



# Corporate Plan

2023-2028

# Acknowledgement of Country

Greater Western Water respectfully acknowledges the First Nations people of Australia and we pay our deepest respects to their Elders, past and present.

Greater Western Water operates in Bunurong, Wurundjeri Woi Wurrung, Wadawurrung, Djaara and Taungurung Country.

We respectfully acknowledge the Kulin Nations as the Traditional Owners of the lands and waters upon which we work, operate and rely. We acknowledge the continued cultural, social and spiritual connections that First Nations people have with Country.

We recognise and value that First Nations people have cared for and protected Country for thousands of generations.

Country describes land, water, air, sky, people, animals and spirits to which First Nations people are connected.<sup>1</sup> We are committed to working in partnership with local Traditional Owners and First Nations people, to harness collective wisdom to inform the future of the water management landscape while maintaining their cultural and spiritual connections to Country.

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1 <https://aiatsis.gov.au/explore/welcome-country#toc-what-is-country->

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# **Message from** our Chair and Managing Director

## On behalf of the Greater Western Water Board, we are pleased to present the Greater Western Water Corporate Plan for 2023-24.

Greater Western Water was established on 1 July 2021, bringing together water corporations Western Water and City West Water. We proudly serve a region that extends from Melbourne's central business district to the inner city and western suburbs through the Melton and Sunbury growth corridors to Bacchus Marsh and the Macedon Ranges.

In our third year of operation as Greater Western Water, we will continue to deliver safe, affordable, reliable services for our communities and future generations.

Greater Western Water has a critical role in delivering on government objectives that support quality services, while meeting the challenges of an inflationary economy, the impacts of climate change and a population that is forecast to double over the next 30 years.

The Victorian Government's policy objectives, outlined in *Water for Victoria* and the recently released *Central and Gippsland Region Sustainable Water Strategy* and *Water is Life*, guide how we plan and manage our precious water resources. This is supported by our commitment to the United Nations Sustainable Development Goals, which give us a framework to ensure health, prosperity and liveability outcomes for our region.

In 2023-24, we will continue to balance the needs of our customers, communities and Country. Rising inflation and interest rates have deeply impacted the customers and communities we serve. In response, GWW is committed to long-term financial sustainability that will support us to maintain stable water bills over the next five years through our first price submission as Greater Western Water. We will also continue to offer support to customers experiencing difficulty paying their bills.

Through prudent financial management, we will continue to invest to service growth, improve our operations and create long-term efficiencies to drive greater value for our customers.

We know that delivery of this plan is dependent on our people. We will support our people by enhancing their skills and leadership capability and fostering a culture where everybody thrives.

In planning for the next financial year and subsequent four years, Greater Western Water is focused on delivering across six enterprise priorities. These priorities will help us deliver on our commitment to stable bills while progressing towards our *2030 Strategy* and our vision for 'Thriving people and Country'.

### **David Middleton**

Chair  
Greater Western Water Board

### **Maree Lang**

Managing Director  
Greater Western Water

# Who we are and what we do

# About Greater Western Water

Greater Western Water (GWW) is a Victorian Government water corporation and is proud to serve a vibrant and diverse community. We provide water and recycled water supply, sewerage and trade waste services to approximately 564,000 residential customers and more than 47,000 non-residential customers across Melbourne and the western region.

GWW operates across an area of 3,700 square kilometres stretching from Melbourne's central business district (CBD) and inner suburbs to Little River in the south, Myrniong in the west and Lancefield in the north. Our service area covers the local government areas (LGAs) of Brimbank, Hobsons Bay, Maribyrnong, Melton, Moonee Valley, Wyndham and Yarra, and partially covers the LGAs of Hume, Macedon Ranges, Melbourne and Moorabool.

We operate in Bunurong, Wurundjeri/Woiwurrung, Wadawurrung, Djaara and Taungurung Country of the Kulin Nation.

The Maribyrnong River, named from a Woiwurrung word meaning 'I can hear a ringtail possum' and the Werribee River, named from a Wadawurrung word meaning 'back bone' are the major waterways in our region and the source of some of the water we supply to customers.

Key statistics for our service area include:

- **\$3.5 billion** infrastructure asset base
- **17** dams and water catchments
- **10** recycled water plants
- **8** water filtration plants
- **551,000** residential customers
- **47,000** non-residential customers
- **113,000 ML/year** of water consumption
- **101,000 ML/year** of sewage managed
- **19,000** recycled water customers

Figure 1. GWW service area



## Integration: two years on

GWW was established on 1 July 2021, bringing together water corporations Western Water and City West Water. Two years on from the creation of GWW, we are building on the strong foundations established from the start of our integration journey and ensuring we get the basics right, while also evolving the organisation.

We have focused on understanding our new organisation and the challenges and opportunities we need to address to continue to deliver trusted water services to our customers. We recognise that to do this, we need to improve our operations and drive long-term efficiencies that support stable bills for our customers. Some of our key achievements to date include:

- progressively consolidating systems and processes across asset management, operations and corporate functions, including onboarding and change management processes to support a seamless transition
- unifying GWW telephony for better customer experience
- consolidating key human resource modules and payroll systems
- moving to a single method of working, for example capturing assets on an asset register and implementing a single quality assurance model
- rebranding our vehicle fleet and signage
- launching key business artefacts, including our *2030 Strategy*, culture ambition, risk management framework and key policies for social procurement and compliance.

Through these achievements, we are realising efficiencies, cost savings and social benefits.

In our third year of operation, we will continue to focus on our customers, to drive long-term efficiencies in our operations and progress plans and activities to provide consistent and reliable services across our region.

In light of this, we are developing our next price submission to the Essential Services Commission (ESC) and engaging deeply with our customers and communities to inform the outcomes we will deliver. We are also delivering on key transformative projects, including uplifting our asset delivery capability and developing our new customer experience platform, customerplace. These initiatives are described in greater detail in 'Our priorities'.

### Case study: Transforming our Sunbury office

Transforming our Macedon Street Sunbury office into a modern, efficient and attractive workspace was a core commitment of the GWW integration.

The refurbishment was completed in 2023 and provides increased capacity, redesigned interior spaces and amenities, improved physical accessibility, and digitally-equipped collaboration spaces.

A new energy management system and new, sophisticated building management system combine to optimise heating and cooling, reduce energy consumption and improve air quality.

Social procurement was a major consideration. First Nations suppliers produced furniture using fabric from First Nations artists, and First Nations artwork was commissioned to acknowledge the history and ongoing cultural, spiritual and social connections that First Nations people have with Country and the region in which we operate.

The transformation of our Sunbury office reflects our commitment to build a future in the region that supports the local economy and local jobs.

# 2030 Strategy

GWW is a future-focused organisation. To guide our decision making through our complex operating environment, our commitments and opportunities, we created our *2030 Strategy*.

Our strategy outlines our enduring purpose as an organisation to provide *trusted water services for our communities and future generations*.

Our strategy articulates our 2030 vision, *Thriving people and Country*.

To us, 'Thriving people and Country' means:

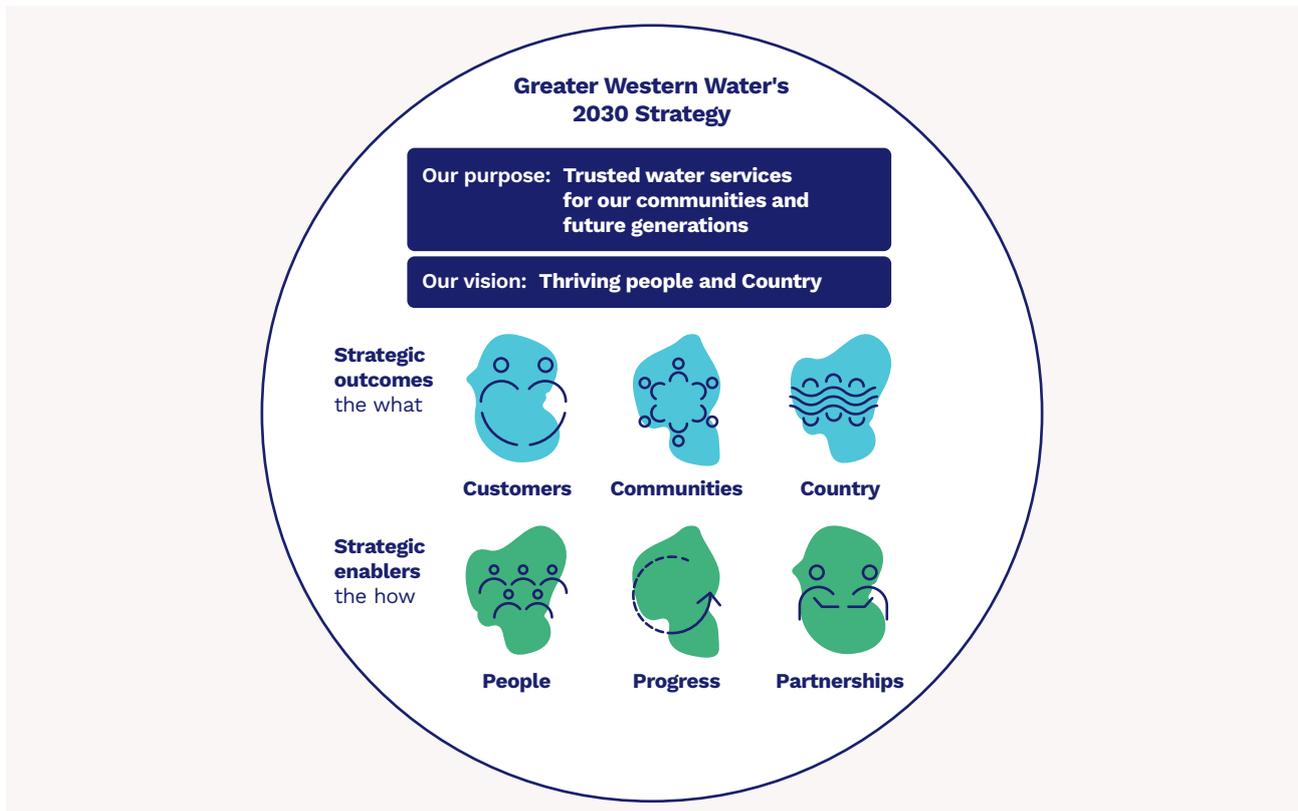
- **Delivering value for our customers:** providing water and sewerage services that are fairly priced, high quality and reliable now and in the future.

- **Supporting communities to thrive:** supporting liveability, wellbeing and prosperity in our region through the expansion of green space and tree canopy cover and investment in services, infrastructure and people.

- **Healing and caring for Country:** working in respectful partnership with Traditional Owners and First Nations people to restore environmental health, reach net zero carbon and take action towards zero waste.

To achieve this ambitious vision, we need a strong organisation, built on our people, partnerships and continuous progress.

**Figure 2. Summary of GWW's 2030 Strategy**



# Our operating environment

GWW operates in a regulatory environment underpinned by legislation, government policy, expectations and obligations, as well as customer and community needs.

We do our work within an economy, a community and a physical environment that each present opportunities and constraints.

This plan outlines how we will deliver our obligations and accountabilities, while navigating our external operating environment and working towards our commitments to customers, communities and Country aligned to our *2030 Strategy*.

**Figure 3. Obligations and accountabilities**



# Obligations and accountabilities

## Key trends in our operating environment

The area we service and the world in which we operate are constantly changing.

To stay ahead of challenges from population growth and climate change and keep up with new technologies and opportunities, GWW monitors our external operating environment with the lens of six strategic risks contained in our Enterprise Risk Management Framework.

Across our six strategic risks, we are monitoring and preparing for the following external and internal trends:

- Changes in the economy: rising cost of living and affordability challenges expected to impact households strongly over the coming year with some recovery in sight from 2024 onwards.
- Policy and regulatory changes: Federal and State governments strengthening the focus on climate and the energy transition, progression of Federal and State urban water reform, and increasing compliance obligations relating to how we manage our services.
- Climate change and the environment: drier times with El Nino conditions possible in 2023, more extreme wet and dry periods expected and increasing imperative to secure our region's future water supply resilience.
- Resilience and business interruption: ongoing supply chain and infrastructure build challenges globally and locally. Population growth increasing post pandemic, driving increasing pressure on our services in the CBD and growth zones, compounding with challenges from our ageing asset base.
- People and partners: continuing skills shortages in Victoria in the short to medium term.
- Technology change: rapid advancement in automation and artificial intelligence and growing data privacy and cybersecurity risks.

This process ensures we remain adaptable and resilient to shifts that can affect the services we provide to our customers and communities.

## Our legal responsibilities

GWW operates under the Victorian *Water Act 1989* and *Water Industry Act 1994*.

Under the *Water Industry Act 1994*, the Minister for Water has issued:

- Statement of Obligations (General): outlining our specific obligations in performing our functions under the Act.
- Statement of Obligations (Emission Reduction): outlining our greenhouse gas (GHG) emissions and renewable electricity use obligations. GWW is committed to:
  - reducing our annual emissions to or below 27,586 t CO<sub>2</sub>-e GHG emissions by 2024-25 (representing a 42.4 per cent reduction compared to the 2011-2016 period)
  - 100 per cent of electricity to be sourced from renewable sources by 2025
  - net zero emissions by 2030.

## Government policy and direction

GWW works to several key government policies and directions including:

- **Water for Victoria:** the Victorian Government's long-term plan for managing Victoria's water resources while responding to the challenges of population growth and climate change.
- **Letter of Expectations:** expectations set annually by the Minister for Water, aligned to *Water for Victoria* and setting priorities for GWW to address within the following financial year.

GWW's commitments to address and deliver on these priorities are embedded throughout this Corporate Plan. Further information is provided in **Appendix 2**.

We are also committed to supporting the delivery of *Water is Life: Traditional Owner Access to Water Roadmap* and *Central and Gippsland Region Sustainable Water Strategy*. Both are recently released policy documents that will support transformational change in the water industry:

- The **Water is Life** roadmap supports the removal of barriers to Traditional Owners' access to water and the increase of cultural benefits from the way we store, deliver and use water.
- The **Central and Gippsland Region Sustainable Water Strategy** (CGRSWS) outlines the long-term strategy for securing long-term water supplies for the waterways and catchments in Victoria south of the Great Dividing Range, including supporting a transition to manufactured water sources and the return of water to environment and Traditional Owners.

