

Appendix A:

Submissions and comments

We have consulted with the 4 Victorian metropolitan water corporations, the Department of Energy, Environment and Climate Action and the Department of Treasury and Finance, and we considered their views when reaching our audit conclusions. As required by the *Audit Act 1994*, we gave a draft copy of this report, or relevant extracts, to those agencies and asked for their submissions and comments.

Responsibility for the accuracy, fairness and balance of those comments rests solely with the relevant agency head.

Responses received

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Yarra Valley Water	A-15



Department of Energy, Environment
and Climate Action

PO Box 500, East Melbourne,
Victoria 8002 Australia

SEC-260400067

Andrew Greaves
Auditor-General
Level 31, 35 Collins Street
MELBOURNE VIC 3000

Dear Auditor-General

Proposed report – Sustainability Reporting by Water Corporations

Thank you for your invitation to comment on the Victorian Auditor-General's Office's (VAGO's) proposed report for the performance engagement – *Sustainability Reporting by Water Corporations*, received on 2 April 2026.

The Department of Energy, Environment and Climate Action (DEECA) recognises the importance of accurate, complete and consistent sustainability reporting by water corporations and other public entities.

DEECA, in collaboration with the Department of Treasury and Finance, is currently updating the Victorian Government's approach to sustainability reporting at both the whole-of-government and entity level to reflect new international and Australian accounting standards. DEECA is also already progressing work to strengthen and streamline the emissions reduction framework for water corporations as an action under the *Water Sector Emissions Transition Plan*.

DEECA will incorporate insights from VAGO's report into these activities, and as part of its ongoing program of continuous improvement to guidance and reporting frameworks, including for Financial Reporting Direction 24: Reporting of environmental data by government entities (FRD 24) and the Minister for Water's Letter of Expectations (LOE).

Information reported under FRD 24 and LOE is essential to policy design and development, accountability and decision-making by government and entities, and monitoring of whole-of-government emissions.

DEECA accepts, or accepts in principle, the recommendations made in the proposed report and commits to the actions outlined in the enclosed action plan. I thank your staff for their work and welcome continued engagement with your office as we strengthen sustainability reporting across the sector.

Yours sincerely

Kate Houghton PSM
Secretary

21/04/2026

Encl. DEECA Action plan responding to VAGO's recommendations for *Sustainability Reporting by Water Corporations*



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Department of Energy, Environment and Climate Action

Action plan to address recommendations from VAGO's report: *Sustainability Reporting by Water Corporations*

No.	VAGO recommendation	Acceptance	Agreed management actions	Target completion date
1	Review and streamline sustainability reporting requirements for water corporations by considering their intended purpose and use (see Section 3).	Accept	<p>DEECA will review:</p> <ul style="list-style-type: none"> the reporting requirements for water corporations set out under the Minister for Water's Letter of Expectations Priority Area 1: Climate Change and Energy and advise the Minister on necessary amendments to reduce burden on water corporations. the reporting guidance in Financial Reporting Direction 24: <i>Reporting of environmental data by government entities</i> (FRD24) and advise the Department of Treasury and Finance (DTF) if any amendments are required. 	31 July 2028
2	Provide clearer and more authoritative guidance, including clarifying that the Department of Energy, Environment and Climate Action does not provide assurance, to support water corporations to fully and consistently meet their sustainability reporting requirements (see sections 3 and 5).	Accept	DEECA will amend its current guidance related to Minister for Water's Letter of Expectations Priority Area 1: Climate Change and Energy to clarify DEECA's role in water corporations' sustainability reporting.	31 July 2027
3	Revise the definition of materiality in FRD 24: Reporting of environmental data by government entities' to focus on users' information needs (see Section 3).	Accept in principle	DEECA will review the definition of materiality in FRD 24 with consideration given to users' information needs and provide advice to DTF on amendments.	31 July 2027

