

Corporate Plan

2021 - 26



WESTERNPORT
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Statement of Corporate Intent

The Westernport Region Water Corporation (“Westernport Water” or “Corporation”) Corporate Plan 2021-26 has been developed in accordance with the requirements of the *Water Act 1989*.

The Corporate Plan includes the vision, undertakings and objectives of the Corporation, as well as the 2021-22 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 set out in the Statement of Obligations (SoO) and the Minister for Water’s Letter of Expectation (LOE) that is applied to all Victorian water corporations.



Candowie Reservoir

Business Undertakings

The core functions of Westernport Water are to provide drinking water, recycled water, and wastewater services to properties and communities throughout its district in accordance with the standards listed in the Westernport Water Customer Charter 2018-23, or by agreement.

We acknowledge that Westernport Water provides services on the traditional lands of the Bunurong Peoples, who have managed the natural resources over thousands of years. We pay our respects to the Traditional Owners and Elders, past, present and future as we work together to manage the land and water resources today.

Westernport Water is one of 18 water corporations operating and reporting to the State Government of Victoria. Westernport Water is responsible for its own management and performance, servicing over 21,000 customers from 27 townships, across an area covering 300 square kilometres, including Millowl (Phillip Island) and waterline communities from The Gurdies to Archies Creek.

Westernport Water accesses water from a number of diverse sources. The primary water supply is derived 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.

During 2019-20 1,981 ML was treated through Ian Bartlett Water Purification Plant (IBWPP). An additional 184.3 ML was taken under a bulk water supply agreement with Melbourne Water to commission our connection point to the Melbourne Water Supply System. Treated water is stored in 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 1,689 ML of wastewater each year. Approximately 237 ML of the treated effluent was processed and reused during 2019-20. This equates to 14 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 1,340 ML annually. The King Road Wastewater Treatment Plant (KRWWTTP) in Corinella has a capacity of 0.95 ML per day and treats approximately 218 ML annually, based on a 3 year average. 100 per cent of all treated wastewater at KRWWTTP is beneficially reused to irrigate pasture and tree plantations at this site.

Working in a COVIDSafe environment



Pyramid Rock

Westernport Water has a range of response and business continuity plans to safeguard our business against the impacts associated with the coronavirus (COVID-19) pandemic. Since the initial State Government restrictions came into place in March 2020, Westernport Water has implemented actions to protect our staff by enabling remote working and embedding new field-based practices to maintain essential services for the community.

The health and safety of our people, customers and community remains our highest priority. Our Customer Service Team continues to respond to and support customers across multiple customer channels. Our hardship support and flexible payment options have been extended to all customers, whilst suspending debt recovery activity.

Operational changes to our Network Operations, Treatment Plant and Newhaven Headquarters teams, have included applying split workforce arrangements whilst ensuring contractors and consultants have been compliant with the government issued CovidSafe requirements prior to visiting any Westernport Water site.

In response to the potential impacts COVID-19 has had on the economy, Westernport Water has accelerated our planned capital program and brought a number of projects forward to assist with recovery in the State by creating local jobs and providing more opportunities for suppliers. The following are examples of projects that have been brought forward: emissions reduction pledge stage 2, CWWTP solar installation project, IBWPP civil, mechanical & electrical program, water main renewal program, replacement of the San Remo Basin liner and cover and the sustainable irrigation project.

In this ever-changing environment, Westernport Water is committed to maintaining the flexibility to respond to a variety of scenarios that may be impacted by COVID-19 and will continue to provide the confidence to our employees and our community that their health and wellbeing comes first.

Corporate Focus Areas and Initiatives of 2021-22

	Strategic Focus Areas	Corporate Objectives	Corporate Initiatives
Innovation	We meet the expectations of our customers	<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 	1. Commence development of PS23: Customer engagement program
	Our people are safe and well, every day	<ul style="list-style-type: none"> - Provide a safe and healthy work environment - Empower each other to respond to future challenges 	2. Deliver Year One of the Workplace Health and Safety Strategy (2021-24)
	We are a great place to work	<ul style="list-style-type: none"> - Be an employer of choice - Reflect the diverse community we serve through inclusion, participation and engagement - Provide an environment where our people are able to thrive 	3. Deliver Year One of the Diversity and Inclusion Strategy (2021-24)
Livedability	Our assets enable the sustainable delivery of products and services	<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 	4. Deliver Year Two of the Cowes Wastewater Treatment Plant, Stage 2 Upgrade Project 5. Replace the San Remo Basin Liner and Cover 6. Deliver the 2021-22 Water Quality Improvement Plan 7. Commence development of PS23: Capital program
	We are a valued member of the community we serve	<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 livedability benefits - Contribute to community wellbeing through opportunities that support social and recreational benefits 	8. Deliver Year Two of the 'Innovate' Reconciliation Action Plan (2020-22)

Sustainability	Strategic Focus Areas	Corporate Objectives	Corporate Initiatives
	We value and protect our natural environment	<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 	<ul style="list-style-type: none"> 9. Continue implementation of the Environmental Management System 10. Deliver on Climate Change Strategy Actions (2017-23) 11. Develop Urban Water Strategy (2022) 12. Continue to participate in Catchment and Regional Integrated Water Management outcomes
	Our business is financially sustainable through sound governance and prudent investment	<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 	<ul style="list-style-type: none"> 13. Deliver improved value through the Gippsland Regional Water Alliance 14. Replace and modernise MV-RS meter reading to support customer billing 15. Commence development of PS23: Financial modelling 16. Deliver Year One of the Technology Roadmap

Water for Victoria and Minister's Letter of Expectations– our delivery

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 tables below show alignment of Westernport Water's Corporate Initiatives to Water for Victoria's Priority Policy Areas and deliverables against the Minister's Letter of Expectations.

Climate Change

Undertake activities and provide services that minimise environmental impacts, mitigate climate change and demonstrate reasonable progress in integrating climate change adaptation into planning and decision making across the business.

Aligned Corporate Plan (2021-26) Initiatives

- Continue implementation of the Environmental Management System
- Deliver on Climate Change Strategy Actions (2017-23)
- Develop Urban Water Strategy (2022)
- Continue to participate in Catchment and Regional Integrated Water Management outcomes

KPI	KPI - Measure	Definition	Deliverable
E1 Emission reductions	Demonstration of reasonable progress toward achievement of the entity's emission reduction target specified in the Statement of Obligations (Emission Reduction). Total net emissions greenhouse gases in tonnes of CO ₂ equivalent.	- Scope 1 and 2 emissions only for the whole business and its activities, as specified under the National Greenhouse and Energy Reporting Scheme.	- Deliver identified Pledge Projects for emissions reduction from behind the meter solar installations at high emitting sites. Stage 1 of the Pledge Project was completed in 2019-20 and Stage 2A is due for completion in 2020-21. Combined this will reduce carbon emissions by 250 tonnes of CO ₂ -e. - Deliver emissions reduction of 450 tonnes of CO ₂ -e through the Power Purchase Agreement with ZEW. - Deliver remaining emissions reduction from energy efficiencies as result of type 2 energy audits commissioned in 2020-21. - Energy audits are targeting a reduction of 139 tonnes of CO ₂ -e, equal to 6 per cent reduction of energy consumption at both IBWPP and CWWTP.
E2 Energy and Renewable Electricity Consumption	Demonstrate reasonable progress in contributing to sector achieving its renewable energy use target of 40% by 2025 as outlined in Victoria's water plan, Water for Victoria. Total electricity consumption, and total renewable electricity consumption, in megawatt hours.	- Total electricity consumption, and total renewable electricity consumption in megawatt hours for the whole business and its activities, as specified under the National Greenhouse and Energy Reporting Scheme.	- Continue to monitor and report on electricity consumption and renewable electricity consumption (MWh) at Westernport Water's sites.

KPI	KPI - Measure	Definition	Deliverable
E3 Adaptation to climate change and variability	E3 a. Application of the <i>Guidelines for Assessing the Impact of Climate Change on Water Suppliers in Victoria</i> and demonstrate application in drought preparedness and urban water strategies.	- N/A	- Assessing the Impact of climate change during development of Urban Water Strategy (2022) including reviewing our drought preparedness plan.
	E3 b. Demonstration of reasonable progress in integrating climate change adaptation into decision-making across the business (all sources of water, wastewater and where relevant, drainage and flood management) including in: source waters and demand, built assets, natural environment, people and workplace, interdependencies, customer and product delivery.	- Adaptation considerations are articulated in the WSAA Climate Change Guidelines. DELWP encourages the use of the Guidelines for Victorian water corporations and has chosen to follow its approach to defining the six business areas of the business where adaptation is relevant.	- Implement Climate Change Adaptation Plan actions and update actions across six business areas as identified in the WSAA Climate Change Guidelines.

Customer and Community Outcomes

All aspects of service delivery will be customer and community centred and will continue to build extensive and effective community engagement and partnerships in planning and implementation of service delivery.

Aligned Corporate Plan (2021-26) Initiatives

- Commence development of PS23: Customer engagement program
- Commence development of PS23: Capital program
- Deliver the 2021-22 Water Quality Improvement Plan
- Replace and modernise MV-RS meter reading software to support customer billing

KPI	KPI – Measure	Definition	Deliverable
C1 Customer Satisfaction	C1 (u) Customer satisfaction survey.	- As per Essential Services Commission (ESC) definition.	- Undertake Annual Customer Satisfaction survey in collaboration with the Gippsland Regional Water Alliance (GRWA). - Monitor the outcomes of the ESC customer satisfaction robot calls.
	(a) CR1 Water quality complaints.	- Number of water quality complaints regarding discolouration, taste, odour, stained washing, illness or cloudy water per 1,000 customers.	- Deliver the 2021-22 Water Quality Improvement Plan which will work towards reducing water quality complaints. - Our target for the number of water quality complaints per 1,000 is 2.2.
	(b) CR4 Number of billing payment issues.	- Billing/payment issues complaints per 1,000 customers year on year.	- Our target for the number of billing and payment issue complaints per 1,000 is 1.

KPI	KPI – Measure	Definition	Deliverable
C2 Customer & community engagement	C2 Development and delivery of an engagement strategy/plan/policy and publication (via the water corporation's website) of the engagement strategy/plan/policy or equivalent explanation.		<ul style="list-style-type: none"> - Implement the Stakeholder Engagement Strategy. - Commence development of PS23: Customer engagement program.
CE2 Strengthen compliance	CE2a Embed a strategic compliance and enforcement strategy and annual compliance and enforcement work program.	<ul style="list-style-type: none"> - Demonstration of reasonable progress toward implementation of Compliance and Enforcement review recommendations. - Each WC is required to have an up-to-date compliance and enforcement strategy. This work program should be supported by a systematic approach to identifying and prioritising opportunities for continuous improvement as part of the strategic planning and reporting processes. - Monitoring and oversight should be of the overall C&E function, both 'take and use of water' and 'construction of works'. 	- Develop our initial Compliance and Enforcement Strategy and supporting documentation.
	CE2b: Implement a structured approach to monitoring and reporting on C&E functions against a strategic and annual work plans be adopted, as appropriate to the significance of and level of risk.	- As above.	- Develop our initial Compliance and Enforcement Strategy and supporting documentation.

