



CORPORATE PLAN

2015/16 to 2019/20

1. Introduction

At the end of April 2015 South Gippsland Water submitted its five year Corporate Plan for 2015/16 to 2019/20 in compliance with Section 247 and 248 of the Water Act 1989.

A key element of the plan was the corporation's strategy encompassing the interconnection of the region's Southern and Northern towns to provide a single efficient system which would avoid costly numerous individual upgrades to small treatment plants and systems with unreliable yields due to small storages (the Northern Towns Connection Project). The certainty of supply would enable levels of regional growth which would otherwise not have been possible.

In January 2015, South Gippsland Water submitted a Business Case for \$21.4M of government support to implement the project, however, advice was received in May 2015 that funding would not be available through the 2015/16 State Government Budget. As such, and in line with Section 247 of the Water Act 1989, South Gippsland Water is resubmitting its Corporate Plan due to this material variation in projects.

The key focus during 2015/16 will be a review of alternative options to ensure the security of water supply to South Gippsland Water's northern residential and business customers, including a customer and stakeholder engagement process. The outcomes of the review and engagement processes together with any available government funding will be factored into the capital needs of the business in the 2016/17 Corporate Plan.

In order to ensure water security in the short term for this Corporate Plan, South Gippsland Water has renegotiated its Bulk Entitlement from the Tarwin River, and will utilise a temporary pump station and a network of aged wastewater pipeline and pump infrastructure to augment supply to Korumburra during late summer and autumn. This adds costs in the vicinity of \$100,000 per annum. However, the long term use of this solution poses a significant risk to South Gippsland Water.

2015/16 is the third year of South Gippsland Water's five year Water Plan (2013/14 to 2017/18). The Corporate Plan recognises the challenges of climate change, changing rain fall patterns, economic development and population growth and is a balanced approach of environmental and economic factors to provide water and waste water services to the communities of South Gippsland

During 2014/15, South Gippsland Water implemented a number of key efficiency initiatives in order to increase productivity and lower household water bills. These initiatives, the lower operational and capital expenditure and the resultant lower household water bills have now been embedded into South Gippsland Waters forward planning.

South Gippsland Water has continued to identify and implement efficiencies across the organisation through the Gippsland Region Memorandum of Understanding, a joint initiative of Gippsland Water businesses. Coordinated procurement efficiencies in the areas of electricity and insurance are amongst the programs expected to be delivered in the 2015/16 financial year.

The Corporation's Asset Management System has identified that its medium term renewals program is likely to need significant capital injection as a large number of assets are nearing end of useful life. South Gippsland Water will concentrate efforts to more fully documenting the renewal profile during 2015/16 and utilise this enhanced asset information to assist in developing the future Corporate Plans and in particular, Water Plan 4.

The Poowong, Loch and Nyora Sewerage Scheme is a major capital expenditure project for the Corporation (\$20M). The project was nominated by the Minister for Water under the Country Towns Sewerage Scheme to address the public health and amenity needs of the community.

This project is being delivered as a collaborative project with South East Water where an innovative pressure sewer collection system for all three townships will be constructed under a joint agreement between the two organisations

In addition, Wastewater will be transferred under agreement to South East Water's Lang Lang Treatment Plant for treatment and reuse, negating the need for South Gippsland Water to construct a new treatment facility.

Also, a Pilot Project has been developed for the townships incorporating local solutions for water management. Encouraging water efficiencies within these small communities assists the Corporation meet the challenges posed by changing rainfall patterns and population growth. The project is being delivered simultaneously with the construction of sewerage scheme.

The project commenced in 2014 with the reticulation network for all three towns completed during 2014/15, with a small number of property connections in Nyora from November 2014. The scheme is scheduled to be completed during 2016, eighteen months ahead of the original schedule. The entire project will be delivered for \$20M, a significant saving against the initial estimates of \$30M for a traditional modified gravity scheme.

New Drinking Water Regulations (2015) require all water corporations to quantify the pathogen risk and install systems to mitigate the risk effective from January 2016. To ensure continued high quality water supplies South Gippsland Water will assess the pathogen risk and implement a range of water quality initiatives across the region. This may require disinfection and filtration upgrades for a number of water treatment plants. Which are not costed in this Corporate Plan. .

This Corporate Plan is a balanced approach and incorporates the Corporation's key goals, objectives, strategies and performance targets in order to meet regulatory compliance and secure, deliver quality water and wastewater services to its customers. It ensures the day to day needs of customers and stakeholders are met, and sets out the medium and long term strategies and actions to ensure the sustainable management of the regions key resources.

Major capital expenditure over the planning period focuses on:

- Completion of the construction of a pressure reticulation sewerage scheme for the towns of Poowong, Loch, and Nyora, incorporating local solutions for water management
- Further improvement works at water treatment plants and watermains replacement and renewals to increase water supply quality and resilience through all systems
- Sewer system upgrades throughout the region's townships, including Wonthaggi, Inverloch, Foster, Korumburra and Leongatha
- Investment in appropriate new technologies to improve service performance outcomes and operational efficiency
- Providing outcomes for the environment via improved water and wastewater service network reliability through priority identified and categorised renewal works

Major Initiatives

South Gippsland Water, in dealing with ongoing challenges and emerging issues, has set out major initiatives that will be implemented over this Corporate Plan period.

The variability of raw water inflows, together with forecast population increases has resulted in South Gippsland Water considering a number of actions in its 50 year Water Supply Demand Strategy:

- Northern Towns Connection - Customer and stakeholder engagement process and a review of alternative options to ensure security of water supply to South Gippsland Water's residential and business customers, including major industrial customers looking to expand in the near future. Increasing the amount of water that can be accessed by the urban supply system to promote economic growth and assist with local community amenity
- Providing incentives for demand reduction and water reuse.

The prime objective is to improve resilience of systems to ensure that a timely balance between supply and future short and long term demand can be met. Water initiatives will focus on:

- Implementing a cost effective sustainable Water Supply Demand Strategy which will ensure future demand will be met taking into consideration regional growth and the impacts of climate change/variability
- Securing and developing reliable new water sources while continuing, through Integrated Water Cycle Management, to develop localised solutions and further demand management

South Gippsland Water will conduct a customer and stakeholder engagement process, including a review of alternative options to ensure security of water supply to its northern residential and business customers.

South Gippsland Water will continue to improve its asset information and systems in order to quantify, prioritise and seek pricing relief to fund its renewal obligations.

South Gippsland Water will finalise its options to secure small water supply systems through Integrated Water Cycle Options where appropriate.

South Gippsland Water will continue to enhance its understanding of climate change/variability, and the impacts on the region's catchments and water supply systems.

South Gippsland Water will continue to identify efficiency initiatives including via the Gippsland Region MoU.

South Gippsland Water provides wastewater services to a number of small towns, ensuring wastewater compliance is maintained and disposal of treated effluent is in an environmentally sustainable manner.

South Gippsland Water will finalise construction and commissioning of the pressure sewerage system for the towns of Poowong, Loch and Nyora.

South Gippsland Water will continue to liaise with Major Customers to ensure trade waste is compliant and sustainable.

South Gippsland Water will pragmatically endeavour to minimise wastewater generation, maximise reuse opportunities and implement further EPA licence compliance improvements.

With respect to water quality and reliability, the Corporation will;

- Continue to develop and implement asset management strategies to optimise asset performance over asset life
- Identify and carry out minor treatment and network improvement works
- Finalise analysis of strategies with respect to further networking supply systems
- Secure further approved bulk water entitlements as required

Water Supply System	Zone	Towns Serviced	Water Security Actions during Corporate Plan
Agnes River	Eastern	Port Franklin, Port Welshpool, Toora, Welshpool	Review Central Towns Strategy for construction of a raw/treated water delivery trunk main connecting Deep Creek (Foster) and Agnes River (Toora) water supply systems. In particular, carry out an Integrated Water Cycle Management analysis to inform the potential for localised solutions.
Battery Creek Reservoir	Eastern	Fish Creek	Review Central Towns Strategy for construction of a treated water delivery trunk main connecting Deep Creek (Foster) and Battery Creek (Fish Creek) water supply systems. In particular, carry out a Integrated Water Cycle Management analysis to inform the potential for localised solutions.
Coalition Creek storages	Northern	Korumburra	Conduct a customer and stakeholder engagement process, including a review of alternative options to ensure security of water supply to SGW's residential and business customers.
Deep Creek / Foster Dam	Eastern	Foster	Review Central Towns Strategy for construction of a raw/treated water delivery trunk main connecting Battery Creek (Fish Creek) and Agnes River (Toora) water supply systems. In particular, carry out an Integrated Water Cycle Management analysis to inform the potential for localised solutions.
Lance Creek Reservoir	Southern	Inverloch, Cape Paterson, Wonthaggi	System secured by Melbourne Supply System. No further security actions required.
Little Bass Reservoir	Northern	Loch, Nyora, Poowong	Implement Integrated Water Cycle Management pilot project..
Ruby Creek storages	Northern	Koonwarra, Leongatha	Opportunity for Integrated Water Cycle Management options, No major activities for this Plan period.
Tarra River	Eastern	Alberton, Devon North, Port Albert, Yarram	System secured by groundwater entitlements to enhance water supply due to drought/bushfires. No further security actions needed.
Tarwin River – East Branch	Central	Dumbalk	No action this Plan period – system secure. Potential connection of Leongatha treated water main in future.
Tarwin River – West Branch	Central	Meeniyan	No action this Plan period – system secure. Potential connection of Leongatha treated water main in future.

With respect to wastewater services, the corporation will continue construction of the pressure sewer reticulation system incorporating Integrated Water Cycle Management initiatives for the towns of Poowong, Loch, and Nyora. The Alberton, pressure sewer system was completed during 2014, and customers will continue to connect to the scheme through this Corporate Plan period. These schemes will provide for the health, safety and amenity of the local communities and address environmental concerns around ageing dysfunctional septic systems. In addition, the Corporation continues to investigate the potential for low cost waste water treatment options for small towns. The provision of these wastewater services will provide for regional development and growth opportunities.

Significant wastewater works include:

Wastewater System	Towns Serviced	Actions during Corporate Plan
Meeniyah	Meeniyah	No action this Plan period. Newly constructed wastewater system commissioned 2012/13.
Poowong/Loch/Nyora Country Towns Sewerage Scheme	Poowong/Loch/Nyora	Continue construction, install and commission (2015/16) pressure sewerage reticulation and transfer mains. Implement Integrated Water Cycle Management initiatives.
Corner Inlet	Foster	Long term strategy to construct upgraded treatment plant with potential for reuse.
	Toora	Review strategy to facilitate increased reuse/irrigation.
	Welshpool/Port Welshpool	Ocean outfall decommissioned 2010/11. Programmed priority identified sewer relining works.
Baxter's Beach	Wonthaggi	Reticulation augmentations to allow for development and growth. Upgrade and desludge existing lagoons system. Investigate potential for dried sludge reuse.
	Inverloch	Reticulation augmentations to allow for development and growth. Upgrade and desludge existing lagoons system. Investigate potential for dried sludge reuse.
	Cape Paterson	Improved wastewater service network reliability through priority renewal works.
Korumburra	Korumburra	Improved wastewater service network reliability through priority identified required renewal works.
Leongatha	Leongatha	Improved wastewater service network reliability through priority identified required renewal works. Investigations for use of Biosolids. Discontinue the use of this site as a Biosolids Management Facility.
Yarram	Yarram, Port Albert, Alberton	Finalise connections to the Alberton Sewerage Scheme (pressure sewer system). Improved wastewater service network reliability through priority identified required renewal works.
Waratah Bay	Waratah Bay	No further action required.

South Gippsland Water, in this Corporate Plan, is concentrating efforts to meet the significant challenges and uncertainties that lie ahead. This will ensure the continued delivery of sustainable water and sewerage services to meet the needs of the communities in South Gippsland.

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. The Corporation is acutely aware that the region's "natural capital" has a high public profile. 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. Tourism is also an industry of significant importance to the region.

The Corporation demonstrates its commitment to the stewardship of the region's "natural capital" through initiatives based on continuous improvement at all our operational facilities, together with programs aimed at raising community awareness. 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 of the elements of the region's ecosystems. South Gippsland Water is fully aware that the services it provides are essential to the economic survival, development and well-being of the region. Accordingly, South Gippsland Water takes into account and collaborate 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.

The demographics of the region continue to undergo change due to the demand for coastal residential real estate. Wonthaggi, Inverloch, Cape Paterson, Walkerville 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.

