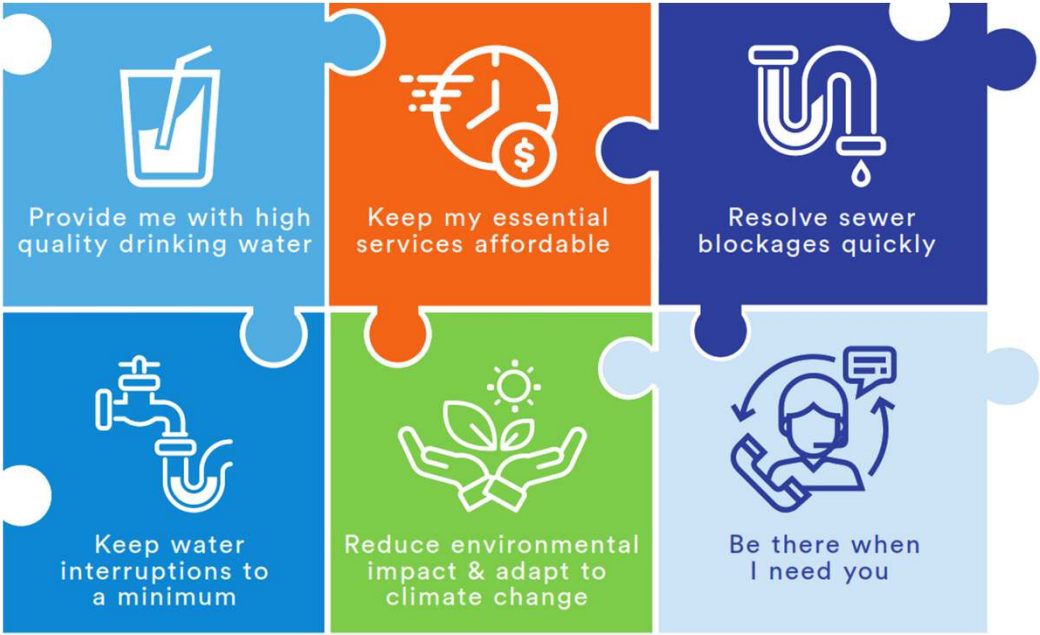


Price Submission 2023-28



Our customers asked for immediate climate change action, improved water quality and affordable prices, all while maintaining strong service levels...

In response, we will limit our price increase to 0.4% (excl. inflation) in the first year, deliver \$20M worth of capital projects that will reduce our environmental impact and contribute to our climate change adaptation. We will also invest \$6M of capital funds to provide high quality drinking water.



Art by Patrice Mahoney OAM

Westernport Water acknowledges the Traditional Owners of the lands of our service area, the Bunurong Peoples. We recognise their spiritual connection to land and water as we go about managing water resources today. We pay our respects to Elders, past, present and future and extend recognition to the entire Aboriginal and Torres Strait Islander community.



Presentation Outline

PREMO – Standard

Price Control – Price Cap

Reg Period – 5 Years

Price Path –

0.4% first year (excl. inflation)

No change years 2-5 (excl. inflation)

OPEX efficiency – 1.5%

Annualised Total Growth –

2.0% p.a to 2026

1.8% p.a from 2026-2031

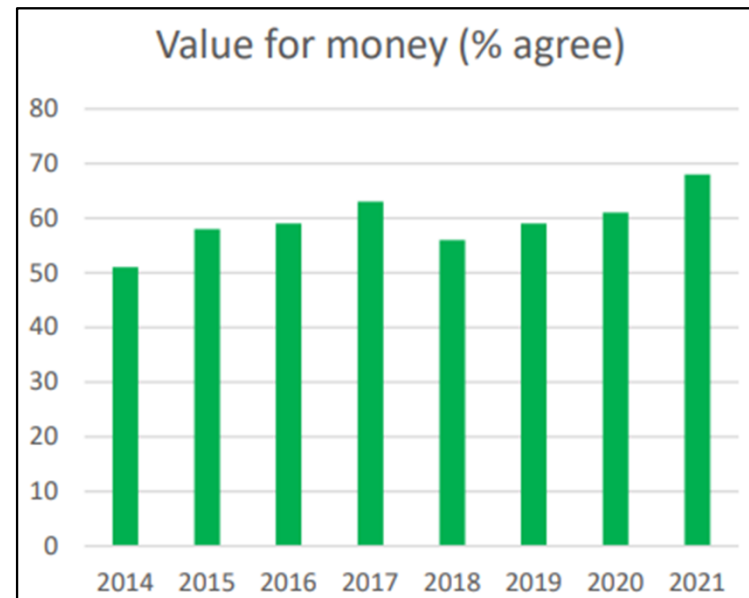
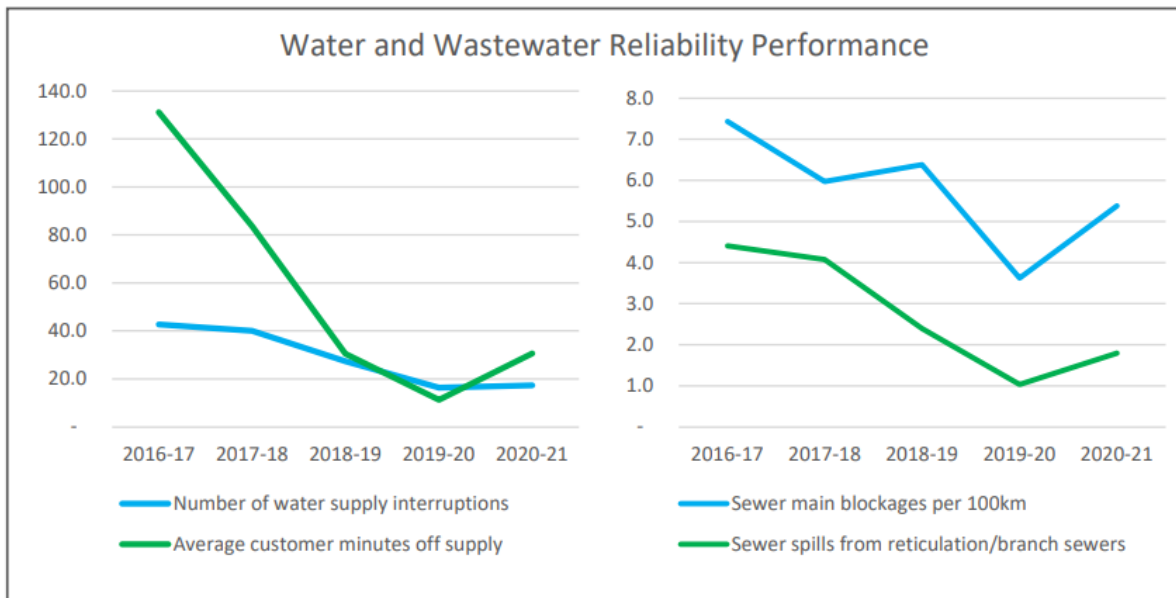
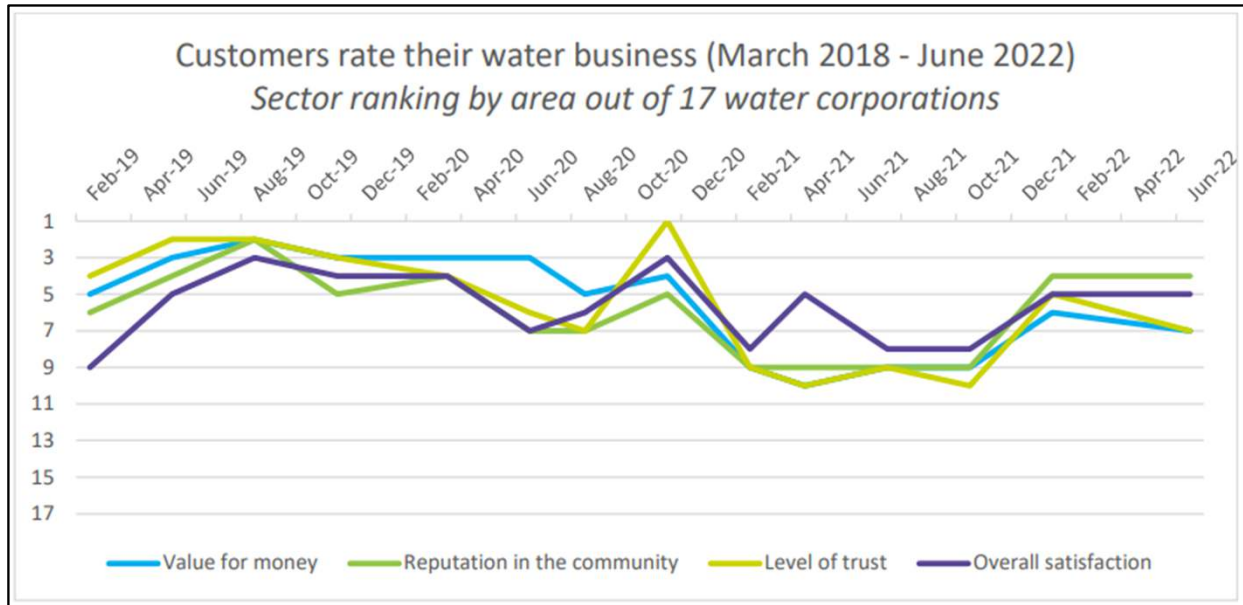
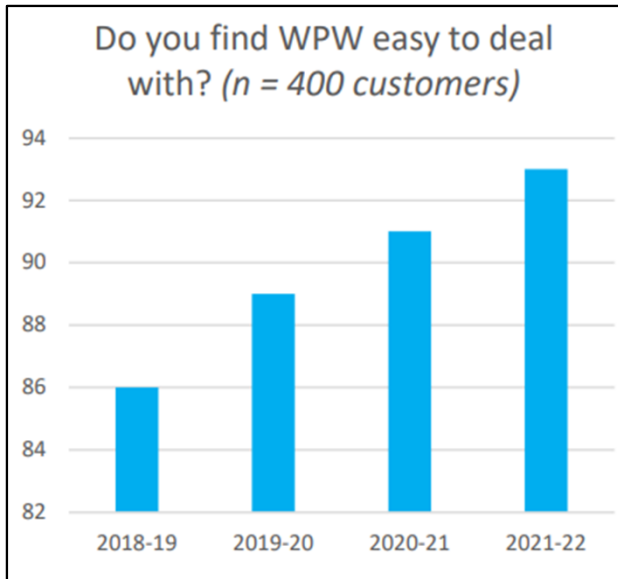
Ave. Residential Consumption - 88kL



Performance Highlights 2018-23

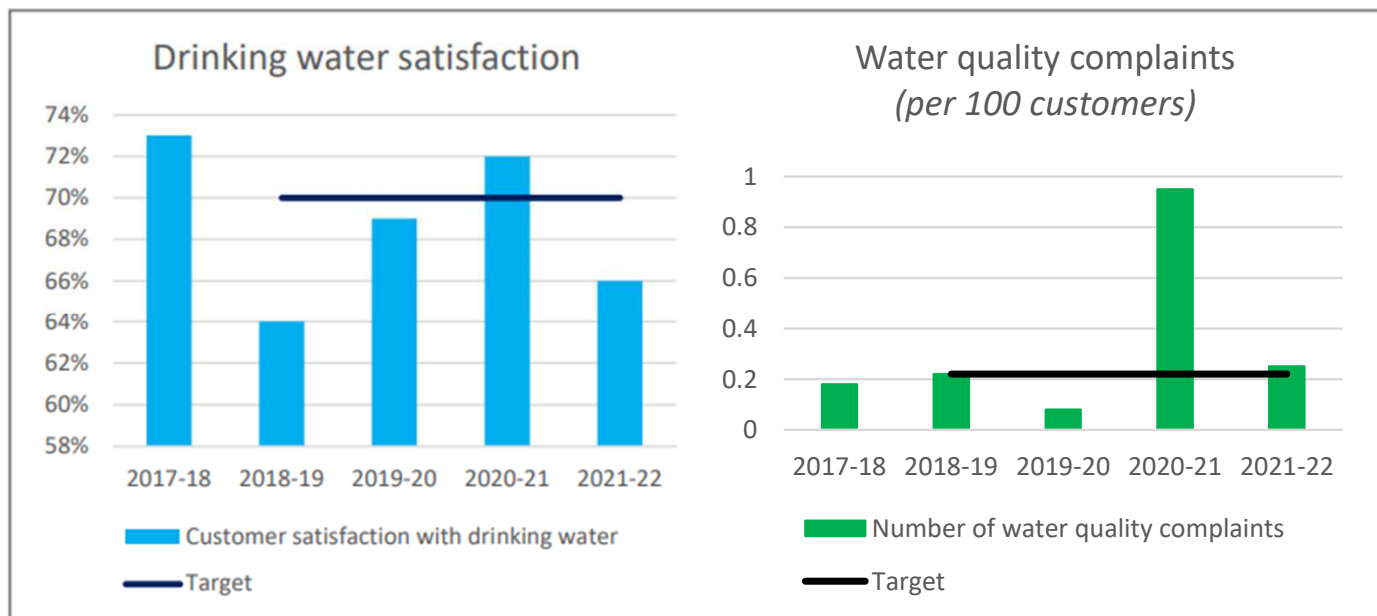
Performance Standard - Water	Target	Period-Ave.*
Unplanned water supply interruptions – per 100km	46	17
Average time taken to attend bursts and leaks- P1 – Mins	30	1
Average time taken to attend bursts and leaks- P2 – Mins	35	43
Average time taken to attend bursts and leaks- P3 – Mins	300	72
Unplanned water supply interruptions restored within 5 hours - %	99	99
Planned water supply interruptions restored within 5 hours - %	99	97
Average unplanned customer minutes off water supply	31	10
Average planned customer minutes off water supply	72	27
Average unplanned frequency of water supply interruptions	0.5	0.12
Average planned frequency of water supply interruptions	0.5	0.13
Average duration of unplanned water supply interruptions	96	84
Average duration of planned water supply interruptions	157	145
Number of customers experiencing more than 5 unplanned water supply interruptions in the year	0	0
Unaccounted for water - %	10	6





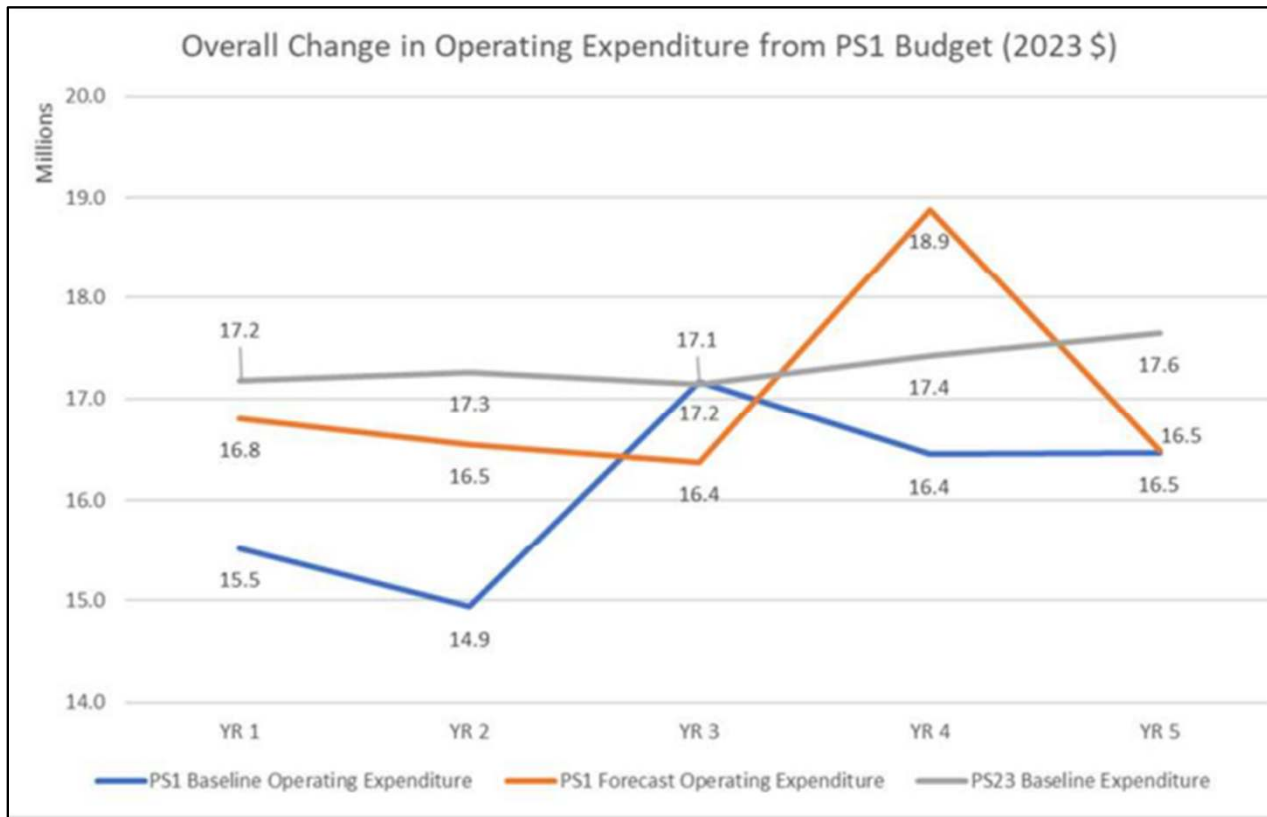
Performance Challenges 2018-23

During December 2020, an algal bloom occurred earlier than is traditionally seen. This resulted in taste and odour impacts to our waterline communities. Following an independent review, Westernport Water has implemented procedural changes to the treatment process. The review has also informed our Water Quality Continuous Improvement Program in the next price period.



Outcome 3: Affordable and Responsive Services	PS18 Target (Annual Average)	PS18 Actual (4 Year Annual Average)
Average time to attend water bursts and leaks (Priority One)	30.0	0.8
Average time to attend water bursts and leaks (Priority Two)	35.0	42.5
Average time to attend water bursts and leaks (Priority Three)	300.0	71.9
Telephone calls answered within 30 seconds (%)	97	97
Number of hardship grants approved	25	158.5

Performance Challenges 2018-23



Cost Drivers:

- Residential growth 2.5% above forecast
- Demand 10% above forecast
- 2.4 FTE staff increase
- COVID-19 safety measures
- Business Transformation Project accounting adjustment

Mitigation Actions:

- Reliance on internal labour
- VGPB reforms and State procurement use
- Renewable energy flow-through
- Structural change
- Payroll FTE reduction



Annual Performance Reporting

Annual Watermark
Our 2019-20 performance

We are committed to delivering the outcomes and performance that customers sought as part of the 2019 Price Review engagement process. Take a look at how we're progressing.

Annual Watermark
Our performance in 2020-21

We are committed to delivering the outcomes and performance that customers sought as part of the 2019 Price Review engagement process. Take a look at how we're progressing.

A more sustainable community

Colour	2019-20	2019-19	Target 2020-21
Effluent reuse (ML)	16*	22.6	+100
Net Greenhouse Gas Emissions (CO ₂ e tonnes) produced	6,480*	6,300	+1,000
Number of community education engagements	29*	23	+100

* Effluent reuse targets were not met due to a significant increase in inflows to our wastewater treatment plants and a dramatically reduced irrigation demand due to above average summer rainfall.
 * Reduction in GHG emissions due to reduced electricity consumption at water treatment plants, optimising use of the aerator within Cardinia Reservoir and reduced waste disposal. However, higher emissions from wastewater treatment increased by 10% due to an increase in storm water inflow.
 * Education engagement targets were not met, despite many planned events and engagements being cancelled or postponed due to COVID-19 restrictions. Traditional face-to-face engagements transitioned online, demonstrating the flexibility of our approach in this area.

Achievements

- 202 solar panels installed at Westernport Water sites which will generate 58,300 kWh electricity annually.
- Installed two new water refill stations under the Community Hydration Program.
- 14,000 trees irrigated with treated wastewater.
- 287 ML water reused in 2019-20.
- Class B Recycled Water trial increased water reuse and reduced ocean outfall.

Future projects 2020-23

- Carbon offset options for irrigation.
- Expansion of irrigation at Westernport Water's wastewater treatment plants.
- 990w solar panels will be installed at Cowes Wastewater Treatment Plant.

Affordable and responsive services

Colour	2019-20	2019-19	Target 2020-23
Average time (minutes) to attend water bursts and leaks - priority 1	0	2	+ 30
Average time (minutes) to attend water bursts and leaks - priority 2	30.6*	40.4	+ 38
Average time (minutes) to attend water bursts and leaks - priority 3	43.6	43.4	+ 300
Telephone calls answered within 30 seconds (%)	97*	97.3	+ 97
Number of hardship grants approved	921*	30	+ 25

* Attendance times to bursts and leaks have remained consistent, despite changed working conditions due to COVID-19.
 * Our Customer Service Team continued to answer calls in a timely manner despite working remotely due to an improved business telephony system.
 * Hardship support, government assistance and flexible payment options were a priority due to the changing financial circumstances of our customers.

Achievements

- Provided and facilitated \$95,773 assistance to customers through concession rebates, utility relief grants, hardship grants and water efficiency household audits.
- Commenced construction of a \$2.7 M treated water storage tank on Phillip Island, which will reduce water supply interruptions in the future.

Future projects 2020-23

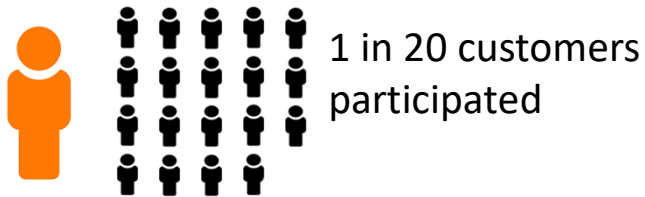
- \$1 M switchboard upgrade will help to improve and maintain the reliability of the sewer system.

“Westernport Water’s self-assessment benchmark is one of the highest. Its overall rating is based on its lowest rated outcome and each outcome based on its lowest rated measure. Its self-reporting is commendable, sending out its performance results to each of its customers as a bill insert.”

-Essential Services Commission, 2021-22 Water Outcomes Report



Customer Engagement



- 1) Deliver water that tastes and looks the same every time
- 2) Adapt to climate change and plan for future climate challenges
- 3) Focus on making water bills affordable for everyone
- 4) Deliver reliable wastewater services
- 5) Protect and enhance the natural environment.



New innovations, including online deliberative forums and 'Getting to Fair' interviews, Traditional Owner engagement and community donation incentives



“Found you very open to the real concerns of your customers. I am happy I decided to invest in the area knowing you are doing your best to get us the best water. It was an excellent forum! Well done!”

“Great opportunity to understand and be part of the strategy to shape the future.”

“Listened, organised, showed commitment to the process with the large contingent of staff, great presentation, clear communication.”

Keep bills affordable

Maintain service levels

Take climate action now

Improve water quality

Getting to Fair Interviews

- Limited mental health services in our region leave many people without support. Many of these people are also under rental or mortgage stress and may default on bills.
- Levels of debt have increased over COVID-19 and this is having an impact on people with COVID-19 specific support coming to an end.
- Housing affordability and increasing rental prices is a major issue for many people.
- Water bill prices are relatively cheap from a tenant's perspective and flexible payment plans are effective for customers experiencing financial hardship.
- Feedback from service providers is that customers under financial stress may not open their bills because they feel overwhelmed, others have poor digital literacy or simply do not have access to reliable internet to access information.



- 0.4% price increase in first year only
- Increased hardship grants from 25 per annum to 100 in 2023-24
- Rebalanced fixed and variable pricing to give customers greater control over their bill
- All hardship program education and promotion has been included in operating expenditure forecasts.



Customer Value

Output Measure	Performance	Target
Customer satisfaction with drinking water	Improve	Maintain
Water quality complaints	Improve	Maintain
Nutrients discharged to the ocean	Improve	New
Greenhouse gas emissions	Improve	Improve
Volume of effluent reused	Improve	New
Sewer blockage response	Maintain	New/Improve
Sewer blockage rectification	Maintain	New
Duration of unplanned water interruptions	Maintain	New/Improve
Water supply interruptions per customer	Maintain	New
Customer complaints	Maintain	New
Response to bursts and leaks	Maintain	Maintain
Customer satisfaction with ease of effort	Maintain	New
Hardship grants	Maintain	Improve
Utility relief grants facilitated	Maintain	New



Keep bills affordable

Maintain service levels

Take climate action now

Improve water quality

- ✓ Average residential bills will increase by \$3 in year 1 (2023-24). No increases in years 2-5 (excluding inflation).
- ✓ Tenants will continue to have the cheapest average bill in Victoria.
- ✓ Hardship grants will increase from 25 per year to 100 in 2023-24.

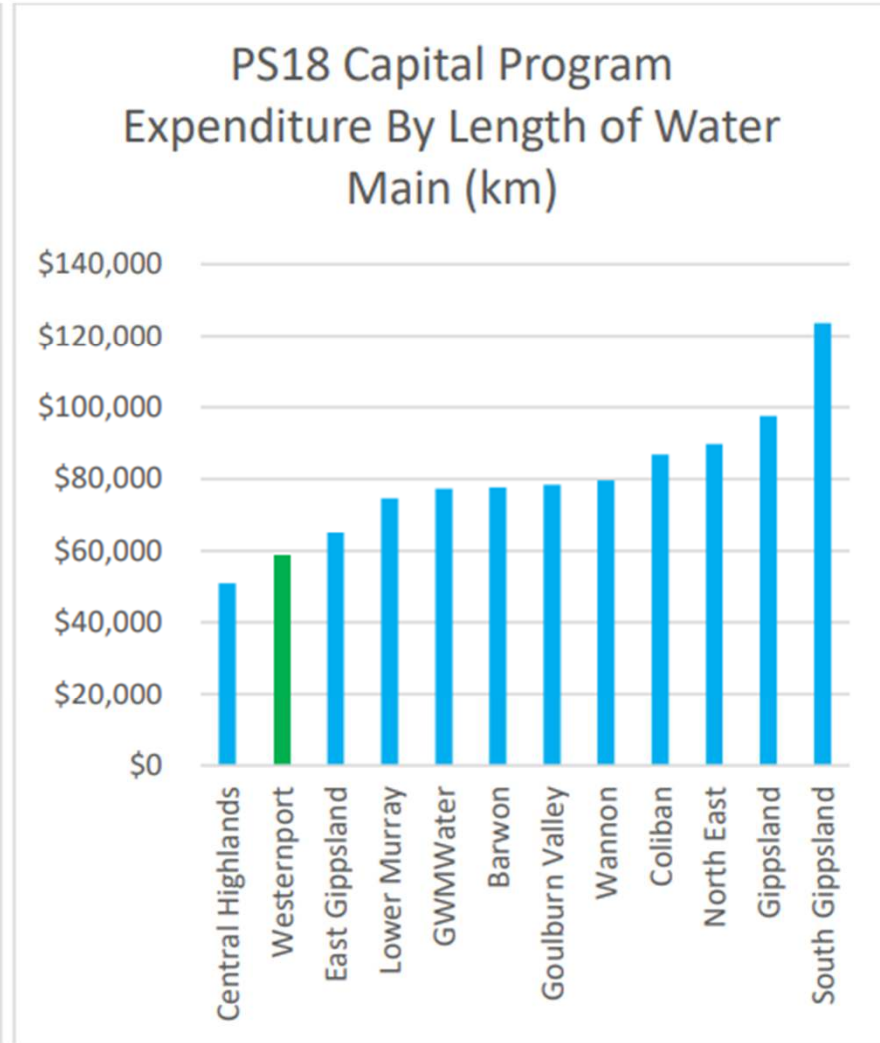
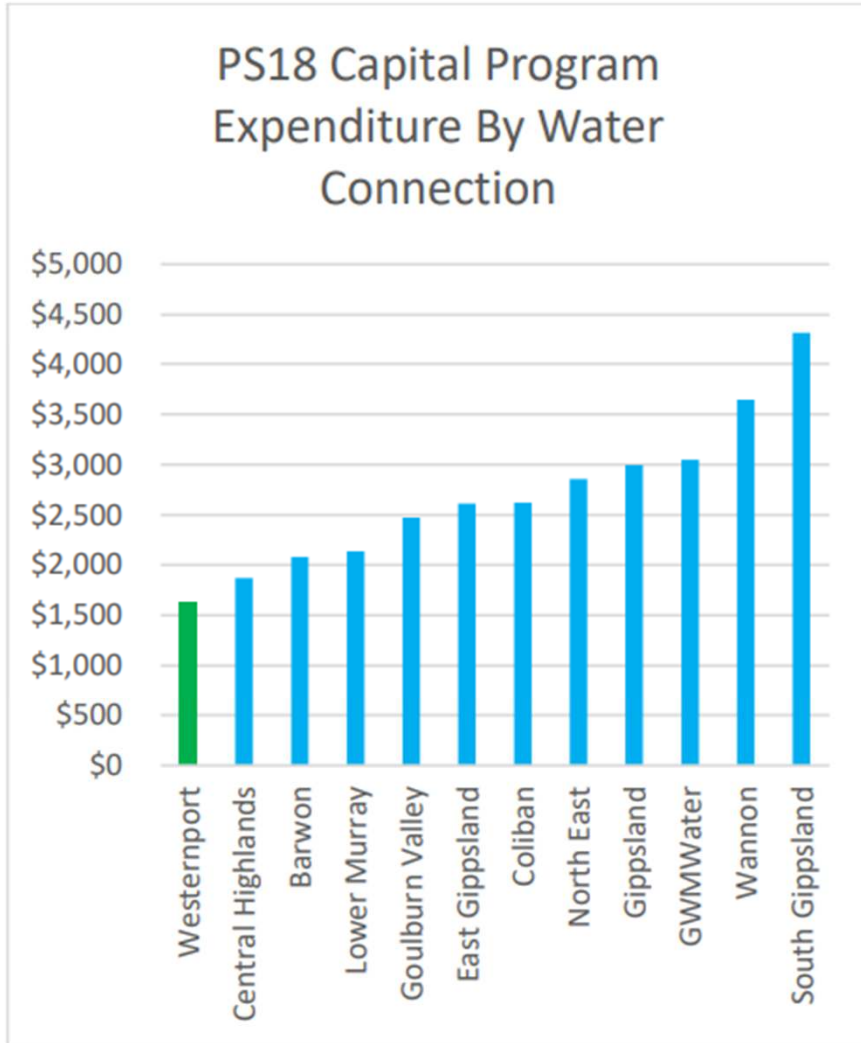
- ✓ Water and wastewater reliability will be maintained at current period levels.
- ✓ Our customer service and responsive service will be maintained to our current high standard.

