



WESTERNPORT
WATER™

2015-20

Corporate Plan



Table of Contents

Statement of Corporate Intent	2
Vision Statement	3
Business Undertakings	3
Corporate Objectives	4
Water Corporation Activities and Business Plan 2015–16	5
Pricing	5
Capital Expenditure	7
Capital Expenditure – Key Actions	8
Nature and Scope of our Activities	9
Strategy 2015-20	9
Initiatives 2015-16.....	11
Our Corporate Governance.....	11
Our Customers	13
Our People	15
Our Community.....	17
Our Assets	19
Our Environment	21
Planning Assumptions.....	23
Risk Management	29
Appendix A – Strategic Risk Register	30
Appendix B – Financial Templates	31
Appendix C – Regulatory Performance Indicators.....	34
Appendix D – Capital Expenditure detail	39

Statement of Corporate Intent

Westernport Water's Corporate Plan 2015-20 has been developed in accordance with the requirement of section 247 of the *Water Act 1989* (the Act).

The Corporate Plan includes the vision, undertakings and objectives of the organisation, as well as the 2015-16 Business Plan with financial statements containing the information required by the Minister for Environment, Climate Change and Water.

This Corporate Plan is to be considered in conjunction with Westernport Water's Water Plan 3.

Vision Statement

*We are an efficient Water Corporation consistently providing cost-effective, safe and reliable products and services to the communities we serve, today and tomorrow.*¹

Business Undertakings

Westernport Water is a Government Business Enterprise with the core functions of providing water and wastewater services wherever economically, environmentally and socially practicable to properties and communities throughout the service district.

Westernport Water services 17,870 customers across an area of 300 square kilometres of Phillip Island and the mainland stretching from The Gurdies in the north, to Archies Creek in the south east.

As a major recreational and tourism region of Victoria, visitor numbers can peak at approximately 100,000 during holidays and major events, with an annual visitation rate of 3.7 million².



Figure 1. Westernport Water service region & supply network

Westernport Water also provides the following products and services:

- ◆ Class A recycled water for new residential developments, agriculture and recreation reserves
- ◆ Removal of commercial trade wastes (greasy waste)
- ◆ Liquid waste disposal facility
- ◆ Specialist advice service on infrastructure and facility design for new developments
- ◆ Reticulated gas network in the San Remo region
- ◆ Biosolids for agriculture land application
- ◆ Catchment programs aimed at improving water quality

¹ This Vision supports the directions within the Corporate Planning and Reporting Guidelines 2015-16 issued by the Hon Lisa Neville MP, Minister for Environment, Climate Change and Water

² Bass Coast Shire Council Tourism Research & Economic Impact Study 2011 - results as at December 2012

Corporate Objectives

Westernport Water's operation is framed by the *Vision Statement* and six *Strategic Focus Areas*, collectively shaping our direction, building our decision making and developing our capability.

Within each strategic focus area are the corporate objectives identified as critical to the success and sustainability of Westernport Water. The success of the Corporation is measured against eight key performance measures representing the core intent of the organisation.

Strategic Focus Area	Corporate Objectives	Key Performance Measures
<p>Our Corporate Governance</p> <p><i>To maintain the integrity and value of our corporation through sound governance and financial management</i></p>	<ul style="list-style-type: none"> Plan for our future through strategic business planning Be financially sustainable Regularly find ways to become more efficient Meet our regulatory requirements Recognise and manage risk 	<p>Financial sustainability Target: DELWP Financial Performance Indicators</p> <p>Compliance Target: 0 Breaches</p> <p>Risk Management Target: Manage Risks within WPW's Risk Tolerances and Appetites</p>
<p>Our Customers</p> <p><i>To provide quality products and services to meet our customers' expectations and needs</i></p>	<ul style="list-style-type: none"> Provide quality drinking water Provide services that meet our customers expectations Continually grow our business and service opportunities 	<p>Customer overall satisfaction Target: > 90%</p>
<p>Our People</p> <p><i>To be an innovative, high performance organisation with a reputation that is valued by current & prospective employees</i></p>	<ul style="list-style-type: none"> Provide a healthy and safe working environment Listen and respond to our people Provide an environment of learning 	<p>Employee Satisfaction Target: above industry average (69% 2015-16) Engagement Index</p>
<p>Our Community</p> <p><i>To be a valued member of the community we serve</i></p>	<ul style="list-style-type: none"> Improve our performance based on customer feedback Add value to our community Maintain strong stakeholder partnerships 	<p>Community Value Target: > 1 community initiatives</p>
<p>Our Assets</p> <p><i>To enable the reliable and cost-effective delivery of products and services to our customers</i></p>	<ul style="list-style-type: none"> Embed asset management into daily practice Enable reliable service delivery Build an asset knowledge base to support decision making Plan for the future of our assets 	<p>Asset Performance Target: 0 critical infrastructure failure</p>
<p>Our Environment</p> <p><i>To be an environmentally sustainable organisation, reducing environmental footprint</i></p>	<ul style="list-style-type: none"> Minimise environmental impact Prepare for Climate Change Protection and enhancement 	<p>Environmental Impact Target: > 1 improvement initiatives</p>

For the 2015-16 period, the 21 corporate objectives are to be progressed by the specific actions as detailed in the section of the Corporate Plan titled [Strategy 2015-20](#). Achievement of our strategies are monitored, measured and reported through numerous internal and regulatory Performance Indicators.

Water Corporation Activities and Business Plan 2015–16

Pricing

For the 2015-16 year the pricing increases are based on a 0% price path movement plus CPI of 1.33%.

Over the 2016-17 and 2017-18 Water Plan 3 periods price increases have been based on the assumption of 0% price path movement plus CPI of 1.5%. It is noted that this is a variation to the Essential Service Commission’s Water Plan 3 Determination of 0% price path movement plus CPI of 2%.

For the remainder of the 2015-20 Corporate Plan, which is outside the Water Plan 3 period, no pricing assumptions have been adopted at this time, therefore Westernport Water has continued with the current pricing assumptions of 0% price path movement plus CPI of 1.5%.

The assumed starting point for the next planning period is the current water sector efficiency adjusted Water Plan 3 budget rolled forward without any tariff increases at this stage.

As outlined in the section [Strategy 2015-20](#), pricing options of future tariffs for the next planning period will be tested over 2015-16 with extensive customer consultation.

Water Volumetric pricing

Westernport Water charges a standard usage rate for both residential and commercial customers.

Table 1: Water Volumetric pricing

Potable	Consumption	2015-16 \$/ KL	2016-17 \$/ KL	2017-18 \$/ KL	2018-19 \$/ KL	2019-20 \$/ KL
Residential	All Consumption	\$1.9305	\$1.9595	\$1.9888	\$2.0187	\$2.0490
Commercial	All Consumption					

Reuse Pricing

Reuse water will be charged at various volumetric tariffs.

Table 2: Reuse pricing

Reuse	Consumption	2015-16 \$/ KL	2016-17 \$/ KL	2017-18 \$/ KL	2018-19 \$/ KL	2019-20 \$/ KL
Residential	All Consumption	\$1.0434	\$1.0591	\$1.0749	\$1.0911	\$1.1074
Commercial	Less than 5,000kL p.a.	\$0.5076	\$0.5152	\$0.5229	\$0.5308	\$0.5387
Commercial	More than 5,000kL p.a.	\$0.4173	\$0.4236	\$0.4299	\$0.4364	\$0.4429

Fixed Service Charges – Water, Waste and Reuse Pricing

Westernport water charges varying fixed rates for its services to customers.

Table 3: Fixed Service Charges

Fixed Charges	2015-16 \$ per annum	2016-17 \$ per annum	2017-18 \$ per annum	2018-19 \$ per annum	2019-20 \$ per annum
Residential					
Water ³	\$374.98	\$380.60	\$386.31	\$392.11	\$397.99
Waste	\$579.16	\$587.85	\$596.67	\$605.62	\$614.70
Reuse	\$26.08	\$26.47	\$26.87	\$27.27	\$27.68
Commercial					
Water (20mm tapping)	\$374.98	\$380.60	\$386.31	\$392.11	\$397.99
Water (25mm tapping)	\$675.52	\$685.65	\$695.94	\$706.38	\$716.97
Water (32mm tapping)	\$1,276.91	\$1,296.06	\$1,315.50	\$1,335.24	\$1,355.27
Water (40mm tapping)	\$2,328.91	\$2,363.84	\$2,399.30	\$2,435.29	\$2,471.82
Water (50mm tapping)	\$4,170.11	\$4,232.66	\$4,296.15	\$4,360.59	\$4,426.00
Water (65mm tapping)	\$8,303.38	\$8,427.93	\$8,554.35	\$8,682.66	\$8,812.90
Water (80mm tapping)	\$14,390.63	\$14,606.49	\$14,825.59	\$15,047.97	\$15,273.69
Water (100mm tapping)	\$25,888.72	\$26,277.05	\$26,671.21	\$27,071.27	\$27,477.34
Water (150mm tapping)	\$59,669.42	\$60,654.46	\$61,472.93	\$62,395.02	\$63,330.95
Waste (1 cistern per property)	\$579.16	\$587.85	\$596.67	\$605.62	\$614.70
Waste (>2 cisterns per property) ⁴	\$213.91	\$217.12	\$220.38	\$223.68	\$227.04

Vacant Land Pricing

Table 4: Vacant Land pricing

Fixed Charges	2015-16 \$ per annum	2016-17 \$ per annum	2017-18 \$ per annum	2018-19 \$ per annum	2019-20 \$ per annum
Water – Unconnected ⁵	\$187.14	\$189.95	\$192.80	\$195.69	\$198.62
Waste – Unconnected	\$290.09	\$294.44	\$298.86	\$303.34	\$307.89
Reuse – Unconnected	-	-	-	-	-

³ Fixed water service charges include carbon tax rebate

⁴ Rate per Cistern

⁵ Fixed water service charges for vacant land include carbon tax rebate

Capital Expenditure

In developing the 2015-16 capital works program Westernport Water reviewed and updated the proposed activities listed in Water Plan 3 (WP3). Table 5 below provides a summary of capital expenditure over the 2015 -16 Corporate Plan period:

Table 5: Capex Summary by Type 2015-16

Capex Summary by Type	WP3 (2015-16 extract) \$,000	Corporate Plan (2015-16) \$,000
Compliance	2,436	1,251
Growth	0	315
Improved Services	425	600
Renewals	1,205	1,487
Other	0	300
Opex	0	0
Total	4,066⁶	3,953⁷

A complete list of projects is provided at Appendix D – Table D1. Progress to date and forecast spend over Water Plan 3 is provided below:

Table 6: WP3 Capex Overview

Capex cumulative	2013-14 \$,000	2014-15 \$,000	2015-16 \$,000	2016-17 \$,000	2017-18 \$,000	Total ⁸ \$,000
WP3 (2013\$)	\$4,680	\$4,835	\$4,435	\$6,500	\$6,167	\$26,617
WP3 – water sector efficiency adjusted	\$3,999	\$5,462	\$4,066	\$5,974	\$5,672	\$25,173
Actual	\$3,999					\$24,961
Forecast		\$5,467	\$3,953	\$5,099	\$6,443	
Cumulative						
WP3 – water sector efficiency adjusted	\$3,999	\$9,461	\$13,527	\$19,501		\$25,173
Actual & Forecast	\$3,999	\$9,466	\$13,419	\$18,518		\$24,961
Difference	\$0	-\$5	+108	+\$983		+\$212

Westernport Water is on track to record an underspend of \$212K against the water sector efficiency adjusted capital budget over the whole WP3 period.

The main driver of this underspend in 2015-16 is the deferral of the planned upgrade to the tertiary treatment process at the Ian Bartlett Water Purification Plant. Further details are provided in the **Our Assets** strategic focus area.

⁶ WP3 extract is based on 2013\$ with water sector efficiency amendments

⁷ The 2015-16 capital costs are inclusive of previously agreed efficiency requirements

⁸ All \$'s are non-CPI adjusted

Capital Expenditure – Key Actions

The key focus over the Water Plan 3 period is the progressive upgrade of the wastewater collection, transfer and treatment system.

The Stage 1 upgrade to the Cowes Wastewater Treatment Plant (CWWTP), which commenced in 2014-15 will be completed in 2015-16. The upgrade will reduce nutrient load to ocean and increase plant capacity to cater for future growth.

