South Gippsland Water

CORPORATE PLAN

2018/19 to 2022/23

Contents

1 Introduction

South Gippsland Water has prepared this five year Corporate Plan for 2018/19 to 2022/23 in compliance with Section 247 and 248 of the Water Act 1989. This Corporate Plan has been prepared with customer affordability front of mind and addresses the challenges of climate change, varying rain fall patterns, economic development and population growth. It represents a balanced approach of managing environmental, social and economic factors to provide quality water and wastewater services to the communities of South Gippsland.

In 2017 the Victorian Government released its water plan, "*Water for Victoria*" that sets the strategic direction for water management in Victoria for decades to come. *Water for Victoria* will create a water system that is modern and efficient, innovative, future focused and affordable. In addition, the Minister for Water has set out performance expectations for 2018/19 and beyond via a Letter of Expectations (LOE) for water corporations. The Corporation is committed to delivering upon the seven policy areas set out in the Minister's Letter of Expectations:

- Climate Change
- Customer and community outcomes
- Water for Aboriginal cultural, spiritual and economic values
- Resilient and liveable cities and towns
- Recognising recreational values
- Leadership and culture
- Financial sustainability

In September 2017 South Gippsland Water submitted a five year plan (2018/19 – 2022/23) to the Essential Services Commission which outlined service standards, the required capital and operating expenditure and the required revenue to achieve customer outcomes.

In developing the Pricing Submission, South Gippsland Water undertook extensive customer consultation to identify what really matters to customers. This resulted in a Price Submission with key investment to deliver water security, reliability and quality to customers across the South Gippsland Water region. The Corporation is committed to making our region more secure and prosperous in the long term.

A Draft Determination released by the Essential Services Commission in April 2018, was broadly in line with South Gippsland Water's proposed pricing path for the first two years of its Price Submission, however, a further submission will be required in 2020. Subsequent to the Draft Determination, South Gippsland Water further considered affordability to customers, in the context of the two year pricing period and the Minister's Letter of Expectations. As a result, South Gippsland Water has committed to a CPI pricing path for this two year period.

South Gippsland Water has delivered affordable prices to customers over an extended period with the Essential Services Commission (ESC) recognising that South Gippsland Water levies one of the lowest tariffs in the state which is further evidenced by the National Performance Report for urban water utilities throughout Australia. South Gippsland Water is committed to working with the community, stakeholders and its shareholder to develop a longer term pricing path that will ensure sustainability for the region.

Recent initiatives have been undertaken by the Corporation, with support from the State Government, to secure the water supply in Korumburra, Poowong, Loch and Nyora. The South Gippsland region has experienced average rainfall conditions during the summer and below average in Autumn. Low rainfall and continuing pressures on water demand from Burra Foods, a major customer in Korumburra, resulted in South Gippsland Water utilising its temporary Bulk Entitlement from the Tarwin River, a temporary

pump station and a network of aged wastewater pipeline and pump infrastructure to augment supply to Korumburra during early 2018. The township has been subject to Stage Three Water Restrictions from May 2018.

On the 21st April 2016, the State Government announced $30M of funding to support the Lance Creek Water Connection project (a $43M project). The project makes use of the 82km pipeline constructed by the State Government between the Victorian Desalination Plant and Cardinia Reservoir. The project links the Melbourne supply system to Korumburra, Poowong, Loch and Nyora and represents another step in the development of Victoria's "Water Grid".

Construction of the Lance Creek Water Connection Project commenced in 2017 and is now well progressed. The networking initiative provides a cost effective long term supply solution that will underpin major customers such as Burra Foods and support continued development in the region for decades to come. Connection of the Lance Creek Reservoir to Korumburra, Poowong, Loch and Nyora will be completed during the 2018/19 financial year.

South Gippsland Water has continued to identify and implement efficiencies across the organisation through the Gippsland Region Strategic Alliance, a joint initiative of Gippsland Water businesses. The Corporation has implemented a number of efficiency initiatives in order to increase productivity and capability. These initiatives will continue throughout the Corporate Plan period with a focus on higher levels of collaboration between water corporations and other parties such as local government.

2 South Gippsland Water

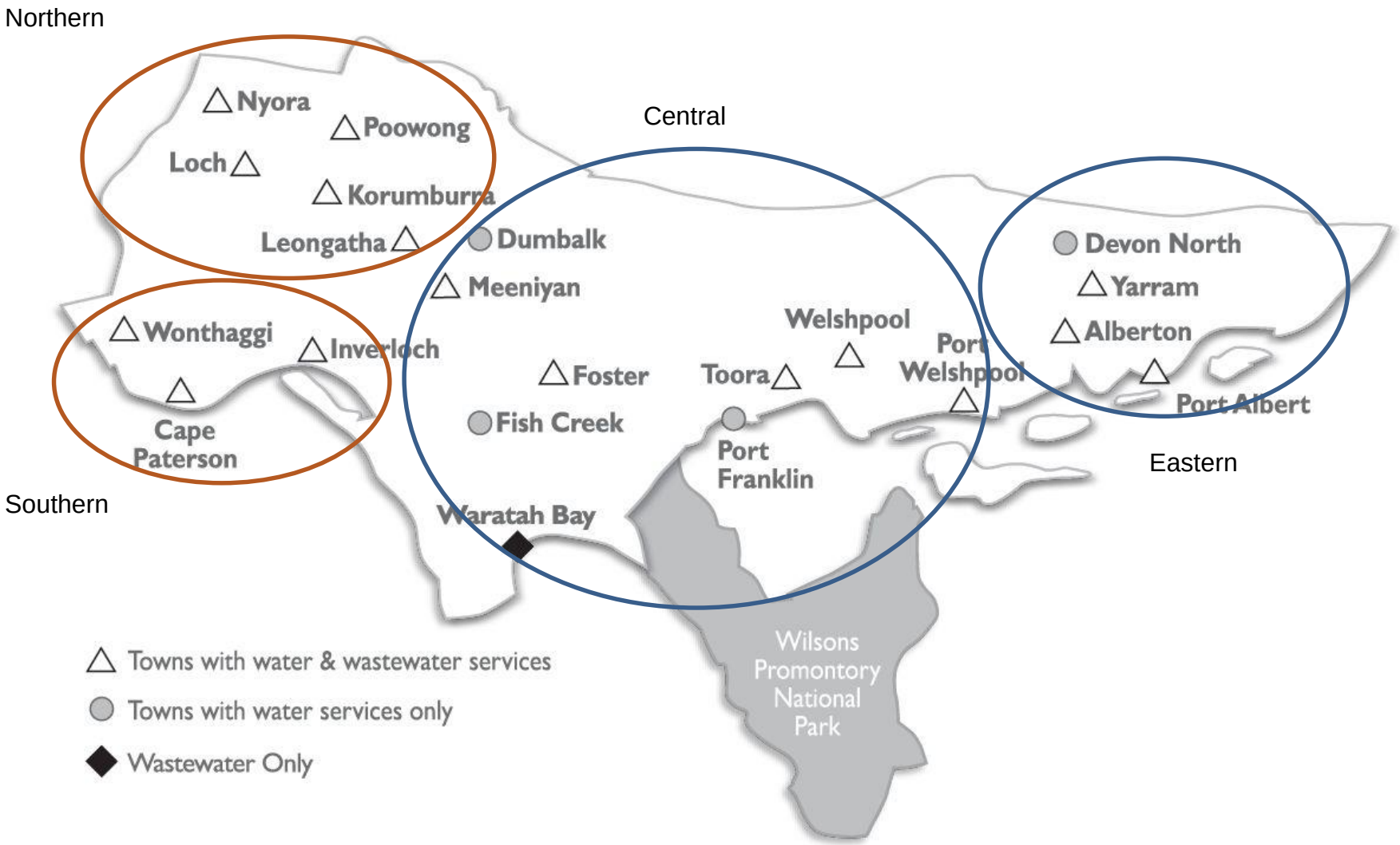
South Gippsland is located around 2 hours' drive from the south eastern suburbs of Melbourne, and is well known for its coastal resorts and National Parks such as Wilson's Promontory and Tarra Bulga. South Gippsland is predominantly an agricultural area including beef, sheep and dairy farming. The region seeks to maximise its strength as a leading Victorian dairy farming and dairy products producer with two major dairy companies located in the area (Burra Foods and Murray Goulburn/Saputo). The Corporation is acutely aware that the region's national parks have a high public profile. Tourism is also an industry of significant importance.

The Corporation demonstrates its commitment to the stewardship of the region's "natural capital" through initiatives based on continuous improvement at all operational facilities, together with programs aimed at engaging and connecting with the community on matters important to them. South Gippsland Water supports and participates in local activities with a wide range of community groups involved in broader environmental programs that address the interconnection of all the elements of the region's ecosystems.

The services that South Gippsland Water provides are essential to the economic survival, development and well-being of the region. Accordingly, South Gippsland Water collaborates with the programs and activities of other regional agencies in developing its strategies and plans, in so doing, contributing to an integrated regional approach to natural resource management.

South Gippsland Water's service area (shown in Map 2.2 below) extends from Wonthaggi and Nyora in the west to Yarram in the east, and from the coastal towns fronting Bass Strait in the south through to the Strzelecki Ranges in the north. The western boundary adjoins Westernport Water, the northern boundaries adjoin South East Water and Gippsland Water.

Map 2.2: South Gippsland Water Service Area



2.1 Demographics of the region

The demographics of the region continue to undergo change due to the demand for coastal residential real estate. Wonthaggi, Inverloch, Cape Paterson and Waratah Bay are examples with strong residential real estate prices and the influx of a new socio-economic segment of customers to the region.

South Gippsland Water's core functions are to provide secure water and wastewater services to over 21,283 households and businesses across approximately 4,000 square kilometres. South Gippsland Water's service area includes 21 towns, the base population of serviced towns is some 31,142 a figure that may increase in peak holiday periods by as much as 100%. Major centres include Wonthaggi, Inverloch, Leongatha, Korumburra and Yarram, as illustrated in Map 2.2.

The towns supplied and the services the Corporation currently provides are summarised in the following table.

Table 2.1: South Gippsland Water & Sewerage Service Localities

Centre	Population Served (Permanent)[1, 2]	Water		Sewerage
		Customers billed[3]	Supplied from	Customers billed[3]
Port Franklin	134	107	Agnes River	N/A
Port Welshpool	209	284	Agnes River	266
Toora	436*	517	Agnes River	286
Welshpool, Hedley	331	206	Agnes River	121
Fish Creek	199*	208	Battery Creek	N/A
Korumburra	3,649*	2,290	Coalition Creek	1,976
Foster	1,167*	875	Deep Creek	787
Inverloch,	5,168*	4,698	Lance Creek	4,662
Cape Paterson	857*	1,158	Lance Creek	1,143
Wonthaggi	8,075*	4,695	Lance Creek	4,462
Loch	639*	155	Little Bass	117
Nyora	700*	357	Little Bass	137
Poowong	361*	206	Little Bass	194
Koonwarra	405	82	Ruby Creek	N/A
Leongatha	5,134*	3,199	Ruby Creek	3,018
Alberton	262	149	Tarra River	104
Devon North	344	124	Tarra River	N/A
Port Albert	245*	398	Tarra River	335
Yarram	1,735*	1,194	Tarra River	1,081
Dumbalk	414	106	Tarwin River – East	N/A
Meeniyan	462*	275	Tarwin River – West	244
Waratah Bay	216	N/A	N/A	115
Totals	31,142	21,283		19,048

Notes:

1. Population Served based on ABS 2017 Census data. The ABS methods of calculation utilise State Suburbs (SSC) locations and where available, townships marked as * utilise the Urban Centre Locality (UCL). These areas areas may not always reflect the exact sewer/water district.
2. Updated with Victoria in Future 2016 population and household projections growth factor of Bass Coast Shire Council 2.0%, South Gippsland Shire Council 0.3% and Wellington Shire Council 0.1%.
3. Customers billed refers to water and sewerage assessments as a May 2018 (number of rated properties)

2.2 Services provided

South Gippsland Water manages catchment to customer and disposal functions and provides the full range of water supply functions, including water harvesting and storage, water treatment, urban water supply, as well as wastewater collection, treatment, disposal and reuse, and major trade waste services.

