APPENDIX

Appendix One

Customer Engagement Findings

WESTERNPORT WATER

Phase One Customer Insights

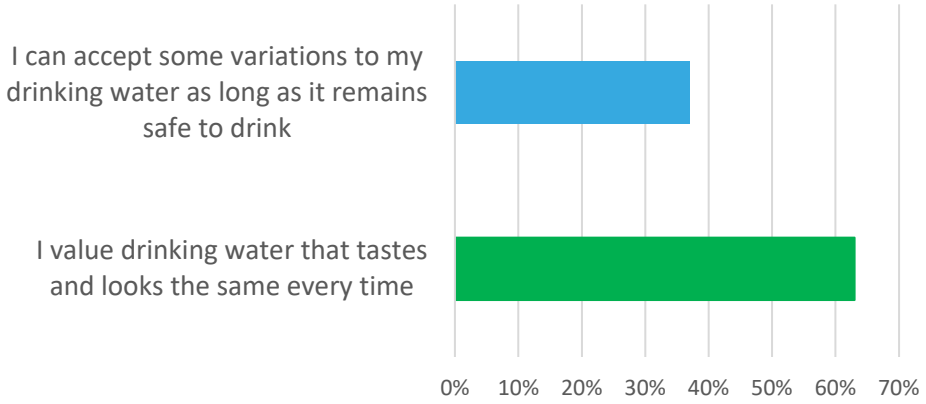
The perceptions, priorities and needs of customers were explored over three months to influence future products, services and prices as part of the 2023 Price Review.

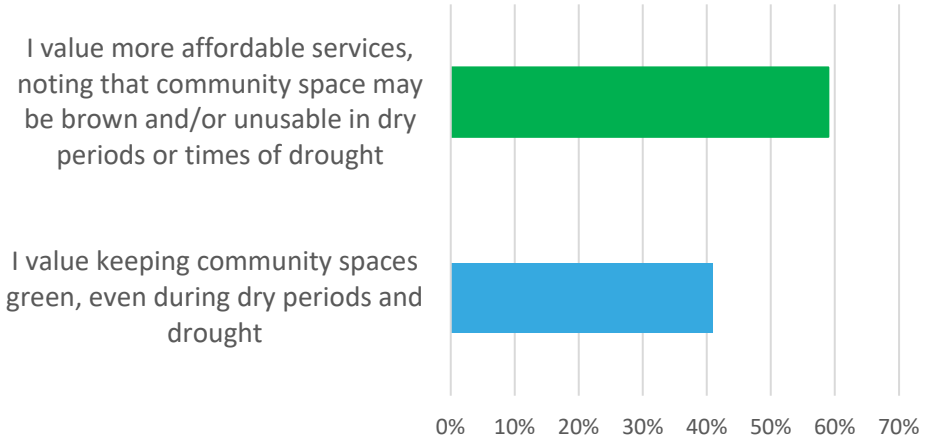
WESTERNPORT WATER

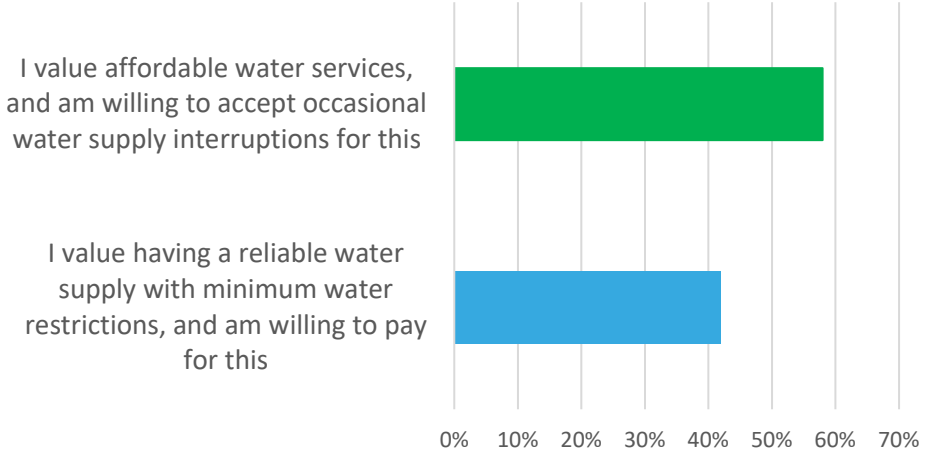
1) Water Supply Management

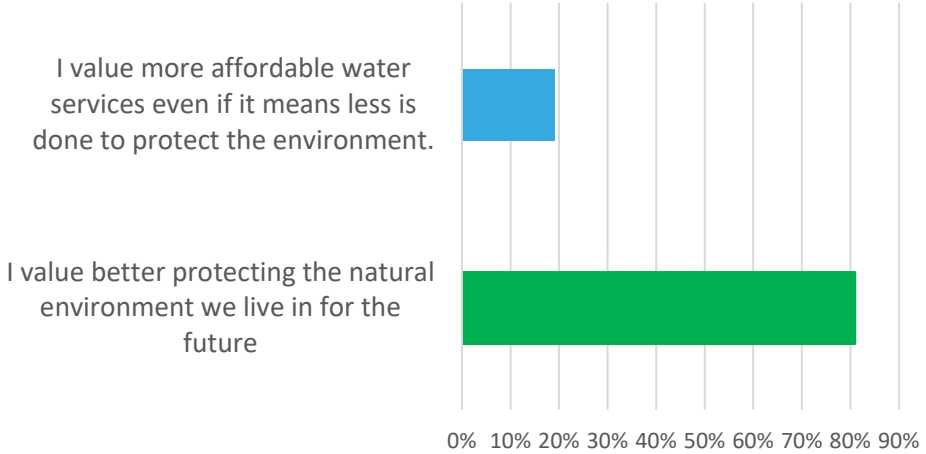
KEY FINDINGS

- Do not compromise on delivering consistent tasting drinking water and protecting the natural environment
- Affordability is favored over water security and maintaining community green spaces
- Healthy waterways, environment, agriculture, food production and urban amenities are perceived as the most important uses for water (beyond essential services)
- Water sources should be chosen based on their impact on climate change
- Traditional enforceable water restrictions are supported in times of drought
- Focus should first be on high use sectors to manage demand effectively.


I can accept some variations to my drinking water as long as it remains safe to drink
I value drinking water that tastes and looks the same every time
0%
10%
20%
30%
40%
50%
60%
70%


I value more affordable services, noting that community space may be brown and/or unusable in dry periods or times of drought
I value keeping community spaces green, even during dry periods and drought
0%
10%
20%
30%
40%
50%
60%
70%


I value affordable water services, and am willing to accept occasional water supply interruptions for this
I value having a reliable water supply with minimum water restrictions, and am willing to pay for this
0%
10%
20%
30%
40%
50%
60%
70%


I value more affordable water services even if it means less is done to protect the environment.
I value better protecting the natural environment we live in for the future
0%
10%
20%
30%
40%
50%
60%
70%
80%
90%

Customer importance ratings (1-100)

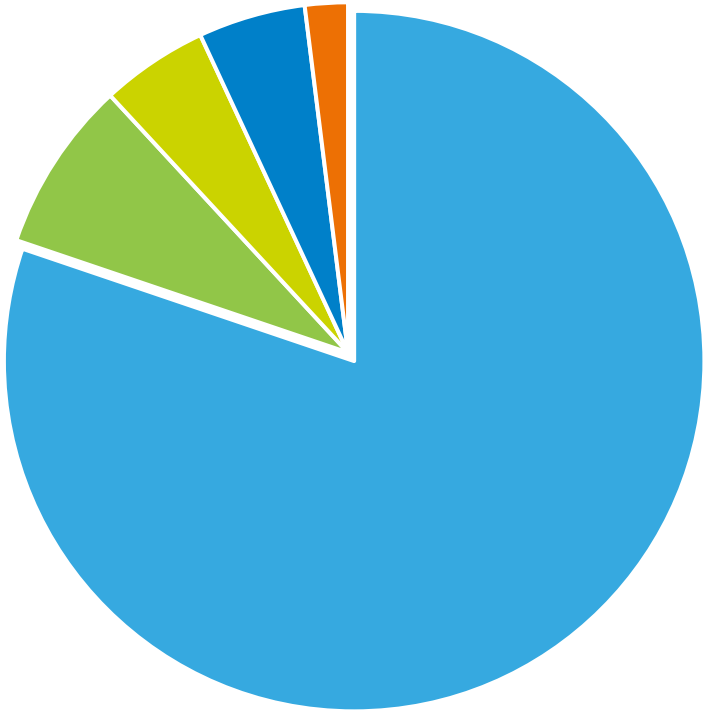
Supporting healthy waterways, environment and urban amenity outcomes	84
Ensuring there's enough water to support agriculture and food production	82
Ensuring there's enough water to support our existing way of life	81
Supporting Bass Coast's growing population well into the future	79
Ensuring there's enough water to support business and industry	73
Encouraging greater access to water for Traditional Owners	67

How do you think we should manage our available water sources? What should be used first?

Use the water source that has the least impact on climate change	**3.03**
Use locally sourced water most of the time	**2.88**
Use whichever water source is the most affordable	**2.40**
Use the Melbourne water supply system (even if it costs a bit more than local sources)	**1.68**

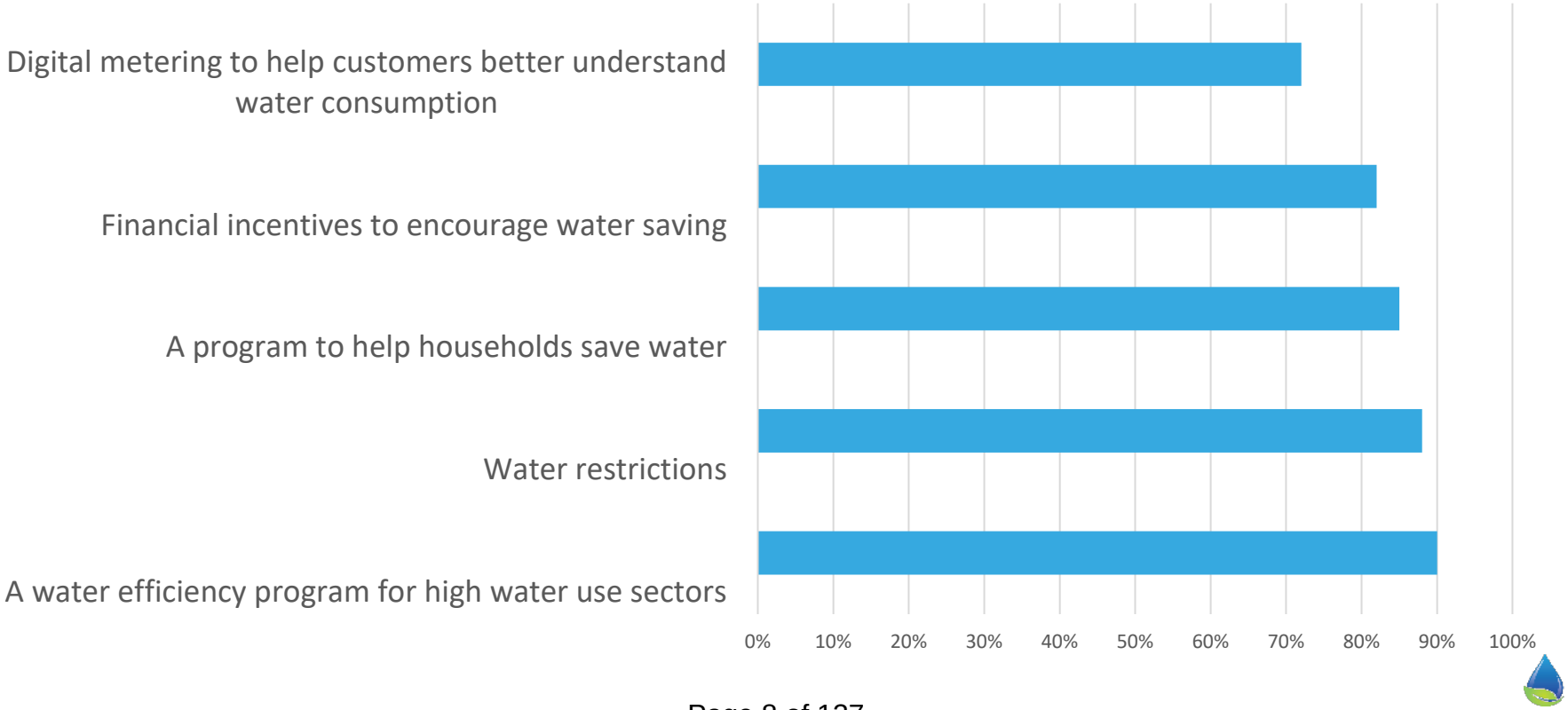
Ranked in order of preference using weighted score

How to manage customer demand

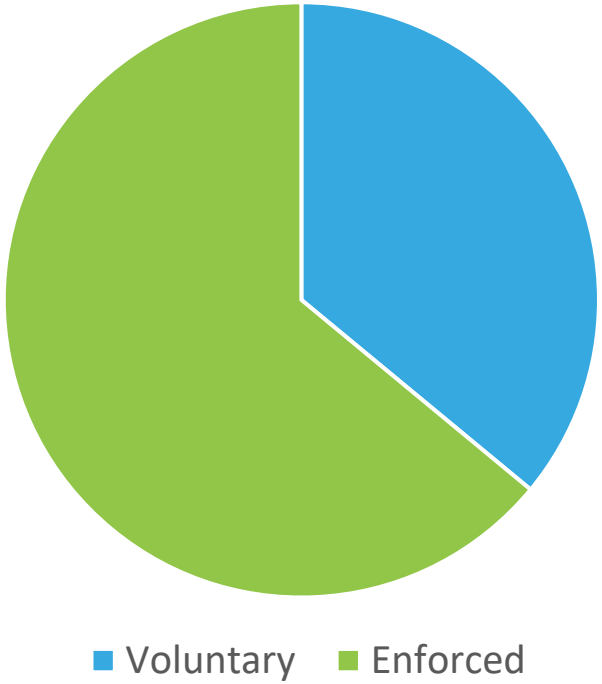


- Have water restrictions in place when necessary, such as during a period of drought or during extended periods of low rainfall
- Only restrict how water is used in an emergency
- Always have an unrestricted supply of water, even during a drought
- Reduce or defer costly investments by restricting how customers can use water
- None of the above