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No.	VAGO recommendation	Acceptance	Agreed management actions	Target completion date
4	Work with the government to develop and implement an assurance framework for sustainability reporting at whole-of-government and entity level (see Section 5).	Accept in principle	DEECA will: <ul style="list-style-type: none"> • assess the opportunity for establishing a fit-for-purpose assurance framework for sustainability reporting at an entity level under FRD 24. • provide advice if required to DTF who leads the Victorian Government Climate-related Risk Disclosure Statement. 	31 July 2027



Department of Treasury and Finance

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CSEC-260400031

Andrew Greaves
Auditor-General
Level 31, 35 Collins Street
MELBOURNE VIC 3000
enquiries@audit.vic.gov.au

Dear Auditor-General

PROPOSED REPORT: SUSTAINABILITY REPORTING BY WATER CORPORATIONS

Thank you for your letter dated 2 April 2026 inviting the Department of Treasury and Finance (DTF) to comment on the proposed report *Sustainability Reporting by Water Corporations*.

DTF notes the findings of the report and accepts in principle recommendations 1 and 3 to support the Department of Energy, Environment and Climate Action (DEECA) in its policy work and facilitate amendments to FRD 24 *Reporting of Environmental Data by Government Entities* and the accompanying guidance manual if required.

DTF does not accept Recommendation 4, and consider it is not appropriate to introduce any assurance framework in isolation at this time. DTF and DEECA are currently progressing a more holistic project aimed at further strengthening whole-of-government and entity-level climate reporting within the wider Victorian public sector. This project will also consider an appropriate assurance framework for climate risk disclosures. The action plan at Attachment A includes further detail.

I thank you for the opportunity to be engaged throughout this process.

Yours sincerely

Chris Barrett
Secretary



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17 / 04 / 2026

Attachments encl.: Attachment A: Department of Treasury and Finance action plan to address recommendation from *Sustainability Reporting by Water Corporations*

Attachment A: Department of Treasury and Finance action plan to address recommendation from Sustainability Reporting by Water Corporations

No.	VAGO recommendation	Acceptance	Agreed management actions	Target completion date
1	Review and streamline sustainability reporting requirements for water corporations by considering their intended purpose and use.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input checked="" type="checkbox"/> In principle	DTF will assess the appropriateness and practicality of amendments proposed by DEECA to the guidance manual for FRD 24 <i>Reporting of Environmental Data by Government Entities</i> , if any, and facilitate the publication of updated guidance if required.	July 2028
3	Revise the definition of materiality in FRD 24: Reporting of environmental data by government entities to focus on users' information needs.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input checked="" type="checkbox"/> In principle	DTF will support DEECA's review of the definition of materiality in FRD 24, which will focus on users' information needs. DTF will assess the appropriateness and practicality of any proposed changes to FRD 24 that arise from DEECA's review and facilitate approval by the Minister for Finance.	July 2027
4	Work with the government to develop and implement an assurance framework for sustainability reporting at whole-of-government and entity level.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	DTF and DEECA are currently progressing a more holistic project aimed at further strengthening whole-of-government and entity-level climate reporting within the wider Victorian public sector. This project will also consider an appropriate assurance framework for climate risk disclosures. Given this broader project, and considering the work currently being progressed by the Australian Accounting Standards Board to clarify AASB S2 implementation in the public sector, DTF considers it is not appropriate to introduce any assurance framework in isolation at this time. Assurance will be considered as part of the broader reform project.	N/A



Greater Western Water
ABN 70 066 902 467
36 Macedon Street, Sunbury Vic 3429
Locked Bag 350, Sunshine Vic 3020

22 April 2026

Mr Andrew Greaves
Auditor-General
Victorian Auditor-General's Office
Level 31/35 Collins Street
MELBOURNE VIC 3000

Dear Mr Greaves,

Thank you for your letter of 2 April 2026, and for providing Greater Western Water an opportunity to respond to the proposed report on *Sustainability Reporting by Water Corporations*. Greater Western Water has considered the report and welcomes the Victorian Auditor-General's findings.

We are pleased to contribute to this important work, which supports greater transparency, consistency and accountability in how public sector organisations report on climate-related risks and performance.

We support the report's focus on strengthening governance, systems and processes to embed sustainability reporting more effectively across the sector.