Water for Aboriginal Cultural, Spiritual and Economic Values

Recognise and support self-determination of Aboriginal cultural values and economic inclusion in the water sector.

Aligned Corporate Plan (2021-26) Initiatives

- Deliver Year Two of the 'Innovate' Reconciliation Action Plan (2020-22)
- Continue to participate in Catchment and Regional Integrated Water Management outcomes
- Deliver Year One of the Diversity and Inclusion Strategy (2021-24)
- Develop Urban Water Strategy (2022)

KPI	Measure	Definition	Deliverable
AC1 Engagement of Aboriginal communities	AC1.1 Implementation and reporting on a strategy that demonstrates how the water corporation is addressing procurement barriers and providing procurement opportunities to Aboriginal Enterprises. Aboriginal enterprises to supply goods/services to water corporations and number of Aboriginal enterprises procured in the last year.	<ul style="list-style-type: none"> - Explore and develop opportunities for business arrangements with Traditional Owners and Aboriginal enterprises to deliver value for money catchment and water services. 	<ul style="list-style-type: none"> - Deliver 'Innovate' RAP (2020-22) action 10. Increase Aboriginal and Torres Strait Islander supplier diversity to support improved economic and social outcomes. - Develop Social Procurement Strategy 2021-24.
	AC1.12 Total number of tender requests received, Total number of Aboriginal enterprise tenders received and total number of Aboriginal enterprises procured in FY.	<ul style="list-style-type: none"> - As above. 	<ul style="list-style-type: none"> - Deliver 'Innovate' RAP (2020-22) action 10. Deliverables 1-5. - Review procurement practices in line with VGPB Expansion. - Develop Social Procurement Strategy 2021-24. - Review and update Corporate Social Responsibility Strategy.
	AC1.2 Number and description of offered and/or active sponsorships of Aboriginal people in relevant study and training courses, including scholarships, vocational education and traineeships in the last year.	<ul style="list-style-type: none"> - Provide opportunities for cross-cultural learning in the water sector, as well as skills training and employment for Aboriginal people. - No. of secondments or mentorship programs offered. 	<ul style="list-style-type: none"> - Deliver 'Innovate' RAP (2020-22) action 9. Improve employment outcomes by increasing Aboriginal and Torres Strait Islander recruitment, retention and professional development.
	AC1.3 Number of staff within the water corporation who have undertaken a cross-cultural training course (by relevant Traditional Owner) – in the last year and working towards development of mandatory cultural safety training program/policy.		<ul style="list-style-type: none"> - Deliver 'Innovate' RAP (2020-22) action 5. Increase understanding, value and recognition of Aboriginal and Torres Strait Islander cultures, histories, knowledge and rights through cultural learning.
AC2 Engagement of Traditional Owners	AC2.1 Number of effective engagements and partnerships with Traditional Owners in water planning and management, including a number of water projects completed that led to improved outcomes for Aboriginal Communities	<ul style="list-style-type: none"> - Inform Traditional Owners when opportunities arise to access water entitlements within existing framework. - Incorporate Traditional Ecological Knowledge into water planning and management. - Incorporate traditional ecological knowledge into water planning and management using Aboriginal Waterway Assessments and other tools developed by Traditional Owners. - Notify and engage with Traditional Owners to achieve shared benefits. 	<ul style="list-style-type: none"> - Deliver 'Innovate' RAP (2020-22) action 11. Incorporate Traditional Ecological Knowledge into Asset and Land Management. - Continue to engage on Environmental Flows Project, to recognise Aboriginal Traditional Owners' connection to land and water by considering cultural values within Tennent Creek. - Continue to work with Sustainable Water Strategy Working Group to streamline engagement with Traditional Owners and the Registered Aboriginal Party. - Continue to lead the Bass Coast Reconciliation Network to support a regional approach to reconciliation. - Develop Urban Water Strategy (2022).

KPI	Measure	Definition	Deliverable
	AC2.2 Demonstrate that Traditional Owners have had the opportunity to review and/or endorse, all sections of the annual report that include specific reference to Traditional Ecological Knowledge, values and wellbeing.	- As above.	- Consult with the Bunurong Land Council Aboriginal Corporation as the Registered Aboriginal Party for our service area.
AC3 Reconciliation Action Plan	AC3 Implementation of either an Aboriginal Inclusion Plan, Reconciliation Action Plan or a Self-Determination Plan, reflecting measures AC1.1 to AC1.3 and AC2.1 as appropriate and report against number of actions achieved and ongoing		- Deliver Year 2 of 'Innovate' RAP (2020-22) which reflects measures AC1.1, AC1.2, AC1.3 and AC2.1. - Commence engagement and planning for Westernport Water's 'Stretch' RAP.
	AC3.1 Demonstrate that Traditional Owners have had the opportunity to review and/or endorse, all sections of the Plans, that include specific reference to Traditional Ecological Knowledge, values and wellbeing.		- Consult with the Bunurong Land Council Aboriginal Corporation as the Registered Aboriginal Party for our service area.

Resilient and Liveable Cities and Towns

Contribute to healthy communities by supporting safe, affordable, high quality services and resilient environments.

Aligned Corporate Plan (2021-26) Initiatives

- Deliver Year Two of the Cowes Wastewater Treatment Plant, Stage 2 Upgrade Project
- Replace the San Remo Basin Liner and Cover
- Deliver the 2021-22 Water Quality Improvement Plan
- Commence development of PS23: Capital program
- Continue to participate in Catchment and Regional Integrated Water Management outcomes
- Develop Urban Water Strategy (2022)

KPI	Measure	Definition	Deliverable
L1 Integrated Water Management	L1 a. Participation in, or establishment of IWM forums in our region.	- Facilitating regional stakeholder collaboration (including local government and Traditional Owners) to deliver place-based IWM outcomes for the community projects that support the liveability and resilience of cities and towns of the region.	- Continue to work with Western Port Integrated Water Management (IWM) Program partners to plan and deliver Catchment and Regional IWM Plans.
	L1 b. Contribution to development and implementation of Strategic Direction Statement(s) in your region.	- As above.	- As above.
	L1 c. Implementation of priority IWM projects and plans as applicable delivering IWM outcomes	- As above.	- As above.

KPI	Measure	Definition	Deliverable
	L1 d. Delivering IWM outcomes for the region.	- As above.	- As above.
L2 Water Efficiency	L2 a. Continue to collaborate on the Victorian Water Efficiency Strategy, delivering on water efficiency outcomes in <i>Water for Victoria</i> and relevant urban and sustainable water strategies including water corporations working together through a coordination group to develop State-wide initiatives.	- The Community Rebate and the Housing Retrofit Programs provide funding to water corporations to assist vulnerable and hardship customers.	- Continue to promote Target Your Water Use, Community Rebate Program and Choose Tap campaigns.
	L2 b. reporting the number of customers in need assisted by the Community Rebate Program, and for Participating organisations only, the Community Housing Retrofit Program.	- As above.	- Continue to promote the Community Rebate Program through targeted communications.
L3 Water bills	Total residential bill based on L3 a. average consumption.	- Comparison with national median for relevant utility sized groupings.	- Total residential bill based on average consumption for 2020-21 was \$1,167.68
	L3 b. 200kL consumption.	- As above.	- In comparison, larger water users paid \$1,409.32 based on 200 kL of consumption.
L4 Payment management of hardship	L4 a. Number of instalment plans at the end of the reporting period.	- As per ESC definitions, (UPP1) and (UPP6).	- Continue to promote flexible payments options to our customers.
	L4 b. Number of customers awarded hardship grants.	- As above.	- Continue to identify customers eligible for hardship grants.

Recognise Recreational Values

Support the wellbeing of rural and regional communities by considering recreational values in water management.

Aligned Corporate Plan (2021-26) Initiatives

- Deliver Year Two of the 'Innovate' Reconciliation Action Plan (2020-22)
- Develop Urban Water Strategy (2022)
- Continue to participate in Catchment and Regional Integrated Water Management outcomes

KPI	Measure	Definition	Deliverable
Rec 1 Recreational values	1. Number of site-based projects delivered to improve recreational enjoyment of water storages – for example, Boosting Recreational Water Use initiative projects or other projects to improve or maintain access, infrastructure and facilities.	<ul style="list-style-type: none"> - Explicit consideration of opportunities to support recreational values objectives through delivery of function areas. - Social and recreational uses and values in relation to waterways means: <ul style="list-style-type: none"> a) the uses of waterways for social and recreational purposes b) the economic, aesthetic and wellbeing benefits that the community derives from the use of waterways for social and recreational purposes. 	<ul style="list-style-type: none"> - Continue to support the delivery of the Phillip Island community orchard maximising the use of recycled water on a Westernport Water site. - Westernport Water operates one drinking water storage. This drinking water storage is not accessible to the public for recreation. - Westernport Water will continue to consider opportunities to deliver improved recreational outcomes at its sites.

KPI	Measure	Definition	Deliverable
	2 a. Efforts around – number of engagement processes that identified and considered recreational objectives relating to waterways management.	- As above.	- Westernport Water will continue to consider opportunities to deliver improved recreational outcomes at its sites. This will also consider the opportunities that re-use can contribute to recreational organisations within our service area.
	2 b. Number of improvements to information sources (e.g. online) to help recreational users plan their activities	- As above.	- Provide advice on restricted community access to water storages on the Corporations website. - Support Community Orchard communications using online communications channels.
	2c. Collaboration with other organisations and government agencies to explore and progress opportunities to support recreational objectives.	- As above.	- Continue to make available support for the Phillip Island Community Orchard, providing land and access to recycled water for community food production.
	3. Number of accessible major water storages with land and recreation management plans in place, as per <i>Water for Victoria</i> action 7.3.	- As above.	- Westernport Water only operate one water storage which is not accessible to the public for recreation.

Leadership and Culture

Reflect the needs of our diverse communities and develop strategies and goals that will increase cultural diversity in the workforce and gender equity in both executive leadership and throughout the organisation.

Aligned Corporate Plan (2021-26) Initiatives

- Deliver Year One of the Workplace Health and Safety Strategy (2021-24)
- Deliver Year One of the Diversity and Inclusion Strategy (2021-24)
- Deliver Year Two of the 'Innovate' Reconciliation Action Plan (2020-22)

KPI	Measure	Definition	Deliverable
G1 Diversity and inclusion	G1.1. Development and delivery of a Diversity Inclusion Plan/s and publication (via the water corporation's website) of the Inclusion Plan or equivalent explanation.	- A Diversity Inclusion Plan/s that includes gender equity and cultural, Indigenous inclusion.	- Deliver year one of the Diversity and Inclusion Strategy (2021-24).
	G1.2. Number of females occupying senior executive positions over projected five-year period.	- As above.	- As above.
	G1.3. Adopt strategies and actions to achieve a 1% target for Aboriginal people in the business, noting the Victorian Public Service has a 2% target and work to a stretch target of 3% by 2020.	- As above.	- As above.

	G1.4. Actions taken to improve participation by Traditional Owners in Board committees and other organisations.	- As above.	<ul style="list-style-type: none"> - Deliver Year One of the Diversity and Inclusion Strategy (2021-24). - Deliver Year Two of the 'Innovate' RAP (2020-22).
	G1.5. Number of Respondents to the Victorian Public Sector Commission (VPSC) People Matter Survey from each water corporation.	- Staff participation in the VPSC People Matter Survey. Water corporation to encourage staff participation to complete annual survey or equivalent survey.	<ul style="list-style-type: none"> - 80 per cent staff participation in the People Matter Survey.
G3 Health and Safety	G3. Performance indicators adopted to monitor OHS in line with FRD 22H, section 6.10.		<ul style="list-style-type: none"> - After delivery of Year Three of the Workplace Health & Safety Improvement Plan (2020-21), the Workplace Health & Safety Strategy (2021-24) will be implemented to build upon and continue to improve our safety culture to ensure everyone goes home safe and well every day.

Financial Sustainability

Delivering safe and cost-effective water and wastewater services in a financially sustainable manner.

Aligned Corporate Plan (2021-26) Initiatives

- Commence development of Price Submission 2023-28: Capital program
- Commence development of Price Submission 2023-28: Financial modelling
- Deliver Year One of the Technology Roadmap
- Deliver Improved Value through the Gippsland Regional Water Alliance

KPI	Measure	Definition	Deliverable
F1-F8 Financial Indicators	F1 interest cover F2 gearing ratio F3 internal financial ratio F4 current ratio F5 return on assets F6 return on equity F7 EBITDA margin F8 Credit rating	- Financial indicators as prescribed by Performance Reporting Framework.	- Refer Table B1 – Financial Performance Indicators, page 47.

Corporate Plan Performance Measures and Targets 2021-22

	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 Corporate Plan 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 Corporation's AA credit 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>	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 2021-22 year.
9	Delivery of our Customer Commitments - Price Submission 2018-23 <i>To ensure we are delivering on the customer commitments set out in our Price Submission 2018-23.</i>	Annual performance consistent with 14 PS1 customer commitments.

Corporate Plan Initiatives

Each year as part of our annual planning process, we identify a set of Corporate Plan Initiatives that will enable us to deliver on the Strategic Focus Areas and Corporate Objectives of our Corporate Plan. The following section outlines our Corporate Plan Initiatives for the 2021-22 financial year.

We meet the expectations of our customers

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, transparent 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. Commence development of PS23: Customer engagement program

Westernport Water is guided by the community through evidence based consultation and input. We are committed to delivering engagement in accordance with the International Association Public Participation (IAP2) core values for community participation and the associated engagement framework whilst determining PS23. We will deliver customer and community engagement in accordance with the PS23 Customer Engagement Program and ensure customer outcomes reflect what matter most to customers, as revealed through the engagement process. The draft submission outcomes will be presented to customers and community for comment prior to submission to the ESC.

This Corporate Initiative aims to address our Customer Strategic Risk and Product Quality Strategic Risk.



Koala fed with fodder grown at Westernport Water's King Road Wastewater Treatment Plant

Our people are safe and well, every day

Workplace Health & Safety (WHS) is a collaborative effort - we are all responsible for our own safety as well as that of those around us. It is the responsibility of everyone within the organisation to exercise their duty of care to ensure that hazards and incidents are reported and rectified. We care about each other, we have the courage to speak up when something isn't safe, and we are committed to going home safe and well every day.

2. Deliver Year One of the Workplace Health and Safety Strategy (2021-24)

In 2021-22, Westernport Water will continue to place WHS at the forefront of everything we do. Following the development of a three year WHS Strategy in 2020-21, we will deliver year one this financial year. The strategy provides a blueprint for continuous improvement to further embed a culture where safety behaviours are intrinsic and lived daily. There are five key pillars of focus:

- Safety leadership and capability
- Technology and systems
- Risk management
- Communications
- Injury and illness prevention/health surveillance.

This Corporate Initiative aims to address our Health and Safety Strategic Risk and Regulatory Strategic Risk.

We are a great place to work

Westernport Water is proud of its inclusive, diverse and engaged workforce. Diversity and inclusion is an intrinsic part of how we do business at Westernport Water. It is woven through all that we do. It links our strategies and plans, guides our behaviours and values, and drives our relationships with our community. We are committed to developing a strong workplace culture, as evidenced by five consecutive years of improvement in employee engagement scores.

3. Deliver Year One of the Diversity and Inclusion Strategy (2021-24)

Over the past four years, Westernport Water has built strong foundations for the creation of a diverse and inclusive workforce. Our 2016-20 Diversity & Inclusion Plan delivered gender equity across our senior leadership, high levels of flexibility for our people to manage their work and personal commitments (including caring for family members), and significant progress in the diversity of our workforce including providing opportunities for Aboriginal and Torres Strait Islander people. 2020-21 saw the development of a new Diversity & Inclusion Strategy that enables us to build on our success and further strengthen the inclusive and diverse culture of our organisation.

The new strategy will assist us in ensuring compliance with the Gender Equality Act 2020, promoting learning across different generations enabling succession planning, as well as closing gaps for Aboriginal and Torres Strait Islander people, people living with disability and members of the LGBTIQ+ community.

This Corporate Initiative aims to address our People Strategic Risk and Stakeholder Strategic Risk.



Staff representing Westernport Water at a community event

Our assets enable the sustainable delivery of products and services

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.

4. Deliver Year Two of the Cowes Wastewater Treatment Plant, Stage 2 Upgrade Project

Year Two of the Cowes Wastewater Treatment Plant upgrade includes constructing a new 24m diameter clarifier, refurbishments of the existing clarifiers and associated works. Construction activities are due to commence in April 2021 with the construction phase expected to be completed by February 2022, and further improvements planned for 2023 and beyond.

This Corporate Initiative aims to address our Asset Management Strategic Risk.

5. Replace the San Remo Basin Liner and Cover

The San Remo Basin has a total capacity of 30ML and is the main storage for our potable water supply system. The basin was originally constructed in 1968 as an uncovered earthen basin. In 1999, the basin was upgraded with a liner and floating cover to provide a closed system that is protected from contamination and provides secondary disinfection.

The San Remo Basin renewal project has been included as one of Westernport Water's top ten projects in our PS1 with a capital budget allocation of \$2.19M.

The design phase of the project has commenced, and works are expected to begin in February 2022.

This Corporate Initiative aims to address our Customer Strategic Risk and Asset Management Strategic Risk.

6. Deliver the 2021-22 Water Quality Improvement Plan

The commencement of a new Water Quality Improvement Plan will focus on operational improvements in water quality. This year will primarily focus on improvements within our distribution system. The program will include the following focus areas:

- Review disinfection management across the network and identify areas for improvement.
- Develop processes and procedures for ongoing cleaning of our network including swabbing and air scouring programs.
- Develop whole of business education of water treatment.

This will ensure Westernport Water continues to deliver the best quality water to our customers.

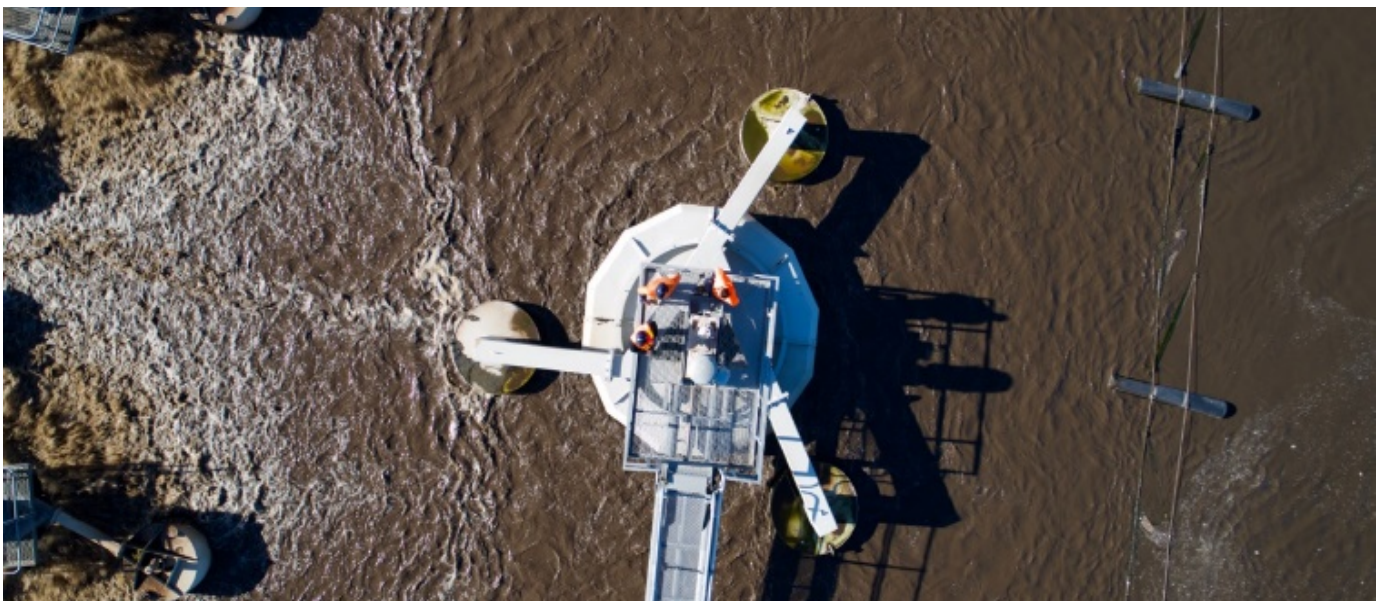
This Corporate Initiative aims to address our Customer Strategic Risk and Product Quality Strategic Risk.

7. Commence development of PS23: Capital program

As at 30 June 2020, Westernport Water own, operate, and maintain \$214M of assets (infrastructure, property, plant and equipment) on behalf of the State to enable sustainable delivery of products and services to our customers and community. Over the next regulatory period (2023-28) some of these assets will require repair, renewal or upgrade through our capital works program.

The development of this capital program will ensure that Westernport Water assets and systems across the region continue to deliver products and services to meet the expectations of our customers.

This Corporate Initiative aims to address our Asset Management Strategic Risk and Customer Strategic Risk.



Aerial view at Cowes Wastewater Treatment Plant

We are a valued member of the community we serve

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

At Westernport Water, we believe that community and stakeholder engagement is successful when communities can:

- influence outcomes by having a say in the development of our products and services
- better understand our priorities and challenges, why they are being engaged, and their level of influence in the engagement process
- access a variety of platforms to share their thoughts, opinions, and ensure their concerns are acknowledged and addressed
- provide advice and recommendations that will shape the preferred solution and deliver better outcomes.

8. Deliver Year Two of the '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 'Reflect Reconciliation Action Plan (RAP)' under Reconciliation Australia's four-stage reconciliation framework was endorsed in May 2018 and delivered in May 2019. In July 2020, Westernport Water's 'Innovate RAP' was endorsed by Reconciliation Australia. The 'Innovate' RAP will build upon the learnings from our inaugural Reflect RAP and represents the second stage under Reconciliation Australia's framework.

Our Innovate RAP sets out our commitments for a two year period from July 2020 to July 2022 and focuses on creating opportunities and strengthening relationships with Aboriginal and Torres Strait Islander Peoples, engaging with staff and stakeholders in reconciliation and recognition and embedding processes and systems into strategic documents and at all levels of the business.

This Corporate Initiative aims to address our Stakeholder Strategic Risk.



Smoking ceremony in Wonthaggi attended by members of the RAP Group to commemorate Tunnerminerwait and Maulboyheener

We value and protect our natural environment

Westernport Water understands 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
- considering recreational values and integrated water management.

9. Continue implementation of the Environmental Management System

Westernport Water has undertaken a review of the Environmental Management System (EMS) in accordance with ISO 14001: 2015 EMS Standard. The review included specific updates to the EMS and ongoing continuous improvement of the EMS by Westernport Water staff. After 1 July 2021, the new Environment Protection Act will come into effect, which is largely underpinned by a General Environmental Duty (GED).

The 2021-22 deliverables for this corporate initiative include:

- Continue to embed the EMS across the business and its corporate systems.
- Drive a strong organisation culture that understands, values and prioritises environmental management.
- Assess the alignment of the EMS in meeting the GED.

This Corporate Initiative aims to address our Environmental Strategic Risk.

10. 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 (equal to 5,598 tonnes CO₂-e in the SoO-ER), compared to the baseline, and identifies measures to be achieved by 2025 in accordance with:

- The Victorian Government's Water for Victoria strategic plan.
- Take2 Victoria's climate change pledge.
- 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 2021-22 include:

- Progress identified projects from the Net Zero Emissions and Smart Energy Strategy and implementation road map delivered in 2020-21.
- Implementation of projects identified in level 2 energy audits for improved efficiency at two key highest emitting sites, aiming for at least a 5 per cent reduction in energy consumption at each site.
- Continue to implement Climate Change Adaptation Plan actions across the business and ensure alignment with latest guidance from DELWP Water Sector Climate Change Adaptation Plan.
- Continue to work with our community on local opportunities to develop renewable energy options.

- Progress feasibility studies for carbon offsetting on Westernport Water land and its potential role in offsetting scope 1 emissions in the next pledge period.

This Corporate Initiative aims to address our Environmental Strategic Risk and Climate Change Strategic Risk.

11. Develop Urban Water Strategy (2022)

The Urban Water Strategy (UWS) is a key planning tool in delivering a safe and sustainable water supply for our area. The UWS will provide a long term outlook of 50 years whilst considering the total water cycle by applying the principals of integrated urban water management.

The development of the UWS will include robust consultation with our community and stakeholders to ensure that our water supply is effectively managed to meet their various and diverse needs for water.

The following principles will be applied for the development of the UWS:

- System performance and diversity.
- Integrated planning requirements.
- Taking action.
- Customer involvement.

The UWS will be submitted to the Minister for Water in March 2022.

This Corporate Initiative aims to address our Environmental Strategic Risk and Climate Change Strategic Risk.

12. Continue to participate in Catchment and Regional Integrated Water Management outcomes

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 2021-22 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.

The following IWM strategic priority projects support the Westernport Water service region:

- San Remo stormwater harvesting system.
- Bass Coast Municipality Biolinks Action Plan.
- King Road, Coronet Bay WWTP irrigation storage and expansion with recycled water.
- CWWTP Plan irrigation expansion with recycled water.

This Corporate Initiative aims to address our Asset Management Strategic Risk.

Our business is financially sustainable through sound governance and prudent investment

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.

13. 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 our Financial Strategic Risk.

14. Replace and modernise MV-RS meter reading to support customer billing

Westernport Water will deliver business improvements with the replacement of our existing meter reading technology which has reached end of life and requires replacement and modernisation to conform to new standards.

This Corporate Initiative aims to address our Technology Strategic Risk and Customer Strategic Risk.

15. Commence development of PS23: Financial modelling

The upcoming price review will determine the maximum prices that water businesses can charge over the next regulatory period (2023-28). In preparation, it is important that Westernport Water analyses our past financial performance and the key assumptions that will underpin our operational and capital expenditure in the next regulatory period. This includes a review of cost pressures, major growth drivers and opportunities for efficiency.

Early planning will enable Westernport Water to build a strong evidence base for the submission, reflecting an affordable pricing proposal based on prudent and efficient expenditure that addresses customer priorities and value.

This Corporate Initiative aims to address our Stakeholder Strategic Risk, Financial Strategic Risk and Customer Strategic Risk.

16. Deliver Year One of the Technology Roadmap

The Technology Roadmap is Westernport Water's plan of action to both implement new technology solutions and maintain existing solutions, by defining a clear path for technology use within the organisation. This aligns the expectations of key stakeholders, lays out a sequence of projects to ensure continued technological innovation within the organisation and ensures the continued efficient application of Westernport Water resources.

The 2021-22 deliverables for this initiative identify the projects required to meet the technology target state program defined within Year One of the Technology Roadmap.

This Corporate Initiative aims to address our Technology Strategic Risk and Financial Strategic Risk.

Key Business Drivers of Corporate Plan 2021-26

Price Submission 1 (2018-23)

The 2021-26 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 2021-22 are increasing by CPI only as per PS1 assumptions, with fixed service and usage revenue expected to perform within 1 per cent variance to budget expectations for the PS1 2018-23 regulatory period.

A 56 per cent increase in gifted asset developments against PS1 budget has increased non-cash revenue which will provide future benefits to the Corporation through additional service connections to the network. Increases in operational expenditure largely attributed to an increase in reactive maintenance, electricity and chemical usage will result in a slight decrease in cash held compared to PS1 projections.

A lower than planned employee vacancy rate during the first three years of the PS1 has increased employee costs against PS1 budget assumptions. An additional permanent FTE is planned for 2021-22 to assist with delivery of the Climate Change Strategy Action Plan and a temporary 0.6 FTE position is required to assist with the development of the upcoming pricing submission for the next regulatory period.

The Corporate System Replacement Project is currently under review leading to uncertainty regarding scope, timing and funding. Findings from the review will be considered in June 2021 and actions will be included in Year One of the Technology Roadmap in 2021-22. An indicative capital budget of \$1.2M has been included within the 2021-22 Capital Program.

Variations to PS1 are detailed in Appendix D.

Debt Management

Debt management remains a key focus in maintaining the financial stability of the Corporation. The 2021-26 Corporate Plan continues to actively manage debt levels and balance debt against capital program requirements.

The PS1 capital program has been reprofiled against the original budget. This was largely due to interruptions to work schedules resulting from COVID-19 restrictions experienced during 2020-21. Short term borrowings and investment will be utilised to smooth cash flow, with longer term borrowings directed towards the financing of the capital program.

Fixed loans of \$1.5M will be repaid and a further \$3.2M will be borrowed to ensure funding requirements for the 2021-22 capital programs are met. The increase of \$1.2M in borrowings above PS1 budget in 2021-22 will be required to fund the reprofiling of capital works and will not be repaid prior to the end of the PS1 period.

The minimal increase to debt will not impact the Corporation's commitment to maintain the 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 following table shows the level of fixed debt for the Corporation over the five year Corporate Plan period (excluding temporary borrowing facilities).

Fixed Debt \$'000	2020-21 Forecast	2021-22 Budget	2022-23 Budget	2023-24 Budget	2024-25 Budget	2025-26 Budget
Total Fixed Debt Budget per PS1	6,940	7,940	7,940	7,940	7,940	7,940
Total Fixed Debt Budget	6,940	10,140	9,140	9,140	9,140	9,140
Variance	0	(2,200)	(1,200)	(1,200)	(1,200)	(1,200)

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 2021-26 Corporate Plan. This Framework has been utilised in the annual review 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 and the achievement of corporate objectives. The identification of threats continues to assist in the development of controls and treatment plans to reduce or mitigate the risk.

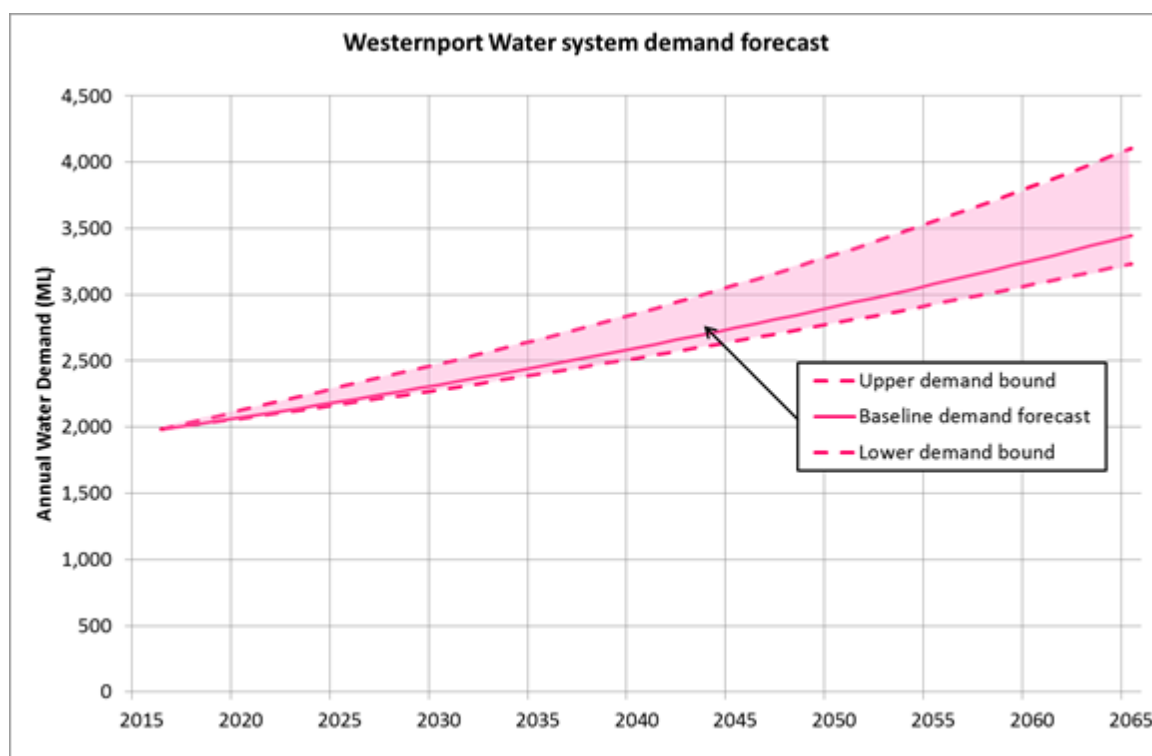
Financial Analysis, Considerations and Projections

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 results.

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 Victorian Government's Victoria In 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. An updated Urban Water Strategy will be delivered in March 2022 which will review the previous demand forecasting for the next 50 years.



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

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 Westernport Water 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 2021-22

Westernport Water's Recycled Water Strategy 2018-23 provides an over-arching framework to support the continued uptake of recycled water to ultimately reduce volumes of treated wastewater discharged to the ocean from the CWWTP.

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 and 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 the extension of the pilot project to use Class B recycled water on agricultural land.

KRWWTP treats sewage from Grantville, Coronet Bay, Corinella, Tenby Point and 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 key projects for 2021-22 from our Recycled Water Strategy include:

- expansion of irrigation to newly purchased land at KRWWTP.
- explore expansion opportunities of irrigation areas within our existing wastewater treatment plant sites.
- upgrades of our recycled water infrastructure to meet customer demands.
- ongoing assessment of effectiveness of the pilot B trial from the CWWTP.
- 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	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
CPI % assumptions	2.19	1.1	2.3	2.3	2.3	2.3
Water & Recycled Water Volumetric pricing per kL						
Potable (Residential)	\$2.0306	\$2.0262	\$2.0728	\$2.1205	\$2.1692	\$2.2191
Potable (Non-residential)	\$2.0306	\$2.0262	\$2.0728	\$2.1205	\$2.1692	\$2.2191
Recycled Water (Residential)	\$1.1214	\$1.1339	\$1.1600	\$1.1867	\$1.2140	\$1.2419
Recycled Water (Non-residential less than 5,000kL p.a.)	\$0.5455	\$0.5515	\$0.5642	\$0.5772	\$0.5904	\$0.6040
Recycled Water (Non-residential more than 5,001kL p.a.)	\$0.4484	\$0.4533	\$0.4637	\$0.4744	\$0.4853	\$0.4965
Connected Fixed Charges \$ per annum						
Residential						
Water	\$393.97	\$393.90	\$402.96	\$412.23	\$421.71	\$431.41
Waste	\$609.23	\$607.94	\$621.92	\$636.23	\$650.86	\$665.83
Reuse	\$28.02	\$28.33	\$28.98	\$29.65	\$30.33	\$31.03
Non-Residential						
Water (20mm tapping)	\$393.97	\$393.90	\$402.96	\$412.23	\$421.71	\$431.41
Water (25mm tapping)	\$709.16	\$709.05	\$725.36	\$742.04	\$759.11	\$776.57
Water (32mm tapping)	\$1,339.85	\$1,339.65	\$1,370.46	\$1,401.98	\$1,434.23	\$1,467.22
Water (40mm tapping)	\$2,443.13	\$2,442.77	\$2,498.95	\$2,556.43	\$2,615.23	\$2,675.38
Water (50mm tapping)	\$4,374.07	\$4,373.43	\$4,474.02	\$4,576.92	\$4,682.19	\$4,789.88
Water (65mm tapping)	\$8,926.71	\$9,026.23	\$9,233.83	\$9,446.21	\$9,663.47	\$9,885.73
Water (80mm tapping)	\$15,092.77	\$15,090.57	\$15,437.65	\$15,792.72	\$16,155.95	\$16,527.54
Water (100mm tapping)	\$27,151.31	\$27,147.37	\$27,771.76	\$28,410.51	\$29,063.95	\$29,732.42
Water (150mm tapping)	\$62,578.57	\$62,569.48	\$64,008.58	\$65,480.78	\$66,986.83	\$68,527.53
Waste	\$609.23	\$607.94	\$621.92	\$636.23	\$650.86	\$665.83
Waste (> 2 cistern per property)	\$225.00	\$224.52	\$229.68	\$234.97	\$240.37	\$245.90
Unconnected Fixed Charges \$ per annum						
Water	\$196.97	\$196.93	\$201.46	\$206.09	\$210.83	\$215.68
Waste	\$305.15	\$304.50	\$311.50	\$318.67	\$326.00	\$333.50

Note: *The Tariff Schedule for 2021-22 above has been calculated using the approved CPI increase of 1.1 per cent released by the Essential Services Commission on 28/4/2021 through the annual tariff approval process and includes required adjustments as per Schedule 5 of PS1 2018-23 which has resulted in a negative price path for 2021-22.

Customer Impact Table

Average Residential Account (81 kL)	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Water Fixed	\$393.97	\$393.90	\$402.96	\$412.23	\$421.71	\$431.41
Volumetric	\$164.48	\$164.12	\$167.90	\$171.76	\$175.71	\$179.75
Waste Fixed	\$609.23	\$607.94	\$621.92	\$636.23	\$650.86	\$665.83
Total	\$1,167.68	\$1,165.96	\$1,192.78	\$1,220.21	\$1,248.28	\$1,276.99
% Change	0.71%	-0.15%	2.30%	2.30%	2.30%	2.30%
Average Commercial Account (609 kL)						
Water Fixed	\$393.97	\$393.90	\$402.96	\$412.23	\$421.71	\$431.41
Volumetric	\$1,236.64	\$1,233.96	\$1,262.34	\$1,291.37	\$1,321.07	\$1,351.46
Waste Fixed	\$609.23	\$607.94	\$621.92	\$636.23	\$650.86	\$665.83
Total	\$2,239.84	\$2,235.80	\$2,287.22	\$2,339.83	\$2,393.64	\$2,448.69
% Change	0.73%	-0.18%	2.30%	2.30%	2.30%	2.30%
Average Tenant Account (81 kL)						
Volumetric	\$164.48	\$164.12	\$167.90	\$171.76	\$175.71	\$179.75
% Change	0.75%	-0.22%	2.30%	2.30%	2.30%	2.30%

Operating Environment Assumptions 2021-26

The COVID-19 pandemic declared on 11 March 2020 by the World Health Organisation impacted Australian and global economies and although considered transitory, it is expected to have significant long-term economic effects. The 2021-22 Corporate Plan has factored in the immediate known operational impacts from COVID-19 however has assumed a business as usual approach for the longer term as at the time of writing, the ongoing impacts from COVID-19 are currently unknown.

As Westernport Water enters into the fourth year of the five year regulatory period under PS1, it remains committed to ensuring that products and services remain affordable and that customers experiencing financial hardship are supported with flexible payment options and targeted hardship grants to manage the impacts of COVID-19.

Development activity is expected to perform above PS1 expectations for 2021-22 however this is largely attributed to the additional income from the relocation of assets resulting from the VicRoads roundabout replacement program and not additional growth. It is expected that non-cash development revenue will perform 56 per cent above budget during the PS1 regulatory period.

The decision to absorb the increase in the Melbourne Bulk Water entitlements charge during the PS1 regulatory period has also reduced the available annual operating expenditure year on year. Due to minimised fixed revenue growth and added uncontrollable cost constraints, Westernport Water is focusing on cost containment to maintain a sustainable position, whilst ensuring minimum impact to customer bills.

The 2021-22 Corporate Plan budget sets the baseline revenue requirement for the next five year regulatory period. 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 capital program is being driven by operational needs in alignment with PS1 requirements and limits across the full ten year PS1 forecast. Key projects are outlined in the Capital Expenditure tables in Appendix C.

Finance Assumptions 2021-22

The financial assumptions set out below form the basis for the budgeted net profit after tax result of \$406k and a positive net cash flow from operating activities.

Revenue Assumptions

Service Charges:

- The Tariff Schedule for 2021-22 has been calculated using the approved CPI increase of 1.1 per cent released by the Essential Services Commission on 28/4/2021 through the annual tariff approval process. As per Schedule 5 of PS1 2018-23 this includes required adjustments for cost of debt and Melbourne Water charges which has resulted in a reduction in average residential accounts for 2021-22 compared to 2020-21 of approximately 0.15 per cent.
- Residential customer growth of 1.4 per cent.
- Non-residential connection growth of 0.9 per cent.

Water Usage:

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

Developer Income:

- Creation of approximately 166 new allotments which is a reduction from 209 new allotments in 2020-21. Additional developer income received from the creation of the relocation of assets resulting from the VicRoads roundabouts replacement program will contribute to a 56 per cent increase in developer revenue above PS1 Year 4 budget assumptions. It is anticipated that the VicRoads developer revenue works will conclude in 2021-22, with no additional works planned.

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 (2 per cent increase in base rates and allowances).
- Electricity usage overall is planned to reduce however the cost of electricity supply has increased above PS1 budget assumptions. The introduction of alternate solar in 2019-20 has also contributed to the reduction in electricity usage over the PS1 regulatory period.
- Chemical use has been impacted by the variability of raw water inflows into Candowie Reservoir and above CPI increase in costs.
- A cost allocation of \$52k for the use of the Melbourne Water Supply System (approximately 200ML) to enable the use of the desalination pipeline supply point (DP6) will ensure security of water supply through alternate sources when required. This cost will be partially offset by the benefit of a reduction in electricity costs at the treatment plant of \$12k and chemical costs of \$5k when the supply system is in use.
- Environmental Contribution levied at 5 per cent of 2018-19 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 in line with historical trends, 2.5 per cent below PS1 assumptions.
- Insurance costs have increased by 18 per cent as per the Victorian water industry 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 \$514k. As noted above, this forecast result has been derived using several assumptions. Within these assumptions there are several which could have a material impact on the financial outcome for 2021-22. A sensitivity analysis has been prepared to highlight the impact of the key variables on our forecast result.

Based on the sensitivity analysis the NPAT result could range from a loss of \$0.869M to a profit of \$1.680M. 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 (\$1.05M) - cash component - contributed assets	Revenue subject to local and nationwide economic factors, beyond the control of Westernport Water. No sign of imminent loss of revenue. Capital Revenue could be negatively affected by the impacts on development due to COVID-19.
Water Usage	A 5 per cent change in consumption will impact revenue by \$211k. *A 10 per cent change in consumption will impact revenue by \$422k. *A 20 per cent change in consumption will impact revenue by \$844k. *A 50 per cent change in consumption will impact revenue by \$2.11M.	Customer water consumption subject to seasonal condition over peak periods. Water usage consumption could be negatively affected by the impacts of COVID-19.
Electricity	A 10 per cent change in usage will impact expenditure by \$76k.	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 2.5 per cent increase in vacancy rate will result in a \$218k increase in employee costs.	The PS1 budget included a 3.5 per cent vacancy rate. Westernport Water has maintained <1 per cent vacancy rate since 2018-19. The 2021-22 budget includes a vacancy rate of 1 per cent which is 2.5 per cent below the PS1 Year 4 assumptions.

Service Charges	<p>A 10 per cent change in service charges received will impact cash revenue by \$1.924M</p> <p>*A 20 per cent change in service charges received will impact revenue by \$3.848M</p> <p>*A 50 per cent change in service charges received will impact revenue by \$9.62M</p>	Service Charges revenue is fixed however cash flow could be negatively affected by the impacts of COVID-19 due to the inability of customer to pay. Delays in payment could have a negative impact to cash flow which could also result in increased borrowings and related interest charges.
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**alternate scenarios*

Each risk has been assessed in terms of the consequence on the business should the risk emerge 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 to a loss of \$0.869M. It is 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	2021-22 budget	Capital revenue	Water usage	Electricity	Employee Costs	Net result
Total Revenue	26,281	-	-	-	-	28,281
Revenue Adjustment	50	(1,050)	(211)	-	-	(1,211)
Total Opex	(25,645)	-	-	-	-	(25,645)
Opex Adjustment	-	-	-	(76)	(218)	(294)
NPBT	686	-	-	-	-	(869)
Tax	(171)	-	-	-	-	-
NPAT	514	-	-	-	-	(869)

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 \$514k to \$1.68M during 2021-22.

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

Profit & loss \$'000	2021-22 budget	Capital revenue	Water usage	Electricity	Employee Costs	Net result
Total Revenue	26,281	-	-	-	-	26,281
Revenue Adjustment	50	1,050	211	-	-	1,311
Total Opex	(25,645)	-	-	-	-	(25,645)
Opex Adjustment	-	-	-	76	218	294
NPBT	686	-	-	-	-	2,240
Tax	(171)	-	-	-	-	(560)
NPAT	514	-	-	-	-	1,680

Customer and Demand Assumptions 2021-22

Property Forecast 2021-22

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 1.4 per cent from 2020-21
- Growth in non-residential connections of 0.9 per cent from 2020-21
- No growth predicted in unconnected vacant residential land.

Property type	Property numbers 2020-21 Forecast	Pricing Submission Year 3	Variance from PS1 Year 3	Property Numbers 2021-22 Planned	Pricing Submission Year 4	Variance from PS1 Year 4
Residential	16,480	16,313	1.02%	16,711	16,614	0.58%
Vacant Land	2,065	1,500	37.67%	2,000	1,500	33.33%
Commercial	1,100	1,178	-6.62%	1,110	1,202	-7.65%
Total Properties	19,645	18,991	3.44%	19,821	19,316	2.61%

Customer Demand Forecast 2021-22

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 the 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 which is in line with PS1 assumptions.

- Annual residential water connections demand forecast 81.06 kL
- Annual non-residential water connections demand forecast 609.01 kL.

Customer type	Forecast Demand 2020-21 ML	Demand 2021-22 ML	Pricing Submission Year 4 ML	Variance from PS1 Year 4%
Residential	1,276	1,386	1,345	3.05%
Commercial	630	691	732	-5.60%
Total Customer Demand	1,906	2,077	2,077	0.00%

Appendix A – Financial Templates

Table A1 – Operating Revenue

Operating Statement \$'000	2020-21 Forecast	2021-22	2022-23	2023-24	2024-25	2025-26
Revenue						
Service Charges	18,840	19,238	19,956	20,701	21,474	22,275
Usage Charges	4,252	4,210	4,307	4,406	4,508	4,611
Developer Contribution	700	700	716	733	749	767
Developer Contribution - Gifted Assets	3,500	1,400	800	800	800	800
Investment Interest	13	10	10	10	10	10
Other Revenue	752	722	750	765	780	796
Total Revenue	28,057	26,281	26,540	27,415	28,321	29,259
Expense						
Operating & Maintenance Expense	2,714	2,469	2,525	2,583	2,643	2,704
Administration Expense	3,879	3,811	3,528	3,609	3,692	3,777
Environmental Contributions	1,080	1,080	1,080	1,080	1,080	1,080
Borrowing Cost / Interest Expense	315	340	340	340	340	340
Depreciation / Amortisation	6,593	7,253	7,325	7,398	7,472	7,547
IT	1,836	1,804	1,846	1,888	1,932	1,976
Labour	8,226	8,713	8,930	9,154	9,383	9,617
Consultants	183	176	180	184	188	193
Total Expense	24,826	25,645	25,755	26,237	26,730	27,234
Net Operating Profit Before Tax	3,231	636	784	1,177	1,591	2,025
Profit on sale of disposal of assets	100	50	50	50	50	50
Net Profit Before Tax	3,331	686	834	1,227	1,641	2,075
Tax	866	171	209	307	410	519
Net Profit After Tax	2,465	514	626	921	1,230	1,556
Net Profit - Retained Earnings	2,465	514	626	921	1,230	1,556

Operating Statement \$'000	2020-21 Forecast	2021-22	2022-23	2023-24	2024-25	2025-26
Retained Earnings - Opening Balance	68,388	70,853	71,367	71,993	72,914	74,144
Retained Earnings - Closing Balance	70,853	71,367	71,993	72,914	74,144	75,700

Table A2 – Operating Revenue by Quarter 2021-22

Operating Statement 2021-22 \$'000	Q 1 Period	Q2 Period	Q2 YTD	Q3 Period	Q3 YTD	Q4 Period	Q4 YTD
Revenue							
Service Charges	4,790	4,800	9,590	4,819	14,409	4,829	19,238
Usage Charges	1,048	1,051	2,099	1,055	3,154	1,057	4,210
Developer Contribution	174	175	349	175	524	176	700
Developer Contribution - Gifted Assets	349	349	698	351	1,049	351	1,400
Investment Interest	2	2	5	3	7	3	10
Other Revenue	180	180	360	181	541	181	722
Total Revenue	6,544	6,557	13,101	6,583	19,684	6,596	26,281
Expense							
Operating & Maintenance Expense	568	592	1,160	667	1,827	642	2,469
Administration Expense	876	915	1,791	1,029	2,820	991	3,811
Environmental Contributions	270	270	540	270	810	270	1,080
Borrowing Cost / Interest Expense	85	85	170	85	255	85	340
Depreciation / Amortisation	1,813	1,813	3,626	1,813	5,439	1,813	7,253
IT	415	433	848	487	1,335	469	1,804
Labour	2,004	2,091	4,095	2,352	6,447	2,265	8,713
Consultants	40	42	83	48	130	46	176
Total Expense	6,072	6,242	12,313	6,751	19,064	6,581	25,645
Net Operating Profit Before Tax	472	315	788	(167)	620	15	636
Non-Operating Items							
Profit on sale of disposal of assets	13	13	25	13	38	13	50
Net Profit Before Tax	485	328	813	(155)	658	28	686
Tax	121	82	203	0	164	7	171
Net Profit After Tax	363	246	609	(155)	493	21	514
Net Profit - Retained Earnings	363	246	609	(155)	493	21	514

Operating Statement 2021-22 \$'000	Q 1 Period	Q2 Period	Q2 YTD	Q3 Period	Q3 YTD	Q4 Period	Q4 YTD
Retained Earnings - Opening Balance	70,853	71,217	70,853	71,463	70,853	71,346	70,853
Retained Earnings - Closing Balance	71,217	71,463	71,463	71,308	71,346	71,367	71,367

Table A3 – Balance Sheet

Balance Sheet \$'000	2020-21 Forecast	2021-22 Budget	2022-23 Budget	2023-24 Budget	2024-25 Budget	2025-26 Budget
Current Assets						
Cash & Cash Equivalents	500	1,082	2,328	3,607	3,723	4,226
Receivables	3,539	3,118	2,972	2,631	2,284	1,930
Inventories	392	400	408	416	424	433
Prepayments	172	218	192	197	205	209
Total Current Assets	4,603	4,818	5,900	6,852	6,636	6,798
Non-current assets						
Property Plant & Equipment	362,120	372,013	379,561	385,142	393,292	402,916
Less Accumm Depreciation	(147,930)	(155,183)	(162,508)	(169,906)	(177,379)	(184,926)
PP&E at WDV	214,190	216,830	217,053	215,236	215,914	217,991
Work In Progress	4,250	4,175	2,400	4,152	4,941	4,451
Intangibles	674	1,674	1,674	1,674	1,674	1,674
Receivables	55	64	66	65	67	67
Total Non-current Assets	219,169	222,743	221,193	221,127	222,596	224,183
Total Assets	223,772	227,562	227,092	227,978	229,232	230,981
Current Liabilities						
Borrowings	1,500	1,250	1,000	1,250	690	1,000
Employee Benefits	1,790	1,835	1,897	1,850	1,901	1,949
Payables	1,425	1,425	1,258	1,562	1,593	1,625
Unearned Income	3,100	3,265	3,321	3,041	2,853	2,921
Total Current Liabilities	7,815	7,776	7,476	7,703	7,037	7,495
Non-current Liabilities						
Borrowings	5,440	8,890	8,140	7,890	8,450	8,140
Employee Benefits	225	227	269	232	219	220
Deferred Tax Liability	28,719	27,691	26,699	25,806	25,016	24,115
Total Non-current Liabilities	34,384	36,808	35,108	33,928	33,685	32,475
Total Liabilities	42,199	44,583	42,584	41,631	40,723	39,970

Balance Sheet \$'000	2020-21 Forecast	2021-22 Budget	2022-23 Budget	2023-24 Budget	2024-25 Budget	2025-26 Budget
Net Assets	181,573	182,978	184,508	186,347	188,509	191,011
Equity						
Retained Earnings	70,853	71,367	71,993	72,914	74,144	75,700
Asset Revaluation Reserve	59,397	60,288	61,192	62,110	63,042	63,987
Contributed Capital	51,323	51,323	51,323	51,323	51,323	51,323
Total Equity	181,573	182,978	184,508	186,347	188,509	191,011

Table A4 – Balance Sheet by Quarter 2021-22

Balance Sheet 2021-22 \$'000	Q 1	Q2	Q3	Q4
Current Assets				
Cash & Cash Equivalents	1,918	1,796	1,656	1,082
Receivables	3,514	3,364	3,330	3,118
Inventories	393	398	389	400
Prepayments	180	191	207	218
Total Current Assets	6,005	5,749	5,582	4,818
Non-current assets				
Property Plant & Equipment	362,916	366,276	368,965	372,013
Less Accumm Depreciation	(147,930)	(149,940)	(152,561)	(155,183)
PP&E at WDV	214,986	216,336	216,403	216,830
Work In Progress	4,250	4,225	4,200	4,175
Intangibles	674	1,007	1,341	1,674
Receivables	57	59	61	64
Total Non-current Assets	219,967	221,628	222,005	222,743
Total Assets	225,972	227,377	227,587	227,562
Current Liabilities				
Borrowings	1,000	1,000	750	1,250
Employee Benefits	1,797	1,803	1,811	1,835
Payables	1,421	1,424	1,403	1,425
Unearned Income	3,125	3,149	3,210	3,265
Total Current Liabilities	7,343	7,376	7,174	7,776
Non-current Liabilities				
Borrowings	7,940	9,140	9,390	8,890
Employee Benefits	225	225	225	227
Deferred Tax Liability	28,527	28,453	28,732	27,691
Total Non-current Liabilities	36,692	37,818	38,347	36,808
Total Liabilities	44,035	45,194	45,521	44,583

Balance Sheet 2021-22 \$'000	Q 1	Q2	Q3	Q4
Net Assets	181,937	182,183	182,066	182,978
Retained Earnings	71,217	71,463	71,346	71,367
Asset Revaluation Reserve	59,397	59,397	59,397	60,288
Contributed Capital	51,323	51,323	51,323	51,323
Total Equity	181,937	182,183	182,066	182,978

Table A5 – Cash Flow Statement

Cash Flow \$'000	2020-21 Forecast	2021-22 Budget	2022-23 Budget	2023-24 Budget	2024-25 Budget	2025-26 Budget
Cash Flows from Operating Activities						
Receipts from Customers	24,688	26,079	26,929	27,809	28,719	29,661
Receipts from Government	935	765	769	773	777	780
Payments to Suppliers and Employees	(21,766)	(22,162)	(22,184)	(22,627)	(23,080)	(23,545)
Refund from ATO	1,436	1,641	1,218	1,321	1,500	1,543
Interest Received	10	13	13	13	13	13
Interest Paid	(136)	(265)	(265)	(265)	(265)	(265)
FAL Paid	(75)	(75)	(75)	(75)	(75)	(75)
Net Cash from Operating Activities	5,092	5,995	6,404	6,948	7,588	8,112
Cash Flows from Investing Activities						
Payments for Property, Plant & Equipment	(9,269)	(8,793)	(4,338)	(5,849)	(7,652)	(7,789)
Proceeds from Sale of Property, Plant & Equipment	238	180	180	180	180	180
Net Cash from / (Used in) Investing Activities	(9,031)	(8,613)	(4,158)	(5,669)	(7,472)	(7,609)
Cash Flows from Financing Activities						
Proceeds from Borrowings	1,250	4,700	1,150	1,000	1,250	690
Repayment of Borrowings	(1,000)	(1,500)	(2,150)	(1,000)	(1,250)	(690)
Net Cash from Financing Activities	250	3,200	(1,000)	-	-	-
Net Increase (Decrease) For Year	(3,689)	582	1,246	1,279	115	503
Opening Cash Balance	4,189	500	1,082	2,328	3,607	3,723
Closing Cash Balance	500	1,082	2,328	3,607	3,723	4,226

Table A6 – Cash Flow Statement by Quarter for 2021-22

Cash Flow 2021-22 \$'000	Q1 Period	Q2 Period	Q2 YTD	Q3 Period	Q3 YTD	Q4 Period	Q4 YTD
Cash Flows from Operating Activities							
Receipts from Customers	6,064	6,884	12,948	6,607	19,554	6,524	26,079
Receipts from Government	690	45	735	15	750	15	765
Payments to Suppliers and Employees	(5,201)	(6,212)	(11,413)	(5,222)	(16,634)	(5,528)	(22,162)
Refund from ATO	470	417	887	380	1,266	375	1,641
Interest Received	3	3	6	4	10	3	13
Interest Paid	(38)	(95)	(133)	(38)	(170)	(95)	(265)
FAL Paid	(19)	(19)	(38)	(19)	(56)	(19)	(75)
Net Cash from Operating Activities	1,970	1,023	2,993	1,726	4,719	1,276	5,995
Cash Flows from Investing Activities							
Payments for Property, Plant & Equipment	(2,597)	(2,390)	(4,987)	(1,911)	(6,899)	(1,895)	(8,793)
Proceeds from Sale of Property, Plant & Equipment	45	45	90	45	135	45	180
Net Cash from / (Used in) Investing Activities	(2,552)	(2,345)	(4,897)	(1,866)	(6,764)	(1,850)	(8,613)
Cash Flows from Financing Activities							
Proceeds from Borrowings	2,500	1,200	3,700	-	3,700	1,000	4,700
Repayment of Borrowings	(500)	-	(500)	-	(500)	(1,000)	(1,500)
Net Cash from Financing Activities	2,000	1,200	3,200	-	3,200	0	3,200
Net Increase (Decrease) For Year	1,418	(122)	1,296	(140)	1,155	(574)	582
Opening Cash Balance	500	1,918	500	1,796	500	1,656	500
Closing Cash Balance	1,918	1,796	1,796	1,656	1,656	1,082	1,082

Appendix B – Regulatory Performance Indicators

Table B1 – Financial Performance Indicators

Financial Performance Indicators	2017-18 Actual	2018-19 Actual	2019-20 Actual	2020-21 Projected	2021-22 Projected	2022-23 Projected	2023-24 Projected	2024-25 Projected	2025-26 Projected
F1 Cash Interest Cover Net operating cash flows before net interest and tax / net interest payments	41.4	40.2	29.7	30.91	22.2	23.4	25.0	26.88	28.43
F2 Gearing Ratio (Total debt (including finance leases) / total assets) * 100	3.70%	3.10%	3%	3.10%	4.46%	4.02%	4.01%	3.99%	3.96%
F3 Internal Financing Ratio (Net operating cash flows less dividends / net capital expenditure) * 100	168.0%	138.0%	60%	54.93%	68.18%	147.62%	118.79%	99.15%	104.15%
F4 Current Ratio Current assets / current liabilities (excluding long term employee provisions and revenue in advance)	1.90	1.60	1.1	0.76	0.81	1.06	1.17	1.29	1.23
F5 Return on Assets (Earnings before net interest and tax / average assets) * 100	0.7%	0.9%	2.2%	1.62%	0.45%	0.51%	0.68%	0.86%	1.05%
F6 Return on Equity (Net profit after tax / average total equity) *100	0.5%	0.7%	2.5%	1.36%	0.28%	0.34%	0.5%	0.66%	0.82%
F7 EBITDA Margin (Earnings before interest, tax, depreciation and amortisation / total revenue) *100	33%	33%	40%	36%	31%	32%	32%	33%	34%
F8 Credit Rating	AA	AA	AA	AA	AA	AA	AA	AA	AA

Table B2 – Regulatory Performance Indicators

Customer Bill Indicators		2021-22 Target	2022-23 Projected	2023-24 Projected	2024-25 Projected	2025-26 Projected		
L3 (a)	Total typical residential bill Total annual water supply and sewerage bill based on customers' average annual residential usage	\$1,165.96	\$1,192.78	\$1,220.21	\$1,248.28	\$1,276.99		
L3 (b)	Total residential bill 200kL Total annual residential water supply and sewerage bill, based on the consumption of 200 kL of water	\$1,407.08	\$1,439.44	\$1,472.55	\$1,506.42	\$1,541.07		
Water Indicators		2015-16 Actual	2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Actual	2020-21 Target	2021-22 Target
WS1*	Unplanned water supply interruptions No. of customers receiving more than 1 unplanned water interruptions in the year/total number of water (domestic and non-domestic) customers x 100	78.95	1500*	3.9%	1.0%	1.1%	9.3%	9.3%
WS2	Unplanned water interruption time Average duration of unplanned water supply interruptions (min)	80.2	90.0	108.5	85.9	85.7	96.0	96.0
WS3	Restoration of unplanned water supply Unplanned water supply interruptions restored within 5 hours/total unplanned water supply interruption x 100	99%	100%	100%	100%	93%	99%	99%

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

Sewerage Indicators		2015-16 Actual	2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Actual	2020-21 Target	2021-22 Target
SS1	Containment of sewer spills Sewer spills from reticulation and branch sewers contained within 5 hours/total sewer spills from reticulation and branch sewers x 100	85%	100%	100%	100%	100%	100%	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 x 100	83%	100%	100%	100%	100%	100%	100%
Customer Responsiveness Indicators (per 1000 customers)		2015-16 Actual	2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Actual	2020-21 Target	2021-22 Target
CR1	Water Quality complaints No of complaints per 1000 customers	0.21	2.4	1.9	2.18	0.81	2.2	2.2
CR4	Billing/ payment issue complaints No of complaints per 1000 customers	0.05	1.0	1.89	0.19	0.05	1.0	1.0
Environmental Performance Indicators		2015-16 Actual	2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Actual	2020-21 Target	2021-22 Target
E1	Effluent re-use volume (end use) Percentage recycled	22%	24%	21%	23.5%	14%	25%	25%
E2	Total net CO2 equivalent emissions Net tonnes CO2 equivalent (tonnes)	6,053	6,400	6,366	6,920	6,460	5,974	5,974

Appendix C – Capital Expenditure

Table C1 – PS1 Capital Program 2018-23

Project Name	PS1 Year 1 Actuals 2018/19	PS 1 Year 2 Actuals	PS 1 Year 3 Budget	PS1 Year 3 Forecast for 2020/21	PS 1 Year 4 Budget for 2021/22 with carryover	PS 1 Year 5 Indicative Budget for 2022/23	Total PS1 2018-23
Sludge Management Program	57,661	107,707	85,223	85,223	90,000	70,000	410,591
OH&S Compliance Program	111,764	75,866	48,506	48,506	50,000	50,000	336,136
Diversity & Inclusion Plan – Facility Improvement	585,860	-	-	-	-	-	585,860
Emissions Reduction Pledge Implementation	21,081	154,244	50,000	220,000	-	-	395,325
Phillip Island Water Supply Security Project	155,035	803,376	1,934,873	1,300,000	150,000	-	2,408,411
Water Quality Compliance Program	137,450	211,169	-	-	-	-	348,619
Compliance Total	1,068,851	1,352,362	2,118,602	1,653,729	290,000	120,000	4,484,942
Sustainable Water Reuse and Land Management	532,177	17,823	293,695	293,695	-	-	843,695
King Road Master Plan	-	-	101,000	101,000	110,000	-	211,000
Building Asset Management Plan - Stage 3	143,535	180,521	206,025	223,527	60,000	-	607,583
CWWTP Upgrade Stage 2	17,235	186,712	1,300,000	1,300,000	3,480,000	-	4,983,947
CWWTP Community Education Display	2,799	23,061	-	-	-	-	25,860
Automated Water Filling Station	3,310	3,194	38,496	1,000	10,000	10,000	27,504
Community Refill Stations, Water efficiency for accomm providers & Portable Hydration Station	27,632	28,678	11,503	11,503	-	-	67,813
Growth Total	726,688	439,989	1,950,719	1,930,725	3,660,000	10,000	6,767,402
Water Quality Improvement Program	192,876	46,373	324,859	324,859	80,000	-	644,108
Odour and Corrosion mitigation program	-	-	232,166	30,000	220,000	175,000	425,000
GIS-AMIS Strategy Implementation	43,945	72,393	42,248	42,248	-	-	158,586
Bass River Pump Station Bund	11,786	42,743	88,841	8,884	-	-	63,413
Septic Tanker Discharge Pump Station	-	60,566	-	-	-	-	60,566
IBWPP Emergency Control Room	20,226	26,721	156,853	254,784	-	-	301,731
Zone Metering and Pressure Management	41,671	85,000	-	6,497	-	-	133,168
Improved Services Total	310,504	333,796	844,967	667,271	300,000	175,000	1,786,571

Project Name	PS1 Year 1 Actuals 2018/19	PS 1 Year 2 Actuals	PS 1 Year 3 Budget	PS1 Year 3 Forecast for 2020/21	PS 1 Year 4 Budget for 2021/22 with carryover	PS 1 Year 5 Indicative Budget for 2022/23	Total PS1 2018-23
Software Application	49,660	62,076	57,863	57,863	50,000	50,000	269,599
Hardware Replacement	52,857	77,625	58,001	58,001	60,000	60,000	308,483
Business Transformation Project	487,214	1,705,525	935,303	1,795,614	1,200,000	-	5,188,353
Sewer Junction Rebuild Program	309,665	249,101	150,636	150,636	200,000	250,000	1,159,402
SPS Electrical Switchboard Renewal Program	185,111	70,496	351,953	250,000	100,000	400,000	1,005,607
SCADA Strategy Implementation	106,745	97,371	29,801	29,801	50,000	50,000	333,917
San Remo to Newhaven Bridge Pipeline and Fittings Renewal Project	-	-	-	81,326	300,000	615,000	996,326
San Remo to Basin to Cowes 648 Pipeline Valve Renewal Project	-	-	100,000	100,000	300,000	250,000	650,000
Water Main Replacement Program	342,894	407,206	286,775	473,666	20,000	142,396	1,386,162
SPS Civil, Mech & Electrical Works	122,848	121,189	119,388	119,388	100,000	150,000	613,425
Sewer Main Renewals	2,911	79,241	88,670	88,670	120,000	120,000	410,822
CWWTP Civil, Mech & Electrical Works	117,618	92,083	139,917	139,917	160,000	120,000	629,618
IBWPP Civil, Mech & Electrical Works	135,949	206,299	123,761	350,000	80,000	60,000	832,248
Water Dist System Civil, Mech & Electrical Works	48,755	86,634	66,113	83,397	50,000	50,000	318,786
Water Meter Renewal Program	118,173	26,699	41,379	41,379	30,000	30,000	246,251
King Road WWP Civil, Mech & Electrical Works	34,027	25,546	33,625	38,742	30,000	30,000	158,315
Plant Replacement - Fleet & Equipment	64,840	266,708	550,207	555,207	350,000	350,000	1,586,755
San Remo Basin Renewal Project	-	-	100,329	140,222	1,700,000	350,000	2,190,222
Minor storage renewals	-	-	-	-	25,000	360,000	385,000
Unbudgeted Capital Expenditure	19,000	1,048,532	70,000	498,900	-	-	1,557,432
Renewals Total	2,198,267	4,622,331	3,303,720	5,052,727	4,925,000	3,437,396	19,035,721
Total	4,304,310	6,748,478	8,218,007	9,304,453	9,175,000	3,742,396	33,274,636

*Approved Corporate Plan Budget 2018-19 and Total PS1 2018-23 includes \$750k carry over from the 2017-18 Corporate Plan.

Table C2 – Capital Program 2021-26

Project Name	PS1 Year 4 Indicative Budget for 2021- 22	PS1 Year 5 Indicative Budget for 2022-23	PS23 Year 1 Indicative Budget for 2023-24	PS23 Year 2 Indicative Budget for 2024-25	PS23 Year 3 Indicative Budget for 2025-26
Sludge Management Program	90,000	70,000	100,000	100,000	100,000
OH&S Compliance Program	50,000	50,000	222,611	63,489	64,887
Emissions Reduction Pledge Implementation	-	-	64,342	76,187	194,661
Phillip Island Water Supply Security Project	150,000	-	-	-	-
Water Quality Compliance Program	-	-	128,685	126,979	-
Compliance Total	290,000	120,000	515,639	366,655	359,547
Sustainable Water Reuse and Land Management	-	-	-	1,269,788	778,642
King Road Master Plan	110,000	-	2,058,959	507,915	-
Building Asset Management Plan - Stage 3	60,000	-	-	380,936	-
CWWTP Upgrade Stage 2	3,480,000	-	-	380,936	2,725,249
Automated Water Filling Station	10,000	10,000	-	-	-
Community Refill Stations, Water efficiency for accomm providers & Potable Hydration Station	-	-	19,303	19,047	19,466
Growth Total	3,660,000	10,000	2,078,262	2,558,622	3,523,357
Water Quality Improvement Program	80,000	-	-	888,851	-
Odour and Corrosion mitigation program	220,000	175,000	-	380,936	-
GIS-AMIS Strategy Implementation	-	-	64,342	63,489	64,887
Zone Metering and Pressure Management	-	-	528,685	580,428	129,774
Improved Services Total	300,000	175,000	593,027	1,913,705	194,661
Software Application	50,000	50,000	77,211	76,187	77,864
Hardware Replacement	60,000	60,000	64,342	63,489	64,887
Business Transformation Project	1,200,000	-	-	-	-
Sewer Junction Rebuild Program	200,000	250,000	257,370	253,958	259,547
SPS Electrical Switchboard Renewal Program	100,000	400,000	180,159	190,468	129,774
SCADA Strategy Implementation	50,000	50,000	77,211	76,187	77,864
San Remo to Newhaven Bridge Pipeline and Fittings Renewal Project	300,000	615,000	-	-	-

Project Name	PS1 Year 4 Indicative Budget for 2021- 22	PS1 Year 5 Indicative Budget for 2022-23	PS23 Year 1 Indicative Budget for 2023-24	PS23 Year 2 Indicative Budget for 2024-25	PS23 Year 3 Indicative Budget for 2025-26
San Remo to Basin to Cowes 648 Pipeline Valve Renewal Project	300,000	250,000	-	-	-
Water Main Replacement Program	20,000	142,396	772,110	761,873	778,642
SPS Civil, Mech & Electrical Works	100,000	150,000	128,685	126,979	194,661
Sewer Main Renewals	120,000	120,000	193,027	190,468	129,774
CWWTP Civil, Mech & Electrical Works	160,000	120,000	193,027	190,468	194,661
IBWPP Civil, Mech & Electrical Works	80,000	60,000	193,027	253,958	194,661
Water Dist System Civil, Mech & Electrical Works	50,000	50,000	64,342	63,489	64,887
Water Meter Renewal Program	30,000	30,000	64,342	63,489	64,887
King Road WWP Civil, Mech & Electrical Works	30,000	30,000	64,342	63,489	64,887
Plant Replacement - Fleet & Equipment	350,000	350,000	386,055	380,936	389,321
San Remo Basin Renewal Project	1,700,000	350,000	-	-	-
Minor storage renewals	25,000	360,000	-	-	-
Wastewater Future Cowes SPS Upgrade	-	-	-	-	389,321
Renewals Total	4,925,000	3,437,396	2,715,252	2,755,439	3,075,638
Total	9,175,000	3,742,396	5,902,180	7,594,421	7,153,203

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	2.19	1.1	2.30	
Total Fixed Service Charge Revenue as per PS1	17,424	17,841	18,569	19,100	19,838	92,772
Total Fixed Service Charge Revenue as per Corporate Plan	17,643	18,148	18,840	19,238	19,956	93,825
Variance \$	219	307	271	138	118	1,053

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	2.19	1.1	2.30	
Total Metered Usage Revenue as per PS1	3,974	4,077	4,251	4,373	4,547	21,222
Total Metered Usage Revenue as per Corporate Plan	4,106	4,033	4,316	4,210	4,307	20,972
Variance \$	132	(44)	65	(163)	(240)	(250)

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	2.19	1.1	2.30	
Average Customer Bill per PS1	1,153	1,169	1,195	1,208	1,236	5,961
Average Customer Bill as per Corporate Plan	1,153	1,160	1,168	1,193	1,220	5,894
Variance \$	-	(10)	(27)	(15)	(16)	(68)

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	2.19	1.1	2.30	
Total Development Revenue as per PS1	1,277	1,308	1,357	1,371	1,403	6,716
Total Development Revenue as per Corporate Plan	2,495	6408	4,200	2,100	1,516	16,719
Variance \$	1,218	5,100	2,843	729	113	10,003

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	2.19	1.1	2.30	
Total NPAT per PS1	666	968	1,357	1,889	2,350	7,230
Total NPAT as per Corporate Plan	1,262	3444	2,465	514	626	8,399
*Variance \$	596	2,476	1,108	(1,375)	(1,724)	1,169

*2021-22 \$1.483M variance is due to operational expenditure approved outside the PS1 budget offset by an increase of \$750k in non-cash capital development revenue. Variances include \$173k increase in ICT expenses (including ICT optimisation), \$1.03M increase in Employee costs and one off Pricing Submission 2023 (PS23) related expenses - \$150k for PS23 Business Case development, \$40k for Urban Water Strategy development and \$115k for PS23 Financial Modelling and Customer Engagement.

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	2.19	1.1	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	4,304	6,748	9,304	9,175	3,742	33,273
*Variance \$	1,085	(1,032)	(1,086)	(3,353)	2,591	(5,193)

*Variance is due to timing. Increase of \$5.2M above PS1 budget includes \$750k of approved carry over from 2017-18 expensed in 2018-19 and project scope increases of \$2.3M for Business Transformation Project and \$70k for SCADA Aerial Mast Replacement. It also includes \$842k for the purchase of land at Cowes, \$390k Network Resilience Project (Generator upgrade), project scope increase of \$860k for Phase 2 of the Business Transformation Project and other minor amendments to programs of works.