### **Case study: How GWW is supporting the Water is Life roadmap**

GWW is committed to supporting the return of water to Traditional Owners in our region. GWW, in partnership with the Department of Energy, Environment and Climate Action (DEECA), is committed to:

- working with Traditional Owner groups to understand their aspirations for receiving cultural flows, including location, timing and potential projects for collaboration
- identifying opportunities to return water to Traditional Owners (locations and volumes)
- working with Traditional Owner groups to understand where formal partnership agreements are mutually sought.

# Our commitments

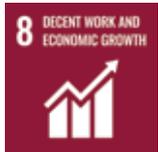
## United Nations Sustainable Development Goals

We are proud to support the United Nations Global Compact, an initiative that encourages businesses to adopt sustainable and socially responsible policies. The 17 Sustainable Development Goals (SDGs) provide a lens to view our organisation and explore opportunities to deliver services to achieve broader health, prosperity and liveability outcomes.

We have identified eight SDGs that align closely to our purpose and operating context:



**Clean water and sanitation**



**Decent work and economic growth**



**Industry, innovation and infrastructure**



**Reduced inequalities**



**Sustainable cities and communities**



**Responsible consumption and production**



**Climate action**



**Partnerships for the goals**

These SDGs guide the outcomes in our 2030 *Strategy* and our priorities over the next five years. Our alignment to these eight SDGs is highlighted in this plan, particularly in reference to our priorities for 2023-24.

## Price submission customer outcomes

GWW's prices and services are regulated by Victoria's Essential Services Commission (ESC). We currently operate under two price determinations (one for the previous City West Water service region and one for the previous Western Water service region). These determinations set out tariff structures and retail prices through to 30 June 2024. See **Appendix 1** for a summary of how we are delivering against our existing price submission customer outcomes.

We are well into our journey to develop our first price submission as GWW for the period 2024-25 to 2027-28. We are engaging deeply with customers on their preferred priorities to develop consolidated outcomes across our service area. Our findings to

date show that our *2030 Strategy* and our core commitments to customers, communities and Country resonate with our customers.

## Greater Melbourne Urban Water and System Strategy (Water for Life)

To ensure we deliver on our requirements under *Water for Victoria* and implement our region’s sustainable water strategy, GWW, along with Melbourne Water, South East Water and Yarra Valley Water, developed the *Greater Melbourne Urban Water and System Strategy: Water for Life*.

*Water for Life* is focused on building resilience in the Melbourne water supply system to provide secure water for our communities now and into the future in the face of climate change and population growth. See ‘Case study: Bringing the Greater Melbourne Urban Water System Strategy (GMUWSS) to life’ for further details around 2023-24 activities.

## Managing Director Collaboration Principles (MD Accord)

Greater Melbourne, Geelong and surrounding areas are supplied with drinking water through an interconnected water grid. The long-term supply of water in the region is challenged by the impacts of

a rapidly growing population and drying climate. To meet this challenge, the water corporations in the region (Melbourne Water, South East Water, Yarra Valley Water, Barwon Water and GWW) are working together to secure the region’s water future.

In support of this collaboration, the managing directors of Melbourne Water, South East Water, Yarra Valley Water, Barwon Water and GWW have entered into a collaborative agreement, the Managing Director Collaboration Principles (MD Accord). The accord commits us to collaboratively act in the best overall interests of our communities, supporting cost-effective, equitable outcomes for now and future generations. The accord also establishes how we will work together, recognising our unique operating contexts and the need to have open and honest communication, constructive engagement with our stakeholders and a clear work program with supporting governance and processes.

Of highest priority is our commitment to collectively plan and support a secure water future for Melbourne, Geelong and surrounding areas. The accord is already supporting greater collaboration across our businesses in how we adaptively plan to meet the water supply challenges facing our region.

The accord also identifies the following aligned priorities:

**Figure 4. Accord priorities**



# Our priorities

We have developed six priorities to guide our activities over the Corporate Plan period, with a focus on the 2023-24 financial year.

Our six priorities are informed by our *2030 Strategy* and ensure we have clear direction to support sound investment decision making. This includes balancing the need to continue to stabilise and improve core functions through our integration journey, while progressing towards our ambitious objectives for customers, communities and Country.

Our priorities also capture how we are responding to trends in our operating environment, including how we will ensure stable bills for our customers in the current inflationary economy.



# How we will deliver on our priorities in 2023-24

## Priority 1: Stabilising our asset performance and operations

### 2030 Strategy alignment



#### Customers

2030 Strategy objectives we're building towards:

- We have safe and secure water supplies that meet customer needs and are resilient to changing populations and climate.
- Our service delivery is optimised and we anticipate and respond to customer needs.

### SDG alignment



### Our focus for 2023-24

We are focused on stabilising our asset delivery and asset management capabilities. This will ensure we have consistent processes, systems and foundations that enable us to deliver on our commitments to customers in the face of high customer growth and asset investment requirements. In the broader context of continued supply chain and infrastructure challenges and customer affordability, these capabilities are essential for GWW to continue to provide reliable and resilient services to our customers.

**Table 1. Stabilising our asset performance and operations - our focus in 2023-24**

| Focus area  | Activities   |
|---|--|
| <b>Implementing our asset delivery transformation program (ADOR – Asset Delivery Organisational Review)</b> | <ul style="list-style-type: none"> <li>• Deliver planned ADOR foundational initiatives.</li> <li>• Establish baseline performance measures and key performance indicators for asset delivery.</li> <li>• Reassess our asset delivery maturity and determine the next phase of the ADOR program.</li> </ul> |
| <b>Improving our asset management maturity</b>  | <ul style="list-style-type: none"> <li>• Assess our asset management maturity and update our Asset Management Improvement Plan.</li> <li>• Deliver on our Asset Management Improvement Plan, including continued integration and transformation of our asset information systems.</li> </ul>               |

| Focus area   | Activities  |
|--|---|
| <b>Operational performance and decision making</b> | <ul style="list-style-type: none"> <li>Refine, align and embed operational performance dashboards to improve decision making and support price submission outcome reporting.</li> </ul> |

### Our key performance indicators

To ensure we are delivering on this priority, we have identified the following key performance indicators.

**Table 2. Stabilising our asset performance and operations – key performance indicators**

| Key performance indicator   | 2023-24 Target |
|---|----------------|
| <b>Metrics from the Corporate Planning and Reporting Guidelines:</b>  |                |
| <b>Customer minutes off water supply (minutes)</b><br>Average minutes a customer was without water supply during the year (planned and unplanned) | 134            |
| <b>Unplanned water supply interruption ≥1 (%)</b><br>Percentage of customers receiving at least 1 unplanned interruption in a year                | 10             |
| <b>Unplanned water supply interruption &gt;3 (%)</b><br>Percentage of customers receiving more than 3 unplanned interruptions in a year           | 0.06           |
| <b>Sewer blockages (no. per 100km)</b><br>Number of sewer blockages reported per 100 kilometres of sewer main                                     | 19             |
| <b>Sewer spills (no. per 100km)</b><br>Number of sewer spills reported per 100 kilometres of sewer main   | 5              |
| <b>Containment of sewer spills (%)</b><br>Sewer spills from reticulation and branch sewers contained within 5 hours                               | 100            |
| <b>Water quality complaints</b><br>Number of water quality complaints per 100 customers   | 0.19           |
| <b>Additional metrics aligned to our strategic priorities:</b>  |                |
| <b>Improving our asset delivery capability</b><br>Deliver planned progress of the ADOR initiatives (Yes/No)                                       | Yes            |
| <b>Improving our asset management maturity</b><br>Develop and deliver planned progress of the Asset Management Improvement Plan (Yes/No)          | Yes            |

### **Case study: Asset Delivery Transformation Program (ADOR) – uplifting our asset delivery capability**

ADOR is a multi-year program to transform our asset delivery capability and capacity, so we can continue to deliver fairly priced, high quality and reliable water and sewer services to our customers now and in the future. The program will improve the effectiveness and efficiency of our infrastructure capital delivery program.

In 2023-24, the key areas of uplift include:

- improving procurement, commercial and partnership approaches
- improving infrastructure planning and investment decision making
- building broader organisational resilience and capability
- establishing an infrastructure portfolio approach to drive greater efficiency, implement a single project management framework, better manage risk and improve performance measures and decision making

- establishing ‘one way of working’, embedding consistent health, safety, environment and quality processes and practices across our asset delivery activities.

**Figure 5. Water main renewal in inner suburbs of Melbourne**



### **Case study: 2030 Our Spatial Odyssey - transforming our spatial information system to improve asset management maturity**

2030 Our Spatial Odyssey is a multi-year program of work to transform the way GWW captures, uses, manages and shares geospatial information about our assets.

Our Spatial Odyssey will transform and consolidate our Geographic Information System (GIS) to provide our people, customers and delivery partners with accurate asset information and location data. This work will deliver on essential compliance requirements, including aligning with the latest Geocentric Datum of Australia and Digital Cadastre Modernisation, a Victorian Government initiative to bring the authoritative map of Victoria’s property boundaries into the digital age. This work will enable us to:

- continue to provide trusted water and sewer services, amid growth expectations

- build and maintain geographic information on all GWW assets and Victorian spatial property boundaries
- easily communicate asset conditions and locations with delivery partners and stakeholders
- develop standard operating procedures for the preparation and delivery of future asset delivery and maintenance activities, including meter readings and asset inspections.

This work is a key pillar of our asset management maturity uplift, and part of our Asset Management Improvement Plan to ensure our asset information systems are fit for purpose now and in the future.

## Priority 2: Improving customer experience

### 2030 Strategy alignment



#### Customers

2030 Strategy objectives we're building towards:

- We are highly trusted by our customers because we provide exceptional customer experiences.

### SDG alignment



### Our focus for 2023-24

As a newly integrated organisation, we are focused on creating a consistent and excellent experience for all our customers. To enable this, we are continuing to invest in consolidating and transforming our customer billing and information system. We are also building our understanding of what matters most to customers so we can continue to optimise the customer experience.

**Table 3. Improving customer experience - our focus in 2023-24**

| Focus area   | Activities   |
|--|--|
| <b>Delivering customerplace (our new customer experience platform)</b>           | <ul style="list-style-type: none"> <li>• Deliver our new customer experience platform (customerplace).</li> <li>• Build a baseline of metrics to understand customer benefits from customerplace.</li> <li>• Upskill our capability in preparation for the launch of customerplace.</li> </ul>   |
| <b>Understanding what matters most to our customers and communities</b>          | <ul style="list-style-type: none"> <li>• Continue to implement our Community Engagement Framework to ensure customer and community voice is heard and used in decision making.</li> <li>• Continue to support customers experiencing payment difficulties in the face of rising cost of living pressures.</li> <li>• Expand our customer support programs to be inclusive of small businesses.</li> <li>• Drive improvements in our customer service to ensure customers feel supported raising issues and are confident in our ability to resolve.</li> </ul> |
| <b>Preparing to deliver our inaugural GWW price submission customer outcomes</b> | <ul style="list-style-type: none"> <li>• Develop a plan to implement our new price submission customer outcomes to ensure we are ready in 2024-25 to deliver on our new customer priorities.</li> </ul>  |

## Our key performance indicators

To ensure we are delivering on this priority, we have identified the following key performance indicators.

**Table 4. Improving customer experience – key performance indicators**

| Key performance indicator  | 2023-24 Target |
|--|----------------|
| <b>Metrics from the Corporate Planning and Reporting Guidelines:</b>   |                |
| <b>Flexible payment plans – residential and non-residential</b><br>Number of customers on instalment plans per 100 customers (residential and non-residential) | 5.1            |
| <b>Hardship grants</b><br>Number of customers awarded hardship grants per 100 customers  | 0.21           |
| <b>Payment issue complaints</b><br>Number of payment issue complaints per 100 customers  | ≤0.13          |
| <b>Total complaints</b><br>Number of total complaints per 100 customers  | ≤0.4           |
| <b>Additional metrics aligned to our strategic priorities:</b>   |                |
| <b>Customer experience platform (Yes/No)</b><br>Delivered a consolidated billings and collections system, with customer self-service functionality             | Yes            |
| <b>Total customer complaints to the Energy and Water Ombudsman Victoria (EWOV)</b><br>Total complaints to EWOV (excluding referrals) per 100 customers         | ≤0.012         |

### Case study: customerplace - improving our customers' experience

To replace our two historic core billing and collections systems, GWW is building a new system that will deliver better services to customers and support the growth and demand for our water services in the future. Called 'customerplace', the complex, multi-year, organisation-wide program will go live in 2023-24 and will deliver the following:

- **Process automation:** automating repetitive and administrative processes will allow our people to focus on more value-add activities. For example, the new External Property Information Management System (PIMS) will manage property information and integrate with the new billing system, so our people can quickly access information and respond seamlessly to customer enquiries.
- **Data and knowledge management:** creating a single, consolidated solution with validated billing and collections information will allow our people to respond more promptly to customers and improve first contact resolution.
- **Improved customer analytics:** greater ease of access to insights and analytics will allow for proactive identification of billing issues.
- **A more seamless experience for our customers including:**
  - a consistent look and feel for all customer contact points
  - aligned timing of bills for all customers (quarterly)
  - a self-service portal available to all customers, providing greater choice and faster resolution.

### Case study: How we are supporting customers experiencing difficulty paying their bills

GWW has recently joined the Thriving Communities Partnership, a collaborative nationwide network of 150 organisations that work to ensure everybody has fair access to the modern essential services they need to thrive. We recognise that although we are committed to keeping our bills stable and affordable, our customers can experience periods where they have difficulty paying their bills and need additional support.

From 2023-24, we will participate in workshops and masterclasses to learn from other participants in the partnership. The partnership will allow us to provide a more holistic service to customers experiencing financial difficulties by linking them to other member services such as other utilities, legal services, financial counselling and safe housing.

The partnership also provides an opportunity for GWW to connect with community organisations operating in our region and provide a greater understanding of the support programs that

GWW offers to share with their communities. We expect this will increase the number of participants in our financial support programs.

Figure 6. Customer using water



## Priority 3: Reducing our impact on Country

### 2030 Strategy alignment

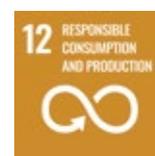


Country

2030 Strategy objectives we're building towards:

- We have actively supported First Nations self-determination and have contributed to improved environmental health of catchments and waterways in our region.
- We have achieved net zero emissions by 2030 (Scope 1 and 2).