During 2017/18, it is estimated that a total of 123 ML of recycled water was used, mainly for pasture irrigation. A small percentage of this total was provided for watering sporting grounds (11ML). Strategic emphasis on environmentally beneficial re-use is expected to result in an increase in the re-use of treated wastewater over the medium to long term.

South Gippsland Water produces potable drinking water from its water treatment plants. It also produces treated waste streams from its sewerage treatment plants. These processes are undertaken while meeting stringent environmental demands and satisfying customer expectations. All this is achieved with a team that is small by industry standards and at an average bill to customers that is amongst the lowest in the nation.

Diversity is a key focus of the Corporation and South Gippsland Water employs a multi skilled workforce that covers the disciplines of planning, administration, finance, customer services, engineering, operations, maintenance, and construction management. Most engineering design is outsourced.

The Corporation has a skills-based, eight member Board, appointed by the Minister for Water. The Corporation is managed by an executive team, led by the Managing Director, who also is a Board member.

2.3 Infrastructure

South Gippsland Water has significant headworks assets with 13 reservoirs and 18 service storages that have been created over time, to service the 21 townships within the region. The quality of raw water varies seasonally across the region, because catchments are generally open and diverse and the storages are small. This creates water treatment challenges and is a driver of operating costs.

South Gippsland Water's total headworks and water service operation comprises:

- Water catchments with a total area of 1,234 square kilometres
- 13 reservoirs and 18 service storages
- 10 separate water supply systems
- 10 water treatment plants
- 725km of water mains
- 15 water pump stations
- servicing over 21,283 assessments over 21 towns with around 4,503ML annual volume of metered water

South Gippsland Water's sewerage service operation comprises:

- 10 conventional wastewater collection systems
- 1 vacuum wastewater system
- 2 pressure wastewater systems
- 11 sewerage treatment plants
- 1 dedicated saline trade waste system

- 500km of wastewater mains
- 64 wastewater pump stations
- marine environment outfalls
- 2 inland water discharge points
- servicing over 19,048 wastewater assessments (including trade waste) over 13 towns collecting and treating around 3,945ML of wastewater.

When complete the Lance Creek Water Connection Project will make a noticeable change to the business' operational assets by adding about 30 km of water main, reducing the number of operational storages by four and reducing the number of operational water treatment plants by two. Following the completion of the Lance Creek Water Connection, the Corporation will undertake a process to decommission the two Water Treatment Plants (Korumburra and Poowong) and will potentially re-purpose some of the four reservoirs that currently service Korumburra (Coalition, Bellview, Ness Gully) and Poowong, Loch, Nyora (Little Bass). Any such repurposing of reservoirs will be undertaken following an extensive community engagement process and with approval from the Minister.

3 Purpose, vision and objectives

The strategic issues facing South Gippsland Water, on which this Corporate Plan is based, are articulated through corporate Purpose and Vision statements and through identification of Key Strategic Objectives summarised below.

Purpose:
We provide sustainable water services that are essential to the prosperity and wellbeing of our communities and natural environments

Vision:
Our customers value the services and outstanding experiences proudly delivered by our capable and committed teams

To fulfil our 2023 Vision

Our **Achievement Culture** and **Productive Practices** deliver **Outstanding Customer Experiences** and **Valued Services**, that contribute to **Thriving Communities** and a **Healthy Environment**.

Outstanding customer experiences:
- Our customers say we are fair and reasonable, professional and friendly, and easy to deal with.
- Our customers say we provide consistent, reliable, high quality services

Delivering valued services:
- We make sound decisions that benefit the region
- Our business and infrastructure planning ensures service reliability and sustainability
- We work collaboratively with partners and stakeholders

Thriving communities:
- We contribute to prosperous and healthy communities
- We provide effective support programs for our customers
- We address community concerns about our services and activities

Healthy environment:
- We progressively reduce our environmental impact
- We effectively plan and adapt for climate variability
- We contribute towards improving the region's waterways and the land we manage

High performance culture:
- We invest in developing people to achieve their potential
- We foster inclusion, trust and constructive behaviours
- Our workplace practices empower achievement
- Our safety culture ensures we do not compromise on safety and wellbeing

Productive practices:
- We increase effectiveness by leveraging technology and streamlining processes
- We enable innovation and seek new ways (or strive) to improve our business
- We invest in business infrastructure and support services that enable performance

4 Areas of focus

South Gippsland Water, in dealing with ongoing challenges and emerging issues, has set out short, medium and long term plans. The short and medium term initiatives that will be implemented over this Corporate Plan period are detailed below.

The variability of raw water inflow into reservoirs, together with forecast population increases has resulted in South Gippsland Water considering a number of actions in implementing a cost effective sustainable Urban Water Strategy. The Strategy will ensure future demand will be met taking into consideration regional growth and the impacts of climate change/variability on the local environment:

- Considering all sources of water, interconnecting existing water systems and a connection to the Melbourne Supply System.
- Increasing the amount of water that can be accessed by the urban supply system to promote economic growth and assist with local community amenity including consideration for recreational water use.
- Providing education and incentives for Integrated Water Management including, demand reduction and water reuse for improved local community liveability.

The prime objective is to continue to deliver on the sustainable water strategy to provide liveable, resilient towns and systems while ensuring that a timely balance between supply and future short and long term demand can be met.

Major capital expenditure over the planning period focuses on:

- Completion and commissioning of the Lance Creek Water Connection Project, which will be networking water from Lance Creek to Korumburra, Poowong, Loch and Nyora in order to meet water security
- Meeting the Corporation's greenhouse gas emissions reduction pledge of 15% by 1 July 2025
- Feasibility, consultation and design work to allow repurposing of three dams (two near Korumburra and one near Poowong)
- Disinfection upgrades at a number of water treatment plants to improve drinking water risk management
- Detailed design work to underpin future filter renewal and upgrades at three water treatment plants (Leongatha, Toora and Foster)
- Further improvement works at water treatment plants, water mains replacement and renewals to increase water supply quality and resilience through all systems
- Sewer system renewals and upgrades throughout the regions' townships, including Foster, Wonthaggi, Inverloch and Korumburra (to accommodate growth and maintain service standards)
- Providing outcomes for the environment via improved water and wastewater service network reliability through prioritised renewal works
- Planned renewal of business facilities, plant and equipment to improve business efficiency
- Investment in appropriate new technologies to improve service performance outcomes and operational efficiency.

4.1 Water for Victoria

The Corporation has sought to develop initiatives with the policy areas of the government's *Water for Victoria* strategy. This strategy outlines 9 key areas of focus:

The Minister for Water has provided further guidance around the governments priorities by issuing a Letter of Expectations (LoE), setting out performance expectations under seven policy areas for the 2018/19 business planning year. The LoE aligns with the *Water for Victoria* strategy setting out guidance on the key areas of focus; Climate Change, Customer and Community Outcomes Water for Aboriginal Values, Recognising Recreational Values, Resilient and Liveable Towns, Leadership and Culture and Financial Sustainability.

4.2 Vision 2023 – Objectives, strategies and actions

The key initiatives that South Gippsland Water will deliver over the Corporate Plan period are detailed below.

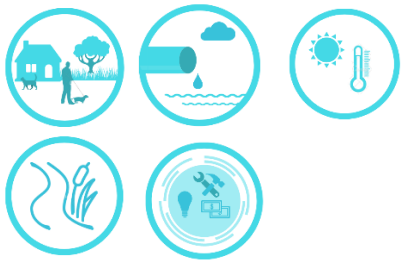
Outstanding customer experiences:

- Our customers say we are fair and reasonable, professional and friendly, and easy to deal with.
- Our customers say we provide consistent, reliable, high quality services

Objective	Response: Strategies & Actions	Output Measure
Customer Service Delivery 	• Meet Customer Charter Service Standards • ESC Regulatory Audits	• 100% compliance with Service Standards achieved • ESC Regulatory audit finds no major compliance issues • Customer satisfaction will be maintained or improved at 80% or more • We will communicate planned interruptions in advance of works • Family violence policy, procedures and education developed and implemented
	• Implement an enhanced hardship policy including improved capacity to support victims of family violence	• Customer hardship policy developed and implemented
Secure Future Sustainable Water Resources 	• Construction of the Lance Creek Water Connection	• Deliver Project within controllable parameters on time and within budget
	• Efficient use of the State Water Grid • Planning supply augmentation for Leongatha	• Finalise optimum timing for purchase of additional Bulk Entitlement from the Melbourne Supply System, including utilisation of current and other potential water sources
	• Integrated Water Management (IWM) – Identify alternative water sources potable replacement or demand management projects • Participate in forums to collaborate with key stakeholders on local opportunities and projects with liveability benefits	• Participation as a key stakeholder at regional IWM forums

Delivering valued services:

- We make sound decisions that benefit the region
- Our business and infrastructure planning ensures service reliability and sustainability
- We work collaboratively with partners and stakeholders

Objective	Response: Strategies & Actions	Output Measure
Compliance with Safe Drinking Water Act 	• Improving disinfection at water treatment plants • Detailed design of filter renewals • Focussed water treatment plant improvements	• 100% water quality compliance to be achieved • 73% of customers will choose to drink our water • Meet target for number of water quality complaints per 100 customers
Long Term Wastewater Strategy 	• Implement regional Wastewater Strategy Works as per capital program • Implement improved Wastewater Service Network reliability as per capital program • Liaise with Burra Foods through their expansion to ensure needs are understood and waste is of appropriate standard	• 100% EPA Licence Compliance • Meet target for number of sewerage service complaints per 100 customers • Meet target for number of sewerage odour complaints per 100 customers • Deliver capital program within controllable parameters on time and within budget • Review and implement new Burra Foods Trade Waste Agreement
Asset Maintenance & Replacement 	• Move toward better practice Strategic Asset Management • Develop and implement fit for purpose Preventative Maintenance programme for SGW Assets • Improved asset information and systems in order to quantify and prioritise renewal works	• Update Strategic Asset Management Plan and implement actions to comply with the Asset Management Accountability Framework • Develop and implement a targeted preventative maintenance program for critical SGW assets • Optimise asset renewal based on asset criticality and condition
Capital Program 	• Capital works program	• 95% delivery of the capital program within controllable parameters on time and within budget

Thriving communities:

- We contribute to prosperous and healthy communities
- We provide effective support programs for our customers
- We address community concerns about our services and activities

Objective	Response: Strategies & Actions	Output Measure
Customer & Community Engagement 	• South Gippsland Water will continue to develop its Pricing Submission in line with Government and Regulatory requirements which will see a continued focus on effective and transparent engagement	• Implement a communication strategy and delivery plan regarding the Pricing Submission 2020
	• Reservoir re-purposing for shared benefit which may include agriculture, recreation, environmental, cultural outcomes	• Develop and commence implementation of a communication strategy plan regarding community aspirations for the four storages at Korumburra and Poowong
	• South Gippsland Water will set up a framework for continuing communication and engagement with customers and local community	• Develop strategy and commence implementation
	• Implement Gunikurnai Land and Waters Aboriginal Corporation (GLaWAC) partnership agreement and action plan • Take learnings from GLaWAC and apply to Bunurong Land Council Aboriginal Corporation (BLCAC)	• Partner satisfaction with progress of action plan activities • Partnership model agreed with BLCAC
Planning for Growth and Economic Development 	• Raise Council, Regional Development Victoria, and Regional bodies community awareness of regional enhancement related to the Lance Creek Water Connection Project	• Communicate with Councils, regional bodies and communities regarding water security and associated regional benefits
	• Monitor actual growth against local government forecasts/SGW forecasts	• Variances identified & factored in to long term strategies
	• Enhance connections with local Shire Councils, Regional Development Agencies, WGCMA , etc.	• Continued high level of activity and regular engagement with stakeholders
	• Develop system plans to identify where regional, industrial and commercial growth can be best accommodated at the lowest overall cost	• Communicate servicing strategy to Councils, regional bodies and communities
Regional Opportunities 	• Venus Bay Saline Outfall asset	• Raise stakeholder awareness of Venus Bay Saline Outfall with relevant stakeholders • Investigate reuse opportunities for regional development

Healthy environment:

- We progressively reduce our environmental impact
- We effectively plan and adapt for climate variability
- We contribute towards improving the region's waterways and the land we manage

Objective	Response: Strategies & Actions	Output Measure
Advocacy for Catchment Management 	• Liaise with Local Government and Catchment Management Authorities, to focus on water quality in catchments	• Attend GRWMP & Landcare meetings • Proactively evaluate monitoring data
Servicing small towns 	• Managing expectations of Councils and Communities for small town sewerage • Complete capital connection process for Alberton and Poowong, Loch, Nyora Sewerage Schemes	• Community Consultation with stakeholders and communities as required. • Work with local communities to investigate potential for low cost wastewater systems where required • Finalise connection of hardship and resistant customers
Climate Change/Variability 	• Continue to enhance understanding of climate change/variability and the impacts on the regions catchments and water supply systems. • Actively involved in assessing developments via CSIRO, DELWP, VicWater, BoM, etc. • Pro-active/conservative management of water systems to recognise variability of rainfall patterns	• Annual update to Board • Storage optimisation to ensure best case capacity heading into drawdown
Wastewater Quality 	• Meet EPA licence compliance – endeavour to minimise wastewater generation, maximise re-use opportunities and implement further EPA licence compliance improvements.	• 100% licence compliance to be achieved • Implement Foster reuse and Foster WWTP upgrade actions to meet reuse needs of Foster community
Greenhouse Gas Emissions 	• Implement greenhouse gas emissions reduction pledge of 15% by 1 July 2025. • Large Scale Renewables (LSR) opportunities • Continue planning to achieve net zero carbon emissions by 2050.	• Commence implementation of pledge actions • Finalise participation in the Intelligent Water Networks LSR project • Update 2050 net zero carbon emission plan

Healthy environment:

- We progressively reduce our environmental impact
- We effectively plan and adapt for climate variability
- We contribute towards improving the region's waterways and the land we manage

Objective	Response: Strategies & Actions	Output Measure
Environmental Management 	• Maintain an accredited Environmental Management System (EMS) • Improve staff EMS behavioural aspects	• EMS accreditation maintained • Continued focus on cultural behaviour to be demonstrated by improved bi annual survey results • Complete Ecological Risk Assessments
Biosolids Management 	• Address the long term stockpile of bio solids	• Finalise bio solids strategy

High performance culture:

- We invest in developing people to achieve their potential
- We foster inclusion, trust and constructive behaviours
- Our workplace practices empower achievement
- Our safety culture ensures we do not compromise on safety and wellbeing

Objective	Response: Strategies & Actions	Output Measure
Organisational Strategy 	• Strategic Reframing Project • Facilities Strategy	• Implement the Strategic Reframing Project and embed purpose, vision and outcomes • Commence implementation of Facilities Strategy
Resourcing – quantity & quality 	• Resourcing for service delivery • Investigate further options for resource sharing & partnerships	• Suitable internal staff and external contract resources engaged on listed projects • Utilise Gippsland Alliance MoU as vehicle to help deliver productivity/efficiencies. Involvement in at least two partnership initiatives • Look to extend the Local Government regional alliance. Involvement in at least two partnership activities
Diversity and Inclusion	• Policy development • Implementation of Diversity & Inclusion Plan in line with Government expectations regarding leadership and culture.	• Participate at an industry level • Demonstrate progress towards achieving the actions within the organisation's diversity plan
Occupational Health & Safety 	• Maintain an accredited OH&S Management System • Improve OH&S behavioural aspects	• OH&S accreditation maintained • External review of OH&S policy, practices and culture
Board governance 	• Train and inform Board, Senior Managers and Employees on appropriate & effective governance information • Regulatory obligations • Regulatory legislation and guidelines	• Directors to utilise at least 75% of development allowance • Senior Management Team to undertake personal development/ training opportunities in line with established program • Employee training in line with established program • Establish regular Board information briefings with DELWP, EPA, DTF, DoH, etc. • Understand, contribute & respond to the implications of Water Policy formulation of Government

High performance culture:

- We invest in developing people to achieve their potential
- We foster inclusion, trust and constructive behaviours
- Our workplace practices empower achievement
- Our safety culture ensures we do not compromise on safety and wellbeing

Objective	Response: Strategies & Actions	Output Measure
Major compliance issues 	• Achieve a high level of compliance performance	• Meet Statement of Obligations requirements • Meet Letter of Expectations requirements • Meet Corporate Plan targets and timelines • Meet Annual Report timelines

Productive practices:

- We increase effectiveness by leveraging technology and streamlining processes
- We enable innovation and seek new ways (or strive) to improve our business
- We invest in business infrastructure and support services that enable performance

Objective	Response: Strategies & Actions	Output Measure
Strategic asset management 	• Renew key plant and equipment to reduce ongoing maintenance costs	• Reduce maintenance costs
Consolidation of fleet and facilities 	• Commence implementation of Facilities Strategy • Finalise fleet review	• Reduction in the number of workplaces/facilities • Reduction in business travel (e.g. kilometres)
Leverage technology 	• Review technology status and opportunities	• Review IT Strategy • Review SCADA Strategy

4.3 Customer and community outcomes

Through engagement for the Pricing Review 2018, South Gippsland Water undertook extensive customer and community engagement. One of the key changes for the current regulatory period will be the move to outcome based reporting. In conjunction with customers, South Gippsland Water developed a number outcome statements and aligned measures which will be reported on annually via the Customer Scorecard.

Table 4.3: Customer Scorecard

CUSTOMER SCORECARD

We will partner with community, local government and business to plan for future years

We will always have a long term **water security strategy** in place that is regularly updated, in consultation with key stakeholders

The Corporation will participate with local organisations to **plan** for **future growth**

We will be reliable, minimise unplanned interruptions to services and commit to communicating well with our customers

On average our customers will not be without water or wastewater services for longer than **120 minutes**

100% of sewer spills to be contained within **5 hours**
100% of planned & unplanned water interruptions to be restored within **5 hours**

We will **communicate** planned interruptions via a card drop and the South Gippsland Water website in advance of works

Provide a safe wastewater service that contributes to the health and liveability of our communities and environment

We will achieve **100%** Environment Protection Authority (EPA) Licence **compliance** to ensure;

No adverse impact to receiving waters (rivers or oceans)

No adverse impact to land from recycled water use

No adverse odours beyond wastewater treatment plant boundaries (stretch target)

Provide safe, clean drinking water for the benefit of our customers and communities

100% compliance with the Australian Drinking Water Guidelines (the standards for microbiological and discolouration)

Customers will **choose to drink** our tap water (target **73%**)

Be environmentally responsible, sustainable and adapt to a future impacted by climate variability

Our carbon emissions will **reduce by 15%** to 6480 t GHG by 1/7/2025

Stretch Target: Reduce emissions by 3% year on year

We will have programs in place to assist our customers to **save water**

Treat all customers /community with honesty, respect and strive to balance affordability, value for money and fairness

Customer satisfaction will be maintained or improved at **80%** or more

73% or more of customers will rate our services as **'value for money'**

We will **commit** to undertaking a thorough pricing review process with the Essential Services Commission every 5 years

5 Corporate Plan assumptions

5.1 Climate conditions and / or yields

South Gippsland, similar to many other parts of south-east Australia, has over the last twenty years experienced significant variations in climate conditions, including one of the worst prolonged droughts on record with extreme dry conditions recorded. Recent years have been varied, with the current year, 2017/18 showing average rainfall during summer and a lower than average autumn. This has seen the township of Korumburra subject to Stage Three water restrictions.

In its Urban Water Strategy, South Gippsland Water has planned for demand reduction and supply enhancement measures on the assumption of medium climate change conditions over the next 50 years, based on CSIRO's climate change projections. This Corporate Plan has been predicated on the assumption that the variability of rainfall and flows in South Gippsland catchments over recent years will continue. As such it uses a balanced forecast for future inflows, in line with the Urban Water Strategy, as the basis for water supply availability and includes a variety of measures to develop and access a diversity of water sources.

Small fill and spill reservoirs have served South Gippsland communities well for over 100 years, however, diminished stream flows have proved to be a challenge to the regions water needs. The Lance Creek Water Connection Project will be pivotal in providing continuing reliable water supplies to Korumburra, Poowong, Loch and Nyora. However, until the project is commissioned, South Gippsland Water will rely on a combination of water sources, including surface and ground water. This means utilising a temporary pump station and a network of aged pipeline and pump infrastructure to augment the supply for Korumburra during late summer and autumn.

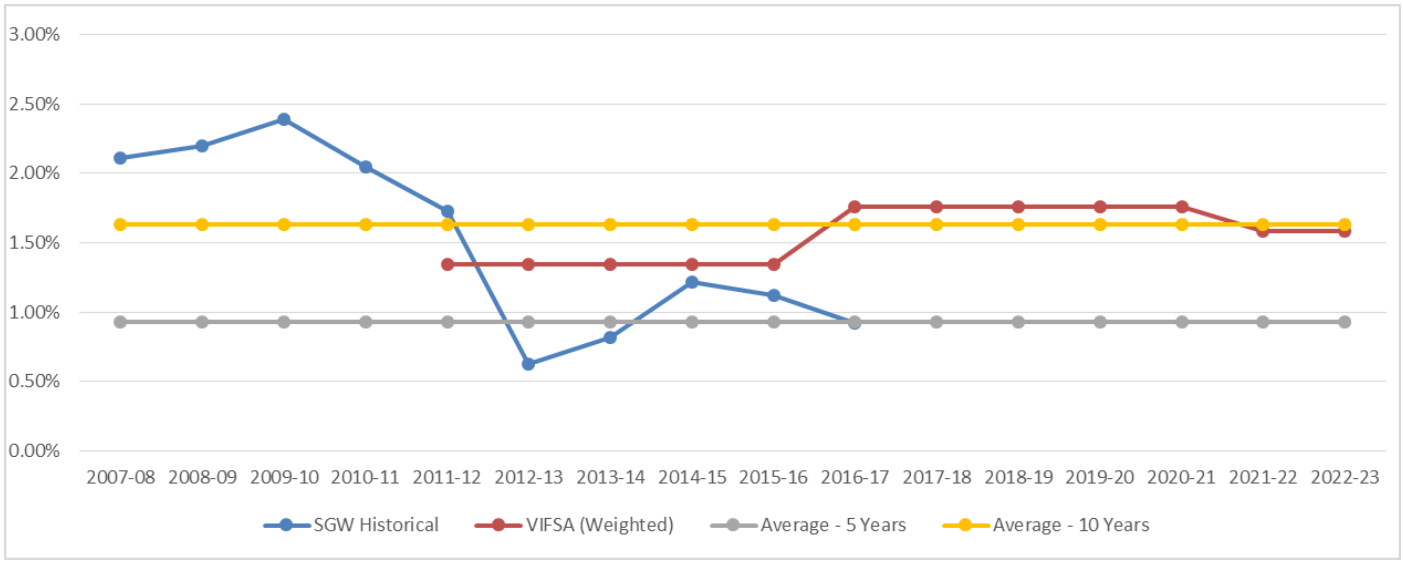
5.2 Customer growth and water demand

The *Victoria In Future 2016* (VIFSA) population forecasts and the Corporation's own historical data have been utilised to provide household growth forecasts. A growth rate of 1.63% has been assumed for residential household connections.

