



CORPORATE PLAN

2014/15 to 2018/19

1. Introduction

South Gippsland Water has prepared this five year Corporate Plan for 2014/15 to 2018/19 in compliance with Section 247 and 248 of the Water Act 1989.

2014/15 is the second year of South Gippsland Water's five year Water Plan (2013/14 to 2017/18). In January 2014, the Minister for Water announced the Fairer Water Bills initiative, a major efficiency program to drive down household water bills. Along with other Victorian water businesses, South Gippsland Water participated in this significant program and together with the Independent Reviewer, Professor Graeme Samuel AC, Deloitte Consultants and the Office of Living Victoria (OLV) identified and agreed a number of efficiency initiatives.

These initiatives, the lower operational and capital expenditure and the resultant lower household water bills have been embedded into this Corporate Plan from 1 July 2014.

A number of whole-of-sector efficiencies will be further developed through the next phase of the Fairer Water Bills initiative and South Gippsland Water will work with the OLV on detailed implementation of these over coming months. These anticipated savings have also been passed on to customers in lower tariffs from 1st July 2014.

The Poowong, Loch and Nyora Sewerage Scheme is a major capital expenditure project for the Corporation. Estimated in the draft Water Plan at nearly \$30M, 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.

During 2013/2014 South Gippsland Water completed a review of the project including;

- Opportunities to be leveraged with neighbouring South East Water,
- Alternate scheme options,
- Other technology solutions, and;
- To what extent development capacity was built in.

The outcomes of the review have resulted in a collaborative project with South East Water where an innovative pressure sewer collection system will be constructed under a joint agreement between the two organisations.

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

An analysis of allotment size within the townships resulted in a tiered structure encompassing two distinct service areas. Much of the area originally identified to be seweraged remains included in the scheme, an \$800 Mandatory Service Area of smaller central allotments and a \$5,000 Voluntary Service Area for larger allotments with the capacity to treat and retain effluent on site. An innovative pressure sewer collection system is to be installed for all three townships.

In addition, a Pilot Project "Liveable Small Towns" has been developed incorporating Whole of Water Cycle Management principles and local solutions for water management to be delivered simultaneously with the construction of the Poowong, Loch and Nyora Sewerage Scheme. The entire project will be delivered for less than \$20M, a significant saving against the initial estimates of \$30M for a traditional modified gravity scheme.

Over the last few years South Gippsland Water completed, and consulted with the community and other stakeholders with respect to its 50 year Water Supply Demand Strategy. The strategy documented potential water use and options for securing the region's water supplies, for the next 50 years.

The Water Supply Demand Strategy included an analysis focusing on networking the corporation's Northern and Southern systems. The Northern Towns business case analysis documented the cost of augmenting and maintaining multiple existing surface water systems 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 as backup.

The analysis recommended utilising 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 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, Poowong, Loch, Nyora & Korumburra against drought as well as mitigate the risk of local water quality issues such as blue green algae outbreaks.

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

During 2013/14, South Gippsland Water submitted a Business Case for \$21.4 M of government support to implement the project, however, funds were not allocated via the 2014/15 State Government budget. As such, South Gippsland Water will revise options, if possible, for more incremental expenditure to meet the demands of residential and business customers, including major customers, Murray Goulburn and Burra Foods. This revised planning has commenced and will be reflected in the 2015/16 Corporate Plan.

In the short term, South Gippsland Water faces the significant challenge of ensuring water availability to its Northern Towns (in particular Korumburra) in the context of major customer expansion, population growth and potential climatic volatility.

As immediate actions for this Corporate Plan, South Gippsland Water will need to renegotiate its Bulk Entitlement from the Tarwin River, and utilise a temporary pump station and a network of aged wastewater pipeline and pump infrastructure to augment supply to Korumburra during late summer and autumn.

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

Major capital expenditure over the planning period focuses on:

- Implementation of the Liveable Small Towns pilot project encompassing (in conjunction with South East Water) construction of a pressure reticulation sewerage scheme for the towns of Poowong, Loch, and Nyora, with embedded Whole of Water Cycle Management initiatives.
- Completion of construction of a pressure reticulation sewer system as part of the Alberton Sewerage Scheme.
- Further improvement works at water treatment plants and watermains replacement and renewals to increase water supply quality and resilience through all systems.
- Sewer system upgrades throughout the region's townships, including Wonthaggi, Inverloch, Foster, Korumburra and Leongatha.
- Sludge management projects at Wonthaggi and Inverloch including the use of new technology to allow an efficient ongoing program of sludge handling.
- Investment in appropriate new technologies to improve service performance outcomes and operational efficiency.
- Providing outcomes for the environment via improved water and wastewater service network reliability through priority identified and categorised renewal works.

Major Initiatives

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

The decline in, and variability of inflows, together with forecast population increases has resulted in South Gippsland Water considering a number of actions in its 50 year Water Supply Demand Strategy. These have included:

- Whole of Water Cycle Management analysis for Korumburra and Poowong, Loch, Nyora
- Interconnecting existing water systems and connecting to the Melbourne Supply System;
- Increasing the amount of water that can be accessed by the urban supply system;

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

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

South Gippsland Water will finalise its options to network water supply systems in its Northern and Southern towns.

South Gippsland Water will finalise its options to network small water supply systems in its Central areas.

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 liaise with South Gippsland Councils to finalise policies and protocols for development within open potable water supply catchment areas.

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

South Gippsland Water will construct and commission the Liveable Small Towns Project encompassing sewerage schemes and Whole of Water Cycle Management initiatives 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 endeavour to minimise wastewater generation, maximise reuse opportunities and implement further EPA licence compliance improvements.

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

- Implementing Whole of Water Cycle Management (WoWCM) analysis to inform decision making
- Carrying out minor treatment and network improvement
- Finalise its strategies for networking supply systems
- Securing further approved bulk water entitlements as required
- Developing and implementing asset management strategies to optimise asset performance over asset life.

Supply System	Zone	Towns Serviced	Water Security Actions during Corporate Plan
Agnes River	Eastern	Port Franklin, Port Welshpool, Toora, Welshpool	Review Central Towns Strategy for construction of a raw/treated water delivery trunk main connecting Deep Creek (Foster) and Agnes River (Toora) water supply systems. In particular, carry out a WoWCM analysis to inform the potential for localised solutions.
Battery Creek Reservoir	Eastern	Fish Creek	Review Central Towns Strategy for construction of a treated water delivery trunk main connecting Deep Creek (Foster) and Battery Creek (Fish Creek) water supply systems. In particular, carry out a WoWCM analysis to inform the potential for localised solutions.
Coalition Creek storages	Northern	Korumburra	Further review options shortlisted in the WoWCM analysis and finalise implementation plan for favoured option.
Deep Creek / Foster Dam	Eastern	Foster	Review Central Towns Strategy for construction of a raw/treated water delivery trunk main connecting Battery Creek (Fish Creek) and Agnes River (Toora) water supply systems. In particular, carry out a WoWCM analysis to inform the potential for localised solutions.
Lance Creek Reservoir	Southern	Inverloch, Cape Paterson, Wonthaggi	System secured by Melbourne Supply System. No further security actions required.
Little Bass Reservoir	Northern	Loch, Nyora, Poowong	Implement WoWCM Initiatives in conjunction with Liveable Small Towns pilot project. Review need for further capital works.
Ruby Creek storages	Northern	Koonwarra, Leongatha	No major activities for this Plan period.
Tarra River	Eastern	Alberton, Devon North, Port Albert, Yarram	Purchase groundwater entitlements to enhance water supply due to drought/bushfires.
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	Meeniyar	No action this Plan period – system secure. Potential connection of Leongatha treated water main in future.

With respect to wastewater services, the corporation will commence construction of the Liveable Small Towns pilot project, a pressure sewer reticulation system incorporating Whole of Water Cycle Management initiatives for the towns of Poowong, Loch, and Nyora. Commissioning of the Alberton, pressure sewer system is due for completion in September 2014. These schemes will provide for the health, safety and amenity of the local communities and address environmental concerns around ageing dysfunctional septic systems. In addition, they will provide for regional development and growth opportunities.

Significant wastewater works include:

Wastewater System	Towns Serviced	Actions during Corporate Plan
Meeniyah	Meeniyah	No action this Plan period. Newly constructed wastewater system commissioned 2012/13.
Poowong/Loch/Nyora Country Towns Sewerage Scheme	Poowong/Loch/Nyora	Finalise design, construct, install and commission (2015/16) pressure sewerage reticulation and transfer mains. Implement WoWCM initiatives as part of the Liveable Small Towns pilot project.
Corner Inlet	Foster	Long term strategy to construct upgraded treatment plant with potential for reuse.
	Toora	Review strategy to facilitate increased reuse/irrigation.
	Welshpool/Port Welshpool	Ocean outfall decommissioned 2010/11. Programmed priority identified sewer relining works.
Baxter's Beach	Wonthaggi	Reticulation augmentations to allow for development and growth. Upgrade and desludge existing lagoons system. Investigate potential for dried sludge reuse.
	Inverloch	Reticulation augmentations to allow for development and growth. Upgrade and desludge existing lagoons system. Investigate potential for dried sludge reuse.
	Cape Paterson	Improved wastewater service network reliability through priority renewal works. Installation of additional aerator in lead lagoon to meet growth.
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. Operational upgrade of Biosolids Management Facility.
Yarram	Yarram, Port Albert, Alberton	Finalise construction and commission 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.

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

2. South Gippsland Water

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

The Corporation demonstrates its commitment to the stewardship of the region's "natural capital" through initiatives based on continuous improvement at all our operational facilities, together with programs aimed at raising community awareness. South Gippsland Water supports and participates in local activities with a wide range of community groups involved in broader environmental programs that address the interconnection of all of the elements of the region's ecosystems. South Gippsland Water is fully aware that the services it provides are essential to the economic survival, development and well-being of the region. Accordingly, South Gippsland Water takes into account and collaborate with the programs and activities of other regional agencies in developing its strategies and plans, in so doing, contributing to an integrated regional approach to natural resource management.

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

The Corporation produces potable drinking water product from its water treatment plants. It also produces treated waste streams from its sewerage treatment plants. These processes are undertaken while meeting stringent environmental demands and satisfying customer expectations at a cost that is sustainable and a price to consumers that is ratified by the economic regulator. All this is achieved with a team that is small by industry standards.

2.1 Services Provided by South Gippsland Water

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

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

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

During 2013/14, a total of 106 ML of recycled water was used mainly for pasture irrigation. A small percentage of this total was provided for watering sporting grounds (5 ML). Strategic emphasis on environmentally beneficial re-use is expected to result in an increase in the re-use of treated wastewater over the medium to long term.

South Gippsland Water's core functions are to provide secure water and wastewater services to over 20,500 households and businesses across approximately 4,000 square kilometres. South Gippsland Water's service area includes 22 towns, the base population of serviced towns is approximately 29,200 a figure that may increase in peak holiday periods by as much as 100%. Major centres include Wonthaggi, Inverloch, Leongatha and Korumburra as illustrated in Map 2.2.

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

Table 2.1: South Gippsland Water & Sewerage Service Localities

Centre	Population Served (Permanent)	Water		Sewerage
		Customers Billed	Supplied from	Customers Billed
Port Franklin	129 (estimate)	106	Agnes River	Not Serviced
Port Welshpool	180	274	Agnes River	259
Toora/ Agnes, Bennison	450	516	Agnes River	293
Welshpool, Hedley	445	205	Agnes River	120
Fish Creek	802	209	Battery Creek	Not Serviced
Korumburra	3404	2167	Coalition Creek	1871
Foster	1106	848	Deep Creek / Foster Dam	769
Inverloch, Wattle Bank, Lance Creek	4565	4443	Lance Creek	4414
Cape Paterson	735	1129	Lance Creek	1115
Wonthaggi, South Dudley, Glen Alvie, Kongwak, Lance Creek	7050	4353	Lance Creek	4143
Loch	194 (estimate)	147	Little Bass	Not Serviced
Nyora	713	348	Little Bass	Not Serviced
Poowong	322	207	Little Bass	Not Serviced
Koonwarra	390	80	Ruby Creek	Not serviced
Leongatha, Kardella, Leongatha South, Ruby	4921	3051	Ruby Creek	2879
Alberton	260	147	Tarra River	Not Serviced
Devon North, Tarra Valley	487	124	Tarra River	Not Serviced
Port Albert	246	394	Tarra River	327
Yarram	1741	1191	Tarra River	1091
Dumbalk	418	103	Tarwin River – East Branch	Not Serviced
Meenyan	460	269	Tarwin River – West Branch	235
Waratah Bay	210	Not Serviced	N/A	111

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 May 2014.
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:

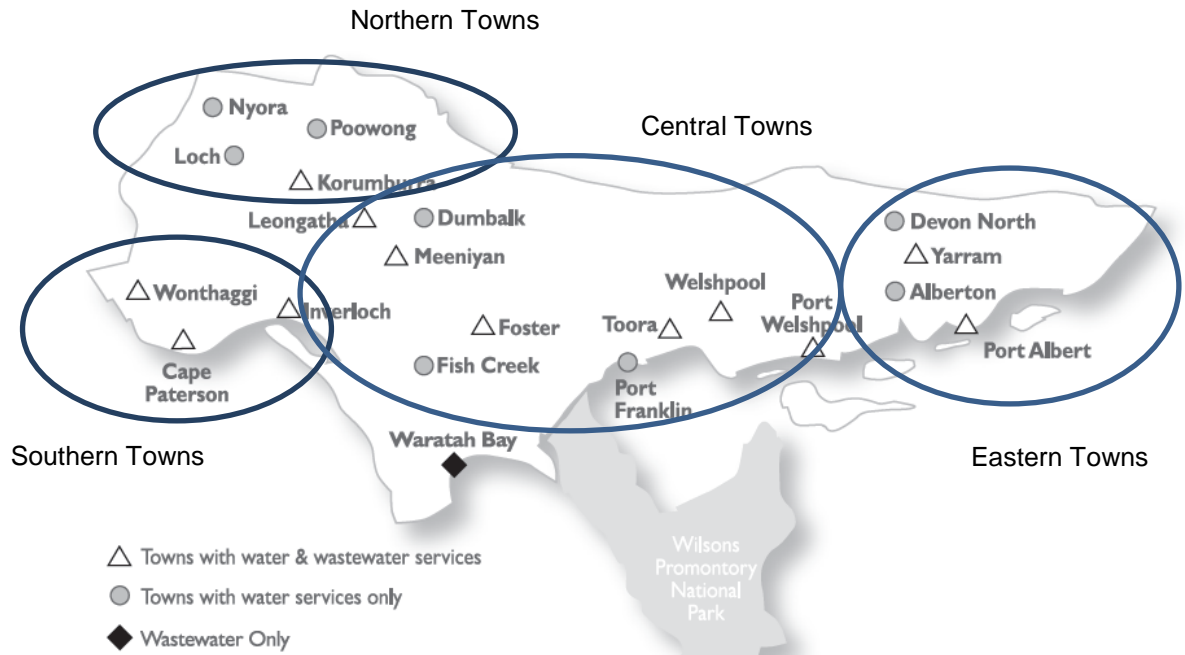
- 10 separate water supply systems
- 10 water treatment plants
- 698km of water mains
- 15 water pump stations
- servicing over 20,500 assessments over 21 towns with around 4,800 ML annual volume of metered water

A Sewerage Services Function comprising:

- 11 conventional wastewater collection systems
- 1 vacuum wastewater system
- 10 sewerage treatment plants
- 1 dedicated saline tradewaste system
- 426 km of wastewater mains
- 71 wastewater pump stations
- 4 marine environment outfalls
- 2 inland water discharge points
- servicing over 17,600 wastewater assessments (including trade waste) over 12 towns collecting and treating around 4,300ML of wastewater.

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

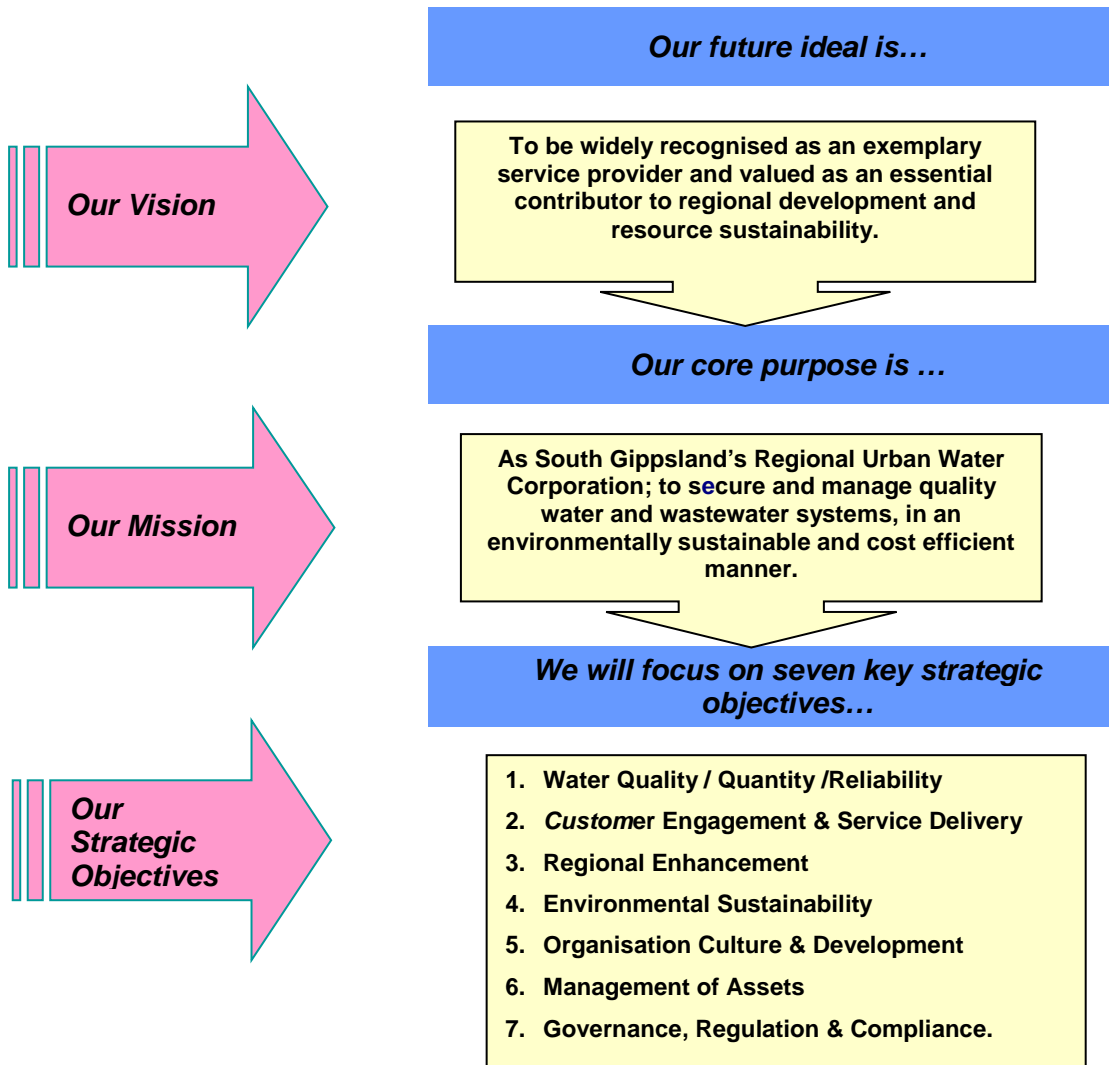
Map 2.2: South Gippsland Water Service Area



3. Mission, Vision and Objectives

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

Diagram 3.1: Corporate Statement



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

Water Quality / Quantity / Reliability

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

Customer Engagement and Service Delivery

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

Regional Enhancement

- Responsiveness to local, State and regional development policies.

Environmental Sustainability

- 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.

Organisation Culture & Development

- Embed efficiencies in to the business in order to deliver Fairer Water Bills.
- 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 the highest standards of compliance, and performance of the organisation, through sound and prudent governance.
- Cost efficient service delivery.
- Engagement with Government, and responsiveness to Government policy.

4. Key Assumptions Made in Preparing the Corporate Plan

4.1 Climate conditions / yields assumed for the Corporate Plan

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

In the short term, South Gippsland Water faces the significant challenge of ensuring water availability to its Northern Towns in the context of major customer expansion, population growth and potential climatic volatility. As such South Gippsland Water will rely on a combination of water sources, including surface and ground water. This means utilising a temporary pump station and a network of aged pipeline and pump infrastructure to augment the supply to Korumburra (an at risk system due to recent significant major customer water usage) during late summer and autumn.

It is planned that some 4,555 ML's will be delivered to customers during 2014/15 and while no restrictions are planned the reality is that Korumburra experienced Stage Two restrictions (2012/13) and significant temporary augmentation in 2013/14, following a prolonged dry period from December 2013.

4.2 Revenue

Revenue included in the Corporate Plan is based on the prices approved in the Essential Services Commission (ESC) Final determination, adjusted for "Fairer Water Bills" required level of savings which were provided to the Corporation by the Minister for Water on 9th May 2014. These expected savings include \$4.6 M in Operational expenditure and \$4.2 M in Capital Expenditure over the period 2014/15 to 2017/18. The savings result from targeted efficiencies identified by the Corporation, and stretch targets and co-ordinated procurement initiatives yet to be scoped.

Tariffs from 1st July 2014 see a decrease of between 8% - 11% in nominal terms against the currently approved ESC price path, the results of which is reflected in the Financials of Section 9 of this plan. Future increases will be pegged to the inflation rate.

4.3 Customer Growth – Estimated Demand Forecast

The *Victoria In Future 2012* forecasts and the Corporation's own historical data have been utilised to provide growth forecasts for new customers. Estimates of water demand take into account changes to customer behaviour due to a number of reasons, including awareness on climate change/variability, implementation of permanent water savings rules, water savings education and programs, etc.

The 2011 Census of Population and Housing assessed the population of towns in various regional areas of Victoria. None of the regional areas satisfactorily maps to the area served by South Gippsland Water. As such, South Gippsland Water has utilised the disaggregated Regional Local Government Areas (LGA) statistical information, although even this data presents problems with respect to direct representation of South Gippsland Water's services towns.

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

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

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

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

While population growth is useful, the change in households is the key indicator as it provides a more meaningful figure with respect to estimating new connections and future capital requirements.

Over 2012/13 and 2013/14 the actual customer growth (water and wastewater) averaged only 0.8% per annum around half that expected. This slower growth has a compounding unfavourable revenue impact on the Water Plan forecasts and has been reflected in the Corporate Plan estimates.

The projected percentage increases in customer connections are as follows.

Table 4.3(a): Customer Growth Assumptions

	2014/15	2015/16	2016/17	2017/18	2018/19
Water – % Growth	1.04%	1.04%	1.04%	1.04%	1.04%
Water – Assessment No's	20,528	20,748	20,978	21,191	21,446
Wastewater - % Growth	1.52%	2.13%	2.29%	1.03%	1.03%
Wastewater – Assessment No's	17,584	17,920	18,331	18,520	18,711

*Includes Alberton Sewerage Scheme which is expected to commence 2014/15 & Poowong/Loch/Nyora Small Town Sewerage Scheme which is expected to commence 2015/16.
Excludes tradewaste customers.*

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
Year Ending 30 June	2015 (F)	2016 (F)	2017 (F)	2018 (F)	2019 (F)
Number of Assessments					
Urban Water Supply					
Residential	17,212	17,412	17,622	17,835	18,050
Non Residential	3,316	3,336	3,356	3,356	3,396
Total Urban Water Supply	20,528	20,748	20,978	21,191	21,446
Urban Sewerage Service					
Residential	15,845	16,169	16,568	16,745	16,924
Non Residential / Other	1,739	1,751	1,763	1,775	1,787
Total Urban Sewerage Service	17,584	17,920	18,331	18,520	18,711
Trade Waste by Agreement	241	242	243	244	244
Recycled Water	3	3	3	3	3

4.4 Environmental Contribution

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

The Corporate Plan includes the collection of revenue and the payment of an Environmental Contribution of \$1,101,000 per annum for the first 4 years, increasing to \$1,422,000 in 2018/19.

4.5 Government Contributions

It has been assumed that the Corporation will not receive any Government contributions over the plan period.

The business case for the Northern Towns Connection Project was submitted in 2013/14 and no funds were allocated in the 2014/15 state budget. As a result South Gippsland Water has removed all Northern Towns Connection Project capital works from this Corporate Plan and has included a \$100,000 per annum additional operating cost to allow supplementary supply for the Korumburra water supply to continue until a more permanent solution can be developed.

4.6 Forecast Inflation Rates

An inflation rate of 2.93% has been used for 2014/15 and 2.75% pa for the remaining years of the plan.

4.7 Wage Increases

The wages calculation has been determined from the Corporation's Enterprise Agreement 2012 which was approved by Fair Work Commission on the 21st August 2013. This allows for increases of 3.25% in 2014/15 and 3.5% in 2015/16. The remaining years are assumed to be 2.75% (the inflation rate) in accordance with current government policy.

4.8 Interest on Investment

Interest used to calculate investment revenue has been estimated at 4%.

4.9 Borrowings

The Corporate Plan assumes that borrowings will be required to provide for capital expenditure projects. The interest rate also incorporates the Financial Accommodation Levy (FAL) of 1.7% and is estimated at 6.5% of future loan funds. Borrowings predicted for the Corporate Plan period will peak in 2014/15 at \$56.4M and overall Corporation loans will reduce to \$47.9M by June 2019.

4.10 Dividend Calculation

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

4.11 Taxation Payments

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

5. Outcomes for 2013/14

5.1 Introduction

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

5.2 Core Service standards

South Gippsland Water has committed to meet approved targets for a core set of service standards. Table 5.2 below details the Corporation's delivery of the service standards for 2011/12 and 2012/13 and forecast achievement for 2013/14.

Table 5.2: Delivery of Service Standards

Service Standards

Water

	2011/12 Actual			2012/13 Actual			2013/14 Estimate		
	Actual	Target	Var.	Actual	Target	Var.	Forecast	Target	Var.
Unplanned water supply interruptions (per 100km)(number)	12.1	28.0	56.8%	18.3	28.0	34.8%	22.6	25.0	9.8%
Average time taken to attend bursts and leaks (priority 1)(minutes)	16.9	30.0	43.7%	15.5	30.0	48.5%	27.9	30.0	6.9%
Average time taken to attend bursts and leaks (priority 2)(minutes)	20.9	40.0	47.8%	23.2	40.0	41.9%	17.9	40.0	55.3%
Average time taken to attend bursts and leaks (priority 3)(minutes)	516.3	1440.0	64.1%	813.9	1440.0	43.5%	755.4	600.0	-25.9%
Unplanned water supply interruptions restored within 5 hours (percent)	99.0	99.0	0.0%	100.0	99.0	1.0%	99.0	99.0	0.0%
Planned water supply interruptions restored within 5 hours (percent)	100.0	99.0	1.0%	100.0	99.0	1.0%	95.1	99.0	-4.0%
Average unplanned customer minutes off water supply (minutes)	7.1	33.0	78.5%	9.7	33.0	70.6%	60.3	30.0	-100.9%
Average planned customer minutes off water supply (minutes)	30.4	150.0	79.7%	35.9	150.0	76.1%	37.6	100.0	62.4%
Average unplanned frequency of water supply interruptions (ratio)	0.08	0.30	73.3%	0.12	0.3	60.0%	0.39	0.3	-30.0%
Average planned frequency of water supply interruptions (ratio)	0.16	0.50	68.0%	0.16	0.5	68.0%	0.21	0.4	47.5%
Average duration of unplanned water supply interruptions (minutes)	94.8	100.0	5.2%	82.8	100.0	17.2%	153.5	100.0	-53.5%
Average duration of planned water supply interruptions (minutes)	194.0	300.0	35.3%	229.3	300.0	23.6%	182.2	250.0	27.1%
No. of customers experiencing more than 5 unplanned water supply interruptions in the year (number)	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Unaccounted for water (percent)	17.8	14.0	-27.1%	16.0	16.0	0.0%	16.0	16.0	0.0%

Sewerage

Sewerage blockages (per 100km)(number)	21.7	18.0	-20.6%	17.9	18.0	0.6%	18.0	18.0	0.0%
Average time to attend sewer spills and blockages (minutes)	31.2	30.0	-4.0%	8.2	30.0	72.7%	8.5	30.0	71.8%
Average time to rectify a sewer blockage (minutes)	75.0	120.0	37.5%	55.9	120.0	53.4%	42.8	120.0	64.3%
Spills contained within 5 hours (percent)	100.0	100.0	0.0%	94.0	100.0	-6.0%	100.0	100.0	0.0%
No. of customers receiving more than 3 sewer blockages per year (number)	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%

Customer service

Complaints to EWOV (per 1,000 customers)	0.9	1.1	18.2%	0.9	1.1	18.2%	1.1	1.1	0.0%
Telephone calls answered within 30 seconds (percent)	100.0	98.0	2.0%	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

Total CO2 equivalent Emissions (Tonne)	8152.6	9101.0	10.4%	8359.0	8415.6	0.7%	8386.0	8415.6	0.4%
Recycled water target (% reused)	2.0	2.0	0.0%	4.0	2.0	100.0%	2.0	2.0	0.0%
Biosolids reuse (% reused)	0.0	5.0	-100.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Small Town Sewerage Scheme connections (no. of)	58.0	2.0	2800.0%	118.0	30.0	293.3%	0.0	30.0	0.0%
Environmental discharge indicator (percent)	99.5	100.0	-0.5%	99.0	100.0	-1.0%	99.0	100.0	-1.0%
Drinking water quality indicators (percent)	100.0	100.0	0.0%	100.0	100.0	0.0%	99.0	100.0	-1.0%

	2011/12 Actual			2012/13 Actual			2013/14 Estimate		
	Actual	Target	Var.	Actual	Target	Var.	Forecast	Target	Var.
Unplanned water supply interruptions (per 100km)(number)	12.1	28.0	56.8%	18.3	28.0	34.8%	22.6	25.0	9.8%
Average time taken to attend bursts and leaks (priority 1)(minutes)	16.9	30.0	43.7%	15.5	30.0	48.5%	27.9	30.0	6.9%
Average time taken to attend bursts and leaks (priority 2)(minutes)	20.9	40.0	47.8%	23.2	40.0	41.9%	17.9	40.0	55.3%
Average time taken to attend bursts and leaks (priority 3)(minutes)	516.3	1440.0	64.1%	813.9	1440.0	43.5%	755.4	600.0	-25.9%
Unplanned water supply interruptions restored within 5 hours (percent)	99.0	99.0	0.0%	100.0	99.0	1.0%	99.0	99.0	0.0%
Planned water supply interruptions restored within 5 hours (percent)	100.0	99.0	1.0%	100.0	99.0	1.0%	95.1	99.0	-4.0%
Average unplanned customer minutes off water supply (minutes)	7.1	33.0	78.5%	9.7	33.0	70.6%	60.3	30.0	-100.9%
Average planned customer minutes off water supply (minutes)	30.4	150.0	79.7%	35.9	150.0	76.1%	37.6	100.0	62.4%
Average unplanned frequency of water supply interruptions (ratio)	0.08	0.30	73.3%	0.12	0.3	60.0%	0.39	0.3	-30.0%
Average planned frequency of water supply interruptions (ratio)	0.16	0.50	68.0%	0.16	0.5	68.0%	0.21	0.4	47.5%
Average duration of unplanned water supply interruptions (minutes)	94.8	100.0	5.2%	82.8	100.0	17.2%	153.5	100.0	-53.5%
Average duration of planned water supply interruptions (minutes)	194.0	300.0	35.3%	229.3	300.0	23.6%	182.2	250.0	27.1%
No. of customers experiencing more than 5 unplanned water supply interruptions in the year (number)	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Unaccounted for water (percent)	17.8	14.0	-27.1%	16.0	16.0	0.0%	16.0	16.0	0.0%

Sewerage blockages (per 100km)(number)	21.7	18.0	-20.6%	17.9	18.0	0.6%	18.0	18.0	0.0%
Average time to attend sewer spills and blockages (minutes)	31.2	30.0	-4.0%	8.2	30.0	72.7%	8.5	30.0	71.8%
Average time to rectify a sewer blockage (minutes)	75.0	120.0	37.5%	55.9	120.0	53.4%	42.8	120.0	64.3%
Spills contained within 5 hours (percent)	100.0	100.0	0.0%	94.0	100.0	-6.0%	100.0	100.0	0.0%
No. of customers receiving more than 3 sewer blockages per year (number)	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%

Complaints to EWOV (per 1,000 customers)	0.9	1.1	18.2%	0.9	1.1	18.2%	1.1	1.1	0.0%
Telephone calls answered within 30 seconds (percent)	100.0	98.0	2.0%	99.0	98.0	1.0%	99.0	98.0	1.0%

	2011/12 Actual			2012/13 Actual			2013/14 Estimate		
	Actual	Target	Var.	Actual	Target	Var.	Forecast	Target	Var.
Total CO2 equivalent Emissions (Tonne)	8152.6	9101.0	10.4%	8359.0	8415.6	0.7%	8386.0	8415.6	0.4%
Recycled water target (% reused)	2.0	2.0	0.0%	4.0	2.0	100.0%	2.0	2.0	0.0%
Biosolids reuse (% reused)	0.0	5.0	-100.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Small Town Sewerage Scheme connections (no. of)	58.0	2.0	2800.0%	118.0	30.0	293.3%	0.0	30.0	0.0%
Environmental discharge indicator (percent)	99.5	100.0	-0.5%	99.0	100.0	-1.0%	99.0	100.0	-1.0%
Drinking water quality indicators (percent)	100.0	100.0	0.0%	100.0	100.0	0.0%	99.0	100.0	-1.0%

The table shows that South Gippsland Water has generally performed well in meeting its regulatory customer service standards, however, due to two large mains breaks in Wonthaggi & Korumburra during this year a number of unplanned water indicators have been exceeded.

5.3 Drinking Water Quality

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

Compliance is shown below for the 2013/14 financial year and is based on the total number of drinking water samples complying with requirements of the Safe Drinking Water Regulation 2005. Further details of drinking water compliance for each distribution system are reported annually to the Department of Health.

Table 5.3: Drinking Water Compliance

Parameter	Forecast 2013/14
E.coli (<1 E.coli in 98% of samples taken)	100.0%
Turbidity (95% upper confidence limit of the mean <=5 NTU)	100.0%
Aluminium (<=0.2 mg/L)	98.6%*
Trihalomethanes (<=250ug/L)	100.0%
Chloroacetic Acid (<=150ug/L)	100.0%
Dichloroacetic Acid (<=100ug/L)	100.0%
Trichloroacetic Acid (<=100ug/L)	100.0%

* Reflects on-going issues with aluminium at Meeniyan Water Treatment Plant. An improvement plan is being formulated to rectify exceedences.

5.4 Environmental Performance

Table 5.4 below illustrates South Gippsland Water's EPA 2013/14 licence compliance at its wastewater systems.

Table 5.4: EPA Licence Compliance

Sewerage Treatment Licence Compliance	Forecast 2013/14
Foster	Yes
Korumburra	Yes
Leongatha (Domestic)	No (1)
Leongatha (Trade Waste)	Yes
Toora	Yes
Waratah Bay	Yes
Welshpool	Yes
Wonthaggi/Cape Paterson/Inverloch	No (2)
Yarram	Yes

Note 1: Three verified odour complaints were received for the Leongatha Wastewater Treatment Plant Biosolids Management Facility.

Note 2: The Wonthaggi wastewater treatment plant received a section 30a emergency discharge approval in August 2013. This is a breach of condition G1 of South Gippsland Water EPA licence.

5.5 Urban Water Consumption

The following table summarises total water consumption against forecast for 2013/14.

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

	Unit	2013/2014		
		Forecast Actual	Corp Plan	Variance
Urban Water Consumption				
Murray Goulburn	kL's	808,377	830,300	(21,923)
Other Major Customer	kL's	669,900	449,375	220,525
Residential	kL's	1,950,286	1,954,832	(4,546)
Non-residential	kL's	1,188,597	1,316,990	(128,393)
Total	kL's	4,617,160	4,551,497	65,663

Total water consumption for 2013/14 is forecast to be favourable to budget by 1.5% mainly due to increased consumption from major customers, specifically dairy producer Burra Foods. Additionally, there was decreased residential and non-residential use in the March 2014 meter read which is attributed to the wetter start to 2014 compared to the prior year. Volumes compared to 2012/13 are down 3.5%.

5.6 Revenue and Operating Expenditure

Estimated revenue (\$27.462M) for 2013/14 is forecast to be \$0.441M (1.6%) unfavourable to budget. This is predominately due to lower than anticipated growth in connection of new water and wastewater customers and budgeted grant income of \$0.359M which did not eventuate.

With respect to expenditure, total forecast costs (\$28.685M) are expected to be favourable by \$0.873M (2.9%) to budget due to savings realised in interest expense \$0.587M (a result of favourable interest rate environment and capital project timing) and reduction in operational costs of \$0.299M as a result of initial implementation of efficiency savings.

The forecast deficit of \$1.223M is favourable to budget by \$0.432M.

5.7 Capital expenditure

Capital expenditure for 2013/14 is forecast to be \$11.895M, against budget of \$11.708M. All major capital projects expected to be delivered in 2013/14 will be substantially complete within the financial year. There are some minor roll overs into 2014/15.

6. Business Plan Targets

Objectives and Priorities	Strategies and Actions	Performance Target 2014/2015
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	Finalise strategy to network water supply systems in the Northern and Southern Towns Shortlist options to network small water supply systems in the Central area	Strategy approved by Board and reflected in 2015/16 Corporate Plan Options narrowed down with extra investigations identified for further analysis
Advocacy for Catchment Management	Liaise with Local Government and Catchment Management Authorities, to focus on water quality in catchments Promote advocacy with the Environment Protection Authority regarding uncontrolled catchments Communicate with Local Government Authorities and agree catchment responsibilities and protocols	Attend GRWMP & Landcare meetings Proactively evaluate monitoring data Demonstrate outcomes from South Gippsland Water sponsored EPA presence in catchment areas Completion of Catchment development assessment models Liaise with key stakeholders and 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	Conduct a Customer & Stakeholder Communication Process around Water Supply Demand strategies and actions	Further engagement on Northern Towns strategy Commenced communication on Central Towns
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 2014/2015
KEY STRATEGIC OBJECTIVE 3: REGIONAL ENHANCEMENT Responding to local, State and regional development policies		
Servicing small towns	Managing expectations of Councils & Communities for small town sewerage Capital works for Alberton to be completed as per timetable Capital works for Poowong, Loch, Nyora to be completed as per timetable	Ongoing Community Consultation to be implemented as per agreed program Implement works as per agreed program Implement works as per agreed program
Planning for growth	Planning & influencing incremental growth in existing towns Promote Council & Community awareness of regional enhancement due to Northern Towns solution Monitor actual growth against local government forecasts/SGW forecasts Enhance connections with local Shire Councils, Regional Development Agencies and WGCMA	Liaise with Council Planners on incremental growth in existing towns Communicate to Councils & Communities on water security & associated regional benefits Variances identified & factored in to long term strategies Continued high level of activity with stakeholders
Regional Opportunities	Raise Stakeholder awareness of Venus Bay Saline Outfall asset	Raise awareness with relevant agencies

Objectives and Priorities	Strategies and Actions	Performance Target 2014/2015
KEY STRATEGIC OBJECTIVE 4: ENVIRONMENTAL SUSTAINABILITY <ul style="list-style-type: none"> . Better understand and respond to climate change / variability impacts . Manage wastewater systems to optimise the link with the integrated water cycle . Secure sustainable future water resources for customers 		
Climate Change/Variability	Better understand & respond to climate change/variability <ul style="list-style-type: none"> - Actively involved in assessing developments via CSIRO, DSE, VicWater, BoM, etc. - Pro-active/conservative management of water systems to recognise variability of rainfall patterns 	Half yearly update to Board Storage optimisation ensures best case capacity heading into drawdown
Long Term Wastewater Strategy	Implement works as per agreed program Tradewaste Management	Liaise with communities & construct Alberton sewerage scheme as per agreed capital program Liaise with communities & construct PLN sewerage scheme as per agreed capital program Implement regional Wastewater Strategy works as per agreed capital program Implement improved wastewater service network reliability as per agreed capital Liaise with Burra Foods through their expansion to ensure needs are understood and waste is of appropriate standard Liaise with Viplus as far as practical to leverage regional growth opportunities but with realistic wastewater management options Review classification of minor tradewaste customers
Wastewater Quality	Continue interim work to assist with compliance for Foster WWTP Meet EPA licence compliance	High focus on ensuring EPA licence compliance of Foster WWTP 100% licence compliance to be achieved
Bio Solids Management	Bio Solids Management Strategy	Finalise options for Bio Solids management Finalise options for Bio Solids Management Strategy

Objectives and Priorities	Strategies and Actions	Performance Target 2014/2015
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 		
Fairer Water Bills Initiative	Core Efficiencies Shared Services	Implement core efficiencies in line with agreed program Work with OLV/Industry to identify shared service efficiencies
Resourcing – quantity & quality	Resourcing for service delivery Implement recommendations from the Capital Review Process Investigate options for industry resource sharing & partnerships	Suitable internal staff & external contract resources engaged on listed projects Recommendations implemented, verified by the Corporate Governance Committee Utilise MoU as vehicle to help deliver Fairer Water Bills efficiencies. Involvement in at least two partnership initiatives
Occupational Health & Safety	Maintain an accredited OH&S Management System Improve contractor OH&S focus	OH&S accreditation maintained Improved focus by contractors to be demonstrated by improved annual survey results
Environmental Management	Maintain an accredited Environmental Management System (EMS) Improve staff / contractor EMS culture	EMS accreditation maintained Cultural change to be demonstrated by improved 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	Establish dedicated organisational maintenance function Condition/risk assessment on key trunk supply infrastructure Establish preventative maintenance program for SGW assets	Creation and consolidation of dedicated organisational maintenance function Non destructive condition assessments on representative infrastructure to establish informed risk/profile life Develop and implement a targeted program - preventative maintenance of SGW assets

Objectives and Priorities	Strategies and Actions	Performance Target 2014/2015
KEY STRATEGIC OBJECTIVE 7: GOVERNANCE, REGULATION AND COMPLIANCE <ul style="list-style-type: none"> . Ensure financial sustainability . Maintain our commitment to achieve the highest standards of compliance & performance of the organisation, through sound and prudent governance . Cost efficient service delivery . Engagement with Government and responsiveness to Government Policy 		
Board governance	Train & inform Board, Senior Managers and Employees on appropriate & effective governance information Regulatory obligations Regulatory legislation and guidelines	All Directors to undergo training in line with established program Senior Management Team to undertake personal development/ training opportunities in line with established program. Employee training in line with established program Establish regular Board information briefings with OLV, DEPI, DTF, etc Understand & respond to the implications of the water reform agenda
Major compliance issues	Regular Board reporting on compliance with: Statement of Obligations compliance Corporate Plan Meet reporting requirements re: Board Performance Corporate Plan Annual Report	Meet timelines for actions, with favourable ESC audit re SoO's Meet Corporate Plan performance targets Meet standards & timelines for actions Meet standards & timelines for actions Meet standards & timelines for actions
Dam Safety Requirements	Review and fully document dams safety issues and requirements for all corporation dams	Implement appropriate dam safety operating regimes where possible Identify scope and prioritise dam safety Capital works
Capital expenditure	Capital works	Deliver Capex Program within controllable parameters on time & within budget

7. Material Changes from Previous Corporate Plan

Material changes from the 2013/14 to 2017/18 Corporate Plan include:

- A Review of the Poowong/Loch/Nyora small towns sewerage scheme has occurred and a pressure sewer system with treatment at South East Water's Lang Lang plant the preferred delivery method. \$30M was included in the draft Water Plan 3 and this program can now be delivered for less than \$20M in conjunction with South East Water. The scheme is now planned for completion in 2015/16, previously planned for 2017/18.
- Funding for the Northern Towns project of \$21.4M was not allocated in the state budget 2014/15. This program and associated capital has been removed from the Corporate Plan. An additional \$100,000 per annum operating cost has been added to ensure supplementary supply to Korumburra occurs each year to meet current demands.
- Fairer Water Bills initiative has been introduced by the Government. The savings for Operational Expenditure are \$4.6M and for Capital Expenditure \$4.2M over the next four years. This has resulted in an average bill saving of \$48 per customer being implemented from 1 July 2014.
- \$10.0M will now be borrowed in 2014/15 due to the advanced delivery of the Poowong/Loch/Nyora scheme.
- An increase and acceleration of proposed peak debt levels from \$55.7M to \$56.4M as a result of the timing of the delivery of Poowong/Loch/Nyora sewerage scheme. Peak debt levels are now in 2014/15 & 2015/16 with reductions in debt occurring in years 2016/17 and beyond.
- Tariffs from 1st July 2014 see a decrease of between 8% - 11% in nominal terms against the currently approved ESC price path, the results of which is reflected in the Financials of Section 9 of this plan. Future increases will be pegged to the inflation rate.
- Alberton Sewerage scheme has been delayed by three months and all connections will now occur in 2014/15 rather than 2013/14.
- Growth in assessment numbers has been reduced downwards from 1.4% per annum to 1.04% per annum based on recent growth experienced in the region. The Impact is a \$1.149M reduction in revenue over the 5 years.
- No other material changes.

8. Major Risks

8.1 Implementing a Solution for Northern Towns

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

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

South Gippsland Water submitted a Business Case for \$21.4 M of government support to implement the project. However, funds were not allocated via the 2014/15 State Government budget.

As such, South Gippsland Water will revise options, if possible, for more incremental expenditure to meet the demands of residential and business customers, including major customers, Murray Goulburn and Burra Foods. This revised planning has commenced and will be reflected in the 2015/16 Corporate Plan.

Implementing a cost effective sustainable Water Supply Demand Strategy for South Gippsland Water's Northern Towns will ensure future demand will be met taking into consideration regional growth and the impacts of climate change variability.

8.2 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 existing short term measures are maintained / put in place until the permanent long term augmentations are completed and commissioned.

The challenge is to ensure water availability to the Northern Towns (in particular Korumburra) in the context of major customer expansion, population growth and potential climatic variability.

It will be critical that the range of infrastructure utilised in 2006/07, 2007/08, 2012/13 and again in 2013/14 to supplement the Coalition Creek and Ruby Creek supply systems, remains available and operational. As immediate actions for this Corporate Plan South Gippsland Water will need to renegotiate its Bulk Water Entitlement from the Tarwin River, and utilise a temporary pump station and a network of aged wastewater pipeline and pump infrastructure to annually augment supply to Korumburra during late summer and autumn.

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

8.3 Uncertainty about climate and developing appropriate responses

In response to the uncertainty of climate change/variability, South Gippsland Water reviewed its Water Supply Demand Strategy as a part of its input into the Gippsland Region Sustainable Water Strategy. It contains a detailed analysis of demand and supply options, across the region including growth, demand reduction initiatives, water delivery efficiency and augmentation options for the next 50 years.

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

This understanding will help the Corporation finalise its revised planning for its Northern and Central towns and assist in proactively managing water storages for the benefit of customers.

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

Recent years have seen no significant “bounce back” in water consumption since the 2006/07 drought. Water reduction strategies such as water efficient shower heads, rebates for water efficient appliances and water tanks have led to decreased demand and lower revenue over and above expectations. Additionally, engagement with major customers to reduce water consumption has seen significant reductions.

South Gippsland Water has forecast generally conservative demand estimates in its planning processes, increasing from 110KL to 115KL average consumption. The current draft pricing determination reflects these ongoing demand estimates.

Over 2012/13 and 2013/14 the actual customer growth (water and wastewater) has averaged only 0.8% per annum, around half that expected. The slower growth has a compounding unfavourably revenue impact. South Gippsland Water will need to monitor the impacts of potential revenue shortfalls.

South Gippsland Water has factored these demand issues into this Corporate Plan thereby lowering the risk of unexpected revenue shortfalls.

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

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

Past major infrastructure construction has had an impact on internal and external resources at all levels within the organisation and the 2014/15 state government budget has forecast a number of new major infrastructure projects.

South Gippsland Water continues to utilise its current strategies to sustain its employment requirements. This strategy includes reviewing structures across the organisation in line with implementing the efficiencies of the Fairer Water Bills initiative as well as benchmarking remuneration to ensure competitiveness in the current employment market environment.

8.6 Uncertainty of demand for water from major customers

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

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

Burra Foods invested significantly in plant augmentations in 2011 and again in 2014 as it pursues revenue opportunities in various overseas markets. These recent investments have resulted in significant demand for water in a system that is already committed on an annual basis.

South Gippsland Water has developed summer/autumn harvesting options in terms of addressing potential demand in 2014/15 and for the immediate short term. The finalisation of options for long term supply is a major task for this Corporate Plan.

In addition, South Gippsland Water is looking to implement water supply contracts with these customers in order to understand and implement appropriate investment to meet their supply needs.

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

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

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

8.8 Asset Renewals Funding

South Gippsland Water's Asset Management System has identified that its medium term renewals program is likely to need significant capital injection as a significant number of assets are nearing end of life. South Gippsland Water will concentrate efforts for more fully documenting the renewal profile during 2014/15 and utilise the enhanced asset information to assist in developing the 2015/16 Corporate Plan and Water Plan 4.

8.9 Delivery of Efficiency Targets and Savings

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

9. Financial Details

9.1 Water Sector Efficiency Initiatives

A key objective of the Government, set out in *Melbourne's Water Future and Securing Victoria's Economy*, is the delivery of efficiency and system wide cost reductions across the urban water sector for the benefit of the community.

In January 2014, the Minister for Water announced the Fairer Water Bills initiative. The purpose of the initiative is to promote an urban water sector that delivers cost efficient and effective services to households and industry while maintaining financial sustainable, innovative and accountable water corporations and safeguarding the highest standards for safety, liveability and security of supply.

South Gippsland Waters efficiency targets under this initiative are listed below:

Table 9.1(a): Efficiency Targets in Corporate Plan

Efficiency summary (\$m)	FY 14 /15	FY15/16	FY16/17	FY17/18	Total
Core efficiency expectation					
Water corporation OPEX proposal adjusted	0.5	0.7	0.7	0.7	2.5
Total Capex savings ex. coordinated procurement	0.7	1.1	1.2	0.8	3.8
Additional revenue (regulated+non regulated)	0.0	0.0	0.0	0.0	0.0
Asset sales	0.5	0.0	0.0	0.0	0.5
Other	0.0	0.0	0.0	0.0	0.0
Total core efficiency savings	1.7	1.8	1.8	1.5	6.8
Additional and whole of sector savings					
Co-ordinated Procurement opex savings	0.2	0.3	0.3	0.3	1.1
Capex reductions for co-ordinated procurement	0.1	0.1	0.2	0.1	0.5
Additional expected savings	0.3	0.3	0.2	0.2	1.0
Total additional and whole of sector savings	0.5	0.6	0.8	0.7	2.6

South Gippsland Water has committed to achieving both the core efficiency savings, and the additional and whole of sector savings in the calculation of the reduction to customer's water bills and also in the financial data presented in this Corporate Plan.

At this stage, only the core efficiency savings have been specifically identified via a range of initiatives including chemical rationalisation, fleet management improvements, sampling & testing, etc. The additional and whole of sector savings are stretch targets and specific actions to ensure they are met will come from a number of sources including through a Memorandum of Understanding with other Gippsland water corporations and through further engagement with Office of Living Victoria (OLV).

South Gippsland Water is impacted in other ways by *Melbourne's Water Future* reform agenda. As an illustration, the Bulk Water reform initiatives will add expenditure from 2016/17 forward in the form of fixed holding costs for its current 1 GL bulk entitlement to the Melbourne Pool (estimated and advised by OLV at \$185,000 pa in 2013/14 prices).

Further, as a result of post Water Plan reviews and directions from the Minister for Water, South Gippsland Water will now deliver the Poowong, Loch and Nyora sewerage scheme as a Whole of Water Cycle Management project with a significantly advanced capital spend.

South Gippsland Water has used the Essential Services Commission pricing model to determine the impacts of the efficiency savings on its revenue base adjusted for the increased bulk water costs and the advancement of the Poowong, Loch, Nyora Sewerage scheme.

South Gippsland Water has a diverse customer base including residential, non-residential, community and major customers. General observations regarding the components of revenue are:

- Volumetric water revenue comprises around 35% of total water and wastewater revenue
- Residential volumetric revenue comprises 39% of total volumetric revenue
- Residential service charge revenue comprises 89% of total service charge revenue, excluding major and minor trade waste and cistern customers

Considering the extent of savings, the customer demographics and South Gippsland Water's plan to harmonise service charge tariffs, the Corporation has chosen to apply the benefits to all water and wastewater service charges (excluding major and minor trade waste and cistern customers). This provides a high level of benefit (around 89%) to residential customers without the need to create further differential services charges.

South Gippsland Water will continue to harmonise its two water district service charges over the next two years that is from 1 July 2016. This means customers of both districts will receive the same \$48 reduction in service charges from 1 July 2014. Those customers in the Southern district will continue to receive service charge reductions in 2015/16 and 2016/17 as the rebalancing is phased in.

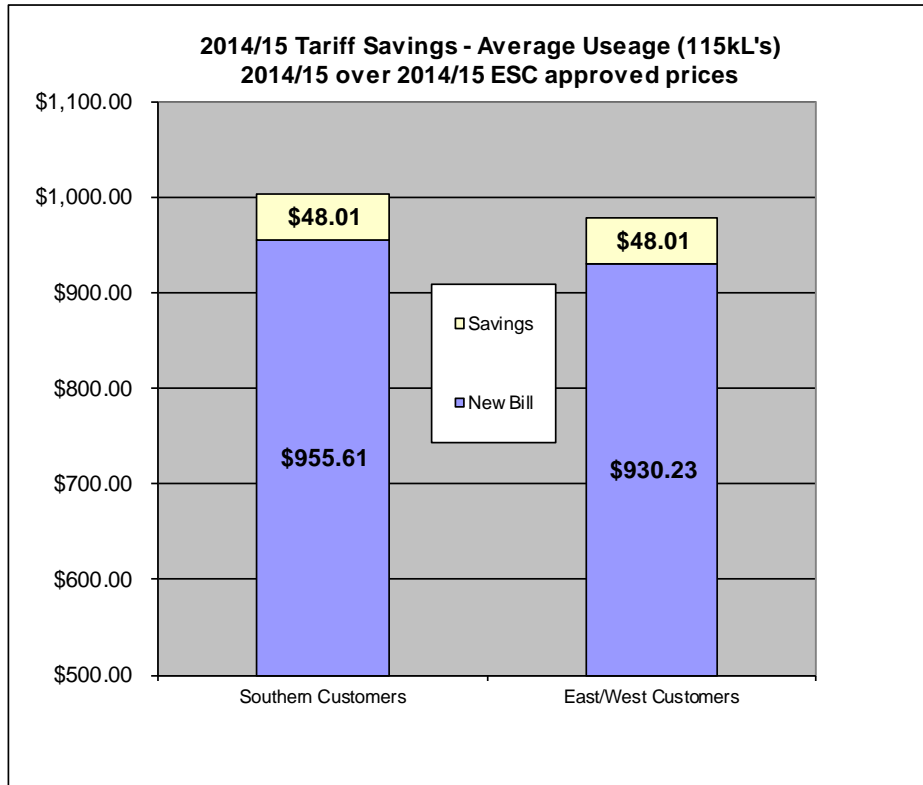
This approach allows South Gippsland Water to provide the greatest savings to households as envisaged by the Fairer Water Bills Initiative.

The resultant tariffs and savings for 2014/15 are detailed in the chart below.

SOUTH GIPPSLAND WATER

Tariff and Price Component	ESC* Price (1 July 2013)	ESC* Price (1 July 2014)	FWB* Price Decrease	FWB* Price (1 July 2014)	FWB* Price Decrease (%)
1.1 Water access fees (per annum)					
East/West District					
Access fee – Developed	\$305.40	\$314.35	-\$27.00	\$287.35	-8.6%
Access fee – Undeveloped	\$305.40	\$314.35	-\$27.00	\$287.35	-8.6%
Access fee – Agreements	\$277.65	\$285.79	-\$27.00	\$258.79	-9.4%
Access fee – Concessional	\$250.35	\$257.69	-\$27.00	\$230.69	-10.5%
Southern District					
Access fee – Developed	\$342.30	\$339.73	-\$27.00	\$312.73	-7.9%
Access fee – Undeveloped	\$342.30	\$339.73	-\$27.00	\$312.73	-7.9%
Access fee – Agreements	\$307.65	\$305.31	-\$27.00	\$278.31	-8.8%
Access fee – Concessional	\$250.35	\$257.69	-\$27.00	\$230.69	-10.5%
1.2 Water usage charges (per kL)					
Volumetric fee – Murray Goulburn	\$2.01	\$2.07	\$0.00	\$2.07	0.0%
Volumetric fee – Change 1st Nov.	\$1.66	\$1.71	\$0.00	\$1.71	0.0%
1.3 Sewerage access fees (per annum)					
Residential and non-residential					
Access fee – Developed	\$453.94	\$467.23	-\$21.00	\$446.23	-4.5%
Access fee – Undeveloped	\$266.49	\$274.29	-\$21.00	\$253.29	-7.7%

* ESC denotes Essential Services Commission approved pricing (June 2013), while FWB denotes Fairer Water Bills Initiative revised pricing (June 2014)



South Gippsland Water has undertaken to achieve the following efficiency savings in operational expenditure: (Note savings are in 2013/14 real dollars)

Fairer Water Bills - Reconciliations to Requested Savings V What Is Achievable

	2014/15 \$000	2015/16 \$000	2016/17 \$000	2017/18 \$000	Total \$000
<u>OLV / Deloitte's Recommended Saving Levels</u>					
Water Corporation Proposed Savings	500	650	650	700	2500
Additional Expected Savings	300	300	200	200	1000
Coordinated Procurement Savings Expected	200	300	300	300	1100
	1000	1250	1150	1200	4600
<u>SGW Savings Identified to be implemented</u>					
Vehicle operating costs (inc fuel, maint, FBT, rego)	107	107	107	107	428
Sampling & Testing contract - reduction in samples required	100	100	100	100	400
Sludge Truck - Purchase V Leases	85	85	85	85	340
Chemical Costs (contract negotiations better rates)	188	188	188	188	752
Chemical Costs (substitution and process review)	0	130	130	130	390
Electrical Contractors - reduction and employ additional in house	49	49	49	49	196
River Health Monitoring - Reduction in levels	70	20	70	20	180
GWMP - reduction in number of sites	16	16	16	16	64
Electricity Contract Review (site swaps)	24	24	24	24	96
Weed Control / Grounds Maintenance (bring in house)	80	80	80	80	320
Sponsorship (reduce levels)	60	60	60	60	240
Meter Reading Contract renegotiation	21	21	21	21	84
Total achievable to date	800	880	930	880	3490
Remainder Required to Find	200	370	220	320	1110
MOU / Coordinated Procurement Savings Expected Above (Still to be identified)	200	300	300	300	1100
Overall savings against target	0	70	-80	20	10

South Gippsland Water does not expect that customer service standards will be impacted by the above savings, however, acknowledges that the risk profile for the corporation has required to be changed to ensure that these initiatives can be implemented.

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

in nominal prices

YEAR	2013/14	2014/15	2015/16	2016/17	2017/18	TOTAL
2013/14 Water Plan 3 (\$M)	11.7	13.4	16.7	18.1	12.1	72.0
2014/15 Corporate Plan (\$M)	11.9	18.1	7.4	3.2	4.2	44.8
Variance	0.2	4.7	-9.3	-14.9	-7.9	-27.2

The above table shows a capital expenditure reduction of \$27.2M over the five year period 2013/147 to 2017/18. This is a result of \$21.4M reduction in Northern Towns Connection project due to no funding being received, \$4.2M in Fairer Water Bills capital expenditure reductions and the remainder is the reduction in the Poowong, Loch, Nyora sewerage scheme capital expenditure as a result of the collaborative project delivery with South East Water.

South Gippsland Water intends to implement the \$4.2M reduction in capital expenditure required as a result of Fairer Water Bills from a combination of the following:

- Reduction in Sewer Relining Program over 4 years
- Deferral of the Central Towns Strategy
- Reallocation of programs to later years.

The expected coordinated procurement savings achievable are yet to be identified and South Gippsland Water will work with the Gippsland Memorandum of Understanding partners and the Office of Living Victoria to realise these savings.

Of the \$44.8M capital program proposed above, some \$20M relates to the Poowong, Loch and Nyora Liveable Small Towns Project.

9.2 Sensitivity of Key Planning Variables

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

Table 9.2(a) : Sensitivity Analysis - 2014/15 to 2018/19

Scenario					
	2014/15	2015/16	2016/17	2017/18	2018/19
Water Consumption					
5% lower all customers	-0.403	-0.417	-0.431	-0.446	-0.458
10% lower all customers	-0.806	-0.833	-0.862	-0.891	-0.917
5% lower non-major customers	-0.271	-0.281	-0.291	-0.302	-0.311
10% lower non-major customers	-0.542	-0.562	-0.583	-0.604	-0.622
5% lower Murray Goulburn	-0.083	-0.085	-0.087	-0.090	-0.092
10% lower Murray Goulburn	-0.166	-0.170	-0.175	-0.180	-0.185
Loss of Murray Goulburn as a major customer	-1.656	-1.702	-1.748	-1.796	-1.846
5% higher all customers	0.403	0.417	0.431	0.446	0.458
10% higher all customers	0.806	0.833	0.862	0.891	0.917
5% higher non-major customers	0.271	0.281	0.291	0.302	0.311
10% higher non-major customers	0.542	0.562	0.583	0.604	0.622
5% higher Murray Goulburn	0.083	0.085	0.087	0.090	0.092
10% higher Murray Goulburn	0.166	0.170	0.175	0.180	0.185
Service Charges					
50% lower than growth estimates	-0.100	-0.103	-0.106	-0.110	-0.114
50% higher than growth estimates	0.100	0.103	0.106	0.110	0.114
Trade Waste					
Loss of Murray Goulburn as a major customer	-1.788	-1.837	-1.888	-1.940	-1.993
Interest Rates					
Higher by 1%	-0.564	-0.564	-0.509	-0.464	-0.479
Higher by 2%	-1.128	-1.128	-1.018	-0.928	-0.958
Higher by 3%	-1.692	-1.692	-1.527	-1.392	-1.437
Lower by 1%	0.564	0.564	0.509	0.464	0.479
Lower by 2%	1.128	1.128	1.018	0.928	0.958
Lower by 3%	1.692	1.692	1.527	1.392	1.437

Comments on the above include:-

- Water consumption remains a significant financial risk to South Gippsland Water with the retention of Murray Goulburn as a major customer critical to cash flows. Consumption risk of non-major customers is moderate given South Gippsland Water's relatively low average annual residential consumption, the split between fixed and variable tariff, and the assumption that water saving infrastructure has generally already been invested in by customers.
- In addition, the loss of Murray Goulburn would impact on trade waste revenue by nearly \$2.0M per annum.
- Other trade waste revenue variations have minimal cash impact.
- Water and wastewater assessment growth has generally been strong, however, declining recently. Risks are minor unless there were compounding deteriorating growth.
- South Gippsland Water's sensitivity to interest rates is high given that loans are expected to peak at \$56.4M during the plan. This risk is minimised by holding a majority of fixed interest rate loans and a diverse portfolio.

9.3 Operating Statement

Table 9.3(a): Revenue & Expense Details

Year Ending 30 June	Budget 2015 (F)	Forecast 2016 (F)	Forecast 2017 (F)	Forecast 2018 (F)	Forecast 2019 (F)	Current Forecast 2014 (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	5,993	6,103	6,201	6,442	6,693	6,248
Non-residential	136	139	142	147	152	147
Total Service / Fixed	6,129	6,242	6,343	6,589	6,845	6,395
Usage/Volumetric						
Residential	4,712	4,889	5,075	5,296	5,426	4,698
Non-residential	3,349	3,445	3,543	3,644	3,743	3,362
Total Usage/Volumetric	8,061	8,334	8,618	8,940	9,169	8,060
Urban Sewerage						
Service / Fixed						
Residential	7,384	7,668	8,175	8,486	8,814	7,244
Non-residential	663	682	700	720	740	876
Total Service / Fixed	8,047	8,350	8,875	9,206	9,554	8,120
Usage/volumetric						
Residential	-	-	-	-	-	-
Non-residential	179	184	189	194	200	173
Total Usage/volumetric	179	184	189	194	200	173
Trade Waste Revenue by Agreement	2,204	2,459	2,520	2,583	2,648	2,300
Trade Waste Usage Revenue	-	-	-	-	-	-
Recycled Water						
Service/Fixed Charges	-	-	-	-	-	-
Usage / Volumetric Charges	-	-	-	-	-	-
Total Recycled Water	-	-	-	-	-	-
Total Revenue From Fees & Charges	24,620	25,568	26,546	27,512	28,415	25,048
Operating, Maintenance & Administration (OMA) Expenses						
Operating and Maintenance Expense	11,005	11,103	10,947	11,125	11,227	11,459
Administration Expense	4,198	4,360	4,529	4,705	4,887	4,041
Total OMA Expenses	15,203	15,463	15,476	15,830	16,114	15,500
OMA Expenses Breakdown (Total OMA)						
Bulk water Supply	-	-	181	186	191	-
Headworks	2,128	2,165	2,166	2,216	2,253	2,170
Urban water - Treatment	5,321	5,412	5,237	5,355	5,453	5,425
Urban water - Reticulation	2,280	2,319	2,321	2,375	2,417	2,325
Sewerage - Reticulation	1,825	1,856	1,857	1,899	1,933	1,860
Sewerage - Treatment	3,649	3,711	3,714	3,799	3,867	3,720
Recycled Water	-	-	-	-	-	-
Surface Water Diversions	-	-	-	-	-	-
Gravity Irrigation	-	-	-	-	-	-
Pumped Irrigation	-	-	-	-	-	-
Stock and Domestic	-	-	-	-	-	-
Groundwater	-	-	-	-	-	-
Drainage Diversions	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total OMA Expenses	15,203	15,463	15,476	15,830	16,114	15,500

Table 9.3(b): Operating Statement

	Budget	Forecast	Forecast	Forecast	Forecast	Current Forecast
Year Ending 30 June	2015 (F)	2016 (F)	2017 (F)	2018 (F)	2019 (F)	2014 (F)
Operating Statement (FS1) (\$'000)						
Revenue						
Service Charges	16,380	17,050	17,739	18,378	19,046	16,815
Usage Charges	8,240	8,518	8,807	9,134	9,369	8,233
Developer Contribution	682	694	673	686	698	572
Developer Contributions - Gifted Assets	1,161	1,193	1,226	1,260	1,294	1,130
Temporary Trade of Bulk Entitlements	-	-	-	-	-	-
Government Contributions / Grants	-	-	-	-	-	-
Investment Interest	12	12	12	12	12	20
Profit (loss) from Sale of Assets	-	-	-	-	-	-
Other Revenue	1,761	731	1,271	772	794	692
Total Revenue	28,236	28,198	29,728	30,242	31,213	27,462
Expense						
Operating and Maintenance Expense	11,005	11,103	10,947	11,125	11,227	11,459
Administration Expense	4,198	4,360	4,529	4,705	4,887	4,041
Environmental Contributions	1,101	1,101	1,101	1,101	1,422	1,101
Borrowing Costs / Interest Expense	3,078	3,497	3,326	3,016	2,923	2,465
IT	-	-	-	-	-	-
Labour	-	-	-	-	-	-
Consultants	-	-	-	-	-	-
Depreciation and Amortisation	10,010	10,554	11,024	11,244	11,412	9,619
Other Expense	-	-	-	-	-	-
Total Expense	29,393	30,615	30,927	31,191	31,871	28,685
Earnings Before Tax	(1,157)	(2,417)	(1,199)	(949)	(658)	(1,223)
Income Tax Expense	-	-	-	-	-	-
Net Operating Result	(1,157)	(2,417)	(1,199)	(949)	(658)	(1,223)
Dividends Expense	-	-	-	-	-	-
Transfers (to)/from Reserves	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-
Net Profit (Loss)	(1,157)	(2,417)	(1,199)	(949)	(658)	(1,223)
Retained Profit (Loss) Carried Forward	72,062	70,905	68,489	67,289	66,340	-
Closing Retained Profit (Loss)	70,905	68,489	67,289	66,340	65,682	(1,223)

9.4 Balance Sheet

Table 9.4: Balance Sheet

	Budget	Forecast	Forecast	Forecast	Forecast	Current Forecast
Year Ending 30 June	2015 (F)	2016 (F)	2017 (F)	2018 (F)	2019 (F)	2014 (F)
Balance Sheet (FS2) (\$'000)						
Current Assets						
Cash on Hand	4,825	3,915	3,252	3,260	3,744	2,698
Receivables	1,032	927	1,198	859	882	703
Less Provision for Impaired Receivables	(45)	(45)	(45)	(45)	(45)	(45)
Investments	-	-	-	-	-	-
Inventories	426	441	454	468	482	414
Prepayments	160	164	169	174	180	155
Other Current Assets	1,706	1,757	1,810	1,864	1,920	1,656
Total Current Assets	8,104	7,159	6,838	6,580	7,163	5,581
Non-Current Assets						
Infrastructure	302,025	319,044	340,104	343,326	352,179	305,871
less Accumulated Depreciation	(23,427)	(31,342)	(39,257)	(47,172)	(55,087)	(25,352)
Infrastructure WDV	278,598	287,702	300,847	296,154	297,092	280,519
Land and Buildings	13,290	14,134	14,134	14,134	14,134	13,800
less Accumulated Depreciation	(442)	(514)	(586)	(658)	(730)	(370)
Land and Buildings WDV	12,848	13,620	13,548	13,476	13,404	13,430
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	19,750	22,927	3,827	3,942	4,060	7,684
Total Property, Plant & Equipment	313,878	326,931	320,904	316,254	317,238	304,315
Non-current Receivables	556	482	408	334	260	30
Deferred Tax Assets	-	-	-	-	-	-
Non-current Investments	-	-	-	-	-	-
Intangible Assets	688	688	813	813	813	695
Other Non-current Assets	-	-	-	-	-	-
Total Non-Current Assets	315,122	328,101	322,125	317,401	318,311	305,040
Total Assets	323,226	335,260	328,963	323,981	325,474	310,621
Current Liabilities						
Bank Overdraft	-	-	-	-	-	-
Current Payables	3,291	3,386	3,713	4,102	4,672	3,100
Short Term Borrowings	5,000	4,480	6,500	5,000	7,000	5,400
Finance Lease Liabilities (PPP)	-	-	-	-	-	-
Other Lease Liabilities	-	-	-	-	-	-
Employee Benefit Provision	2,158	2,224	2,291	2,359	2,430	2,096
Provision for Dividend	-	-	-	-	-	-
Other Current Provisions	-	-	-	-	-	-
Other Current Liabilities	500	500	500	500	500	500
Total Current Liabilities	10,949	10,590	13,004	11,961	14,602	11,096
Non-Current Liabilities						
Long Term Borrowings	51,400	51,920	44,400	41,400	40,900	37,500
Long Term Payables	-	-	-	-	-	-
Finance Lease Liabilities (PPP)	-	-	-	-	-	-
Other Lease Liabilities	-	-	-	-	-	-
Long Term Employee Benefit Provision	305	314	323	333	343	296
Deferred Tax Liabilities	37,300	41,584	41,584	41,584	41,584	37,300
Other Non-current Liabilities	-	-	-	-	-	-
Total Non-Current Liabilities	89,005	93,818	86,307	83,317	82,827	75,096
Total Liabilities	99,954	104,408	99,311	95,278	97,429	86,192
Net Assets	223,272	230,852	229,652	228,703	228,045	224,429

9.5 Statement of Cash Flows

Table 9.5: Cash Flow Statement

	Budget	Forecast	Forecast	Forecast	Forecast	Current Forecast
Year Ending 30 June	2015 (F)	2016 (F)	2017 (F)	2018 (F)	2019 (F)	2014 (F)
Cash Flow Statement (FS3) (\$'000)						
Cash Flows From Operations						
Cash Receipts						
Service and Usage Charges Income	26,381	26,299	27,817	28,284	29,209	25,740
Other Customer Revenue	-	-	-	-	-	-
Receipts from Government	-	-	-	-	-	-
Developer Contributions	664	682	701	720	746	646
GST Refunds from ATO	-	-	-	-	-	-
Investment (Interest) Income	12	12	12	12	12	20
Other Cash Receipts	-	-	-	-	-	-
Total Cash Receipts from Operations	27,057	26,993	28,530	29,016	29,967	26,406
Cash Payments						
Payments to Suppliers and Employees	(15,624)	(15,204)	(14,868)	(15,447)	(15,540)	(15,621)
Interest and Other Costs of Finance Paid	(3,078)	(3,497)	(3,326)	(3,016)	(2,923)	(2,465)
GST paid to the ATO	-	-	-	-	-	-
Income Tax Payments	-	-	-	-	-	-
Environmental Contributions	(1,101)	(1,101)	(1,101)	(1,101)	(1,422)	(1,101)
Other Payments	-	-	-	-	-	-
Total Cash Payments from Operations	(19,803)	(19,802)	(19,295)	(19,564)	(19,886)	(19,187)
Net Cash Inflow (Outflow) from Operations	7,254	7,191	9,235	9,452	10,081	7,219
Cash Flows From Investing Activities						
Proceeds/(Payment) from Investments	-	-	-	-	-	-
Payments for Infrastructure Assets	(17,899)	(7,236)	(3,037)	(4,031)	(10,011)	(11,491)
Payments for Property, Plant & Equipment	(1,675)	(1,444)	(1,507)	(1,527)	(1,593)	(1,633)
Payments for Intangible Assets	(175)	(50)	(500)	(50)	(175)	(125)
Proceeds from Sale of Assets	1,122	629	646	664	682	595
Net Cash Inflow (Outflow) from Investing Activities	(18,627)	(8,102)	(4,398)	(4,944)	(11,097)	(12,654)
Cash Flows From Financing Activities						
Proceeds from Borrowings	13,500	-	-	-	1,500	3,500
Proceeds from Government Equity Contributions	-	-	-	-	-	-
Repayment of Borrowings / Overdraft	-	-	(5,500)	(4,500)	-	-
Payment of Dividends	-	-	-	-	-	-
Net Cash Inflow (Outflow) from Financing Activities	13,500	-	(5,500)	(4,500)	1,500	3,500
Net Increase (Decrease) in Cash	2,127	(910)	(663)	8	484	(1,935)
Cash Held at the Beginning of the Year	2,698	2,698	3,915	3,252	3,260	4,633
Cash Held at the End of the Year	4,825	1,788	3,252	3,260	3,744	2,698
Cash on Hand per Balance Sheet	4,825	3,915	3,252	3,260	3,744	2,698

9.6 Financial Performance Indicators

Table 9.6: Financial Performance Indicators

	Budget	Forecast	Forecast	Forecast	Forecast	Current Forecast
Year Ending 30 June	2015 (F)	2016 (F)	2017 (F)	2018 (F)	2019 (F)	2014 (F)
Key Performance Indicators						
Financial Performance Indicators						
Short Term Liquidity Indicators						
Current Assets	8,104	7,159	6,838	6,580	7,163	5,581
Current Liabilities	10,949	10,590	13,004	11,961	14,602	11,096
Net Working Capital (\$'000)	(2,845)	(3,431)	(6,166)	(5,381)	(7,439)	(5,515)
Working Capital Ratio (%)	74.0%	67.6%	52.6%	55.0%	49.1%	50.3%
Profitability Indicators						
Earnings Before Net Interest and Tax	1,910	1,068	2,115	2,055	2,253	1,222
EBITDA	11,932	11,634	13,151	13,311	13,677	10,861
Total Revenue from Fees & Charges	24,620	25,568	26,546	27,512	28,415	25,048
Total OMA (incl. Env Contribution) Expenses	16,304	16,564	16,577	16,931	17,536	16,601
Total Income	28,236	28,198	29,728	30,242	31,213	27,462
Total Assets at Start of Reporting Period	310,621	323,226	335,260	328,963	323,981	306,815
Total Assets at End of Reporting Period	323,226	335,260	328,963	323,981	325,474	310,621
Average Total Assets	316,924	329,243	332,112	326,472	324,728	308,718
Return on Assets (%)	0.6%	0.3%	0.6%	0.6%	0.7%	0.4%
Gross Operating Margin (%)	33.8%	35.2%	37.6%	38.5%	38.3%	33.7%
Net Profit Margin (%)	6.8%	3.8%	7.1%	6.8%	7.2%	4.4%
Underlying Result (%)	(4.1%)	(8.6%)	(4.0%)	(3.1%)	(2.1%)	(4.5%)
Debt Servicing Indicators						
Net Interest Expense (income)	3,066	3,485	3,314	3,004	2,911	2,445
Net Operating Cash Before Net Interest and Tax	10,320	10,676	12,549	12,456	12,993	9,664
Net Interest Payments (Receipts)	3,066	3,485	3,314	3,004	2,911	2,445
Cash Interest Coverage (Times)	3.4x	3.1x	3.8x	4.1x	4.5x	4.0x
Long term Interest Coverage (Times)	0.6x	0.3x	0.6x	0.7x	0.8x	0.5x
Long Term Viability Indicators						
Total Debt	56,400	56,400	50,900	46,400	47,900	42,900
Total Equity	223,272	230,852	229,652	228,703	228,045	224,429
Asset Gearing ratio (%)	17.4%	16.8%	15.5%	14.3%	14.7%	13.8%
Internal Financing Ratio (%)	37.1%	82.8%	203.2%	170.1%	86.9%	55.0%
Debt to Equity (%)	25.3%	24.4%	22.2%	20.3%	21.0%	19.1%
Owners Return Indicator						
Net Operating Result	(1,157)	(2,417)	(1,199)	(949)	(658)	(1,223)
Total Equity at Start of Reporting Period	224,429	223,272	230,852	229,652	228,703	225,652
Average Total Equity	223,851	227,062	230,252	229,178	228,374	225,041
Return on Equity (%)	(0.5%)	(1.1%)	(0.5%)	(0.4%)	(0.3%)	(0.5%)
Efficiency Indicators						
Total Credit Sales Revenue	25,302	26,262	27,219	28,198	29,113	25,620
Accounts Receivable at Start of Period	733	1,588	1,409	1,606	1,193	1,181
Accounts Receivable at End of Period	1,588	1,409	1,606	1,193	1,142	733
Average Accounts Receivable	1,161	1,499	1,508	1,400	1,168	957
Net Cash from Operations	7,254	7,191	9,235	9,452	10,081	7,219
Total Operating Cash Receipts	27,057	26,993	28,530	29,016	29,967	26,406
Accounts Receivable Turnover (Days)	17.0	21.0	20.0	18.0	15.0	14.0
Operating Cash Flow Efficiency (%)	26.8%	26.6%	32.4%	32.6%	33.6%	27.3%

9.7 Capital Expenditure Forecasts

Table 9.7: Capital Expenditure Forecasts by Major Driver

Year Ending 30 June	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Current Forecast
	2015 (F)	2016 (F)	2017 (F)	2018 (F)	2019 (F)	2020 (F)	2021 (F)	2022 (F)	2023 (F)	2024 (F)		2014 (F)
Capital Program (\$'000)												
Primary Driver Summary												
Security and Reliability			125	-	450	-	125	-	-	-	-	-
Growth	15,084		15,084	4,811	-	-	235	846	870	853	2,187	2,000
Renewals		2,435		2,387	2,563	3,996	9,055	7,256	7,143	7,148	7,148	7,148
Regulatory Compliance												
Total Capital Spend - Breakdown (Includes New Customer Contributions Received And Government Grants)												
Water												
Security and Reliability			125	-	450	-	125	-	-	-	-	-
Growth	391		391	694	-	-	235	846	870	853	2,187	2,000
Renewals		739		759	780	859	1,530	1,754	1,677	1,377	1,377	1,377
Regulatory Compliance												
Headworks		221		22	22	23	188	2,249	4,299	1,967	210	200
Total Water		1,476		1,475	1,252	882	2,078	4,849	6,846	4,197	3,774	3,577
Wastewater												
Growth	14,693		14,693	4,117	-	-	-	-	-	-	-	-
Renewals		1,696		1,628	1,783	3,137	7,525	5,502	5,466	5,771	5,771	5,771
Regulatory Compliance												
Total Wastewater		16,389		5,745	1,783	3,137	7,525	5,502	5,466	5,771	5,771	5,771
Alternative Supplies												
Recycled Water												
Stormwater												
Other												
Total Alternative Supplies												
Environment												
Waterways and Drainage												
Sustainability												
Total Environment												
Corporate												
Systems (Including IT)		156		162	170	176	184	191	199	210	210	210
Other												
Total Corporate		156		162	170	176	184	191	199	210	210	210
Total Capital Spend		18,021		7,382	3,205	4,195	9,787	10,542	12,511	10,178	9,755	9,558
New Customer Contributions received			664.0	682.0	701.0	720.0	746.0					
Government grants received												
Net Capital Expenditure			17,357	6,700	2,504	3,475	9,041	10,542	12,511	10,178	9,755	9,558

9.8 Service Standards and Key Performance Indicators

Table 9.8(a): ESC Service Standards

SOUTH GIPPSLAND WATER - Service Standards 1 July 2013 to 30 June 2019

	2013-14 Est.	2014-15	2015-16	2016-17	2017-18	2018-19
Water						
Unplanned water supply interruptions (per 100km)	22.6	25.0	25.0	25.0	25.0	25.0
Average time taken to attend bursts and leaks (priority 1)	27.9	30.0	30.0	30.0	30.0	30.0
Average time taken to attend bursts and leaks (priority 2)	17.9	35.0	35.0	35.0	35.0	35.0
Average time taken to attend bursts and leaks (priority 3)	755.4	500.0	500.0	500.0	500.0	500.0
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)	95.1	95.1	95.1	95.1	95.1	95.1
Average unplanned customer minutes off water supply	60.3	25.0	25.0	25.0	25.0	25.0
Average planned customer minutes off water supply	37.6	100.0	100.0	100.0	100.0	100.0
Average unplanned frequency of water supply interruptions	0.4	0.3	0.3	0.3	0.3	0.3
Average planned frequency of water supply interruptions	0.2	0.4	0.4	0.4	0.4	0.4
Average duration of unplanned water supply interruptions (minutes)	153.5	100.0	100.0	100.0	100.0	100.0
Average duration of planned water supply interruptions (minutes)	182.2	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)	18.0	18.0	18.0	18.0	18.0	18.0
Average time to attend sewer spills and blockages (minutes)	8.5	30.0	30.0	30.0	30.0	30.0
Average time to rectify a sewer blockage (minutes)	42.8	120.0	120.0	120.0	120.0	120.0
Spills contained within 5 hours (per cent)	100.0	100.0	100.0	100.0	100.0	100.0
No. of customers receiving more than 3 sewer blockages in the year	0.0	0.0	0.0	0.0	0.0	0.0
Customer service						
Complaints to EWOV	1.1	1.1	1.1	1.1	1.1	1.1
Telephone calls answered within 30 seconds	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)	8386.0	8415.6	8550.2	8687.0	8826.0	8967.2
Recycled water target (% reused)	2.0	2.0	2.0	2.0	2.0	2.0
Biosolids reuse (% reused)	0.0	2.0	2.0	2.0	2.0	2.0
Small Town Sewerage Scheme connections (no. of)	30.0	230.0	252.0	30.0	0.0	0.0
Environmental discharge indicator (per cent)	99.0	100.0	100.0	100.0	100.0	100.0
Drinking water quality indicators (per cent)	99.0	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

	Performance Indicator	2012-13 Result	2013-14 Est. Result	2014-15 Target
F1	Internal Financing Ratio (Net operating cash flow – dividends) / Capital expenditure	68.7%	55.0%	37.1%
F2	Gearing Ratio Total debt (including finance leases) / total assets	12.8%	13.8%	17.4%
F3	Interest Cover (EBIT) Earnings before net interest and tax expense / net interest expense	0.8 times	0.5 times	0.6 times
F4	Interest Cover (Cash) Cash flow from operations before net interest and tax payments / net interest payments	3.6 times	4.0 times	3.4 times
F5	Return on Assets Earnings before net interest and tax / Average total assets	0.7%	0.4%	0.6%
F6	Return on Equity Net profit after tax / average total equity	(0.1%)	(0.6%)	(0.5%)

Internal financing ratio and gearing ratio are impacted significantly in 2014/15 as a result of the Poowong, Loch, Nyora Sewerage Scheme program delivery timeframes and a capital program of \$18M in 2014/15 compared to annual average program of \$8M.

**Table 9.8(c): Ministerial Reporting Directions – Service Performance Indicators
(Whole of Business)**

	Performance Indicator <i>Performance measures as per ESC definitions</i>	2012-13 Result	2013-14 Est. Result	2014-15 Target
S1	Water supply interruptions			
S1.1	Number of customers receiving more than 5 unplanned interruptions in the year	0.0%	0.0%	0.0%
S2	Interruption time indicators			
S2.1	Average duration of unplanned water supply interruptions	83 minutes	154 minutes	100 minutes
S3	Restoration of water supply			
S3.1	Unplanned water supply interruptions restored within 5 hours	100.0%	99.0%	99.0%
S4	Reliability of sewerage collection services			
S4.1	Sewer spills from reticulation and branch sewers (priority 1 and 2)	48	29	50
S5	Containment of sewer spillages			
S5.1	Sewerage spills contained within 5 hours	93.8%	100.0%	100.0%
S6	Customer complaints indicators			
S6.1	Water quality complaints per 1000 customers	9.0	9.2	8.0
S6.2	Sewerage service quality and reliability complaints per 1000 customers	0.0	0.0	0.1
S6.3	Billing complaints per 1000 customers	1.8	0.9	2.0
S6.4	Sewage odours complaints per 1000 customers	0.0	0.1	0.1

**Table 9.8(d): Ministerial Reporting Directions – Environmental Performance Indicators
(Whole of Business)**

	Performance Indicator <i>Performance measures as per ESC definitions</i>	2012-13 Result	2013-14 Est. Result	2014-15 Target
E1	Reuse indicators			
E1.1	Effluent reuse (volume)	4.2%	4.0%	4.0%
E1.2	Biosolids reuse (dry mass)	0.0%	0.0%	2.0%
E2	Sewage treatment standards			
E2.1	Number of analyses complying with licence agreements as % of samples.	100.0%	99.0%	100.0%

9.9 Statement of Prices & Tariffs as determined by the ESC - 1 July 2014 – 30 June 2019

Tariffs for 2014/15 are as per the ESC's final price determination for 2013/14 adjusted for the impacts of Fairer Water Bills initiative assuming that all the required core and additional savings are achieved.

Tariffs for 2014/15 see real decreases for core water and waste water services. Water 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.

Water prices in both regions of South Gippsland Water will come into alignment from 2016/17 as planned in Water Plan 3.

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>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>
EAST / WEST AREA						
<i>Service Charge</i>	<i>\$ p.a.</i>	<i>\$ p.a.</i>	<i>\$ p.a.</i>	<i>\$ p.a.</i>	<i>\$ p.a.</i>	<i>\$ p.a.</i>
1. General Tariff	305.40	287.35	295.25	303.37	311.71	320.28
2. Vacant Land	305.40	287.35	295.25	303.37	311.71	320.28
3. Agreements	277.65	258.79	265.90	273.21	280.73	288.45
4. Concessional	250.35	230.69	237.03	243.55	250.25	257.13
SOUTHERN AREA						
<i>Service Charge</i>	<i>\$ p.a.</i>	<i>\$ p.a.</i>	<i>\$ p.a.</i>	<i>\$ p.a.</i>	<i>\$ p.a.</i>	<i>\$ p.a.</i>
1. General Tariff	342.30	312.73	308.85	303.37	311.72	320.29
2. Vacant Land	342.30	312.73	308.85	303.37	311.72	320.29
3. Agreements	307.65	278.31	273.48	273.21	280.73	288.45
4. Concessional	250.35	230.69	237.03	243.55	250.25	257.13
Volume Charge						
<i>Volume Charge</i>	<i>f per kL</i>	<i>c per kL</i>	<i>c per kL</i>	<i>c per kL</i>	<i>c per kL</i>	<i>c per kL</i>
Overall Usage	1.6600	1.7100	1.7570	1.8053	1.8550	1.9060
Agreement	1.6600	1.7100	1.7570	1.8053	1.8550	1.9060
MG	2.0100	2.0700	2.1269	2.1854	2.2455	2.3073
Major Customers	1.6600	1.7100	1.7570	1.8053	1.8550	1.9060
WASTEWATER INCOME						
<i>Service Charge</i>	<i>\$ p.a.</i>	<i>\$ p.a.</i>	<i>\$ p.a.</i>	<i>\$ p.a.</i>	<i>\$ p.a.</i>	<i>\$ p.a.</i>
1. General Tariff	453.90	446.23	458.50	471.11	484.07	497.38
2. Vacant Land	266.40	253.29	260.26	267.41	274.77	282.32

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>						
2013/14	305.40	332.00	453.90	1,091.30		
2014/15	287.35	342.00	446.23	1,075.58	(15.72)	-1.4%
2015/16	295.25	351.40	458.50	1,105.15	29.57	2.7%
2016/17	303.37	361.06	471.11	1,135.54	30.39	2.7%
2017/18	311.71	371.00	484.07	1,166.78	31.24	2.8%
2018/19	320.28	381.20	497.38	1,198.86	32.08	2.7%
<i>Residential & Non-Residential Customers - Southern District</i>						
2013/14	342.30	332.00	453.90	1,128.20		
2014/15	312.73	342.00	446.23	1,100.96	(27.24)	-2.4%
2015/16	308.85	351.40	458.50	1,118.75	17.79	1.6%
2016/17	303.37	361.06	471.11	1,135.54	16.79	1.5%
2017/18	311.71	371.00	484.07	1,166.78	31.24	2.8%
2018/19	320.28	381.20	497.38	1,198.86	32.08	2.7%
<i>Residential Tenant Customers -All Regions</i>						
2013/14	-	332.00	-	332.00		
2014/15	-	342.00	-	342.00	10.00	3.0%
2015/16	-	351.40	-	351.40	9.40	2.7%
2016/17	-	361.06	-	361.06	9.66	2.7%
2017/18	-	371.00	-	371.00	9.94	2.8%
2018/19	-	381.20	-	381.20	10.20	2.7%

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>						
2013/14	305.40	190.90	453.90	950.20		
2014/15	287.35	196.65	446.23	930.23	(19.97)	-2.1%
2015/16	295.25	202.06	458.50	955.81	25.57	2.7%
2016/17	303.37	207.61	471.11	982.09	26.28	2.7%
2017/18	311.71	213.33	484.07	1,009.11	27.02	2.8%
2018/19	320.28	219.19	497.38	1,036.85	27.74	2.7%
<i>Residential & Non-Residential Customers - Southern District</i>						
2013/14	342.30	190.90	453.90	987.10		
2014/15	312.73	196.65	446.23	955.61	(31.49)	-3.2%
2015/16	308.85	202.06	458.50	969.41	13.80	1.4%
2016/17	303.37	207.61	471.11	982.09	12.68	1.3%
2017/18	311.71	213.33	484.07	1,009.11	27.02	2.8%
2018/19	320.28	219.19	497.38	1,036.85	27.74	2.7%
<i>Residential Tenant Customers -All Regions</i>						
2013/14	-	190.90	-	190.90		
2014/15	-	196.65	-	196.65	5.75	3.0%
2015/16	-	202.06	-	202.06	5.40	2.7%
2016/17	-	207.61	-	207.61	5.55	2.7%
2017/18	-	213.33	-	213.33	5.72	2.8%
2018/19	-	219.19	-	219.19	5.87	2.7%

Table 9.9(c): Corporate Plan Prices & Tariffs

Tariff and Price Component \$, nominal	Corporate Plan 2014/15 to 2018/19					
	Price (1 July 2013)	Price (1 July 2014)	Price (1 July 2015)	Price (1 July 2016)	Price (1 July 2017)	Price (1 July 2018)
1.1 Water access fees (per annum)						
East/West District						
Access fee – Developed	305.40	287.35	CPI	CPI	CPI	CPI
Access fee – Undeveloped	305.40	287.35	CPI	CPI	CPI	CPI
Access fee – Agreements	377.65	258.79	CPI	CPI	CPI	CPI
Access fee – Concessional	250.35	230.69	CPI	CPI	CPI	CPI
Southern District						
Access fee – Developed	342.30	312.73	CPI -3.9%	CPI -4.4%	CPI	CPI
Access fee – Undeveloped	342.30	312.73	CPI -3.9%	CPI -4.4%	CPI	CPI
Access fee – Agreements	307.65	278.31	CPI -4.4%	CPI -2.8%	CPI	CPI
Access fee – Concessional	250.35	230.69	CPI	CPI	CPI	CPI
1.2 Water usage charges (per kL)						
Volumetric fee – Murray Goulburn	2.01	2.07	CPI	CPI	CPI	CPI
Volumetric fee – All others	1.66	1.71	CPI	CPI	CPI	CPI
1.3 Sewerage access fees (per Residential and non-residential)						
Access fee – Developed	453.90	446.23	CPI	CPI	CPI	CPI
Access fee – Undeveloped	266.40	253.29	CPI	CPI	CPI	CPI
1.4 Cistern access fees (per annum)						
1-2 Cisterns	147.00	151.35	CPI	CPI	CPI	CPI
3-5 Cisterns	386.85	398.25	CPI	CPI	CPI	CPI
6-10 Cisterns	749.10	771.00	CPI	CPI	CPI	CPI
11-15 Cisterns	1,199.40	1,234.50	CPI	CPI	CPI	CPI
16-20 Cisterns	2,000.10	2,058.60	CPI	CPI	CPI	CPI
21-26 Cisterns	2,862.60	2,946.45	CPI	CPI	CPI	CPI
27-35 Cisterns	3,508.65	3,611.40	CPI	CPI	CPI	CPI
36–Greater Cisterns	4,009.20	4,126.65	CPI	CPI	CPI	CPI
Volume Charge – (per kL)						
Volume Charge	1.66	1.71	CPI	CPI	CPI	CPI
1.5 Minor trade waste fees						
Application fees (per application)						
Category 1	114.00	118.00	CPI +0.4%	CPI +0.4%	CPI +0.4%	CPI
Category 2	182.00	188.20	CPI +0.4%	CPI +0.4%	CPI +0.4%	CPI
Category 3	333.00	344.50	CPI +0.4%	CPI +0.4%	CPI +0.4%	CPI
Access fees (per annum)						
Access fee – Category 1	597.00	614.50	CPI	CPI	CPI	CPI
Access fee – Category 2	792.90	816.15	CPI	CPI	CPI	CPI
Access fee – Category 3	983.70	1,012.50	CPI	CPI	CPI	CPI
Volumetric fees (per kL)						
All Categories	0.7925	0.8160	CPI	CPI	CPI	CPI
Quality fees (per kg)						
BOD	0.6250	0.6500	CPI +0.4%	CPI +0.4%	CPI +0.4%	CPI
SS	0.5900	0.6100	CPI +0.4%	CPI +0.4%	CPI +0.4%	CPI
Nitrogen	2.6475	2.7490	CPI +0.4%	CPI +0.4%	CPI +0.4%	CPI
Phosphorus	15.0925	15.6600	CPI +0.4%	CPI +0.4%	CPI +0.4%	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	0.9250	0.9800	CPI +0.4%	CPI +0.4%	CPI +0.4%	CPI
Sodium	0.9250	0.9800	CPI +0.4%	CPI +0.4%	CPI +0.4%	CPI
TOS	0.6750	0.7015	CPI +0.4%	CPI +0.4%	CPI +0.4%	CPI

Tariff and Price Component \$, nominal	Corporate Plan 2014/15 to 2018/19					
	Price (1 July 2013)	Price (1 July 2014)	Price (1 July 2015)	Price (1 July 2016)	Price (1 July 2017)	Price (1 July 2018)
1.6 New customer contributions						
Water						
Category One Lot < 450 sq m	922.00	1,213.00	CPI + 26.1%	CPI + 20.7%	CPI + 16.0%	CPI
Category Two Lot 450 - 1350 sq m	1,404.00	1,614.00	CPI + 11.1%	CPI + 10.3%	CPI + 8.3%	CPI
Category Three Lot size > 1350 sq	2,424.00	2,415.00	CPI - 2.8%	CPI - 3.1%	CPI - 5.8%	CPI
Sewer (Excluding Poowong Loch Nyora & Alberton)						
Category One Lot < 450 sq m	922.00	1,213.00	CPI + 26.1%	CPI + 20.7%	CPI + 16.0%	CPI
Category Two Lot 450 - 1350 sq m	1,404.00	1,614.00	CPI + 11.1%	CPI + 10.3%	CPI + 8.3%	CPI
Category Three Lot size > 1350 sq	2,424.00	2,415.00	CPI - 2.8%	CPI - 3.1%	CPI - 5.8%	CPI
Sewer (Poowong Loch & Nyora)						
All sizes	N/A	N/A	N/A	N/A	10,000.00	CPI
Sewer (Alberton)						
with dwelling	10,000.00	10,250.00	CPI	CPI	CPI	CPI
vacant lot	5,000.00	5,125.00	CPI	CPI	CPI	CPI
1.7 Miscellaneous fees and charges						
Property information statements	47.00	48.50	CPI	CPI	CPI	CPI
<i>Fee imposed for providing a certificate issued in accordance with Section 158 of the, Water Act 1989.</i>						
Special meter readings	24.00	24.50	CPI	CPI	CPI	CPI
<i>Fee imposed for providing a certificate which indicates water usage charges up to a specified date. Generally provided, on application, for property sales.</i>						
As constructed charge	65.00	66.50	CPI	CPI	CPI	CPI
<i>As constructed charge</i>						
20mm Tapping Fee	358.00	368.50	CPI	CPI	CPI	CPI
<i>Fee imposed for meter and labour associated in providing a tapping to the water main.</i>						
Plumbing Industry Commission (PIC) Fee	201.00	207.00	CPI	CPI	CPI	CPI
<i>Fee imposed for providing sewer plans and processing applications to connect or modify plumbing.</i>						
Standpipe Water Sales (per kL)						
<i>Fee imposed for the sale of water via a metered standpipe.</i>						
- Registered Users	5.11	5.32	CPI + 1.3%	CPI + 1.3%	CPI + 1.3%	CPI
- Unregistered Users	6.81	7.10	CPI + 1.3%	CPI + 1.3%	CPI + 1.3%	CPI
Septic Tank Waste Receptival (per kL)	24.00	24.50	CPI + 0.4%	CPI + 0.4%	CPI + 0.4%	CPI
<i>Fee imposed on septic tank waste carters, for the disposing of sewage and/or other acceptable waste.</i>						
Non Core Miscellaneous Services	N/A	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost
<i>Non core miscellaneous services</i>						