### SDG alignment



### Our focus for 2023-24

We recognise our responsibility to manage the impact we have on the health of our region's natural resources. We are focused on uplifting our capability to heal and care for Country to reduce our impact across our region. A key challenge we are working to address is the resilience of our sewer systems and assets to accommodate increasing flows from rapid population growth, ensuring we minimise our impact on local waterways. We recognise Traditional Owners as the original custodians of Country and the work we need to do to build strong partnerships with Traditional Owners and support self-determination.

**Table 5. Reducing our impact on Country - our focus in 2023-24**

| Focus area  | Activities  |
|---|---|
| <b>Reducing carbon emissions from our operations to reach net zero emissions by 2030</b>                              | <ul style="list-style-type: none"> <li>• Investigate and reduce emissions at our high energy consuming treatment plant sites.</li> <li>• Complete site investigations at our wastewater treatment plants and better understand the options to reduce our methane and nitrous oxide emissions.</li> <li>• Explore and develop additional solar installation opportunities.</li> <li>• Participate in securing carbon offsets for the water sector that also meet our needs (VicWater Carbon Offsets Working Group).</li> </ul> |
| <b>Environment Protection Authority (EPA) and General Environmental Duty (GED) compliance at our treatment plants</b> | <ul style="list-style-type: none"> <li>• Deliver on prioritised actions identified through our treatment plant compliance risk assessments.</li> <li>• Mature the GWW Recycled Water Plant Risk Model to better understand our priority areas for improvement.</li> <li>• Build resilience in our assets to support increased flows from our growing region through our treatment plant improvement activities.</li> </ul>  |

| Focus area  | Activities  |
|---|---|
| <b>Delivering our Reconciliation Action Plan (RAP) to build our internal cultural awareness, capability and culture</b> | <ul style="list-style-type: none"> <li>Ensure our people understand how they can support the delivery of the RAP and work towards RAP deliverables.</li> </ul>  |
| <b>Building partnerships with Traditional Owners to support self-determination and deliver on common aspirations</b>    | <ul style="list-style-type: none"> <li>Work with Traditional Owners and DEECA, in line with the <i>Water is Life: Traditional Owner Access to Water Roadmap</i>, to develop return of water options that align with Traditional Owner needs.</li> <li>Strengthen relationships with Traditional Owners and understand where we need to establish partnership agreements or memoranda of understanding (MOUs).</li> <li>Mature our process for creating effective management plans for cultural heritage compliance at GWW sites.</li> </ul> |

### Our key performance indicators

To ensure we are delivering on this priority, we have identified the following key performance indicators.

**Table 6. Reducing our impact on Country – key performance indicators**

| Key performance indicator  | 2023-24 Target |
|--|----------------|
| <b>Metrics from the Corporate Planning and Reporting Guidelines:</b>   |                |
| <b>Recycled water reuse (%)</b><br>Water recycled as a percentage of the volume of effluent produced   | 40             |
| <b>Total net greenhouse gas emissions</b> (Tonnes CO2 equivalent)  | 33,000         |
| <b>Total projected annual electricity use</b> (kWh per year)   | 35,621,874     |
| <b>Total projected annual renewable electricity use</b> (kWh per year)   | 27,000,000     |
| <b>Additional metrics aligned to our strategic priorities:</b>   |                |
| <b>Treatment plant risk maturity (Yes/No)</b><br>We have improved our understanding of the risks from our sewage treatment plants and have refined our action plans  | Yes            |
| <b>Improving our cultural awareness (%)</b><br>% of GWW people who have completed cultural awareness sessions  | 35             |
| <b>Establish and maintain mutually beneficial relationships with First Nations stakeholders and organisations</b> (Yes/No)<br>Develop, implement and update partnership plan to work with First Nations stakeholders and organisations | Yes            |

### Case study: Reducing our impact on Country at Romsey recycled water plant

A major upgrade of the Romsey recycled water plant (RWP), located on Wurundjeri Woi Wurrung Country, is scheduled for completion in 2026. The plant has been producing Class B quality recycled water since the 1970s; however, increased inflows from recent population growth has meant that the plant capacity can be exceeded in high rainfall events.

A ceramic ultrafiltration membrane plant will be trialled on the site for a minimum of 12 months to better understand its capacity to reduce the risk to the environment. If successful, this technology could be permanently incorporated into the plant process. It is expected that the trial plant will minimise risks to the environment and community in accordance with our General Environmental Duty (GED).

This filtration-based technology was successfully piloted in a reduced size at the Romsey RWP late in 2022 and showed significant improvement in effluent quality. The expanded trial plant will improve our understanding of the potential for the technology to reduce nutrient and pathogen loading and improve effluent quality at the site. This improved effluent would likely provide benefits for application in irrigation and would reduce the impact on local waterways in the case of emergency discharges.

GWW is committed to exploring opportunities and emerging technologies to reduce our risk of impacting local waterways, and engaging and working with local communities.

**Figure 7. Recycled water before and after passing through the ceramic ultrafiltration membranes**



### Case study: Our continued commitment to reconciliation

We understand that caring for Country and community is an intrinsic part of reconciliation. As part of our Innovate Reconciliation Action Plan (RAP) we have committed to developing and implementing project plans for bush tucker, native vegetation and regeneration projects across GWW sites.

A Bush Tucker Education Centre will be established at the Werribee RWP in consultation with local Traditional Owners the Wadawurrung

as well as the First Nations people in the Wyndham community. The centre will provide an opportunity for students and the wider community to understand the uses of native plants for food and medicine.

This will be the first step in connecting the community with planned educational facilities at our Werribee RWP to improve community understanding of the water cycle, water recycling, irrigation, revegetation and caring for Country.

### Case study: Our continued journey to net zero

To mitigate the impacts of climate change on Country and become a more resilient business, GWW has committed to achieving net zero emissions by 2030. We recognise the role GWW plays in building our capacity to support the transition to renewable energy in Victoria.

We have been progressing towards our target through a range of initiatives, including reducing emissions from our operations and investing in renewable energy generation and procurement. The following key opportunities are being explored and developed in 2023-24:

- **Solar generation:** operation of four newly commissioned solar systems on our sites, including systems at Altona Treatment Plant (175kW) and West Werribee RWP (350kW), located on Bunurong and Wadawurrung Country respectively. During 2023-24, feasibility studies will be completed on another 18 potential smaller sites, adding up to a potential delivery of 575kW.
- **Green hydrogen:** continue to investigate the feasibility of creating green hydrogen from recycled water using solar energy at the Bacchus Marsh RWP, located on Wadawurrung Country, for use by local industry including Parwan and Co, the Parwan Employment Precinct and the Parwan Station Residential and Commercial Precinct.

- **Carbon offsets:** continue to participate in the VicWater Carbon Offsets Working Group to explore opportunities to invest in carbon offsets from Victoria, to offset our unavoidable Scope 1 emissions. Continue to explore and prioritise opportunities to invest within our region.

**Figure 8. Melton Recycled Water Plant surrounds including solar installation and Werribee River**



## Priority 4: Planning for the future

### 2030 Strategy alignment

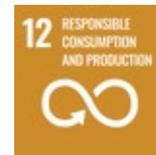
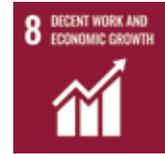


All

2030 Strategy objectives we're building towards:

- We have achieved net zero emissions by 2030 (Scope 1 and 2).
- We have actively supported First Nations self-determination and have contributed to improved environmental health of catchments and waterways in our region.
- We have safe and secure water supplies that meet customer needs and are resilient to changing populations and climate.
- Our business resilience is strong, supported by efficient and reliable systems and processes and robust decision-making frameworks.

### SDG alignment



### Our focus for 2023-24

We recognise the need to strategically plan for our future operating environment and set ourselves up to deliver on the future expectations of our customers, communities, Traditional Owners, partners and government.

The pandemic and the ongoing conflict in Ukraine have highlighted an ongoing global environment of uncertainty and change. We continue to prepare for this uncertainty through adaptive planning and focusing on the transformational shifts needed in our operations.

**Table 7. Planning for the future - our focus in 2023-24**

| Focus area   | Activities  |
|--|---|
| <b>Delivering our price submission and building towards our next price period</b>  | <ul style="list-style-type: none"> <li>• Finalise and submit our price submission to the ESC.</li> <li>• Refine our 2030 Strategy based on feedback from customers gathered during price submission engagement and ongoing community engagement.</li> <li>• Embed tools to build maturity for the next price period, including ongoing community engagement and evolving our expenditure prioritisation framework.</li> </ul> |
| <b>Planning for Melbourne's water future by actively partnering with metro corporations and Barwon Water through the MD Accord</b> | <ul style="list-style-type: none"> <li>• Implement key actions aligned to the GMUWSS and CGRSWS, including progressing opportunities in water conservation, integrated water management and options for returns of water to Traditional Owners and the environment.</li> <li>• Support long-term planning of our water supply system.</li> </ul>  |

| Focus area  | Activities   |
|---|--|
| <b>Preparing for future challenges and opportunities in our operating context</b> | <ul style="list-style-type: none"> <li>Continually scan our operating environment and investigate where we can drive the greatest value (for example across energy transition and circular economy, integrated water management).</li> <li>Finalise our consolidated Climate Change Resilience Plan and implement key climate adaptation actions.</li> <li>Collaborate with the wider industry to anticipate, respond to and prepare for changes in legislative requirements (such as PFAS National Environmental Management Plan (NEMP), <i>Security of Critical Infrastructure Act 2018</i> (SOCI)).</li> <li>Collaborate with government and community organisations on the Chain of Ponds project to transform the Moonee Ponds Creek for environmental, recreational and cultural benefits.</li> <li>Continue to explore and participate in efficiency programs to support our customers to reduce water and energy consumption in their homes and businesses.</li> </ul> |

### Our key performance indicators

To ensure we are delivering on this priority, we have identified the following key performance indicators.

**Table 8. Planning for the future – key performance indicators**

| Key performance indicator  | 2023-24 Target |
|--|----------------|
| <b>Additional metrics aligned to our strategic priorities:</b>   |                |
| <b>Price submission submitted on time and approved</b><br>Price submission successfully approved by the ESC (Yes/No)   | Yes            |
| <b>Evolving our 2030 Strategy</b><br>Our <i>2030 Strategy</i> has been updated to greater reflect the priorities of our customers, communities and partners (Yes/No) | Yes            |

### Case study: Strategy 1.1 and ongoing stewardship

We recognise the need for our strategy to be adaptive rather than static – a document that can be refined to see a bigger picture, navigate towards an agreed direction and be flexible to the future.

The challenges over the last few years (the pandemic, floods) and changes in our policy and operating context (such as the Water is Life roadmap, accelerating the energy transition) have highlighted the need for flexibility. That is why, even less than a year on from its publication, we think of our *2030 Strategy* as Strategy 1.0. We cannot always predict what is around the corner, but we can be agile and shift our thinking.

Building on our community engagement as part of our price submission, GWW will maintain stewardship of our customer deliberative forum. The forum will be comprised of 40 diverse customers from across GWW's service area. The forum will meet every six months and provide feedback on whether GWW's price submission outcomes are still in line with their best interests.

Maintaining this connection with the communities we service will ensure that their evolving needs and priorities will help shape future iterations of our *2030 Strategy* (Strategy 1.1). Our *2030 Strategy* will also be shaped by our evolving operating context and policy commitments.

### Case study: Delivering on the Greater Melbourne Urban Water System Strategy (GMUWSS)

We are working in partnership with the other metropolitan water corporations to deliver on the commitments from the GMUWSS in line with the CGRSWS. These include:

- ensuring a secure and sustainable water supply
- equitably and affordably meeting diverse water needs
- ensuring healthy people and a healthy environment
- delivering meaningful partnerships, engagement and education.

#### Water efficiency and conservation programs

Water conservation is critical to delivering a secure water future for Melbourne. Establishing water efficiency programs now will ensure

they are ready to be rapidly implemented and reduce water consumption in response to water security challenges or drought.

To assess opportunities for water efficiency and conservation, GWW is working with Melbourne Water, Yarra Valley Water and South East Water in the Water Efficiency Working Group, to design and deliver a joint Water Efficiency Plan.

The Water Efficiency Plan will increase our focus on water conservation and efficiency to provide cost-effective water savings. In 2023-24, we will support implementation of the new Target 150 campaign and delivery of pilot efficiency programs through the working group, and we will develop business cases to implement broader programs in the future.

## Priority 5: Becoming a high performing organisation

### 2030 Strategy alignment

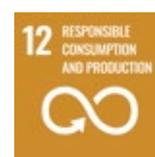


#### Progress

2030 Strategy objectives we're building towards:

- Our business resilience is strong, supported by efficient and reliable systems and processes and robust decision-making frameworks.
- We use data and insights to inform the way we work. Our technology is simple to use, accessible and integrated in everything we do.

### SDG alignment



### Our focus for 2023-24

As a recently integrated organisation, GWW is focused on continuing to transform and uplift our core processes, systems and ways of working. The integration poses significant opportunity for improvement and optimisation to drive efficiencies and uplift capability. We are committed to realising these improvements to ensure we continue to deliver value to our customers.

**Table 9. Becoming a high performing organisation - our focus in 2023-24**

| Focus area   | Activities   |
|--|--|
| <b>Continuing to evaluate our operating models and processes for the future</b>                | <ul style="list-style-type: none"> <li>• Develop an understanding of how to improve organisational processes and implement key improvements.</li> <li>• Anticipate the future needs of our capital delivery, maintenance and engineering services models and understand next steps.</li> <li>• Improve our ability to implement continuous improvement aligned to our strategy.</li> </ul>       |
| <b>Improving our governance frameworks</b>   | <ul style="list-style-type: none"> <li>• Drive efficiencies in decision making by improving executive and management governance structures.</li> <li>• Implement a benefits realisation framework and monitor benefits from our strategically-aligned projects.</li> <li>• Build our decision-making capability through continued establishment of our Enterprise Value Office (EVO).</li> </ul> |
| <b>Optimising our ways of working through improving our processes, digitising where we can</b> | <ul style="list-style-type: none"> <li>• Continue to consolidate and mature our systems and processes to drive long-term efficiencies.</li> <li>• Continue to mature our approach to expenditure prioritisation to support more informed decision making.</li> <li>• Establish capability to sustainably reduce GWW cost base to achieve financial targets.</li> </ul>                           |

## Our key performance indicators

To ensure we are delivering on this priority, we have identified the following key performance indicators.