The Corporation produces potable drinking water product 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 at a cost that is sustainable and a price to consumers that is ratified by the economic regulator. All this is achieved with a team that is small by industry standards.

2.1 Services Provided by South Gippsland Water

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, seven 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.

South Gippsland Water 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 2014/15, a total of 136 ML of recycled water was used mainly for pasture irrigation. A small percentage of this total was provided for watering sporting grounds (6 ML). 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's core functions are to provide secure water and wastewater services to over 20,500 households and businesses across approximately 4,000 square kilometres. South Gippsland Water's service area includes 22 towns, the base population of serviced towns is some 29,700 a figure that may increase in peak holiday periods by as much as 100%. Major centres include Wonthaggi, Inverloch, Leongatha and Korumburra 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)	Water		Sewerage
		Customers Billed	Supplied from	Customers Billed
Port Franklin	129 (estimate)	105	Agnes River	Not Serviced
Port Welshpool	182	274	Agnes River	261
Toora/ Agnes, Bennison	456	516	Agnes River	285
Welshpool, Hedley	451	206	Agnes River	121
Fish Creek	814	208	Battery Creek	Not Serviced
Korumburra	3,455	2,208	Coalition Creek	1,899
Foster	1,122	857	Deep Creek / Foster Dam	766
Inverloch, Wattle Bank, Lance Creek	4,679	4,498	Lance Creek	4,456
Cape Paterson	753	1,132	Lance Creek	1,115
Wonthaggi, South Dudley, Glen Alvie, Kongwak, Lance Creek	7,226	4,418	Lance Creek	4,181
Loch	194 (estimate)	147	Little Bass	Under Construction
Nyora	723	349	Little Bass	Under Construction
Poowong	326	207	Little Bass	Under Construction
Koonwarra	395	80	Ruby Creek	Not serviced
Leongatha, Kardella, Leongatha South, Ruby	4,994	3,075	Ruby Creek	2,889
Alberton	263	146	Tarra River	105
Devon North, Tarra Valley	494	124	Tarra River	Not Serviced
Port Albert	249	396	Tarra River	328
Yarram	1,767	1,194	Tarra River	1,079
Dumbalk	424	102	Tarwin River – East Branch	Not Serviced
Meeniyah	466	269	Tarwin River – West Branch	235
Waratah Bay	213	Not Serviced	N/A	112
Totals	29,313 Water 26,027 Waste Water	20,511		17,832

Notes:

1. Population Served based on ABS 2011 Census updated with a local government growth factor of 2.5% Bass Coast Shire Council, 1.5% South Gippsland Shire Council and 0.9% for the Wellington Shire Council.
2. Water and Sewerage Assessments = Number of Rated Properties at March 2015.
3. The ABS method of calculation of population is based on State Suburbs and may not always reflect the exact sewer/water district.

2.2 South Gippsland Water Infrastructure

South Gippsland Water has significant headworks assets with 13 reservoirs and 18 service storages. The quality of raw water varies significantly across South Gippsland Water's region leading to specific water quality control challenges.

South Gippsland Water's total operation comprises:

A headworks function comprising:

- Water catchments with a total area of 1,234 square kilometres
- 13 reservoirs and 18 service storages

A Water Services Function comprising:

- 10 separate water supply systems
- 10 water treatment plants
- 702km of water mains
- 15 water pump stations
- servicing over 20,500 assessments over 21 towns with around 4,500ML annual volume of metered water

A Sewerage Services Function comprising:

- 10 conventional wastewater collection systems
- 1 vacuum wastewater system
- 2 pressure wastewater systems
- 10 sewerage treatment plants
- 1 dedicated saline tradewaste system
- 505 km of wastewater mains
- 78 wastewater pump stations
- 4 marine environment outfalls
- 2 inland water discharge points
- servicing over 17,800 wastewater assessments (including trade waste) over 13 towns collecting and treating around 4,300ML of wastewater.

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 centres facing 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.

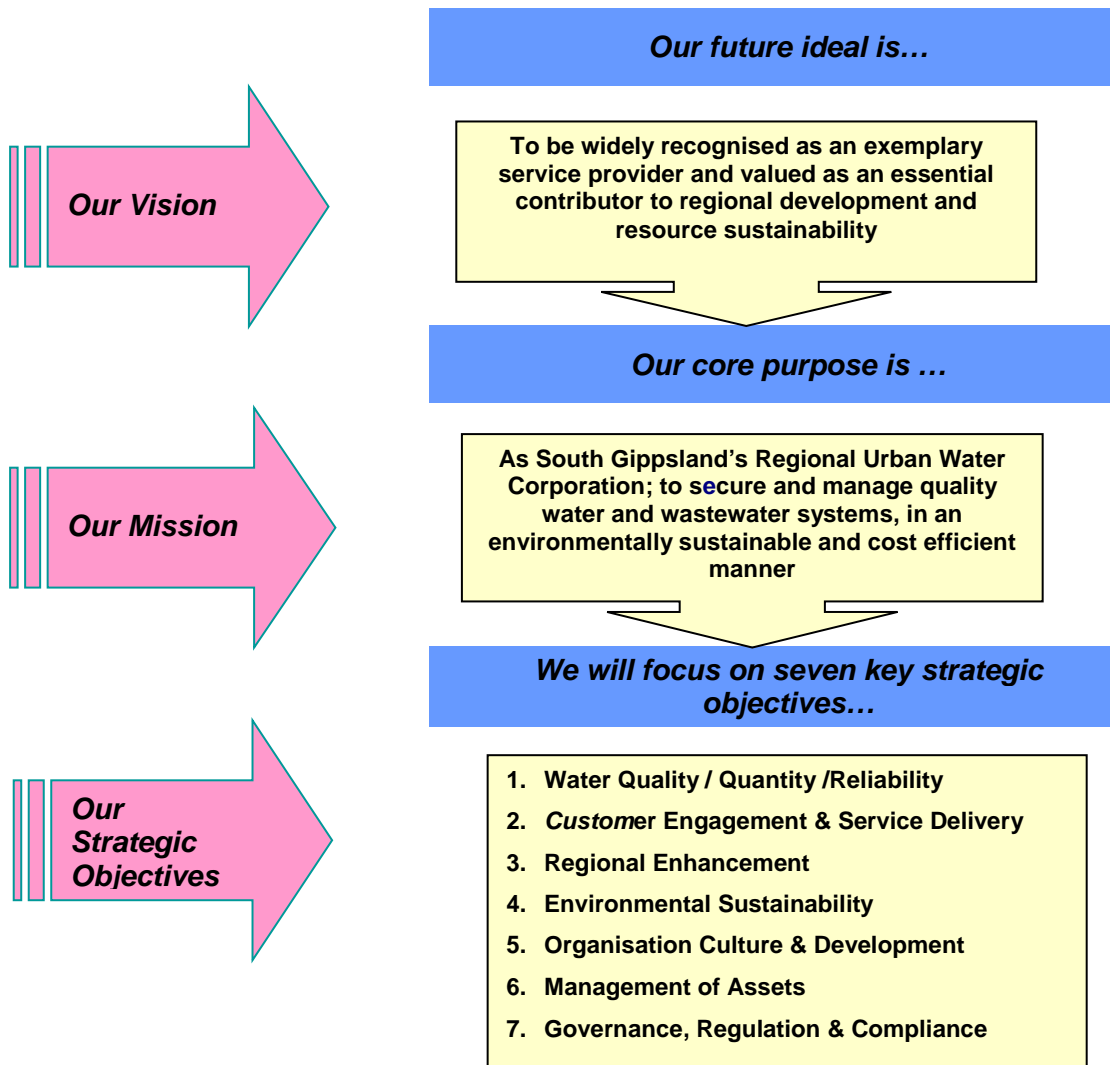
Map 2.2: South Gippsland Water Service Area



3. Mission, Vision and Objectives

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

Diagram 3.1: Corporate Statement



The Key Organisational Strategic Objectives, including priorities are summarised as:

Water Quality / Quantity / Reliability

- Meet customer satisfaction with water quality
- Meet water regulations
- Secure and manage sustainable future water resources for customers

Customer Engagement and Service Delivery

- Continue the high priority and commitment to our customers and maintenance of our service standards
- Continue to engage with key stakeholders
- Strong focus on communicating water and wastewater strategies

Regional Enhancement

- Responsiveness to local, State and regional development policies
- A balanced approach recognising economic and environmental challenges

Environmental Sustainability

- Better understand and respond to climate change
- Manage wastewater systems to optimise the link with the integrated water cycle
- Secure sustainable future water resources for customers

Organisation Culture & Development

- Embed efficiencies in to the business in order to deliver affordable services
- Attract, support and retain staff to ensure continued quality performance
- Continue working with staff to ensure a healthy, safe and rewarding work environment

Management of Assets

- Optimise asset life through the asset management strategy

Governance, Regulation & Compliance

- Ensure financial sustainability
- Maintain our commitment to achieve high standards of compliance, and performance of the organisation, through sound and prudent governance
- Cost efficient service delivery
- Engagement with Government, and responsiveness to Government policy.

4. Key Assumptions Made in Preparing the Corporate Plan

4.1 Climate conditions / yields assumed for the Corporate Plan

South Gippsland, similar to many other parts of south-east Australia, has over the last fifteen years experienced variations in climate conditions including one of the worst prolonged droughts on record with extreme dry conditions recorded. While more recent conditions have approximated long term average rainfall, the drought experience is recorded in the corporations risk profile and integrated into future planning.

In its Water Supply Demand Strategy, South Gippsland Water has planned its 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 conservative view of average inflows as the basis for water supply availability and includes a variety of measures to access and develop a diversity of water sources.

The Northern Towns Connection project will be reviewed and all alternatives considered. This connection is considered pivotal in providing continuing reliable water supplies to Korumburra. However, until the review is complete, 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 to Korumburra (an at risk system due to recent significant major customer water usage) during late summer and autumn.

It is planned that some 4,732 ML's will be delivered to customers during 2015/16 and while no restrictions are planned the reality is that Korumburra experienced significant temporary augmentation in both 2013/14 and 2014/15, following Stage Two restrictions in 2012/13.

Revenue

Revenue included in the Corporate Plan is based on the prices approved in the Essential Services Commission (ESC) Final Determination. Prices, adjusted during 2014/15, following the implementation of savings which resulted from targeted efficiencies identified by the Corporation.

These savings include \$4.6M in Operational Expenditure and \$4.2M in Capital Expenditure over the period 2015/16 to 2017/18 and resulted in a reduction of \$27 for Water Tariffs and \$21 for Waste Water Tariffs. These reductions are embedded in pricing for remainder of the Water Plan 3 period.

4.2 Customer Growth – Estimated Demand Forecast

The *Victoria In Future 2012* forecasts and the Corporation's own historical data have been utilised to provide growth forecasts for new customers. 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 2011 Census of Population and Housing assessed the population of towns in various regional areas of Victoria. None of the regional areas satisfactorily maps to the area served by South Gippsland Water. As such, South Gippsland Water has utilised the disaggregated Regional Local Government Areas (LGA) statistical information, although even this data presents problems with respect to direct representation of South Gippsland Water's services towns.

South Gippsland Water's three relevant Local Government Areas are Bass Coast, South Gippsland and Wellington.

Utilisation of data as representative of our area is problematic as:

- A substantial part of the Bass Coast LGA encompasses Phillip Island which is not part of our serviced region; and
- The towns in our region represented by Wellington are insignificant in size, i.e. Yarram, Port Albert, etc. Wellington is dominated by the major centre of Sale.

However, the South Gippsland LGA covers the major centres of Leongatha and Korumburra and provides a good nexus to growth in these 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.

Over the period 2013/14 to 2014/15 the actual customer growth (water and wastewater) averaged 1.1% per annum against a Water Plan 3 budget of 1.4%, this is, 78% of that expected. This slower growth has a compounding unfavourable revenue impact on the Water Plan revenue forecasts and has been reflected in these Corporate Plan estimates.

The projected percentage increases in customer connections are estimated as follows.

Table 4.3(a): Customer Growth Assumptions

	2015/16	2016/17	2017/18	2018/19	2019/20
Water – % Growth	1.10%	1.10%	1.10%	1.10%	1.10%
Water – Assessment No's	20,812	21,041	21,273	21,507	21,743
Wastewater - % Growth	2.16%*	1.08%	1.08%	1.08%	1.08%
Wastewater – Assessment No's	18,284*	18,481	18,681	18,883	19,087

*Includes Poowong/Loch/Nyora Small Town Sewerage Scheme which is expected to be completed during 2015/16.

