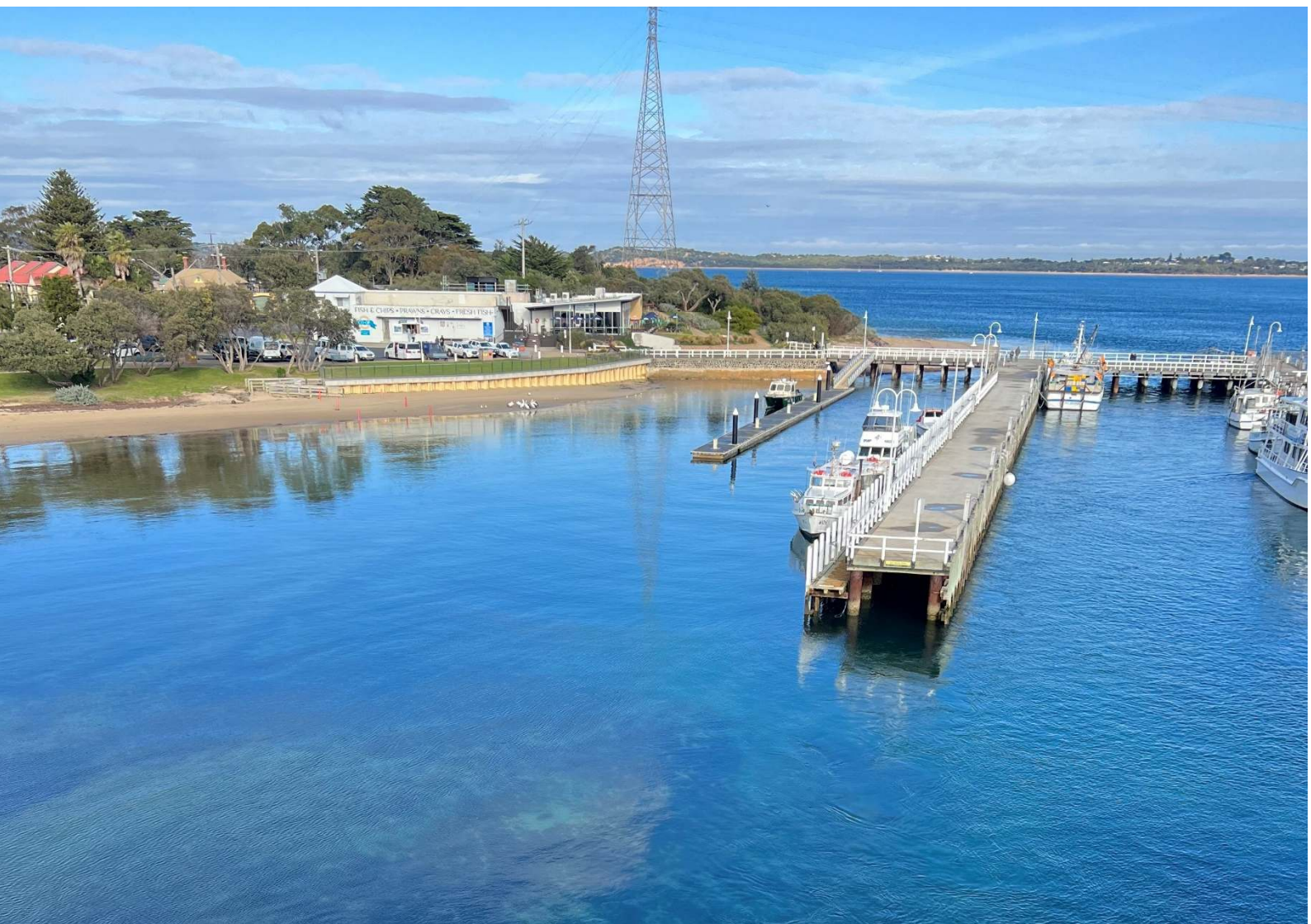


# Corporate Plan

2023 - 28



**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.



*Uncle Anthony Egan, Graham Gilbert (artist) and Uncle Jarrod West presenting the custom Aboriginal art for our Reconciliation Action Plan.*

# Message from the Chair and MD

In a period of change and uncertainty, Westernport Water remains focused on embracing the opportunities that change brings, while rising to the challenges ahead with an agile, action oriented, and customer focused approach to planning for the future.

We are deeply dedicated to serving and supporting our customers and are proud to present Westernport Water's Corporate Plan 2023-28. This plan outlines our strategy to deliver sustainable services that improve the health and liveability of our community, through innovation and collaboration.

Significant and evolving change has been the norm over the last few years. The impact of natural disasters here and worldwide, inflation, supply chain disruptions, global geopolitical events, and COVID-19 are just some of the major drivers of global and local uncertainty.

Our customers have told us that climate change adaptation and protecting the environment, while keeping our services affordable and sustainable in the long term, with consistently great tasting water, are their priorities, all of which is reflected in our strategies and plans.

Our changing climate is an urgent and complex challenge, and we know that the time to act is now. At Westernport Water we accelerated our emissions reduction ambitions to 2035, aiming to achieve net zero emissions much sooner than the State Government 2045 goal, and are committed to meeting all our electricity demands from renewable energy by 2025. In the year ahead, we will continue the already established virtual energy network pilot to explore the use of the electricity grid for energy sharing, will commence our treatment plant energy efficiency project, and will continue the floating wetland program at our Cowes Wastewater Treatment Plant in partnership with Deakin University Blue Carbon Lab, a priority project of the Western Port Integrated Water Management (IWM) Forum, that was partially funded through the Department of Energy, Environment and Climate Action.

We have 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. In addition, we will establish a customer panel to review and attest to our annual performance. Through the operationalisation of our price submission 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.

Last year, in addition to providing payment flexibility, Westernport Water facilitated or delivered a record number of rebates and grants to our customers. In 2021-22 through our customer support program our customers were able to get access to \$1,034,284 worth of financial hardship assistance through concession rebates, utility relief grants, high usage leak allowances and hardship grants. We will continue to take proactive steps to provide targeted relief to customers, residential or commercial, that are finding it difficult to meet payments.

We know that safe and great tasting water is a 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 ultra-violet disinfection system, in 2019 a continuous vertical raw water profiler was installed, we upgraded our filters in 2020, upgraded our carbon dosing facility in 2021, and in 2022 we achieved our highest ever level of customer satisfaction with drinking water. We have also built a backup drinking water supply at Wimbledon Heights, and renewed large sections of water mains over the years, and successfully replaced the liner and cover of our San Remo Basin. We will continue to provide reliable and sustainable services and invest in water quality.

We will develop and implement year two of our technology roadmap, year one of our e-service action plan, and plan for the upgrade to our asset information management system, to ensure our services continue to remain contemporary and meet the needs of our customers and our people.

Providing our people with a great place to work, where every single person goes home safe and well every day, is paramount. As part of the 2022 People Matter Survey carried out by the Victoria Public Sector Commission, 100% of our people indicated that Westernport Water provides a safe work environment. This builds on our staff satisfaction of 82%, and engagement score of 79. In addition, a strong focus on continuing to stand for an equitable and inclusive workplace that embraces flexibility, 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

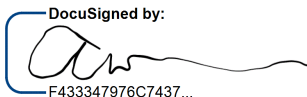
## OFFICIAL

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.

Having completed our Innovate Reconciliation Action Plan 2020-22, we will commence the implementation of our new Innovate 2.0 Reconciliation Action Plan and support the implementation of the Victorian Government's Water is Life Strategy. 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 will continue to build strong community partnerships, whether it is our small role in the record-breaking reconciliation bridge walk from San Remo to Newhaven led by the Bass Coast Reconciliation Network, or through our programs with local schools, our community grants program, or our continued partnership with the Phillip Island Community Orchard.

We value, protect, and strive to restore our natural environment, with a financially sustainable business, sound governance, and prudent investments. We are forward thinking as we plan for our future. We are finding innovative ways to reduce costs while recognising and managing our risks and continuing to provide a great place to work, to ensure our services meet our customers' expectations now, and in the future.

DocuSigned by:  
  
F433347976C7437...

Acting Chair  
Annabelle Roxon

DocuSigned by:  
  
2D4DE5A7948F46D...

Managing Director  
Dona Tantirimudalige



# About us

The Westernport Region Water Corporation (“Westernport Water” or “Corporation”) Corporate Plan 2023-28 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 2023-24 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.



Newhaven College grade prep students Taleisha, Arki and Emmy with their new Choose Tap water bottles.



# 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 22,062 customers from 27 townships, across an area covering 300 square kilometers, including Millowl (Phillip Island) and waterline communities from The Gurdies to Archies Creek.

The region has one of the highest ratios of visitors to residents of any destination in Australia. During peak periods, there can be approximately 120 visitors to every permanent resident. Permanent residential occupancy rates are higher for waterline communities with 70 per cent to 89 per cent, compared to Phillip Island which can be as low as 44 per cent in Cowes and up to 57 per cent in townships like Rhyll, Cape Woolamai and San Remo.

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 the security of supply, access to Melbourne Water's Supply System has also been established and is maintained.

In 2021-22, 2,263 ML of water was treated through the 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, San Remo Basin and in the Grantville area 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 (KRWWT). 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 out enjoying the Carols by the bay, sponsored by our Community Support Program..*

# Corporate focus areas and initiatives of 2023-24

	Strategic focus areas	Corporate objectives	Corporate initiatives
Innovation	We meet the expectations of our customers	<ul style="list-style-type: none"> <li>- Provide reliable services that meet our customers' needs</li> <li>- Empower customers with accessible services and information to manage their water use</li> <li>- Provide and promote flexible payment options for customers experiencing hardship</li> <li>- Continually seek opportunities to deliver increased value for our customers</li> </ul>	<ol style="list-style-type: none"> <li>1. Deliver Year One of the Water Quality Continuous Improvement Program (2023-28)</li> <li>2. Development and implementation of the E-Services Action Plan</li> </ol>
	Our people are safe and well, every day	<ul style="list-style-type: none"> <li>- Provide a safe and healthy work environment</li> <li>- Empower each other to respond to future challenges</li> </ul>	<ol style="list-style-type: none"> <li>3. Deliver Year Three of the Workplace Health &amp; Safety Strategy (2021-24)</li> </ol>
	We are a great place to work	<ul style="list-style-type: none"> <li>- Be an employer of choice</li> <li>- Reflect the diverse community we serve through inclusion, participation, and engagement</li> <li>- Provide an environment where our people are able to thrive</li> </ul>	<ol style="list-style-type: none"> <li>4. Deliver Year Three of the Diversity &amp; Inclusion Strategy (2021-24)</li> </ol>
Liveability	Our assets enable the sustainable delivery of products and services	<ul style="list-style-type: none"> <li>- Foster an engaged culture of asset management</li> <li>- Enable reliable service delivery in an increasingly variable climate</li> <li>- Provide safe, sustainable, and reliable water and wastewater services</li> </ul>	<ol style="list-style-type: none"> <li>5. Renew San Remo to Newhaven Bridge Pipeline and Fittings</li> <li>6. Deliver Year Two of the Technology Roadmap (2021-24)</li> <li>7. Undertake planning for the Asset Management Information System Upgrade</li> <li>8. Commence Treatment Plant Energy Efficiency Project</li> </ol>
	We are a valued member of the community we serve	<ul style="list-style-type: none"> <li>- Support a more liveable and resilient community through affordable and efficient services</li> <li>- Communicate and engage effectively and openly with all areas of our community</li> <li>- Build strong community partnerships focused on shared livability benefits</li> <li>- Contribute to community wellbeing through opportunities that support social and recreational benefits</li> </ul>	<ol style="list-style-type: none"> <li>9. Implement Year One of new Innovate Reconciliation Action Plan 2.0 (2023-25)</li> <li>10. Implement new community performance regime as per Price Submission 2023-28</li> </ol>
Sustainability	We value and protect our natural environment	<ul style="list-style-type: none"> <li>- Minimise environmental impacts</li> <li>- Mitigate and adapt to climate change</li> <li>- Protect and enhance our environment</li> <li>- Empower the community to use water in a sustainable manner</li> </ul>	<ol style="list-style-type: none"> <li>11. Deliver Year One of the Climate Change Strategy (2023-28)</li> <li>12. Continue to implement Integrated Water Management (IWM) outcomes – including IWM Priority Project – Floating Wetland to Improve Wastewater Quality - pilot trial at the CWWTP</li> </ol>



Strategic focus areas	Corporate objectives	Corporate initiatives
<p><b>Our business is financially sustainable through sound governance and prudent investment</b></p>	<ul style="list-style-type: none"> <li>- Plan for our future through strategic business planning</li> <li>- Be financially sustainable</li> <li>- Regularly find ways to reduce costs and become more efficient</li> <li>- Recognise and manage risk, while meeting our regulatory requirements</li> </ul>	<p>13. Deliver Year Two of the Performance Stewardship Strategy (2022-24)</p>