How to manage customer demand



Voluntary vs Enforced Water Restrictions



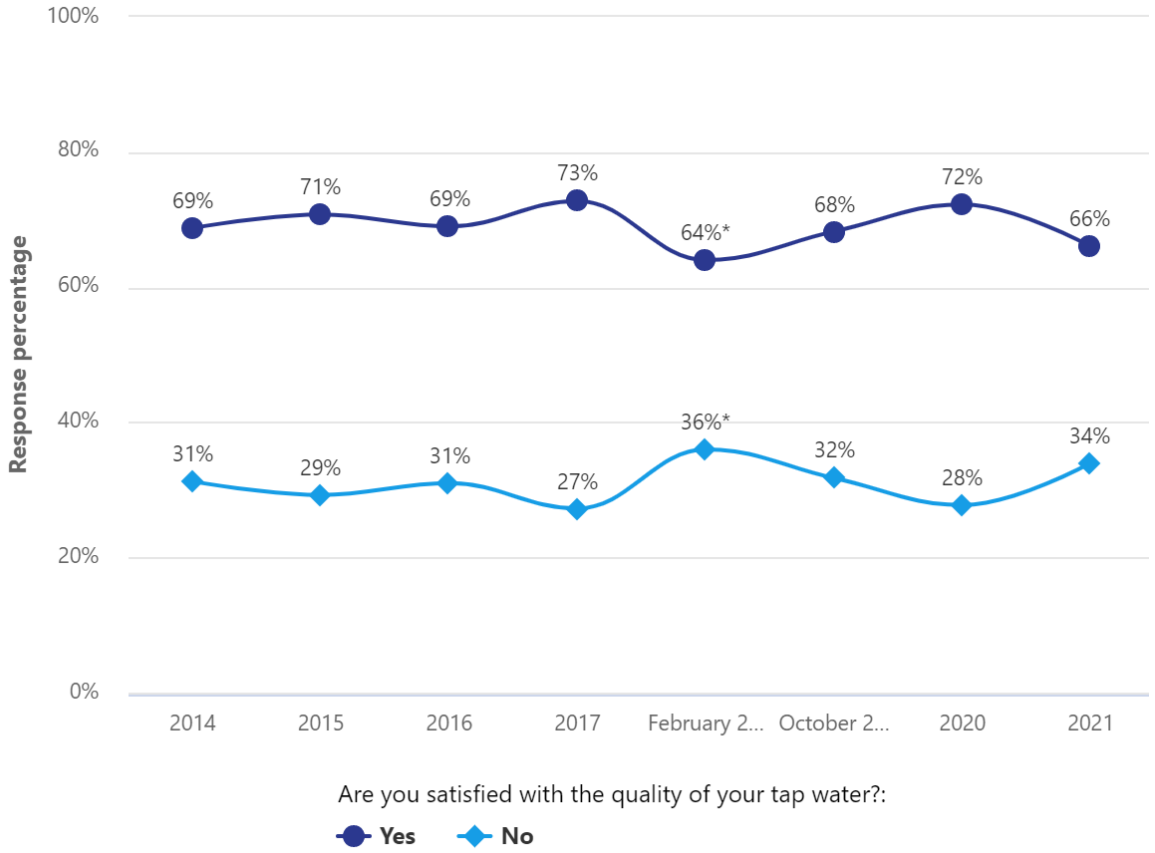
2) Customer Perceptions

KEY FINDINGS

- Customers are slightly less satisfied with their drinking water this regulatory period, compared to last
- Customers are more confident that they are receiving value for money this regulatory period, compared to last
- In the last 12 months, brand awareness has declined and with it, an understanding of our future planning, community engagement and response times
- In the last 12 months, there was an unexplained decrease in wastewater quality satisfaction – comments indicate that many respondents were not connected
- Customer satisfaction is steady, however customer support for the existing balance between price and service levels is increasing.

Drinking Water Satisfaction

Customer commitment in 2018-23 Price Submission was greater than 70%



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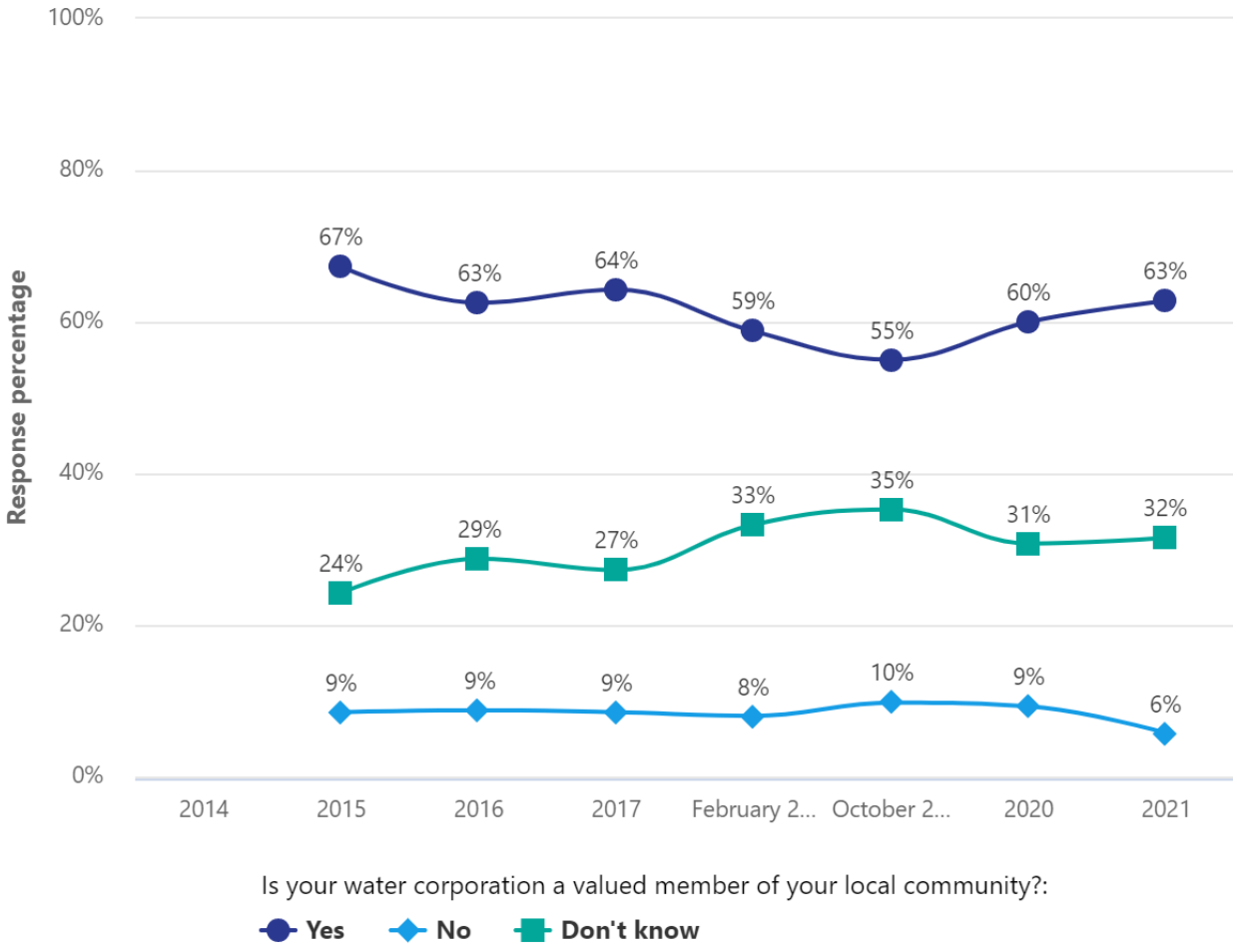
Valued Community Member



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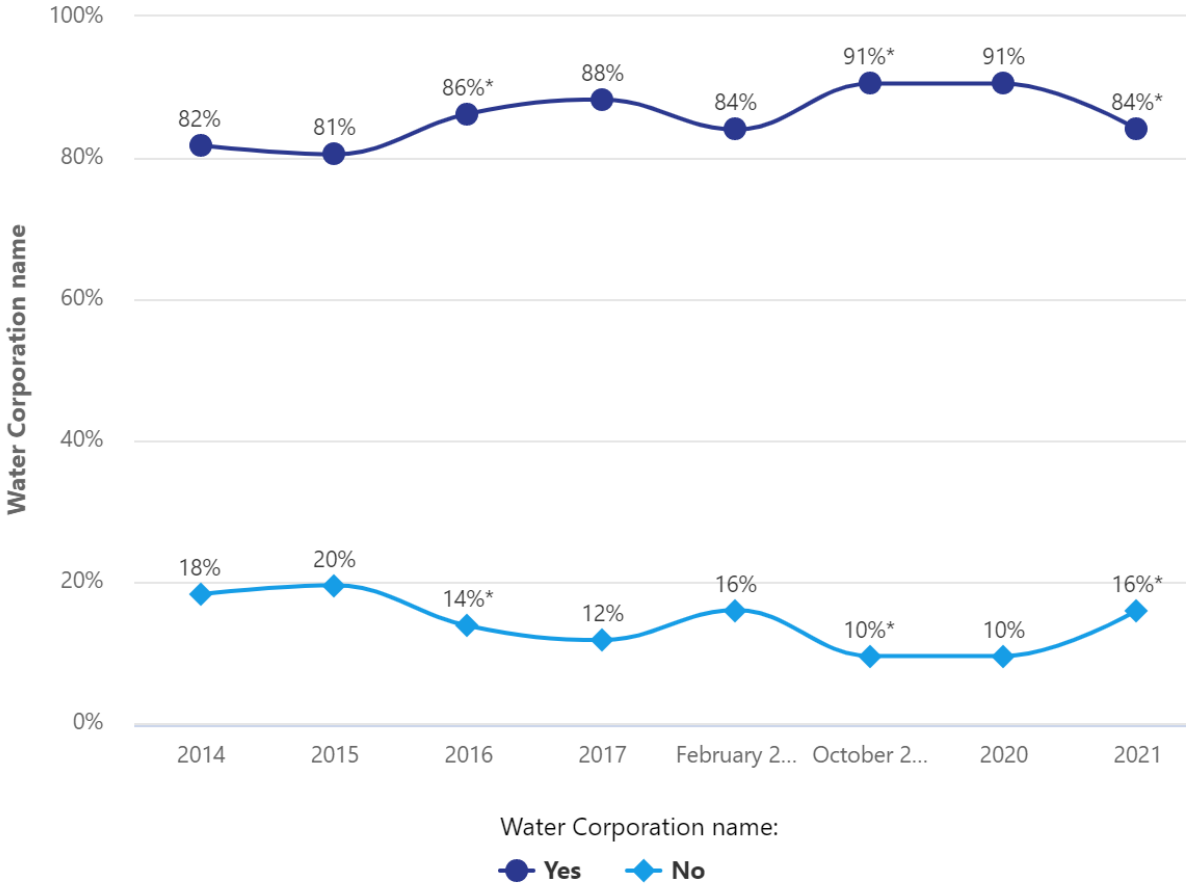
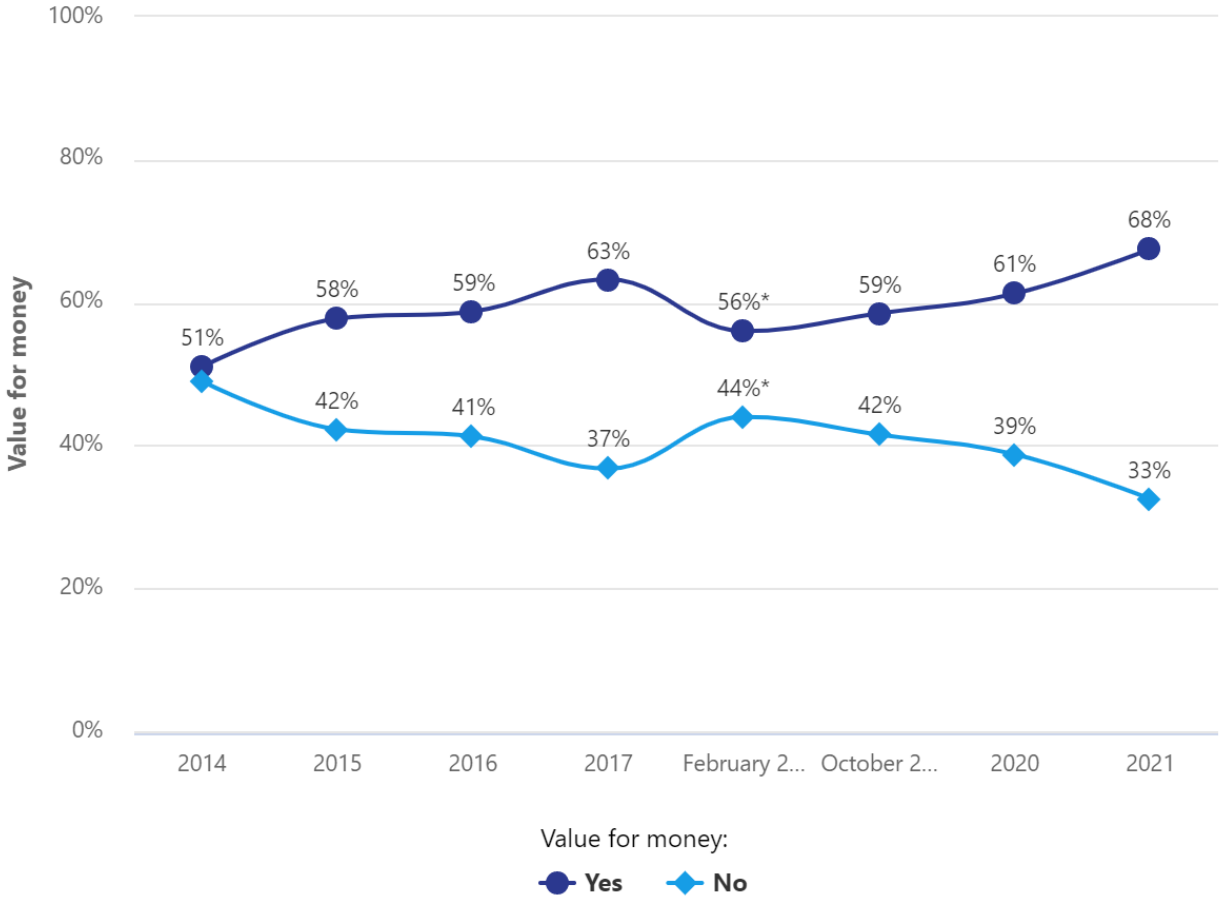
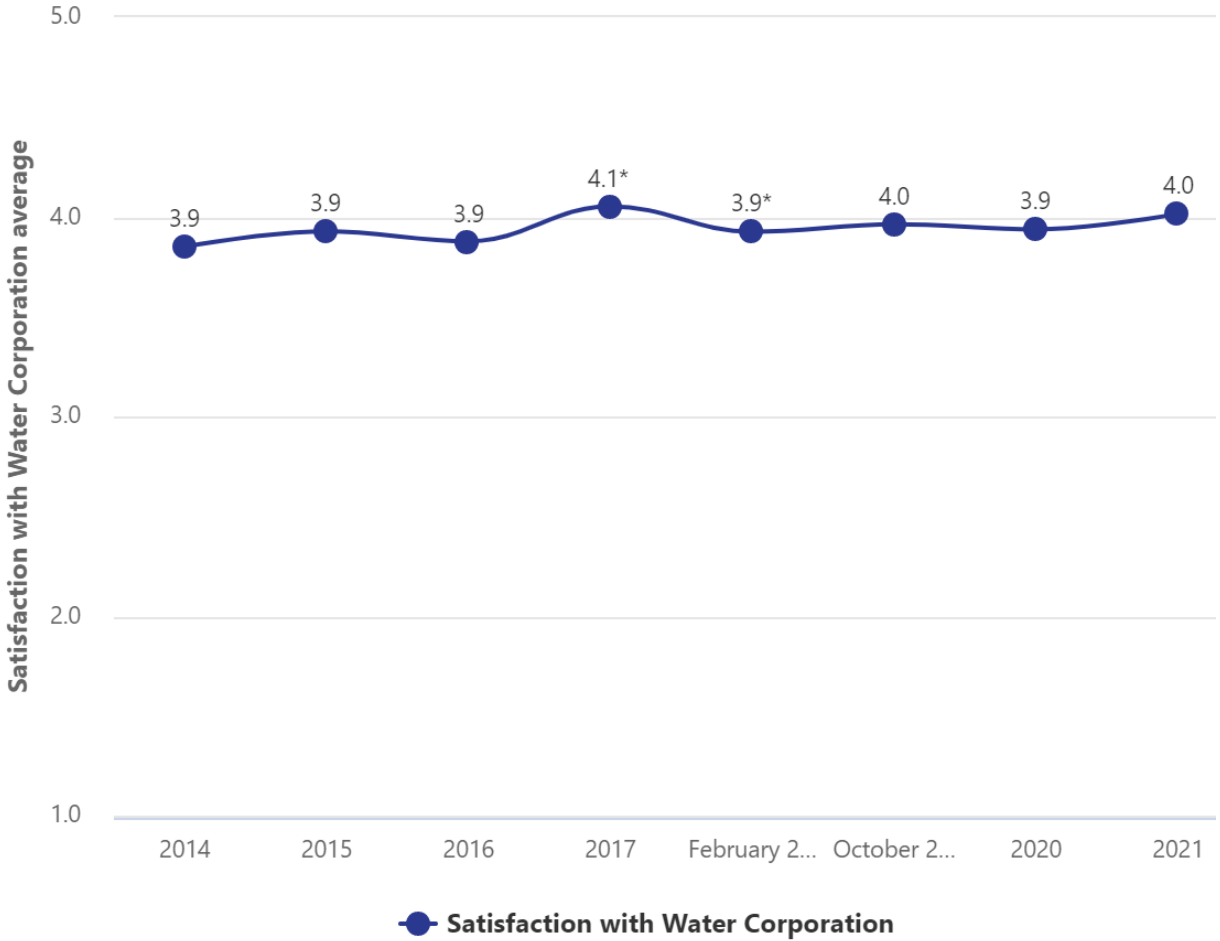
Brand Awareness