The resultant detailed customers and water and wastewater volumes from these assumptions are:

Table 4.3(b): Growth and Demand Forecast

	Budget	Forecast	Forecast	Forecast	Forecast	Forecast
Year Ending 30 June	2015 (F)	2016 (F)	2017 (F)	2018 (F)	2019 (F)	2020 (F)
Number of Assessments						
Urban Water Supply						
Residential	17,464	17,660	17,858	18,058	18,260	18,260
Non Residential	3,348	3,381	3,415	3,449	3,483	3,483
Total Urban Water Supply	20,812	21,041	21,273	21,507	21,743	21,743
Urban Sewerage Service						
Residential	16,524	16,702	16,884	17,066	17,251	17,251
Non Residential / Other	1,760	1,779	1,797	1,817	1,836	1,836
Total Urban Sewerage Service	18,284	18,481	18,681	18,883	19,087	19,087
Trade Waste by Agreement	269	270	271	272	273	273
Recycled Water	3	3	3	3	3	3

4.3 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 of revenue and the payment of an Environmental Contribution of \$1,101,000 per annum for the first 3 years, increasing to an estimated \$1,422,000 in 2018/19 and beyond.

4.4 Government Contributions

It has been assumed that the Corporation will receive no Government contributions during the Corporate Plan..

4.5 Forecast Inflation Rates

An inflation rate of 1.33% has been used for 2015/16 and 2.75% pa for the remaining years of the plan. This is down significantly from the 2.75% per annum forecast at commencement of Water Plan 3 and 2.93% actual for 2014/15.

4.6 Wage Increases

The wages calculation has been determined from the Corporation's Enterprise Agreement 2012 which was approved by Fair Work Commission on the 21st August 2013. This allowed for an increase of 3.50% in 2014/15. . A new Enterprise Agreement has commenced negotiation and the current government policy allows for increases between a 2.5% - 3.0%, which is consistent with SGW's assumptions.

4.7 Bulk Water Entitlements Reform

South Gippsland Water currently holds a 1GB Bulk Water Entitlement to the Melbourne supply pool. Melbourne Water has a different Water Plan period to other corporations, expiring 30 June 2016. As a result, South Gippsland Water is currently in discussion with Melbourne Water re the future pricing impact of the new Bulk Water Entitlements Framework.

At the time of writing, the impact of the proposed changes is estimated to be an additional \$290,000 per annum in operational costs from 2016/17 onwards. This estimate has been included in the Corporation's financial plan.

4.8 Interest on Investment

Interest used to calculate investment revenue has been estimated at 2.5%.

4.9 Borrowings

The Corporate Plan assumes that borrowings will be required to provide for capital expenditure projects. The interest rate also incorporates the Financial Accommodation Levy (FAL) of 1.3% and is estimated at 5.7% on future loan funds until July 2017 after which time it is estimated at 6.2%.

Borrowings predicted for the Corporate Plan period increase from \$54.3M in 2014/15 to \$56.3M in 2015/16, with repayments commencing in 2016/17. Borrowings are projected to end the Corporate Plan period at \$52.8M in 2019/20. Whilst over the current Corporate Plan borrowings are expected to reduce, the options review of the Northern Towns project to be conducted in 2015/16, will determine the level of investment required to implement a solution. This will impact the borrowing levels of the corporation to the extent of the cost of the required works and any associated government funding.

4.10 Dividend Calculation

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

4.11 Taxation Payments

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

5. Outcomes for 2014/15

5.1 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.

5.2 Core Service standards

South Gippsland Water has committed to meet approved targets for a core set of service standards. Table 5.2 below details the Corporation's delivery of the service standards for 2012/13 and 2013/14 and forecast achievement for 2014/15.

Table 5.2: Delivery of Service Standards

Service Standards

Water

	2012/13 Actual			2013/14 Actual			2014/15 Estimate		
	Actual	Target	Var.	Actual	Target	Var.	Forecast	Target	Var.
Unplanned water supply interruptions (per 100km)(number)	18.3	28.0	34.8%	21.6	25.0	13.6%	17.3	25.0	-30.8%
Average time taken to attend bursts and leaks (priority 1)(minutes)	15.5	30.0	48.5%	17.0	30.0	43.4%	21.2	30.0	29.3%
Average time taken to attend bursts and leaks (priority 2)(minutes)	23.2	35.0	33.6%	21.9	35.0	37.4%	22.4	35.0	36.0%
Average time taken to attend bursts and leaks (priority 3)(minutes)	813.9	1440.0	43.5%	742.3	500.0	-48.5%	729.9	500.0	-46.0%
Unplanned water supply interruptions restored within 5 hours (percent)	100.0	99.0	1.0%	100.0	99.0	1.0%	98.0	99.0	-1.0%
Planned water supply interruptions restored within 5 hours (percent)	100.0	99.0	1.0%	96.0	99.0	-3.0%	100.0	99.0	1.0%
Average unplanned customer minutes off water supply (minutes)	9.7	33.0	70.6%	29.3	25.0	-17.1%	42.9	25.0	-71.6%
Average planned customer minutes off water supply (minutes)	35.9	150.0	76.1%	34.4	100.0	65.6%	17.8	100.0	82.2%
Average unplanned frequency of water supply interruptions (ratio)	0.12	0.3	60.0%	0.22	0.3	26.7%	0.27	0.3	10.0%
Average planned frequency of water supply interruptions (ratio)	0.16	0.5	68.0%	0.19	0.4	52.5%	0.11	0.4	72.5%
Average duration of unplanned water supply interruptions (minutes)	82.8	100.0	17.2%	134.2	100.0	-34.2%	161.7	100.0	-61.7%
Average duration of planned water supply interruptions (minutes)	229.3	300.0	23.6%	176.9	240.0	26.3%	162.4	240.0	32.3%
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)	16.0	16.0	0.0%	16.0	16.0	0.0%	16.0	16.0	0.0%

Sewerage

Sewerage blockages (per 100km)(number)	17.9	18.0	0.6%	14.8	18.0	18.1%	20.2	18.0	-12.2%
Average time to attend sewer spills and blockages (minutes)	8.2	30.0	72.7%	8.0	30.0	73.4%	14.7	30.0	51.0%
Average time to rectify a sewer blockage (minutes)	55.9	120.0	53.4%	34.4	120.0	71.3%	57.9	120.0	51.8%
Spills contained within 5 hours (percent)	94.0	100.0	-6.0%	98.0	100.0	-2.0%	97.0	100.0	-3.0%
No. of customers receiving more than 3 sewer blockages per year (number)	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)	0.9	1.1	18.2%	0.5	1.1	51.8%	0.7	1.1	36.4%
Telephone calls answered within 30 seconds (percent)	99.0	98.0	1.0%	97.0	98.0	-1.0%	98.0	98.0	0.0%

Minimum flow rates

20mm	20
25mm	35
32mm	60
40mm	90
50mm	160

Additional service standards

	2012/13 Actual			2013/14 Actual			2014/15 Estimate		
	Actual	Target	Var.	Actual	Target	Var.	Forecast	Target	Var.
Total CO2 equivalent Emissions (Tonne)	8359.0	8415.6	0.7%	6872.0	8415.6	18.3%	7078.2	8826.0	19.8%
Recycled water target (% reused)	4.0	4.0	0.0%	3.6	4.0	-10.0%	4.0	4.0	0.0%
Biosolids reuse (% reused)	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	2.0	0.0%
Small Town Sewerage Scheme connections (no. of)	118.0	30.0	293.3%	12.0	30.0	-60.0%	146.0	230.0	-36.5%
Environmental discharge indicator (percent)	99.0	100.0	-1.0%	99.0	100.0	-1.0%	100.0	100.0	0.0%
Drinking water quality indicators (percent)	100.0	100.0	0.0%	99.0	100.0	-1.0%	100.0	100.0	0.0%

The table shows that South Gippsland Water has generally performed well in meeting its regulatory customer service standards, however, due to two large mains breaks in Wonthaggi & Korumburra during this year a number of unplanned water indicators are forecast to be exceeded. In addition, the change to sewer regulations where water corporations are now responsible for private service lines will see sewerage blockages per 100kms breach target for the first time.

5.3 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 2014/15 financial year and is based on the total number of drinking water samples complying with requirements of the Safe Drinking Water Regulation 2005. Further details of drinking water compliance for each distribution system are reported annually to the Department of Health.

Table 5.3: Drinking Water Compliance

Parameter	Forecast 2014/15
E.coli (<1 E.coli in 98% of samples taken)	100%
Turbidity (95% upper confidence limit of the mean <=5 NTU)	100%
Aluminium (<=0.2 mg/L)	100%
Trihalomethanes (<=250ug/L)	*99.1%
Chloroacetic Acid (<=150ug/L)	100 %
Dichloroacetic Acid (<=100ug/L)	100%
Trichloroacetic Acid (<=100ug/L)	100%

* High Level of Trihalomethanes detected in the Fish Creek Water Supply System due to a faulty aeration pump. This infrastructure has now been connected to the Corporation's telemetry system so that in future a fault alarm will activate if/when required.

5.4 Environmental Performance

Table 5.4 below illustrates South Gippsland Water's EPA 2014/15 forecast licence compliance at its wastewater systems.

Table 5.4: EPA Licence Compliance

Sewerage Treatment Licence Compliance	Forecast 2014/15
Foster	Yes
Korumburra	Yes
Leongatha (Domestic)	No (1)
Leongatha (Trade Waste)	Yes
Toora	Yes
Waratah Bay	Yes
Welshpool	Yes
Wonthaggi/Cape Paterson/Inverloch	Yes
Yarram	Yes
Meeniyian WWTP	Yes

Note 1: The Leongatha WWTP breached the maximum ammonia limit on 11th July 2014 due to commissioning of the digesters, and during January 2015 due to an alum discharge into the WWTP.

5.5 Urban Water Consumption

The following table summarises total water consumption against forecast for 2014/15.

Table 5.5: Comparative Analysis of Forecast vs. Actual Water Consumption

	Unit	2014/2015		
		Forecast Actual	Corp Plan	Variance
Urban Water Consumption				
Murray Goulburn	kL's	775,000	800,000	(25,000)
Other Major Customer	kL's	653,000	578,000	75,000
Residential	kL's	1,930,000	1,973,148	(43,148)
Non-residential	kL's	1,293,000	1,194,604	98,396
Total	kL's	4,651,000	4,545,752	105,248

Total water consumption for 2014/15 is forecast to be favourable to budget by 2.3% mainly due to increased consumption across non-residential and various major customers. South Gippsland Water customers used an average of 112KL in 2014/15, however estimated average household usage of 115KL is used in the Corporate Plan based on long term average usage predictions.

5.6 Revenue and Operating Expenditure

Total Revenue for 2014/15 is forecast at \$29.490M, \$0.132M (0.4%) favourable to budget. This is predominately due to higher than anticipated developer contributions.

With respect to expenditure, total forecast costs (\$29.087M) are expected to be favourable by \$1.428M (4.7%) to budget due to savings realised in interest expense \$0.438M (a result of the favourable interest rate environment and capital project timing), reduction in depreciation costs \$0.611M (a result of more detailed analysis of asset registers) and reduced cost of assets sold \$0.510M (sale of land to 2015/16).

All other operational costs are forecast to be \$15.195M, within \$0.100M (0.05%) of budget. This demonstrates that South Gippsland Water has delivered the budgeted operational efficiency savings of \$1.0M for 2014/15.

The forecast surplus of \$0.403M is significantly favourable to the budgeted deficit of \$1.157M.

5.7 Forecast 2014/15 Capital expenditure

Capital expenditure for 2014/15 is forecast to be \$19.460M, against a budget of \$21.040M. All major capital projects expected to be delivered in 2014/15 will be substantially complete within the financial year. The Poowong Loch and Nyora Sewerage Scheme was budgeted to be delivered over the 2014/15 & 2015/16 financial years and while the program delivery is behind schedule it is still expected that the project will be delivered by the end of June 2016.

5.8 Carbon Tax

South Gippsland Water will pass on savings from the repeal of the Carbon Tax in full to customers via its April 2015 bills. The impact of the repeal of the tax was that South Gippsland Water's small sites received reductions in electricity tariffs totalling \$44,767. This will be passed through to customers in the form of a \$0.90 cent reduction to Water Service Tariffs and a \$1.60 reduction to Waste Water Tariffs as a one off in 2014/15. The ongoing reduction in Carbon Tax will manifest in the tariff moving forward.