- ✓ \$20M will be invested to reduce Westernport Water's environmental impacts and contribute to climate change adaptation.
- ✓ Westernport Water will reduce its greenhouse gas emissions by 35% (minimum).

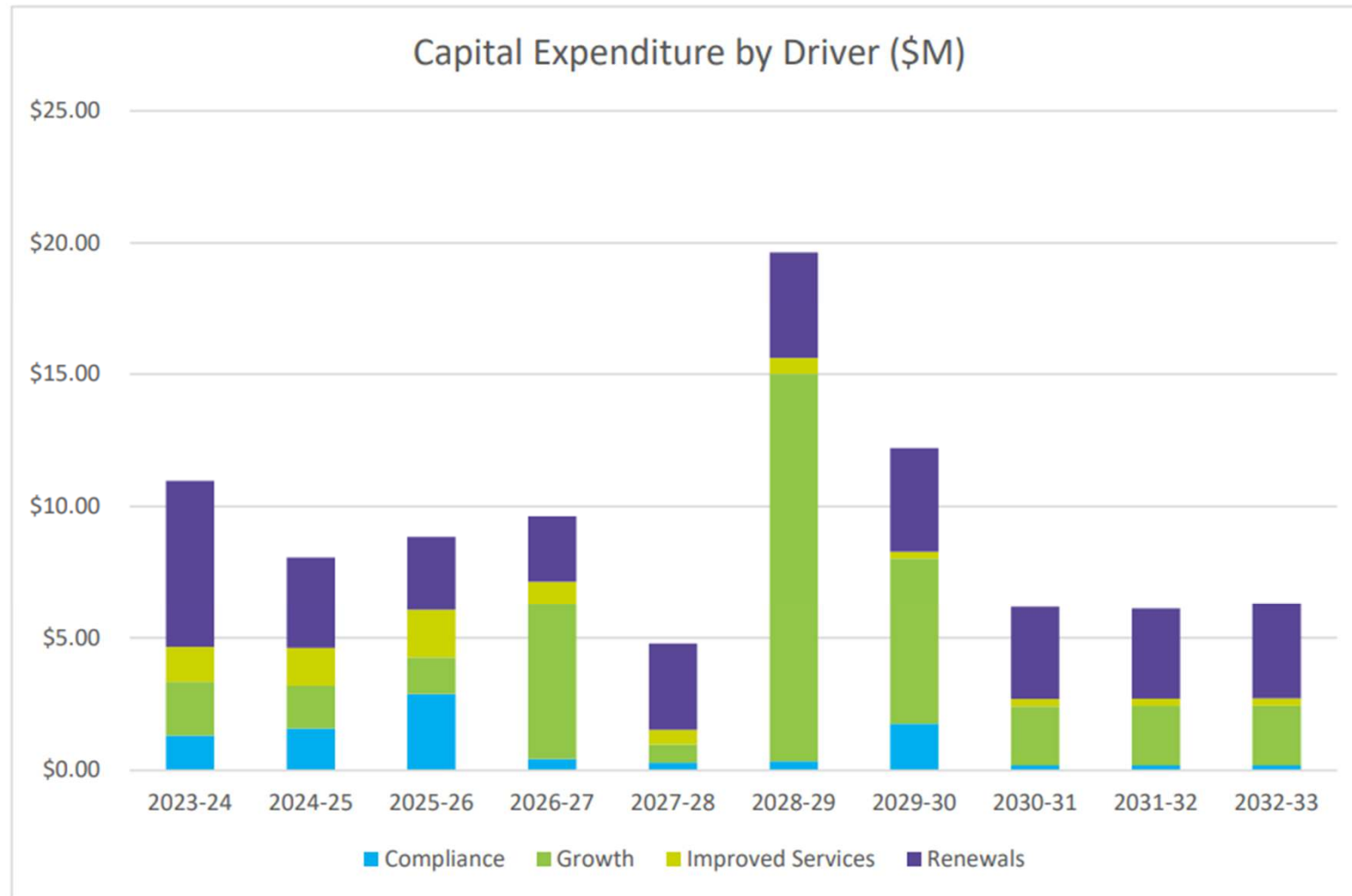
- ✓ Westernport Water will invest \$6M to deliver water quality improvements.
- ✓ We will implement new water quality technologies, such as automatic flushing devices, enhanced real-time monitoring and water quality analysers.
- ✓ Masterplans for our water purification plan and distribution system will be developed to prepare for future investment.



