

Corporate Plan

2019 - 24



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Statement of Corporate Intent

The Westernport Region Water Corporation (“Westernport Water” or “Corporation”) Corporate Plan 2019-24 has been developed in accordance with the requirements of section 247 and 248 of *the Water Act* 1989.

The Corporate Plan includes the vision, undertakings and objectives of the Corporation, as well as the 2019-20 financial statements containing the information required by the Minister for Water.

Our vision

Westernport Water leads through collaboration and innovation to deliver sustainable water and wastewater services that improve the health and liveability of our community.

The Corporate Plan outlines the strategies and approaches of Westernport Water to achieve its vision. The plan also includes activities to ensure compliance with the requirements of the Statement of Obligations (SoO) and the Letter of Expectation for all water corporations in Victoria.



Photo taken in March 2019.

Business Undertakings

The core functions of Westernport Water are to provide drinking water, recycled water, and wastewater services wherever economically, environmentally and socially practicable, to properties and communities throughout its district.

It is acknowledged that Westernport Water provides services on the traditional lands of the Bunurong Peoples, who played an important role over thousands of years in managing the natural resources around the waterline areas of Western Port and Millowl, otherwise known as Phillip Island. We acknowledge our Traditional Custodians and work together as we continue to manage the land and water resources today.

Westernport Water is one of 19 water corporations operating and reporting to the State Government of Victoria. Westernport Water is responsible for its own management and performance, servicing over 20,643 customers across an area of 300 square kilometres including Phillip Island and mainland communities from The Gurdies to Archies Creek.

Westernport Water accesses water from a number of diverse sources. The primary water supply is from the Tennent Creek catchment via the Candowie Reservoir, with additional entitlements from the Bass River, the Corinella Aquifer and a connection to the Melbourne Water supply system.

On average, 2,230 megalitres (ML) is treated each year through the Ian Bartlett Water Purification Plant (IBWPP) at Candowie Reservoir, then pumped to the San Remo Basin for distribution to customers within Westernport Water's service area.

Westernport Water supplies wastewater services to 90 per cent of properties that receive water. The Corporation operates two wastewater treatment plants, processing approximately 1,535 ML of wastewater each year. Overall, across Westernport Water's two effluent treatment facilities, approximately 330 ML of treated effluent is reused annually. This equates to 21 per cent reuse of treated effluent.

The Cowes Wastewater Treatment Plant (CWWTP) on Phillip Island has a capacity of 8.6 ML per day and treats approximately 1,325 ML annually. The King Road Wastewater Treatment Plant (KRWWTTP) in Corinella has a capacity of 0.95 ML per day and treats approximately 210 ML annually. 100 per cent of all treated wastewater at KRWWTTP is beneficially reused to irrigate pasture and tree plantations at this site.

Corporate Focus Areas and Initiatives of 2019-20

	Strategic Focus Areas	Corporate Objectives	Corporate Initiatives
Innovation	<p>Our Customers</p> <p><i>Provide products and services that meet our customers' expectations for quality, accessibility and affordability</i></p>	<ul style="list-style-type: none"> - Provide reliable services that meet our customers' needs - Empower customers with accessible services and information to manage their water use - Provide and promote flexible payment options for customers experiencing hardship - Continually seek opportunities to deliver increased value for our customers 	<ol style="list-style-type: none"> 1. Deliver Year Two of the Customer Service Strategy (2018-21) 2. Release First Annual Watermark to Customers 3. Deliver Year Four of the Water Quality Continuous Improvement Plan (2016-21)
	<p>Our People</p> <p><i>Be an innovative corporation with a reputation that is valued by current and prospective employees</i></p>	<ul style="list-style-type: none"> - Be an Employer of Choice - Reflect the diverse community we serve through inclusion, participation and engagement - Provide a safe and healthy work environment - Empower each other to respond to future challenges 	<ol style="list-style-type: none"> 4. Deliver Year Two of the Organisational Development Strategy (2018-21) 5. Develop and Deliver Year Two of the Workplace Health & Safety Improvement Plan (2018-20)
Liveability	<p>Our Assets</p> <p><i>Enable the sustainable delivery of products and services to our customers</i></p>	<ul style="list-style-type: none"> - Foster an engaged culture of asset management - Enable reliable service delivery in an increasingly variable climate - Provide safe, sustainable and reliable water and wastewater services 	<ol style="list-style-type: none"> 6. Deliver Year Two of the Phillip Island Water Security Supply Project (2018-21) 7. Deliver Year One of the CWWTP Upgrade, Stage 2 (2018-22)
	<p>Our Community</p> <p><i>Be a valued member of the community we serve</i></p>	<ul style="list-style-type: none"> - Support a more liveable and resilient community through affordable and efficient services - Communicate and engage effectively and openly with all areas of our community - Build strong community partnerships focused on shared liveability benefits - Contribute to community wellbeing through opportunities that support social and recreational benefits 	<ol style="list-style-type: none"> 8. Develop and Implement 'Innovate' Reconciliation Action Plan (2020-22) 9. Deliver Community Hydration Program 10. Design Mobile Community Education Trailer
Sustainability	<p>Our Environment</p> <p><i>Be an environmentally sustainable corporation</i></p>	<ul style="list-style-type: none"> - Minimise environmental impacts - Mitigate and adapt to Climate Change - Protect and enhance our environment - Empower the community to use water in a sustainable manner 	<ol style="list-style-type: none"> 11. Deliver on Climate Change Strategy Actions (2017-23) 12. Continue to work with Western Port Region Integrated Water Management (IWM) Program partners to plan and deliver Catchment and Regional IWM Plans 13. Continue Water Resilience Planning, including an assessment of the benefits of the connection to the Melbourne Water Supply System 14. Deliver Year One of the Environmental Management System Improvement Plan (2019-21)

Strategic Focus Areas	Corporate Objectives	Corporate Initiatives
<p>Our Business</p> <p><i>Maintain the integrity and value of our business 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 reduce costs and become more efficient - Recognise and manage risk, while meeting our regulatory requirements 	<p>15. Deliver Improved Value through the Gippsland Regional Water Alliance</p> <p>16. Deliver Phase One of Corporate System Replacement Project</p>



Photo taken at IPAA 2018 Leadership in the Public Sector Awards (from left to right) – Emma Harry, John Bradley (Secretary - Department of Environment Land Water and Planning), Sharon Green, Sadie Warkotsch, Lisa Caldwell, Paul Donohue, Kathy Hawke, Philip Clark (Chair - Westernport Water Board), Kym Peake (President - IPAA Victoria and Secretary - Department of Health and Human Services), and Peter Quigley (Managing Director - Westernport Water).

Water for Victoria

Victoria has a long and proud history of effectively managing its water resources which are critical to our economy, environment and our communities. Through alignment of our Corporate Plan and Water for Victoria, we will deliver a water system that is modern, efficient, innovative, future focused and affordable. The table below shows alignment of Westernport Water's Strategic Focus Areas and Corporate Initiatives with Water for Victoria's Priority Policy Areas. Where applicable, some Corporate Initiatives cover multiple Water for Victoria Policy Areas.

Water for Victoria Priority Policy Area	Westernport Water Corporate Initiative
Climate Change Provide services that minimise environmental impacts, mitigate climate change and put in place adaptation strategies and actions.	<ul style="list-style-type: none"> - Deliver on Climate Change Strategy Actions (2017-23) - Continue Water Resilience Planning, including an assessment of the benefits of the connection to the Melbourne Water Supply System - Deliver Year One of the Environmental Management System Improvement Plan (2019-21)
Customer and Community Outcomes All aspects of service delivery will be customer and community centred.	<ul style="list-style-type: none"> - Deliver Year Four of the Water Quality Continuous Improvement Plan (2016-21) - Deliver Year Two of the Customer Service Strategy (2018-21) - Develop and Implement 'Innovate' Reconciliation Action Plan (2020-22) - Deliver Community Hydration Program - Design Mobile Community Education Trailer - Deliver Phase One of the Corporate System Replacement Project - Release First Annual Watermark to Customers - Continue Water Resilience Planning, including an assessment of the benefits of the connection to the Melbourne Water Supply System - Deliver Year One of the CWWTP Upgrade, Stage 2 (2018-22)
Water for Aboriginal cultural, spiritual and economic values Recognise and support Aboriginal cultural values and economic inclusion in the water sector.	<ul style="list-style-type: none"> - Develop and Implement 'Innovate' Reconciliation Action Plan (2020-22) - Continue to work with Western Port Integrated Water Management (IWM) Program partners to plan and deliver Catchment and Regional IWM Plans - Design Mobile Community Education Trailer
Recognise Recreational Values Support the wellbeing of rural and regional communities by considering recreational values in water management.	<ul style="list-style-type: none"> - Deliver Year Two of the Phillip Island Water Security Supply Project (2018-21) - Develop and Implement 'Innovate' Reconciliation Action Plan (2020-22) - Design Mobile Community Education Trailer - Deliver Community Hydration Program
Resilient and liveable cities and towns Contribute to healthy communities by supporting safe, affordable, high quality services and resilient environments.	<ul style="list-style-type: none"> - Continue Water Resilience Planning, including an assessment of the benefits of the connection to the Melbourne Water Supply System - Design Mobile Community Education Trailer - Continue to work with Western Port Integrated Water Management (IWM) Program partners to plan and deliver Catchment and Regional IWM Plans - Deliver Community Hydration Program - Deliver Year One of the CWWTP Upgrade, Stage 2 (2018-22)
Leadership and Culture Westernport Water reflects the needs of our diverse communities.	<ul style="list-style-type: none"> - Deliver Year Two of the Organisational Development Strategy (2018-21) - Develop and Deliver Year Two of the Workplace Health & Safety Improvement Plan (2019-20) - Deliver improved value through the Gippsland Regional Water Alliance
Financial Sustainability Delivering safe and cost-effective water and wastewater services in a sustainable way.	<ul style="list-style-type: none"> - Continue Water Resilience Planning, including an assessment of the benefits of the connection to the Melbourne Water Supply System - Deliver improved value through the Gippsland Regional Water Alliance - Deliver Phase One of the Corporate System Replacement Project

Corporate Plan Performance Measures and Targets 2019-20

	Corporate Plan Performance Measure	Target
1	Delivery of the Corporate Plan Initiatives <i>To achieve safe and reliable water and wastewater services to support sustainable and liveable communities.</i>	Successful completion of the 16 identified initiatives in line with the program for delivery.
2	Maintain the Corporation's AA rating <i>To ensure Westernport Water continues to demonstrate sound financial performance.</i>	Maintain the current AA rating
3	Customer Survey – Satisfaction result <i>To understand customer perceptions and overall satisfaction of our customers with Westernport Water as a service provider.</i>	>90% Satisfaction
4	Compliance – Enforcement action <i>To measure compliance with legislation by ensuring no enforcement action such as a penalty infringement or abatement notice, direction or an enforceable undertaking.</i>	Target = 0 regulator actions
5	Employee Satisfaction - People Matter Survey <i>To measure the level of engagement of employees to provide an indication of their commitment to the organisation's goals and values and their motivation to contribute to the organisation's success.</i>	Achieve an employee engagement index of average or above all participating Victorian Water Corporations
6	Water quality compliance with Safe Drinking Water Regulations <i>To ensure the provision and supply of safe drinking water in accordance with the regulations.</i>	100% compliance
7	Environmental Impact - Compliance with EPA Licence <i>To measure compliance at Westernport Water's two Licensed wastewater treatment plant sites.</i>	100% compliance
8	Customer Service Level - Guaranteed Service Level payment <i>To measure the level of service to customers the ESC sets out provision for payments to customers for failure to meet Guaranteed Service Level.</i>	≤ 3 payments in the 2019-20 year

Our Customers

Provide products and services that meet our customers' expectations for quality, accessibility and affordability.