**Table 10. Becoming a high performing organisation – key performance indicators**

| Key performance indicator  | 2023-24 Target |
|--|----------------|
| <p><b>Oversight of TOTEX investment</b></p> <p>Capex and priority Opex investment overseen by the executive-led Business Investment Committee (Yes/No)</p>                         | Yes            |
| <p><b>Driving benefits through our strategic projects</b></p> <p>% of new priority projects (Capex and Opex) with quantitative and qualitative benefits identified and tracked</p> | 100%           |

### Case study: Enterprise Value Office

Our Enterprise Value Office (EVO) was established to improve organisation-wide understanding and visibility of our investment portfolio, monitor the progress of strategically aligned initiatives, track investment outcomes and benefits and ensure that GWW has the capacity to deliver planned initiatives.

In 2023-24, the role of the EVO will continue to evolve. We are focused on implementing an end-to-end investment value framework that will ensure GWW initiatives:

- reflect and address strategic intent

- address strategic risk and are within our risk and financial tolerances
- assist in keeping customer bills stable
- deliver the outcomes and benefits identified
- are scheduled at a pace appropriate to balance change impacts across the business and allow our people to thrive
- are innovative and explore new opportunities aligned to our *2030 Strategy*.

## Priority 6: Investing in our people

### 2030 Strategy alignment



#### People

*2030 Strategy objectives we're building towards:*

- Our people and partners have the capability and agency to manage change and deliver, with impact, our desired outcomes.

### SDG alignment



### Our focus for 2023-24

We recognise that our people are essential to delivering safe and reliable services to our customers and delivering on our *2030 Strategy*. As a newly formed organisation, we are working to align and improve our culture and develop capabilities that set us up for the future.

**Table 11. Investing in our people - our focus in 2023-24**

| Focus area  | Activities  |
|---|---|
| <b>Bringing to life our culture ambition</b>  | <ul style="list-style-type: none"> <li>• Continue to develop and implement our culture plan across the enterprise, with a focus on taking accountability, collaborating and partnering to deliver business results and courageously challenging the status quo.</li> </ul>  |
| <b>Enhancing our leadership and core capability</b>   | <ul style="list-style-type: none"> <li>• Develop consistent expectations for our people leaders through day-to-day performance conversations and coaching. Supported by our Thriving Leaders program, the new GWW Capability Framework and Team Effectiveness Toolkits.</li> <li>• Enhance our people's understanding and ability to contribute to our strategy and business priorities by building our core capabilities with a focus on our critical roles and workforces.</li> </ul> |
| <b>Strengthening our ability to attract and retain talent</b>   | <ul style="list-style-type: none"> <li>• Improve our ability to attract and retain diverse talent that supports our strategic intent.</li> <li>• Continue to create a diverse, inclusive, safe and respectful workforce through targeted programs, including to act on our Gender Equality Action Plan to reach our 2025 targets.</li> </ul>  |
| <b>Strategically plan for our future workforce</b>  | <ul style="list-style-type: none"> <li>• Develop an understanding of the workforce capability we will need in the future and initiate plans to prepare for it.</li> </ul>   |
| <b>Maturing our approach to safety, health, wellbeing, environment, quality and cultural heritage (HSEQC)</b> | <ul style="list-style-type: none"> <li>• Continue to mature our health, safety and wellbeing leadership through business group and organisational initiatives and programs.</li> <li>• Improve and consolidate our HSEQC capability (skills, knowledge, processes, systems).</li> </ul>   |

## Our key performance indicators

To ensure we are delivering on this priority, we have identified the following key performance indicators.

**Table 12. Investing in our people – key performance indicators**

| Key performance indicator   | 2023-24 Target |
|---|----------------|
| <b>Employee engagement</b><br>% of our people who are 'engaged' as measured through our culture surveys | 70%            |
| <b>People leaders gender equality</b><br>% of people leaders that identify as women                     | >45%           |

### Case study: Traineeship opportunities

GWW is investing in our future workforce through the creation of traineeship opportunities across our operations and business services. Through a partnership with Skillinvest, GWW is offering trainees on-the-job experience while studying towards a qualification across a range of areas.

Traineeship programs have had great success at GWW with many graduates from previous programs taking on permanent roles and several currently in leadership positions. Five trainees will be employed in the first year of the program, with a goal to expand that number in the future.

Our traineeship program is aligned to our continued commitment to support the diverse communities we serve and create and support local jobs in the region.

### Case study: Thriving Leaders – our commitment to leadership development

To achieve our vision of *Thriving people and Country*, we need thriving leaders. We will use our capability framework and Thriving Leaders model to articulate clear expectations of leadership at GWW and the skills, knowledge and behaviors required to be successful, individually and as a team.

Our commitment was kicked off at our Thriving Leaders conference series in March 2023 and will continue into 2023-24. The conference series will help leaders in practical ways to develop effective leadership and be the best they can be every day. Thriving Leaders program participants will also attend lunch and learns, workshops, group coaching and peer mentoring sessions.

The Thriving Leaders model aligns to our vision and our cultural ambition: At GWW everybody thrives, we take accountability and together we make a difference.

**Case study: Gender Equality Action Plan**

GWW is working hard to reach the targets we have set in our *Gender Equality Action Plan* (GEAP). Significant work has been completed, including phase 1 of the Safe, Inclusive and Respectful Workplace Program. With gender balance targets for general workforce, leaders, workforce pipeline and STEM set to be achieved by 2025, in 2023-24 we will focus on:

- achieving and retaining gender equality in leadership across all levels

- improving economic security for women
- achieving greater gender diversity in our customer, operational, field and STEM functions
- building a safe, inclusive and respectful workplace that promotes gender equality and challenges discrimination.

**Figure 9. GWW people working in our Footscray office**



# Our financial plan

# Overview and how we will achieve financial sustainability

A financially sustainable business is one that can effectively plan for the long term.

This financial plan provides a five-year view of financial performance, considering our forecast customer growth, water demand and the impact this will have on our revenue, as well as the operating and capital expenditure we need to invest to run our business and continue to deliver high quality services.

GWW's financial plan demonstrates our ongoing commitment to invest in our priority areas to deliver the *2030 Strategy*. Financial viability is critical to achieving our strategic goals. We aim for financial stability by understanding the challenges impacting customer affordability, increasing efficiencies in the way we work, continuing strong governance and financial management and ensuring we make considered investment decisions.

Our financial plan is based on several key principles to ensure we manage our risk effectively and monitor our long-term sustainability:

## Principle 1: Customer affordability

We are committed to supporting our customers through the current period of high inflation and rising cost of living pressures. GWW is committed to prudent financial management and long-term financial sustainability which will support keeping bills stable through our upcoming price submission period. We will continue to offer support to customers experiencing difficulty in paying their bills.

## Principle 2: Long-term planning to service growth

To service growth in our region and achieve our *2030 Strategy* commitment to provide reliable and resilient services to our customers, we need to plan

and invest significantly in our assets now and into the future. We are working hard to minimise bill impacts in the short term, supporting customers through this extraordinary period of high inflation, while ensuring we understand investment required to sufficiently fund our assets over the long term, while slowing debt accumulation.

## Principle 3: Investing now to build a resilient and future-focused organisation

We have made great strides in our integration program to date. We will continue to invest to ensure our people, systems and processes are optimal and support continued efficiencies in how we operate and deliver our programs. We are adaptively planning to be resilient to shocks and stresses in our operating environment and to minimise impacts on our customers and our financial sustainability.

## Principle 4: Best practice governance and financial management

We are building our maturity in investment decision-making by striving towards best practice governance and financial management. This includes a program of continuous improvement across investment prioritisation, risk management, benefits realisation and forecasting capability.

We aim to balance the challenges of customer affordability, servicing growth and investing in a future-focused organisation. We will continue to engage with DEECA and Department of Treasury and Finance (DTF) on a shared understanding of the drivers of our financial performance and ensure future returns are sustainable.

# Our financial forecast

Our financial performance is forecasting strong returns driven by high regional growth and demand. Through our financial sustainability principles, we will continue to drive efficient ways of working, build our foundations and improve on our financial position.

In our third year of operations, we continue to balance our shareholder return, customer affordability, infrastructure investments in growth and renewals, and meeting compliance obligations. Financial management of our debt and cashflows has become critical to maintaining our long-term financial viability.

## Customer growth

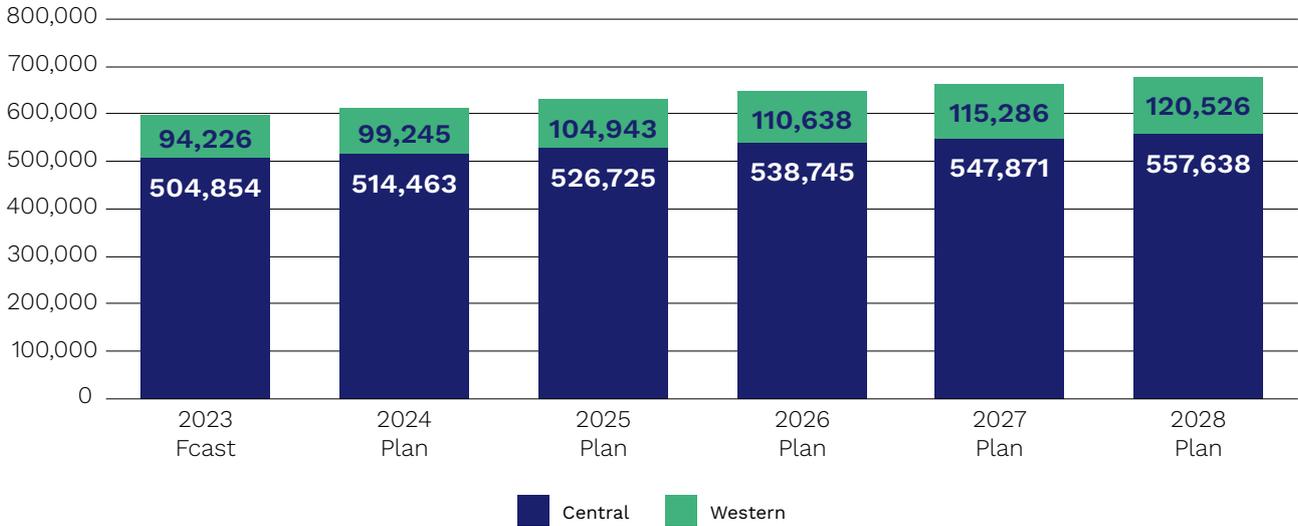
Customer growth is varied across our service area. The 'west' (Melton, Sunbury and growth corridors to Bacchus Marsh and the Macedon Ranges) is experiencing strong growth at 4.2-5.6 per cent per annum, while the central area (Melbourne's CBD to the inner city and western suburbs) is expected to have relatively slower growth of 1.7-2.3 per cent per annum.

Customer growth is influenced by a range of competing factors, including immigration, high inflation and interest rates, government post-pandemic spending, constraints on construction material and labour, and a likely downturn in economic growth. Customer growth is predicted to be slightly higher in the next three years than the latter years of this plan largely due to increasing population driven by immigration bouncing back post the pandemic (see [Table 13](#) and [Figure 10](#)).

**Table 13. GWW growth profile**

|                       | FY24 | FY25 | FY26 | FY27 | FY28 |
|-----------------------|------|------|------|------|------|
| <b>Growth profile</b> | 2.6% | 2.7% | 2.8% | 2.1% | 2.2% |
| <b>Central</b>        | 2.1% | 2.2% | 2.3% | 1.7% | 1.8% |
| <b>West</b>           | 5.6% | 5.6% | 5.4% | 4.2% | 4.6% |

**Figure 10. GWW customer connections (number) FY23-FY28**

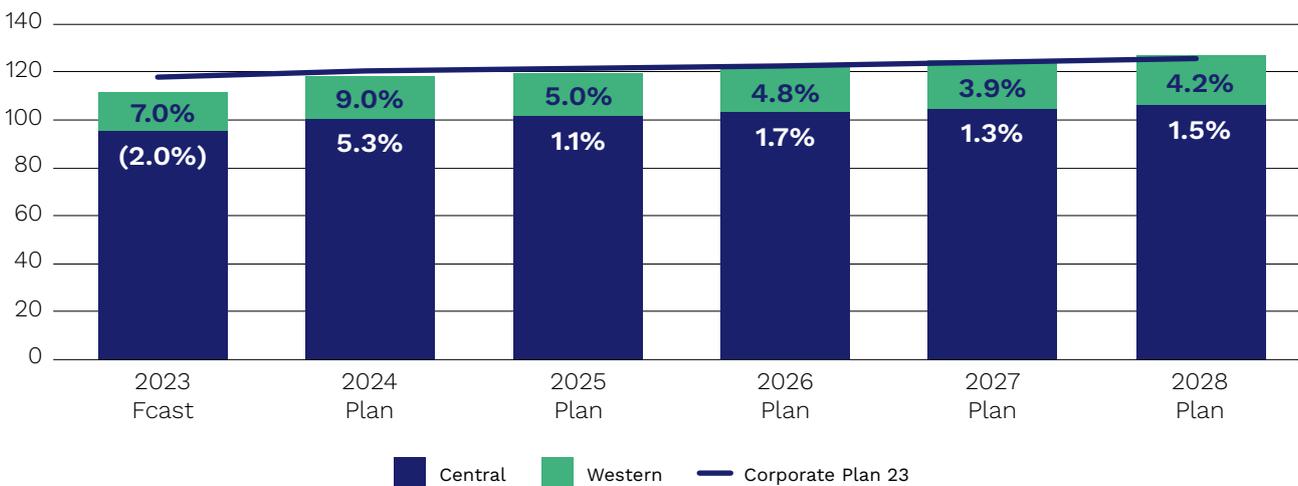


## Demand

From 2023-24, demand for water is expected to grow in line with population growth towards pre-COVID-19 levels. Demand in 2023-24 is forecast to increase by over 5.6 per cent compared to 2022-23 due to the end of La Nina weather conditions which have caused higher than average rainfalls and lower residential consumption.

Although non-residential consumption is expected to be 10.3 per cent higher (or 3.6GL) in 2023-24 compared to 2022-23, it is not forecast to return to pre-COVID-19 levels due to ongoing impacts from the pandemic recovery and current economic conditions.