Value for Money



Customer Satisfaction



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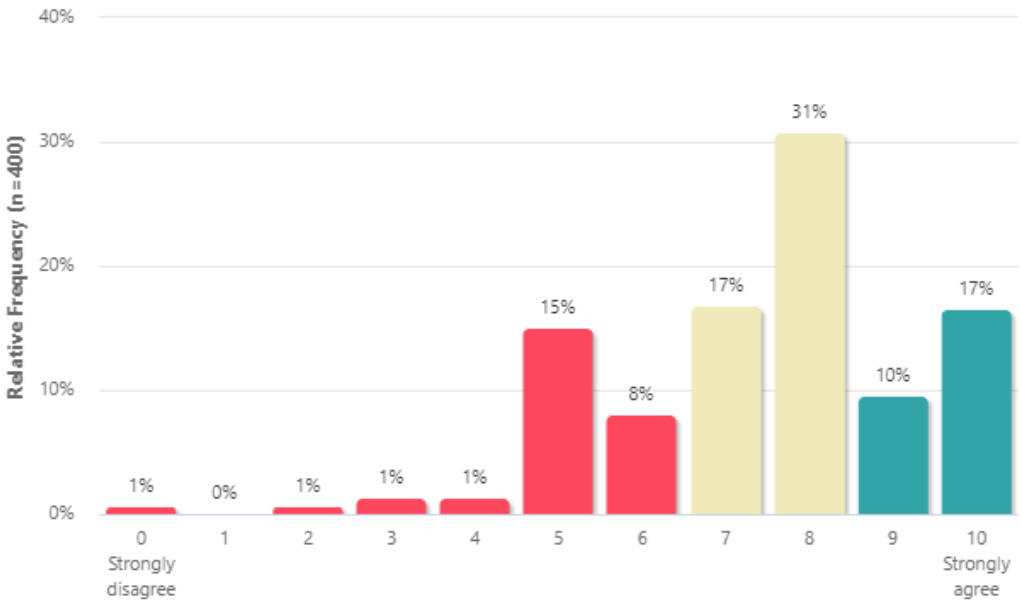
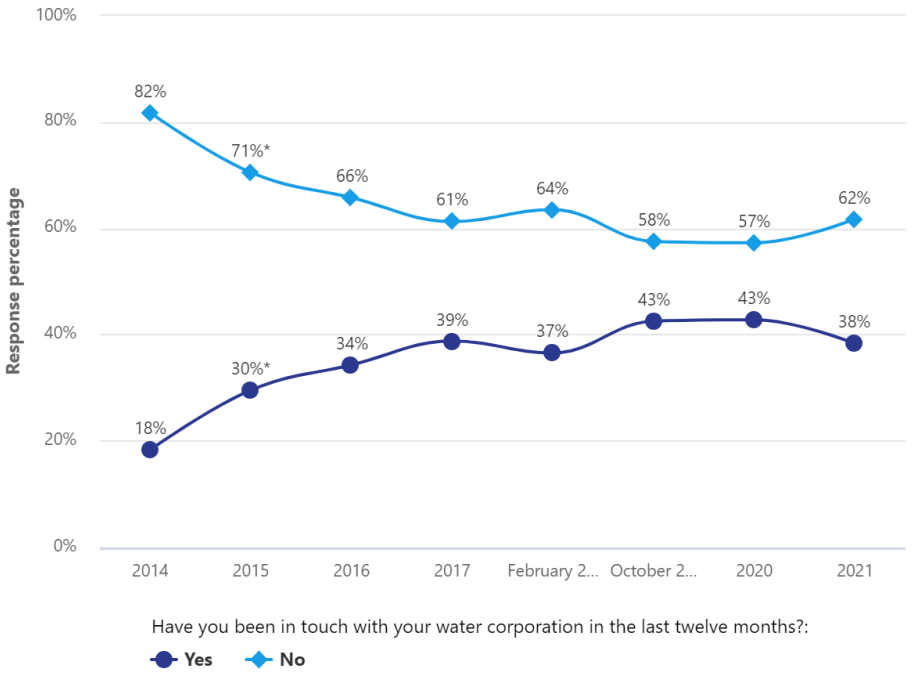
Net Promotor Score (Trust)

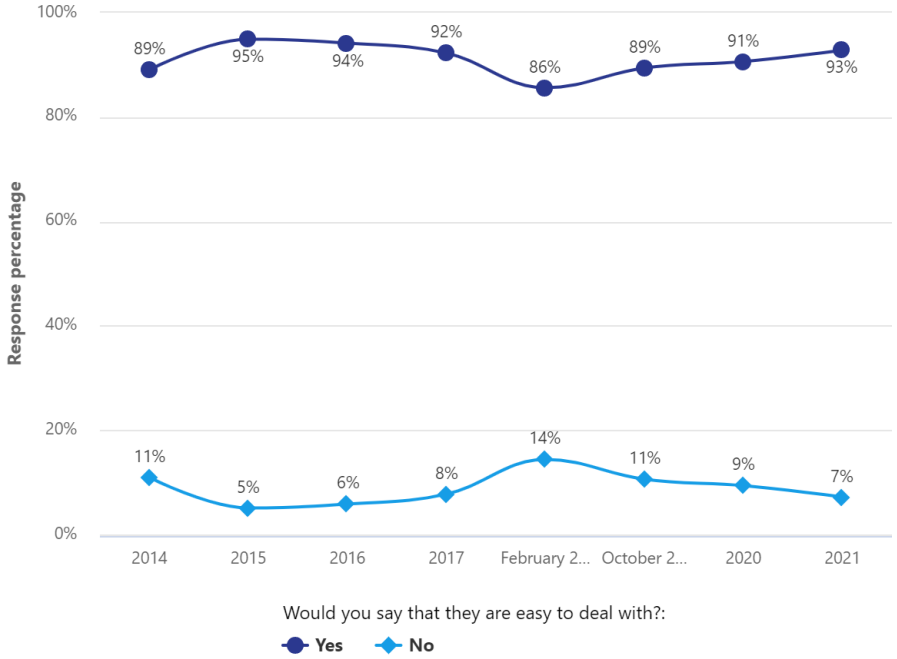


Net Promoter Score* (NPS)

Detractors	Passives	Promoters	Net Promoter Score
27% (n=106)	48% (n=190)	26% (n=104)	-1

Customer Service





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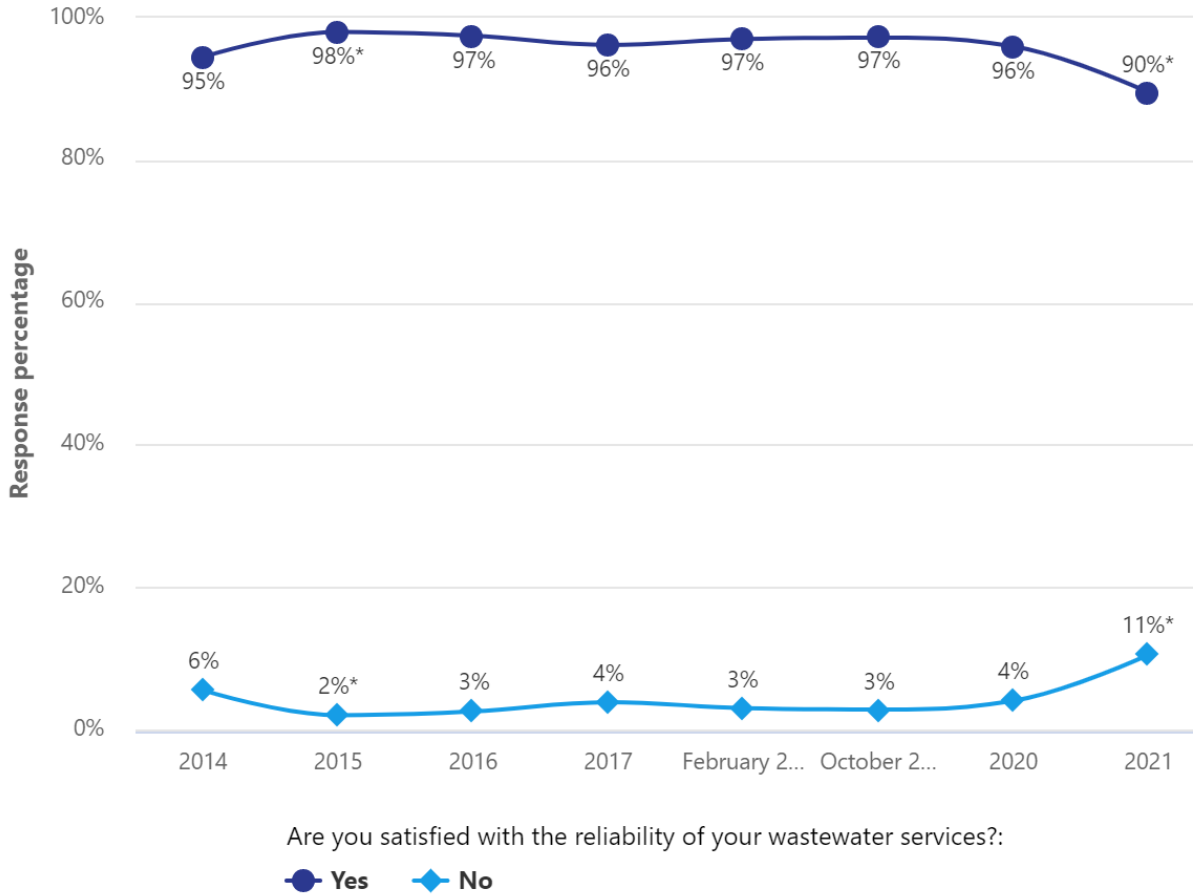
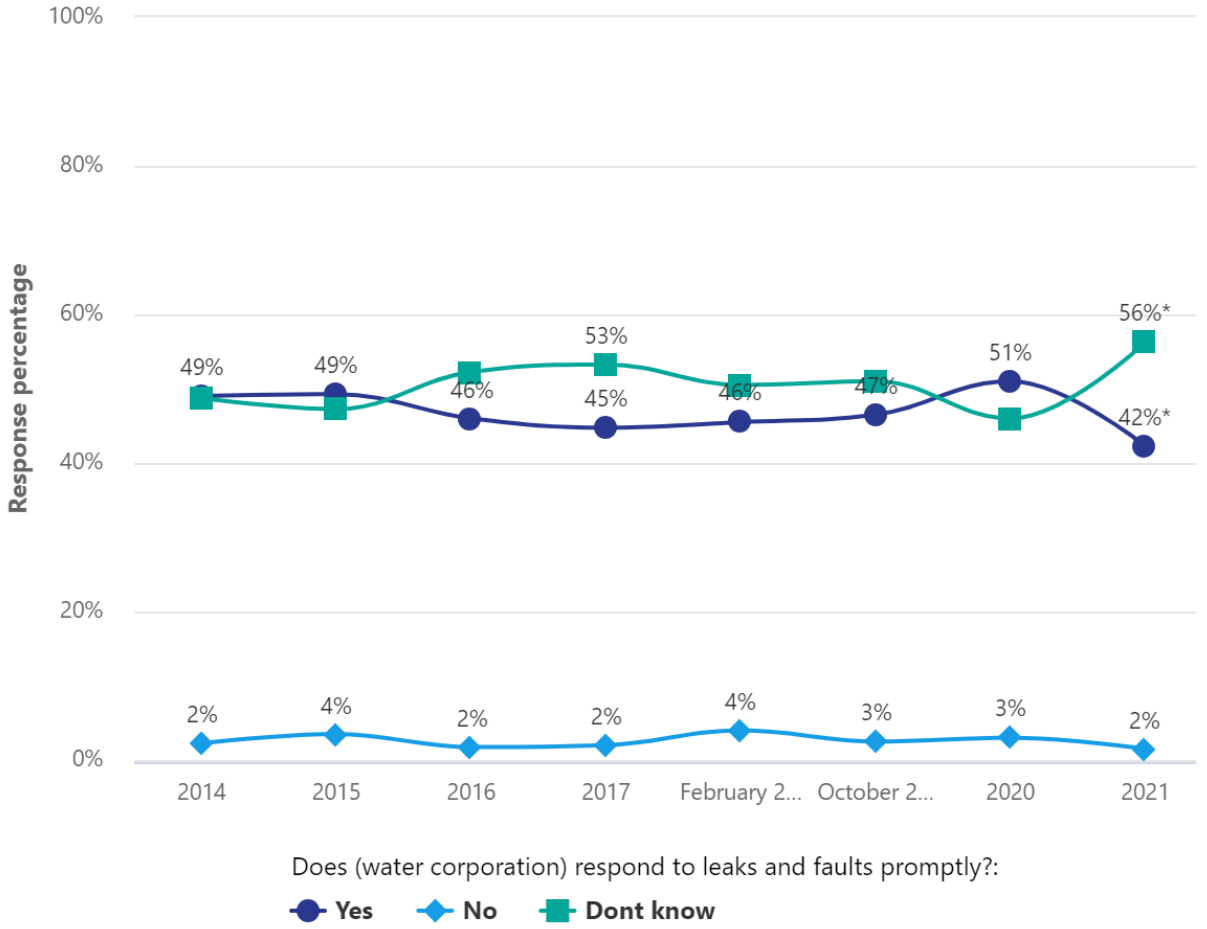
Wastewater Services



WESTERNPORT WATER

Response Times



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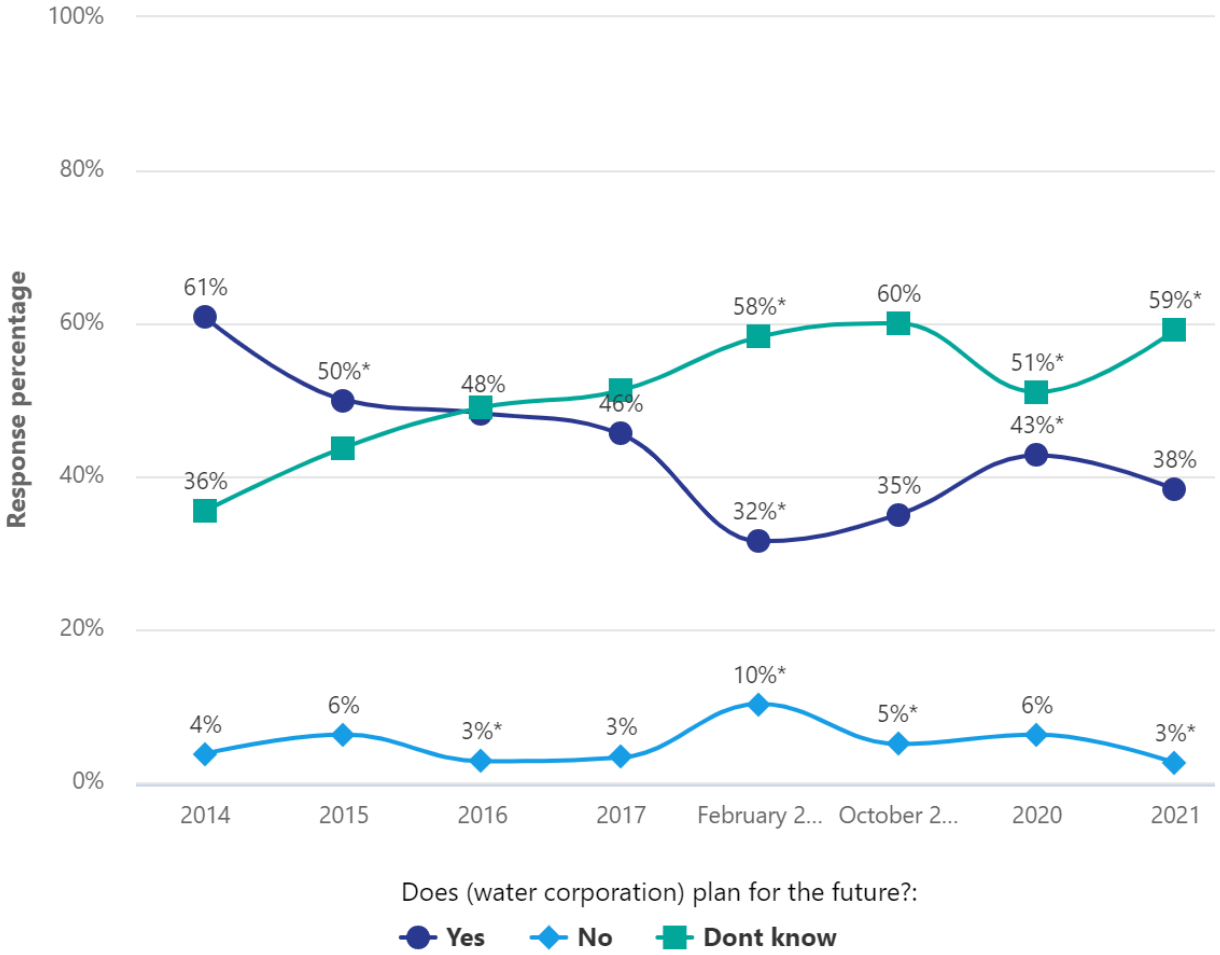
Future Focus



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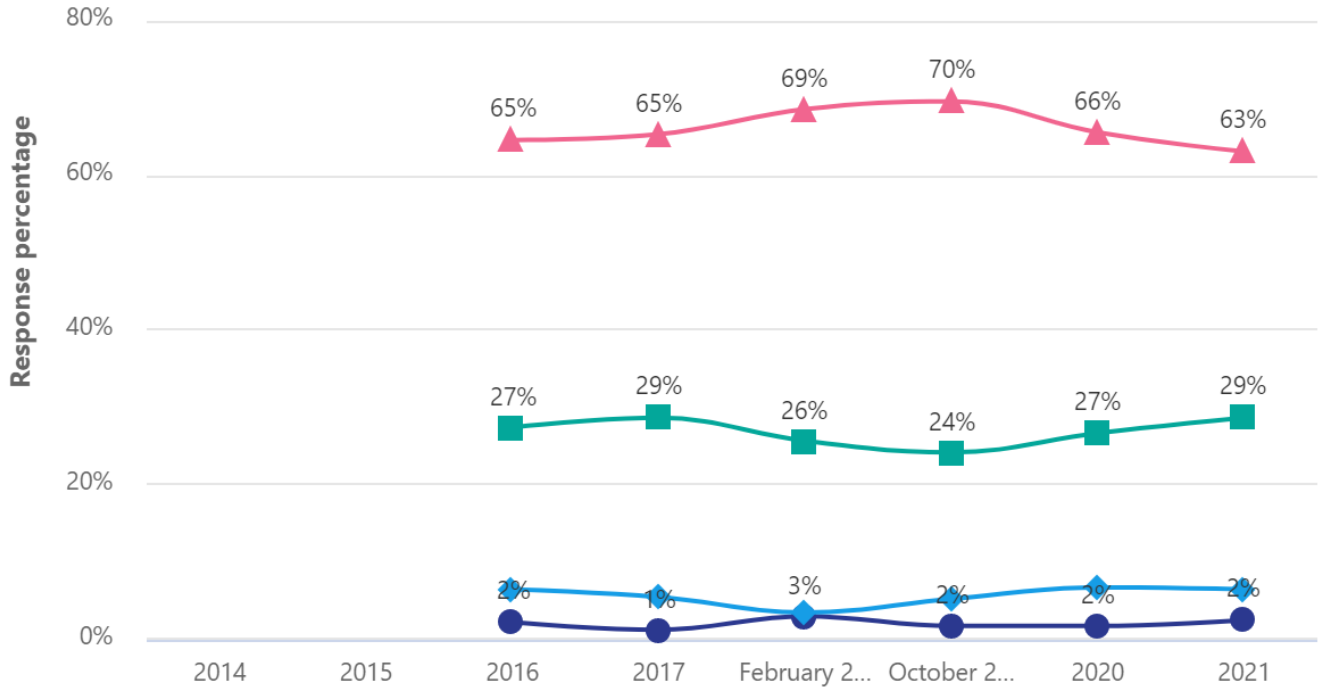
Support for Sustainability



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Support for Sustainability

"Addressing climate change is very important to me.“

“Affordable access to B Grade Water and more done for climate change.”

"Communicate what you are doing to reduce carbon emissions."

"Education for water conservation and understanding of the environmental impacts of Westernport Water's activities."

"Empower customers to understand GHG emission footprint from WPW services & provide opportunities for community involvement in projects - tree plantings, etc."

"Use 100% renewable energy because you are a high power user. Using grid power means you are paying too much for power (which means we are paying too much for water) and significantly contributing to climate change."

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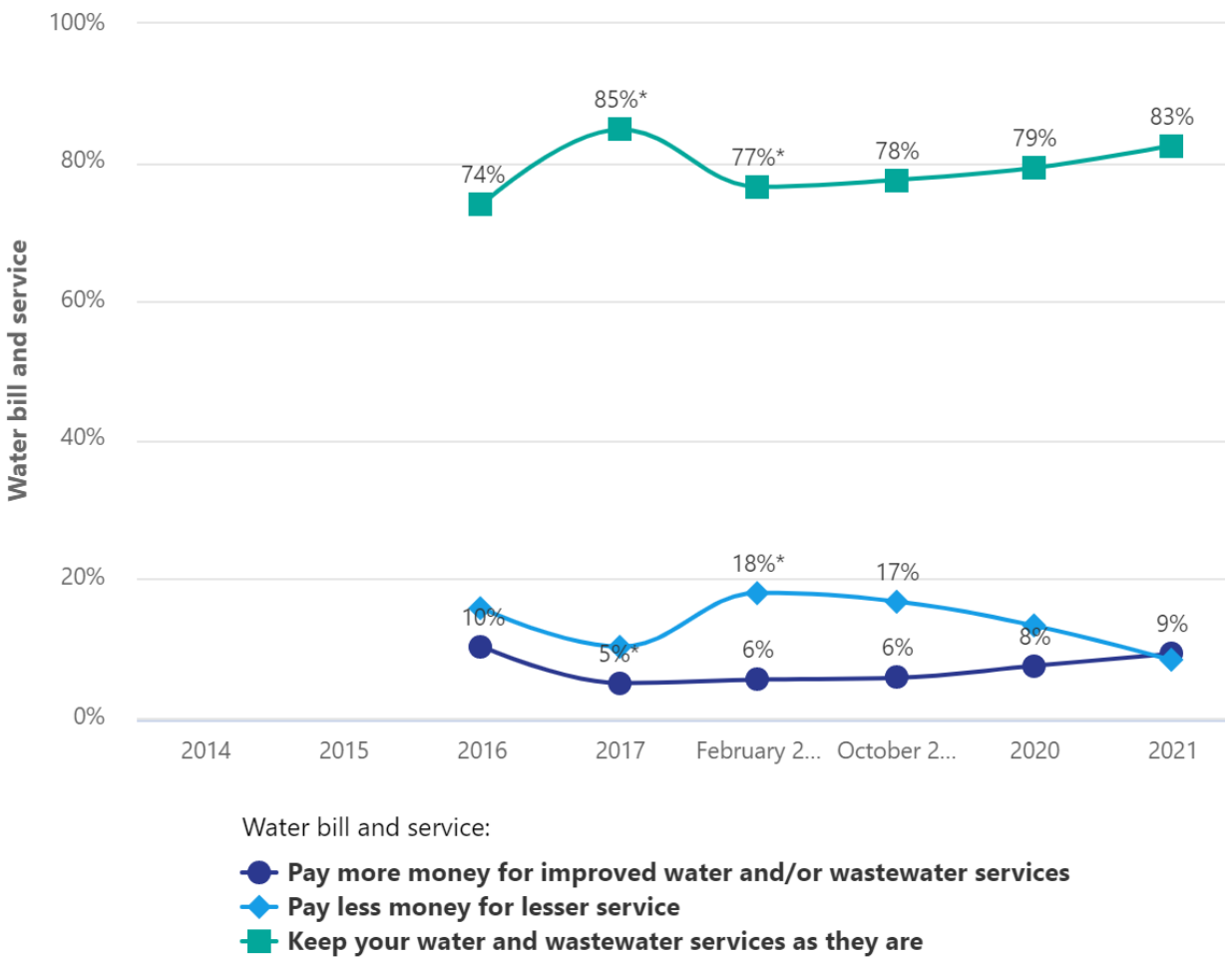
Service Quality vs Affordability



WESTERNPORT WATER

3) Managing Performance

KEY FINDINGS

- Almost 3 out of every 4 customers understand our performance through customer satisfaction with drinking water
- Customers seem to support the simplicity of absolute volume-based figures:
  - Total water interruptions
  - Total water quality complaints
  - Total customer complaints
  - Total greenhouse gas emissions
- Average response and repair times are used by customers to understand performance
- GSL Scheme is supported by customers with improvements sought to turnaround times for water quality complaints and spills to property.

What performance measures are most meaningful?

Guaranteed Service Level Scheme

Guaranteed Service Level	Very Satisfied	Satisfied	Neither	Dissatisfied	Very Dissatisfied
If your water supply is interrupted more than 4 times in 12 months, and the interruptions weren't planned, you get a $75 credit.*	41%	38%	12%	7%	3%
We'll reply to complaints about water quality within 3 days. If we don't, you get a $100 credit.	44%	40%	8%	6%	2%
We won't restrict the water supply of a residential customer, or take legal action, prior to contacting the customer to offer support if they're having difficulty paying. If we don't, you get a $350 credit.	39%	43%	10%	5%	3%
If our our sewer system blocks and sewage spills into your house, we'll contain it within 1 hour of being told about it. If we don't, you get a $550 credit (on top of clean-up costs)	45%	44%	6%	3%	2%
If there's a sewage spill on your property due to our failure, we'll clean it up within 5 hours of being told about the problem. If we don't, you get a $350 credit.**	31%	48%	10%	9%	3%

4) Priorities & Expectations

KEY FINDINGS

- Customers place most importance and what water corporations perceive as core business – safe, reliable and consistent water and wastewater services, supported by good customer service and affordable prices
- There is a very clear set of customer priorities for Westernport Water:
  - Consistent, great tasting water
  - Ensuring bills are affordable for everyone
  - Planning for, and adapting to, climate change
- Surprisingly, water security was the least important responsibility (as rated by customers) – perhaps acknowledging that water restrictions have a role to play.

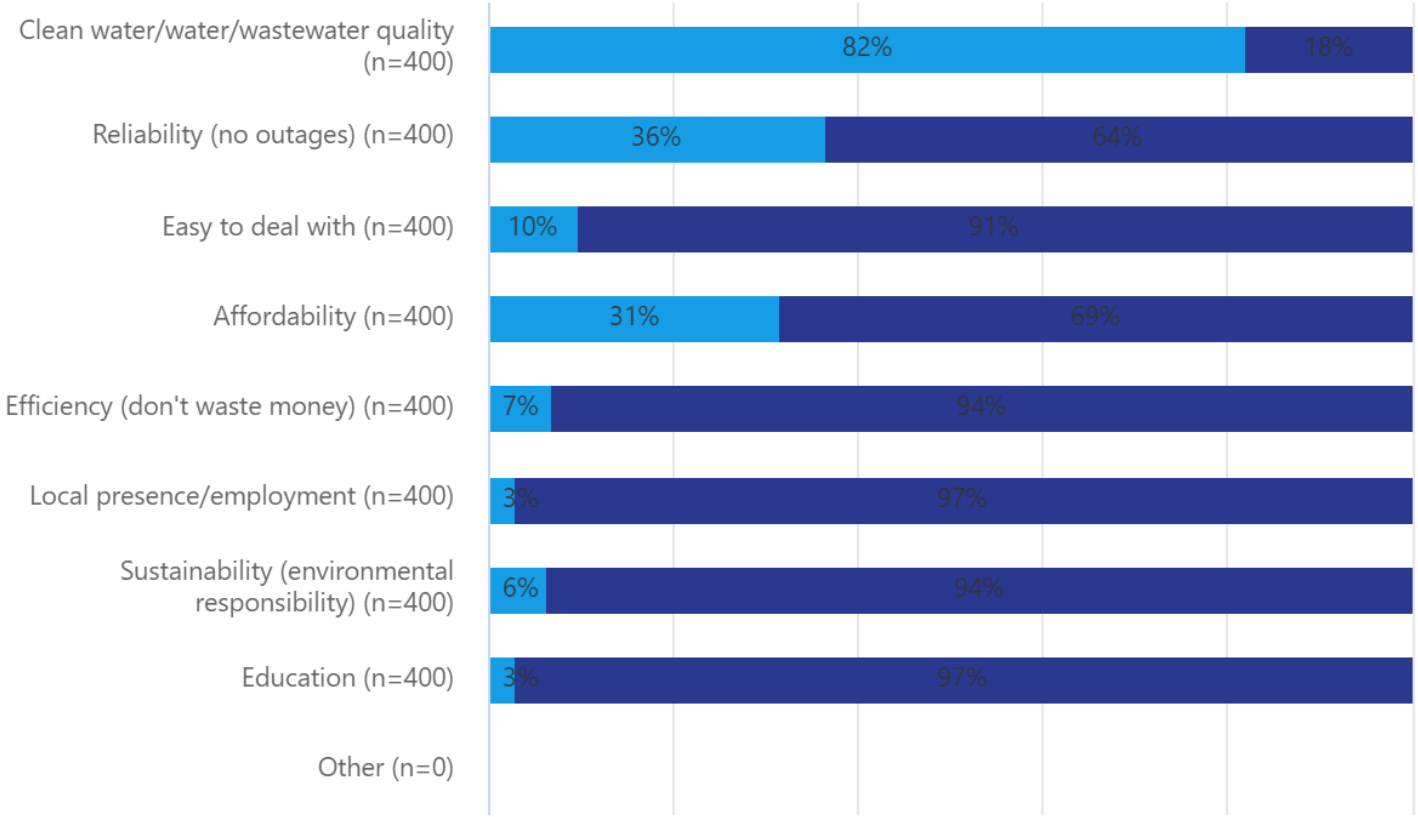
Customer Importance (1-100)

Responds quickly to contain sewer spills	91
Repairs leaks and bursts quickly	88
Delivers safe and reliable wastewater services	87
Focuses on making water bills affordable for everyone	85
Provides friendly and efficient customer service	84
Plans and delivers upgrades to meet customer growth	83
Delivers water that tastes and looks the same every time	83
Keeps water interruptions to a minimum	82
Educates the community on responsible water and wastewater behaviours	81
Continually find new ways to protect and enhance the natural environment	81
Offers extra support for customers in hardship	80
Adapts to climate change and plans for future climate challenges	76
Uses more recycled water to save on drinking water	74
Reduces greenhouse gas emissions from our operations	73
Builds strong relationships with the local community	72
Champions employment for a diverse community	69
Incorporates Aboriginal ecological and cultural knowledge into water planning	68
Avoids water restrictions	64

Top 3 priorities for Westernport Water

Delivers water that tastes and looks the same every time	67%
Adapts to climate change and plans for future climate challenges	41%
Focuses on making water bills affordable for everyone	34%
Delivers reliable wastewater services	29%
Protect and enhance the natural environment	23%
Repairs leaks and bursts quickly	21%
Uses more recycled water to save on drinking water	21%
Reduces greenhouse gas emissions from our operations	21%
Keeps water interruptions to a minimum	12%
Plans and delivers upgrades to meet customer growth	11%
Educates the community on responsible water and wastewater behaviours	11%
Responds quickly to contain sewer spills	10%
Provides friendly and efficient customer service	9%
Incorporates Aboriginal ecological and cultural knowledge into water planning	8%
Offers extra support for customers in hardship	5%
Builds strong relationships with the local community	5%
Champions employment for a diverse community	4%

Interview responses – what do you expect?

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‘Test’ Phase PS23 Engagement Report

WPW developed options to test with customers that were aligned to the priority areas identified in the initial ‘Explore’ phase of PS23 engagement.

Getting to Fair Interviews

Feb – March 2022

Getting to fair interviews sought to speak with organisations and individuals who work on behalf of hard-to-reach groups and/or people experiencing vulnerability, enabling us to gain insights into the needs of customers who may not engage with us directly.

01 Cr Buce Kent

02 Cr Rochelle Halstead

03 South Coast Inclusion Network

04 Corinella & District Community Centre

05 St John's Uniting Church, Cowes

06 Anglicare Financial Counsellor

07 Phillip Island Community & Adult Learning Centre

Key insights from Getting to Fair Interviews

- Lack of mental health services in our region leave many people without adequate support. Many people with mental health issues are also under rental or mortgage stress and will default on bills.
- Levels of debt increased over COVID and this is having an impact on people now that government support and subsidies for COVID have stopped.
- Lack of affordable housing and increasing rent prices is a major issue for many people.
- According to Anglicare's Financial Counsellor, water bill prices are relatively cheap (from a tenant's perspective) and payment plans can be negotiated.
- Feedback from service providers is that customers under financial stress may not open their bills (overwhelmed), others have poor digital literacy or simply do not have access to reliable internet.
- Our hardship services are only helpful if people know they exist; more community education is needed to raise awareness of our support services.
- It's suggested that being visible in the community will help overcome barriers to accessing our services.

Engagement ‘Test’ Phase Activities Overview

March – May 2022

01 Online Focus Group (13)

02 Climate Change Deliberative Forum (29)

03 Corinella Probus Club Meeting (35)

04 Water Quality & Taste Deliberative Forum (27)

05 Phillip Island Community Orchard Open Day

06 Regenerating Australia Community Orchard Oped Day

07 Phillip Island Business Network (21)

08 Access and Usage Charges Deliberative Forum (26)

What is the right timeframe for Net Zero and what mix of initiatives should Westernport Water implement in the next five years?

Customer Views

- Customers broadly supported efforts to accelerate WPW's program of investments to achieve Net Zero by 2030.
- Customers noted that timeliness is critical in regards to climate change and now is a good time to invest with low interest rates.
- Alternative funding avenues should be exhausted – don't just rely on customer funds.
- Any efforts to reduce greenhouse gas emissions need to be supported by a strong evidence-base.
- Be careful of over-committing – need to be mindful of capacity to deliver and the ongoing maintenance costs of particular projects.
- Take the community along for the journey – involve stakeholders and community groups in the delivery where possible.

Final Position

- Overall support for accelerated commitment, with strong support to seek alternatives to customer-sourced funding and ensure investments are based on evidence.

"I think if you are going to do it, you might as well up the ante with conviction, and get on with it. I agree that it might hurt some people, but there is a hell of a lot more people that will be willing to put in money to get the job done."

"If we hold off doing this now then we may be dealing with tougher challenges in the future, not having the funds to do this."

How do we drive further value from wastewater?

"Learning from your mistakes is very important (lower than anticipated re-use). I do like the wetland's idea – the bigger the better!"

Customer Views

- Customers supported a balanced approach that would deliver benefits to the environment and support a growing economy.
- Restorative wetlands would increase opportunity for tourism, recreation and biodiversity.
- Investment in recycled water is not profitable and relies on cross-subsidisation – funds should be used carefully. More capital investment will increase cost for customers.
- Any investment for an environmental solution should start small and be supported by research and benchmarking as it grows.

Final Position

- Most customers supported an environmental solution to reduce the ocean outfall, however some preferred a business as usual approach that focused on increasing re-use from non-residential customers.

What initiatives should Westernport Water plan for today for improved and consistent tasting water tomorrow?

"I'm far more interested in an incremental process, rather than "let's try new tech", incremental should always be aware of new technology and it should be phased in as required.

Customer Views

- Concerns around increased cost for customers.
- Any improvements should be made on an incremental basis to smooth price impacts for customers.
- Investigate new and emerging technologies – don't need to act on it.
- Anything that reduces chemical treatment is a positive.

Final Position

- Customers wanted to ensure that any new treatment technology is based on best practice, however there was a general desire to keep costs as low as possible.

"Can't change (e.g. improve quality) if you keep doing the same thing. Need to do something differently."

What initiatives should Westernport Water explore for community education and access to drinking water?

"I applaud your efforts- thank you (with regards to drinking water campaigns)."

"With the current issues we face with climate change, COVID and drinking water avoidance - no brainer: look at option 2 (increase in education)."

Customer Views

- The discussion regarding community education and access to drinking water focussed on the importance of education, safety and culture change.
- There were diverse views for this topic. Some customers supported additional fountains, particularly for children's sporting facilities, others expressed reticence to use fountains due to the risk of covid, with one customer questioning the need for public water fountains at all and wanted investment in education and culture change.

Final Position

- Customers agreed to additional funding for community education and the maintenance of the existing program of water refill stations (rather than expansion) with a focus on sporting precincts for children.

What is your view on the current customer performance-rebates for failed targets?

"It seems counter intuitive making Westernport Water find the penalty from their operations budget, thereby reducing opportunity to meet other KPIs."

"I'd like to see a public flogging, in a gentle fashion, when these are not met, rather than money back….put your hands up and say 'mea culpa,' rather than money from the organisation."

Customer Views

- Rebates have to come at the expense of an operational budget.
- $5 per failed target does not make much of a difference to most customers and tenants don't benefit.
- The principle is the right one – if customers don't get what they paid for they should be refunded.
- These funds are better targeted to the people that need them.

Final Position

- Customers agreed that the current approach was not effective as the payment was immaterial and didn't fix the problem. Support for a customer panel to assess performance or redirect funds to relevant cause identified by Westernport Water. Customers were split as to whether these changes should be made immediately or deferred to the next period.

"Yes, it's a small amount for the customer - but $400,000 total is a lot going forward. Option 4 has the most flexibility (customer panel deciding on where funds are directed) - as long as it remains fully transparent and accountable to the community. Or for any of the other options really…"

How does reducing the fixed (access) charge affect different types of residential and commercial customers?

"Allow the current fixed rate - I now understand how the cost is structured, it's there to help everyone to keep using water, which is essential. I used to consider the fixed charges a rip off, but now understand that it is structured to help everyone. Keep it as it is now - this is reasonable".

"My water usage is so low; I would like to see reduced fixed charges to reduce my bill."

Customer Views

- Some customers felt current charges discriminate against good water savers and WPW should promote more of a user pays system.
- Others felt the current balance should remain, otherwise changes will discriminate against low income and vulnerable customers.
- Some believed that an increase in variable charges would not make any difference to water use.
- Majority position was that other initiatives would be more effective in supporting water efficiency.

Final Position

- Majority of customers voted for no more than a 2% reduction in the fixed rate.

"As a renter, I don't mind paying more if it means my pensioner mother saves money."

Do you support the application of the special meter charge for outgoing tenants (paid by the landlord) in the future?

"I can see it is completely fair to be paid for by the landlord, but as a landlord I would be happy to not to pay it."

"As a former landlord, you able to claim the charges on tax. You can charge all these things. It is fair and less messy for the landlords to pay."

Customer Views

- Several customers felt that WPW should not be absorbing the cost of the special meter reads, with comments related to the fairness of a user pays systems.
- Other customers wanted to explore alternative ways to recoup the cost, such as from tenants or through the use of smart meters.
- There were several concerns that the charges would be passed on the tenants that are already under pressure with costs of moving.

Final Position

- Two thirds of customers were supportive of introducing a charge for outgoing tenants to be paid by the landlord.

Forum Evaluation

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

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

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

- Customers were asked to reflect on the forums and provide feedback on their experience. Participation was voluntary and 39 customers responded.
- What worked well? Facilitators and speakers (21), information provided (17), opportunity to speak/be heard (16).
- What can improve? Ensure pre-reading material is read (5), prefer in-person (7), shorten sessions (5).
- Why would you recommend? Chance to learn (22), chance to contribute (14).


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APPENDIX

Appendix Two

Deliberative Forums Pre-Reading Material

WESTERNPORT WATER

PRE-READING INFORMATION PACK

Water quality and taste Customer Forum

Primary Topic: Water Quality and Taste

Secondary Topic: Performance Management

Choose your water future

Thursday 7 April

Pre-reading material

WESTERNPORT WATER

Enclosed in your pre-reading material:

Overview of previous customer engagement

Highest customer priorities

Background

Primary topic: Water quality and taste

- Water quality performance against current customer commitments
- Achievements and recent investment
- What initiatives should Westernport Water plan for today for improved and consistent tasting water tomorrow?

Secondary topic: Performance management

- Should Westernport Water continue to provide rebates to customers every 5 years if we fail to deliver on our pricing submission promise?
- Is there a more desirable use of those funds?

Glossary

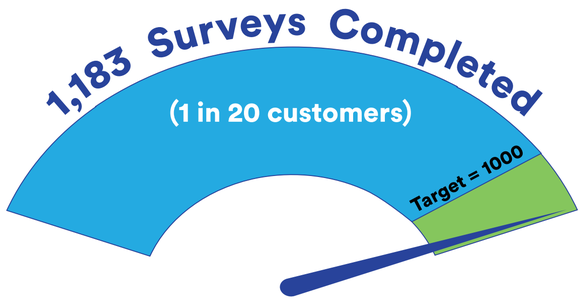
Manganese	If tap water appears yellowish/brown through to brownish/ black, and sometimes containing sediments, it is actually due to the presence of naturally occurring magnese that can sometimes accumulate within tanks and pipes over time.
Chloramination	Disinfection process where small amounts of chlorine and ammonia are added to the water to produce chloramines.

Choose your water future

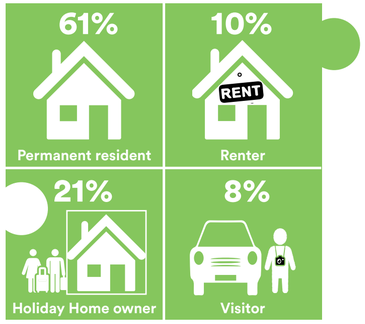
Phase 1: Customer Consultation

Who did we speak to during phase 1 engagement and how?

We welcomed feedback from anyone who lives, works, visits, or owns property in our area.



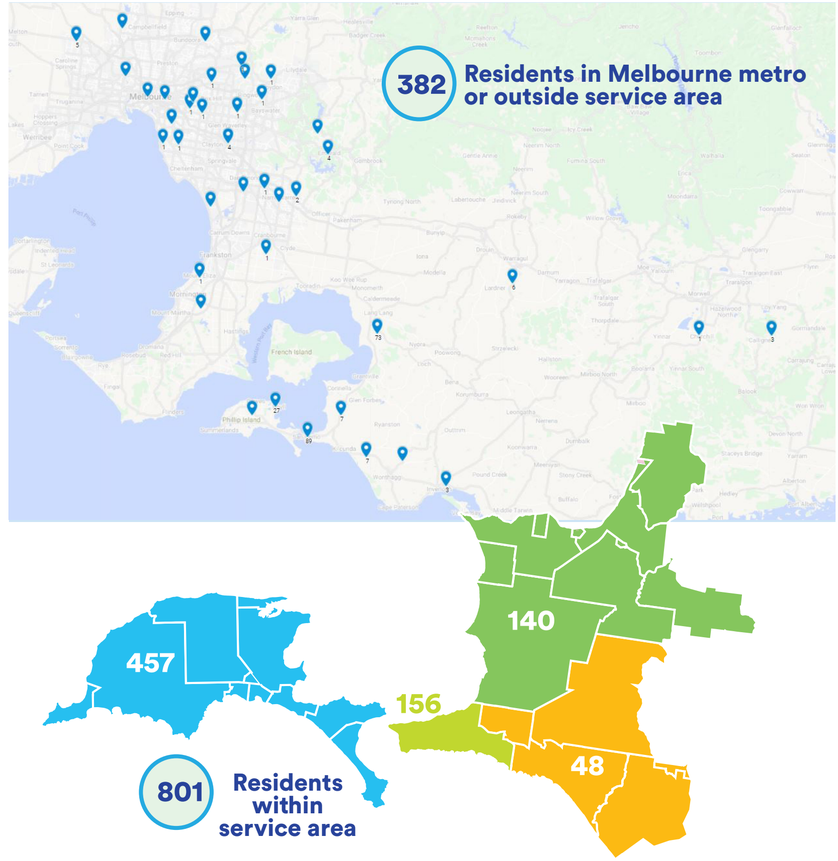
Respondent type



Survey method

- 664 online
- 400 phone
- 119 in person

Customer survey geographic data



What you told us - Satisfaction levels overall with:

Drinking water	Wastewater services	Value for money	Customer Service
66%	89%	68%	93%

What we learnt: Of all our services, these are the top 3 that matter most to customers:

- Provide consistent, great tasting water that tastes and looks the same every time 67%
- Planning for, and adapting to, climate change 41%
- Ensure bills are affordable for everyone 34%

WESTERNPORT WATER

Choose your water future
HAVE YOUR SAY

Choose your water future

Phase 1: Customer Consultation

Highest priorities for our customers.

What customers expect from their water provider?

Provide safe and clean drinking water that looks and tastes the same every time

Provide reliable water and wastewater services

Deliver friendly and accessible customer service

Ensure bills are affordable for everyone

Plan for, mitigate and adapt to climate change

Quotes from customers about climate change and sustainability:

"Improve the quality of drinking water. I have had to fit filters to my supply to enable me to drink the water."

"It would be good if the water didn't smell like a swimming pool."

"The taste has improved ten-fold over last 15 years but still room for improvement."

"The water quality is not very good, many of my friends and family buy water when they visit..."

"The taste and quality of the water is perhaps the most important issue for me."

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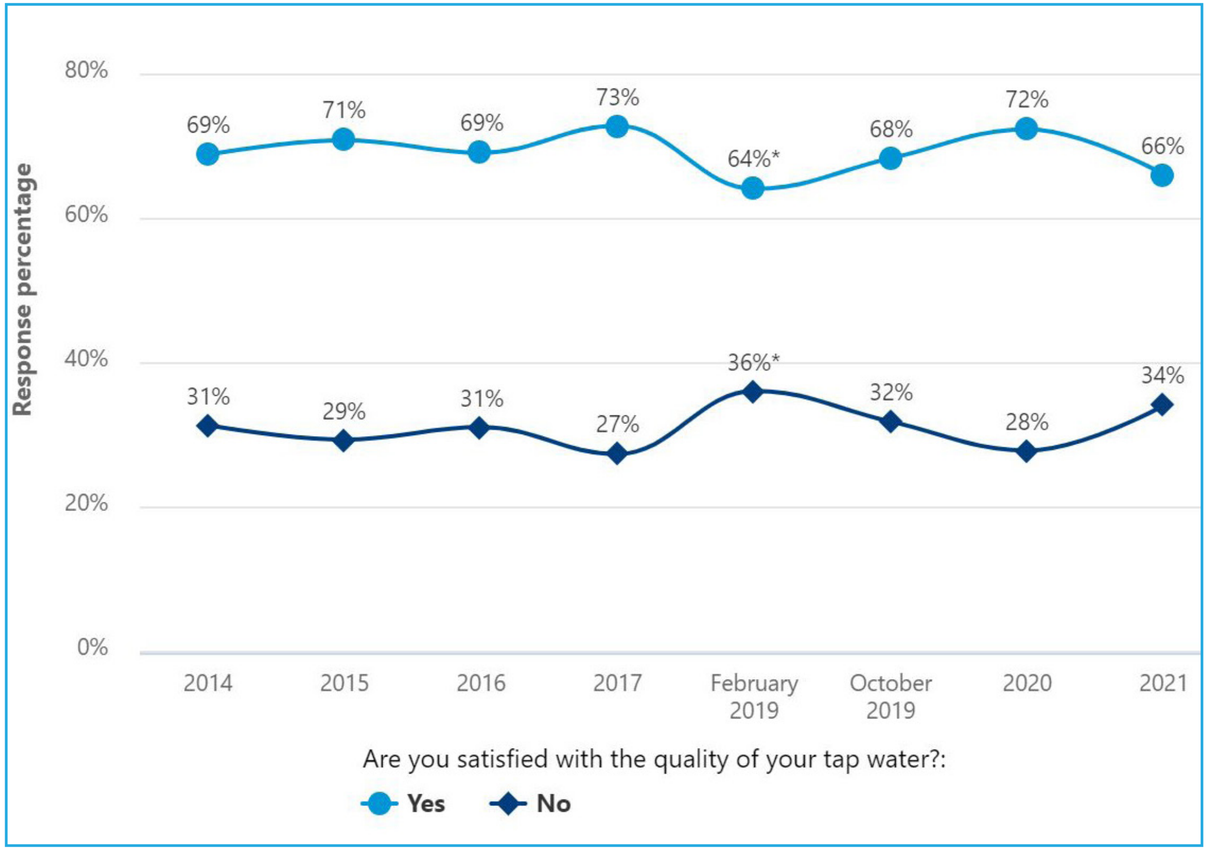
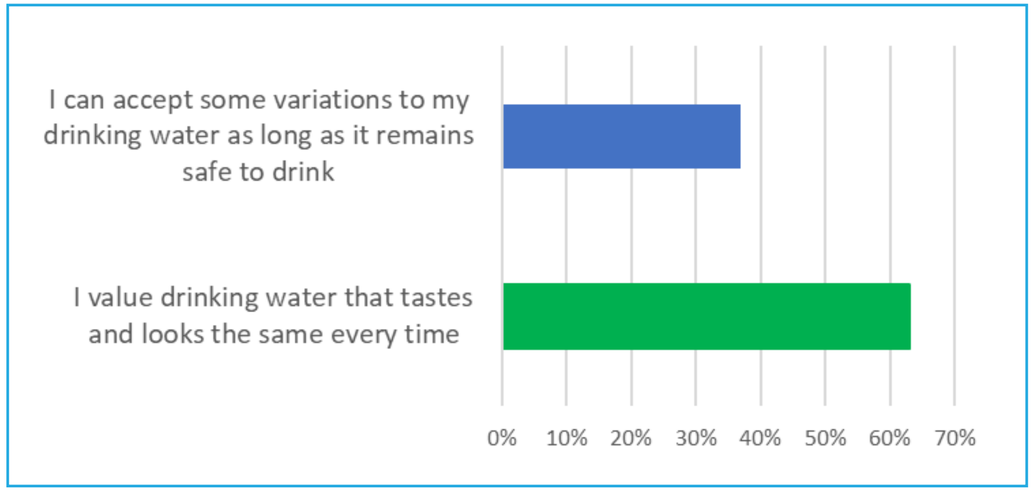
HAVE YOUR SAY

Customer satisfaction with drinking water.





Satisfaction with tap water
66% satisfied, 34% not satisfied

Water quality performance against current customer commitments

Target: Better tasting water

Output	2020-21	2019-20	2018-19	Target 2018-23	
Customers (%) satisfied with drinking water via annual telephone survey	72 *	69	64	> 70	☺
Number of Safe Drinking Water Act non-compliances (water sampling and audit)	0 #	0	0	0	☺
Number of water quality complaints per 100 customers	0.95 +	0.08	0.22	< 0.22	☹

* Customer satisfaction with drinking water improved significantly this year.

\# There were no non-compliance events this year.

\+ Taste and odour issues affecting some townships in December 2020 contributed to a higher number of complaints this year. Learnings will lead to operational improvements going forward.

$5.99M invested since 2018-19

What have we done?

- **San Remo Basin Liner & Cover Renewal** - The liner and cover of the basin is approaching the end of its useful life and will be replaced, protecting our water security and water quality for years to come. Project budget is $2.6M and is expected to be completed this year.
- **Phillip Island Water Security Supply** - Construction of a 2.3ML treated water storage tank at Wimbledon Heights provides service reliability to our customers and operational flexibility in the event of a water outage or water quality event. The Corporation invested $1.3M on this project.
- **Stanley Road Mixer** - A mechanical mixer has been installed in our Stanley Road storage. The new mixer provides continuous mixing of water inside the basin to improve the water quality.
- **Ultra Violet Treatment** - UV disinfection was introduced at our water purification plant to provide a secondary barrier to the existing treatment process. This increases our ability to protect the safety of our water.
- **Filter to Waste** - The Filter to Waste system, installed at our Ian Bartlett Water Purification Plant, increased the operational flexibility of our treatment system.
- **Powder Activated Carbon Upgrade** - An upgrade to the Powder Activated Carbon treatment process at Candowie Reservoir, removing organics from raw water and improving taste.
- **Vertical Profiler** - installation of a vertical profiler in Candowie Reservoir to increase understanding of raw water quality throughout the water column, providing early warning of changes to water quality to inform the treatment process.
- **Real-Time Monitoring** – Westernport Water introduced real-time monitoring of treated water at the Grantville water storage to monitor quality.
- **Melbourne Water Supply System** – Received water from the Melbourne Water Supply System for the first time in 2019-20.
- **2021 WIOA Best Tasting Tap Water** - Westernport Water was recognised as having Victoria's best tasting tap water at the recent Water Industry Operators Association of Australia (WIOA) 2021 Best Tasting Tap Water competition and were finalists the two years prior.

Choose your water future

Have your say...

Provide consistently great tasting water

What initiatives should Westernport Water plan for today for improved and consistent tasting water tomorrow?

WESTERNPORT WATER

Choose your water future

Options for discussion

Provide consistently great tasting water

What initiatives should Westernport Water plan for today for improved and consistent tasting water tomorrow?

Future investment for improved water consistency and taste

1 Maintain a continuous improvement approach

Meet all water safety and quality targets, while focusing on cost-effective improvements to taste and quality.

Includes:

- Construction of 2.8km of water main providing improved consistency to waterline communities
- Replace/relocate Corinella pressure reduction valve
- Development of future plans to enhance and improve water purification plant/distribution system
- Chloramination dosing system to deliver consistent tasting water to Bass and Woolamai
- Manganese analyser at the water purification plant to optimise its removal
- Dead ends automatic flushing devices decreasing water age
- Cleaning trunk mains to reduce biofilm within the distribution system.

Why:

In recent years, WPW has invested in enhancements to the treatment process at our water purification plant at Candowie Reservoir. Over the next five years, our proposals focus on the distribution network to: improve the flow and consistency, reduce sediment within our water main and identify real time changes to raw water manganese to help us improve the quality of drinking water.

Total investment over 5 years:

$2.3M ($1.8M capex, $0.5M opex)

2 Seek out new treatment technologies

Meet all water safety and quality targets, while investigating new emerging technologies and innovations for our water purification plant.

Includes:

All deliverables in Option 1, plus:

- Performance analysis and new treatment technology investigation (additional $0.3M).

Why:

There are limited cost-effective changes that remain to improve the current water treatment process for customers without introducing new treatment technologies. Given we know that the taste of water is a high priority for our customers, we are already proposing to invest in this area. New and emerging technologies and innovations can be further explored over the next five years, with findings then being the basis for consultation with our customers in the future.

Total investment over 5 years:

$2.6M ($2.3M capex, $0.5M opex)

WESTERNPORT WATER

Choose your water future HAVE YOUR SAY

Future investment for community education and access to drinking water

1 Basline - Choose Tap

Keep Status Quo / Current Expenditure on Water education

Includes:
Installation of 7 Community Water refill stations, and promotion of health and environmental benefits of drinking water (Choose Tap Program).

What does this mean:
Increased access to free drinking water at key community locations.

Why:
Because schools and community groups value this support and there are proven benefits to the environment and health (less consumption of sugary drinks and single use plastics).

Cost over 5 years:
$125k over 5 years

2 Water for resilient and liveable communities

Support sporting groups, and hospitality and tourism organisations to encourage customers to choose tap water.

Includes:
Installation of 15 community water refill stations at key locations and sporting facilities. Engage with and provide resources to encourage drinking tap water instead of purchasing bottled water.

What does this mean:
Supporting resilient and liveable cities and towns means supporting tourism, business, accommodation providers and property managers by providing resources to encourage people to choose tap water.

Why:
Equipping tourists and non-permanent residents with accurate and accessible information on the benefits of consuming our drinking water will help protect our local environment (reduction in single use plastic). Providing accessible water refill stations at sporting grounds and facilities will reduce consumption of sugary drinks and increase health benefits for participants and spectators providing ongoing value.

Cost over 5 years:
$450k over 5 years ($200k opex + $250k capital)

Should Westernport Water continue to provide rebates to customers every 5 years if we fail to deliver on our pricing submission promise?

Is there a more desirable use of those funds?

Once again, we will outline 12-14 commitments in the areas that have been identified as priorities by our customers.
In the event that we miss these targets, what are the consequences for Westernport Water?

Customer commitments and rebate options for 2023-28

Current Customer Commitment 2018-23

Current performance and forcasted rebate

Based on current performance this regulatory period, Westernport Water is **forecast to meet 12 of 14 commitments and pay a rebate of $10 to every household in 2023-24** due to two missed targets.

1) If customers prefer a different model of performance management (refer above), would you like to see these changes made immediately?

2) Or wait for the next regulatory period to commence (from 2023-24)?

1 No change to current customer commitment rebate system

Performance-based rebate program

Maintain our current performance-based rebate program, delivering rebates to customers for each missed commitment (thereby crediting customer bills).

2 Reinvestment instead of refund

Performance-based investment program

Create business rules whereby rebate funds for failed commitments would instead be reinvested into the areas that are under-performing whether inside or outside of Westernport Water.

For transparency, customers would receive detailed information on how these funds have been re-invested to improve future performance.

3 Customer led panel for reporting

Customer Performance Panel

Westernport Water currently self-assesses its performance annually and reports back to each customer via the Annual Watermark.

Alternatively, a customer-representative panel could be appointed and independently facilitated each year to complete and distribute the Annual Watermark.

4 Combination of options 2 & 3

Customer Performance Panel (incl. investment program)

A combination of options 2 and 3.

A customer-representative panel could be appointed to oversee the annual performance assessment and prioritise ‘rebate funds’ for reinvestment based on the options presented.

Access and usage charges and bill impacts

Customer Forum

Topic 1: Fixed (access) versus Variable (usage) charges

Topic 2: Special meter reads

Choose your water future

Tuesday 3 May

Pre-reading material

WESTERNPORT WATER

Enclosed in your pre-reading material:

Overview of previous customer engagement

Highest customer priorities

Background

Topic 1: Fixed versus variable

- Balancing access and usage charges

Topic 2: Special meter reads

Glossary

Fixed access charges	Westernport Water customers pay fixed access charges for water and wastewater services.
Variable usage charges	Westernport Water customers pay for their water usage based on the volume of water that is used and measured by the property's meter at a fixed rate per kilolitre.
Other charges	Such as the Waterways and Drainage Charge. This is an annual charge collected by us on behalf of Melbourne Water.
New customer contributions	Sometimes known as 'developer charges'. Levied by water businesses when new customers connect to the existing water, sewerage and recycled water networks.
Special Meter Read	A special meter read is often done when someone is moving out of a property or at the request of a customer.
Opex	Operational cost of running the business day to day.
Capex	Capital expenditure for projects and infrastructure.

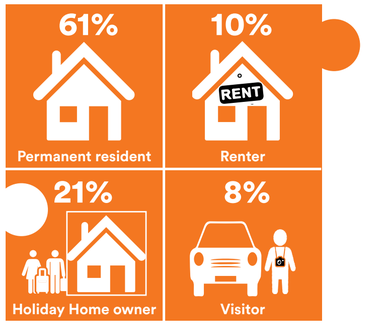
Choose your water future

Phase 1: Customer Consultation

Who did we speak to during phase 1 engagement and how?

We welcomed feedback from anyone who lives, works, visits, or owns property in our area.

Respondent type



Survey method

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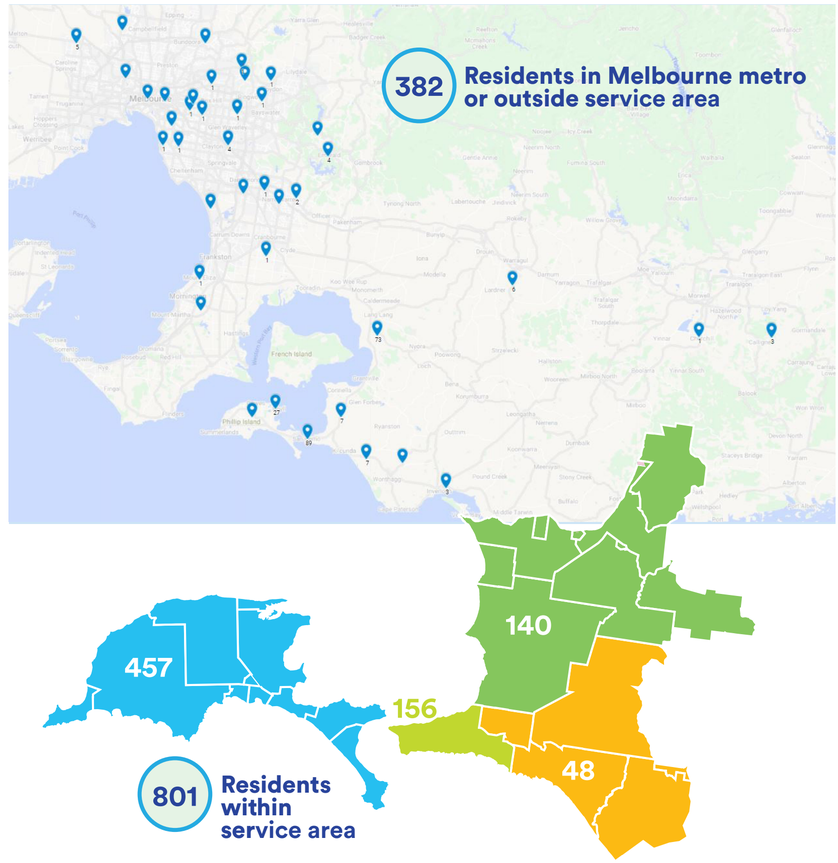
Customer survey geographic data



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Choose your water future

Phase 1: Customer Consultation

Highest Priorities for our customers

What do customers expect from their water provider?

- Provide safe and clean drinking water that looks and tastes the same every time
- Provide reliable water and wastewater
- Friendly and accessible customer service
- Ensure bills are affordable for everyone
- Plan for, and adapt to climate change

Quotes from customers about their bill:

"Reduce costs. I hardly use any water but have a very high bill."

"Westernport's water is extremely expensive. Service charges are enormous compared to water usage, need to scale the cost of these service charges against usage and if this is already being done, cut staff - your overheads are too high to have these very high charges."

"Your service charges are too high for what we get. Forget social issues - be good at your core business and remember without customers you wouldn't have a business."

"Just keep the costs down - water rates are ridiculous... It makes little difference if I use less water to my bill because you charge very high service rates."

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Choose your water future

Phase 1: Customer Consultation

Where your money goes.

What does your water bill pay for?

Total forecast expenditure for 2021-22 financial year of $27.2M

32%

Water services

Operations and maintenance of our reservoirs, drinking water treatment plants and distribution networks

- Water Treatment $3.9M
- Water Network Operations $4.8M

23%

Wastewater services

Maintaining our networks and treatment plants and removing, treating and disposing of wastewater.

- Wastewater Treatment $3.0M
- Wastewater Network Operations $3.3M

12%

Customer service and corporate

24/7 emergency support and response, customer support, business administration, environmental levy etc.

- Environmental Contribution $1.1M
- Customer Service & Billing $1.3M
- Other Corporate Services $0.9M

33%

Capital expenditure

Upgrades and renewals of water treatment plants, wastewater treatment plants, and new infrastructure.

- Compliance $0.2M
- Growth $3.5M
- Improved Services $0.4M
- Renewals $4.8M

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Choose your water future HAVE YOUR SAY

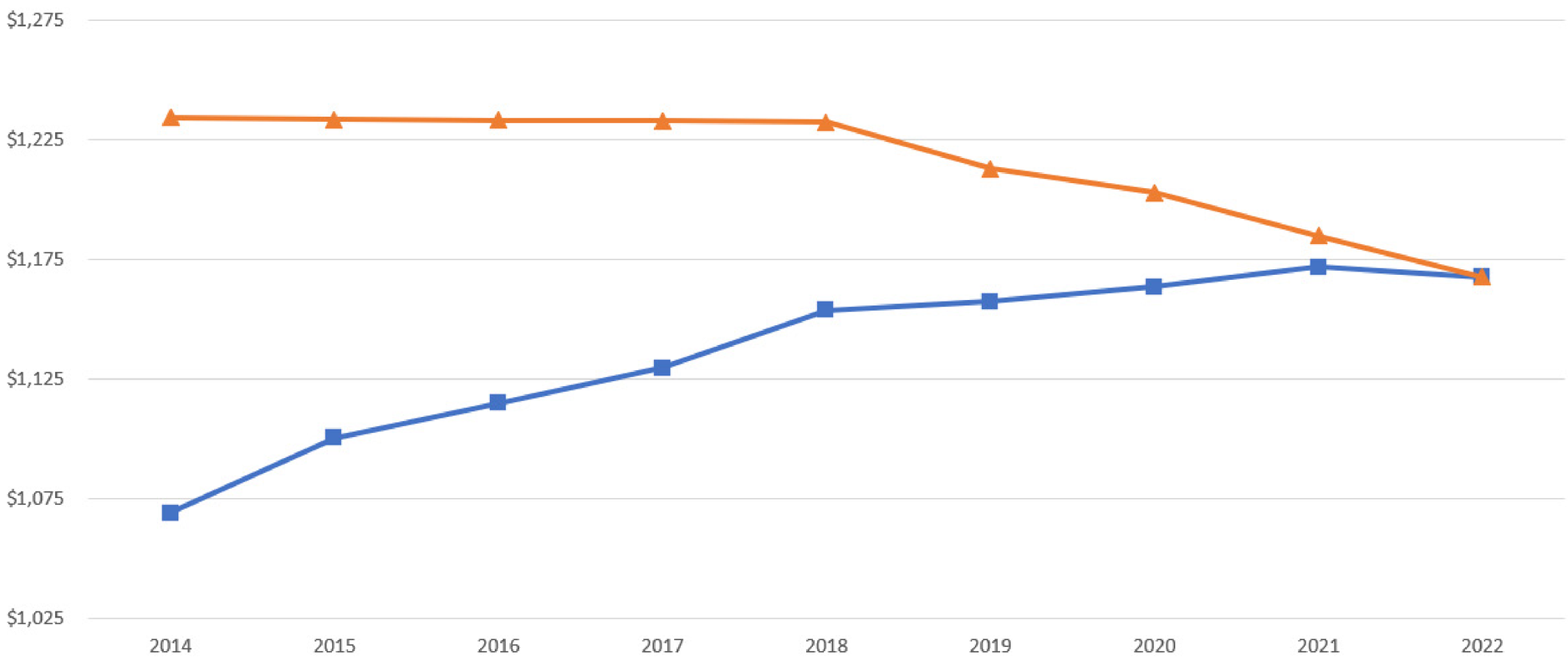
Choose your water future

Phase 1: Customer Consultation

Historical price path

We know affordability is a key priority for customers.

Average customer bills - price path over the past 8 years ($, nominal) (rebates not included)



2021/22 $ and excludes inflation (rebates not included)

Represents $ of the day an includes inflation (rebates not included)

Over the period 2023 to 2028 our aim is to keep prices as low as possible.

WESTERNPORT WATER

Choose your water future HAVE YOUR SAY

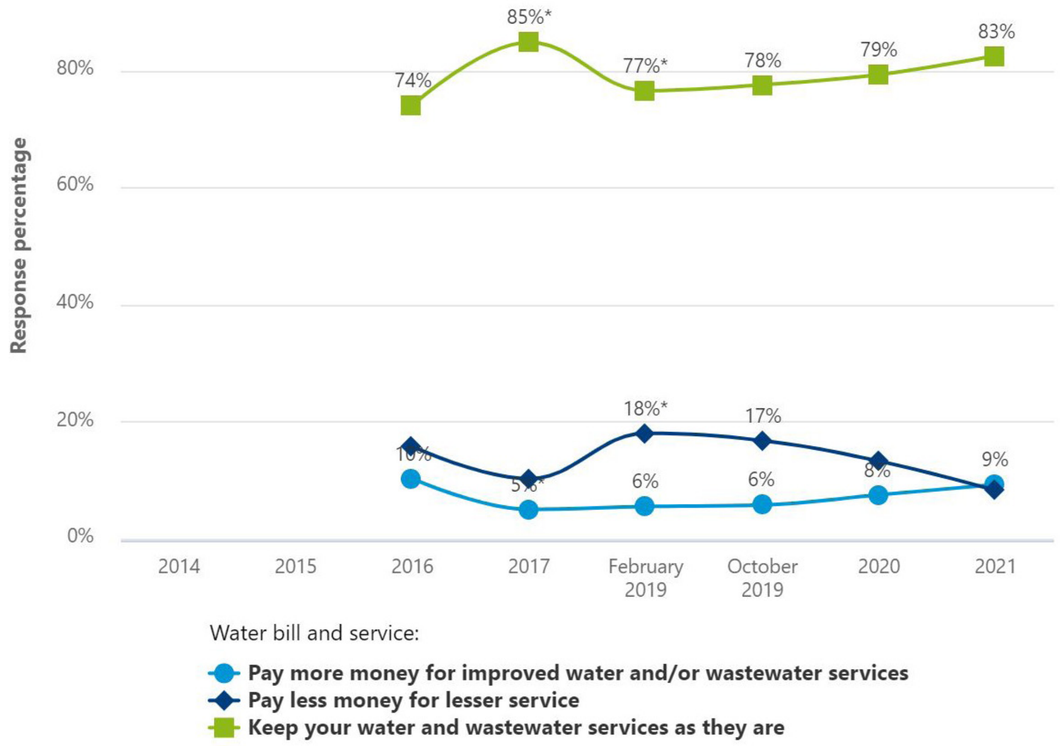
Choose your water future

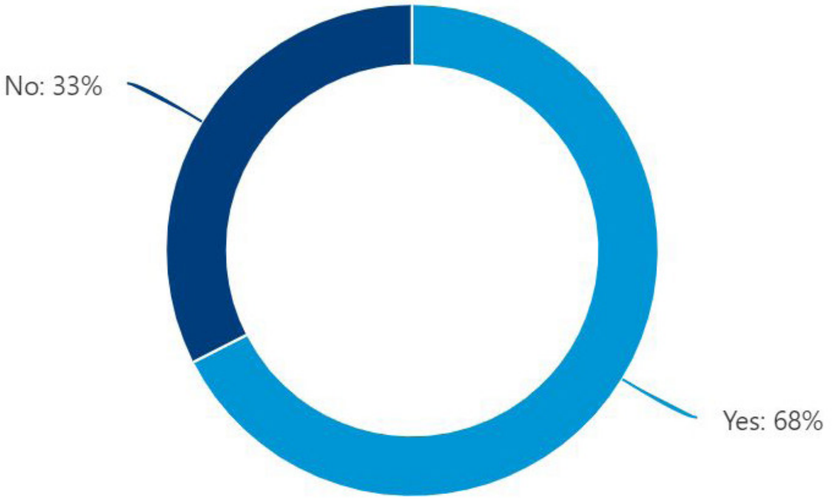
Phase 1: Customer Consultation

What you told us?

Customers told us that affordability and strong performance is important to them.

What do customers expect from their water provider?





Response percentage (n=400)

Do you receive value for money for the services that are provided?
Date period: Responded 2021
Response filter: Water Corporation: Westernport Water

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Choose your water future HAVE YOUR SAY

Choose your water future

Phase 1: Customer Consultation

Financial hardship in Bass Coast

We know there are many people in our community experiencing financial hardship.

Bass Coast has a population of over 38,000 people (estimated as at 2021)

10th

Job keeper
The Bass Coast is ranked 10th out of 80 councils for percentage of Job Keeper recipients (9.6% as at December 2021)

*https://www.remplan.com.au/

13.1%

Rental accommodation
13.1% of people live in rental accommodation

*realestateinvestar.com.au

50%

Housing market
The median listing price for a house is $775,000 and this has changed 33.62% over the past year and 50.33% over 2 years (putting pressure on housing availability and affordability)

*realestateinvestar.com.au

.2%

Hardship customers
Westernport Water continues to have the highest proportion of its customers on hardship programs in comparison to all other water corporations.
(200 per 10,000 customers).

*Essential Services Commission

Customer satisfaction
According to insights from our annual customer satisfaction survey, renters report high levels of satisfaction. 81% of renters surveyed felt that they received value for money for the services provided by Westernport Water

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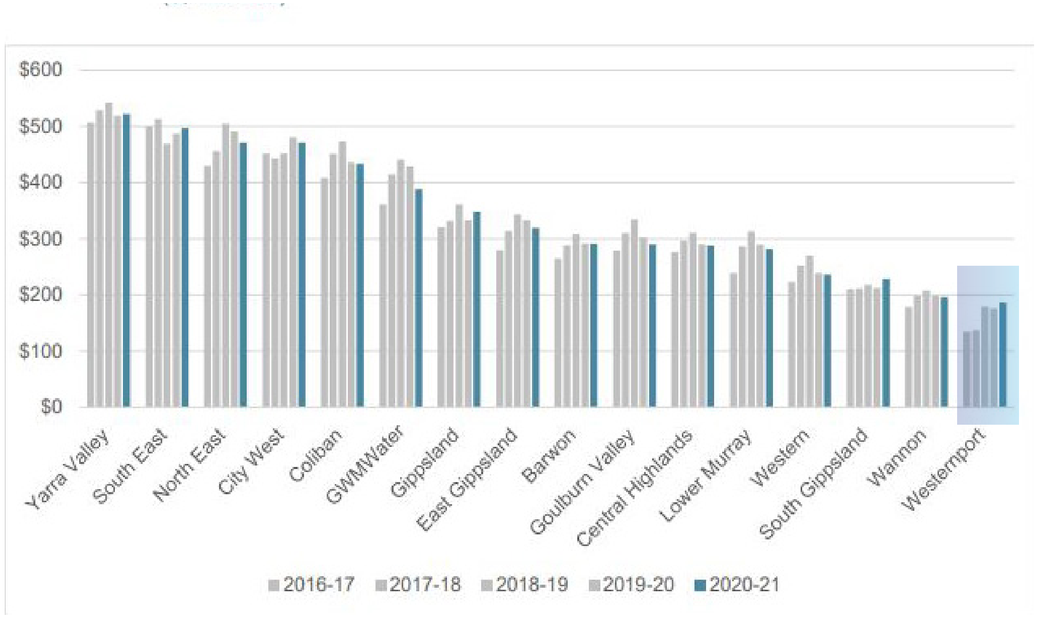
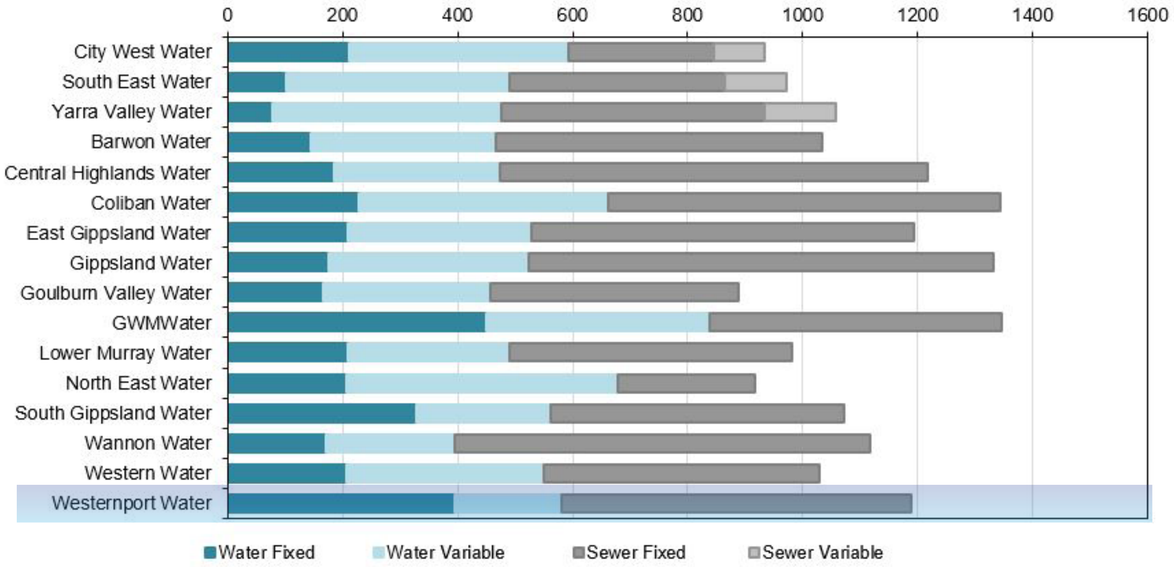
How we compare against other water corporations for typical household bills.

