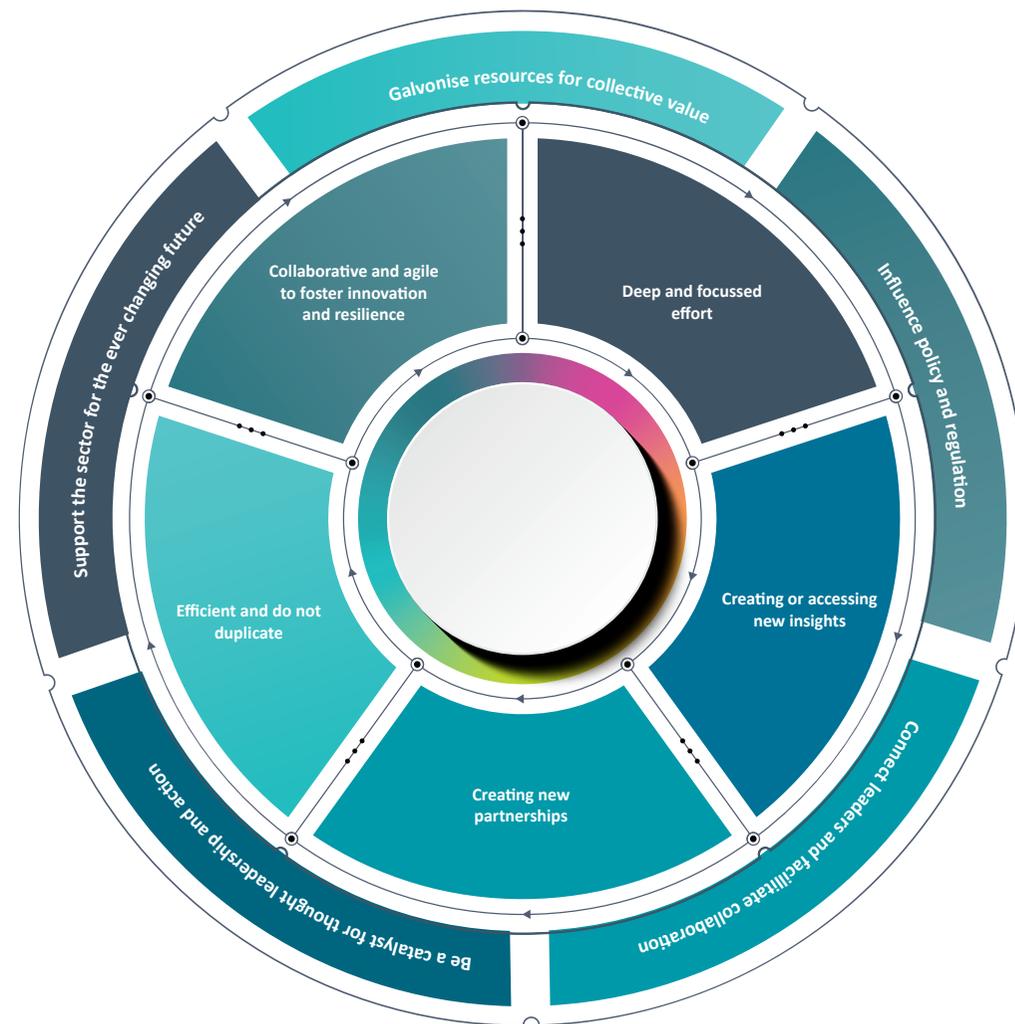




2021/22 Business Plan

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1 About VicWater

The Victorian Water Industry Association (VicWater) is the peak industry association for water corporations in Victoria. It is a not-for-profit industry association under the *Associations Incorporation Reform Act 2012 (Vic)*.

Better Together

Collaboration lies at the heart of VicWater’s value proposition. We know our members are better together, whether influencing government, promoting best practice and industry thought leadership, planning for future challenges, or generating shared value through the efficient use of resources.

We work closely with our members to provide effective forums of collaboration for Victorian water corporation boards and senior executives. We provide an effective vehicle for Victorian water corporations to benefit from shared learnings, commitments, investments, experimentation, risk-sharing, achieving real dollar industry efficiencies, and in developing a common voice with stakeholders on key industry issues.

1.1 Governance

VicWater is governed by a board comprising seven directors elected by the members to represent the water industry.

Board members at June 2021 are:

Chair	
Joanne Plummer	Chair, Barwon Water

Board Directors	
Gabrielle Bell	Director, South East Water
Naomi Cleary	Director, Southern Rural Water
Andrew Jeffers	Managing Director, Wannon Water
Robyn McLeod	Director, Melbourne Water
Peter Quigley	Managing Director, Westernport Water
David Schultz	Chair, South Gippsland Water

The board currently has two committees: Board Performance & Development Committee and Events Committee.

Supporting the work of the board is an operating model that involves committees of the board, leadership forums and major task groups. The Managing Directors Forum and Board Chairs Forum meet regularly to identify and oversee operational and governance development opportunities, respectively.

Supporting these leadership clusters are VicWater’s task groups: Finance Issues Steering Committee; Policy Advisory Committee; Diversity and Inclusion Steering Committee; Cybersecurity Governance Steering Committee; the Safety Executive Group; and the Occupational Health and Safety Steering Group. These groups work on policy, advocacy, improvement, and innovation in representing our members.

In addition, a series of short-term working groups are convened by VicWater operate to meet industry needs. Examples include carbon emissions reduction, asset valuation, and recycled water improvements.



1.2 Success factors

We know we are succeeding when:

- we seek the best opportunities for our members and we put them into place
- we listen to our members and refine our offering
- we represent our members as the credible, efficient and innovative businesses that they are.

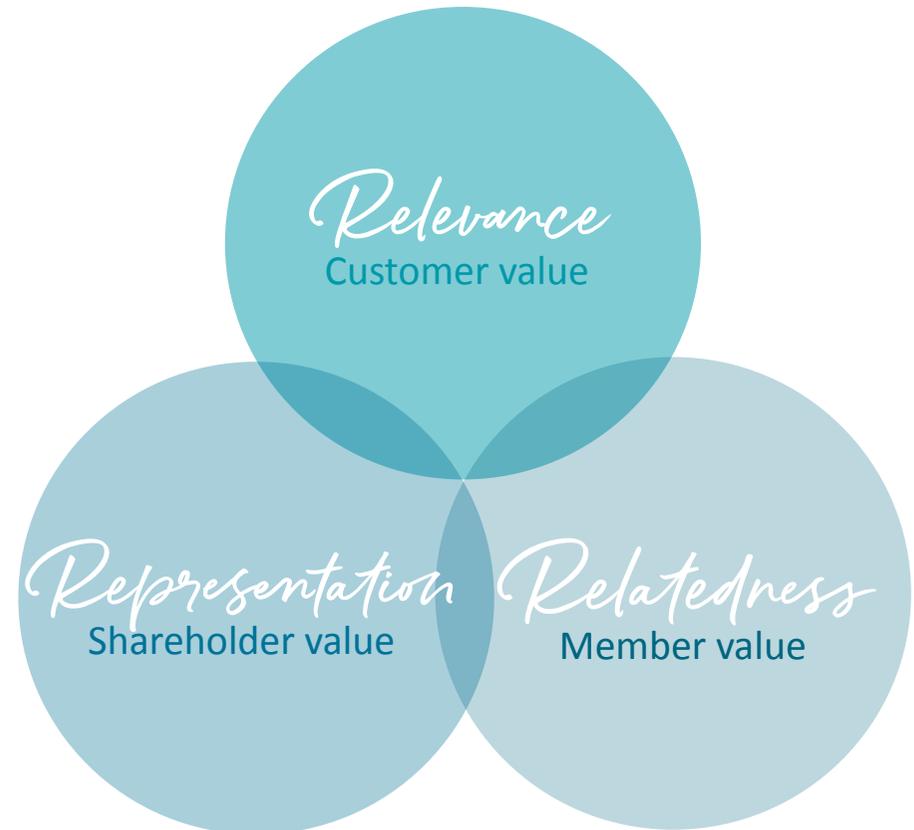
1.3 The three Rs of shared value

Shared value is generated for the water sector through **relevance**, **representation** and **relatedness**.

Relevance generates customer value. Through thought leadership and identifying global trends, VicWater helps its members stay at the forefront of innovation, customer engagement and service delivery.

Representation generates shareholder value. VicWater leads members' engagement with the Victorian Government to create a policy and regulatory framework fit for a world-leading water industry.

Relatedness generates member value. VicWater-facilitated industry collaboration shares value through the lessons we learn from each other, from the market and from other industries.



2 Business Plan Context

Moving into the median year of our five year Strategic Plan's implementation, VicWater continues to focus on generating shared value through engagement with our members' director and executive cohort.

We uphold our industry's **relevance** by supporting our members to maintain contemporary and future thinking, growing the diversity and expertise of its profession and being visible and accessible to its customers. We will continue to build on the foundation of the [VicWater Policy Platform](#) established in 2020, working with the Policy Advisory Committee to secure efficiencies and improvements for our members; continue to drive sector equality and agency through the Diversity and Inclusion Steering Committee; and build our capabilities with the support of the Finance Issues Steering Committee, the Cybersecurity Governance Steering Committee, the Safety Executive Group and Occupational Health and Safety Steering Group.

We **represent** and assist our members so that they can provide reliable and efficient services while responding to the changes we face as an industry. We continue to facilitate cooperation across our membership and effective relationships with the industry's shareholder and regulatory stakeholders. The proof of these initiatives lies in growing credibility as a trusted advisor and advocate for the sector.

We **relate** to our members, providing leadership for the industry that is distinctive and complementary to the work of the other water industry associations while engaging with stakeholders across the various platforms. Our member engagement and industry networking has brought about joint initiatives with peer associations such as Water Services Association of Australia (WSAA), the Institute of Water Administration (IWA), the Australian Water Association (AWA), Water Research Australia (WRA) and the Water Industry Operators Association of Australia (WIOA). Consequently, our value proposition is clearer to members.

2.1 Drivers

Beyond our Strategic Plan, the key drivers considered in developing this Business Plan include:

- Climate change
- Sector continuity and sustainability
- Growing governance complexity
- Facilitating effective regulation
- Supporting a changing demographic
- Building a diverse workforce and inclusive culture
- Digital water services
- Consistent advocacy
- Our financial model.

Many of these drivers persist over years. VicWater needs to remain alert to these drivers as we prepare and engage resources for future member support.

Climate change

Climate change continues to present the greatest pressure to our members in their ability to maintain services. Arguably, it is the most significant challenge to the water sector since the 19th century. Then, a public health crisis existed with extensive infections of cholera and dysentery across the population. Now, we face an emerging public health and safety crisis of new diseases and physiological disruptions influenced by increased temperatures and extreme events. This understanding is supported by data derived from our recent sector economics review, revealing a significant increase in the capital and operational costs to our members in adapting to and mitigating the effects of climate change.

As we currently observe the preparation of the [Central and Gippsland Sustainable Water Strategy](#) and commencement of Urban Water Strategies, there are clear attempts to address the trending increases in average temperatures and decreases in streamflows across the state through integrated water management. VicWater will continue to help its members in coordinating information and reaching consensus on the key priorities that impact the sustainability of Victoria's water supply.

Members' progress to achieve carbon neutrality is noteworthy with the implementation of many renewable energy and emissions reduction projects across the state through initiatives such as Zero Emissions Water and the Intelligent Water Networks (IWN). While these initiatives make a positive difference to our collective ecological impact and will contribute towards net zero emissions across the metropolitan area by 2030 and regional Victoria by 2050, there are ongoing challenges the industry faces. Continued limits to the state's transmission capacity and restrictions on the use of carbon offsets within the Statement of Obligations (Emission Reduction) (SoO-e) have driven innovation in demand management, tailored

technologies, and business-to-business partnerships. VicWater is currently seeking changes to the SoO-e that will set a clear net zero emissions target to allow sufficient time for water corporations to achieve this goal efficiently and provide access to all Victorian carbon offsets that are available under the Climate Active Carbon Neutral Standard (CACNS).

Sector continuity and sustainability

While the impact of COVID-19 on the sector was felt, our members led a rapid response and recovery that has ensured the continuity of essential community services and dedicated support to customers experiencing hardship. Our members moved quickly to implement best practice COVIDsafe protocols to protect their employees, contractors, customers and the community.

Since the initial response, members have been shaping and refining their models for new, blended or hybrid ways of working to maximise business agility, flexibility and productivity.

We look to 2021/22 with cautious optimism, but we know we need to remain vigilant as members deal with the ongoing impact of COVID-19 and challenging economic outlooks. Life will continue to be uncertain for our workforce and our customers in the short to medium term.

Coupled with the extreme conditions imposed through a changing climate, the economic sustainability of our members is a critical issue associated with the institutional composition and operational functionality of the sector. VicWater's recent economic review and modelling of the sector over the next 30 years highlights the significant financial pressure on our members to sustain customer services and fulfil their obligations in updating aging assets and increasing system capacities that meet expected population growth and consistent services.

For our sector, the ongoing critical priority is to balance the community's needs for effective and affordable services. On this basis, our sector's actions and decisions are indeed shaped by value rather than price.

Growing governance complexity

Victorian water corporations are increasingly facing new or expanded government mandates or requirements to provide additional services and/or information, or comply with new policies and procedures that more typically apply to the inner budget sector. While these new or expanded requirements may bring benefits in response to changing community expectations and values, the additional cost and burden placed on members is often not recognised or understood.

Victorian water corporations have consistently demonstrated their ability to take on more complexity while maintaining quality and efficiency of service. However, members are concerned about the cumulative financial impact of unfunded or underfunded mandates, and the overall effect on the autonomy of businesses to determine their own strategic and operational priorities.

VicWater is playing a key role in detecting and understanding the implications of these emerging expectations. We continue to advocate for members across these issues and engage subject matter expertise tailored to support the sector's needs. We have also focused energy on developing sector-wide safety leadership and industry-led improvements that demonstrate compliance with reforms, such as the asset management accounting framework.

Facilitating effective regulation

Over the last year, challenges have emerged for our members in fulfilling changing expectations of regulators in relation to environmental stewardship, drinking water quality and customer affordability.

We represent a sector with a posture towards collaborative resolution of such issues. VicWater is supporting our members in this way by engaging with the regulators and seeking strategic-level outcomes that will affirm the role of water corporations, incident proportionality, efficiency and consistency while fundamentally respecting the mandate of each regulator. In taking a longer view, we expect these negotiations will continue in 2021/22, smoothing the path for effective and sustainable servicing of the Victorian community.

Supporting a changing demographic

Customer populations and demographics continue to change rapidly across our state. An analysis of sector macro trends jointly conducted by VicWater and WSAA in September 2020 revealed a disruption of expected population trends resulting from COVID-19.

The cessation of immigration combined with the resettlement of regional locations, facilitated by flexible working modes, has reshaped the distribution of Victorians thereby influencing the distribution of water services across the state. Assumptions in servicing Melbourne's CBD have needed to be corrected, while traditional tourist destinations and small regional towns are growing as areas of permanent settlement with attendant service requirements.

Furthermore, the community restrictions of 2020 associated with the global pandemic have stimulated a new-found appreciation for the role and comfort of homes and gardens. Public access to local green space and waterways for recreation and restorative benefits has also grown with greater investment in home and garden improvements and the prospecting of high-quality public spaces. Water supplies are required to match such expectations, reframing the nature of our members' services.

Digital water services

The changing demography of Victoria is further influencing the already rapid evolution and adoption of digital technologies. Higher expectations for real time data that transmit to household IT systems and personal handheld devices is influencing our members' servicing profiles. More information is being provided to customers as a means to detect and change their use of water across domestic and business environments. With the influx of smart meters, we've heard numerous accounts of customers correcting and repairing their water systems in response to active data, thus sparing them significant costs and losses.

VicWater, through the IWN, continues to pilot and test digital technologies while complementing the initiatives of WSAA through its Digital Strategy and Architecture Community of Practice. Our collective aim is to provide a common frame of reference for the use of digital technology in the water sector and, through effective partnerships, encourage the sharing of best practice approaches.

This trend in digital and automated services carries a risk to the security of our members' operating systems. To this end, VicWater has established a Cybersecurity Governance Steering Committee, which is working closely with the Victorian and Australian Governments to build the sector's cyber capability. The employment of a Chief Information Security Officer (CISO) by the Victorian Department of Premier and Cabinet exclusively for the water sector is a welcome initiative that will support our members as they continue to tightly secure the operating and customer data underpinning their businesses.

Building a diverse workforce and inclusive culture

Our members continue to progress toward fulfilling their targets under the Water Industry Equity, Diversity and Inclusion Strategy 2019-2023. While progress is evident in providing greater opportunities to employ and engage with people that fully represent the Victorian community, there is more to do. In particular, the introduction of the Gender Equality Act 2020 will provide new impetus to our members' efforts to achieve greater gender equity.

VicWater will maintain its leadership and support of the sector through its Diversity and Inclusion Steering Committee, identifying and influencing opportunities to build a more diverse workforce and inclusive culture. This work continues in collaboration with key groups such as the Women in Water Directors Network, Pride in Water, and WaterAble.

Consistent advocacy

VicWater has a clear mandate to influence government policy and regulation. Advocating for the interests of water businesses, the communities they serve and the environment on which they depend is part of the core business of the industry. In 2020, VicWater developed a Water Industry Policy Platform to fulfil that mandate.

The Policy Platform consolidates industry-wide positions on priority issues, articulating a strategic agenda for change supported by VicWater's members. It provides the foundation for action and advocacy on regulatory reform, government policy, and the role of the industry in an evolving social, economic and environmental context. A key audience for this Policy Platform is decision-makers in the Victorian Government.

Under the leadership of the Policy Advisory Committee, VicWater will continue to drive the changes needed for the continuous improvement of our sector using the Policy Platform as a guide.

Our financial model

Member subscriptions make up 70% of VicWater's core revenue. This is aligned with VicWater's purpose as a sector peak body.

Many not-for-profit organisations are reliant on grants and other high-risk sources of revenue with insufficient reserves to cover unforeseen environmental changes. The impact of COVID-19 has disrupted their business model resulting in the significant attrition of associations over 2020/21.

VicWater has built our resilience to such disruptions. Consistent with best practice in this sector¹, we consider grant and other independent income as surplus to our operating budget, specifically linking these funds to projects and maintaining them in a liability account. We also maintain cash reserves that can counter any immediate impact on our financial resources.

In 2021/22, VicWater will experience a change to our membership through the amalgamation of two members into Greater Western Water on 1 July. The impact of this change on subscriptions was foreseen, and a revised member fees model devised in consultation with the members will be implemented in response to this amalgamation. The new model sets a precedent that will ensure that any future changes to membership are automatically reflected in the fees structure, providing greater certainty to VicWater's main source of revenue.

In addition to member subscriptions, VicWater continues to rely on alternative income sources to meet our operating expenses, mainly through our events and annual sponsorship programs. These continue to be improved as our reputation as an effective industry association grows. Looking ahead, the main opportunities within the scope of our member model and purpose are to expand industry sponsorships and valuable member services, such as the support and development of directors across the membership.

The current global phenomena have impacted on interest rates and inflation. These follow on as an impact to our income. VicWater applies CPI increases based on the March quarter result, in line with our sector. Together with interest, the limited growth does not sustain increases in operational costs, particularly salary expenses, requiring a greater onus on our alternative income sources to make up the difference.

Our budget is designed to project a modest surplus, which will buffer against events and sponsorship funding which poses a higher financial risk. Fulfilling this budget will maintain VicWater's current (liquidity) ratio above 1.5:1¹ with cash reserves to cover wind-up costs and fund our operations for over six months.

In addition, we will continue to support member subscription projects, such as the IWN, where they are seen to deliver significant additional value for our members.

¹ Institute of Community Directors Australia (2021), Useful financial sustainability indicators for not-for-profits, <https://communitydirectors.com.au/help-sheets/financial-sustainability-indicators>, accessed 29 March 2021.

3 Our priorities for 2021/2022

Our 2021/2022 Business Plan has been devised to harness these important drivers and clearly define the activities that VicWater will undertake to ensure that our members continue to grow — better together.

In this plan, VicWater will focus on achieving three priorities that conform to our Strategic Plan while also being responsive to member needs identified in our annual member survey and dedicated member engagement activities.

While there are other activities planned for 2021/2022, we will concentrate on progressing the three priorities.

1

We will enhance VicWater's role as a member advocate and driver of policy change.

Continuing to support the Policy Advisory Committee in executing our industry's Policy Platform, we will respond to the priorities established across the seven adopted position statements.

2

We will strengthen our sector's capacity for the long term.

Following a model established in 2020, VicWater will continue to work closely with our members in articulating the key messages to government and other stakeholders for the purposes of securing a clear horizon of sustainability in our industry's operations.

3

We will support the development of industry board directors.

This year marks an opportunity for VicWater to grow this offering that commenced with the director development training of March 2020. Working with our board's Events Committee, we will address industry strategic priorities and best practice new ways of working through a dedicated director development program.

4 Our Plan for 2021/2022

2021 marks the midpoint of VicWater's five-year Strategic Plan. We will be driven by our value proposition of 'Better Together' and pursue an exceptional member experience. VicWater will continue to demonstrate our purpose to build industry and external capacity through collaboration; improve sector literacy through information with our members and stakeholders; and influence government policy and advocate for members on matters critical and materially influential on the sector.

Key to this work is VicWater's activities where we continue to:

1. Influence policy and regulation
2. Connect leaders and facilitate collaboration
3. Be a catalyst for thought leadership and action
4. Support the sector for the ever-changing future
5. Galvanise resources for collective value.

In fulfilling the Strategic Plan, we transformed our capability in 2018/19, consolidated our programs in 2019/20, and created the tools for advocacy and member support in 2020/21.

In 2021/22, we will:

- execute the Policy Platform that focuses on the needs of our Victorian membership base while aligning to national priorities
- demonstrate the impact of our advocacy as we articulate and negotiate on the matters that affect the majority of our members
- continue to improve our methods of collaboration across our director and executive cohorts, providing member experiences that capitalise on hybrid vehicles
- progress the work of our task groups in diversity and inclusion, safety leadership, cybersecurity governance, and financial benchmarking and advocacy
- produce key publications and articles of thought leadership that improve the social licence and exemplify the hallmarks of our sector.

In addition to these funded activities, we will:

- evaluate and pursue additional funding streams through sponsorships, grants, associate memberships, and brokered services
- identify and address the key unfunded and underfunded mandates that impact on our sector's efficiency
- promote our industry's capabilities with our industry induction, development, jobs and secondments initiatives, and fostering partnerships for diversity and inclusion
- facilitate priority initiatives with Vic Catchments that benefit the broader Victorian water industry.

The following tables provide a detailed account of these activities aligned to the key result areas and outcomes of the Strategic Plan.

By July 2021, the VicWater team will have renewed our operational plan, which details the responsibilities and specific actions associated with each of the planned activities. This will ensure we progress and achieve our Business Plan objectives over the course of the year.

“WHAT WE WILL DO TO BE BETTER TOGETHER”

Key Result Area: Influence policy and regulation

Objectives	Strategies	2021/22 Key Actions	2019/23 Outcomes
<p>The policy and regulation environment is efficient and effective, balancing performance assurance and accountability with freedom to innovate and be future facing to deliver sustainable services to customers and returns to the Government.</p> <p>VicWater is the trusted partner of all Victorian Government regulators with close and early involvement in relevant reviews and activities.</p> <p>VicWater and water corporations shape future policy and regulatory reform.</p>	<p>Develop and validate members’ policy and regulatory priorities. Understand government and regulator policy priorities.</p> <p>Develop and maintain effective relationships with government, regulators and opinion leaders.</p> <p>Develop and maintain efficient and effective member policy development channels.</p> <p>Develop processes to learn about emerging policy and regulation from around the world.</p>	<p>Build the Policy Platform with emerging priorities via the Policy Advisory Committee.</p> <p>Execute position statements for priority policy areas.</p> <p>Facilitate effective relationships with industry regulators to support member productivity.</p> <p>Publish and disseminate position statements through the VicWater Policy Hub.</p> <p>Collaborate with WSAA and IWA Special Interest Groups to maintain a one-industry position on priorities.</p>	<p>The policy and regulatory environment meets our members’ needs and is not an impediment for excellent performance.</p> <p>Red tape is reduced as far as possible.</p> <p>Water corporation priorities are embedded in policy and regulation.</p> <p>Policy and regulatory reviews are efficient and effective.</p> <p>Water corporations are not surprised by government policy or changes.</p> <p>VicWater continues to have a trusted place at the policy/ regulation development and review table.</p>

Key Performance Indicators 2021/22:

- Annual implementation priorities set by Policy Advisory Committee are met.
- Government recognition of VicWater as the industry’s representative on state-wide policy matters.
- The negative impacts of unfunded and underfunded mandates are reduced.

“WHAT WE WILL DO TO BE BETTER TOGETHER”

Key Result Area: Connect leaders and facilitate collaboration

Objectives	Strategies	2021/22 Key Actions	2019/23 Outcomes
<p>Our members’ leaders connect and collaborate on industry priorities where the sum is greater than the individual outcomes.</p> <p>Our members share their innovations and experiences with each other.</p> <p>Our members’ capabilities are showcased.</p> <p>Our members are exposed to new insights and ways of thinking to assist their strategic planning.</p>	<p>Create, link, and facilitate collaboration forums and events for directors and senior executives (digital and face to face).</p> <p>Deliver innovative events that stimulate new ways of thinking, engagement, and collaboration.</p> <p>Showcase Victorian water sector capability and innovations to each other, stakeholders, and new opportunities.</p>	<p>Continue to evolve our events offering through the Member Experience Strategy using hybrid and contemporary forms of delivery.</p> <p>Grow stakeholder awareness of our offering through LinkedIn and the VicWater website.</p> <p>Maximise shared member initiatives with WSAA, IWA and Vic Catchments.</p> <p>Achieve strong stakeholder partnerships and sponsorship support for events. Promote the industry induction pack for new executive and non-executive directors.</p>	<p>Collaboration and engagement channels developed enabling more efficient and focused experiences.</p> <p>Expanded communication channels embedded in BAU.</p> <p>Our members’ capabilities and networks are easily accessible to stakeholders and external markets.</p> <p>New or emerging leaders are integrated into the industry quickly so they can be supported and quickly start contributing.</p>

Key Performance Indicators 2021/22:

- Proven relevance of events to contemporary issues experienced by members.
- Member ratings of forums and events in market research are very good or better.
- Our use of digital channels is effective and adds value to our members (according to time, cost and experience).

“WHAT WE WILL DO TO BE BETTER TOGETHER”

Key Result Area: Be a catalyst for thought leadership

Objectives	Strategies	2021/22 Key Actions	2019/23 Outcomes
<p>Thought leaders (internal and external) are engaged in exploring and setting the strategic context of the sector.</p> <p>Accessing and linking new ways of thinking to achieve greater performance.</p> <p>Gather, harness, and deploy knowledge.</p>	<p>Identify and develop relationships with thought leaders (inside and outside of our members and the water industry).</p> <p>Create opportunities for thought leaders to connect with VicWater.</p> <p>Link with industry think tanks and thought leadership organisations in and outside the sector.</p>	<p>Align and reinforce industry media content through our communications activities.</p> <p>Develop a media portal for exclusive access to members.</p> <p>Pilot thought leadership ‘messages that matter’ events.</p> <p>Publish quarterly CEO thought leadership content on social media.</p>	<p>Our members are accessing and contributing to the development of contemporary thought leadership in the water industry.</p> <p>Collective intellectual capacity provides a compelling voice to set the strategic context for the Victorian sector.</p> <p>We are better together from a thought leadership perspective.</p>

Key Performance Indicators 2021/22:

- Active members interact and reshare VicWater social media postings.
- Members seek out VicWater for thought leadership on state industry priorities.
- VicWater releases official industry positions and salient commentaries to media.

“WHAT WE WILL DO TO BE BETTER TOGETHER”

Key Result Area: Support the sector for the ever-changing future

Objectives	Strategies	2021/22 Key Actions	2019/23 Outcomes
<p>We are Better Together, our collaborative project outcomes exceed individual efforts.</p> <p>The sector can thrive in an uncertain future.</p> <p>The sector is equipped to determine its own pathway to success.</p> <p>Members are prepared to meet future challenges. Create the opportunity for our members to have an enquiring mindset.</p>	<p>Support the development of agile capability in our members:</p> <ul style="list-style-type: none"> • plasticity in new and existing relationships to create insights and deliver outcomes • capability to move resources • anticipate future possibilities and pathways. <p>Create opportunities to experiment and learn new ways of doing things. Contribute and engage in future context-setting conversations.</p> <p>Connect members’ leaders with future-facing learning opportunities.</p>	<p>Build alliances with other industry bodies to elicit alternative ways of thinking.</p> <p>Engage with government agencies to negotiate the key outcomes desired from the sector economics review.</p> <p>Prepare an action plan for the key areas of reform arising from the industry red tape review.</p>	<p>The Victorian water industry and our members are considered world leaders in their thinking about future facing opportunities.</p> <p>Our members are engaged with a wide range of traditional and non-traditional organisations in developing future capability and opportunities.</p> <p>Industry scenario and other future facing tools are available to our members for planning and to set the strategic context with stakeholders.</p> <p>Novel and unique pathways to test thinking and opportunities are developed, used and accessible to our members.</p>

Key Performance Indicators 2021/22:

- The key messages from the sector economics review are delivered to government agencies.
- An action plan addressing priority red tape reduction is supported by members.
- The planned outcomes of our member-endorsed strategic projects are delivered.

“WHAT WE WILL DO TO BE BETTER TOGETHER”

Key Result Area: Aligning resources and deepening member value

Objectives	Strategies	2021/22 Key Actions	2019/23 Outcomes
<p>Deliver an outstanding and valued member experience.</p> <p>VicWater has the knowledge, skills and resources to deliver the strategic plan.</p> <p>Members’ resources are used efficiently to generate the greatest value.</p> <p>Members gain new skills and insights from working with VicWater.</p> <p>VicWater’s business model is sustainable and effectively governed.</p>	<p>Understand and create an outstanding member experience.</p> <p>Assess and develop a strategy to secure the skills, knowledge and expertise required to deliver the Strategic Plan.</p> <p>Short term member placements at VicWater to develop skills and deliver key projects.</p> <p>Eliminate duplicated and low value adding activities.</p> <p>Review and modernise VicWater’s governance framework to ensure it is contemporary and effective.</p> <p>Review member fees to ensure they are fair and sustainable.</p>	<p>Improve VicWater facilities to provide for hybrid industry engagement.</p> <p>Continue to realign VicWater governance for clarity and purpose.</p> <p>Increase member engagement with the VicWater performance dashboard.</p>	<p>Member experience is outstanding and reinforces VicWater’s unique value proposition.</p> <p>Resources are used effectively with little or no duplication.</p> <p>Partnerships are developed efficiently deliver outstanding value.</p> <p>VicWater revenue and member fees are supported as being fair and sustainable.</p> <p>VicWater is a key member partner in helping members develop their political and industry perspectives.</p> <p>VicWater’s performance is clear and transparent.</p>

Key Performance Indicators 2021/22:

- VicWater’s office facilities are effective for hybrid meetings.
- VicWater’s products and services are recognised by members to be focused, efficient and distinctive.
- Member value is demonstrated and highly rated by members.

5 Resources

VicWater's core is maintained by seven permanent staff (FTE 5.7):

- Chief Executive Officer
- Operations and Strategic Projects Manager
- Member Experience Manager
- Policy and Regulation Manager
- Communications Coordinator
- Events Coordinator
- Administrative Assistant

Our staff provide the resources to fulfil our members' priorities. They cover the areas of policy, governance, member experience, events, thought leadership, innovation and administration for which VicWater is responsible in supporting our members. Through our core staff, we work closely with our members to develop and progress projects through various steering committees, working groups and forums. Our office is centrally located in Melbourne and provides large and small meeting facilities for our members and their stakeholders. We also are equipped with virtual meeting and webinar facilities to support members directly to their individual locations.

VicWater also acts as the employer body for staff under agreed governance arrangements put in place for member subscription projects. This year we continue to support the IWN Program with administrative services.

We deliberately maintain a financial position that is optimised to provide priority services to our members. This year, we are forecasting a surplus of **\$11,222** (excluding additional income and expenditure) and maintaining cash holdings above our minimum of **\$356,907** in the event of winding up. This position is based on outstanding staff entitlements, office tenancy commitments, program data and capital outlay.

In our budget this year, we have set aside modest capital funds to enhance the member experience through the improvement of our office reception and meeting facilities. These are key actions from the Member Experience Strategy.

We continue to review our events to maximise the value to our members. The profit from our events contributes to overhead costs and underpins VicWater's financial sustainability. This year's budget assumes revenue generated from events will cover **26%** of our core operating expenditure.

6 Financial Plan

The Business Plan for 2021/2022 provides a balance of maximising member value across priority areas while maintaining operational efficiencies that bring about a positive bottom line.

Having recently experienced the impacts of COVID-19, we know our greatest financial risk is the profitability of our member events. We have adjusted our budget and looked to alternative income sources to minimise this risk.

VicWater conservatively holds cash reserves to absorb a one-off loss in a year should they be required.

6.1 Assumptions and features

The key features and assumptions made in determining this business plan are:

- 18 members and 5 associate members are retained.
- Member fees are increased by CPI (March 2021).
- Projects are delivered on a member subscription basis.
- The budget is conservative based on consolidating the priorities determined under the 2018-23 Strategic Plan.
- VicWater receives most of its revenue at the start of the financial year and draws down this money over the year. There is additional revenue during the year due to income from events, which have a corresponding increase in expenditure (see cash flow charts).
- Event income comprises 26% of VicWater's core revenue and is forecast to contribute \$276,000 to VicWater's overhead costs.
- The sponsored project income and expenses relate only to office support to the IWN Program Director.
- Director sitting fees are paid (as approved by members).
- Staff, chair and director remuneration increases are in line with metropolitan retail water corporations and include the increased superannuation guarantee.
- Unless otherwise known, costs are increased by CPI (March 2021).
- New capital costs are funded by retained earnings (excluding cash reserves; see liquidity, Section 6.7).
- A capital provision is set aside for audio-visual equipment that will provide for hybrid events in accordance with our Member Experience Strategy. This would take place in February 2022 pending meeting YTD targets assessed at end Q2.
- VicWater and IWA share an Events Coordinator in VicWater (0.6 FTE). VicWater increases the IWA share by CPI each year.
- IWN office and administration support of \$12,500 provided by VicWater under agreement.
- A minimum cash holding of \$356,907 is required based on VicWater's estimated costs to wind up the association, assuming a further year of lease payments by VicWater prior to subleasing it at current lease costs, and taking into consideration five years of capital expenditure.

6.2 Budgeted income and expenditure

VicWater Budget 2021/22	2020/21		Budget Changes from 2020/21		
	\$	Budget \$	Forecast \$	Budget	Budget to Forecast
Core Income					
Members Fees ¹	931,455	921,321	916,740	1.10%	1.61%
Events ²	538,600	333,806	359,051	61.35%	50.01%
IWA funding (events management) ³	25,523	25,244	25,244	1.10%	1.10%
Interest ⁴	2,329	9,213	5,213	-74.72%	-55.33%
Sundry Income	0	0	66,687		
Government Grants/Rebates	0	0	0		
Core Income	1,497,907	1,289,584	1,372,935	16.15%	9.10%
Additional Income					
Sponsored Projects ⁵	12,500	11,833	11,833	5.64%	5.64%
Total Income	1,510,407	1,301,417	1,384,768	16.06%	9.07%
Core Expenses					
Staff Employment and Development ⁶	860,417	834,658	840,738	3.09%	2.34%
Events ⁷	262,600	83,800	83,800	213.37%	213.37%
Office & Administration Expenses ⁸	293,834	269,684	265,392	8.95%	10.72%
Venue Hire & Catering	16,500	23,750	13,806	-30.53%	19.51%
Thought Leadership	20,000	23,943	23,943	-16.47%	-16.47%
Depreciation ⁹	33,333	50,000	50,000	-33.33%	-33.33%
Loss on Sale/Scrapping of Fixed Assets	0	0	0		
Core Expenses	1,486,684	1,285,835	1,277,679	15.62%	16.36%
Additional Expenses					
Sponsored projects ¹⁰	0	0	0	0.00%	0.00%
Total Expenses	1,486,684	1,285,835	1,277,679	15.62%	16.36%
Net Core	11,222	3,749	95,256		
Net Total	23,722	15,582	107,089		

¹ Adjusted for CPI (1.1% as at March 2021 quarter).

² Allowance for two major events and four webinars.

³ Adjusted service fee to IWA for event administration.

⁴ Reduced interest reflecting current market rates (April 2021).

⁵ IWN funding: Project Director office rental.

⁶ Salary increases capped at 2.0%.
Superannuation guarantee of 10% applied

⁷ See note ²

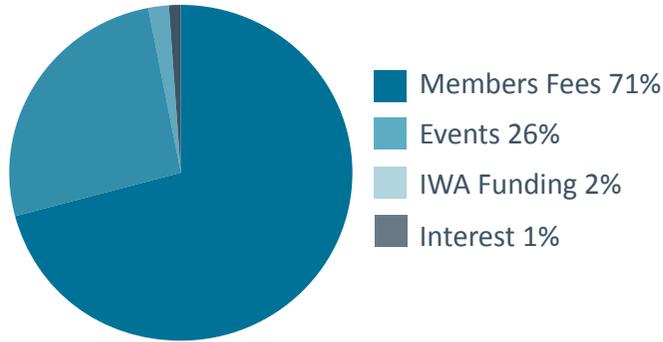
⁸ Items \$20,000 or more include IT, meetings, cleaning and maintenance, travel and accommodation, sponsorships, professional development, insurance.

⁹ Reduced depreciation on review of assets post-refurbishment

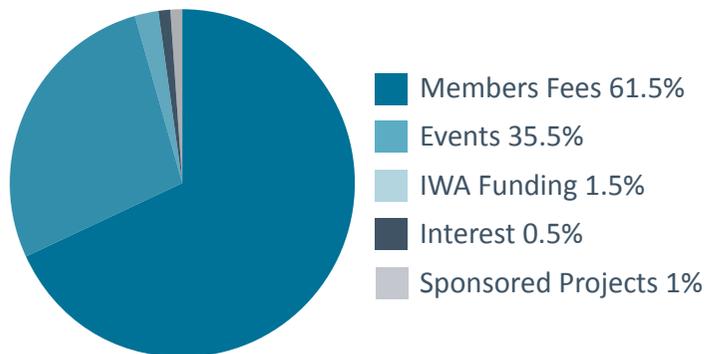
¹⁰ No direct IWN costs; Project Director seconded.

6.3 Revenue and cash flow

Core Revenue



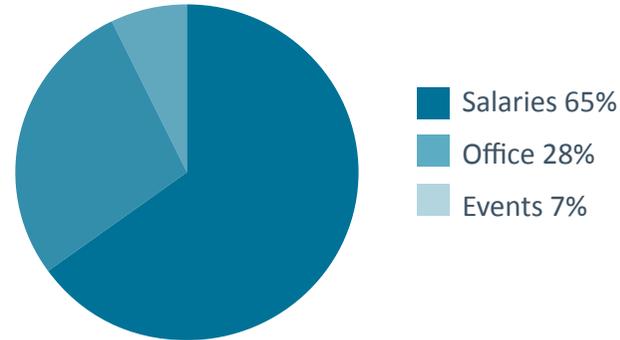
Total Revenue



Just over 70% of VicWater’s core revenue for 2021/22 will be from members fees, which are billed in July. Events income comprising 26% of our core revenue coincides with the conferences and events. Event revenue projections for this year also account for the addition of short webinars on critical industry topics. This is associated with a work plan approved by the Board’s Events Committee.

6.4 Expenses and cash flow

Core Expenses



Total Expenses



While generally static across the year, expenses increase in September and March owing to the Annual Conference and Connect Conference, respectively. Other variations relate to planned events and end-of-year administrative and legal costs.

6.5 Net cash flow



The net cash flow shows an opening balance of **\$865,368 (28 February projection)** and a closing balance of **\$877,090**. Retained earnings are being used to fund capital works (see below).

6.6 Capital works

Capital Requirements	
Computers	\$7,000
Car	\$0
Office Equipment	\$5,000
Miscellaneous supplies	\$0
Total Required	\$12,000

VicWater's capital needs amount to \$12,000 in 2021/2022 to fund the cyclical replacement of computers and office equipment.

(NB An additional provisional sum has been set aside for planned audio-visual improvements in according to the Member Experience Strategy. This will take place pending Q2 YTD performance.)

6.7 Cash reserves needed in the event of VicWater winding up

Wind-up costs	
Staff entitlements	\$158,576
Office rental	\$78,331
Transitional administration	\$45,000
Miscellaneous	\$75,000
Total	\$356,907

A minimum of **\$356,907** is required in the event of VicWater winding up. This accounts for staff entitlements based on current contracts and leave liabilities, liabilities covered under the office lease agreement, administrative arrangements for transition and an allowance for contingency.

Minimum cash position	
Capex - 5 years	\$60,000
Wind-up costs	\$356,907
Total	\$416,907

Our estimated ordinary capital expenditure per year is \$12,000. With a forecast of five years of capex in addition to the wind-up costs, our minimum cash position is **\$416,907**.

Liquidity	
Cash holdings at 30 June 2022	\$877,090
Minimum cash position	-\$416,907
Liquidity	\$460,183

Our estimated end-of-year cash holdings is **\$877,090**. Allowing for a minimum cash position of \$416,907, our estimated available cash is **\$460,183**.



VicWater

vicwater.org.au

Information presented is considered to be true and correct at the date of publication
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