6. Business Plan Targets

Objectives and Priorities	Strategies and Actions	Performance Target 2015/2016
KEY STRATEGIC OBJECTIVE 1: WATER QUALITY / QUANTITY / RELIABILITY		
<ul style="list-style-type: none"> . Meet customer satisfaction with water quality . Meet water regulations . Secure and manage sustainable future water resources for customers 		
Compliance with Safe Drinking Water Act	<p>External auditing on compliance with regulations</p> <p>Meet water quality compliance</p>	<p>DHS audit to be finalised with minimal corrective actions</p> <p>100% water quality compliance to be achieved</p>
Secure Future Sustainable Water Resources	<p>Finalise options to secure water supply to Korumburra, Poowong, Loch and Nyora.</p> <p>Finalise options to network small water supply systems in the Central area</p>	<p>Board approval of solution</p> <p>Commence extra investigations and analysis for shortlisted options</p>
Advocacy for Catchment Management	<p>Liaise with Local Government and Catchment Management Authorities, to focus on water quality in catchments</p> <p>Work with Local Government Authorities to implement catchment responsibilities and protocols</p>	<p>Attend GRWMP & Landcare meetings</p> <p>Proactively evaluate monitoring data</p> <p>Liaise with key stakeholders to implement final policy for assessment of development within catchments</p>
KEY STRATEGIC OBJECTIVE 2: CUSTOMER ENGAGEMENT AND SERVICE DELIVERY		
<ul style="list-style-type: none"> . Continue the high priority and commitment to our customers and maintenance of our service standards . Continue to consult with customers . Strong focus on communicating water and wastewater strategies 		
Customer & Community Engagement	Conduct a Customer & Stakeholder Communication Process around Water Supply Demand strategies and actions	<p>Commence Stakeholder engagement on Northern Towns options.</p> <p>Communication on Central Towns analysis</p>
Customer Service Delivery	<p>Meet Customer Charter Service Standards</p> <p>ESC Regulatory Audits</p>	<p>100% compliance to be achieved</p> <p>Audit finds no major compliance issues</p>

Objectives and Priorities	Strategies and Actions	Performance Target 2015/2016
KEY STRATEGIC OBJECTIVE 3: REGIONAL ENHANCEMENT		
. Responding to local, State and regional development policies		
Servicing small towns	<p>Managing expectations of Councils & Communities for small town sewerage</p> <p>Capital works for Poowong, Loch, Nyora to be completed as per timetable</p>	<p>Community Consultation with Fish Creek, Dumbalk, others as required</p> <p>Investigate potential for low cost wastewater systems together with local communities</p> <p>Implement works as per agreed program</p>
Planning for growth and economic development	<p>Planning & influencing incremental growth in existing towns</p> <p>Promote Council & Community awareness of regional enhancement due to Northern Towns Connection project</p> <p>Monitor actual growth against local government forecasts/SGW forecasts</p> <p>Enhance connections with local Shire Councils, Regional Development Agencies and WGCMA</p>	<p>Liaise with Council Planners on incremental growth in existing towns</p> <p>Communicate to Councils & Communities on water security & associated regional benefits</p> <p>Variances identified & factored in to long term strategies</p> <p>Continued high level of activity with stakeholders</p>
Regional Opportunities	Raise Stakeholder awareness of Venus Bay Saline Outfall asset	Raise awareness with relevant agencies

Objectives and Priorities	Strategies and Actions	Performance Target 2015/2016
KEY STRATEGIC OBJECTIVE 4: ENVIRONMENTAL SUSTAINABILITY <ul style="list-style-type: none"> . Better understand and respond to climate change / variability impacts . Manage wastewater systems to optimise the link with the integrated water cycle . Secure sustainable future water resources for customers 		
Climate Change/Variability	Better understand & respond to climate change/variability <ul style="list-style-type: none"> - Actively involved in assessing developments via CSIRO, DELWP, VicWater, BoM, etc. - Pro-active/conservative management of water systems to recognise variability of rainfall patterns 	Half yearly update to Board Storage optimisation to ensure best case capacity heading into drawdown
Long Term Wastewater Strategy	Implement works as per agreed program Tradewaste Management	Liaise with communities & construct PLN sewerage scheme as per agreed capital program Implement regional Wastewater Strategy Works as per agreed capital program Implement improved Wastewater Service Network reliability as per agreed capital program Liaise with Burra Foods through their expansion to ensure needs are understood and waste is of appropriate standard Liaise with Viplus as far as practical to leverage regional growth opportunities but with realistic wastewater management options Review classification of minor tradewaste customers
Wastewater Quality	Continue interim work to assist with compliance for Foster WWTP Meet EPA licence compliance	High focus on ensuring EPA licence compliance of Foster WWTP 100% licence compliance to be achieved
Bio Solids Management	Bio Solids Management Strategy	Finalise options for Bio Solids Management Strategy

Objectives and Priorities	Strategies and Actions	Performance Target 2015/2016
KEY STRATEGIC OBJECTIVE 5: ORGANISATION CULTURE AND DEVELOPMENT		
<ul style="list-style-type: none"> Embed efficiencies into the business in order to deliver Fairer Water Bills Attract support and retain staff by providing information & enhanced knowledge, systems & resources to ensure continued quality performance Continue working with staff to ensure a healthy, safe & rewarding work environment 		
Productivity Initiatives	Core Efficiencies	Implement Year 2 core efficiencies in line with agreed program
	Shared Services	Work with DELWP/Industry to identify shared service efficiencies
Resourcing – quantity & quality	Resourcing for service delivery Investigate further options for resource sharing & partnerships	Suitable internal staff & 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 Implement Local Government regional alliance. Involvement in at least two partnership activities
Occupational Health & Safety	Maintain an accredited OH&S Management System Improve OH&S behavioural aspects	OH&S accreditation maintained Improved focus on cultural behaviour to be demonstrated by improved bi annual survey results
Environmental Management	Maintain an accredited Environmental Management System (EMS) Improve staff EMS behavioural aspects	EMS accreditation maintained Improved focus on cultural behaviour to be demonstrated by improved bi annual survey results
KEY STRATEGIC OBJECTIVE 6: MANAGEMENT OF ASSETS		
<ul style="list-style-type: none"> Optimise asset life through the asset management strategy 		
Asset Maintenance & Replacement	Consolidation of SGW Asset Data and Information to drive key business decisions	Update key documents and complete detailed field data collection to enhance SGW Asset Planning and Investment requirements
	Implement Mobile Solutions	Develop, implement and optimise SGW Mobility solution to ensure effective and efficient maintenance delivery
	Develop and implement fit for purpose Preventative Maintenance programme for SGW Assets	Develop and implement a targeted preventative maintenance programme for critical SGW assets
	Asset Planning for Water Plan 4	Develop and commence delivery of Water Plan 4 planning works setting out SGW's investment requirements to renew, maintain and optimise our assets to meet current and future service obligations and whole of life outcomes

Objectives and Priorities	Strategies and Actions	Performance Target 2015/2016
KEY STRATEGIC OBJECTIVE 7: GOVERNANCE, REGULATION AND COMPLIANCE <ul style="list-style-type: none"> . Ensure financial sustainability . Maintain our commitment to achieve the highest standards of compliance & performance of the organisation, through sound and prudent governance . Cost efficient service delivery . Engagement with Government and responsiveness to Government Policy 		
Board governance	Train & inform Board, Senior Managers and Employees on appropriate & effective governance information Regulatory obligations Regulatory legislation and guidelines	All Directors to undergo training in line with established program 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,ESC, DTF, DoH etc Understand, contribute & respond to the implications of Water Policy formulation of the new Government
Major compliance issues	Regular Board reporting on compliance with: Statement of Obligations compliance Corporate Plan Meet reporting requirements re: Board Performance Corporate Plan Annual Report	Meet SoO's requirements Meet Corporate Plan performance targets Meet standards & timelines for actions Meet standards & timelines for actions Meet standards & timelines for actions
Capital expenditure	Capital works	Deliver Capex Program within controllable parameters on time & within budget

7. Material Changes from Previous Corporate Plan

Material changes from the 2014/15 to 2018/19 Corporate Plan include:

- Construction of the Poowong/Loch/Nyora small town's sewerage scheme commenced in 2014/15 and will continue in 2015/16, with completion date estimated to be June 2016. Delays have occurred from the original timeframes and \$1.6M of Capital Expenditure is estimated to be deferred to 2015/16 as a result. Overall, the project is still expected to be delivered within budget of \$20M by 30 June 2016.
- Bulk Water Entitlement reforms will impact the holding costs of South Gippsland Water's 1GB entitlement to the Melbourne Supply pool. Final costs are subject to Melbourne Water's 2016 pricing determination but at this stage are expected to add an additional \$290,000 per annum to operational costs from 1 July 2016.
- The previous Corporate Plan identified a peak debt level of \$56.4M reducing to \$47.9M in 2018/19. South Gippsland Water will now increase borrowings to \$56.3M in 2015/16 before reducing to \$52.8M in 2019/20. The increased debt is predominantly a result of the increased capital renewal program from 2018/19, offset somewhat by the continued favourable interest rate environment.
- Tariffs from 1 July 2015 see a decrease of between 4.5% - 10.5% in nominal terms against the currently approved ESC price path, the results of these are reflected in the Financials of Section 9 of this plan. Increases in Water Plan 4, from 2018/19 and beyond, assume an increase above inflation of 3.0% per annum based on current financial modelling.
- No other material changes.

8. Major Risks

8.1 Implementing a Solution for Northern Towns

The Corporation's Water Supply Demand Strategy and associated Business Case analysis recognised the Melbourne supply system connection as an obvious future water supply option. It also identified the preferred option for the region is the utilisation of the Lance Creek Reservoir in conjunction with Melbourne supply system to supply both the Corporation's Southern and Northern systems.

This decision was taken on the basis of the long term cost, efficiency and security of supply over the 50 year period of the Water Supply Demand Strategy. The strategy requires a major injection of capital funds to provide transfer mains to connect the Lance Creek Reservoir to the various Northern systems.

In January 2015, South Gippsland Water submitted a Business Case for \$21.4 M of government support to implement the project, however, advice was received in May 2015 that funding would not be available through the 2015/16 State Government Budget.

Without funding, the key focus during 2015/16 will be a review of alternative options to ensure the security of water supply to South Gippsland Water's northern residential and business customers, including a customer and stakeholder engagement process. The outcomes of the review and engagement processes together with any available government funding will be factored into the capital needs of the business in the 2016/17 Corporate Plan.

8.2 Interim Security of Supply (Northern Towns Solution)

In addition to identifying and implementing a long term solution for its Northern Towns, South Gippsland Water will need to ensure that existing short term measures are maintained / put in place until the permanent long term augmentations are completed and commissioned.

It will be critical that the range of infrastructure utilised in 2006/07, 2012/13/14 and again in 2015 to supplement the Coalition Creek supply system, remains available and operational. South Gippsland Water has renegotiated its Bulk Water Entitlement from the Tarwin River, and utilises a temporary pump station and a network of aged wastewater pipeline and pump infrastructure to annually augment supply to Korumburra during late summer and autumn.

While this may provide a short term solution, there are significant risks relating to performance of the temporary/aged infrastructure, climatic variability, and demand for water (residential growth and major customer demand).

8.3 Uncertainty about climate and developing appropriate responses

In response to the uncertainty of climate change/variability, South Gippsland Water reviewed its Water Supply Demand Strategy as a part of its input into the Gippsland Region Sustainable 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.

South Gippsland Water will endeavour to better understand and monitor the possible impacts of climate change/variability via active involvement in assessing climate developments together with expert and other bodies, i.e. CSIRO, DSE, 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.

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

Recent years have seen no significant “bounce back” in water consumption since the 2006/07 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, engagement with major customers to effectively utilise water has seen further significant reductions.

South Gippsland Water has forecast generally conservative demand estimates in its planning processes. The current pricing determination reflects these ongoing demand estimates. South Gippsland Water’s current Corporate Plan continues to reflect an average of 115KL, following average increases from 113KL in 2012/13, to 115KL in 2013/14 and a slight reduction to 112KL in 2014/15. The 115KL is based on long term forecasts and remains appropriate.

Between 2012/13 and 2014/15 the actual customer growth (water and wastewater) has averaged only 1.1% per annum, below the 1.4% forecast in Water Plan 3. The slower growth has a compounding unfavourably revenue impact. South Gippsland Water will monitor the impacts of potential revenue shortfalls and has adjusted growth rates to 1.1% in this Corporate Plan.