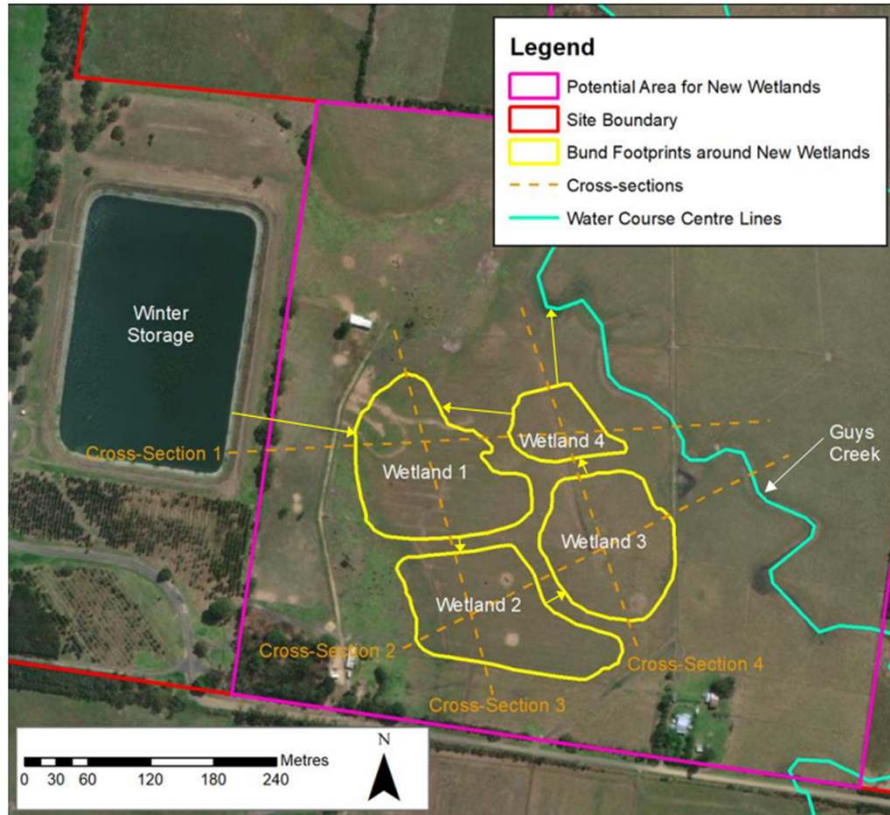
PS18 Capital Investment Comparisons by Submission



PS23 Capital Investment and Beyond



PS23 Capital Highlights



\$4.34M – Recycled Water Wetland Storage

\$2.10M – Water Quality Continuous Improvement Program



PS23 Capital Highlights



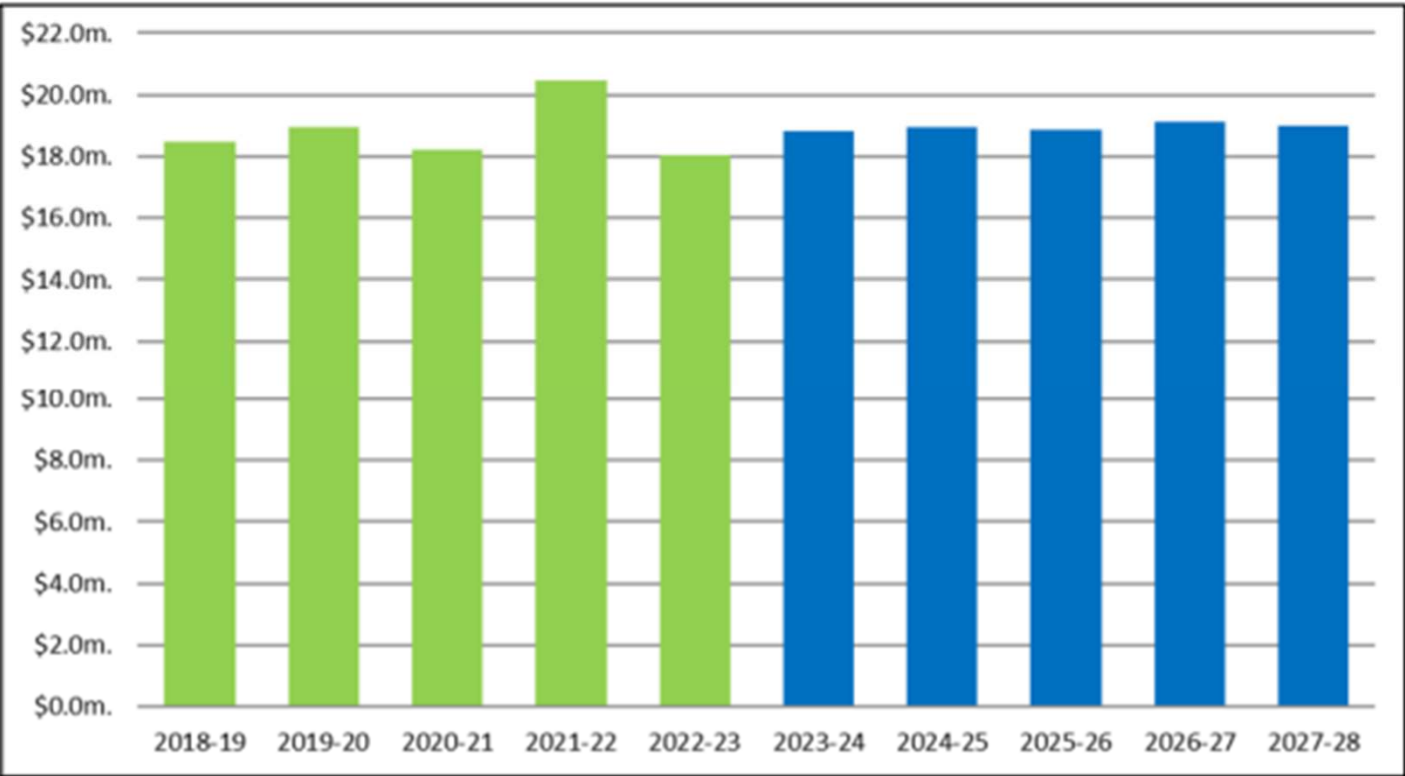
\$1.88M – Bio-Gas Waste to Energy (Stage 1)



\$1.56 – Renewable Energy Generation



Operational Expenditure



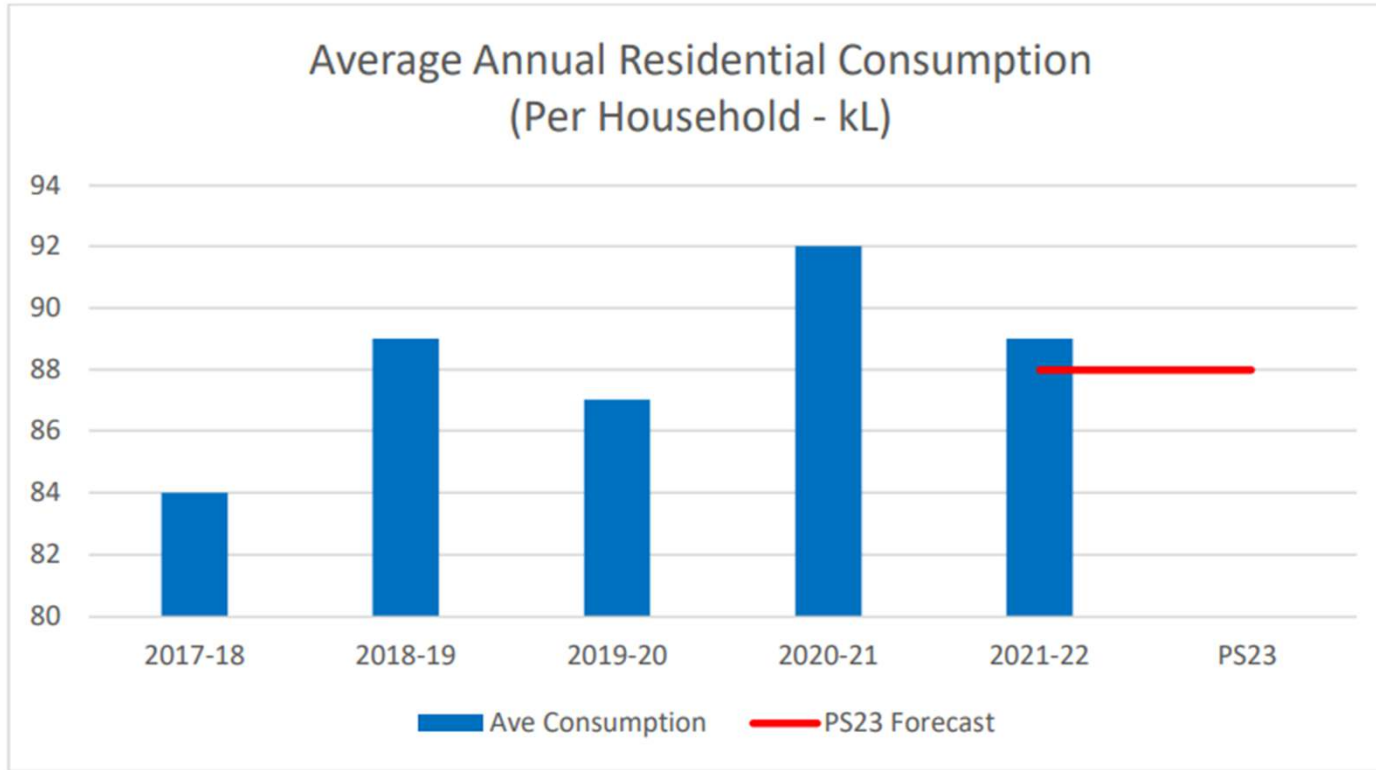
An accounting adjustment of \$2.1M in 2021-22 relating to the partially completed Business Transformation Project finance system implementation has been removed from the base year assumptions.



Growth & Demand

WPW Weighted Growth Forecast			2024 to 2026			2027 to 2028	
Annualised total growth			2.02%			1.8%	

Connection	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Connected	17,033	17,415	17,805	18,203	18,611	18,978	19,352
Unconnected – Vacant Land	1,520	1,520	1,500	1,500	1,500	1,500	1,500
			2028-29	2029-30	2030-31	2031-32	2032-33
Connected			19,700	20,055	20,416	20,783	21,158
Unconnected – Vacant Land			1,500	1,500	1,500	1,500	1,500



Price Outcomes

Customer Impacts (Annual Bill, Excl CPI)	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Owner Occupier (Inc. Water & Wastewater Access)						
<i>Low Use (30kL)</i>	\$1,105	\$1,103 (-\$2)	\$1,103	\$1,103	\$1,103	\$1,103
<i>Average Use (88kL)</i>	\$1,227	\$1,230 (+\$3)	\$1,230	\$1,230	\$1,230	\$1,230
<i>High Use (200k)</i>	\$1,463	\$1,476 (+\$13)	\$1,476	\$1,476	\$1,476	\$1,476
Tenant						
<i>Low Use (30kL)</i>	\$63	\$66 (+\$3)	\$66	\$66	\$66	\$66
<i>Average Use (88kL)</i>	\$186	\$193 (+\$7)	\$193	\$193	\$193	\$193
<i>High Use (200k)</i>	\$422	\$439 (+\$17)	\$439	\$439	\$439	\$439
Business & Property Owner (Inc. Water & Wastewater Access)						
<i>Small (500kL)</i>	\$2,096	\$2,134 (+\$38)	\$2,134	\$2,134	\$2,134	\$2,134
<i>Average Use (651kL)</i>	\$2,415	\$2,465 (+\$50)	\$2,465	\$2,465	\$2,465	\$2,465
<i>Large (1200kL)</i>	\$3,574	\$3,668 (+\$95)	\$3,668	\$3,668	\$3,668	\$3,668



In closing...

We believe our plan delivers the balance that our customers were seeking:

- We will invest in detailed planning for growth-related capital works in PS28 to protect customers from unnecessary costs
- We will increase our capital works program to improve water quality and accelerate climate change action
- However, we will do so being mindful of affordability and vulnerability in our community – increasing hardship support and maintaining flat prices.





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