*Record breaking Reconciliation Bridge Walk from San Remo to Newhaven led by the Bass Coast Reconciliation Network.*



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

### Key Focus areas:

- Emission Reductions
- Increasing Renewable Electricity Use
- Adaption to Climate Change and Variability

### Aligned Corporate Plan 2023-24 Initiatives

- **8.** Commence Treatment Plant Energy Efficiency Project
- **11.** Deliver Year One of the Climate Change Strategy (2023-28)
- **12.** Continue to participate and implement Integrated Water Management (IWM) Outcomes including assessing the performance of the floating wetland to improve Wastewater Quality - pilot trial at the CWWTP

KPI	KPI – Measure	Definition	Deliverable
<b>CC1 Emission reductions</b>	<p>Demonstrate reasonable progress toward achievement of the Corporation's greenhouse gas emission reduction targets specified in the Statement of Obligations (Emission Reduction).</p> <p>Total projected annual greenhouse gas emissions for the Corporation in tonnes of carbon dioxide equivalent (CO<sub>2</sub>-e).</p> <p>Compliance with all greenhouse gas emissions reporting requirements in Ministerial Reporting Direction 01.</p>	<p>- See <i>Statement of Obligations (Emission Reduction)</i> and Ministerial Reporting Direction 01 for any applicable greenhouse gas emission definitions.</p>	<ul style="list-style-type: none"> <li>- Deliver emissions reduction through the Power Purchase Agreement with Zero Emissions Water.</li> <li>- Continued 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 and assess partnership opportunities.</li> </ul>

KPI	KPI – Measure	Definition	Deliverable
<b>CC2 Electricity Use</b>	<p>Demonstrate reasonable progress toward achievement of 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 projected annual electricity use for the Corporation, and total renewable electricity use, in megawatt hours (MWh).</p> <p>Compliance with all other electricity and renewable electricity reporting requirements in <b>Ministerial Reporting Direction 01</b>.</p>	<ul style="list-style-type: none"> <li>- See Statement of Obligations (Emission Reduction) and Ministerial Reporting Direction 01 for any applicable electricity and renewable electricity use definitions.</li> </ul>	<ul style="list-style-type: none"> <li>- Continue to monitor and report on electricity consumption and renewable electricity consumption (MWh) at Westernport Water's sites.</li> <li>- Analyse and monitor performance of solar array implementations.</li> <li>- Complete the Renewable Energy Plan as deliverable under Year One of the Climate Change Strategy, including findings from Virtual Energy Network pilot trial.</li> </ul>
<b>CC3 Adaptation to climate change and variability</b>	<p><b>CC3a.</b> Application of Guidelines for Assessing the Impact of Climate Change on Water Availability in Victoria by:</p> <ul style="list-style-type: none"> <li>- All Urban corporations: through their application in drought preparedness and urban water strategies.</li> </ul>	<ul style="list-style-type: none"> <li>- Qualitative description in Corporation's annual report of how Guidelines for Assessing the Impact of Climate Change on Water Availability in Victoria have been applied.</li> </ul>	<ul style="list-style-type: none"> <li>- Implement Year Two of the Urban Water Strategy (2022-27) that includes review of Westernport Waters' drought preparedness plan.</li> </ul>
	<p><b>CC3b.</b> Application of Guidelines for the Adaptive Management of Wastewater Systems Under Climate Change in Victoria (as appropriate) by:</p> <ul style="list-style-type: none"> <li>- All Urban Corporations.</li> </ul>	<ul style="list-style-type: none"> <li>- Qualitative description in Corporation's annual report of how Guidelines for the Adaptive Management of Wastewater Systems Under Climate Change in Victoria have been applied.</li> </ul>	<ul style="list-style-type: none"> <li>- Develop next iteration of the Climate Change Adaptation Plan.</li> </ul>
	<p><b>CC3c.</b> 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"> <li>- source waters and demand</li> <li>- built assets</li> <li>- natural environment</li> <li>- people and workplace</li> <li>- interdependencies</li> <li>- customer and product delivery.</li> </ul>	<ul style="list-style-type: none"> <li>- Inclusion of one or more of the following statements in Corporation's annual report: Corporation has climate change adaptation plan strategy, framework, etc; Corporate is mainstreaming climate change adaptation considerations into all aspects of business decision-making; and/or Corporation is addressing climate change adaptation on an ad-hoc basis as/when required.</li> </ul>	<ul style="list-style-type: none"> <li>- Develop next iteration of the Climate Change Adaption Plan and updates to climate risk register.</li> <li>- 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.</li> </ul>



## Customer and Community outcomes

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

### Key Focus areas:

- Customer Satisfaction
- Customer and Community Engagement

### Aligned Corporate Plan 2023-24 initiatives

- 1. Deliver Year One of the Water Quality Continuous Improvement Program
- 3. Deliver Year Three of the Diversity & Inclusion Strategy
- 9. Implement Year One of the new Innovate Reconciliation Action Plan 2.0 2023-25
- 10. Implement new community performance regime as per Price Submission 2023-28
- 13. Deliver Year Two of the Performance Stewardship Strategy

KPI	KPI – Measure	Definition	Deliverable
<b>C1 Customer satisfaction (Urban Water Corporations excl. Melbourne Water)</b>	<p>Note this indicator includes both direct and proxy measures.</p> <p>Overall, reporting on measures identified for this indicator should demonstrate high or improving levels of customer satisfaction over time.</p> <p><b>C1.1</b> Customer satisfaction survey (urbans excl. MW) The ESC will collect customer satisfaction survey data on an ongoing quarterly basis.</p>	<p>- As per Essential Services Commission (ESC) definition.</p>	<ul style="list-style-type: none"> <li>- Undertake Annual Customer Satisfaction survey in collaboration with other Victorian water corporations.</li> <li>- Monitor the outcomes of the ESC customer satisfaction survey calls.</li> <li>- Release updated Customer Charter for the new price period.</li> <li>- Deliver performance based rebate to customers as per 2018-23 price determination.</li> <li>- Establish customer panel to review 2023-24 performance and report back to customers via Annual Watermark.</li> <li>- Develop a revised Customer Engagement Strategy (2023-28)</li> </ul>
<b>C2 Customer and community engagement</b>	<p>Stakeholder engagement based on best practice that demonstrates approaches to engagement that are open, honest and occur frequently. The DEECA (formerly DELWP) Community Charter or IAP2 framework could be considered as a guide.</p> <p><b>C2</b> 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"> <li>- Deliver actions identified in the Innovate Reconciliation Action Plan 2.0 (2023-2025).</li> <li>- Establish customer panel to review 2023-24 performance and report back to customers via Annual Watermark.</li> <li>- Maintain a Reconciliation Action Plan Working Group, inclusive of Aboriginal and Torres Strait Islander people and customers.</li> <li>- Deliver actions identified in the new Innovate Reconciliation Action Plan 2.0 (2023-2025).</li> </ul>

## Deliver water for Aboriginal Cultural, Spiritual and Economic Values and support economic inclusion in the water sector

Promote self-determination of Traditional Owners, including by supporting the Treaty process as required. Support the implementation of Water is Life: Traditional Owner Access to Water Roadmap by enabling increased access to water entitlements under current frameworks and increased cultural benefits from the way we store, deliver, and use water.

### Key focus areas:

- Supporting Aboriginal self-determination
- Partnerships with Traditional Owners
- Reconciliation Action Plan

### Aligned Corporate Plan 2023-24 initiatives

- 3. Deliver Year Three of the Diversity & Inclusion Strategy
- 9. Implement Year One of the new Innovate Reconciliation Action Plan 2.0 (2023-25)

KPI	KPI - Measure	Definition	Deliverable
<b>AC1 Supporting Aboriginal self-determination</b>	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.	<ul style="list-style-type: none"> <li>- Deliver the final year of the Social Procurement Strategy (2021-24) to increase Aboriginal and Torres Strait Islander supplier diversity and reduce procurement barriers.</li> <li>- Develop and implement an Aboriginal Engagement Strategy as per the Innovate RAP initiative.</li> </ul>
	Demonstrate there are internal processes, policies and plans in place to support Aboriginal self-determination/empowerment/employment etc for Aboriginal community members.		
	<b>AC 1.1</b> 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.		
	<b>AC 1.1.2</b> 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.	<ul style="list-style-type: none"> <li>- Develop and implement our new Innovate RAP 2.0 (2023-25)</li> <li>- Deliver the final year of our Social Procurement Strategy (2021-24).</li> </ul>



KPI	KPI - Measure	Definition	Deliverable
	<b>AC 1.2</b> 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.	<ul style="list-style-type: none"> <li>- Provide opportunities for cross-cultural learning in the water sector, as well as skills training and employment for Aboriginal people.</li> <li>- Number of secondments or mentorship programs offered.</li> </ul>	<ul style="list-style-type: none"> <li>- Improve employment outcomes for Aboriginal and Torres Strait Islander people through focused recruitment, retention and professional development through the delivery of the Diversity &amp; Inclusion Strategy (2021-24).</li> </ul>
	<b>AC 1.3</b> 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"> <li>- Provide opportunities for cross-cultural learning in the water sector, as well as skills training and employment for Aboriginal people.</li> <li>- Number of secondments or mentorship programs offered.</li> </ul>	<ul style="list-style-type: none"> <li>- 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.</li> <li>- Promote and encourage staff participation in RAP events supporting the Aboriginal and Torres Strait Islander community.</li> </ul>
	<b>AC 1.4</b> Number of Aboriginal staff employed	<ul style="list-style-type: none"> <li>- Number of Aboriginal staff employed.</li> </ul>	<ul style="list-style-type: none"> <li>- Promote and encourage Aboriginal and Torres Strait Islander applications during recruitment processes through the delivery of the Diversity &amp; Inclusion Strategy (2021-24).</li> </ul>
<b>AC2 Partnerships with Traditional Owners</b>	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"> <li>- Incorporate traditional ecological knowledge into water planning and management using Aboriginal Waterway Assessments and other tools developed by Traditional Owners.</li> </ul>	<ul style="list-style-type: none"> <li>- Incorporate traditional ecological knowledge into asset and land management through continued engagement with the Registered Aboriginal Party.</li> <li>- Continue to work with Sustainable Water Strategy Working Group to streamline engagement with the Registered Aboriginal Party.</li> <li>- Continue to provide leadership to the Bass Coast Reconciliation Network to support a regional approach to reconciliation.</li> </ul>
	<b>AC2.1</b> 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"> <li>- Notify and engage with Traditional Owners to achieve shared benefits.</li> </ul>	
	<b>AC2.2</b> 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"> <li>- Incorporate traditional ecological knowledge into water planning and management using Aboriginal Waterway Assessments and other tools developed by Traditional Owners.</li> <li>Notify and engage with Traditional Owners to achieve shared benefits.</li> </ul>	<ul style="list-style-type: none"> <li>- Strengthen engagement and opportunities to work with the Bunurong Land Council Aboriginal Corporation as the Registered Aboriginal Party for our service area.</li> </ul>

KPI	KPI - Measure	Definition	Deliverable
	<b>AC2.3</b> Water corporation can demonstrate it has informed relevant Traditional Owners of opportunities to access water entitlements or allocation within their Country.	- Notify and engage with Traditional Owners to achieve shared benefits.	- Deliver Year Two of the Urban Water Strategy (2022-27).
<b>AC3 Aboriginal Inclusion Plan/Reconciliation Action Plan</b> To be considered in conjunction with AC1 and AC2, taking into account the relevant local context.	<b>AC3</b> 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 and implement our second Innovate RAP 2.0 Reconciliation Australia's RAP Program.



Flags on display at community reconciliation events.



## Resilient and Liveable Cities and Towns

Contribute to healthy communities by supporting safe, affordable, high-quality services and resilient, liveable environments, and recovery from emergency events that builds back with improved resilience against future risks.

### Key focus areas:

- Integrated Water Management
- Water efficiency
- Circular economy outcomes
- Environmental Statutory Obligations

### Aligned Corporate Plan 2023-24 initiatives

- 1. Deliver Year One of the Water Quality Continuous Improvement Program
- 5. Renew San Remo to Newhaven Bridge Pipeline and Fittings
- 8. Commence Treatment Plant Energy Efficiency Project
- 12. Continue to implement Integrated Water Management (IWM) outcomes – including IWM Priority Project – Floating Wetland to Improve Wastewater Quality - pilot trial at the CWWTP

KPI	KPI - Measure	Definition	Deliverable
<b>L1 Integrated Water Management (urban)</b>	In relevant IWM forum(s), actively champion and promote water's contribution to the resilience and liveability of cities and towns of the region consistent with the forum's objectives.  Progress towards: <b>L1 a.</b> participation in, or establishment of, IWM forums in your region	- Actively champion and promote 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.
	<b>L1 b.</b> contribution to development or review, and implementation of Strategic Direction Statement(s) applicable to its region		- Deliver Year One of the Recycled Water Strategy.
	<b>L1 c.</b> Implementation of priority IWM projects and plans as applicable		- Deliver Year One of the Recycled Water Strategy. - Progress IWM priority project – Floating Wetland to Improve Wastewater Quality - pilot trial at CWWTP
	<b>L1 d.</b> delivering IWM outcomes for the region (regional IWM Forums)		- Continued participation in IWM Forums and support in development of the Western Port Catchment Scale IWM Action Plan - Progress IWM priority project – Floating Wetland to Improve Wastewater Quality - pilot trial at CWWTP

KPI	KPI - Measure	Definition	Deliverable
	<b>L1 e.</b> contributing to relevant IWM actions included in urban, sustainable water, waterway, and catchment strategies		<ul style="list-style-type: none"> <li>- Deliver Year One of the Recycled Water Strategy.</li> <li>- Progress IWM priority project – Floating Wetland to Improve Wastewater Quality - pilot trial at CWWTP</li> </ul>
<b>L2 Water efficiency (urban)</b>	<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><b>L2a.</b> 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><b>a.</b> water corporations working together to develop State-wide initiatives; and</p> <p><b>b.</b> reporting the number of customers in need assisted by the Community Rebate Program, and for participating organisations only, the Community Housing Retrofit Program.</p>	<ul style="list-style-type: none"> <li>- The Community Rebate and the housing Retrofit Programs provide funding to water corporations to assist vulnerable and hardship customers.</li> </ul>	<ul style="list-style-type: none"> <li>- Continue to promote common water efficiency campaigns, Target Your Water Use, Permanent Water Saving Rules (PWSR) and Choose Tap campaigns.</li> <li>- Resume the Community Rebate Program to provide financial assistance for water efficiency audits and essential plumbing work.</li> <li>- Promote PWSR and restrictions as necessary in accordance with Model By-law 106.</li> </ul>
	<p><b>L2b.</b> Water corporations are required to provide:</p> <p><b>a.</b> 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><b>b.</b> performance against daily per capita water use targets, where applicable</p> <p><b>c.</b> 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> <p><b>d.</b> where leakage targets have been set, reporting of performance against these targets</p> <p><b>e.</b> information must be provided if a water corporation has implemented action under its Drought Preparedness Plan including actions, stage of restrictions, measures and communities affected along with measures to improve future drought response.</p>	<ul style="list-style-type: none"> <li>- Refer to Ministerial reporting Direction 02: Water Consumption and Drought Response</li> </ul>	<ul style="list-style-type: none"> <li>- Continue to promote common water efficiency campaigns, Target Your Water Use, Permanent Water Saving Rules (PWSR) and Choose Tap campaigns.</li> <li>- Promote PWSR and restrictions as necessary in accordance with Model By-law 106. [TS31]</li> <li>- Continue to report on customer consumption and water loss as per regulatory requirements.</li> <li>- Provide information to the community in the event that our Drought Preparedness Plan is implemented</li> </ul>

KPI	KPI - Measure	Definition	Deliverable
<b>L3 Circular economy outcomes</b>	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> .  <b>L3. Progress towards circular economy:</b>  <b>a.</b> Qualitative description of projects or initiatives undertaken that adopt circular economy principles and/or contribute towards identified targets in <i>Recycling Victoria</i> .	- 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.	- Deliver Year One of the Climate Change Strategy. - Deliver Year One of the Recycled Water Strategy. - Further assess viability for Bio-Gas options at CWWTP in line with Year 1 of the Climate Change Strategy
	<b>L3 b.</b> Percentage of biosolid mass reused (urban only).	- For urbans only. Definition consistent with CRR6 of the ESC Water Performance Indicators. KPI measured as percentage of total biosolids reused.	- Deliver Year One of the Recycled Water Strategy.



Community engagement activity for the Price Submission supported by the provision of water for community.



## Recognise Recreational Values

Support the wellbeing of communities by considering recreational values in water management. Where appropriate, support planning for the delivery of the Victoria 2026 Commonwealth Games.

### Key focus area:

- Consideration of recreational values in business operations

### Aligned Corporate Plan 2023-28 Initiatives

- 9. Implement Year One of new Innovate Reconciliation Action Plan 2.0 2023-25

KPI	KPI - Measure	Definition	Deliverable
<b>Rec1 Recreational values</b>	Consideration of recreational value in carrying out functions and providing services.  <b>1.</b> Number of site-based projects delivered to improve recreational enjoyment of water storages – for example, projects to improve or maintain access, infrastructure, and facilities.	<ul style="list-style-type: none"> <li>- Explicit consideration of social and recreational uses and values of waterways through delivery of function areas.</li> <li>- Social and recreational uses and values in relation to waterways means:               <ul style="list-style-type: none"> <li>a. the uses of waterways for social and recreational purposes.</li> <li>b. the economic, aesthetic and wellbeing benefits that the community derives from the use of waterways for social and recreational purposes.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>- Continue to support the Phillip Island Community Orchard through the annual plan and showcase the benefits of recycled water.</li> <li>- 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.</li> </ul>
	<b>2</b> Efforts taken around the following three themes of <i>Water for Victoria</i> :  <b>2a.</b> Community engagement processes that identified and considered recreational objectives relating to management of waterways.	<ul style="list-style-type: none"> <li>- Explicit consideration of social and recreational uses and values of waterways through delivery of function areas.</li> </ul>	<ul style="list-style-type: none"> <li>- 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.</li> <li>- Look to support local Community Groups to access sites i.e. walking, bird watching and school groups.</li> </ul>
	<b>2b.</b> Improvements to information sources (e.g., online) to help recreational users plan their activities.	<ul style="list-style-type: none"> <li>- Explicit consideration of social and recreational uses and values of waterways through delivery of function areas.</li> </ul>	<ul style="list-style-type: none"> <li>- Support Phillip Island Community Orchard communications using online communications channels.</li> <li>- Implement the corporation's new social media strategy 2023-25.</li> </ul>

KPI	KPI - Measure	Definition	Deliverable
	<b>2c.</b> 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.	- Explicit consideration of social and recreational uses and values of waterways through delivery of function areas.	- Strengthen relationships with the Phillip Island Community Orchard, providing land, access to recycled water, and funding for community food production and education activities. - Continue to support the installation of water refill stations in partnership with local land managers.
	<b>3.</b> Number of accessible major water storages with land and recreation management plans in place, as per <i>Water for Victoria</i> action 7.3.	- Explicit consideration of social and recreational uses and values of waterways through delivery of function areas.	- Westernport Water only operate one major water storage, which is not accessible to the public for recreation.

## Leadership, Diversity and Culture

Reflect the needs of our diverse communities and develop strategies and goals that will increase cultural diversity in the workforce and gender equity in both executive leadership and throughout the organisation, including requirements under the Gender Equality Act 2020.

### Key focus areas:

- Diversity and inclusion
- Health and Safety

### Aligned Corporate Plan 2023-28 Initiatives

- 3. Deliver Year Three of the Diversity & Inclusion Strategy
- 4. Deliver Year Three of the Workplace Health & Safety Strategy
- 11. Implement Year One of new Innovate Reconciliation Action Plan 2.0 (2023-25)
- 13. Deliver Year Two of the Performance Stewardship Strategy

KPI	Measure	Definition	Deliverable
<b>G1 Diversity and inclusion</b>	<p>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 DEECA (formerly DELWP) Diversity and Inclusion Strategy 2019-2022 could be considered as a guide.</p> <p><b>G1.1.</b> 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.</p>	<p>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:</p> <ul style="list-style-type: none"> <li>– develop and implement a Gender Equality Action Plan (GEAP)</li> <li>– publicly report on their progress in relation to workplace gender equality</li> <li>– promote gender equality in policies, programs and services that impact the public</li> <li>– complete gender impact assessments</li> </ul>	<ul style="list-style-type: none"> <li>- Deliver Year Two of the Gender Equality Action Plan (2022-25) including gender impact assessments.</li> <li>- Report on progress toward workplace gender equality under the Diversity &amp; Inclusion Strategy (2021-24).</li> </ul>

	<p><b>G1.2.</b> No. of females occupying senior executive positions over projected five-year period.</p>	<ul style="list-style-type: none"> <li>- Report on progress toward workplace gender equality under the Diversity &amp; Inclusion Strategy (2021-24).</li> </ul>
	<p><b>G1.3.</b> 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].</p>	<ul style="list-style-type: none"> <li>- Promote and encourage Aboriginal and Torres Strait Islander applications during recruitment processes through the delivery of the Diversity &amp; Inclusion Strategy (2021-24).</li> </ul>
	<p><b>G1.4.</b> Actions taken to improve participation by Traditional Owners and Aboriginal Victorians in Board committees and other organisational committees.</p>	<ul style="list-style-type: none"> <li>- Deliver Year Three of the Diversity &amp; Inclusion Strategy (2021-24).</li> <li>- Develop and implement our second Innovate RAP 2.0 Reconciliation Australia's RAP Program.</li> </ul>
	<p><b>G1.5.</b> Number of respondents to the Victorian Public Sector Commission (VPSC) People Matter Survey from each water corporation.</p>	<ul style="list-style-type: none"> <li>- Staff participation in the VPSC People Matter Survey. Water corporation to encourage staff participation to complete annual survey.</li> <li>- Achieve an employee engagement index higher than the average of comparator organisations over the last five years (&gt;71).</li> <li>- Achieve a minimum 80% staff participation target.</li> </ul>
<p><b>G2</b> <b>Health and Safety</b></p>	<p>Sustained annual improvement against Health &amp; Safety performance benchmarks (AS/NZS standard 4801).</p> <p><b>G2.1.</b> Performance indicators adopted to monitor occupational health and safety in line with FRD 22, section 5.10.</p>	<ul style="list-style-type: none"> <li>- Deliver Year Three of the Workplace Health &amp; Safety Strategy (2021-24). Year Three will build upon and continue to improve our safety culture to ensure everyone goes home safe and well every day.</li> </ul>



*International Women's Day celebration with our team and strategic partners.*



## 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 manner.

### Key focus area:

- Audited statement of performance

### Aligned Corporate Plan 2023-28 initiatives

- 2. Development and implementation of the E-Services Action Plan
- 6. Deliver Year Two of the Technology Roadmap
- 7. Undertake planning for the Asset Management Information System Upgrade
- 8. Commence Treatment Plant Energy Efficiency Project
- 13. Deliver Year Two of the Performance Stewardship Strategy

KPI	KPI - Measure	Definition	Deliverable
<b>PF1 Audited statement of performance</b>	Demonstrating a concise statement of performance, financial sustainability and provide a positive picture of a corporation's financial sustainability over time.	Refer to Ministerial Reporting Direction 07: Performance Reporting for full KPI listing/definitions and guidance on inclusion in annual reports.	- Refer Table B1 – Financial Performance Indicators, page 46.
	<b>PF1.1</b> Financial Performance Indicators. <b>PF1.2</b> Water and Sewerage Network Performance Indicators. <b>PF1.3</b> Water Service Indicators <b>PF1.4</b> Customer Responsiveness Performance Indicators. <b>PF1.5</b> Water Reuse indicators. <b>PF1.6</b> Community Service Obligations	Credit rating based on TCV for FAL or independent rating.	



Our team attend a commemoration event in Wonthaggi for freedom fighters Tunnerminnerwait and Maulboyheener.