Greater Western Water accepts the recommendation made in the report and is committed to implementing actions to further strengthen our approach to sustainability reporting in line with better practice and evolving expectations.

Since the 2024–25 period covered by the audit, Greater Western Water has progressed a number of initiatives aligned with the report's recommendations. This includes updating our organisational Climate Risk Register and continuing to embed climate risk considerations into enterprise risk management and planning processes.

We remain committed to continuous improvement and to supporting the Victorian Government's broader objectives for climate risk management and transparent sustainability reporting.

I would like to take this opportunity to thank your staff who worked on this audit and considered our feedback throughout the process.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "C. FitzGerald".

Cameron FitzGerald
Managing Director
Greater Western Water

Attach.

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Greater Western Water: Action plan to address recommendations from Sustainability Reporting by Water Corporations

No.	VAGO recommendation	Acceptance	Agreed management actions	Target completion date
5	Adopt better practices to improve the consistency, reliability and transparency of their sustainability reporting.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	Greater Western Water will update and implement relevant policies, procedures and guidance to align with the recommendations of the audit. This will include strengthening governance, documentation and processes supporting sustainability reporting and climate-related risk management.	June 2027

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22/04/2026

Mr Andrew Greaves
Auditor General
Victorian Auditor General's Office
Level 31/ 35 Collins Street
Melbourne VIC 3001

Dear Andrew

Sustainability Reporting by Water Corporations

Thank you for your letter of 2 April, 2026 and providing Melbourne Water an opportunity to respond to the proposed report, *Sustainability Reporting by Water Corporations*.

Melbourne Water has reviewed the proposed report and accepts the recommendation to adopt better practices to improve the consistency, reliability and transparency of sustainability reporting. A Management Action Plan (enclosed) has been put in place to address the issues raised.

Melbourne Water is committed to ensuring our reporting is transparent and provides clear insights to the Victorian Community.

Yours sincerely,

Dr Nerina Di Lorenzo

Managing Director

Melbourne Water Reference 73062627

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Melbourne Water: Management Action Plan to address recommendations from Sustainability Reporting by Water Corporations

No.	VAGO recommendation	Acceptance	Agreed management actions	Target completion date
5	Adopt better practices to improve the consistency, reliability and transparency of their sustainability reporting.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	<ul style="list-style-type: none"> Build on existing data production and assurance practices by further strengthening data traceability, Quality Assurance review and approvals for sustainability indicators. This will focus on existing processes and approvals, reducing reliance on manual handling, minimising human error, and increasing audit transparency. Undertake a targeted review of the placement of sustainability metrics in annual reporting, to consolidate current good practice and support clarity, comparability and accessibility for readers. 	For annual report 2026/27

Melbourne Water Reference 73062627

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For Life.**

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21 April 2026

Mr Andrew Greaves
Auditor-General
Victorian Auditor-General's Office
Level 31, 35 Collins Street
Melbourne VIC 3000

Reference: 34951

Via email, c/o [REDACTED]

cc: [REDACTED]

Dear Auditor General

Response to audit of Sustainability Reporting by Water Corporations

South East Water (SEW) welcomes the performance audit examining sustainability reporting by water corporations (the audit). We acknowledge the importance of accurate sustainability-related disclosures to support public confidence in our sustainability practices.

South East Water has achieved its greenhouse gas emission reduction target of 45 percent by 2025 and continues to work towards net zero emissions by 2030 (scope 1 and scope 2 emissions). We are pleased to see many of our emissions reporting practices acknowledged as "better practice" in the audit report.

South East Water does not agree with the audit's finding that it should have reported greenhouse gas emissions from the Boneo Water Recycling Plant (WRP) to the Clean Energy Regulator (CER) under the National Greenhouse Gas Emissions Reporting (NGER) Scheme.

South East Water's emissions from the Boneo WRP were reported appropriately via two separate mechanisms:

1. **Annual Report** – Boneo WRP emissions were reported publicly in South East Water's Annual Report 2024/25 in accordance with Financial Reporting Direction 24
2. **National Greenhouse Gas Emissions Reporting Scheme** – Boneo WRP emissions were reported to the CER by the John Holland SUEZ Beca Joint Venture, which operates the Boneo WRP, in accordance with NGER Scheme requirements. If SEW had reported Boneo WRP emissions to the CER, this would have introduced a duplicative inaccuracy in reporting to the regulator.

South East Water Corporation
ABN 89 066 902 547

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South East Water acknowledges the audit's observations of overlapping reporting requirements and opportunities for reporting improvements, and will commission an operational control assessment for the Boneo WRP.

Yours Sincerely

Carla Purcell
Carla Purcell (Apr 20, 2028 19:01:36 GMT+10)

Carla Purcell
Managing Director

South East Water Corporation
ABN 89 066 902 547

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South East Water: Action plan to address recommendations from Sustainability Reporting by Water Corporations

No.	VAGO recommendation	Acceptance	Agreed management actions	Target completion date
5	Adopt better practices to improve the consistency, reliability and transparency of their sustainability reporting.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> In part <input type="checkbox"/> In principle	SEW will prepare a new documented procedure for Annual Report emissions reporting to complement its procedure for NGER Scheme emissions reporting. SEW will commission an assessment of operational control at the Boneo WRP.	31 October 2026 31 October 2027



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24 April 2026

Yarra Valley Water Corporation
ABN 93 066 902 501

Mr. Andrew Greaves
Auditor-General
Victorian Auditor-General's Office

Dear Mr. Greaves,

Re: Proposed report on sustainability reporting by water corporations

Thank you for your letter dated 2 April 2026 inviting YVW to review and comment on the proposed report and recommendations on sustainability reporting by metropolitan water corporations.

Upon review, we are pleased to note that Yarra Valley Water's current sustainability disclosures and reporting framework reflect a high standard of practice, and that our disclosures are presented fairly in all material respects, in accordance with the reporting requirements of FRD24, the letter of expectations, and the National scheme, as cited in Appendix E of the report.

The audit process has provided valuable assurance regarding our current approach. We remain committed to further strengthening our reporting disclosures, as outlined in the management action response enclosed with this correspondence.

I would like to acknowledge your team's professionalism and efficiency in coordinating and compiling the findings. We support providing transparency on our progress towards the government's climate and sustainability commitments and are committed to maintaining robust sustainability reporting processes.

Yours sincerely

Natalie Foeng
Managing Director

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Yarra Valley Water: Action plan to address recommendations from Sustainability Reporting by Water Corporations

No.	VAGO recommendation	Acceptance	Agreed management actions	Target completion date
5	Adopt better practices to improve the consistency, reliability and transparency of their sustainability reporting.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	<p>The 2026–27 draft Corporate Plan and the upcoming 2025-26 Annual Report will integrate information on Climate-related risks and opportunities into a single, clearly presented section, thereby improving the transparency of the report.</p> <p>Enhancements to the basis of preparation narrative, including explicit confirmation of operational boundaries and vehicle categorisations will further strengthen our disclosures in the Annual Report.</p> <p>In addition, we are collaborating with industry partners to develop unified reporting technical system aimed at improving reporting quality. Decisions regarding further investment in these solutions will be guided by prudence and value for money principles, ensuring alignment with the ESC’s regulatory pricing framework.</p>	Next annual report 30 Sep 2026

Contact us

<p> Enquiries 1300 304 688</p> <p>Faults and Emergencies 13 27 62 (24hr)</p> <p> enquiry@yvwm.com.au</p>	<p> yvwm.com.au</p> <p> 25 Lucknow Street Mitcham, Victoria 3132</p> <p> Deaf or hard of hearing? Contact us using the National Relay Service yvwm.com.au/nrs</p>	<p>For language assistance</p> <p>العربية 1300 914 361</p> <p>廣東話 1300 921 362</p> <p>Ελληνικά 1300 931 364</p> <p>普通话 1300 927 363</p>	<p>For all other languages call our translation service on 03 9046 4173</p>
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