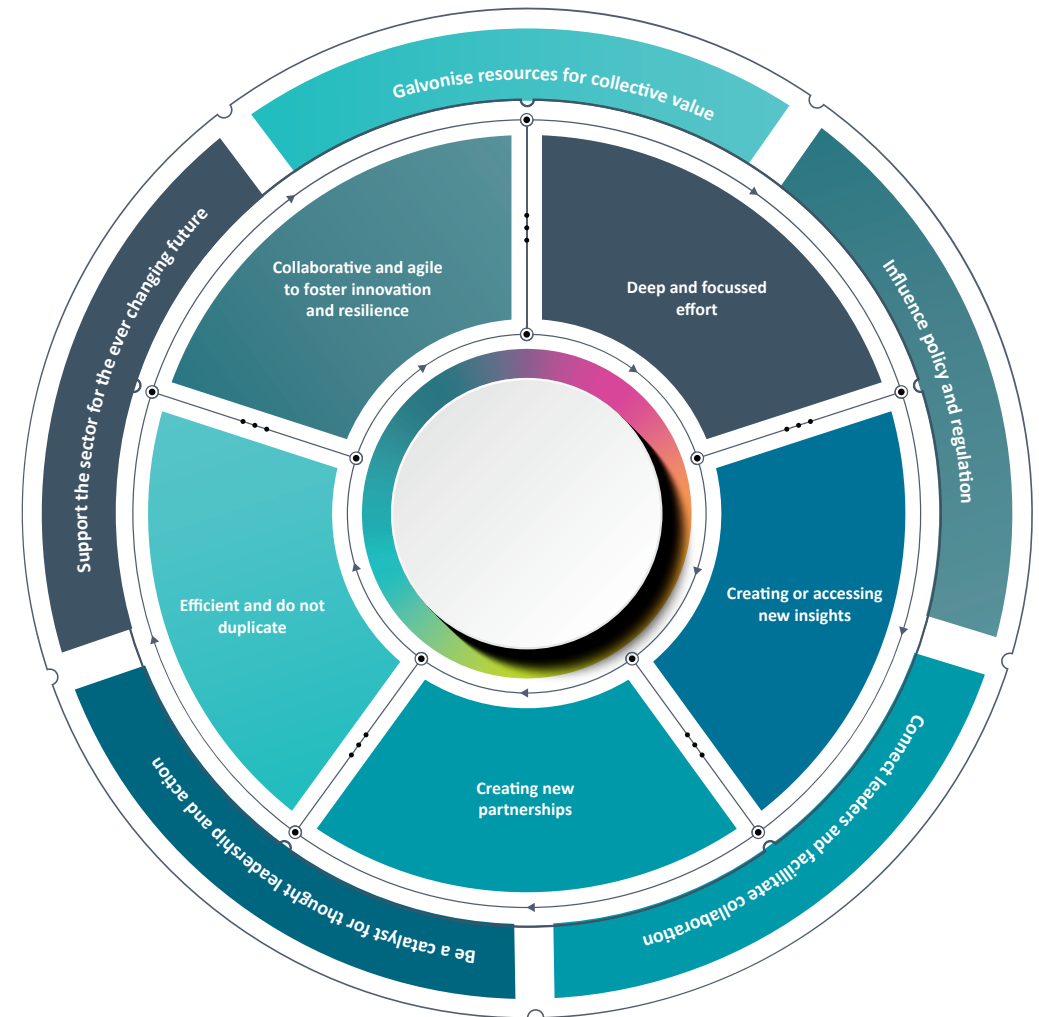




2022-23 Business Plan

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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 eight directors elected by the members to represent the water industry.