# Corporate Plan Performance Measures and Targets 2023-24

Corporate Plan Performance Measure		Target
1	<b>Delivery of the Corporate Plan Initiatives</b> <i>To achieve safe and reliable water and wastewater services to support sustainable and liveable communities.</i>	Successful completion of the 13 Corporate Plan Initiatives in line with the program for delivery.
2	<b>Maintain the Corporation's AA rating</b> <i>To ensure Westernport Water continues to demonstrate sound financial performance.</i>	Maintain the Corporation's AA credit rating.
3	<b>Customer Survey – Satisfaction result</b> <i>To understand customer perceptions and overall satisfaction of our customers with Westernport Water as a service provider.</i>	>90% Satisfaction.
4	<b>Compliance – Enforcement action</b> <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	<b>Employee Satisfaction - People Matter Survey</b> <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>	>71 Employee Engagement Index <i>Employee engagement index higher than the average of comparative organisations over the last five years.</i>
6	<b>Water quality compliance with Safe Drinking Water Regulations</b> <i>To ensure the provision and supply of safe drinking water in accordance with the regulations.</i>	100% compliance.
7	<b>Environmental Impact - Compliance with EPA Licence</b> <i>To measure compliance at Westernport Water's two licensed wastewater treatment plant sites.</i>	100% compliance.
8	<b>Customer Service Level - Guaranteed Service Level payment</b> <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 2023-24 year.
9	<b>Delivery of our Customer Commitments - Price Submission 2023-28</b> <i>To ensure we are delivering on the customer commitments set out in our Price Submission 2023-28.</i>	Annual performance consistent with 20 PS23 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 2023-24 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. Deliver Year One of the Water Quality Continuous Improvement Program (2023-28)

The Water Quality Continuous Improvement Plan focuses on operation improvements in water quality. This coming year the program will include the following focus areas to improve water quality:

- Develop a master plan of the Distribution System and IBWPP.
- Complete a fluoride dosing plant audit.
- Identify trunk mains that require cleaning and undertake cleaning.

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

The Corporate Initiative aims to address our Governance, Product Quality and Customer Strategic Risks.

### 2. Development and implementation of the E-Services Action Plan

Westernport Water recently completed an upgrade of its utility billing and customer relationship management system. The upgrade has provided a suite of opportunities to improve digital service delivery for customers and staff. This includes field-based task management for meter readers, an enhanced customer portal, and the delivery of online information statements. Furthermore, the upgrade will offer improved customer analytics, which will allow us to improve our data quality and target support for vulnerable customers through enhanced aged-debt reporting.

This initiative will scope and prioritise e-service improvements to enhance Westernport Water's digital customer service offering.

This Corporate Initiative aims to address our Financial, Technology and Governance 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 Three of the Workplace Health & Safety Strategy (2021-24)

The safety and wellbeing of our people is paramount. In 2023-24, Westernport Water will continue to prioritise WHS with an ongoing focus on continuous improvement and further refinement of our practices. In 2022-23 we have taken action to deliver a contemporary WHS training plan, address competency across high risk activities, review and refine our WHS Risk Register, and provide health and wellbeing support for our employees with a particular focus on mental health. In year three, we will consolidate 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 and Governance Strategic Risks.

## 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.

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

The priority for year three of the Diversity & Inclusion Strategy is to consolidate the ongoing work that has been undertaken in the areas of gender equity, generational diversity and closing gaps for Aboriginal and Torres Strait Islander people, people living with disability and members of the LGBTIQ+ community. In particular, the focus will be on:

- implementing our Gender Equality Action Plan
- training and support across the organisation for delivery of Gender Impact Assessments
- implementing our succession planning framework
- increased partnerships with the Pride in Water and WaterAble Networks

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

## 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. Renew San Remo to Newhaven Bridge Pipeline and Fittings

The San Remo to Newhaven Bridge Pipeline and Fittings project is an essential project to ensure reliable and high-quality services to San Remo and Phillip Island. Westernport Water has three pipelines connected to the underside of the San Remo Bridge; two of these supply drinking water from the San Remo Basin to Philip Island and the third pipe transports wastewater from San Remo to the Cowes Wastewater Treatment Plant. The pipeline assets vary in age from thirty to fifty years, and the project includes a combination of replacing and refurbishing the brackets that attach the pipelines to the bridge and wrapping of the mild steel water pipe.

A key project consideration is the method of access to the pipes, with Westernport Water consulting with key stakeholders such as Department of Transport and Planning, and Parks Victoria. Impacts on road users and water users will be kept to a minimum and water and wastewater services will continue as normal during the works period.

The works are expected to extend the asset life of the pipelines and fittings for an additional thirty years and contribute to the ongoing supply of reliable water and wastewater services to our customers.

This Corporate Initiative aims to address our Asset Management, Product Quality and Customer Strategic Risks.

### 6. Deliver Year Two of the Technology Roadmap (2021-24)

The priority for year two of the technology roadmap is software and hardware lifecycle currency work to reduce risk of failure and ensure technology within the organisation remains current. This comprises of mobile phone replacement, in-car wifi replacement, and the implementation of new laptop leases.

Additionally, the organisation will focus on refreshing core technology systems, including:

- the first year of a multi year program to investigate renewal or replacement of the Asset Management Systems including the works management system
- the implementation of a water quality – treatment plant data management system
- optimisation of our HR information system to improve workforce reporting and analytics.

Westernport Water will continue to work with the Victorian Government as it progresses towards a shared Security Operations Centre to provide greater visibility of active cyber security risks in the water sector.

This Corporate Initiative aims to address our Business Continuity, Technology and Governance Strategic Risks.

## 7. Undertake planning for the Asset Management Information System Upgrade

Asset data and software(s) that support the ongoing management, maintenance, and use of this data, in decision making, are a core component of good asset management practice. The purpose of the Asset Management Information System (AMIS) upgrade is to improve asset management processes by providing a software platform that enables best practice. Process mapping and configuration design planning are integral components of the planning phase of the AMIS project and will provide Westernport Water the ability to better understand our assets, to make informed decisions to optimise asset lifecycle costs and services delivery. This functionality allows for the identification of required works by assisting in managing records of work completed, cost of works and quality of works.

The underpinning drivers for the AMIS update include:

- Maintaining an up-to-date register of assets
- Asset Planning: by interrogating data, Westernport Water can assess the optimal time to replace an asset, or the best balance of planned and unplanned maintenance.
- Lifecycle Delivery: improving response times by automating works management and maximising expected life and service provisions.
- Community Engagement: capturing works data, allowing the ability to promptly provide information to customers and stakeholders around works status and expected completion.
- Legislative and reporting requirements: Westernport Water is required to demonstrate compliance and report on this using tools such as AMIS.
- Works Management: the ability to manage, cost and analyse asset works, defects, inspections, and schedules.
- Project Management: allows Westernport Water to plan and record New, Upgrade and Renewal work activities related to assets and effectively communicate the status of this projects to external and internal stakeholders.

This Corporate Initiative aims to address our Technology, Asset Management and Governance Strategic Risks.

## 8. Commence Treatment Plant Energy Efficiency Project

Westernport Water has set a target for greenhouse gas (GHG) emissions reduction of 90% by 2030 and net zero emissions by 2035. Our water and wastewater treatment plants generate 93.4% of WPWs overall GHGs, requiring investigation of emission abatement technology to ensure WPW is set up to achieve net zero emissions.

The energy efficiency project will result in emissions reduction at IBWPP and CWWTP by reducing the amount of energy consumed by these plants. Pump optimisation and optimisation of aeration systems at both sites is expected to result in a reduction of significant energy related operating costs, and reduction in GHG emissions identified in the Energy Optimisation Report.

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



## We are a valued member of the community we serve

Westernport Water will engage openly 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, regular education activities, strategic partnerships, and community support that will create social, recreational, and environmental benefits for a more liveable and resilient community.

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

- understand what it is we do, and the impacts and cost of delivering essential services
- share their thoughts, opinions, and have confidence that their concerns are acknowledged and addressed
- influence outcomes by being informed and engaged 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
- provide input that will shape the preferred solution and deliver customer driven outcomes.

### 9. Implement Year One of the new Innovate Reconciliation Action Plan 2023-25

Our new Innovate RAP 2.0 (2023-25) builds on over seven years of focused engagement with Traditional Owners, and Aboriginal and Torres Strait Islander people, including the delivery of our previous two RAPs.

Talking, walking and working together, we will build trust and respectful relationships with Traditional Owners and Aboriginal and Torres Strait Islander peoples to enable us to achieve positive social change, and support self-determination to increase their access to water and involvement in water management.

Westernport Water is committed to building resilient, liveable and healthy communities that recognise and respect Aboriginal and Torres Strait Islander cultures, histories and achievements and is working under Reconciliation Australia's RAP framework to guide our actions and initiatives.

Through the Innovate RAP we will focus on strengthening relationships with Aboriginal and Torres Strait Islander Peoples, engaging with staff and stakeholders in reconciliation and recognition, embedding processes and systems at all levels of the business.

This Corporate Initiative aims to address our Governance Strategic Risk.



*Supporting a regional approach to Reconciliation with strategic partners and local schools.*

## 10. Implement new community performance regime as per Price Submission 2023-28

In the first quarter of 2023-24, Westernport Water will deliver a performance-based rebate to customers as agreed with the community in the previous Price Submission 2018-23. The rebate is unique to Westernport Water and was designed with community input to ensure that there is a direct link between the services customers receive and the prices that they pay.

A new customer panel will also be appointed by Westernport Water in 2024 to provide commentary on 2023-24 performance against a new set of outcome commitments. If outcome targets are missed over consecutive years, Westernport Water will provide a corrective action plan to explain how our performance will improve. Additionally, we will return funds to the community if targets are not met. This new performance regime will be detailed for customers in an updated Customer Charter.

This Corporate Initiative aims to address our Customer Strategic Risk.



*Customers enjoying caring for their garden.*

## 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.

### 11. Deliver Year One of the Climate Change Strategy (2023-28)

The latest iteration of our Climate Change Strategy was developed in 2022/23 and sets out our actions to meet the requirements of the Victorian Government under the Climate Change Act 2017, and specifically, our emission reduction commitments outlined in the Statement of Obligations – Emissions Reduction 2022.

In 2021 the Victorian Government released its Whole of Government Emissions Reduction Pledge outlining its commitment for 100% of electricity needs to be met with renewable energy sources. Our Climate Change Strategy maps out our pathway to reaching 100% use of renewable energy sources at our sites and how we will reach our emission reduction pledge commitment of 90% emissions reduction by 2030, and net zero emissions by 2035.

Year One of the Climate Change Strategy will see the completion of our Renewable Energy Plan that will map out the pathway to reaching 100% of electricity demands from renewable energy sources, drawing on findings from the Virtual Energy Network (VEN) Pilot Trial and our treatment plant masterplans. We will also develop the next iteration of our Climate Change Adaptation Plan, which will update key adaptation focus areas across our business aligning to DEECA's Climate Change Water Cycle Adaption Action Plan.

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

### 12. Continue to participate and implement Integrated Water Management (IWM) Outcomes including assessing the performance of the floating wetland to improve Wastewater Quality - pilot trial at the CWWTP

The floating wetland pilot trial was part-funded by DEECA, as a key priority project in the Western Port IWM Forum Area. The floating wetland was installed on the effluent lagoon at the CWWTP in April 2023 which establishes a trial to assess the performance of the nature-based system at improving water quality and reducing greenhouse gas emissions. Water quality improvements will directly benefit our recycled water customers and receiving environments. The trial is run in partnership with Deakin University Blue Carbon Lab, and findings will also be used to inform our strategic approach to the use of recycled water in wetland systems, particularly our plans for a wetland storage system at KRWWTTP.

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



## 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 continue to deliver improved customer value by building partnerships across the Victorian water sector and within our community to drive innovation, collaboration and efficiencies.

### 13. Deliver Year Two of the Performance Stewardship Strategy

Westernport Water will continue to drive a strong focus on performance, 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.

In the year ahead we will operationalise our price submission, ensuring a clear and critical focus on maintaining strong performance through the regulatory period, including establishing a customer panel to review 2023-24 performance. We will also confirm our ongoing strategic focus areas continue to remain contemporary and meet the expectations of our customers now and for the future.

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



Managing Director Dona Tantirimudalige, Water Minister Harriet Shing MP and the Floating Wetlands Project Team Meg Humphrys and Chris West.



# Key Drivers of Corporate Plan 2023-28

## Price Submission 23 (2023-28)

The 2023-28 Corporate Plan projects and budgets have been developed to align with the parameters set within the Price Submission 23 (PS23) for 2023-28, which was granted preliminary fast-tracked approval by the ESC on 20 December 2022.

Pricing and tariffs for 2023-24 are increasing by 0.4% and CPI as per year 1 PS23 assumptions, with a rebalancing of charges for fixed services and usage revenue. From 1 July 2023, Westernport Water has permanently reduced the fixed water access charge by 2% and offset this by an increase in the variable water charge, calculated from an average household bill in 2023. This change was implemented based on overwhelming feedback received during customer engagement where customers requested the ability to take more control over their water bills and to promote water saving measures. Annual tariffs reflect the approved adjustments for Melbourne Water Bulk Charges and cost of debt adjustments as detailed in Schedule 5 of PS23 for 2023-28.

During the PS23 stakeholder engagement process, New Customer Contributions (NCC charges) were revised to better reflect the capital cost of growth in the area. As the charges were not dissimilar to the current charges or methodology accepted by developer consultants in the past, the new methodology was accepted by all developers who participated in the engagement process and will be effective for the entire regulatory period.

Net Profit After Tax (NPAT) will remain profitable in line with budget expectations for the PS23 period, with an allowance for minor variations including the requirement to pay customers the agreed PS1 performance based rebates. Variations to PS23 are detailed in Appendix D.

Financial information contained within this plan is subject to final approval of the Westernport Water 2023 Pricing Submission by the ESC and confirmation of the CPI applicable for the 2024 financial year which is expected in May 2023 and therefore may be subject to change.

## Debt Management

Debt management remains a key focus in maintaining the financial stability of the Corporation. The 2023-28 Corporate Plan continues to actively manage debt levels and balance debt against capital program requirements.

Debt levels will remain in line with the PS23 assumptions with the inclusion of additional funding for PS1 performance based rebates and unforeseen minor variations to operational expenditure relating to Dam Safety compliance and ICT. Fixed loans of \$1M will be repaid and redrawn to ensure funding requirements for 2023-24 capital programs are met.

The PS23 capital program has been slightly reprofiled against the original budget with a small number of planned capital program scopes being brought forward due to contractor and materials shortages related to the long term economic impacts of COVID-19 however, will remain on budget for the period. 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. Overall the five-year outlook is in line with PS23 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	2022-23 Forecast	2023-24 Budget	2024-25 Budget	2025-26 Budget	2026-27 Budget	2027-28 Budget
Total Fixed Debt Budget per PS23	10,140	14,640	15,640	16,240	18,240	13,140
Total Fixed Debt Budget	10,140	16,140	17,140	17,640	18,940	13,640

## 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 2023-28 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.

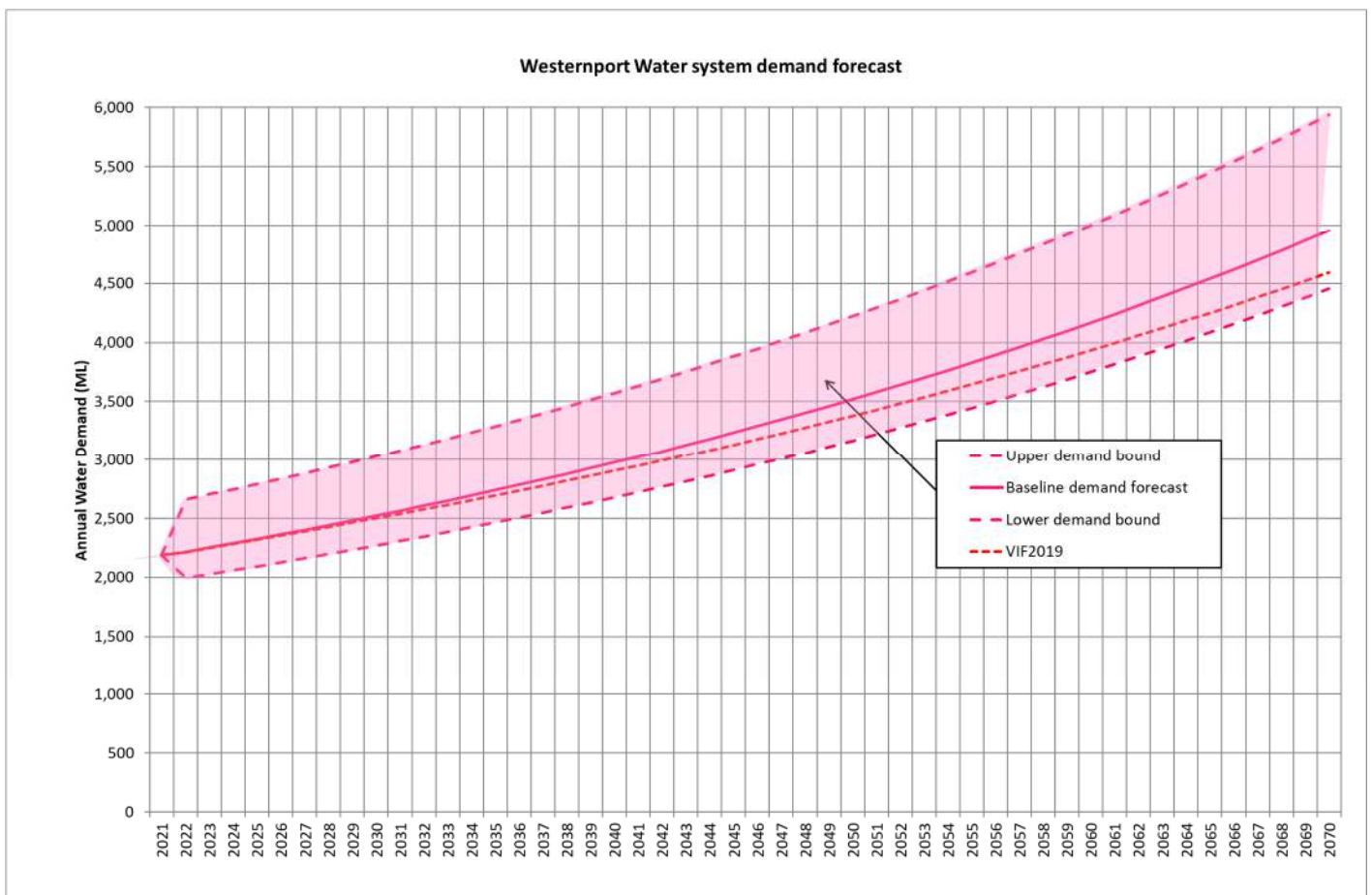
## Financial Analysis, Considerations and Projections

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 DEECA (formerly DELWP) 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 2023-24

Westernport Water's Recycled Water Strategy provides an over-arching guide 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 developed a new Recycled Water Strategy 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 85 per cent of inflow from Westernport Water's sewerage network. Based on the past five-year average, around 3.7 per cent of inflow from CWWTP is treated to a Class A or B 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 3.3 per cent is used onsite to water tree plantations and the remaining 93 per cent of treated effluent is discharged to Bass Strait at Pyramid Rock.

KRWWTP treats sewage from Grantville, Coronet Bay, Corinella, Tenby Point and Pioneer Bay, receiving around 15 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, with the exception of 90<sup>th</sup> percentile rainfall years when discharge to Guys Creek is permitted by the EPA.

The key projects for 2023-24 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 maximize opportunities for reuse on Westernport Water land. Westernport Water will explore attracting additional commercial customers along the existing recycled water network, especially those that could use recycled water independent of weather conditions.



*Secondary school students assess recycled water operations as part of their sustainability studies.*



# Pricing

Tariff schedule	2022-23 Actual	2023-24	2024-25	2025-26	2026-27	2027-28
CPI % assumptions	5.1%	7%	3%	3%	3%	3%
<b>Water &amp; Recycled Water Volumetric pricing per kL</b>						
Potable (Residential)	\$2.1103	\$2.3461	\$2.4165	\$2.4890	\$2.5637	\$2.6406
Potable (Non-residential)	\$2.1103	\$2.3461	\$2.4165	\$2.4890	\$2.5637	\$2.6406
Recycled Water (Residential)	\$1.1916	\$1.2801	\$1.3185	\$1.3581	\$1.3988	\$1.4408
Recycled Water (Non-residential less than 5,000kL p.a.)	\$0.5795	\$0.6225	\$0.6412	\$0.6605	\$0.6803	\$0.7007
Recycled Water (Non-residential more than 5,001kL p.a.)	\$0.4763	\$0.5117	\$0.5270	\$0.5428	\$0.5591	\$0.5759
<b>Connected Fixed Charges \$ per annum</b>						
<b>Residential</b>						
Water	\$408.16	\$429.71	\$442.60	\$455.88	\$469.55	\$483.64
Waste	\$633.18	\$680.21	\$700.62	\$721.64	\$743.29	\$765.59
Reuse	\$29.77	\$31.98	\$32.94	\$33.93	\$34.95	\$36.00
<b>Non-Residential</b>						
Water (20mm tapping)	\$408.16	\$429.71	\$442.60	\$455.88	\$469.55	\$483.64
Water (25mm tapping)	\$734.72	\$773.51	\$796.71	\$820.62	\$845.23	\$870.59
Water (32mm tapping)	\$1,388.15	\$1,461.44	\$1,505.28	\$1,550.44	\$1,596.95	\$1,644.86
Water (40mm tapping)	\$2,531.22	\$2,664.85	\$2,744.80	\$2,827.14	\$2,911.96	\$2,999.32
Water (50mm tapping)	\$4,531.78	\$4,771.03	\$4,914.16	\$5,061.59	\$5,213.44	\$5,369.84
Water (65mm tapping)	\$9,485.58	\$9,986.37	\$10,285.96	\$10,594.54	\$10,912.37	\$11,239.74
Water (80mm tapping)	\$15,636.98	\$16,462.52	\$16,956.40	\$17,465.09	\$17,989.05	\$18,528.72
Water (100mm tapping)	\$28,130.34	\$29,615.46	\$30,503.93	\$31,419.05	\$32,361.62	\$33,332.47
Water (150mm tapping)	\$64,835.04	\$68,257.97	\$70,305.71	\$72,414.88	\$74,587.32	\$76,824.94
Waste	\$633.18	\$680.21	\$700.62	\$721.64	\$743.29	\$765.59
Waste (> 2 cistern per property)	\$233.84	\$251.21	\$258.75	\$266.51	\$274.50	\$282.74
<b>Unconnected Fixed Charges \$ per annum</b>						
Water	\$204.06	\$214.83	\$221.28	\$227.92	\$234.75	\$241.80
Waste	\$317.14	\$340.70	\$350.92	\$361.45	\$372.29	\$383.46

**Note:**

\*The Tariff Schedule for 2023-24 above has been calculated using a CPI increase of 7 per cent which is to be confirmed by WPW's economic regulator, the Essential Services Commission through the annual tariff approval process. As per Schedule 5 of PS23 for 2023-28 this includes requirements for Melbourne Water Bulk Charges and cost of debt adjustments.

# Customer Impact Table

Average Residential Account (88 kL)	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Water Fixed	\$408.16	\$429.71	\$442.60	\$455.88	\$469.55	\$483.64
Volumetric	\$185.71	\$206.46	\$212.65	\$219.03	\$225.60	\$232.37
Waste Fixed	\$633.18	\$680.21	\$700.62	\$721.64	\$743.29	\$765.59
Total	\$1,227.05	\$1,316.38	\$1,355.87	\$1,396.55	\$1,438.44	\$1,481.60
% Change	4.18%	7.28%	3.00%	3.00%	3.00%	3.00%
Average Commercial Account (651 kL)						
Water Fixed	\$408.16	\$429.71	\$442.60	\$455.88	\$469.55	\$483.64
Volumetric	\$1,373.81	\$1,527.32	\$1,573.14	\$1,620.34	\$1,668.95	\$1,719.01
Waste Fixed	\$633.18	\$680.21	\$700.62	\$721.64	\$743.29	\$765.59
Total	\$2,415.15	\$2,637.24	\$2,716.36	\$2,797.85	\$2,881.79	\$2,968.24
% Change	4.16%	9.20%	3.00%	3.00%	3.00%	3.00%
Average Tenant Account (88 kL)						
Volumetric	\$185.71	\$206.46	\$212.65	\$219.03	\$225.60	\$232.37
% Change	4.15%	11.17%	3.00%	3.00%	3.00%	3.00%

# Operating Environment Assumptions 2023-28

As Westernport Water enters the first year of the PS23 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. By aligning internal skills and capabilities to our key focus areas, Westernport Water will deliver the operational efficiencies required to reduce operational expenditure in the next five year regulatory period, as committed to in PS23.

Development activity is expected to continue to perform strongly, consistent with PS23 assumptions and prior year trends. Population growth in the service area continues to 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.

The 2023-28 Corporate Plan has factored in the immediate known economic conditions and long term operational impacts from COVID-19 which are consistent with PS23 methodology, often requiring the business to demonstrate agility and at times re-think its approach for the longer term sustainability.

The capital program is being driven by operational needs in alignment with PS23 requirements and limits across the full ten-year PS23 forecast. Key projects are outlined in the Capital Expenditure tables in Appendix C.



AFL **Kick Like A Girl** regional football training sessions supported by the Westernport Water's Choose Tap campaign.

# Finance Assumptions 2023-24

The financial assumptions set out below form the basis for the budgeted net profit after tax result of \$1.4M and a positive net cash flow from operating activities.

## Revenue Assumptions

### Service Charges:

- The Tariff Schedule for 2023-24 has been calculated using the approved 0.4% increase from PS23 year 1 and CPI increase of 7 per cent to be confirmed by the Essential Services Commission on 29 April 23 via the annual tariff approval process. As per Schedule 5 of PS23 2023-28 this includes required adjustments for cost of debt and Melbourne Water charges which has resulted in an increase in average residential accounts for 2023-24 compared to 2022-23 of approximately 7.28 per cent
- Residential customer growth of 2.24 per cent.
- Non-residential connection growth of 1.17 per cent.

### Water Usage:

- Domestic water consumption, 88kL per connection.
- Non-Domestic water consumption, 651kL per connection.

### Developer Income:

- Creation of approximately 390 new allotments based on PS23 growth predictions and historical trends.
- New Customer Contribution model from the PS23 which ensures that the cost of new development in the area is better aligned to the developer and not the existing customer base.

## OPEX Assumptions

- Increases in wage and salaries will remain inline with PS23, consistent with the current Enterprise Agreement and 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).
- Employee costs include a 3 per cent vacancy rate in line with PS23 assumptions.
- Overall operational expenditure has been profiled against the approved PS23 budget offset by the efficiency rate of 1.5% as committed to our customers during the pricing submission engagement.
- Insurance costs have increased by \$30k (11 per cent) as per the Victorian water industry contract.
- One-off costs associated to Climate Change (\$115k) and Dam Safety compliance (\$180k) have contributed to the increase in administration expenses above PS23 assumptions.
- Environmental Contribution levied at 5 per cent of 2018-19 revenue as advised by DEECA (formerly DELWP).
- CPI increases for future years has been capped at 3 per cent each year (as per ESC PS23 model).
- The inclusion of \$348k in PS23 performance based customer rebates from the PS1 regulatory period for targets that were not met.



# Financial Sensitivity Analysis

The 2023-28 Corporate Plan is forecasting a Net Profit After Tax (NPAT) for 2024FY of \$1.6M. 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 2023-24. 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 \$0.012M to a profit of \$3.145M. 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 (\$1.51M) - 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 the change in economic conditions post 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 \$274k.  *A 10 per cent change in consumption will impact revenue by \$548k. *A 20 per cent change in consumption will impact revenue by \$1.097M. *A 50 per cent change in consumption will impact revenue by \$2.742M.	Customer water consumption subject to seasonal conditions over peak periods. Water usage consumption could be adversely affected by external economic conditions that may impact the local tourism industry.
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 and lower solar rebates. 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 \$235k increase in employee costs.	The 2023-24 budget includes a vacancy rate of 3 per cent which is less than current trends however is inline with PS23 assumptions.
Service Charges	A 10 per cent change in service charges received will impact cash revenue by \$2.203M *A 20 per cent change in service charges received will impact revenue by \$4.406M *A 50 per cent change in service charges received will impact revenue by \$11.012M	Service Charges revenue is fixed however cash flow could be negatively affected by the current economic conditions, particularly the inability of customers 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 downside risks were to occur the forecast NPAT result would decline to a loss of \$.012M. 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	2023-24 budget	Capital revenue	Water usage	Electricity	Employee Costs	Net result
Total Revenue	31,286	-	-	-	-	31,286
Revenue Adjustment	50*	-1,517	-274	-	-	-1,741
Total Opex	-29,247	-	-	-	-	-29,247
Opex Adjustment	-	-	-	-79	-235	-314
NPBT	2,089	-	-	-	-	-16
Tax	522	-	-	-	-	-4
NPAT	1,567	-	-	-	-	-12

\*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 \$1.567M to \$3.145 during 2023-24.

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

Profit & loss \$'000	2023-24 budget	Capital revenue	Water usage	Electricity	Employee Costs	Net result
Total Revenue	31,286	-	-	-	-	31,286
Revenue Adjustment	50*	1,517	274	-	-	1,841
Total Opex	-29,247	-	-	-	-	-29,247
Opex Adjustment	-	-	-	79	235	314
NPBT	2,089	-	-	-	-	4,194
Tax	522	-	-	-	-	1,048
NPAT	1,567	-	-	-	-	3,145

\*Revenue from profit on sale of disposal of assets.

# Customer and Demand Assumptions 2023-24

## Property Forecast 2023-24

Westernport Water's growth assumptions are primarily based on the 2021 Victoria In Future forecasts. However, historical trends have also been incorporated into our growth assumptions which formed the basis of our PS23 growth predictions. The major assumptions driving the property forecast are:

- Growth in residential properties of 2.24 per cent from 2022-23
- Growth in non-residential connections of 1.17 per cent from 2022-23
- No growth predicted in unconnected vacant residential land.

Property type	Property Numbers 2022-23 Forecast	Pricing Submission Year 5	Variance from PS1 Year 5	Property Numbers 2023-24 Planned	Pricing Submission Year 1	Variance from PS23 Year 1
Residential	17,415	16,897	3.07%	17,705	17,805	-0.56%
Vacant Land	1,520	1,500	1.33%	1,500	1,500	0.00%
Non-residential	1,146	1,225	-6.45%	1,172	1,170	0.17%
<b>Total Properties</b>	<b>20,081</b>	<b>19,622</b>	<b>2.34%</b>	<b>20,377</b>	<b>20,475</b>	<b>-0.48%</b>

## Customer Demand Forecast 2023-24

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.

Westernport Water modelled a range of supply and demand scenarios through the 2022 Urban Water Strategy which informed the PS23 demand assumptions. 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 PS23 assumptions with adjustments made for growth and the impacts on demand resulting from historical trend.

- Annual residential water connections demand forecast 88 kL
- Annual non-residential water connections demand forecast 651 kL

Customer Type	Forecast Demand 2022-23 ML	Demand	Pricing Submission	Variance
Residential	1,368	1,566	1,566	0.00%
Non-residential	746	754	754	0.00%
<b>Total Customer Demand</b>	<b>2,114</b>	<b>2,320</b>	<b>2,320</b>	<b>0.00%</b>



# Appendix A – Financial Templates

**Table A1 – Operating Statement**

Operating Statement \$'000	2022-23 Forecast	2023-24	2024-25	2025-26	2026-27	2027-28
<b>Revenue</b>						
Service Charges	20,382	22,025	23,233	24,461	25,661	26,926
Usage Charges	4,407	5,484	5,767	6,060	6,359	6,676
Developer Contribution	735	1,033	1,086	1,145	1,060	1,114
Developer Contribution - Gifted Assets	1,150	2,000	2,000	2,000	2,000	2,000
Investment Interest	28	25	25	25	25	25
Other Revenue	638	718	739	762	785	808
<b>Total Revenue</b>	<b>27,339</b>	<b>31,286</b>	<b>32,850</b>	<b>34,453</b>	<b>35,890</b>	<b>37,549</b>
<b>Expense</b>						
Operating & Maintenance Expense	2,663	2,731	2,756	2,820	3,014	3,078
Administration Expense	4,016	4,710	4,589	4,865	4,637	4,779
Environmental Contributions	1,080	1,080	1,080	1,080	1,080	1,080
Borrowing Cost / Interest Expense	305	320	380	400	450	330
Depreciation / Amortisation	7,725	8,310	8,748	9,210	9,725	10,242
IT	2,122	2,174	2,238	2,116	2,558	2,638
Labour	8,563	9,410	9,644	9,829	10,022	10,220
Consultants	188	163	134	138	180	186
GSL Payments	-	348	-	-	-	-
<b>Total Expense</b>	<b>26,661</b>	<b>29,247</b>	<b>29,569</b>	<b>30,458</b>	<b>31,666</b>	<b>32,553</b>
Net Operating Profit Before Tax	678	2,039	3,282	3,995	4,224	4,996

Operating Statement \$'000	2022-23 Forecast	2023-24	2024-25	2025-26	2026-27	2027-28
Profit on sale of disposal of assets	50	50	50	50	50	50
<b>Net Profit Before Tax</b>	<b>728</b>	<b>2,089</b>	<b>3,332</b>	<b>4,045</b>	<b>4,274</b>	<b>5,046</b>
Tax	182	522	833	1,011	1,068	1,262
Net Profit After Tax	546	1,567	2,499	3,034	3,205	3,785
<b>Net Profit - Retained Earnings</b>	<b>546</b>	<b>1,567</b>	<b>2,499</b>	<b>3,034</b>	<b>3,205</b>	<b>3,785</b>
Retained Earnings - Opening Balance	71,189	71,735	73,301	75,800	78,834	82,039
<b>Retained Earnings - Closing Balance</b>	<b>71,735</b>	<b>73,301</b>	<b>75,800</b>	<b>78,834</b>	<b>82,039</b>	<b>85,824</b>

**Table A2 – Operating Statement by Quarter 2023-24**

Operating Statement 2023-24 \$'000	Q 1 Period	Q2 Period	Q2 YTD	Q3 Period	Q3 YTD	Q4 Period	Q4 YTD
<b>Revenue</b>							
Service Charges	5,537	5,641	11,178	5,332	16,510	5,515	22,025
Usage Charges	943	1,426	2,369	1,623	3,992	1,492	5,484
Developer Contribution	248	258	506	258	765	269	1,033
Developer Contribution - Gifted Assets	0	250	250	250	500	1,500	2,000
Investment Interest	6	6	12	6	18	7	25
Other Revenue	180	180	359	180	539	180	718
<b>Total Revenue</b>	<b>6,914</b>	<b>7,760</b>	<b>14,674</b>	<b>7,649</b>	<b>22,323</b>	<b>8,962</b>	<b>31,286</b>
<b>Expense</b>							
Operating & Maintenance Expense	601	710	1,311	710	2,021	710	2,731
Administration Expense	942	989	1,931	1,366	3,297	1,413	4,710
Environmental Contributions	270	270	540	270	810	270	1,080
Borrowing Cost / Interest Expense	64	64	128	64	192	128	320
Depreciation / Amortisation	1,994	2,036	4,031	2,036	6,067	2,244	8,310
IT	500	543	1,043	565	1,609	565	2,174
Labour	2,164	2,352	4,517	2,352	6,869	2,541	9,410
Consultants	50	40	90	43	133	30	163
GSL Payments	348	0	348	0	348	0	348
<b>Total Expense</b>	<b>6,934</b>	<b>7,005</b>	<b>13,939</b>	<b>7,407</b>	<b>21,346</b>	<b>7,901</b>	<b>29,247</b>
<b>Net Operating Profit Before Tax</b>	<b>(20)</b>	<b>755</b>	<b>735</b>	<b>243</b>	<b>977</b>	<b>1,061</b>	<b>2,039</b>
<b>Non-Operating Items</b>							
Profit on sale of disposal of assets	10	20	30	10	40	10	50
<b>Net Profit Before Tax</b>	<b>(10)</b>	<b>775</b>	<b>765</b>	<b>253</b>	<b>1,017</b>	<b>1,071</b>	<b>2,089</b>
Tax	0	194	191	63	254	268	522
<b>Net Profit After Tax</b>	<b>(10)</b>	<b>581</b>	<b>574</b>	<b>189</b>	<b>763</b>	<b>803</b>	<b>1,567</b>
<b>Net Profit - Retained Earnings</b>	<b>(10)</b>	<b>581</b>	<b>574</b>	<b>189</b>	<b>763</b>	<b>803</b>	<b>1,567</b>
Retained Earnings - Opening Balance	71,735	71,724	71,735	72,308	71,735	72,498	71,735
<b>Retained Earnings - Closing Balance</b>	<b>71,724</b>	<b>72,306</b>	<b>72,308</b>	<b>72,498</b>	<b>72,498</b>	<b>73,301</b>	<b>73,301</b>

**Table A3 – Balance Sheet**

Balance Sheet \$'000	2022-23 Forecast	2023-24	2024-25	2025-26	2026-27	2027-28
<b>Current Assets</b>						
Cash & Cash Equivalents	1,018	2,820	2,134	2,209	2,704	2,179
Receivables	4,512	4,902	5,196	4,587	4,932	5,303
Inventories	450	480	485	475	505	515
Prepayments	142	145	155	166	178	190
<b>Total Current Assets</b>	<b>6,122</b>	<b>8,347</b>	<b>7,969</b>	<b>7,436</b>	<b>8,319</b>	<b>8,188</b>
<b>Non-current assets</b>						
Property Plant & Equipment	296,483	309,502	338,023	355,909	372,033	389,658
Less Accumm Depreciation	(17,280)	(25,590)	(34,338)	(43,548)	(53,273)	(63,515)
PP&E at WDV	<b>279,203</b>	<b>283,912</b>	<b>303,685</b>	<b>312,361</b>	<b>318,761</b>	<b>326,143</b>
Work In Progress	3,000	8,250	9,250	6,500	7,800	3,150
Intangibles	1,974	2,224	2,474	2,250	2,280	2,530
Receivables	58	61	63	65	67	69
<b>Total Non-current Assets</b>	<b>284,235</b>	<b>294,446</b>	<b>315,472</b>	<b>321,175</b>	<b>328,907</b>	<b>331,891</b>
<b>Total Assets</b>	<b>290,357</b>	<b>302,793</b>	<b>323,442</b>	<b>328,612</b>	<b>337,226</b>	<b>340,079</b>
<b>Current Liabilities</b>						
Borrowings	1,000	1,500	1,500	1,500	5,300	2,100
Employee Benefits	1,399	1,434	1,470	1,507	1,537	1,567
Payables	1,512	1,588	1,635	1,684	1,735	1,787
Unearned Income	2,597	2,726	2,808	2,893	2,979	3,069
Other	43	44	44	45	44	45
<b>Total Current Liabilities</b>	<b>6,551</b>	<b>7,292</b>	<b>7,457</b>	<b>7,628</b>	<b>11,595</b>	<b>8,568</b>
<b>Non-current Liabilities</b>						
Borrowings	9,140	14,640	15,640	16,140	13,640	11,540
Employee Benefits	380	388	368	376	383	391
Deferred Tax Liability	44,224	44,564	44,875	45,053	45,111	45,304
<b>Total Non-current Liabilities</b>	<b>53,744</b>	<b>59,592</b>	<b>60,883</b>	<b>61,569</b>	<b>59,134</b>	<b>57,234</b>
<b>Total Liabilities</b>	<b>60,295</b>	<b>66,884</b>	<b>68,341</b>	<b>69,197</b>	<b>70,728</b>	<b>65,802</b>