Westernport Water is committed to providing products and services that meet customer expectations. We will do so by understanding and learning from our customers, valuing our customers through a positive customer-first culture, striving to continually improve the quality of our water and serving our customers with accessible and consistent information. We will continue to provide and promote flexible payment options for customers experiencing hardship, whilst continuing to seek opportunities to deliver increased value.

1. Deliver Year Two of the Customer Service Strategy (2018-21)

Westernport Water's Customer Service Strategy sets out our long term plan to deliver customer service excellence in every interaction, whilst driving improved accountability and efficiency. This can only be achieved by building a culture that puts our customers at the forefront of everything we do.

Year Two of the Customer Service Strategy includes a number of initiatives that will deliver improvements to the customer experience and the Corporation's understanding of the diverse needs of our customers. Initiatives consist of telephony improvements, the introduction of a quality assurance framework for customer service officers, customer journey mapping to optimise customer experience and a trial of SMS customer notifications.

This Corporate Initiative aims to address the Customer Strategic risk: *Failure to meet agreed service levels as set out in Price Submission 1.*

2. Release First Annual Watermark to Customers

Westernport Water will provide customers with our first 'Annual Watermark', which reports our performance against each outcome and output measure in our Price Submission 1 (PS1). Aligned to its release, customers will be provided with the opportunity to speak directly with subject matter experts regarding our performance and progress towards meeting our customer commitments.

The Annual Watermark is intended to empower our customers with a greater understanding of our role, priorities, performance and the community value we provide.

This Corporate Initiative aims to address the Customer Strategic risk: *Failure to meet agreed service levels as set out in Price Submission 1.*

3. Deliver Year Four of the Water Quality Continuous Improvement Plan (2016-21)

The 2019-20 program continues to focus on operational improvements in water quality. This will be primarily through our distribution system to customers and building upon our knowledge of raw water supply in Candowie Reservoir. The program includes the following:

Backflow prevention program - Backflow is identified as a potential source of contamination to the distribution network. This program roll out will start with the agricultural sector then move onto commercial and industrial customers. This ongoing program commenced in 2018-19.

Distribution system maintenance - Repairing a water main after a burst or leak has the potential for microbial contaminants to enter the distribution network resulting in illness. To improve management of repairs we will adopt the industry best practice 5C principle to water hygiene. The Water Quality Risk Management Plan will be amended to include a section pertaining to water distribution management. Equipment may also need to be purchased to implement the plan. Upgrades will be undertaken to enable swabbing of mains during 2019-20. Additionally the air scouring and flushing program within the distribution system continues as per routine maintenance activities. This ongoing program commenced in 2018-19.

Improved oversight to operation and verification systems - The final stage of this project includes the roll out of a water quality database to manage operational and verification data. A water quality database will provide greater oversight of our systems.

This Corporate Initiative aims to address the Customer Strategic risk: *Failure to meet agreed service levels as set out in Price Submission 1*, the two Product Quality Strategic risks: *Quality of drinking water does not meet customer expectations for taste and odour* and *Serious illness or death in the community as a result of a water supply contamination*.



Our People

Be an innovative Corporation with a reputation that is valued by current and prospective employees.

Westernport Water has a vision to be a great place to work where our people go home safe and well every day. We are becoming recognised both internally and externally as a great place to work as demonstrated by our highest ever People Matter Survey Employee Engagement score in 2018 and our success in being named winner of the IPAA Leading Employer Award. Year Two of the Organisational Development (OD) Strategy (2018-21) builds on the work completed in Year One with the development of our new values, the Learning & Development Plan and Leadership Development Program. Westernport Water is committed to continuing to strengthen our workplace culture, employee safety and wellbeing with care, courage and commitment.

4. Deliver Year Two of the Organisational Development Strategy (2018-21)

An OD Strategy was developed in 2017-18 to provide a roadmap for our Corporation, positioning us for long term sustainability and success. Our strategy is aligned to four key commitments as we strive to be a great place to work:

- Our people go home safe and well;
- Our people are confident to lead and coach;
- Our people are set up to succeed; and
- Our people are diverse and capable.

Year Two of the OD Strategy includes:

Leadership Development program - Review and refinement of the Leadership Development Program that was created and implemented in 2018-19. This will be achieved by using feedback from employees, incorporating new industry research and leveraging our in-house expertise.

Fit for purpose systems - Making business processes efficient by agreeing on and implementing consistent structures for policies, strategies, plans and forms.

Recognition and Reward Program - Development of a new approach that recognises and rewards contribution, performance and achievement in a way that motivates people and supports excellence. We will develop a performance management process that is aligned to performance and incentivises excellence at every level.

Diversity and Inclusion Plan - Finalise the delivery of targets and goals in our 2016-2020 Diversity and Inclusion Plan to strive for a more inclusive workplace.

This Corporate Initiative aims to address the Technology Strategic risk: *ICT limitations restrict the achievement of objectives* and the People risk: *Not delivering on the people vision of being a great place to work.*

5. Develop and Deliver Year Two of the Workplace Health & Safety Improvement Plan (2019-20)

Workplace Health and Safety continues to be Westernport Water's number one priority. A heightened focus on safety throughout 2017-18 and 2018-19 saw the development and delivery of the Workplace Health and Safety Improvement Plan. The Workplace Health & Safety Improvement Plan provides a clear pathway for addressing high and extreme risks to our people in the workplace to ensure that everyone goes home safe and well every day. Throughout 2019-20, the Corporation will continue to strive to ensure the reduction of Health and Safety risks

wherever possible through the strengthening of our safety culture and by providing our people with the tools and confidence needed to speak up with care, courage and commitment.

This Corporate Initiative aims to address the Health and Safety Strategic risk: *Injury (physical or mental) or death to employees, contractors or the community.*



Photo taken at 2018-19 annual Emergency Management exercise (from left to right) – Peter Quigley, Jake Weir, Benita Russell, Paul Donohue, Guy Horsburghprice, Lisa Caldwell, Chaminda Jayasena, Geoff Russell, Sharon Green, Andrew Dean, Chad Harvey.

Our Assets

Enable the sustainable delivery of products and services to our customers.

We aim to create a vibrant and engaged culture of asset management, enabling reliable service delivery in a warmer and drier climate, whilst continuing to provide reliable safe drinking water and sustainable wastewater treatment and disposal services.

6. Deliver Year Two of the Phillip Island Water Security Supply Project (2018-21)

Westernport Water has assessed redundancy options for our water supply (648 water main) across Phillip Island. This project constructs a storage tank in the Cowes water supply zone providing service reliability and operational flexibility.

Year Two of the Phillip Island Water Supply Security Project will include construction of the storage tank and pipeworks.

This Corporate Initiative aims to address the Customer Strategic risk: *Failure to meet agreed service levels as set out in Price Submission 1*, the Strategy Strategic risk: *Ineffective asset management results in a failure of water security* and the Product Quality Strategic risk: *Serious illness or death in the community as a result of a water supply contamination*.

7. Deliver Year One of the CWWTP Upgrade, Stage 2 (2018-22)

Stage Two of the CWWTP upgrade is planned to commence in 2019-20 with further improvements programmed for 2023 and beyond. The major upgrades for this project includes the construction of a new 24m diameter clarifier, refurbishments of the existing clarifiers and associated works. Year Two of CWWTP Upgrade will also include EPA works approval, functional design and tendering.

This Corporate Initiative aims to address the Strategy Strategic risk: *Ineffective asset management results in a failure to effectively manage wastewater*.

Our Community

Be a valued member of the community we serve.

Westernport Water will engage effectively and transparently with our community, building strong partnerships and working collaboratively to meet our strategic objectives. We will seek to represent and reflect our community's priorities. In addition, we will deliver shared benefits through water management opportunities and strategic partnerships that support social and recreational benefits to create a more liveable and resilient community.

8. Develop and Implement 'Innovate' Reconciliation Action Plan (2020-22)

Westernport Water is committed to building resilient, liveable and healthy communities that recognise and respect Aboriginal and Torres Strait Islander cultures, histories and achievements. Our first Reconciliation Action Plan (RAP) was endorsed by Reconciliation Australia in 2017-18 and delivered in May 2019. In 2019-20, Westernport Water will finalise and implement its 'Innovate' RAP which will build upon the learnings from our inaugural 'Reflect' RAP under Reconciliation Australia's framework. Our 'Innovate' RAP sets out our commitments and focuses on developing and strengthening relationships with Aboriginal and Torres Strait Islander Peoples, engaging with staff and stakeholders in reconciliation.

This Corporate Initiative aims to address the Stakeholder Strategic risk: *Not meeting expectations of community and government erodes stakeholder confidence.*

9. Deliver Community Hydration Program

Westernport Water will expand its Community Hydration Program to deliver an additional six permanent refill stations at various locations across our service area. This program is designed to promote drinking water consumption, reduce the environmental impacts of consuming water from single use plastic bottles and support residents and visitors that are enjoying community spaces designed for recreation.