Board members at June 2022 are:

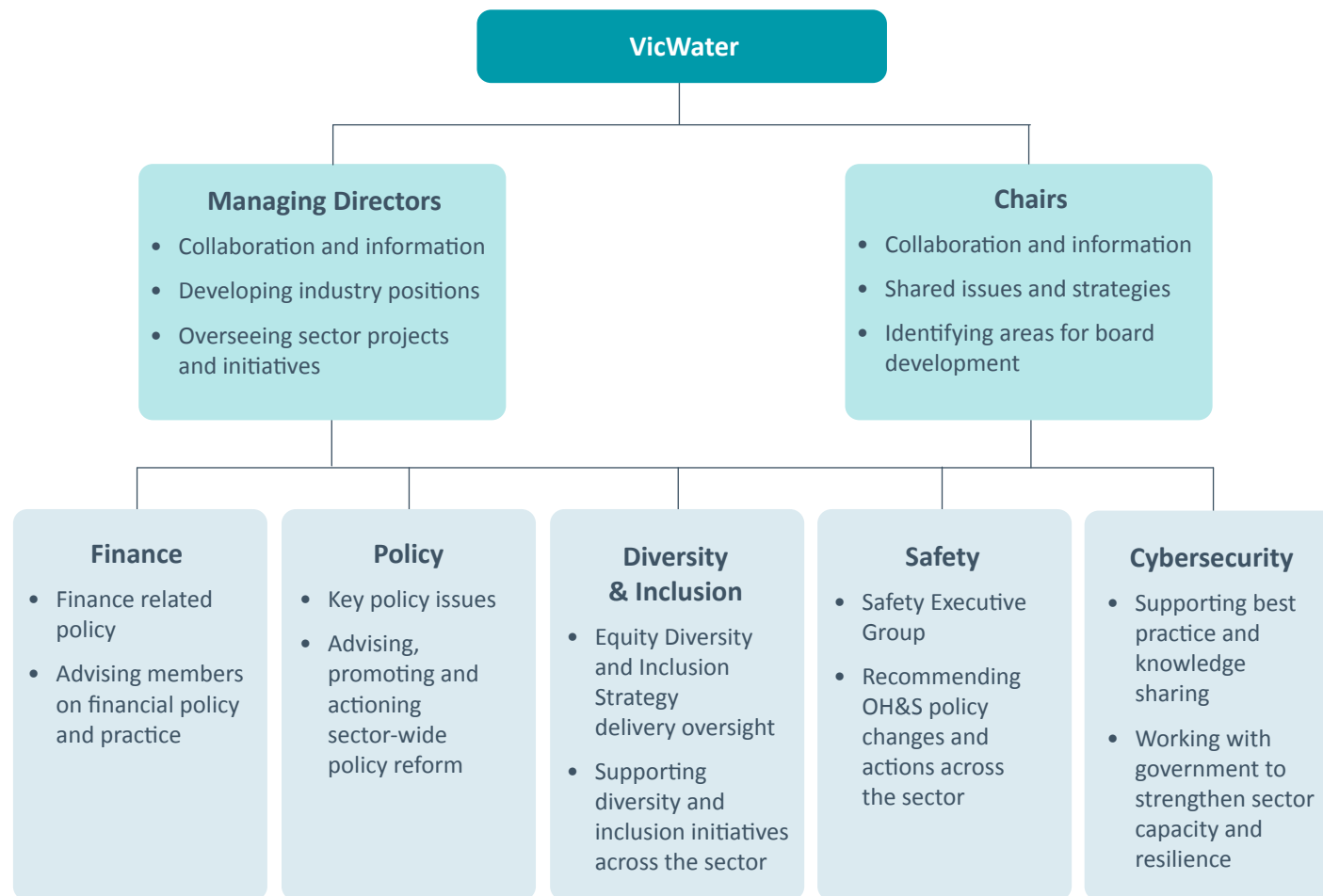
Chair	
David Middleton	Chair, Greater Western Water
Deputy Chair	
Therese Tierney	Chair, East Gippsland Water
Board Directors	
Russell Anderson	Director, Melbourne Water
Naomi Cleary	Director, Southern Rural Water
Nicola Hepenstall	Director, South Gippsland Water
Andrew Jeffers	Managing Director, Wannon Water
Victor Perton	Director, Yarra Valley Water
Charmaine Quick	Managing Director, Goulburn-Murray Water

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 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; and the Safety Executive Group. These groups work on policy, advocacy, innovation and continuous improvement 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 offsets, model financial statements, ransomware guidance 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.

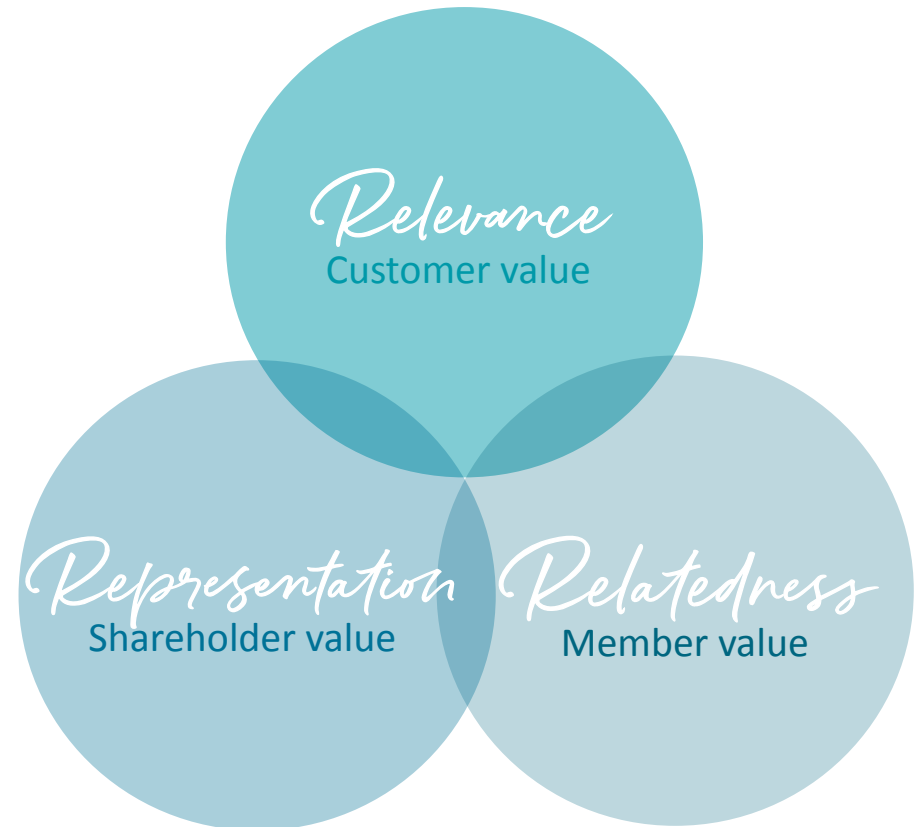
1.3 The three Rs of shared value

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

As we arrive at the last financial year of the 2018-23 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 drive actions arising from the [VicWater Policy Platform](#), working with the Policy Advisory Committee to advocate for policy and regulatory change to achieve better outcomes for customers and community. We will strengthen our influencing capacity and industry capabilities with the support of the Finance Issues Steering Committee, the Diversity and Inclusion Steering Committee, the Cybersecurity Governance Steering Committee and the Safety Executive 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 government and regulators. 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 Vic Catchments, 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).

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

- Climate change
- Navigating governance complexity
- Sector continuity and sustainability
- Growing consistent advocacy
- Facilitating effective regulation
- Supporting a changing demographic
- Cybersecurity in the sector
- Building a diverse workforce and inclusive culture

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.

2.1 Climate change

Over the last year, many events have laid further evidence of the impact of climate change on our landscape and lifestyles. Severe storms, flood events, and new forms of algal blooms add to the various sources of disruption challenging the sustainability and reliability of our members' services.

We can be proud of the Victorian water industry's ability to shoulder the impacts of climate change through innovation, commitment to high standards of service, and collaboration with the community and our service providers. However, the impact and frequency of climate-related disruptions is a growing concern.

Taking the core of the problem in hand, our members are rapidly adapting and mitigating the effects of climate change while leading the necessary change in reaching net zero. VicWater has influenced the changes to the Statement of Obligations (Emission Reduction) and is now investigating opportunities to assist members in their collective ability to offset emissions in sustainable and socially beneficial ways. We will also support our members to identify and manage the physical, transitional and other risks of climate change, working through the Chairs and Managings Directors forums and as part of our Directors Development Program.

2.2 Navigating governance complexity

Through our recent work with members, VicWater has identified that the cost of administering compliance obligations has almost doubled over the past five years. This has a significant impact on the industry's ability to provide efficient services and value to customers.

The compliance costs for members relate to the delivery of emerging policy objectives and administrative reactions to short term impacts. These and other mandates imposed on Victorian water corporations may have a small impact individually, but cumulatively the impact grows to the extent that costs become evident and significant. New or expanded requirements may also be imposed at short notice and require a rapid response from Victorian water corporations. This can distract from, or impose additional costs and delays on the efficient delivery of water services and planned infrastructure.

Through our work in counting the cost of compliance, VicWater is playing a key role in influencing changes to the purpose and timing of compliance requirements, and the responses of members to such regulations. Ultimately we are advocating for a whole-of-government approach to compliance that is fit for purpose such that customers are best served, and public value is clearly generated. There is also opportunity for VicWater to provide a more coordinated program of support to members to assist them to meet new or amended compliance obligations in the most efficient and cost effective manner.

2.3 Sector continuity and sustainability

Looking back over the period of COVID-19, we can be proud of our industry's ability to flex in line with frequent variations in operating arrangements, while prioritising the safety, health and wellbeing of staff and customers.

As we move into post-pandemic recovery, challenges remain for our members in relation to recruitment for executive and specialist roles (especially in regional areas), supply chain disruption and increasing costs for major capital works delivery.

Most of our members are preparing their price plans for the next five years. VicWater has laid the groundwork in supporting price paths that recognise the value of our services against significant macro trends, including climate change, population growth and industry compliance. It remains the critical priority for our sector to balance the community's needs for effective and affordable services. Customers are recognising that their water businesses' actions and decisions need to be shaped by value rather than price such that quality and reliable services endure.

2.4 Growing governance complexity

Over the last few years, our members have expressed a strong and clear message for VicWater to be the leading advocate for the Victorian water industry. We continue to apply the Water Industry Policy Platform to fulfil this role as we consolidate industry-wide positions on priority issues, articulate a strategic agenda for change and focus on annual priorities of implementation.

We also continue to engage the key decision-makers in the Victorian Government in communicating industry priorities, as encapsulated in the 'Value for Victorians' statement developed through the Managing Directors Forum. With a state election due in November 2022, this role will increase and expand to involve the interests of catchment management authorities against shared priorities determined with Vic Catchments.

2.5 Facilitating effective regulation

Challenges continue for our members in fulfilling the expectations of regulators in relation to environmental stewardship, drinking water quality and customer affordability.

Knowing our members' preference for collaborative resolution of such issues, VicWater continues to engage the regulators through a series of industry-led forums, representations and consultations. The aim of this work is to seek strategic-level outcomes that will clarify roles, responsibilities and risk appetites in order to achieve incident proportionality, efficiency and consistency of approach while fundamentally respecting the mandate of each regulator.

2.6 Supporting a changing demographic

A joint VicWater and WSAA analysis of sector macro trends in September 2020 forecast new population trends resulting from COVID-19 that saw resettlement of regional areas and significant growth in domicile-based business and e-commerce. This prediction has been exceeded in some cases, where property prices have further impacted on the regional population balance of the state. For example, some of the regional 'tourist towns' have become permanent settlements.

Therefore, the models for servicing of these areas against Melbourne's CBD continue to be rewritten and will impact on forecasts in current and future price plans.

2.7 Cybersecurity in the sector

The increasing use of digitisation and automation, while necessary for continuous improvement in customer service and business efficiency, carries a growing cybersecurity risk to the industry's information technology (IT) and operational technology (OT) systems. This has been exacerbated by recent geopolitical instability and the known involvement of state actors in cyber attacks against critical infrastructure providers.

Managing cyber risk is a key concern for our members particularly at board level, with the federal Security of Critical Infrastructure (SOCRI) legislation imposing new attestation requirements, and the difficulty of securing affordable and effective cyber insurance in a hardening market.

VicWater continues to play a role in coordinating cyber-related activities through the Cybersecurity Governance Steering Committee, as well as working with the water sector's Chief Information Security Officer (CISO) within the Victorian Department of Premier and Cabinet to strengthen the sector's capability.

2.8 Building a diverse workforce and inclusive culture

Industry progress against the Water Industry Equity, Diversity and Inclusion Strategy 2019-2023 continues under the leadership of VicWater's Diversity and Inclusion Steering Committee, delivering on the commitment to build a more diverse workforce and inclusive culture. VicWater also supports key groups such as the Women in Water Directors Network and WaterAble. The size and stature of these groups have grown immensely, indicating the commitment of industry to reach a stage of effective community representation in its staffing and services.

VicWater's recent work with the Career Educators Association of Victoria to promote industry career pathways and opportunities for secondary school students adds to these initiatives. This will enable the creation of a pipeline of talent and a sustainable workforce to be matched to our goals of industry diversity and inclusion.

3 Our priorities for 2022-23

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

While there are other activities planned for 2022-23, we will concentrate on progressing the three priorities.

1

We will consolidate VicWater's role as peak body.

VicWater will continue to refine our role as a member advocate and driver of policy change.

We will continue to support the Chairs and Managing Directors through their forums while aligning support from the Policy Advisory Committee in executing our industry's Policy Platform.

2

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

This priority carries over from 2021-22 and will ensure that VicWater continues to work closely with our members in articulating key messages to government and other stakeholders to secure a clear horizon of sustainability in our industry's operations.

3

We will support the development of our sector's board directors.

With a strategic partnership in place to deliver the VicWater Director Development Program, we look forward to providing directors of water corporations and catchment management authorities with sector-specific professional development opportunities.

4 Our Plan for 2022-23

VicWater is entering into the final year of our transformative 2018-2023 Strategic Plan. This marks a period of consolidation of member value achieved by being 'Better Together' and pursuing an exceptional member experience.

We will continue to influence government policy and advocate for members on matters that are critical and materially influential on the sector, build industry and external capacity through collaboration, and improve sector literacy through information with our members and stakeholders.

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.

Looking back over the last four years of fulfilling the Strategic Plan, we transformed our organisation in 2018-19, consolidated our capabilities in 2019-20, created the tools for advocacy and member support in 2020-21, and prioritised the programs to deliver exceptional member experience in 2021-22.

In 2022-23, we will:

- continue to execute the Policy Platform that focuses on the needs of our Victorian membership base while aligning to national priorities
- demonstrate our role as the industry's peak body in articulating and negotiating the matters that affect the greater part of our membership
- flex in the delivery of our member offerings to support physical, virtual and hybrid settings
- capitalise on the impact of our policy advisory, diversity and inclusion, safety, cybersecurity and finance groups
- align broader thought leadership to reinforce the key policy and advocacy issues that face our sector.

In addition to these funded activities, we will:

- address the key areas of compliance that impact our sector's resilience and efficiency
- promote our industry's capabilities with our industry induction, development, jobs and secondments initiatives, and fostering partnerships for diversity and inclusion
- continue to build our industry value through strategic partnerships and sponsorships
- facilitate priority initiatives with Vic Catchments that benefit the broader water and catchment sector.

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

In July 2022, 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.

“WHAT WE WILL DO TO BE BETTER TOGETHER”

Key Result Area: Influence policy and regulation

Objectives	Strategies	2022-23 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>Implement the Policy Platform according to priorities agreed with the Policy Advisory Committee.</p> <p>Continue to facilitate effective relationships with industry regulators that support member productivity.</p> <p>Recognise and challenge areas of industry compliance that affect customer value.</p> <p>Continue to 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 2022-23:

- 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 benefits and impacts of industry compliance activities are recognised.

“WHAT WE WILL DO TO BE BETTER TOGETHER”

Key Result Area: Connect leaders and facilitate collaboration

Objectives	Strategies	2022-23 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>Refine our industry engagement to fully align with thought leadership.</p> <p>Grow stakeholder awareness of our offering through our monthly update and LinkedIn presence.</p> <p>Execute complementary member value through partnerships with WSAA, IWA and Vic Catchments.</p> <p>Deliver an effective program of professional development for sector 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 2022-23:

- Proven relevance of events to priority issues experienced by members.
- Member ratings of forums and events in market research are very good or better.
- Recognised value attributed to our director development program.

“WHAT WE WILL DO TO BE BETTER TOGETHER”

Key Result Area: Be a catalyst for thought leadership

Objectives	Strategies	2022-23 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>Establish a program of thought leadership events.</p> <p>Provide opportunities for members to connect with, and contribute to, industry thought leadership.</p> <p>Publish quarterly thought leadership content from VicWater 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 2022-23:

- Active members interact with and reshare VicWater social media postings.
- Members engage with VicWater for thought leadership on state industry priorities.
- VicWater provides joint industry positions and submissions on shared priorities.

“WHAT WE WILL DO TO BE BETTER TOGETHER”

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

Objectives	Strategies	2022-23 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>Determine the preferred pathway for net zero via the carbon offsets project.</p> <p>Engage with government agencies to negotiate key outcomes related to tax, charges and other customer related efficiencies.</p> <p>Implement the key areas of reform arising from the industry compliance 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 2022-23:

- A preferred pathway for offsetting the industry’s carbon-generating activities is determined.
- Priority actions for improving industry compliance activities are in train.
- 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	2022-23 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>Maximise member engagement using all available means.</p> <p>Implement a workplace that is flexible to member needs.</p> <p>Streamline member feedback using contemporary and accessible methods.</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 2022-23:

- VicWater’s office facilities are used throughout the year by members.
- 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 operations are maintained by a small team of staff working across our governance and administration, policy and regulation, and member experience functions.

Together, our staff provide the resources to fulfil our members' priorities. Through our staff, we work closely with our members to develop and progress projects through various steering committees, working groups and forums.

As at June 2022, two of our staff are on secondment from water corporations, providing development opportunities and enhancing our ability to connect with and prioritise on behalf of our members.

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 office and administrative services.

To deliver our priorities for 2022-23 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, being critical services around policy advocacy and thought leadership, and proper governance of the industry forums and projects that we support.

6 Financial Plan

As a sector peak body, the majority of VicWater's revenue is provided by our members and associate members by annual subscription. The balance needed to fund our lean operating model has been found in events income and sponsorship.

However, this operating model has been tested by two years of the COVID-19 pandemic. The 2021 annual conference was postponed twice due to COVID-19 restrictions, which has impacted the timing of the subsequent annual conference and delivery of our planned events. Consequently, in 2022-23 we will run two smaller events instead of the annual conference (which will resume its usual September timing in 2023-24). This means that event and sponsorship income have been reduced to apportioning 26% of VicWater's revenue budget.

Our partnership with Monash Sustainable Development Institute to deliver the VicWater Director Development Program signals a new member experience that will provide sector-specific professional development to board directors across our membership and to catchment management authorities. This is expected to bring a modest revenue stream to VicWater, which in turn will be used to support our members.

The current global situation has impacted inflation and interest rates, which follow on as an impact to our budget. VicWater applies a March quarter CPI result, in line with our sector. The CPI increase in member subscription fees and expected higher interest returns do not sustain increases in operational costs, particularly salary expenses, requiring continued reliance on alternative income sources to make up the difference.

Notwithstanding these impacts, we continue to build our resilience to disruptions. Our 2022-23 budget is modelled to project a modest surplus to buffer against the countervailing trends.

Consistent with best practice in this sector, 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.

We also maintain cash holdings above our minimum in the event of winding up and to absorb any loss in a year should they be required. This position is based on staff entitlements, office tenancy commitments, program data and capital outlay.

VicWater will continue to review our business model against current and future trends, comparing to those of other associations and peak bodies. We will engage our members in considering alternative models throughout the development of our Strategic Plan 2023-2028.

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 2022 quarter).
- Projects outside of this Business Plan are delivered on a member subscription basis.
- The budget is conservative based on consolidating the priorities determined under the 2018-23 Strategic Plan.
- The majority of revenue is received at the start of the financial year and is drawn down during the year. There is additional revenue during the year due to event income, which causes a corresponding increase in expenditure (see cash flow charts).
- Event income comprises 26% of VicWater's core revenue.
- Sundry income includes office support to the IWN of \$12,500 under agreement with the IWN Executive Group.
- Director sitting fees are paid according to arrangements approved by member.
- Staff, chair and director remuneration increases are in line with industry trends and include the increased superannuation guarantee.
- Unless otherwise known, costs are increased by CPI (March 2022 quarter).
- New capital costs are funded by retained earnings, excluding cash reserves.
- IWA pays a service fee to VicWater for events administration, increased by CPI each year.
- The calculated minimum cash holding of \$402,404 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 at current lease costs, and taking into consideration five years of capital expenditure.

6.2 Budgeted income and expenditure

VicWater Budget 2022-23	2021-22		Budget Changes from 2021-22		
	\$	Budget \$	Forecast \$	Budget	Budget to Forecast
Core Income					
Members Fees ¹	1,016,729	931,455	928,403	9.15%	9.51%
Events ²	395,760	564,123	390,023	-29.85%	1.47%
IWA funding (events administration) ³	26,532	25,523	25,523	3.96%	3.96%
Interest ⁴	4,420	2,329	1,000	89.82%	342.21%
Sundry Income ⁵	12,500	0	0		
Government Grants/Rebates	0	0	0		
Core Income	1,455,942	1,523,430	1,344,948	-4.43%	8.25%
Additional Income					
Sponsored Projects ⁶	0	12,500	12,500		
Total Income	1,455,942	1,535,930	1,357,448	-5.21%	7.26%
Core Expenses					
Staff Employment and Development ⁷	861,185	812,417	812,417	6.00%	6.00%
Events ⁸	174,400	262,600	143,900	-33.59%	21.20%
Office & Administration Expenses ⁹	299,412	341,834	279,654	-12.41%	7.07%
Venue Hire & Catering	16,500	16,500	16,500	0.00%	0.00%
Thought Leadership ¹⁰	50,000	20,000	20,000	150.00%	108.83%
Depreciation	30,000	33,333	33,333	-10.00%	-40.00%
Loss on Sale/Scrapping of Fixed Assets	0	0	0		
Core Expenses	1,431,496	1,486,684	1,305,804	-3.71%	9.63%
Additional Expenses					
Sponsored projects ¹¹	0	0	0	0.00%	0.00%
Total Expenses	1,431,496	1,486,684	1,305,804	-3.71%	9.63%
Net Core	24,445	36,746	39,144		
Net Total	24,445	49,246	50,970		

¹ Adjusted for CPI (1.1% as at March 2022 quarter).

² Allowance for two small events, two (paid) seminar/webinars and director development program.

³ Adjusted service fee to IWA for event administration.

⁴ Increased interest rate reflecting current market rates (May 2022).

⁵ IWN services agreement annual allocation.

⁶ No major sponsored projects planned for 2022-23.

⁷ Allowance for staff, chair and director fee increases and superannuation guarantee of 10.5%

⁸ See Note 2

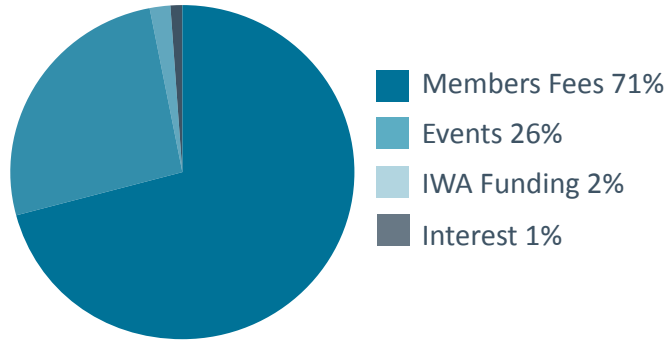
⁹ Items \$20,000 or more include IT, meetings, cleaning and maintenance, travel and accommodation, sponsorships, professional development, insurance.

¹⁰ Includes Strategic Plan 2023-28 development.

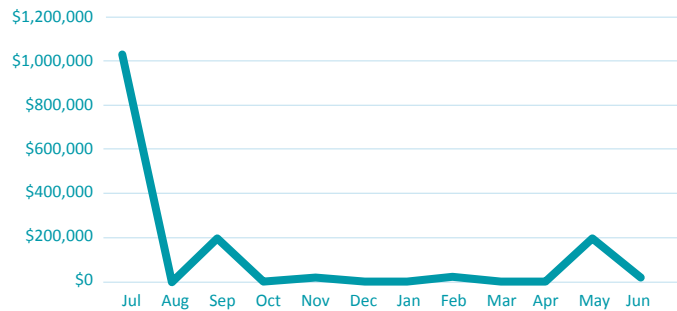
¹¹ See Note 6.

6.3 Revenue and cash flow

Core Revenue



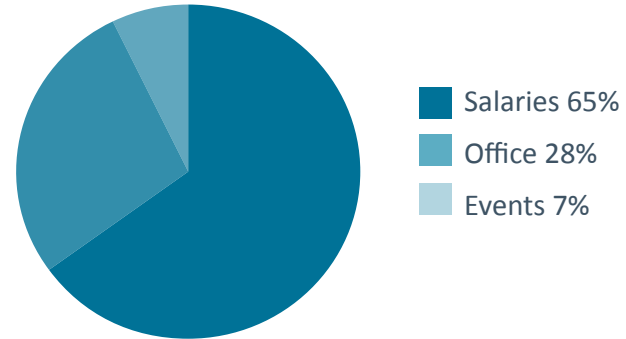
Total Revenue



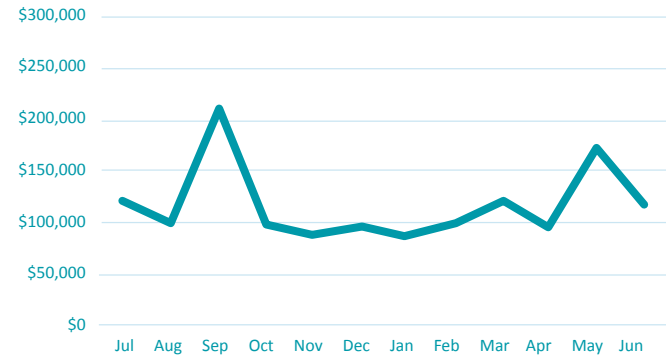
Just over 70% of VicWater’s core revenue for 2022-23 will be from members fees, which are billed in July. Events income comprising 26% of our core revenue coincides with the conferences and events. Event revenue projections for 2022-23 are based on actual income for 2021-22 and account for two smaller events instead of the annual conference, with the addition of short thought leadership sessions and the director development program.

6.4 Expenses and cash flow

Core Expenses

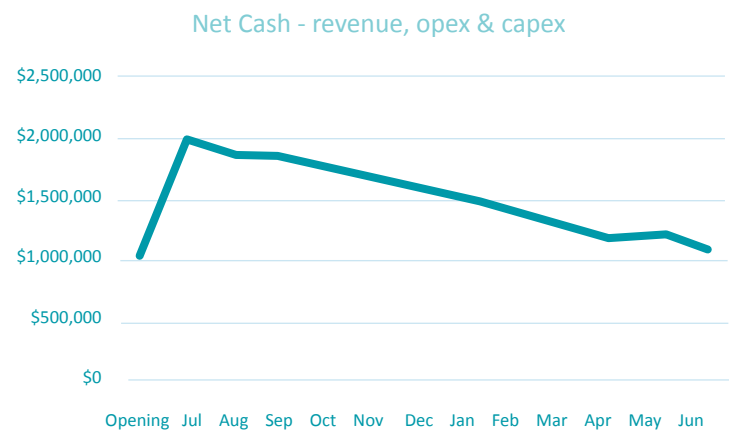


Total Expenses



While generally static across the year, expenses increase in association with events scheduled in September and May. 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 \$1,071,674 (end April projection) and a closing balance of \$1,100,620. Retained earnings are being used to fund capital works.

6.6 Capital works

VicWater's capital needs amount to \$12,000 in 2022-23 to fund the cyclical replacement of computers and office equipment.

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

6.7 Cash reserves needed in the event of VicWater winding up

Wind-up costs	
Staff entitlements	\$141,122
Office rental	\$81,282
Transitional administration	\$45,000
Miscellaneous	\$75,000
Total	\$342,404

A minimum of \$342,404 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	\$342,404
Total	\$402,404

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 \$402,404.

Liquidity	
Cash holdings at 30 June 2022	\$1,071,674
Minimum cash position	-\$402,404
Liquidity	\$669,270

Our estimated end-of-year cash holdings is \$1,071,674. Allowing for a minimum cash position of \$416,907, our estimated available cash is \$669,270.



VicWater

vicwater.org.au

Information presented is considered to be true and correct at the date of publication
Last updated 11/07/2022