8.5 Attracting / retaining / resourcing the organisation in the long term

The remote location of the Corporation presents issues with respect to attracting and retaining skilled staff. South Gippsland Water has developed succession planning, staff development and reward models, and recruitment strategies in response. In the past the Corporation implemented a Consulting Engineering Services Model with consulting engineering company, KBR in order to provide long term security of engineering expertise, including project management.

Past external major infrastructure construction has had an impact on internal and external resources at all levels within the organisation and this expected to be a continuing issue. South Gippsland Water has seen an increase in the loss of several staff (directly and indirectly) to interstate water projects.

South Gippsland Water undertook an Operational review during 2014/15 and continues to utilise its current strategies to sustain its employment requirements. This strategy includes continuing to review structures across the organisation, as well as benchmarking remuneration to ensure competitiveness in the current employment market environment.

In addition, the current Enterprise Agreement is expiring in September 2015 and the outcome of these negotiations has the potential to impact on attracting and retaining key staff and present additional cost pressures above the CPI increases allowed in South Gippsland Water's pricing determination.

8.6 Uncertainty of demand for water from major customers

Murray Goulburn and Burra Foods are significant consumers of water resources in the Leongatha and Korumburra water supply systems. Production variations together with a possible return to dryer climatic conditions present real security of supply risks to the affected water supply systems.

Murray Goulburn previously announced major capital investment into water saving technologies with bold predictions on water reduction, however, commodity market conditions have impacted on its ability to deliver the later stages of its envisaged savings. Announcements by Murray Goulburn indicate major capital works are being undertaken which may result in significant product mix variation. While higher water consumption would test the reliability of Leongatha's water supply system, plant rationalisation or further demand reductions could result in a significant financial impact to the Corporation. 2014/15 has seen Murray Goulburn reduce water usage in the order of 5%.

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 result in significant demand for water in a system that is already committed on an annual basis.

South Gippsland Water has developed summer/autumn harvesting options in terms of addressing potential demand in 2015/16 and for the immediate short term. The Northern Towns Connection Project is the solution for meeting these higher demands in the longer term.

8.7 Failure to deliver capital program / projects on time / on budget

South Gippsland Water is focussed on delivering its capital works program in an efficient and timely manner. Possible impacts of not delivering an efficient capital works program include regulatory non-compliance, customer dissatisfaction with service delivery, cost blowouts, an inappropriate pricing path, etc.

The Corporation has implemented the recommendations of a Capital Works Process review. Among other initiatives, South Gippsland Water has set up a Capital Works Board Committee to more closely monitor strategic capital planning and delivery including adoption of leading practice asset and project management.

8.8 Asset Renewals Funding

South Gippsland Water's Asset Management System has identified that its medium term renewals program is likely to need significant capital injection as a large number of assets are nearing end of life. South Gippsland Water will concentrate efforts to more fully documenting its asset renewal profile during 2015/16 and utilise the enhanced asset information to assist in developing the 2015/16 Corporate Plan and in particular, Water Plan 4.

8.9 Delivery of Efficiency Targets and Savings

South Gippsland Water has committed to achieving core stretch and coordinated procurement targets and these efficiencies are reflected in the pricing and financials of the 2015/16 Corporate Plan. While South Gippsland Water has achieved the savings required in 2014/15, there is a risk that further envisaged savings are not fully realised. The impact would be higher accounting losses and increased borrowings as the reduction in prices and impact on revenue has already been committed.

9. Financial Details

9.1 Efficiency Initiatives

Revenue included in the Corporate Plan is based on the prices approved in the Essential Services Commission (ESC) Final Determination, adjusted during 2014/15, following the implementation of savings which resulted from targeted efficiencies identified by the Corporation. In addition, the 2015/16 prices have been adjusted by savings from the repeal of the Carbon Tax.

The resultant tariffs and savings for 2015/16 are detailed in the chart below:

SOUTH GIPPSLAND WATER

Tariff and Price Component	ESC* Price (1 July 2014)	ESC* Price (1 July 2015)	Efficiency Price Decrease	Carbon Tax Repeal Refund	Efficiency Price (1 July 2015)	Efficiency Price Decrease (%)
1.1 Water access fees (per annum)						
East/West District						
Access fee – Developed	\$314.35	318.53	-\$27.36	-\$0.90	\$290.27	-8.6%
Access fee – Undeveloped	\$314.35	318.53	-\$27.36	-\$0.90	\$290.27	-8.6%
Access fee – Agreements	\$285.79	289.59	-\$27.36	-\$0.90	\$261.33	-9.4%
Access fee – Concessional	\$257.69	261.12	-\$27.36	-\$0.90	\$232.86	-10.5%
Southern District						
Access fee – Developed	\$339.73	331.77	-\$27.36	-\$0.90	\$303.51	-8.2%
Access fee – Undeveloped	\$339.73	331.77	-\$27.36	-\$0.90	\$303.51	-8.2%
Access fee – Agreements	\$305.31	296.89	-\$27.36	-\$0.90	\$268.63	-9.2%
Access fee – Concessional	\$257.69	261.12	-\$27.36	-\$0.90	\$232.86	-10.5%
1.2 Water usage charges (per kL)						
Volumetric fee – Murray Goulburn	\$2.07	\$2.09	\$0.00	\$0.00	\$2.09	0.0%
Volumetric fee – Change 1st Nov.	\$1.71	\$1.73	\$0.00	\$0.00	\$1.73	0.0%
1.3 Sewerage access fees (per annum)						
Residential and non-residential						
Access fee – Developed	\$467.23	473.44	-\$21.28	-\$1.60	\$450.56	-4.5%
Access fee – Undeveloped	\$274.29	277.94	-\$21.28	-\$1.60	\$255.06	-7.7%

* ESC denotes Essential Services Commission approved pricing (June 2014), while Efficiency price reflects revised pricing (June 2015)

Assumes ESC inflation rises of 2.93% 2014 and 1.33% 2015.

Table 9.1(b): Projected Capital Spend per annum- Water Plan 3 Versus Current Corporate Plan

in nominal prices

YEAR	2013/14	2014/15	2015/16	2016/17	2017/18	TOTAL
2013/14 Water Plan 3 (\$M)	11.7	13.4	16.7	18.1	12.1	72.0
2015/16 Corporate Plan (\$M)	11.9	19.5	9.9	5.1	4.4	50.8
Variance	0.2	6.1	-6.8	-13.0	-7.7	-21.2

The above table shows a capital expenditure decrease of 21.2M over the five year Water Plan 3 period 2013/14 to 2017/18. This is a result of the removal \$21.4M for Northern Towns Project .

9.2 Sensitivity of Key Planning Variables

The table below shows the financial impacts of a number of scenarios.

Table 9.2(a) : Sensitivity Analysis - 2015/16 to 2019/20

Scenario	2015/16	2016/17	2017/18	2018/19	2019/20
Water Consumption					
5% lower all customers	-0.424	-0.439	-0.454	-0.478	-0.508
10% lower all customers	-0.848	-0.877	-0.907	-0.955	-1.017
5% lower non-major customers	-0.286	-0.297	-0.308	-0.324	-0.346
10% lower non-major customers	-0.573	-0.594	-0.616	-0.647	-0.691
5% lower Murray Goulburn	-0.081	-0.084	-0.086	-0.091	-0.096
10% lower Murray Goulburn	-0.163	-0.167	-0.172	-0.181	-0.192
Loss of Murray Goulburn as a major customer	-1.626	-1.670	-1.716	-1.815	-1.919
5% higher all customers	0.424	0.439	0.454	0.478	0.508
10% higher all customers	0.848	0.877	0.907	0.955	1.017
5% higher non-major customers	0.286	0.297	0.308	0.324	0.346
10% higher non-major customers	0.573	0.594	0.616	0.647	0.691
5% higher Murray Goulburn	0.081	0.084	0.086	0.091	0.096
10% higher Murray Goulburn	0.163	0.167	0.172	0.181	0.192
Service Charges					
50% lower than growth estimates	-0.080	-0.082	-0.085	-0.091	-0.098
50% higher than growth estimates	0.080	0.082	0.085	0.091	0.098
Trade Waste					
Loss of Murray Goulburn as a major customer	-1.837	-1.888	-1.939	-1.993	-2.048
Interest Rates					
Higher by 1%	-0.563	-0.543	-0.473	-0.508	-0.528
Higher by 2%	-1.126	-1.086	-0.946	-1.016	-1.056
Higher by 3%	-1.689	-1.629	-1.419	-1.524	-1.584
Lower by 1%	0.563	0.543	0.473	0.508	0.528
Lower by 2%	1.126	1.086	0.946	1.016	1.056
Lower by 3%	1.689	1.629	1.419	1.524	1.584

Comments on the above include:-

- Water consumption remains a significant financial risk to South Gippsland Water with the retention of Murray Goulburn as a major customer critical to cash flows. 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.
- In addition, the loss of Murray Goulburn would impact on trade waste revenue by nearly \$2.0M per annum.
- Other trade waste revenue variations have minimal cash impact.
- Water and wastewater assessment growth has generally been strong, however, declining recently. Risks are minor unless there were compounding deteriorating growth.
- South Gippsland Water's sensitivity to interest rates is high given that loans are expected to peak at \$59.3M during the plan. This risk is minimised by holding a majority of fixed interest rate loans and a diverse portfolio.

9.3 Operating Statement

Table 9.3(a): Revenue & Expense Details

	Forecast	Forecast	Forecast	Forecast	Forecast	Current Forecast
Year Ending 30 June	2016 (F)	2017 (F)	2018 (F)	2019 (F)	2020 (F)	2015 (F)
Revenues and Expenses (Detailed) (\$'000)						
Revenue From Core Business (As Applicable)						
Bulk Water Fixed Charges to Other Corporations	-	-	-	-	-	-
Bulk Water Charges	-	-	-	-	-	-
Urban Water Supply:						
Service / Fixed						
Residential	6,005	6,103	6,341	6,781	7,250	6,014
Non-residential	135	138	143	152	161	135
Total Service / Fixed	6,140	6,241	6,484	6,933	7,411	6,149
Usage/Volumetric						
Residential	4,943	5,302	5,326	5,600	5,983	4,732
Non-residential	3,540	3,641	3,745	3,951	4,182	3,253
Total Usage/Volumetric	8,483	8,943	9,071	9,551	10,165	7,985
Urban Sewerage						
Service / Fixed						
Residential	7,648	8,002	8,155	8,716	9,317	7,390
Non-residential	672	691	710	751	794	663
Total Service / Fixed	8,320	8,693	8,865	9,467	10,111	8,053
Usage/volumetric						
Residential	-	-	-	-	-	-
Non-residential	182	187	192	203	214	179
Total Usage/volumetric	182	187	192	203	214	179
Trade Waste Revenue by Agreement	2,189	2,244	2,300	2,357	2,416	2,248
Trade Waste Usage Revenue	-	-	-	-	-	-
Recycled Water						
Service/Fixed Charges	-	-	-	-	-	-
Usage / Volumetric Charges	-	-	-	-	-	-
Total Recycled Water	-	-	-	-	-	-
Total Revenue From Fees & Charges	25,314	26,308	26,912	28,511	30,317	24,614
Operating, Maintenance & Administration (OMA) Expenses						
Operating and Maintenance Expense	11,219	10,752	10,818	11,172	11,575	11,142
Administration Expense	4,307	4,449	4,521	4,645	4,773	4,250
Total OMA Expenses	15,525	15,200	15,339	15,817	16,348	15,392
OMA Expenses Breakdown (Total OMA)						
Bulk water Supply	-	290	298	306	315	-
Headworks	2,156	2,051	2,057	2,134	2,192	2,128
Urban water - Treatment	5,470	5,350	5,318	5,465	5,631	5,398
Urban water - Reticulation	2,310	2,168	2,227	2,289	2,352	2,280
Sewerage - Reticulation	1,849	1,729	1,777	1,826	1,876	1,825
Sewerage - Treatment	3,638	3,508	3,554	3,799	3,983	3,649
Recycled Water	-	-	-	-	-	-
Surface Water Diversions	102	105	108	-	-	112
Gravity Irrigation	-	-	-	-	-	-
Pumped Irrigation	-	-	-	-	-	-
Stock and Domestic	-	-	-	-	-	-
Groundwater	-	-	-	-	-	-
Drainage Diversions	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total OMA Expenses	15,525	15,200	15,339	15,817	16,348	15,392

