

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 rectification action to be taken.



City West Water does not tolerate improper conduct by its employees or officers, nor the taking of reprisals against those who come forward to disclose such conduct. City West Water recognises the value of 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.

City West Water will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. We will also afford natural justice to the person who is the subject of the disclosure. Our *Public Interest Disclosures Act 2012* Guidelines and Procedures are available on our website.

City West Water is not able to receive disclosures under section 13 of the *Public Interest Disclosures Act 2012*. Disclosure of improper conduct or detrimental action by City West Water or any of its employees and/or officers may be made directly to the Independent Broad-based Anti-Corruption Commission.

Independent Broad-based Anti-Corruption Commission (IBAC) Victoria  
Level 1, North Tower  
459 Collins Street  
Melbourne VIC 3000  
Phone: 1300 735 135  
Email: [info@ibac.vic.gov.au](mailto:info@ibac.vic.gov.au)

### Competitive Neutrality Policy Victoria

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.

City West Water has an independent Board of Directors with independent and objective performance monitoring. City West Water pays income tax equivalent and dividends to the Victorian Government and pays

a Financial Accommodation Levy to the Victorian Government for its borrowings through Treasury Corporation of Victoria.

City West Water operates in an environment where the Essential Services Commission regulates pricing and service standards. In 2017, City West Water lodged a Price Submission to the Commission to enable it to make a five-year pricing determination. The Commission made a final determination on prices in June 2018. These prices took effect from 1 July 2018.

City West Water's processes continue to be consistent with the requirements of the Competitive Neutrality Policy Victoria statement.

### Local Jobs First Policy

The *Local Jobs First Act 2003* enshrines the Victorian Industry Participation Policy (VIPP) and Major Projects Skills Guarantee (MPSG) requirements in legislation as the Local Jobs First Policy. The Local Jobs First Policy is mandatory and must be applied by all Victorian government departments and agencies.

The policy mandates that:

- small and medium sized enterprises are given a full and fair opportunity to compete for government contracts
- 10 per cent of total hours worked on government projects must go to our future workforce – apprentices, trainees and cadets.

Local Jobs First sets minimum requirements for local content and the use of apprentices, trainees and cadets in all procurement activities valued at \$3 million or more in metropolitan Melbourne and statewide projects, and \$1 million or more for procurement activities in regional Victoria. Agencies can voluntarily apply the policy to projects valued at less than \$3 million. MPSG applies to all construction projects valued at \$20 million or more.

### Projects Commenced – Local Jobs First Standard and Strategic

During 2020-21, City West Water commenced one Local Jobs First Standard project totalling \$5.6 million and one Local Jobs First Strategic project (water and sewer network renewals program) totalling approximately \$75 million. Both projects were in metropolitan Melbourne. The MPSG applied to one of these projects. No statewide projects were commenced.

The outcomes expected from the implementation of the Local Jobs First policy to these projects are as follows:

- an average of 94 per cent of local content commitment was made
- a total of 21 (annualised employee equivalent (AEE)) jobs were committed
- 34 new jobs were created and 60 existing jobs (AEE) retained
- no positions for apprentices were committed
- two traineeships and one cadetship were committed
- no positions for apprentices, traineeships and cadets were retained.

#### Projects completed – Local Jobs First Standard

During 2020-21, City West Water completed four Local Jobs First Standard projects, totalling \$56.84 million. The projects were all in metropolitan Melbourne. No statewide projects were completed. The MPSG applied to three of these projects.

The outcomes from the implementation of the Local Jobs First policy to these projects where information was provided, were as follows:

- an average of 97 per cent of local content commitment was made
- a total of 163 AEE jobs were provided, including four new jobs and the retention of 23 existing jobs
- a total of two positions for apprentices were created and three apprentice positions retained
- no positions for traineeships and cadets were created or retained.

#### Disclosure of major contracts

In 2020-21, City West Water entered into two major contracts with a combined value of over \$75 million. The two contracts are for design and construction services of the Network Renewals Program to be delivered over a three-year term. These two contracts were awarded to Downer EDI Works Pty Ltd and Interflow Pty Ltd in October 2020.

#### Government advertising expenditure

City West Water's expenditure in the 2020-21 reporting period on government campaigns did not exceed \$100,000.

#### Financial Management Act 1994

Other information as required under the *Financial Management Act 1994*, but not specifically referred to, has been retained by the Accountable Officer and is available on request by the Minister for Finance, Members of Parliament, and the general public.

### Asset Management Accountability Framework (AMAF) attestation

City West Water attests as being 'compliant' with all 41 mandatory requirements.

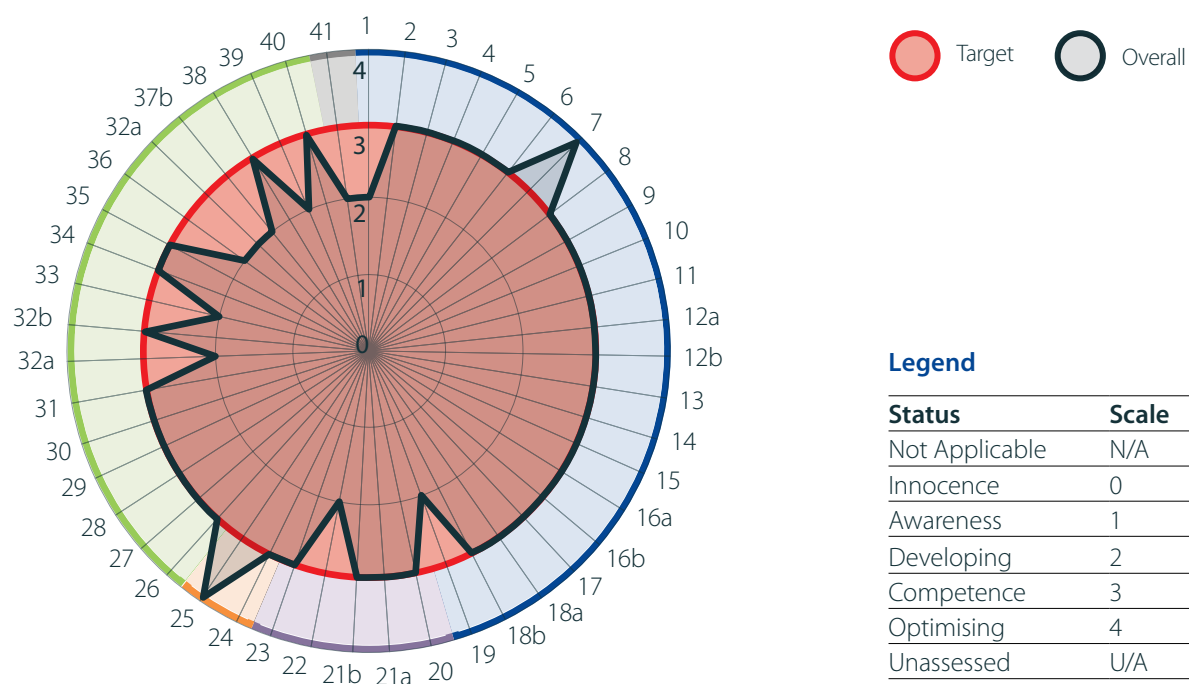
#### AMAF maturity assessment

The following sections summarise City West Water's assessment of maturity against the requirements of the Asset Management Accountability Framework (AMAF). The AMAF is a non-prescriptive, devolved accountability model of asset management that requires compliance with 41 mandatory requirements. These requirements can be found on the DTF website:



[dtf.vic.gov.au/infrastructure-investment/asset-management-accountability-framework](https://dtf.vic.gov.au/infrastructure-investment/asset-management-accountability-framework)

City West Water's target maturity rating is 'competence', meaning systems and processes fully in place, consistently applied and systematically meeting the AMAF requirement, including a continuous improvement process to expand system performance above AMAF minimum requirements.



### Leadership and accountability (requirements 1-19)

City West Water has met or exceeded its target maturity level under most requirements within this category. City West Water is partially compliant in the areas of overview and key requirements, and other requirements. A plan for improvement is in place to improve the organisation's maturity rating in these areas. With the integration of City West Water and Western Water, a consolidated improvement plan for Greater Western Water is in place.

### Planning (requirements 20-23)

City West Water has met or exceeded its target maturity level under most requirements within this category. The organisation is partially compliant in the areas of risk management and contingency planning. A plan for improvement is in place to improve the organisation's maturity rating in these areas. With the integration of City West Water and Western Water, a consolidated improvement plan for Greater Western Water is in place.

### Acquisition (requirements 24 and 25)

City West Water has met or exceeded its target maturity level in this category.

### Operation (requirements 26-40)

City West Water has met or exceeded its target maturity level under most requirements within this category. City West Water is partially compliant in the areas of maintenance of assets, information management and record keeping. A plan for improvement is in place to improve the organisation's maturity rating in these areas. With the integration of City West Water and Western Water, a consolidated improvement plan for Greater Western Water is in place.

### Disposal (requirement 41)

City West Water has not met its target maturity level under the requirement within this category. City West Water is partially compliant in the area of disposal. A plan for improvement is in place to improve the organisation's maturity rating in this area. With the integration of City West Water and Western Water, a consolidated improvement plan for Greater Western Water is in place.

## Other information available on request

In compliance with the requirements of the Standing Directions of the Assistant Treasurer, details in respect of the items listed below have been retained by City West Water and are available on request, subject to the provisions of the *Freedom of Information Act 1982*:

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

Requests for documents in the possession of Greater Western Water should be addressed to:

Freedom of Information Officer  
Greater Western Water  
Locked Bag 350  
Sunshine VIC 3020

# City West Water Financial Management Compliance Attestation

I, David Middleton, on behalf of City West Water Corporation, certify that City West Water Corporation has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.



**David Middleton**

Chair

Melbourne

24 August 2021

# Financial Report

## Contents

<b>Performance Report</b>	<b>59</b>	<b>5. Assets available to support the provision of services</b>	<b>90</b>
<b>Certification of Performance Report</b>	<b>62</b>	5.1 Infrastructure, property, plant and equipment	90
<b>Independent Auditor's Report</b>	<b>63</b>	5.2 Depreciation of infrastructure, property, plant and equipment	93
<b>Comprehensive Operating Statement</b>	<b>65</b>	5.3 Impairment of infrastructure, property, plant and equipment	93
<b>Balance Sheet</b>	<b>66</b>	5.4 Commitments for capital expenditure on infrastructure, property, plant and equipment	94
<b>Statement of Changes in Equity</b>	<b>67</b>	5.5 Intangible assets	94
<b>Statement of Cash Flows</b>	<b>68</b>	5.6 Amortisation of intangible assets	95
<b>1. About this report</b>	<b>69</b>	5.7 Impairment of intangible assets	95
1.1 Basis of preparation	69	5.8 Commitments for capital expenditure on intangible assets	96
1.2 Accounting policies	71	5.9 Right-of-use assets	96
1.3 Changes in accounting policies	71	5.10 Assets held for sale	98
1.4 Compliance information	71	<b>6. Other assets and liabilities</b>	<b>99</b>
<b>2. Funding delivery of services</b>	<b>72</b>	6.1 Receivables	99
2.1 Summary of revenue from customers	72	6.2 Payables	101
2.2 Sales of goods and services	72	6.3 Advances and deposits	102
2.3 Developer contributions	73	6.4 Contract liabilities	102
2.4 Other revenue	74	6.5 Inventory	102
2.5 Timing of recognition of revenue from customers	74	6.6 Other non-financial assets	103
2.6 Other income	75	6.7 Other provisions	103
<b>3. Cost of delivering services</b>	<b>76</b>	<b>7. Financing our operations</b>	<b>104</b>
3.1 Summary of cost of delivering services	76	7.1 Borrowings	104
3.2 Bulk charges	76	7.2 Cash flow information and balances	105
3.3 Employee benefits	77	<b>8. Risks, contingencies and valuation judgements</b>	<b>107</b>
3.4 Remuneration of auditor	82	8.1 Financial instruments specific disclosures	107
3.5 Other operating expenses	83	8.2 Contingent assets and contingent liabilities	115
<b>4. Statutory obligations</b>	<b>84</b>	8.3 Fair value determination	116
4.1 Income tax expense	84	<b>9. Other disclosure</b>	<b>124</b>
4.2 Deferred tax assets and deferred tax liabilities	85	9.1 Responsible persons and executives	124
4.3 Current tax liability	86	9.3 Equity	133
4.4 Dividends	87	9.3.1 Contributed equity	133
4.5 Environmental contribution	87	9.3.2 Physical asset revaluation surplus	133
		9.3.3 Retained profits	133
		9.4 Ex-gratia expenses	134
		9.5 Accounting standards issued that are not yet effective	135
		9.6 Subsequent events	136



## Performance Report

As part of their annual reporting obligations, metropolitan water corporations are required to include a consolidated performance report comprising both financial and non-financial performance indicators. The objective of the report is to provide a consistent view of the current and ongoing performance of the corporation.

KPI Number	Key performance indicator	2020 Result	2021 Result	2021 Target	% Variance to prior year	Notes	% Variance to target	Notes
<b>F1</b>	<b>Cash interest cover</b> Net operating cash flows before net interest and tax / net interest payments	2.6	2.3	1.7	(11.5%)	1	37.3%	2
<b>F2</b>	<b>Gearing ratio</b> Total debt (including finance leases) / total assets *100	57.5%	59.2%	57.7%	(3.0%)		(2.6%)	
<b>F3</b>	<b>Internal financing ratio</b> Net operating cash flow less dividends and capital repatriation / net capital expenditure * 100	8.2%	26.4%	8.9%	222.0%	3	195.5%	4
<b>F4</b>	<b>Current ratio</b> Current assets / current liabilities (excluding long term employee provisions, contract liabilities and deposits)	0.8	1.1	0.8	37.5%	5	34.8%	6
<b>F5</b>	<b>Return on assets</b> Earnings before net interest and tax / average assets * 100	7.3%	4.7%	3.9%	(35.6%)	7	20.3%	8
<b>F6</b>	<b>Return on equity</b> Net profit after tax / average total equity *100	10.9%	5.0%	3.1%	(54.1%)	9	62.1%	10
<b>F7</b>	<b>EBITDA Margin</b> Earnings before interest, tax, depreciation and amortisation / total revenue *100	33.1%	27.6%	25.4%	(16.6%)	11	8.7%	12

- Cash interest cover for 2021 is lower than 2020 mainly as a result of lower net operating cash flows due to COVID-19 related impacts. Government initiatives have resulted in delayed receipts from our customers and expedited payments to our suppliers.
- Cash interest cover for 2021 is higher than **target** mainly due to higher cashflow from operations that resulted from higher cash receipts from debtors and lower payments to creditors compared with target. The target included significant COVID-19 assumptions that did not materialise as expected.
- The internal financing ratio was higher in 2021 compared to 2020 mainly because of lower dividend paid of \$20.6m compared to \$75.8m in 2020.
- The 2021 internal financing ratio was higher than **target** due to more favourable operating cashflows compared with budget that resulted from higher cash receipts from debtors and lower payments to creditors. The target included significant COVID-19 assumptions that did not materialise as expected.
- The current ratio was higher in 2021 compared to 2020 mainly due to higher receivables in 2021.
- The current ratio was higher than the 2021 **target** mainly due to higher receivables and lower short-term borrowings.
- The lower return on assets for 2021 compared to 2020 is mainly due to significantly lower profit for the year compared with 2020.
- Higher return on assets for 2021 compared with **target** is mainly due to higher profits than expected. The target included significant COVID-19 assumptions that did not materialise as expected.
- Return on equity was lower in 2021 compared to 2020 mainly due to lower net profit after tax in 2021.
- Return on equity compared to **target** in 2021 is favourable as a result of higher than expected net profit after tax and lower equity arising from devaluation of infrastructure assets. The higher net profit after tax was favourable due to the significant COVID-19 assumptions that did not materialise as expected.
- Lower EBITDA margin in 2021 compared to 2020 is mainly due to lower operating profit which has been driven by lower total revenue.
- Favourable EBITDA margin compared to **target** is mainly due to higher operating profits which have been driven by higher total revenue than expected and due to the significant COVID-19 assumptions that did not materialise as expected.

## Performance Report (continued)

### Water and sewerage service performance indicators

KPI Number	Key performance indicator	2020 Result	2021 Result	2021 Target	% Variance to prior year	Notes	% Variance to target	Notes
WS1	<b>Unplanned water supply interruptions</b> Number of customers receiving more than five unplanned water supply 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	<b>Interruption time</b> Average duration of unplanned water supply interruptions (minutes)	114.9	115.2	120.0	(0.3%)		4.0%	
WS3	<b>Restoration of unplanned water supply interruptions</b> Unplanned water supply interruptions restored within five hours / total unplanned water supply interruptions *100	97.1%	97.5%	97.0%	0.4%		0.5%	
SS1	<b>Containment of sewer spills</b> Sewer spills from reticulation and branch sewers contained within five hours / total sewer spills from reticulation and branch sewers *100	100.0%	100.0%	100.0%	0.0%		0.0%	
SS2	<b>Sewer spills interruptions</b> Number of residential sewerage customers affected by sewerage interruptions restored within 5 hours	99.5%	99.4%	98.0%	(0.3%)		1.4%	

Note: Only variances of more than 5% are explained

## Customer responsiveness performance indicators

KPI Number	Key performance indicator	2020 Result	2021 Result	2021 Target	% Variance to prior year	Notes	% Variance to target	Notes
CR1	<b>Water quality complaints</b> Number of complaints per 1,000 customers	1.5	2.1	0.7	40.0%	1	200.0%	2
CR4	<b>Billing complaints</b> Number of complaints per 1,000 customers	1.18	1.2	1.2	1.7%		0.0%	

- During 2020-2021, CWW received 2.1 complaints per 1000 customers related to water supply quality; this compared with 1.53 in 2019-20, 1.17 in 2018-19 and 0.72 in 2017-18. This increasing trend in complaint numbers has been associated with an increase in the proportion of discoloured water complaints over the same period (from 64% to 83%). When our wholesale provider (Melbourne Water) became aware of the issue, they altered operations to rectify the issue. We continued to see high number of complaints into 2019-20 and 2020-21 due to the sediment deposited into our distribution system from the Greenvale Reservoir. We also believe that COVID-19 and people working from home may have had an impact in the increase of complaints in 2020-21.

- The variance to **target** has been driven by the discolouration issue described in note 1. Considerable progress on the program of works has been made including the hiring of new staff (to support uplift in capacity and capability), implementation of a new water quality analysis process (to support improved insights and reporting) and more detailed analysis into the impact of the Greenvale Reservoir event.

We are also well progressed with development of a mains cleaning trial and are continuing to refine our water quality complaint analysis process. The mains cleaning trial will be completed by the end of 2022, allowing for adequate time for evaluation of the impact of the program so that a comprehensive mains cleaning program can be considered in our 2023-2028 Pricing Submission.

## Environmental performance indicators

KPI Number	Key performance indicator	2020 Result	2021 Result	2021 Target	% Variance to prior year	Notes	% Variance to target	Notes
E1	<b>Effluent reuse volume (end use)</b> Effluent reuse volume (%)	42.9%	38.9%	40.0%	(9.3%)	1	(2.8%)	1
E2	<b>Total net CO<sub>2</sub> emissions</b> Net tonnes CO <sub>2</sub> equivalent	12,980.0	11,780.0	11,842.0	9.2%	2	0.5%	2

- A negative variance to the **target** is due to a loss of recycled water production for a month between February and March 2021 as the Altona Salt Reduction Plant stopped production to undertake and complete remediation works on the product water tanks. An extended hibernation also occurred at Werribee Recycled Water Plant between June and October 2020. Remediation works and hibernation activities are expected to be less prevalent in future years.
- Electricity consumption reduced overall in comparison to 2020. The water transfer network increased this year in line with customer growth in areas such as Tarneit and Wyndham Vale. Electricity consumption at our sewage treatment plants was lower than the previous year. This was due to the Werribee Recycled Water Plant being put in maintenance mode for 4 months, the Altona Recycled Water Plant being offline for one month and some process improvements being implemented. Electricity consumption in our sewer collection system slightly increased this year in line with growth. However, emissions from our Corporate Fleet were reduced due to COVID-19 and reduced travel and electricity consumption at the Footscray Head Office greatly reduced due to the majority of staff working from home in 2020-21.

## Certification of Performance Report

We certify that the accompanying Performance Report of City West Water Corporation in respect of the 2021 financial year is presented fairly and 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 corporation's 2021 Corporate Plan. The actual and comparative results achieved for the financial year are measured against predetermined performance targets. Performance against these targets and subsequent explanation of any significant variance between the current year and prior year has been fairly presented.

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



**David Middleton**  
Chair



**Maree Lang**  
Managing Director



**Liz Rowland**  
Chief Financial Officer

Melbourne  
24 August 2021

# Independent Auditor's Report



## Independent Auditor's Report

### To the Board of the Greater Western Water Corporation (formerly City West Water Corporation)

<b>Opinion</b>	<p>I have audited the performance report of the City West Water Corporation (the corporation) for the year ended 30 June 2021, which comprises the:</p> <ul style="list-style-type: none"> <li>• financial performance indicators</li> <li>• water and sewerage service performance indicators</li> <li>• customer responsiveness performance indicators</li> <li>• environmental performance indicators</li> <li>• certification of performance report.</li> </ul> <p>In my opinion, the performance report of the City West Water Corporation for the year ended 30 June 2021 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>
----------------	---

<b>Basis for Opinion</b>	<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>
--------------------------	---

<b>Board's responsibilities for the performance report</b>	<p>The Board is responsible for the preparation and fair presentation of the performance report in accordance with the performance reporting requirements of the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of the performance report that is free from material misstatement, whether due to fraud or error.</p>
--	---

## Independent Auditor's Report (continued)

---

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

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

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

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

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

---

MELBOURNE  
2 September 2021



Paul Martin  
as delegate for the Auditor-General of Victoria



## Comprehensive Operating Statement

### For the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
<b>Income</b>			
Revenue from customers	2.1	702,689	756,894
Other income	2.6	435	685
<b>Total income</b>		<b>703,124</b>	<b>757,579</b>
<b>Expenses</b>			
Bulk charges	3.2	(352,866)	(364,660)
Environmental contribution	4.5.1	(29,843)	(26,457)
Employee benefits	3.3.1	(46,596)	(42,355)
Depreciation and amortisation	5.1, 5.5	(69,044)	(65,473)
Finance expenses	7.1.2	(68,396)	(68,769)
Other operating expenses	3.5	(79,600)	(73,276)
<b>Total expenses</b>		<b>(646,345)</b>	<b>(640,990)</b>
<b>Profit before income tax expense</b>		<b>56,779</b>	<b>116,589</b>
Income tax expense	4.1	(17,063)	(27,548)
<b>Profit after income tax expense</b>		<b>39,716</b>	<b>89,041</b>
<b>Other comprehensive income/(expense)</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Increase/(decrease) in physical asset revaluation surplus due to revaluation of assets	5.1	(45,869)	(125,940)
Actuarial gain/(loss) on defined benefit superannuation plan	3.3.3	4,270	(132)
Deferred income tax relating to components of other comprehensive income	4.1	16,067	38,283
<b>Other comprehensive income after tax</b>		<b>(25,532)</b>	<b>(87,789)</b>
<b>Total comprehensive income after tax</b>		<b>14,184</b>	<b>1,252</b>

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

## Balance Sheet

### As at 30 June 2021

	Note	2021 \$'000	2020 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	7.2	3,526	547
Receivables	6.1	130,415	108,754
Inventory	6.5	3,070	2,789
Other non-financial assets	6.6	5,369	4,586
Assets held for sale	5.10	1,352	-
<b>Total current assets</b>		<b>143,732</b>	<b>116,676</b>
<b>Non-current assets</b>			
Infrastructure, property, plant and equipment	5.1	2,305,488	2,208,336
Intangible assets	5.5	178,641	169,751
Right-of-use assets	5.9	93,252	92,675
Defined benefit superannuation asset	3.3.3	7,068	3,394
<b>Total non-current assets</b>		<b>2,584,449</b>	<b>2,474,156</b>
<b>TOTAL ASSETS</b>		<b>2,728,181</b>	<b>2,590,832</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	6.2	90,966	87,521
Advances and deposits	6.3	9,881	8,650
Borrowings	7.1	7,889	25,068
Current tax liability	4.3	1,033	7,366
Provision for employee benefits	3.3.2	15,750	14,812
Contract liabilities	6.4	22,250	19,196
Other provisions	6.7	16,442	2,177
<b>Total current liabilities</b>		<b>164,211</b>	<b>164,790</b>
<b>Non-current liabilities</b>			
Borrowings	7.1	1,606,582	1,463,917
Deferred tax liabilities	4.2.2	155,402	176,754
Provision for employee benefits	3.3.2	1,272	1,240
<b>Total non-current liabilities</b>		<b>1,763,256</b>	<b>1,641,911</b>
<b>TOTAL LIABILITIES</b>		<b>1,927,467</b>	<b>1,806,701</b>
<b>NET ASSETS</b>		<b>800,714</b>	<b>784,131</b>
<b>EQUITY</b>			
Contributed equity	9.3.1	220,110	197,111
Physical asset revaluation surplus	9.3.2	55,042	83,559
Retained profits	9.3.3	525,562	503,461
<b>TOTAL EQUITY</b>		<b>800,714</b>	<b>784,131</b>

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

## Statement of Changes in Equity

### For the year ended 30 June 2021

		Contributed equity \$'000	Physical asset revaluation surplus \$'000	Retained profits \$'000	Total equity \$'000
	Note				
<b>Opening balance at 1 July 2019</b>		<b>189,248</b>	<b>171,256</b>	<b>490,312</b>	<b>850,816</b>
<b>Comprehensive income for the year</b>					
Profit after income tax expense	9.3.3	-	-	89,041	89,041
Other comprehensive income after tax	9.3.2, 9.3.3	-	(87,697)	(92)	(87,789)
<b>Total comprehensive income after tax</b>		<b>-</b>	<b>(87,697)</b>	<b>88,949</b>	<b>1,252</b>
<b>Transactions with the State in its capacity as owner</b>					
Dividends paid	4.4	-	-	(75,800)	(75,800)
Asset received as contributed equity	9.3.1	7,863	-	-	7,863
<b>Total transactions with the State in its capacity as owner</b>		<b>7,863</b>	<b>-</b>	<b>(75,800)</b>	<b>(67,937)</b>
<b>Closing balance at 30 June 2020</b>		<b>197,111</b>	<b>83,559</b>	<b>503,461</b>	<b>784,131</b>
<b>Opening balance at 1 July 2020</b>		<b>197,111</b>	<b>83,559</b>	<b>503,461</b>	<b>784,131</b>
<b>Comprehensive income for the year</b>					
Profit after income tax expense	9.3.3	-	-	39,716	39,716
Other comprehensive income after tax	9.3.2, 9.3.3	-	(28,517)	2,985	(25,532)
<b>Total comprehensive income after tax</b>		<b>-</b>	<b>(28,517)</b>	<b>42,701</b>	<b>14,184</b>
<b>Transactions with the State in its capacity as owner</b>					
Dividends paid	4.4	-	-	(20,600)	(20,600)
Asset received as contributed equity	9.3.1	22,999	-	-	22,999
<b>Total transactions with the State in its capacity as owner</b>		<b>22,999</b>	<b>-</b>	<b>(20,600)</b>	<b>2,399</b>
<b>Closing balance at 30 June 2021</b>		<b>220,110</b>	<b>55,042</b>	<b>525,562</b>	<b>800,714</b>

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

# Statement of Cash Flows

## For the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from customers, developers and others		639,646	690,323
Goods and Services Tax refunded by the Australian Tax Office <sup>1</sup>		18,335	20,518
Interest received		28	217
<b>Payments</b>			
Payments to suppliers and employees <sup>2</sup>		(468,307)	(500,309)
Interest and other finance costs paid		(69,522)	(70,102)
Income tax paid		(28,679)	(25,756)
Environmental Contribution paid		(28,997)	(26,457)
Government Water Rebate paid		15	27
<b>Net cash inflow from operating activities</b>	7.2.1	<b>62,519</b>	<b>88,461</b>
<b>Cash flows from investing activities</b>			
Payments for infrastructure, property, plant, equipment, and intangibles		(158,947)	(155,020)
Proceeds from sale of infrastructure, property, plant, equipment and intangibles		425	387
<b>Net cash outflow from investing activities</b>		<b>(158,522)</b>	<b>(154,633)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings (new and refinanced)		232,000	253,100
Repayment of borrowings (paid down and refinanced)		(110,000)	(110,000)
Principal element of lease liability		(2,418)	(1,908)
Dividends paid		(20,600)	(75,800)
<b>Net cash inflow from financing activities</b>		<b>98,982</b>	<b>65,392</b>
Net increase/(decrease) in cash and cash equivalents		2,979	(780)
Cash and cash equivalents at the beginning of the financial year		547	1,327
<b>Cash and cash equivalents at the end of the financial year</b>	7.2	<b>3,526</b>	<b>547</b>

1. Goods and services tax refunded from the Australian Taxation Office is presented on a net basis.

2. Includes payment of \$146,000 (2020: \$70,524) in respect of variable lease payments, \$18,627 (2020: \$15,894) for short-term leases and \$31,781 (2020: \$33,993) for low-value leases.

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

# Notes to and forming part of the Financial Statements

## For the year ended 30 June 2021

### 1. About this report

City West Water is a statutory water authority incorporated under the *Water Act 1989*.

The principal address of the corporation as at 30 June 2021 is:

City West Water Corporation  
1 McNab Avenue  
Footscray 3011

From 1 July 2021, the principal address of Greater Western Water (GWW) is:

36 Macedon Street  
Sunbury 3429

On 29 October 2020, the Minister for Water, Lisa Neville, announced the integration of City West Water (CWW) and Western Water (WW) to form a new water corporation for Melbourne's west called GWW, effective from 1 July 2021. Further information on the integration is disclosed in note 9.6.

#### 1.1 Basis of preparation

These financial statements are presented in Australian dollars. The historical cost convention is used unless a different measurement basis is specifically disclosed for the relevant item. All amounts in the financial statements have been rounded to the nearest thousand dollars unless otherwise stated. The corporation is classified as a for-profit entity for the purposes of reporting.

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

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 Section 8 of this report. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable in the circumstances. Actual results may differ from these estimates. Areas involving a high degree of estimates and assumptions that can materially impact the financial statements include:

- fair valuation of infrastructure, property, plant and equipment
- actuarial assumptions used to determine the assets and liabilities of City West Water's defined benefit superannuation fund
- estimated useful lives of assets
- impairment of assets
- provisions
- income tax
- contract liabilities
- accrued revenue (unbilled charges)
- deferred tax recognition
- the timing of satisfaction of performance obligations
- determining transaction price and amounts allocated to performance obligation
- estimated fair value of derivative financial instruments
- determining whether the arrangement is in substance a short-term arrangement and estimating discount rate when not implicit in lease arrangement

## Notes to and forming part of the Financial Statements

### For the year ended 30 June 2021

#### COVID-19 and Going Concern

The Novel Coronavirus (COVID-19) outbreak first reported in late 2019-20 is currently having an unprecedented health and economic impact both internationally and domestically. To reduce the spread of the virus, a series of public health measures were imposed across the world and in Australia, including travel restrictions, a nation-wide call to work from home and significantly reduced levels of activity in both the economy and community. In response to the global health pandemic, the Federal and State governments have been providing a number of economic stimulus packages and policies in support of Victorian families and businesses.

The consequential impacts on City West Water have included, but are not limited to:

- ensuring a strong response and putting provisions in place to continue to provide essential water and sewerage services for City West Water customers;
- support for employees transitioning to working from home;
- uplifting our IT network capability to support remote working;
- timely payments to suppliers in line with the state government direction;
- supporting customers experiencing financial difficulties through arrangements such as our hardship program, more time to pay arrangements and payment plans; and
- providing waivers and ex gratia payments to our trade waste customers and commercial tenants who are experiencing financial hardship.

For the year ended 30 June 2021, City West Water recognised a net profit of \$39.7m. The corporation's net current assets/liabilities as at 30 June 2021 were 0.875. The corporation has \$48.2m of resources comprising cash and cash equivalents, other highly liquid assets and unused credit lines available at the date of authorisation of these financial statements.

Management are continuously reviewing budgets and forecasts while monitoring cash flow requirements and customer payment trends during this period of uncertainty and conclude that the going concern assumption still remains appropriate.

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

Further COVID-19 related disclosures have been added to this financial report to reflect management's judgements and assessments. These can be found in notes 3.3.3 (Defined Benefits), 6.1.2 (Loss allowance for trade receivables), 8.3.2 (Fair value determination), and 9.6 (Subsequent Events).

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision.

These financial statements cover City West Water as an individual reporting entity.



## 1.2 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.

## 1.3 Changes in accounting policies

There are no new changes in the accounting policies adopted by the corporation during the year.

## 1.4 Compliance information

These General Purpose Financial Statements have been prepared in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards, which include Interpretations issued by the Australian Accounting Standards Board.

Accounting policies selected and applied in these financial statements ensure that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

These annual financial statements were authorised for issue by the Board of Directors of Greater Western Water on 24 August 2021.

# Notes to and forming part of the Financial Statements

## For the year ended 30 June 2021

### 2. Funding delivery of services

City West Water's core business is the supply of water, sewerage, trade waste and, where available, recycled water services to customers in accordance with the corporation's Customer Charter. City West Water collects revenue from residential and non-residential customers, developers and others in order to fulfil its vision to be an exceptional service provider that puts customers first and benefits the community.

Revenue is measured as the fair value of consideration received or receivable. City West Water recognises revenue when the amount can be reliably measured, it is probable that the future economic benefits will flow to the corporation and specific criteria have been met for each of the corporation's activities.

#### Structure

2.1 Summary of revenue from customers

2.2 Sales of goods and services

2.3 Developer contributions

2.4 Other revenue

2.5 Timing of recognition of revenue from customers

2.6 Other income

#### 2.1 Summary of revenue from customers

	Note	2021 \$'000	2020 \$'000
Sale of goods and services	2.2	603,049	635,537
Developer contributions	2.3	71,586	91,919
Other revenue	2.4	28,054	29,438
<b>Total revenue with customers</b>		<b>702,689</b>	<b>756,894</b>

#### 2.2 Sales of goods and services

	2021 \$'000	2020 \$'000
Service charges – water	102,067	112,026
Usage charges – water	276,502	284,986
Service charges – sewerage	123,378	124,743
Disposal charges – sewage	63,571	71,320
Trade waste charges	29,886	28,726
Recycled water charges	7,064	6,903
Water trading revenue	581	6,833
<b>Total sales of goods and services revenue</b>	<b>603,049</b>	<b>635,537</b>

Sales of goods and services are transactions that the corporation has determined to be in accordance with AASB 15 *Revenue from contracts with customers*.

City West Water has an ongoing obligation to provide water and sewerage services to customers in its area. The corporation is obligated to provide a continuous supply of services across its network, so customers simultaneously

receive and consume benefits in line with City West Water performing its obligation. Therefore, revenue is recognised over time.

City West Water recognises revenue for water and sewerage services in the amount which it has a right to receive, as this amount is considered by management to correspond directly with the value to the customer of City West Water's performance to date.

Service charges represent charges for access to water and sewerage services provided to customers. This performance obligation is satisfied over time. At balance date, any portion of service charges that are billed in advance and the performance obligation is not satisfied, is recognised as contract liabilities (refer Note 6.4).

Water usage charges, sewage disposal charges, trade waste charges and recycled water charges are all recognised as revenue over time as the performance obligation is satisfied. City West Water measures these charges based on the regulated prices and the volume of water consumed by customers, and sewage and trade waste disposed by customers. At balance date, the charges for fully satisfied performance obligations that are unbilled are estimated and contract assets are recognised (refer Note 6.1).

Water trading revenue is recognised at a point in time when the trade occurs. This is when the performance obligation is satisfied.

### 2.3 Developer contributions

	2021 \$'000	2020 \$'000
Developer contributed assets	41,703	46,947
Developer cash contributions	29,883	44,972
<b>Total developer contributions</b>	<b>71,586</b>	<b>91,919</b>

Developer contributed assets arise when developers pay for the cost of construction of new assets and subsequently 'gift' these assets to City West Water, which maintains them in perpetuity. In accordance with the requirements of AASB 15 – *Revenue from Contracts with Customers*, revenue is recognised at a point in time when City West Water has satisfied its performance obligation either:

- when a Statement of Compliance is issued to the customer; or
- when the customer is connected to City West Water's network for the provision of water and sewerage services.

Developer contributed assets are recognised at their fair value when the corporation obtains control over them. Fair value is determined as cost. Where actual cost is not available, City West Water deems cost by assessing the value of works using a schedule of rates determined by the corporation.

Developer cash contributions represent charges levied on developers to recover the costs of augmenting or constructing infrastructure assets to meet the future demands of urban growth. Developers are required to make a fair and reasonable contribution towards the cost of developing City West Water's water supply distribution systems and sewage disposal systems. In accordance with the requirements of AASB 15 – *Revenue from Contracts with Customers*, revenue is recognised at a point in time when City West Water has satisfied its performance obligation either:

- when a Statement of Compliance is issued to the customer;
- when the customer is connected to City West Water's network for the provision of water and sewerage services; or
- when the customer receives consent from City West Water to connect to the corporation's network.

The point in time when the corporation satisfies its performance obligation will vary depending on the type of application submitted by the customer.

Rates applicable to developer cash contributions are regulated by the Essential Services Commission.

# Notes to and forming part of the Financial Statements

## For the year ended 30 June 2021

### 2. Funding delivery of services (continued)

#### 2.4 Other revenue

	2021 \$'000	2020 \$'000
Fees and charges	18,733	19,392
Works and services provided to third parties	8,994	9,798
Other	327	248
<b>Total other revenue</b>	<b>28,054</b>	<b>29,438</b>

Fees and charges are recognised as revenue at a point in time when City West Water has completed its performance obligations. Fees and charges represent a variety of services provided by City West Water such as processing of application fees and making new connections or alterations to the corporation's network. City West Water uses pricing principles to calculate the price of individual services rather than direct regulation by the Essential Services Commission.

Revenue from works and services provided to third parties is recognised as revenue over time when City West Water has completed its contractual obligations. Revenue represents charges for services to third parties such as the collection of drainage and parks rates on behalf of Melbourne Water and the Department of Environment, Land, Water and Planning respectively.

Other items are recognised as revenue at a point in time on completion of City West Water's contractual obligations. Other items consist mainly of administration fees and one-off charges for services provided.

#### 2.5 Timing of recognition of revenue from customers

The corporation derives revenue from the transfer of goods and services over time and at a point in time for the following charges.

	At a point in time \$'000	Over time \$'000	Total \$'000
<b>2020</b>			
Service charges – water	-	112,026	112,026
Usage charges – water	-	284,986	284,986
Service charges – sewerage	-	124,743	124,743
Disposal charges – sewerage	-	71,320	71,320
Trade waste charges	-	28,726	28,726
Recycled water charges	-	6,903	6,903
Water trading revenue	6,833	-	6,833
Developer contributions	91,919	-	91,919
Other revenue	19,757	9,798	29,555
<b>Total revenue from customers</b>	<b>118,509</b>	<b>638,502</b>	<b>757,011</b>

	At a point in time \$'000	Over time \$'000	Total \$'000
<b>2021</b>			
Service charges – water	-	102,067	102,067
Usage charges – water	-	276,502	276,502
Service charges – sewerage	-	123,378	123,378
Disposal charges – sewerage	-	63,571	63,571
Trade waste charges	-	29,886	29,886
Recycled water charges	-	7,064	7,064
Water trading revenue	581	-	581
Developer contributions	71,586	-	71,586
Other revenue	19,060	8,994	28,054
<b>Total revenue from customers</b>	<b>91,227</b>	<b>611,462</b>	<b>702,689</b>

## 2.6 Other income

	2021 \$'000	2020 \$'000
Interest income	67	217
Rental income	179	216
Net gain on sale of non-current physical assets	141	135
Zero Emissions Water ("ZEW") settlement income	48	117
<b>Total other income</b>	<b>435</b>	<b>685</b>

Interest income represents bank interest and is recognised when earned.

Rental income is billed in advance and recognised over the period to which the income relates.

A gain on sale of non-current physical assets is recognised on disposal of an asset. It is measured as income from the sale of an asset less the asset's book value and costs of disposal.

ZEW settlement income relates to the corporation's investment in ZEW. The corporation recognised compensation settlements received during the reporting period due to delays in reaching the commercial operational date. Refer note 9.2 for further details on the arrangement between the corporation and ZEW.

# Notes to and forming part of the Financial Statements

## For the year ended 30 June 2021

### 3. Cost of delivering services

This section provides an account of the expenses incurred by City West Water in delivering services and the accounting policies that are relevant for an understanding of the items recognised in the financial statements.

#### Structure

- 3.1 Summary of cost of delivering services
- 3.2 Bulk charges
- 3.3 Employee benefits
- 3.4 Remuneration of auditor
- 3.5 Other operating expenses
- 3.6 Commitments for operating lease expenditure

#### 3.1 Summary of cost of delivering services

	Note	2021 \$'000	2020 \$'000
Bulk charges	3.2	352,866	364,660
Employee benefits in the Comprehensive Operating Statement	3.3.1	46,596	42,355
Other operating expenses	3.5	79,600	73,275
<b>Total cost of delivering services</b>		<b>479,062</b>	<b>480,290</b>

#### 3.2 Bulk charges

	2021 \$'000	2020 \$'000
Bulk water and sewerage charges	352,866	364,660
<b>Total bulk charges</b>	<b>352,866</b>	<b>364,660</b>

Bulk water and sewerage charges are levied by Melbourne Water Corporation for the cost of water City West Water purchases and for sewage treated at Melbourne Water's Western Treatment Plant. Variable charges are levied in arrears and are payable on a weekly basis. Fixed charges are levied once a month and are payable on the 15<sup>th</sup> of the month to which they refer. Any variable charges that remain outstanding at period end are accrued.

### 3.3 Employee benefits

#### 3.3.1 Employee benefits in the Comprehensive Operating Statement

	2021 \$'000	2020 \$'000
Salaries and wages, annual leave and long service leave	40,736	37,370
Accumulation fund superannuation expense	4,944	4,084
Defined benefit superannuation expense	596	559
Termination benefits	320	342
<b>Total employee benefits in the comprehensive operating statement</b>	<b>46,596</b>	<b>42,355</b>

Employee benefits refers to all payments made to employees during the year. It includes payments to all City West Water staff as well as contract and agency staff. Payments are made for ordinary time, overtime, allowances, on-costs, Fringe Benefits Tax, redundancy costs and Workcover. Any employee benefits outstanding at year end are accrued. A portion of employee benefits directly attributable to capital projects is capitalised and depreciated so as to apportion the cost of a capital project over the life of the asset created by the project.

The amount recognised in the Comprehensive Operating Statement in relation to superannuation is employer contributions for members of both defined benefit and accumulation superannuation plans that are paid or payable during the reporting period. Contributions to accumulation superannuation funds are made in accordance with the *Superannuation Guarantee (Administration) Act 1992*.

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

#### 3.3.2 Employee benefits in the Balance Sheet

	2021 \$'000	2020 \$'000
<b>Provision for employee benefits</b>		
<b>Current</b>		
Annual leave unconditional and expected to be paid within 12 months	3,462	2,820
Annual leave unconditional and expected to be paid after 12 months	1,061	618
Long service leave unconditional and expected to be paid within 12 months	1,411	1,103
Long service leave unconditional and expected to be paid after 12 months	5,508	5,991
On costs unconditional and expected to be paid within 12 months	215	167
On costs unconditional and expected to be paid after 12 months	841	909
Other employee benefits	3,252	3,204
<b>Provision for employee benefits – current</b>	<b>15,750</b>	<b>14,812</b>
<b>Non-current</b>		
Long service leave conditional	1,104	1,076
On costs conditional	168	164
<b>Provision for employee benefits – non-current</b>	<b>1,272</b>	<b>1,240</b>
<b>Total provision for employee benefits</b>	<b>17,022</b>	<b>16,052</b>



## Notes to and forming part of the Financial Statements For the year ended 30 June 2021

### 3. Cost of delivering services (continued)

#### Reconciliation of movement in provision for employee benefits

	<b>2021 \$'000</b>
Opening balance	16,052
Additional provisions recognised	7,212
Movements due to transfers in/(out)	94
Reductions arising from payments/other sacrifices of economic benefits	(6,336)
<b>Closing balance</b>	<b>17,022</b>

Provision is made for benefits accruing to employees in respect of annual leave, long service leave (LSL), on-costs, termination benefits and bonuses for services rendered to reporting date.

Liabilities for wages and salaries, including non-monetary benefits and annual leave are all recognised in the provision for employee benefits as current liabilities as the corporation does not have an unconditional right to defer settlement of these liabilities.

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

Depending on the expectation of the timing of settlement, liabilities for wages, salaries, and annual leave are measured at:

- nominal value – component that the corporation expects to settle wholly within 12 months; and
- present value – component that the corporation does not expect to settle wholly within 12 months.

Unconditional LSL is disclosed as a current liability even when the corporation does not expect to wholly settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of LSL liability are measured at:

- nominal value – component that the corporation expects to settle wholly within 12 months; and
- present value – component that the corporation does not expect to settle wholly within 12 months.

Conditional LSL is disclosed as a non-current liability. In this case 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 recognised at present value. Any gain or loss following revaluation of the present value of the non-current LSL liability is recognised as income or an expense.

Performance bonuses are an element of other employee benefits. Performance bonuses for the corporation's senior officers are based on a percentage of the annual salary package provided under their contract of employment. A liability is recognised and is measured as the aggregate of the amounts accrued under the terms of the contracts to balance date.

### 3.3.3 Superannuation

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

The majority of employees of City West Water, who are with accumulation funds, are members of either the Equipsuper fund or the Vision Super fund. All new City West Water employees who are not already members of the Equipsuper defined benefit fund must join an accumulation fund.

#### Defined benefit fund

Defined benefit fund members receive a lump sum benefit on retirement, death, disablement or withdrawal from the fund. Benefits are calculated on a multiple of an employee's final salary. The multiple is dependent on an employee's length of service and their contribution rate. The fund ceased including new members from September 1994.

A liability or asset in respect of defined benefits superannuation is recognised and measured as the difference between the present value of employees' accrued benefits at reporting date and the net market value of the superannuation plan's assets at that date.

City West Water is not the trustee of the defined benefit fund.

The plan's trustee (Togethr Trustees Pty Ltd) is responsible for the governance of the plan. The trustee has a legal obligation to act solely in the best interests of plan beneficiaries. The trustee has the following roles:

- administration of the plan and payment to beneficiaries from plan assets when required in accordance with the plan rules;
- management and investment of the plan assets; and
- compliance with superannuation law and other applicable regulations.

There are a number of risks to which the plan exposes the corporation. The more significant risks relating to the defined benefits are investment risk, salary growth risk, legislative risk and pension risk.

City West Water's plan assets are invested by the trustee in a pool of assets with assets from other employers' plans. The assets have a benchmark weighting to equities of 50 per cent and therefore the plan has a significant concentration of equity market risk. However, within the equity investments the allocation both globally and across sectors is diversified.

The Equipsuper Contribution and Funding Policy provides for a review of the financial position of the plan every six months as at 30 June and 31 December, with the contribution rate comprising a long-term contribution rate and an adjustment to meet the financing objective of a target funding ratio of 105 per cent. City West Water's current funding ratio is 141 per cent.

There were no plan amendments affecting the defined benefits payable, curtailments or settlements during the year.

# Notes to and forming part of the Financial Statements

## For the year ended 30 June 2021

### 3. Cost of delivering services (continued)

	Fair value of plan assets \$'000	Defined benefit obligation \$'000	Net defined benefit liability/ (asset) \$'000
Opening balance at 1 July 2019	27,838	23,753	(4,085)
Current service cost	-	605	605
Interest income	338	-	(338)
Interest expense	-	292	292
Actuarial return on plan assets less interest income	535	-	(535)
Contributions by plan participants	190	190	-
Actuarial (gains)/losses arising from changes in demographic assumptions	-	376	376
Actuarial (gains)/losses arising from changes in financial assumptions	-	924	924
Actuarial (gains)/losses arising from liability experience	-	(633)	(633)
Benefits paid	(4,202)	(4,202)	-
Taxes, premiums and expenses paid	(102)	(102)	-
<b>Closing balance at 30 June 2020</b>	<b>24,597</b>	<b>21,203</b>	<b>(3,394)</b>

Opening balance at 1 July 2020	24,597	21,203	(3,394)
Current service cost	-	619	619
Interest income	183	-	(183)
Interest expense	-	160	160
Actuarial return on plan assets less interest income	2,547	-	(2,547)
Contributions by plan participants	181	181	-
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	-	(1,020)	(1,020)
Actuarial (gains)/losses arising from liability experience	-	(703)	(703)
Benefits paid	(991)	(991)	-
Taxes, premiums and expenses paid	(62)	(62)	-
<b>Closing balance at 30 June 2021</b>	<b>26,455</b>	<b>19,387</b>	<b>(7,068)</b>

#### Fair value of plan assets

As at 30 June 2021	Total \$'000	Level 2 <sup>1</sup> \$'000
Investment funds	26,455	26,455
<b>Total</b>	<b>26,455</b>	<b>26,455</b>

1. Inputs based on observable market data (either directly using prices or indirectly derived from prices).

### Significant actuarial assumptions at reporting date

	2021	2020
<b>Assumptions to determine defined benefit cost</b>		
Discount rate	0.8% p.a.	1.3% p.a.
Expected salary increase rate	3.0% p.a.	3.0% p.a.
<b>Assumptions to determine defined benefit obligation</b>		
Discount rate	1.4% p.a.	0.8% p.a.
Expected salary increase rate	3.0% p.a.	3.0% p.a.

The assumptions used to determine the defined benefit cost are based on the assumptions used to calculate the defined benefit obligation for the prior year. The assumptions used to calculate the defined benefit obligation are determined as follows:

- discount rate – based on the yield on Commonwealth government bonds of the same duration as the liabilities that make up the defined benefit obligation; and
- expected salary increase rate – determined by reference to City West Water's expected salary increases under its enterprise agreement.

In 2021, the discount rate has increased in comparison to prior year as a result of a number of market variables that have been impacted by COVID-19. Market variables include changes to government policies, unemployment uncertainty, low inflation, changes in business productivity, and drops in business and consumer confidence.

### Sensitivity analysis

The defined benefit obligation as at 30 June 2021 under several scenarios is presented below.

Scenarios A and B relate to discount rate sensitivity. Scenarios C and D relate to salary increase rate sensitivity.

		Scenario A	Scenario B	Scenario C	Scenario D
	Base case	-0.5% p.a. discount rate	+0.5% p.a. discount rate	-0.5% p.a. salary increase rate	+0.5% p.a. salary increase rate
Discount rate	1.4% p.a.	0.9% p.a.	1.9% p.a.	1.4% p.a.	1.4% p.a.
Salary increase rate	3.0% p.a.	3.0% p.a.	3.0% p.a.	2.5% p.a.	3.5% p.a.
Defined benefit obligation <sup>1</sup> (\$'000)	19,387	20,230	18,595	18,753	20,047

1. Includes contributions tax provision.

The defined benefit obligation has been recalculated by changing the assumptions as outlined above while retaining all other assumptions.

The Equisuper Contribution and Funding Policy provides for a review of the financial position of the plan each six months, as at 30 June and 31 December, with the contribution rate comprising a long-term contribution rate and an adjustment to meet the financing objective of a target funding ratio of 105 per cent. City West Water's current funding ratio is 141 per cent. As such, City West Water is not currently required to contribute to the defined benefit superannuation plan.

## Notes to and forming part of the Financial Statements For the year ended 30 June 2021

### 3. Cost of delivering services (continued)

#### Expected contributions

City West Water does not expect to make any employer contributions for the year ending 30 June 2022.

#### Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation as at 30 June 2021 is eight years (30 June 2020, seven years).

Expected benefit payments for each of the financial year ending on:

	(\$'000)
30 June 2022	1,910
30 June 2023	1,613
30 June 2024	1,998
30 June 2025	2,019
30 June 2026	1,922
Following five years	8,027

#### 3.4 Remuneration of auditor

	2021 \$'000	2020 \$'000
Amounts received, or due and receivable by the auditor of City West Water for the audit of the financial report:		
Victorian Auditor-General's Office	228	148
<b>Total auditor's remuneration</b>	<b>228</b>	<b>148</b>

### 3.5 Other operating expenses

Other operating expenses are recognised as incurred if they can be reliably measured. Costs are measured at nominal value.

	2021 \$'000	2020 \$'000
Operating contracts	36,401	39,088
Information technology	8,743	7,816
Consulting	6,431	2,304
Billing and collection	5,913	7,592
Impaired receivables – refer Note 6	6,337	2,017
Energy	2,005	2,285
Facilities maintenance	2,304	2,085
Insurance	1,406	2,028
Licence fees	683	543
Grants and water conservation initiatives	218	345
Other lease expense <sup>1</sup>	196	120
Initial recognition – expense from Zero Emissions Water <sup>2</sup>	329	-
Other expenses	8,634	7,053
<b>Total other operating expenses</b>	<b>79,600</b>	<b>73,276</b>

Other operating expenses generally represent the day to day running costs incurred in normal operations. It also includes impaired receivables expense. Other operating expenses are recognised on an accrual basis in the reporting period in which they are incurred.

Operating contracts are expenses related to City West Water's maintenance contractor and the field work performed by it.

Billing and collection costs are all costs relating to the issuing of bills and the collection of debt.

Information technology expenditure relates to all operating expenses, maintenance contracts, licence fees and other costs associated with operating the information technology environment of the corporation.

Routine maintenance, repair costs and minor asset renewal costs are expensed as incurred. Where the expenditure relates to the replacement of a component or the enhancement of an asset and the cost satisfies the requirements of an asset, the cost is capitalised and depreciated.

1. Expenses in respect of contracts assessed as leases but which did not qualify for recognition as right-of-use assets are \$146,000 (2020: \$70,524) in respect of variable lease payments, \$18,627 (2020: \$15,894) for short-term leases, and \$31,781 (2020: \$33,993) for low-value leases.

2. The corporation pays or receives the difference between the floating electricity price and the fixed price set under the agreement for the units of energy supplied into the National Electricity Market by Kiamal solar farm. The future settlements of Contract for Difference (CfD) are classified as derivative financial instruments. The corporation has initially recognised the CfD derivative financial instrument and is measured at fair value based on the best available information. The initial recognition expense represents the fair value of the expected future settlements at the initial recognition, currently in a liability position.

# Notes to and forming part of the Financial Statements

## For the year ended 30 June 2021

### 4. Statutory obligations

This section provides an account of the statutory obligations of City West Water.

#### Structure

- 4.1 Income tax expense
- 4.2 Deferred tax assets and deferred tax liabilities
- 4.3 Current tax liability
- 4.4 Dividends
- 4.5 Environmental Contribution

#### 4.1 Income tax expense

	2021 \$'000	2020 \$'000
<b>Income tax expense</b>		
Current tax	22,347	35,943
Deferred tax relating to temporary differences	(5,284)	(8,395)
<b>Total income tax expense</b>	<b>17,063</b>	<b>27,548</b>
<b>Income tax expense is attributable to:</b>		
Profit from continuing operations	17,063	27,548
<b>Total income tax expense</b>	<b>17,063</b>	<b>27,548</b>
Deferred income tax expense/(benefit) included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	(7,669)	(28,514)
Increase/(decrease) in deferred tax liabilities	2,385	20,119
<b>Total deferred income tax expense/(benefit)</b>	<b>(5,284)</b>	<b>(8,395)</b>
<b>Reconciliation of income tax expense to prima facie tax payable</b>		
Profit before income tax expense	56,779	116,590
Tax at the Australian tax rate of 30 per cent (2020 30 per cent)	17,034	34,977
<b>Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:</b>		
Non-deductible expenses	30	102
Non-deductible depreciation	885	886
Additional deductible expenses/non-assessable income	(886)	(8,417)
<b>Total income tax expense</b>	<b>17,063</b>	<b>27,548</b>
<b>Deferred income tax recognised in other comprehensive income</b>		
Gain/(loss) on revaluation of infrastructure	(19,617)	(38,448)
Gain/(loss) on revaluation of land and buildings	2,269	205
Actuarial gain/(loss) on defined benefit superannuation plan	1,281	(40)
<b>Total deferred income tax recognised in other comprehensive income</b>	<b>(16,067)</b>	<b>(38,283)</b>



City West Water is subject to the National Tax Equivalent Regime (NTER) pursuant to section 88(1) of the *State Owned Enterprises Act 1992*. Under this regime City West Water is required to pay the Victorian government an amount equal to the tax liability applicable if City West Water was a private company. The tax equivalent rules are based on the *Income Tax Assessment Act 1997* (as amended).

Income tax expense or revenue for the period is the tax payable or receivable on the current period's taxable income based on the applicable tax rate adjusted by changes in deferred tax assets and deferred tax liabilities attributable to temporary differences.

## 4.2 Deferred tax assets and deferred tax 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 substantively enacted at balance date. 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 as the result of a transaction that at the time of the transaction did not affect either accounting profit or loss 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.

### 4.2.1 Deferred tax assets

	2021 \$'000	2020 \$'000
The balance of deferred tax assets comprises temporary differences attributable to:		
<b>Amounts recognised in the Comprehensive Operating Statement</b>		
Accrued expenses	118	50
Provisions	11,438	6,875
Amortisation of intellectual property	5	7
Business related costs	85	100
Lease liabilities	29,841	28,795
Developer revenue not assessable	-	(2,009)
<b>Total deferred tax assets</b>	<b>41,487</b>	<b>33,818</b>
Movements:		
Opening balance at the start of financial year	33,818	5,304
Credited/(charged) to the Comprehensive Operating Statement	7,669	28,514
<b>Closing balance at the end of financial year</b>	<b>41,487</b>	<b>33,818</b>
Deferred tax assets expected to be recovered within 12 months	11,438	5,859
Deferred tax assets expected to be recovered after more than 12 months	30,049	27,959
<b>Total deferred tax assets</b>	<b>41,487</b>	<b>33,818</b>
Set off of deferred tax assets pursuant to set off provisions	(41,487)	(33,818)
<b>Net deferred tax assets</b>	<b>-</b>	<b>-</b>

# Notes to and forming part of the Financial Statements

## For the year ended 30 June 2021

### 4. Statutory obligations (continued)

#### 4.2.2 Deferred tax liabilities

	2021 \$'000	2020 \$'000
The balance of deferred tax liabilities comprises temporary differences attributable to:		
<b>Amounts recognised in the Comprehensive Operating Statement</b>		
Fixed assets – depreciation	85,693	82,546
Developer contributed assets	57,057	57,942
Defined benefit superannuation fund asset	-	(132)
Right-of-use assets	27,976	27,802
Developer Revenue not assessable	36	-
<b>Amounts recognised in equity</b>		
Defined benefits actuarial gain	2,623	1,342
Land and buildings revaluation	2,243	205
Infrastructure assets revaluation	21,261	40,867
<b>Total deferred tax liabilities</b>	<b>196,889</b>	<b>210,572</b>
Movements:		
Opening balance at the start of the financial year	210,572	228,736
(Credited)/charged to the Comprehensive Operating Statement	(16,067)	(38,383)
(Credited)/charged to equity	2,384	20,119
<b>Closing balance at the end of financial year</b>	<b>196,889</b>	<b>210,572</b>
Deferred tax liabilities expected to be settled after more than 12 months	196,889	210,572
<b>Total deferred tax liabilities</b>	<b>196,889</b>	<b>210,572</b>
Set off of deferred tax assets pursuant to set off provisions	(41,487)	(33,818)
<b>Net deferred tax liabilities</b>	<b>155,402</b>	<b>176,754</b>

#### 4.3 Current tax liability

	2021 \$'000	2020 \$'000
Current tax liability	1,033	7,366
<b>Total current tax liability</b>	<b>1,033</b>	<b>7,366</b>

City West Water's current tax liability is tax payable based on the current financial year's taxable income less any instalments paid during the year.

#### 4.4 Dividends

	2021 \$'000	2020 \$'000
Final dividend paid during 2021 in respect of 2020	13,500	-
Final dividend paid during 2020 in respect of 2019	-	53,900
Interim dividend paid in respect of current year	7,100	21,900
<b>Total dividends paid</b>	<b>20,600</b>	<b>75,800</b>

As City West Water is a Public Non-financial Corporation, it is required to pay a dividend in accordance with a determination by the Treasurer of Victoria under the *Water Act 1989*. An obligation to pay a dividend only arises after a formal determination is made by the Treasurer following consultation between the Board, the relevant portfolio Minister and the Treasurer.

As the 2021 final dividend has not been determined by the Treasurer, it has not been provided for at reporting date. The Board's preliminary estimate of the 2021 final dividend is \$7.3m.

#### 4.5 Environmental Contribution

Section 193 of the *Water Industry (Environmental Contributions) Act 2004* (the Act) establishes an obligation for water corporations to pay into the consolidated fund Environmental Contributions in accordance with an Order issued by the Minister for Water. The Ministerial Order, which was published in the Victorian Government Gazette No. G23 on 11 June 2020, prescribed that the Environmental Contributions Tranche 5 period has been set to commence on 1 July 2020 till 30 June 2024. Subsequently, the new tranche of the amounts payable for reporting periods 2021 to 2024 has been provided and will be reported in subsequent years.

The purpose of the Environmental Contribution is set out in the Act. Funds may be used for the purpose of funding various water related initiatives that seek to promote the sustainable management of water or are likely to address adverse water related environmental impacts.

Consistent with Section 193 of the *Water Industry Act 1994*, City West Water pays an Environmental Contribution to the Victorian Government. These contributions are recognised as expenses when they occur.

##### 4.5.1 Environmental Contribution expense

	2021 \$'000	2020 \$'000
Environmental Contribution expense	29,843	26,457
<b>Total Environmental Contribution expense</b>	<b>29,843</b>	<b>26,457</b>

# Notes to and forming part of the Financial Statements

## For the year ended 30 June 2021

### 4. Statutory obligations (continued)

#### 4.5.2 Environmental Contribution commitment

Consistent with the requirements of Section 193 of the *Water Industry Act 1994*, City West Water has a commitment to pay an Environmental Contribution of \$29.8m for the next year to the Department of Environment, Land, Water and Planning.

	2021 \$'000	2020 \$'000
Not later than one year <sup>1</sup>	29,843	29,843
Later than one year but not later than five years <sup>2</sup>	59,686	89,529
<b>Total Environmental Contribution commitment</b>	<b>89,529</b>	<b>119,372</b>

1. Excludes WW commitment of \$4.07million upon integration with effect from 1 July 2021.

2. Excludes WW commitment of \$8.14 million upon integration with effect from 1 July 2021.

## 5. Assets available to support the provision of services

City West Water controls infrastructure and other assets that are utilised in fulfilling its objectives and conducting its activities. These assets represent the resources that are owned by City West Water for use in the delivery of services. Where the assets included in this section are carried at fair value, additional information is disclosed in Section 8 of this report regarding how fair value is determined.

### Structure

- 5.1 Infrastructure, property, plant and equipment
- 5.2 Depreciation of infrastructure, property, plant and equipment
- 5.3 Impairment of infrastructure, property, plant and equipment
- 5.4 Commitments for capital expenditure on infrastructure, property, plant and equipment
- 5.5 Intangible assets
- 5.6 Amortisation of intangible assets
- 5.7 Impairment of intangible assets
- 5.8 Commitments for capital expenditure on intangible assets
- 5.9 Right-of-use assets
- 5.10 Assets held for sale

## Notes to and forming part of the Financial Statements

### For the year ended 30 June 2021

#### 5. Assets available to support the provision of services (continued)

##### 5.1 Infrastructure, property, plant and equipment

	Specialised Land \$'000	Non- specialised land \$'000	Non- specialised buildings \$'000	Infrastr- ucture assets \$'000	Plant & equipment \$'000	Motor vehicles \$'000	Leasehold improve- ments \$'000	Works in progress \$'000	Total \$'000
<b>2020</b>									
Fair value at 1 July 2019	32,545	2,853	9,044	1,892,599	28,893	4,671	6,987	243,518	2,221,110
Accumulated depreciation at 1 July 2019	-	-	(1,079)	-	(24,552)	(2,134)	(1,969)	-	(29,734)
Carrying amount at 1 July 2019	32,545	2,853	7,965	1,892,599	4,341	2,537	5,018	243,518	2,191,376
Additions	-	-	-	-	-	-	-	192,047	192,047
Developer contributed assets	-	-	-	54,811	-	-	-	(54,811)	-
Transfers (net) <sup>1</sup>	-	-	3	225,033	2,313	364	-	(227,860)	(147)
Revaluation (decrement)/increment recognised in other comprehensive income <sup>2</sup>	2,087	134	-	(128,161)	-	-	-	-	(125,940)
Revaluation (decrement)/increment recognised in profit or loss	-	67	-	-	-	-	-	-	67
Disposals (net)	-	-	-	(28)	(1)	(190)	-	-	(219)
Impairment (net)	-	-	-	-	-	-	-	(1,051)	(1,051)
Depreciation expense	-	-	(225)	(45,254)	(1,156)	(739)	(423)	-	(47,797)
<b>Fair value at 30 June 2020</b>	<b>34,632</b>	<b>3,054</b>	<b>9,047</b>	<b>1,999,000</b>	<b>27,501</b>	<b>4,394</b>	<b>6,987</b>	<b>151,843</b>	<b>2,236,458</b>
<b>Accumulated depreciation at 30 June 2020</b>	<b>-</b>	<b>-</b>	<b>(1,304)</b>	<b>-</b>	<b>(22,004)</b>	<b>(2,422)</b>	<b>(2,392)</b>	<b>-</b>	<b>(28,122)</b>
<b>Carrying amount at 30 June 2020</b>	<b>34,632</b>	<b>3,054</b>	<b>7,743</b>	<b>1,999,000</b>	<b>5,497</b>	<b>1,972</b>	<b>4,595</b>	<b>151,843</b>	<b>2,208,336</b>

<b>2021</b>										
	Specialised Land \$'000	Non-specialised land \$'000	Non-specialised buildings \$'000	Infrastructure assets \$'000	Plant & equipment \$'000	Motor vehicles \$'000	Leasehold improvements \$'000	Works in progress \$'000	Total \$'000	
Fair value at 1 July 2020	34,632	3,054	9,047	1,999,000	27,501	4,394	6,987	151,843	2,236,458	
Accumulated depreciation at 1 July 2020	-	-	(1,304)	-	(22,004)	(2,422)	(2,392)	-	(28,122)	
Carrying amount at 1 July 2020	34,632	3,054	7,743	1,999,000	5,497	1,972	4,595	151,843	2,208,336	
Additions	-	-	-	-	-	-	-	196,363	196,363	
Developer contributed assets	-	-	-	41,703	-	-	-	(41,703)	-	
Transfers (net) <sup>1</sup>	-	-	(67)	173,273	9,501	910	11	(183,628)	-	
Revaluation (decrement)/increment recognised in other comprehensive income <sup>2</sup>	19,038	-	483	(65,390)	-	-	-	-	(45,869)	
Revaluation (decrement)/increment recognised in profit or loss	51	-	-	-	-	-	-	-	51	
Adjustments	-	-	5	-	-	-	-	-	5	
Disposals (net)	-	-	-	(1,485)	(267)	(142)	-	-	(1,894)	
Impairment (net)	-	-	-	-	-	-	-	-	-	
Depreciation expense	-	-	(273)	(45,800)	(2,885)	(769)	(424)	-	(50,151)	
Land transferred to Assets Held for Disposal	(1,352)	-	-	-	-	-	-	-	(1,352)	
<b>Fair value at 30 June 2021</b>	<b>52,369</b>	<b>3,054</b>	<b>9,462</b>	<b>2,638,691</b>	<b>35,046</b>	<b>4,714</b>	<b>6,998</b>	<b>122,875</b>	<b>2,873,209</b>	
<b>Accumulated depreciation at 30 June 2021</b>	<b>-</b>	<b>-</b>	<b>(1,571)</b>	<b>(537,391)</b>	<b>(23,200)</b>	<b>(2,743)</b>	<b>(2,816)</b>	<b>-</b>	<b>(567,721)</b>	
<b>Carrying amount at 30 June 2021</b>	<b>52,369</b>	<b>3,054</b>	<b>7,891</b>	<b>2,101,300</b>	<b>11,846</b>	<b>1,971</b>	<b>4,182</b>	<b>122,875</b>	<b>2,305,488</b>	

1. Balance represents a transfer to/from intangible assets. This occurs upon capitalisation of a project that generates both tangible and intangible assets.

2. Further information on fair value of non-financial assets is disclosed in note 8.3.2.



# Notes to and forming part of the Financial Statements

## For the year ended 30 June 2021

### 5. Assets available to support the provision of services (continued)

#### Initial recognition

All assets are measured at cost on initial recognition. Cost is determined as cash paid or the fair value of other consideration given up at the date of acquisition plus any costs directly attributable to acquisition. Fair value at acquisition is equal to cost.

The cost of non-current assets constructed by City West Water includes all costs directly attributable to their construction. City West Water has a policy of capitalising labour costs which are directly attributable to capital projects. In the case of developer contributed assets, where actual cost is not available, cost is calculated using a schedule of rates determined by the corporation based on historical cost information.

An asset is capitalised when it is probable that future economic benefits associated with the item will flow to City West Water and the item can be measured reliably.

City West Water has a capitalisation threshold of greater than or equal to \$100 inclusive of GST (2020 \$100).

#### Subsequent measurement

Infrastructure, property, plant and equipment are subsequently measured at fair value less accumulated depreciation and impairment losses (if applicable). Fair value is determined with regard to an 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. Fair value determination of non-current physical assets is discussed further in Section 8 – Risks contingencies and valuation judgements.

The carrying amount of a replaced or abandoned asset is written off in the Comprehensive Operating Statement as an expense. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

Net revaluation increases are credited directly to equity in the physical asset revaluation surplus unless the increase reverses a previous decrease that was recognised in profit or loss. In this case, the increase is recognised in profit or loss.

Net revaluation decreases are recognised immediately as expenses in profit or loss, unless there is an asset revaluation surplus. In this case the decrease is recognised against the physical asset revaluation surplus.

There were no changes in valuation techniques throughout the year to 30 June 2021.

#### Land and buildings

An independent valuation of land and buildings is required every five years. Interim management valuations may occur in between independent valuations if fair value assessments indicate material changes in values. The last independent valuation was undertaken by a Certified Practising Valuer, Peter Molloy AAPI of Property Dynamics Pty Ltd, on behalf of the Valuer-General Victoria (VGV) as at 30 June 2021. The VGV valuation resulted in a gross asset value increment of \$19.5m and \$17.3m was recognised in the asset revaluation surplus.

For financial years ended 30 June 2017 to 2020, management valuation of land was performed using VGV indices. The last interim valuation in 2020 led to an increment of \$2.3m which was recognised in the accounts at 30 June 2020.

The carrying amount (cost less accumulated depreciation) of land and buildings exclusive of revaluations was \$4.4m (2020 \$4.4m) and \$7.0m (2020 \$7.0m) respectively.

#### Infrastructure

The valuation of infrastructure assets has been determined in accordance with an independent valuation. KPMG was engaged by City West Water as experts for this purpose. The valuation is at fair value based on the income approach

(discounted cash flow method). For the purpose of the fair value estimate provided, fair market value is defined as 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.

The carrying amount (cost less accumulated depreciation) of infrastructure exclusive of revaluations was \$2,094.8m (2020 \$1,954.3m).

#### Plant and equipment, motor vehicles and leasehold improvements

Plant and equipment, motor vehicles and leasehold improvements are measured at carrying value (current replacement cost) which is fair value. Unless there is market evidence that carrying value is significantly different to market value no adjustment will be made to the existing carrying value.

#### 5.2 Depreciation of infrastructure, property, plant and equipment

All infrastructure assets, buildings, plant and equipment and other non-current physical assets (excluding items under operating leases and assets held for sale) that have a limited useful life are depreciated.

Depreciation is calculated on a straight-line basis at rates that allocate an asset's value less any estimated residual value over its estimated useful life. The useful life and residual value of each group of assets is reviewed annually.

Depreciation of a new infrastructure asset begins in the month following the practical completion of works.

Depreciation of other new assets begins in the month following acquisition.

#### Useful lives

The estimated useful lives of infrastructure, property plant and equipment are listed below.

Asset type	Range
Buildings	5 – 90 years
Infrastructure assets	3 – 100 years
Plant and equipment	3 – 50 years
Motor vehicles	5 years
Leasehold improvements	7 – 20 years
Right-of-use assets (note 5.9)	3 – 47 years

#### 5.3 Impairment of infrastructure, property, plant and equipment

Infrastructure, property, plant and equipment are assessed annually for indicators of impairment.

If there is an indication of impairment, 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 by a charge to the Comprehensive Operating Statement, unless the write-down can be offset against an asset revaluation surplus amount applicable to that class of asset.

Recoverable amounts for assets held primarily to generate net cash inflows are measured at the higher of the net present value of future cash flows expected to be obtained from the asset and fair value less costs to sell. It is deemed that, in the event of the loss of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made.

A reversal of an impairment loss on a revalued asset is credited directly to equity unless an impairment loss on the same class of asset was previously recognised in the Comprehensive Operating Statement. In this case the reversal of that impairment loss is recognised in the Comprehensive Operating Statement.

# Notes to and forming part of the Financial Statements

## For the year ended 30 June 2021

### 5. Assets available to support the provision of services (continued)

#### 5.4 Commitments for capital expenditure on infrastructure, property, plant and equipment

	2021 \$'000	2020 \$'000
Not later than one year	610	11,787
Later than one year but not later than five years	484	-
<b>Total capital commitments</b>	<b>1,094</b>	<b>11,787</b>

Commitments for future expenditure include capital commitments arising from contracts. These commitments are not recognised in the Balance Sheet. They are disclosed at nominal value inclusive of GST payable. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the Balance Sheet. The commitments for capital expenditure exclude Western Water's commitments upon integration with effect from 1 July 2021.

#### 5.5 Intangible assets

	Software \$'000	Water entitlements \$'000	Other intangible assets \$'000	Works in progress \$'000	Total \$'000
<b>2020</b>					
Cost at 1 July 2019	119,045	96,916	26	12,266	228,253
Accumulated amortisation at 1 July 2019	(61,105)	-	-	-	(61,105)
Carrying amount at 1 July 2019	57,940	96,916	26	12,266	167,148
Additions	-	-	-	15,201	15,201
Transfers (net) <sup>1</sup>	11,781	-	-	(11,634)	147
Disposals (net)	(33)	-	-	-	(33)
Impairment (net)	-	-	-	(255)	(255)
Amortisation expense	(12,457)	-	-	-	(12,457)
<b>Cost at 30 June 2020</b>	<b>130,724</b>	<b>96,916</b>	<b>26</b>	<b>15,578</b>	<b>243,244</b>
<b>Accumulated amortisation at 30 June 2020</b>	<b>(73,493)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(73,493)</b>
<b>Carrying amount at 30 June 2020</b>	<b>57,231</b>	<b>96,916</b>	<b>26</b>	<b>15,578</b>	<b>169,751</b>
<b>2021</b>					
Cost at 1 July 2020	130,724	96,916	26	15,578	243,244
Accumulated amortisation at 1 July 2020	(73,493)	-	-	-	(73,493)
Carrying amount at 1 July 2020	57,231	96,916	26	15,578	169,751
Additions	6,946	-	1,825	14,718	23,489
Transfers (net) <sup>1</sup>	-	-	-	-	-
Disposals (net)	(1,131)	-	(193)	-	(1,325)
Impairment (net)	-	-	-	-	-
Amortisation expense	(13,059)	-	(215)	-	(13,274)
<b>Cost at 30 June 2021</b>	<b>134,696</b>	<b>96,916</b>	<b>1,637</b>	<b>30,296</b>	<b>263,545</b>
<b>Accumulated amortisation at 30 June 2021</b>	<b>(84,710)</b>	<b>-</b>	<b>(194)</b>	<b>-</b>	<b>(84,904)</b>
<b>Carrying amount at 30 June 2021</b>	<b>49,986</b>	<b>96,916</b>	<b>1,443</b>	<b>30,296</b>	<b>178,641</b>

1. Balance represents a transfer to/from infrastructure, property, plant and equipment. This occurs upon capitalisation of a project that generates both tangible and intangible assets. Intangible assets are initially recognised at cost and subsequently at cost less accumulated amortisation and impairment losses (if applicable). Intangible assets consist of software, water entitlement rights and other intangible assets.

## Software

Software assets are initially recognised at cost and subsequently recognised at cost less accumulated amortisation and impairment losses (if applicable).

## Water entitlements

Water entitlements have an indefinite useful life as they are held in perpetuity. As such they are not amortised. Instead they are tested for impairment annually or more frequently if events or changes in circumstances indicate that they might be impaired. Water entitlements represent City West Water's bulk water entitlements held in Northern Victoria as a result of its investment in Stage 1 of the Goulburn-Murray Water Connections Project. The project was originally established in 2007 as the Northern Victoria Irrigation Renewal Project (NVIRP). On 1 July 2012 NVIRP was merged with Goulburn-Murray Water to form the Goulburn-Murray Water Connections Project. The metropolitan water retailers contributed \$300m to the \$1 billion Stage 1 investment. Stage 1, which was completed in 2013. City West Water contributed \$100m to the Connections Project to fund 25GL in long-term average annual water savings. Water entitlement accrues to City West Water as long-term savings are made under the Project. The Project was completed in 2020. Water entitlements accrue to City West Water as a result of the annual audits into the long-term savings made under the Project.

## Other intangible assets

Other intangible assets have an indefinite useful life as they are held in perpetuity. As such they are not amortised. Instead they are tested for impairment annually or more frequently if events or changes in circumstances indicate that they might be impaired.

Other intangible assets also include Large-Scale Generation Certificates of \$36,888 which are measured at cost.

## 5.6 Amortisation of intangible assets

All intangible assets with a useful life are amortised.

Amortisation is generally calculated on a straight-line basis at rates that allocate an asset's value less any estimated residual value over its estimated useful life. The useful life and residual value of each group of assets is reviewed annually.

Amortisation of new software and other intangible assets begins in the month following commissioning.

## Useful lives

The estimated useful lives of intangible assets are listed below.

Asset type	Range
Software	3 – 10 years
Water entitlements	Indefinite
Other intangible assets	Indefinite

## 5.7 Impairment of intangible assets

Intangible assets with indefinite useful lives are tested annually for indicators of impairment.

If there is an indication of impairment, 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 by a charge to the Comprehensive Operating Statement, unless the write-down can be offset against an asset revaluation surplus amount applicable to that class of asset.

The recoverable amount for most intangible assets is measured as the higher of current replacement cost and fair value less costs to sell. Recoverable amounts for assets held primarily to generate net cash inflows are measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell. It is deemed that in the event of the loss of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made.

# Notes to and forming part of the Financial Statements

## For the year ended 30 June 2021

### 5. Assets available to support the provision of services (continued)

A reversal of an impairment loss on a revalued intangible asset is credited directly to equity, unless an impairment loss on the same class of asset was previously recognised in the Comprehensive Operating Statement. In this case a reversal of that impairment loss is also recognised in the Comprehensive Operating Statement.

#### 5.8 Commitments for capital expenditure on intangible assets

	2021 \$'000	2020 \$'000
Not later than one year	232	162
Later than one year but not later than five years	115	189
<b>Total capital commitments</b>	<b>347</b>	<b>351</b>

Commitments for future capital expenditure on intangible assets include capital commitments arising from contracts. These commitments are not recognised in the Balance Sheet. They are disclosed at nominal value inclusive of GST payable. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the Balance Sheet. The commitments for capital expenditure on intangible assets are excluding Western Water's commitments upon integration with effect from 1 July 2021.

#### 5.9 Right-of-use assets

This note provides information for leases where the corporation is a lessee.

	Buildings \$'000	Land \$'000	Equipment \$'000	Total \$'000
<b>2020</b>				
<b>As at 30 June 2019</b>	-	-	-	-
Effects of adopting AASB 16	93,965	1,451	1,993	97,409
<b>As at 1 July 2019 – Restated</b>	<b>93,965</b>	<b>1,451</b>	<b>1,993</b>	<b>97,409</b>
Additions	-	-	485	485
Depreciation	(4,389)	(49)	(781)	(5,219)
<b>As at 30 June 2020</b>	<b>89,576</b>	<b>1,402</b>	<b>1,697</b>	<b>92,675</b>
Cost	93,965	1,451	2,478	97,894
Accumulated depreciation	(4,389)	(49)	(781)	(5,219)
<b>Carrying amount at 30 June 2020</b>	<b>89,576</b>	<b>1,402</b>	<b>1,697</b>	<b>92,675</b>

#### 2021

<b>As at 1 July 2020</b>	<b>89,576</b>	<b>1,402</b>	<b>1,697</b>	<b>92,675</b>
Additions	-	-	945	945
Re-measurement	4,927	325	(1)	5,251
Depreciation	(4,831)	(63)	(725)	(5,619)
<b>As at 30 June 2021</b>	<b>89,672</b>	<b>1,664</b>	<b>1,916</b>	<b>93,252</b>
Cost	98,892	1,776	3,422	104,090
Accumulated depreciation	(9,220)	(112)	(1,506)	(10,838)
<b>Carrying amount at 30 June 2021</b>	<b>89,672</b>	<b>1,664</b>	<b>1,916</b>	<b>93,252</b>

The right-of-use assets are in respect of CWW's head office in Footscray, two maintenance depots in Brooklyn and West Melbourne, two land leases and two IT leases.

Remeasurement during the year is in respect of the alignment of interest rate implicit in the leases using the revised Department of Treasury's (DTF) weighted average lease term calculator.

Other leases of properties with contract term of less than a year are either short-term and or/ leases of low-value items. City West Water has elected not to recognise right-of-use assets and lease liabilities for these leases.

#### **(i) The corporation's leasing activities and how these are accounted for**

The corporation leases various properties and equipment. Rental contracts are typically made for fixed periods of 3 to 47 years, but may have extension options as described below.

Contracts may contain both lease and non-lease components. The corporation allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

From 1 July 2019 leases are recognised as a right-of-use asset and a corresponding liability (borrowings) at the date at which the leased asset is available for use by the corporation.

Assets and liabilities arising from a lease are initially measured on a present value basis.

#### ***Lease liabilities***

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to comprehensive operating statement over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease or the corporation's incremental borrowing rate. Treasury Corporation of Victoria (TCV)/Department of Treasury's (DTF) calculator is used to determine incremental borrowing rate. Information on incremental borrowing rate is disclosed in note 7.1.

#### ***Right-of-use assets***

Right-of-use assets are initially measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs; and
- restoration costs.

# Notes to and forming part of the Financial Statements

## For the year ended 30 June 2021

### 5. Assets available to support the provision of services (continued)

If the corporation is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the corporation revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the corporation.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and photo copiers with individual values less than \$10,000 when new.

The corporation is exposed to future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities. This includes exposure arising from:

- variable lease payments;
- extension options and termination options;
- residual value guarantees; and
- leases not yet commenced to which the lessee is committed.

#### *Variable lease payments*

Some property leases contain variable payment terms. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established corporations. Variable lease payments that depend on a specific variable metric are recognised in the comprehensive operating statement in which the condition that triggers those payments occurs.

#### *(ii) Extension and termination options*

Extension and termination options are included in a number of property and equipment leases across the corporation. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the corporation and not by the respective lessor.

#### *Residual value guarantee*

To optimise lease costs during the contract period, the corporation sometimes provides residual value guarantees in relation to equipment leases.

#### *Critical judgements in determining the lease term*

In determining the lease term, the corporation considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment.

### 5.10 Assets held for sale

CWW classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Asset held for sale is relating to the land held for sale to Melbourne Water. The sale was completed on 2 July 2021.



## 6. Other assets and liabilities

This section sets out the assets and liabilities that arose from City West Water's operations.

### Structure

- 6.1 Receivables
- 6.2 Payables
- 6.3 Advances and deposits
- 6.4 Contract liabilities
- 6.5 Inventory
- 6.6 Other non-financial assets
- 6.7 Other provisions

### 6.1 Receivables

	2021 \$'000	2020 \$'000
<b>Contractual</b>		
Contract assets	44,373	46,222
Trade receivables	87,847	65,096
Less: Expected credit loss allowance	(4,662)	(4,688)
<b>Total contractual receivables</b>	<b>127,558</b>	<b>106,630</b>
<b>Statutory</b>		
Trade receivables	2,857	2,124
<b>Total statutory receivables</b>	<b>2,857</b>	<b>2,124</b>
<b>Total receivables</b>	<b>130,415</b>	<b>108,754</b>
Represented by		
<b>Current receivables</b>	<b>130,415</b>	<b>108,754</b>

Contractual receivables are classified as financial instruments. They are initially recognised at fair value and subsequently at amortised cost less expected credit loss.

Contract assets are recognised for water and sewage usage as well as other works and services where performance obligations have been satisfied but not yet invoiced. An accrual is done to account for water and sewage usage and other works and services not billed at the end of the period. The accrual of water usage charges and sewage disposal charges is made by using the volume of water City West Water purchases from Melbourne Water less estimate of non-revenue water.

Trade receivables are due for settlement no later than 21 days from the date of recognition. Trade receivables consist of receivables for the provision of water, sewerage and trade waste services to residential and non-residential customers as well as billing and collection fees associated with these receivables.

Statutory receivables are not classified as financial instruments as they do not arise from contracts. Statutory receivables are recognised and measured similarly to contractual receivables, except for impairment. Statutory trade receivables are GST receivables.

# Notes to and forming part of the Financial Statements

## For the year ended 30 June 2021

### 6. Other assets and liabilities (continued)

#### 6.1.1 Movements in the expected credit loss allowance

	2021 \$'000	2020 \$'000
Opening balance at the start of the year	(4,688)	(3,486)
Provision for expected credit loss recognised during the year	(6,414)	(2,327)
Contractual receivables written off during the year as uncollectible	6,440	1,125
<b>Closing balance at the end of the year</b>	<b>(4,662)</b>	<b>(4,688)</b>

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

To measure expected credit losses, contract receivables have been grouped based on shared credit risk characteristics and days past due. The expected loss rates are based on the payment profiles of sales over a period of three years prior to 30 June 2021. The historical loss rates are adjusted to reflect current and forward-looking information on factors affecting the ability of customers to settle receivables. Receivables are written off when there is no reasonable expectation of recovery. Indicators of non-recovery include, amongst others, the failure of a debtor to engage in a repayment plan and failure to make contractual payments for a period of greater than 90 days past due.

In 2021 City West Water has continued to extend its hardship and vulnerability program to its customers as a result of the impact of COVID-19 and subsequent government directives around the collection of outstanding debt. Consequently, there have been higher write-offs in comparison to 2020. The new arrangements have resulted in an increase in the overall debt (see note 6.1.2).

#### 6.1.2 Loss allowance for contractual trade receivables

	Current \$'000	30-59 days \$'000	60-89 days \$'000	Greater than 90 days \$'000	Not impaired \$'000	Total \$'000
<b>30 June 2020</b>						
Expected loss rate	0.3%	0.8%	5.3%	21.5%		
Gross carrying amount	33,299	11,561	3,787	13,601	2,848	65,096
Loss allowance	(110)	(92)	(200)	(4,286)	-	(4,688)
<b>Net carrying amount</b>	<b>33,189</b>	<b>11,469</b>	<b>3,587</b>	<b>9,315</b>	<b>2,848</b>	<b>60,408</b>

#### 30 June 2021

Expected loss rate	0.1%	0.4%	1.5%	25.0%		
Gross carrying amount	51,930	9,832	5,203	17,947	2,936	87,847
Loss allowance	(64)	(35)	(77)	(4,485)	-	(4,662)
<b>Net carrying amount</b>	<b>51,866</b>	<b>9,797</b>	<b>5,126</b>	<b>13,462</b>	<b>2,936</b>	<b>83,185</b>

## 6.2 Payables

	2021 \$'000	2020 \$'000
<b>Contractual</b>		
Trade payables	63,717	46,285
Other payables	14,911	15,992
Deferred developer reimbursements	4,552	18,853
Sundry liabilities	1,106	277
<b>Total contractual payables</b>	<b>84,286</b>	<b>81,407</b>
<b>Statutory</b>		
Trade payables	1,768	1,413
Other payables	4,912	4,701
<b>Total statutory payables</b>	<b>6,680</b>	<b>6,114</b>
<b>Total payables</b>	<b>90,966</b>	<b>87,521</b>
<b>Represented by</b>		
Current payables	90,966	87,521

Contractual payables are classified as financial instruments. They are measured at amortised cost and recognised on an accrual basis in the period in which they are incurred. Trade payables represent liabilities for goods and services provided to City West Water prior to the end of the financial year that are unpaid at the end of the financial year. Other payables represent accrued loan interest.

Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and are not included in the category of financial liabilities as they do not arise from contracts.

Deferred developer reimbursements represent a liability to reimburse developers for their costs incurred in constructing water, sewerage and/or recycled water assets on behalf of City West Water.

It is City West Water's standard policy to settle all payables within 30 days of receipt of invoice or, in the event of a dispute, within 30 days of the resolution of the dispute. Since COVID-19, City West Water has been settling all payments within 10 days.

### 6.2.1 Maturity analysis of contractual payables

	Carrying amount \$'000	Nominal Amount \$'000	1 Year or less \$'000	Over 1 Year \$'000	Total \$'000
<b>2020</b>					
Payables	81,407	81,407	81,407	-	81,407
<b>Total contractual payables</b>	<b>81,407</b>	<b>81,407</b>	<b>81,407</b>	<b>-</b>	<b>81,407</b>
<b>2021</b>					
Payables	84,286	84,286	84,286	-	84,286
<b>Total contractual payables</b>	<b>84,286</b>	<b>84,286</b>	<b>84,286</b>	<b>-</b>	<b>84,286</b>

## Notes to and forming part of the Financial Statements For the year ended 30 June 2021

### 6. Other assets and liabilities (continued)

#### 6.3 Advances and deposits

	2021 \$'000	2020 \$'000
Advances and deposits	9,881	8,650
<b>Total advances and deposits</b>	<b>9,881</b>	<b>8,650</b>

Advances and deposits represent deposits received as security for capital works.

#### 6.4 Contract liabilities

	2021 \$'000	2020 \$'000
Contract liabilities	22,250	19,196
<b>Total contract liabilities</b>	<b>22,250</b>	<b>19,196</b>

Movement in contract liabilities

	2021 \$'000	2020 \$'000
Carrying amounts as at 1 July	19,196	29,889
Add: Developers contribution received for performance obligations yet to be completed during the year	74,640	81,226
Less: Revenue recognised for the completion of performance obligation	(71,586)	(91,919)
<b>Carrying amounts as at 30 June</b>	<b>22,250</b>	<b>19,196</b>

Contract liabilities represent income received in advance of the corporation performing obligations required to recognise the income in the Comprehensive Operating Statement. City West Water has performance obligations relating to developer revenue with customers that are recognised either at a point in time or over time. Refer to Note 2.3 for details of these performance obligations.

#### 6.5 Inventory

	2021 \$'000	2020 \$'000
Inventory (at cost)	3,070	2,789
<b>Total inventory</b>	<b>3,070</b>	<b>2,789</b>

Inventory represents stock on hand at the end of the reporting period. Inventory is primarily used for the repair and maintenance of existing assets. Inventory is measured at the lower of cost and net realisable value.

## 6.6 Other non-financial assets

	2021 \$'000	2020 \$'000
Prepayments	5,369	4,586
<b>Total other non-financial assets</b>	<b>5,369</b>	<b>4,586</b>

Prepayments represent payments made in advance of the receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period. Amounts are recognised as an asset upon payment and subsequently expensed over the period the payment covers.

## 6.7 Other provisions

	2021 \$'000	2020 \$'000
<b>Current</b>		
Insurance provision	511	865
Zero Emissions Water	329	-
Other sundry provisions	15,602	1,312
<b>Total other provisions – current</b>	<b>16,442</b>	<b>2,177</b>

	Insurance \$'000	VCAT Refunds \$'000	Magflow Refunds \$'000	Other / Financial Liability \$'000	Total \$'000
Carrying amount as at 1 July 2020	865	-	-	1,312	2,177
Additional provisions recognised	335	6,950	6,732	937	14,954
Payments/other sacrifices of economic benefit	(689)	-	-	-	(689)
<b>Carrying amount as at 30 June 2021</b>	<b>511</b>	<b>6,950</b>	<b>6,732</b>	<b>2,249</b>	<b>16,442</b>

Other provisions are recognised when the corporation has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using a discount rate that reflects the time value of money and the risks specific to the provision.

When some or all of the economic benefits required to settle a provision are expected to be received from a third party, a receivable is recognised if it is virtually certain that the economic benefits will be received and their amount can be measured reliably.

VCAT refunds are the outcomes of recognition of refunds payable for network charges following a recent administrative decision.

The Magflow refunds relate to a technical issue discovered on a portion of the Magflow water meter fleet.

# Notes to and forming part of the Financial Statements

## For the year ended 30 June 2021

### 7. Financing our operations

This section provides information on the sources of finance used by City West Water during its operations as well as interest expense (the cost of borrowings) and other information relating to the financing activities of the corporation.

#### Structure

7.1 Borrowings

7.2 Cash flow information and balances

#### 7.1 Borrowings

	2021 \$'000	2020 \$'000
<b>Current</b>		
Treasury Corporation of Victoria	5,000	23,000
Lease liabilities	2,889	2,068
<b>Total current borrowings</b>	<b>7,889</b>	<b>25,068</b>
<b>Non-current</b>		
Treasury Corporation of Victoria	1,510,000	1,370,000
Lease liabilities	96,581	93,917
<b>Total non-current borrowings</b>	<b>1,606,581</b>	<b>1,463,917</b>
<b>Total borrowings</b>	<b>1,614,470</b>	<b>1,488,985</b>

Borrowings refers to interest bearing liabilities raised from public borrowings through the Treasury Corporation of Victoria and lease liabilities.

Borrowings are initially recognised at fair value, net of transaction costs incurred and subsequently measured at amortised cost. Borrowings include overnight (11am) borrowings, floating rate notes, fixed rate loans and flexi loans. Borrowings are used primarily to meet working capital requirements and fund capital expenditure.

The accounting policy for lease liabilities is presented in note 5.9.

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.

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

City West Water has classified borrowings which mature within 12 months as non-current liabilities on the basis that the corporation has discretion to, and will refinance or roll over these loans with the Treasury Corporation of Victoria pursuant to section 8 of the *Borrowings and Investment Powers Act 1987*. 11am borrowings are classified as current borrowings.

No security has been provided in respect of any existing liability.

During the current and prior years there were no defaults or breaches of any loan.

City West Water's credit rating is BBB (2020: BBB).

### 7.1.1 Maturity analysis of borrowings

	Weighted average interest rate	Carrying amount \$'000	Nominal amount \$'000	1 year or less \$'000	Over 1 year \$'000	Total \$'000
<b>2020</b>						
Borrowings – fixed <sup>1</sup>	3.42%	1,360,000	1,360,000	-	1,360,000	1,360,000
Borrowings – floating <sup>1</sup>	0.42%	33,000	33,000	23,000	10,000	33,000
Borrowings – lease liabilities <sup>2</sup>	2.84%	95,985	141,842	5,129	136,713	141,842
<b>Total borrowings</b>		<b>1,488,985</b>	<b>1,534,842</b>	<b>28,129</b>	<b>1,506,713</b>	<b>1,534,842</b>
<b>2021</b>						
Borrowings – fixed <sup>1</sup>	2.97%	1,500,000	1,500,000	-	1,500,000	1,500,000
Borrowings – floating <sup>1</sup>	0.28%	15,000	15,000	5,000	10,000	15,000
Borrowings – lease liabilities <sup>2</sup>	2.38%	99,470	137,642	5,494	132,148	137,642
<b>Total borrowings</b>		<b>1,614,470</b>	<b>1,652,642</b>	<b>10,594</b>	<b>1,642,148</b>	<b>1,652,642</b>

1. Weighted average interest rate is exclusive of financial accommodation levy.

2. Based on TCV yield rate plus financial accommodation levy.

### 7.1.2 Finance expenses

	2021 \$'000	2020 \$'000
<b>Finance expenses</b>		
Interest on leases liabilities	2,479	3,108
Interest on TCV borrowings	44,990	47,519
Other interest <sup>1</sup>	1,538	-
Financial accommodation levy	19,368	18,124
Bank charges	21	18
<b>Total finance expenses</b>	<b>68,396</b>	<b>68,769</b>

Finance expenses include costs incurred in connection with the borrowing of funds. Finance expenses include interest on bank overdrafts, short term and long-term borrowings and interest component of lease payments. Finance expense is recognised in the period in which it is incurred and measured at fair value.

1. Other interests comprise interest component in respect of provision for refunds

### 7.2 Cash flow information and balances

	2021 \$'000	2020 \$'000
<b>Cash and cash equivalents</b>		
Cash at bank	3,526	547
<b>Total cash and cash equivalents</b>	<b>3,526</b>	<b>547</b>

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and highly liquid investments with an original maturity of three months or less. They are held for the purpose of meeting short term cash commitments, are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. For cash flow statement presentation purposes, cash and cash equivalents includes bank overdrafts, which are included as current borrowings on the Balance Sheet.

# Notes to and forming part of the Financial Statements

## For the year ended 30 June 2021

### 7. Financing our operations (continued)

#### 7.2.1 Reconciliation of profit after income tax to net cash inflow from operating activities

	2021 \$'000	2020 \$'000
<b>Profit after income tax expense</b>	<b>39,716</b>	<b>89,041</b>
Non-cash movements:		
Depreciation and amortisation of assets	69,044	65,473
Impaired receivables	6,415	2,327
Defined benefit superannuation fund expense	596	559
Asset impairments	3,225	1,306
Asset revaluation increment	(51)	(67)
Net gain on disposal of non-current physical assets	(141)	(135)
Developer contributed assets	(41,703)	(46,947)
Movements in assets and liabilities:		
Decrease/(increase) in receivables	(28,077)	(10,588)
Decrease/(increase) in prepayments	(783)	(176)
Decrease/(increase) in inventories	(281)	(315)
Increase/(decrease) in payables	6,653	(6,070)
Increase/(decrease) in advances and deposits	1,231	1,477
Increase/(decrease) in contract liabilities	3,055	(10,693)
Increase/(decrease) in current tax liability	(6,332)	10,186
Increase/(decrease) in provision for employee benefits	970	753
Increase/(decrease) in other provisions	14,266	792
Increase/(decrease) in deferred tax liabilities	(5,284)	(8,462)
<b>Net cash inflow from operating activities</b>	<b>62,519</b>	<b>88,461</b>



## 8. Risks, contingencies and valuation judgements

City West Water is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements.

### Structure

- 8.1 Financial instruments specific disclosures
- 8.2 Contingent assets and contingent liabilities
- 8.3 Fair value determination

### 8.1 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. Due to the nature of City West Water's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example, taxes, dividends and the Environmental Contribution). Such assets and liabilities do not meet the definition of financial instruments in AASB 132 – *Financial Instruments: Presentation*.

#### Categories of financial instruments

Financial assets are measured at amortised cost if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by the corporation to collect the contractual cash flows; and
- the asset's contractual terms give rise to cash flows that are solely payments of principal and interest.

Receivables, investment in ZEW and cash are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, receivables are measured at amortised cost less provision for impairment, using the effective interest method.

Financial liabilities are initially recognised on the date of origin. They are initially measured at fair value plus any attributable transaction costs. Subsequent to initial recognition, financial liabilities 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. Derivative financial instruments are classified as held for trading financial assets and liabilities. They are initially recognised at fair value on the date on which all contractual obligations under Conditions Precedent are met and on subsequent measurement. The initial expense recognised represents the fair value of the expected future settlements at initial recognition (refer note 3.5). City West Water recognises the following liabilities in this category:

- payables (excluding statutory payables);
- financial derivatives; and
- borrowings.

Financial instrument assets and liabilities are offset and the net amount is presented in the balance sheet when the corporation has a right to offset the amounts and intends either to settle on a net basis or realise the asset and settle the liability simultaneously.

A financial asset is derecognised when the rights to receive cash flows from the asset have expired.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

# Notes to and forming part of the Financial Statements

## For the year ended 30 June 2021

### 8. Risks, contingencies and valuation judgements (continued)

At the end of each reporting period, the corporation assesses whether there is objective evidence that a financial asset or group of assets is impaired. All financial instrument assets are subject to annual review for impairment. 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 methods in accordance with AASB 136 – *Impairment of Assets*.

#### 8.1.1 Categorisation of financial instruments

	Note	Contractual financial assets – loans and receivables at amortised cost \$'000	Contractual financial liabilities at amortised cost \$'000
<b>2020</b>			
<b>Financial assets</b>			
Cash and cash equivalents	7.2	547	-
Receivables <sup>1</sup>	6.1	106,630	-
<b>Total financial assets</b>		<b>107,177</b>	<b>-</b>
<b>Financial liabilities</b>			
Payables <sup>1</sup>	6.2	-	81,407
Borrowings – fixed	7.1.1	-	1,360,000
Borrowings – floating	7.1.1	-	33,000
Borrowings – lease liabilities	7.1.1	-	95,985
<b>Total financial liabilities</b>		<b>-</b>	<b>1,474,407</b>
<b>2021</b>			
<b>Financial assets</b>			
Cash and cash equivalents	7.2	3,526	-
Receivables <sup>1</sup>	6.1	127,558	-
Investment in Zero Emissions Water <sup>2</sup>		-	-
<b>Total financial assets</b>		<b>131,084</b>	<b>-</b>
<b>Financial liabilities</b>			
Payables <sup>1</sup>	6.2	-	84,286
Liability in Zero Emissions Water <sup>2</sup>	6.7	-	329
Borrowings – fixed	7.1.1	-	1,500,000
Borrowings – floating	7.1.1	-	15,000
Borrowings – lease liabilities	7.1.1	-	99,470
<b>Total financial liabilities</b>		<b>-</b>	<b>1,699,085</b>

1. Does not include statutory receivables or payables.

2. The investment/liability represents the fair value of Zero Emissions Water as at 30 June 2021.

### 8.1.2 Financial risk management objectives and policies

City West Water's activities expose it to a variety of financial risks, principally market risk, credit risk and liquidity risk. The Board of Directors has overall responsibility for the establishment and oversight of City West Water's risk management framework. City West Water's principal financial instruments comprise:

- cash assets;
- receivables (excluding statutory receivables);
- payables (excluding statutory payables); and
- borrowings.

City West Water's principal financial instruments are loans sourced from the Treasury Corporation of Victoria. These loans include overnight (11am) borrowings, floating rate notes and fixed rate loans. They are primarily used to meet working capital requirements and fund capital expenditure. The corporation has other financial assets and liabilities such as receivables and payables which arise directly from its operating activities. City West Water's overall financial risk management strategy is to manage its financial risks within a range that is in accordance with the risk criteria established by the Board of Directors. The Chief Financial Officer evaluates and implements risk mitigation strategies in consultation with the corporation's relevant departments. The main purpose in holding financial instruments is to prudently manage the corporation's financial risks within Government policy parameters.

City West Water uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk and ageing analysis for credit risk. All interest income earned by City West Water is generated by cash deposits with the Department of Treasury and Finance's Central Banking System or 11am (short term) deposit with the Treasury Corporation of Victoria.

City West Water manages its capital by maintaining a prudent level of gearing in order to provide the State with adequate returns and to ensure City West Water can fund its operations as a going concern.

City West Water aims to maintain its gearing ratio within the Essential Services Commission's benchmark ratio of 60 per cent. City West Water's gearing ratio (debt which includes lease liabilities/total assets) for the year was 59.2 per cent compared to 57.5 per cent in 2020.

The corporation's debt to regulatory asset base (RAB) target (excluding lease liabilities) is 74.9% per cent. The target was achieved in 2021 with a debt to RAB of 73.7% per cent.

City West Water has an interest coverage target (measured as net cash flow from operations less net interest expense/net interest expense) of 1.4 times. This target was achieved in 2021 with interest coverage of 1.9 times.

The only externally imposed capital requirements applying to City West Water are:

- that the financial accommodation does not exceed the approval limits set by the Treasurer of Victoria pursuant to the *Borrowing and Investment Powers Act 1987*; and
- that City West Water, with the exception of a trading account with overdraft facilities, is required to borrow exclusively with the Treasury Corporation of Victoria pursuant to the *Borrowing and Investment Powers Act 1987*.

# Notes to and forming part of the Financial Statements

## For the year ended 30 June 2021

### 8 Risks, contingencies and valuation judgements (continued)

#### 8.1.2.1 Financial instruments – credit risk

Credit risk is the risk of financial loss to City West Water as the result of a customer or counterparty to a financial instrument failing to meet a contractual obligation. Credit risk arises principally in connection with City West Water's receivables.

City West Water's exposure to credit risk is influenced by the individual characteristics of each customer. The corporation's receivables balance consists of amounts due from a large number of residential customers as well as non-residential customers spread across a diverse range of industries. Receivables balances are monitored on an ongoing basis. Where applicable, collection action is taken to ensure that exposure to bad debt is minimised. City West Water has in place a policy and a procedure for the collection of overdue receivables.

City West Water's maximum exposure to credit risk is the carrying amount of receivables.

To assist customers experiencing financial hardship, during COVID-19, CWW's traditional debt collection activities have been adjusted. There were no other material changes to City West Water's credit risk profile during 2021.

The corporation's other credit risk arises from in-the-money receipts due from the Contracts for Difference derivative under the ZEW PPA. The corporation determines its maximum exposure to credit risk relating to the derivative financial instrument at reporting date as the sum of the nominal values of all forecasted net cash receipts where the floating price due by the proponent exceeds the fixed price payable by the corporation over the remaining PPA term.

At 30 June 2021, the corporation has no other significant credit risk. There has been no material change to the corporation's credit risk profile in 2020–21.

#### 8.1.2.2 Financial instruments – liquidity risk

Liquidity risk is the risk that City West Water will no longer meet its financial obligations as they fall due. City West Water's policy is to pay its trade accounts payable liabilities within 30 days, or in the event of a dispute, within 30 days from the date of resolution. To assist suppliers during COVID-19, CWW implemented 10-day maximum settlement terms for suppliers from March 2020.

City West Water manages liquidity risk by maintaining adequate bank overdraft and Treasury Corporation of Victoria borrowing facilities, continuous monitoring of forecast inflows and outflows and matching the maturity profile of financial assets and financial liabilities where appropriate.

City West Water's borrowings are sourced from TCV while surplus funds are invested in the Central Banking System.

The carrying amounts of contractual financial liabilities represent the corporation's maximum exposure to liquidity risk.

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement and for disclosure purposes.

The carrying values less any impairment provisions of trade receivables and payables are assumed to approximate their fair value due to their short term nature. The fair values of financial liabilities for disclosure purposes are estimated by discounting future contractual cash flows at the current market interest rate that is available to City West Water for similar financial instruments.

### **8.1.2.3 Financial instruments – market risk**

Market risk is the risk that changes in market prices will affect the fair value of future cash flows of City West Water's financial instruments. Market risk is comprised of interest rate risk, foreign exchange risk and other price risk. City West Water's exposure to market risk is purely through interest rates.

City West Water's exposure to market interest rates relates to its floating rate debt, roll over of fixed rate debt and new borrowings. City West Water's borrowings are sourced from the Treasury Corporation of Victoria and are managed within the range of Board and Treasurer approved limits. Interest rates and borrowing requirements are monitored regularly. City West Water manages its exposure to interest rate changes by holding a mixture of fixed and floating rate debt. City West Water's Treasury Risk Management Policy requires the corporation to limit the proportion of floating rate debt to a maximum of 30 per cent of total debt. City West Water has minimal exposure to interest rate risk through cash holdings and manages its interest rate exposure on cash by investing its surplus funds with the Central Banking System.

### **8.1.2.4 Financial instruments – price risk**

The corporation uses the Contract for Difference derivative financial instrument to manage energy related commodities purchased in the normal course of business, and therefore entered into this PPA to minimise a portion of the price risk to the corporation. The corporation's sensitivity to price risk is set out below in the fair value determination for derivative financial liabilities.

# Notes to and forming part of the Financial Statements

## For the year ended 30 June 2021

### 8. Risks, contingencies and valuation judgements (continued)

#### Interest rate exposure and maturity analysis of financial instruments

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

	Note	Weighted average interest rate	1 Year or less \$'000	Over 1 year \$'000	Non- interest bearing \$'000	Total \$'000
<b>2020</b>						
<b>Financial assets</b>						
Cash and cash equivalents	7.2	0.17%	547	-	-	547
Receivables <sup>1</sup>	6.1		-	-	106,630	106,630
<b>Total financial assets</b>			<b>547</b>	<b>-</b>	<b>106,630</b>	<b>107,177</b>
<b>Financial liabilities</b>						
Payables <sup>1</sup>	6.2		-	-	81,545	81,545
Borrowings – fixed	7.1.1	3.42%	-	1,360,000	-	1,360,000
Borrowings – floating	7.1.1	0.42%	23,000	10,000	-	33,000
Borrowings – lease liabilities	7.1.1	2.84%	2,068	93,917	-	95,985
<b>Total financial liabilities</b>			<b>25,068</b>	<b>1,463,917</b>	<b>81,545</b>	<b>1,570,530</b>
<b>2021</b>						
<b>Financial assets</b>						
Cash and cash equivalents	7.2	1.32%	3,526	-	-	3,526
Receivables <sup>1</sup>	6.1		-	-	127,558	127,558
<b>Total financial assets</b>			<b>3,526</b>	<b>-</b>	<b>127,558</b>	<b>131,084</b>
<b>Financial liabilities</b>						
Payables <sup>1</sup>	6.2		-	-	84,286	84,286
Zero Emissions Water	6.7		-	-	329	329
Borrowings – fixed	7.1.1	2.97%	-	1,500,000	-	1,500,000
Borrowings – floating	7.1.1	0.28%	5,000	10,000	-	15,000
Borrowings – lease liabilities	7.1.1	2.38%	2,889	96,582	-	99,470
<b>Total financial liabilities</b>			<b>7,889</b>	<b>1,606,582</b>	<b>84,615</b>	<b>1,699,085</b>

1. Does not include statutory receivables or payables.

### Interest rate risk sensitivity

The table below represents the sensitivity of City West Water's financial assets and financial liabilities to interest rate risk.

			Interest rate risk			
			-0.5%		+0.5%	
Note	Total \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000	
<b>2020</b>						
Financial assets						
Cash and cash equivalents <sup>1</sup>	7.2	547	(3)	(3)	3	3
Receivables <sup>2</sup>	6.1	106,630	-	-	-	-
<b>Total financial assets</b>		<b>107,177</b>	<b>(3)</b>	<b>(3)</b>	<b>3</b>	<b>3</b>
<b>Financial liabilities</b>						
Payables <sup>2</sup>	6.2	81,545	-	-	-	-
Borrowings <sup>3</sup>	7.1	1,393,000	1,373	1,373	(1,373)	(1,373)
Borrowings – lease liabilities <sup>4</sup>	7.1	95,985	336	336	(336)	(336)
<b>Total financial liabilities</b>		<b>1,570,530</b>	<b>1,709</b>	<b>1,709</b>	<b>(1,709)</b>	<b>(1,709)</b>
<b>Total increase/(decrease)</b>			<b>1,706</b>	<b>1,706</b>	<b>(1,706)</b>	<b>(1,706)</b>
<b>2021</b>						
<b>Financial assets</b>						
Cash and cash equivalents <sup>1</sup>	7.2	3,526	(7)	(7)	7	7
Receivables <sup>2</sup>	6.1	127,558	-	-	-	-
Investment in Zero Emissions Water <sup>5</sup>		-	-	-	-	-
<b>Total financial assets</b>		<b>131,084</b>	<b>(7)</b>	<b>(7)</b>	<b>7</b>	<b>7</b>
<b>Financial liabilities</b>						
Payables <sup>2</sup>	6.2	84,286	-	-	-	-
Zero Emissions Water	6.7	329	-	-	-	-
Borrowings – TCV <sup>3</sup>	7.1	1,515,000	7,575	7,575	(7,575)	(7,575)
Borrowings – lease liabilities <sup>4</sup>	7.1	99,470	348	348	(348)	(348)
<b>Total financial liabilities</b>		<b>1,699,085</b>	<b>7,923</b>	<b>7,923</b>	<b>(7,923)</b>	<b>(7,923)</b>
<b>Total increase/(decrease)</b>			<b>7,916</b>	<b>7,916</b>	<b>(7,916)</b>	<b>(7,916)</b>

1. Calculation is based on average cash holdings of \$2.6m (2020 \$0.9m).

2. Does not include statutory receivables and payables.

3. Calculation is based on new borrowings, loans refinanced, forward rate agreements struck during the year and average 11am balance during the year.

4. Calculation is based on outstanding lease and current incremental borrowing rate.

5. Carrying amount fully impaired.

# Notes to and forming part of the Financial Statements

## For the year ended 30 June 2021

### 8. Risks, contingencies and valuation judgements (continued)

#### Fair value determination – Zero Emissions Water

The fair value of Zero Emissions Water is based on the discounted cash flow technique. The selection of variables requires significant judgement and assumptions in estimating the fair value of derivatives. In the absence of an active market, the fair value of the corporation's CfD derivative is valued using unobservable inputs such as future wholesale electricity prices provided by DELWP's independent advisor and comparable risk free rates of zero coupon government bonds obtained from the Reserve Bank of Australia. The assumptions underpinning the estimate of future wholesale electricity prices included factors influencing supply and demand fluctuations, and the economic impact of coronavirus (COVID-19). In addition, assumptions are applied to forecast the renewable energy generation volumes over the life of the derivative instrument.

To the extent that the significant inputs are unobservable, the corporation categorises these derivatives as Level 3 within the fair value hierarchy.

#### Reconciliation of Level 3 fair value

	Financial liability at fair value through profit or loss \$'000
<b>2021</b>	
Opening balance	-
Initial recognition of Zero Emissions Water	329
Gains/(losses) recognised in profit or loss	48
Net cash settlements paid/(received)	(48)
<b>Closing balance</b>	<b>329</b>

#### Description of significant unobservable inputs to Level 3 valuations for 2021

	Valuation technique	Significant unobservable inputs	2021 range (weighted average)	Sensitivity of fair value measurement to changes in significant unobservable inputs
<b>Zero Emissions Water</b>	Income approach (discounted cash flow)	Wholesale electricity price forecasts	\$20.83/MWh to \$53.79/MWh (\$37.33/MWh)	An increase/ (decrease) in the wholesale electricity price forecasts of 10% would result in an increase/ (decrease) fair value by \$92,549.
		Discount rate – risk free rates of zero coupon government bonds	0.0185% to 1.7853% (0.6838%)	An increase/ (decrease) in the discount rate of 1% would result in an increase/ (decrease) fair value by \$15,898.
		Credit value adjustment – Australian Corporate Bond Spreads and Yields FNFSBB10M	136.34	An increase/ (decrease) in the credit value adjustment of 1% would result in an increase/ (decrease) fair value by \$15,898.



## 8.2 Contingent assets and contingent liabilities

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively where applicable.

Contingent assets are assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) that are not within the control of the corporation. These are classified as either quantifiable where the potential economic benefit is known or non-quantifiable.

Contingent liabilities are:

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

### Quantifiable contingent assets

In the ordinary course of business, a developer will often provide a commitment to City West Water to construct water supply and sewerage assets as part of a development project. These assets are constructed within an agreed timeframe and upon completion, ownership is transferred to City West Water. Assets that service a particular development are paid for by the developer. Assets that are required to be upsized to service adjoining developments are paid for by City West Water. Upon completion of these assets they will be transferred to City West Water, which will maintain them in perpetuity. These assets will be recognised as developer contributions upon completion (refer Note 2.3).

	2021 \$'000	2020 \$'000
<b>Quantifiable contingent assets</b>		
Water supply assets under construction	11,459	11,432
Sewerage assets under construction	18,576	32,784
Water supply assets committed to	27,400	27,436
Sewerage assets committed to	23,971	34,718
<b>Total quantifiable contingent assets</b>	<b>81,406</b>	<b>106,730</b>

### Quantifiable contingent liabilities

Contingent upon the completion of the above assets City West Water has a liability to reimburse developers for additional works constructed at City West Water's request. These reimbursements will occur either immediately on completion of the assets or be deferred for an agreed period in accordance with the conditions of the agreement between City West Water and the developer.

These reimbursements will be recovered through a combination of new customer contributions plus service and usage charges from all customers. This is consistent with the Essential Services Commission's final determination for water and sewerage prices in June 2020 (for the 2021 reporting period).

## Notes to and forming part of the Financial Statements For the year ended 30 June 2021

### 8. Risks, contingencies and valuation judgements (continued)

	2021 \$'000	2020 \$'000
<b>Quantifiable contingent liabilities</b>		
Reimbursement for water supply assets	17,033	13,842
Reimbursement for sewerage assets	18,335	40,291
<b>Total quantifiable contingent liabilities</b>	<b>35,368</b>	<b>54,133</b>

#### Non-quantifiable contingent assets and liabilities

City West Water has legal claims pending arising out of a small number of disputes associated with its capital program and delivery of services. Due to the uncertainty inherent in litigation an accurate assessment of any outcome is not possible. City West Water is of the view that further disclosure of these disputes may prejudice the position of the corporation.

#### 8.3 Fair value determination

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.

The following assets and liabilities are carried at fair value:

- land, buildings, infrastructure, property plant and equipment; and
- defined benefit superannuation liability/(asset).

In addition, the fair values of other assets and liabilities which are carried at amortised cost need to be determined for disclosure purposes.

#### Fair value hierarchy

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

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

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

#### 8.3.1 Fair value determination of financial assets and liabilities

The fair values of financial liabilities are determined as follows:

- Level 1 – fair value of a financial instrument with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;
- Level 2 – 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 – fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

## Fair value of financial instruments measured at amortised cost and fair value hierarchy measurements

	Note	Carrying amount \$'000	Fair value \$'000	Fair value measurement using:		
				Level 1 <sup>3</sup> \$'000	Level 2 <sup>4</sup> \$'000	Level 3 <sup>5</sup> \$'000
<b>2020</b>						
<b>Financial assets</b>						
Cash and cash equivalents	7.2	547	547	547	-	-
Receivables <sup>1</sup>	6.1	106,630	106,630	-	106,630	-
<b>Total financial assets</b>		<b>107,117</b>	<b>107,117</b>	<b>547</b>	<b>106,630</b>	<b>-</b>
<b>Financial liabilities</b>						
Payables <sup>1</sup>	6.2	81,407	81,407	-	81,407	-
Borrowings – TCV <sup>2</sup>	7.1	1,393,000	1,383,481	-	1,383,481	-
Borrowings – lease liabilities	7.1	95,985	95,985	-	95,985	-
<b>Total financial liabilities</b>		<b>1,570,392</b>	<b>1,560,873</b>	<b>-</b>	<b>1,560,873</b>	<b>-</b>
<b>2021</b>						
<b>Financial assets</b>						
Cash and cash equivalents	7.2	3,526	3,526	3,526	-	-
Receivables <sup>1</sup>	6.1	127,558	127,558	-	127,558	-
Investment in Zero Emissions Water <sup>6</sup>		-	-	-	-	-
<b>Total financial assets</b>		<b>131,084</b>	<b>131,084</b>	<b>3,526</b>	<b>127,558</b>	<b>-</b>
<b>Financial liabilities</b>						
Payables <sup>1</sup>	6.2	84,286	84,286	-	84,286	-
Zero Emissions Water	6.7	329	329	-	329	-
Borrowings – TCV <sup>2</sup>	7.1	1,515,000	1,615,938	-	1,615,938	-
Borrowings – lease liabilities	7.1	99,470	99,470	-	99,470	-
<b>Total financial liabilities</b>		<b>1,699,085</b>	<b>1,800,023</b>	<b>-</b>	<b>1,800,023</b>	<b>-</b>

1. Does not include statutory receivables or payables.

2. Fair value of borrowings is calculated by discounting expected future cash flows at the yield offered by the Treasury Corporation of Victoria as at 30 June each year.

3. Quoted prices (unadjusted) in active markets for identical assets.

4. Inputs based on observable market data (either directly using prices or indirectly derived from prices).

5. Inputs not based on observable market data.

6. Full amount provided for impairment.

Net fair value of financial instruments is determined on the following bases:

- cash, receivables, accounts payable and deposits are valued at their carrying amounts as this is considered to be fair value;
- borrowings are valued by discounting the expected future cash flows at the yield offered by the Treasury Corporation of Victoria as at 30 June each year; and
- lease liabilities are valued by discounting the expected lease payments at the incremental borrowing rate at the date of inception.

There were no transfers between levels during the reporting period.

# Notes to and forming part of the Financial Statements

## For the year ended 30 June 2021

### 8. Risks, contingencies and valuation judgements (continued)

#### 8.3.2 Fair value determination of non-financial physical assets

Subsequent valuation of infrastructure, property, plant and equipment is at fair value. An asset's fair value is determined with regard to the property's highest and best use after due consideration is made for any legal or constructive restrictions imposed on the asset, public announcements, or commitments made in relation to the intended use of the asset. When an event or change in circumstances causes a transfer between input levels, City West Water deems the transfer to occur at the end of the reporting period in which the event takes place.

Non-specialised land is valued using the market based direct comparison method. Under this valuation method, assets are compared to comparable sales of comparable assets. As non-specialised land does not contain significant unobservable inputs these assets are classified as Level 2 fair value assets.

Specialised land is also valued using the direct comparison method, although it is adjusted for community service obligations (CSOs) 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 uses the highest and best use consideration and takes into account the use of the asset that is physically possible, legally permissible and financially viable. As adjustments for CSOs are significant unobservable inputs, specialised land is classified as a Level 3 fair value asset.

All buildings held by City West Water are non-specialised in nature and classified as Level 2 fair value assets under the market based direct comparison approach.

Infrastructure assets are measured using the income approach (discounted cash flow method). This method calculates fair value by discounting estimated future cash flows of the business to their present value and arriving at an enterprise value range. Net debt is deducted from the enterprise value range to obtain an equity value. The valuation of infrastructure assets is derived from the equity value after deducting all other assets and liabilities and grossing up for deferred tax of 30 per cent. In order to assess the reasonableness of the enterprise valuation, cross checks are performed by comparing the earnings before interest, tax and depreciation and the regulated asset value multiples under the income approach against multiples implied by share prices for comparable trading organisations and recent transactions in comparable assets. Any goodwill generated by this approach is negligible and has no bearing on the valuation of infrastructure assets. Such an approach is often referred to as a market approach or a relative value approach. Judgement is applied in selecting the appropriate valuation within the enterprise value range.

The assumptions adopted in calculating fair value in this manner are considered to be significant unobservable inputs. As such, infrastructure is classified as a Level 3 fair value asset.

A full valuation of City West Water's infrastructure assets was performed by KPMG as at 30 June 2021. The valuation process derived a range of values. The valuation adopted by City West Water represents the mid-point of this range.

The rate used to discount free cash flows to their present value is based on assumptions that market participants would reasonably be expected to use in determining the fair value of the corporation after taking into account the market cost of debt and equity. In 2021 and 2020, the financial markets have been subject to higher volatility in comparison to the prior years as a result of COVID-19. Valuation adjustments, assumptions and projections include COVID-19 related impacts which have had an effect on the weighted average cost of capital and future budgets and forecasts.

The 2021 valuation resulted in a decrement of \$65.4m compared to a decrement of \$128.2m in 2020.

Refer to Section 5 for further information on non-financial physical assets.

## Fair value of non-financial physical assets

	Carrying Amount \$'000	Fair value measurement using:		
		Level 1 <sup>1</sup> \$'000	Level 2 <sup>2</sup> \$'000	Level 3 <sup>3</sup> \$'000
<b>2020</b>				
Freehold land at fair value	37,686	-	-	-
Non-specialised buildings at fair value		-	3,054	-
Specialised land		-	-	34,632
Non-specialised buildings at fair value	7,743	-	7,743	-
Infrastructure assets at fair value	1,999,000	-	-	1,999,000
Plant and equipment at fair value	5,497	-	-	5,497
Motor vehicle at fair value	1,972	-	-	1,972
Leasehold improvements at fair value	4,595	-	-	4,595
<b>Total infrastructure, property, plant and equipment</b>	<b>2,056,493</b>	<b>-</b>	<b>10,797</b>	<b>2,045,696</b>
<b>2021</b>				
Freehold land at fair value	55,423	-	-	-
Non-specialised buildings at fair value		-	3,054	-
Specialised land		-	-	52,369
Non-specialised buildings at fair value	7,891	-	7,891	-
Infrastructure assets at fair value	2,101,300	-	-	2,101,300
Plant and equipment at fair value	11,846	-	-	11,846
Motor vehicle at fair value	1,971	-	-	1,971
Leasehold improvements at fair value	4,182	-	-	4,182
<b>Total infrastructure, property, plant and equipment</b>	<b>2,182,613</b>	<b>-</b>	<b>10,945</b>	<b>2,171,668</b>

1. Quoted prices (unadjusted) in active markets for identical assets.

2. Inputs based on observable market data (either directly using prices or indirectly derived from prices).

3. Inputs not based on observable market data.

# Notes to and forming part of the Financial Statements

## For the year ended 30 June 2021

### 8. Risks, contingencies and valuation judgements (continued)

#### Reconciliation of Level 3 fair value movements

	Specialised land \$'000	Infrastructure assets \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Leasehold improvements \$'000
<b>2020</b>					
Opening balance at 1 July 2019	32,545	1,892,599	4,341	2,537	5,018
Purchases (sales)	-	(28)	(1)	(190)	-
Transfers into/(out of) Level 3	-	-	-	-	-
Developer contributed assets	-	54,811	-	-	-
Transfers from work in progress	-	225,033	2,313	364	-
Gains or losses recognised in profit after income tax					
Depreciation	-	(45,254)	(1,156)	(739)	(423)
Impairment	-	-	-	-	-
Revaluation increment/(decrement)	-	-	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>(45,254)</b>	<b>(1,156)</b>	<b>(739)</b>	<b>(423)</b>
Gains or losses recognised in other comprehensive income					
Revaluation increment/(decrement)	2,087	(128,161)	-	-	-
<b>Subtotal</b>	<b>2,087</b>	<b>(128,161)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Closing balance at 30 June 2020</b>	<b>34,632</b>	<b>1,999,000</b>	<b>5,497</b>	<b>1,972</b>	<b>4,595</b>
<b>2021</b>					
Opening balance at 1 July 2020	34,632	1,999,000	5,497	1,972	4,595
Purchases (sales)	-	(1,485)	(267)	(142)	-
Transfers into/(out of) Level 3	-	-	-	-	-
Developer contributed assets	-	41,703	-	-	-
Transfers from work in progress	-	173,273	9,501	910	11
Land transferred to Assets Held For Disposal	(1,352)	-	-	-	-
Gains or losses recognised in profit after income tax					
Depreciation	-	(45,800)	(2,885)	(769)	(424)
Impairment	-	-	-	-	-
Revaluation increment/(decrement)	51	-	-	-	-
<b>Subtotal</b>	<b>51</b>	<b>(45,800)</b>	<b>(2,885)</b>	<b>(769)</b>	<b>(424)</b>
Gains or losses recognised in other comprehensive income					
Revaluation increment/(decrement)	19,038	(65,390)	-	-	-
<b>Subtotal</b>	<b>19,038</b>	<b>(65,390)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Closing balance at 30 June 2021</b>	<b>52,369</b>	<b>2,101,300</b>	<b>11,846</b>	<b>1,971</b>	<b>4,182</b>

## Description of significant unobservable inputs to Level 3 valuations

2020

Asset	Valuation technique	Significant unobservable input	Range (Weighted Average)	Sensitivity of the input to fair value
<b>Specialised land</b>	Market approach	Community Service Obligation (CSO) adjustment	9% - 40% (27%)	A significant increase or decrease in a CSO adjustment would result in a significantly lower or higher fair value.
<b>Infrastructure assets</b>	Income approach (discounted cash flow method)	Discount rate (WACC)	4.1% - 5.1% (4.8%)	An increase or decrease of 0.25% in the estimated discount rate would result in a decrease of \$349m or an increase of \$743m to the valuation.
		Terminal growth rate	3.25% (3.25%)	An increase or decrease of 0.25% in the terminal growth rate would result in an increase of \$501m or a decrease of \$362m to the valuation.
		Inflation rate	2.3% (2.3%)	A significant increase or decrease in the inflation rate would result in a significantly higher or lower fair value.
		Terminal value capital expenditure	\$82.634m to \$112.123m (\$96.521m)	A significant increase or decrease in the terminal value of capital expenditure would result in a significantly higher or lower fair value.
		Useful life	3 - 100 years (72.6 years)	A significant increase or decrease in the estimated useful life of an asset would result in a significantly higher or lower fair value.
<b>Plant and equipment</b>	Current replacement cost	Cost per unit	\$1,000 - \$469,000 (\$18,000)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
		Useful life	3 - 50 years (13.9 years)	A significant increase or decrease in the estimated useful life of an asset would result in a significantly higher or lower fair value.
<b>Motor vehicles</b>	Current replacement cost	Cost per unit	\$22,000 - \$54,000 (\$35,000)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
		Useful life	5 years (5 years)	A significant increase or decrease in the estimated useful life of an asset would result in a significantly higher or lower fair value.
<b>Leasehold improvements</b>	Current replacement cost	Cost per unit	\$1,674 - \$724,000 (\$114,000)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
		Useful life	7 - 20 years (15.3 years)	A significant increase or decrease in the estimated useful life of an asset would result in a significantly higher or lower fair value.

# Notes to and forming part of the Financial Statements

## For the year ended 30 June 2021

2021

Asset	Valuation technique	Significant unobservable input	Range (Weighted Average)	Sensitivity of the input to fair value
<b>Specialised land</b>	Market approach	Community Service Obligation (CSO) adjustment	9% - 40% (27%)	A significant increase or decrease in a CSO adjustment would result in a significantly lower or higher fair value.
<b>Infrastructure assets</b>	Income approach (discounted cash flow method)	Discount rate (WACC)	4.1% - 4.7 % (4.4%)	An increase or decrease of 0.25% in the estimated discount rate would result in a decrease of \$607m or an increase of \$623m to the valuation.
		Terminal growth rate	3.25% (3.25%)	An increase or decrease of 0.25% in the terminal growth rate would result in an increase of \$715m or a decrease of \$460m to the valuation.
		Inflation rate	2.3% (2.3%)	A significant increase or decrease in the inflation rate would result in a significantly higher or lower fair value.
		Terminal value capital expenditure	\$85.596m to \$121.377m (\$89.399m)	A significant increase or decrease in the terminal value of capital expenditure would result in a significantly higher or lower fair value.
		Useful life	3 - 100 years (68.4 years)	A significant increase or decrease in the estimated useful life of an asset would result in a significantly higher or lower fair value.
<b>Plant and equipment</b>	Current replacement cost	Cost per unit	\$1,000 - \$469,000 (\$18,000)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
		Useful life	3 - 50 years (7.3 years)	A significant increase or decrease in the estimated useful life of an asset would result in a significantly higher or lower fair value.
<b>Motor vehicles</b>	Current replacement cost	Cost per unit	\$21,000 - \$55,800 (\$36,800)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
		Useful life	5 years (3.3 years)	A significant increase or decrease in the estimated useful life of an asset would result in a significantly higher or lower fair value.
<b>Leasehold improvements</b>	Current replacement cost	Cost per unit	\$1,674 - \$641,200 (\$251,131)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
		Useful life	7 - 20 years (12.0 years)	A significant increase or decrease in the estimated useful life of an asset would result in a significantly higher or lower fair value.

A significant movement is considered to be a movement of sufficient magnitude as to have a material impact on the financial statements. A material impact is defined by AASB 101 *Presentation of Financial Statements* as a movement that could individually or collectively with other movements influence the economic decisions that users make on the basis of the financial statements.



The sensitivity of the fair value of infrastructure assets to a change in key assumptions is detailed in the table below.

<b>Assumption</b>	<b>2021</b>		<b>2020</b>	
Terminal year growth rate +/- 0.50%	94.3%	-37.1%	62.1%	-31.8%
Terminal year growth rate +/- 0.25%	34.0%	-21.9%	25.1%	-18.1%
Discount rate +/- 0.50%	-42.1%	109.0%	-37.1%	74.1%
Discount rate +/- 0.25%	-28.9%	29.7%	-17.5%	37.2%

Terminal year growth rate sensitivity impacts steady state cash flows, representing those expected to be received in perpetuity.

Discount rate sensitivity impacts the present value of free cash flows to the corporation.

# Notes to and forming part of the Financial Statements

## For the year ended 30 June 2021

### 9. Other disclosure

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

#### Structure

- 9.1 Responsible persons and executives
- 9.2 Related parties
- 9.3 Equity
- 9.4 Ex gratia expenses
- 9.5 Accounting Standards issued that are not yet effective
- 9.6 Subsequent events

#### 9.1 Responsible persons and executives

The relevant Minister and directors of City West Water are deemed to be responsible persons by Ministerial Direction pursuant to the provisions of the *Financial Management Act 1994*.

##### 9.1.1 Responsible persons

Persons who held the position of responsible person at any time during the 2021 financial year were as follows:

The Hon. Lisa Neville MP	Minister for Water	1 July 2020 - 30 June 2021
The Hon. Richard Wynne MP	Acting Minister for Water	15 February 2021 - 30 June 2021
Mr David Middleton	Chair	1 July 2020 - 30 June 2021
Ms Maree Lang	Managing Director	1 July 2020 - 30 June 2021
Ms Mary Beth Bauer	Director	1 July 2020 - 30 June 2021
Dr Bruce Cohen	Director	1 July 2020 - 30 June 2021
Mr Bill Jaboor	Director	1 July 2020 - 30 June 2021
Ms Tania Fryer	Director	1 July 2020 - 30 June 2021
Mr Christopher Lovell	Director	1 July 2020 - 30 June 2021
Ms Freya Marsden	Director	1 July 2020 - 30 June 2021
Ms Sawsan Howard	Director	1 July 2020 - 30 June 2021

Persons who held the position of responsible person at any time during the 2020 financial year were as follows:

The Hon. Lisa Neville MP	Minister for Water	1 July 2019 - 30 June 2020
Mr David Middleton	Chair	1 July 2019 - 30 June 2020
Mr David Ryan	Managing Director	1 July 2019 - 5 November 2019
Ms Maree Lang	Managing Director	6 November 2019 - 30 June 2020
Ms Elizabeth Parkin	Director	1 July 2019 - 30 September 2019
Ms Mary Beth Bauer	Director	1 July 2019 - 30 June 2020
Dr Bruce Cohen	Director	1 July 2019 - 30 June 2020
Mr Bill Jaboor	Director	1 July 2019 - 30 June 2020
Ms Constantina Dertimanis	Director	1 July 2019 - 30 September 2019
Ms Tania Fryer	Director	1 July 2019 - 30 June 2020
Mr Christopher Lovell	Director	1 July 2019 - 30 June 2020
Ms Freya Marsden	Director	1 October 2019 - 30 June 2020
Ms Sawsan Howard	Director	1 October 2019 - 30 June 2020

The Minister's remuneration and allowances are set by the *Parliamentary Salaries and Superannuation Act 1968* and are reported in the Department of Parliamentary Services' Financial Report.

Remuneration received or receivable by responsible persons in connection with the management of City West Water Corporation during the current and previous reporting periods is reported in the table below.

	2021 No.	2020 No.
\$10,000 – \$19,999	-	2
\$30,000 – \$39,999	-	2
\$40,000 – \$49,999	-	-
\$50,000 – \$59,999	7	5
\$90,000 – \$99,999	1	1
\$210,000 – \$219,999	-	1
\$330,000 – \$339,999	-	1
\$420,000 – \$429,999	1	-
<b>Total</b>	<b>9</b>	<b>12</b>
	<b>2021 \$'000</b>	<b>2020 \$'000</b>
<b>Total amount</b>	<b>919</b>	<b>1,014</b>

### 9.1.2 Executives

	2021 \$'000	2020 \$'000
Short term employment benefits	1,611	1,275
Post-employment benefits	126	97
Other long-term benefits	36	27
Termination benefits	-	-
<b>Total</b>	<b>1,773</b>	<b>1,399</b>
<b>Total employees (no.)</b>	<b>6</b>	<b>7</b>
<b>Annualised employee equivalent<sup>1</sup></b>	<b>5.9</b>	<b>4.6</b>

1. Annualised employee equivalent is based on working 38 ordinary hours per week over the reporting period.

The number of executive officers other than the Minister or responsible persons and their total remuneration during the reporting period is shown in the table overleaf.

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

- Short term employee benefits – includes amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services;
- Post-employment benefits – includes superannuation benefits paid or payable on a discrete basis when employment has ceased;
- Other long-term benefits – includes long service leave, other long service benefits and deferred compensation; and
- Termination benefits – includes termination of employment payments, such as severance packages.

# Notes to and forming part of the Financial Statements

## For the year ended 30 June 2021

### 9. Other disclosure (continued)

#### 9.2 Related parties

##### Relevant Minister

The relevant Minister for City West Water for the period 1 July 2020 to 30 June 2021 was the Hon. Lisa Neville MP, Minister for Water.

##### Acting Minister

The Acting Minister City West Water for the period 15 February to 30 June 2021 was the Hon. Richard Wynne MP.

##### Transactions with the relevant Minister and relevant Minister related entities

Outside of normal citizen type transactions, there were no material transactions with the relevant Minister, their close family members or business interests during the reporting period.

##### Key Management Personnel

Key management personnel (as defined in AASB 124 *Related Party Disclosures*) include the Managing Director and the Board of Directors, who have the authority and responsibility for planning, directing and controlling the activities of the corporation either directly or indirectly during the year.

The names of persons who were key management personnel of City West Water at any time during the current or previous financial years are as follows: D. Middleton, D. Ryan, M. Lang, M. B. Bauer, B. Cohen, B. Jaboor, E. Parkin, C. Dertimanis, T. Fryer, C. Lovell, F. Marsden and S. Howard.

##### Transactions with key management personnel and key management personnel related entities

Ms Maree Lang's spouse is a key management personnel of City of Yarra. During the year, City West Water paid \$203,486 (2020: \$857,848) to City of Yarra for various projects. City West Water has an outstanding \$35,706 (2020: \$190,280) due from City of Yarra for various work performed.

Mr Chris Lovell is the Chair of the CBD Community Reference Groups North and South – Rail Projects Victoria (RPV), the Parkville Stakeholder Reference Group - RPV, and the Arden North Melbourne Community Reference Group - RPV. During the year, City West Water received \$376,155 (2020: \$379,221) from Rail Projects Victoria (formerly MMRA). \$39,259 (2020: \$667) was outstanding as receivable for services rendered.

Outside of normal citizen type transactions, there were no further material transactions either with key management personnel, their close family members or business interests during the reporting period other than remuneration for employment.

Key management personnel with related party interests are not involved in any decision-making processes relevant to the related party.

##### Payments to Key Management Personnel

	2021 \$'000	2020 \$'000
Short term employment benefits	846	946
Post-employment benefits	64	62
Other long-term benefits <sup>1</sup>	9	6
<b>Total</b>	<b>919</b>	<b>1,014</b>
<b>Total employees (no.)</b>	<b>9</b>	<b>12</b>

1. Other long-term benefits represent long service leave.

### Other related parties

All Victorian cabinet ministers and their close family members, as well as all departments and public sector entities that are controlled and consolidated into the whole of government consolidated financial statements, are considered to be related parties of City West Water.

### Transactions with cabinet members and related entities

Outside of normal citizen type transactions, there were no material related party transactions with cabinet members, their close family members or their personal business interests during the current or prior financial years.

### Power Purchase Agreement specific disclosure

City West Water is one of 13 water corporation Members of Zero Emissions Water (ZEW) Limited, a public company limited by guarantee. ZEW's substantial objective is to acquire electricity, contracts for difference and other derivative products in relation to electricity, and/or green products from an energy and emissions reduction facility(ies) in Victoria and in turn supply these products to its Members. This vehicle provides the opportunity for water corporation members to collaboratively promote energy and emissions reduction initiatives in Victoria and to reduce emissions.

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

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

On 30 October 2018, ZEW entered into an 11-year Power Purchasing Agreement (PPA) with a solar farm energy generator, Kiamal solar farm. In relation to the PPA, ZEW will act as a central intermediary between the energy generator and the water corporations. The PPA contains a contract for difference (CFD) payment mechanism in respect of electricity generated by the facility and the sale and supply of large-scale generation certificates (LGCs) from the facility. The PPA contains certain conditions precedent which were due to be satisfied during the 2019-20 financial year.

The solar farm energy generator experienced a construction delay due to redesign of electrical infrastructure and a connection delay relating to generator restrictions and revised connection procedures advised by the Australian Electricity Market Operator (AEMO). Renegotiated terms have resulted in an extension of the target commercial operation date to 1 October 2020 and a compensation settlement to ZEW for the delay. City West Water's share of the settlement was \$48,400 (2020: \$116,869) which has been recognised in the Comprehensive Operating Statement as other income (refer note 2.6).

Further extensions were granted until 31 January 2021 as a result of delays in commissioning ZEW's section of the solar farm which delayed the meeting of the conditions precedents. The corporation share of the settlement for these further delays was \$48,400 which was recognised in the Statement of Comprehensive Operating Income as other income in the 2020-21 financial year. Along with the settlement funds, the City West Water was also able to purchase \$36,888 replacement Large-scale Generation Certificates at the PPA price which have been recognised as intangible assets (refer note 5.5).

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

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

The Members' Agreement specifies that ZEW may call on the corporation to make a loan available to ZEW amounting to \$67,085. The loan, if requested by ZEW, would meet the definition of a financial asset as it gives rise to a contractual right for us to receive cash from ZEW at the end of the loan term. At 30 June 2021, ZEW had requested and received a loan payment of \$11,000. As this loan is concessional, it has been treated as an investment in ZEW and measured at cost.

# Notes to and forming part of the Financial Statements

## For the year ended 30 June 2021

### 9. Other disclosure (continued)

#### Victorian Government

City West Water is subject to the provisions of the Water Act 1989 and the Water Industry Act 1994. City West Water operates under specific legislation and is subject to independent economic regulation. City West Water operates under a Board of Directors appointed by the Victorian Government and makes income tax equivalent and dividend payments to the Victorian Government.

#### Transactions with government-controlled entities

The below table details City West Water's dealings with government-controlled entities, which are considered to be related parties of City West Water. The following four pages contain more detailed information regarding related parties with significant transactions with City West Water.

	Paid \$	Payable \$	Received \$	Receivable \$
<b>2020</b>				
Yarra Valley Water	908,497	-	41,738	4,177
Goulburn Murray Water	382,510	-	-	-
Development Victoria	-	-	674,201	-
Western Water	-	-	55,579	17,757
Victorian Auditor-General's Office	162,100	-	-	-
Rail Projects Victoria	-	-	379,221	667
Environment Protection Authority	127,222	-	36,162	-
Energy and Water Ombudsman Victoria	26,629	27,867	4,279	-
Public Transport Victoria <sup>1</sup>	31,111	-	-	-
<b>2021</b>				
Yarra Valley Water	87,430	-	170,315	-
Goulburn Murray Water	8,989	-	8,989	-
Development Victoria	-	-	242,889	-
Western Water	128,542	-	200,257	1,469,878
Victorian Auditor-General's Office	54,560	-	-	-
Rail Projects Victoria	-	-	376,155	39,259
Environment Protection Authority	131,810	-	-	-
Energy and Water Ombudsman Victoria	-	-	-	-
Public Transport Victoria <sup>1</sup>	-	-	-	-
Zero Emissions Water Limited	96,288	-	-	48,400

1. Transfer of assets from Department of Transport during the year was \$22,999,286 (2020 \$7,863,220).

## Related parties with significant transactions

### Department of Environment, Land, Water and Planning

City West Water bills and collects parks charges on behalf of the Department of Environment, Land, Water and Planning (DELWP). Due to the nature of the agent/principal relationship between City West Water and DELWP, City West Water does not recognise these amounts in its accounts. City West Water recognises an administration fee collected from DELWP relating to the billing and collection of parks charges as revenue.

City West Water makes various other payments to and receives other payments from DELWP which are recognised as revenue and expenses.

	2021 \$'000	2020 \$'000
<b>Payments</b>		
Parks Charge collected on behalf of DELWP	54,450	53,407
Environmental Contribution	29,843	26,457
Other	331	588
<b>Receipts</b>		
Billings and collection fee	2,339	2,307
<b>Payables</b>		
Environmental Contribution	7,461	6,614
Parks Charge collected on behalf of DELWP	(118)	35
<b>Receivables</b>		
Billings and collection fee	-	137

# Notes to and forming part of the Financial Statements

## For the year ended 30 June 2021

### 9. Other disclosure (continued)

#### Department of Treasury and Finance

The Department of Treasury and Finance monitors the implementation of City West Water's Corporate Plan in consultation with the Department of Environment, Land, Water and Planning.

	2021 \$'000	2020 \$'000
<b>Payments</b>		
Income tax equivalent	24,712	25,757
Dividend	20,600	75,800
Financial Accommodation Levy	19,157	17,995
<b>Payables</b>		
Financial Accommodation Levy	4,912	4,701
Income tax equivalent	1,033	7,366
<b>Receipts</b>		
Interest on CBS deposit	30	153

#### Treasury Corporation of Victoria

As required by the State Government pursuant to the *Borrowing and Investment Powers Act 1987*, other than lease liabilities, City West Water's borrowings are sourced solely from the Treasury Corporation of Victoria.

	2021 \$'000	2020 \$'000
<b>Payments</b>		
Finance costs	44,279	47,418
Administration fees	1,748	1,562
<b>Receipts</b>		
Net borrowings during the year	122,000	143,100
<b>Payables</b>		
Total borrowings	1,515,000	1,393,000
Finance costs	14,818	16,002
Administration fees	-	425



### Melbourne Water Corporation

City West Water sources all its drinking water from Melbourne Water Corporation and the majority of its sewage is treated by Melbourne Water Corporation at the Western Treatment Plant.

City West Water bills and collects drainage charges as an agent for Melbourne Water. Due to the nature of the agent/principal relationship between City West Water and Melbourne Water, City West Water does not recognise these amounts in its accounts. City West Water recognises an administration fee collected from Melbourne Water relating to the billing and collection of drainage charges as revenue.

City West Water makes various other payments to and receives other payments from Melbourne Water which are recognised as revenue and expenses.

	2021 \$'000	2020 \$'000
<b>Payments</b>		
Bulk water and sewage charges	345,978	364,155
Drainage Charge collected on behalf of Melbourne Water	62,852	60,150
Property information statements	198	194
Other	41	149
<b>Receipts</b>		
Billings and collection fee	4,128	3,745
Other	-	109
<b>Payables</b>		
Bulk water and sewage charges	2,801	3,669
Drainage Charge collected on behalf of Melbourne Water	-	1,220
Property information statements	145	-
<b>Receivables</b>		
Billings and collection fee	27	125

# Notes to and forming part of the Financial Statements

## For the year ended 30 June 2021

### 9. Other disclosure (continued)

#### State Revenue Office

The State Revenue Office is the Victorian Government's tax collection agency. The State Revenue Office administers Victoria's tax legislation and collects a range of taxes, duties and levies.

	2021 \$'000	2020 \$'000
<b>Payments</b>		
Payroll tax	2,689	2,576
Unclaimed monies	433	-
<b>Receipts</b>		
Pension rebate	564	725
<b>Payables</b>		
Payroll tax	241	209
Unclaimed monies	1,043	451
<b>Receivables</b>		
Pension rebate	143	140

#### Department of Health and Human Services

City West Water provides a number of services to the community including the administration of the Pension Rebate and Health Care Card schemes on behalf of the Department of Health and Human Services.

	2021 \$'000	2020 \$'000
<b>Payments</b>		
Safe Drinking Water Levy	144	144
<b>Receipts</b>		
Pension rebate	23,299	22,740
Administration fee on pension rebate	210	207
Utility relief grant	-	562
Dialysis users' rebate	8	11
<b>Receivables</b>		
Pension rebate	3,227	1,217
Administration fee on pension rebate	35	11
Dialysis users' rebate	2	3

#### Other Victorian Government controlled entities

Water and sewerage services were provided to other government-controlled entities for properties within City West Water's service area under normal commercial terms and conditions.

### 9.3 Equity

	2021 \$'000	2020 \$'000
Contributed equity	220,110	197,111
Physical asset revaluation surplus	55,042	83,559
Retained profits	525,562	503,461
<b>Total equity</b>	<b>800,714</b>	<b>784,131</b>

#### 9.3.1 Contributed equity

	2021 \$'000	2020 \$'000
Contributed equity at the beginning of the financial year	197,111	89,248
Asset received as contributed equity	22,999	7,863
Capital repatriation	-	-
<b>Contributed equity at the end of the financial year</b>	<b>220,110</b>	<b>197,111</b>

In line with the requirements of the *Financial Management Act 1994*, additions to net assets which have been designated as contributed equity by the Assistant Treasurer are recognised as contributed equity. Other transfers that are in the nature of contributions or distributions have also been designated as distributions to or contributions from owners.

#### 9.3.2 Physical asset revaluation surplus

	2021 \$'000	2020 \$'000
Physical asset revaluation surplus at the beginning of the financial year	83,559	171,256
Infrastructure assets revaluation, net of tax	(45,774)	(89,713)
Land revaluation, net of tax	17,257	2,016
<b>Physical asset revaluation surplus at the end of the financial year</b>	<b>55,042</b>	<b>83,559</b>

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

#### 9.3.3 Retained profits

	2021 \$'000	2020 \$'000
Retained profits at the beginning of the financial year	503,461	490,312
Profit after income tax expense	39,716	89,041
Final dividend paid during 2021 in respect of 2020	(13,500)	-
Final dividend paid during 2020 in respect of 2019	-	(53,900)
Interim dividend paid in respect of current year	(7,100)	(21,900)
Actuarial gain/(loss) on defined benefit superannuation plan (net of tax)	2,985	(92)
<b>Retained profits at the end of the financial year</b>	<b>525,562</b>	<b>503,461</b>

Retained profits represent accumulated retained profits over the lifetime of the corporation.

## Notes to and forming part of the Financial Statements For the year ended 30 June 2021

### 9. Other disclosure (continued)

#### 9.4 Ex-gratia expenses

	2021 \$'000	2020 \$'000
Forgiveness or waiver of debt	132	103
Other	11	14
<b>Total ex gratia expenses</b>	<b>143</b>	<b>117</b>

Ex gratia expense items greater than or equal to \$5,000 individually or in total are disclosed.

In exceptional circumstances City West Water may waive part of a customer's debt. This will occur at the discretion of the corporation when there has been a significant undetected leak on a customer's property, unexplained high usage on a customer's account, or in cases of financial hardship.

Ex gratia expenses are recognised as part of other expenses (refer Section 3).

## 9.5 Accounting standards issued that are not yet effective

Certain new Australian Accounting Standards have been published that are applicable to City West Water, but are not mandatory for the 30 June 2021 reporting period. These standards are listed below.

Standard	Effective date	Key changes	Impact
AASB 2020-1 <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</i>	1 January 2023	Amends AASB 101 to require a liability to be classified as current when companies do not have a substantive right to defer settlement at the end of the reporting period.	The corporation is in the process of analysing the impacts of this Standard. However, it is not anticipated to have a material impact.
AASB 2020-3 <i>Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments</i>	1 January 2022	<p>Amendments to existing accounting standards, particularly in relation to:</p> <p>AASB 1 – simplifies the application of AASB 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.</p> <p>AASB 3 – to update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.</p> <p>AASB 9 – to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.</p> <p>AASB 116 – to require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset.</p> <p>AASB 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i> – to specify the costs that an entity includes when assessing whether a contract will be loss-making.</p> <p>AASB 141 <i>Investment Property</i> – to remove the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards.</p>	The corporation is in the process of analysing the impacts of this Standard. However, it is not expected to have any significant impact to the financial statements.
AASB 2020-6 <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current – Deferral of Effective Date</i>	1 January 2022	<p>Amends AASB 101 to require a liability to be classified as current when companies do not have a substantive right to defer settlement at the end of the reporting period.</p> <p>The amendments will now apply to annual reporting periods beginning on or after 1 January 2023 instead of 1 January 2022, with earlier application permitted.</p>	The corporation is in the process of analysing the impacts of this Standard. However, it is not anticipated to have a material impact.

# Notes to and forming part of the Financial Statements

## For the year ended 30 June 2021

### 9. Other disclosure (continued)

#### 9.6 Subsequent events

On 29 October 2020, the Minister for Water, Lisa Neville, announced the integration of City West Water (CWW) and Western Water (WW) to form a new water corporation for Melbourne's west called Greater Western Water (GWW), effective from 1 July 2021. GWW will bring together the best of both water businesses to enhance customer service and water security and provide more affordable water services.

The new water corporation will provide services to more than 580,000 customers over a 3,700 square kilometre area from Melbourne's CBD and inner-west and north-west suburbs, through the Melton and Sunbury growth corridors to Bacchus Marsh, Myrniong and Macedon Ranges townships.

The integration was overseen by a Joint Transition Committee, chaired by leading water sector expert, Cheryl Batagol. The Committee was made up of current WW Board members Jane Doolan, Liza McDonald, and Les McLean and current CWW Board members Bruce Cohen, Tania Fryer and Sawsan Howard.

In February 2021, Ministerial determinations were signed to enable CWW and WW to operate as GWW from 1 July 2021. These determinations confirmed that CWW continued as the legal entity, trading as GWW. All functions, powers and duties of WW transferred to CWW and WW officially wound up on 30 June 2021.

A new GWW executive organisation structure was created on 12 April 2021 and a new GWW Board of Directors was appointed to govern the organisation from 1 July 2021. Management representations signed by the CWW MD and CFO have been provided to the GWW Board as part of the CWW Financial Statement certification process.

All WW assets, liabilities and existing employees transferred to GWW from 1 July 2021. The transfer was completed as a transfer of contributed equity as per FRD 119A. The integration will not result in significant changes to services, prices charged to customers, maintenance and operations.

Following the integration of Western Water with City West Water (now GWW), a write-down of infrastructure asset value of approximately \$644 million is expected for GWW in the 2022 financial year. The write-down is required due to WW changing from a 'Not for Profit' entity to a 'for Profit' entity as GWW, and adopting the accounting policy for valuation of infrastructure assets as a 'for-profit' entity. For its 2022 financial report, GWW will obtain an independent valuation to support this change in valuation policy for WW infrastructure assets.

The valuation write-down is an accounting book adjustment, required by the Australian Accounting Standards for measuring the fair value of infrastructure assets which differs between 'Not for Profit' and 'for Profit' entities.

The nature of WW's infrastructure assets and their service delivery do not change as a result of the adjustment. Importantly, there will be no resulting impact to customers or pricing.

All WW assets, liabilities and existing employees will transfer to GWW from 1 July 2021. The net assets of WW at 30 June 2021 are approximately \$810 million. The transfer will be completed as a transfer of contributed equity as per FRD 119A.

COVID-19 continues to change the landscape in which the organisation operates in. Despite the challenges of COVID-19, management is of the view that the impacts of the pandemic have been adequately accounted for in the Financial Statements.

No other matter or circumstance has arisen since 30 June 2021 which has significantly affected, or may significantly affect:

- the corporation's operations;
- the results of those operations; and/or
- the corporation's state of affairs in the financial year subsequent to 30 June 2021.

## Statutory Certification

The attached financial statements of City West Water Corporation (the corporation) have been prepared in accordance with Direction 5.2 of the Standing Directions 2018 under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations and other mandatory professional reporting requirements.

We state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and accompanying notes presents fairly the financial transactions during the year ended 30 June 2021 and the financial position of the corporation at 30 June 2021.

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.

This financial report was authorised for release by the Board of Directors on 24 August 2021.



**David Middleton**  
Chair



**Maree Lang**  
Managing Director



**Liz Rowland**  
Chief Financial Officer

Melbourne  
24 August 2021

# Independent Auditor's Report



Victorian Auditor-General's Office

## Independent Auditor's Report

### To the Board of Greater Western Water Corporation (formerly City West Water Corporation)

<b>Opinion</b>	<p>I have audited the financial report of City West Water Corporation (the corporation) which comprises the:</p> <ul style="list-style-type: none"> <li>• balance sheet as at 30 June 2021</li> <li>• comprehensive operating statement for the year then ended</li> <li>• statement of changes in equity for the year then ended</li> <li>• statement of cash flow for the year then ended</li> <li>• notes to the financial statements, including significant accounting policies</li> <li>• statutory certification.</li> </ul> <p>In my opinion, the financial report presents fairly, in all material respects, the financial position of the corporation as at 30 June 2021 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>
<b>Basis for Opinion</b>	<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 Auditor's Responsibilities for the Audit of the Financial Report 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 Code of Ethics for Professional Accountants (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>
<b>Other Information</b>	<p>The Board is responsible for the "other information" included in the corporation's Annual Report for the year ended 30 June 2021. The other information in the Annual Report does not include the financial report, the performance report and my auditor's reports thereon. My opinion on the financial report does not cover the other information included in the Annual Report. Accordingly, I do not express any form of assurance conclusion thereon.</p> <p>In connection with my audit of the financial report, my responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a materially misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.</p>
<b>Key audit matters</b>	<p>Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. These matters were addressed in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.</p>



Key audit matter	How I addressed the matter
<b>Revenues from service and usage charges</b>	
<i>Note 2.2 – Sale of Goods and Services</i>	
<b>Revenues from service and usage charges: \$603 million.</b>  I considered this to be a key audit matter because: <ul style="list-style-type: none"> <li>→ revenue is financially significant to the corporation</li> <li>→ the corporation's IT billing system and business rules are complex, and it uses several inputs, some from different sources</li> <li>→ a key input, customer water volume consumption, relies on external service providers to conduct meter readings</li> <li>→ revenue includes a significant accrual for unbilled water and sewerage services at year end that involves a higher degree of estimation uncertainty</li> <li>→ the applicable accounting standard AASB 15 <i>Revenue from Contracts with Customers</i> requires detailed and complex financial report disclosures.</li> </ul>	My key procedures included: <ul style="list-style-type: none"> <li>→ testing the operating effectiveness of key application controls in the billing system and key manual controls in the billing process</li> <li>→ assessing management's model, key assumptions and inputs for estimating the value of unbilled water and sewerage services accrued revenue at 30 June 2021</li> <li>→ performing substantive analytical procedures by developing an expectation of usage and service charges revenue for the period based on water volumes, number of serviced properties and approved prices, compared against the revenue recorded by the corporation</li> <li>→ reviewing the adequacy of revenue recognition and measurement policies</li> <li>→ assessing the adequacy of financial statement disclosures against AASB 15 <i>Revenue from Contracts with Customers</i>.</li> </ul>
<b>The fair value estimate of infrastructure assets</b>	
<i>Note 5.1 – Infrastructure, property, plant and equipment</i>	
<b>Fair value estimate of infrastructure assets: \$2.101 billion.</b>  I considered this to be a key audit matter because: <ul style="list-style-type: none"> <li>→ infrastructure assets are financially significant to the corporation</li> <li>→ the fair value estimate is derived from an income-based valuation approach that uses a discounted cashflow (DCF) model</li> <li>→ the fair value estimate relies on management's use of an external valuation expert</li> <li>→ the DCF model is highly complex and involves significant management judgements, underpinned by various subjective assumptions</li> <li>→ the calculated value is sensitive to small changes in key assumptions used in the DCF model</li> <li>→ the model's forecast period is long, and includes a terminal value, which increases the difficulty in accurately estimating the fair value</li> <li>→ accounting standard AASB 13 <i>Fair Value Measurement</i> (AASB 13) and the Assistant Treasurer issued Financial Reporting Direction 103I <i>Non-financial physical assets</i> (FRD 103I), both require extensive financial report disclosures.</li> </ul>	My key procedures included: <ul style="list-style-type: none"> <li>→ obtaining an understanding of management's approach to estimating the fair value of infrastructure</li> <li>→ assessing the competence and capability of management's expert engaged to assist with the valuation process</li> <li>→ engaging a subject matter expert to assist us in obtaining sufficient appropriate audit evidence, including:               <ul style="list-style-type: none"> <li>- the appropriateness of using an income-based valuation approach</li> <li>- identification of any changes to the DCF model and/or assumptions</li> <li>- the reasonableness and consistency of all the assumptions used in the DCF model</li> <li>- the reasonableness of all inputs used in the model, with specific reference to underlying data and supporting documentation</li> <li>- the DCF model's computational accuracy</li> <li>- assessing the completeness and adequacy of the financial report disclosures with regard to AASB 13 and FRD 103I, including the significant observable and unobservable inputs utilised in the model and the sensitivity analysis</li> </ul> </li> <li>→ evaluating our subject matter expert's workings and concluding the work was adequate for the purposes of our audit.</li> </ul>

## Independent Auditor's Report (continued)

---

**Board's  
responsibilities  
for the financial  
report**

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 *Financial Management Act 1994*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board is responsible for assessing the corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

---

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

---

**Auditor's  
responsibilities  
for the audit of  
the financial  
report  
(continued)**

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

From the matters communicated with the Board, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. I describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

---

MELBOURNE  
2 September 2021



Paul Martin  
*as delegate for the Auditor-General of Victoria*

## Appendix 1

### Disclosure Index

City West Water's 2021 Annual Report is prepared in accordance with all relevant Victorian legislation and pronouncements including Financial Reporting Directions (FRDs), Ministerial Reporting Directions (MRDs) and Standing Directions of the Assistant Treasurer. This index has been prepared to facilitate identification of City West Water's compliance with statutory disclosure requirements.

#### Charter and purpose

- FRD 22I Manner of establishment and the relevant Minister (p. 8)
- FRD 22I Purpose, functions, powers and duties (p. 8)
- FRD 22I Key initiatives and projects (p. 4)
- FRD 22I Nature and range of services provided (p. 10)

#### Management and structure

- FRD 22I Organisational structure (p. 41)

#### Financial and other information

- FRD 10A Disclosure Index (p. 142)
- FRD 12B Disclosure of major contracts (p. 54)
- FRD 22I Employment and conduct principles (p. 8)
- FRD 22I Workforce data (p. 13)
- FRD 22I Workforce inclusion policy (p. 15)
- FRD 22I Occupational health and safety policy (p. 46)
- FRD 22I Summary of the financial results for the year (p. 48)
- FRD22I Five-year financial summary (p. 49)
- FRD 22I Significant changes in financial position during the year (p. 48)
- FRD 22I Major changes or factors affecting performance (p. 48)
- FRD 22I Subsequent events (nil response required) (p. 136)
- FRD 22I Application and operation of *Freedom of Information Act 1982* (p. 51)
- FRD 22I Compliance with building and maintenance provisions of *Building Act 1993* (p. 52)

- FRD 22I Statement on National Competition Policy (Competitive Neutrality Policy) (p. 53)
- FRD 22I Application and operation of the *Public Interest Disclosures Act 2012* (p. 52)
- FRD 22I Details of consultancies over \$10 000 (consultancy expenditure) (p. 54)
- FRD 22I Details of consultancies under \$10 000 (consultancy expenditure) (p. 54)
- FRD 22I Disclosure of government advertising expenditure (p. 54)
- FRD 22I Disclosure of ICT expenditure (p. 49)
- FRD 22I Disclosure of asset maturity assessment (p. 54)
- FRD 22I Statement of availability of other information (p. 56)
- FRD 24D Reporting of office based environmental impacts (*not compulsory*)
- FRD 25D Local Jobs First (p. 53)
- FRD27C Performance Reporting (p. 59)
- FRD 29C Workforce Data disclosures (p. 13)
- Social procurement framework (p. 53)

#### Ministerial Reporting Directions

- MRD 01 Presentation and reporting of performance information (p. 59)
- MRD 02 Reporting on water consumption and drought response (pp. 22, 38)
- MRD 03 Environmental and social sustainability reporting (p. 36, p. 21)
- MRD 04 Disclosure of information on bulk entitlements (p. 152)
- MRD 05 Annual reporting of major non-residential water users
- MRD 06 Greenhouse gas and energy reporting (p. 27)
- MRD 07 Disclosure of information on letter of expectations (p. 144)

### Compliance attestation and declaration

SD 5.1.4 Attestation for Financial Management Compliance (p. 57)

SD 5.2.3 Responsible Body Declaration in report of operations (p. 3)

### Other requirements under Standing Direction 5.2

SD 5.2.1(a) Compliance with applicable Australian accounting standards and other authoritative pronouncements (p. 69)

SD 5.2.1(a) Compliance with Ministerial Directions (p. 69)

### Other disclosures required by FRDs in notes to and forming part of the financial statements

FRD 3A Accounting for dividends (p. 87)

FRD 11A Disclosure of ex gratia payments (p. 134)

FRD 17B Wage inflation and discount rates for employee benefits (p. 82)

FRD 21C Disclosures of responsible persons, executive officers and other personnel (Contractors with Significant Management Responsibilities) in the Financial Report (p. 124)

FRD 103H Non-financial physical assets (p. 118)

FRD 105A Borrowing costs (p. 104)

FRD 106 Impairment of assets (p. 95)

FRD 109 Intangible assets (p. 94)

FRD 110A Cash flow statements (p. 68)

FRD 112D Defined benefit superannuation obligations (p. 79)

FRD 114A Financial instruments – General Government Entities and Public Non-Financial Corporations (p. 110)

FRD 119A Transfers through contributed capital (p. 133)

FRD 120M Accounting and reporting pronouncements applicable to the 2020-21 reporting period (p. 135)

### Legislation

*Water Act 1989*

*Water Industry Act 1994*

*Freedom of Information Act 1982*

*Building Act 1993*

*Public Interest Disclosures Act 2012*

*Local Jobs First Act 2003*

*Financial Management Act 1994*

*Disability Act 2006*

## Appendix 2

### Addressing the Minister's Letter of Expectations MRD07

PRF= DELWP Performance Reporting Framework

NPF= BOM, National Performance Framework

ESC = Essential Services Commission

Priority Area	Key Performance Indicator	Measure	Definition	Comments
<b>Climate Change</b>  Undertake activities and provide services that minimise environmental impacts, mitigate climate change and demonstrate reasonable progress in integrating climate change adaptation into planning and decision making across the business.	<b>E2 Emission reductions</b>	E Total net emissions greenhouse gases in tonnes of CO <sub>2</sub> equivalent.	Scope 1 and scope 2 emissions only for the whole business and its activities, as specified under the National Greenhouse and Energy Reporting Scheme.	Greenhouse Gas and Energy Reporting (p 27)  Environmental Targets (p 28)  Zero Emissions Water (p 31)
	<b>E3 Adaptation to climate change and variability</b>  a. Apply the <i>Guidelines for Assessing the Impact of Climate Change on Water Suppliers in Victoria</i> and demonstrate adaptation by:  • <b>Urban Water Corporations:</b> through their application in drought preparedness and urban water strategies  b. Demonstration of reasonable progress in integrating climate change adaptation into planning and decision-making across the business (all sources of water, wastewater, and where relevant drainage and flood management including in:  • source waters and demand • built assets • natural environment • people and workplace • interdependencies • customer and product delivery.	E3  a. Qualitative description of how the Guidelines will be used.  b. Qualitative description of how adaptation will be undertaken in each of the six business areas. Include consideration of short, medium and long-term changes.	a. NA  b. The six business areas, and adaptation considerations for each, are articulated in the WSAA Climate Change Guidelines for Victorian water corporations and has chosen to follow its approach to defining six parts of the business where adaptation is relevant.	Climate Resilience Strategy (p. 25)  Greater Melbourne Urban Water and System Strategy (p. 38)  Central and Gippsland Region Sustainable Water Strategy (p. 38)

Priority Area	Key Performance Indicator	Measure	Definition	Comments
<b>Customer and community outcomes</b>  All aspects of service delivery will be customer and community centred and will continue to build extensive and effective community engagement and partnerships in planning and implementation of service delivery.	<b>C1 Customer satisfaction (Urban Water Corporations excl Melbourne Water)</b>  Note this indicator includes both direct and proxy measures. Overall, reporting on measures identified for this indicator should demonstrate high or improving levels of customer satisfaction over time.	C1(U) Customer satisfaction survey (urbans excl MW)	As per ESC definition	No report required. DELWP to obtain data from ESC.
		The ESC will collect customer satisfaction survey data on an ongoing quarterly basis.		
		a. CR1 Water quality complaints (urbans excl MW).	No. of water quality complaints regarding discoloration, taste, odour, stained washing, illness or cloudy water per 1000 customers.	Customer responsiveness performance indicators (p. 61)  Performance Report (p. 59)
		b. CR4 Number of billing payment issues (urbans excl. MW).	Billing/payment issues complaints for 1000 customers year on year.	
	<b>C2 Customer and community engagement</b>  Stakeholder engagement based on best practice that demonstrates approaches to engagement that are open, honest and occur frequently. The DELWP Community Charter or IAP2 framework could be considered as a guide.	C2 Development and delivery of an engagement strategy/ plan/policy and publication (via the water corporation's website) of the engagement strategy/ plan/policy or equivalent explanation.		Community engagement uplift (p. 20)  Community Reference Groups and stakeholder engagement initiatives (Major Projects) (p. 37)

## Appendix 2

### Addressing the Minister's Letter of Expectations MRD07 (continued)

Priority Area	Key Performance Indicator	Measure	Definition	Comments
<b>Water for Aboriginal cultural, spiritual and economic values</b>  Recognise and support self-determination of Aboriginal cultural values and economic inclusion in the water sector.	<b><u>AC1 Engagement of Aboriginal communities</u></b>  Effective and genuine engagement of Aboriginal communities for involvement in business opportunities and access to water for economic development. Measures related to this indicator will not be considered in isolation. Rather, reported information will be used to help build a broad picture of engagement, taking into account the relevant local context.	AC1.1 A strategy that demonstrates how the water corporation will build capability and understanding of procurement processes to address barriers for Aboriginal enterprises to supply good/services to water corporations.*	Explore and develop opportunities for business arrangements with Traditional Owners and Aboriginal enterprises to deliver value-for-money catchment and water services.	<b>AC1.1:</b>  Traditional Owner Engagement (p. 32)  Social and sustainable procurement (p. 50)  Integrated water management (p. 39)
		AC1.2 Number/ explanation of sponsorships of Aboriginal people in relevant study and training courses, including scholarships, vocational education and traineeships.	Provide opportunities for cross-cultural learning in the water sector, as well as skills training and employment for Aboriginal Victorians.	<b>AC1.2</b>  First Nations commitment and action (p. 15)
		AC1.3 Number of staff within the water corporation who have undertaken a cross-cultural training course (by relevant Traditional Owner) in the last 5 years.		<b>AC1.3</b>  Cultural awareness training conducted by Koorie Heritage Trust (p. 16)
		AC2.1 Number of engagements with Traditional Owners in water planning and management and report on outcomes.	Inform Traditional Owners when opportunities arise to access water entitlements within existing framework. Incorporate traditional ecological knowledge into water planning and management using Aboriginal Waterway Assessments and other tools developed by Traditional Owners. Notify and engage with Traditional Owners to achieve shared benefits.	Environmental Management system (p. 27)  First Nations commitment and action (p. 39)
	<b><u>AC3 Aboriginal Inclusion Plan/ Reconciliation Action Plan</u></b>  To be considered in conjunction with AC1 and AC2, taking into account the relevant local context	Development of an Aboriginal Inclusion Plan or a Reconciliation Action Plan, reflecting measures AC1.1 to AC1.3 and AC2.1		Reconciliation Action Plan (p. 16)



Priority Area	Key Performance Indicator	Measure	Definition	Comments
<b>Resilient and liveable cities and towns</b>  Contribute to healthy communities by supporting safe, affordable, high quality services and resilient environments	<b>L1 Integrated Water Management (urban)</b>  In relevant IWM forums, actively facilitate and champion water's contribution to deliver liveability for cities and towns of the region consistent with the forum's objectives.	<b>L1</b> Progress towards:  a. participation in, or establishment of, IWM forums in your region  b. contribution to development and implementation of Strategic Directions Statements in your region  c. implementation of priority IWM projects and plans as applicable delivering IWM outcomes for the region.  d. Delivering IWM outcomes for the region	Facilitating regional stakeholder collaboration (including local government and Traditional Owners) to deliver placed-based IWM outcomes for the community projects that support the liveability and resilience of cities and towns of the region.	Integrated water management (p. 39)  Collaborating for the environment (p. 32)
	<b>L2 Water efficiency (urban)</b>  Implement water efficiency programs aligned with Target 155	<b>L2</b> Continue to collaborate on the Victorian Efficiency Strategy by:  a. Water corporations working together through a coordination group to develop statewide initiatives;  b. and reporting the number of customers in need assisted by the Community Rebate Program	Comparison with national median for relevant utility sized groupings.	Total residential water bill (p. 24)
	<b>L3 Water bills (urban)</b>  Victorian water bills are amongst the lowest in Australia	<b>L3</b> Total residential bill based on:  a. Average consumption  b. 200kl consumption	Comparison with national median for relevant utility sized groupings.	Total residential water bill (p. 24)
	<b>L4 Payment management and hardship (not MW)</b>  Overall improved access to instalment plans for management of payments. Understand year on year trends in hardship grants	<b>L4</b>  Number of instalment plans at the end of the reporting period  Number of customers awarded hardship grants	For urbans, definition as per ESC (UPP1) and (UPP6)	Community services obligations (p. 21)

## Appendix 2

### Addressing the Minister's Letter of Expectations MRD07 (continued)

Priority Area	Key Performance Indicator	Measure	Definition	Comments
<b>Recognising recreational values</b>  Support the wellbeing of rural and regional communities by considering recreational values in water management	<b>Rec1 Recreational values</b>	1. Number of site-based projects delivered to Improve recreational enjoyment of water storages – for example, Boosting Recreational Water Use Initiative projects or other projects to improve or maintain access, infrastructure and facilities.	Explicit consideration of social and recreational uses and values of water ways through delivery of function areas.	Greening the West (p. 32)
	Consideration of recreational values in carrying out functions and providing services	2. Efforts taken around the following three themes of Water for Victoria:  a. Number of engagement processes that identified and considered recreational objectives relating to management of waterways  b. Number of improvements to information sources (e.g. online) to help recreational users to plan their activities  c. Collaboration with other organisations and government agencies to explore and progress opportunities to support recreational objectives  3. Number of accessible major water storages with land and recreation management plans in place, as per Water for Victoria action 7.3.	Social and recreational uses and values in relation to waterways means:  a. the uses of waterways for social and recreational purposes  b. the economic, aesthetic and well-being benefits that the community derives from the use of waterways for social and recreational purposes.	Greening the pipeline (p. 33)  Living Melbourne (p. 33)

Priority Area	Key Performance Indicator	Measure	Definition	Comments
<b>Leadership and culture</b>  Reflect the needs of our diverse communities and develop strategies and goals that will increase cultural diversity in the workforce and gender equity in executive leadership.	G1 Diversity and inclusion  Improve gender and cultural diversity in workforce including gender equity in executive leadership. Diversity Inclusion plans to be based on best practice. The approach of the DELWP Diversity and Inclusion Strategy 2016-2020 could be considered as a guide.	G1.1 Development and delivery of a Diversity Inclusion	A Diversity Inclusion Plan/s that includes gender equity and cultural, indigenous inclusion.	Our People (pp. 14-19)
		Plan/s and publication (via the water corporation's website) of the Inclusion Plan or equivalent explanation.		
		G1.2 Number of females occupying senior executive positions over projected five-year period.		
		G1.3 Adopt a 1% target for Aboriginal people in the business consistent with Vic government policy <sup>[1]</sup> and work to a stretch target of 3% by 2020 (DELWP policy <sup>[2]</sup> ).		
		G1.4 Actions taken to improve participation by Traditional Owners in Board committees and other organisational		
		G1.5 Number of respondents to the VPSC People Matter	Staff participation in the Victorian Public Sector Commission (VPSC) People Matter Survey. Water corporation to encourage staff participation to complete annual survey or equivalent survey.	No report required. DELWP to obtain data from VPSC.
	G3 Health and Safety  Sustained annual improvement against H&S performance benchmarks (AS/NZS standard 4801)	G3 Performance indicators adopted to monitor occupational health and safety in line with FRD 22H, section 6.10		Health, safety and wellbeing (p. 46)
<b>Financial sustainability</b>  Delivering safe and cost-effective water and wastewater services in a financially sustainable way.	F1-F8 Financial Indicators  Overall reporting on these measures should demonstrate financial sustainability and provide a positive picture of a corporation's financial sustainability over time.	F1 interest cover	Financial indicators as prescribed by PRF.	MRD 01 Performance Report (p. 59)
		F2 gearing ratio		
		F3 internal financing ratio		
		F4 current ratio		
		F5 return on Assets		
		F6 return on equity		
		F7 EBITDA Margin		

## Appendix 3

## The United Nations Global Compact

As a signatory to the United Nations Global Compact, we outline below where our policies, actions and programs highlighted in this annual report align with the 10 principles of the United Nations Sustainable Development Goals (SDGs).

	Global Compact Ten Principles	How our values guide our actions	Page
<b>Human Rights</b> <div>       </div>	<p>1. Businesses should support and respect the protection of internationally proclaimed human rights; and</p> <p>2. Make sure that they are not complicit in human rights abuses.</p>	<p>City West Water is committed to providing a healthy and safe workplace for all employees, contractors, customers and the community, where the wellbeing of individuals is supported and diversity is actively encouraged and championed. The following policies and programs outlined in this report reflect this commitment:</p> <ul style="list-style-type: none"> <li>Diversity and inclusion</li> <li><i>Annual Health, Safety and Wellbeing Plan 2020-21</i></li> <li>Social sustainability actions</li> <li>Programs for people living with domestic violence</li> <li>Social procurement</li> </ul>	<p>15</p> <p>46</p> <p>50</p> <p>21</p> <p>50</p>
<b>Labour</b> <div>    </div>	<p>3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.</p> <p>4. The elimination of all forms of forced and compulsory labour.</p> <p>5. The effective abolition of child labour; and</p> <p>6. The elimination of discrimination in respect of employment and occupation.</p>	<p>City West Water is committed to a diverse and inclusive workplace culture free of discrimination. Our efforts are reflected through the following items in this report:</p> <ul style="list-style-type: none"> <li>Diversity and inclusion targets</li> <li>Social procurement</li> </ul> <p>City West Water employees have access to unions and professional associations, with local delegates engaging in regular meetings with the City West Water executive.</p> <p>City West Water recognises the importance of unions and employee representation when negotiating enterprise agreements and consulting on significant work changes.</p> <p>The <i>(Commonwealth) Modern Slavery Act 2018</i> came into effect from January 2019. As required City West Water will report annually (from 2020) on the risks of modern slavery in our operations and supply chains, and the action we have taken to assess and address those risks, and the effectiveness of their response.</p>	<p>15</p> <p>50</p>

	Global Compact Ten Principles	How our values guide our actions	Page
<b>Environment</b>        	<p>7. Businesses should support a precautionary approach to environmental challenges;</p> <p>8. Undertake initiatives to promote greater environmental responsibility; and</p> <p>9. Encourage the development and diffusion of environmentally-friendly technologies</p>	<p>The protection and enhancement of our environment is embedded in City West Water's vision for the future. City West Water is dedicated to benefiting customers and the community, and understands the intrinsic link between water, the environment and human health and wellbeing. The following actions and strategies highlighted in this annual report, reflect this commitment:</p> <ul style="list-style-type: none"> <li>• Sustainable water use</li> <li>• Climate Resilience Strategy</li> <li>• Collaboration on environmental projects</li> <li>• Reducing energy use and emissions</li> </ul>	<p>34</p> <p>25</p> <p>32</p> <p>37</p>
<b>Anti-Corruption</b>   	<p>10. Businesses should work against corruption in all its forms, including extortion and bribery</p>	<p>City West Water is committed to ensuring transparency and accountability in its administrative and management practices, and the corporation supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources or conduct involving substantial risk to public health and safety or the environment.</p> <ul style="list-style-type: none"> <li>• Commitment to compliance with the <i>Public Interest Disclosures Act 2012</i></li> <li>• Compliance with the <i>Freedom of Information Act 1982</i></li> <li>• Oversight of the corporation's financial reports and information by the Risk Management and Audit Committee</li> <li>• Reporting on related party transactions as part of our Financial Statements.</li> </ul>	<p>52</p> <p>51</p> <p>45</p> <p>58</p>

## Appendix 4

### Bulk water entitlement reporting

City West Water Corporation holds individual bulk entitlements to the water resources of the Greater Yarra System – Thomson River Pool (managed by Melbourne Water Corporation), the Victorian Desalination Project and the Murray and Goulburn river systems.

Reporting requirements	Greater Yarra System – Thomson River Pool <sup>1</sup>	Victorian Desalination Project <sup>9</sup>	Goulburn System <sup>14</sup>	River Murray <sup>19</sup>
Amount of water taken	clause 16.1(a) 106,348.000ML <sup>2</sup>	clause 13.1(a) 0 ML <sup>10</sup>	clause 14.1(b) 0 ML <sup>15</sup>	n/a <sup>21, 8</sup>
Opening carryover at 1/7/20	clause 16.1(b) 129,552.055ML <sup>3,4</sup>	clause 13.1(a) 0 ML <sup>11</sup>	clause 14.1(c) 6,804.452 ML <sup>16</sup>	clause 11.1(a) 5,154.739 ML <sup>21</sup>
Annual water allocation made available during 2020-21	clause 16.1(b) 115,336.923ML	clause 13.1(a) 32,995.071 ML <sup>11, 12</sup>	clause 14.1(c) 4,286.900 ML <sup>16</sup>	clause 11.1(a) 3,533.100 ML <sup>21</sup>
Closing carryover as at 30/6/21	clause 16.1(b) 132,095.858 ML <sup>4,5</sup>	clause 13.1(a) 32,995.071 ML <sup>10,11</sup>	clause 14.1(c) 9,111.870 ML <sup>16, 17</sup>	clause 11.1(a) 4,947.447 ML <sup>21, 22</sup>
Compliant with entitlement volume	clause 16.1(c) yes <sup>7</sup>	clause 13.1(e) yes <sup>13</sup>	n/a	n/a
Assignment of bulk entitlement	clause 16.1(d) 0 ML	clause 13.1(b) 0 ML	clause 14.1(d) -1,500 ML <sup>18</sup>	clause 11.1(b) -3,500 ML <sup>23</sup>
Permanent transfer of all or part of bulk entitlement	clause 16.1(d) None	clause 13.1(b) None	clause 14.1(e) None	clause 11.1(c) None
Approval, amendment and implementation of the metering program	clause 16.1(e) continuing <sup>8</sup>	n/a	n/a	n/a
Amendment of bulk entitlement	clause 16.1(f) None	Clause 13.1(c) None	Clause 14.1(f) None	Clause 11.1(d) None
Any new bulk entitlement of water granted	clause 16.1(g) None	clause 13.1(d) None	None	None
<i>Any failure to comply with any provision of this bulk entitlement</i>	clause 16.1(h) None	clause 13.1(f) None	clause 14.1(g) None	clause 11.1(e) None
<i>Any difficulties experienced or anticipated in complying with this bulk entitlement and any remedial action taken or proposed</i>	clause 16.1(i) None	clause 13.1(g) None	clause 14.1(h) None	clause 11.1(f) None

#### Notes for compliance with bulk entitlements

##### Greater Yarra System – Thomson River Pool

1. We hold Bulk Entitlement (Greater Yarra System – Thomson River Pool – City West Water) Order 2014. Compliance requirements are set out in clauses 16.1(a)-(i).
2. We are a primary entitlement holder with an annual entitlement share of 152,797ML.
3. This is inclusive of 1,538.583ML carry-over held on behalf of Southern Rural Water.

4. The Resource Manager – Melbourne Water makes seasonal allocations monthly and maintains our water account and carry over accounting. Carry-over on 30 June 2021 accounts for estimated spills of 6,444.358ML (inclusive of spills against water held on behalf of Southern Rural Water). The metropolitan retailers make water available in Tarago Reservoir to Gippsland Water under a Bulk Water Supply Agreement. This is used by Gippsland Water to supplement their Tarago Bulk Entitlement during periods of high demand. City West Water provided 12.9ML under the BWSA in 2020-21.

5. This is inclusive of 1,470,540ML carry-over held on behalf of Southern Rural Water.
6. For water accounting purposes, water sourced during 2020-21 under our Bulk Entitlement (Desalinated Water – City West Water) Order 2014 is considered to have been carried over and held in the Melbourne Headworks System under our Bulk Entitlement (Greater Yarra System – Thomson River Pool – City West Water) Order 2014.
7. Compliance with the entitlement volume is measured by compliance with the overall cap within the source entitlements for the Thomson and Yarra systems (held by Melbourne Water).
8. Metering programs for this bulk entitlement are continually maintained and reviewed via the Bulk Water Supply Agreement between us and Melbourne Water and System Management Rules established by Melbourne Water.

#### Victorian Desalination Project

9. We hold Bulk Entitlement (Desalinated Water – City West Water) Order 2014. Compliance requirements are set out in clauses 13.1(a)-(g).
10. We do not take water directly from the Victorian Desalination project infrastructure. We may take an average annual volume of up to 39,595ML of desalinated water over any period of five consecutive years that is delivered to a delivery point to the Melbourne headworks system.
11. The Resource Manager – Melbourne Water makes seasonal allocations monthly and maintains our water account and carry over accounting.
12. The Hon Lisa Neville MP, Minister for Water announced a 125GL desalinated water order for the 2020-21 year. We received our total share 32,996ML during the 2020-21 year.
13. Compliance with the entitlement volumes is measured with respect to whether the annual volume taken exceeds the entitlement. This didn't occur this year.

#### Goulburn System

14. We hold Bulk Entitlement (Goulburn System – City West Water) Order 2012. Compliance requirements are set out in clauses 14.1(a)-(h).
15. We hold this entitlement as a result of our investment in the Goulburn Murray Water Connections Project Stage 1. We took no water from this resource in 2020-21.
16. The Resource Manager – the Northern Victorian Resource Manager, makes allocation equal to one-ninth of the total Phase 4 water savings achieved in the Goulburn component of the Goulburn Murray Irrigation District (GMID) from Goulburn Murray Water Connections Project Stage 1 as verified in the latest audit.
17. Carry over on 30 June 2021 accounts for estimated evaporative losses of 479,572ML.
18. We have water management action plans in place to manage water allocations in excess of our use. These strategies include the transfer of allocations between bulk entitlement allocation accounts and selling water allocation.

#### River Murray

19. We hold Bulk Entitlement (Murray River – City West Water) Conversion Order 2012. Compliance requirements are set out in clauses 11.1(a)-(f).
20. We hold this entitlement as a result of our investment in the Goulburn Murray Water Connections Project Stage 1. We took no water from this resource in 2020-21.
21. The Resource Manager – the Northern Victorian Resource Manager, makes allocation equal to one-ninth of the total Phase 4 water savings achieved in the River Murray component of the Goulburn Murray Irrigation District (GMID) from Goulburn Murray Water Connections Project Stage 1 as verified in the latest audit.
22. Carry over on 30 June 2021 accounts for estimated evaporative losses of 260,392ML.
23. We have water management action plans in place to manage water allocations in excess of our use. These strategies include the transfer of allocations between bulk entitlement allocation accounts and selling water allocation.



City West Water™

### **Greater Western Water**

36 Macedon Street  
Sunbury, Vic 3429  
ABN 70 066 902 467  
[gww.com.au](http://gww.com.au)

ISS: 2203-9929 (online)

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