Stage 1 of the seven stage Cowes Wastewater Futures strategy [Church St Sewer Pump Station (SPS) upgrade] was completed in 2014-15. Stage 2 of the Cowes Wastewater Futures (Chapel St SPS upgrade) is scheduled for completion in 2015-16. The Chapel St SPS upgrade consists of new switchboard, pumps and valves. The upgrade will establish the pumping and control infrastructure for Stage 3 of the Cowes Wastewater Futures strategy (diversion of Cowes East sewer flows) scheduled over two years from 2016-18. These upgrades will improve compliance with the EPA's *State Environment Protection Policy (Water of Victoria)* (SEPP WoV). The SEPP (WoV) requires wastewater infrastructure to have sufficient hydraulic capacity to contain flows associated with a 1-in-5 year rainfall event.

Although significant upgrade works have been completed at the Church St SPS for compliance and growth, there remain issues associated with odour from the SPS. Its location in a residential area of Cowes and its proximity to a caravan park has resulted in a number of odour complaints and a subsequent EPA Pollution Abatement Notice (PAN). An independent study has been completed and the proposed remedial action involves the installation of an air treatment facility (ATF) at the site. This is programmed to take place ahead of the 2015-16 summer season.

WP3 contained a number of discrete SPS switchboard and pump upgrades for the sewer collection and transfer system across Phillip Island. A whole of system hydraulic analysis (the "Cross Island Sewerage System") was completed in 2014-15. The analysis identified the sequence of upgrades required to comply with the SEPP (WoV) as well as accommodate future growth. The 2015-16 component of the multi-year implementation plan involves upgrading the Rhyll Rd SPS switchboard and pumps and the Cape Woolamai SPS pumps and electrical controls.

In accordance with the Water Asset Management Plan, a Water Main Renewal/Replacement program has commenced. The initial focus over 2015-16 is on localised sections of Asbestos Cement (AC) water main with high failure rates and older sections of critical cast iron main. A comprehensive AC water main replacement program was developed in 2014-15 and is scheduled to be implemented over the next planning period.

Review of the proposed capital programs for the next planning period is currently being undertaken by the Board's Project Steering Committee.

Nature and Scope of our Activities

Strategy 2015-20

Westernport Water conducts annual strategic planning workshops attended by the Board, Executive and key decision makers at Westernport Water.

The 2013 strategic planning workshop identified key themes outlined in Corporate Plan 2014-19. These initiatives will continue to be resourced, progressed and optimised, as well as embedded into business as usual activities. Some themes include:

- ◆ Data consolidation
- ◆ Process efficiencies
- ◆ Centralised performance monitoring and reporting
- ◆ Alignment of activities throughout the corporation
- ◆ Efficiency savings rebate to customers

Significant progress on these themes occurred over 2014-15:

- ◆ Financial Asset Register has been migrated into the corporate Asset Management System/GIS.
- ◆ Corporate and Regulatory KPI's are now monitored and reported using an integrated corporate reporting and monitoring system.
- ◆ Ongoing efficiency program is being progressed through the Gippsland Strategic Alliance.

The 2014 strategic planning workshop identified the direction of the organisation towards the next planning period as outlined in the Business Plan 2015-16 section, and embedded within Corporate Plan 2015-20.

Outcomes of the 2014 workshop clarified the priority needed to increase our deliverables within the *Strategic Focus Areas* of **Customers** (previously titled 'Our Products & Services'); **People** and **Community**, whilst continuing to maintaining strong programs in the *Strategic Focus Areas* of Corporate Governance; Assets and Environment.

The Board specifically identified opportunities for:

- ◆ Improvement in the corporation's organisational culture
- ◆ Affordability and understanding customer's pricing expectations
- ◆ Stronger stakeholder engagement
- ◆ Efficient expenditure
- ◆ Building on previous ideas and actions
- ◆ Allocating resources to achieve strategies

Initiatives included in the 2015-16 period to address these priority outcomes have been actioned against each of the *Strategic Focus Areas* and aligned against the Corporate Objectives.

The focus of our strategies and additional initiatives for the next 12 months and towards the next planning period are outlined in the following sections.

Transitional Focus

2013-18 (Water Plan 3) to the 2018-23 Planning Period

This Corporate Plan 2015-20 contains details of the key activities to be undertaken across the six *Strategic Focus Areas* in the 2015-16 period, as well as encompassing the 5 year plan extending into the second year of the next planning period being 2020.

The over-arching direction for the remainder of Water Plan 3 period is to focus on preparation for the next planning period identified as '**Engagement**', and to continue the progression and improvement of systems for superior performance identified as '**Optimisation**'.

The focused intention and outcomes are summarised as follows:

INTENT	GOAL	ACTION
ENGAGEMENT	Gather information to provide clear direction for the next planning period	Determine the needs and direction of our stakeholders (<i>employees; customers; community, local, state & federal government & regulators</i>) and align our strategies to achieve common goals
	Improve perception of value for money	Implement an awareness campaign to educate the value of our organisation to our customers.
OPTIMISATION	Efficiencies and quality improvement	Optimise current <i>processes; systems; technology; social media; and products/services</i> to achieve the most benefit for our customers; employees and assets.

Gippsland Working Together

A crucial strategy to achieve community and customer benefit; efficiencies; learnings; value and overall improvement is to engage with neighbouring water corporations and key local stakeholders within the Gippsland region.

The Gippsland Strategic Alliance

The Gippsland Strategic Alliance is a collective established in 2013 comprising of five Gippsland Water Corporations including Westernport Water; East Gippsland Water; Gippsland Water; South Gippsland Water and most recently, Southern Rural Water. The objective of the alliance is to share resources and knowledge; evaluate procurement opportunities, as well as identify efficiencies and savings that will benefit all Gippsland corporations. This work is sanctioned by all Corporations' Boards signing a Memorandum of Understanding (MoU) for a three year term.

Developing Local Alliances

Westernport Water will continue to engage with and strengthen local strategic alliances with key regional stakeholders to identify; advocate and achieve common goals, thus enhancing value to the community. These key stakeholders include the Bass Coast Shire Council; Phillip Island Nature Park, Community and Commercial Business groups.

Our Corporate Governance

Corporate Objectives	Actions 2015-16
Plan for our future through strategic business planning	G1: Develop Board level Strategic Direction policy G2: Review IT Strategy and Governance framework
Be financially sustainable	G3: Review the sustainability of Water Plan 3 efficiency programs G4: Options modelling for next planning period tariffs G5: Establish a model for assessing community projects
Regularly find ways to become more efficient	G6: Continue to develop initiatives arising from Gippsland Strategic Alliance and local alliances G7: Integrate Business Information System (BIS) and Performance Management (PM) system G8: Develop corporate Contract Management system
Meet our regulatory requirements	G9: Compliance Framework to be further embedded throughout the corporation
Recognise and manage risk	G10: Review and update Risk Management Framework G11: Review and update Incident & Emergency Management plans & processes G12: Continue developing and testing Business Continuity and Recovery Plan's

Table 7: Strategic Focus Area – Corporate Governance

Our Corporate Governance

MATERIAL CHANGES WITH PREVIOUS PLANS: Water Plan 2013-18 and Corporate Plan 2014-19

The Corporate KPIs of each *Strategic Focus Area* have been reviewed and rationalised. This is to provide a better overall indicator of progress from the collective outcomes of the individual corporate objective actions.

KEY ACTIONS 2015-16

At the mid way point of Water Plan 3, Westernport Water has either completed or commenced many of its key corporate systems and infrastructure upgrade programs. While maintaining a focus on regulatory compliance and delivering on the remainder of the Water Plan 3 initiatives, Westernport Water is also transitioning to the next planning period. An important part of this process is to work with the Board and across the business to develop the organisations preferred strategic direction.

A number of tariff options will be developed to support the proposed multi-year customer engagement program as detailed within the *'Our Customers' Strategic Focus Area*. The tariff options will be sufficiently detailed and consulted to provide informed feedback from residential and commercial customers into their preferred pricing model.

The 2010-15 Information Technology Strategy will be reviewed over the next 12-18 months. The transitional strategy is to focus on optimisation including further consolidation of data and integration of systems. Governance and Board oversight will be facilitated through periodic independent reviews and the establishment of a Board appointed IT Steering Committee and detailed Charter.

Building on the successful integration of the operating and performance management systems in 2014-15, it is proposed to extend this process to integrate financial systems and contract management into the recently established corporate systems.

The Compliance Framework developed in 2014-15 is to be further embedded across the organisation, led by responsible officers and managed with the enhanced automated compliance monitoring system.

The Risk Management Framework designed to identify, manage, analyse, evaluate, action and report on key risks is due for a major review. Similarly, the Incident & Emergency Management Plan is to be upgraded to improve its consistency and useability. As part of the review of the Risk Management Framework, the key focus areas identified in the 2014-19 Corporate Plan remain relevant for 2015-16. These actions are substantive elements for the success of the Risk Management Framework being instituted across the organisation. These objectives within the Risk Management Framework review are:

- ◆ Organisation wide ownership of risk by ensuring each strategic risk has measurable treatment plans which are reported to the Audit and Risk Committee quarterly;
- ◆ Assess the strategic risks and evaluate whether the number of risks can be rationalised;
- ◆ Improve the organisation wide risk culture, Westernport Water will adopt a more decentralised approach and improve the understanding of the risk language used across the organisation; and
- ◆ Continue to build on risk management in day-to-day business decisions by continuing to hold risk workshops with operational groups.

Initiatives 2015-16

Our Customers

Corporate Objectives	Actions 2015-16
Provide quality drinking water	C1: Use Water Model as analytical tool for improved water quality C2: Complete back flow prevention program C3: Implement campaigns to improve customer satisfaction with drinking water
Provide services that meet our customer's expectations	C4: Develop an early intervention program for vulnerable customers C5: Develop a structured hardship program to address incidents of hardship situations C6: Implement outcomes from 2014-15 Customer Service Strategy Review C7: Introduce E-services capability C8: Implement campaigns to address customers perception of value for money
Continually grow our business and service opportunities	C9: Identify product & service opportunities by: <ul style="list-style-type: none"> - Investigating renewable energy options - Investigating economic development options

Table 9: Strategic Focus Area – Our Customers

Our Customers

MATERIAL CHANGES WITH PREVIOUS PLANS: Water Plan 2013-18 and Corporate Plan 2014-19

The previous *Strategic Focus Area* of **Our Products & Services** has been changed to **Our Customers**. There have been some minor changes to the wording of the Corporate Objectives with 'Provide timely, friendly and reliable customer service' merged into the reworded objective 'Provide services that meet our customer's expectations'. These changes reflect the increased focus on the service we provide to our customers.

KEY ACTIONS 2015-16

For the 2015-16 period, Westernport Water will pass on the efficiency savings rebate of \$23.40 per customer. Payment to residential customers receiving water services, including tenants, will be progressively made over July, August and September 2015 in line with our rolling billing process. Tariffs will increase each year in line with the Essential Service Commission's Water Plan 3 determination which is zero real increase plus CPI.

The 2014 Customer Satisfaction Survey results highlighted that Westernport Water's customer satisfaction is a product of expectations as well as services. The water quality actions for 2015-16 will therefore focus on both providing consistent water quality as well as implementing communication and marketing campaigns to address and manage customer's expectations, with the aim to improve the overall customer understanding and satisfaction with our drinking water.

A review of the Customer Service Strategy in 2014-15 identified a number of initiatives to be undertaken that will include:

- ◆ increasing awareness among low income and vulnerable customers of the services available to them;
- ◆ creating an early intervention program for vulnerable customers or those experiencing financial difficulty;
- ◆ developing incentive programs for instalment and payment arrangements for vulnerable and hardship customers; and
- ◆ providing training, support and coaching to our Customer Support Team to be better able to detect vulnerable customers.

The next phase of service provision to our customers is the introduction of e-services. Upon completion of the website upgrade, the flexibility of self service will be offered to customers providing the ability to contact Customer Support via website to log requests for account changes, as well as be able to receive their accounts via email. A portal will be available for customers to review and/or query their accounts.

A range of renewable energy opportunities as a means of reducing operational costs and greenhouse gas emissions will be evaluated and consulted with community and customers. Reduced operational costs will help maintain price affordability, as well as provide a shared benefit to customers.

Initiatives 2015-16

Our People

Corporate Objectives	Actions 2015-16
Provide a healthy and safe working environment	P1: Review and update OH&S system, embed in operational practices
Listen and respond to our people	P2: Continue with the roll out of the Organisation Improvement Plan 2015-16. <ul style="list-style-type: none">- Continue implementing Organisational Culture Improvement program- Implement the Leadership Development program- Commence planning for Change Management program
Provide an environment of learning	P3: Build the capabilities, knowledge and skills of our People including; <ul style="list-style-type: none">- Whole of business skills analysis- Departmental Succession Plans- Targeted training programs for every staff member

Table 8: Strategic Focus Area –Our People

Our People

MATERIAL CHANGES WITH PREVIOUS PLANS: Water Plan 2013-18 and Corporate Plan 2014-19

The outcomes from the 2014 People Matter Survey has provided a new focus for Westernport Water with clearly defined areas for improvement within:

- ◆ Building the Culture;
- ◆ Leadership Development;
- ◆ Change Management; and
- ◆ Clear and Compelling Direction.

KEY ACTIONS 2015-16

With the appointment of a new Work Health Safety & Risk Officer in 2014-15, the opportunity to review and upgrade the OH&S Framework that has been in place for a number of years is timely.

In response to the 2014 People Matter survey, an Organisation Improvement Plan was developed. External consultants identified four areas for improved employee engagement. These are Building the Culture, Leadership Development, Change Management and provision of Clear and Compelling Direction. The improvement program has commenced and will continue to be progressed through the four areas identified over the next two years. These actions will ensure that employees continue to be positive and productive and that Westernport Water remains an employer of choice in the region.

In 2015-16 Westernport Water will complete phase 1 of *Building the Culture* through full implementation of the Organisational Culture Improvement Plan. Actioning the developed behavioural values will continue to ensure there is a positive and sustainable employee connection with the values.

The second phase prioritised for action in 2015-16 is *Leadership Development*. A detailed plan will be created identifying the process to develop and enhance the capability of Westernport Water Managers. Planning for *Change Management* will commence in 2015-16 with continued roll-out of the program into 2016-17. The remaining priority area *Clear and Compelling Direction* will form an activity for 2016-17.

Continuation of building the capabilities, knowledge and skills of Westernport Water employees will be developed and resourced as part of a wider learning and development program tailored to the training needs of the individuals and the organisation. A range of training options will be implemented including formal training, in-house training, e-learning and job rotation.

Collaborative engagement through the Gippsland Strategic Alliance will continue by sharing training and development opportunities to align with the shift into a blended learning, knowledge sharing approach within Victorian Water Corporations.

Initiatives 2015-16

Our Community

Corporate Objectives	Actions 2015-16
<p>Improve our performance based on community feedback</p>	<p>C1: Undertake genuine and meaningful engagement with the community utilising the Customer Consultative Panel and community groups</p> <p>C2: Monitor implementation and feedback from social media initiative</p>
<p>Add value to our community</p>	<p>C3: Participate in local forums to connect with Agricultural networks</p> <p>C4: Develop a Community Education Plan outlining targeted audiences, campaigns, programs and services</p>
<p>Maintain strong stakeholder partnerships</p>	<p>C5: Focus on proactive development of relationships that benefit the community</p> <p>C6: Seek partnerships & community advocacy opportunities</p>

Table 10: Strategic Focus Area – Our Community

Our Community

MATERIAL CHANGES WITH PREVIOUS PLANS: Water Plan 2013-18 and Corporate Plan 2014-19

There are no material changes from the above plans.

KEY ACTIONS 2015-16

Consultation with the community has been a hallmark of water corporations over many years in formulating pricing structures and service levels, with emphasis increasing by the expectations of stakeholders that water corporations undertake extensive engagement and consultation. Westernport Water will develop and implement the first stage of a multi-year engagement strategy over 2015-16. Using the IAP2⁹ model, Westernport Water will firstly increase its in-house understanding and capabilities, leading into developing a structured strategy to ensure that its activities and projects across the next planning period are fully aligned and supported by the community.

A number of actions are planned to improve Westernport Water's connection to the community with the intention to promote our products and services, as well as engage with the community on opportunities that benefit the wider community as a whole.

Developing partnerships with key regional stakeholders for community benefit including education; advocacy and economic development in the region will assume a greater focus into the future. Key regional stakeholders include but not restricted to the Bass Coast Shire Council; Philip Island Nature Park; Landcare and Conservation groups; Chambers of Commerce and Community organisations.

The Stakeholder Engagement Plan will form the framework for these partnership/relationship opportunities and intended outcomes.

In line with the community education plan, Westernport Water will continue to provide leadership and opportunity for local education providers to ensure the delivery of the corporate objectives and curriculum priorities, as well as strengthen community understanding of the principles and practices employed to protect the environment.

⁹ *The International Association for Public Participation*

Initiatives 2015-16

Our Assets

Corporate Objectives	Actions 2015-16
Embed asset management into daily practice	A1: Undertake self-assessment of progress in implementing Asset Management (AM) Strategy A2: Develop QA framework, processes and forms to support quality AM practices A3: Audit staff competencies in AM and record results
Enable reliable delivery	A4: Formally document the current capacity and limitations of High and Medium Maintenance sewerage pump stations (SPS's) A5: Undertake test to failure & recovery exercises on critical infrastructure, identify improvements
Build an asset knowledge base to support decision making	A6: Document a data management strategy for the continuous collection and updating of asset data A7: Complete asset labelling project - CWWTP & IBWPP & SPS's A8: Implement ongoing data collection processes in line with data requirements A9: Complete Emergency Relief Structure algorithms and reporting automation
Plan for the future of our assets	A10: Set up MyPredictor AM models to support asset planning A11: Utilise corporate systems to analyse the cost of operations and maintenance activities A12: Review land holdings and potential future use A13: Generate evidenced based priorities for ongoing capex programs

Table 11: Strategic Focus Area – Our Assets

Our Assets

MATERIAL CHANGES WITH PREVIOUS PLANS: Water Plan 2013-18 and Corporate Plan 2014-19

The completion of the Cross Island Sewer Transfer system study has identified a multi-year program of works to upgrade this critical infrastructure link. Over 2015-16 these include upgrades to:

- Rhyll Rd Sewer Pump Station (switchboard and pumps); and
- Cape Woolamai Sewer Pump Station (pumps and electrical).

Water Plan 3 included a \$2M allowance in 2015-16 to install a UV disinfection process at the Ian Bartlett Water Purification Plant. This has now been deferred and spread over the 2017-18 and 2018-19 years pending the outcome of a future water treatment option study in 2015-16.

KEY ACTIONS 2015-16

Over Water Plan 3, Westernport Water mapped out a transition in its asset management processes from building awareness to improved decision making ensuring Westernport Water provides consistent, reliable, and cost effective delivery of services.

Over 2014-15 Westernport Water:

- ◆ Completed the transfer of the integrated GIS/AMS/Work Order system to the Managed Services Platform (MSP) and re-established the linkages with the Customer Relationship Manager (CRM);
- ◆ Completed the transfer of the Financial Asset Register (FAR) to the AMS;
- ◆ Made improvements to the operability and reliability of the mobile Work Order system; and
- ◆ Progressed the completeness and availability of asset information.

The focus in 2015-16 turns to optimising the systems for improved decision making. The actions listed are as identified in the Asset Management Strategy (AMS), although they cover a range of implementation years.

A key action resourced in the budget is to participate in the WSAA Aquamark industry benchmarking exercise planned for 2015-16. This will assist the clarification where Westernport Water is on its asset management journey, as well as provide input into the development of the next 5 year program.

With budget allocated for Management Accountant position, it is proposed the position will incorporate responsibility to adopt an auditing role into Asset Management practices.

With upgrades completed for Candowie Reservoir and Cowes Wastewater Treatment Plant, as well as a Master Plan developed for the King Rd Wastewater Treatment Plant, attention will turn to the 90+ sewerage pump stations with particular priority to the 7 High and 44 Medium classified maintenance sites. It is proposed to develop upgrade plans (civil, electrical and mechanical) for these sites as part of ensuring reliable service delivery and identifying future capital commitments.

Significant progress has been made on the collection of asset physical data. It is planned to review and update condition and criticality rating information, as well as incorporate vulnerability information into the Asset Management System.

Initiatives 2015-16

Our Environment

Corporate Objectives	Actions 2015-16
<p>Minimise environmental impact</p>	<p>E1: Investigate whether an aspirational target of No dry weather summer discharges to ocean from CWWTP is economically feasible</p> <p>E2: Undertake Waste Management review across organisation</p> <p>E3: Develop 5-year Environmental Action Plan</p>
<p>Prepare for Climate Change</p>	<p>E4: Include climate change vulnerability assessment within the Business Impact Assessment component of the Risk Management Plan</p>
<p>Protection and enhancement</p>	<p>E5: Develop and implement land management plan at King Rd WWTP</p> <p>E6: Support catchment landholder improvement projects</p>

Table 12: Strategic Focus Area – Our Environment

Our Environment

MATERIAL CHANGES WITH PREVIOUS PLANS: Water Plan 2013-18 and Corporate Plan 2014-19

There are no material changes from the above plans

KEY ACTIONS 2015-16

2014-15 saw the completion of the Water Plan 3 program of tree plantations at the Cowes Wastewater Treatment Plant. In 2015-16 it is proposed to undertake an assessment of what projects and cost would be associated with achieving an aspirational target of no dry weather summer discharges to ocean. This information will help prepare Westernport Water for possible future changes in environmental regulatory requirements.

Through the identified actions within the Central Region Sustainable Water Strategy and Water Supply Demand Strategy, Westernport Water has developed considerable resilience to the affects of climate change and reduced rainfall. This resilience is based on the recently enlarged storage capacity of Candowie Reservoir and access to a diverse range of raw water sources. Further details are provided in the Water Supply Assumptions 2015-16 section of this Corporate Plan. Potable substitution is achieved through the Class A Plant located at the Cowes Wastewater Treatment Plant. Mandated purple pipes within large new developments on Phillip Island and San Remo facilitate the distribution and effectiveness of the potable substitution program.

Over 2015-16 Westernport Water will further assess its preparedness for climate change by updating its climate change vulnerability assessment. Assessment criteria will be identified to assess the climate change vulnerability of Westernport Water's sewerage and wastewater assets to ascertain future measures on maintaining continuity of supply.

Programs established in recent years to enhance areas of native vegetation and land management will continue through 2015-16. Partnering with Melbourne Water and Landcare has been successful in managing the Candowie Reservoir environment both up stream of the dam and below the dam wall.

Further plantings of native vegetation at King Road Wastewater Treatment Plant to buffer remnant vegetation will continue, further assisting with salinity management and protect waterways from irrigation runoff. Utilisation of wastewater at King Road Wastewater Treatment Plant through an expansion of irrigation activities continues as an objective with capital funding allocated for 2015-16 financial year.

The benefits from the investigation into renewable energy opportunities detailed in the *Strategic Focus Area* of 'Our Customers' overlaps into the focus area of 'Our Environment' given the potential reduction in greenhouse gas emissions through carbon offsets.

The programs for the 2015-16 financial year have been identified within the Corporate Environmental Management System for continual improvement of our environmental performance.

Planning Assumptions

Operating Environment Assumptions 2015-16

Westernport Water has budgeted a net profit before tax of \$1,059K for 2015-16. Total revenues are expected to be \$21,051K, including \$649K developer gifted assets, indicating continual growth in the region. Expenditure is forecast to be \$19,992K in 2015-16.

Finance Assumptions 2015-16

The key financial assumptions used in the development of the 2015-16 Corporate Plan budgets are set out below. Based upon these assumptions the Corporation has been able to project a profit and a positive cash flow over the forecast period.

Revenue Assumptions

- ◆ Revenue has been increased by:
 - 1.7% in the customer base; and
 - tariffs have increased by 1.33% representing CPI.
- ◆ Capital revenue is assumed to be based on the creation of 144 new allotments.
- ◆ Water usage per customer is based on history and is 75KL pa for residential customers and 430KL pa for non-residential customers.

OPEX Assumptions

- ◆ Expenditure has been reviewed in line with Ministerial guidelines.
- ◆ Staff cost has increased in line with the recently approved Enterprise Agreement and is consistent with overall Government policy for annual wage rises.
- ◆ While electricity tariffs are under contract, the kilowatt hours have been increasing year on year. Usage has been based on historical events.
- ◆ As advised by the Department of Environment & Primary Industries in Water Plan 3 Guidance Notes, the Environmental Contribution levied at 5% of 2011-12 planned revenue, and will be applicable from 1 July 2013 to 30 June 2016. This value forms the assumption from 1 July 2017 until 2019-20.
- ◆ CPI increases for future years has been capped at 1.5% each year.
- ◆ No cost allocation for the use of metropolitan pool water. The current pricing principles for metropolitan pool water, as provided by Melbourne Water headworks system, are based on a usage per ML charge. Westernport Water does not expect to utilise its 1,000ML bulk entitlement in this Corporate Plan. An allowance for metropolitan pool water connection of \$300,000 has been allocated from 2016-17, based on current estimate of fixed fees. Melbourne Water fees for 2016-17 are yet to be approved by the Essential Services Commission.

Other Assumptions

- ◆ Timing of key capitalisation of major projects over the five year period may affect the actual depreciation charge in any one year.
- ◆ Not undertaking any Government funded projects.
- ◆ No payments of dividends and company tax over the corporate plan period.
- ◆ No allowance for projects resulting from the San Remo IWCM study.

Financial KPIs are set out in [Appendix C](#).

Financial Sensitivity Analysis

Westernport Water has forecast a net profit of \$1,059K before tax and \$749K after tax for 2015-16. Within this budgeted financial result are a number of inherent assumptions, if the reality is different to these assumptions our forecast result could be quite different. We have prepared a sensitivity analysis which highlights the extent to which our forecast result could change depending upon the outcome of the key variables noted in table 13 below.

The sensitivity analysis indicates our net profit result could range between \$75K and \$1,403K before tax.

Table 13: Profit Sensitivity Analysis

Variable	Sensitivity	Comments
Capital Revenue	50% loss of revenue (at risk cash component \$651K and the at risk non cash component \$649K).	An unpredictable variable – numerous factors beyond the control of Westernport Water. Low probability that both components will be impacted simultaneously.
Water Volumetric	+/- 10% (\$2.88K)	Factors in a hot dry summer or a wet cool summer
Power	-\$100K	Historical events do not occur

Having identified the key variables which may impact our financial budget for 2015-16, we have assessed these variables using our Risk Matrix. Capital revenue has two components, cash and non cash. Each revenue segment has different market drivers which should be assessed separately in the risk matrix. Note the budgeted revenue is just over the moderate range.

The score from the risk matrix has a moderate risk impact for the organisation for 2015-16.

Table 14: Revenue Risk Matrix

Variable	Consequence	Likelihood	Risk
Capital Revenue - Cash - Non cash	Major (Over \$500K less than \$5M)	Possible (once every 5 years)	Moderate
	Major (Over \$500K less than \$5M)	Possible (once every 5 years)	Moderate
Water Volumetric	Moderate (Over \$100K less than \$500K)	Possible (once every 5 years)	Moderate
Power	Moderate (Over \$100K less than \$500K)	Possible (once every 5 years)	Moderate

Profit Sensitivity – Down Side Assumption

If all the possible unfavourable outcomes noted above were to eventuate, the forecast result would reduce by \$939K, from a profit of \$1,059K to a loss of \$75K before tax. This has been summarised in table 15 below:

Table 15: Financial Sensitivity – downside assumption

Profit and Loss	2015-16 Budget \$,000	Capital Revenue	Water Volumetric	Down Side Net Result
Total Revenue	21,051			21,051
Revenue Adj.		(650)	(289)	(939)
Total Opex	(19,992)			(19,992)
Opex Adj				-
Net Result (Loss) before Tax	1,059			120
Tax	(310)			(29)
Net Result (Loss) after Tax	749			91

Profit Sensitivity – Up Side Assumption

Alternatively, if weather conditions were entirely favourable and customer demand for water increased by 10 percent, electricity related historical events failed to eventuate and there were no additional cost pressures in the corporation the net result would be \$389K better than the current budget result of \$1,014K before tax. Table 16 below provides the details of this scenario:

Table 16: Financial Sensitivity – upside assumption

Profit and Loss	2015-16 Budget \$,000	Water Volumetric	Electricity	Up Side Net Result
Total Revenue	21,059			21,051
Revenue Adj.		289		289
Total Opex	(19,992)			(19,992)
Opex Adj			100	100
Net Result(Loss) before Tax	1,059			1,448
Tax	(310)			(427)
Net Result (Loss) after Tax	749			1021

Customer and Demand Assumptions 2015-16

Property Forecast 2015-16

The major assumptions driving the property forecast are:

- ◆ Growth in residential properties of 1.7% from 2014-15.
- ◆ Reduction in unconnected vacant residential land of 1.7%.
- ◆ No significant growth in commercial customers.

One of the key assumptions underpinning our corporate plan proposals is the expected level of demand for our services. Westernport Water forecast assumptions are supported by the Victoria in the Future (2012) publication issued by the Department of Planning and Community Development, as well as the Bass Coast Shire Council's projections from Census data.

For 2015-16 Westernport Water has reviewed the growth assumptions used in the WP3 determination and revised them from 2% to 1.7% based on actual history reflecting a downward trend. However, from 2016-17 onwards we have adopted the initial WP3 assumptions of 2% which will be reviewed annually.

Table 17: Property Forecast

Property Type	Property Nos. 2015-16	Water Plan 3 Submission Year 3	Variance from WP3
Residential	14,987	15,027	-1%
Vacant Land (unconnected)	1,565	1,565	0%
Commercial	1,075	1,105	-1%
TOTAL PROPERTIES	17,627	17,697	-1%

Customer Demand Forecast 2015-16

For 2015-16, Westernport Water has reviewed the water demand assumptions used in WP3 determination as shown in the table above. These assumptions will be reviewed in the lead up to each annual corporate plan. Forecasts are based on historic water consumption, population growth projections for the area and recent trends in water use.

Table 18 below provides forecast demand for 2015-16:

Table 18: Customer Demand Forecast

Customer Type	Demand (ML)	Water Plan 3 (ML)	Variance in assumptions (%)
Residential	1,125	1,101	1%
Commercial	463	590	-1%
TOTAL CUSTOMER DEMAND	1,588	1,662	-1%

Average Residential Pricing Assumptions 2015-20

The average annual water consumption for a Westernport Water residential customer is approximately 75KL¹⁰ and 430KL¹¹ per commercial customer. The low residential average consumption figure is affected by the large percentage (approx. 55 percent) of residential properties that are holiday homes and use minimal water over a full year.

Table 19 below illustrates the customer impacts and pricing over the next five years:

¹⁰ Average residential consumption is based on customer demand forecast of 1,125ML and residential properties (not including connected vacant land) of 14,987

¹¹ Average commercial consumption is based on customer demand forecast of 463ML and total commercial properties of 1,075

Table 19: Average Pricing Assumptions - Residential

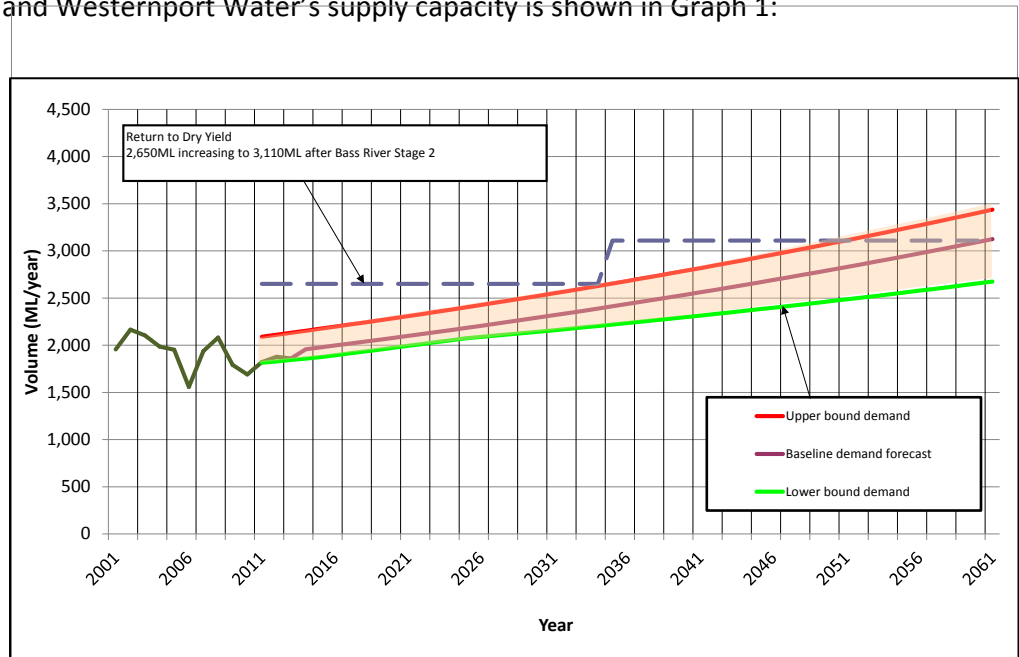
Average Residential Account (75KL)	CPI	Metered	Water Fixed	Waste Fixed	Total	% Change
2015-16	1.33%	\$144.79	\$374.98	\$579.16	\$1,098.93	1.33%
2016-17	1.5%	\$146.96	\$380.60	\$587.85	\$1,115.41	1.5%
2017-18	1.5%	\$149.16	\$386.31	\$596.67	\$1,132.14	1.5%
2018-19	1.5%	\$151.40	\$392.11	\$605.62	\$1,149.12	1.5%
2019-20	1.5%	\$153.67	\$397.99	\$614.70	\$1,166.36	1.5%

Water Supply Assumptions 2015-16

Westernport Water accesses water from a diverse range of sources. The Bulk Entitlements we currently hold are 2,911ML from Tennent Creek, 3,000ML from the Bass River, 491ML of groundwater from the Corinella Aquifer and a 1,000ML allocation from the Metropolitan Pool via a connection to the Desalination Plant pipeline to Melbourne. In total Westernport Water has access to over 7,400ML of water compared to a forecast demand for 2015-16 of 1,588ML.

The growth in demand and Westernport Water’s supply capacity is shown in Graph 1:

The Water Supply Demand Strategy was updated in March 2012. For the combined locally available water sources i.e. excluding water sourced from the Metropolitan Pool, it was assessed that the available yield¹² under a Return to Dry or drought scenario was 2,650ML with 95% annual reliability.



Graph 1: Water Supply and Demand projections

Demand since 2011-12 has been tracking near the lower bound envelope of our forecast. This appears to be the consequence of wet winters and mild summers as well as the cumulative impact of water efficiency measures. It is Westernport Water’s assessment that sufficient water is available to meet all community needs without restrictions over the 2015-16 period.

¹² Yield is a function of system inflows, storage capacity and demand. System yield generally reflects the amount of supply available to meet demand in drier years.

Recycled Water Assumptions 2015-16

The Class A recycled water plant has been operational since July 2012. The volume of Class A used by our commercial customers is largely a factor of weather conditions. Volumes consumed will fluctuate and have been less than expected due to the mildness of the past two summers. As the residential market grows the base demand over the year will increase and help offset seasonal variations.

The number of new residential customers is however growing at a slower rate than forecast. As at the end of 2013-14, 195 residential customers had connected to the Class A system. The local Westernport Water experience has realised an average recycled water consumption of between 20KL to 30KL/annum/property. This is significantly less than the metropolitan experience of 40KL to 60KL/annum/property.

Development of new commercial/farming users has been minimal. Westernport Water has recognised that there is a growth opportunity in this area and will be progressing with Business Case submissions over 2015-16 to generate an increased market in this area.

Risk Management

Westernport Water held the Annual Strategic Risk Workshop in September 2014, attended by the Board, Executive and a representative from the Internal Audit Service provider. Outcomes of the workshop identified the continuation on previous years undertakings to build risk capability, maturity and culture, as well as the need to strengthen the alignment of risks, actions, resources, monitoring and reporting with corporate focus areas.

Risk Tolerance and Strategic Risk Register

The following outlines Westernport Water’s risk tolerances and appetite and includes the corporation’s Strategic Risk Register [as Appendix A](#).

Strategic Focus Area	Risk Category	Tolerance Level	Risk Appetites
Our Corporate Governance	Probity	N	WPW has no tolerance for misleading the Minister, Board or the community
		N	WPW has no tolerance for fraud or corrupt behavior by employees and /or service providers.
	Consultation	L	WPW has low tolerance for failure to notify the Board of a serious breakdown in internal policy or procedure.
	Financial Sustainability	L	WPW has a low tolerance for not achieving agreed budget performance targets without an appropriate rectification plan.
		L	WPW has a low tolerance for failure to deliver on major projects capital expenditure within agreed limits/timeframes.
		L	WPW has low tolerance for non-compliance with financial delegation and escalation policies.
	Compliance	N	WPW has no tolerance for serious breaches in legislation, regulation and our Statement of Obligations.
		N	WPW has no tolerance for failure to discharge duties under the relevant health and safety legislation.
	Policy and Procedure	N	WPW has no tolerance for serious breaches of policy or procedure.
	Risk Management	L	WPW has low tolerance for insufficient / ineffective disaster recovery and/or Business Continuity Plans.
		N	WPW has no tolerance for ineffective emergency framework or planning.
		L	WPW has low tolerance for ineffective risk management across significant projects.
Our People	Health & Safety	N	WPW has no tolerance for an unsafe work place / practice that results in a major health and safety incident.
	Employee Wellbeing	N	WPW has no tolerance for not providing equal opportunity for development, training and growth for all employees.
	Workforce Planning	L	WPW has low tolerance for significantly higher than industry attrition rates (people matter survey).
	Harassment/ Bullying	N	WPW has no tolerance for management and employees behavior that is not consistent with our behavior charter and code of conduct.

Our Products and Services	Water Quality	N	WPW has no tolerance of the delivery of non-safe drinking water to the community.
		L	WPW has a low tolerance for water quality exceedance of an aesthetic nature. I.e. taste/odour.
	Water Availability	N	WPW has no tolerance for loss of water supply to the greater community caused by failure to prepare and plan for events affecting water supply.
	Water Quality Compliance	N	WPW has no tolerance for a loss of audit compliance with DoH for WQ risk management and for failure to meet water quality SDW compliance / regulations.
Service Reliability	M	WPW has a moderate tolerance for not achieving ESC service targets.	
Our Assets	Asset Failure	L	WPW has low tolerance for asset failure resulting from poor or inadequate asset maintenance planning and inspection.
	Asset Replacement	L	WPW has low tolerance for unexpected asset replacement cost resulting from poor or inadequate asset condition planning.
Our Community	Reputation	L	WPW has a low tolerance for events that lead to serious damage to our reputation within the community.
		L	WPW has a low tolerance for customer complaint levels in excess of the industry average (as defined by the ESC Performance Report).
		L	WPW has a low tolerance for a customer total satisfaction rating below 90%.
Our Environment	Pollution	L	WPW has a low tolerance for short-term, localised environmental impact resulting from an emergency event.
	Environmental Compliance	N	WPW has a no tolerance for environmental events that result in prosecution as a result of WPW negligence.
		L	WPW has a low tolerance for WPW operating outside prescribed licensing limits.
Climate variability	M	WPW has a moderate tolerance of an increase in GHG emissions against agreed targets.	

Appendix A – Strategic Risk Register

Located end of document

Appendix B – Financial Templates

Table B1 - Operating Revenue

Table B1	2015-16	2016-17	2017-18	2018-19	2019-20
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
Operating Statement					
Revenue					
Service Charges	16,457	16,576	16,825	17,077	17,333
Usage Charges	2,884	2,927	2,971	3,016	3,061
Developer Contribution	651	551	551	551	551
Developer Contribution - Gifted Assets	649	659	669	679	689
Investment Interest	35	36	36	37	37
Other revenue	374	380	385	391	397
Total Revenue	21,051	21,129	21,438	21,751	22,069
<i>2014-15 Corp Plan submission (includes rebates)</i>	<i>20,471</i>	<i>20,414</i>	<i>20,356</i>	-	-
Expense					
Operating & Maintenance Expense	3,896	4,156	4,152	4,148	4,211
Administration Expense	1,919	2,047	2,045	2,043	2,074
Environmental Contributions	794	800	800	800	800
Borrowing Cost / Interest Expense	493	460	410	375	334
Depreciation / Amortisation	5,417	5,243	5,084	5,110	5,040
IT	563	572	581	589	598
Labour	6,325	6,302	6,460	6,621	6,787
Consultants	585	394	400	406	412
Total Expense	19,992	19,974	19,931	20,092	20,257
<i>2014-15 Corp Plan submission (includes efficiencies)</i>	<i>\$ 19,446</i>	<i>\$ 18,758</i>	<i>\$ 18,626</i>	-	-
Net Operating Result before Tax	1,059	1,155	1,507	1,659	1,813
Income Tax	310	339	445	490	536
Net Operating Result after Tax	749	816	1,062	1,169	1,276
Profit on sale of assets					
Dividend exp					
Transfers to / from reserves					
Other Adjustments					
Net Profit / (Loss) after Tax	749	816	1,062	1,169	1,276
Retained Profit (Loss) Carried Forward	56,606	57,354	58,170	59,233	60,402
Closing Retained Profit / (Loss)	57,354	58,170	59,233	60,402	61,678

Table B2 - Balance Sheet

Table B2 Balance Sheet	2015-16 \$ 000	2016-17 \$ 000	2017-18 \$ 000	2018-19 \$ 000	2019-20 \$ 000
Current Assets					
Cash on Hand	2,673	360	140	173	154
Receivables	2,546	2,564	2,544	2,483	2,360
less Provision for Impaired Receivables	(259)	(295)	(331)	(368)	(406)
Inventories	550	550	550	550	550
Prepayments	120	120	120	120	120
Other Current Assets	82	82	82	82	82
Total Current Assets	5,712	3,381	3,105	3,040	2,861
Non-current Assets					
Infrastructure	198,906	206,210	213,677	220,309	227,084
less accum deprec	(30,951)	(36,194)	(41,278)	(46,388)	(51,428)
Infrastructure WDV	167,955	170,016	172,399	173,921	175,656
Capital Works in Progress	7,818	6,798	5,953	5,586	4,200
Total Property Plant & Equipment	175,772	176,814	178,351	179,507	179,856
Non-current Receivables	100	100	100	100	100
Total Non-current Assets	175,872	176,914	178,451	179,607	179,956
Total Assets	181,585	180,295	181,556	182,646	182,816
Current Liabilities					
Current Payables	5,018	4,823	4,575	4,453	4,447
Short Term Borrowing	-	-	1,250	2,050	1,600
Employee Benefits	1,095	1,115	1,135	1,155	1,175
Other Current Liabilities	8	8	11	13	16
Total Current Liabilities	6,121	5,947	6,971	7,671	7,239
Non-current Liabilities					
Long term Borrowings	10,700	8,450	7,200	5,950	4,760
Employee Benefits	207	212	217	222	227
Deferred Tax Liabilities	24,040	24,379	24,824	25,314	25,850
Total Non Current Liabilities	34,947	33,041	32,240	31,486	30,837
Total Liabilities	41,068	38,987	39,211	39,157	38,076
Net Assets	140,517	141,308	142,345	143,489	144,741
Equity					
Government Equity Contributions	51,323	51,323	51,323	51,323	51,323
Asset Revaluation Reserve	31,865	31,865	31,865	31,865	31,865
Accumulated Funds	57,329	58,120	59,158	60,302	61,553
Total Equity	140,517	141,308	142,345	143,489	144,741

Table B3 - Cash Flow Statement

Table B3	2015-16	2016-17	2017-18	2018-19	2019-20
Cash Flow Statement	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
Cash Receipts					
Service and Usage Charges	18,530	19,485	19,818	20,156	20,521
Other Customer revenue	741	756	771	786	802
Receipts from Government					
Developer Contributions	651	551	551	551	551
GST refunds from ATO	1,094	1,295	1,334	1,285	1,195
Interest	35	36	36	37	37
Other cash receipts	374	380	385	391	397
Total cash receipts from Operations	21,426	22,503	22,896	23,207	23,504
Cash Payments					
Payments to Suppliers and Employees	(13,767)	(13,435)	(13,601)	(13,771)	(14,045)
Interest cost	(493)	(460)	(410)	(375)	(334)
GST paid to ATO	(1,094)	(1,295)	(1,334)	(1,285)	(1,195)
Environmental Contributions	(794)	(800)	(800)	(800)	(800)
Other Payments	(732)	(750)	(769)	(788)	(808)
Total cash payments from Operations	(16,880)	(16,740)	(16,914)	(17,019)	(17,182)
Net Cash Inflow from Operations	4,546	5,763	5,982	6,188	6,322
Cash Flow from Investing Activities					
Payments for Property Plant & Equipment	(4,074)	(5,826)	(6,203)	(5,706)	(4,700)
Proceeds from sale of Assets	-	-	-	-	-
Net Cash Flow from Investing Activities	(4,074)	(5,826)	(6,203)	(5,706)	(4,700)
Cash Flow from Financing Activities					
Repayment of fixed borrowings	(1,500)	(2,250)	(1,250)	(1,250)	(1,190)
Proceeds from Borrowings	-	-	1,250	800	-
Repayment of Borrowings	(1,500)	(2,250)	(1,250)	(1,250)	(1,640)
Net cash Flow from Financing Activities	(1,500)	(2,250)	-	(450)	(1,640)
Net Increase / Decrease in Cash	(1,028)	(2,313)	(220)	32	(18)
Cash held at beginning	3,701	2,673	360	140	172
Cash held at end	2,673¹³	360	140	172	154

¹³ Cash position for 2015-16 reflects assumption that the total borrowing approvals for 2014-15 of \$12.2M will be utilised

Appendix C – Regulatory Performance Indicators

Table C1- Financial Performance Indicators

Financial KPI	Reference Point Target	2015-16 Budget	2014-15 Forecast	2013 – 14 Actual	2012-13 Actual	2011-12 Actual	2010-11 Actual
F1 Interest Cover (Cash) Net operating cash flows before net interest and tax / net interest payments	2.5	10.9	12.43	10	61.22	58.90	(193.03) ¹
F2 Gearing Ratio (Debt to Assets) Total debt including finance leases / total assets * 100	< 50%	5.9%	6.5%	6.6%	3.6%	2.6%	1.2%
F3 Internal Financing Ratio Net operating cash flows less dividends / net capital expenditure * 100	35%	111.6%	98.2%	47.6%	78.2%	77.3%	89.5%
F4 Current Ratio Current assets / current liabilities (excluding long term employee provisions and revenue in advance)	Target greater than zero based on water business Corporate Plan	0.56	0.40	0.90	0.32	0.45	0.53
F5 Return on Assets (based on statutory asset values) Earnings before net interest and tax / average assets * 100	Target greater than zero based on water business Corporate Plan %	0.8%	0.8%	1.0%	0.8%	1.9%	1.5%
F6 Return on Equity Net Profit after Tax / Average Total Equity *100	Target greater than zero based on water business Corporate Plan %	0.7%	0.6%	0.7%	0.8%	2.1%	1.5%
F7 EBITDA Margin Earnings before interest, tax, depreciation and amortisation / total revenue *100	Target greater than zero based on water business Corporate Plan %	33.0%	34.8%	36%	31.2%	36.5%	32.8%

¹ Interest received greater than interest paid

Table C2 - Water & Sewer Services Performance Indicators

Water Service KPI		Reference Point Target	2015-16 Target	2014-15 Projection	2013-14 Actual	2012-13 Actual	2011-12 Actual	2010-11 Actual
WS1	Customers experiencing > 1 unplanned water interruptions in the year.	As specified in the customer service code if applicable (#)	1,500	1,500	572	1,286	NA	3,758
WS2	Customer – minutes to restore water supply	As specified in the customer service code if applicable (minutes)	90	90	92.3	124.4	175	118
WS3	Unplanned water supply interruptions restored within 5 hours	As specified in the customer service code if applicable (%)	100	100	100	97.3	95	100
WSR1	Water deliveries in accordance with service standards for rural customers	As specified in the customer service code if applicable (%)	NA	NA	NA	NA	NA	NA
WSR2	Unavailability of pressurised domestic and stock network supply for rural customers	As specified in the customer service code if applicable (%)	NA	NA	NA	NA	NA	NA
WSR3	Applications for section 51 groundwater licences determined in (x) days	As specified in the customer service code if applicable (%)	NA	NA	NA	NA	NA	NA
Sewerage Service KPI		Reference Point Target	2015-16 Target	2014-15 Projection	2013-14 Actual	2012-13 Actual	2011-12 Actual	2010-11 Actual
SS1	Sewer spills from reticulation and branch sewers (P1 and P2) contained within 5 hours	As specified in the customer service code if applicable (%)	100	100	91	100	# 16	# 16
SS2	Sewer spills customer interruptions (P1 and P2) contained within 5 hours	As specified in the customer service code if applicable (%)	100	100	86	100	88	88

Table C3 - Customer Responsiveness & Environmental Performance Indicators

Customer responsiveness KPI (per 1000 customers)		Reference Point Target	2015-16 Target	2014-15 Projection	2013-14 Actual	2012-13 Actual	2011-12 Actual	2010-11 Actual
CR1	Water quality complaints – colour, taste and odour, blue water, other	Average of five year results based on WP2 or Corporate Plan target	0	0	0.56	1.01	2.54	1.44
CR2	Sewerage service quality and reliability complaints	Average of five year results based on WP2 or Corporate Plan target	0	0	0	0	0.1	0
CR3	Sewerage odours complaints	Average of five year results based on WP2 or Corporate Plan target	0	0	0.08	1.06	1.36	0.05
CR4	Billing Complaints	Average of five year results based on WP2 or Corporate Plan target	1	1.1	0.12	1.01	0.195	0.28
Environmental KPI		Reference Point Target	2015-16 Target	2014-15 Projection	2013-14 Actual	2012-13 Actual	2011-12 Actual	2010-11 Actual
E1	Effluent re-use volume (end use)	Corporate Plan target %	31.5	19	17.5	18	9.2	12
E2	Total net CO2 equivalent emissions	Corporate Plan target (tonnes)	6,300	6,300	6,455	6,260	7,280	4,487

Table C4 - WP3 Service Performance Targets

Water	ESC Average 2007-2012	WP3 Service Performance Targets				
		2013/14 Target	2014/15 Target	2015/16 Target	2016/17 Target	2017/18 Target
Unplanned water supply interruptions (per 100km)	35	40	40	35	35	35
Average time taken to attend bursts and leaks (priority 1) (minutes)	12.8	30	30	30	30	30
Average time taken to attend bursts and leaks (priority 2) (minutes)	68.4	100	100	90	90	90
Average time taken to attend bursts and leaks (priority 3) (minutes)	224.52	450	450	450	450	450
Unplanned water supply interruptions restored within 5 hours (per cent)	98%	100%	100%	100%	100%	100%
Planned water supply interruptions restored within 5 hours (per cent)	94%	100%	100%	100%	100%	100%
Average unplanned customer minutes off water supply	63	60	60	60	60	60
Average planned customer minutes off water supply	98.2	90	90	90	90	90
Average unplanned frequency of water supply interruptions	0.531	0.5	0.5	0.5	0.5	0.5
Average planned frequency of water supply interruptions	0.5384	0.5	0.5	0.5	0.5	0.5
Average duration of unplanned water supply interruptions (minutes)	114.8	120	120	120	120	120
Average duration of planned water supply interruptions (minutes)	179.20	120	120	120	120	120
Number of customers experiencing more than 1 unplanned water supply interruptions in the year	?	1500	1500	1500	1500	1500
Unaccounted for water	8%	10.0%	10.0%	10.0%	10.0%	10.0%

Sewerage

* Sewerage blockages (per 100km)	6.40	12	12	10	10	10
Average time to attend sewer spills and blockages (minutes)	129.80	90	90	90	90	90
Average time to rectify a sewer blockage (minutes)	223.00	200	200	200	200	200
Spills contained within 5 hours (per cent)	91%	100%	100%	100%	100%	100%
Customers receiving more than 3 sewer blockages in the year		0	0	0	0	0

Customer service

Complaints to EWOV (per 1000 customers)		1.1	1.1	1.1	1.1	1.1
Telephone calls answered within 30 seconds	94%	90%	90%	90%	90%	90%

Minimum flow rates

20mm	15
25mm	30
32mm	60
40mm	90
50mm	na

Additional services

[CO2 / Green energy target]						
[Recycled water target]	11%	18.5%	19.0%	31.5%	32.0%	33.0%
[Biosolids reuse]		100%	100%	100%	100%	100%
[Environmental discharge indicator]						
[Drinking water quality indicators]	100%	100%	100%	100%	100%	100%

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Appendix D – Capital Expenditure detail

Table D1 - 2015-16 Capital Program compared with Water Plan 3

Project Driver	Project Details	Corporate Plan	Water Plan 3 (2013\$) - inclusive of water sector efficiency amendments				
		2015-16	2015-16	2016-17	2017-18	2018-19	2019-20
COMPLIANCE	CWWTP - Master Plan Works	370,000	301,000				
	CWWTP - Sludge Management	77,000	50,000	50,000	50,000		
	IBWPP Tertiary Treatment		2,060,000				
	KRWWTP - Sludge Management	34,000		5,000			
	Odour Control - Church St Pump Station	245,000					
	IBWPP Sludge Management Program	30,000	25,000	25,000	25,000		
	Wastewater Future - Cowes PS upgrades	410,000					
	IBWPP Ultrasound - NEW	80,000					
	OH&S Requirements - NEW	5,000					
Compliance Total		1,251,000	2,436,000	80,000	75,000	1,641,000	586,000
GROWTH	Cowes Class A extension - Link main			30,000	508,800		
	King Rd – Irrigation	300,000		150,000			
	King Rd WWTP Storage Lagoon			200,000			
	Wastewater Future - Cowes reticulation			4,454,400	2,400,000		
	CWWTP Irrigation -NEW	5,000					
	Drink Fountains - NEW	10,500					
Growth Total		315,500		4,834,400	2,908,800	3,315,000	605,000
IMPROVED SERVICES	Medium pressure pump station - alarms			180,000			
	R & D contributions		25,000	25,000	25,000		
	Sewer main improvements	100,000	100,000	50,000	50,000		
	Carry over projects		300,000	300,000	202,000		
	Cross Island Sewer Link – NEW	500,000					
Improved service Total		600,000	425,000	555,000	277,000	100,000	400,000

Project Driver	Project Details	Corporate Plan	Water Plan 3 (2013\$) - inclusive of water sector efficiency amendments				
		2015-16	2015-16	2016-17	2017-18	2018-19	2019-20
RENEWALS	Switchboard Replacements		150,000				
	CWWTP - Civil & Mech & Elec	100,000	50,000	50,000	50,000		
	IBWPP - Civil & Mech & Elec	100,000	70,000	60,000	50,000		
	KRWWTP - Civil & Mech & Elec	40,000	20,000	20,000	20,000		
	Meter replacement program	100,000	100,000	20,000	20,000		
	Motor Vehicle Replacements Program	95,000	100,000	50,000	50,000		
	Water Main Replacement Program	425,000	515,000				
	San Remo Basin Cover Replacement			105,000	2,006,400		
	Solar Battery replacement	10,000					
	SPS - Civil Works	50,000	50,000	50,000	50,000		
	SPS - Mech and Elec Works	100,000	100,000	100,000	100,000		
	Water Distribution system - Mech & Elec Works	50,000	50,000	50,000	50,000		
	Low Value Assets – Depot	15,000					
	Furniture & Partitioning - NEW	5,000					
	Software Applications - NEW	225,000					
	Hardware Replacement - NEW	90,000					
	Class A Membrane Renewal - NEW	72,000					
	Fencing - NEW	10,000					
Renewal Total		1,487,000	1,205,000	505,000	2,396,400	1,042,500	955,000
OTHER	Replace gas detectors				15,000		
	Carry over projects	300,000					
Grand Total		3,953,500	4,066,000	5,974,000	5,672,000	6,098,500	2,546,000
2015-2020 Corporate Plan forecast (INT14-04572)¹⁴		\$3,953,500	-	\$5,100,000	\$6,443,00	\$6,098,500	\$2,546,000

¹⁴ 2015-20 Corporate Plan submission includes \$1M in 2016-17 and \$1M in 2017-18 for IBWPP Tertiary Treatment

Id	Risk Statement	Risk Description	Risk/Hazard Consequence	Inherent Consequence	Inherent Likelihood	Inherent Risk Rating	Risk Portfolio	Current Controls in Place	Risk Mitigation Actions	Residual Consequence	Residual Likelihood	Residual Risk Rating
4084	Ineffective risk management systems and processes	Risk associated with functions performed by the Corporation are not adequately identified, assessed, prioritised and managed. Poor risk culture. Risk management not embed throughout the organisation. Risk management framework not widely understood throughout the Corporation. Lack of management / Board risk management oversight.	Potential for significant unexpected incident. Non compliant with SoO 5.1.	Major	Possible 50/50	High	Governance	Dedicated Risk Manager on the executive team. Biannual risk profile review with internal stakeholders including the Board. Active member of the DSE Risk Management network. Benchmarking of WPW risk management system across the water industry eg VMIA. Periodic internal / external audit of the risk management framework & system. Board appointed Audit & Risk Committee with specialised skills/experience to provide risk oversight for WPW. Annual Strategic Risk workshop.	Elements of the risk management system to be included in the 3 year internal audit program. Review and update risk management framework in 2015-16. Conduct risk management workshops prior to the annual strategic planning workshop. Develop risk treatment plans and targets for inclusion in the corporate plan strategic risk register.	Major	Unlikely	Moderate
4057	Failure to manage stakeholder needs and expectations	Lack of dialogue with key stakeholders Poor image or reputation	Loss of stakeholder support	Moderate	Possible 50/50	Moderate	Reputation	Consultation with stakeholder interest groups Community Consultative Panel Regular communication messages in local media		Moderate	Unlikely	Moderate
1708	Missing opportunities for value creation	<ul style="list-style-type: none"> Insufficient research and best practice monitoring. Lack of an innovative culture. Lack of funds to invest into innovation / insufficient business case. Lack of appropriately skilled resources. Not utilising shared/services to drive efficiencies. 	<p>(S) Difficulty in recruitment & retentions of staff. Antiquated work methods, means not considered an employee of choice in the region. Inadequate systems for staff to operate affectively & efficiently. (EN V) Environmental legacy issues. Poor environmental culture (EC) Poor business decisions e.g. purchase of wrong systems, Lack of investment for growth. Low level of productivity/improvement. Unable to support business needs i.e. regulatory reporting. (R) Considered as lagging behind industry best practice. Unfavorable audit compliance reporting. e.g. ESC. (I) Decline or stagnant standard in services provided to customers. Infrastructure falling behind the industry. Lack of investment in future assets for continual improvement.eg SCADA, GIS</p>	Moderate	Unlikely	Moderate	Information Technology	Investment in integrated business system - Financial, Billing and Asset management Vocational placement program with monash Uni. Training. User/industry groups, WICD etc. Bench marking best practice against other WC. Participation in IT SIG - IWA / Civica. Intelligent water network group. OLV San REmo project. Implement Regional EIP for Biosolids during 2013/14	Liaise on Tech. level with other WC. Proven technologies. WI industry forums WIOA. Participation in Vicwater special interest groups. Participate sharing of solutions within water industry. Partnership with BCSC. Implementation of Corp. systems. Gippsland MoU shared services opportunities	Minor	Unlikely	Low
1707	Inability to remain financially viable.	<ul style="list-style-type: none"> Inaccurate revenue and expense projections. Loss of major customer/s Market shocks significantly increasing cost of operations (e.g. Emissions Trading, Carbon Tax, contractor shortages) Widespread inability of customers to pay for services (economic downturn) Reduced water consumption leading to reduced revenue. Tight fiscal policy Change in the political landscape / decision making. Uncertainty around State / Federal funding mix Uncertainty amongst global economies which impact financial markets Regulatory restriction on borrowings/pricing Major fraud or corruption. 	<p>(S) Unfavorable increase tariff to customers. Redundancy / staff employment. Skilled employees exit the area. Potential fines for Directors. (ENV) Degraded environment due to removal of funding. E.g. land mgmt. (EC) Business under administration. (R) Loss of confidence in management capability board / stakeholders /community. Long term impact on WPW image. Negative local media articles (I) Reduction service levels/ standards to remain viable. Cash Flow management</p>	Major	Unlikely	Moderate	Governance	Strong financial management controls. Project management. Treasury functions. Board scrutiny. Pricing structure fixed vs variable. Set income/exp. to water plan. Investment Gateway Planning committee & reporting. Annual borrowing strategy developed with TCV. Develop project cashflow model for monitoring during 2013/14	Regular review of financial sustainability (monthly budget reporting, KPIs) Rollout of new financial model in preparation for next planing period. Improved budgeting (BIS) & reporting (BIS & PM) Improved forecasting (BIS) for cashflow analysis and project reporting. Further developing current contract and supplier management framework	Moderate	Unlikely	Moderate
1705	Major project failure.	<ul style="list-style-type: none"> Poor contractor selection and management Overreliance on individual contractors/suppliers Poor project management practices Poorly structured tenders and/or contracts. Cost blow-outs 	<p>S - Negative impact to current staff. Staff leave / dissatisfaction. Public criticism resulting in potentially unfavorable publicity (media). Community fail to support future projects. Unnecessary increase in cost of services to the community due to poor investment decisions. (ENV) Project fails to provide the necessary barriers / protection for the environment (EC) Increase Budget/project overrun. Contractor goes onto liquidation <\$500k. Prospects of future funding jeopardised. Stranded assets / sunk costs. (R) Intervention by stakeholders (ESC, OoW) Stakeholder Loss of confidence in business project management capability. Board intervention. (I) Decline in services if project does not deliver on expectations.</p>	Major	Possible 50/50	High	Project Management	Investment gateway review. Project management framework & process. Board scrutiny. Stakeholder engagement. Risk management. External Contractor viability assessment. OHS compliance/capability prior to engagement. Tender docs offset prospect of failure. Insurance. 1/ PCC in place for 2013/14 2/ Project workflow developed Feb14 to identify key PCC program/objectives 3/ PCC Charter reviewed Mar14	Project Steering Committee meeting monthly representatives from Board and Executive.	Moderate	Unlikely	Moderate

Id	Risk Statement	Risk Description	Risk/Hazard Consequence	Inherent Consequence	Inherent Likelihood	Inherent Risk Rating	Risk Portfolio	Current Controls in Place	Risk Mitigation Actions	Residual Consequence	Residual Likelihood	Residual Risk Rating
1703	Lack of data management security resulting in loss of key corporate information	<ul style="list-style-type: none"> Staff unaware of privacy and document release requirements. Records not appropriately secured or backed-up. 	(S) Disciplinary action against staff. Complaints by customers of breach (ENV) sabotage of ICT system control (SCADA) results in negative impact to the environment (EC) Fine PROV >\$100k, Legal disputes, Cost of restoration of records. Additional cost to enhanced security / software / infrastructure. (R) Loss in confidence with stakeholders / Community. (I) Unauthorised entry into ICT (SCADA) billing resulting in security breach.	Moderate	Possible 50/50	Moderate	Reputation	Records management framework. Offsite storage. Training privacy/prov. Instrument of delegation/correspondence. Confidentiality agreements. Designated Media/comms person. TRIM user access control levels. General security. Approvals process comms. IT security policy with initial & refresher induction for staff. Framework of compliance with PROV new standards Strategic Mgmt, Operations, control, capture, storage, access and disposal of public records. Framework of compliance with PROV new standards Strategic Mgmt, Operations, control, capture, storage, access and disposal of public records. Archive project	Managed services annual attestation for DR, security & PROV. Continuation of Archive project 2015-16 Additional annual awareness training on: privacy and security policies.	Moderate	Unlikely	Moderate
1702	Inadequate strategic planning process.	<ul style="list-style-type: none"> Inappropriate, incorrect decisions or incorrect information. Loss of focus on core business Failure to keep abreast with changing environment (new technologies, practices, methods) Failure to plan/budget for climate change. Poor strategic planning process Insufficient Board skills and mix Communication failure between the Board, sub-committees and management. Lack of consultation 	(S) Negative impact to current staff. Staff leave / dissatisfaction. Public criticism resulting in potentially unfavorable publicity (media). Community fail to support strategic direction of the business. Unnecessary increase in cost of services to the community due to poor investment decisions. (ENV) Environment impacted due to lack of consideration in decision process. (EC) Potential loss of revenue as opportunities missed. Lack of return on investment due to poor business decisions .i.e. outside core. >500k. (R) Loss in confidence with stakeholders / Regulators. E.g. ESC, OoW, DTF in the planning process e.g. water plan. (I) Incorrect priorities placed on asset replacement / refurbishment.	Moderate	Unlikely	Moderate	Governance	Economic evaluation and analysis via Investment Gateway Process (IGP) Annual Strategic planning with Board. Board scrutiny. Investment logic mapping. Risk Management.	On going review and monitoring of strategic decisions by the Board and executive. Incorporation of 2014-2015 Strategic workshop incorporated into risk register.	Moderate	Unlikely	Moderate
1701	Failure to comply with regulatory obligations.	<ul style="list-style-type: none"> Poor obligation awareness. Compliance monitoring failure / weakness. Staff do not support or value compliance processes or requirements New/changing and complex legislation OLV, Melbourne's Water Future - SEPP (Water of Victoria) review Lack of resources to keep abreast of regulatory changes 	(S) Negative impact to current staff. Staff leave / dissatisfaction. Impact on brand image as not considered an employee/industry of choice. Public criticism resulting in potentially unfavourable publicity (media). Health & wellbeing of the community compromised. eg SDW (ENV) Lack of system compliance resulting in an environmental impact (EC) Fines, legal prosecution, insurance, compliance costs (PIN) Change of process to make safe <\$500k. Overhaul of business systems/practises. Increase in regulator / stakeholder audits. (R) Greater scrutiny of business planning & strategic direction of the business by stakeholders. Loss in confidence with stakeholders Higher frequency of Non compliance reporting, Repeatable offences resulting in prosecution. Long term impact on WPW image. Loss of confidence in management by the Board. Viability of the business compromised. (I) Repair & or replacement of infrastructure to ensure compliance. Increase reporting and monitoring of asset performance Compliance burden - difficult to remain compliant	Major	Possible 50/50	High	Compliance	Rigorous internal/external audit plan. VAGO. ESC, ESV, DoH. Maintenance of compliance reporting register/ external reporting packages requirements. MIS/IRIS/TRIM supported by Business compliance systems. Executive account. Review. Reg. training/refresher. Assessment of revised SoO conducted 2011/12. changes -DoH, Water /sewer, Water Act. 2/ External audit of PIRWS (compliance with HEMP) 1st quarter 2013/14. 3/ External WQRMP audit 3rd quarter. 4/ Contract appointed to conduct/facilitate DoH challenge test of UF membranes at RWTP in August 2013/14.	Internal audit program developed t WPW risk compliance register. Further develop a formal governance framework with recognition of risk. Development of system for Performance against corporate plan and KPI's for 2014-2015 Corporate Plan.	Moderate	Unlikely	Moderate
1700	Failure to plan appropriately for Climate Variability	<ul style="list-style-type: none"> Negative impacts of extreme climate change variability Unexpected regulatory changes 	(S) Planning restrictions / zoning impacting on developments, Knowledge / skills shortage - workforce tolerance. Community expectations. Lack of support from other groups. MEMPC / MFPC. Increase frequency of property inundation sewer/water. (ENV) Damage to the environment due to failure of our infrastructure. (EC) Cost of New/damaged infrastructure as result of Climate Change. Costs >\$500k but <\$5m. (R) Negative Community feedback&/or support of programs. e.g. Dam wall expansion. (I) Increased use of alternative energy sources, generators. Higher frequency of black-outs & loss of power. Poor infrastructure planning / inundation. Updated WSDS. New industry restrictions/ rules	Major	Possible 50/50	High	Environment	Council Coastal planning criteria vulnerability for CV. Undertake review of BCSC planning once planning overlay C82 Amendment has passed public consultation and approval.	Future development with CV consideration e.g. Silverleaves sewer scheme.. Augmentation programs. Audit of low lying assets / criticality. GIS / SCADA Alarm levels for high reading. Implement power supply recovery plan to operate the plant via generator. Continue to develop Sewer model for Philip Island and San Remo.	Moderate	Unlikely	Moderate

Id	Risk Statement	Risk Description	Risk/Hazard Consequence	Inherent Consequence	Inherent Likelihood	Inherent Risk Rating	Risk Portfolio	Current Controls in Place	Risk Mitigation Actions	Residual Consequence	Residual Likelihood	Residual Risk Rating
1699	Inability to sustain the environment. (failure to maintain beneficial uses	<ul style="list-style-type: none"> Poor understanding of or investigations into the environmental management. Corporate decisions do not sufficiently consider environmental impacts. 	(S) Beneficial use of land compromised (ENV) Loss environmental value/use. Long term / damage to environment due to our actions / lack knowledge. Legacy issues. (EC) Significant clean up/restoration costs, EPA fines/prosecution, Cost of preventative actions reinstatement of asset. (\$500k) Loss of local tourism revenue. Opex costs. Up to \$500k Legal /Insurance costs. (R) Failure to manage our land resulting in localised negative community reaction/media articles, increased customer complaints. Loss in confidence with stakeholders Non compliance, repeat offences resulting in prosecution. Long term impact on WPW image. (I) Minor areas of functionality affected.	Major	Possible 50/50	High	Environment	Sustainable principles for existing BE licenses for Bass River & Corinella Borefield. Annual performance reporting to regulators. Land management & river health OPEX with Landcare and Melb. Water. Environmental Management System (EMS)	Continue to develop relationships with regulators (EPA), landholders and community. Biosolids project at CWWTP. PIRWS Class A. Sustainable irrigation at King RD in accordance with 2011 agronomist report. Marketing strategy developed re Class A/Biosolids. Continue to investigate suitable wastewater sites for biosolids application and/or class A irrigation. Consider options to reduce costs of electricity, reduce CO2 emissions. CWWTP Upgrade project WP3 Implement Regional EIP for biosolids	Moderate	Unlikely	Moderate
1696	Failure to provide a safe workplace	<ul style="list-style-type: none"> Lack of hazard identification or management. Risk taking culture (poor awareness) Ineffective OHS processes. 	(S) Serious Injury or death, Impact on community/staff Industrial action, Stakeholder/regulator intervention, Prosecution, fine & or conviction. (ENV) Poor safety culture leads to poor environmental culture (EC) Fine, legal, insurance, counseling, compliance costs (PIN) Change of process to make safe >\$500k. (R) Extensive local & State media interest/coverage, Stakeholder/regulator concern investigation, Brand damage WPW standing in the community. (I) Minor interruption of services.	Catastrophic	Possible 50/50	Extreme	Occupational Health and Safety	Continued investment in staff wellbeing program in 2014-2015. Ongoing OHS compliance training in 2010/12. Additional training across the business on Incident & Emergency management. Inspection programs. Safety audits. Haz /incidents & near miss identification. IRIS system centralised control.OHS committee, tool box safety focus. Included in performance plan. Short-term. Safety in design / engineering. Contractor MS. Continuation of staff wellbeing program to include "health & lifestyle" awareness.	OHS system quality audit review 2014/15. Action the Internal audit recommendations during 2015-16. (INT15-02499)	Major	Unlikely	Moderate
1695	Inadequate response to major disruptive event	<ul style="list-style-type: none"> Lack of BCP plans across critical infrastructure / processes & or BCP's not tested Incident management team not familiar with emergency response processes Lack of training of key personnel to manage major incidents 	(S) Loss of corporate knowledge to fulfill critical positions . Need to draw on external industry support to fill resource/skills gap. (EN) Lack of skills to manage impact on ENV facilities /infrastructure(EC) Recruitment / consultants/ workcare, loss of productivity, fines & training up to \$100k Delivery of major projects compromised/delayed. (R) Poor customer satisfaction survey results. (I) Major areas of service disruption.	Major	Unlikely	Moderate	Occupational Health and Safety	Networking with other industry groups. Corporate system capability to work remotely. Wellness programs. Short-term contracts, contract employment. Job restructuring. Hosted services - IT systems located off-site July 11. Health checks vaccination programs	Continue to embed existing systems. BCP review scheduled for 2016. Target to test ERP Plans quarterly in 2016	Moderate	Unlikely	Moderate
1694	Inability to attract/retain/develop sufficiently skilled staff.	<ul style="list-style-type: none"> Failure to meet needs of staff. Failure to evolve and keep abreast of change (static culture) Insufficient or ineffective training and development programs. Excessive workloads (availability issues) Regional location Poor career path management 	(S) Negative impact to current staff. Staff leave / dissatisfaction. Lack of necessary Skills / loss of corporate knowledge critical positions. Impact to delivery of services to customers. (EN) Lack of skills to manage impact on ENV facilities /infrastructure. (EC) Recruitment / consultants/ workcare, loss of productivity, fines & training up to \$100k Delivery of major projects compromised. (R) Not considered an employee of choice in the region. Poor customer satisfaction survey results. Loss of reputation in Corporations ability in the delivery of projects. Stakeholder perception/competency of WPW. (I)Minor areas of service disruption.	Moderate	Possible 50/50	Moderate	People and Culture	Benchmark Biennial across industry. Training & development of all staff. PD review for staff. Scholarship programs. Work experience programs with local schools, Careers forums. Member Gippsland youth commitment. Measure & monitor attrition rate. Exit interviews.	The VPSA 2014 people matters survey results to be used to develop organisational wide four quadrants of Change. The program commenced roll out in 2014-15 and will continue into 2015-16. Trainee program for water/waste water operators. Cross skilling of task/functions. eg GIS. Gippsland MoU training and development shared services and potential secondments	Moderate	Possible 50/50	Moderate
1693	Inability to cope with changes in demand for product /services	<ul style="list-style-type: none"> Unexpected growth in demand for services. Poor long range demand planning. 	(S) Freeze on developments - services unavailable. Inability to meet service call response. Heavy workload placing stress on staff (ENV) System constrained at more risk of failure resulting in an environmental event(EC) Elevated # of service calls places increase in OPEX \$100k, <\$500k. Cost to replace & or repair infrastructure (R) Inability to meet customers service expectations, Increase in service complaints, failure to meet regulatory performance KP's. Wide spread media interest(I) Major reduction in service level delivery, decrease in asset functionality, failure results in downstream domino impact to infrastructure	Moderate	Possible 50/50	Moderate	Infrastructure Assets	Strategic planning, update water demand strategies, demand forecasts. Demographic studies. Networking with BCSC planning & development. Strategy development - structure plans. Measure & monitor demand data.	Augmentation of Candowie. Connection to Melb. Pool. CWWTP upgrade and Cowes sewer reticulation upgrade. OLV funded research into service provision for San Remo and Newhave future developments.	Moderate	Unlikely	Moderate
1692	Underutilisation of assets including IT	<ul style="list-style-type: none"> Poor asset performance understanding (utilisation vs. potential) Poor application of corporate software. Failure of Contract delivery on critical corporate software 	(S) Customer tariff increase to fund. (ENV) Unnecessary use of resources - embedded energy (EC) Asset valuations (impairment), Inefficient use of capital (funding), Increase in cost of doing business (WPW). (R) Loss in stakeholder confidence in management decisions, Impact on brand image as not considered an employee/industry of choice.(I) Insignificant impact on infrastructure services.	Moderate	Possible 50/50	Moderate	Infrastructure Assets	Review of functionality. Fair value, Investment & assessment of options. Business case template. Customer/stakeholder engagement in major investment decisions	Development of change management process for software implementation. Implement IT capacity/capability audit recommendation. CITEC major upgrades at IBWPP Continuation of work on mapping and assessing the condition of above and below ground assets including storage tanks.	Minor	Possible 50/50	Moderate

Id	Risk Statement	Risk Description	Risk/Hazard Consequence	Inherent Consequence	Inherent Likelihood	Inherent Risk Rating	Risk Portfolio	Current Controls in Place	Risk Mitigation Actions	Residual Consequence	Residual Likelihood	Residual Risk Rating
1690	Failure of critical IT (ICT) and Business Systems and process Data/record management. .	Poor planning and change management processes. Ineffective IT governance Lack of planning for redundancy, disaster recovery (DR), Business Continuity Planning (BCP) IT systems not meeting business requirements. □	Unreliable IT systems. Poor implementation of systems. Poor security controls - privacy breach, cyber threat, loss of data and/or systems. Failure to recover critical business systems following a DR incident	Major	Possible 50/50	High	Information Technology	SCADA performance (pump stations & treatment plants) maintenance and programming schedule developed (outsourced). RF network manually monitored internally with programed triggers and text alerts. IT Change Management Framework. IT Support Request system (IRIS and Civica HEAT) Annual IT DRP testing (of MSP environment). Implemented managed services platform (MSP) to mitigate risks and costs relating to improving security of data and systems, systems availability, data privacy and integrity, backup, and DRP, and IT staffing.	IT Strategy review scheduled for 2015-16 New IT Steering committee (governance and oversight of ITC direction and programs) Implement new SLA (Civica products and MSP) Annual planned and unplanned DR testing for MSP Penetration testing (rolling 2 - 3 yr program) Investigating 3G redundancy for the RF network. Implementation and rollout of SCADA historian to improve monitoring and reporting, and access availability (eg via MSP to mobile, tablet, PC). Audit of current systems to test business requirements V's performance (Nov 2015)	Major	Unlikely	Moderate
1689	Significant water asset or infrastructure failure.	• Inability to access essential services (e.g. electricity, gas, fuel) • Terrorism or wilful damage • Poor or insufficient asset maintenance. • Poor asset selection (quality, durability)	(S) Customers experience a reduction in service standards (water) Possible infiltration of water into customer properties. (ENV) Restricted beneficial use of the environment. (EC) Clean up costs, compensation claims, & or statutory fines with costs up to \$500k. Cost to replace & or repair infrastructure. (R) No compliance with license, repeated offences resulting in prosecution. Increase in customer complaints, Loss in stakeholder confidence. Negative media coverage. (I) Unacceptable reduction in service level delivery, decrease in asset functionality, failure results in downstream domino impact to infrastructure.	Major	Possible 50/50	High	Infrastructure Assets	Continued focus on asset planning and maintenance programs with ongoing condition assessments of above and below ground assets review flow meters/pressure meters. Dam wall safety inspection and safety program. On going SCADA program. Annual inspection of storage basins. Asset maintenance & renewal plans. Business continuity planning. Water main renewal/ replacement program. AC main investigation 2013/14. Stanley Rd tank upgrade.	Further develop asset maintenance & renewal plans. Condition assessment and identification of critical infrastructure. Replace HOBAS mains at Newhaven bridge abutment with steel	Moderate	Unlikely	Moderate
1685	Failure to meet or manage community expectations or loss of community support.	• Poor interaction with the community. • Poor or inaccurate understanding of community expectations • Loss of trust and respect (due to WPW actions or decisions) • Ineffective message delivery. • Poor response to changes in community expectations. • Ineffective communication strategy • Increasing water costs Events covered in other areas such as: - Water quality issues - Environmental impacts - Project failure - Fraud - Poor strategic decisions	(S) Public criticism resulting in potentially unfavorable publicity (media).(ENV) N/A. (EC) Potential loss of revenue up to \$100.k No return on investment greater than \$500k. Cost management expectation of stakeholders.(R) Loss of confidence by stakeholder. Non alignment with the community or regulator e.g. ESC. (I) N/A. Changes in government Policy lead to changing community expectations	Major	Possible 50/50	High	Reputation	Active CCP. Annual open forums. Board minutes on website. Economic evaluation and analysis via Investment Gateway Process (IGP) for assessing value to the community. Major projects Candowie Water Supply Project, Under Channel Pipeline endorsed by local community. Collaboration with CCP, local media & Government.(State / Federal) Annual Cust. survey. Engagement strategy - Public forums, Council, WPW website Ongoing delivery of annual stakeholder engagement plan	Maintain current programs CCP. Engagement strategy - Public forums, Council, WPW website. Eg Public Forum Class A, Under channel Pipeline and Candowie. Formal presentation to stakeholders. Eg BCSC. Media liaison. Steering Committee for Class A. Landholders network. Major capex committees & forums. Plan to improve community engagement through the roll out of social media throughout 2015-16.	Moderate	Unlikely	Moderate
766	Inability to treat and safely dispose of wastewater	• Inability to access essential services (e.g. electricity, gas, fuel) • Terrorism or wilful damage • Poor or insufficient asset maintenance. • Poor asset selection (quality, durability)Increasing age & or lack of maintenance. Culture of reactive maintenance. Infrastructure failure. Breakdown of treatment processes or procedures Significant wastewater asset or infrastructure failure.	(S) Restricted beneficial use of the environment (beaches), Increase in customer odour complaints (ENV)Possible infiltration of wastewater into customer properties. (ENV) Restricted beneficial use of the environment. (EC) Clean up costs, compensation claims, & or statutory fines with costs up to \$500k. Cost to replace & or repair infrastructure. (R) Non compliance with license, repeated offences resulting in prosecution. Increase in customer complaints, Loss in stakeholder confidence. Negative media coverage. (I) Unacceptable reduction in service level delivery, decrease in asset functionality, failure results in downstream domino impact to infrastructure. Restricted beneficial use of the environment (beaches), Increase in customer odour complaints (ENV) EPA Emergency discharge to ocean. (EC) Breach of license, clean up & or tanker costs, insurance claims, & or statutory fines with costs up to \$500k. Cost to replace & or repair infrastructure(R) Non compliance with license, repeated offences resulting in prosecution. Loss in stakeholder confidence.(I) Repair & or replacement of infrastructure. Major reduction in service level delivery.	Major	Possible 50/50	High	Infrastructure Assets	Continued focus on asset planning and maintenance programs with ongoing condition assessments of above and below ground assets during . On going SCADA program. Asset maintenance & renewal plans.Newhaven SPS Switchboard Replacement. SPS - Mech and Elec Works replacement Annual Toxicity testing of ocean outfall, CWWTP upgrade. Preventative maintenance program	Further develop asset maintenance & renewal plans. Finalise the rollout of Clear SCADA technology at all pump stations. Sewer main improvements. Genset replacement program at critical sites. Upgrade for for CWWTP including BNR process, increasing control of denitrification BNR. Reducing ocean outfall via Class A. . Improved sludge management. Improved chlorination of the outfall. Annual water & wastewater asset mgmt plans. 5 Year Land management and action plan. On going infiltration analysis & monitoring of rain events across the sewer network	Moderate	Possible 50/50	Moderate

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689	Water supply contamination	<ul style="list-style-type: none"> • wilful damage • Loss of disinfection system to produce safe drinking water or Non disinfected water leaving the water treatment plant. • Cryptosporidium and giardia detected in raw water supply. • Animal feces contamination in raw water supply • Failure of treatment processes and procedures • SCADA Failure and or data error • Terrorism or wilful damage • Significant environmental event (fire/flood) 	<p>(S) Serious health impact of the community, illness. (EC) Loss of revenue, clean up costs, insurance claims, & or statutory fines with costs up to \$500k. (R) Loss in stakeholder confidence in water quality. (I) Minor impact on infrastructure services. (S) Serious health impact of the community, illness. (ENV) Discharge of contaminated water to the natural environment (EC) Loss of revenue, clean up costs, insurance claims, & or statutory fines with costs up to \$500k. (R) Loss in stakeholder confidence in water quality. (I) Minor impact on infrastructure services.</p>	Catastrophic	Rare	High	Water Quality	<p>Event monitoring, routine sampling to confirm source and presence of protozoa including cryptosporidium & giardia. Fencing and CCTV installed at Candowie Annual air scouring program for cleaning of distribution system. Installation and commissioning Chloramination disinfection throughout the distribution system -ongoing . Summer/Winter operational regime for basins and tanks -ongoing adopted . Weekly WQ monitoring. WQRMP Backflow program. Cross contamination controls. Staff training.</p>	<p>Tertiary treatment within next 5 year (WP3). Water mains rebuild - replace 1.9km pipe work in Bass. Reticulation Water Quality Upgrade. Additional swabbing points to be installed in problematic areas, and relocate 2 booster chlorination sites. Various electrical and mechanical upgrades for IBWPP. Connection to Melbourne Pool</p>	Major	Rare	Moderate
77	Inadequate insurance protection	Inappropriate/ ignorance of insurance coverage. Insured risk not adequately assessed.	Future claim or cover inadequate to cover losses. Exposure to the business on statutory &/or financial insured risk.	Major	Possible 50/50	High	Governance	Broker, annual review process, insurance handbook. Tender evaluation of water industry conducted in 2011/12.	Review Insured risks and undertake renewal program in 2014-2015	Major	Unlikely	Moderate

