



CORPORATE PLAN

2016/17 to 2020/21

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1 Context

South Gippsland Water has prepared this five year Corporate Plan for 2016/17 to 2020/21 in compliance with Section 247 and 248 of the Water Act 1989.

2016/17 is the fourth 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. It represents a balanced approach of managing environmental, social and economic factors to provide quality water and waste water services to the communities of South Gippsland.

The South Gippsland region has seen low rainfall during spring and summer with the townships of Fish Creek, Korumburra, Poowong, Loch and Nyora resulting in staged water restrictions. South Gippsland Water utilised its temporary Bulk Entitlement from the Tarwin River, a temporary pump station and a network of aged wastewater pipeline and pump infrastructure to augment supply to Korumburra during late 2015 and into 2016. However, as a long term option this is not feasible, particularly given the age of the infrastructure. Without new infrastructure, the water security of local communities is at risk.

South Gippsland Water's Water Supply Demand Strategy identified networking the Corporation's Northern and Southern systems. The Northern Towns Connection Business Case analysis considered all sources of water and documented the cost of augmenting and maintaining multiple existing surface water systems including ageing dams and meeting emerging water quality standards, against utilising South Gippsland Water's largest reservoir, Lance Creek, as a primary water supply and the Melbourne Supply System including the potential to utilise the Victorian desalination plant as backup.

On the 21st April 2016, the State Government announced \$30M of funding to support the Northern Towns Connection Project. The project will make use of the 82km pipeline constructed by the State Government connecting to the Melbourne Supply System as well as South Gippsland Water's existing connection to that system. In other words, connecting and leveraging off Victoria's "Water Grid". In the short to medium term the Melbourne Supply System would only be used as a back up to the Lance Creek Reservoir supply. This would secure the townships of Inverloch, Wonthaggi, Cape Paterson, Korumburra, Poowong, Loch and Nyora against drought as well as mitigating the risk of local water quality issues such as blue green algae outbreaks.

The project encompasses the interconnection of the region's Southern and Northern towns to provide a single efficient system which would avoid numerous costly individual upgrades to small water treatment plants and systems with unreliable yields due to small storages and small catchments. The certainty of supply would enable levels of regional economic growth which would otherwise not have been possible.

Previously, South Gippsland Water prepared and consulted with the community and other stakeholders with respect to its 50 year Water Supply Demand Strategy. The strategy incorporates scenarios on climate change, economic development and increases in population across the region and documents potential water use and options for securing the region's water supplies for the next 50 years. During 2015/16 a further customer engagement process was completed via a series of focused panel sessions to further review and challenge the Corporation's preferred option to secure the regions Northern Towns.

The result of this consultation process was to confirm the Corporation's direction to connect the small water supply systems to Lance Creek and the Melbourne Supply System.

The project approach will be connecting the Lance Creek Reservoir to Korumburra, Poowong, Loch and Nyora during the period 2016 to 2019. A further value option would be to connect Korumburra to Leongatha when forecast demand requires.

The Northern Towns Connection Project, once all stages are completed, will secure the water supply and meet the demands of 80% of South Gippsland Water's residential and business customers, including major customers Burra Foods (Korumburra), GBP Abattoirs (Poowong), and Murray Goulburn (Leongatha).

South Gippsland Water has continued to identify and implement efficiencies across the organisation through the Gippsland Region Memorandum of Understanding (MoU), a joint initiative of Gippsland Water businesses. During 2014/15, the Corporation commenced implementing a number of key efficiency initiatives in order to increase productivity and lower household water bills. These initiatives have continued throughout 2015/16, lower operational and capital expenditure, and resultant lower household water bills, which now been embedded into South Gippsland Water's forward planning.

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 has continued to enhance its asset information during 2015/16. Asset Renewal is a significant focus for this Corporate Plan and will be a subject for consideration in the upcoming Pricing Review customer engagement process.

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 will be substantially complete by June 2016 and has been delivered as a collaborative project with South East Water. The project comprises of an innovative pressure sewer collection system for all three townships with wastewater transferred under agreement to South East Water's Lang Lang Treatment Plant for treatment and reuse.

The Poowong, Loch, Nyora Sewerage scheme will be delivered eighteen months ahead of the original schedule. The total cost for the entire project will be \$20M, a significant saving against the initial estimates of \$30M for a traditional modified gravity scheme.

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

During 2015 the Department of Health introduced Health Based Targets as a future requirement for measuring water quality including pathogen risk in a number of South Gippsland Water systems. To ensure continued high quality water supplies the Corporation will be required to identify and implement a range of water quality initiatives across the region.

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 to 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.

2 South Gippsland Water

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

The Corporation demonstrates its commitment to the stewardship of the region's "natural capital" through initiatives based on continuous improvement at all our operational facilities, together with programs aimed at engaging and 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 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 collaborates with the programs and activities of other regional agencies in developing its strategies and plans, in so doing, contributing to an integrated regional approach to natural resource management.

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 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 and at an average bill to customers that is amongst the lowest in the state.

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

South Gippsland Water has catchment to customer and disposal functions and provides the full range of water supply, 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 2015/16, it is estimated that a total of 210 ML of recycled water was used mainly for pasture irrigation. A small percentage of this total was provided for watering sporting grounds (9 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 20,600 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	130(estimate)	105	Agnes River	Not Serviced
Port Welshpool	184	276	Agnes River	262
Toora	462	517	Agnes River	286
Welshpool, Hedley	457	207	Agnes River	120
Fish Creek	826	207	Battery Creek	Not Serviced
Korumburra	3,506	2,219	Coalition Creek	1,912
Foster	1,138	865	Deep Creek	776
Inverloch,	4,795	4,539	Lance Creek	4,496
Cape Paterson	771	1,143	Lance Creek	1,126
Wonthaggi	7,406	4,478	Lance Creek	4,244
Loch	196 (estimate)	146	Little Bass	Under Construction
Nyora	733	354	Little Bass	67
Poowong	330	204	Little Bass	Under Construction
Koonwarra	400	80	Ruby Creek	Not serviced
Leongatha	5,068	3,101	Ruby Creek	2,921
Alberton	265	146	Tarra River	97
Devon North	498	125	Tarra River	Not Serviced
Port Albert	251	397	Tarra River	331
Yarram	1,782	1,193	Tarra River	1,078
Dumbalk	430	103	Tarwin River – East Branch	Not Serviced
Meeniyan	472	272	Tarwin River – West Branch	238
Waratah Bay	216	Not Serviced	N/A	114
Totals	29,562 Water 27,055 Waste Water	20,677		18,068

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 2016.
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:

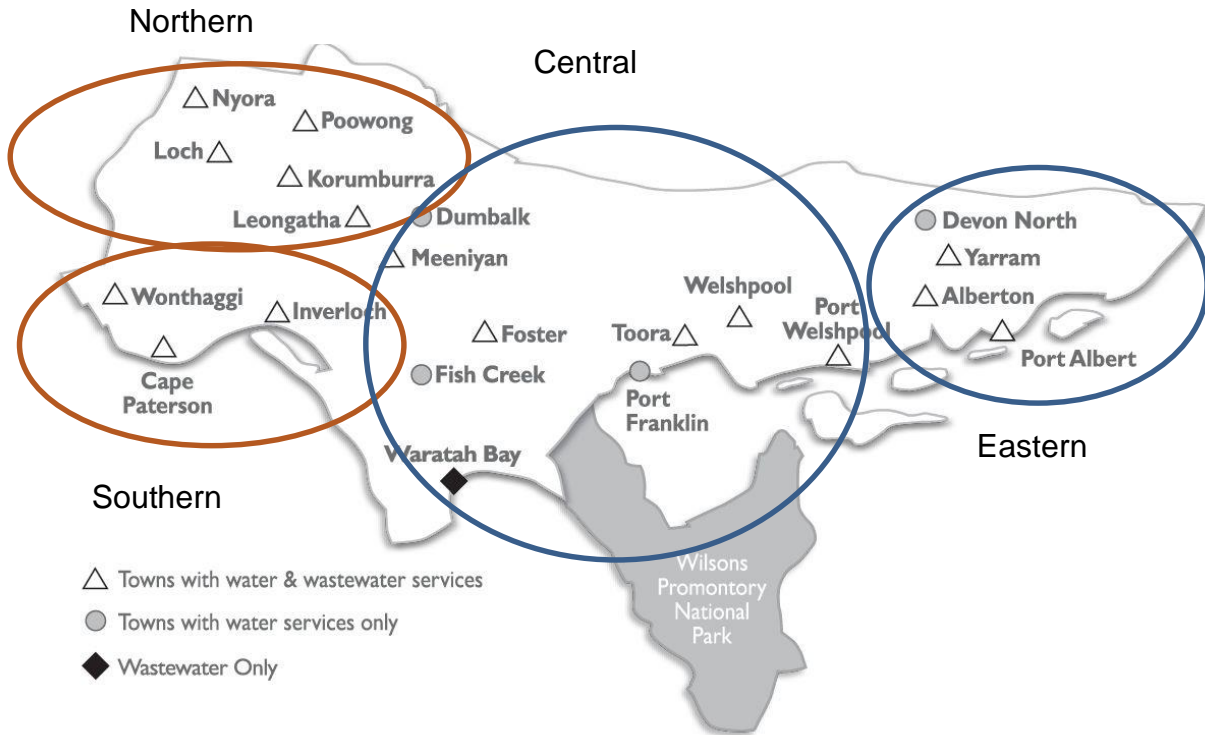
- 10 separate water supply systems
- 10 water treatment plants
- 703km of water mains
- 15 water pump stations
- servicing over 20,600 assessments over 21 towns with around 4,600ML annual volume of metered water

A Sewerage Services Function comprising:

- 10 conventional wastewater collection systems
- 1 vacuum wastewater system
- pressure wastewater systems
- 11 sewerage treatment plants
- 1 dedicated saline tradewaste system
- 476km of wastewater mains
- 64 wastewater pump stations
- marine environment outfalls
- 2 inland water discharge points
- servicing over 18,000 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 towns fronting Bass Strait in the south through to the Strzelecki Ranges in the north. The western boundary adjoins Westernport Water, the northern boundaries adjoin South East Water and Gippsland Water.

Map 2.2: South Gippsland Water Service Area



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.

Our Vision

Our Future Ideal is

To be widely recognized as an exemplary service provider and valued as an essential contributor to regional development and resource sustainability

Our Mission

Our Core Purpose is

As South Gippsland Regional Urban Water Corporation; to secure and manage quality water and waste water systems, in an environmentally sustainable and cost efficient manner

Our Strategic Objectives

We will focus on seven key strategic objectives

- Water Quality and Water Reliability
- Customer Engagement
- Environmental Sustainability
- Organisation Culture and Development
- Management of Assets
- Governance, Regulation and Compliance

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 Areas of Focus

South Gippsland Water, in dealing with ongoing challenges and emerging issues, has set out major long term and short term 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 implementing a cost effective sustainable Water Supply Demand Strategy. The Strategy will ensure future demand will be met taking into consideration regional growth and the impacts of climate change/variability on the local environment:

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

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

Major capital expenditure over the planning period focuses on:

- Completion of the construction of a pressure reticulation sewerage scheme for the towns of Poowong, Loch, and Nyora, incorporating local solutions for water management
- Northern Towns Connection - Lance Creek to Korumburra, Poowong, Loch and Nyora connection
- Further improvement works at water treatment plants, 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 prioritized and categorised renewal works

In summary;

South Gippsland Water will implement the Northern Towns Connection project To secure water supplies to the townships of Korumburra, Poowong, Loch and Nyora.

South Gippsland Water will continue to improve its asset information and systems in order to quantify, prioritise renewal works, and undertake a community and stakeholders engagement program.

South Gippsland Water will finalise its options to secure small water supply systems and identify potential food and fibre sector opportunities.

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 the Gippsland Region MoU.

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.

South Gippsland Water will continue to liaise with Local Government, EPA and the local Catchment Management Authority on domestic wastewater compliance and priorities.

South Gippsland Water will liaise with Local Government with respect to economic and population growth to optimise existing and future assets and supplies.

With respect to water quality and reliability, the Corporation will identify and carry out minor treatment and network improvement works

Quantification of the microbiological risks are required with the introduction of the new Safe Drinking Water Regulations. South Gippsland Water will undertake health based target assessment of our treatment systems. Additionally we will be reviewing our water treatment plant performances with Australian Drinking Water Guidelines as part of our Drinking Water management System. These analysis will identify necessary water treatment improvements.

South Gippsland Water will undertake the following actions to ensure water security over the next Corporate Plan period;

Water Supply System	Zone	Towns Serviced	Water Security Actions during Corporate Plan
Agnes River	Eastern	Port Franklin, Port Welshpool, Toora, Welshpool	<p>Review Central Towns Strategy for construction of a raw/treated water delivery trunk main connecting Deep Creek (Foster), Battery Creek (Fish Creek) and Agnes River (Toora) water supply systems.</p> <p>In particular, carry out an Integrated Water Cycle Management analysis to inform the potential for localised solutions.</p> <p>The Corporation will consult with the community with respect to the Central Towns Strategy.</p>
Battery Creek Reservoir	Eastern	Fish Creek	<p>Review Central Towns Strategy for construction of a treated water delivery trunk main connecting Deep Creek (Foster), Battery Creek (Fish Creek) and Agnes River (Toora) water supply systems. In particular, carry out a Integrated Water Cycle Management analysis to inform the potential for localised solutions.</p> <p>The Corporation will consult with the community with respect to the Central Towns Strategy.</p>
Coalition Creek storages	Northern	Korumburra	Implement the Northern Towns Connection project
Deep Creek / Foster Dam	Eastern	Foster	<p>Review Central Towns Strategy for construction of a raw/treated water delivery trunk main connecting Deep Creek (Foster), Battery Creek (Fish Creek) and Agnes River (Toora) water supply systems. In particular, carry out a Integrated Water Cycle Management analysis to inform the potential for localised solutions.</p> <p>The Corporation will consult with the community with respect to the Central Towns Strategy.</p>
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	Continue the Integrated Water Cycle Management pilot project. Implement the Northern Towns Connection project .
Ruby Creek storages	Northern	Koonwarra, Leongatha	Opportunity for Integrated Water Cycle Management options, No major activities for this Plan period.

Water Supply System	Zone	Towns Serviced	Water Security Actions during Corporate Plan
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 finalise construction of the pressure sewer reticulation system incorporating Integrated Water Cycle Management initiatives for the towns of Poowong, Loch, and Nyora. This scheme 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 liaise with local Council and investigate the potential for low cost, 'user pays' waste water treatment options for small towns. The provision of these wastewater services will provide for regional development and growth opportunities.

South Gippsland Water will undertake the following actions to ensure quality wastewater systems over the Corporate Plan period:

Wastewater System	Towns Serviced	Actions during Corporate Plan
Meeniyan	Meeniyan	Undertake Ecological Risk assessment for winter discharge at Stoney Creek and obtain a licence to discharge.
Poowong/Loch/Nyora Country Towns Sewerage Scheme	Poowong/Loch/Nyora	Continue connection of properties to the Poowong, Loch, Nyora Sewerage Scheme. 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	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. Undertake Ecological Risk Assessment at the Baxter's Beach discharge point and apply for licence amendment with EPA for increased volume of discharge. Liaise with the Bass Coast Shire Council and apply for Planning Scheme Amendments to create overlays for protection of waste water system buffer areas.
	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.
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 South Gippsland communities.

5 Planning Assumptions

5.1 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. Recent years have approximated long term average rainfall, however, 2015/16 has seen a return of dry conditions with rainfall recorded at a 30 year low. Provision of water during drought conditions 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.

Small fill and spill reservoirs that have served for 100 years, however, with diminished stream flows now provide a challenging environment for the regions water needs. The Northern Towns Connection project will be pivotal in providing continuing reliable water supplies to Korumburra, Poowong, Loch and Nyora. However, until the project 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 a number of factors including the recent economic expansion of a major manufacturer and subsequent increase in water usage) during late summer and autumn.

Over 200 ML's of supplementary water will be delivered to Korumburra customers during 2015/16. Given the extreme dry spring / summer, the supplementary water supply has been problematic in meeting demand and as at mid April 2016, Stage 2 restrictions were implemented for the townships of Fish Creek, Korumburra, Poowong, Loch and Nyora.

5.2 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 center of Sale.

However, the South Gippsland LGA covers the major centers 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 previous three years, the actual customer growth (water and wastewater) has averaged 0.8% per annum against a Water Plan 3 budget of 1.4%, this is, just over half of that expected due to downturn in developer activity. 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

	2016/17	2017/18	2018/19	2019/20	2020/21
Water – % Growth	1.10%	1.10%	1.10%	1.10%	1.10%
Water – Assessment No's	20,974	21,204	21,438	21,674	21,891
Wastewater - % Growth *	1.42%	1.08%	1.08%	1.08%	1.08%
Wastewater – Assessment No's	18,386	18,583	18,784	18,987	19,192

*Includes Poowong/Loch/Nyora Small Town Sewerage Scheme which is expected to connect a remaining 60 properties during 2016/17.

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	2016 (F)	2017 (F)	2018 (F)	2019 (F)	2020 (F)	2021 (F)
Number of Assessments						
Urban Water Supply (#)						
Residential	17,464	17,621	17,808	17,997	18,189	18,371
Non Residential	3,348	3,353	3,397	3,441	3,485	3,520
Total Urban Water Supply	20,812	20,974	21,204	21,438	21,674	21,891
Urban Sewerage Service (#)						
Residential	16,524	16,615	16,792	16,973	17,157	17,342
Non Residential / Other	1,760	1,772	1,791	1,810	1,830	1,850
Total Urban Sewerage Service	18,284	18,386	18,583	18,784	18,987	19,192
Trade Waste by Agreement (#)	269	270	271	272	273	274
Recycled Water (#)	3	5	5	5	5	5

5.3 Environmental Contribution

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

The Corporate Plan includes the collection and payment of an Environmental Contribution of \$1,101,000 per annum for the first 2 years, increasing to an estimated \$1,422,000 in 2018/19 and beyond.

5.4 Government Contributions

It has been assumed that the Corporation will receive \$30M in Government contributions over the first 3 years of the plan period for the Northern Towns Connection Project. This funding is forecast to be received in three tranches with \$7m in 2016/17, \$18m in 2017/18 and the remaining \$5m in 2018/19.

The business case for the Northern Towns Connection Project was re-submitted in December 2015 showing a total project cost of \$41.3 using P75 projections the State Government announced on the 21st April 2016 \$30M in funds will be allocated in the 2016/17 State Budget. South Gippsland Water has incorporated the Northern Towns Connection Project capital works into this Corporate Plan. South Gippsland Water will fund the remaining capital using borrowings.

South Gippsland Water will fund the difference in Capital costs of the Northern Towns project and has included a \$100,000 per annum additional operating cost to temporarily augment the Korumburra water supply until the projects completion and commissioning.

5.5 Forecast Inflation Rates

An inflation rate of 2.0% has been used for 2016/17 and 2.5% pa for the remaining years of the plan.

5.6 Wage Increases

The wages calculation has been determined using current Government Policy. A new Enterprise Agreement has commenced negotiation and South Gippsland Water, at the time of writing, is unsure of the outcome of these negotiations. For forecasting purposes a 3.0% per annum increase has been assuming during this corporate planning period.

5.7 Bulk Water Entitlements Reform

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

At the time of writing, Melbourne Water's Pricing Submission is currently being considered by the Essential Services Commission (ESC). The impact of the current reforms will most likely result in South Gippsland Water moving from a purely variable tariff to a fixed and variable tariff for this entitlement. Melbourne Water has proposed a transitional arrangement whereby South Gippsland Water will pay for the fixed cost of holding the entitlement for 2016/17 to 2020/2021 over a shortened period of 2018/19 to 2020/21 to match the Corporation's next pricing period. Without this transitional period South Gippsland Water would be required to find an additional \$425,000 per annum from 2016/17.

South Gippsland Water has assumed the shorted period of funding will be approved and has included \$653,000 per annum for Bulk Entitlement fixed costs in the 2018/19, 2019/20 and 2020/21 financial years, after which the fixed costs will revert to an annual figure of \$425,000 per year for 2021/22 and beyond.

5.8 Interest on Investment

An interest rate of 1.9% has been used to calculate investment revenue.

5.9 Borrowings

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

Borrowings predicted for the Corporate Plan period increase from \$56.3M in 2015/16 to \$71.3M in 2020/21.

5.10 Dividend Calculation

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

5.11 Taxation Payments

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

6 Outcomes for 2015/16

6.1 Introduction

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

6.2 Core Service standards

South Gippsland Water has committed to meet approved targets for a core set of service standards. Table 5.2 below details the Corporation's delivery of the service standards for 2013/14 and 2014/15 and forecast achievement for 2015/16.

Table 5.2: Delivery of Service Standards

Service Standards

Water

	2013/14 Actual			2014/15 Actual			2015/16 Estimate		
	Actual	Target	Var.	Actual	Target	Var.	Forecast	Target	Var.
Unplanned water supply interruptions (per 100km)(number)	21.6	25.0	13.6%	17.2	25.0	31.2%	20.0	25.0	20.0%
Average time taken to attend bursts and leaks (priority 1)(minutes)	17.0	30.0	43.4%	21.0	30.0	30.1%	23.1	30.0	23.0%
Average time taken to attend bursts and leaks (priority 2)(minutes)	21.9	35.0	37.4%	22.4	35.0	36.0%	70.3	35.0	-100.8%
Average time taken to attend bursts and leaks (priority 3)(minutes)	742.3	500.0	-48.5%	729.9	500.0	-46.0%	700.0	500.0	-40.0%
Unplanned water supply interruptions restored within 5 hours (percent)	100.0	99.0	1.0%	98.0	99.0	-1.0%	99.0	99.0	0.0%
Planned water supply interruptions restored within 5 hours (percent)	96.0	99.0	-3.0%	100.0	99.0	1.0%	96.0	99.0	-3.0%
Average unplanned customer minutes off water supply (minutes)	29.3	25.0	-17.1%	43.6	25.0	-74.2%	17.0	25.0	32.0%
Average planned customer minutes off water supply (minutes)	34.4	100.0	65.6%	18.3	100.0	81.7%	18.0	100.0	82.0%
Average unplanned frequency of water supply interruptions (ratio)	0.22	0.3	26.7%	0.27	0.3	10.0%	0.17	0.3	43.3%
Average planned frequency of water supply interruptions (ratio)	0.19	0.4	52.5%	0.11	0.4	72.5%	0.11	0.4	72.5%
Average duration of unplanned water supply interruptions (minutes)	134.2	100.0	-34.2%	160.0	100.0	-60.0%	99.9	100.0	0.1%
Average duration of planned water supply interruptions (minutes)	176.9	240.0	26.3%	161.5	240.0	32.7%	168.6	240.0	29.8%
No. of customers experiencing more than 5 unplanned water supply interruptions in the year (number)	0.0	0.0	0.0%	1.0	0.0	-100.0%	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)	14.8	18.0	18.1%	23.9	18.0	-32.6%	16.9	18.0	6.1%
Average time to attend sewer spills and blockages (minutes)	8.0	30.0	73.4%	11.1	30.0	62.9%	30.0	30.0	0.0%
Average time to rectify a sewer blockage (minutes)	34.4	120.0	71.3%	51.2	120.0	57.4%	114.8	120.0	4.3%
Spills contained within 5 hours (percent)	98.0	100.0	-2.0%	93.0	100.0	-7.0%	97.7	100.0	-2.3%
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)	0.5	1.1	51.8%	0.7	1.1	36.4%	0.5	1.1	54.5%
Telephone calls answered within 30 seconds (percent)	97.0	98.0	-1.0%	99.0	98.0	1.0%	99.0	98.0	1.0%

Minimum flow rates

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

Additional service standards

	2013/14 Actual			2014/15 Actual			2015/16 Estimate		
	Actual	Target	Var.	Actual	Target	Var.	Forecast	Target	Var.
Total CO2 equivalent Emissions (Tonne)	6872.0	8687.0	20.9%	7411.0	8415.6	11.9%	7781.0	8687.0	10.4%
Recycled water target (% reused)	3.6	4.0	-10.0%	4.0	4.0	0.0%	4.0	4.0	0.0%
Biosolids reuse (% reused)	0.0	2.0	0.0%	71.0	0.0	100.0%	40.0	2.0	1900.0%
Small Town Sewerage Scheme connections (no. of)	12.0	252.0	-95.2%	150.0	30.0	400.0%	320.0	252.0	27.0%
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)	99.0	100.0	-1.0%	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 Leongatha & Korumburra during this year a number of unplanned water indicators are forecast to be exceeded. Priority 2 attendances are not likely to be met due to new process in maintenance. This has now been addressed and likely that we will move closer to compliance before year end. Priority 3 attendances are not likely to be met due to weekend calls. SGW has attempted to renegotiate this target with ESC and will address this issue in the upcoming pricing review.

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 2015/16 financial year and is based on the total number of drinking water samples complying with requirements of the Safe Drinking Water Regulations 2015. Further details of drinking water compliance for each distribution system are reported annually to the Department of Health.

Table 5.3: Drinking Water Compliance

Parameter	Standard SDWR 2015	Forecast 2015-16
<i>Escherichia coli</i> (<i>E. coli</i>)	All samples of water to contain no <i>E. coli</i> per 100 mL of drinking water with the expectation of any false positive sample	100%
Turbidity	The 95th percentile of results for samples in any 12-month period must be less than or equal to 5.0 Nephelometric Turbidity Units	100%
Total Trihalomethanes	Less than or equal to 0.25 mg per litre of drinking water	100%

*Note new Safe Drinking Water Regulations came into effect on the 18th July 2015.

6.3 Environmental Performance

Table 5.4 below illustrates South Gippsland Water's EPA 2015/16 forecast licence compliance at its wastewater systems.

Table 5.4: EPA Licence Compliance

Sewerage Treatment Licence Compliance	Forecast 2015/16
Foster	Yes
Korumburra	Yes
Leongatha (Domestic)	Yes
Leongatha (Trade Waste)	Yes
Toora	Yes
Waratah Bay	Yes
Welshpool	Yes
Wonthaggi/Cape Paterson/Inverloch	No (1)
Yarram	Yes
Meeniyan WWTP	Yes

Note 1: The Wonthaggi WWTP breached licence condition A1 regarding odour when a complaint was received in November 2015. The odour was verified as originating from the primary lagoon due to a lack of dissolved oxygen.

6.4 Urban Water Consumption

The following table summarises projected total water consumption against forecast for 2015/16.

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

	Unit	Forecast Actual	2015/2016 Corp Plan	Variance
Urban Water Consumption				
Murray Goulburn	kL's	892,000	775,000	117,000
Other Major Customers	kL's	516,000	653,000	(137,000)
Residential	kL's	2,129,000	2,005,411	123,589
Non-residential	kL's	1,330,000	1,298,938	31,062
Total	kL's	4,867,000	4,732,349	134,651

Total water consumption for 2015/16 is forecast to be favourable to budget by 2.8% mainly due to increased consumption across both residential and non-residential customers. During spring and summer in 2015/16 there has been lower than average rainfall. South Gippsland Water is estimating an average household usage of 118KL for 2015/16 compared to the 115KL used in the prior and future Corporate Plans.

6.5 Revenue and Operating Expenditure

Total Revenue for 2015/16 is forecast at \$30.316M, largely on track with the budget of \$30.257M.

Whilst Gifted Assets is expected to be \$0.500M under budget due to reduced developer activities, this is expected to be offset by an increase in non-regulated income \$0.300M (result of Government departments works contributions), \$0.100M due to increased standpipe sales, \$0.100M increased trade waste revenue and \$0.200M in volumetric water revenue.

With respect to expenditure, total forecast costs of \$31.253M are expected to be favourable by \$0.245M (0.7%) to budget due to savings realised in interest expense \$0.091M (a result of the favourable interest rate environment) and a reduction in depreciation costs \$0.428M (a result of more detailed analysis and review of assets).

This is offset slightly by other operational costs which are forecast to be \$15.817M compared to budget of \$15.542 or \$0.275M (1.7%) higher. This is a combined result of \$0.080M in increased chemical costs (result of algal blooms in water supplies due to warmer weather), \$0.100M in EPA licence fees backbilled from 2013/14 and 2014/15 and additional \$0.100M in repairs and maintenance (result of new sewerage infrastructure responsibility legislation).

The above largely demonstrates that South Gippsland Water has delivered the budgeted operational efficiency savings of \$1.0M for 2015/16.

The forecast deficit result of \$0.938M is favourable to the budgeted deficit of \$1.241M.

6.6 Forecast 2015/16 Capital expenditure

Capital expenditure for 2015/16 is forecast to be \$11.588M, against a budget of \$11.224M. All major capital projects will be substantially complete within the financial year. The Poowong Loch and Nyora Sewerage Scheme was forecast to be delivered over the 2014/15 & 2015/16 financial years and while the program delivery is currently behind schedule it is still expected to be delivered by June 2016, with the exception of an estimated 60 property connections carried forward into July / August 2016.

7 Business Plan Targets

Objectives and Priorities	Strategies and Actions	Performance Target 2016/2017
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	External auditing on compliance with regulations Meet water quality compliance	DHS audit to be finalised with minimal corrective actions 100% water quality compliance to be achieved
Secure Future Sustainable Water Resources	Develop a program and commence construction of the South Gippsland Water Security project Finalise options to network small water supply systems in the Central area	Deliver Project within controllable parameters on time & within budget Develop options for South Gippsland Water's Bulk Entitlement for the Melbourne Supply System Board approval of solution
Advocacy for Catchment Management	Liaise with Local Government and Catchment Management Authorities, to focus on water quality in catchments Work with Local Government Authorities to implement catchment responsibilities and protocols	Attend GRWMP, Landcare, and DELWP Coastal Liaison Group meetings Proactively evaluate monitoring data Liaise with key stakeholders to implement final policy for assessment of development within catchments
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	Commence a customer and stakeholder communication process and discussion around the Essential Services 2018 Pricing Submission South Gippsland Water Security Project, reservoir recommissioning phase.	Develop and implement communication strategy and delivery plan regarding the 2018 Pricing Submission Develop and implement a communication strategy and delivery plan regarding community aspirations for the Water Security project recommissioned dams
Customer Service Delivery	Meet Customer Charter Service Standards ESC Regulatory Audits	100% compliance to be achieved Audit finds no major compliance issues

Objectives and Priorities	Strategies and Actions	Performance Target 2016/2017
KEY STRATEGIC OBJECTIVE 3: REGIONAL ENHANCEMENT Responding to local, State and regional development policies		
Servicing Small Towns	<p>Manage expectations of Councils and communities for small town sewerage</p> <p>Complete capital connection process for Alberton and Poowong, Loch, Nyora Sewerage Schemes</p>	<p>Community consultation with Fish Creek, Dumbalk, others as required</p> <p>Work with local communities to investigate potential for low cost wastewater systems where required</p> <p>Finalise connection of hardship and resistant customers</p>
Planning for Growth and Economic Development	<p>Planning and influencing incremental growth in existing towns</p> <p>Raise Council, Regional Development Victoria, and Regional bodies community awareness of regional enhancement related to the South Gippsland Water Security Project</p> <p>Monitor actual growth against local government forecasts/SGW forecasts</p> <p>Enhance connections with local Councils, regional development agencies and the WGCMA</p>	<p>Liaise with Council planners on incremental growth in existing towns</p> <p>Communicate with Councils, regional bodies and communities regarding water security and associated regional benefits</p> <p>Variances identified and factored in to long-term strategies</p> <p>Continued high level of activity and regular engagement 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 2016/2017
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 and respond to climate change/variability Active involvement 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	Finalise connection of hardship and resistant customers to the Alberton and Poowong, Loch, Nyora Sewerage Schemes 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	Focus on ensuring EPA licence compliance of Foster WWTP 100% licence compliance to be achieved
Bio Solids Management	Bio Solids Management Strategy	Finalise options and commence implementation of South Gippsland Water Bio Solids Management Strategy

Objectives and Priorities	Strategies and Actions	Performance Target 2016/2017
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 Shared services	Implement Year 3 core efficiencies in line with agreed program Work with DELWP/Industry to identify shared service efficiencies
Resourcing – Quantity and 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 Extend the 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 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 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 Implement Mobile Solutions Develop and implement fit for purpose Preventative Maintenance programme for SGW Assets Asset Planning for Water Plan 4	Update key documents and complete detailed field data collection to enhance SGW Asset Planning and Investment requirements Develop, implement and optimise SGW Mobility solution to ensure effective and efficient maintenance delivery Develop and implement a targeted preventative maintenance programme for critical SGW assets Develop and commence delivery of the Pricing Submission 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 2016/2017
<p>KEY STRATEGIC OBJECTIVE 7: GOVERNANCE, REGULATION AND COMPLIANCE</p> <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	<p>Train & inform Board, Senior Managers and Employees on appropriate & effective governance information</p> <p>Regulatory obligations</p> <p>Regulatory legislation and guidelines</p>	<p>All Directors to undergo training in line with established program</p> <p>Senior Management Team to undertake personal development/ training opportunities in line with established program</p> <p>Employee training in line with established program</p> <p>Establish regular Board information briefings with DELWP,ESC, DTF, DoH etc</p> <p>Understand & respond to the implications of the new Water Policy introduced by Government</p>
Major Compliance Issues	<p>Regular Board reporting on compliance with: Statement of Obligations compliance</p> <p>Corporate Plan</p> <p>Meet reporting requirements re: Board Performance</p> <p>Corporate Plan</p> <p>Annual Report</p>	<p>Meet SoO's requirements</p> <p>Meet Corporate Plan performance targets</p> <p>Meet standards & timelines for actions</p> <p>Meet standards & timelines for actions</p> <p>Meet standards & timelines for actions</p>
Capital Expenditure	Capital works	Deliver Capex Program within controllable parameters on time & within budget

8 Material Changes from Previous Corporate Plan

Material changes from the 2015/16 to 2019/20 Corporate Plan include:

- Government Funding of \$30M.

A revised business case has been approved by government for funding of \$30M in the 2016/17 State Government Budget for the Northern Towns Connection project. The project is to be completed at a projected cost of \$41.3M (P75). The gap between the government funding request and cost does not have pricing relief from the Essential Services Commission's 2013 Pricing Determination and will be funded by an increase in borrowings. This corporate plan assumes that the grant funding will be received in three tranches \$7M in 2016/17, \$18M in 2017/18 and \$5M in 2018/19.

- Bulk Water Entitlements

The previous Corporate Plan assumed bulk water entitlement holding costs of \$245,000 per annum from 1 July 2018, as the entitlement pricing was in early stages of discussion.

At the time of writing, Melbourne Water's Pricing Submission is currently being considered by the Essential Services Commission. The impact of the current reforms has resulted in South Gippsland Water moving from a purely variable tariff to a fixed and variable tariff for this entitlement. Melbourne Water has proposed a transitional arrangement whereby South Gippsland Water will pay for the fixed cost of holding the entitlement for 2016/17 to 2020/21 over a shortened period of 2018/19 to 2020/21 to match the Corporation's next pricing period. Without this transitional period South Gippsland Water would be required to find an additional \$425,000 per annum from 2016/17.

South Gippsland Water has assumed the shortened period of funding will be approved and has included \$653,000 per annum for Bulk Entitlement costs in the 2018/19, 2019/20 and 2020/21 financial years, after which the fixed costs will revert to an annual figure of \$425,000 per year for 2021/22 and beyond.

- The previous Corporate Plan identified a peak debt level of \$59.3M in 2019/20. South Gippsland Water will now increase borrowings to \$71.2M in 2020/21. The increased debt is predominantly a result of funding of the gap in the Northern Towns Connection Project, in addition to an increase in the asset renewals program.
- From 1 July 2016, South Gippsland Water's two pricing regions will see alignment in tariffs (a uniform rate) for the first time. The uniform tariff was supported in customer consultation during the development of Water Plan 3. Water service charges in the Southern region see an increase of 0.6% in nominal terms, whilst all other tariffs will see a 2.0% increase in line with inflation only. The results of these are reflected in the Financials in Section 9 of this plan. Increases in the next pricing submission, from 2018/19 and beyond, assume an increase above inflation of 5.25% per annum for the first three years, reducing to an increase above inflation of 2.8% for the remaining two years, based on current financial modelling and reflect the Corporation's intended investment in the Northern Towns Connection project and increased asset renewals.
- No other material changes.

9 Significant Deviations From Water Plan III

South Gippsland Water has reconciled the current forecast against Water Plan 3 (WP3) and there are no significant deviations.

Below is a reconciliation based on current forecasts.

Capital Expenditure	WP3 \$M	Forecast \$M	Difference \$M
Capex	\$67.2M	\$76.0M	(\$8.8M)
Revenue	\$133.9M	\$136.7M	\$2.8M
Expenses	\$82.0M	\$82.6M	(\$0.6M)
Interest	\$16.7M	\$14.5M	\$2.2M
Net Difference			(\$4.4M)
Borrowings	\$51.9M	\$56.3M	\$4.4M

Capital expenditure is forecast to exceed WP3 by \$8.8M (13%) primarily due to the inclusion of the Northern Towns Connection Project. WP3 assumed that the project would be fully funded by Government.

Revenue is forecast to exceed WP3 due mainly to schemes income, \$1.4M for both Alberton and Poowong Loch and Nyora, in addition to the sale of surplus land of \$1.0M.

Expenses are forecast to exceed WP3 by \$0.6M (0.7%) due to a combination of additional chemicals costs as a result of the number of algal blooms (unseasonably warm weather), additional pumping costs of the Korumburra emergency supply \$0.2M and the introduction of new regulations for sewer infrastructure responsibility \$0.3M.

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

The net result is an additional \$4.4M cash flow requirement or 8% increase in borrowings during the Water Plan 3 period.

10 Major Risks

10.1 Interim Security of Supply (Transition to Melbourne Supply System)

In addition to identifying and implementing a long term solution for its Northern Towns, South Gippsland Water will need to ensure that 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 2015/16 to supplement the Coalition Creek (Korumburra) supply system, remains available and operational. South Gippsland Water will utilise its temporary Bulk Water Entitlement from the Tarwin River, and a temporary pump station and a network of aged wastewater pipeline and pump infrastructure to annually augment supply to Korumburra during summer and autumn. During early 2016 low river flows resulted in South Gippsland Water ceasing pumping of the Tarwin River. Further water security measures will, be managed by staged water restrictions.

10.2 Uncertainty about climate and developing appropriate response

South Gippsland Water operates 10 separate Water Supply Systems, the majority are annual fill and spill systems. During 2015/16 Staged Water Restrictions were implemented across three systems with a supplementary water supply being activated to the Korumburra area. 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.

The Northern Towns Connection Project is central to mitigating climate risk to some 80% of the region's population.

In addition, South Gippsland Water will endeavor 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.

10.3 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 respectively. Production variations together with the return in 2015/16 to dryer climatic conditions present real security of supply risks to the affected water supply systems.

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

Murray Goulburn 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 strategic decisions are being implemented 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. 2015/16 has seen Murray Goulburn increase water usage in the order of 15%.

South Gippsland Water has developed summer/autumn harvesting options in terms of addressing demand for the immediate short term for Burra Foods. The Northern Towns Connection Project is the solution for meeting higher demands for both major customers in the longer term.

10.4 Asset Renewals Funding

South Gippsland Water's Asset Management System has identified that its medium term asset renewals program is likely to need significant capital injection (an increase from \$8/9M to \$14/15M pa), as a large number of assets are nearing end of life. South Gippsland Water will continue to concentrate efforts to more fully documenting its asset renewal profile during 2016/17 and utilise this enhanced asset information to assist in developing the 2017/18 Corporate Plan and in particular, its next pricing submission.

10.5 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, staged water restrictions implemented during 2016 and engagement with major customers to utilise water efficiency has seen further 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 has updated the current Corporate Plan to reflect an average of 115KL following averages increase from 113KL in 2012/13, to 115KL in 2013/14 and a projection of 118KL in 2015/16.

Between 2012/13 and 2015/16 the actual customer growth (water and wastewater) has averaged only 0.8% per annum, just above half of the forecast in Water Plan 3 (1.4%). The slower growth has a compounding unfavourably revenue impact. South Gippsland Water will monitor the impacts of potential revenue shortfalls.

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

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

- Ensuring attraction and recruitment methods reach and appeal to a diverse range of high quality, skilled candidates
- Continuing work to position the Corporation locally and regionally to be recognised as an employer of choice
- Promoting values such as workplace diversity and innovative practice to help shape current culture and attract the desired future workforce
- Ensuring staff have access to appropriate learning and development opportunities that address future workforce requirements and enhance current succession planning strategies, with a focus on building the capacity of current and future leaders
- Further formalising systems, processes and practices to ensure staff are recognised and rewarded and promoting a safe, healthy, motivated, engaged and innovative workforce
- Continuing to build partnerships with the Corporation's MOU organisations and other industry networks to investigate innovative ways of working together and resourcing our common needs

10.7 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 financials of the 2016/17 Corporate Plan. While South Gippsland Water has achieved the savings required in 2014/15 and 2015/16, 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.

11 Financial Details

11.1 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.

The resultant tariffs and savings for 2016/17 are detailed in the chart below:

SOUTH GIPPSLAND WATER

Tariff and Price Component	ESC* Price (1 July 2014)	ESC* Price (1 July 2015)	ESC* Price (1 July 2016)	Efficiency Price Decrease	Carbon Tax Repeal Refund	Efficiency Price (1 July 2016)	Efficiency Price Decrease (%)
1.1 Water access fees (per annum)							
East/West District							
Access fee – Developed	\$314.35	318.53	324.90	-\$27.91	-\$0.92	\$296.08	-8.6%
Access fee – Undeveloped	\$314.35	318.53	324.90	-\$27.91	-\$0.92	\$296.08	-8.6%
Access fee – Agreements	\$285.79	289.59	295.38	-\$27.91	-\$0.92	\$266.55	-9.4%
Access fee – Concessional	\$257.69	261.12	266.34	-\$27.91	-\$0.92	\$237.52	-10.5%
Southern District							
Access fee – Developed	\$339.73	331.77	324.90	-\$27.91	-\$0.92	\$296.08	-8.6%
Access fee – Undeveloped	\$339.73	331.77	324.90	-\$27.91	-\$0.92	\$296.08	-8.6%
Access fee – Agreements	\$305.31	296.89	295.38	-\$27.91	-\$0.92	\$266.55	-9.4%
Access fee – Concessional	\$257.69	261.12	266.34	-\$27.91	-\$0.92	\$237.52	-10.5%
1.2 Water usage charges (per kL)							
Volumetric fee – Murray Goulburn	\$2.07	\$2.09	\$2.13	\$0.00	\$0.00	\$2.13	0.0%
Volumetric fee – Change 1st Nov.	\$1.71	\$1.73	\$1.76	\$0.00	\$0.00	\$1.76	0.0%
1.3 Sewerage access fees (per annum)							
Residential and non-residential							
Access fee – Developed	\$467.23	473.44	482.91	-\$21.70	-\$1.63	\$459.58	-4.5%
Access fee – Undeveloped	\$274.29	277.94	283.50	-\$21.70	-\$1.63	\$260.16	-7.7%

* ESC denotes Essential Services Commission approved pricing (June 2014), while Efficiency price reflects revised pricing (June 2016)
Assumes ESC inflation rises of 2.93% 2014, 1.33% 2015 and 2.0% 2016.

11.2 Sensitivity of Key Planning Variables

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

Table 9.2(a): Sensitivity Analysis - 2016/17 to 2020/21

Scenario	2016/17	2017/18	2018/19	2019/20	2020/21
	Water Consumption				
5% lower all customers	-0.412	-0.427	-0.460	-0.499	-0.543
10% lower all customers	-0.824	-0.853	-0.920	-0.998	-1.086
5% lower non-major customers	-0.293	-0.304	-0.329	-0.357	-0.390
10% lower non-major customers	-0.585	-0.608	-0.657	-0.715	-0.780
5% lower Murray Goulburn	-0.081	-0.083	-0.089	-0.096	-0.104
10% lower Murray Goulburn	-0.161	-0.165	-0.178	-0.192	-0.207
Loss of Murray Goulburn as a major customer	-1.670	-1.712	-1.844	-1.987	-2.141
5% higher all customers	0.412	0.427	0.460	0.499	0.543
10% higher all customers	0.824	0.853	0.920	0.998	1.086
5% higher non-major customers	0.293	0.304	0.329	0.357	0.390
10% higher non-major customers	0.585	0.608	0.657	0.715	0.780
5% higher Murray Goulburn	0.081	0.083	0.089	0.096	0.104
10% higher Murray Goulburn	0.161	0.165	0.178	0.192	0.207
Service Charges					
50% lower than growth estimates	-0.082	-0.084	-0.091	-0.098	-0.106
50% higher than growth estimates	0.082	0.084	0.091	0.098	0.106
Trade Waste					
Loss of Murray Goulburn as a major customer	-1.939	-1.993	-2.048	-2.048	-2.099
Interest Rates					
Higher by 1%	-0.563	-0.563	-0.658	-0.698	-0.713
Higher by 2%	-1.126	-1.126	-1.316	-1.396	-1.426
Higher by 3%	-1.689	-1.689	-1.974	-2.094	-2.139
Lower by 1%	0.563	0.563	0.658	0.698	0.713
Lower by 2%	1.126	1.126	1.316	1.396	1.426
Lower by 3%	1.689	1.689	1.974	2.094	2.139

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 declining recently. Risks are minor unless there was compounding deteriorating growth.
- South Gippsland Water's sensitivity to interest rates is high given that loans are expected to peak at \$69.3M during the plan. This risk is minimised by holding a majority of fixed interest rate loans and a diverse portfolio.

11.3 Operating Statement

Table 9.3(a): Revenue & Expense Details

	Forecast	Forecast	Forecast	Forecast	Forecast	Current Forecast
Year Ending 30 June	2017 (F)	2018 (F)	2019 (F)	2020 (F)	2021 (F)	2016 (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	6,030	6,247	6,804	7,410	8,070	5,978
Non-residential	136	140	152	164	178	134
Total Service / Fixed	6,166	6,387	6,956	7,574	8,248	6,112
Usage/Volumetric						
Residential	5,089	5,268	5,612	6,107	6,645	4,943
Non-residential	3,486	3,577	3,840	4,142	4,468	3,627
Total Usage/Volumetric	8,575	8,845	9,452	10,249	11,113	8,570
Urban Sewerage						
Service / Fixed						
Residential	7,964	8,254	8,981	9,773	10,635	7,637
Non-residential	686	705	759	818	881	672
Total Service / Fixed	8,650	8,959	9,740	10,591	11,516	8,309
Usage/volumetric						
Residential	-	-	-	-	-	-
Non-residential	185	190	205	221	238	182
Total Usage/volumetric	185	190	205	221	238	182
Trade Waste Revenue by Agreement	2,244	2,300	2,357	2,416	2,477	2,239
Trade Waste Usage Revenue	-	-	-	-	-	-
Recycled Water						
Service/Fixed Charges	-	-	-	-	-	-
Usage / Volumetric Charges	-	-	-	-	-	-
Total Recycled Water	-	-	-	-	-	-
Total Revenue From Fees & Charges	25,820	26,681	28,710	31,051	33,592	25,412
Operating, Maintenance & Administration (OMA) Expenses						
Operating and Maintenance Expense	11,623	12,025	13,030	13,656	14,416	11,308
Administration Expense	4,799	4,521	4,634	4,750	5,219	4,307
Total OMA Expenses	16,422	16,546	17,664	18,406	19,635	15,614
OMA Expenses Breakdown (Total OMA)						
Bulk water Supply	-	-	653	671	690	-
Headworks	2,210	2,232	2,288	2,345	3,272	2,156
Urban water - Treatment	5,607	5,641	5,834	5,979	6,129	5,546
Urban water - Reticulation	2,491	2,516	2,579	2,755	2,824	2,310
Sewerage - Reticulation	1,996	2,015	2,066	2,117	2,170	1,849
Sewerage - Treatment	3,993	4,033	4,134	4,237	4,343	3,633
Recycled Water	-	-	-	-	-	-
Surface Water Diversions	125	108	111	300	206	120
Gravity Irrigation	-	-	-	-	-	-
Pumped Irrigation	-	-	-	-	-	-
Stock and Domestic	-	-	-	-	-	-
Groundwater	-	-	-	-	-	-
Drainage Diversions	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total OMA Expenses (Repeat)	16,422	16,546	17,664	18,406	19,635	15,614

Table 9.3(b): Operating Statement

	Forecast	Forecast	Forecast	Forecast	Forecast	Current Forecast
Year Ending 30 June	2017 (F)	2018 (F)	2019 (F)	2020 (F)	2021 (F)	2016 (F)
Operating Statement (FS1) (\$'000)						
Revenue						
Service Charges	17,060	17,646	19,053	20,581	22,241	16,660
Usage Charges	8,760	9,035	9,657	10,470	11,351	8,752
Developer Contribution	672	685	698	709	721	687
Developer Contributions - Gifted Assets	1,214	1,247	1,281	1,316	1,353	681
Government Contributions / Grants	7,000	18,000	5,000	-	-	-
Investment Interest	12	12	12	12	12	20
Profit (loss) from Sale of Assets	-	-	-	-	-	-
Other Revenue	772	764	785	807	829	1,232
Total Revenue	35,490	47,389	36,486	33,895	36,507	28,032
Expense						
Operating, Maintenance and Administration Expense (i	16,422	16,546	17,664	18,406	19,635	15,614
Environmental Contributions	1,101	1,101	1,422	1,422	1,422	1,101
Interest Expense	3,209	3,491	3,784	4,173	4,343	2,950
FAL	-	-	-	-	-	-
IT	-	-	-	-	-	-
Labour	-	-	-	-	-	-
Consultants	-	-	-	-	-	-
Depreciation and Amortisation	9,900	10,276	10,888	11,764	12,442	9,350
Other Expense	-	-	-	-	-	-
Total Expense	30,632	31,414	33,758	35,765	37,842	29,015
Earnings Before Tax	4,858	15,975	2,728	(1,870)	(1,335)	(983)
Income Tax Expense	-	-	-	-	-	-
Net Operating Result	4,858	15,975	2,728	(1,870)	(1,335)	(983)
Dividends Expense	-	-	-	-	-	-
Transfers (to)/from Reserves	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-
Net Profit (Loss)	4,858	15,975	2,728	(1,870)	(1,335)	(983)
Retained Profit (Loss) Carried Forward	66,999	71,857	87,832	90,604	88,850	87,652
Closing Retained Profit (Loss)	71,857	87,832	90,560	88,734	87,515	86,669

11.4 Balance Sheet

Table 9.4: Balance Sheet

Year Ending 30 June	Forecast	Forecast	Forecast	Forecast	Forecast	Current Forecast
	2017 (F)	2018 (F)	2019 (F)	2020 (F)	2021 (F)	2016 (F)
Balance Sheet (FS2) (\$'000)						
Current Assets						
Cash on Hand	8,071	9,807	3,796	3,960	3,825	6,460
Receivables	998	859	882	904	888	927
Less Provision for Impaired Receivables	(45)	(45)	(45)	(45)	(45)	(45)
Investments	-	-	-	-	-	-
Inventories	395	406	419	431	444	383
Prepayments	169	174	180	185	190	164
Other Current Assets	1,810	1,864	1,920	1,977	2,037	1,757
Total Current Assets	11,398	13,065	7,152	7,412	7,339	9,646
Non-Current Assets						
Infrastructure	343,448	345,950	354,083	405,859	421,318	327,408
less Accumulated Depreciation	(46,901)	(54,096)	(61,291)	(68,486)	(80,928)	(39,706)
Infrastructure WDV	296,547	291,854	292,792	337,373	340,390	287,702
Land and Buildings	13,211	13,211	13,211	13,211	13,211	13,211
less Accumulated Depreciation	(514)	(586)	(658)	(730)	(802)	(442)
Land and Buildings WDV	12,697	12,625	12,553	12,481	12,409	12,769
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	20,386	44,237	60,759	10,313	8,801	22,644
Total Property, Plant & Equipment	332,312	351,398	368,786	362,849	364,282	325,797
Non-current Receivables	415	341	267	193	159	489
Deferred Tax Assets	19,378	19,378	19,378	19,378	19,378	19,378
Non-current Investments	-	-	-	-	-	-
Intangible Assets	4,013	4,013	4,013	4,013	4,013	3,888
Other Non-current Assets	-	-	-	-	-	-
Total Non-Current Assets	356,118	375,130	392,444	386,433	387,832	349,552
Total Assets	367,516	388,195	399,596	393,845	395,171	359,198
Current Liabilities						
Bank Overdraft	-	-	-	-	-	-
Current Payables	5,885	8,560	6,273	3,845	3,785	3,290
Short Term Borrowings	2,899	2,899	2,899	2,899	2,899	2,899
Finance Lease Liabilities (PPP) - current liabilities	-	-	-	-	-	-
Other Lease Liabilities - current liabilities	-	-	-	-	-	-
Employee Benefit Provision	2,231	2,298	2,367	2,438	2,511	2,166
Provision for Dividend	-	-	-	-	-	-
Other Current Provisions	-	-	-	-	-	-
Other Current Liabilities	1,661	3,613	4,950	300	300	870
Total Current Liabilities	12,676	17,370	16,489	9,482	9,495	9,225
Non-Current Liabilities						
Long Term Borrowings	53,400	53,400	62,900	65,900	68,400	53,400
Long Term Payables	-	-	-	-	-	-
Finance Lease Liabilities (PPP) - non current liabilities	-	-	-	-	-	-
Other Lease Liabilities - non current liabilities	-	-	-	-	-	-
Long Term Employee Benefit Provision	323	333	343	353	364	314
Deferred Tax Liabilities	66,728	66,728	66,728	66,728	66,728	66,728
Other Non-current Liabilities	-	-	-	-	-	-
Total Non-Current Liabilities	120,451	120,461	129,971	132,981	135,492	120,442
Total Liabilities	133,127	137,831	146,460	142,463	144,987	129,667
Net Assets	234,389	250,364	253,136	251,382	250,184	229,531
Equity						
Government Equity Contributions	65,333	65,333	65,333	65,333	65,333	65,333
Asset Revaluation Reserve	97,199	97,199	97,199	97,199	97,199	97,199
Other Reserves	-	-	-	-	-	-
Accumulated Funds (Losses)	71,857	87,832	90,604	88,850	87,652	66,999
Total Equity	234,389	250,364	253,136	251,382	250,184	229,531

11.5 Statement of Cash Flows

Table 9.5: Cash Flow Statement

	Forecast	Forecast	Forecast	Forecast	Forecast	Current Forecast
Year Ending 30 June	2017 (F)	2018 (F)	2019 (F)	2020 (F)	2021 (F)	2016 (F)
Cash Flow Statement (FS3) (\$'000)						
Cash Flows From Operations						
Cash Receipts						
Service and Usage Charges Income	26,539	27,391	29,439	31,801	34,361	26,617
Other Customer Revenue	-	-	-	-	-	-
Receipts from Government	7,000	18,000	5,000	-	-	-
Developer Contributions	672	685	698	709	721	687
GST Refunds from ATO	-	-	-	-	-	-
Investment (Interest) Income	12	12	12	12	12	20
Other Cash Receipts	-	-	-	-	-	-
Total Cash Receipts from Operations	34,223	46,088	35,149	32,522	35,094	27,324
Cash Payments						
Payments to Suppliers and Employees	(16,427)	(16,418)	(17,426)	(18,368)	(19,634)	(15,712)
Interest and Other Costs of Finance Paid	(3,209)	(3,491)	(3,739)	(4,080)	(4,250)	(2,950)
GST paid to the ATO	-	-	-	-	-	-
Income Tax Payments	-	-	-	-	-	-
Environmental Contributions	(1,101)	(1,101)	(1,422)	(1,422)	(1,422)	(1,101)
Other Payments	-	-	-	-	-	-
Total Cash Payments from Operations	(20,737)	(21,010)	(22,587)	(23,870)	(25,306)	(19,763)
Net Cash Inflow (Outflow) from Operations	13,486	25,078	12,562	8,652	9,788	7,561
Cash Flows From Investing Activities						
Proceeds/(Payment) from Investments	-	-	-	-	-	-
Payments for Infrastructure Assets	(11,514)	(22,999)	(27,748)	(11,582)	(12,536)	(9,044)
Payments for Property, Plant & Equipment	-	-	-	-	-	-
Payments for Intangible Assets	(1,000)	(1,000)	(1,000)	(600)	(600)	(752)
Proceeds from Sale of Assets	639	657	675	694	713	2,032
Net Cash Inflow (Outflow) from Investing Activities	(11,875)	(23,342)	(28,073)	(11,488)	(12,423)	(7,764)
Cash Flows From Financing Activities						
Proceeds from Borrowings	-	-	9,500	3,000	2,500	2,000
Proceeds from Government Equity Contributions	-	-	-	-	-	-
Repayment of Borrowings / Overdraft	-	-	-	-	-	-
Payment of Dividends	-	-	-	-	-	-
Net Cash Inflow (Outflow) from Financing Activities	-	-	9,500	3,000	2,500	2,000
Net Increase (Decrease) in Cash	1,611	1,736	(6,011)	164	(135)	1,797
Cash Held at the Beginning of the Year	6,460	8,071	9,807	3,796	3,960	4,663
Cash Held at the End of the Year	8,071	9,807	3,796	3,960	3,825	6,460
Cash on Hand per Balance Sheet	8,071	9,807	3,796	3,960	3,825	6,460
Check	-	-	-	-	-	-

11.6 Financial Performance Indicators

Table 9.6: Financial Performance Indicators

	Forecast	Forecast	Forecast	Forecast	Forecast	Current Forecast
Year Ending 30 June	2017 (F)	2018 (F)	2019 (F)	2020 (F)	2021 (F)	2016 (F)
Key Performance Indicators						
Financial Performance Indicators						
Short Term Liquidity Indicators						
Current Assets	11,398	13,065	7,152	7,412	7,339	9,646
Current Liabilities	12,676	17,370	16,489	9,482	9,495	9,225
Net Working Capital (\$'000)	(1,278)	(4,305)	(9,337)	(2,070)	(2,156)	421
Working Capital Ratio (%)	89.9%	75.2%	43.4%	78.2%	77.3%	104.6%
Profitability Indicators						
Earnings Before Net Interest and Tax	8,055	19,454	6,500	2,291	2,996	1,947
EBITDA	17,967	29,742	17,400	14,067	15,450	11,317
Total Revenue from Fees & Charges	25,820	26,681	28,710	31,051	33,592	25,412
Total OMA (incl. Env Contribution) Expenses	17,523	17,647	19,086	19,828	21,057	16,715
Total Income	35,490	47,389	36,486	33,895	36,507	28,032
Total Assets at Start of Reporting Period	359,198	367,516	388,195	399,596	393,845	343,789
Total Assets at End of Reporting Period	367,516	388,195	399,596	393,845	395,171	359,198
Average Total Assets	363,357	377,856	393,896	396,721	394,508	351,494
Return on Assets (%)	2.2%	5.1%	1.7%	0.6%	0.8%	0.6%
Gross Operating Margin (%)	32.1%	33.9%	33.5%	36.1%	37.3%	34.2%
Net Profit Margin (%)	22.7%	41.1%	17.8%	6.8%	8.2%	6.9%
Underlying Result (%)	13.7%	33.7%	7.5%	(5.5%)	(3.7%)	(3.5%)
Debt Servicing Indicators						
Net Interest Expense (income)	3,197	3,479	3,772	4,161	4,331	2,930
Net Operating Cash Before Net Interest and Tax	16,683	28,557	16,289	12,720	14,026	10,491
Net Interest Payments (Receipts)	3,197	3,479	3,727	4,068	4,238	2,930
Cash Interest Coverage (Times)	5.2x	8.2x	4.4x	3.1x	3.3x	3.6x
Long term Interest Coverage (Times)	2.5x	5.6x	1.7x	0.6x	0.7x	0.7x
Long Term Viability Indicators						
Total Debt	56,299	56,299	65,799	68,799	71,299	56,299
Total Equity	234,389	250,364	253,136	251,382	250,184	229,531
Asset Gearing ratio (%)	15.3%	14.5%	16.5%	17.5%	18.0%	15.7%
Internal Financing Ratio (%)	117.1%	109.0%	45.3%	74.7%	78.1%	83.6%
Debt to Equity (%)	24.0%	22.5%	26.0%	27.4%	28.5%	24.5%
Owners Return Indicator						
Net Operating Result	4,858	15,975	2,728	(1,870)	(1,335)	(983)
Total Equity at Start of Reporting Period	229,531	234,389	250,364	253,136	251,382	220,066
Average Total Equity	231,960	242,377	251,750	252,259	250,783	224,799
Return on Equity (%)	2.1%	6.6%	1.1%	(0.7%)	(0.5%)	(0.4%)
Efficiency Indicators						
Total Credit Sales Revenue	26,492	27,366	29,408	31,760	34,313	26,099
Accounts Receivable at Start of Period	1,371	1,368	1,155	1,104	1,052	2,783
Accounts Receivable at End of Period	1,368	1,155	1,104	1,052	1,002	1,371
Average Accounts Receivable	1,370	1,262	1,130	1,078	1,027	2,077
Net Cash from Operations	13,486	25,078	12,562	8,652	9,788	7,561
Total Operating Cash Receipts	34,223	46,088	35,149	32,522	35,094	27,324
Accounts Receivable Turnover (Days)	19.0	17.0	14.0	12.0	11.0	29.0
Operating Cash Flow Efficiency (%)	39.4%	54.4%	35.7%	26.6%	27.9%	27.7%

Several indicators are impacted significantly in 2016/17, 2017/18 and 2018/19 as a result of budgeted government funding which are assumed as income and operating cash flow in the year in which they are received under Australian Accounting Standards.

11.7 Capital Expenditure Forecasts

Table 9.7: Capital Expenditure Forecasts by Major Driver

	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Current Forecast
Year Ending 30 June	2017 (F)	2018 (F)	2019 (F)	2020 (F)	2021 (F)	2022 (F)	2023 (F)	2024 (F)	2025 (F)	2026 (F)		2016 (F)
Capital Program (\$'000)												
Primary Driver Summary												
Security and Reliability	7,283	19,384	15,239	547	884	-	-	-	-	1,527		200
Growth	60	250	485	1,343	1,604	1,261	250	250	2,500	2,500		275
Renewals	2,120	1,850	9,033	8,930	6,204	7,308	7,707	9,694	8,354	8,498		2,365
Regulatory Compliance	650	-	1,305	1,612	-	-	-	-	-	-		4,459
Total Capital Spend - Breakdown (Includes News Customer Contributions Received And Government Grants)												
Water												
Security and Reliability	7,283	19,384	15,239	547	884	-	-	-	-	1,527		200
Growth	60	250	485	1,343	1,604	1,261	250	250	2,500	2,500		275
Renewals	1,025	650	1,396	1,363	998	1,005	1,204	3,207	1,027	1,027		960
Regulatory Compliance	-	-	-	-	-	-	-	-	-	-		-
Headworks	250	250	-	242	2,424	2,013	2,318	2,074	2,000	-		250
Total Water	8,618	20,534	17,120	3,495	5,910	4,279	3,772	5,531	5,527	5,054		1,685
Wastewater												
Growth	-	-	-	-	-	-	-	-	-	-		-
Renewals	1,095	1,200	7,637	7,567	5,206	6,303	6,503	6,487	7,327	7,471		1,405
Regulatory Compliance	650	-	1,305	1,612	-	-	-	-	-	-		4,459
Total Wastewater	1,745	1,200	8,942	9,179	5,206	6,303	6,503	6,487	7,327	7,471		5,864
Alternative Supplies												
Recycled Water	-	-	-	-	-	-	-	-	-	-		-
Stormwater	-	-	-	-	-	-	-	-	-	-		-
Other	-	-	-	-	-	-	-	-	-	-		-
Total Alternative Supplies	-	-	-	-	-	-	-	-	-	-		-
Environment												
Waterways and Drainage	-	-	-	-	-	-	-	-	-	-		-
Sustainability	-	-	-	-	-	-	-	-	-	-		-
Total Environment	-	-	-	-	-	-	-	-	-	-		-
Corporate												
Systems (Including IT)	1,000	1,000	1,000	600	600	600	600	600	600	600		752
Other	1,410	1,265	1,686	1,367	1,420	1,427	1,481	1,497	1,619	1,581		1,495
Total Corporate	2,410	2,265	2,686	1,967	2,020	2,027	2,081	2,097	2,219	2,181		2,247
Total Capital Spend	12,773	23,999	28,748	14,641	13,136	12,609	12,356	14,115	15,073	14,706		9,796
New Customer Contributions received	672.0	685.0	698.0	709.0	721.0	744	757	778	799	821		687.0
Government grants received	7,000.0	18,000.0	5,000.0	-	-	-	-	-	-	-		-
Net Capital Expenditure	5,101	5,314	23,050	13,932	12,415	11,865	11,599	13,337	14,274	13,885		9,109

11.8 Service Standards and Key Performance Indicators

Table 9.8(a): ESC Service Standards

SOUTH GIPPSLAND WATER - Service Standards 1 July 2015 to 30 June 2021

	2015-16 Est.	2016-17	2017-18	2018-19	2019-20	2020-21
Water						
Unplanned water supply interruptions (per 100km)	20.0	25.0	25.0	25.0	25.0	25.0
Average time taken to attend bursts and leaks (priority 1)	23.1	30.0	30.0	30.0	30.0	30.0
Average time taken to attend bursts and leaks (priority 2)	70.3	35.0	35.0	120.0	120.0	120.0
Average time taken to attend bursts and leaks (priority 3)	700.0	500.0	500.0	750.0	750.0	750.0
Unplanned water supply interruptions restored within 5 hours (per cent)	99.0	99.0	99.0	99.0	99.0	99.0
Planned water supply interruptions restored within 5 hours (per cent)	96.0	99.0	99.0	99.0	99.0	99.0
Average unplanned customer minutes off water supply	17.0	25.0	25.0	25.0	25.0	25.0
Average planned customer minutes off water supply	18.0	100.0	100.0	100.0	100.0	100.0
Average unplanned frequency of water supply interruptions	0.2	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)	99.9	100.0	100.0	100.0	100.0	100.0
Average duration of planned water supply interruptions (minutes)	168.6	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)	16.9	18.0	18.0	18.0	25.0	25.0
Average time to attend sewer spills and blockages (minutes)	30.0	30.0	30.0	30.0	30.0	30.0
Average time to rectify a sewer blockage (minutes)	114.8	120.0	120.0	120.0	120.0	120.0
Spills contained within 5 hours (per cent)	97.7	97.7	97.7	97.7	97.7	97.7
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	0.5	1.1	1.1	1.1	1.1	1.1
Telephone calls answered within 30 seconds	99.0	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)	7781.0	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)	40.0	2.0	2.0	2.0	2.0	2.0
Small Town Sewerage Scheme connections (no. of)	320.0	60.0	0.0	0.0	0.0	0.0
Environmental discharge indicator (per cent)	100.0	100.0	100.0	100.0	100.0	100.0
Drinking water quality indicators (per cent)	100.0	100.0	100.0	100.0	100.0	100.0

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

Table 9.8(b): Ministerial Reporting Directions – Financial Performance Indicators

	Key Performance Indicator	2014-15 Result	2015-16 Est. Result	2016-17 Target
F1	Interest Cover (Cash) Cash flow from operations before net interest and tax payments / net interest payments	3.9 times	3.6 times	5.2 times
F2	Gearing Ratio Total debt (including finance leases) / total assets	15.8%	15.6%	15.3%
F3	Internal Financing Ratio (Net operating cash flow – dividends) / Capital expenditure X 100	38.4%	83.6%	117.2%
F4	Current Ratio Current Assets / current liabilities (excluding long term employee provisions and revenue in advance)	1.14	1.11	0.92
F5	Return on Assets Earnings before net interest and tax / Average total assets X 100	0.9%	0.6%	2.2%
F6	Return on Equity Net profit after tax /average total equity X 100	0.2%	(0.4%)	2.1%
F7	EBITDA Margin Earnings before interest, tax, depreciation and amortisation / total revenue X 100	42.5%	40.4%	50.6%

Several indicators are impacted significantly in 2016/17, 2017/18 and 2018/19 as a result of budgeted government funding which are assumed as income and operating cash flow in the year in which they are received under Australian Accounting Standards.

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

	Key Performance Indicator	2014-15 Result	2015-16 Est. Result	2016-17 Target
WS1	Unplanned water supply Interruptions			
	<u>Number of customers receiving more than 5 unplanned interruptions in the year</u> 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	160 minutes	100 minutes	100 minutes
WS3	Restoration of unplanned water supply			
	<u>Unplanned water supply interruptions restored within 5 hours</u> Total unplanned water supply interruptions X 100	99.2%	99.0%	99.0%
SS1	Containment of sewer spillages			
	<u>Sewer spills from reticulation and branch sewers contained within 5 hours</u> Total sewer spills from reticulation and branch sewers	100.0%	97.7%	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	2014-15 Result	2015-16 Est. Result	2016-17 Target
CR1	Water Quality complaints No of complaints per 100 customers for:	0.2	0.2	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	2014-15 Result	2015-16 Est. Result	2016-17 Target
E1	Effluent re-use volume (end use)	4.0%	4.0%	4.0%
E2	Total Net CO2 emissions Net tonnes Co2 equivalent	7411	7781	8170

11.9 Statement of Prices & Tariffs as determined by the ESC - 1 July 2016 – 30 June 2021

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

Tariff changes for 2016/17 result in an average Southern District customer receiving a 0.6% nominal increase from \$952.85 to \$958.91. An average East/West District customer will see a 2.1% nominal increase in 2016/17 tariffs from \$939.50 to \$958.91. 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	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>
EAST / WEST AREA						
<i>Service Charge</i>	<u>\$ p.a.</u>	<u>\$ p.a.</u>	<u>\$ p.a.</u>	<u>\$ p.a.</u>	<u>\$ p.a.</u>	<u>\$ p.a.</u>
1. General Tariff	290.27	296.08	303.48	327.00	352.34	379.65
2. Vacant Land	290.27	296.08	303.48	327.00	352.34	379.65
3. Agreements	261.33	266.55	273.22	294.39	317.21	341.79
4. Concessional	232.86	237.52	243.45	262.32	282.65	304.56
SOUTHERN AREA	-	-	-	-	-	-
<i>Service Charge</i>	<u>\$ p.a.</u>	<u>\$ p.a.</u>	<u>\$ p.a.</u>	<u>\$ p.a.</u>	<u>\$ p.a.</u>	<u>\$ p.a.</u>
1. General Tariff	303.51	296.08	303.48	327.01	352.35	379.66
2. Vacant Land	303.51	296.08	303.48	327.01	352.35	379.66
3. Agreements	268.63	266.55	273.23	294.40	317.22	341.80
4. Concessional	232.86	237.52	243.45	262.32	282.65	304.56
<i>Volume Charge</i>	<u>c per kL</u>	<u>c per kL</u>	<u>c per kL</u>	<u>c per kL</u>	<u>c per kL</u>	<u>c per kL</u>
Overall Usage	1.7327	1.7674	1.8116	1.9520	2.1033	2.2663
Agreement	1.7327	1.7674	1.8116	1.9520	2.1033	2.2663
MG	2.0975	2.1395	2.1930	2.3629	2.5461	2.7434
Major Customers	1.7327	1.7674	1.8116	1.9520	2.1033	2.2663
WASTEWATER INCOME						
<i>Service Charge</i>	<u>\$ p.a.</u>	<u>\$ p.a.</u>	<u>\$ p.a.</u>	<u>\$ p.a.</u>	<u>\$ p.a.</u>	<u>\$ p.a.</u>
1. General Tariff	450.56	459.58	471.07	507.57	546.91	589.30
2. Vacant Land	255.06	260.16	266.66	287.33	309.60	333.59
% Volumetric to Total Water Revenue	58.3%	58.4%	58.3%	57.9%	57.8%	57.7%

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>						
2015/16	290.10	346.00	450.45	1,086.55		
2016/17	296.08	353.48	459.58	1,109.14	22.59	2.1%
2017/18	303.48	362.32	471.07	1,136.87	27.73	2.5%
2018/19	327.00	390.40	507.57	1,224.97	88.10	7.7%
2019/20	352.34	420.66	546.91	1,319.91	94.94	7.8%
2020/21	379.65	453.26	589.30	1,422.21	102.30	7.8%
<i>Residential & Non-Residential Customers - Southern District</i>						
2015/16	303.45	346.00	450.45	1,099.90		
2016/17	296.08	353.48	459.58	1,109.14	9.24	0.8%
2017/18	303.48	362.32	471.07	1,136.87	27.73	2.5%
2018/19	327.00	390.40	507.57	1,224.97	88.10	7.7%
2019/20	352.34	420.66	546.91	1,319.91	94.94	7.8%
2020/21	379.65	453.26	589.30	1,422.21	102.30	7.8%
<i>Residential Tenant Customers -All Regions</i>						
2015/16	-	346.00	-	346.00		
2016/17	-	353.48	-	353.48	7.48	2.2%
2017/18	-	362.32	-	362.32	8.84	2.5%
2018/19	-	390.40	-	390.40	28.08	7.8%
2019/20	-	420.66	-	420.66	30.26	7.8%
2020/21	-	453.26	-	453.26	32.60	7.7%

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>						
2015/16	290.10	198.95	450.45	939.50		
2016/17	296.08	203.25	459.58	958.91	19.41	2.1%
2017/18	303.48	208.33	471.07	982.88	23.97	2.5%
2018/19	327.00	224.48	507.57	1,059.05	76.17	7.7%
2019/20	352.34	241.88	546.91	1,141.13	82.08	7.8%
2020/21	379.65	260.62	589.30	1,229.57	88.44	7.8%
<i>Residential & Non-Residential Customers - Southern District</i>						
2015/16	303.45	198.95	450.45	952.85		
2016/17	296.08	203.25	459.58	958.91	6.06	0.6%
2017/18	303.48	208.33	471.07	982.88	23.97	2.5%
2018/19	327.00	224.48	507.57	1,059.05	76.17	7.7%
2019/20	352.34	241.88	546.91	1,141.13	82.08	7.8%
2020/21	379.65	260.62	589.30	1,229.57	88.44	7.8%
<i>Residential Tenant Customers -All Regions</i>						
2015/16	-	198.95	-	198.95		
2016/17	-	203.25	-	203.25	4.30	2.2%
2017/18	-	208.33	-	208.33	5.08	2.5%
2018/19	-	224.48	-	224.48	16.15	7.8%
2019/20	-	241.88	-	241.88	17.40	7.8%
2020/21	-	260.62	-	260.62	18.75	7.7%

Table 9.9(c): Corporate Plan Prices & Tariffs

Tariff and Price Component \$, nominal	Corporate Plan 2016/17 to 2020/21					
	Price (1 July 2015)	Price (1 July 2016)	Price (1 July 2017)	Price (1 July 2018)	Price (1 July 2019)	Price (1 July 2020)
1.1 Water access fees (per annum)						
East/West District						
Access fee – Developed	290.10	296.08	CPI	CPI +5.25%	CPI +5.25%	CPI +5.25%
Access fee – Undeveloped	290.10	296.08	CPI	CPI +5.25%	CPI +5.25%	CPI +5.25%
Access fee – Agreements	261.15	266.55	CPI	CPI +5.25%	CPI +5.25%	CPI +5.25%
Access fee – Concessional	232.65	237.52	CPI	CPI +5.25%	CPI +5.25%	CPI +5.25%
Southern District						
Access fee – Developed	303.45	296.08	CPI	CPI +5.25%	CPI +5.25%	CPI +5.25%
Access fee – Undeveloped	303.45	296.08	CPI	CPI +5.25%	CPI +5.25%	CPI +5.25%
Access fee – Agreements	269.85	266.55	CPI	CPI +5.25%	CPI +5.25%	CPI +5.25%
Access fee – Concessional	232.65	237.52	CPI	CPI +5.25%	CPI +5.25%	CPI +5.25%
1.2 Water usage charges (per kL)						
Volumetric fee – Murray Goulburn	2.10	2.14	CPI	CPI +5.25%	CPI +5.25%	CPI +5.25%
Volumetric fee – All others	1.73	1.76	CPI	CPI +5.25%	CPI +5.25%	CPI +5.25%
1.3 Sewerage access fees (per annum)						
Residential and non-residential						
Access fee – Developed	450.45	459.58	CPI	CPI +5.25%	CPI +5.25%	CPI +5.25%
Access fee – Undeveloped	254.85	260.16	CPI	CPI +5.25%	CPI +5.25%	CPI +5.25%
1.4 Cistern access fees (per annum)						
1-2 Cisterns	153.30	156.37	CPI	CPI +5.25%	CPI +5.25%	CPI +5.25%
3-5 Cisterns	403.50	411.57	CPI	CPI +5.25%	CPI +5.25%	CPI +5.25%
6-10 Cisterns	781.20	796.82	CPI	CPI +5.25%	CPI +5.25%	CPI +5.25%
11-15 Cisterns	1,251.00	1,276.02	CPI	CPI +5.25%	CPI +5.25%	CPI +5.25%
16-20 Cisterns	2,085.90	2,127.62	CPI	CPI +5.25%	CPI +5.25%	CPI +5.25%
21-26 Cisterns	2,985.60	3,045.31	CPI	CPI +5.25%	CPI +5.25%	CPI +5.25%
27-35 Cisterns	3,659.40	3,732.59	CPI	CPI +5.25%	CPI +5.25%	CPI +5.25%
36–Greater Cisterns	4,181.40	4,265.03	CPI	CPI +5.25%	CPI +5.25%	CPI +5.25%
Volume Charge – (per kL)						
Volume Charge	1.73	1.76	CPI	CPI +5.25%	CPI +5.25%	CPI +5.25%
1.5 Minor trade waste fees						
Application fees (per application)						
Category 1	120.00	122.88	CPI +0.4%	CPI	CPI	CPI
Category 2	191.00	195.58	CPI +0.4%	CPI	CPI	CPI
Category 3	350.50	358.91	CPI +0.4%	CPI	CPI	CPI
Access fees (per annum)						
Access fee – Category 1	622.65	635.10	CPI	CPI	CPI	CPI
Access fee – Category 2	826.95	843.49	CPI	CPI	CPI	CPI
Access fee – Category 3	1,025.85	1,046.37	CPI	CPI	CPI	CPI
Volumetric fees (per kL)						
All Categories	0.8270	0.8435	CPI	CPI	CPI	CPI
Quality fees (per kg)						
BOD	0.6625	0.6784	CPI +0.4%	CPI	CPI	CPI
SS	0.6245	0.6395	CPI +0.4%	CPI	CPI	CPI
Nitrogen	2.7965	2.8636	CPI +0.4%	CPI	CPI	CPI
Phosphorus	15.9315	16.3139	CPI +0.4%	CPI	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	0.9950	1.0189	CPI +0.4%	CPI	CPI	CPI
Sodium	0.9950	1.0189	CPI +0.4%	CPI	CPI	CPI
TOS	0.7135	0.7306	CPI +0.4%	CPI	CPI	CPI

Tariff and Price Component \$, nominal	Corporate Plan 2016/17 to 2020/21					
	Price (1 July 2015)	Price (1 July 2016)	Price (1 July 2017)	Price (1 July 2018)	Price (1 July 2019)	Price (1 July 2020)
1.6 New customer contributions (per lot)						
Water						
Category One Lot < 450 sq m	1,550.00	1,900.00	CPI + 16.0%	CPI	CPI	CPI
Category Two Lot 450 - 1350 sq m	1,817.00	2,040.00	CPI + 8.3%	CPI	CPI	CPI
Category Three Lot size > 1350 sq m	2,378.00	2,350.00	CPI - 5.8%	CPI	CPI	CPI
Sewer (Excluding Poowong Loch Nyora & Alberton)						
Category One Lot < 450 sq m	1,550.00	1,900.00	CPI + 16.0%	CPI	CPI	CPI
Category Two Lot 450 - 1350 sq m	1,817.00	2,040.00	CPI + 8.3%	CPI	CPI	CPI
Category Three Lot size > 1350 sq m	2,378.00	2,350.00	CPI - 5.8%	CPI	CPI	CPI
Sewer (Poowong Loch & Nyora)						
Mandatory Service Area - existing lot	800.00	10,000.00	CPI	CPI	CPI	CPI
Mandatory Service Area - newly developed lot	10,000.00	10,000.00	CPI	CPI	CPI	CPI
Voluntary Service Area - existing lot	5,000.00	10,000.00	CPI	CPI	CPI	CPI
Voluntary Service Area - newly developed lot	10,000.00	10,000.00	CPI	CPI	CPI	CPI
Outside Service Area - all lots	10,000.00	10,000.00	CPI	CPI	CPI	CPI
Sewer (Alberton)						
with dwelling	10,690.00	10,900.00	CPI	CPI	CPI	CPI
vacant lot	5,345.00	5,450.00	CPI	CPI	CPI	CPI
1.7 Miscellaneous fees and charges						
Property information statements						
Fee imposed for providing a certificate issued in accordance with Section 158 of the, Water Act 1989.	49.15	50.13	CPI	CPI	CPI	CPI
Special meter readings						
Fee imposed for providing a certificate which indicates water usage charges up to a specified date. Generally provided, on application, for property sales.	25.10	25.60	CPI	Actual Cost	Actual Cost	Actual Cost
As constructed charge						
As constructed charge	67.85	69.21	CPI	CPI	CPI	CPI
20mm Tapping Fee						
Fee imposed for meter and labour associated in providing a tapping to the water main.	373.50	380.97	CPI	CPI	CPI	CPI
Plumbing Industry Commission (PIC) Fee						
Fee imposed for providing sewer plans and processing applications to connect or modify plumbing.	210.00	214.20	CPI	CPI	CPI	CPI
Standpipe Water Sales (per kL)						
Fee imposed for the sale of water via a metered standpipe.						
- Registered Users	5.46	5.64	CPI + 1.3%	CPI	CPI	CPI
- Unregistered Users	7.28	7.52	CPI + 1.3%	CPI	CPI	CPI
Septic Tank Waste Reveal (per kL)						
Fee imposed on septic tank waste carters, for the disposing of sewage and/or other acceptable waste.	25.40	26.01	CPI + 0.4%	CPI	CPI	CPI
Non Core Miscellaneous Services						
Non core miscellaneous services	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost