

2026-27 Corporate Plan





Acknowledgement of Country

South Gippsland Water acknowledges Aboriginal and Torres Strait Islander Peoples as Australia's First Peoples. We acknowledge the local Traditional Owners, Gunaikurnai and Bunurong, as the original custodians of the land and water on which we rely. We pay our deepest respects to their Elders, past and present.

We acknowledge the continued cultural, social and spiritual connections that Aboriginal and Torres Strait Islander Peoples have with the lands and waters and recognise and value that the Traditional Owner groups have cared for and protected them for thousands of generations.

In the spirit of reconciliation, we remain committed to working in partnership with the Gunaikurnai and Bunurong to ensure their ongoing contribution to the future of the water management landscape while maintaining their cultural and spiritual connections.

This artwork is proudly featured on our Yarram Water Tower. It was designed by Gunaikurnai Elder Sandra Patten. It is a visual expression of 'Sitting On Country' where she feels at home and connected.

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Message from the Chair and Managing Director

South Gippsland Water takes pride in being a trusted provider of high-quality water services and we recognise the important role we play in helping our communities thrive.

The extended dry conditions in 2025 have been a reminder of the challenges we face with a changing climate and reducing availability of surface water in our catchments. The construction of the overland pipeline to support water supply for Leongatha and a new clear water storage facility at Lance Creek are two examples of how we are meeting these challenges.

The uncertainties from global events are disrupting the world economy and impacting our region and operations with fuel security and critical supply chain availability. We are preparing for these uncertainties to ensure we can continue to deliver our critical water services.

We are delivering on our commitment to net zero emissions. As of 1 July 2025 we are powered by 100% renewable energy and are ahead of our plan to meet our commitment of net zero emissions by 2035. Our Climate Change Adaptation Plan, which will be finalised in the next few months, will continue to embed climate resilience and sustainability into our core business processes. It is informed by the latest climate science and aligned with our regulatory and strategic obligations. In 2026–27 we will continue to implement our net zero emissions plan and improve energy efficiency across our sites.

We have extended our partnership work with the West Gippsland Catchment Management Authority and the South Gippsland Landcare Network to help protect our catchments and restore biodiversity links.

We recognise the cost-of-living challenges experienced by some people in our communities and are committed to supporting customers experiencing financial difficulties. In 2024–25 we have helped nearly 1,000 customers with their bill payment process including accessing financial support and developing flexible payment plans to assist them. 2026–27 will be the fourth year implementing the 2023 Price Determination and the major projects we committed to as part of the five-year pricing cycle. Projects planned for delivery in 2026–27 include:

- Wastewater treatment plant augmentations in Leongatha and Meeniyan to ensure protection of our natural environment and provide for future growth
- Planning and design for a major upgrade to the Wonthaggi Wastewater Treatment Plant, including engaging the Bunurong Land Council Aboriginal Corporation to conduct a cultural values assessment
- Water main expansions and augmentations in Poowong, Loch and Nyora to provide for future growth and to improve system resilience
- Water treatment system upgrades in Toora and Foster to ensure the continued provision of high quality, reliable and safe drinking water

Alongside these projects we continue to make investments in other critical infrastructure upgrades and renewals, and more environmentally sustainable and modernised operations. We continue our focus on uplifting the skills and capabilities of our people and embedding physical and psychological safety principles in all our work practices.

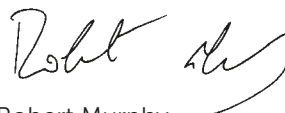
We commit to progressing our Reconciliation Action Plan and recognise the important role we play in working with the Traditional Owners of the lands we service, the Bunurong and Gunaikurnai Peoples.

The next 18 months will see a focus on planning for the future, building our financial and service resilience for our customers and community through updating our Urban Water Strategy and preparing our 2028–33 price submission. Engagement with Traditional Owners, customers and communities will sit at the heart of this process to ensure their priorities and aspirations are central to our future planning.

On behalf of the Board of Directors and the executive team, we are pleased to present South Gippsland Water's 2026–27 Corporate Plan.



Nicola Hepenstall
Chair



Robert Murphy
Managing Director



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South Gippsland Water

The South Gippsland Region Water Corporation (South Gippsland Water) is a Victorian Government-owned entity. We provide reliable, environmentally sustainable water and wastewater services in the south-eastern region of Victoria on the lands of the Bunurong and Gunaikurnai Peoples.

We are fortunate to work across a region of rolling green hills, picturesque coastal areas and passionate communities. Servicing 21 townships and their residents, we manage eight separate water systems and 11 wastewater treatment plants.

Our non-residential customers consist of large and small rural industries, including a range of farming and horticultural enterprises and their associated processing plants.

South Gippsland features two internationally recognised national parks – Tarra-Bulga National Park and Wilsons Promontory National Park. The coastline is one of the most highly sought-after getaway locations for Melbournians, resulting in our townships, parks and beaches swelling with visitors during summer and holiday periods.



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Service summary

Headworks

Water catchments with a total area of 1,234 square kilometres

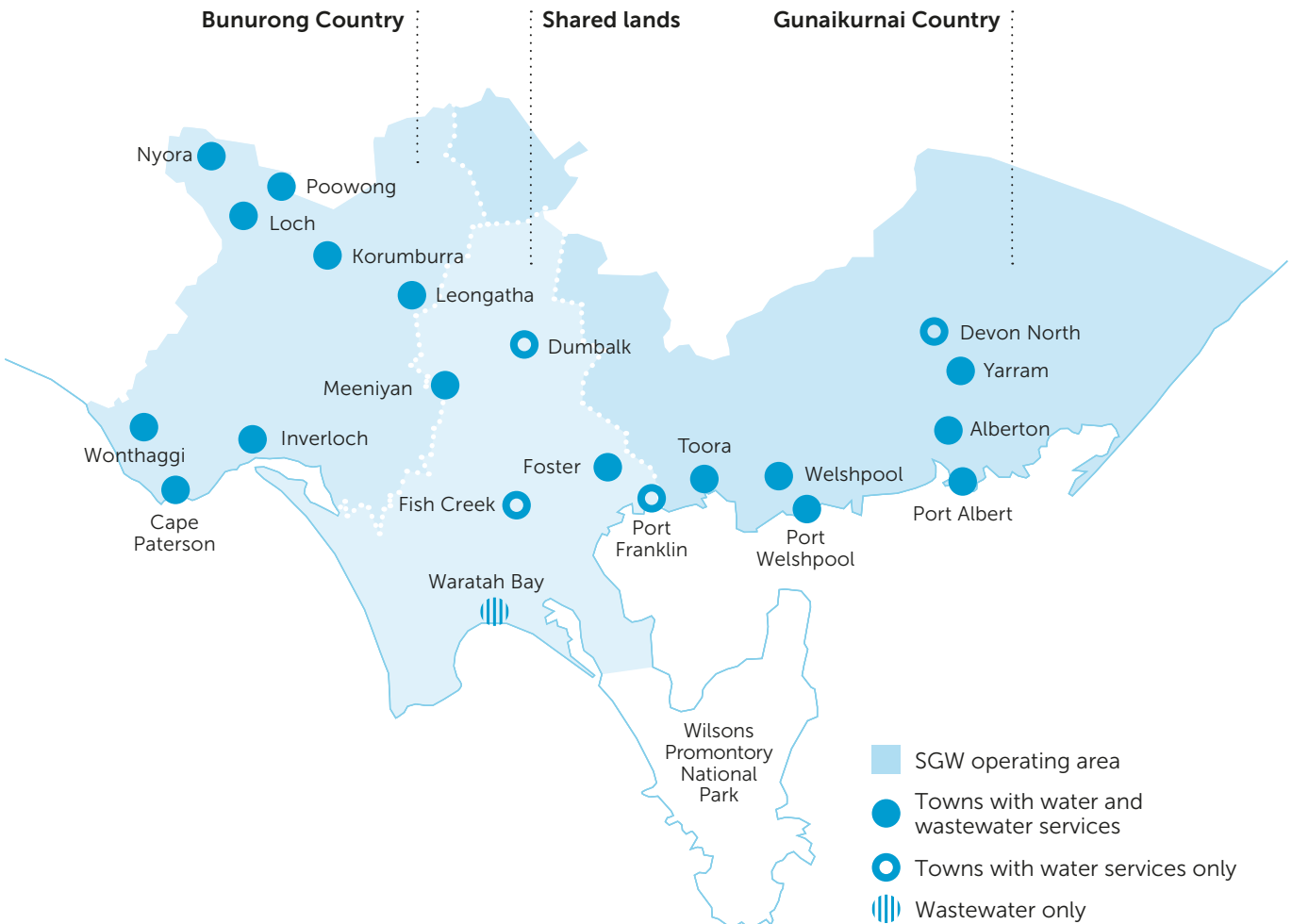
Water services

- Eight separate water supply systems
- Eight water treatment plants
- 750 km of water mains
- 13 reservoirs and 18 service storages
- 5,067 million litres (ML) annual volume of drinking water supplied to customers
- Servicing 22,500 customers over 22 rural centres

Wastewater services






- 10 conventional wastewater collection systems
- One vacuum wastewater system
- Two pressure sewer systems
- 11 sewerage treatment plants
- One dedicated saline trade waste system
- 542 km of wastewater mains
- Five marine environment outfalls
- Three inland water discharge points
- Collecting 4,160 ML and treating around 3,370 ML of wastewater
- Servicing 20,200 wastewater customers in 16 townships and surrounding districts

Our region



Customer Outcomes

Our Customer Outcomes were tested in 2022 as part of the Essential Services Commission Price Submission process. An extensive engagement program was undertaken and customers confirmed the five areas they value most were:

-  **Reliability** We will plan for the future, be reliable and minimise unplanned interruptions to services
-  **Integrity** We will act with honesty, respect and strive to balance affordability, value-for-money and fairness
-  **Environment** Be environmentally sustainable and adapt to a future impacted by climate variability
-  **Water** Provide safe, clean drinking water
-  **Wastewater** Provide a safe wastewater service that contributes to the liveability of our communities



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2040 Vision and Strategy

In 2023–24 the South Gippsland Water Board adopted a new 2040 Vision and Strategy, reinforcing our commitment to our customers and communities to provide high quality services.

Our vision

We are a trusted partner, advancing water services to support customer and community aspirations

Our purpose

Making our community and environment better together

Our role

We proudly provide safe and sustainable water and wastewater services to our community

Our values

Inclusive, respectful, reliable, innovative, sustainable
Start safe • Work safe • Home safe

Four strategic focus areas

Our strategic focus areas demonstrate our strategic priorities and the connections to the Minister’s Letter of Expectations. Together, the focus areas ensure we are delivering for our staff, customers and stakeholders.

They are:

- Trusted people and partners
- A modern and future fit organisation
- Sustainable products and services
- Affordability and financial sustainability

Trusted people and partners

Our highly capable people and strong vibrant culture

Trusted partner to community and regulators, enhancing regional value

Valued engagement with Traditional Owners

Fit for purpose, welcoming and inclusive facilities

Sustainable products and services

Balancing our water resources

Supporting a circular economy

Optimised asset management



A modern and future fit organisation

Easy to use efficient processes, systems and data

Modernised technology

Innovation and technology for growth

Improved security systems

Affordability and financial sustainability

Grow revenue streams

The value of water is reflected in our pricing

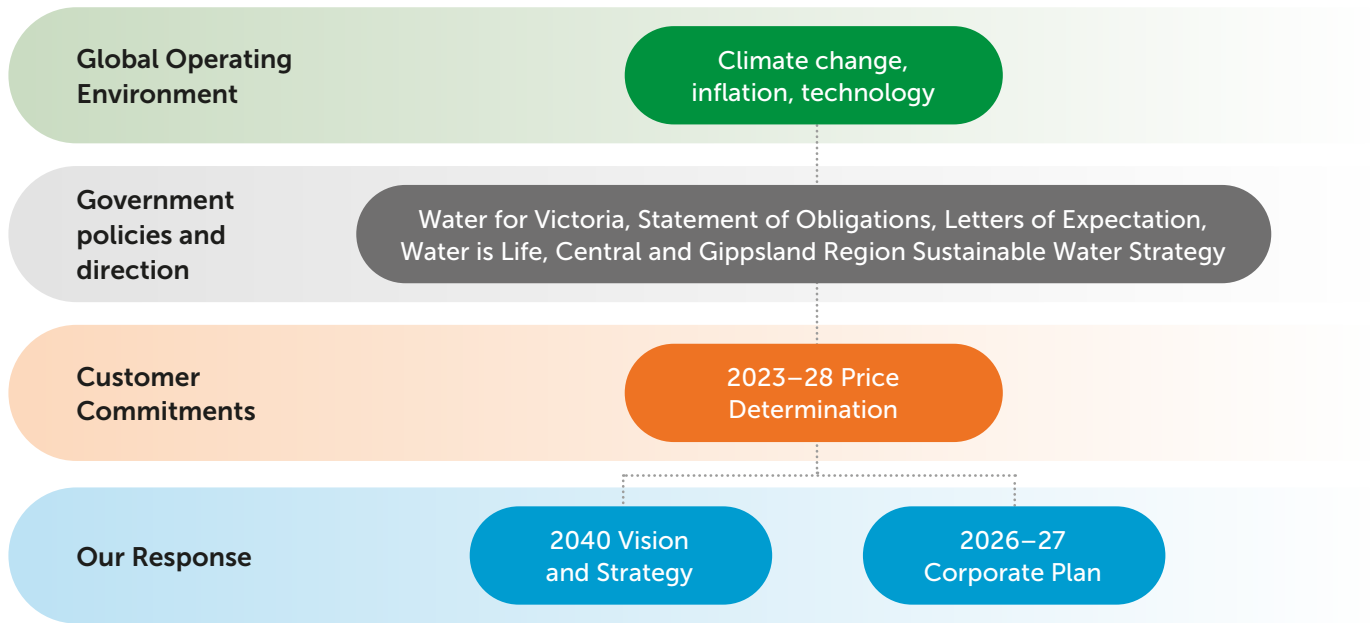
Supporting major customers

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Our operating environment

South Gippsland Water operates in a complex environment, requiring a range of solutions and capabilities to deliver a consistent, safe water supply, treat wastewater and maintain dispersed infrastructure across long distances. As a Victorian Government entity, we operate in a highly regulated environment. We are required to meet numerous legal obligations and deliver on government policies and direction.

Figure 1: Our complex and layered operation environment



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Responding to strategic challenges

Strategic challenges

Our global environment is rapidly evolving and will continue to impact operations of South Gippsland Water. Key challenges include global volatility, climate change, affordability and technology changes.

Global volatility

Global events are rapidly and unpredictably changing the world economy. Tariffs and wars in the Middle East and Eastern Europe have severely disrupted supply chains for critical inputs to our operations. Ongoing fuel availability and supplies of chemicals and materials essential for safe treatment and provision of water and wastewater services cannot be relied upon in the current global conditions. We are seeing dramatic increases in prices of key inputs to our services.

We are assessing the potential long-term impacts of these events, including engaging closely with our regular suppliers to ensure they understand the criticality of our needs. We are also engaging with DEECA on a whole-of-sector response to these supply chain challenges.

Climate change

The South Gippsland region is experiencing impacts of climate change through the increased frequency and severity of storms, extended dry periods that reduce our ability to source water from our catchments, and from increased risks of bushfires and droughts. Coastal erosion is increasing in some of our high population locations, such as Inverloch.

These events threaten our infrastructure, water resources, the health and safety of our people, and, ultimately, our financial sustainability and our ability to provide the services our customers rely on. There are also short-term and medium-term impacts on our catchment health and our ability to treat water to drinking level standards. The change in climate is likely to negatively impact the ecological health of our catchments, placing strain on water availability and security.

In the long-term, the frequency and severity of droughts are projected to continue to increase. These will impact the availability and security of water and require augmentation of our systems to allow for a range of water resources to be available.

Our Climate Change Adaptation Plan is being finalised to set out our response to these challenges and to embed climate resilience and sustainability into our core business processes. Additional expenditure is likely to be required to both mitigate against these events, and to respond and recover when they occur.

Affordability and financial sustainability

Economic forces including rising inflation and slow wage growth continue to impact both our business operations and the cost-of-living for the communities we serve. In the past three years we have seen consistent demand from customers seeking support due to affordability pressures. We are aware of our need to keep our tariffs affordable and are committed to supporting our customers in financial hardship. Increasing capital and operating costs, including chemicals, electricity and insurance, put pressure on our financial sustainability. We continue to identify opportunities to minimise the impact of these costs.

Technology change

Technology is changing at a rapid pace and South Gippsland Water has identified the risks associated with technology obsolescence and aging infrastructure that may lead to system failures. Investing in system replacement and technology upgrades has helped to address these risks and improve efficiency, safety and flexibility in our service delivery and customer support, much of which will be realised in 2026–27.

Strategic risks

South Gippsland Water identifies, mitigates against and manages our risks via our strategic and operational risk programs. Our programs are centred on ten strategic risks that are overseen by the Board. Strategic risk reviews and opportunity identification form part of our governance structure and are a key part of the oversight at both executive and board levels. Our internal and external audit programs review our operations and identify areas for improvement to ensure effectiveness of operational risk programs.

In 2025–26 we have progressed strategies to reduce risks around cybersecurity, invested in upgrades to reduce risks from system obsolescence, carefully planned our responses to addressing climate change impacts and reduce our environmental risks, and assessed opportunities for efficiency gains to help our financial sustainability.

In 2026–27 we will continue work in these areas, while focusing on initiatives to improve the health and safety for our teams.

Table 1: SGW Strategic Risks

South Gippsland Water Strategic Risks
Unsafe work practices or workplaces cause or could cause physical or psychological harm to an employee, contractor, or member of the public.
Failure to appropriately protect ICT leads to critical system(s) penetration resulting in data security impacts or adversely impacts the delivery of safe, reliable, and environmentally sustainable services and leads to significant reputational damage.
Failure to attract, retain or develop skilled people and to embed an ethical, high performance workplace culture and management practices adversely impacts the delivery of safe, reliable, and environmentally sustainable services.
Failure to maintain financial sustainability results in an inability to fund the delivery of safe, reliable, and environmentally sustainable services.
Failure to evolve, innovate and keep pace with external drivers required to deliver on our strategic priorities results in sub-optimal and/or inefficient delivery of safe, reliable, and environmentally sustainable services.
Inadequate asset planning and investment causes an inability to deliver safe, reliable, and environmentally sustainable services.
Inadequate operation and maintenance of asset systems result in the failure to protect the environment and deliver safe, reliable, and environmentally sustainable services.
Failure to prepare and act for climate change results in inability to deliver safe, reliable, and environmentally sustainable services.
Failure to implement effective governance and culture results in unintended, fraudulent or corrupt practices that lead to poor decision making, reputational damage or financial loss.
Inadequate engagement and communication with our customers, community and/or key stakeholders leads to a loss of trust in the organisation or reputational damage.

* Risks are not presented as a prioritised list

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Our priorities for 2026–27

In 2026–27 South Gippsland Water will continue to deliver on our commitments to our customers and communities by providing reliable, high-quality water and wastewater services. Projects to be delivered in 2026–27 align to our strategic risk priorities and our 2040 Vision and Strategy.

Trusted People and Partners

Meeting obligations as a trusted provider of high-quality water

South Gippsland Water is committed to maintain quality water systems and meeting requirements around safe drinking water. In 2026–27 we are investing in system analysis, improvement plans and monitoring systems so we can meet and maintain service levels.

Throughout 2026–27 we will be connecting with our customers on their expectations for water and wastewater services now and into the future.

Engagement with Traditional Owners

We will continue the implementation of the actions in our Reflect Reconciliation Action Plan. We are committed to building a culturally safe organisation for the Traditional Owners and other Aboriginal and Torres Strait Islander Peoples living in our region.

Enhancing our service capacity

We continue to progress our capital works program outlined in our 2023 Price Submission, including storage and system capacity upgrades and wastewater treatment plant augmentations to accommodate future population growth. The focus of 2026–27 will be on the progression of the following major projects:

- Sewer system expansions in Korumburra and Wonthaggi
- Wastewater treatment plant upgrades in Leongatha and Meeniyan
- Wastewater treatment plant project planning and design development in Wonthaggi
- Water mains expansions and augmentations in Poowong, Loch, Nyora, Korumburra, and Wonthaggi
- Water treatment system renewals and upgrades in Foster and Toora

Maintaining services and response times

In addition to these projects, we deliver significant asset maintenance and servicing programs to ensure we continue to provide reliable services for our communities. The benefits from the upgrading of our asset and works management system in 2025–26 will start to be realised in 2026–27 through improved data and better understanding of our operational costs. This will help ensure we continue to provide the high-quality services our customers expect.



A modern and future fit organisation

Modernising our systems

Investments in system upgrades in 2025–26 have transformed the way we administer billing and our customer support programs to ensure we can meet our customer and regulatory requirements. We have enhanced options for customers making payments and updating their account details; we have smoothed bills by moving to four bills per year, and we have improved systems to ensure information around network disruptions is more accessible for our customers.

A new customer portal will be introduced in 2026–27 to provide more self-serve options for customers.

We will also look to the future as we assess options and engage with our community on priorities in the lead up to our 2028 Price Submission.

Planning for the future

2026–27 marks the fourth year of implementing our commitments in the 2023 Price Determination. Planning for the next price submission in 2027 and determination in 2028 has commenced. This year we will continue to engage with the community and develop and refine feasibility studies and business cases for the future investments required to the water infrastructure in South Gippsland.

Sustainable products and services

Addressing impacts from changing weather patterns

The extended dry conditions throughout 2025 highlighted the challenges South Gippsland faces with a changing climate and reduced water supply from our catchments. In 2026–27 we will be investing in long term planning to meet these challenges, including updating our Urban Water Strategy.

Progressing towards Net Zero

We recently developed the Net Zero Emissions Plan, which identified opportunities for South Gippsland Water to move towards a more environmentally

sustainable business. In 2026–27 we will progress feasibility assessments for carbon offset and biodiversity offset initiatives on our sites.

We are also investing in feasibility and design work for enhancing operating systems relating to compliance, reporting, and our water and wastewater operations.

Enhancing our response capabilities

Our field staff are required to service significant geographical areas involving different systems and accessibility challenges. As our region's population increases and we adapt to more technology-driven operations, our field and office space requirements are changing. With some of our facilities no longer fit for purpose, we will continue to address the core challenges of appropriately accommodating our workforce and ensuring our people have the capability and equipment to respond to events as they occur.

Affordability and financial sustainability

Enhancing our customer support

We recognise the challenges our customers face with rising costs. In 2026–27 we will continue our customer support programs for vulnerable customers, including the 'Pay and Save' program and expanding our support programs to include small businesses. We have invested in our customer support team to improve our capacity to respond to customers and their needs.

Developing our people

We have committed to the development of our people through the implementation of our three-year People and Culture Plan, the development of the next Gender Equity Action Plan, and by investing in the uplifting of skills across our workforce.

We will continue to embed and optimise our new platform for billing, finance, asset and works management and through a continuous improvement process ensure we keep pace with modern and flexible technology to support our people and the delivery of water services.

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Letters of Expectation

We are committed to progressing the Minister for Water’s key expectations as detailed in the Letters of Expectation. This section outlines projects planned for 2026–27 or currently underway that address the objectives for each priority area.

Letter of Expectation 1: Climate Change and Energy

South Gippsland is experiencing the impacts of climate change through the number and intensity of storm events, flooding, landslips, coastal erosion and coastal inundation events. Our water supplies and catchments are susceptible to the increased risk of drought and bushfires.

Our first Climate Change Adaptation Plan will ensure a structured approach to responding to climate change through mitigation, adaptation and risk management. Informed by the latest climate science and aligned with regulatory and strategic obligations, the Plan embeds climate resilience and sustainability into core business processes, decision-making and long-term planning. Through this plan, we aim to build a more adaptive and sustainable future for our organisation and the communities we serve.

In 2026–27 we will continue implementing our Net Zero Emissions Plan, with a strong focus on delivering the findings of the energy efficiency assessments undertaken at our largest energy-consuming sites. This will involve progressing identified optimisation projects to improve operational performance, reduce energy use and lower emissions across our facilities. We will also advance our long term plan to transition our fleet, where

appropriate, to reduce Scope 1 emissions, supporting a gradual shift to lower-emissions vehicles and plant.

To address residual emissions, we will work collaboratively with the broader water sector to explore the coordinated procurement of Australian Carbon Credit Units (ACCUs), ensuring any offsets are high integrity and aligned with sector approaches. In parallel, we will embed emissions reduction and circular economy initiatives into upcoming major capital projects, ensuring sustainability considerations are integrated at the earliest stages of planning and design.

South Gippsland Water is now powered by 100 per cent renewable electricity, which includes our Power Purchase Agreement under the Zero Emissions Water initiative, sourcing renewable electricity from Kiamal Solar Farm in Ouyen. We will continue to generate large-scale generation certificates (LGCs) from our existing solar arrays and assess opportunities to install additional solar and battery systems at suitable sites. The findings of our current renewable energy and efficiency investigations will be incorporated into future capital planning to further strengthen our renewable energy portfolio and support our transition to net zero emissions by 2035.

Table 2: Projections

		2025–26	2026–27	2027–28	2028–29	2029–30	2030–31
1.1.3.025	Projected total emissions for each year subsequent to the current reporting year until, and including, the upcoming target year (e.g. 2029–30 financial year) (t CO ₂ -e)	3,306	3,200	3,150	3,100	3,000	2,500

Table 3: Projects related to LoE 1 in 2026–27

SGW-led Projects	Alignment to LoE
Commence implementing actions in the Climate Change Adaptation Plan	1.3.1.002, 1.3.1.003
Progressing detailed business cases for identified renewable energy projects	1.1.3.027, 1.2.2.029
Aligned ongoing work	Alignment to LoE
Power Purchase Agreement (PPA) in place to ensure we are powered by 100% renewable energy	1.1.3.025
Incorporate findings from renewable energy and efficiency investigations into future capital planning	1.1.4.009



In September 2025 South Gippsland Water employees joined volunteers from the Bass Coast Landcare Network to plant 5,000 native species along a key biodiversity corridor at the Inverloch Wastewater Treatment Plant.

Letter of Expectation 2: Customer, Community and Engagement

Our commitment to our customers is central to all we do. The upgrades to our billing and customer service technology and our website in 2025–26 allow us to respond to our customers’ needs more accurately and efficiently.

We measure our performance based on our customer priorities of integrity, environment, reliability, water quality and wastewater, as summarised below.

Integrity	Ensuring transparency with our pricing structure and keeping price as low as possible while maintaining reliable services
Environment	Continuing efforts on our path towards emissions reduction and net zero emissions
Reliability	Commitments to repairing and replacing ageing infrastructure
Water	Investments in water system upgrades and ongoing monitoring to ensure water is clean and safe to consume.
Wastewater	Providing safe wastewater services that contribute to the liveability of our communities

South Gippsland Water regularly engages with the community through our involvement and support of several community events.

Customer insights and preferences for water and wastewater service commitments will be reviewed in 2026–27 as part of the development of our Urban Water Strategy and in the lead up to the next pricing period from 2028–33. In 2026–27 we will be extensively engaging with communities and our customers on their priorities for our region now and into the future.

We will also be revising our customer engagement strategy, which will be made available on our website.

We measure our performance through customer surveys and performance measures agreed with our customers and the Essential Services Commission as part of the 2023 Price Determination. We have an ambitious target for customer satisfaction of 85%.

There are many people in our communities struggling with cost-of-living pressures. We have listened to our community and acknowledge the importance of finding the right balance for our vulnerable community members. Our support programs will continue through 2026–27.

Our water prices will remain under the 2026–27 price limit as determined by the Essential Services Commission in our 2023 Price Determination. The 2026–27 tariffs are provided on [page 32](#).



Table 4: Bills

	Indicator	2026–27 (2025–26 \$Real)	2027–28 (2025–26 \$Real)	2028–29 (2025–26 \$Real)	2029–30 (2025–26 \$Real)	2030–31 (2025–26 \$Real)
2.2.1.001	Residential bill – owner occupier (\$ real 2025–26) The annual expected bill for an owner-occupier with typical (average) water use in real 2025–26 dollars (i.e. today's dollars).	1,454.00	1,505.00	1,580.00	1,659.00	1,742.00
2.2.1.002	Percentage change from prior year	3.5%	3.5%	5.0%	5.0%	5.0%
2.2.1.003	Residential bill – tenant (\$ real 2025–26) The annual expected bill for a tenant with typical (average) water use in real 2025–26 dollars (i.e. today's dollars)	318	329	345	363	381
2.2.1.004	Percentage change from prior year	3.6%	3.5%	4.9%	5.2%	5.0%
2.2.1.005	Typical (average) water use (kL) assumed in owner-occupier and tenant bill calculations	120.82	120.82	120.82	120.82	120.82
2.2.1.006	Non-residential bill – business (\$ real 2025–26) The annual expected bill for a business using 3 ML per annum in real 2025–26 dollars (i.e. today's dollars)	7,890	8,170	8,580	9,010	9,460
2.2.1.007	Percentage change from prior year	3.4%	3.5%	5.0%	5.0%	5.0%

Table 5: Targets

Customer Responsiveness Indicator Targets	ESC Code	2026–27 Target
Water bills – customers on flexible payment plans No. of customers with instalment plans	UPP 1	
Water bills – customers awarded hardship grants No. of customers awarded hardship grants	UPP 6	
Customer Responsiveness – water quality complaints No. of complaints per 100 customers	CRS 4	0.6
Customer Responsiveness – number of payment issue complaints No. of complaints per 100 customers	CRS 7	0.1
Customer Responsiveness – total complaints No. of complaints per 100 customers	CRS 3	2

Table 6: Projects related to LoE 2 in 2026–27

SGW-led Projects	Alignment to LoE
Revised Customer Engagement Strategy published on SGW website	2.4.2.001, 2.4.2.002, 2.4.2.003
Aligned ongoing work	Alignment to LoE
Progress towards meeting our targets for customer satisfaction	2.1.1.001, 2.1.1.002

Letter of Expectation 3: Recognise Traditional Owner Values

South Gippsland Water will continue to engage with Bunurong Land Council Aboriginal Corporation and the Gunaikurnai Land and Waters Aboriginal Corporation whose traditional ownership includes the land on which we operate.

A collaboration process is underway with water corporations whose service region includes the land of the Bunurong to establish a Statement of Commitment. The goal is to work towards formal partnership agreements across our shared interests. South Gippsland Water is committed to walking together with the Traditional Owners on this journey.

South Gippsland Water has recognised we have more work to do in building our cultural competencies. We continue to progress actions from our Reflect Reconciliation Action Plan, which affirms our commitment to reconciliation and recognition. In 2026–27 we will commence the development of our Innovate Reconciliation Action Plan, the next stage in our commitment to reconciliation with Traditional Owners.

In 2026–27 we will continue engaging with the Bunurong Land Council Aboriginal Corporation and the Gunaikurnai Land and Waters Aboriginal Corporation. We have invested in upskilling staff on cultural competence and will continue with this training in 2026–27. Through the Gippsland Environmental Alliance we will work with the Gunaikurnai Land and Waters Aboriginal Corporation to help develop and implement the Aboriginal Employment Strategy.

South Gippsland Water is a member of the Bass Coast Reconciliation Network (BCRN) alongside Bunurong Land Council, Bass Coast Shire Council, Bass Coast Health, Westernport Water, Myli, Phillip Island Nature Parks, West Gippsland Catchment Management Authority, Bass Coast and South Gippsland Reconciliation Group, and Aboriginal and Torres Strait Island Community Elders and Respected Peoples. The goal of the BCRN is to be publicly accountable in demonstrating the impacts of BCRN members' efforts and to measure the shared impact of the work each member contributes towards reconciliation in the region.

In 2025–26 we commissioned Bunurong Land Council Aboriginal Corporation to conduct a Cultural Values Assessment as part of the upgrade planning and design work for the Wonthaggi Wastewater Treatment Plant. This work will continue in 2026–27.

There are a limited number of Aboriginal Community Controlled Organisations (ACCOs) with dedicated operations in the South Gippsland region. In 2026–27 we commit to exploring opportunities for collaboration with ACCOs and other service providers where possible.

South Gippsland Water's new Social Procurement Framework includes a focus on identifying opportunities to procure from regional Aboriginal-owned businesses and to work with suppliers who prioritise employment opportunities for Aboriginal and Torres Strait Islander Peoples. The impacts of these changes to our procurement processes are expected to be seen in 2026–27.

Table 7: Projects related to LoE 3 in 2026–27

SGW-led Projects	Alignment to LoE
Continued implementation of the Reflect Reconciliation Action Plan	3.1.1.003
Commence development of the Innovate Reconciliation Action Plan	3.1.1.003
Identification of and engagement with Aboriginal Community Controlled Organisations based across South Gippsland	3.2.1.001, 3.2.1.002
Aligned ongoing work	Alignment to LoE
Continued collaboration with the Bass Coast Reconciliation Network	3.2.1.003
Continued implementation of the Social Procurement Framework	3.2.1.003
Engagement with the Bunurong Land Council Aboriginal Corporation and the Gunaikurnai Land and Waters Aboriginal Corporation	3.1.1.003, 3.1.1.004

Letter of Expectation 4: Recognise Recreational Values

Community organisations access some of our reservoirs and assets for recreational purposes, including the Korumburra Golf Club and the Leongatha Angling Club. Our isolated water storages are vital to the water supply needs of communities in remote parts of South Gippsland. We provide guidance on the occasional recreational use of reservoirs on our website.

The protection of our water storage assets is a priority for South Gippsland Water. We engage with our Community Advisory Committee on balancing the protection of our water supply assets with access to our facilities for recreational use.

South Gippsland Water storages have not been included on the list of Determined Recreational Areas under the Water Act 1989. The South Gippsland region is filled with an abundance of opportunities for water recreation along our magnificent coastline. The Victorian State Government has recognised this by investing in upgrades to coastal boat ramps in Inverloch, Port Welshpool and Mahers Landing at Anderson Inlet, with future upgrades planned for Port Albert, Toora and Walkerville South.

South Gippsland Water is collaborating with Parks Victoria on water supply and sewerage service support for Tidal River in Wilson’s Promontory National Park (the Prom). The Prom is one of the biggest holiday destinations in Victoria, attracting domestic and international visitors.

Table 8: Projects related to LoE 4 in 2026–27

Aligned ongoing work	Alignment to LoE
Continued collaboration with the Community Advisory Committee	4.4.1.001
Continued collaboration with Parks Victoria at Tidal River	4.4.1.001
Information regarding restrictions and limited access for recreational purposes at South Gippsland Water reservoirs available on our website	4.1.1.003, 4.2.1.001, 4.3.1.001



Letter of Expectation 5: Resilient and Liveable Cities and Towns

South Gippsland Water continues to deliver our commitments around water efficiency, water reuse and recycling in the region. Projects underway in 2025–26 include detailed planning and investigations on reuse schemes for Cape Paterson, Inverloch and Wonthaggi, and irrigation system upgrades at Meeniyan WWTP. The Wonthaggi WWTP Environment Improvement Program includes the exploration of reuse schemes and exploring resource recovery options as part of our commitment to a circular economy. We are also reviewing and updating our waste management procedures and practices to identify further opportunities to design out waste and pollution and keep products and materials in use where possible. This work will inform the capital project priorities that are central to the 2028 Price Submission.

Water system augmentations and improvements to support growth and strengthen reliability in Poowong and Nyora are planned for delivery in 2026–27.

A number of projects are also planned to be delivered in 2026–27 that are aimed at ensuring the protection of our natural environment. Treatment system upgrades at Meeniyan and Leongatha WWTP's will improve the quality of treated wastewater in addition to increasing emergency storage capacity at our Leongatha WWTP.

Significant investment is being made at our Foster and Toora WTP's to replace ageing infrastructure that no longer meets modern day standards. This investment will ensure the continued supply of high quality, reliable and safe drinking water to our customers.

Work is underway to identify high risk sections in the water network, including investments to capture flow data and identify areas where water consumption may not be accurately recorded. In 2026–27 we will develop a priority list of actions to address non-revenue water volumes in the coming years, including in the lead up to the 2028 Price Submission. We will also continue to work on initiatives to help identify and protect our sewer systems from infiltration.

South Gippsland Water is an active participant and contributor in the Gippsland Region Integrated Water Management (IWM) Forum and the Westernport IWM Forum to support the development of Strategic Direction Statements, outcomes and targets in urban water, sustainable water, waterways, and catchment management strategies and plans. Work currently underway on the Meeniyan water reuse scheme, which will support IWM objectives, will continue through 2026–27.

In 2026–27 we will continue to review our actions related to the updated safe drinking water regulations, including the development of a legislative compliance risk register, gap analysis and targeted improvement plan. We will also undertake health-based targets assessments for Lance Creek and all systems to better understand microbiological risks associated with source waters used for our drinking water supply. These projects complement our ongoing environmental monitoring program, which in 2026–27 will also include risk assessments on our discharge and extraction water systems. We continue to carefully manage risks to water catchments through the application of special water supply catchment area frameworks.

South Gippsland Water maintains close working relationships with local councils and developers on new housing developments. We aim to assess planning permit referrals within the expected timeframes and take a collaborative approach on issues where flexible solutions are required. In 2026–27 we will record housing development information to meet the reporting requirements outlined by DEECA.

Table 9: Projects related to LoE 5 in 2026–27

SGW-led Projects	Alignment to LoE
Detailed planning and investigations on reuse schemes for Cape Paterson, Inverloch and Wonthaggi	5.2.1.001, 5.3.1.001, 5.1.1.010
Meeniyian WWTP upgrades including increased reuse of recycled water and irrigation system upgrades	5.1.1.009, 5.1.1.010, 5.2.1.001, 5.3.1.001
Non-revenue water (attributed to leakages) reduction plan – development	5.2.3.044
Aligned ongoing work	Alignment to LoE
Active collaboration and contribution towards CGRSWS priority actions	5.5.2.001
Ongoing progression of improvement projects related to Drinking Water Quality Management Plan	5.4.1.001, 5.4.1.002
Ongoing risk management of water catchments through application of special water supply catchment areas planning and development restrictions	5.4.1.001, 5.4.1.003
Active participation and contributor to the Gippsland IWM and Westernport IWM Forums	5.1.1.006
Environmental risk assessments and monitoring programs	5.4.1.003
Active collaboration with the West Gippsland Catchment Management Authority, South Gippsland Landcare, local councils and other stakeholders in implementing programs to manage and protect catchments	5.4.1.003
Active collaboration with local Councils and developers on new housing and estate planning	5.6.1.002, 5.6.1.003, 5.6.1.006



Letter of Expectation 6: Leadership, Diversity and Culture

South Gippsland Water recognises the importance of investing in our people, our greatest asset. Our three-year People and Culture Plan outlines the steps we will take to uplift skills and ensure we are prepared for the transformations underway to modernise our operations.

Our existing Equity Inclusion and Diversity Strategic Plan (2025–28) and our Gender Equality Action Plan (2022–25) are published on our website. Development of the 2026–29 Gender Equality Action Plan has commenced with implementation commencing in 2026–27.

South Gippsland Water continues to support an inclusive workplace. In 2024–25 we met our target for the share of women in executive officer roles (50%) and remain committed to eliminating the gender pay gap.

In 2025–26 the board and executive completed both Bunurong and Gunaikurnai cultural awareness training. A significant number of staff also completed Bunurong cultural awareness training.

South Gippsland Water is committed to all staff undertaking cultural awareness training and these courses will continue to be delivered in 2026–27.

Table 10: Targets

		2026–27
6.1.1.006	Number of staff within the water entity who have undertaken a cross-cultural training course facilitated by a suitably experienced provider	50%
6.1.1.005	Percentage of all the staff who complete the VPSC People Matter Survey	80%

Table 11: Projects related to LoE 6 in 2026–27

SGW-led Projects	Alignment to LoE
Progress implementation of the 2025-28 Equity Inclusion and Diversity Strategic Plan	6.1.1.001
Commence implementation of our 2026-29 Gender Equity Action Plan	6.1.1.002
DEECA-led Projects SGW will participate in	Alignment to LoE
Supporting a high target for participation in the VPSC People Matter Survey	6.1.1.005
Aligned ongoing work	Alignment to LoE
Working in partnership with the Bunurong Land Council Aboriginal Corporation and the Gunaikurnai Land and Waters Aboriginal Corporation	6.1.1.002

Letter of Expectation 7: Performance and Financial Management

South Gippsland Water has high aspirations around financial and operational performance in a challenging environment. Our short-term targets help drive us towards meeting our long-term goals around financial sustainability and maintaining high service standards for our customers and communities.

In the later years of the next five-year period, some of our key financial targets are not as strong as we would like them to be. This is driven by the increasing capital investment in the late 2020's. We are confident that significant infrastructure planning and financial management work we will undertake as part of the development of our 2028 Price Submission will improve our long-term financial metrics.

Table 12: Financial Performance Targets

	Indicator	2026–27	2027–28	2028–29	2029–30	2030–31
7.1.2.001	Financial Performance – Cash Interest Cover	1.78	1.38	1.47	1.44	1.39
7.1.2.006	Financial Performance – Gearing Ratio	30.5%	34.3%	39.6%	45.5%	50.9%
7.1.2.011	Financial Performance – Internal Financing Ratio	18.5%	15.0%	13.0%	12.2%	12.1%
7.1.2.016	Financial Performance – Current Ratio	0.31	0.33	0.31	0.32	0.34
7.1.2.021	Financial Performance – Return on Assets	-0.8%	-0.6%	-0.2%	0.2%	0.5%
7.1.2.026	Financial Performance – Return on Equity	-3.0%	-3.8%	-4.1%	-4.6%	-5.2%
7.1.2.031	Financial Performance – EBITDA Margin	27.8%	30.5%	35.0%	38.1%	41.5%

Table 13: Operational Performance Targets

	Indicator	2026–27	2027–28	2028–29	2029–30	2030–31
7.1.3.001	Water Network Reliability – Water Service – minutes off supply (unplanned) [^]	110	110	110	110	110
7.1.3.001	Water Network Reliability – Water Service – minutes off supply (planned) [^]	240	240	240	240	240
7.1.3.006	Water Network Reliability – Unplanned water supply interruptions* (percentage of customers receiving (5) unplanned interruptions in the year)	0.0%	0.0%	0.0%	0.0%	0.0%
7.1.3.011	Sewerage Network Reliability – Sewerage Service – sewer blockages (number of sewer blockages reported per 100km of sewer main)	18	18	18	18	18
7.1.3.016	Sewerage Network Reliability – Sewerage Service – sewer spills (number of sewer spills reported per 100km of sewer main)	28	28	28	28	28
7.1.3.021	Sewerage Network Reliability – Sewerage Service – containment of sewer spills (sewer spills from reticulation and branch sewers contained within 5 hours)	95%	95%	95%	95%	95%
7.1.3.046	Water Reuse – Recycled water – effluent treatment and reuse (proportion of water recycled as a percentage of the volume of effluent produced)	4.5%	4.5%	4.5%	4.5%	4.5%

[^] A combined target has not been developed: targets related to this indicator are separated to planned and unplanned

* Essential Services Commission South Gippsland Water – Outcomes 2023–2028

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Cyber security

South Gippsland Water is committed to strengthening our cybersecurity posture to protect critical systems, operations and customer information.

In 2025–26, targeted investments in our information systems have improved cyber resilience and enhanced the security of customer and operational data. Ongoing uplift activities continue to strengthen monitoring, controls, and response capabilities across both ICT and operational environments.

We continue to actively monitor and respond to the evolving cyber threat landscape, including risks associated with artificial intelligence (AI) and increasing reliance on digital and third-party services. Key controls are being strengthened to mitigate risks to customer data, particularly for vulnerable customers, including those experiencing family violence, financial hardship or discrimination. This work aligns with Victorian Government requirements and guidance from DEECA, including family violence governance expectations.

In 2026–27, South Gippsland Water will commence the rollout of a customer portal, enabling secure self-service access for customers to manage their information. This will improve data accuracy, reduce manual handling of sensitive information, and enhance customer experience.

The development of a long-term SCADA and ICT roadmap scheduled for 2026–27 will help ensure our systems remain secure, resilient, and aligned to future service delivery requirements and our 2040 Vision and Strategy.



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Our financial plan

At a glance

This Corporate Plan represents the fourth year of the Essential Services Commission's Regulatory Period Five, 2023–24 to 2027–28. The 2024 Price Determination continues our long-term plan to secure the future of our services, region, environment, and the resilience of our business and communities. The transformation program, which commenced last year, provided a focus on driving efficiency in delivering our programs and assisted to reduce the risks associated with the impacted areas of the organisation.

In the 2023 Price Submission, we committed to a \$7 million gap in our revenue requirement, over the five-year regulatory period, to keep our prices as low as possible. This revenue gap remains in this Corporate Plan period as we continue to manage the impacts of the shifting environment we operate in, with continuing uncertainty in economic activity and climate impacts. Price increases of 3.5% (real) this financial year and for the final year of the current pricing period have been approved by the Essential Services Commission.

On the balance sheet, the non-current loan amount continues to rise each year in line with the capital program. This is also reflected in the depreciation and financing costs operational expenditure lines.

A summary of the key financial drivers behind our Corporate Plan is listed below. South Gippsland Water carries the risk should unfavourable performance be realised in any of these areas:

- 3.5% real increases in tariffs in 2026–27 and 2027–28. Projected real increases in 2028–29, 2029–30 and 2030–31 have been forecast at 5%, subject to regulatory assessment
- 1.80% per annum water and wastewater residential customer growth
- Non-residential property connection growth of 0.53% per annum for water and 0.37% per annum for wastewater
- Average annual household water consumption of 121kL
- Wage inflation of 3.0% per annum
- Borrowing forecast rates include 0.85% weighted average for the Financial Accommodation Levy (FAL), plus interest rates in line with Treasury Corporation Victoria forecast.
- Victorian State Budget Efficiency Savings payments of 3% of controllable Opex to be paid in the 2026–27 financial year and in each of the subsequent years of the Corporate Plan.



Our capital programs

The 2026–27 capital program is building on the prudent capital planning program approved in our 2023 Price Submission. We are continuing to deliver upgrade projects to support growth in our region in the context of a changing climate. We are also renewing assets when necessary to maintain services standards for customers. In recent years construction cost escalation has outpaced consumer price inflation and impacted our capital program. Using our adaptive planning approach, we have reviewed our proposed investments in line with our risk appetite to maintain our approved price path. The proposed capital expenditure in comparison to the 2023 Price Determination is listed in Table 14.

Changes between the 2026–27 Corporate Plan and the 2023 Price Determination are largely due to:

- Some growth-driven investment has been rescheduled due to the rate of development slowing in some towns and the rate of residential lot sales - for example, growth-driven investment on sewer pump station upgrades in Wonthaggi.
- Rescheduled investment to renew the Venus Bay Outfall, which is a major asset used to provide trade waste services to a single major industrial customer. The risk-based renewal investment has been rescheduled to align with the framework Trade Waste Agreement with the major customer.
- A number of projects were reprioritised to accommodate expenditure on South Gippsland Water's new finance, asset management and billing IT system in 2024–25 and 2025–26.

Planned investment over the Corporate Plan period is shown in the table below.

A significant increase in investment in the 2028–29 and 2029–30 financial years has been planned for construction of a major upgrade to Wonthaggi Wastewater Treatment Plant. This project is necessary infrastructure to support growth driven by the approved Wonthaggi North-East Precinct, which will double the size of Wonthaggi in the decades to come. The timing of this investment is under review to consider opportunities to defer expenditure in line with a risk-based upgrade of the wastewater treatment system.

Table 14: Capital investment comparison 2024–25 Corporate Plan vs 2023 Price Determination

	2023–24	2024–25	2025–26	2026–27	2027–28	Total
Corporate Plan	\$23.8M ¹	\$24.6M ^{1,4}	\$34.6M ^{2,4}	\$37.6M	\$22.5M	\$143.2M
Price Determination ³	\$36.6M	\$31.4M	\$21.2M ³	\$22.8M ³	\$21.6M ³	\$133.7M ³

Notes:

1. Actual investment \$'s
2. Forecast expenditure as of 31st December 2025
3. Budgets escalated assuming 3% CPI in future years
4. Includes investment on Project Nimbus

Table 15: Capital investment 2025–26 to 2030–31

	2025–26	2026–27	2027–28	2028–29	2029–30	2030–31
2026–27 Corporate Plan	\$30.1M ¹	\$37.8M	\$30.0M	\$53.4M	\$61.2M	\$63.1M

Note:

1. Forecast investment as at 31st January 2026

Demand, water allocation and supply availability

The demand analysis completed for our 2023 Price Submission has been generally adopted for the 2026–27 Corporate Plan and captured in our key financial drivers.

Residential water consumption of 121 kL per year (reflecting the 10-year average) has been forecast to continue. Consumption has fluctuated over recent years, dropping to a low of 116 kL/pa in 2021–22. South Gippsland Water's historic residential water consumption is consistently amongst the lowest in the state. This is due to the higher rainfall in our region and the number of holiday homes.

The continued volatile nature of the economic environment means that considerable uncertainty remains regarding demand forecasting associated with our major customers. Our two major customers account for 23% of water consumption and 15% of regulated revenue. Our major customers' water consumption has been tested against recent consumption trends. The forecast for our largest customer in Leongatha was 970 ML per year for the 2024 to 2029 price period. This was at the top end of their long-term historical consumption and reflective of the three-year trend. Actual consumption in 2024–25 was 684 ML.

To ensure water security and supply for our customers, we continue to implement our Urban Water Strategy, deliver the projects identified in the 2023 Price Submission, and explore options for seeking capital funding through the National Water Grid Fund, a federal grant process.

Customer bills

For our 2023 price submission we tested our proposed price path and bill impacts with customers. Customers and their advocates, particularly those already experiencing financial hardship, preferred a gradual price increase rather than a step-change in pricing. We adopted this approach in our 2023 Price Submission, with a real price path of 2.5%, 2.5%, 3.5%, 3.5%, 3.5% for 2024 to 2028 price period.

The current economic climate continues to put pressure on household budgets. This means that strengthening supports for customers experiencing vulnerability is vital. Building on our existing programs, in 2026–27 we will continue our customer support program to residential customers, non-residential customers and small businesses. Our co-payment program, in which we match vulnerable customers' payments after a successful payment plan, commenced in 2023–24 and will continue as part of our proactive support for vulnerable customers.



Financial details and performance

Material changes from previous 2025–26 Corporate Plan:

Material changes from the previous 2025 Corporate Plan for the five-year period from 2026–27 to 2030–31:

Revenue

An increased CPI uplift of 3.8% has been assumed for 2026–27, in line with the Reserve Bank of Australia’s actual CPI for the 12 months to December 2025.

Residential volume charges are \$0.4M higher than the Corporate Plan 2025 for the 2026–27 financial year. This increase is as a result of the South-Central Reforms coming into effect from 1st July 2026, which brings the volume tariff largely back into line with Price Submission 2023. Major customer volume revenue is also positively impacted by \$0.8M for 2026–27.

We are expecting a \$4.1M reduction in capital income from NCC’s over the forecast period. This is based on updates to developers’ plans for water and sewer asset construction on new subdivisions, due to the continued slowdown in building and land development activity.

Operating Costs

Salaries and oncosts will increase in 2026–27 by \$1.1M, largely because of the changes expected under the new EBA.

Bulk Entitlement costs are expected to increase by \$0.8M in 2026–27 due to South Central Reforms coming into effect from 1st July 2026.

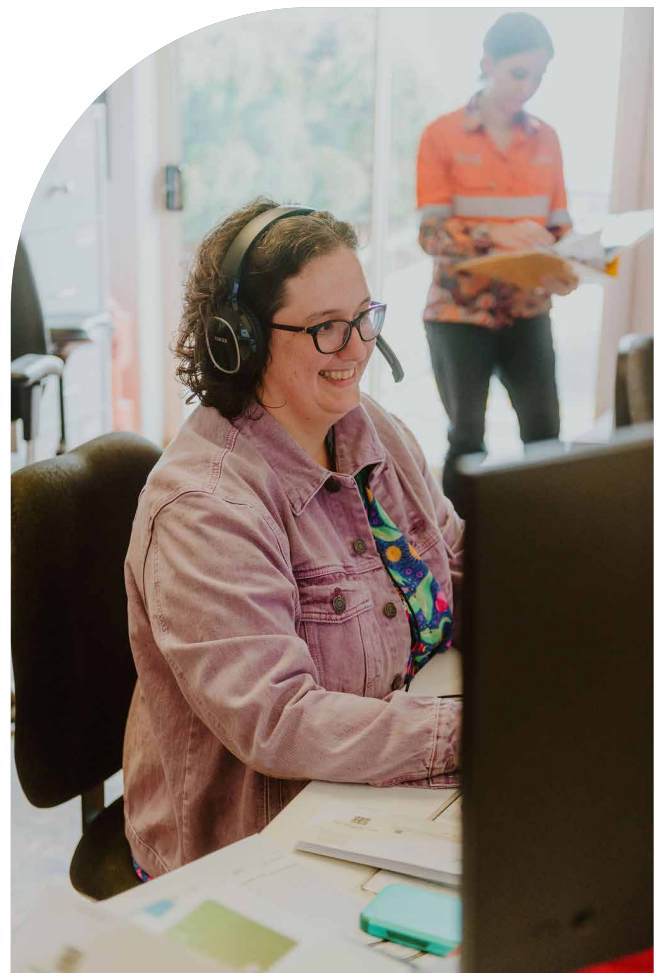
Other Operational Costs have increased by \$0.5M due to an increase in contractor spend required for Service Delivery and Infrastructure & Planning projects and initiatives for 2026–27 that were either postponed from 2025–26 or not previously planned.

Cost of assets sold has been increased by \$1.2M to align to the monthly trend in 2025–26 following significant write-offs in the recent year. This is due to an increased focus on asset audits by the Asset Management and Planning team to ensure that expired assets are disposed and removed from our asset base.

Financing costs are expected to remain steady compared to the last Corporate Plan for the 2026–27 financial year. The result for the rolling five-year period, due to upward adjustments to the capital program and increasing interest rates, is an increase of \$25.4M in financing costs.

Depreciation is forecast to reduce by \$0.6M for 2026–27 financial year compared to the 2025 Corporate Plan, due to revised calculations based on 2025–26 actuals following the desktop revaluation that was applied to the asset base on 30th June 2024.

Other Administration Costs are expected to increase by \$0.9M as a result of additional consultant spend for Service Delivery and Infrastructure & Planning projects and initiatives, including some relating to Price Submission 2028.



Operating Statement

The table below details the projected operating statement for 2026–27 to 2030–31. The net result for 2026–27 is a reduction \$3M in our operating deficit over the forecast performance for 2025–26

Table 16: SGW operating Statement 2026–27 to 2030–31

PROFIT AND LOSS \$'000	FY25/26 Forecast Jan26	FY26/27 Budget	FY27/28	FY28/29	FY29/30	FY30/31
Service Charges	23,758	25,970	28,137	30,927	33,994	37,365
Volume Charges	11,994	14,638	15,761	17,218	18,810	20,552
Trade Waste	5,108	5,879	6,146	6,458	6,792	7,153
Capital Income	2,372	2,932	2,922	2,975	3,031	3,088
Other	1,469	1,541	1,459	1,754	1,519	1,553
TOTAL REVENUE	44,702	50,960	54,424	59,332	64,146	69,712
Salary and Oncosts	16,016	16,258	16,745	16,910	17,417	17,939
Financing Costs	7,534	9,932	14,769	18,103	22,227	26,659
Depreciation	19,030	19,727	20,619	21,921	23,127	24,555
Other Expenses	20,635	20,563	21,073	21,745	22,268	22,806
TOTAL COSTS	63,216	66,480	73,206	78,679	85,040	91,959
SURPLUS / (DEFICIT)	(18,514)	(15,520)	(18,782)	(19,347)	(20,894)	(22,248)
Tax expense	4,628	3,880	4,696	4,837	5,223	5,562
NET PROFIT / (LOSS) AFTER TAX	(13,885)	(11,640)	(14,087)	(14,510)	(15,670)	(16,686)

Cash Flow Statement

Table 17: SGW Cash Flow Statement 2026–27 to 2030–31

CASHFLOW \$'000	FY25/26 Forecast Jan26	FY26/27 Budget	FY27/28	FY28/29	FY29/30	FY30/31
Total Cash Receipts from Operations	49,481	54,115	57,781	64,813	71,200	77,306
Total Cash Payments from Operations	(44,477)	(46,333)	(52,136)	(56,384)	(61,490)	(67,027)
Net Cash provided/(used) by Operating Activities	5,004	7,781	5,645	8,429	9,710	10,280
Proceeds from Sale of Assets	264	294	147	411	88	59
Payments for Non-Current Assets	(35,621)	(42,256)	(37,849)	(65,288)	(79,503)	(85,287)
Net Cash provided/(used) in Investing Activities	(35,357)	(41,962)	(37,703)	(64,877)	(79,415)	(85,228)
Proceeds/(Repayments) from Borrowings	30,300	37,000	33,000	57,000	70,500	75,750
Efficiency Savings Payment	(1,500)	(900)	(900)	(900)	(900)	(900)
Contractors deposits	(51)	61	(51)	283	112	46
Net Cash provided/(used) from Financing Activities	28,749	36,161	32,049	56,383	69,712	74,896
Net Increase / (Decrease) in Cash	(1,604)	1,980	(9)	(65)	7	(52)
Beginning Cash	237	(1,367)	613	604	539	545
ENDING CASH	(1,367)	613	604	539	545	493

Balance Sheet

Table 18: SGW Balance Sheet Statement 2026–27 to 2030–31

BALANCE SHEET \$'000	FY25/26 Forecast Jan26	FY26/27 Budget	FY27/28	FY28/29	FY29/30	FY30/31
Cash and Bank	1,367	613	604	539	545	493
Receivables	2,511	2,821	3,035	3,309	3,610	3,939
Other current assets	4,077	4,511	4,731	5,009	5,321	5,664
Total Current Assets	5,220	7,944	8,370	8,858	9,477	10,096
Receivables – Long term	203	188	174	161	149	137
Fixed Assets	651,121	668,012	682,106	714,153	761,187	813,751
WIP	7,528	9,062	7,373	14,715	17,080	17,083
Deferred Tax Assets	29,365	33,246	37,941	42,778	48,001	53,563
Total Non-Current Assets	688,218	710,507	727,594	771,807	826,417	884,534
TOTAL ASSETS	693,438	718,452	735,964	780,665	835,893	894,630
Loans – Current	13,156	13,156	13,156	13,156	13,156	13,156
Provisions	6,362	6,251	6,256	6,262	6,268	6,274
Other payables	5,553	6,219	5,712	8,817	10,110	10,677
Total Current Liabilities	25,071	25,625	25,124	28,235	29,534	30,107
Loans – Non-Current	169,300	206,300	239,300	296,300	366,800	442,550
Provisions	436	436	436	436	436	436
Deferred Tax Liabilities	108,013	108,013	108,013	108,013	108,013	108,013
Total Non-Current Liabilities	277,749	314,749	347,749	404,749	475,249	550,999
TOTAL LIABILITIES	302,820	340,374	372,873	432,984	504,783	581,106
NET ASSETS	390,618	378,078	363,091	347,681	331,110	313,525
TOTAL EQUITY	390,618	378,078	363,091	347,681	331,110	313,525

Financial Performance Indicators

Table 19: Key Performance Indicators 2026–27 to 2030–31

KEY RATIOS	FY26/27 Budget	FY27/28	FY28/29	FY29/30	FY30/31
Interest Cover (Cash)	1.78	1.38	1.47	1.44	1.39
Debt Cover (Cash)	8.1%	8.1%	8.6%	8.4%	8.1%
Gearing Ratio (Statutory)	30.5%	34.3%	39.6%	45.5%	50.9%
Internal Financing Ratio	18.5%	15.0%	13.0%	12.2%	12.1%
Current Ratio	0.31	0.33	0.31	0.32	0.34
Quick Ratio	0.61	0.71	0.48	0.45	0.46
Interest Cover (EBIT)	-0.56	-0.27	-0.07	0.06	0.17
Debt / Equity	58%	70%	89%	115%	145%
Return on Assets	-0.8%	-0.6%	-0.2%	0.2%	0.5%
Return on Equity	-3.0%	-3.8%	-4.1%	-4.6%	-5.2%

Published tariff schedules for South Gippsland Water

The following tariff schedule includes the ESC approved price increase from the 2023 Price Determination and excludes CPI and Cost of Debt adjustments. All prices are provided in \$2025–26.

Tariff and Price Component (\$2025–26)	2026–27 (1 Jul 2026)	2027–28 (1 Jul 2027)	2028–29* (1 Jul 2028)	2029–30* (1 Jul 2029)	2030–31* (1 Jul 2030)
1.1 Water access fees (per annum)					
Access fee – Developed	445.21	460.79	483.83	508.02	533.42
Access fee – Undeveloped	445.20	460.78	483.82	508.01	533.41
Access fee – Agreements	400.72	414.75	435.48	457.26	480.12
Access fee – Concessional	357.11	369.60	388.08	407.49	427.86
1.2 Water usage charges (per kL)					
Volumetric fee – [major industrial customer]	3.1900	3.3016	3.4667	3.6400	3.8220
Volumetric fee – All Others	2.6313	2.7234	2.8595	3.0025	3.1526
Unmetered Fee					
Based on 15kL per bill at the new volume fee	114.77	118.79	124.73	130.96	137.51
1.3 Sewerage access fees (per annum)					
Residential and non-residential (cistern and trade waste not applicable)					
Access fee – Developed	690.95	715.13	750.88	788.43	827.85
Access fee – Undeveloped	390.92	404.60	424.83	446.07	468.38
1.4 Cistern access and disposal fees (per annum)					
Non-residential with multiple cisterns					
1 – 2 Cisterns	235.25	243.48	255.65	268.44	281.86
3 – 5 Cisterns	618.88	640.54	672.57	706.19	741.50
6 – 10 Cisterns	1,198.45	1,240.39	1,302.41	1,367.53	1,435.91
11 – 15 Cisterns	1,919.00	1,986.17	2,085.48	2,189.75	2,299.24
16 – 20 Cisterns	3,199.79	3,311.78	3,477.37	3,651.24	3,833.80
21 – 26 Cisterns	4,579.77	4,740.06	4,977.07	5,225.92	5,487.22
27 – 35 Cisterns	5,613.47	5,809.94	6,100.44	6,405.46	6,725.73
36 – Greater Cisterns	6,414.30	6,638.80	6,970.74	7,319.28	7,685.24
Cistern volume disposal charge					
Volume Charge (per kL)	2.8004	2.8984	3.0433	3.1955	3.3553

Tariff and Price Component (\$2025–26)	2026–27 (1 Jul 2026)	2027–28 (1 Jul 2027)	2028–29* (1 Jul 2028)	2029–30* (1 Jul 2029)	2030–31* (1 Jul 2030)
1.5 Minor trade waste fees					
Non-residential with trade waste parameters (standard terms and conditions)					
Application fees (per application)					
Category 1	179.23	185.50	194.78	204.52	214.74
Category 2	285.94	295.95	310.74	326.28	342.60
Category 3	523.45	541.77	568.86	597.30	627.17
Minor trade waste access fees (per annum)					
Access fee – Category 1	954.93	988.36	1,037.77	1,089.66	1,144.14
Access fee – Category 2	1,268.50	1,312.89	1,378.54	1,447.46	1,519.84
Access fee – Category 3	1,573.65	1,628.72	1,710.16	1,795.67	1,885.45
Minor trade waste disposal charge (per kL)					
Volumetric fee – All Others	1.3382	1.3850	1.4542	1.5269	1.6033
Quality fees (per kg)					
BOD	0.9883	1.0229	1.0741	1.1278	1.1841
SS	0.9325	0.9652	1.0134	1.0641	1.1173
Nitrogen	4.1761	4.3223	4.5384	4.7653	5.0036
Phosphorous	23.7937	24.6265	25.8578	27.1507	28.5083
Other fees					
Treatment violation fee	428.86	443.87	466.07	489.37	513.84
Asset protection fee	2,092.13	2,165.35	2,273.62	2,387.30	2,506.67
Additional sampling (per sample) at cost recovery	At cost	At cost	At cost	At cost	At cost
Exceedance fees (per kg)					
Oil & Grease	0.1487	0.1539	0.1616	0.1697	0.1782
Sodium	0.1487	0.1539	0.1616	0.1697	0.1782
TOS	1.0658	1.1031	1.1583	1.2162	1.2770
1.6 Backflow (SGW Supplied)					
20mm	474.07	490.66	515.20	540.96	568.00
25mm	522.19	540.47	567.49	595.86	625.66
32mm	624.75	646.61	678.94	712.89	748.54
40mm	652.67	675.51	709.29	744.75	781.99
50mm	805.47	833.66	875.34	919.11	965.06
80mm	1,328.41	1,374.91	1,443.65	1,515.83	1,591.63
100mm	1,697.13	1,756.53	1,844.36	1,936.57	2,033.40
150mm	1,756.11	1,817.57	1,908.45	2,003.87	2,104.06
Backflow Application Fee	386.06	399.57	419.55	440.52	462.55

Tariff and Price Component (\$2025–26)	2026–27 (1 Jul 2026)	2027–28 (1 Jul 2027)	2028–29* (1 Jul 2028)	2029–30* (1 Jul 2029)	2030–31* (1 Jul 2030)
1.7 Fire Service Fees					
Inspection Fee	107.52	111.28	116.84	122.68	128.82
20mm	107.52	111.28	116.84	122.68	128.82
25mm	107.52	111.28	116.84	122.68	128.82
32mm	107.52	111.28	116.84	122.68	128.82
40mm	107.52	111.28	116.84	122.68	128.82
50mm	107.52	111.28	116.84	122.68	128.82
80mm	107.52	111.28	116.84	122.68	128.82
100mm	107.52	111.28	116.84	122.68	128.82
150mm	107.52	111.28	116.84	122.68	128.82
Reseal Fee	348.39	360.59	378.61	397.55	417.42
Additional Meter	29.95	31.00	32.55	34.18	35.89
1.8 New customer contributions					
Water & Sewer (all customers)					
All lot sizes	2,958.99	3,062.56	3,215.69	3,376.47	3,545.29
Pressure sewer systems (negotiated fee in addition to standard fee) e.g. Poowong Loch, Nyora and Alberton					
Infrastructure charge – cost recovery per connection	At cost	At cost	At cost	At cost	At cost
1.9 Miscellaneous fees and charges					
Property information statements	73.66	76.24	80.05	84.05	88.26
Special meter readings	56.62	58.61	61.54	64.61	67.84
As constructed charge	92.40	95.64	100.42	105.44	110.71
Tapping fee (20mm)	509.30	527.13	553.48	581.16	610.22
Plumbing Industry Commission (PIC) Fee (standard)	285.93	295.94	310.73	326.27	342.58
Sewer cut-in	912.46	944.39	991.61	1,041.19	1,093.25
Standpipe water sales					
– registered users	9.05	9.36	9.83	10.32	10.84
– non-registered users	12.06	12.48	13.10	13.76	14.45
Septic tank waste receipt (kL)	37.83	39.15	41.11	43.17	45.32
Non-Core Miscellaneous Services	At cost	At cost	At cost	At cost	At cost

* 2028–29, 2029–30 and 2030–31 tariffs will form part of the 2028 price submission to the ESC and are considered estimates only. A +5% PPM increase has been applied.

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Appendix A: Sensitivity analysis

Water consumption fluctuations increased operational costs and increased capital expenditure have the greatest impact on operating surplus/(deficit), cash flows, and the ESC indicator benchmarks.

Sensitivity analysis has been undertaken on the following scenarios:

- Lower water consumption – water consumption is reduced by 5% per annum over the forecast period
- Higher water consumption – water consumption is increased by 5% per annum over the forecast period
- Higher operational expenditure – costs are increased by 10% per annum
- Higher capital expenditure – capital expenditure is increased by 20% per annum

The impact of these scenarios on surplus/(deficit) before tax and the ESC benchmark indicators over the forecast period are provided in the table below:

Table 20: Sensitivity analysis

Surplus / (Deficit) Before Tax \$000's	FY26/27 Budget	FY27/28	FY28/29	FY29/30	FY30/31
Base	(15,520)	(18,782)	(19,347)	(20,894)	(22,248)
Lower residential water consumption	(16,021)	(19,324)	(19,916)	(21,520)	(22,937)
Higher residential water consumption	(15,020)	(18,241)	(18,778)	(20,267)	(21,558)
Higher operational expenditure	(22,168)	(26,922)	(28,560)	(31,358)	(34,091)
Higher capital expenditure	(15,598)	(19,810)	(21,318)	(24,059)	(26,758)
Interest Cover (Cash)	FY26/27 Budget	FY27/28	FY28/29	FY29/30	FY30/31
Base	1.78	1.38	1.47	1.44	1.39
Lower residential water consumption	1.75	1.35	1.43	1.41	1.36
Higher residential water consumption	1.82	1.42	1.50	1.46	1.41
Higher operational expenditure	1.18	0.84	0.96	0.97	0.95
Higher capital expenditure	1.85	1.35	1.40	1.34	1.27
Gearing Ratio (Statutory)	FY26/27 Budget	FY27/28	FY28/29	FY29/30	FY30/31
Base	30.55%	34.30%	39.64%	45.46%	50.94%
Lower residential water consumption	30.56%	34.34%	39.70%	45.55%	51.06%
Higher residential water consumption	30.53%	34.27%	39.58%	45.36%	50.81%
Higher operational expenditure	31.30%	36.02%	42.27%	48.96%	55.28%
Higher capital expenditure	31.18%	35.58%	41.78%	48.41%	54.59%
Internal Financing Ratio	FY26/27 Budget	FY27/28	FY28/29	FY29/30	FY30/31
Base	18.54%	14.97%	12.99%	12.23%	12.06%
Lower residential water consumption	17.65%	13.56%	12.14%	11.46%	11.27%
Higher residential water consumption	19.44%	16.38%	13.85%	13.00%	12.85%
Higher operational expenditure	4.29%	-6.44%	-1.12%	-0.87%	-1.75%
Higher capital expenditure	17.07%	12.12%	10.24%	8.94%	7.89%

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Appendix B: Delivering our Price Submission Customer Outcomes

We place customers at the centre of our business. Our plans are derived from the areas our customers value most. These customer priorities and commitments are the cornerstone of our 2023 Price Submission and will be reviewed with our customers as we prepare for our 2028 Price Submission. These commitments are delivered in parallel to the Minister's Letters of Expectation.

Delivering on our 2023 Price Submission

Customer Outcome	Our commitment
 <p>Water Provide safe, clean drinking water</p>	<ul style="list-style-type: none"> • Continue to renew and update our water delivery systems across the region • Invest to renew aging water treatment plants with a focus on water taste and odour • Invest in initiatives to provide long-term water security • Continue scheduled maintenance programs for our pipes to prevent discolouration
 <p>Reliability We will plan for the future, be reliable and minimise unplanned interruptions to services</p>	<ul style="list-style-type: none"> • Continue our infrastructure renewals program for wastewater and water reticulation systems • Implement programs for water security • Continue to build maturity in our ICT SCADA program • Review performance and adapt as required to continue to provide reliable services
 <p>Wastewater Provide a safe wastewater service that contributes to the liveability of our communities</p>	<ul style="list-style-type: none"> • Cater for growth areas and continue our sewer systems upgrade and renewal program • Undertake preventative maintenance programs to reduce wastewater blockages and spills to ensure compliance • Upgrade wastewater treatment plants and assets
 <p>Environment Be environmentally sustainable and adapt to a future impacted by climate variability</p>	<ul style="list-style-type: none"> • Implement our Carbon Neutrality Roadmap • Work with industry partners on emissions reduction and environmental programs • Promote water efficiency across the region • Actively participate in water re-use programs • Assist customers to save water through our Community Rebate Scheme
 <p>Integrity We will act with honesty, respect, and strive to balance affordability, value-for-money, and fairness</p>	<ul style="list-style-type: none"> • Extend our support policy and programs to support residential and non-residential customers • Increase proactive engagement with community support agencies • Introduction of a new Water Quality Guaranteed Service Level • Introduction of a new SMS communication process



START SAFE 
WORK SAFE 
HOME SAFE 