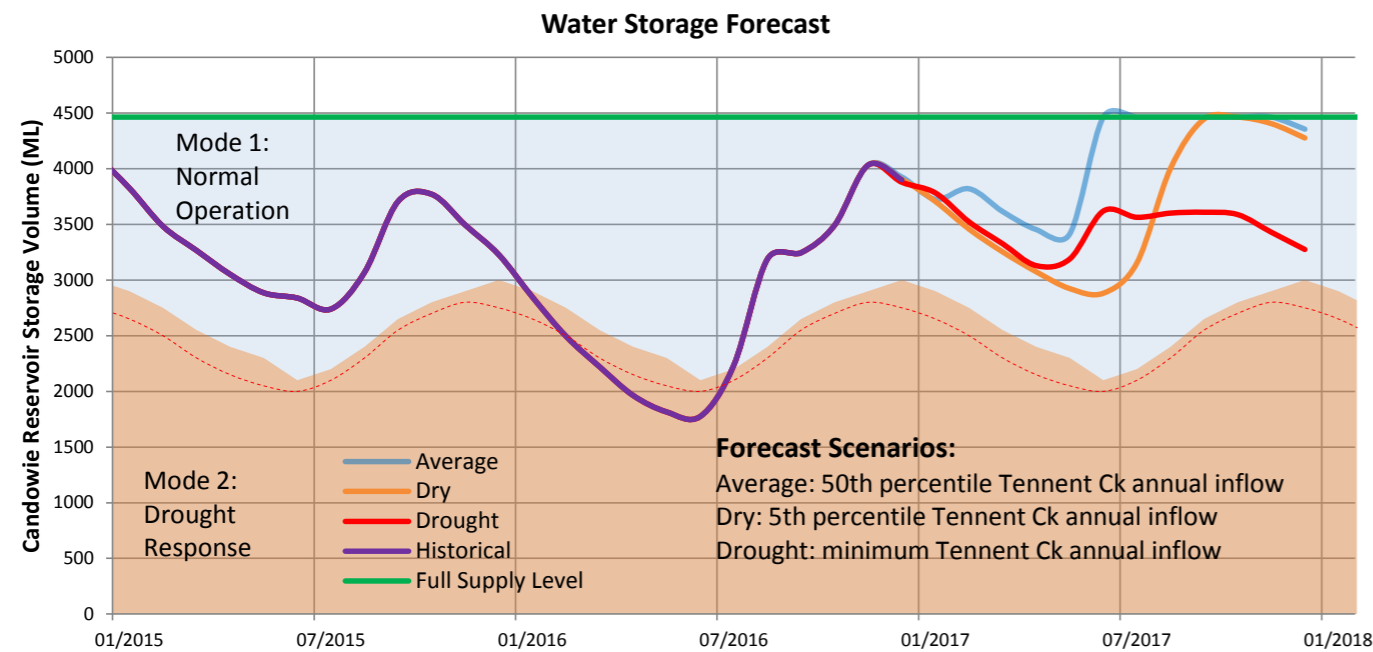


Westernport Water Annual Water Outlook (Prepared: 2 November 2016)

Supply Outlook

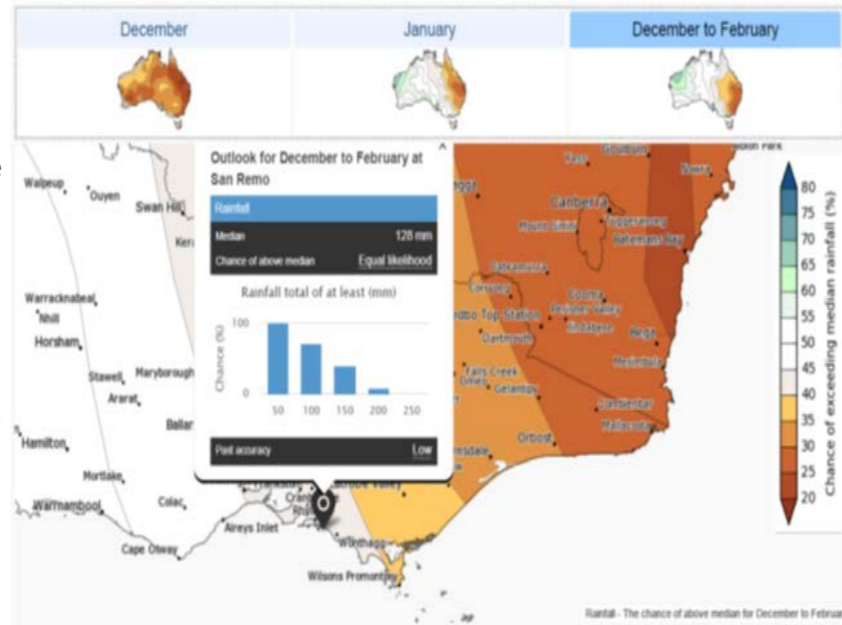


Seasonal Climate Outlook:

The chance of above median rainfall for December to February (128mm) is around 50% (equal likelihood), while the chance of exceeding the median maximum temperature is likely.

BOM advises December to February rainfall is likely to be below average for much of the country. The current outlook reflects a weakening negative Indian Ocean Dipole and an ENSO-neutral tropical Pacific. A strong climate influence is likely to be a shift north in the position of westerly winds (the "Southern Annular Mode") that affect southern Australia.

This indicates average runoff and inflow to the reservoir for the outlook period.



Current Status: Permanent Water Savings Rules

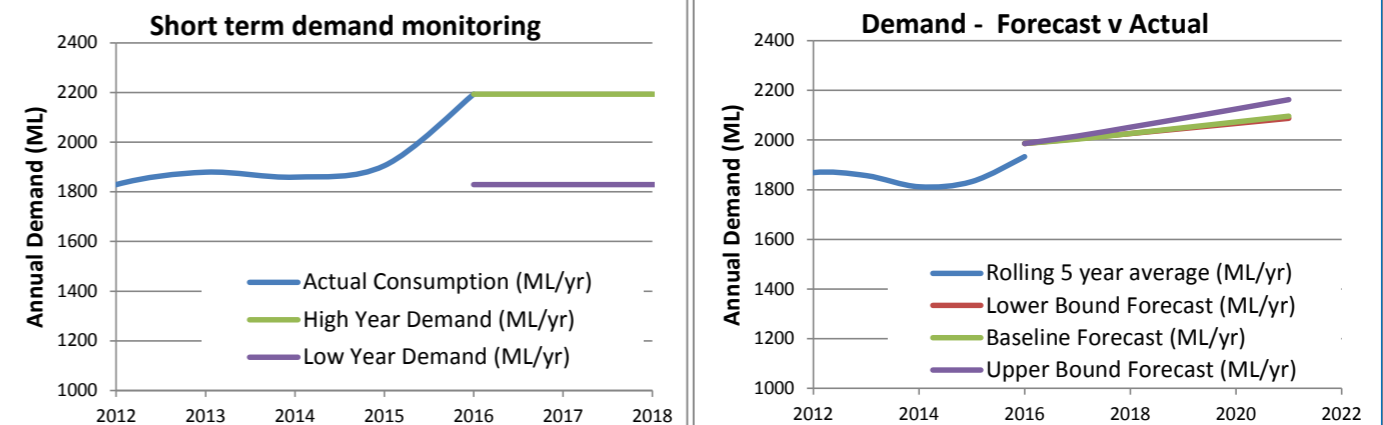
Likely Status July 2017: Permanent Water Savings Rules

Likely Status Dec 2017: Permanent Water Savings Rules

Based on current reservoir conditions (87% full at 28 Nov 2016) and BOM forecasts for just below average rainfall over the 3 month outlook period, Candowie Reservoir storage levels are expected to remain within the normal operating zone for the next year, based on inflows from Tennent Creek. The Bureau of Meteorology is forecasting just below average inflows to the Candowie system. By this time next year, the water level in Candowie Reservoir is expected to increase under the average and dry scenarios, and would only decrease under the drought scenario.

This outlook indicates that the system will not enter the Drought Response Mode under any scenario. If it does, Westernport Water will institute weekly monitoring of the storage level in Candowie Reservoir to monitor the situation, activate the Drought Management Team and commence community education and voluntary water conservation as detailed under 'Mode 2 - Drought Response' in the Drought Preparedness Plan.

Demand Indicators



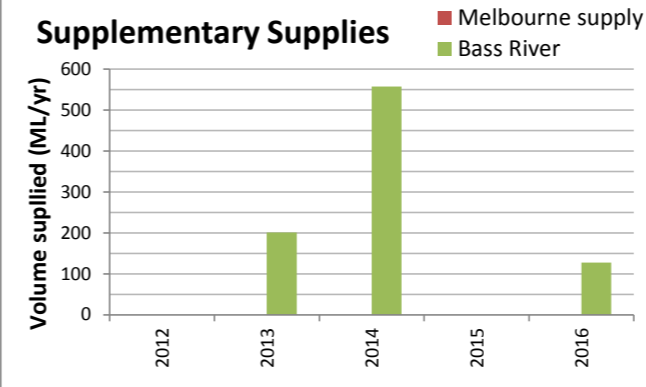
Demand Indicators:

Short term: Actual water consumption is tracking at the upper end of the high annual and low annual five year demand levels. Demand in the past year is significantly higher than in previous years and Westernport Water is endeavouring to determine the reasons for this trend, and whether it is likely to continue.

Long term: The rolling 5 year average demand indicates that demand is trending upwards and is likely to follow the demand forecast envelope. Demand should continue to be monitored.

Environmental Flow Releases: The upgrade of Candowie Reservoir provided for environmental flow releases downstream of the dam to improve river health. Flow released to Tennent Creek in the period July 2015 - June 2016 was 420 ML, with no water spilling from the reservoir.

Supply Indicators



Supply indicators:

128 ML was pumped from the Bass River pump station in the 2016/17 year to commission the pump station, while the Melbourne System supply only came on-line later in the 2015/16 year, and has not yet been used. The Corinella borefield is used as emergency supply only.

The inflow from the catchment of Tennent Creek enabled the reservoir to be refilled to the level of 4,033 ML (90% of the storage volume of 4,463 ML), the highest volume recorded for the past year (Dec 2015 - Nov 2016) current level 87% 3,900ML.

Actions and Responsibilities

Urban Water Strategy Actions:

Ongoing monitoring of the implementation of the UWS and review after initial supply of water from Melbourne water supply system: *General Manager - Assets & Operations*

❖ Continuation of community consultation to better understand water use behaviours within the region:

General Manager - Customer & Community

❖ Ongoing monitoring and assessment of system operating rules: *General Manager - Assets & Operations*

❖ Ongoing monitoring & investigation of short term demand; *General Manager - Assets & Operations*

Drought Preparedness Plan Actions:

Ongoing monitoring as detailed in Drought Preparedness Plan under Mode 2 - Drought Operation; weekly updates to Drought Management Team and demand management: *General Manager - Assets & Operations*

❖ Monitoring of weekly storage levels, daily demand, Melbourne supply system and Bass River supply to ensure the water volume in Candowie Reservoir is maintained at maximum levels

❖ Review Drought Preparedness Plan following as part of preparation of Urban Water Strategy: *General Manager -*