The 2016 Census of Population and Housing assessed the population of towns in various regional areas of Victoria. The method of population calculation is based on State Suburbs and do not always reflect the exact sewer and water district. This data presents problems with respect to direct representation of South Gippsland Water's serviced towns.

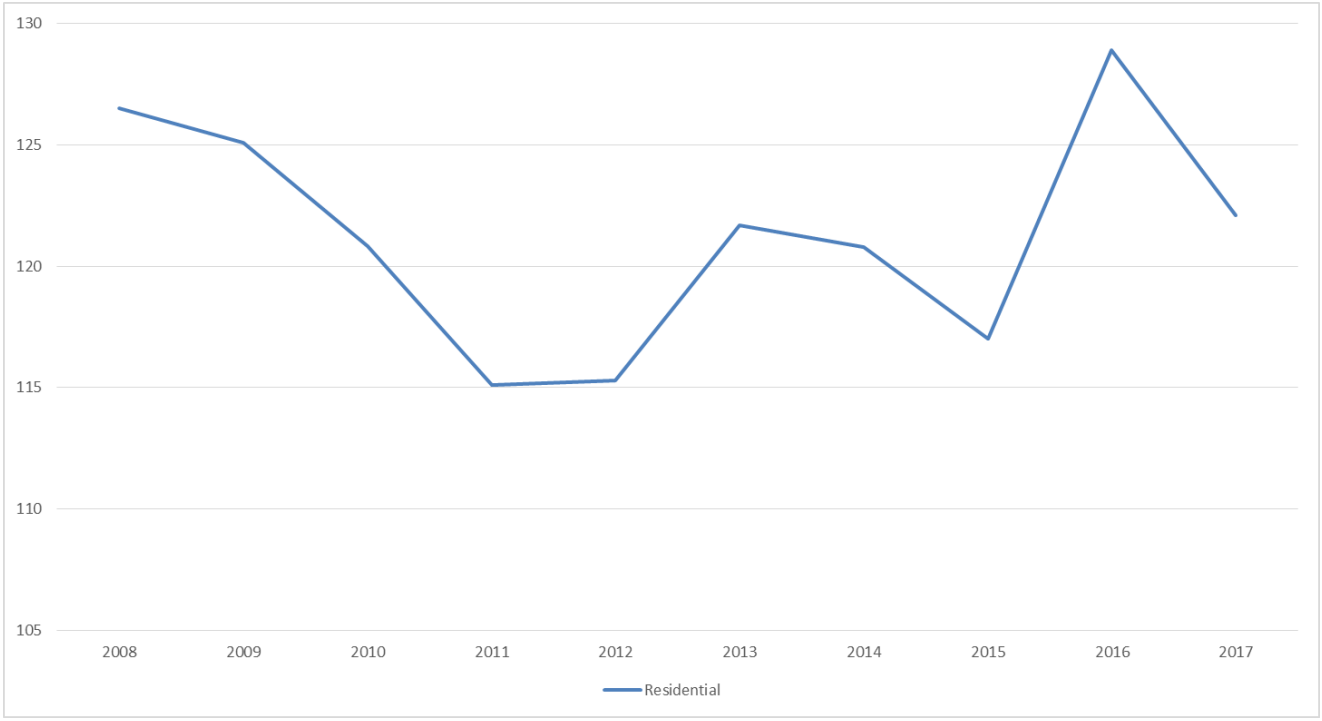
While population growth is useful, the change in households is the key indicator as it provides a more meaningful figure with respect to estimating new connections and future capital requirements. The following graph provides the comparable household census forecast represented as the VIFSA (weighted). The Corporations' actual historical growth, with a 5-year and 10-year smoothed average is also presented. The census forecast is significantly higher than the 5 year historical average, hence the 10-year average has been assumed for future growth (1.63%).

Graph 5.2(a): Residential customer growth

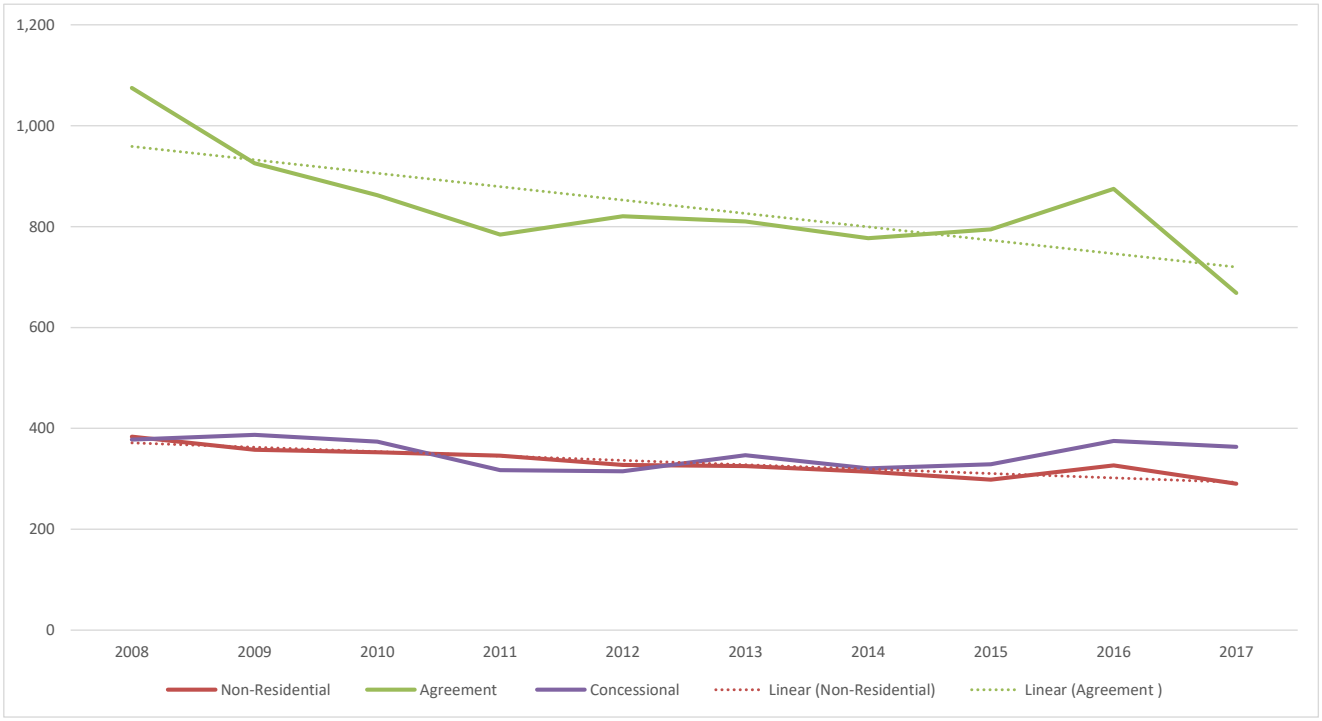


Estimates of water demand take into account changes to customer behaviour due to a number of reasons, including awareness on climate change/variability, implementation of permanent water savings rules, water savings education and programs, etc. The following graphs shows the movements in average consumption for the varied customer categories. Average residential water volumes have been as low as 115kL per annum to as high as 129kL per annum over the last 10 years. The average consumption assumed for future periods is 121kL per annum which represents the 10 year average. The 10-year average consumption, by customer group, has been applied.

Graph 5.2(a): Water volume demand – residential customers



Graph 5.2(b): Water volume demand – non-residential customers



The projected percentage increases in customer connections, water volumes and other key revenue sources are displayed in the table below.

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Table 5.2(a): Forecast demand (assessments, water volumes and key revenue sources)

Driver / Customer group	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Water assessments						
Residential	16,935	17,213	17,496	17,785	18,078	18,377
Non-residential	1,985	2,000	2,015	2,030	2,045	2,060
Vacant land	1,214	1,232	1,250	1,269	1,288	1,307
Agreement	512	516	520	523	527	531
Concessional	655	660	665	670	675	680
Major customers	6	6	6	6	6	6
Total	**21,306**	**21,626**	**21,951**	**22,282**	**22,619**	**22,962**
Water consumption (kL)						
Residential	2,056,195	2,090,402	2,125,246	2,160,740	2,196,897	2,233,730
Non-residential	615,422	620,038	624,688	629,373	634,093	638,849
Agreement	399,466	402,462	405,481	408,522	411,586	414,672
Concessional	237,093	238,871	240,663	242,468	244,286	246,118
Major customers	1,403,679	1,410,698	1,417,751	1,424,840	1,431,964	1,439,124
Total	**4,711,856**	**4,762,470**	**4,813,828**	**4,865,942**	**4,918,826**	**4,972,493**
Wastewater assessments						
Residential	15,902	16,163	16,429	16,700	16,975	17,255
Non-residential	1,082	1,090	1,098	1,107	1,115	1,123
Vacant land	1,043	1,059	1,075	1,092	1,108	1,125
Agreement	6	6	6	6	6	6
Trade waste	308	308	308	308	308	308
Cistern	670	675	680	685	690	695
Total*	**18,817**	**19,108**	**19,404**	**19,706**	**20,012**	**20,324**
Wastewater drivers and revenue sources						
Volume treated (kL)	3,912	3,912	3,912	3,912	3,912	3,912
Minor trade waste and cisterns	$1.351M	$1.220M	$1.249M	$1.315M	$1.385M	$1.458M
Major trade waste	$2.299M	$2.343M	$2.396M	$2.452M	$2.508M	$2.566M

* Wastewater customers overlap across customer groups for non-residential as they may also incur a cistern or trade waste fee however are counted as one customer. A total for wastewater customers is aggregated accordingly.

5.3 Environmental contribution

The Corporation is required to collect an environmental contribution through fees levied on customer water and wastewater accounts. The contribution was an initiative of the Victorian Government's White Paper *'Securing Our Water Future Together'*.

The Corporate Plan includes the collection and payment of an Environmental Contribution of $1,230,000 per annum.

5.4 Government contributions

The Corporation has received $30M in Government contributions for the Lance Creek Water Connection Project. $5.5m was received in 2016/17 and $17.4m in 2017/18, with the remaining $7.1m in 2018/19.

5.5 Forecast inflation rates

An inflation rate of 1.9% has been used for 2017/18 and 2.30% per annum for the remaining years of the plan.

5.6 Wage increases

The wages calculation has been determined using the current Enterprise Agreement which operates for the period 2015 to 2020, the annual salary escalations that apply for this period are 3% per annum.

5.7 Melbourne Water bulk entitlements

South Gippsland Water holds a 1GL Bulk Water Entitlement to the Melbourne supply pool.

Melbourne Water's current Pricing Determination has been utilised to forecast the fixed and variable costs. The determination contains a transitional arrangement whereby South Gippsland Water pays for the fixed cost of holding the entitlement for 2016/17 to 2020/2021 over a shortened period of 2018/19 to 2020/21 to match the Corporation's own pricing period.

South Gippsland Water has allowed for $590,000, $604,000 and $618,000 for the fixed cost component of the Bulk Entitlement in 2018/19, 2019/20 and 2020/21 respectively. Fixed costs will revert to an annual figure of $387,000 and $396,000 in 2021/22 and 2022/23 respectively.