Balance Sheet \$'000	2022-23 Forecast	2023-24	2024-25	2025-26	2026-27	2027-28
<b>Net Assets</b>	230,063	235,909	255,101	259,415	266,498	274,276
<b>Equity</b>						
Retained Earnings	71,735	73,301	75,800	78,834	82,039	85,824
Asset Revaluation Reserve	107,005	111,285	127,978	129,258	133,135	137,130
Contributed Capital	51,323	51,323	51,323	51,323	51,323	51,323
<b>Total Equity</b>	230,063	235,909	255,101	259,415	266,498	274,276

Note: Where current assets are less than current liabilities indicating a working capital deficiency this is not the case as 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 2023-24**

Balance Sheet 2023-24 \$'000	Q 1	Q2	Q3	Q4
<b>Current Assets</b>				
Cash & Cash Equivalents	1,467	1,039	778	2,820
Receivables	4,657	4,729	4,802	4,902
Inventories	456	529	601	480
Prepayments	138	110	95	145
<b>Total Current Assets</b>	<b>6,717</b>	<b>6,407</b>	<b>6,276</b>	<b>8,347</b>
<b>Non-current assets</b>				
Property Plant & Equipment	297,424	299,044	298,620	309,502
Less Accumm Depreciation	(19,275)	(21,311)	(23,347)	(25,590)
PP&E at WDV	278,149	277,733	275,274	283,912
Work In Progress	6,000	8,000	11,000	8,250
Intangibles	1,980	1,970	1,960	2,224
Receivables	60	60	60	61
<b>Total Non-current Assets</b>	<b>286,189</b>	<b>287,763</b>	<b>288,294</b>	<b>294,446</b>
<b>Total Assets</b>	<b>292,906</b>	<b>294,170</b>	<b>294,569</b>	<b>302,793</b>
<b>Current Liabilities</b>				
Borrowings	1,000	1,500	1,500	1,500
Employee Benefits	1,388	1,411	1,419	1,434
Payables	1,524	1,529	1,577	1,588
Unearned Income	2,649	2,766	2,805	2,726
Other	44	44	44	44
<b>Total Current Liabilities</b>	<b>6,605</b>	<b>7,250</b>	<b>7,345</b>	<b>7,292</b>
<b>Non-current Liabilities</b>				
Borrowings	11,640	11,140	11,140	14,640
Employee Benefits	385	386	386	388
Deferred Tax Liability	44,224	44,758	44,872	44,564
<b>Total Non-current Liabilities</b>	<b>56,249</b>	<b>56,284</b>	<b>56,398</b>	<b>59,592</b>
<b>Total Liabilities</b>	<b>62,854</b>	<b>63,534</b>	<b>63,743</b>	<b>66,884</b>

Balance Sheet 2023-24 \$'000	Q 1	Q2	Q3	Q4
------------------------------------	-----	----	----	----

<b>Net Assets</b>	<b>230,052</b>	<b>230,636</b>	<b>230,826</b>	<b>235,909</b>
Retained Earnings	71,724	72,308	72,498	73,301
Asset Revaluation Reserve	107,005	107,005	107,005	111,285
Contributed Capital	51,323	51,323	51,323	51,323
<b>Total Equity</b>	<b>230,052</b>	<b>230,636</b>	<b>230,826</b>	<b>235,909</b>

Note: Where current assets are less than current liabilities indicating a working capital deficiency, this is not the case as 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	2022-23 Forecast	2023-24 Budget	2024-25 Budget	2025-26 Budget	2026-27 Budget	2027-28 Budget
<b>Cash Flows from Operating Activities</b>						
Receipts from Customers	26,690	29,236	30,715	32,270	33,902	35,618
Receipts from Government	1,188	1,223	1,260	1,298	1,337	1,403
Payments to Suppliers and Employees	(23,297)	(23,755)	(24,705)	(25,693)	(26,721)	(27,790)
Refund from ATO	1,188	1,728	1,553	1,518	1,724	1,504
Interest Received	26	25	25	25	25	25
Interest Paid	(203)	(230)	(275)	(290)	(325)	(240)
FAL Paid	(75)	(90)	(105)	(110)	(125)	(90)
<b>Net Cash from Operating Activities</b>	<b>5,516</b>	<b>8,137</b>	<b>8,468</b>	<b>9,017</b>	<b>9,817</b>	<b>10,430</b>
<b>Cash Flows from Investing Activities</b>						
Payments for Property, Plant & Equipment	(5,824)	(12,545)	(10,350)	(9,647)	(10,838)	(5,900)
Proceeds from Sale of Property, Plant & Equipment	180	210	195	205	217	245
<b>Net Cash from / (Used in) Investing Activities</b>	<b>(5,644)</b>	<b>(12,335)</b>	<b>(10,155)</b>	<b>(9,442)</b>	<b>(10,621)</b>	<b>(5,655)</b>
<b>Cash Flows from Financing Activities</b>						
Proceeds from Borrowings	1,250	6,000	1,000	500	1,300	-
Repayment of Borrowings	(1,250)	-	-	-	-	(5,300)
<b>Net Cash from Financing Activities</b>	<b>-</b>	<b>6,000</b>	<b>1,000</b>	<b>500</b>	<b>1,300</b>	<b>(5,300)</b>
Net Increase (Decrease) For Year	(128)	1,802	(687)	75	496	(525)
Opening Cash Balance	1,146	1,018	2,820	2,134	2,209	2,704
<b>Closing Cash Balance</b>	<b>1,018</b>	<b>2,820</b>	<b>2,134</b>	<b>2,209</b>	<b>2,704</b>	<b>2,179</b>



**Table A6 – Cash Flow Statement by Quarter for 2023-24**

Cash Flow 2023-24 \$'000	Q1 Period	Q2 Period	Q2 YTD	Q3 Period	Q3 YTD	Q4 Period	Q4 YTD
<b>Cash Flows from Operating Activities</b>							
Receipts from Customers	6,724	7,309	14,033	7,601	21,635	7,601	29,236
Receipts from Government	306	306	612	306	917	306	1,223
Payments to Suppliers and Employees	(5,839)	(5,839)	(11,678)	(6,039)	(17,716)	(6,039)	(23,755)
Refund from ATO	432	432	864	432	1,296	432	1,728
Interest Received	6	6	13	6	19	6	25
Interest Paid	(58)	(58)	(115)	(58)	(173)	(58)	(230)
FAL Paid	(23)	(23)	(45)	(23)	(68)	(23)	(90)
<b>Net Cash from Operating Activities</b>	<b>1,550</b>	<b>2,134</b>	<b>3,684</b>	<b>2,227</b>	<b>5,911</b>	<b>2,227</b>	<b>8,137</b>
<b>Cash Flows from Investing Activities</b>							
Payments for Property, Plant & Equipment	(3,653)	(2,614)	(6,268)	(2,540)	(8,808)	(3,737)	(12,545)
Proceeds from Sale of Property, Plant & Equipment	53	53	105	53	158	53	210
<b>Net Cash from / (Used in) Investing Activities</b>	<b>(3,601)</b>	<b>(2,562)</b>	<b>(6,163)</b>	<b>(2,488)</b>	<b>(8,651)</b>	<b>(3,684)</b>	<b>(12,335)</b>
<b>Cash Flows from Financing Activities</b>							
Proceeds from Borrowings	2,500	-	2,500	-	2,500	3,500	6,000
Repayment of Borrowings	-	-	-	-	-	-	-
<b>Net Cash from Financing Activities</b>	<b>2,500</b>	<b>-</b>	<b>2,500</b>	<b>-</b>	<b>2,500</b>	<b>3,500</b>	<b>6,000</b>
Net Increase (Decrease) For Year	449	(428)	21	(261)	(240)	2,042	1,802
Opening Cash Balance	1,018	1,467	1,018	1,039	1,018	778	1,018
<b>Closing Cash Balance</b>	<b>1,467</b>	<b>1,039</b>	<b>1,039</b>	<b>778</b>	<b>778</b>	<b>2,820</b>	<b>2,820</b>

# Appendix B – Regulatory Performance Indicators

**Table B1 – Financial Performance Indicators**

Financial Performance Indicators	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Actual	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	49.5	23.11	28.75	24.99	25.18	24.22
F2 Gearing Ratio Total debt (including finance leases) / total assets * 100 (%)	3.10%	3%	2.4%	3.5%	3.49%	5.33%	5.30%	5.37%	5.62%
F3 Internal Financing Ratio Net operating cash flows less dividends / net capital expenditure * 100 (%)	138%	60%	61%	67%	98%	66%	83%	95%	92%
F4 Current Ratio Current assets / current liabilities (excluding long term employee provisions and revenue in advance) (times)	1.60	1.1	0.85	1.19	1.55	1.83	1.71	1.57	0.97
F5 Return on Assets Earnings before net interest and tax / average assets * 100 (%)	0.9%	2.2%	1.4%	-0.1%	0.35%	0.80%	1.18%	1.36%	1.41%
F6 Return on Equity Net profit after tax / average total equity * 100 (%)	0.7%	2.5%	1.4%	0.0%	0.24%	0.67%	1.02%	1.18%	1.22%
F7 EBITDA Margin Earnings before interest, tax, depreciation and amortisation / total revenue * 100 (%)	33%	40%	37%	26.5%	32%	34%	38%	40%	40%

**Table B2 – Operational Performance Indicators**

Water Network Reliability Indicators		2017-18 Actual	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Actual	2022-23 Target	2023-24 Target
REW 8	Water Service – minutes off supply (planned and unplanned) How many minutes on average a customer was without water supply during a year (minutes)	83.7	30.5	11.3	30.6	126.5	<103	<116
REW 5	Unplanned water supply interruptions Percentage of customers receiving more than 1 unplanned interruptions in the year (%)	3.9%	1.0%	1.1%	2.4%	1.4%	9.3%	9.3%

\*The measurement used to calculate REW 5 has varied over time which explains the large variations in previous year actuals.