**Figure 11. GWW water sales volume by GL and percentage growth FY24-FY28**



## Water sales volume GL

|                          | FY23  | FY24  | FY25  | FY26  | FY27  | FY28  |
|--------------------------|-------|-------|-------|-------|-------|-------|
| <b>Western</b>           | 16.0  | 17.4  | 18.3  | 19.2  | 19.9  | 20.7  |
| <b>Central</b>           | 95.4  | 100.5 | 101.6 | 103.3 | 104.6 | 106.2 |
| <b>Total</b>             | 111.4 | 117.9 | 119.9 | 122.5 | 124.5 | 126.9 |
| <b>Corporate Plan 23</b> | 117.6 | 120.2 | 121.7 | 122.5 | 124.0 | 125.4 |

## Revenue

Our revenue consists of operating revenue (fixed network charges, water sales, sewerage discharge, recycled water, trade waste, water trading) and other revenue (developer contributions and fees for miscellaneous services).

GWW revenue is expected to increase from \$940 million in 2022-23 to \$1,292 million in 2027-28 (**Figure 12**). This forecast is reflective of our customer growth and increased water demand.

### Operating revenue

Our operating revenue is forecast to increase from \$703 million in 2023-24 to \$1,034 million in 2027-28 (**Figure 13**). Increases in operating revenue over the planning period are primarily driven by continued growth in Melbourne's west and forecast inflation.

We are working hard to deliver on stakeholder and community expectations of affordability through stable bills through our next price submission. The new prices set in our upcoming price submission will influence our revenue in the four-year regulatory period commencing 1 July 2024.

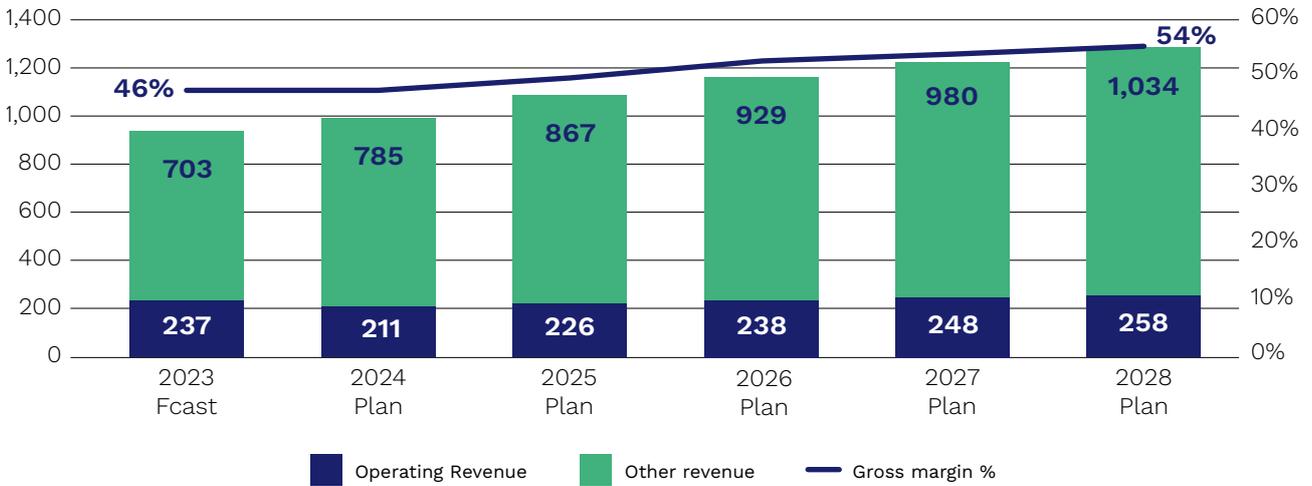
## Developer contributions

We work closely with the development industry to provide water, sewerage and recycled water infrastructure to new estates and developments. We receive developer contributions in two forms: cash contributions and gifted assets. Cash contributions (otherwise known as 'new customer contributions') are upfront payments received from developers to recover the cost of major water, sewerage and recycled water infrastructure built by GWW to service new developments.

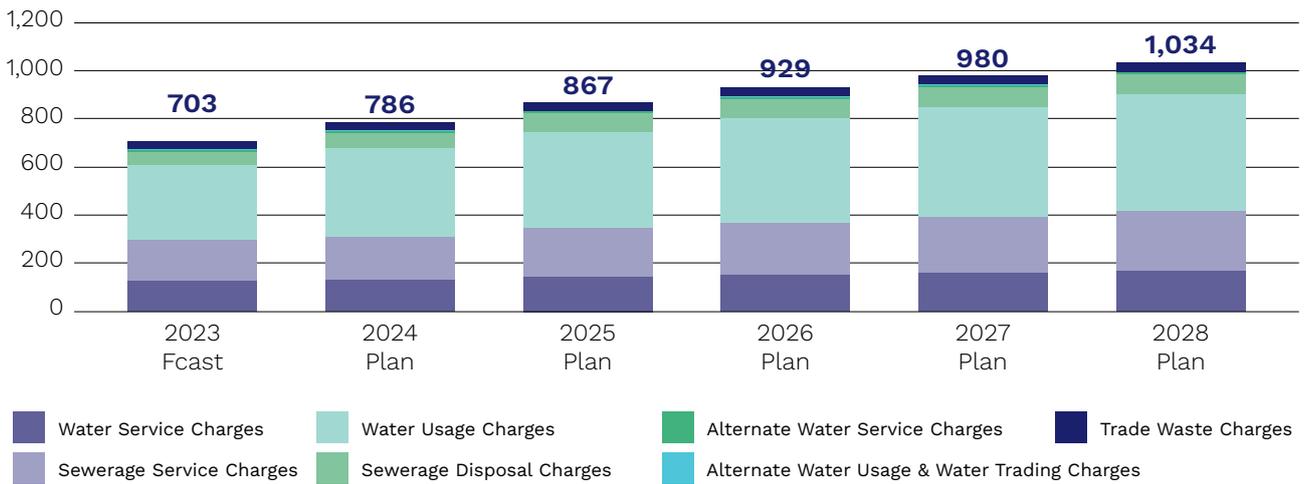
Gifted assets (otherwise known as 'reticulation assets') are local water infrastructure assets built by third parties, most often the developers of new housing estates, which are divested (or 'gifted') to us for ongoing management and ownership. Prevailing accounting treatment recognises gifted reticulation (physical) assets as revenue. Thus, GWW borrows cash to pay tax and dividends in respect to gifted physical assets. This has a material bearing on GWW's cashflows and our borrowing levels.

The developer contributions forecast for 2023-24 has decreased by 12.4 per cent compared to 2022-23 (**Figure 14**). This is due to inflation and multiple interest rate increases which have dampened the property market, adversely impacting our revenues. Impacts of high inflation are projected to decline from 2026 onwards, with forecasts stabilising for developer revenues.

**Figure 12. GWW revenue (\$million) FY23-FY28**



**Figure 13. Operating revenue (\$ million)**



**Figure 14. Developer contributions split by cash and gifted assets (non-cash) (\$ million)**



# Expenditure

## Operating expenditure

As we continue to build on our integration, we are focused on maintaining our financial sustainability by investing now to realise future efficiencies and value creation. We have also considered the need to continually uplift our processes and systems through projects highlighted in this plan, such as customerplace, ADOR and 2030 Our Spatial Odyssey.

ADOR is a key project to uplift the way we move through the asset delivery lifecycle, meet our compliance requirements and create a more solid foundation to support growth. This is consistent with our commitment to long-term planning for future deliverability and adaptability. The forecasted operational expenditure for this project is \$4.6 million in FY23 and \$5.3 million in FY24.

IT costs have been reallocated from capital expenditure to operating expenditure due to accounting standard changes (AASB138). A total of \$42.7 million in FY23, \$39.0 million in FY24 and \$103.5 million over the remaining plan period has been reallocated to operating expenditure.

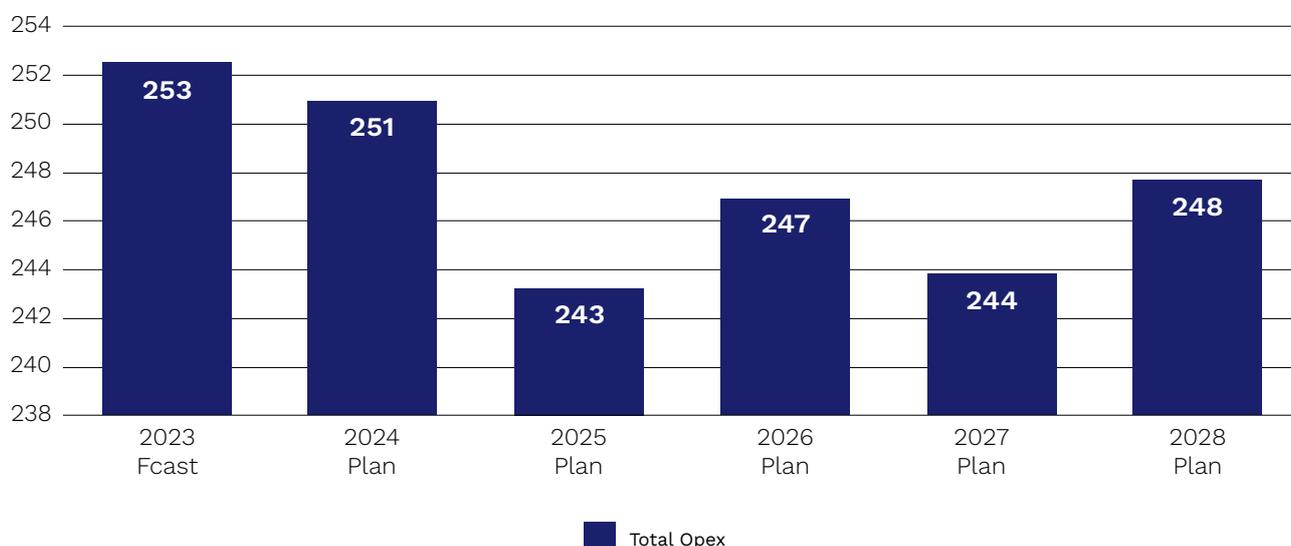
## Capital expenditure

Our capital program supports the continued delivery of retail, network and treatment services. Our capital investment principles support the infrastructure necessary for growth while driving value for our customers and ensuring the long-term operational sustainability of our business.

GWW's capital expenditure program includes investments for growth, renewals, information technology, corporate, environment and community projects. We need to make significant investments to continue to supply reliable services to our customers into the future. To ensure we are making prudent and efficient investments, we are continually improving through our risk-based investment decision-making framework.

The GWW capital program for 2023-24 comprises expenditure of \$291.0 million. Key projects over the next year are outlined in **Table 14**.

**Figure 15. Total operating expenditure over five-year planning period (\$ million)**



**Table 14. Top 10 projects by expenditure**

| <b>Projects</b>   | <b>Description</b>  | <b>Total</b> |
|---|---|--------------|
| <b>Holden to Mt Cottrell transfer system</b>                | New water transfer network to service the Melton growth area                            | \$168m       |
| <b>Billing and collections project</b>                      | Replacement and alignment of the legacy billing systems                                 | \$66m        |
| <b>Gisborne Recycled Water Plant upgrade</b>                | New sewage treatment plant  | \$54m        |
| <b>Merrimu Water Filtration Plant upgrade</b>               | Upgrade to water filtration plant   | \$50m        |
| <b>CBD Stage 4 – Siddeley St (Melbourne Main Sewer)</b>     | CBD sewer capacity upgrade  | \$49m        |
| <b>Holden Tank water pump station and transfer main</b>     | New potable water pipeline and pump station to supply Sunbury for growth and resilience | \$40m        |
| <b>Bald Hill Tank construction</b>                          | New potable water tank in Sunbury for growth  | \$37m        |
| <b>Romsey Water Filtration Plant - new filtration plant</b> | Upgrade to water filtration plant   | \$31m        |
| <b>Ravenhall - Phase 2</b>                                  | New sewer to provide an outlet for the eastern part of the Melton growth area           | \$22m        |
| <b>Minns Rd 20ML tank renewal</b>                           | Renewing potable water storage tank for Melton  | \$20m        |

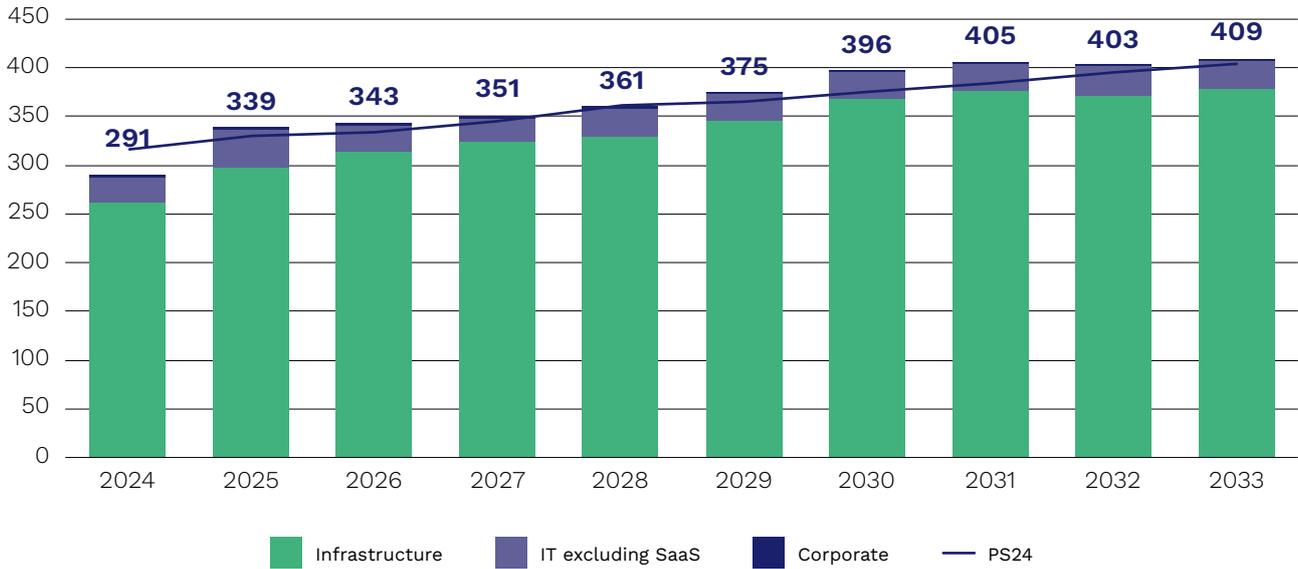
Capital expenditure over the planning period amounts to \$1,685 million to 2027-28. Major capital investments include water and sewer growth infrastructure and renewing ageing infrastructure.

One of the biggest drivers in our capital program over the next five years is investment to service growth across several sewer catchments. Over \$884 million is required to invest in our inland treatment plants and service increasing inflows from customer growth.