5.8 Interest revenue on investments

Any surplus funds held will be invested in variable term deposits with Treasury Corporation Victoria at a forecast interest rate of 1.45%.

5.9 Interest expense on borrowings

The Corporate Plan assumes that increased borrowings will be required to provide for capital expenditure projects. Interest expense incorporates a Financial Accommodation Levy (FAL) of 1.51% based on the current credit rating of A- as determined by the Department of Treasury and Finance. In addition to the FAL, the average interest rate applied to loans for the Corporate Plan period, is estimated at 3.24%.

Borrowings predicted for the Corporate Plan period increase from $58.3M at end of 2017/18 to $112.8M in 2022/23.

A revised approach to managing interest rate risk has been proposed by the Essential Services Commission and will result in annual pricing adjustments to allow for adjustments based on the 10-year trailing average of debt.

5.10 Dividend calculation

No dividend payments have been forecast during the period of the Corporate Plan.

5.11 Taxation equivalent payments

No taxation equivalent payments have been forecast during the period of the Corporate Plan.

6 Outcomes for 2017/18

6.1 Introduction

As a part of the Corporate Planning process, South Gippsland Water reviews its progress in achieving its previous Corporate Plan objectives and outcomes, and these are summarised below.

6.2 Core service standards

South Gippsland Water has committed to meet approved targets for a core set of service standards. Table 6.2 below details the Corporation's delivery of the service standards for 2015/16, 2016/17 and forecast for 2017/18.

Table 6.2: Delivery of Service Standards

Service Standards

	2015/16 Actual			2016/17 Actual			2017/18 Estimate		
	Actual	Target	Var.	Actual	Target	Var.	Forecast	Target	Var.
Water									
Unplanned water supply interruptions (per 100km) (number)	17.2	25.0	31.2%	13.3	25.0	46.7%	20.0	25.0	20.0%
Average time taken to attend bursts and leaks (priority 1) (minutes)	24.4	30.0	18.7%	22.9	30.0	23.8%	25.0	30.0	16.7%
Average time taken to attend bursts and leaks (priority 2) (minutes)	24.4	35.0	30.3%	25.3	35.0	27.8%	30.0	35.0	14.3%
Average time taken to attend bursts and leaks (priority 3) (minutes)	427.7	500.0	14.5%	151.9	500.0	69.6%	150.0	500.0	70.0%
Unplanned water supply interruptions restored within 5 hours (percent)	99.0	99.0	0.0%	99.0	99.0	0.0%	98.0	99.0	-1.0%
Planned water supply interruptions restored within 5 hours (percent)	99.0	99.0	0.0%	99.0	99.0	0.0%	98.0	99.0	-1.0%
Average unplanned customer minutes off water supply (minutes)	18.9	25.0	24.4%	7.5	25.0	70.1%	20.0	25.0	20.0%
Average planned customer minutes off water supply (minutes)	30.4	100.0	69.6%	26.0	100.0	74.0%	30.0	100.0	70.0%
Average unplanned frequency of water supply interruptions (ratio)	0.20	0.30	33.3%	0.08	0.30	73.3%	0.10	0.30	66.7%
Average planned frequency of water supply interruptions (ratio)	0.16	0.40	60.0%	0.15	0.40	62.5%	0.20	0.40	50.0%
Average duration of unplanned water supply interruptions (minutes)	95.6	100.0	4.4%	91.4	100.00	8.6%	112.00	100.00	-12.0%
Average duration of planned water supply interruptions (minutes)	195.7	240.0	18.5%	169.4	240.0	29.4%	180.00	240.00	25.0%
No. of customers experiencing more than 5 unplanned water supply interruptions in the year (number)	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Unaccounted for water (percent)	12.5	16.0	21.9%	12.0	16.0	25.0%	15.0	16.0	6.3%
Sewerage									
Sewerage blockages (per 100km) (number)	29.9	18.0	-66.1%	23.1	18.0	-28.3%	15.0	18.0	16.7%
Average time to attend sewer spills and blockages (minutes)	27.8	30.0	7.3%	20.7	30.0	31.0%	15.0	30.0	50.0%
Average time to rectify a sewer blockage (minutes)	67.6	120.0	43.7%	54.4	120.0	54.7%	50.0	120.0	58.3%
Spills contained within 5 hours (percent)	100.0	100.0	0.0%	100.0	100.0	0.0%	100.0	100.0	0.0%
No. of customers receiving more than 3 sewer blockages per year (numb	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Customer service									
Complaints to EWOV (per 1,000 customers)	0.4	1.1	63.6%	1.1	1.1	0.0%	1.1	1.1	0.0%
Telephone calls answered within 30 seconds (percent)	99.0	98.0	1.0%	98.0	98.0	0.0%	98.0	98.0	0.0%

Minimum flow rates	
20mm	20
25mm	35
32mm	60
40mm	90
50mm	160

The table shows that South Gippsland Water has largely met its regulatory customer service standards during the last three years with the exception of sewer blockages per 100 km of main. Planned and unplanned water supply interruptions restored within 5 hours are forecast to be marginally exceeded for 2017/18. Improvement has been seen in the number of sewer blockages per 100 km of main, with performance forecast to be compliant with the standard for 2017/18.

6.3 Drinking water quality

South Gippsland Water monitors and manages the quality of drinking water supplied to customers with the aim of ensuring its potential health, aesthetic and economic impacts are appropriately managed. With respect to health impacts, these may result from the presence of microorganisms such as bacteria and viruses due to, for example, the faecal contamination of source water, or from the presence of chemicals that are in the water as a result of water treatment (such as aluminium, chlorine), natural occurrence (such as minerals) or agricultural and/or mining activities (such as pesticides).

Forecast compliance is shown below for the 2017/18 financial year and is based on the total number of drinking water samples complying with requirements of the Safe Drinking Water Regulations 2015. Further details of drinking water compliance for each distribution system are reported annually to the Department of Health and Human Services.

Table 6.3: Drinking Water Compliance

Parameter	Standard SDWR 2015	Forecast 2017-18
Escherichia coli (E. coli)	All samples of water to contain no *E. coli* per 100 mL of drinking water with the exception of any false positive sample	100%
Turbidity	The 95th percentile of results for samples in any 12-month period must be less than or equal to 5.0 Nepholometric Turbidity Units	100%
Total Trihalomethanes	Less than or equal to 0.25 mg per litre of drinking water	100%
Water is not to contain any other toxin, pathogen, substance or chemical, whether alone or in combination with another toxin, pathogen, substance or chemical, in such amounts that may pose a risk to human health	As per health-based guidelines of National Health and Medical Research Council's Australian Drinking Water Guidelines	100%

6.4 Environmental performance

Table 5.4 below illustrates South Gippsland Water's EPA 2017/18 forecast licence compliance at its wastewater systems.

Table 6.4: EPA Licence Compliance

Sewerage Treatment Licence Compliance	Forecast 2017/18
Foster	Yes
Korumburra	Yes
Leongatha (Domestic)	Yes
Leongatha (Trade Waste)	Yes
Toora	Yes
Waratah Bay	Yes
Welshpool	Yes
Wonthaggi/Cape Paterson/Inverloch	Yes
Yarram	Yes
Meeniyan WWTP	Yes

6.5 Urban water consumption

The following table summarises total water consumption billed in 2017/18 against forecast.

Table 6.5: Comparative Analysis of Forecast vs. Actual Water Consumption

Urban Water Consumption	Unit	2017/18 Forecast	2017/18 Corp Plan
Murray Goulburn (Saputo)	kL's	734,000	905,000
Other Major Customers	kL's	525,000	485,000
Residential	kL's	2,032,000	2,015,000
Non-residential	kL's	1,212,000	1,390,000
Total	**kL's**	**4,503,000**	**4,698,000**

Total water consumption billed in 2017/18 is unfavourable to budget by 4.2% mainly due to consumption across non-residential and Murray Goulburn. Murray Goulburn experienced reduced milk supply for production purposes. With their recent sale to Canadian dairy company, Saputo, future water demand is largely unknown. Non-residential customers (many being dairy farmers) are impacted by seasonal rainfall which has been relatively steady in spring and summer months. South Gippsland Water has recorded an average residential household usage of 120kL for 2017/18, which is consistent with the ten year average.

6.6 Revenue and operating expenditure

Total revenue for 2017/18 is forecast to reach $28.471M which is materially on track with the budget of $29.269M. The main reason for the reduced revenue forecast is the lower water consumption for non-residential customers and Murray Goulburn (Saputo). The annual forecast for revenue associated with water consumption has been reduced by $0.507M. In addition, lower income is forecast for developer activity associated with new housing developments resulting in a non-cash reduction to the gifted assets forecast. The annual forecast has been reduced by $0.301M for gifted assets from developers.

Total expenditure for 2017/18 is forecast to reach $32.314M against a budget of $32.505M. A favourable interest rate environment and lower average loans across the year and at year end have resulted in lower interest expense ($0.555M). This is partially offset by higher chemical costs resulting from algal bloom outbreaks over the summer months ($0.180M) and higher salary costs ($0.185M) largely associated with additional water treatment activity.

Efforts to deliver the budgeted operational efficiency savings of $1.4M for 2017/18 have been maintained by way of lower prices to customers.

6.7 Forecast 2017/18 capital expenditure

Capital expenditure for 2017/18 is forecast to be $32.271M, against a budget of $32.027M. The majority of the Lance Creek Water Connection project has been carried out in the current period (actual expenditure forecast to be $25.285M, approximately $1M above the Corporate Plan budget due to prior year carry-overs). The project is expected to be completed in 2018/19. Other significant capital works projects that have occurred in the 2017/18 period include sewer expansion works in Wonthaggi, Inverloch and Cape Paterson ($0.230M); sewer network renewals ($0.560M); sewer treatment plant upgrades ($0.360) water main and meter renewals ($1.100M); water treatment plant and headwork upgrades ($0.780M); plant and equipment replacement ($0.720M) and computer hardware, software and SCADA asset replacement ($0.948M).

7 Material changes from previous corporate plan

Material changes from the period covered by the previous Corporate Plan (2017/18 to 2021/22) include:

- Revenue:

  Total revenue for this period has reduced by $8.3M due to a CPI only pricing path proposed in 2018/19 and 2019/20. It has been assumed that prices will increase, in real terms, by 3% for the remaining 2 years (previously 4.75% for all periods).

- Loans:

  The previous Corporate Plan identified a peak debt level of $83.8M in 2021/22. South Gippsland Water will now increase borrowings to $100.8M in 2021/22, an increase of $17M. The increased debt is a result of an increased Capital Program, increases to operating costs (refer below) and a reduction in revenue.

- Operating Costs:

  The operating cost base for this period has increased from the prior Corporate Plan by $5.6M across the 5-year period. This is due to higher interest expense associated with loans ($0.340M), higher depreciation due to a higher capital expenditure plan ($0.250M) and an increase in operating expenses associated with biosolids, strategic asset management and stakeholder collaboration ($0.460M).

- Capital Program:

  The Capital Program for this period has increased from the previous Corporate Plan (by $4.0M). This is a result of brought forward expenditure associated with the Wonthaggi Low Level Basin and Inverloch Sewerage Pump Stations, meeting shareholder expectations and business efficiency with respect to Carbon Emission reduction projects, and commencement of cultural and efficiency initiatives in terms of the implementation of the Facilities Strategy.

8 Significant deviations from Water Plan 3

South Gippsland Water has reconciled the current forecast against Water Plan 3 (WP3) with variations explained below.

The below table provides a reconciliation based on current forecasts and evaluated in nominal dollars (dollars of the day).

Table 8.0: Deviations from Water Plan

	WP3 Target	Forecast	Difference
Capex	$70.0M	$84.5M	($14.5M)
Revenue	$133.0M	$134.0M	$1.0M
Expenses	$82.0M	$87.0M	($5.0M)
Interest	$16.7M	$13.2M	$3.5M
Net Difference			**($15.0M)**
Borrowings	$51.9M	$58.3M	$6.4M
Government Grants	$21.0M	$30.0M	$9.0M

Capital expenditure is forecast to exceed WP3 primarily due to the higher total project cost for the Lance Creek Water Connection Project. WP3 also assumed that the project would be fully funded by Government (the $12M shortfall has been funded by loans).

The revenue variance is a result of movements in customer growth and water consumption over the period.

Expenditure is higher than the WP3 target due to increased responsibilities of sewer sidelines, extra costs managing bio solids and pumping emergency water supplies to Korumburra. In addition, the Corporation has invested in internal capabilities in Preventative Maintenance, Strategic Asset Management, Information Technology and embedding cultural diversity initiatives.

Interest is forecast to be favourable to WP3 as a result of the interest rate environment and also due to timing of borrowings as capital projects were delivered later in the period than anticipated.

9 Major risks

9.1 Interim security of supply (transition to Melbourne supply system)

While implementing the Lance Creek Water Connection project (due for commissioning February 2019), South Gippsland Water continues to ensure that short term measures are maintained until this permanent long term augmentation is completed and commissioned.

It will be critical that the range of infrastructure utilised in recent years to supplement the Coalition Creek (Korumburra) supply system, remains operational. South Gippsland Water will utilise its temporary Bulk Water Entitlement from the Tarwin River, and a temporary pump station and a network of aged wastewater pipeline and pump infrastructure to annually augment supply to Korumburra during summer and autumn. Further water security measures will, be managed by staged water restrictions.

9.2 Uncertainty about climate and developing an appropriate response

South Gippsland Water operates 10 separate Water Supply Systems, the majority are annual fill and spill systems. In the past three years Staged Water Restrictions and a supplementary water supply have been activated to the Korumburra area. In response to the uncertainty of climate change/variability, South Gippsland Water has prepared an Urban Water Strategy. It contains a detailed analysis of demand and supply options, across the region including growth, demand reduction initiatives, water delivery efficiency and augmentation options for the next 50 years.

The Lance Creek Water Connection Project is central to mitigating climate risk to potentially 80% of the region's population.

In addition, South Gippsland Water endeavors to better understand and monitor the potential impacts of climate change/variability via active involvement in assessing climate developments together with expert and other bodies, i.e. BOM, CSIRO, DELWP, VicWater, etc. The understanding will help the Corporation in planning water availability across its region and to proactively manage water storages for the benefit of customers.

9.3 Uncertainty of demand for water from major customers

Murray Goulburn (Saputo)and Burra Foods are significant consumers of water resources in the Leongatha and Korumburra water supply systems respectively. Production variations together with the risk of dryer climatic conditions presents significant security of supply and economic risks to the affected water supply systems.

Burra Foods has invested significantly in plant augmentations in 2011 and again in 2014 as it pursues revenue opportunities in various overseas markets. These recent investments resulted in significantly higher demand for water in a system that is already fully committed on an annual basis. Burra Foods has signaled further growth opportunities and resultant demand requirements.

Murray Goulburn, recently purchased by Canadian dairy company, Saputo, have previously announced major capital investment into water saving technologies with bold predictions on water reduction. However, commodity market conditions impacted on their ability to deliver the later stages of envisaged savings. The recent sale indicates that a variety of strategic considerations may be considered which could result in significant product mix variations and a number of plant closures. While higher consumption would test the reliability of Leongatha's water supply system, plant rationalisation or further demand reductions would result in a significant financial impact to the Corporation.

South Gippsland Water has developed summer/autumn harvesting options in terms of addressing demand for the immediate short term for Burra Foods. Planning work to secure the supply for Leongatha is underway and will be completed in the Corporate Plan period.

9.4 Asset renewals funding

South Gippsland Water's Asset Management knowledge base has identified that its medium term asset renewals program will need significant capital injection. Some $30M of assets are currently beyond their nominal useful life. This presents a significant risk of increased operational breakdown and resultant higher reactive maintenance costs, together with reduced customer service levels.

It is planned to increase asset renewal expenditure to an average of $10.4M per annum which will address the backlog, over a twenty year period, and smooth upcoming assets renewal requirements.

South Gippsland Water will continue to concentrate efforts to more fully document its asset renewal profile during and utilise this enhanced asset information in discussion with the community in order to inform its 2020 Pricing Submission.

9.5 Reduced revenue due to water restrictions, changes in consumption and lower customer growth

Recent years have seen no significant "bounce back" in water consumption since the millennium drought. Water reduction strategies such as water efficient shower heads, rebates for water efficient appliances and water tanks have led to decreased demand and lower revenue. Additionally, staged water restrictions and engagement with customers on water efficiency has seen further reductions.

South Gippsland Water has forecast historical demand estimates in its planning assumptions. The current pricing determination reflects these ongoing demand estimates. South Gippsland Water has updated the current Corporate Plan to reflect an average household usage of 121kL per annum in line with the ten year average.

Recently, the annual customer growth has averaged less than 1.0% for water and 1.4% for wastewater significantly less than projected in Water Plan 3. The slower growth has a compounding unfavourable revenue impact. South Gippsland Water has reviewed its customer growth projections for its recent price submission and will monitor the impacts of potential revenue shortfalls.

9.6 Attracting, retaining and resourcing the organisation in the long term

The remote location and size of the Corporation presents challenges with respect to attracting and retaining skilled staff. South Gippsland Water's current People and Culture Plan includes a number of strategies to continue addressing these challenges, including:

- Ensuring attraction and recruitment methods reach and appeal to a diverse range of high quality, skilled candidates.
- The Corporation has, in the past year implemented a range of diversity and inclusion priorities. Results to date include improved gender diversity. Sourcing diverse high quality candidates will continue to be a priority. Next stage work will focus on broadening inclusion of aboriginal community members in Corporation decision-making, and employment opportunities.
- Continuing work to position the Corporation locally and regionally to be recognised as an employer of choice including prioritizing support for flexible work arrangements.
- Ensuring staff have access to appropriate learning and development opportunities that address future workforce requirements and enhance current succession planning strategies, with a focus on building the capacity of current and future leaders.
- Further formalising systems, processes and practices to ensure staff are recognised and rewarded and promoting a safe, healthy, motivated, engaged and innovative workforce
- Continuing to build partnerships with the Corporation's Gippsland Strategic Alliance partners and other industry networks to investigate innovative ways of working together and resourcing our needs in an innovative and efficient manner.

10 Financial Details

10.1 Sensitivity of key planning variables

The table below shows the impact of major financial drivers.

Table 10.1: Sensitivity Analysis - 2018/19 to 2022/23

Sensitivity analysis $'M	2018/19	2019/20	2020/21	2021/22	2022/23	Total
Water consumption						
5% reduced consumption - all customers	0.452	0.467	0.497	0.530	0.564	**2.510**
10% reduced consumption - all customers	0.904	0.934	0.995	1.059	1.128	**5.021**
5% reduced consumption - non-major customers	0.306	0.317	0.338	0.361	0.386	**1.708**
10% reduced consumption - non-major customers	0.611	0.634	0.677	0.722	0.771	**3.415**
5% reduced Murray Goulburn (Saputo)	0.109	0.112	0.119	0.126	0.133	**0.599**
10% reduced Murray Goulburn (Saputo)	0.218	0.225	0.238	0.252	0.267	**1.199**
Loss of Murray Goulburn (Saputo) as major customer	2.184	2.245	2.377	2.518	2.666	**11.990**
Service Charges						
50% lower than growth estimates	0.231	0.359	0.511	0.682	0.874	**2.657**
Trade Waste						
Loss of Murray Goulburn (Saputo) as major customer	2.020	2.066	2.114	2.163	2.212	**10.575**
Interest Rates						
1% higher	0.691	0.851	0.961	1.008	1.078	**4.589**
2% higher	1.382	1.702	1.922	2.016	2.156	**9.178**
3% higher	2.073	2.553	2.883	3.024	3.234	**13.767**

The sensitivity analysis presented shows:

- Consumption risk of non-major customers is moderate given South Gippsland Water's relatively low average annual residential consumption, the split between fixed and variable tariff, and the assumption that water saving infrastructure has generally already been invested in by customers.
- Major customer retention remains a significant financial risk to South Gippsland Water with the water consumption and trade waste critical to maintaining positive net operating cash flows therefore keeping prices stable across the region.
- Lower customer growth will impact water and wastewater service charges to a moderate level. The financial risk is considered minor unless there was compounding deteriorating growth.
- South Gippsland Water's sensitivity to interest rates is high given that loans are expected to peak at $107.8M during the plan. This risk is minimised by holding a majority of fixed interest rate loans and a diverse portfolio.

10.2 Operating Statement

Table 10.2 below details the projected operating statement for 2018/19 to 2022/23.

Table 10.2: Operating Statement

PROFIT AND LOSS $'000	2018/19	2019/20	2020/21	2021/22	2022/23
Service Charges	15,152	15,740	16,842	18,021	19,284
Volume Charges	9,037	9,343	9,949	10,594	11,283
Trade Waste	3,562	3,646	3,767	3,892	4,023
Capital Income	1,567	1,582	1,597	1,612	1,628
Other	1,228	1,244	1,266	1,289	1,313
TOTAL REVENUE	**30,547**	**31,555**	**33,420**	**35,409**	**37,530**
Salary and Oncosts	9,538	9,779	10,023	10,256	10,515
Financing Costs	3,003	3,792	4,453	4,797	5,160
Depreciation	11,410	12,351	12,805	13,004	13,332
Other Expenses	10,949	11,213	11,170	11,140	11,346
TOTAL COSTS	**34,899**	**37,135**	**38,451**	**39,197**	**40,353**
SURPLUS/(DEFICIT)	**(4,352)**	**(5,580)**	**(5,031)**	**(3,787)**	**(2,823)**
Tax expense	1,306	1,674	1,509	1,136	847
NET PROFIT/(LOSS) AFTER TAX	**(3,047)**	**(3,906)**	**(3,521)**	**(2,651)**	**(1,976)**

10.3 Statement of Cash Flows

Table 10.3 below details the projected cash flow 2018/19 to 2022/23.

Table 10.3: Cash Flow Statement

CASHFLOW $'000	2018/19	2019/20	2020/21	2021/22	2022/23
Total Cash Receipts from Operations	32,392	33,307	34,636	36,146	38,615
Total Cash Payments from Operations	(23,869)	(25,348)	(26,217)	(26,746)	(27,608)
Net Cash provided/(used) by Operating Activities	**8,523**	**7,959**	**8,419**	**9,400**	**11,007**
Proceeds from Sale of Assets	550	550	550	550	550
Payments for Non-Current Assets	(26,950)	(24,366)	(19,775)	(14,559)	(18,385)
Net Cash provided/(used) in Investing Activities	**(26,400)**	**(23,816)**	**(19,225)**	**(14,009)**	**(17,835)**
Proceeds/(Repayments) from Borrowings	10,800	16,000	11,000	4,700	7,000
Proceeds from Government Equity Cont.	7,100				
Contractors deposits	(117)	(13)	(45)	(48)	44
Net Cash provided/(used) from Financing Activities	**17,783**	**15,987**	**10,955**	**4,652**	**7,044**
Net Increase/(Decrease) in Cash	**(94)**	**130**	**149**	**43**	**215**
Beginning Cash	1,944	1,850	1,980	2,129	2,172
ENDING CASH	**1,850**	**1,980**	**2,129**	**2,172**	**2,387**

10.4 Balance Sheet

Table 10.4 below details the projected balance sheet for 2018/19 to 2022/23.

Table 10.4: Balance Sheet

BALANCE SHEET $'000	2018/19	2019/20	2020/21	2021/22	2022/23
Cash and Bank	1,850	1,980	2,129	2,172	2,387
Short Term Investments	0	0	0	0	0
Receivables	1,605	1,662	1,770	1,885	2,009
Other current assets	2,922	2,965	3,069	3,188	3,316
Total Current Assets	**6,376**	**6,607**	**6,968**	**7,246**	**7,712**
Receivables-Long term	450	420	390	360	330
Fixed Assets	384,634	433,240	438,932	439,709	443,363
WIP	41,114	2,728	2,308	1,837	2,554
Deferred Tax Assets	23,926	25,600	27,109	28,245	29,092
Total Non-Current Assets	**450,124**	**461,987**	**468,740**	**470,151**	**475,339**
TOTAL ASSETS	**456,500**	**468,594**	**475,708**	**477,396**	**483,051**
Loans - Current	0	0	0	0	0
Provisions	2,677	2,767	2,852	2,932	3,007
Other payables	4,553	4,437	3,963	3,499	4,031
Total Current Liabilities	**7,230**	**7,204**	**6,815**	**6,431**	**7,038**
Loans - Non-Current	69,100	85,100	96,100	100,800	107,800
Provision - Non-Current LSL	285	285	285	285	285
Deferred Tax Liabilities	85,121	85,121	85,121	85,121	85,121
Total Non-Current Liabilities	**154,506**	**170,506**	**181,506**	**186,206**	**193,206**
TOTAL LIABILITIES	**161,736**	**177,710**	**188,321**	**192,637**	**200,244**
NET ASSETS	**294,764**	**290,883**	**287,386**	**284,759**	**282,807**
Government Equity Contributions	95,333	95,333	95,333	95,333	95,333
Asset Revaluation Reserve	142,174	142,174	142,174	142,174	142,174
Accumulated Funds (Losses)	57,237	53,331	49,810	47,159	45,183
TOTAL EQUITY	**294,744**	**290,838**	**287,316**	**284,665**	**282,689**

10.5 Financial Performance Indicators

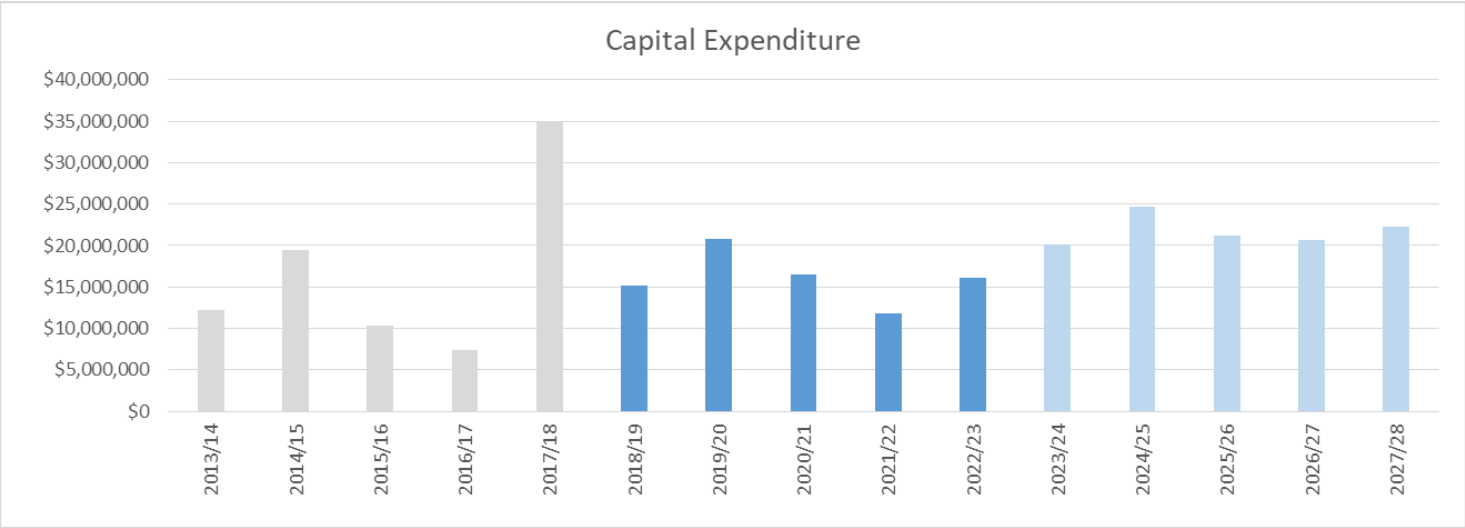
Table 10.5 below details the projected financial performance indicators for 2018/19 to 2022/23.

Table 10.5: Financial Performance Indicators

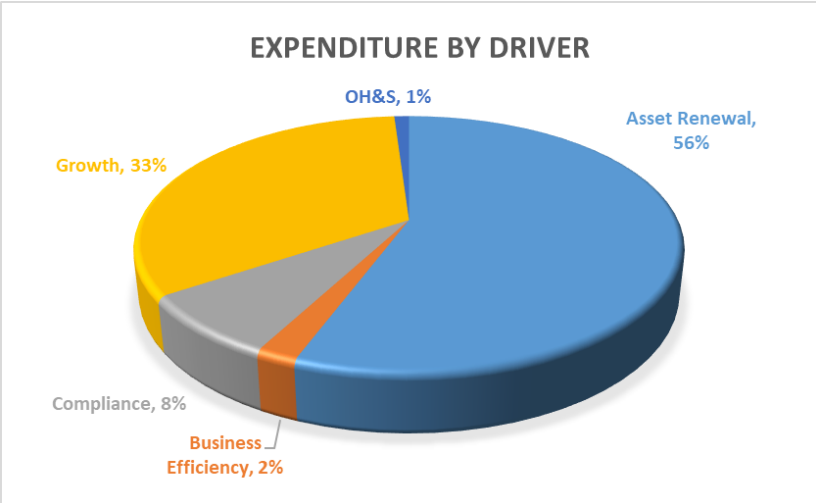
KEY RATIO'S	2018/19	2019/20	2020/21	2021/22	2022/23
Current Ratio	0.88	0.92	1.02	1.13	1.10
Quick Ratio	0.81	0.88	1.05	1.23	1.16
Gearing Ratio	15%	18%	21%	21%	23%
Internal Financing Ratio	32%	33%	44%	67%	62%
Interest Cover (EBIT)	(0.45)	(0.47)	(0.13)	0.21	0.45
Interest Cover (Cash)	3.84	3.10	2.89	2.96	3.13
Debt / Equity	23%	29%	33%	35%	38%

10.6 Capital Expenditure Forecasts

Table 10.6: Capital expenditure profile – 10 year forecast



Graph 10.6: Capital expenditure by primary driver



10.7 Service Standards and Key Performance Indicators

Table 10.7(a): ESC Service Standards

SOUTH GIPPSLAND WATER - Service Standards 1 July 2017 to 30 June 2023

	2017-18 Est.	2018-19	2019-20	2020-21	2021/22	2022/23
Water						
Unplanned water supply interruptions (per 100km)	20.0	25.0	25.0	25.0	25.0	25.0
Average time taken to attend bursts and leaks (priority 1)	25.0	30.0	30.0	30.0	30.0	30.0
Average time taken to attend bursts and leaks (priority 2)	30.0	35.0	35.0	35.0	35.0	35.0
Average time taken to attend bursts and leaks (priority 3)	150.0	500.0	500.0	500.0	500.0	500.0
Unplanned water supply interruptions restored within 5 hours (per cent)	98.0	99.0	99.0	99.0	99.0	99.0
Planned water supply interruptions restored within 5 hours (per cent)	98.0	99.0	99.0	99.0	99.0	99.0
Average unplanned customer minutes off water supply	20.0	25.0	25.0	25.0	25.0	25.0
Average planned customer minutes off water supply	30.0	100.0	100.0	100.0	100.0	100.0
Average unplanned frequency of water supply interruptions	0.1	0.3	0.3	0.3	0.3	0.3
Average planned frequency of water supply interruptions	0.2	0.4	0.4	0.4	0.4	0.4
Average duration of unplanned water supply interruptions (minutes)	112.0	100.0	100.0	100.0	100.0	100.0
Average duration of planned water supply interruptions (minutes)	180.0	240.0	240.0	240.0	240.0	240.0
No. of customers experiencing more than 5 unplanned water supply interruptions in the year	0.0	0.0	0.0	0.0	0.0	0.0
Unaccounted for water	15.0	15.0	15.0	15.0	15.0	15.0
Sewerage						
Sewerage blockages (per 100km)	15.0	25.0	25.0	25.0	25.0	25.0
Average time to attend sewer spills and blockages (minutes)	15.0	30.0	30.0	30.0	30.0	30.0
Average time to rectify a sewer blockage (minutes)	50.0	120.0	120.0	120.0	120.0	120.0
Spills contained within 5 hours (per cent)	100.0	100.0	100.0	100.0	100.0	100.0
No. of customers receiving more than 3 sewer blockages in the year	0.0	0.0	0.0	0.0	0.0	0.0
Customer service						
Complaints to EWOV	1.1	1.1	1.1	1.1	1.1	1.1
Telephone calls answered within 30 seconds	98.0	98.0	98.0	98.0	98.0	98.0
Minimum flow rates						
20mm	20					
25mm	35					
32mm	60					
40mm	90					
50mm	160					
Additional Service Standards						
Total CO2 equivalent Emissions (Tonne)	7754	7551	7203	6581	6387	6454
Recycled water target (% reused)	4.0	4.0	4.0	4.0	4.0	4.0
Biosolids reuse (% reused)	68.0	2.0	2.0	2.0	2.0	2.0
Small Town Sewerage Scheme connections (number)	29.0	0.0	0.0	0.0	0.0	0.0
Environmental discharge indicator (per cent)	100.0	100.0	100.0	100.0	100.0	100.0
Drinking water quality indicators (per cent)	100.0	100.0	100.0	100.0	100.0	100.0

As a part of the Ministerial Reporting Directions (MRD's), Water Corporations are required to set Performance Indicator targets in their Corporate Plans and provide a consolidated performance report, as part of their annual report. The following tables meet this requirement.

Table 10.7(b): Ministerial Reporting Directions – Financial Performance Indicators

	Key Performance Indicator	**2016-17 Result**	**2017-18 Est. Result**	**2018-19 Target**
F1	**Cash Interest Cover** Cash flow from operations before net interest and tax payments / net interest payments	3.8 times	4.8 times	3.8 times
F2	**Gearing Ratio** (Total debt (including finance leases) / total assets)*100	13.0%	13.4%	15.4%
F3	**Internal Financing Ratio** (Net operating cash flow less dividends/net capital expenditure) * 100	81.5%	27.0%	32.3%
F4	**Current Ratio** Current assets/current liabilities (excluding long-term employee provisions and revenue in advance)	0.98	0.76	0.88
F5	**Return on Assets** (Earnings before net interest and tax/average assets) * 100	(0.6%)	(0.3%)	(0.3%)
F6	**Return on Equity** (Net profit after tax /average total equity)* 100	(1.4%)	(0.9%)	(0.01)%
F7	**EBITDA Margin** (Earnings Before Interest, Tax, Depreciation and Amortisation/total revenue) * 100	31%	34%	33%

Table 10.7(c): Ministerial Reporting Directions – Water and Sewerage Service Performance Indicators

	Key Performance Indicator	**2016-17 Result**	**2017-18 Est. Result**	**2018-19 Target**
WS1	**Unplanned water supply Interruptions**			
	Number of customers receiving more than 5 unplanned interruptions in the year per 1000 customers	0	0	0
WS2	**Unplanned water interruption time**			
	Average duration of unplanned water supply interruptions	91 minutes	112 minutes	100 minutes
WS3	**Restoration of unplanned water supply**			
	(Unplanned water supply interruptions restored within 5 hours/total unplanned water supply interruptions) *100	99.0%	98.0%	99.0%
SS1	**Containment of sewer spillages**			
	(Sewer spills from reticulation and branch sewers contained within 5 hours/total sewer spills from reticulation and branch sewers) *100	100.0%	100.0%	100.0%
SS2	**Sewer supply interruptions**			
	Number of residential sewerage customers affected by sewerage interruptions restored within 5 hours/total number of residential sewerage customers affected by sewerage interruptions) *100	0.7%	0.0%	0.0%

Table 10.7(d): Ministerial Reporting Directions – Customer Responsiveness Performance Indicators

	Key Performance Indicator	2016-17 Result	2017-18 Est. Result	2018-19 Target
CR1	**Water quality complaints** No. of complaints per 100 customers for:	0.4	0.5	0.6
CR2	**Sewerage service quality complaints** No. of complaints per 100 customers	0.0	0.0	0.1
CR3	**Sewage odour complaints** No. of complaints per 100 customers	0.0	0.0	0.1
CR4	**Billing/payment issues complaints** No. of complaints per 100 customers	0.2	0.2	0.2

Table 10.7(e): Ministerial Reporting Directions – Environmental Performance Indicators

	Key Performance Indicator	2016-17 Result	2017-18 Est. Result	2018-19 Target
E1	**Effluent re-use volume (end use)** Percentage recycled	3.5%	4.0%	4.0%
E2	**Total Net CO_2 emissions** Net tonnes CO_2 equivalent	8,347 tonnes	7,554 tonnes	7,551 tonnes

10.8 Customer tariffs

Revenue included in the first year of the Corporate Plan is based on the prices approved in the Essential Services Commission's (ESC) Final Determination for the period 2018/19 to 2019/20. The following table shows ESC approved tariffs for the first two years (CPI only) and a proposed 3% increase plus CPI, for the remaining years.

Table 10.8(a): Corporate Plan Prices & Tariffs

Tariffs are expressed in nominal $	Frequency of charge	Price as at 1 July 2017	*Approved 1 July 2018*	*Approved 1 July 2019*	*Proposed 1 July 2020*	*Proposed 1 July 2021*	*Proposed 1 July 2022*
1.1 Water access fees (per annum)							
Access fee – Developed	Tri-annual	300.30	306.01	313.04	329.85	347.56	366.22
Access fee – Undeveloped	Tri-annual	300.30	306.01	313.04	329.85	347.56	366.22
Access fee – Agreements	Tri-annual	270.30	275.44	281.77	296.90	312.84	329.64
Access fee – Concessional	Tri-annual	240.90	245.48	251.12	264.61	278.81	293.78
1.2 Water usage charges (per kL)							
Volumetric fee – Murray Goulburn	Monthly	2.17	2.21	2.26	2.38	2.51	2.65
Volumetric fee – Other Majors	Monthly	1.79	1.82	1.87	1.97	2.07	2.18
Volumetric fee – All others	Tri-annual	1.79	1.82	1.87	1.97	2.07	2.18
1.3 Sewerage access fees (per annum)							
Residential and non-residential							
Access fee – Developed	Tri-annual	466.05	474.90	485.83	511.91	539.40	568.36
Access fee – Undeveloped	Tri-annual	263.70	268.71	274.89	289.65	305.20	321.59
1.4 Cistern access fees (per annum)							
1-2 Cisterns	Tri-annual	158.70	161.72	165.44	-	-	-
3-5 Cisterns	Tri-annual	417.45	425.38	435.17	-	-	-
6-10 Cisterns	Tri-annual	808.35	823.71	842.65	-	-	-
11-15 Cisterns	Tri-annual	1,294.35	1,318.94	1,349.28	-	-	-
16-20 Cisterns	Tri-annual	2,158.20	2,199.21	2,249.79	-	-	-
21-26 Cisterns	Tri-annual	3,088.95	3,147.64	3,220.04	-	-	-
27-35 Cisterns	Tri-annual	3,786.15	3,858.09	3,946.82	-	-	-
36–Greater Cisterns	Tri-annual	4,326.30	4,408.50	4,509.90	-	-	-
Volume Charge – (per kL)							
Volume Charge	Tri-annual	1.7900	1.82	1.87	-	-	-
1.5 Waste Water volumetric							
> 250 kl per annum (per kl fee based on water consumption)	Tri-annual	-	-	-	3.00	3.07	3.14
1.6 Minor trade waste fees							
Application fees (per application)							
Category 1	Tri-annual	124.59	127.24	129.66	132.64	135.69	138.81
Category 2	Tri-annual	198.63	202.86	206.71	211.47	216.33	221.30
Category 3	Tri-annual	364.08	371.82	378.88	387.60	396.51	405.63
Access fees (per annum)							
Access fee – Deemed Customer	Tri-annual	644.10	557.89	570.72	601.36	633.65	667.67
Access fee – Category 1	Tri-annual	644.10	656.34	671.43	707.48	745.47	785.49
Access fee – Category 2	Tri-annual	855.60	871.86	891.91	939.80	990.25	1,043.42
Access fee – Category 3	Tri-annual	1,061.40	1,081.57	1,106.44	1,165.85	1,228.44	1,294.40
Volumetric fees (per kL)							
All Categories	Tri-annual	0.8555	0.8718	0.8918	0.9397	0.9901	1.0433
Quality fees (per kg)							
BOD	Tri-annual	0.7148	0.7283	0.7451	0.7622	0.7798	0.7977
SS	Tri-annual	0.6739	0.6867	0.7025	0.7187	0.7352	0.7521
Nitogen	Tri-annual	3.0187	3.0761	3.1469	3.2192	3.2933	3.3690
Phosphorus	Tri-annual	17.1977	17.5244	17.9275	18.3398	18.7616	19.1932
Additional sampling (per sample)							
All Categories	Per occasion	At cost	At cost	At cost	At cost	At cost	At cost

Tariffs are expressed in nominal $	Frequency of charge	Price as at 1 July 2017	*Approved 1 July 2018*	*Approved 1 July 2019*	*Proposed 1 July 2020*	*Proposed 1 July 2021*	*Proposed 1 July 2022*
Exceedence fees (per kg)							
Oil & Grease	Per occasion	0.1077	0.1098	0.1123	0.1149	0.1175	0.1202
Sodium	Per occasion	0.1077	0.1098	0.1123	0.1149	0.1175	0.1202
TOS	Per occasion	0.7705	0.7851	0.8032	0.8216	0.8405	0.8599
Asset protection fee *Alternate annual fee available to customers that do not elect to install a grease trap (cost prohibitive).*	Per annum	N/A	1,460.96	1,494.56	1,528.94	1,564.10	1,600.08
Treatment violation fee *Fee imposed for customers that do not fill in a trade waste application; or do not maintain their pre-treatment apparatus (e.g. do not pump out their grease trap.)*	Per occasion	N/A	299.51	306.40	313.45	320.66	328.03
1.7 New customer contributions (per lot)							
Water & Sewer (all customers)		2,246.00	2,288.67	2,341.31	2,395.16	2,450.25	2,506.61
Sewer (Poowong Loch & Nyora)		10,212.00	-	-	-	-	-
Sewer (Alberton)							
with dwelling		11,061.00	-	-	-	-	-
vacant lot		5,530.00	-	-	-	-	-
1.8 Miscellaneous fees and charges							
Property information statements *Fee imposed for providing a certificate issued in accordance with Section 158 of the, Water Act 1989.*		50.85	57.00	58.31	59.65	61.02	62.43
Special meter readings *Fee imposed for providing a certificate which indicates water usage charges up to a specified date. Generally provided, on application, for property sales.*		25.95	43.81	44.82	45.85	46.90	47.98
As constructed charge *As constructed charge*		70.21	71.55	73.19	74.87	76.60	78.36
20mm Tapping Fee *Fee imposed for meter and labour associated in providing a tapping to the water main.*		386.50	393.84	402.90	412.17	421.65	431.35
Plumbing Industry Commission (PIC) Fee *Fee imposed for providing sewer plans and processing applications to connect or modify plumbing.*		217.00	221.12	226.21	231.41	236.73	242.18
Standpipe Water Sales (per kL) *Fee imposed for the sale of water via a metered standpipe.*							
- Registered Users		5.79	5.90	6.04	6.36	6.70	7.06
- Unregistered Users		7.72	7.87	8.05	8.48	8.93	9.41
Septic Tank Waste Receival (per kL) *Fee imposed on septic tank waste carters, for the disposing of sewage and/or other acceptable waste.*		26.45	26.95	27.57	28.21	28.86	29.52
Non Core Miscellaneous Services *Non core miscellaneous services*		At cost	At cost	At cost	At cost	At cost	At cost

Forecast customer impacts are detailed in Table 10.8(b) below for various customer types and representative consumption.

Table 10.8(b): Customer Impacts

Customer impact	FY17/18	FY18/19	FY19/20	FY20/21	FY21/22	FY22/23
Residential - average bill (121 kL p.a.)						
Nominal price	$983	$1,002	$1,025	$1,080	$1,138	$1,199
Real price	$983	$983	$983	$1,012	$1,043	$1,074
Real price increase per year ($)	-	$0	$0	$29	$30	$31
Real price increase per year (%)	-	0.00%	0.00%	3.00%	3.00%	3.00%
Residential - 200 kL p.a.						
Nominal price	$1,124	$1,146	$1,172	$1,235	$1,301	$1,371
Real price	$1,124	$1,124	$1,124	$1,158	$1,193	$1,229
Real price increase per year ($)	-	$0	$0	$34	$35	$36
Real price increase per year (%)	-	0.0%	0.0%	3.0%	3.0%	3.0%
Non-residential - 250 kL p.a.						
Nominal price	$1,214	$1,237	$1,265	$1,333	$1,405	$1,480
Real price	$1,214	$1,214	$1,214	$1,250	$1,288	$1,326
Real price increase per year ($)	-	$0	$0	$36	$38	$39
Real price increase per year (%)	-	0.0%	0.0%	3.0%	3.0%	3.0%
Concessional - 150 kL p.a.						
Nominal price	$975	$994	$1,017	$1,071	$1,129	$1,190
Real price	$975	$975	$975	$1,005	$1,035	$1,066
Real price increase per year ($)	-	$0	$0	$29	$30	$31
Real price increase per year (%)	-	0.0%	0.0%	3.0%	3.0%	3.0%
Agreement - 700 kL p.a.						
Nominal price	$1,989	$2,027	$2,074	$2,185	$2,302	$2,426
Real price	$1,989	$1,989	$1,989	$2,049	$2,111	$2,174
Real price increase per year ($)	-	$0	$0	$60	$61	$63
Real price increase per year (%)	-	0.0%	0.0%	3.0%	3.0%	3.0%
Tenants - 200 kL p.a.						
Nominal price	$358	$365	$373	$393	$414	$437
Real price	$358	$358	$358	$369	$380	$391
Real price increase per year ($)	-	$0	$0	$11	$11	$11
Real price increase per year (%)	-	0.0%	0.0%	3.0%	3.0%	3.0%
Vacant land (undeveloped properties)						
Nominal price	$534	$544	$557	$587	$618	$651
Real price	$534	$534	$534	$550	$567	$584
Real price increase per year ($)	-	$0	$0	$16	$17	$17
Real price increase per year (%)	-	0.0%	0.0%	3.0%	3.0%	3.0%