Sewerage Network Reliability Indicators		2017-18 Actual	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Actual	2022-23 Target	2023-24 Target
RES 1	Sewerage Service – sewer blockages Number of sewer blockages reported per 100 kilometres of sewer main (number)	6.0	6.4	3.6	5.4	5.4	<4.1	6
RES 6	Sewerage Service – sewer spills number of sewer spills reported per 100 kilometres of sewer main (number)	4.1	2.4	1.0	1.8	3.1	2.74	2.74
RES 7	Sewerage Service – containment of sewer spills Sewer spills from reticulation and branch sewers contained within 5 hours (%)	100%	100%	100%	100%	100%	100%	100%

Customer Responsiveness Indicators (per 1000 customers)		2017-18 Actual	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Actual	2022-23 Target	2023-24 Target
WB1	Water bills - average household use Typical household bills including inflation, owner occupiers (\$)	1,124	1,170	1,172	1,189	1,187	1,227	1,316
WB2	Water bills - average household use Typical household bill including inflation, tenants (\$)	137	179	176	186	187	186	206
UPP 1	Water bills – customers on flexible payment plans No. of customers with instalment plans (number)	509	783	513	278	237	1.9	1.9
UPP 6	Water bills – customers awarded hardship grants No. of customers awarded hardship grants (number)	57	30	107	259	238	>25	>25
CRS 4*	Customer Responsiveness - water quality complaints No of complaints per 100 customers (number)	0.19	0.22	0.08	0.93	0.25	2.2	2.2
CRS 7*	Customer Responsiveness – number of payment issue complaints No of complaints per 100 customers (number)	0.189	0.019	0.005	0.10	0.08	0.10	0.10
CRS 3*	Customer Responsiveness – total complaints No of complaints per 100 customers (number)	0.63	0.58	0.30	1.37	0.65	0.71	0.71

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

Water Reuse Indicators		2017-18 Actual	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Actual	2022-23 Target	2023-24 Target
CRR 1	Recycled water – effluent treatment and reuse Proportion of water recycled as a percentage of the volume of effluent produced (%)	21%	23.5%	14%	7%	17.9%	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 Actuals for 2021/22	PS 1 Year 5 Budget for 2022/23	PS 1 Year 5 Forecast for 2022/23	Total PS1 2018-23
Sludge Management Program	57,661	107,707	43,455	95,761	70,000	70,000	374,584
OH&S Compliance Program	111,764	75,866	5,935	58,875	83,625	83,625	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	23,007	-	-	2,252,009
Water Quality Compliance Program	137,450	211,169	-	-	-	-	348,619
<b>Compliance Total</b>	<b>1,068,851</b>	<b>1,352,362</b>	<b>1,588,908</b>	<b>177,642</b>	<b>153,626</b>	<b>153,626</b>	<b>4,341,389</b>
Sustainable Water Reuse and Land Management	532,177	17,823	303,973	-	-	-	853,973
King Road Master Plan	-	-	90,621	46,663	73,337	67,337	204,621
Building Asset Management Plan - Stage 3	143,535	180,521	223,355	42,097	-	-	589,508
CWWTP Upgrade Stage 2	17,235	186,712	1,489,112	3,386,872	-	-	5,079,931
CWWTP Community Education Display	2,799	23,061	-	-	-	-	25,860
Automated Water Filling Station	3,310	3,194	873	959	4,041	4,041	12,377
Community Refill Stations, Water efficiency for accomm providers & Portable Hydration Station	27,632	28,678	7,424	-	-	-	63,734
<b>Growth Total</b>	<b>726,688</b>	<b>439,989</b>	<b>2,115,358</b>	<b>3,476,590</b>	<b>77,378</b>	<b>71,378</b>	<b>6,830,003</b>
Water Quality Improvement Program	192,876	46,373	285,917	85,980	33,020	33,020	644,166
Odour and Corrosion mitigation program	-	-	69,510	284,390	70,610	125,281	479,181
GIS-AMIS Strategy Implementation	43,945	72,393	25,323	829	15670	15,670	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 Actuals for 2021/22	PS 1 Year 5 Budget for 2022/23	PS 1 Year 5 Forecast for 2022/23	Total PS1 2018-23
<b>Improved Services Total</b>	<b>310,504</b>	<b>333,796</b>	<b>648,877</b>	<b>371,199</b>	<b>119,301</b>	<b>173,971</b>	<b>1,838,348</b>
Software Application	49,660	62,076	33,073	11,398	121,202	65,535	221,742
Hardware Replacement	52,857	77,625	24,088	58,128	74,272	325,000	537,698
Business Transformation Project	487,214	1,705,525	1,632,165	-	-		3,824,904
Sewer Junction Rebuild Program	309,665	249,101	196,504	141,762	200,000	180,000	1,077,032
SPS Electrical Switchboard Renewal Program	185,111	70,496	248,929	101,608	18,013	20,000	626,144
SCADA Strategy Implementation	106,745	97,371	29,097	79,124	30,876	30,876	343,213
San Remo to Newhaven Bridge Pipeline and Fittings Renewal Project	-	-	65,550	134,542	795,458	795,458	995,550
San Remo to Basin to Cowes 648 Pipeline Valve Renewal Project	-	-	95,189	312,916	302,084	240,710	648,815
Water Main Replacement Program	342,894	407,206	484,985	70,477	29,523	124,697	1,430,259
SPS Civil, Mech & Electrical Works	122,848	121,189	145,844	264,340	51,872	160,000	814,221
Sewer Main Renewals	2,911	79,241	89,720	160,403	119,597	84,560	416,835
CWWTP Civil, Mech & Electrical Works	117,618	92,083	109,261	284,617	25,383	49,273	652,852
IBWPP Civil, Mech & Electrical Works	135,949	206,299	377,112	90,144	59,856	126,520	936,024
Water Dist System Civil, Mech & Electrical Works	48,755	86,634	132,574	73,208	54,164	111,664	452,835
Water Meter Renewal Program	118,173	26,699	23,120	27,997	30,000	30,000	225,989
King Road WWP Civil, Mech & Electrical Works	34,027	25,546	37,205	15,738	40,000	40,000	152,516
Plant Replacement - Fleet & Equipment	64,840	266,708	567,750	238,431	447,601	447,601	1,585,330
San Remo Basin Renewal Project	-	-	160,547	2,161,630	328,370	308,370	2,630,547
Minor storage renewals	-	-	-	54,135	355,865	415,865	470,000
Unbudgeted Capital Expenditure	19,000	1,048,532	435,513	-	275000	332,700	1,835,745
Technology Roadmap	-	-	-	213,109	986,891	986,891	1,200,000
<b>Renewals Total</b>	<b>2,198,267</b>	<b>4,622,331</b>	<b>4,888,226</b>	<b>4,493,707</b>	<b>4,346,026</b>	<b>4,875,720</b>	<b>21,078,251</b>
<b>Total</b>	<b>4,304,310</b>	<b>6,748,478</b>	<b>9,241,369</b>	<b>8,519,138</b>	<b>4,696,330</b>	<b>5,274,695</b>	<b>34,087,990</b>

## Table C2 – Capital Program 2023-28

The proposed Corporate Plan budget for 2023-2028 is subject to final approval of the PS23 from ESC expected in May 2023.

Project Name	PS23 Year 1 Indicative Budget 2023-24	PS23 Year 2 Indicative Budget 2024-25	PS23 Year 3 Indicative Budget 2025-26	PS23 Year 4 Indicative Budget 2026-27	PS23 Year 5 Indicative Budget 2027-28
Bio-gas waste to energy	140,444	269,969	1,699,420	-	-
Renewable energy generation	-	-	1,382,403	399,557	-
Treatment plant energy efficiency	299,511	1,104,870	-	-	-
Sustainable reuse and afforestation	322,809	757,751	-	-	165,558
Informations and communications technology road map	973,452	670,960	724,078	160,120	-
Odour & corrosion mitigation program - pricing submission 23	23,519	-	33,893	23,274	518,686
Minor compliance projects	79,870	49,359	112,978	48,510	123,454
OH&S compliance program - pricing submission 2023	54,593	54,844	56,489	58,184	59,929
<b>Compliance Total</b>	<b>1,894,197</b>	<b>2,907,753</b>	<b>4,009,261</b>	<b>689,644</b>	<b>867,627</b>
Recycled water wetland storage	275,284	-	516,198	4,077,692	166,257
Water quality improvement program - stage 2	141,955	124,748	319,610	1,848,151	-
Wastewater systems future - pricing submission 23	408,352	418,447	-	878,430	-
Cowes Wastewater Treatment Plant - master plan upgrades - stage 3	107,451	1,255,046	-	-	128,001
King Road Wastewater Treatment Plant effluent pump station upgrade	1,063,366	-	-	-	-
Recycled water improvement program	-	-	614,982	-	299,647
King Road Master Plan Stage 2	192,326	96,956	-	-	264,528
<b>Growth Total</b>	<b>2,188,734</b>	<b>1,895,198</b>	<b>1,450,790</b>	<b>6,804,274</b>	<b>858,433</b>
Building asset management plan - pricing submission 23	76,568	730,191	193,868	-	-
Plant improvement program - pricing submission 23	31,948	629,854	-	126,062	29,965
Water distribution and storage improvement	298,180	31,380	420,844	663,296	-
Sewage pump station improvement program	10,649	153,563	33,893	36,362	71,915

<b>Improved Services Total</b>	<b>417,346</b>	<b>1,544,987</b>	<b>648,606</b>	<b>825,720</b>	<b>101,880</b>
Asset management information system upgrade	188,918	1,238,889	-	-	-
San Remo to Newhaven bridge pipeline and fittings renewal project - stage 2	3,364,829	-	-	-	-
Sewage pump station civil, mechanical and electrical - pricing submission 23	540,451	532,753	326,846	555,190	736,223
Fleet and plant - renewal program - pricing submission 23	695,756	330,872	397,166	347,958	417,273
Water mains renewals - pricing submission 23	399,348	-	528,378	453,834	449,470
Cowes Wastewater Treatment Plant civil, mechanical and electrical - pricing submission 23	347,206	195,090	741,066	217,659	361,683
Sewer mains and junction renewals - pricing submission 23	191,687	204,011	203,361	384,013	403,924
Candowie & Ian Bartlett Water Purification Plant civil, mechanical and electrical - pricing submission 23	190,649	191,174	198,100	224,316	625,034
Informations and communications - hardware and minor software renewals program	135,804	139,878	372,196	194,056	172,071
Water distribution civil, mechanical and electrical - pricing submission 23	199,492	450,844	55,783	68,232	73,647
Water meter and connections renewal program - pricing submission 23	159,739	155,757	212,399	165,242	169,493
Corporate improvement and renewals - pricing submission 23	127,153	113,198	100,212	151,511	295,348
King road wastewater treatment plant civil, mechanical and electrical - pricing submission 23	361,004	97,083	44,327	50,156	64,258
Minor storages civil, mechanical and electrical - pricing submission 23	34,823	41,352	49,597	59,464	72,658
<b>Renewals Total</b>	<b>6,936,860</b>	<b>3,690,901</b>	<b>3,229,431</b>	<b>2,871,632</b>	<b>3,841,081</b>
<b>Total</b>	<b>11,437,136</b>	<b>10,038,839</b>	<b>9,338,088</b>	<b>11,191,270</b>	<b>5,669,021</b>



# Appendix D – Variance to PS23

**Table D1 – Fixed Service Charge Revenue PS23 2023-28**

Fixed Service Charge Revenue \$'000	2023-24	2024-25	2025-26	2026-27	2027-28	Total PS23
CPI%	7	3	3	3	3	
Total Fixed Service Charge Revenue as per PS1	22,123	23,267	24,461	25,661	26,927	122,439
Total Fixed Service Charge Revenue as per Corporate Plan	22,025	23,233	24,461	25,661	26,926	122,306
Variance \$	99	35	-	-	-	134

**Table D2 – Metered Usage Revenue PS23 2023-28**

Metered Usage Revenue \$'000	2023-24	2024-25	2025-26	2026-27	2027-28	Total PS23
CPI%	7	3	3	3	3	
Total Metered Usage Revenue as per PS1	5,484	5,767	6,060	6,360	6,675	30,346
Total Metered Usage Revenue as per Corporate Plan	5,484	5,767	6,060	6,360	6,675	30,346
Variance \$	-	-	-	-	-	-

**Table D3 – Average Customer Bill PS23 2023-28**

Average Customer Bill	2023-24	2024-25	2025-26	2026-27	2027-28	Total PS23
CPI%	7	3	3	3	3	
Average Customer Bill per PS1	1,316.38	1,355.87	1,396.55	1,438.44	1,481.60	6,988.84
Average Customer Bill as per Corporate Plan	1,316.38	1,355.87	1,396.55	1,438.44	1,481.60	6,988.84
Variance \$	-	-	-	-	-	-

**Table D4 – Development Revenue PS23 2023-28**

Development Revenue \$'000	2023-24	2024-25	2025-26	2026-27	2027-28	Total PS23
CPI%	7	3	3	3	3	
Total Development Revenue as per PS1	3,033	3,087	3,145	3,060	3,114	15,439
Total Development Revenue as per Corporate Plan	3,033	3,087	3,145	3,060	3,114	15,439
Variance \$	-	-	-	-	-	-

**Table D5 – Net Profit After Tax (NPAT) PS23 2023-28**

NPAT \$'000	2023-24	2024-25	2025-26	2026-27	2027-28	Total PS23
CPI%	7	3	3	3	3	
Total NPAT per PS1	2,307	2,412	2,859	2,854	3,285	13,718
Total NPAT as per Corporate Plan	1,567	2,499	3,034	3,205	3,785	14,089
Variance \$	(741)	86	175	352	499	372

**Table D6 – Capital Program PS23 2023-28**

Capital \$'000	2023-24	2024-25	2025-26	2026-27	2027-28	Total PS23
CPI%	7	3	3	3	3	
Total Capital Budget per PS1	11,735	8,887	10,034	11,265	5,753	47,674
Total Capital Budget as per Corporate Plan	11,437	10,039	9,338	11,191	5,669	47,674
Variance \$	298	(1,152)	696	74	84	-