



# Business Plan

2023-24



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## Acknowledgement of Country

VicWater proudly acknowledges the rich culture of Victoria's First Nations people and pays respect to their Elders past and present.

We recognise that First Nations people have been caring for Country and managing water resources sustainably for thousands of years.

We value the wisdom, knowledge and resilience of First Nations people and their ongoing contributions to the Victorian community.

VicWater is committed to supporting efforts by the water sector to work in partnership with Traditional Owners towards reconciliation, self-determination and restorative justice.



# 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)*. All 18 Victorian water corporations are members. We also have an associate member class for other organisations within the Victorian water sector.**

## VicWater governance

VicWater is governed by a Board of eight directors elected by our members to give a broad representation across the water industry.

Board members at June 2023 are:

### CHAIR:

David Middleton, Chair, Greater Western Water

### DEPUTY CHAIR:

Therese Tierney, Chair, East Gippsland Water

### BOARD DIRECTORS:

Russell Anderson, Director, Melbourne Water

Naomi Cleary, Deputy Chair, Southern Rural Water

Nicola Hepenstall, Deputy Chair, South Gippsland Water

Andrew Jeffers, Managing Director, Wannon Water

Victor Perton, Director, Yarra Valley Water

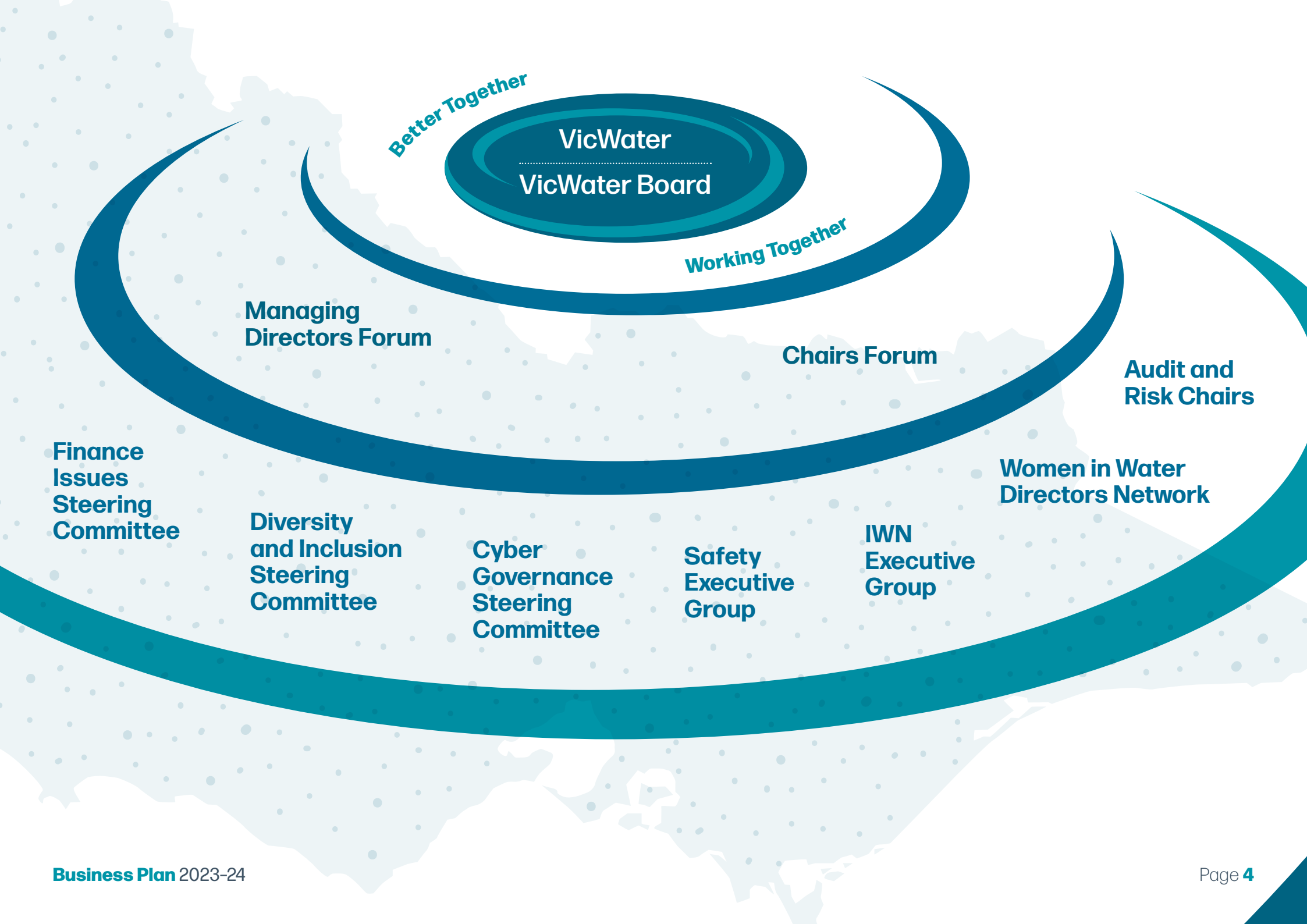
Charmaine Quick, Managing Director, Goulburn-Murray Water

As well as the Board, VicWater's authorising environment includes the Managing Directors (MDs) Forum and Chairs Forum, both of which meet regularly to provide guidance and oversight of VicWater's activities.

Member support and leadership is provided through standing committees and executive groups in some of VicWater's key focus areas: Finance Issues Steering Committee; Diversity and Inclusion Steering Committee; Cybersecurity Governance Steering Committee; Safety Executive Group and Intelligent Water Networks (IWN) Executive Group.

We support the non-executive director cohort through the Women in Water Directors Network (WWDN) and Audit and Risk Chairs group.

In addition, short-term working groups are convened by VicWater to meet industry needs. Examples include carbon emissions offsets, water operator training and procurement.

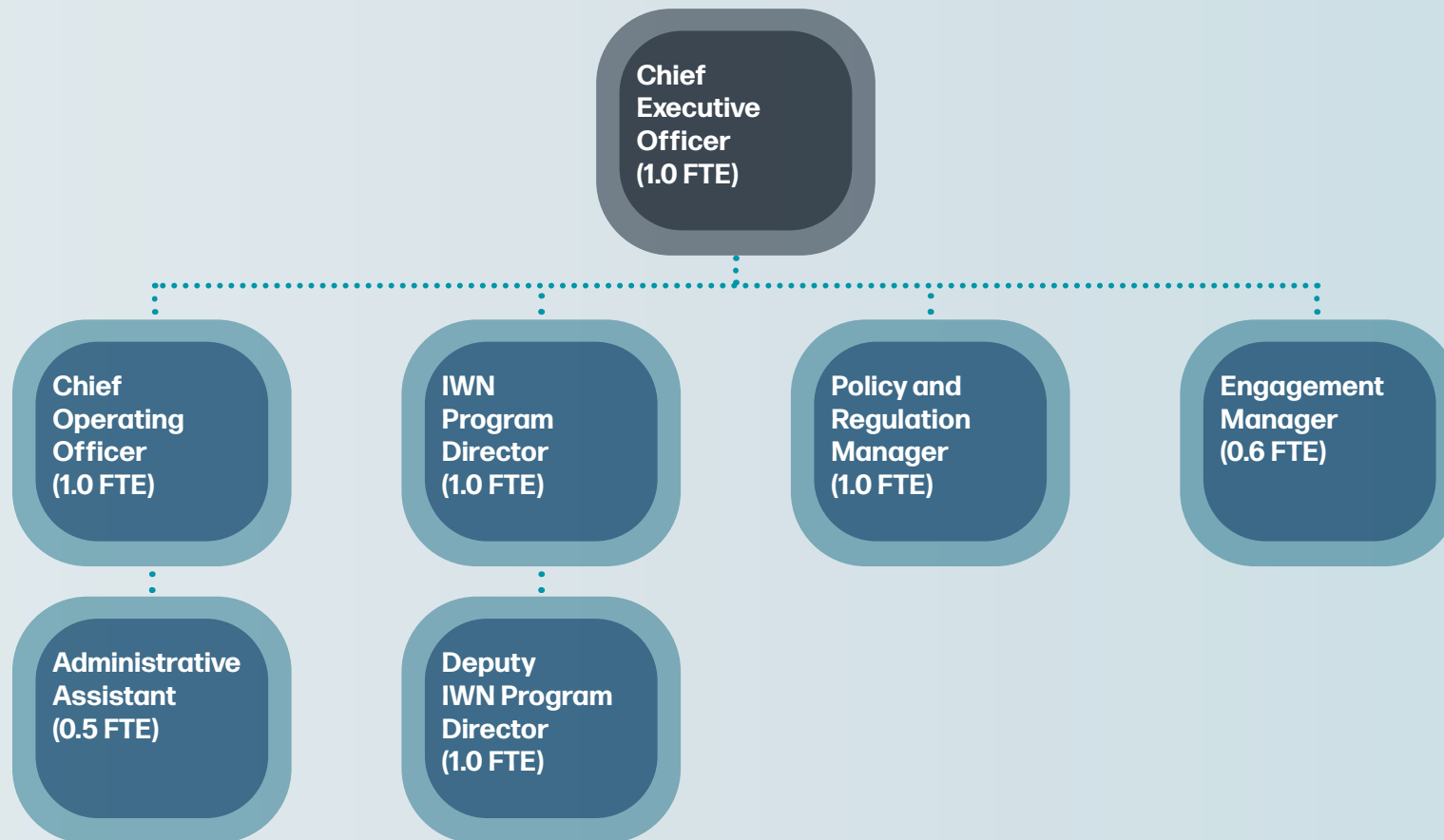


## VicWater organisation

**VicWater's operations are maintained by a small team of staff working across governance and administration, policy and regulation, program/project management and member engagement.**

During 2022-23 we integrated the IWN program within VicWater's operations, with IWN program staff being directly employed by VicWater.

To deliver our priorities for 2023-24 and the other activities outlined in this Business Plan, we will ensure that VicWater's staffing is at the right level and allocated to the most important business functions to ensure we fulfil our members' priorities.





# Business Plan context

## Strategic Plan 2023–2028

This Business Plan represents the first year of VicWater’s new five year Strategic Plan 2023–2028.

The Strategic Plan was approved by the VicWater Board in June 2023, following an extensive engagement process.

The strong message that came through from our members and stakeholders is that they have seen significant improvements in VicWater’s performance over the past few years, and would like to see us continue on the same trajectory with no need for a radical change of direction.

To that end, the new Strategic Plan essentially reflects the work that VicWater is already doing directly with our members, but with an evolution towards a more outward-facing, promotional role on behalf of the sector.

## Our key drivers

In developing our Strategic Plan we identified the following drivers for our members and the Victorian water sector more broadly:

### ADDRESSING

water sector  
financial sustainability

### SUPPORTING

climate resilience  
and adaptation  
initiatives

### ATTRACTING

and retaining a high  
quality workforce

### CREATING

efficiencies  
across Victoria’s  
water sector

### PROVIDING

**INSIGHT**  
and support to meet  
changing community  
expectations

### INVESTING

in water sector leaders

These drivers have also informed the activities outlined in this Business Plan.



# Our plan for 2023-24

**In 2023-24 we will:**

**Develop and implement an Advocacy Strategy to guide our advocacy priorities and approach**

**Provide opportunities for industry networking and knowledge sharing through focused events and initiatives**

**Continue to facilitate sector collaboration through effective management of our key member forums and groups, programs and projects**

**Update our Communications and Engagement Strategy to showcase the strengths and capabilities of the Victorian water sector**

The following tables provide a detailed account of these activities for 2023-24 aligned to the strategic priorities and outcomes of our Strategic Plan.

In July 2023, the VicWater team will renew 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.



## Strategic priorities 2023-24

### Advocate to influence the regulatory environment

#### Strategic outcome

A regulatory environment that supports long-term water sector sustainability

#### Key actions

- Develop and implement Advocacy Strategy to:
  - understand Government and regulator policy priorities
  - engage and build stronger relationships with key stakeholders including Government and regulators
  - coordinate and collaborate with other industry associations to identify shared advocacy opportunities
  - embed a new advocacy model to consider scale and response for each agreed advocacy issue/project
  - communicate with our members so they are prepared for future policy and regulator reform
  - engage our members in the advocacy process and sharing outcomes
  - implement processes for identifying emerging policy and regulation trends

#### Key performance indicators

- Advocacy Strategy is developed and supported by Board, Chairs Forum and MDs Forum
- Relationships with key regulators are strengthened through regular engagement
- Arrangements are in place for coordination and sharing with other industry associations

### Facilitate sector collaboration

#### Strategic outcome

A water sector that works 'better together' to deliver efficiencies and innovation

#### Key actions

- Manage industry forums including Chairs and MDs Forums
- Manage partner and stakeholder engagement initiatives
- Manage VicWater committees and working groups
- Deliver Intelligent Water Networks (IWN) program
- Support special projects – e.g. Mutual Aid Program
- Manage subscription projects – e.g. carbon offsets

#### Key performance indicators

- Members actively participate in industry forums, committees and working groups
- The planned outcomes of the IWN program and member-endorsed projects are delivered
- Opportunities for sector collaboration are identified/leveraged



## Advance member capability and performance

### Strategic outcome

A more diverse, informed and engaged water sector that embodies a sense of pride and inclusiveness

### Key actions

- Deliver Director Masterclass Program
- Deliver events (including Annual Conference)
- Implement key programs, including:
  - Diversity and Inclusion Program
  - Safety Program
  - Traditional Owner Program
- Review role of VicWater associate membership

### Key performance indicators

- Member ratings for Director Masterclass Program and events are very good or better
- The planned outcomes of key programs are delivered
- Review of VicWater associate membership is completed

## Promote Victoria's water sector

### Strategic outcome

A water sector that is valued and supported by the Victorian community

### Key actions

- Update VicWater's Communications and Engagement Strategy to include focus on showcasing the strength and capability of Victoria's water sector (e.g. net zero goals)
- Participate in external events that promote the water sector
- Engage with Government to identify shared communication and education opportunities
- Promote the sector as 'employer of choice' and 'partner of choice'
- Work with Government to inform potential community campaigns

### Key performance indicators

- Communications and Engagement Strategy is updated and delivered
- Opportunities for sector promotion are identified/leveraged

# Finances

## Assumptions and features

The majority of VicWater's income is derived from annual member and associate member fees. The balance needed to fund our lean operating model is raised primarily from events income and sponsorship.

Consistent with best practice, VicWater considers grant funding and other independent income as surplus to our operating budget, specifically linking these funds to projects and maintaining them in a liability account.

The IWN program is managed through a separate budget with oversight from the IWN Executive Group and VicWater Board - refer to page 14.

VicWater maintains cash holdings above our minimum in the event of winding up and to absorb any loss in a year if required. This position is based on staff entitlements, office tenancy commitments and capital outlay.

Our 2023-24 budget is modelled to project a modest surplus equivalent to approximately 3% of annual income.

The key features and assumptions made in determining this Business Plan are:

- 18 members and 4 associate members are retained
- Member fees are increased by CPI (March 2023 quarter)
- Event income comprises 23% of VicWater's core revenue
- Staffing and administrative support for IWN is funded from IWN program fees
- Institute of Water Administration (IWA) pays a service fee to VicWater for events administration
- Projects outside of VicWater's operational budget are funded on a member subscription basis
- The majority of revenue is received at the start of the financial year and is drawn down during the year
- Staff remuneration increases are in line with market trends and include the increased superannuation guarantee from 1 July 2023
- Chairs honorarium and director fees are paid according to arrangements approved by members at the 2022 AGM
- Unless otherwise known, costs are increased by CPI (March 2023 quarter)
- New capital costs are funded by retained earnings, excluding cash reserves
- The calculated minimum cash holding of \$310,454 is required based on estimated costs to wind up the association



## Budgeted income and expenditure

	2023-24	2022-23		CHANGES FROM 2022-23 TO 2023-24	
	Budget \$	Budget \$	Forecast \$	Budget %	Budget to forecast %
<b>Core Income <sup>1</sup></b>					
Members fees <sup>2</sup>	1,083,070	1,016,279	1,011,683	6.57	7.06
Events <sup>3</sup>	366,750	318,500	200,000	15.15	83.38
IWN support <sup>4</sup>	15,000	12,500	12,500	20.00	20.00
IWA service fee <sup>5</sup>	28,392	26,533	26,533	7.01	7.01
Interest	18,000	4,420	15,000	307.24	20.00
<b>Total core income</b>	<b>1,511,203</b>	<b>1,378,232</b>	<b>1,265,716</b>	9.65	19.40
<b>Core expenses <sup>6</sup></b>					
Staff employment <sup>7</sup>	851,154	650,236	662,000	30.90	28.57
Events	133,000	142,800	60,000	-6.86	121.67
Office and administration <sup>8</sup>	451,630	519,972	495,000	-13.14	-8.76
Depreciation	30,000	30,000	30,000	0.00	0.00
Loss on sale/scrapping of fixed assets	0	0	0	0.00	0.00
<b>Total core expenses</b>	<b>1,465,784</b>	<b>1,343,008</b>	<b>1,247,000</b>	9.14	17.54
Net total	45,419	35,224	18,716		

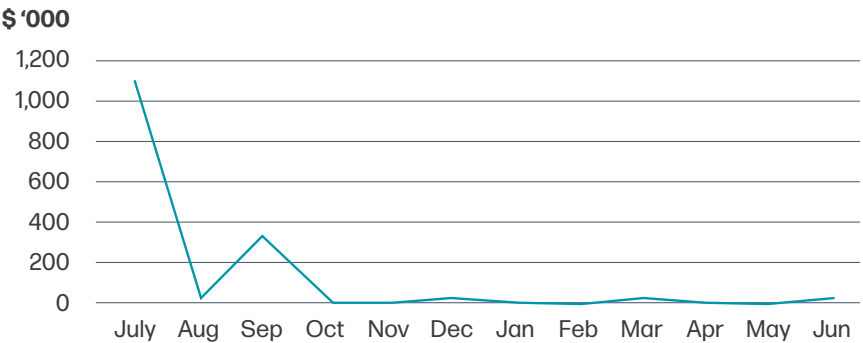
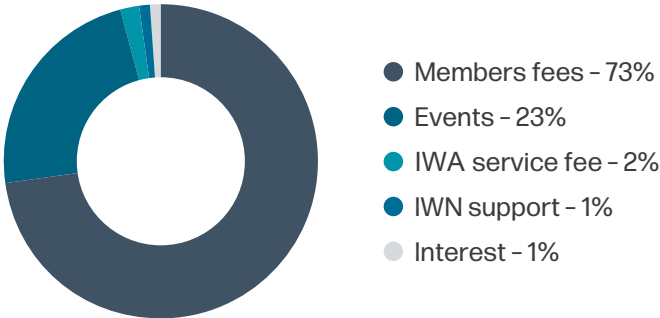
### NOTES

- 1 Excludes IWN program income - refer to IWN finances on page 14
- 2 Adjusted for CPI (March 2023 quarter)
- 3 Allowance for Annual Conference and Director Masterclass Program
- 4 IWN services agreement annual allocation
- 5 IWA services agreement annual allocation
- 6 Excludes IWN program expenses - refer to IWN finances on page 14
- 7 Includes staff salaries, director fees, superannuation (11%) and payroll tax (excludes IWN program staff)
- 8 Items \$20,000 or more include insurance, IT expenses, general expenses, contractors and consultants, office rental

## Income and cash flow

Just over 70% of VicWater’s core income for 2023-24 will be from members fees, which are billed in July. Events income comprising 23% of our core income coincides with the timing of conferences and events.

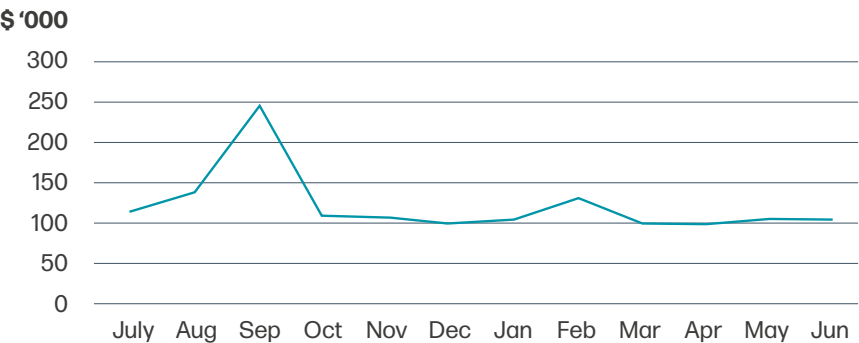
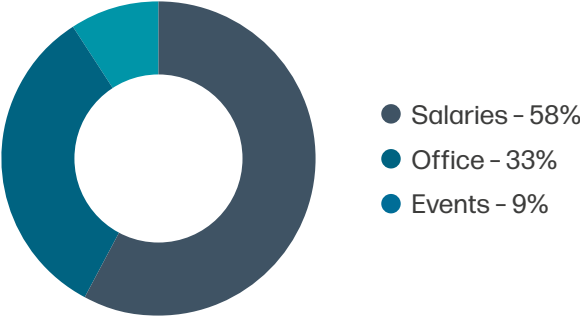
### CORE INCOME



## Expenses and cash flow

Salaries account for the majority of VicWater’s expenses. While cash flow is generally steady across the year, variations relate to planned events and the payroll cycle. The net cash flow shows an opening balance of \$1,571,555 (end June 2023 projection) and a closing balance of \$1,603,901. Retained earnings are used to fund capital works.

### CORE EXPENSES





## Capital works

VicWater's capital needs amount to \$12,000 in 2023-24 to fund the cyclical replacement of computers and office equipment.

### CAPITAL PROGRAM

	\$
Computers	7,000
Office equipment	5,000
Miscellaneous supplies	0
<b>Total required</b>	<b>12,000</b>
Provisional	0

## Cash reserves needed in the event of VicWater winding up

A minimum of \$250,454 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.

### WIND-UP COSTS

	\$
Staff entitlements	46,124
Office rental	84,330
Transitional administration	45,000
Miscellaneous	75,000
<b>Total</b>	<b>250,454</b>

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 \$310,454.

### MINIMUM CASH POSITION

	\$
Capex - 5 years	60,000
Wind-up costs	250,454
<b>Total</b>	<b>310,454</b>

Our estimated end-of-year cash holdings is \$1,571,555. Allowing for a minimum cash position of \$310,454, our estimated available cash is \$1,261,101.

### LIQUIDITY

	\$
Cash holdings at 30 June 2023	1,571,555
Minimum cash position	-310,454
<b>Total</b>	<b>1,261,101</b>

## IWN finances

At 30 June 2023 IWN membership includes 15 Victorian water corporations and TasWater.

<b>IWN PROGRAM BUDGET</b>	<b>2023-24</b>	<b>2022-23</b>	
	<b>Budget \$</b>	<b>Actual \$</b>	<b>Forecast \$</b>
<b>Income</b>			
Membership fees	908,934	849,471	849,471
DEECA grants	190,000	90,000	90,000
Sponsorship	50,000	4,500	4,500
Other contributions <sup>1</sup>	10,000	0	110,000
Interest	12,000	9,996	11,500
Other	150,000	5,000	5,000
<b>Total income</b>	<b>1,320,934</b>	<b>958,967</b>	<b>1,070,471</b>
<b>Expenses</b>			
Program Expenses <sup>2</sup>	698,000	404,359	745,729
Non-Program Expenses <sup>3</sup>	611,500	469,652	607,000
<b>Total expenses</b>	<b>1,309,500</b>	<b>874,011</b>	<b>1,352,729</b>
Net total	11,434	84,956	-282,258

### NOTES

- 1 Additional third party funding for IWN trials and projects
- 2 Expenses related to IWN trials and projects
- 3 Expenses related to IWN staffing, events and administration

## IWN BALANCE SHEET AT 30 JUNE 2023

	<b>\$</b>
<b>Assets</b>	
Cash at bank	1,056,600
Receivables	1,140,934
<b>Total assets</b>	<b>2,197,534</b>
<b>Liabilities</b>	
Current	1,309,500
Non-current	121,500
Winding up costs	100,000
<b>Total liabilities</b>	<b>1,531,000</b>
<b>Net assets</b>	<b>666,534</b>