We continue to see strong growth in the west, specifically in greenfield areas, and with this growth comes higher expenditure to provide services to new customers. This has been incorporated into the forecast as shown in **Figure 16**.

Due to Software as a Service (SaaS) accounting standard changes, forecasted IT projects with SaaS implications have been reallocated to operating expenditure. This has reduced the total portfolio by \$39.0 million.

**Figure 16. Capital expenditure (total) in \$million nominal from FY24 to FY33 (10-year program)**



**Case study: Our water tank improvement program**

The Sunbury water network, which services the townships of Sunbury, Diggers Rest and Bulla, is quickly reaching capacity due to high population growth in the region. To avoid the risk of being unable to meet customer demand for water during high temperature summer days, GWW has developed a long-term program of works to provide an additional 34ML of storage in the network by 2028.

In 2023-24, we will invest \$20.0 million to construct two 10ML steel welded tanks at Bald Hill, providing an additional 20ML water storage to the Sunbury network. This additional storage will improve water system security to ensure we continue to provide a reliable water supply to the Sunbury region.

**Figure 17. Existing 10ML steel welded water tank at Merrimu**



## Payments to government

Payments to government in the form of dividends, income tax, Financial Accommodation Levy, capital repatriations and environmental contributions are expected to total \$1,123.2 million over the period 2023-24 to 2027-28 (Table 15).

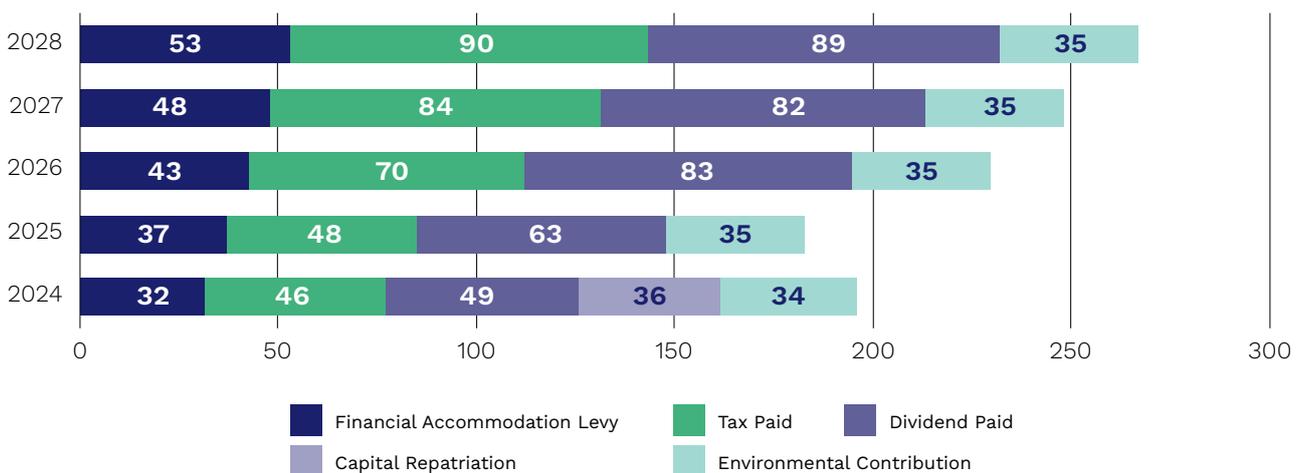
Dividend payments are based on the government's benchmark payout ratio of 65 per cent of pre-

tax profit less income tax paid/payable. Over the planning period, GWW will pay \$701.5 million in tax and dividend, in addition to capital repatriation of \$35.9 million in 2023-24. We will also contribute \$212.8 million over the 2023-24 to 2027-28 planning period to government through the Financial Accommodation Levy. Environmental contributions over the 2023-24 to 2027-28 planning period will be \$173.1 million.

**Table 15. Payments to government**

| \$m                                 | 2024  | 2025  | 2026  | 2027  | 2028  | FY24-FY28 Total |
|-------------------------------------|-------|-------|-------|-------|-------|-----------------|
| <b>Financial Accommodation Levy</b> | 31.8  | 37.4  | 42.6  | 47.9  | 53.1  | 212.8           |
| <b>Tax Paid</b>                     | 45.5  | 47.5  | 69.5  | 83.6  | 90.4  | 336.6           |
| <b>Dividend Paid</b>                | 48.7  | 62.9  | 82.9  | 81.8  | 88.6  | 364.9           |
| <b>Capital Repatriation</b>         | 35.9  | 0.0   | 0.0   | 0.0   | 0.0   | 35.9            |
| <b>Environmental Contribution</b>   | 33.9  | 34.8  | 34.8  | 34.8  | 34.8  | 173.1           |
| <b>Total</b>                        | 195.7 | 182.7 | 229.8 | 248.1 | 266.9 | 1,123.2         |

**Figure 18. Government payments over planning period by payment type (\$ million)**



# Our pricing

GWW currently operates under two price determinations (2018 City West Water price determination and 2020 Western Water price determination). These set out prices and the way in which prices will adjust throughout the regulatory period (to 30 June 2024).

We are developing our first price submission as GWW for submission to the ESC in late 2023. We are considering customer priorities, expectations, preferences and concerns gathered through engagement with our community and key stakeholders. Our submission will incorporate the key outcomes we plan to deliver for customers, the actions we will take to achieve them, our service standards and the tariff structure and prices we plan to charge for our services. The ESC will review our submission before making a price determination, which will set the maximum prices and the way prices can be adjusted from 1 July 2024.

To support our customers through this period of high inflation, the development of our price submission is focused on delivering stable bills for the majority of our customers over the next regulatory period.

## Aligning prices across our service region

In 2023-24, we will continue to implement our approved tariff strategy to align prices over the remaining years of our price determinations as far as practicable. We have consulted with customers through the development of our next price submission to further refine our tariff structures across our service area over time.

## Projected average water bills

Our expected water bills for three key customer cohorts are provided below, separated by our former City West Water and Western Water regions. Prices are separated by region to reflect the price determination paths that apply for the two legacy businesses until 30 June 2024. Prices beyond 1 July 2024 will be confirmed through our 2024 price submission.

The prices provided below for former Western Water customers are exclusive of the water efficiency rebate for tenants. In Western Water's 2020 Price Submission we committed to progressively wind back the rebate over a period of seven years from 2020-21. In 2023-24 the rebate for tenants is approximately \$60 and will continue to be wound back for the following three years. Despite the unwinding, GWW expects bills for these customers to be the lowest of any metropolitan retailer. We will also continue to support customers who are struggling to pay their bills through our hardship support programs and water efficiency programs.

**Table 16. Annual average expected water bills FY24-28 (former City West Water region) (\$2022-23)**

| <b>Expected annual water billing<sup>1</sup></b>  | <b>FY24</b> | <b>FY25</b> | <b>FY26</b> | <b>FY27</b> | <b>FY28</b> |
|---|-------------|-------------|-------------|-------------|-------------|
| <b>Household bills – owner occupiers</b> (\$)<br>Indicative household bill for water and sewerage services, owner occupiers | 941.14      | 941.14      | 941.14      | 941.14      | 941.14      |
| <b>Household bills – tenants</b> (\$)<br>Indicative household bill for water and sewerage services, tenants                 | 510.13      | 510.13      | 510.13      | 510.13      | 510.13      |
| <b>Non-residential bills – business</b> (\$)<br>Indicative business bill for water and sewerage services                    | 14,650.84   | 14,650.84   | 14,650.84   | 14,650.84   | 14,650.84   |

1 Expected bill forecasts may be subject to change and potentially more than usual due to current market volatility

**Table 17. Annual average expected water bills FY24-28 (former Western Water region) (\$2022-23)**

| <b>Expected annual water billing<sup>1</sup></b>  | <b>FY24</b> | <b>FY25</b> | <b>FY26</b> | <b>FY27</b> | <b>FY28</b> |
|---|-------------|-------------|-------------|-------------|-------------|
| <b>Household bills – owner occupiers<sup>1</sup></b> (\$)<br>Indicative household bill for water and sewerage services, owner occupiers | 1,030.76    | 1,030.76    | 1,030.76    | 1,030.76    | 1,030.76    |
| <b>Household bills – tenants<sup>2,3</sup></b> (\$)<br>Indicative household bill for water and sewerage services, tenants               | 327.01      | 327.01      | 327.01      | 327.01      | 327.01      |
| <b>Non-residential bills – business</b> (\$)<br>Indicative business bill for water and sewerage services                                | 9,282.01    | 9,282.01    | 9,282.01    | 9,282.01    | 9,282.01    |

1 Expected bill forecasts may be subject to change and potentially more than usual due to current market volatility.

2 Residential bills are calculated on the basis of consuming 150kL per annum and non-residential bills are calculated on the basis of consuming 3,000kL per annum.

3 Figures exclude water efficiency rebate.

# How we will track our financial performance

To ensure we are on track towards long-term financial sustainability, we have set the following key performance indicators.

**Table 18. Financial sustainability - key performance indicators**

| Performance metrics   | FY24   | FY25   | FY26   | FY27   | FY28   |
|---|--------|--------|--------|--------|--------|
| <b>Cash interest cover</b> (times)<br>Net operating cash flows before net interest and tax/net interest payments                | 2.20x  | 2.44x  | 2.55x  | 2.57x  | 2.53x  |
| <b>Gearing ratio</b> (%)<br>Total debt (including finance leases)/total assets * 100  | 65.37% | 65.36% | 65.81% | 66.28% | 66.53% |
| <b>Internal financing ratio</b> (%)<br>Net operating cash flow less dividends/net capital expenditure * 100                     | 14.23% | 25.41% | 23.11% | 29.07% | 31.94% |
| <b>Current ratio</b> (%)<br>Current assets/current liabilities (excluding long-term employee provisions and revenue in advance) | 59.33% | 61.00% | 64.46% | 68.30% | 71.26% |
| <b>Return on assets</b> (%)<br>Earnings before net interest and tax/average   | 6.15%  | 7.40%  | 7.70%  | 8.05%  | 8.26%  |
| <b>Return on equity</b> (%)<br>Net profit after tax/average total equity * 100  | 8.89%  | 11.85% | 12.24% | 12.81% | 12.95% |
| <b>EBITDA Margin</b> (%)<br>Earnings Before Interest, Tax, Depreciation and Amortisation/total revenue * 100                    | 33.94% | 38.84% | 40.74% | 43.03% | 44.39% |

# Appendices

# Appendix 1: Price submission customer outcomes

GWW is price and service regulated by the Essential Services Commission of Victoria (ESC). We currently operate under two price determinations (one for the previous City West Water service region and one for the previous Western Water service region). These determinations set out tariff structures and retail prices through to 30 June 2024. Service standards are set out in the ESC’s *Customer Service Code Urban Water Businesses*.

GWW is committed to delivering on the existing price submission customer outcomes as outlined below. Each outcome is aligned to activities we will deliver through our FY24 priorities.

| City West Water  | Western Water   | Alignment to our FY24 priorities  |
|--|---|---|
| <b>Outcome 1:</b> Services to homes and businesses are safe, reliable and efficiently delivered  | <b>Outcome 2:</b> Reliable, safe services   | <b>Priority 1:</b> Stabilising our asset performance and operations                             |
| <b>Outcome 2:</b> Customer service is accessible and enquiries are promptly resolved<br><b>Outcome 3:</b> Billing and payment options are efficient and convenient | <b>Outcome 3:</b> Innovative approaches to addressing customer needs                  | <b>Priority 2:</b> Improving customer experience  |
| <b>Outcome 4:</b> Customers in hardship are supported  | <b>Outcome 1:</b> Fair and affordable charges   |   |
| <b>Outcome 5:</b> The whole of the water cycle is managed in an environmentally sustainable way  | <b>Outcome 4:</b> Care of the environment   | <b>Priority 3:</b> Reducing our impact on Country<br><b>Priority 4:</b> Planning for the future |
| <b>Outcome 6:</b> City West Water is a valued partner in servicing a growing Melbourne   | <b>Outcomes 5:</b> Sustainable contribution to the community and regional liveability | <b>Priority 4:</b> Planning for the future  |

# Appendix 2: **How GWW is delivering against Water for Victoria and the 2023-24 Letter of Expectations**

## Water for Victoria Chapter 1 – Sharing Victoria’s water

Water is fundamental to our communities. We will manage water to support a healthy environment, a prosperous economy and thriving communities, now and into the future

|  |   |
|--|---|
| <p><b>Link to Letter of Expectations (LOE)</b></p>                             | <p><b>Customer and Community Outcomes (LOE 2)</b></p> <p><i>Related priorities:</i></p> <ul style="list-style-type: none"> <li>• Stabilising our asset performance and operations</li> <li>• Improving customer experience</li> <li>• Planning for the future</li> </ul>  |
| <p><b>How this is addressed in our Corporate Plan (including examples)</b></p> | <ul style="list-style-type: none"> <li>• Implement our asset delivery transformation program (ADOR – Asset Delivery Organisational Review)</li> <li>• Deliver customerplace (our new customer experience platform)</li> <li>• Be a committed member of the Thriving Communities Partnership</li> <li>• Implement our Community Engagement Framework</li> <li>• Deliver our GWW price submission customer outcomes</li> <li>• Continue to support customers experiencing payment difficulties in the face of rising cost of living pressures</li> <li>• Finalise and submit our price submission to the ESC</li> <li>• Refine our <i>2030 Strategy</i> based on feedback from customers gathered during price submission engagement and ongoing community engagement</li> <li>• Embed tools to build maturity for the next price period, including ongoing community engagement and evolving our expenditure prioritisation framework</li> </ul> |

## Water for Victoria Chapter 2 – Climate change

Our water sector will be a leader in the state’s climate change mitigation and adaptation actions, equipped with the most up-to-date understanding of climate change and associated risks to water resources. Climate change considerations will be embedded in all operational decisions.

## Water for Victoria Chapter 2 – Climate change

|   |   |
|---|---|
| <b>Link to Letter of Expectations (LOE)</b>                             | <b>Climate Change and Energy (LOE 1)</b><br><i>Related priorities:</i> <ul style="list-style-type: none"> <li>• Reducing our impact on Country</li> <li>• Planning for the future</li> </ul>  |
| <b>How this is addressed in our Corporate Plan (including examples)</b> | <ul style="list-style-type: none"> <li>• Progress towards Net Zero emissions through exploring solar generation, energy efficiency, green hydrogen and carbon offset opportunities</li> <li>• Complete site investigations at our wastewater treatment plants and better understand the options to reduce our methane and nitrous oxide emissions</li> <li>• Environment Protection Authority (EPA) and General Environmental Duty (GED) compliance at our treatment plants</li> <li>• Plan for Melbourne’s water future by actively partnering with metro corporations and Barwon Water through the MD accord</li> <li>• Finalise our Climate Change Resilience Plan and implement key climate adaptation actions</li> </ul> |

## Water for Victoria Chapter 5 – Resilient liveable cities and towns

We will help transform Victorian cities and towns into the most resilient and liveable in the world. We will include all elements of the urban water cycle in the way we plan and manage water so that Victorian communities can continue to thrive in all climates.

|   |  |
|---|--|
| <b>Link to Letter of Expectations (LOE)</b>                             | <b>Resilient and Liveable Cities and Towns (LOE 5)</b><br><i>Related priorities:</i> <ul style="list-style-type: none"> <li>• Reducing our impact on country</li> <li>• Planning for the future</li> </ul>   |
| <b>How this is addressed in our Corporate Plan (including examples)</b> | <ul style="list-style-type: none"> <li>• Finalise our consolidated Climate Change Resilience Plan and implement key climate adaptation actions</li> <li>• Achieve EPA and GED compliance at our treatment plants</li> <li>• Build resilience in our assets to support increased flows from our growing region through our treatment plant improvement activities</li> <li>• Plan for Melbourne’s water future by actively partnering with metro corporations and Barwon Water through the MD accord</li> <li>• Implement key actions aligned to the GMUWSS and CGRSWS, including progressing opportunities in water conservation, integrated water management and options for returns of water to Traditional Owners and the environment</li> <li>• Support long-term planning of our water supply system</li> <li>• Continually scan our operating environment and investigate where we can drive the greatest value (for example across energy transition and circular economy, integrated water management)</li> <li>• Collaborate with government and community organisations on the Chain of Ponds collaboration to transform the Moonee Ponds Creek for environmental, recreational and cultural benefits</li> <li>• Continue to explore and participate in efficiency programs to support our customers to reduce water and energy consumption in their homes and businesses</li> </ul> |

## Water for Victoria Chapter 6 – Recognising and managing for Aboriginal values

We will recognise the values that water has for Traditional Owners and Aboriginal Victorians. The water sector will support Aboriginal participation in Victorian water planning and management frameworks through consultative structures that address the rights and interests of Victoria's Traditional Owners.

|   |  |
|---|--|
| <b>Link to Letter of Expectations (LOE)</b>                             | <b>Deliver Water for Aboriginal cultural, spiritual and economic values and support economic inclusion in the water sector (LOE 3)</b>   |
| <b>How this is addressed in our Corporate Plan (including examples)</b> | <p><i>Related priorities:</i></p> <ul style="list-style-type: none"> <li>• Reducing our impact on Country</li> </ul> <hr/> <ul style="list-style-type: none"> <li>• Deliver our Reconciliation Action Plan (RAP) to build our internal cultural awareness, capability and culture</li> <li>• Work with Traditional Owners, in line with the <i>Water for Life: Traditional Owner Access to Water Roadmap</i>, to develop return of water options that align with Traditional Owner needs</li> <li>• Strengthen relationships with Traditional Owners and understand where we need to establish partnership agreements or memoranda of understanding (MOUs)</li> <li>• Mature our process for creating effective management plans for cultural heritage compliance at GWW sites</li> <li>• Establish a Bush Tucker Education Centre at the Werribee RWP, where students and the wider community can learn of the uses of native plants for food and medicine</li> </ul> |

## Water for Victoria Chapter 7 – Recognising recreational values

We will support the wellbeing of rural and regional communities who enjoy the recreational benefits our regional waterways provide. We will consider these values in the way we manage water.

|   |   |
|---|---|
| <b>Link to Letter of Expectation (LOE)</b>                              | <b>Recognising Recreational Values (LOE 4)</b>  |
| <b>How this is addressed in our Corporate Plan (including examples)</b> | <p><i>Related priorities:</i></p> <ul style="list-style-type: none"> <li>• Planning for the future</li> </ul> <hr/> <ul style="list-style-type: none"> <li>• Collaborate on the Chain of Ponds project to transform Moonee Ponds Creek for environmental, recreational and cultural benefits</li> </ul> |

## Water for Victoria Chapter 10 – Jobs, economies and innovation

Victoria's water sector will support jobs, economic growth, the environment, and our health and wellbeing by continuing to deliver efficient services with a focus on innovation, performance and affordability.

|  |  |
|--|--|
| <p><b>Link to Letter of Expectation (LOE)</b></p>                              | <p><b>Leadership, Diversity and Culture (LOE 6)</b></p> <p><i>Related priorities:</i></p> <ul style="list-style-type: none"> <li>Investing in our people</li> </ul> <p><b>Performance and Financial Sustainability (LOE 7)</b></p> <p><i>Related priorities:</i></p> <ul style="list-style-type: none"> <li>Becoming a high performing organisation</li> <li>Investing in our people</li> </ul>  |
| <p><b>How this is addressed in our Corporate Plan (including examples)</b></p> | <ul style="list-style-type: none"> <li>Develop consistent expectations for our people leaders through day-to-day performance conversations and coaching (supported by Thriving Leaders program, Capability Framework and Team Effectiveness Toolkit)</li> <li>Continue to create a diverse, inclusive, safe and respectful workplace, including to act on our <i>Gender Equality Action Plan</i> to reach our 2025 targets</li> <li>Continue to mature our safety, health and wellbeing leadership</li> <li>Improve and consolidate our HSEQC capability (skills, knowledge, processes and systems).</li> <li>Build our decision-making capability through continued establishment of our Enterprise Value Office (EVO)</li> <li>Financial Plan</li> <li><b>Appendix 3:</b> Financial information</li> </ul> |

# Appendix 3: Financial information

## Income statement

| Financial Year<br>Nominal \$'000           | 2023<br>Fcast  | 2024<br>Plan   | 2025<br>Plan       | 2026<br>Plan   | 2027<br>Plan   | 2028<br>Plan   |
|--|----------------|----------------|--------------------|----------------|----------------|----------------|
| Operating Revenue                          | 703,225        | 785,576        | 867,292            | 929,240        | 980,015        | 1,034,300      |
| Bulk Charges & Environmental Contributions | (379,244)      | (407,304)      | (425,104)          | (444,544)      | (455,549)      | (471,112)      |
| <b>Gross Margin</b>                        | <b>323,982</b> | <b>378,272</b> | <b>442,187</b>     | <b>484,696</b> | <b>524,466</b> | <b>563,188</b> |
| Developer Contributions                    | 80,816         | 75,438         | 80,989             | 85,573         | 89,369         | 93,456         |
| Gifted Assets                              | 122,647        | 102,724        | 110,283            | 116,525        | 121,693        | 127,259        |
| Miscellaneous Fees                         | 26,451         | 26,184         | 27,363             | 28,115         | 28,748         | 29,394         |
| Unregulated Revenue                        | 7,625          | 7,394          | 7,727              | 7,940          | 8,118          | 8,301          |
| Rebates                                    | (891)          | (984)          | (779)              | (549)          | (286)          | -              |
| Operating Expenses                         | (252,543)      | (250,909)      | (243,251)          | (246,920)      | (243,842)      | (247,705)      |
| <b>EBITDA</b>                              | <b>308,088</b> | <b>338,121</b> | <b>424,518</b>     | <b>475,380</b> | <b>528,266</b> | <b>573,893</b> |
| Year-on-Year Growth                        |                | 9.7%           | 25.6% <sup>1</sup> | 12.0%          | 11.1%          | 8.6%           |
| Abnormal Expenses                          | (4,554)        | (799)          | (835)              | (858)          | (877)          | (897)          |
| Depreciation & Amortisation                | (91,439)       | (89,572)       | (99,612)           | (108,479)      | (114,133)      | (117,199)      |
| Finance Charges                            | (91,610)       | (103,651)      | (120,028)          | (136,705)      | (153,639)      | (172,333)      |
| <b>Profit Before Tax</b>                   | <b>120,484</b> | <b>144,099</b> | <b>204,044</b>     | <b>229,338</b> | <b>259,617</b> | <b>283,465</b> |
| Income Tax Expense                         | (36,415)       | (43,410)       | (61,393)           | (68,982)       | (78,065)       | (85,219)       |
| <b>Net Profit After Tax</b>                | <b>84,069</b>  | <b>100,689</b> | <b>142,651</b>     | <b>160,357</b> | <b>181,552</b> | <b>198,245</b> |
| Year-on-Year Growth                        |                | 19.8%          | 41.7% <sup>1</sup> | 12.4%          | 13.2%          | 9.2%           |

1 The change in year-on-year growth is due to the price reset significantly increasing the gross margin, also supported by increased developer contributions and lower operating expenses resulting in a higher EBITDA and overall NPAT. This growth returns to a more stable path for the remaining plan period.

## Balance sheet

| Financial Year<br>Nominal \$'000    | 2023<br>Fcast    | 2024<br>Plan     | 2025<br>Plan     | 2026<br>Plan     | 2027<br>Plan     | 2028<br>Plan     |
|-------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Cash                                | 2,000            | 2,000            | 2,000            | 2,000            | 2,000            | 2,000            |
| Accounts<br>Receivable              | 157,143          | 164,228          | 181,515          | 194,404          | 204,829          | 216,306          |
| Other Current<br>Assets             | 12,707           | 12,707           | 12,707           | 12,707           | 12,707           | 12,707           |
| <b>Current Assets</b>               | <b>171,850</b>   | <b>178,935</b>   | <b>196,222</b>   | <b>209,111</b>   | <b>219,536</b>   | <b>231,013</b>   |
| Property Plant &<br>Equipment       | 3,699,439        | 4,014,637        | 4,375,860        | 4,736,362        | 5,102,235        | 5,480,424        |
| Other Non-<br>Current Assets        | 9,136            | 9,136            | 9,136            | 9,136            | 9,136            | 9,136            |
| <b>Non-Current<br/>Assets</b>       | <b>3,708,575</b> | <b>4,023,773</b> | <b>4,384,996</b> | <b>4,745,498</b> | <b>5,111,371</b> | <b>5,489,560</b> |
| <b>Total Assets</b>                 | <b>3,880,425</b> | <b>4,202,708</b> | <b>4,581,218</b> | <b>4,954,609</b> | <b>5,330,907</b> | <b>5,720,573</b> |
| Accounts<br>Payable                 | 133,557          | 136,844          | 145,178          | 148,121          | 147,848          | 151,098          |
| Current<br>Borrowings -<br>Debt     | 50,000           | 50,000           | 50,000           | 50,000           | 50,000           | 50,000           |
| Other Current<br>Liabilities        | 118,827          | 114,763          | 126,474          | 126,276          | 123,579          | 123,086          |
| <b>Current<br/>Liabilities</b>      | <b>302,384</b>   | <b>301,607</b>   | <b>321,652</b>   | <b>324,397</b>   | <b>321,428</b>   | <b>324,184</b>   |
| Non-Current<br>Borrowings -<br>Debt | 2,317,508        | 2,607,843        | 2,858,074        | 3,127,317        | 3,402,950        | 3,679,252        |
| Deferred Tax<br>Liability           | 49,372           | 50,983           | 52,766           | 53,089           | 50,886           | 46,556           |
| Non-Current<br>Lease Liabilities    | 96,018           | 93,102           | 90,207           | 87,045           | 83,603           | 79,880           |
| <b>Non-Current<br/>Liabilities</b>  | <b>2,462,899</b> | <b>2,751,928</b> | <b>3,001,047</b> | <b>3,267,451</b> | <b>3,537,439</b> | <b>3,805,688</b> |
| <b>Total Liabilities</b>            | <b>2,765,283</b> | <b>3,053,535</b> | <b>3,322,698</b> | <b>3,591,848</b> | <b>3,858,866</b> | <b>4,129,872</b> |

| <b>Financial Year<br/>Nominal \$'000</b> | <b>2023<br/>Fcast</b> | <b>2024<br/>Plan</b> | <b>2025<br/>Plan</b> | <b>2026<br/>Plan</b> | <b>2027<br/>Plan</b> | <b>2028<br/>Plan</b> |
|--|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Net Assets</b>                        | <b>1,115,143</b>      | <b>1,149,173</b>     | <b>1,258,519</b>     | <b>1,362,761</b>     | <b>1,472,041</b>     | <b>1,590,701</b>     |
| Contributed Equity                       | 801,138               | 783,199              | 812,834              | 839,622              | 849,123              | 858,146              |
| Reserves - Asset Revaluation             | 213,877               | 213,877              | 213,877              | 213,877              | 213,877              | 213,877              |
| Retained Earnings                        | 45,745                | 97,716               | 177,427              | 254,880              | 354,659              | 464,296              |
| Other Comprehensive Income               | 54,382                | 54,382               | 54,382               | 54,382               | 54,382               | 54,382               |
| <b>Equity</b>                            | <b>1,115,143</b>      | <b>1,149,173</b>     | <b>1,258,519</b>     | <b>1,362,761</b>     | <b>1,472,041</b>     | <b>1,590,701</b>     |

## Cash flow statement

| Financial Year<br>Nominal \$'000           | 2023<br>Fcast    | 2024<br>Plan     | 2025<br>Plan     | 2026<br>Plan     | 2027<br>Plan     | 2028<br>Plan     |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| Receipts from Customers                    | 827,753          | 886,524          | 965,304          | 1,037,430        | 1,095,538        | 1,153,974        |
| Payment to Suppliers - Cost of Goods       | (379,434)        | (407,304)        | (425,104)        | (444,544)        | (455,549)        | (471,112)        |
| Payment to Suppliers - Operation           | (173,707)        | (141,198)        | (137,836)        | (136,773)        | (136,719)        | (135,527)        |
| Payment to Employees                       | (98,710)         | (109,629)        | (108,810)        | (108,067)        | (109,213)        | (111,429)        |
| Interest & Other Finance Charges Paid      | (89,869)         | (103,997)        | (120,371)        | (136,315)        | (153,249)        | (172,271)        |
| Tax Paid                                   | (27,740)         | (45,464)         | (47,540)         | (69,520)         | (83,641)         | (90,393)         |
| <b>Cash Flow from Operations</b>           | <b>58,293</b>    | <b>78,932</b>    | <b>125,643</b>   | <b>142,211</b>   | <b>157,167</b>   | <b>173,243</b>   |
| Capital Expenditure                        | (272,141)        | (287,805)        | (327,764)        | (342,199)        | (348,757)        | (358,408)        |
| Proceeds from Sales of Fixed Assets        | 855              | 806              | 843              | 866              | 885              | 905              |
| <b>Cash Flow From Investing Activities</b> | <b>(271,285)</b> | <b>(286,999)</b> | <b>(326,922)</b> | <b>(341,333)</b> | <b>(347,871)</b> | <b>(357,503)</b> |
| Borrowings / (Repayments)                  | 255,905          | 290,334          | 250,231          | 269,243          | 275,632          | 276,303          |
| Lease Payment                              | (2,767)          | (2,969)          | (2,912)          | (2,889)          | (3,155)          | (3,435)          |
| Dividend Payment                           | (21,061)         | (48,719)         | (62,940)         | (82,904)         | (81,773)         | (88,608)         |
| Capital Repatriation                       | (35,880)         | (35,880)         | -                | -                | -                | -                |
| Capital Contribution                       | 13,600           | 5,300            | 16,900           | 15,671           | -                | -                |
| <b>Cash Flow from Financing Activities</b> | <b>209,797</b>   | <b>208,067</b>   | <b>201,279</b>   | <b>199,122</b>   | <b>190,704</b>   | <b>184,260</b>   |
| <b>Net Cash Flow</b>                       | <b>(3,196)</b>   | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         |

## Income statement – quarterly financial projections

| Nominal \$000's             | QTR.1 Plan    | QTR.2 Plan    | QTR.3 Plan     | QTR.4 Plan    | Annual FY24 Plan |
|-----------------------------|---------------|---------------|----------------|---------------|------------------|
| <b>Operating Revenue</b>    | 188,858       | 201,188       | 204,870        | 190,659       | 785,576          |
| Bulk Charges                | (92,436)      | (93,954)      | (94,396)       | (92,606)      | (373,392)        |
| Environmental Contribution  | (8,478)       | (8,478)       | (8,478)        | (8,478)       | (33,912)         |
| <b>Gross Margin</b>         | <b>87,944</b> | <b>98,757</b> | <b>101,996</b> | <b>89,575</b> | <b>378,272</b>   |
| Other Revenue               | 65,965        | 53,976        | 54,587         | 36,230        | 210,758          |
| Operating Expenses          | (62,727)      | (62,727)      | (62,727)       | (62,727)      | (250,909)        |
| <b>EBITDA</b>               | <b>91,182</b> | <b>90,006</b> | <b>93,856</b>  | <b>63,077</b> | <b>338,121</b>   |
| Abnormals                   | (200)         | (200)         | (200)          | (200)         | (799)            |
| Finance Charges             | (24,589)      | (25,677)      | (26,299)       | (27,086)      | (103,651)        |
| Depreciation & Amortisation | (21,262)      | (21,806)      | (22,732)       | (23,772)      | (89,572)         |
| <b>Profit Before Tax</b>    | <b>45,131</b> | <b>42,324</b> | <b>44,625</b>  | <b>12,019</b> | <b>144,099</b>   |
| Taxation                    | (13,584)      | (12,742)      | (13,433)       | (3,651)       | (43,410)         |
| <b>Net Profit After Tax</b> | <b>31,546</b> | <b>29,582</b> | <b>31,193</b>  | <b>8,368</b>  | <b>100,689</b>   |

## Balance sheet – quarterly financial projection

| Nominal \$000's                      | QTR.1 Plan       | QTR.2 Plan       | QTR.3 Plan       | QTR.4 Plan       |
|--------------------------------------|------------------|------------------|------------------|------------------|
| Cash                                 | 2,000            | 2,000            | 2,000            | 2,000            |
| Accounts Receivables                 | 162,098          | 173,042          | 174,834          | 164,228          |
| Other Current Assets                 | 12,707           | 12,707           | 12,707           | 12,707           |
| <b>Total Current Assets</b>          | <b>176,805</b>   | <b>187,749</b>   | <b>189,541</b>   | <b>178,935</b>   |
| Property, Plant & Equipment          | 3,788,687        | 3,863,029        | 3,939,660        | 4,014,637        |
| Other Non-Current Assets             | 9,136            | 9,136            | 9,136            | 9,136            |
| <b>Total Non-Current Assets</b>      | <b>3,797,823</b> | <b>3,872,166</b> | <b>3,948,796</b> | <b>4,023,773</b> |
| <b>Total Assets</b>                  | <b>3,974,628</b> | <b>4,059,915</b> | <b>4,138,337</b> | <b>4,202,708</b> |
| Current Borrowings                   | 50,000           | 50,000           | 50,000           | 50,000           |
| Trade Creditors                      | 136,844          | 132,430          | 132,430          | 136,844          |
| Other Current Liabilities            | 117,819          | 116,411          | 114,849          | 114,763          |
| <b>Total Current Liabilities</b>     | <b>304,663</b>   | <b>298,840</b>   | <b>297,278</b>   | <b>301,607</b>   |
| Borrowings                           | 2,377,597        | 2,468,339        | 2,516,691        | 2,607,843        |
| Other Non-Current Liabilities        | 145,679          | 145,978          | 146,418          | 144,085          |
| <b>Total Non-Current Liabilities</b> | <b>2,523,276</b> | <b>2,614,317</b> | <b>2,663,109</b> | <b>2,751,928</b> |
| <b>Total Liabilities</b>             | <b>2,827,939</b> | <b>2,913,158</b> | <b>2,960,387</b> | <b>3,053,535</b> |
| <b>Net Assets</b>                    | <b>1,146,689</b> | <b>1,146,757</b> | <b>1,177,950</b> | <b>1,149,173</b> |
| Contributed Equity                   | 801,138          | 801,138          | 801,138          | 783,199          |
| Reserves - Asset Revaluation         | 213,877          | 213,877          | 213,877          | 213,877          |
| Retained Profit                      | 131,674          | 131,742          | 162,935          | 152,098          |
| <b>Total Equity</b>                  | <b>1,146,689</b> | <b>1,146,757</b> | <b>1,177,950</b> | <b>1,149,173</b> |

## Cash flow statement – quarterly financial projections

| Nominal \$000's                             | QTR.1 Plan      | QTR.2 Plan      | QTR.3 Plan      | QTR.4 Plan      | Annual FY24 Plan |
|---|-----------------|-----------------|-----------------|-----------------|------------------|
| Receipts from Customers                     | 211,709         | 220,424         | 230,655         | 223,736         | 886,524          |
| Payment to Suppliers & Employees            | (163,559)       | (167,302)       | (165,602)       | (161,668)       | (658,131)        |
| Net Interest Paid                           | (28,544)        | (21,725)        | (30,197)        | (23,532)        | (103,997)        |
| Tax Paid                                    | (9,607)         | (17,061)        | (9,915)         | (8,881)         | (45,464)         |
| <b>Cash Flows from Operating Activities</b> | <b>9,999</b>    | <b>14,336</b>   | <b>24,941</b>   | <b>29,656</b>   | <b>78,932</b>    |
| Payments for Infrast. & PPE                 | (69,547)        | (75,024)        | (72,753)        | (70,482)        | (287,805)        |
| Proceeds from Sales                         | 202             | 202             | 202             | 202             | 806              |
| <b>Cash Flows from Investing Activities</b> | <b>(69,346)</b> | <b>(74,822)</b> | <b>(72,551)</b> | <b>(70,280)</b> | <b>(286,999)</b> |
| Borrowings / (Repayments)                   | 60,089          | 90,742          | 48,352          | 91,151          | 290,334          |
| Lease Payment                               | (742)           | (742)           | (742)           | (742)           | (2,969)          |
| Capital Repatriation                        | 0               | 0               | 0               | (35,880)        | (35,880)         |
| Dividend Payments                           | 0               | (29,514)        | 0               | (19,205)        | (48,719)         |
| Capital Contribution                        | 0               | 0               | 0               | 5,300           | 5,300            |
| <b>Cash Flows from Financing Activities</b> | <b>59,347</b>   | <b>60,486</b>   | <b>47,610</b>   | <b>40,624</b>   | <b>208,067</b>   |
| <b>Net Cash Flow Movement</b>               | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>         |
| <b>At the Beginning of Period</b>           | <b>2,000</b>    | <b>2,000</b>    | <b>2,000</b>    | <b>2,000</b>    | <b>2,000</b>     |
| <b>At the End of Period</b>                 | <b>2,000</b>    | <b>2,000</b>    | <b>2,000</b>    | <b>2,000</b>    | <b>2,000</b>     |

# Appendix 4: Planning assumptions and sensitivity analysis

Water consumption fluctuations, increased operational costs and increased capital expenditure have the greatest impact on profits, cash flows, interest cover and gearing. With uncertain climate and economic conditions and the increasing need to deliver efficiencies through optimal processes to maintain customer affordability, there are possibilities we may diverge from our current forecast position.

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 profit before tax (PBT), Fitch interest cover ratio (ICR) and gearing (Debt/RAB) over the forecast period are provided in the table below:

| <b>Profit Before Tax \$000's</b>      | <b>FY24</b> | <b>FY25</b> | <b>FY26</b> | <b>FY27</b> | <b>FY28</b> |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|
| <b>Base</b>                           | 144,099     | 204,044     | 229,338     | 259,617     | 283,465     |
| <b>Lower water consumption</b>        | 124,755     | 191,138     | 224,400     | 263,573     | 297,563     |
| <b>Higher water consumption</b>       | 163,442     | 216,759     | 234,111     | 255,672     | 269,741     |
| <b>Higher operational expenditure</b> | 119,101     | 179,199     | 203,836     | 233,782     | 256,586     |
| <b>Higher capital expenditure</b>     | 143,289     | 202,429     | 226,351     | 255,482     | 278,531     |

| <b>Fitch ICR</b>                      | <b>FY24</b> | <b>FY25</b> | <b>FY26</b> | <b>FY27</b> | <b>FY28</b> |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|
| <b>Base</b>                           | 0.98x       | 1.41x       | 1.34x       | 1.38x       | 1.40x       |
| <b>Lower water consumption</b>        | 0.80x       | 1.36x       | 1.36x       | 1.40x       | 1.45x       |
| <b>Higher water consumption</b>       | 1.17x       | 1.46x       | 1.33x       | 1.36x       | 1.34x       |
| <b>Higher operational expenditure</b> | 0.74x       | 1.28x       | 1.26x       | 1.26x       | 1.28x       |
| <b>Higher capital expenditure</b>     | 0.98x       | 1.39x       | 1.31x       | 1.33x       | 1.35x       |

| <b>Debt/RAB</b>                       | <b>FY24</b> | <b>FY25</b> | <b>FY26</b> | <b>FY27</b> | <b>FY28</b> |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|
| <b>Base</b>                           | 78.1%       | 78.6%       | 80.9%       | 83.6%       | 86.2%       |
| <b>Lower water consumption</b>        | 78.4%       | 78.9%       | 81.2%       | 83.8%       | 86.3%       |
| <b>Higher water consumption</b>       | 77.8%       | 78.4%       | 80.7%       | 83.3%       | 86.0%       |
| <b>Higher operational expenditure</b> | 78.3%       | 78.9%       | 81.3%       | 84.3%       | 87.1%       |
| <b>Higher capital expenditure</b>     | 78.1%       | 78.9%       | 81.4%       | 84.1%       | 86.7%       |

| <b>Category</b>                         | <b>Description</b>                      | <b>2024</b> | <b>2025</b> | <b>2026</b> | <b>2027</b> | <b>2028</b> |
|---|---|-------------|-------------|-------------|-------------|-------------|
| <b>Economic Input</b>                   | Operation Inflation                     | 7.00%       | 4.50%       | 2.75%       | 2.25%       | 2.25%       |
|   | Wage Inflation                          | 3.00%       | 2.00%       | 2.00%       | 2.00%       | 2.00%       |
| <b>Sales and Bulk Water Assumptions</b> | Non-Revenue Water (Central)             | 9.30%       | 9.31%       | 9.31%       | 9.32%       | 9.32%       |
|   | Non-Revenue Water (West)                | 10.24%      | 10.24%      | 10.24%      | 10.24%      | 10.24%      |
|   | % of Total Bulk Water from MW (West)    | 80.00%      | 80.00%      | 80.00%      | 80.00%      | 80.00%      |
|   | Water Sales Volume (gL)                 | 117.90      | 122.46      | 126.91      | 130.43      | 134.26      |
|   | Bulk Water Purchases (gL)               | 126.27      | 128.26      | 130.93      | 133.03      | 135.52      |
|   | Desalination (gL)                       | 0.00        | 13.20       | 19.80       | 19.80       | 19.80       |
|   | West Rebates (nominal \$ per customer)  | 60.30       | 45.23       | 30.16       | 15.09       | 0.00        |
| <b>Financing &amp; Tax</b>              | Financial Accommodation Levy (FAL)      | 1.69%       | 1.69%       | 1.69%       | 1.69%       | 1.69%       |
|   | New Borrowings Interest Rate (incl FAL) | 5.09%       | 5.29%       | 5.59%       | 5.59%       | 5.59%       |
|   | Average Cost of Debt                    | 4.02%       | 4.22%       | 4.41%       | 4.56%       | 4.73%       |
|   | Tax Instalment Average Rate             | 3.82%       | 4.01%       | 4.61%       | 5.60%       | 6.10%       |

| Category   | Description                   | 2024  | 2025  | 2026  | 2027  | 2028  |
|------------|-------------------------------|-------|-------|-------|-------|-------|
| Regulatory | Regulatory Inflation          | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% |
|            | Cost of Debt (Nominal)        | 4.56% | 4.23% | 4.07% | 3.92% | 3.80% |
|            | Cost of Debt (Real)           | 1.51% | 1.19% | 1.04% | 0.89% | 0.78% |
|            | Cost of Equity (Real)         | 4.67% | 4.10% | 4.10% | 4.10% | 4.10% |
|            | Real Rate of Return (Real)    | 2.78% | 2.36% | 2.26% | 2.17% | 2.11% |
|            | Real Rate of Return (Nominal) | 5.86% | 5.43% | 5.33% | 5.24% | 5.17% |
|            | Gearing                       | 60%   | 60%   | 60%   | 60%   | 60%   |
|            | Gamma                         | 0.50  | 0.50  | 0.50  | 0.50  | 0.50  |
|            | Tax Rate                      | 30%   | 30%   | 30%   | 30%   | 30%   |



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