Locations will be identified in consultation with key stakeholders and the community.

This Corporate Initiative aims to address the Stakeholder Strategic risk: *Not meeting expectations of community and government erodes stakeholder confidence* and the Product Quality Strategic risk: *Quality of drinking water does not meet customer expectations for taste and odour.*

10. Design Mobile Community Education Trailer

Westernport Water will expand its educational offering through the design and delivery of a mobile education resource. The education resource will help to promote our products and services and key behavioural change campaigns in the Victorian water sector, including 'Choose Tap' and 'Stop It Don't Block It'.

The project will also allow our people to engage with the community more effectively and efficiently, minimising preparation time and supporting different engagement techniques.

This Corporate Initiative aims to address the Stakeholder Strategic risk: *Not meeting expectations of community and government erodes stakeholder confidence* and the Product Quality Strategic risk: *Quality of drinking water does not meet customer expectations for taste and odour.*

Our Environment

Be an environmentally sustainable Corporation.

Westernport Water is conscious that our operations have the potential to impact the environment and we are committed to protecting and enhancing the environment within our service area.

We do this by:

- Investing in best practice technology;
- Monitoring our treatment facilities and the environment;
- Utilising an Environmental Management System to manage environmental risks;
- Working with local environment groups on issues of regional significance; and
- Considering recreational values and integrated water management.

In 2019-20, along with our ongoing land management programs, Westernport Water will be focusing on delivering stage two of the Emissions Reduction Pledge Program and implementing the Environmental Management System Improvement Plan.

11. Deliver on Climate Change Strategy Actions (2017-23)

Our Climate Change Strategy sets out a number of actions to respond to a changing climate and meet the requirements of the Victorian Government's Water for Victoria plan.

The Emissions Reduction Pledge Program, a key action within the Climate Change Strategy, pledges to reduce our carbon emissions by eight per cent by 2025, compared to the baseline, and identifies measures to be achieved by 2025 in accordance with:

- the Victorian Government's Water for Victoria;
- Take2 Victoria's climate change pledge; and
- direction from the Department of Environment, Land, Water and Planning (DELWP).

The Emissions Reduction Pledge Program also outlines the steps to achieve net zero by 2050, including a number of identified actions, relating to efficiencies, and a two-stage capital program focusing on renewable solar.

Climate Change Strategy actions for 2019-20 include:

- Development of a tool to record and report on emissions and assess the effectiveness of efficiency measures;
- Implement actions identified in Climate Change Adaptation Plan;
- Continue to work with our community on local opportunities to develop renewable energy options; and
- Investigate and develop a feasibility study for carbon offsetting on Westernport Water land.

This Corporate Initiative aims to address the Climate Change Strategic risk: *Failure to adequately mitigate for and adapt to Climate Change.*

12. Continue to work with Western Port Region Integrated Water Management (IWM) Program partners to plan and deliver Catchment and Regional IWM Plans

Westernport Water will continue our collaborative approach to water planning with our stakeholders who have an interest in all aspects of the water cycle. In 2019-20 we will continue to participate in the Integrated Water Management Western Port Region Forum and identify and contribute to priority projects that will maximise water cycle opportunities and improve our region's resilience and liveability.

This Corporate Initiative aims to address the Strategy Strategic risk: *Ineffective asset management results in a failure of water security.*

13. Continue Water Resilience Planning, including an assessment of the benefits of the connection to the Melbourne Water supply system

Westernport Water developed an Urban Water Strategy (UWS) which identifies management actions towards sustainable water use for our region. These include the optimum mix of supply options and demand reduction measures. These actions will provide a balance between the demand for water and water resources available to preserve and enhance our communities.

The UWS forecasts potential demand and supply for the next 50 years (until 2065). It sets out the key challenges facing our region with consideration to climate and population projections. These projections are based on the best science available.

Actions under this initiative include;

- A review of the UWS projections, including demand forecast; and
- Develop processes and procedures on the operation of each of the supplementary supplies, including an assessment of the benefits of connecting to the Melbourne Water supply system.

This Corporate Initiative aims to address the Stakeholder Strategic risk: *Not meeting expectations of community and government erodes stakeholder confidence.*

14. Deliver Year One of the Environmental Management System Improvement Plan (2019-21)

Westernport Water has undertaken a review of the Environmental Management System (EMS) in accordance with ISO 14001: 2015 EMS Standard. The review comprises two sets of actions that relate to:

- The ongoing continuous improvement of the EMS by Westernport Water staff; and
- Updates to the specific documents in the EMS.

In all, there are 18 priority one actions. These actions will be completed in the 2019-20 financial year.

This Corporate Initiative aims to address the Stakeholder Strategic risk: *Failure to adequately mitigate for and adapt to Climate Change.*

Our Business

Maintain the integrity and value of our business through sound governance and financial management.

Westernport Water will continue to meet stakeholder expectations through a focus on our core systems, processes and governance. In addition, we will deliver improved customer value by building partnerships across the Victorian water sector to drive innovation, collaboration and efficiencies.

15. Deliver Improved Value through the Gippsland Regional Water Alliance

Westernport Water will continue to drive business improvements and efficiencies through its ongoing partnership with South Gippsland Water, East Gippsland Water, Gippsland Water and Southern Rural Water. The partnership represents a unique alliance of regional water businesses that delivers improvement opportunities through collaboration that ultimately benefit staff, customers and the Gippsland community.

This Corporate Initiative aims to address the Stakeholder Strategic risk: *Not meeting expectations of community and government erodes stakeholder confidence.*

16. Deliver Phase One of the Corporate System Replacement Project

Westernport Water will address key risks associated with its existing corporate systems through the replacement of our finance, payroll and HR information systems in Year Three of the Business Transformation Project. Renewed systems will meet the business requirements of employees and the evolving expectations of our stakeholders for timely, consistent and accurate information and services. The change will be effectively managed to minimise impacts for our staff and stakeholders, whilst meeting our statutory reporting requirements.

This Corporate Initiative aims to address the Regulatory Strategic risk: *Non-compliance with legislative and regulatory obligations* and the Financial Strategic risk: *Ability to maintain adequate financial sustainability.*

Key Business Drivers of Corporate Plan 2019-24

Price Submission 1 (2018-23)

The 2019-24 Corporate Plan projects and budgets have been developed to align with the parameters set within the Price Submission (PS1) 2018-23, which was approved by the ESC on 29 May 2018. Pricing and Tariffs for 2019-20 are increasing by CPI only as per PS1 assumptions, with fixed service and usage revenue expected to perform to budget.

The adjusted timing of capital works programs and diligent collection activity has resulted in an increase in cash held which has reduced borrowing requirements for 2019-20 compared to PS1, resulting in a positive impact to depreciation and interest expenses. A 30% increase in gifted asset developments has increased overall revenue. This has been offset by an increase in non-controllable expenses largely attributed to drier weather conditions which has increased reactive maintenance, electricity and chemical usage.

An unprecedented 0% attrition rate and 0% vacancy rate during 2018-19 has increased Employee costs against PS1 budget assumptions with no increases to overall FTE planned for 2019-20. The net profit after tax for 2019-20 and across the overall PS1 period is expected to remain in line with PS1 assumptions with a forecast reduction in debt. Variations to PS1 are detailed in Appendix D.

Debt Management

Debt management remains a key focus in maintaining the financial stability of the Corporation, with a trend over recent years of reducing debt levels as cash balances permit. The 2019-24 Corporate Plan is consistent with continuing this active management of debt levels and balancing debt against capital program requirements. Short term borrowings and investment are utilised to smooth cash flow, with longer term borrowings directed towards the financing of the capital program.

Internal funds will be used to fund the 2019-20 capital program which has resulted in no new debt being forecast for the year. Fixed loans of \$1.19M will be repaid and due to strong cash holdings will not require refinancing during 2019-20. Depending on cash flow, there may be a requirement for refinancing in future years to ensure funding requirements for the 2019-24 capital programs are met. The forecast of no new borrowings is subject to adherence to the 2018-23 Pricing Submission (PS1) planned requirements and timing of major capital works.

Adherence to the PS1 requirements are not seen as a risk to the business as cash holdings are currently strong and debt has been reduced over the last four years ensuring that the Corporation has maintained its AA credit rating. The five year outlook is in line with PS1 assumptions to minimise price increases to customers, in lieu of repaying debt. The table shows the level of fixed debt for the Corporation over the five year Corporate Plan period (excluding temporary borrowing facilities).

Fixed Debt \$'000	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
	Forecast			Budget		
Total Fixed Debt Budget per PS1	7,190	7,190	6,940	6,940	6,940	6,750
Total Fixed Debt Budget	6,690	5,500*	5,500	5,500	5,500	5,500
Variance	500	1,690*	1,440	1,440	1,440	1,250

**Fixed loans of \$1.19M will be repaid and will not require refinancing during 2019-20 however, may be refinanced in future years as per PS1 assumptions to ensure funding requirements for the 2019-24 capital programs are met.*

Risk Assessment

Westernport Water's Risk Management Framework, in line with the Victorian Government Risk Management Framework, has been used as a tool to develop the 2019-20 Corporate Plan. This Framework has been used in consideration of the Corporation's Strategic Risk Register and the ongoing monitoring of operational and emerging risks.

The Strategic Risk Register has been used to achieve alignment between business strategic focus areas, identification of opportunities and risk management strategies, in order to implement a holistic assessment of risks, controls and treatment plans to reduce risk.

Financial Analysis, Considerations and Projections

The financial targets and ratio analysis are set out in Appendix B. These ratios are consistent across the five year outlook. In line with previous years, no provision has been made for payment of a dividend. Dividends are only payable after consultation with the Portfolio Minister and Treasurer, based on the notional tax position of the Corporation. The analysis tables and quarterly breakdown is provided (Appendix A) to display the financial sensitivities of key planning variables and projected impacts on result.

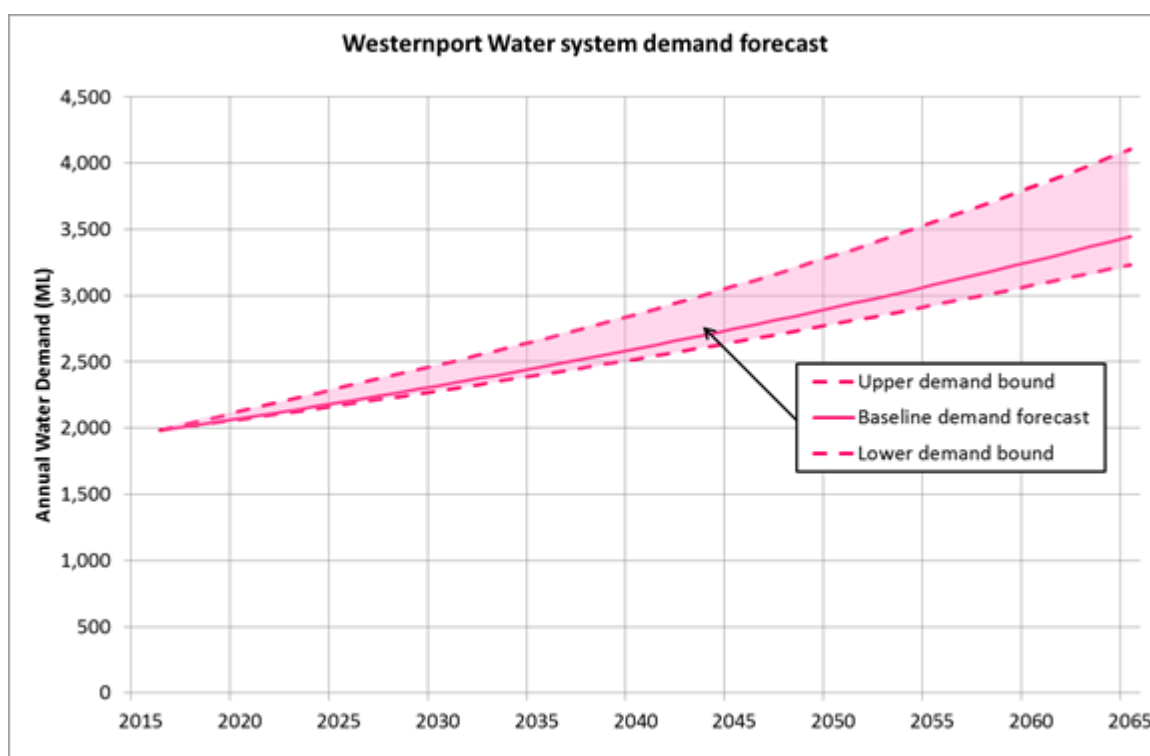


Photo taken of Candowie Reservoir in March 2019.

Planning Assumptions

Water Allocations

An Urban Water Strategy (UWS) was completed in March 2017 to plan for the supply of water and future growth in population and connections to the water supply system. The growth has been based on the State Government's Victoria in the Future (VIF) projections for the Westernport Water region. The demand forecast provides an upper and lower band limit from the expected or baseline demand. The baseline demand was developed based on a 1.2 per cent per annum increase in residential demand and a 1 per cent increase in non-residential demand. The graph below shows the demands until the year 2065.



Westernport Water accesses water from a diverse range of sources. Bulk entitlements are held for 2,911 ML from Tennent Creek in Candowie Reservoir, 3,000 ML from the Bass River and 1,000 ML from the Melbourne Water supply system.

Climate change is predicted to affect the yield from our water sources but to what extent is uncertain. The yields have been assessed according to DELWP's guidelines for assessing the impact of climate change on water supplies in Victoria and reflect the scenarios recommended in the guidelines.

The UWS indicates that the water supply system will be robust for the next ten years supplying all the forecast demands. The WPW Climate Change Adaptation Plan identifies a number of actions to meet future climate change scenarios and their impact on water supplies. Ongoing management of water supplies will be reviewed annually as part of the Annual Water Outlook, and in response to the UWS actions, to ensure Westernport Water meets customer demands now and into the future.

Recycled Water Assumptions 2019-20

The Class A recycled water scheme has been servicing residential and commercial customers since July 2012. Commercial customers are the current major users of recycled water and will continue to be a significant consumer of recycled water into the future. This is supported by the Westernport Water Recycled Water Strategy 2018-23.

CWWTP treats sewage from the major towns on Phillip Island (excluding Silverleaves) and San Remo. This treatment plant receives 86 per cent of inflow from Westernport Water's sewerage network. Based on the past five year average, around 5.5 per cent of inflow from CWWTP is treated to a Class A recycled water quality and distributed to residents in new housing estates in Cowes & Ventnor, and to non-residential users such as the Phillip Island Golf Club and recreation reserves. A further 4.5 per cent is used onsite to water tree plantations and the remaining 90 per cent of treated effluent is discharged to Bass Strait at Pyramid Rock. Reuse figures are expected to continue to improve with additional commercial users of Class A water, plus a pilot project to use Class B recycled water on agricultural land.

KRWWTP treats sewage from Grantville, Coronet Bay, Corinella, Tenby Point & Pioneer Bay, receiving around 14 per cent of Westernport Water's sewage inflow. All of KRWWTP's treated wastewater is irrigated on Westernport Water owned farmland surrounding the treatment plant.

The number of residential customers is slowly increasing with 495 residential customers connected to the Class A scheme using an average of 28 KL/annum/property in 2017-18. This is an increase from 20 KL/annum/property in the previous year. Seasonal population movement and high number of holiday homes contribute to the relatively low average use by residential customers.

The key projects in our recycled water strategy involve:

- a pilot trial for Class B, which will inform the future development of the recycled water scheme to service irrigation and agricultural customers near the CWWTP;
- expansion of irrigation areas within our existing Wastewater Treatment Plant sites;
- assessment and land purchase/ lease arrangements near our Wastewater Treatment Plant sites to meet growth and review of the strategic direction for San Remo reuse;
- upgrades of our recycled water infrastructure to meet customer demands; and
- reducing inflow and infiltration of stormwater into our sewer network (ongoing).

The key to increasing reuse is to attract additional commercial customers from the existing recycled water network, especially those using recycled water independent of weather conditions. In addition, Westernport Water will explore opportunities to expand its current recycled water supplies to customers addressing affordability and ensuring the reuse is fit for purpose through its Recycled Water Strategy.

Pricing

Tariff schedule 2019-20		2018-19	2019-20	2020-21	2021-22	2022-23
CPI % assumptions		1.90	1.33	2.30	2.30	2.30
Water & Recycled Water Volumetric pricing per KL						
Potable	Residential	\$2.0040	\$2.0154	\$2.0618	\$2.1092	\$2.1577
Potable	Non-residential	\$2.0040	\$2.0154	\$2.0618	\$2.1092	\$2.1577
Recycled Water	Residential	\$1.0830	\$1.0974	\$1.1226	\$1.1485	\$1.1749
Recycled Water	Non-residential less than 5,000KL p.a.	\$0.5269	\$0.5339	\$0.5462	\$0.5587	\$0.5716
Recycled Water	Non-residential more than 5,001KL p.a.	\$0.4331	\$0.4388	\$0.4489	\$0.4592	\$0.4698
Connected Fixed Charges \$ per annum						
Residential						
Water		\$389.98	\$391.48	\$400.48	\$409.70	\$419.12
Waste		\$601.22	\$604.65	\$618.56	\$632.78	\$647.34
Reuse		\$27.06	\$27.42	\$28.05	\$28.70	\$29.36
Non Residential						
Water (20mm tapping)		\$389.98	\$391.48	\$400.48	\$409.70	\$419.12
Water (25mm tapping)		\$701.97	\$704.67	\$720.88	\$737.46	\$754.42
Water (32mm tapping)		\$1,326.27	\$1,331.38	\$1,362.00	\$1,393.33	\$1,425.37
Water (40mm tapping)		\$2,418.36	\$2,427.67	\$2,483.51	\$2,540.63	\$2,599.06
Water (50mm tapping)		\$4,329.72	\$4,346.40	\$4,446.37	\$4,548.63	\$4,653.25
Water (65mm tapping)		\$8,620.49	\$8,735.32	\$8,936.23	\$9,141.77	\$9,352.03
Water (80mm tapping)		\$14,939.71	\$14,997.28	\$15,342.22	\$15,695.09	\$16,056.08
Water (100mm tapping)		\$26,875.95	\$26,979.52	\$27,600.05	\$28,234.85	\$28,884.25
Water (150mm tapping)		\$61,943.90	\$62,182.60	\$63,612.80	\$65,075.89	\$66,572.64
Waste		\$601.22	\$604.65	\$618.56	\$632.78	\$647.34
Waste (> 2 cistern per property)		\$222.05	\$223.31	\$228.45	\$233.70	\$239.08
Unconnected Fixed Charges \$ per annum						
Water		\$194.98	\$195.73	\$200.23	\$204.84	\$209.55
Waste		\$301.14	\$302.86	\$309.83	\$316.95	\$324.24
Reuse - Unconnected		-	-	-	-	-

Note: *The Tariff Schedule for 2019-20 above (Table 3) has been calculated using the approved CPI increase of 1.33 per cent released by the Essential Services Commission through the annual tariff approval process and includes required adjustments as per Schedule 5 of PS1 2018-23.

Customer Impact Table

Average Residential Account (81 KL)	2018-19	2019-20	2020-21	2021-22	2022-23
Water Fixed	\$389.98	\$391.48	\$400.48	\$409.70	\$419.12
Volumetric	\$162.15	\$163.37	\$167.13	\$170.97	\$174.90
Waste Fixed	\$601.22	\$604.65	\$618.56	\$632.78	\$647.34
Total	\$1,153.35	\$1,159.50	\$1,186.17	\$1,213.45	\$1,241.36
% Change	1.90%	0.51%	2.30%	2.30%	2.30%
Average Commercial Account (609 KL)					
Water Fixed	\$389.98	\$391.48	\$400.48	\$409.70	\$419.12
Volumetric	\$1,218.26	\$1,227.40	\$1,255.63	\$1,284.51	\$1,314.05
Waste Fixed	\$601.22	\$604.65	\$618.56	\$632.78	\$647.34
Total	\$2,209.46	\$2,223.53	\$2,274.67	\$2,326.99	\$2,380.51
% Change	1.90%	0.54%	2.30%	2.30%	2.30%
Average Tenant Account (81 KL)					
Volumetric	\$162.15	\$163.37	\$167.13	\$170.97	\$174.90
% Change	1.90%	0.57%	2.30%	2.30%	2.30%

Operating Environment Assumptions 2019-24

As Westernport Water enters into the second year of the five year regulatory period under PS1, it is facing similar economic conditions to the previous regulatory period. Development activity is expected to perform above PS1 expectations for 2019-20 however, this is related to the timing of residential developments and not additional growth. It is expected that development revenue will perform to plan over the remainder of the regulatory period.

The decision to absorb the increase in the Melbourne Bulk Water entitlements charge during the regulatory period has also reduced the available annual operating expenditure. Due to minimised fixed revenue growth and added uncontrollable cost constraints, Westernport Water is focusing on cost containment to maintain a profitable position, whilst ensuring minimum impact to customer bills.

The Corporate Plan five year outlook includes the continuation of the PS1 defined efficiencies being achieved each year. Westernport Water anticipates that internal skills and capabilities aligned to our key focus areas, will lead to operational efficiencies which is forecast to reduce operational expenditure.

The forecast operating expenditure efficiencies include:

- a review of consultancy and contractor spend;
- realisation of procurement opportunities;
- a reduced preventative maintenance spend, following increased renewals activity;
- anticipated processing efficiencies from the implementation of the Business Transformation Project, reducing labour-intensive manual workarounds;
- no labour (FTE) uplift for future years; and
- containment of electricity and insurance costs through the benefit of the state wide contracts.

The business is not planning any major capital projects which may change the underlying financial strength of the Corporation. The capital program is being driven by operational needs in alignment with PS1 requirements and limits. Key projects are outlined in the Capital Expenditure tables in Appendix C.

Finance Assumptions 2019-20

The financial assumptions set out below form the basis for the budgeted net profit after tax result of \$654K and a strong positive net cash flow from operating activities.

Revenue Assumptions

Service Charges:

- CPI uplift of 1.33 per cent.
- Residential customer growth of 1.98 per cent.
- Non-residential connection growth of 1.90 per cent.

Water Usage:

- Domestic water consumption, 81.06KL per connection.
- Non Domestic water consumption, 609.01KL per connection.

Developer Income:

- Creation of approx. 192 new allotments (30 per cent above PS1 Year 2 budget assumptions).

OPEX Assumptions

- Increases in wage and salaries are in line with the recently approved Enterprise Agreement and are consistent with overall Government policy for annual wage rises (approx. 3 per cent increase in base rates and allowances).
- A cost allocation of \$55k for the use of the Melbourne Water supply system (approx. 220ML) to enable the testing of the desalination pipeline supply point (DP6) to ensure security of water supply through alternate sources if required.
- Environmental Contribution levied at 5 per cent of 2014-15 revenue as advised by DELWP.
- CPI increases for future years has been capped at 2.3 per cent each year (as per PS1).
- Employee costs include a 1 per cent vacancy rate, 2.5 per cent below PS1 assumptions.
- New Electricity contract arrangements for 2019-20 resulted in a \$150k negative variance from the original price assumptions in PS1. This increase has been absorbed into the overall budget however, operational efficiencies will be sought throughout the year to assist to offset this increase.
- Insurance costs are contained through the benefit of the state wide contract.
- Depreciation has been adjusted to better reflect the timing of capitalisation of major projects.

Financial Sensitivity Analysis

This Corporate Plan is forecasting a Net Profit After Tax (NPAT) of \$654k. As noted above, this forecast result has been derived using a number of assumptions. Within these assumptions there are several which could have a material impact on the financial outcome for 2019-20. A sensitivity analysis has been prepared to highlight the impact of the key variables on our forecast result.

On the basis of the sensitivity analysis the NPAT result could range from a loss of \$832K to a profit of \$1.891K. The following tables provide the details of the key variables attributable to the potential movement in the profit result.

Variable	Sensitivity	Comments
Capital Revenue	50 per cent loss of revenue (\$990k) - cash component - contributed assets	Revenue subject to local and nationwide economic factors, beyond the control of WPW. No sign of imminent loss of revenue.
Water Usage	A 10 per cent change in consumption will impact revenue by \$422k.	Customer water consumption subject to seasonal condition over peak periods.
Electricity	A 10 per cent change in usage will impact expenditure by \$82k.	A wet winter/spring period is a causal factor in an increase in electricity usage. New contracts and uncertain pricing may impact costs however, operational efficiencies will be sought to mitigate this risk.
Employee Costs	A 0 per cent vacancy rate will result in a 3.5 per cent increase in Employee Costs (\$271k).	The PS1 budget included a 3.5 per cent vacancy rate. WPW has maintained 0 per cent vacancy rate during 2018-19 with an unprecedented 0 per cent attrition rate. The 2019-20 budget includes a vacancy rate of 1 per cent which is 2.5 per cent below the PS1 Year 2 assumptions.

Each risk has been assessed in terms of the consequence on the business should the risk merge and the potential likelihood that the risk may emerge. The risk rating score for each risk is considered moderate for the business. The table below shows the risk rating scores.

Variable	Sensitivity	Comments	Risk
Capital Revenue			
- Cash	- Moderate (\$100k to \$500k loss)	- Possible (once every 5 years)	Moderate
- Contributed Assets	- Moderate (\$100k to \$500k loss)	- Possible (once every 5 years)	Moderate
Water Usage	Moderate (\$100k to \$500k loss)	Possible (once every 5 years)	Moderate
Electricity	Minor (less than \$100k loss)	Possible (once every 5 years)	Moderate
Employee Costs	Moderate (\$100k to \$500k loss)	Possible (once every 5 years)	Moderate

Profit Sensitivity – Down Side Assumption

If all the down side risks were to occur the forecast NPAT result would decline by \$1.396k to a loss of \$816k. It is considered to be unlikely that all risks would arise simultaneously and at their respective maximum points of impact. In addition, the drivers behind each risk are different which do not create direct links between each risk, such that if one risk were to arise it would not necessarily imply the other risks would emerge.

The table below provides the details on the forecast result on before and after tax basis.

Profit & loss \$'000	2019-20 budget	Capital revenue	Water usage	Electricity	Employee Costs	Net result
Total Revenue	24,826	-	-	-	-	24,826
Revenue Adj	50	(870)	(422)	-	-	(1,242)
Total Opex	(24,046)	-	-	-	-	(24,046)
Opex Adj.	-	-	-	(82)	(271)	(353)
NPBT	829	-	-	-	-	(816)
Tax	(249)	-	-	-	-	-
NPAT	580	-	-	-	-	(816)

Profit Sensitivity – Up Side Assumption

The same business risks have the potential to generate an upside result for the Corporation. As with the downside risk above the business drivers for each risk are different so it would be unlikely the NPAT would increase from \$580k to \$1.732k during 2019-20.

The table below provide the detail on how the profit upside may eventuate.

Profit & loss \$'000	2019-20 budget	Capital revenue	Water usage	Electricity	Employee Costs	Net result
Total Revenue	24,826	-	-	-	-	24,826
Revenue Adj	50	870	422	-	-	1,342
Total Opex	(24,046)	-	-	-	-	(24,046)
Opex Adj.	-	-	-	82	271	353
NPBT	829	-	-	-	-	2,475
Tax	(249)	-	-	-	-	(742)
NPAT	580	-	-	-	-	1,732

Customer and Demand Assumptions 2019-20

Property Forecast 2019-20

Westernport Water's growth assumptions are primarily based on the 2016 Victoria In Future forecasts. However, historical trends have also been incorporated into our growth assumptions.

The major assumptions driving the property forecast are:

- Growth in residential properties of 1.98 per cent from 2018-19;
- Growth in non-residential connections of 1.9 per cent from 2018-19;
- No growth predicted in unconnected vacant residential land.

Property type	Property numbers 2018-19 Forecast	PS1 Year 1	Variance from PS1 Year 1	Property Numbers 2019-20 Planned	Pricing Submission Year 2	Variance from Pricing Submission Year 2
Residential	15,889	15,684	1.31%	16,173	15,995	1.11%
Vacant Land	1,622	1,500	8.13%	1,644	1,500	9.60%
Commercial	1,039	1,130	-8.05%	1,060	1,154	-8.15%
Total Properties	18,550	18,314	1.29%	18,877	18,649	1.22%

Customer Demand Forecast 2019-20

Water demand is typically difficult to forecast because it varies depending on weather conditions, changing population and water use behaviour. There is an additional level of complexity due to the large peaks in (non-permanent) population in summer and large number of tourists that visit the region, which are also heavily influenced by weather conditions.

To reflect the uncertainty in forecast demand, Westernport Water modelled a range of supply and demand scenarios through the 2017 Urban Water Strategy, which developed a baseline demand forecast for the 2018-23 five year regulatory period. Average demand for residential and non-residential customers has been forecast using the average annual consumption over the previous three financial years.

- Annual residential water connections demand forecast 81.06 KL
- Annual non-residential water connections demand forecast 609.01 KL

Customer type	Forecast Demand 2018-19 ML	Demand 2019-20 ML	Pricing Submission 1 Year 2 ML	Variance from PS1 Year 2 %
Residential	1,271	1,297	1,297	0.0%
Commercial	689	703	703	0.0%
Total Customer Demand	1,960	1,999	1,999	0.0%



Image courtesy of Smart Water Advice.

Appendix A – Financial Templates

Table A1 – Operating Revenue

Operating Statement \$'000	2018-19 Forecast	2019-20 Budget	2020-21 Budget	2021-22 Budget	2022-23 Budget	2023-24 Budget
Revenue						
Service Charges	17,643	18,206	18,941	19,725	20,515	21,130
Usage Charges	4,106	4,216	4,372	4,552	4,739	4,881
Developer Contribution	1,030	870	651	651	651	651
Developer Contribution - Gifted Assets	1,465	870	712	712	709	709
Investment Interest	102	88	33	57	197	57
Other Revenue	631	575	690	706	722	744
Total Revenue	24,977	24,826	25,399	26,403	27,533	28,172
Expense						
Operating & Maintenance Expense	2,616	2,638	2,269	2,051	2,069	2,106
Administration Expense	3,781	3,933	3,234	3,285	3,305	3,364
Environmental Contributions	916	916	916	916	916	962
Borrowing Cost / Interest Expense	294	320	330	330	330	330
Depreciation / Amortisation	6,393	6,700	7,194	7,364	7,538	7,674
IT	1,566	1,666	1,614	1,651	1,689	1,719
Labour	7,244	7,668	7,544	7,767	7,996	8,140
Consultants	276	205	384	382	391	398
Total Expense	23,087	24,046	23,485	23,746	24,234	24,694
Net Operating Profit Before Tax	1,891	779	1,914	2,657	3,299	3,479
Non-Operating Items	-	-	-	-	-	-
Profit on sale of disposal of assets	38	50	50	50	50	50
Net Profit Before Tax	1,929	829	1,964	2,707	3,349	3,529
Tax	(579)	(249)	(589)	(812)	(1,005)	(1,059)
Net Profit After Tax	1,350	581	1,375	1,895	2,344	2,470
Dividend Expense	-	-	-	-	-	-

Operating Statement \$'000	2018-19 Forecast	2019-20 Budget	2020-21 Budget	2021-22 Budget	2022-23 Budget	2023-24 Budget
Transfers to / from reserves	-	-	-	-	-	-
Other adjustments	-	-	-	-	-	-
Net Profit - Retained Earnings	1,350	581	1,375	1,895	2,344	2,470
Retained Earnings - Opening Balance	63,837	65,187	65,767	67,142	69,037	71,381
Retained Earnings - Closing Balance	65,187	65,767	67,142	69,037	71,381	73,851

Table A2 – Operating Revenue by Quarter 2019-20

Operating Statement 2019-20	Q 1 Period	Q2 Period	Q2 YTD	Q3 Period	Q3 YTD	Q4 Period	Q4 YTD
\$'000							
Revenue							
Service Charges	4,495	4,527	9,022	4,618	13,641	4,566	18,206
Usage Charges	839	1,101	1,941	1,318	3,259	957	4,216
Developer Contribution	253	248	500	186	686	185	870
Developer Contribution - Gifted Assets	253	247	500	185	685	185	870
Investment Interest	22	22	44	22	66	22	88
Other Revenue	144	144	288	144	432	143	575
Total Revenue	6,006	6,289	12,295	6,473	18,768	6,058	24,826
Expense							
Operating & Maintenance Expense	580	633	1,213	739	1,952	686	2,638
Administration Expense	865	944	1,809	1,101	2,910	1,023	3,933
Environmental Contributions	229	229	458	229	687	229	916
Borrowing Cost / Interest Expense	80	80	160	80	240	80	320
Depreciation / Amortisation	1,675	1,675	3,350	1,675	5,025	1,675	6,700
IT	367	400	767	467	1,233	433	1,666
Labour	1,858	1,770	3,627	2,064	5,692	1,976	7,668
Consultants	45	49	94	57	152	53	205
Total Expense	5,699	5,780	11,479	6,412	17,891	6,155	24,046
Net Operating Profit Before Tax	307	509	816	61	876	(97)	779
Non-Operating Items							
Profit on sale of disposal of assets	10	15	25	15	40	10	50
Net Profit Before Tax	317	524	841	76	916	(87)	829
Tax	(95)	(157)	(252)	(23)	(275)	-	(249)
Net Profit After Tax	222	367	589	53	642	(87)	581
Dividend Expense	-	-	-	-	-	-	-
Transfers to / from reserves	-	-	-	-	-	-	-
Other adjustments	-	-	-	-	-	-	-

Operating Statement 2019-20	Q 1 Period	Q2 Period	Q2 YTD	Q3 Period	Q3 YTD	Q4 Period	Q4 YTD
Net Profit - Retained Earnings	222	367	589	53	642	(87)	581
Retained Earnings - Opening Balance	65,187	65,409	65,187	65,775	65,187	65,828	65,187
Retained Earnings - Closing Balance	65,409	65,775	65,775	65,828	65,828	65,741	65,767

Table A3 – Balance Sheet

Balance Sheet	2018-19 Forecast	2019-20 Budget	2020-21 Budget	2021-22 Budget	2022-23 Budget	2023-24 Budget
\$'000						
Current Assets						
Cash & Cash Equivalents	7,157	3,087	3,136	3,197	3,508	3,621
Receivables	2,678	2,942	2,836	3,035	3,157	3,315
Inventories	420	456	465	475	484	484
Prepayments	167	167	171	174	179	188
Total Current Assets	10,422	6,652	6,608	6,881	7,328	7,608
Non-current assets						
Property Plant & Equipment	247,984	256,433	265,414	273,229	285,362	291,362
Less Accumm Depreciation	(44,102)	(50,802)	(58,724)	(66,287)	(74,025)	(79,025)
PP&E at WDV	203,882	205,631	206,690	206,942	211,337	212,337
Work In Progress	3,113	3,613	3,058	4,791	3,056	3,209
Intangibles	694	794	808	841	876	920
Receivables	61	63	64	66	67	70
Total Non-current Assets	207,750	210,101	210,620	212,640	215,336	216,536
Total Assets	218,172	216,753	217,227	219,521	222,664	224,144
Current Liabilities						
Borrowings	1,190	1,250	1,000	1,500	1,250	750
Employee Benefits	1,626	1,730	1,411	1,412	1,412	1,397
Payables	1,218	1,818	1,206	1,211	1,252	1,268
Unearned Income	3,465	3,025	3,157	3,238	3,241	2,949
Other	-	-	-	-	-	-
Total Current Liabilities	7,499	7,823	6,774	7,361	7,155	6,363
Non-current Liabilities						
Borrowings	5,500	4,250	4,500	4,000	4,250	4,750
Employee Benefits	212	246	167	167	167	175
Unearned Income	-	-	-	-	-	-
Deferred Tax Liability	35,046	33,939	33,916	34,228	34,983	34,276
Other	-	-	-	-	-	-
Total Non-current Liabilities	40,758	38,435	38,583	38,395	39,400	39,201
Total Liabilities	48,257	46,258	45,357	45,756	46,555	45,565

Balance Sheet	2018-19 Forecast	2019-20 Budget	2020-21 Budget	2021-22 Budget	2022-23 Budget	2023-24 Budget
Net Assets	169,915	170,496	171,870	173,765	176,110	178,580
Equity						
Retained Earnings	65,187	65,767	67,142	69,037	71,381	73,851
Asset Revaluation Reserve	53,406	53,406	53,406	53,406	53,406	53,406
Contributed Capital	51,323	51,323	51,323	51,323	51,323	51,323
Total Equity	169,915	170,496	171,870	173,765	176,110	178,580

Table A4 – Balance Sheet by Quarter 2019-20

Balance Sheet	Q 1	Q2	Q3	Q4
\$'000				
Current Assets				
Cash & Cash Equivalents	6,572	5,632	3,948	3,087
Receivables	2,487	2,483	2,880	2,942
Inventories	426	432	444	456
Prepayments	202	185	178	167
Total Current Assets	9,687	8,732	7,450	6,652
Non-current assets				
Property Plant & Equipment	249,435	252,510	254,014	256,433
Less Accumm Depreciation	(45,777)	(47,452)	(49,127)	(50,802)
PP&E at WDV	203,658	205,058	204,887	205,631
Work In Progress	3,224	3,313	3,549	3,613
Intangibles	714	744	769	794
Receivables	61	62	62	63
Total Non-current Assets	207,657	209,177	209,267	210,101
Total Assets	217,344	217,909	216,717	216,753
Current Liabilities				
Borrowings	1,000	1,000	500	1,250
Employee Benefits	1,651	1,676	1,704	1,730
Payables	1,299	1,555	1,750	1,818
Unearned Income	2,950	2,974	2,999	3,025
Other	-	-	-	-
Total Current Liabilities	6,900	7,205	6,953	7,823
Non-current Liabilities				
Borrowings	5,500	5,500	5,000	4,250
Employee Benefits	218	227	235	246
Unearned Income	-	-	-	-
Deferred Tax Liability	34,589	34,473	33,972	33,939
Other	-	-	-	-
Total Non-current Liabilities	40,307	40,200	39,207	38,435
Total Liabilities	47,207	47,405	46,160	46,258

Balance Sheet	Q 1	Q2	Q3	Q4
Net Assets	170,137	170,504	170,557	170,496
Retained Earnings	65,409	65,775	65,828	65,767
Asset Revaluation Reserve	53,406	53,406	53,406	53,406
Contributed Capital	51,323	51,323	51,323	51,323
Total Equity	170,137	170,504	170,557	170,496

Table A5 – Cash Flow Statement

Cash Flow \$'000	2018-19 Forecast	2019-20 Budget	2020-21 Budget	2021-22 Budget	2022-23 Budget	2023-24 Budget
Cash Flows from Operating Activities						
Receipts from Customers	23,614	23,574	24,375	25,331	26,298	26,943
Receipts from Government	903	903	903	903	903	921
Payments to Suppliers and Employees	(18,725)	(20,833)	(20,476)	(21,260)	(22,026)	(22,467)
Refund from ATO	1,025	1,031	1,038	1,044	1,050	1,071
Interest Received	82	88	33	57	197	81
Interest Paid	(247)	(245)	(255)	(255)	(255)	(260)
FAL Paid	(75)	(75)	(75)	(75)	(75)	(76)
Net Cash from Operating Activities	6,577	4,444	5,543	5,744	6,091	6,213
Cash Flows from Investing Activities						
Payments for Property, Plant & Equipment	(4,630)	(7,473)	(5,644)	(5,833)	(5,930)	(6,250)
Projects funded by Developer Contributions	-	-	-	-	-	-
Proceeds from Sale of Property, Plant & Equipment	17	150	150	150	150	150
Net Cash from / (Used in) Investing Activities	(4,613)	(7,323)	(5,494)	(5,683)	(5,780)	(6,100)
Cash Flows from Financing Activities						
Proceeds from Borrowings	-	-	-	-	-	-
Repayment of Borrowings	(1,250)	(1,190)	-	-	-	-
Net Cash from Financing Activities	(1,250)	(1,190)	-	-	-	-
Net Increase (Decrease) For Year	714	(4,070)	49	61	311	113
Opening Cash Balance	6,442	7,157	3,087	3,136	3,197	3,508
Closing Cash Balance	7,157	3,087	3,136	3,197	3,508	3,621

Table A6 – Cash Flow Statement by Quarter for 2019-20

Cash Flow 2019-20	Q1 Period	Q2 Period	Q2 YTD	Q3 Period	Q3 YTD	Q4 Period	Q4 YTD
\$'000							
Cash Flows from Operating Activities							
Receipts from Customers	5,213	5,408	10,622	6,378	17,000	6,574	23,574
Receipts from Government	677	226	903	-	903	-	903
Payments to Suppliers and Employees	(4,597)	(4,983)	(9,580)	(5,831)	(15,411)	(5,422)	(20,833)
Refund from ATO	238	260	497	303	800	231	1,031
Interest Received	20	20	40	20	60	28	88
Interest Paid	(70)	(70)	(140)	(70)	(210)	(35)	(245)
FAL Paid	(19)	(19)	(38)	(19)	(56)	(19)	(75)
Net Cash from Operating Activities	1,463	842	2,305	781	3,086	1,357	4,444
Cash Flows from Investing Activities							
Payments for Property, Plant & Equipment	(1,895)	(1,820)	(3,715)	(1,503)	(5,218)	(2,256)	(7,473)
Projects funded by Developer Contributions	-	-	-	-	-	-	-
Proceeds from Sale of Property, Plant & Equipment	37	38	75	38	113	38	150
Net Cash from / (Used in) Investing Activities	(1,858)	(1,782)	(3,640)	(1,466)	(5,105)	(2,218)	(7,323)
Cash Flows from Financing Activities							
Proceeds from Borrowings	-	-	-	-	-	-	-
Repayment of Borrowings	(190)	-	(190)	(1,000)	(1,190)	-	(1,190)
Net Cash from Financing Activities	(190)	-	(190)	(1,000)	(1,190)	-	(1,190)
Net Increase (Decrease) For Year	(585)	(940)	(1,525)	(1,684)	(3,209)	(861)	(4,070)
Opening Cash Balance	7,157	6,572	7,157	5,632	7,157	3,948	7,157
Closing Cash Balance	6,572	5,632	5,632	3,948	3,948	3,087	3,087

Appendix B – Regulatory Performance Indicators

Table B1 – Financial Performance Indicators

Financial KPI	2014-15 Actual	2015-16 Actual	2016-17 Actual	2017-18 Actual	2018-19 Projected	2019-20 Target	2020-21 Projected	2021-22 Projected	2022-23 Projected	2023-24 Projected
F1 Cash Interest Cover Net operating cash flows before net interest and tax / net interest payments	16.9	21.0	23.0	41.4	28.4	20.2	19.7	22.0	46.8	25.3
F2 Gearing Ratio (Total debt (including finance leases) / total assets) * 100	5.5%	4.3%	3.9%	3.7%	3.1%	2.5%	2.5%	2.5%	2.5%	2.5%
F3 Internal Financing Ratio (Net operating cash flows less dividends / net capital expenditure)* 100	127.1%	139.0%	153.9%	168%	143.0%	87.8%	100.0%	95.7%	104.9%	123.1%
F4 Current Ratio Current assets / current liabilities (excluding long term employee provisions and revenue in advance)	0.89	1.08	1.15	1.90	1.40	0.88	1.00	0.96	1.05	1.23
F5 Return on Assets (Earnings before net interest and tax / average assets) * 100	1.5%	0.1%	0.6%	0.7%	1.0%	0.5%	1.0%	1.4%	1.6%	1.7%
F6 Return on Equity (Net profit after tax / average total equity) *100	1.4%	0.4%	0.6%	0.5%	0.8%	0.3%	0.8%	1.1 %	1.3%	1.4%
F7 EBITDA Margin (Earnings before interest, tax, depreciation and amortisation / total revenue) *100	40%	30%	35%	33%	34.1%	31.3%	37.2%	39.2%	40.0%	40.7%
F8 Credit Rating	AA	AA	AA	AA	AA	AA	AA	AA	AA	AA

Table B2 – Regulatory Performance Indicators

Water Service KPI		2018-19 Target	2019-20 Projected	2020-21 Projected	2021-22 Projected	2022-23 Projected
L3 (a)	Total typical residential bill Total annual water supply and sewerage bill based on customers' average annual residential usage	\$1,153.35	\$1,159.50	\$1,186.17	\$1,213.45	\$1,241.36
L3 (b)	Total residential bill 200KL Total annual residential water supply and sewerage bill, based on the consumption of 200 KL of water	\$1,392.00	\$1,399.21	\$1,431.39	\$1,464.31	\$1,497.99

Table B3 – Water & Sewer Services Performance Indicators

Water Service KPI		2019-20 Target	2018-19 Target	2017-18 Actual	2016-17 Actual	2015-16 Actual	2014-15 Actual	2013-14 Actual	2012-13 Actual
WS1*	Unplanned water supply interruptions No. of customers receiving more than 1 unplanned water interruptions in the year per 1000 customers	93	93	40	1500	78.95	1,500	572	1,286
WS2	Unplanned water interruption time Average duration of unplanned water supply interruptions	96	120	108.5	90	80.2	103.4	92.3	124.4
WS3	Restoration of unplanned water supply Unplanned water supply interruptions restored within 5 hours/total unplanned water supply interruption) *100	99	100	100	100	99	98	100	97.3
Sewerage Service KPI		2019-20 Target	2018-19 Target	2017-18 Actual	2016-17 Actual	2015-16 Actual	2014-15 Actual	2013-14 Actual	2012-13 Actual
SS1	Containment of sewer spills (Sewer spills from reticulation and branch sewers contained within 5 hours/total sewer spills from reticulation and branch sewers) *100	100	100	100	100	85	100	91	100
SS2	Sewer supply interruptions No. of residential sewerage customers affected by sewerage interruptions restored within 5 hours/ total number of residential sewerage customers affected by sewerage interruptions) *100	100	100	100	100	83	100	86	100

*The measurement used to calculate WS1 has varied over time which explains the large variations in previous year actuals.

Table B4 – Customer Responsiveness Indicators

Customer responsiveness KPI (per 1000 customers)		2019-20 Target	2018-19 Target	2017-18 Actual	2016-17 Actual	2015-16 Actual	2014-15 Actual	2013-14 Actual	2012-13 Actual
CR1	Water Quality complaints No of complaints per 1000 customers	2.2	2.2	1.9	2.4	0.21	1.5	5.6	1.01
CR4	Billing/ payment issue complaints No of complaints per 1000 customers	1	1	1.89	1	0.05	0.7	1.2	1.01

Table B5 – Environmental Performance Indicators

Environmental KPI		2019-20 Target	2018-19 Target	2017-18 Actual	2016-17 Actual	2015-16 Actual	2014-15 Actual	2013-14 Actual	2012-13 Actual
E1	Effluent re-use volume (end use) Percentage recycled (%)	25	25	21	24	22	20	17.5	18
E2	Total net CO2 equivalent emissions Net tonnes CO2 equivalent (tonnes)	5,974	5,974	6,366	6,400	6,053	6,473	6,455	6,260

Appendix C – Capital Expenditure Detail

Table C1 – Capital Program 2019-20

Project Name	Approved Corp Budget 2018-19	Revised Budget 2018-19	Estimated Carry over from 2018-19 to PS1 Year 2	PS1 Year 2 Approved Budget for 2019-20	PS1 Year 2 Indicative Budget for 2019-20 including Carry over	PS1 Year 3 Indicative Budget for 2020-21	PS1 Year 4 Indicative Budget for 2021-22	PS1 Year 5 Indicative Budget for 2022-23	Total PS1 2018-23
Sludge Management Program	81,520	81,520	-	82,807	82,807	84,424	86,264	88,104	423,119
OH&S Compliance Program	144,282	144,282	-	45,421	45,421	46,433	35,584	36,343	308,063
Diversity & Inclusion Plan – Facility Improvement	585,860	585,860	-	-	-	-	-	-	585,860
Emissions Reduction Pledge Implementation	71,330	71,330	-	79,487	79,487	-	284,671	-	435,488
Phillip Island Water Supply Security Project	611,400	148,661	462,739	1,548,450	2,011,189	733,434	-	-	2,893,284
Water Quality Compliance Program	251,234	150,000	101,234	10,323	111,557	-	-	-	261,557
Compliance Total	1,745,626	1,181,653	563,973	1,766,488	2,330,461	864,291	406,519	124,447	4,907,371
Sustainable Water Reuse and Land Management	-	550,000	-	-	-	116,083	177,612	-	843,695
King Road Master Plan	-	-	-	-	-	211,060	-	-	211,060
Building Asset Management Plan - Stage 3	233,708	140,000	93,708	296,373	390,081	-	-	-	530,081
CWWTP Upgrade Stage 2	178,325	17,234	161,091	-	161,091	2,321,660	1,072,909	-	3,572,894
CWWTP Community Education Display	20,380	2,799	17,581	-	17,581	-	-	-	20,380
Automated Water Filling Station	45,000	45,000	-	-	-	-	-	-	45,000
Community Refill Stations, Water efficiency for accomm providers & Portable Hydration Station	24,456	24,456	-	43,357	43,357	-	-	-	67,813
Growth Total	501,869	779,489	272,380	339,730	612,110	2,648,803	1,250,521	-	5,290,923
Water Quality Improvement Program	280,225	200,000	80,225	283,883	364,108	-	-	-	564,108
Odour and Corrosion mitigation program	-	-	-	-	-	232,166	59,307	133,257	424,730
GIS-AMIS Strategy Implementation	30,570	30,570	-	30,969	30,969	31,659	32,349	33,039	158,586
Bass River Pump Station Bund	89,672	11,786	77,886	-	77,886	-	-	-	89,672

Project Name	Approved Corp Budget 2018-19	Revised Budget 2018-19	Estimated Carry over from 2018-19 to PS1 Year 2	PS1 Year 2 Approved Budget for 2019-20	PS1 Year 2 Indicative Budget for 2019-20 including Carry over	PS1 Year 3 Indicative Budget for 2020-21	PS1 Year 4 Indicative Budget for 2021-22	PS1 Year 5 Indicative Budget for 2022-23	Total PS1 2018-23
Septic Tanker Discharge pump Station	-	-	-	175,491	175,491	-	-	-	175,491
IBWPP Emergency Control Room	203,800	27,068	176,732	-	176,732	-	-	-	203,800
Zone Metering and Pressure Management	134,508	40,276	94,232	-	94,232	-	427,007	425,102	986,617
Improved Services Total	738,775	309,700	429,075	490,343	919,418	263,825	518,662	591,398	2,603,003
Software Application	56,045	56,045	-	56,777	56,777	58,042	59,307	60,572	290,741
Hardware Replacement	56,045	56,045	-	56,777	56,777	58,042	59,307	60,572	290,741
Business Transformation Project	1,673,075	525,616	1,147,459	340,659	2,602,426	-	-	-	3,128,042
Sewer Junction Rebuild Program	203,800	240,000	- 36,200	206,460	206,460	211,060	269,575	236,307	1,163,402
SPS Electrical Switchboard Renewal Program	244,560	244,560	-	-	-	263,825	226,443	346,910	1,081,738
SCADA Strategy Implementation	50,950	129,537	-	51,615	51,615	52,765	53,915	55,065	342,897
San Remo to Newhaven Bridge Pipeline and Fittings Renewal Project	-	-	-	-	-	-	593,065	404,177	997,242
San Remo to Basin to Cowes 648 Pipeline Valve Renewal Project	-	-	-	-	-	348,249	129,396	165,195	642,840
Water Main Replacement Program	203,800	343,136	- 139,336	258,075	118,739	474,885	485,235	535,232	1,957,227
SPS Civil, Mech & Electrical Works	101,900	119,536	- 17,636	103,230	85,594	158,295	107,830	165,195	636,450
Sewer Main Renewals	56,045	10,857	45,188	56,777	101,965	58,042	118,613	121,143	410,619
CWWTP Civil, Mech & Electrical Works	101,900	111,545	- 9,645	103,230	93,585	131,913	134,788	165,195	637,025
IBWPP Civil, Mech & Electrical Works	152,850	152,850	-	154,845	154,845	158,295	161,745	165,195	792,930
Water Dist System Civil, Mech & Electrical Works	50,950	50,950	-	51,615	51,615	52,765	64,698	71,585	291,613
Water Meter Renewal Program	45,855	117,468	- 71,613	92,907	21,294	47,489	48,524	-	234,774
King Road WWP Civil, Mech & Electrical Works	30,570	30,570	-	30,969	30,969	31,659	32,349	33,039	158,586
Plant Replacement - Fleet & Equipment	168,135	62,135	106,000	394,339	500,339	259,604	97,047	658,577	1,577,702
San Remo Basin Renewal Project	-	-	-	-	-	527,650	539,150	1,125,529	2,192,329
Minor storage renewals	-	-	-	-	-	-	-	385,455	385,455
Renewals Total	3,196,480	2,250,850	1,024,217	1,958,273	4,132,998	2,892,577	3,180,985	4,754,941	17,212,352

Project Name	Approved Corp Budget 2018-19	Revised Budget 2018-19	Estimated Carry over from 2018-19 to PS1 Year 2	PS1 Year 2 Approved Budget for 2019-20	PS1 Year 2 Indicative Budget for 2019-20 including Carry over	PS1 Year 3 Indicative Budget for 2020-21	PS1 Year 4 Indicative Budget for 2021-22	PS1 Year 5 Indicative Budget for 2022-23	Total PS1 2018-23
Total	6,182,750	4,521,692	2,289,645	4,554,834	7,994,987	6,669,496	5,356,687	5,470,786	30,013,648

*Approved Corp Budget 2018-19 and Total PS1 2018-23 includes carry over from the 2017-18 Corporate Plan

Table C2 – Capital Program 2019-24

Project Name	PS1 Year 2 Indicative Budget 2019-20 including Carry over	PS1 Year 3 Indicative Budget for 2020-21	PS1 Year 4 Indicative Budget for 2021-22	PS1 Year 5 Indicative Budget for 2022-23	PS2 Year 1 Indicative Budget for 2023-24
Sludge Management Program	82,807	84,424	86,264	88,104	96,161
OH&S Compliance Program	45,421	46,433	35,584	36,343	67,878
Diversity & Inclusion Plan – Facility Improvement	-	-	-	-	-
Emissions Reduction Pledge Implementation	79,487	-	284,671	-	67,878
Phillip Island Water Supply Security Project	2,011,189	733,434	-	-	-
Water Quality Compliance Program	111,557	-	-	-	226,260
Compliance Total	2,330,461	864,291	406,519	124,447	458,177
Sustainable Water Reuse and Land Management	-	116,083	177,612	-	-
King Road Master Plan	-	211,060	-	-	2,036,340
Building Asset Management Plan - Stage 3	390,081	-	-	-	-
CWWTP Upgrade Stage 2	161,091	2,321,660	1,072,909	-	-
CWWTP Community Education Display	17,581	-	-	-	-
Automated Water Filling Station	-	-	-	-	-
Community Refill Stations, Water efficiency for accomm providers & Potable Hydration Station	43,357	-	-	-	28,283
Growth Total	612,110	2,648,803	1,250,521	-	2,064,623
Water Quality Improvement Program	364,108	-	-	-	-
Odour and Corrosion mitigation program	-	232,166	59,307	133,257	-
GIS-AMIS Strategy Implementation	30,969	31,659	32,349	33,039	56,565
Bass River Pump Station Bund	77,886	-	-	-	-
Septic Tanker Discharge pump Station	175,491	-	-	-	-

Project Name	PS1 Year 2 Indicative Budget 2019-20 including Carry over	PS1 Year 3 Indicative Budget for 2020-21	PS1 Year 4 Indicative Budget for 2021-22	PS1 Year 5 Indicative Budget for 2022-23	PS2 Year 1 Indicative Budget for 2023-24
IBWPP Emergency Control Room	176,732	-	-	-	-
Zone Metering and Pressure Management	94,232	-	427,007	425,102	113,130
Improved Services Total	919,418	263,825	518,662	591,398	169,695
Software Application	56,777	58,042	59,307	60,572	67,878
Hardware Replacement	56,777	58,042	59,307	60,572	56,565
Business Transformation Project	2,602,426	-	-	-	-
Sewer Junction Rebuild Program	206,460	211,060	269,575	236,307	226,260
SPS Electrical Switchboard Renewal Program	-	263,825	226,443	346,910	203,634
SCADA Strategy Implementation	51,615	52,765	53,915	55,065	67,878
San Remo to Newhaven Bridge Pipeline and Fittings Renewal Project	-	-	593,065	404,177	-
San Remo to Basin to Cowes 648 Pipeline Valve Renewal Project	-	348,249	129,396	165,195	-
Water Main Replacement Program	118,739	474,885	485,235	535,232	825,849
SPS Civil, Mech & Electrical Works	85,594	158,295	107,830	165,195	130,100
Sewer Main Renewals	101,965	58,042	118,613	121,143	169,695
CWWTP Civil, Mech & Electrical Works	93,585	131,913	134,788	165,195	169,695
IBWPP Civil, Mech & Electrical Works	154,845	158,295	161,745	165,195	169,695
Water Dist System Civil, Mech & Electrical Works	51,615	52,765	64,698	71,585	56,565
Water Meter Renewal Program	21,294	47,489	48,524	-	56,565
King Road WWP Civil, Mech & Electrical Works	30,969	31,659	32,349	33,039	56,565
Plant Replacement - Fleet & Equipment	500,339	259,604	97,047	658,577	424,238
San Remo Basin Renewal Project	-	527,650	539,150	1,125,529	-
Minor storage renewals	-	-	-	385,455	-
Renewals Total	4,132,998	2,892,577	3,180,985	4,754,941	2,681,181
Total	7,994,987	6,669,496	5,356,687	5,470,786	5,373,675

*Phase Two of the Corporate System Replacement Project is not currently forecast within the Capital Program 2019-24 due to uncertainties of scope, timing and funding at this time. It is anticipated that any future costs in relation to Phase Two of the Corporate System Replacement Project will be captured in future Corporate Plans.

Appendix D – Variance to PS1

Table D1 – Fixed Service Charge Revenue PS1 – 2018-23

Fixed Service Charge Revenue \$'000	2018-19	2019-20	2020-21	2021-22	2022-23	Total PS1
CPI%	1.90	1.33	2.30	2.30	2.30	
Total Fixed Service Charge Revenue as per PS1	17,424	17,995	18,762	19,539	20,321	94,394
Total Fixed Service Charge Revenue as per Corporate Plan	17,643	18,206	18,941	19,725	20,515	94,975
Variance \$	219	211	179	186	194	989

Table D2 – Metered Usage Revenue PS1 – 2018-23

Metered Usage Revenue \$'000	2018-19	2019-20	2020-21	2021-22	2022-23	Total PS1
CPI%	1.90	1.33	2.30	2.30	2.30	
Total Metered Usage Revenue as per PS1	3,974	4,109	4,292	4,469	4,654	21,498
Total Metered Usage Revenue as per Corporate Plan	4,106	4,216	4,372	4,552	4,739	21,985
Variance \$	132	107	80	83	85	487

Table D3 – Average Customer Bill PS1 – 2018-23

Average Customer Bill	2018-19	2019-20	2020-21	2021-22	2022-23	Total PS1
CPI%	1.90	1.33	2.30	2.30	2.30	
Average Customer Bill per PS1	1,153	1,160	1,186	1,213	1,241	5,954
Average Customer Bill as per Corporate Plan	1,153	1,160	1,186	1,213	1,241	5,954
Variance \$	-	-	-	-	-	-

Table D4 – Development Revenue PS1 – 2018-23

Development Revenue \$'000	2018-19	2019-20	2020-21	2021-22	2022-23	Total PS1
CPI%	1.90	1.33	2.30	2.30	2.30	
Total Development Revenue as per PS1	1,277	1,308	1,357	1,350	1,350	6,641
Total Development Revenue as per Corporate Plan	2,495	1,740	1,363	1,363	1,360	8,321
Variance \$	1,218	432	6	13	10	1,680

Table D5 – Net Profit After Tax (NPAT) PS1 – 2018-23

NPAT \$'000	2018-19	2019-20	2020-21	2021-22	2022-23	Total PS1
CPI%	1.90	1.33	2.30	2.30	2.30	
Total NPAT per PS1	666	905	1,265	1,792	2,236	6,864
Total NPAT as per Corporate Plan	1,350	580	1,375	1,895	2,344	7,544
Variance \$	684	(325)	110	103	108	680

Table D6 – Capital Program PS1 – 2018-23

Capital \$'000	2018-19	2019-20	2020-21	2021-22	2022-23	Total PS1
CPI%	1.90	1.33	2.30	2.30	2.30	
Total Capital Budget per PS1	5,389	5,716	5,720	5,202	6,054	28,081
Total Capital Budget as per Corporate Plan	4,522	7,995	6,669	5,357	5,471	30,014
*Variance \$	867	(2,279)	(949)	(155)	583	(1,933)

*Variance is due to timing. Increase of \$1.93M above PS1 budget includes \$750k of approved carry over from 2017-18 expensed in 2018-19 and project scope increases of \$1.1M for Phase 1 Business Transformation Project and \$70k for SCADA Aerial Mast Replacement.