Table 9.3(b): Operating Statement

	Forecast	Forecast	Forecast	Forecast	Forecast	Current Forecast
Year Ending 30 June	2016 (F)	2017 (F)	2018 (F)	2019 (F)	2020 (F)	2015 (F)
Operating Statement (FS1) (\$'000)						
Revenue						
Service Charges	16,649	17,178	17,649	18,757	19,938	16,450
Usage Charges	8,665	9,130	9,263	9,754	10,379	8,164
Developer Contribution	687	672	685	698	709	682
Developer Contributions - Gifted Assets	1,181	1,214	1,247	1,281	1,316	1,686
Temporary Trade of Bulk Entitlements	-	-	-	-	-	-
Government Contributions / Grants	-	-	-	-	-	-
Investment Interest	12	12	12	12	12	12
Profit (loss) from Sale of Assets	-	-	-	-	-	-
Other Revenue	1,032	639	765	786	806	2,032
Total Revenue	28,226	28,845	29,621	31,288	33,160	29,026
Expense						
Operating and Maintenance Expense	11,219	10,752	10,818	11,172	11,575	11,142
Administration Expense	4,307	4,449	4,521	4,645	4,773	4,250
Environmental Contributions	1,101	1,101	1,101	1,422	1,422	1,101
Borrowing Costs / Interest Expense	3,041	3,166	3,150	3,041	3,212	2,641
IT	-	-	-	-	-	-
Labour	-	-	-	-	-	-
Consultants	-	-	-	-	-	-
Depreciation and Amortisation	9,800	9,900	10,152	10,310	10,602	9,489
Other Expense	-	-	-	-	-	-
Total Expense	29,467	29,367	29,742	30,590	31,584	28,623
Earnings Before Tax	(1,241)	(522)	(121)	698	1,576	403
Income Tax Expense	-	-	-	-	-	-
Net Operating Result	(1,241)	(522)	(121)	698	1,576	403
Dividends Expense	-	-	-	-	-	-
Transfers (to)/from Reserves	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-
Net Profit (Loss)	(1,241)	(522)	(121)	698	1,576	403
Retained Profit (Loss) Carried Forward	72,933	71,692	71,170	71,048	71,746	-
Closing Retained Profit (Loss)	71,692	71,170	71,048	71,746	73,322	403

9.4 Balance Sheet

Table 9.4: Balance Sheet

	Forecast	Forecast	Forecast	Forecast	Forecast	Current Forecast
Year Ending 30 June	2016 (F)	2017 (F)	2018 (F)	2019 (F)	2020 (F)	2015 (F)
Balance Sheet (FS2) (\$'000)						
Current Assets						
Cash on Hand	6,003	6,742	3,727	3,421	3,066	4,663
Receivables	927	998	859	882	904	1,128
Less Provision for Impaired Receivables	(45)	(45)	(45)	(45)	(45)	(45)
Investments	-	-	-	-	-	-
Inventories	383	395	406	419	431	370
Prepayments	164	169	175	180	185	160
Other Current Assets	1,757	1,810	1,864	1,920	1,977	1,706
Total Current Assets	9,189	10,069	6,986	6,777	6,518	7,982
Non-Current Assets						
Infrastructure	318,523	334,563	337,065	345,198	353,221	301,504
less Accumulated Depreciation	(30,821)	(38,016)	(45,211)	(52,406)	(59,601)	(22,906)
Infrastructure WDV	287,702	296,547	291,854	292,792	293,620	278,598
Land and Buildings	13,211	13,211	13,211	13,211	13,211	13,964
less Accumulated Depreciation	(442)	(514)	(586)	(658)	(730)	(442)
Land and Buildings WDV	12,769	12,697	12,625	12,553	12,481	13,522
Plant, Equipment and Motor Vehicles	8,468	8,468	8,468	8,468	8,468	8,468
less Accumulated Depreciation	(5,786)	(5,786)	(5,786)	(5,786)	(5,786)	(5,786)
Plant, Equipment and Motor Vehicles WDV	2,682	2,682	2,682	2,682	2,682	2,682
Capital Works In Progress	21,028	8,998	9,495	13,091	15,863	15,021
Total Property, Plant & Equipment	324,181	320,924	316,656	321,118	324,646	309,823
Non-current Receivables	489	415	341	267	193	563
Deferred Tax Assets	-	-	-	-	-	-
Non-current Investments	-	-	-	-	-	-
Intangible Assets	3,888	4,013	4,013	4,013	4,013	3,888
Other Non-current Assets	-	-	-	-	-	-
Total Non-Current Assets	328,558	325,352	321,010	325,398	328,852	314,274
Total Assets	337,747	335,421	327,996	332,175	335,370	322,256
Current Liabilities						
Bank Overdraft	-	-	-	-	-	-
Current Payables	2,291	2,360	2,430	2,503	2,578	2,229
Short Term Borrowings	2,899	2,899	2,899	2,899	2,899	2,899
Finance Lease Liabilities (PPP)	-	-	-	-	-	-
Other Lease Liabilities	-	-	-	-	-	-
Employee Benefit Provision	2,334	2,400	2,466	2,537	2,071	2,103
Provision for Dividend	-	-	-	-	-	-
Other Current Provisions	-	-	-	-	-	-
Other Current Liabilities	870	922	473	300	300	500
Total Current Liabilities	8,394	8,581	8,268	8,239	7,848	7,731
Non-Current Liabilities						
Long Term Borrowings	53,400	51,400	44,400	47,900	49,900	51,400
Long Term Payables	-	-	-	-	-	-
Finance Lease Liabilities (PPP)	-	-	-	-	-	-
Other Lease Liabilities	-	-	-	-	-	-
Long Term Employee Benefit Provision	314	323	333	343	353	305
Deferred Tax Liabilities	41,584	41,584	41,584	41,584	41,584	37,351
Other Non-current Liabilities	-	-	-	-	-	-
Total Non-Current Liabilities	95,298	93,307	86,317	89,827	91,837	89,056
Total Liabilities	103,692	101,888	94,585	98,066	99,685	96,787
Net Assets	234,055	233,533	233,411	234,109	235,685	225,469
Equity						
Government Equity Contributions	65,333	65,333	65,333	65,333	65,333	65,333
Asset Revaluation Reserve	97,030	97,030	97,030	97,030	97,030	87,203
Other Reserves	-	-	-	-	-	-
Accumulated Funds (Losses)	71,692	71,170	71,048	71,746	73,322	72,933
Total Equity	234,055	233,533	233,411	234,109	235,685	225,469

9.5 Statement of Cash Flows

Table 9.5: Cash Flow Statement

	Forecast	Forecast	Forecast	Forecast	Forecast	Current Forecast
Year Ending 30 June	2016 (F)	2017 (F)	2018 (F)	2019 (F)	2020 (F)	2015 (F)
Cash Flow Statement (FS3) (\$'000)						
Cash Flows From Operations						
Cash Receipts						
Service and Usage Charges Income	26,131	26,757	27,051	28,164	30,181	24,595
Other Customer Revenue	2,025	2,081	2,138	2,261	2,391	1,971
Receipts from Government	-	-	-	-	-	-
Developer Contributions	687	672	685	698	709	650
GST Refunds from ATO	-	-	-	-	-	-
Investment (Interest) Income	12	12	12	12	12	12
Other Cash Receipts	-	-	-	-	-	-
Total Cash Receipts from Operations	28,855	29,522	29,886	31,135	33,293	27,228
Cash Payments						
Payments to Suppliers and Employees	(17,459)	(17,995)	(17,919)	(18,042)	(18,928)	(17,301)
Interest and Other Costs of Finance Paid	(3,041)	(3,166)	(3,150)	(3,041)	(3,212)	(2,708)
GST paid to the ATO	-	-	-	-	-	-
Income Tax Payments	-	-	-	-	-	-
Environmental Contributions	(1,101)	(1,101)	(1,101)	(1,422)	(1,422)	(1,101)
Other Payments	-	-	-	-	-	-
Total Cash Payments from Operations	(21,601)	(22,262)	(22,170)	(22,505)	(23,562)	(21,110)
Net Cash Inflow (Outflow) from Operations	7,254	7,260	7,716	8,630	9,731	6,118
Cash Flows From Investing Activities						
Proceeds/(Payment) from Investments	-	-	-	-	-	-
Payments for Infrastructure Assets	(7,849)	(3,065)	(2,260)	(10,327)	(10,877)	(12,753)
Payments for Property, Plant & Equipment	(1,997)	(1,995)	(2,028)	(2,684)	(1,803)	(1,929)
Payments for Intangible Assets	(100)	(100)	(100)	(100)	(100)	(3,506)
Proceeds from Sale of Assets	2,032	639	657	675	694	535
Net Cash Inflow (Outflow) from Investing Activities	(7,914)	(4,521)	(3,731)	(12,436)	(12,086)	(17,653)
Cash Flows From Financing Activities						
Proceeds from Borrowings	2,000	-	-	3,500	2,000	13,500
Proceeds from Government Equity Contributions	-	-	-	-	-	-
Repayment of Borrowings / Overdraft	-	(2,000)	(7,000)	-	-	-
Payment of Dividends	-	-	-	-	-	-
Net Cash Inflow (Outflow) from Financing Activities	2,000	(2,000)	(7,000)	3,500	2,000	13,500
Net Increase (Decrease) in Cash	1,340	739	(3,015)	(306)	(355)	1,965
Cash Held at the Beginning of the Year	4,663	6,003	6,742	3,727	3,421	2,698
Cash Held at the End of the Year	6,003	6,742	3,727	3,421	3,066	4,663
Cash on Hand per Balance Sheet	6,003	6,742	3,727	3,421	3,066	4,663

9.6 Financial Performance Indicators

Table 9.6: Financial Performance Indicators

	Forecast	Forecast	Forecast	Forecast	Forecast	Current Forecast
Year Ending 30 June	2016 (F)	2017 (F)	2018 (F)	2019 (F)	2020 (F)	2015 (F)
Key Performance Indicators						
Financial Performance Indicators						
Short Term Liquidity Indicators						
Current Assets	9,189	10,069	6,986	6,777	6,518	7,982
Current Liabilities	8,394	8,581	8,268	8,239	7,848	7,731
Net Working Capital (\$'000)	795	1,488	(1,282)	(1,462)	(1,330)	251
Working Capital Ratio (%)	109.5%	117.3%	84.5%	82.3%	83.1%	103.2%
Profitability Indicators						
Earnings Before Net Interest and Tax	1,788	2,632	3,017	3,727	4,776	3,032
EBITDA	11,600	12,544	13,181	14,049	15,390	12,533
Total Revenue from Fees & Charges	25,314	26,308	26,912	28,511	30,317	24,614
Total OMA (incl. Env Contribution) Expenses	16,626	16,301	16,440	17,239	17,770	16,493
Total Income	28,226	28,845	29,621	31,288	33,160	29,026
Total Assets at Start of Reporting Period	322,256	337,747	335,421	327,996	332,175	310,621
Total Assets at End of Reporting Period	337,747	335,421	327,996	332,175	335,370	322,256
Average Total Assets	330,002	336,584	331,709	330,086	333,773	316,439
Return on Assets (%)	0.5%	0.8%	0.9%	1.1%	1.4%	1.0%
Gross Operating Margin (%)	34.3%	38.0%	38.9%	39.5%	41.4%	33.0%
Net Profit Margin (%)	6.3%	9.1%	10.2%	11.9%	14.4%	10.4%
Underlying Result (%)	(4.4%)	(1.8%)	(0.4%)	2.2%	4.8%	1.4%
Debt Servicing Indicators						
Net Interest Expense (Income)	3,029	3,154	3,138	3,029	3,200	2,629
Net Operating Cash Before Net Interest and Tax	10,283	10,414	10,854	11,659	12,931	8,814
Net Interest Payments (Receipts)	3,029	3,154	3,138	3,029	3,200	2,696
Cash Interest Coverage (Times)	3.4x	3.3x	3.5x	3.8x	4.0x	3.3x
Long term Interest Coverage (Times)	0.6x	0.8x	1.0x	1.2x	1.5x	1.2x
Long Term Viability Indicators						
Total Debt	56,299	54,299	47,299	50,799	52,799	54,299
Total Equity	234,055	233,533	233,411	234,109	235,685	225,469
Asset Gearing ratio (%)	16.7%	16.2%	14.4%	15.3%	15.7%	16.8%
Internal Financing Ratio (%)	73.7%	143.5%	179.9%	66.3%	76.7%	41.7%
Debt to Equity (%)	24.1%	23.3%	20.3%	21.7%	22.4%	24.1%
Owners Return Indicator						
Net Operating Result	(1,241)	(522)	(121)	698	1,576	403
Total Equity at Start of Reporting Period	225,469	234,055	233,533	233,411	234,109	224,429
Average Total Equity	229,762	233,794	233,472	233,760	234,897	224,949
Return on Equity (%)	(0.5%)	(0.2%)	(0.1%)	0.3%	0.7%	0.2%
Efficiency Indicators						
Total Credit Sales Revenue	26,001	26,980	27,597	29,209	31,026	25,296
Accounts Receivable at Start of Period	1,543	1,371	1,368	1,155	1,104	688
Accounts Receivable at End of Period	1,371	1,368	1,155	1,104	1,052	1,646
Average Accounts Receivable	1,457	1,370	1,262	1,130	1,078	1,167
Net Cash from Operations	7,254	7,260	7,716	8,630	9,731	6,118
Total Operating Cash Receipts	28,855	29,522	29,886	31,135	33,293	27,228
Accounts Receivable Turnover (Days)	21.0	19.0	17.0	14.0	13.0	17.0
Operating Cash Flow Efficiency (%)	25.1%	24.6%	25.8%	27.7%	29.2%	22.5%

9.7 Capital Expenditure Forecasts

Table 9.7: Capital Expenditure Forecasts by Major Driver

Year Ending 30 June	Forecast 2016 (F)	Forecast 2017 (F)	Forecast 2018 (F)	Forecast 2019 (F)	Forecast 2020 (F)	Forecast 2021 (F)	Forecast 2022 (F)	Forecast 2023 (F)	Forecast 2024 (F)	Forecast 2025 (F)	Current Forecast 2015 (F)
Capital Program (\$'000)											
Primary Driver Summary											
Security and Reliability	475	-	-	493	422	434	-	-	-	6,227	125
Growth	-	-	-	292	1,407	1,354	1,011	191	2,187	-	493
Renewals	2,665	2,415	2,260	8,134	7,137	7,518	7,558	7,766	7,757	8,604	4,096
Regulatory Compliance	4,459	650	-	1,408	1,669	-	-	-	-	-	13,240
Total Capital Spend - Breakdown (Includes News Customer Contributions Received And Government Grants)											
Water											
Security and Reliability	475	-	-	493	422	434	-	-	-	6,227	125
Growth	-	-	-	292	1,407	1,354	1,011	191	2,187	-	493
Renewals	1,260	960	900	1,236	1,242	1,248	1,255	1,263	1,270	1,277	1,454
Regulatory Compliance	-	-	-	103	57	-	-	-	-	-	-
Headworks	250	-	-	-	242	2,424	2,013	2,318	1,864	-	-
Total Water	1,985	960	900	2,124	3,370	5,460	4,279	3,772	5,321	7,504	2,072
Wastewater											
Growth	-	-	-	-	-	-	-	-	-	-	-
Renewals	1,405	1,455	1,360	6,898	5,895	6,270	6,303	6,503	6,487	7,327	2,642
Regulatory Compliance	4,459	650	-	1,305	1,612	-	-	-	-	-	13,240
Total Wastewater	5,864	2,105	1,360	8,203	7,507	6,270	6,303	6,503	6,487	7,327	15,882
Alternative Supplies											
Recycled Water	-	-	-	-	-	-	-	-	-	-	-
Stormwater	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total Alternative Supplies	-	-	-	-	-	-	-	-	-	-	-
Environment											
Waterways and Drainage	-	-	-	-	-	-	-	-	-	-	-
Sustainability	-	-	-	-	-	-	-	-	-	-	-
Total Environment	-	-	-	-	-	-	-	-	-	-	-
Corporate											
Systems (Including IT)	752	756	757	900	461	462	464	466	467	469	686
Other	1,345	1,339	1,371	1,884	1,442	1,497	1,506	1,562	1,580	1,705	1,633
Total Corporate	2,097	2,095	2,128	2,784	1,903	1,959	1,970	2,028	2,047	2,174	2,319
Total Capital Spend	9,946	5,160	4,388	13,111	12,780	13,689	12,552	12,303	13,855	17,005	20,273
New Customer Contributions received	687.0	672.0	685.0	698.0	709.0	728	749	769	790	812	650.0
Government grants received	-	-	-	-	-	-	-	-	-	-	-
Net Capital Expenditure	9,259	4,488	3,703	12,413	12,071	12,961	11,803	11,534	13,065	16,193	19,623

9.8 Service Standards and Key Performance Indicators

Table 9.8(a): ESC Service Standards

SOUTH GIPPSLAND WATER - Service Standards 1 July 2014 to 30 June 2020

	2014-15 Est.	2015-16	2016-17	2017-18	2018-19	2019-20
Water						
Unplanned water supply interruptions (per 100km)	17.3	25.0	25.0	25.0	25.0	25.0
Average time taken to attend bursts and leaks (priority 1)	21.2	30.0	30.0	30.0	30.0	30.0
Average time taken to attend bursts and leaks (priority 2)	22.4	35.0	35.0	35.0	35.0	35.0
Average time taken to attend bursts and leaks (priority 3)	729.9	500.0	500.0	500.0	750.0	750.0
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)	100.0	99.0	99.0	99.0	99.0	99.0
Average unplanned customer minutes off water supply	42.9	25.0	25.0	25.0	25.0	25.0
Average planned customer minutes off water supply	17.8	100.0	100.0	100.0	100.0	100.0
Average unplanned frequency of water supply interruptions	0.3	0.3	0.3	0.3	0.3	0.3
Average planned frequency of water supply interruptions	0.1	0.4	0.4	0.4	0.4	0.4
Average duration of unplanned water supply interruptions (minutes)	161.7	100.0	100.0	100.0	100.0	100.0
Average duration of planned water supply interruptions (minutes)	162.4	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	16.0	16.0	16.0	16.0	16.0	16.0
Sewerage						
Sewerage blockages (per 100km)	20.2	18.0	18.0	18.0	25.0	25.0
Average time to attend sewer spills and blockages (minutes)	14.7	30.0	30.0	30.0	30.0	30.0
Average time to rectify a sewer blockage (minutes)	57.9	120.0	120.0	120.0	120.0	120.0
Spills contained within 5 hours (per cent)	97.0	97.0	97.0	97.0	97.0	97.0
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	0.7	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)	7078.2	8415.6	8550.2	8687.0	8826.0	8967.2
Recycled water target (% reused)	4.0	4.0	4.0	4.0	4.0	4.0
Biosolids reuse (% reused)	0.0	2.0	2.0	2.0	2.0	2.0
Small Town Sewerage Scheme connections (no. of)	146.0	252.0	30.0	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 9.8(b): Ministerial Reporting Directions – Financial Performance Indicators

	Key Performance Indicator	2013-14 Result	2014-15 Est. Result	2015-16 Target
F1	Interest Cover (Cash) Cash flow from operations before net interest and tax payments / net interest payments	4.6 times	3.2 times	3.4 times
F2	Gearing Ratio Total debt (including finance leases) / total assets	13.2%	16.8%	16.7%
F3	Internal Financing Ratio (Net operating cash flow – dividends) / Capital expenditure X 100	68.6%	41.7%	73.7%
F4	Current Ratio Current Assets / current liabilities (excluding long term employee provisions and revenue in advance)	0.59	1.03	1.09
F5	Return on Assets Earnings before net interest and tax / Average total assets X 100	0.6%	1.0%	0.5%
F6	Return on Equity Net profit after tax / average total equity X 100	(0.2%)	0.2%	(0.5%)
F7	EBITDA Margin Earnings before interest, tax, depreciation and amortisation / total revenue X 100	41.1%	43.2%	39.6%

Table 9.8(c): Ministerial Reporting Directions – Water and Sewerage Service Performance Indicators

	Key Performance Indicator	2013-14 Result	2014-15 Est. Result	2015-16 Target
WS1	Unplanned water supply Interruptions			
	Number of customers receiving more than 5 unplanned interruptions in the year Total number of water customers (domestic and non-domestic) customers X 100	0.0%	0.0%	0.0%
WS2	Interruption time			
	Average duration of unplanned water supply interruptions	138 minutes	150 minutes	100 minutes
WS3	Restoration of unplanned water supply			
	Unplanned water supply interruptions restored within 5 hours Total unplanned water supply interruptions X 100	98.7%	90.0%	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	98.0%	100.0%	100.0%
SS2	Sewer spills interruptions			
	No of residential sewerage customers affected by sewerage interruptions not restored within 5 hours	0.0	0.0	0.0

Table 9.8(d): Ministerial Reporting Directions – Customer Responsiveness Performance Indicators

	Key Performance Indicator	2013-14 Result	2014-15 Est. Result	2015-16 Target
CR1	Water Quality complaints No of complaints per 100 customers for:	0.4	0.4	0.8
CR2	Sewerage service quality complaints No. of complaints per 100 customers	0.0	0.0	0.0
CR3	Sewage odour complaints No. of complaints per 100 customers	0.0	0.0	0.0
CR4	Billing complaints No. of complaints per 100 customers	0.1	0.1	0.2

Table 9.8(e): Ministerial Reporting Directions – Environmental Performance Indicators

	Key Performance Indicator	2013-14 Result	2014-15 Est. Result	2015-16 Target
E1	Effluent re-use volume (end use)	3.6%	4.0%	4.0%
E2	Total Net CO2 emissions Net tonnes Co2 equivalent	6,872	7,078	8,415

9.9 Statement of Prices & Tariffs as determined by the ESC - 1 July 2015 – 30 June 2020

Revenue included in the Corporate Plan is based on the prices approved in the Essential Services Commission's (ESC) Final Determination, adjusted during 2014/15, following the implementation of savings which resulted from targeted efficiencies identified by the Corporation. In addition, the 2015/16 prices have been adjusted by savings from the repeal of the Carbon Tax.

Tariff changes for 2015/16 result in an average Southern District customer receiving a 0.2% nominal decrease from \$955.35 to \$953.33. An average East/West District customer will see a 1.1% nominal increase in 2015/16 tariffs from \$930.00 to \$940.09. Water prices in both regions of South Gippsland Water will come into alignment from 2016/17 as planned in Water Plan 3.

Volumetric charges see modest increases in line with CPI as the corporation works towards moving to a higher proportion of volumetric charges in bills as per customer consultation during Water Plan 3 development.

The next nominal tariffs for core services for the plan period are forecast in Table 9.9(a) below.

Table 9.9(a): Forecast Nominal prices - Core Water and Wastewater Tariffs

WATER INCOME	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
EAST / WEST AREA						
<i>Service Charge</i>	<i>\$ p.a.</i>	<i>\$ p.a.</i>	<i>\$ p.a.</i>	<i>\$ p.a.</i>	<i>\$ p.a.</i>	<i>\$ p.a.</i>
1. General Tariff	287.25	290.27	298.25	306.45	324.08	342.71
2. Vacant Land	287.25	290.27	298.25	306.45	324.08	342.71
3. Agreements	258.75	261.33	268.51	275.90	291.76	308.54
4. Concessional	230.55	232.86	239.26	245.84	260.47	275.45
SOUTHERN AREA						
-	-	-	-	-	-	-
<i>Service Charge</i>	<i>\$ p.a.</i>	<i>\$ p.a.</i>	<i>\$ p.a.</i>	<i>\$ p.a.</i>	<i>\$ p.a.</i>	<i>\$ p.a.</i>
1. General Tariff	312.60	303.51	298.25	306.45	324.08	342.71
2. Vacant Land	312.60	303.51	298.25	306.45	324.08	342.71
3. Agreements	278.25	268.63	268.51	275.90	291.77	308.54
4. Concessional	230.55	232.86	239.26	245.84	260.47	275.45
Volume Charge						
<i>Overall Usage</i>	<i>c per kL</i>	<i>c per kL</i>	<i>c per kL</i>	<i>c per kL</i>	<i>c per kL</i>	<i>c per kL</i>
Overall Usage	1.7100	1.7327	1.7804	1.8294	1.9345	2.0458
Agreement	1.7100	1.7327	1.7804	1.8294	1.9345	2.0458
MG	2.0700	2.0975	2.1552	2.2145	2.3418	2.4765
Major Customers	1.7100	1.7327	1.7804	1.8294	1.9345	2.0458
WASTEWATER INCOME						
<i>Service Charge</i>	<i>\$ p.a.</i>	<i>\$ p.a.</i>	<i>\$ p.a.</i>	<i>\$ p.a.</i>	<i>\$ p.a.</i>	<i>\$ p.a.</i>
1. General Tariff	446.10	450.56	462.96	475.69	503.04	531.96
2. Vacant Land	253.20	255.06	262.07	269.28	284.76	301.14
% Volumetric to Total Water Revenue	57.6%	58.3%	58.7%	58.6%	58.2%	58.1%

Customers are informed and made aware of tariffs and resulting benefits of Corporate Plan initiatives, including implementation of Water Supply Demand Strategy works.

Forecast customer impacts are detailed in Table 9.9(b) below for 200 kL usage and 115 kL usage (that is the average residential water consumption per annum).

Table 9.9(b): Customer Impacts

Modelling of Price Impacts for 200kL of water consumption

(Based on nominal dollars)

	<u>Water Service</u>		<u>Sewer</u>	<u>Total</u>	<u>\$ Change</u> Yr on Yr	<u>% Change</u> Yr on Yr
	<u>Fixed</u>	<u>Variable</u>	<u>Fixed</u>	<u>Tariffs</u>		
<i>Residential & Non-Residential Customers - East/West District</i>						
2014/15	287.25	342.00	446.10	1,075.35		
2015/16	290.27	346.54	450.56	1,087.37	12.02	1.1%
2016/17	298.25	356.08	462.96	1,117.29	29.92	2.8%
2017/18	306.45	365.88	475.69	1,148.02	30.73	2.8%
2018/19	324.08	386.90	503.04	1,214.02	66.00	5.7%
2019/20	342.71	409.16	531.96	1,283.83	69.81	5.8%
<i>Residential & Non-Residential Customers - Southern District</i>						
2014/15	312.60	342.00	446.10	1,100.70		
2015/16	303.51	346.54	450.56	1,100.61	(0.09)	0.0%
2016/17	298.25	356.08	462.96	1,117.29	16.68	1.5%
2017/18	306.45	365.88	475.69	1,148.02	30.73	2.8%
2018/19	324.08	386.90	503.04	1,214.02	66.00	5.7%
2019/20	342.71	409.16	531.96	1,283.83	69.81	5.8%
<i>Residential Tenant Customers -All Regions</i>						
2014/15	-	342.00	-	342.00		
2015/16	-	346.54	-	346.54	4.54	1.3%
2016/17	-	356.08	-	356.08	9.54	2.8%
2017/18	-	365.88	-	365.88	9.80	2.8%
2018/19	-	386.90	-	386.90	21.02	5.7%
2019/20	-	409.16	-	409.16	22.26	5.8%

Modelling of Price Impacts for 115kL of water consumption

(Based on nominal dollars)

	<u>Water Service</u>		<u>Sewer</u>	<u>Total</u>	<u>\$ Change</u> Yr on Yr	<u>% Change</u> Yr on Yr
	<u>Fixed</u>	<u>Variable</u>	<u>Fixed</u>	<u>Tariffs</u>		
<i>Residential & Non-Residential Customers - East/West District</i>						
2014/15	287.25	196.65	446.10	930.00		
2015/16	290.27	199.26	450.56	940.09	10.09	1.1%
2016/17	298.25	204.75	462.96	965.96	25.87	2.8%
2017/18	306.45	210.38	475.69	992.52	26.56	2.8%
2018/19	324.08	222.47	503.04	1,049.59	57.07	5.7%
2019/20	342.71	235.27	531.96	1,109.94	60.35	5.7%
<i>Residential & Non-Residential Customers - Southern District</i>						
2014/15	312.60	196.65	446.10	955.35		
2015/16	303.51	199.26	450.56	953.33	(2.02)	-0.2%
2016/17	298.25	204.75	462.96	965.96	12.63	1.3%
2017/18	306.45	210.38	475.69	992.52	26.56	2.8%
2018/19	324.08	222.47	503.04	1,049.59	57.07	5.7%
2019/20	342.71	235.27	531.96	1,109.94	60.35	5.7%
<i>Residential Tenant Customers -All Regions</i>						
2014/15	-	196.65	-	196.65		
2015/16	-	199.26	-	199.26	2.61	1.3%
2016/17	-	204.75	-	204.75	5.49	2.8%
2017/18	-	210.38	-	210.38	5.63	2.8%
2018/19	-	222.47	-	222.47	12.09	5.7%
2019/20	-	235.27	-	235.27	12.80	5.8%

Table 9.9(c): Corporate Plan Prices & Tariffs

Tariff and Price Component \$, nominal	Corporate Plan 2015/16 to 2019/20					
	Price (1 July 2014)	Price (1 July 2015)	Price (1 July 2016)	Price (1 July 2017)	Price (1 July 2018)	Price (1 July 2019)
1.1 Water access fees (per annum)						
East/West District						
Access fee – Developed	287.35	290.27	CPI	CPI	CPI +3.0%	CPI +3.0%
Access fee – Undeveloped	287.35	290.27	CPI	CPI	CPI +3.0%	CPI +3.0%
Access fee – Agreements	258.79	261.33	CPI	CPI	CPI +3.0%	CPI +3.0%
Access fee – Concessional	230.69	232.86	CPI	CPI	CPI +3.0%	CPI +3.0%
Southern District						
Access fee – Developed	312.73	303.51	CPI -4.4%	CPI	CPI +3.0%	CPI +3.0%
Access fee – Undeveloped	312.73	303.51	CPI -4.4%	CPI	CPI +3.0%	CPI +3.0%
Access fee – Agreements	278.31	268.63	CPI -2.8%	CPI	CPI +3.0%	CPI +3.0%
Access fee – Concessional	230.69	232.86	CPI	CPI	CPI +3.0%	CPI +3.0%
1.2 Water usage charges (per kL)						
Volumetric fee – Murray Goulburn	2.07	2.09	CPI	CPI	CPI +3.0%	CPI +3.0%
Volumetric fee – All others	1.71	1.73	CPI	CPI	CPI +3.0%	CPI +3.0%
1.3 Sewerage access fees (per Residential and non-residential)						
Access fee – Developed	446.23	450.56	CPI	CPI	CPI +3.0%	CPI +3.0%
Access fee – Undeveloped	253.29	255.06	CPI	CPI	CPI +3.0%	CPI +3.0%
1.4 Cistern access fees (per annum)						
1-2 Cisterns	151.35	153.35	CPI	CPI	CPI +3.0%	CPI +3.0%
3-5 Cisterns	398.25	403.55	CPI	CPI	CPI +3.0%	CPI +3.0%
6-10 Cisterns	771.00	781.25	CPI	CPI	CPI +3.0%	CPI +3.0%
11-15 Cisterns	1,234.50	1,250.90	CPI	CPI	CPI +3.0%	CPI +3.0%
16-20 Cisterns	2,058.60	2,085.95	CPI	CPI	CPI +3.0%	CPI +3.0%
21-26 Cisterns	2,946.45	2,985.60	CPI	CPI	CPI +3.0%	CPI +3.0%
27-35 Cisterns	3,611.40	3,659.40	CPI	CPI	CPI +3.0%	CPI +3.0%
36–Greater Cisterns	4,126.65	4,181.50	CPI	CPI	CPI +3.0%	CPI +3.0%
Volume Charge – (per kL)						
Volume Charge	1.71	1.73	CPI	CPI	CPI +3.0%	CPI +3.0%
1.5 Minor trade waste fees						
Application fees (per application)						
Category 1	118.00	120.00	CPI +0.4%	CPI +0.4%	CPI	CPI
Category 2	188.20	191.45	CPI +0.4%	CPI +0.4%	CPI	CPI
Category 3	344.50	350.45	CPI +0.4%	CPI +0.4%	CPI	CPI
Access fees (per annum)						
Access fee – Category 1	614.50	622.65	CPI	CPI	CPI	CPI
Access fee – Category 2	816.15	827.00	CPI	CPI	CPI	CPI
Access fee – Category 3	1,012.50	1,025.95	CPI	CPI	CPI	CPI
Volumetric fees (per kL)						
All Categories	0.8160	0.8269	CPI	CPI	CPI	CPI
Quality fees (per kg)						
BOD	0.6500	0.6612	CPI +0.4%	CPI +0.4%	CPI	CPI
SS	0.6100	0.6206	CPI +0.4%	CPI +0.4%	CPI	CPI
Nitrogen	2.7490	2.7966	CPI +0.4%	CPI +0.4%	CPI	CPI
Phosphorus	15.6600	15.9309	CPI +0.4%	CPI +0.4%	CPI	CPI
Additional sampling (per sample)						
All Categories	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost
Exceedence fees (per kg)						
Oil & Grease	0.9800	0.9970	CPI +0.4%	CPI +0.4%	CPI	CPI
Sodium	0.9800	0.9970	CPI +0.4%	CPI +0.4%	CPI	CPI
TOS	0.7015	0.7136	CPI +0.4%	CPI +0.4%	CPI	CPI

Tariff and Price Component \$, nominal	Corporate Plan 2015/16 to 2019/20					
	Price (1 July 2014)	Price (1 July 2015)	Price (1 July 2016)	Price (1 July 2017)	Price (1 July 2018)	Price (1 July 2019)
1.6 New customer contributions (per lot)						
Water						
Category One Lot < 450 sq m	1,213.00	1,545.00	CPI + 20.7%	CPI + 16.0%	CPI	CPI
Category Two Lot 450 - 1350 sq m	1,614.00	1,814.00	CPI + 10.3%	CPI + 8.3%	CPI	CPI
Category Three Lot size > 1350 sq m	2,415.00	2,379.00	CPI - 3.1%	CPI - 5.8%	CPI	CPI
Sewer (Excluding Poowong Loch Nyora & Alberton)						
Category One Lot < 450 sq m	1,213.00	1,545.00	CPI + 20.7%	CPI + 16.0%	CPI	CPI
Category Two Lot 450 - 1350 sq m	1,614.00	1,814.00	CPI + 10.3%	CPI + 8.3%	CPI	CPI
Category Three Lot size > 1350 sq m	2,415.00	2,379.00	CPI - 3.1%	CPI - 5.8%	CPI	CPI
Sewer (Poowong Loch & Nyora)						
Mandatory Service Area - existing lot	800.00	800.00	10,000.00	CPI	CPI	CPI
Mandatory Service Area - newly developed	800.00	10,000.00	10,000.00	CPI	CPI	CPI
Voluntary Service Area - existing lot	5,000.00	5,000.00	10,000.00	CPI	CPI	CPI
Voluntary Service Area - newly developed lot	5,000.00	10,000.00	10,000.00	CPI	CPI	CPI
Outside Service Area - all lots	10,000.00	10,000.00	10,000.00	CPI	CPI	CPI
Sewer (Alberton)						
with dwelling	10,250.00	10,380.00	CPI	CPI	CPI	CPI
vacant lot	5,125.00	5,190.00	CPI	CPI	CPI	CPI
1.7 Miscellaneous fees and charges						
Property information statements	48.50	49.15	CPI	CPI	CPI	CPI
<i>Fee imposed for providing a certificate issued in accordance with Section 158 of the, Water Act 1989.</i>						
Special meter readings	24.50	24.80	CPI	CPI	Actual Cost	Actual Cost
<i>Fee imposed for providing a certificate which indicates water usage charges up to a specified date. Generally provided, on application, for property sales.</i>						
As constructed charge	66.50	67.35	CPI	CPI	CPI	CPI
<i>As constructed charge</i>						
20mm Tapping Fee	368.50	373.40	CPI	CPI	CPI	CPI
<i>Fee imposed for meter and labour associated in providing a tapping to the water main.</i>						
Plumbing Industry Commission (PIC) Fee	207.00	209.75	CPI	CPI	CPI	CPI
<i>Fee imposed for providing sewer plans and processing applications to connect or modify plumbing.</i>						
Standpipe Water Sales (per kL)						
<i>Fee imposed for the sale of water via a metered standpipe.</i>						
- Registered Users	5.32	5.46	CPI + 1.3%	CPI + 1.3%	CPI + 3.0%	CPI + 3.0%
- Unregistered Users	7.10	7.29	CPI + 1.3%	CPI + 1.3%	CPI + 3.0%	CPI + 3.0%
Septic Tank Waste Receptival (per kL)	24.50	24.90	CPI + 0.4%	CPI + 0.4%	CPI + 3.0%	CPI + 3.0%
<i>Fee imposed on septic tank waste carters, for the disposing of sewage and/or other acceptable waste.</i>						
Non Core Miscellaneous Services						
<i>Non core miscellaneous services</i>	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost