

Corporate Plan

2022 - 27



WESTERNPORT
WATER™

Acknowledgement

Westernport Water acknowledges Aboriginal and Torres Strait Islander Peoples as First Nations People and that the land, sea and water are of spiritual, cultural and economic importance. We recognise that we provide services on the traditional lands of the Bunurong Peoples of the Kulin Nation. The Bunurong Peoples have managed the resources on Millowl for thousands of years. We acknowledge them and their continued connection to this place, as we go about managing the water resources today.



Artwork by Patrice 'Muthaymiles' Mahoney OAM

Message from the Chair and MD

We are proud to present Westernport Water's Corporate Plan 2022-27. This plan outlines our strategy to deliver sustainable services that improve the health and liveability of our community, through innovation and collaboration.

Our customers have already told us that great tasting water is their number one priority, along with climate change adaptation and protecting the environment, while keeping our services affordable and sustainable in the long term.

Through the completion of our price submission for the Essential Services Commission's 2023 price review and our Performance Stewardship Strategy, we will continue to look for opportunities to deliver increased value to our customers. We will ensure that what our customers expect from us is central to our strategies, plans and decision making. We have already engaged with 1 in every 20 of our customers in creating our future strategic plans including the Urban Water Strategy 2022-27 and our 2023 Price Submission. We will continue to engage with our customers as the 2023 price submission reaches its conclusion.

We know that great tasting water remains the highest priority for our customers and will always remain a priority for us. It is an area we have invested in over the years and will continue to focus on through our Water Quality Improvement Plan. In 2018 we installed a new UV system, in 2019 a continuous vertical raw water profiler was installed, we upgraded our filters in 2020, and upgraded our carbon dosing facility in 2021. We have also built a backup drinking water tank at Wimbledon Heights, and renewed large sections of water mains over the years. We were proud and delighted to receive the Water Industry Operators Association's Best Tasting Tap Water in Victoria award in 2021. We will continue to provide reliable and sustainable services, and invest in water quality.

Adapting to climate change and mitigating its impact remains a priority for Westernport Water. As well as meeting all our electricity demands from renewable energy by 2025, Westernport Water is accelerating its emissions reduction ambitions to 2030 and achieving net zero emissions much sooner than our 2050 goal.

We know the past 12 months has been difficult for our customers and community due to the continuing difficulties arising from coronavirus (COVID-19) impacts. Last year, in addition to providing payment flexibility and suspending all debt recovery efforts, Westernport Water facilitated or delivered a record number of rebates and grants to our customers. We will continue to take proactive steps to provide targeted relief to customers, residential or commercial, that are doing it tough.

Providing our people with a great place to work, including a safe workplace, is paramount. Westernport Water was recognised as the highest performing participating water corporation in the 2021 National Global Safety Index Survey, which benchmarks organisational safety culture. This builds on our highest ever staff engagement score of 82% recorded in 2021 as part of the People Matter Survey. In addition, a strong focus on continuing to stand for an equitable and inclusive workplace has resulted in balanced gender representation in leadership and has reduced the gender pay gap to 2.9% at Westernport Water. Through our diversity and inclusion strategy, and our work health and safety strategy, we will continue to ensure our people are safe and well, with an inclusive workplace reflective of the wonderfully diverse community we serve, where our people are able to thrive.

We are proud to have successfully completed our Innovate Reconciliation Action Plan 2020-22 and will develop a new Reconciliation Action Plan. We will continue to support a regional approach to reconciliation through the Bass Coast Reconciliation Network and continue to consult with the Bunurong Land Council Aboriginal Corporation to walk together and work together to build trust, respect, and strengthen relationships between Aboriginal and Torres Strait Islanders and non-Aboriginal Australians. This will enable us to achieve positive social change and lead reconciliation activities within our areas of influence.

We value and protect our natural environment, with a financially sustainable business, sound governance, and prudent investments. We are planning for our future with a strong focus on finding ways to reduce costs while recognising and managing our risks, to ensure our services meet our customers' expectations now, and in the future.



Chair
Rueben Berg



Managing Director
Dona Tantirimudalige

About us

The Westernport Region Water Corporation (“Westernport Water” or “Corporation”) Corporate Plan 2022-27 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 2022-23 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 initiatives 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 applicable to all Victorian water corporations.



King Road onsite irrigation of recycled water.

Our purpose

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.

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 21,900 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 diverse sources across the region. The primary water supply is derived from the Tennent Creek catchment via Candowie Reservoir, the Bass River, and entitlements on the Corinella Aquifer. To ensure security of supply, access to Melbourne Water's Supply System has been established.

In 2020-21, 2,106 ML of water was treated through Ian Bartlett Water Purification Plant (IBWPP). As part of our connection to the Melbourne Water supply system, an additional 253 ML of water was taken under the established bulk water supply agreement with Melbourne Water. Treated water is stored at Wimbledon Heights and San Remo Basin for distribution to customers within Westernport Water's service area.

Westernport Water operates two wastewater treatment plants: the Cowes Wastewater Treatment Plant (CWWTP) and the King Road Wastewater Treatment Plant (KRWWTTP). There are also 99 pump stations used to service the wastewater network across the region. Effluent collected from the townships of Kilcunda and Dalyston is treated under an agreement with South Gippsland Water at its Wonthaggi Wastewater Treatment Plant.



Community water refill stations providing convenient access to drinking water.

Working in a COVID Safe environment

Westernport Water has a range of response and business continuity plans in place to ensure the safety of our people, contractors and customers, and to safeguard the services we provide to our customers and the community. With the easing of restrictions in early 2022, 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 communication channels. Our hardship support is extensive and includes flexible payment options, payment extensions, referrals to financial advisors, Utility Relief Grant assistance (via the Department of Families, Fairness and Housing), community water rebates (includes household water efficiency audits), hardship grants, and concession applications.

Westernport Water also amended its hardship policy in 2021-22 to include commercial customers for the first time, recognising the economic impacts of the pandemic for business. Our Community Support Program is also provided annually to assist registered not-for-profit organisations within our service area to undertake initiatives that are relevant to our products and services. Our hardship support continues in line with National Hardship Principles and comprises of flexible payment options and payment plans being extended to all customers, and suspensions of debt recovery activity. There has been an increase in the uptake of customer support assistance options throughout the year.

Over the past two years Westernport Water accelerated numerous planned capital programs and brought some projects forward which assisted with recovery in the State by creating local jobs and providing more opportunities for local suppliers. The following projects were brought forward and have now been completed: Emissions Reduction Pledge Stage 2 - CWWTP solar installation project, water main renewal program, and the sustainable irrigation project. Replacement of the San Remo Basin liner and cover is also on track for completion in 2022. Where possible, Westernport Water will continue to support the local economy in its recovery from the impacts of COVID-19.

As we move forward 'living with COVID', Westernport Water is committed to maintaining the flexibility that has become vital in responding to the unpredictable nature of the pandemic and will continue to provide the confidence to our employees and our community, that their health and wellbeing comes first.



Outdoor community engagement for the water price review.

Corporate Focus Areas and Initiatives of 2022-23

	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 	<ol style="list-style-type: none"> 1. Develop Year 1 of the Performance Stewardship Strategy 2. Completion of price submission for the Essential Services Commission's 2023 Price Review
	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 	<ol style="list-style-type: none"> 3. Deliver Year Two of the Workplace Health & 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 	<ol style="list-style-type: none"> 4. Deliver Year Two of the Diversity & Inclusion Strategy (2021-24)
Liveability	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 	<ol style="list-style-type: none"> 5. Deliver the Water Quality Continuous Improvement Plan (2022-23) 6. Create a 'Response Plan Review Cycle' to sit within the Crisis and Emergency Management Plan
	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 livability benefits - Contribute to community wellbeing through opportunities that support social and recreational benefits 	<ol style="list-style-type: none"> 7. Development of new Reconciliation Action Plan (RAP) following successful delivery of Innovate RAP (2020-22) 8. Continue to support our community via customer hardship program
Sustainability	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 	<ol style="list-style-type: none"> 9. Deliver final year of Climate Change Strategy (2017-23) and prepare for new strategy 10. Continue to participate and implement 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 	<ol style="list-style-type: none"> 11. Identify opportunities to realise business improvements and efficiencies as part of the Gippsland Regional Water Alliance 12. Deliver Year Two of the Technology Roadmap

Water for Victoria and the 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, reduce greenhouse gas emissions, adapt to climate change, increase renewable energy use, and demonstrate reasonable progress in integrating climate change adaptation into planning and decision making across the business.

Aligned Corporate Plan 2022-27 Initiatives

- 9. Deliver final year of Climate Change Strategy (2017-23) and prepare for new strategy
- 10. Continue to participate and implement Catchment and Regional Integrated Water Management outcomes

KPI	KPI – Measure	Definition	Deliverable
E1 Emission reductions	<p>Demonstration of reasonable progress toward achievement of the entity's greenhouse gas emission reduction targets specified in the Statement of Obligations (Emission Reduction).</p> <p>Total annual reportable greenhouse gas emissions in tonnes of carbon dioxide equivalent (CO₂-e).</p> <p>Compliance with all greenhouse gas emissions reporting requirements outlined in Ministerial Reporting Direction 06.</p>	- See <i>Statement of Obligations (Emission Reduction)</i> and Ministerial Reporting Direction 06 for definitions and greenhouse gas emissions reporting guidance.	<ul style="list-style-type: none"> - Deliver emissions reduction of 450 tonnes of CO₂-e through the Power Purchase Agreement with Zero Emissions Water. - Participation in Virtual Energy Network trial to test the use of the electricity grid for energy share of WPW's exported solar generation with other WPW sites.

KPI	KPI – Measure	Definition	Deliverable
E2 Electricity Consumption	<p>Demonstrate reasonable progress to sourcing 100 percent of their electricity from renewable sources by 2025, as is required of all government operations in the <i>Whole of Victorian Government emissions reduction pledge</i>.</p> <p>Total electricity consumption, and total renewable electricity consumption, in megawatt hours (MWh).</p> <p>Compliance with all electricity and renewable electricity reporting requirements outlined in Ministerial Reporting Direction 06.</p>	<ul style="list-style-type: none"> - See Statement of Obligations (Emission Reduction) and Ministerial Reporting Direction 06 for definitions and emissions reporting guidance. 	<ul style="list-style-type: none"> - Continue to monitor and report on electricity consumption and renewable electricity consumption (MWh) at Westernport Water's sites. - Analyse and monitor performance of solar array implementations. - Develop Renewable Energy Plan including pilot of a Virtual Energy Network for renewable energy sharing between Westernport Water's sites.
E3 Adaptation to climate change and variability	<p>E3a. Application of the Guidelines for Assessing the Impact of Climate Change on Water Availability in Victoria for:</p> <ul style="list-style-type: none"> – Urban water corporations: through their application in drought preparedness and urban water strategies. 	<ul style="list-style-type: none"> - Qualitative description in Corporation's annual report of how Climate Change Water Availability Guidelines have been applied. 	<ul style="list-style-type: none"> - Implement Year 1 of the Urban Water Strategy (2022-27) that includes review of Westernport Waters' drought preparedness plan.
	<p>E3b. Guidelines for Assessing the Impact of Climate Change on Sewerage Systems in Victoria should also be applied by urban water corporations (if finalised).</p>	<ul style="list-style-type: none"> - Qualitative description in Corporation's annual report of how Climate Change Sewerage Guidelines have been applied (if finalised). 	<ul style="list-style-type: none"> - Review Westernport Water's 2018 Climate Change Adaptation Plan, identify priority areas including sewerage systems and Inflow & Infiltration for its next iteration.
	<p>E3c. Demonstration of reasonable progress in integrating climate change adaptation into planning and decision-making across the business (all sources of water, wastewater and where relevant, drainage and flood management) including in:</p> <ul style="list-style-type: none"> – source waters and demand – built assets – natural environment – people and workplace – interdependencies – customer and product delivery. 	<ul style="list-style-type: none"> - The six business areas, and adaptation considerations for each, are articulated in Appendix A of the <i>WSAA Climate Change Adaptation Guidelines</i>. DELWP encourages the use of the Guidelines for Victorian water corporations and has chosen to follow its approach to defining six parts of the business where adaptation is relevant. 	<ul style="list-style-type: none"> - As Climate Change is now a core part of asset management practices at Westernport Water, attention will be drawn to a more holistic approach that is wide reaching in its application when preparing the new five-year strategy. - Case study: Westernport Water is exploring climate adaptation through investigating a nature-based solution for water quality improvement and carbon sequestration, this covers interdependent business areas of wastewater management, built assets and natural environment.

Customer and Community Outcomes

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

Aligned Corporate Plan 2022-27 Initiatives

- 1. Develop Year 1 of the Performance Stewardship Strategy
- 2. Completion of price submission for the Essential Services Commission's 2023 Price Review
- 7. Development of new Reconciliation Action Plan (RAP) following successful delivery of Innovate RAP (2020-22)
- 11. Identify opportunities to realise business improvements and efficiencies as part of the Gippsland Regional Water Alliance

KPI	KPI – Measure	Definition	Deliverable
C1 Customer satisfaction (Urban Water Corporations excl. Melbourne Water)	<p>Note this indicator includes both direct and proxy measures. Overall, reporting on measures identified for this indicator should demonstrate high or improving levels of customer satisfaction over time.</p> <p>C1(U) Customer satisfaction survey (urbans excl. MW) The ESC will collect customer satisfaction survey data on an ongoing quarterly basis.</p>	- As per Essential Services Commission (ESC) definition.	<ul style="list-style-type: none"> - Undertake Annual Customer Satisfaction survey in collaboration with the Gippsland Regional Water Alliance (GRWA). - Monitor the outcomes of the ESC customer satisfaction robot calls. - Engage with customers in person through water cafés. - Develop a Performance Stewardship Strategy that aims to ensure we are delivering value for our customers.
C2 Customer & community engagement	<p>Stakeholder engagement based on best practice that demonstrates approaches to engagement that are open, honest and occur frequently. The DELWP Community Charter or IAP2 framework could be considered as a guide.</p> <p>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.</p>		<ul style="list-style-type: none"> - Implement the Stakeholder Engagement Strategy. - Finalise the PS23: Customer engagement program including provision of customer forums. - Deliver actions identified in the Aboriginal Engagement Strategy (2022-2025).

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 2022-27 Initiatives

- 4. Deliver Year Two of the Diversity & Inclusion Strategy (2021-24)
- 7. Development of new Reconciliation Action Plan (RAP) following successful delivery of Innovate RAP (2020-22)
- 10. Continue to participate and implement Catchment and Regional Integrated Water Management outcomes

KPI	Measure	Definition	Deliverable
AC1 Supporting Aboriginal self-determination	Demonstrate effective and genuine engagement and partnerships with Traditional Owners and Aboriginal Victorians for involvement in business opportunities and access to water for spiritual, customary, social, and economic purposes, and other self-determined purposes.	- Explore and develop opportunities for business arrangements with Traditional Owners and Aboriginal enterprises to deliver value-for- money natural resource, catchment, and water services.	- Increase Aboriginal and Torres Strait Islander supplier diversity, reduce procurement barriers and support improved economic and social outcomes through the delivery of Social Procurement Strategy (2021-24). - Deliver actions identified in the Aboriginal Engagement Strategy (2022-2025).
	Demonstration there are internal processes, policies and plans in place to support Aboriginal self-determination/empowerment/employment etc for Aboriginal community members.		
	AC1.1 Implementation and reporting on a strategy that demonstrates how the water corporation is providing procurement opportunities to Aboriginal Enterprises to supply goods and services to water corporations*, including addressing any procurement barriers. Aboriginal enterprises to supply goods/services to water corporations* and number of Aboriginal enterprises procured in the last year.		
	AC1.1.2 Total number of tender requests received, Total number of Aboriginal enterprise tenders received, and total number of Aboriginal enterprises procured in FY.	- Explore and develop opportunities for business arrangements with Traditional Owners and Aboriginal enterprises to deliver value-for- money natural resource, catchment, and water services.	- Develop our next RAP under the Reconciliation Australia's RAP Framework. - Review procurement practices in line with VGPB Reform. - Deliver Social Procurement Strategy (2021-24).
	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 initiated in the last year.	- Provide opportunities for cross- cultural learning in the water sector, as well as skills training and employment for Aboriginal people. - Number of secondments or mentorship programs offered.	- Improve employment outcomes by increasing Aboriginal and Torres Strait Islander recruitment, retention and professional development through the delivery of the Diversity & Inclusion Strategy (2021-24).

KPI	Measure	Definition	Deliverable
	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"> - Provide opportunities for cross- cultural learning in the water sector, as well as skills training and employment for Aboriginal people. - Number of secondments or mentorship programs offered. 	<ul style="list-style-type: none"> - Increase understanding, value and recognition of Aboriginal and Torres Strait Islander cultures, histories, knowledge and rights through cultural learning activities in accordance with the Learning and Development Strategy. - Promote and encourage staff participation in RAP events supporting the Aboriginal and Torres Strait Islander community.
	AC1.4 Number of Aboriginal staff employed	<ul style="list-style-type: none"> - Number of Aboriginal staff employed. 	<ul style="list-style-type: none"> - Promote and encourage Aboriginal and Torres Strait Islander applications during recruitment processes through the delivery of the Diversity & Inclusion Strategy (2021-24).
AC2 Partnerships with Traditional Owners	Demonstrate effective and genuine partnerships with Traditional Owners to enable input into water planning and management decisions related to Aboriginal water values and other self-determined priorities.	<ul style="list-style-type: none"> - Incorporate traditional ecological knowledge into water planning and management using Aboriginal Waterway Assessments and other tools developed by Traditional Owners. 	<ul style="list-style-type: none"> - Incorporate traditional ecological knowledge into asset and land management through continued engagement with the Registered Aboriginal Party. - Continue to work with Sustainable Water Strategy Working Group to streamline engagement with the Registered Aboriginal Party. - Continue to lead the Bass Coast Reconciliation Network to support a regional approach to reconciliation.
	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"> - Notify and engage with Traditional Owners to achieve shared benefits. 	
	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 well-being.	<ul style="list-style-type: none"> - Incorporate traditional ecological knowledge into water planning and management using Aboriginal Waterway Assessments and other tools developed by Traditional Owners. <p>Notify and engage with Traditional Owners to achieve shared benefits.</p>	<ul style="list-style-type: none"> - Consult with the Bunurong Land Council Aboriginal Corporation as the Registered Aboriginal Party for our service area and provide opportunity for feedback and endorsement of Annual Report.
	AC2.3 Water corporation can demonstrate it has informed relevant Traditional Owners of opportunities to access water entitlements or allocation within their Country.	<ul style="list-style-type: none"> - Notify and engage with Traditional Owners to achieve shared benefits. 	<ul style="list-style-type: none"> - Deliver Year One of the Urban Water Strategy (2022-27).

KPI	Measure	Definition	Deliverable
AC3 Aboriginal Inclusion Action Plan To be considered with AC1 and AC2, taking into account the relevant local context.	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.	- Reflecting measures AC1.1 to AC1.3 and AC2.1 as appropriate and report against number of actions achieved and ongoing	- Develop our next RAP under the Reconciliation Australia's Framework.

Resilient and Liveable Cities and Towns

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

Aligned Corporate Plan 2022-27 Initiatives

- 2. Completion of price submission for the Essential Services Commission's 2023 Price Review
- 3. Deliver Year Two of the Workplace Health & Safety Strategy (2021-24)
- 5. Deliver the Water Quality Continuous Improvement Plan (2022-23)
- 6. Create a 'Response Plan Review Cycle' to sit within the Crisis and Emergency Management Plan
- 8. Continue to support our community via customer hardship program
- 9. Deliver final year of Climate Change Strategy (2017-23) and prepare for new strategy
- 10. Continue to participate and implement Catchment and Regional Integrated Water Management outcomes

KPI	Measure	Definition	Deliverable
L1 Integrated Water Management (urban)	In relevant IWM forum(s), actively facilitate and champion water's contribution to the resilience and liveability of cities and towns of the region consistent with the forum's objectives.	- 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.
	Progress towards: L1 a. participation in, or establishment of, IWM forums in your region		
	L1 b. contribution to development or review, and implementation of Strategic Direction Statement(s) in your region		- Review and update Recycled Water Strategy.
	L1 c. Implementation of priority IWM projects and plans as applicable		- Review and update Recycled Water Strategy. - Investigate a nature-based solution for water quality improvements and carbon sequestration.
	L1 d. delivering IWM outcomes for the region (regional IWM Forums).		- Investigate a nature-based solution for water quality improvements and carbon sequestration.

KPI	Measure	Definition	Deliverable
L2 Water efficiency (urban)	<p>Implement water efficiency initiatives, actions or programs aligned with Target Your Water Use (Regional Urban), Water for Victoria and relevant sustainable and urban water strategies.</p> <p>L2. Continue to collaborate on the Victorian Water Efficiency Strategy, delivering on water efficiency outcomes in Water for Victoria and relevant urban and sustainable water strategies, including:</p> <p>e. water corporations working together to develop State-wide initiatives; and</p> <p>f. reporting the number of customers in need assisted by the Community Rebate Program.</p>	<ul style="list-style-type: none"> - The Community Rebate Program provides funding to water corporations to assist vulnerable and hardship customers. 	<ul style="list-style-type: none"> - Continue to promote Target Your Water Use, Permanent Water Saving Rules (PWSR) and Choose Tap campaigns. - Promote PWSR and restrictions as necessary in accordance with the Model By-law for Water.
	<p>L2 b. Water corporations are required to provide:</p> <p>g. water consumption figures for each district for residential and non-residential water users including drinking water, alternative water sources and non-revenue water</p> <p>h. major non-residential water users, including number of customers who fall within prescribed volume ranges and naming of users and whether or not they participate in water efficiency programs</p>	<ul style="list-style-type: none"> - Refer to Ministerial reporting Direction 02: Water Consumption and Drought Response 	<ul style="list-style-type: none"> - Total residential bill based on average consumption for 2020-21 was \$1,165.96. - In comparison, larger water users paid \$1,407.08 based on 200 kL of consumption.
L3 Circular economy outcomes	<p>Reasonable progress towards integrating circular economy principles into business decisions across all aspects of the water cycle. Measures related to this indicator will highlight the water sector's contribution towards targets under <i>Recycling Victoria</i>.</p> <p>L3. Progress towards circular economy:</p> <p>a. Qualitative description of projects or initiatives undertaken that adopt circular economy principles and/or contribute towards identified targets in <i>Recycling Victoria</i>.</p>	<ul style="list-style-type: none"> - The three circular economy principles are defined by the Ellen Macarthur Foundation: design out waste and pollution, keep products and materials in use, regenerate natural systems. 	<ul style="list-style-type: none"> - Prepare for new Climate Change Strategy. - Review and update the Recycled Water Strategy. - Consider and further develop Bio-Gas options at CWWTP in line with the Emissions Reduction Pledge.
	<p>L3 b. Percentage of biosolid mass reused (urban only).</p>	<ul style="list-style-type: none"> - For urbans only. Definition consistent with CRR6 of the ESC Water Performance Indicators. KPI measured as percentage of total biosolids reused. 	<ul style="list-style-type: none"> - Review and update the Recycled Water Strategy.

Recognise Recreational Values

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

Aligned Corporate Plan 2022-27 Initiatives

- 2. Completion of price submission for the Essential Services Commission's 2023 Price Review
- 7. Development of new Reconciliation Action Plan (RAP) following successful delivery of Innovate RAP (2020-22)
- 10. Continue to participate and implement Catchment and Regional Integrated Water Management outcomes

KPI	Measure	Definition	Deliverable
Rec1 Recreational values	Consideration of recreational value in carrying out functions and providing services.	<ul style="list-style-type: none"> - Explicit consideration of social and recreational uses and values of waterways 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 will continue to consider opportunities to deliver improved recreational outcomes at its sites. This will be considered during the nature based solutions to improving water quality case study.
	1. Number of site-based projects delivered to improve recreational enjoyment of water storages – for example, projects to improve or maintain access, infrastructure, and facilities.		
	2 Efforts taken around the following three themes of <i>Water for Victoria</i> :	<ul style="list-style-type: none"> - Explicit consideration of social and recreational uses and values of waterways through delivery of function areas. 	<ul style="list-style-type: none"> - 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 and continued Community Support Programs. - Continue to support local Community Groups to utilise land i.e. bird watching groups.
	2a. Community engagement processes that identified and considered recreational objectives relating to management of waterways.		
	2b. Improvements to information sources (e.g., online) to help recreational users plan their activities.	<ul style="list-style-type: none"> - Explicit consideration of social and recreational uses and values of waterways through delivery of function areas. 	<ul style="list-style-type: none"> - Support Phillip Island Community Orchard communications using online communications channels. - Review the corporation's social media strategy.
	2c. Collaboration with other organisations and government agencies (e.g., through membership of working groups or through other means) to explore and progress opportunities to support recreational objectives.	<ul style="list-style-type: none"> - Explicit consideration of social and recreational uses and values of waterways through delivery of function areas. 	<ul style="list-style-type: none"> - Continue to make available support for the Phillip Island Community Orchard, providing land and access to recycled water for community food production. - Continue to support the installation of water refill stations in partnership with local land managers.
	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.	<ul style="list-style-type: none"> - Explicit consideration of social and recreational uses and values of waterways through delivery of function areas. 	<ul style="list-style-type: none"> - Westernport Water only operate one major water storage, which is not accessible to the public for recreation.

Leadership and Culture

Water corporations reflect the needs of our diverse communities and develop strategies and goals that will increase cultural diversity in the workforce and gender equity in executive leadership.

Aligned Corporate Plan 2022-27 Initiatives

- 3. Deliver Year Two of the Workplace Health & Safety Strategy (2021-24)
- 4. Deliver Year Two of the Diversity & Inclusion Strategy (2021-24)
- 7. Development of new Reconciliation Action Plan (RAP) following successful delivery of Innovate RAP (2020-22)

KPI	Measure	Definition	Deliverable
G1 Diversity and inclusion	Improve gender and cultural diversity in workforce including gender equity in both executive leadership and throughout the organisation. Diversity Inclusion plans to be based on best practice and include reference to identifying barriers to succession and meeting targets. The approach of the DELWP Diversity and Inclusion Strategy 2016-2020 could be considered as a guide.	A Diversity Inclusion Plan/s that includes gender equality and cultural, indigenous inclusion. The <i>Gender Equality Act 2020</i> is now in effect. Under this Act, water corporations are required to: <ul style="list-style-type: none"> – develop and implement a Gender Equality Action Plan (GEAP) – publicly report on their progress in relation to workplace gender equality – promote gender equality in policies, programs and services that impact the public – complete gender impact assessments 	<ul style="list-style-type: none"> - Implementation of a Gender Equality Action Plan (GEAP) including gender impact assessments. - Report on progress toward workplace gender equality under the Diversity & Inclusion Strategy (2021-24).
	G1.1. Development and delivery of a Diversity Inclusion Plan/s, including a Gender Equality Action Plan and publication (via the water corporation's website) of progress in relation to the plans or equivalent explanation.		
	G1.2. No. of females occupying senior executive positions over projected five-year period.		<ul style="list-style-type: none"> - Report on progress toward workplace gender equality under the Diversity & Inclusion Strategy (2021-24).
	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 [1] and work to a stretch target of 3% by 2020 (DELWP policy[2]).		<ul style="list-style-type: none"> - Promote and encourage Aboriginal and Torres Strait Islander applications during recruitment processes through the delivery of the Diversity & Inclusion Strategy (2021-24).
	G1.4. Actions taken to improve participation by Traditional Owners and Aboriginal Victorians in Board committees and other organisational committees.		<ul style="list-style-type: none"> - Deliver Year Two of the Diversity & Inclusion Strategy (2021-24). - Deliver the new RAP (2022-24).
	G1.5. Number of respondents to the Victorian Public Sector Commission (VPSC) People Matter Survey from each water corporation.	<ul style="list-style-type: none"> - 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"> - Achieve an employee engagement index of average or above all participating Victorian Water Corporations. - Achieve a minimum 80% staff participation target.

G3 Health and Safety	<p>Sustained annual improvement against H&S performance benchmarks (AS/NZS standard 4801).</p> <p>G3. Performance indicators adopted to monitor occupational health and safety in line with FRD 22H, section 6.10.</p>	<p>- After delivery of Year One of the Workplace Health & Safety Strategy (2021-24), Year Two will be implemented to build upon and continue to improve our safety culture to ensure everyone goes home safe and well every day.</p>
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Performance and Financial Sustainability

Improve efficiency and consistency in the reporting of performance while delivering safe and cost-effective water and wastewater services in a financially sustainable way.

Aligned Corporate Plan 2022-27 Initiatives

- 1. Develop Year One of the Performance Stewardship Strategy
- 2. Completion of price submission for the Essential Services Commission's 2023 Price Review
- 11. Identify opportunities to realise business improvements and efficiencies as part of the Gippsland Regional Water Alliance
- 12. Deliver Year 2 of the Technology Roadmap

KPI	Measure	Definition	Deliverable
PF1 Audited statement of performance	<p>Demonstrating a concise statement of performance, financial sustainability and provide a positive picture of a corporation's financial sustainability over time.</p> <p>PF1.1 Financial Performance Indicators. PF1.2 Water and Sewerage Network Performance Indicators. PF1.3 Water Service Indicators PF1.4 Customer Responsiveness Performance Indicators. PF1.5 Water Reuse indicators. PF1.6 Community Service Obligations</p>	<p>Refer to Ministerial Reporting Direction 01: Performance Reporting for full KPI listing/definitions and guidance on inclusion in annual reports.</p> <p>Credit rating based on TCV for FAL or independent rating.</p>	<p>- Refer Table B1 – Financial Performance Indicators, page 46.</p>

Corporate Plan Performance Measures and Targets 2022-23

	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 12 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 2022-23 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.

Performance measure results from previous years are reported annually via both the Westernport Water Annual Report and the Westernport Water Annual Watermark.

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 2022-23 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 wastewater services, 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. Develop Year One of the Performance Stewardship Strategy

The Performance Stewardship Strategy will map out a range of holistic actions across the business to ensure a clear and critical focus on maintaining strong performance throughout the next regulatory period. The strategy includes priorities across the following areas:

- Culture (high performing and inclusive)
- People and capability (empowered, accountable, and skilled people)
- Governance, systems, and processes (effective and efficient systems and processes)

Actions will optimise business process and decision-making and in turn drive greater value for our customers. In recent years, Westernport Water has been acknowledged by the sector for achievements in innovation, water quality and employee engagement. This strategy signals our commitment to ongoing continuous improvement.

This Corporate Initiative aims to address our Workplace Health & Safety, Financial, People and Customer Strategic Risks.

2. Completion of price submission for the Essential Services Commission's 2023 Price Review

Every five years all Victorian water businesses undergo a Water Price Review process run by the Essential Services Commission to set the maximum prices that can be charged. Following in depth customer engagement, Westernport Water's Pricing submission will detail proposed services in water and sewerage services over a five-year period (2023-28) aligned with the expectations of our customers, as well as the cost of delivering these services, and the prices we intend to charge. Westernport Water's Price Submission is then subject to approval by the Essential Services Commission.

It is the second price review under the Essential Services Commission's PREMO framework. Following on from the development of PS23 Capital Program, the PS23 Customer Engagement Program, and PS23 Financial Modelling in 2021-22, Westernport Water will complete and submit its PS23 Price Submission to the Essential Services Commission in September 2022.

This Corporate Initiative aims to address our Financial, Asset Management, Stakeholder and Regulatory Strategic Risks.

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.

3. Deliver Year Two of the Workplace Health & Safety Strategy (2021-24)

The safety and wellbeing of our people is paramount. In 2022-23, Westernport Water will continue to prioritise WHS with a focus on continuous improvement and further refinement of our practices. In 2021-22 we have taken action to deliver a contemporary WHS training plan, address competency across high risk activities, improve the use of our WHS data gathering methods, update and improve our WHS Risk Register and implement a comprehensive health surveillance program. In year two, we will build on our progress across the five pillars of safety leadership and capability, technology and systems, risk management, communications, and injury and illness prevention/health surveillance. We are committed to embedding a culture where safety behaviours are intrinsic and lived daily.

This Corporate Initiative aims to address our Workplace Health & Safety, People and Regulatory Strategic Risks.



Westernport Water - WIOA Best Tasting Tap Water winners. Featured: Treatment Plant Operators after hearing the news.

We are a great place to work

Westernport Water is proud of its inclusive, diverse and engaged workforce. Diversity and inclusion are intrinsic parts 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 six consecutive years of improvement in employee engagement scores including our best ever score of 82% in 2021.

4. Deliver Year Two of the Diversity & Inclusion Strategy (2021-24)

In 2020-21 Westernport Water developed a new Diversity & Inclusion Strategy positioning the organisation to build on the strong foundations created in our previous plan. The new strategy has been created to assist us in:

- ensuring compliance with the Gender Equality Act 2020
- the promotion of learning across different generations enabling succession planning
- closing gaps for Aboriginal and Torres Strait Islander people, people living with disability and members of the LGBTIQ+ community.

Year one of the strategy has seen completion of the Gender Data Audit and its analysis, commencement of Gender Impact Assessments and the creation of a Gender Equality Action Plan (GEAP). Consultation with our workforce has been vital in achieving a balanced approach that also stretches us. Year two will see us implement the GEAP as well as increase our focus on intersectional and generational diversity.

This Corporate Initiative aims to address our Workplace Health & Safety, People and Regulatory Strategic Risks.



Our Environment and Product Performance Team represent for women in STEM Fields on International Women's Day

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.

5. Deliver the Water Quality Continuous Improvement Plan (2022-23)

The Water Quality Continuous Improvement Plan focuses on operational improvements in water quality. This year will concentrate on improving our reporting against health based targets at the water treatment plant, investigate flushing devices to reduce water age in certain areas, and review how customer complaints and feedback are used to further identify emerging issues within our distribution system to create a more targeted response. The program will include the following focus areas:

- Develop reporting that aligns with the health based target manual to demonstrate plant performance.
- Investigate automatic flushing devices and conduct trial.
- Review triggers for incidents taking into account customer complaints.

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

This Corporate Initiative aims to address our Regulatory and Product Quality Strategic Risks.

6. Create a 'Response Plan Review Cycle' to sit within the Crisis and Emergency Management Plan

To ensure our services are resilient, we are continuously improving our emergency response approach, plans, and procedures. The Westernport Water Crisis Emergency Management Plan (CEMP) outlines the procedures to be followed by our people during an emergency. The CEMP focuses upon response and provides an overarching framework for more detailed asset specific response plans, hazard response plans, and Corporation wide systems.

This initiative sets out to create a Review Cycle Strategy that will sit within the CEMP framework. This strategy will drive the planned review of these emergency response plans to ensure they are kept up to date, are fit for purpose and as current as possible, within an ever-changing environment.

This Corporate Initiative aims to address our Business Continuity and Workplace Health & Safety Strategic Risks.

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 customers and 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.

7. Development of new Reconciliation Action Plan (RAP) following successful completion of 'Innovate' RAP (2020-22)

Westernport Water is committed to building resilient, liveable and healthy communities that recognise and respect Aboriginal and Torres Strait Islander cultures, histories and achievements. Our first Reconciliation Action Plan (RAP)' under Reconciliation Australia's four-stage reconciliation framework was endorsed in May 2018 and the second endorsed in July 2020. Westernport Water's 'Innovate' RAP represents the second stage under Reconciliation Australia's framework and officially concludes in July 2022.

Our next RAP seeks to build on our previous two RAPs and will focus on strengthening relationships with Aboriginal and Torres Strait Islander Peoples, engaging with staff and stakeholders in reconciliation and recognition and embedding processes and systems at all levels of the business.

This Corporate Initiative aims to address our Regulatory and Stakeholder Strategic Risks.

8. Continue to support our community via customer hardship program

Westernport Water is committed to supporting our vulnerable customers with targeted hardship grants, Utility Relief grants, payment extensions and payment arrangements. Westernport Water will undertake an outreach program to ensure that all of our special needs customers are identified and proactively supported.

This Corporate Initiative aims to address our Financial and Customer Strategic Risks.

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
- providing strategies to support climate change and emissions reduction.

9. Deliver final year of Climate Change Strategy (2017-23) and prepare for new strategy

Our Climate Change Strategy (2017-23) sets out a number of actions to respond to a changing climate and to meet the requirements of the Victorian Government's Water for Victoria plan.

In 2021 the Victorian Government released its Whole of Victorian Government Emissions Reduction Pledge outlining its commitment for sourcing 100% of energy from renewable sources across government operations by 2025. This will increase Westernport Water's emission reduction forecast to approximately thirty eight per cent by 2025.

In March 2022, the next iteration of the Statement of Obligations – Emissions Reduction (SoO-ER) was released outlining Westernport Water's commitment for 90% emissions reduction by 2030 and net zero emissions by 2035. These emission reduction commitments will be included in the next iteration of the Climate Change Strategy that will be developed in 2022-23 for implementation in 2023-24.

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

10. Continue to participate and implement 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 2022-23 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:

- Bass Coast Municipality Biolinks Action Plan.
- Review and update Westernport Water's Recycled Water Strategy.
- Investigate a nature-based solution for water quality improvements and carbon sequestration.

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, performance, 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.

11. Identify opportunities to realise business improvements and efficiencies as part of 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.

As part of our commitment to exploring different collaborative delivery models, a Gippsland-based syndicate will investigate a proposal to enhance utility billing systems across multiple water corporations.

This Corporate Initiative aims to address our Financial Strategic Risk.

12. Deliver Year Two 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.

Year Two of the Technology Roadmap comprises an upgrade to our existing finance and utility billing platform to ensure that it continues to meet stakeholder expectations. This follows recent investment in the Business Transformation Program, which delivered a new payroll and human resource information system. A post-implementation review of the program was undertaken after the finance system implementation was discontinued to pursue a more cost-effective alternative. Findings and recommendations will be applied to future technology-based upgrades.

This Corporate Initiative aims to address our Financial and Stakeholder Strategic Risks.

Key Drivers of Corporate Plan 2022-27

Price Submission 1 (2018-23)

The 2022-27 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 2022-23 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.

Above planned gifted asset developments in the region against PS1 budget have increased non-cash revenue, providing future benefits to the Corporation through additional service connections to the network. Increases in operational expenditure largely attributed to above CPI increases in insurance, audit and information technology will result in a slight decrease in cash held compared to PS1 projections.

The Business Transformation Project successfully introduced a new ICT managed service provider and delivered a new payroll, and human resource information system. Following an independent review in February 2022, the implementation of the new finance system was discontinued to pursue a more cost-effective alternative. This will result in an accounting adjustment to the 2022 financial results, whereby approximately \$2M of capital spend will be re-categorised as operational expenditure. At the time of writing, the exact impacts are not confirmed. It is expected that this will result in a negative impact to the profit reported for the 2021-22 financial year, however this will be offset by a reduction in previously reported capital spend. Net Profit After Tax (NPAT) will remain in line with budget expectations for the PS1 period.

Variations to PS1 are detailed in Appendix D.

Financial information for years 2023/24 to 2026/27 are subject to approval of the Westernport Water 2023 Pricing Submission by the Essential Services Commission and therefore may be subject to change.

Debt Management

Debt management remains a key focus in maintaining the financial stability of the Corporation. The 2022-27 Corporate Plan continues to actively manage debt levels and balance debt against capital program requirements.

Debt levels will remain flat over the next five-year period. Fixed loans of \$1.25M will be repaid and redrawn to ensure funding requirements for 2022-23 capital programs are met with no new borrowings required. The \$2.2M in borrowings above PS1 budget increase is due to reprofiling of capital works to deliver projects including Sustainable Water Reuse and Land Management and the Technology Roadmap, which will deliver operating efficiencies in future and address our Financial and Stakeholder Strategic Risks.

The PS1 capital program has been reprofiled against the original budget with a number of planned capital programs being brought forward to assist with economic recovery from the impacts of COVID-19. This was also due to interruptions to work schedules resulting from COVID-19 restrictions experienced during 2020-21 and 2021-22. Short term borrowings and investment will be utilised to smooth cash flow, with longer term borrowings directed towards the financing of the capital program.

The Corporation is committed to maintaining its AA credit rating by prudently managing operating expenditure and debt levels. 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	2021-22 Forecast	2022-23 Budget	2023-24 Budget	2024-25 Budget	2025-26 Budget	2026-27 Budget
Total Fixed Debt Budget per PS1	7,940	7,940	7,940	7,940	7,940	7,940
Total Fixed Debt Budget	10,140	10,140	10,140	10,140	10,140	8,140
Variance	(2,200)	(2,200)	(2,200)	(2,200)	(2,200)	(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 2022-27 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.

Note: Strategic risks quoted for each initiative above are true and correct at the time of writing but are subject to change prior to activation of this Corporate Plan. This is due to the timing of the annual strategic risk review cycle.

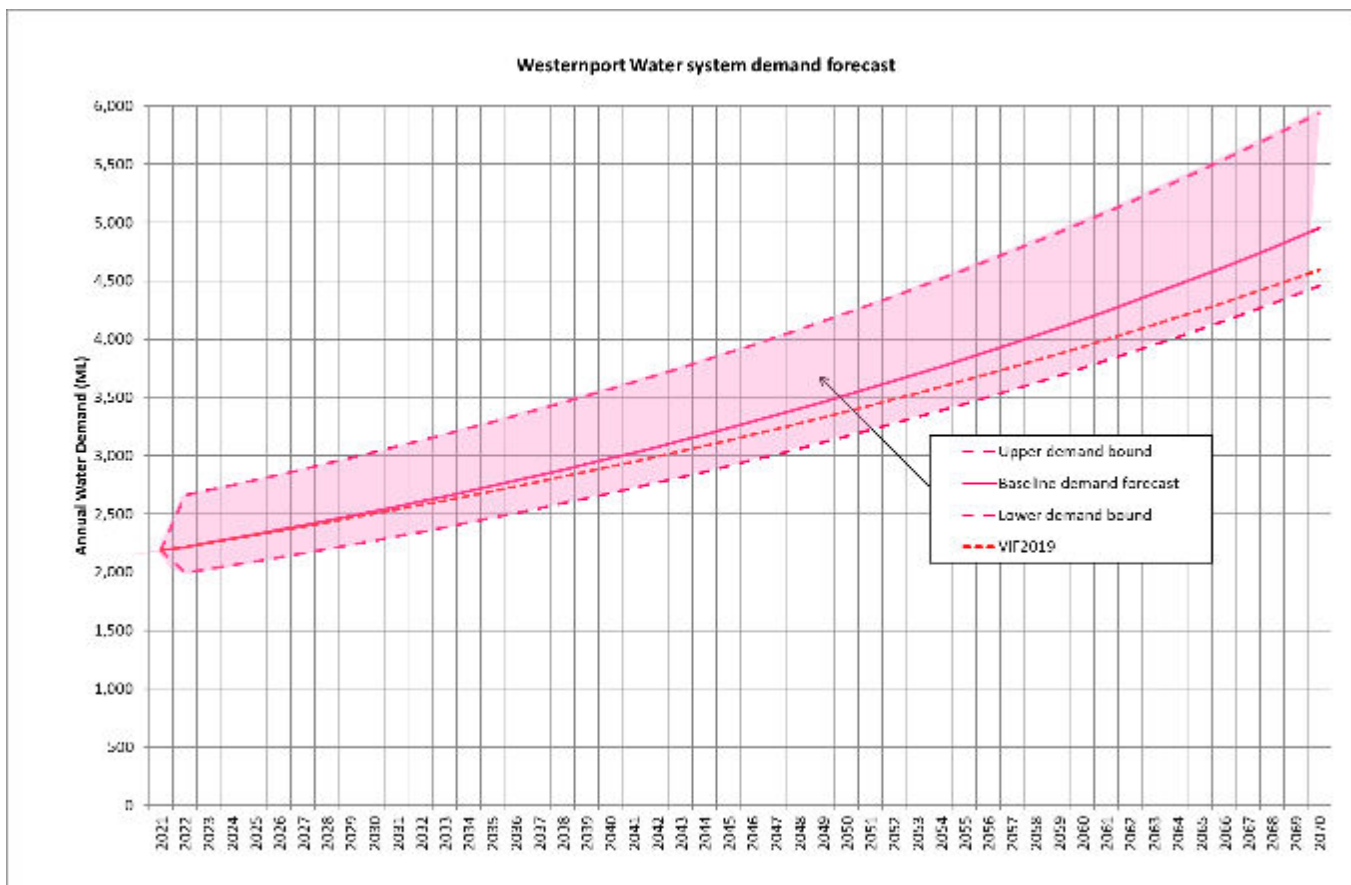
Financial Analysis, Considerations and Projections

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 2022 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 and annual increase in recent years. The demand forecast provides an upper and lower band limit from the expected or baseline demand. The baseline demand was developed based on a 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 2070. An updated Urban Water Strategy will be delivered in March 2027 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 2022-23

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. In 2022-23, Westernport Water will develop a new Recycled Water Strategy to be implemented in 2023 which includes inputs from customer engagement and our environmental obligations.

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 2022-23 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.
- 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 recycled water network as part of the development of a new Recycled Water Strategy.



Water and recycled water storage on Phillip Island.

Pricing

Tariff schedule	2021-22 Actual	2022-23	2023-24	2024-25	2025-26	2026-27
CPI % assumptions	1.1	5.1*	2.3	2.3	2.3	2.3
Water & Recycled Water Volumetric pricing per kL						
Potable (Residential)	\$2.0262	\$2.1103	\$2.1588	\$2.2085	\$2.2593	\$2.3112
Potable (Non-residential)	\$2.0262	\$2.1103	\$2.1588	\$2.2085	\$2.2593	\$2.3112
Recycled Water (Residential)	\$1.1339	\$1.1916	\$1.2190	\$1.2470	\$1.2757	\$1.3051
Recycled Water (Non-residential less than 5,000kL p.a.)	\$0.5515	\$0.5795	\$0.5928	\$0.6065	\$0.6204	\$0.6347
Recycled Water (Non-residential more than 5,001kL p.a.)	\$0.4533	\$0.4763	\$0.4873	\$0.4985	\$0.5099	\$0.5217
Connected Fixed Charges \$ per annum						
Residential						
Water	\$391.60	\$408.40	\$417.79	\$427.40	\$437.23	\$447.29
Waste	\$607.94	\$633.18	\$647.74	\$662.64	\$677.88	\$693.47
Reuse	\$28.33	\$29.77	\$30.45	\$31.16	\$31.87	\$32.60
Non-Residential						
Water (20mm tapping)	\$391.60	\$408.40	\$417.79	\$427.40	\$437.23	\$447.29
Water (25mm tapping)	\$704.91	\$735.15	\$752.06	\$769.36	\$787.05	\$805.15
Water (32mm tapping)	\$1,331.84	\$1,388.96	\$1,420.91	\$1,453.59	\$1,487.02	\$1,521.22
Water (40mm tapping)	\$2,428.53	\$2,532.70	\$2,590.95	\$2,650.54	\$2,711.51	\$2,773.87
Water (50mm tapping)	\$4,347.94	\$4,534.44	\$4,638.73	\$4,745.42	\$4,854.57	\$4,966.22
Water (65mm tapping)	\$9,026.23	\$9,485.58	\$9,703.75	\$9,926.93	\$10,155.25	\$10,388.82
Water (80mm tapping)	\$15,002.61	\$15,646.14	\$16,006.00	\$16,374.14	\$16,750.74	\$17,136.01
Water (100mm tapping)	\$26,989.13	\$28,146.82	\$28,794.20	\$29,456.46	\$30,133.96	\$30,827.04
Water (150mm tapping)	\$62,204.78	\$64,873.05	\$66,365.13	\$67,891.53	\$69,453.03	\$71,050.45
Waste	\$607.94	\$633.18	\$647.74	\$662.64	\$677.88	\$693.47
Waste (> 2 cistern per property)	\$224.52	\$233.84	\$239.22	\$244.72	\$250.35	\$256.11
Unconnected Fixed Charges \$ per annum						
Water	\$196.93	\$204.18	\$208.88	\$213.68	\$218.59	\$223.62
Waste	\$304.50	\$317.14	\$324.43	\$331.90	\$339.53	\$347.34

Note:

*The Tariff Schedule for 2022-23 above has been calculated using the approved CPI increase of 5.1 per cent released by WPW's economic regulator, the Essential Services Commission on 29/4/2022 through the annual tariff approval process and includes required adjustments as per Schedule 5 of PS1 2018-23 which has resulted in a positive price path for 2022-23.

Customer Impact Table

Average Residential Account (81 kL)	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Water Fixed	\$391.60	\$408.40	\$417.79	\$427.40	\$437.23	\$447.29
Volumetric	\$164.12	\$170.93	\$174.87	\$178.89	\$183.00	\$187.21
Waste Fixed	\$607.94	\$633.18	\$647.74	\$662.64	\$677.88	\$693.47
Total	\$1,163.66	\$1,212.51	\$1,240.40	\$1,268.93	\$1,298.12	\$1,327.97
% Change	-0.15%	4.20%	2.30%	2.30%	2.30%	2.30%
Average Commercial Account (609 kL)						
Water Fixed	\$391.60	\$408.40	\$417.79	\$427.40	\$437.23	\$447.29
Volumetric	\$1,233.96	\$1,285.17	\$1,314.73	\$1,344.97	\$1,375.90	\$1,407.55
Waste Fixed	\$607.94	\$633.18	\$647.74	\$662.64	\$677.88	\$693.47
Total	\$2,233.50	\$2,326.75	\$2,380.27	\$2,435.01	\$2,491.02	\$2,548.31
% Change	-0.18%	4.18%	2.30%	2.30%	2.30%	2.30%
Average Tenant Account (81 kL)						
Volumetric	\$164.12	\$170.93	\$174.87	\$178.89	\$183.00	\$187.21
% Change	-0.22%	4.15%	2.30%	2.30%	2.30%	2.30%

Operating Environment Assumptions 2022-27

The COVID-19 pandemic declared on 11 March 2020 by the World Health Organisation impacted Australian and global economies and while at the time it was considered transitory, it is now expected to have significant long-term economic effects. The 2022-23 Corporate Plan has factored in the immediate known operational impacts from COVID-19 however has assumed an ongoing impact to business as usual, which is requiring the business to re-think its approach for the longer term.

As Westernport Water enters into the fifth and final year of the PS1 regulatory period, 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.

Development activity is expected to perform above PS1 expectations for 2022-23, consistent with prior year trends. Population growth in the service area has exceed Victoria in Future 2016 predictions largely attributed to Government incentives for regional development and the impacts of Victorians reallocating from metropolitan to regional areas in response to COVID-19. It is expected that total development revenue, which is predominately non-cash income, will perform 141 per cent above budget over 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 increases in areas including insurance, audit, compliance, and information technology, Westernport Water remains focused on cost containment to maintain a sustainable position, whilst ensuring minimum impact to customer bills.

The 2022-23 Corporate Plan budget sets the final year for the current regulatory period and is based on the current proposals for PS23 which are subject to final ESC determination in FY2023. 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 in the next five year regulatory period.

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 2022-23

The financial assumptions set out below form the basis for the budgeted net profit after tax result of \$673k and a positive net cash flow from operating activities.

Revenue Assumptions

Service Charges:

- The Tariff Schedule for 2022-23 has been calculated using the approved CPI increase of 5.1 per cent released by the Essential Services Commission on 29/4/2022 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 an increase in average residential accounts for 2022-23 compared to 2021-22 of approximately 4.2 per cent.
- Residential customer growth of 1.9 per cent.
- Non-residential connection growth of 1.4 per cent.

Water Usage:

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

Developer Income:

- Creation of approximately 155 new allotments which is a reduction from 166 new allotments in 2021-22. The variance from prior year is also attributed to additional developer income received from the creation of the relocation of assets resulting from the VicRoads roundabouts replacement program which concluded in 2021-22, with no additional works planned.

OPEX Assumptions

- Increases in wage and salaries are in line with the current Enterprise Agreement and are consistent with overall government policy for annual wage rises (2 per cent increase in base rates and allowances and 0.5% increase in superannuation effective 1 July 2023).
- An increase of 0.4 FTE has been approved to assist with the delivery of the Gender Equality Action Plan.
- The Learning and Development budget which has been underutilised in previous years largely due to lack of access to training facilitators during COVID-19 restrictions has been reinstated back to PS1 expectations resulting in an increase of \$100k in training costs for 2022-23.
- Insurance costs have increased by \$43k (15 per cent) as per the Victorian water industry contract.
- Increased audit fees by \$64k for General Environmental Duty (GED) and Class A Health Environmental Management Plan (HEMP) audits required during 2022-23 to ensure regulatory compliance for EPA are met.
- 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 and 2020-21 and investment in ZEW has also contributed to the reduction in electricity usage over the PS1 regulatory period.
- Information technology expenditure has increased by \$131k due to additional licence fees related to the implementation of the Technology Roadmap and a further \$25k has been allocated to meet the compliance requirements for the Victorian Protective Data Security Framework (VPDSF) attestation.
- 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 ESC PS1 advice).
- Employee costs include a 2.5 per cent vacancy rate in line with recent trends, 1 per cent below PS1 assumptions.
- Depreciation has been adjusted to better reflect the timing of capitalisation of major projects.

Financial Sensitivity Analysis

The 2022-27 Corporate Plan is forecasting a Net Profit After Tax (NPAT) for 2023FY of \$673k. 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 2022-23. 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 \$0.502M to a profit of \$1.722M. 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 change in revenue (\$878k) - 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 impacts on development due to COVID-19. However, development could be positively impacted due to increased transient population.
Water Usage	A 5 per cent change in consumption will impact revenue by \$223k. *A 10 per cent change in consumption will impact revenue by \$446k. *A 20 per cent change in consumption will impact revenue by \$892k. *A 50 per cent change in consumption will impact revenue by \$2.23M.	Customer water consumption subject to seasonal condition over peak periods. Water usage consumption could be affected by the impacts of COVID-19.
Electricity	A 10 per cent change in usage will impact expenditure by \$79k.	A wet winter/spring period is a causal factor in increased 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 decrease in vacancy rate will result in a \$220k 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 however is forecast 3 per cent in 2021-22. The 2022-23 budget includes a vacancy rate of 2.5 per cent which reflects current trends and is 1 per cent below the PS1 Year 5 assumptions.
Service Charges	A 10 per cent change in service charges received will impact cash revenue by \$2.055M *A 20 per cent change in service charges received will impact revenue by \$4.110M *A 50 per cent change in service charges received will impact revenue by \$10.27M	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.

**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. Due to the fixed nature and application of Service charges, this is not currently considered a risk in the profit sensitivity assumptions however it is a consideration for cash flow forecasts as noted above.

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 \$0.502M. 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	2022-23 budget	Capital revenue	Water usage	Electricity	Employee Costs	Net result
Total Revenue	27,576	-	-	-	-	27,576
Revenue Adjustment	50*	(878)	(223)	-	-	(1,050)
Total Opex	(26,729)	-	-	-	-	(26,729)
Opex Adjustment	-	-	-	(79)	(220)	(299)
NPBT	897	-	-	-	-	(502)
Tax	(224)	-	-	-	-	-
NPAT	673	-	-	-	-	(502)

*Revenue from profit on sale of disposal of assets.

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 \$673k to \$1.7M during 2022-23.

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

Profit & loss \$'000	2022-23 budget	Capital revenue	Water usage	Electricity	Employee Costs	Net result
Total Revenue	27,576	-	-	-	-	27,576
Revenue Adjustment	50*	878	223	-	-	1,150
Total Opex	(26,729)	-	-	-	-	(26,729)
Opex Adjustment	-	-	-	79	220	299
NPBT	897	-	-	-	-	2,296
Tax	(224)	-	-	-	-	(574)
NPAT	673	-	-	-	-	1,722

*Revenue from profit on sale of disposal of assets.

Customer and Demand Assumptions 2022-23

Property Forecast 2022-23

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 1.9 per cent from 2021-22
- Growth in non-residential connections of 1.4 per cent from 2021-22
- No growth predicted in unconnected vacant residential land.

Property type	Property Numbers 2021-22 Forecast	Pricing Submission Year 4	Variance from PS1 Year 4	Property Numbers 2022-23 Planned	Pricing Submission Year 5	Variance from PS1 Year 5
Residential	16,711	16,614	0.58%	17,028	16,897	0.78%
Vacant Land	2,000	1,500	33.33%	2,000	1,500	33.33%
Non-residential	1,110	1,202	-7.65%	1,119	1,225	-8.65%
Total Properties	19,821	19,316	2.61%	20,147	19,622	2.68%

Customer Demand Forecast 2022-23

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. Non-residential usage has been negatively impacted in recent years by the interruption to tourism activity resulting from COVID-19 lockdowns however, demand is expected to return to pre-COVID levels particularly with the return of international tourists to the region in the near future.

To reflect the uncertainty in forecast demand for the previous 2018-23 five-year regulatory period, Westernport Water modelled a range of supply and demand scenarios through the 2017 Urban Water Strategy. 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 with adjustments made for growth and the impacts on demand resulting from COVID-19.

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

Customer Type	Forecast Demand 2021-22 ML	Demand 2022-23 ML	Pricing Submission Year 5 ML	Variance from PS1 Year 5 %
Residential	1,386	1,412	1,368	3.22%
Non-residential	691	697	746	-6.57%
Total Customer Demand	2,077	2,109	2,114	-0.24%

Appendix A – Financial Templates

Table A1 – Operating Statement

Operating Statement \$'000	2021-22 Forecast	2022-23	2023-24	2024-25	2025-26	2026-27
Revenue						
Service Charges	19,402	20,549	21,421	22,330	23,277	24,265
Usage Charges	4,205	4,453	4,642	4,839	5,044	5,258
Developer Contribution	564	605	550	550	550	550
Developer Contribution - Gifted Assets	1,250	1,150	950	950	950	950
Investment Interest	4	10	10	10	10	10
Other Revenue	850	809	828	847	866	886
Total Revenue	26,275	27,576	28,400	29,525	30,698	31,919
Expense						
Operating & Maintenance Expense	2,442	2,509	2,567	2,626	2,687	2,748
Administration Expense	3,948	4,082	4,176	4,272	4,370	4,471
Environmental Contributions	1,080	1,080	1,080	1,200	1,200	1,200
Borrowing Cost / Interest Expense	305	340	350	360	370	380
Depreciation / Amortisation	7,253	7,725	7,903	8,085	8,270	8,684
IT	1,828	1,990	2,036	2,083	2,131	2,180
Labour	8,513	8,794	9,014	9,239	9,470	9,707
Consultants	176	208	212	217	222	227
Total Expense	25,545	26,729	27,338	28,082	28,721	29,597
Net Operating Profit Before Tax	730	847	1,062	1,443	1,977	2,322
Profit on sale of disposal of assets	100	50	50	50	50	50
Net Profit Before Tax	830	897	1,112	1,493	2,027	2,372
Tax	207	224	278	373	507	593
Net Profit After Tax	622	673	834	1,120	1,520	1,779
Net Profit - Retained Earnings	622	673	834	1,120	1,520	1,779
Retained Earnings - Opening Balance	68,382	69,004	69,677	70,511	71,631	73,151
Retained Earnings - Closing Balance*	69,004	69,677	70,511	71,631	73,151	74,930

*Excludes accounting adjustments required for expenditure relating to the Business Transformation Project which was approved by the Board on 22 February 2022 and is expected to be reflected in the 2021-22 results after independent advice of the final amount.

Table A2 – Operating Statement by Quarter 2022-23

Operating Statement 2021-22 \$'000	Q 1 Period	Q2 Period	Q2 YTD	Q3 Period	Q3 YTD	Q4 Period	Q4 YTD
Revenue							
Service Charges	5,096	5,067	10,163	4,975	15,138	5,069	20,549
Usage Charges	973	1,182	2,155	1,116	3,271	1,107	4,453
Developer Contribution	129	155	284	200	484	130	605
Developer Contribution - Gifted Assets	0	259	259	250	509	650	1,150
Investment Interest	2	3	5	2	7	3	10
Other Revenue	194	207	401	200	601	200	809
Total Revenue	6,395	6,872	13,267	6,743	20,010	7,159	27,576
Expense							
Operating & Maintenance Expense	379	631	1,009	711	1,721	830	2,509
Administration Expense	616	1,027	1,642	1,119	2,761	1,350	4,082
Environmental Contributions	270	270	540	270	810	270	1,080
Borrowing Cost / Interest Expense	85	85	170	85	255	85	340
Depreciation / Amortisation	1,860	1,860	3,719	1,992	5,712	2,029	7,725
IT	439	499	938	531	1,469	523	1,990
Labour	2,111	2,199	4,309	2,199	6,508	2,287	8,794
Consultants	31	52	83	54	138	69	208
Total Expense	5,790	6,622	12,412	6,962	19,373	7,442	26,729
Net Operating Profit Before Tax	605	251	855	(218)	637	(283)	847
Non-Operating Items							
Profit on sale of disposal of assets	5	10	15	15	30	20	50
Net Profit Before Tax	610	261	870	(203)	667	(263)	897
Tax	152	65	218	(51)	167	(66)	224
Net Profit After Tax	457	196	653	(152)	500	(197)	673
Net Profit - Retained Earnings	457	196	653	(152)	500	(197)	673
Retained Earnings - Opening Balance	69,004	69,462	69,004	69,657	69,004	69,505	69,004
Retained Earnings - Closing Balance*	69,462	69,657	69,657	69,505	69,505	69,308	69,677

*Excludes accounting adjustments required for expenditure relating to the Business Transformation Project which was approved by the Board on 22 February 2022 and is expected to be reflected in the 2021-22 results after independent advice of the final amount
Note: Tax rate of 25% has been applied.

Table A3 – Balance Sheet

Balance Sheet \$'000	2021-22 Forecast	2022-23	2023-24	2024-25	2025-26	2026-27
Current Assets						
Cash & Cash Equivalents	442	2,460	2,769	3,482	4,257	5,107
Receivables	4,274	4,710	4,666	4,619	4,583	5,074
Inventories	457	468	459	469	480	491
Prepayments	113	116	119	121	124	127
Total Current Assets	5,287	7,754	8,013	8,692	9,444	10,799
Non-current assets						
Property Plant & Equipment	275,532	285,754	301,997	312,523	321,465	329,843
Less Accumm Depreciation	(10,956)	(18,681)	(26,584)	(34,668)	(42,939)	(51,623)
PP&E at WDV	264,576	267,073	275,414	277,854	278,527	278,220
Work In Progress	15,996	13,996	7,996	8,496	10,496	11,496
Intangibles	1,934	1,979	2,024	2,071	2,118	2,167
Receivables	54	55	56	58	59	60
Total Non-current Assets	282,560	283,103	285,490	288,479	291,200	291,943
Total Assets	287,847	290,856	293,503	297,170	300,644	302,742
Current Liabilities						
Borrowings	1,250	1,000	1,250	1,190	750	1,000
Employee Benefits	1,513	1,548	1,583	2,120	1,908	1,952
Payables	1,588	1,581	1,577	1,573	1,569	1,566
Unearned Income	2,481	3,050	3,019	3,110	3,203	3,299
Other	43	43	43	43	43	43
Total Current Liabilities	6,875	7,222	7,473	8,036	7,474	7,860
Non-current Liabilities						
Borrowings	8,890	9,140	8,890	8,950	9,390	7,140
Employee Benefits	374	382	391	400	409	419
Deferred Tax Liability	44,376	44,502	44,676	44,938	45,326	45,796
Total Non-current Liabilities	53,640	54,025	53,957	54,288	55,126	53,355
Total Liabilities	60,515	61,247	61,430	62,324	62,600	61,215

Balance Sheet \$'000	2021-22 Forecast	2022-23	2023-24	2024-25	2025-26	2026-27
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Net Assets	227,332	229,610	232,073	234,846	238,045	241,527
Equity						
Retained Earnings	69,004	69,677	70,511	71,631	73,151	74,930
Asset Revaluation Reserve	107,005	108,610	110,239	111,893	113,571	115,274
Contributed Capital	51,323	51,323	51,323	51,323	51,323	51,323
Total Equity	227,332	229,610	232,073	234,846	238,045	241,527

Note: Current assets are less than current liabilities indicating a working capital deficiency however this is not the case. Current borrowings will be redrawn as they fall due therefore will be moved to non-current liabilities. Unearned income relates to billed revenue already received in advance due to the cyclical nature of the billing process.

Table A4 – Balance Sheet by Quarter 2022-23

Balance Sheet 2022-23 \$'000	Q 1	Q2	Q3	Q4
Current Assets				
Cash & Cash Equivalents	524	1,300	3,118	2,460
Receivables	4,098	3,905	3,749	4,710
Inventories	449	448	457	468
Prepayments	132	128	119	116
Total Current Assets	5,203	5,781	7,443	7,754
Non-current assets				
Property Plant & Equipment	277,466	278,023	280,094	285,754
Less Accumm Depreciation	(12,815)	(14,675)	(16,667)	(18,681)
PP&E at WDV	264,651	263,348	263,426	267,073
Work In Progress	16,250	17,290	15,999	13,996
Intangibles	1,934	1,934	1,979	1,979
Receivables	54	55	55	55
Total Non-current Assets	282,889	282,627	281,459	283,103
Total Assets	288,092	288,408	288,903	290,856
Current Liabilities				
Borrowings	500	1,000	1,000	1,000
Employee Benefits	1,516	1,522	1,531	1,548
Payables	1,483	1,393	1,543	1,581
Unearned Income	2,521	2,789	3,210	3,050
Other	43	43	43	43
Total Current Liabilities	6,064	6,748	7,327	7,222
Non-current Liabilities				
Borrowings	9,640	9,140	9,140	9,140
Employee Benefits	375	377	379	382
Deferred Tax Liability	44,224	44,159	44,225	44,502
Total Non-current Liabilities	54,239	53,676	53,743	54,025
Total Liabilities	60,302	60,423	61,070	61,247

Balance Sheet				
2022-23	Q 1	Q2	Q3	Q4
\$'000				

Net Assets	227,789	227,985	227,832	229,610
Retained Earnings	69,462	69,657	69,505	69,677
Asset Revaluation Reserve	107,005	107,005	107,005	108,610
Contributed Capital	51,323	51,323	51,323	51,323
Total Equity	227,789	227,985	227,832	229,610

Note: Current assets are less than current liabilities indicating a working capital deficiency however this is not the case. Current borrowings will be redrawn as they fall due therefore will be moved to non-current liabilities. Unearned income relates to billed revenue already received in advance due to the cyclical nature of the billing process.

Table A5 – Cash Flow Statement

Cash Flow \$'000	2021-22 Forecast	2022-23 Budget	2023-24 Budget	2024-25 Budget	2025-26 Budget	2026-27 Budget
Cash Flows from Operating Activities						
Receipts from Customers	25,390	28,010	29,149	30,327	31,554	32,818
Receipts from Government	765	769	773	777	780	798
Payments to Suppliers and Employees	(22,400)	(23,566)	(23,592)	(24,250)	(24,802)	(25,967)
Refund from ATO	1,754	1,427	1,626	1,710	1,807	1,628
Interest Received	5	10	10	10	10	10
Interest Paid	(235)	(265)	(263)	(259)	(256)	(250)
FAL Paid	(70)	(75)	(77)	(79)	(82)	(85)
Net Cash from Operating Activities	5,209	6,311	7,626	8,236	9,013	8,952
Cash Flows from Investing Activities						
Payments for Property, Plant & Equipment	(9,340)	(4,473)	(7,497)	(7,703)	(8,417)	(6,282)
Proceeds from Sale of Property, Plant & Equipment	309	180	180	180	180	180
Net Cash from / (Used in) Investing Activities	(9,031)	(4,293)	(7,317)	(7,523)	(8,237)	(6,102)
Cash Flows from Financing Activities						
Proceeds from Borrowings	4,700	1,250	1,000	1,250	1,190	750
Repayment of Borrowings	(1,500)	(1,250)	(1,000)	(1,250)	(1,190)	(2,750)
Net Cash from Financing Activities	3,200	-	-	-	-	-2,000
Net Increase (Decrease) For Year	(622)	2,018	309	713	775	850
Opening Cash Balance	1,064	442	2,460	2,769	3,482	4,257
Closing Cash Balance	442	2,460	2,769	3,482	4,257	5,107

Table A6 – Cash Flow Statement by Quarter for 2022-23

Cash Flow 2022-23 \$'000	Q1 Period	Q2 Period	Q2 YTD	Q3 Period	Q3 YTD	Q4 Period	Q4 YTD
Cash Flows from Operating Activities							
Receipts from Customers	6,740	7,654	14,394	7,129	21,523	6,487	28,010
Receipts from Government	192	192	384	192	577	192	769
Payments to Suppliers and Employees	(5,879)	(6,311)	(12,190)	(4,905)	(17,095)	(6,471)	(23,566)
Refund from ATO	440	332	772	321	1,093	334	1,427
Interest Received	3	3	5	3	8	3	10
Interest Paid	(38)	(94)	(133)	(38)	(171)	(94)	(265)
FAL Paid	(19)	(19)	(38)	(19)	(56)	(19)	(75)
Net Cash from Operating Activities	1,440	1,756	3,195	2,684	5,879	432	6,311
Cash Flows from Investing Activities							
Payments for Property, Plant & Equipment	(1,403)	(1,025)	(2,428)	(910)	(3,338)	(1,134)	(4,473)
Proceeds from Sale of Property, Plant & Equipment	45	45	90	45	135	45	180
Net Cash from / (Used in) Investing Activities	(1,358)	(980)	(2,338)	(865)	(3,203)	(1,089)	(4,293)
Cash Flows from Financing Activities							
Proceeds from Borrowings	750	0	750	0	750	500	1,250
Repayment of Borrowings	(750)	0	(750)	0	(750)	(500)	(1,250)
Net Cash from Financing Activities	0	0	0	0	0	0	0
Net Increase (Decrease) For Year	81	776	857	1,819	2,676	(657)	2,018
Opening Cash Balance	442	524	442	1,300	442	3,118	442
Closing Cash Balance	524	1,300	1,300	3,118	3,118	2,460	2,460

Appendix B – Regulatory Performance Indicators

Table B1 – Financial Performance Indicators

Financial Performance Indicators	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Projected	2022-23 Projected	2023-24 Projected	2024-25 Projected	2025-26 Projected	2026-27 Projected
F1 Cash Interest Cover Net operating cash flows before net interest and tax / net interest payments (times)	40.2	29.7	32.40	23.7	23.9	28.9	31.7	34.9	35.4
F2 Gearing Ratio Total debt (including finance leases) / total assets) * 100 (%)	3.10%	3%	2.4%	3.52%	3.49%	3.45%	3.41%	3.37%	2.69%
F3 Internal Financing Ratio Net operating cash flows less dividends / net capital expenditure * 100 (%)	138.0%	60%	61%	57.7%	147.0%	104.2%	109.5%	109.4%	146.7%
F4 Current Ratio Current assets / current liabilities (excluding long term employee provisions and revenue in advance) (times)	1.60	1.1	0.85	0.77	1.07	1.07	1.08	1.26	1.37
F5 Return on Assets Earnings before net interest and tax / average assets * 100 (%)	0.9%	2.2%	1.4%	0.36%	0.41%	0.48%	0.61%	0.79%	0.90%
F6 Return on Equity Net profit after tax / average total equity * 100 (%)	0.7%	2.5%	1.4%	0.27%	0.29%	0.36%	0.48%	0.64%	0.74%
F7 EBITDA Margin Earnings before interest, tax, depreciation and amortisation / total revenue * 100 (%)	33%	40%	37%	32%	32%	33%	33%	35%	36%

Table B2 – Regulatory Performance Indicators

Water Network Reliability Indicators		2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Target	2022-23 Target
REW 8 (new)	Water Service – minutes off supply (planned and unplanned) How many minutes on average a customer was without water supply during a year (minutes)	131.2	83.7	30.5	11.3	30.6	<103	<103
REW 5 (was WS1*)	Unplanned water supply interruptions Percentage of customers receiving more than 1 unplanned interruptions in the year (%)	1500*	3.9%	1.0%	1.1%	2.4%	9.3%	9.3%

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

Sewerage Network Reliability Indicators		2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Target	2022-23 Target
RES 1 (new)	Sewerage Service – sewer blockages Number of sewer blockages reported per 100 kilometres of sewer main (number)	7.4	6.0	6.4	3.6	5.4	<4.1	<4.1
RES 6 (new)	Sewerage Service – sewer spills number of sewer spills reported per 100 kilometres of sewer main (number)	4.4	4.1	2.4	1.0	1.8	N/A**	2.74
RES 7 (was SS1)	Sewerage Service – containment of sewer spills Sewer spills from reticulation and branch sewers contained within 5 hours (%)	100%	100%	100%	100%	100%	100%	100%

**Due to new LoE KPI changes, targets have not previously been in place and have now been set.

Customer Responsiveness Indicators (per 1000 customers)		2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Target	2022-23 Target
WB1 (new)	Water bills - average household use Typical household bills including inflation, owner occupiers (\$)	1,101	1,124	1,170	1,172	1,189	N/A**	N/A#
WB2 (new)	Water bills - average household use Typical household bill including inflation, tenants (\$)	134	137	179	176	186	N/A**	N/A#
UPP 1 (new)	Water bills – customers on flexible payment plans No. of customers with instalment plans (number)	3.3	3.2	4.8	2.1	1.6	N/A**	1.9
UPP 6 (new)	Water bills – customers awarded hardship grants No. of customers awarded hardship grants (number)	0.01	0.38	0.19	0.66	1.57	>25	>25
CRS 4* (was CR1)	Customer Responsiveness - water quality complaints No of complaints per 100 customers (number)	0.24	0.19	0.22	0.08	0.93	0.22	0.22
CRS 7* (was CR4)	Customer Responsiveness – number of payment issue complaints No of complaints per 100 customers (number)	0.10	0.189	0.019	0.005	0.10	0.10	0.10
CRS 3* (new)	Customer Responsiveness – total complaints No of complaints per 100 customers (number)	0.67	0.63	0.58	0.30	1.37	N/A**	0.71

*In the 2022-27 Corporate Plan this measurement changed from 1000 customers to 100 customers. Decimal point adjusted for previous years.

**Due to new LoE KPI changes, targets have not previously been in place and have now been set.

#Variable water consumption is influenced by seasonal weather conditions making an average household bill difficult to forecast accurately. Setting a target will be explored as part of the PS23 submission, after consultation with customers.

Water Reuse Indicators		2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Target	2022-23 Target
CRR 1 (Was E1)	Recycled water – effluent treatment and reuse Proportion of water recycled as a percentage of the volume of effluent produced (%)	24%	21%	23.5%	14%	7%	25%	25%

Appendix C – Capital Expenditure

Table C1 – PS1 Capital Program 2018-23

Project Name	PS1 Year 1 Actuals 2018/19	PS 1 Year 2 Actuals 2019/20	PS 1 Year 3 Actuals 2020/21	PS1 Year 4 Budget for 2021/22	PS 1 Year 4 Forecast for 2021/22	PS 1 Year 5 Indicative Budget for 2022/23	Total PS1 2018-23
Sludge Management Program	57,661	107,707	43,455	90,000	90,000	86,000	384,823
OH&S Compliance Program	111,764	75,866	5,935	50,000	50,000	92,500	336,065
Diversity & Inclusion Plan – Facility Improvement	585,860	-	-	-	-	-	585,860
Emissions Reduction Pledge Implementation	21,081	154,244	268,927	-	-	-	444,252
Phillip Island Water Supply Security Project	155,035	803,376	1,270,591	150,000	50,000	-	2,279,002
Water Quality Compliance Program	137,450	211,169	-	-	-	-	348,619
Compliance Total	1,068,851	1,352,362	1,588,908	290,000	190,000	178,500	4,378,621
Sustainable Water Reuse and Land Management	532,177	17,823	303,973	-	-	-	853,973
King Road Master Plan	-	-	90,621	110,000	110,000	10,000	210,621
Building Asset Management Plan - Stage 3	143,535	180,521	223,355	60,000	60,000	-	607,411
CWWTP Upgrade Stage 2	17,235	186,712	1,489,112	3,480,000	3,400,000	-	5,093,059
CWWTP Community Education Display	2,799	23,061	-	-	-	-	25,860
Automated Water Filling Station	3,310	3,194	873	10,000	10,000	10,000	27,377
Community Refill Stations, Water efficiency for accomm providers & Portable Hydration Station	27,632	28,678	7,424	-	-	-	63,734
Growth Total	726,688	439,989	2,115,358	3,660,000	3,575,000	10,000	6,867,035
Water Quality Improvement Program	192,876	46,373	285,917	80,000	80,000	39,000	644,166
Odour and Corrosion mitigation program	-	-	69,510	220,000	300,000	55,000	424,510
GIS-AMIS Strategy Implementation	43,945	72,393	25,323	-	-	16,500	158,161
Bass River Pump Station Bund	11,786	42,743	8,944	-	-	-	63,473
Septic Tanker Discharge Pump Station	-	60,566	-	-	-	-	60,566
IBWPP Emergency Control Room	20,226	26,721	252,686	-	-	-	299,633
Zone Metering and Pressure Management	41,671	85,000	6,497	-	-	-	133,168

Project Name	PS1 Year 1 Actuals 2018/19	PS 1 Year 2 Actuals 2019/20	PS 1 Year 3 Actuals 2020/21	PS1 Year 4 Budget for 2021/22	PS 1 Year 4 Forecast for 2021/22	PS 1 Year 5 Indicative Budget for 2022/23	Total PS1 2018-23
Improved Services Total	310,504	333,796	648,876	300,000	380,000	110,500	1,783,676
Software Application	49,660	62,076	33,073	50,000	50,000	75,000	269,809
Hardware Replacement	52,857	77,625	24,088	60,000	60,000	80,000	294,570
Business Transformation Project*	487,214	1,705,525	1,632,165	-	-	-	3,824,904
Sewer Junction Rebuild Program	309,665	249,101	196,504	200,000	160,000	200,000	1,115,270
SPS Electrical Switchboard Renewal Program	185,111	70,496	248,929	100,000	120,000	-	624,536
SCADA Strategy Implementation	106,745	97,371	29,097	50,000	110,000	-	343,213
San Remo to Newhaven Bridge Pipeline and Fittings Renewal Project	-	-	65,550	300,000	200,000	730,000	995,550
San Remo to Basin to Cowes 648 Pipeline Valve Renewal Project	-	-	95,189	300,000	400,000	215,000	710,189
Water Main Replacement Program	342,894	407,206	484,985	20,000	100,000	-	1,335,085
SPS Civil, Mech & Electrical Works	122,848	121,189	145,844	100,000	200,000	80,000	669,881
Sewer Main Renewals	2,911	79,241	89,720	120,000	280,000	-	451,872
CWWTP Civil, Mech & Electrical Works	117,618	92,083	109,261	160,000	160,000	150,000	628,962
IBWPP Civil, Mech & Electrical Works	135,949	206,299	377,112	80,000	100,000	50,000	869,360
Water Dist System Civil, Mech & Electrical Works	48,755	86,634	132,574	50,000	50,000	50,000	367,963
Water Meter Renewal Program	118,173	26,699	23,120	30,000	30,000	30,000	227,992
King Road WWP Civil, Mech & Electrical Works	34,027	25,546	37,205	30,000	30,000	30,000	156,778
Plant Replacement - Fleet & Equipment	64,840	266,708	567,750	350,000	200,000	495,000	1,594,298
San Remo Basin Renewal Project	-	-	160,547	1,700,000	2,200,000	290,000	2,650,547
Minor storage renewals	-	-	-	25,000	50,000	360,000	410,000
Unbudgeted Capital Expenditure	19,000	1,048,532	435,513	-	-	-	1,503,045
Technology Roadmap	-	-	-	1,200,000	250,000	950,000	1,200,000
Renewals Total	2,198,267	4,622,331	4,888,225	4,925,000	4,750,000	3,785,000	20,243,823
Total**	4,304,310	6,748,478	9,241,368	9,175,000	8,895,000	4,084,000	33,273,156

*Excludes accounting adjustments required for expenditure relating to the Business Transformation Project which was approved by the Board on 22 February 2022 and is expected to reflect in the 2021-22 results after seeking independent advice.

**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 2022-27

The proposed PS23 budget for 2023-2027 is subject to finalisation of the PS23 submission and approval from ESC expected in September 2022.

Project Name	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	PS23 Year 4 Indicative Budget for 2026-27
Sludge Management Program	86,000	100,000	100,000	100,000	100,000
OH&S Compliance Program	92,500	222,611	63,489	64,887	64,887
Emissions Reduction Pledge Implementation	-	64,342	76,187	194,661	194,661
Phillip Island Water Supply Security Project	-	-	-	-	-
Water Quality Compliance Program	-	128,685	126,979	-	-
Compliance Total	178,500	515,639	366,655	359,547	359,547
Sustainable Water Reuse and Land Management	-	-	1,269,788	778,642	500,000
King Road Master Plan	10,000	2,058,959	507,915	-	-
Building Asset Management Plan - Stage 3	-	-	380,936	-	-
CWWTP Upgrade Stage 2	-	-	380,936	2,725,249	-
Automated Water Filling Station	-	-	-	-	-
Community Refill Stations, Water efficiency for accomm providers & Potable Hydration Station	-	19,303	19,047	19,466	19,914
Growth Total	10,000	2,078,262	2,558,622	3,523,357	519,914
Water Quality Improvement Program	39,000	-	888,851	-	350,000
Odour and Corrosion mitigation program	55,000	-	380,936	-	150,000
GIS-AMIS Strategy Implementation	16,500	64,342	63,489	64,887	66,120
Zone Metering and Pressure Management	-	528,685	580,428	129,774	50,000
Improved Services Total	110,500	593,027	1,913,705	194,661	616,120
Software Application	75,000	77,211	76,187	77,864	79,655
Hardware Replacement	80,000	64,342	63,489	64,887	66,379
Business Transformation Project	-	-	-	-	-
Sewer Junction Rebuild Program	200,000	257,370	253,958	259,547	265,517
SPS Electrical Switchboard Renewal Program	-	180,159	190,468	129,774	132,759
SCADA Strategy Implementation	-	77,211	76,187	77,864	79,655

Project Name	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	PS23 Year 4 Indicative Budget for 2026-27
San Remo to Newhaven Bridge Pipeline and Fittings Renewal Project	730,000	-	-	-	-
San Remo to Basin to Cowes 648 Pipeline Valve Renewal Project	215,000	-	-	-	-
Water Main Replacement Program	-	772,110	761,873	778,642	796,551
SPS Civil, Mech & Electrical Works	80,000	128,685	126,979	194,661	199,138
Sewer Main Renewals	-	193,027	190,468	129,774	132,759
CWWTP Civil, Mech & Electrical Works	150,000	193,027	190,468	194,661	199,138
IBWPP Civil, Mech & Electrical Works	50,000	193,027	253,958	194,661	199,138
Water Dist System Civil, Mech & Electrical Works	50,000	64,342	63,489	64,887	66,379
Water Meter Renewal Program	30,000	64,342	63,489	64,887	66,379
King Road WWP Civil, Mech & Electrical Works	30,000	64,342	63,489	64,887	66,379
Plant Replacement - Fleet & Equipment	495,000	386,055	380,936	389,321	398,276
San Remo Basin Renewal Project	290,000	-	-	-	-
Minor storage renewals	360,000	-	-	-	-
Wastewater Future Cowes SPS Upgrade	-	-	-	389,321	398,276
Technology Roadmap	950,000	-	-	-	-
Renewals Total	3,785,000	2,715,252	2,755,439	3,075,638	3,146,377
Total	4,084,000	5,902,180	7,594,421	7,153,203	4,641,958

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	5.1	
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	18,741	19,402	20,549	94,483
Variance \$	219	307	172	302	711	1,710

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	5.1	
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	4,209	4,205	4,453	21,006
Variance \$	132	(44)	(42)	(168)	(94)	(216)

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	5.1	
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	1,164	1,213	5,858
Variance \$	-	(9)	(27)	(44)	(23)	(103)

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	5.1	
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	6,408	3,688	1,814	1,755	16,160
Variance \$	1,218	5,100	2,331	443	352	9,444

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	5.1	
Total NPAT per PS1	666	968	1,357	1,889	2,350	7,230
Total NPAT as per Corporate Plan	1,266	4,365	2,874	622	673	9,800
*Variance \$	600	3,397	1,517	(1,267)	(1,677)	2,570

*Variance excludes accounting adjustments required for expenditure relating to the Business Transformation Project which was approved by the Board on 22 February 2022 and is expected to reflect in the 2021-22 results after seeking independent advice.

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	5.1	
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	9,241	8,895	4,085	33,273
*Variance \$	1,085	(1,032)	(3,521)	(3,693)	1,969	(5,192)

*Variance excludes accounting adjustments required for expenditure relating to the Business Transformation Project which was approved by the Board on 22 February 2022 and is expected to reflect in the 2021-22 results after seeking independent advice.