Tenants — average household bills ($, nominal)



Owner occupiers — average household bill breakdown ($, nominal) (rebates not included)



New Customer Contributions

New Customer Contributions (NCC) are an upfront payment to recover the cost of major water, sewerage and recycled water infrastructure required to service a new development. Sometimes known as ‘developer charges’, they are levied by water businesses when new customers connect to the existing water, sewerage and recycled water networks.

Current charges

- Water : $1078.68 per lot
- Sewer: 760.74 per lot
- Recycled water: we don’t charge NCC

What you need to know

- NCC do not apply to properties already connected to our system
- NCC are a one-off payment for new connections to our systems (e.g. block of land)
- Developers pays the NCC as part of the consent to release a new subdivision
- Infill developments (e.g. 2 lots subdivisions) the owner or the developer pays the NCC

** The NCC is calculated based on growth forecasts and projected costs of future loads on Westernport Water’s water, waste water and recycled water systems.

Getting the balance right.
Residential customer type and billing scenarios.

"Ensure bills are affordable for everyone"

How does reducing the fixed (access) charge affect the different types of residential customers?

Any of these scenarios show that reducing the fixed costs financially benefits households with v**ery low water use** (e.g.. holiday homes and permanent homeowners with one or two people), or **owners who rent their house to tenants**.

Larger families and tenants would likely pay more in any of these scenarios. (Tenants only pay for water usage so fixed costs don't apply to them.

Residential Customer 1-2 People (83kl)	Price (1 July 2021) Current charges	Price (1 July 2021) 2% fixed reduction	Price (1 July 2021) 5% fixed reduction
Residential **Water** Access Charge	391.60	383.77	372.02
Residential **Sewer** Access Charge	607.94	595.78	577.54
Residential **Variable** Charge	168.17	170.89	205.07
Total annual bill	**$1,167.71**	**$1,150.44**	**$1,154.63**
Change in annual bill		$17.27 less (-1.48%)	$13.08 less (-1.12%)

Residential Customer Family (205kl)	Price (1 July 2021) Current charges	Price (1 July 2021) 2% fixed reduction	Price (1 July 2021) 5% fixed reduction
Residential **Water** Access Charge	391.60	383.77	372.02
Residential **Sewer** Access Charge	607.94	595.78	577.54
Residential **Variable** Charge	415.37	422.07	506.49
Total annual bill	**$1,414.91**	**$1,401.62**	**$1,456.05**
Change in annual bill		$13.29 less (-0.94%)	$41.14 more (2.91%)

Residential Renter 1-2 People (83kl)	Price (1 July 2021) Current charges	Price (1 July 2021) 2% fixed reduction	Price (1 July 2021) 5% fixed reduction
Residential **Water** Access Charge	Owner pays	Owner pays	Owner pays
Residential **Sewer** Access Charge	Owner pays	Owner pays	Owner pays
Residential **Variable** Charge	168.17	170.89	205.07
Total annual bill	**$168.17**	**$170.89**	**$205.07**
Change in annual bill		$2.72 more (1.61%)	$36.90 more (21.94%)

Residential Renter Family (205kl)	Price (1 July 2021) Current charges	Price (1 July 2021) 2% fixed reduction	Price (1 July 2021) 5% fixed reduction
Residential **Water** Access Charge	Owner pays	Owner pays	Owner pays
Residential **Sewer** Access Charge	Owner pays	Owner pays	Owner pays
Residential **Variable** Charge	415.37	422.07	506.49
Total annual bill	**$415.37**	**$422.07**	**$506.49**
Change in annual bill		$6.70 more (1.61%)	$91.12 more (21.94%)

Getting the balance right.
Residential customer type and billing scenarios.

"Ensure bills are affordable for everyone"

How does reducing the fixed (access) charge affect commercial customers and holiday home owner bills?

Small Business: E.g. Café/Retail (609kl)	Price (1 July 2021) Current charges	Price (1 July 2021) 2% fixed reduction	Price (1 July 2021) 5% fixed reduction
Non - Residential 20mm	391.60	383.77	372.02
Non - Residential Sewer Access Charge	607.94	595.78	577.54
Non - Residential Variable Charge	1233.96	1253.86	1504.64
Total bill	**$2,233.50**	**$2,233.41**	**$2,454.20**
Change in annual bill		$0.09 less (0.00%)	$220.70 more (9.88%)

Large Business: E.g. Accommodation Provider (1195kl)	Price (1 July 2021) Current charges	Price (1 July 2021) 2% fixed reduction	Price (1 July 2021) 5% fixed reduction
Non–Residential 50mm	4347.94	4260.98	4130.54
Non–residential Sewer Access Charge (> 2 cisterns) (per cistern)	1122.60	1100.15	1066.47
Non-Residential Variable Charge	2421.31	2460.38	2952.46
Total bill	**$7,891.85**	**$7,821.50**	**$8,149.47**
Change in annual bill		$70.35 less (-0.89%)	$257.62 more (3.26%)

Residential Customer Holiday Home (40kl)	Price (1 July 2021) Current charges	Price (1 July 2021) 2% fixed reduction	Price (1 July 2021) 5% fixed reduction
Residential **Water** Access Charge	391.60	383.77	372.02
Residential **Sewer** Access Charge	607.94	595.78	577.54
Residential **Variable** Charge	81.05	82.36	98.83
Total annual bill	**$1,080.59**	**$1,061.90**	**$1,048.39**
Change in annual bill		$18.69 less (-1.73%)	$32.20 less (-2.98%)

Reducing the fixed services charge, means an increase in the variable water usage charge.

Choose your water future

Fixed vs variable balance

Enhanced value for money

Should Westernport Water rebalance its access and usage charges?

WESTERNPORT WATER

Background information about Special Meter Reads and related charges.

Special meter reads

Westernport Water currently charges $62.34 for a scheduled special meter read for the sale of a property.

Scheduled special meter reads are also required for all outgoing tenants. However, we are not applying the charge.

Over 650 special meter reads were undertaken for outgoing tenants last year at no charge. This means that the cost pressure was absorbed temporarily under existing prices.

Current charges

Special Meter Read charge - approved by the Essential Services Commission $62.34

Do you support the application of the special meter read charge for outgoing tenants (paid by the landlord) in the future?

Climate Change Customer Forum

Primary Topic: Getting to Net Zero - initiatives and options

Secondary Topic: Wastewater management priorities

Choose your water future

Monday 4 April

Pre-reading material

PRE-READING INFORMATION PACK

WESTERNPORT WATER

Enclosed in your pre-reading material:

Overview of previous customer engagement

Customer priorities

Background

- Why is climate change important for water corporations?
- Emissions performance at Westernport Water against current customer commitments
- Where our emissions come from
- What are we required to do?
- Achievements and recent investment.

Primary topic: Getting to Net Zero

- What is the right time frame for Net Zero and what mix of initiatives should Westernport Water implement in the next five years?

Secondary topic: Wastewater management priorities

- How do we drive further value from wastewater?

Glossary:

Effluent	Sewage/waste water goes to our treatment plants where it is then treated and becomes 'effluent'. This effluent is then either turned into recycled water and reused, or discharged via our outfall in line with our EPA licence.
Carbon offset	Investing in environmental projects elsewhere to balance out emissions produced within a business.
Carbon inset	Investing in things we can do within our own business, on our own land, within our own supply chain, and areas of influence to reduce or balance out carbon emissions.

Choose your water future

Phase 1: Customer Consultation

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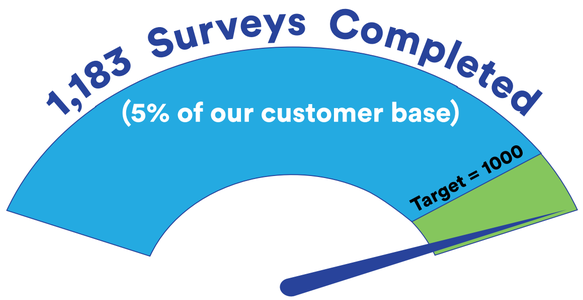
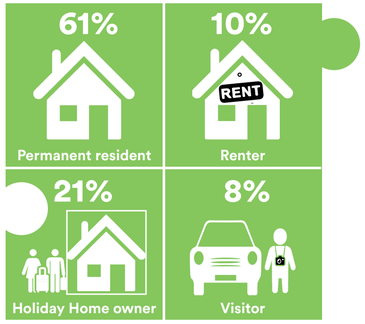


Respondent type



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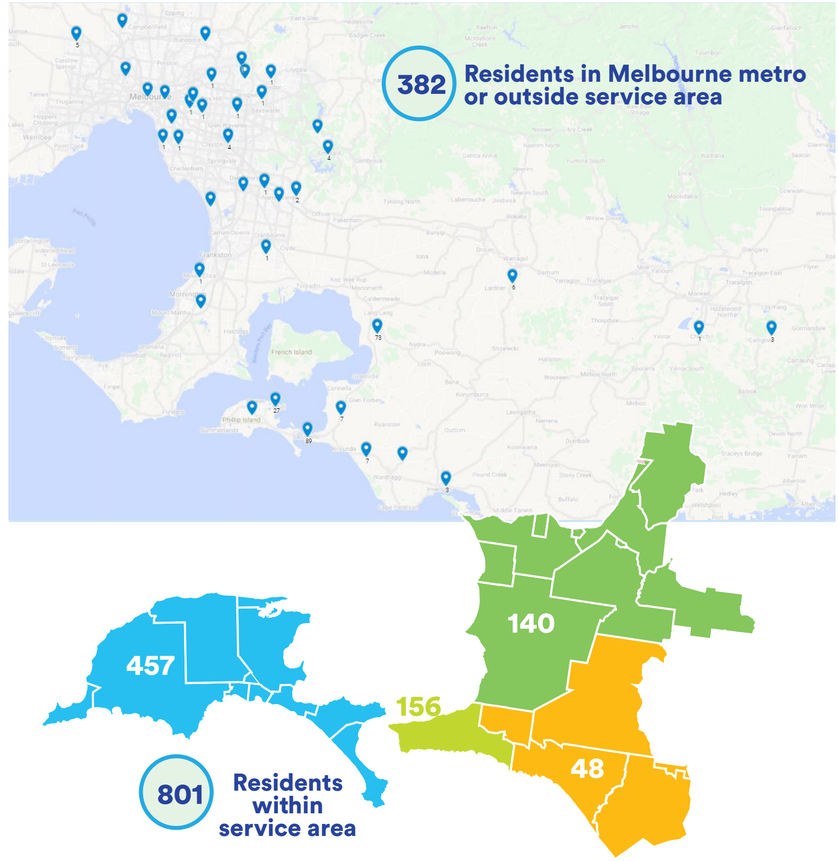

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Choose your water future
HAVE YOUR SAY

Choose your water future

Phase 1: Customer Consultation

Highest priorities for our customers

What customers expect from their water provider?

Provide safe and clean drinking water that looks and tastes the same every time

Provide reliable water and wastewater services

Deliver friendly and accessible customer service

Ensure bills are affordable for everyone

Plan for, mitigate and adapt to climate change

Quotes from customers about climate change and sustainability:

"Addressing climate change is very important to me."

"Communicate what you are doing to reduce carbon emissions."

"Education for water conservation and understanding of the environmental impacts of Westernport Water's activities."

"Empower customers to understand GHG emission footprint from WPW services & provide opportunities for community involvement in projects - tree plantings, etc."

"Use 100% renewable energy because you are a high power user. Using grid power means you are paying too much for power (which means we are paying too much for water) and significantly contributing to climate change."

WESTERNPORT WATER

Choose your water future
HAVE YOUR SAY

Why is responding to climate change important for water corporations?

Implications for Westernport Water and the community

Extreme heat and bushfire threat to storages and assets

Increased annual demand for water, including irrigation of recreational areas

Increased water quality events caused by turbidity from drier soils and algal blooms

Increased likelihood of sewer spills from storm impacts

Changing rainfall patterns and reduced water available

Decreased stream flows and raw water quality

Increase power outages, which may affect services

Increased bursts and leaks due to drying soils

Inundation threat to coastal infrastructure

Increased prices for water and wastewater services

Customers said:
"Plan for, mitigate and adapt to climate change."

The Victorian water sector emits more emissions than any other Victorian government sector, roughly a quarter of the Victorian Government's total emissions. Below is a snapshot of where Westernport Water's emissions are generated.

Wastewater related emissions

77%
5,164.3t CO_{2-e}

(Scope 1)
2,790t CO_{2-e}
from wastewater process - methane gas & nitrous oxide

(Scope 2)
2,374t CO_{2-e}
from electricity grid

Corporate

3.3%
220.1t CO_{2-e}

(Scope 1)
220.1t CO_{2-e}
power back-up diesel

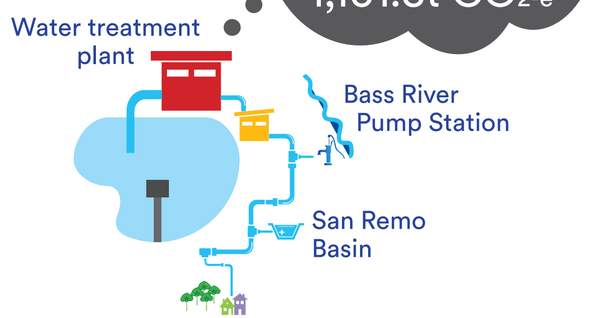
(Scope 2)
99.3t CO_{2-e}
electricity use

Vehicle emissions (scope 1)

3.3%
220.1t CO_{2-e}

Water related emissions

16.4%
1,101.3t CO_{2-e}



6,704
tonnes $CO_{2-equivalent}$
Total Greenhouse Gas Emissions 2020-21

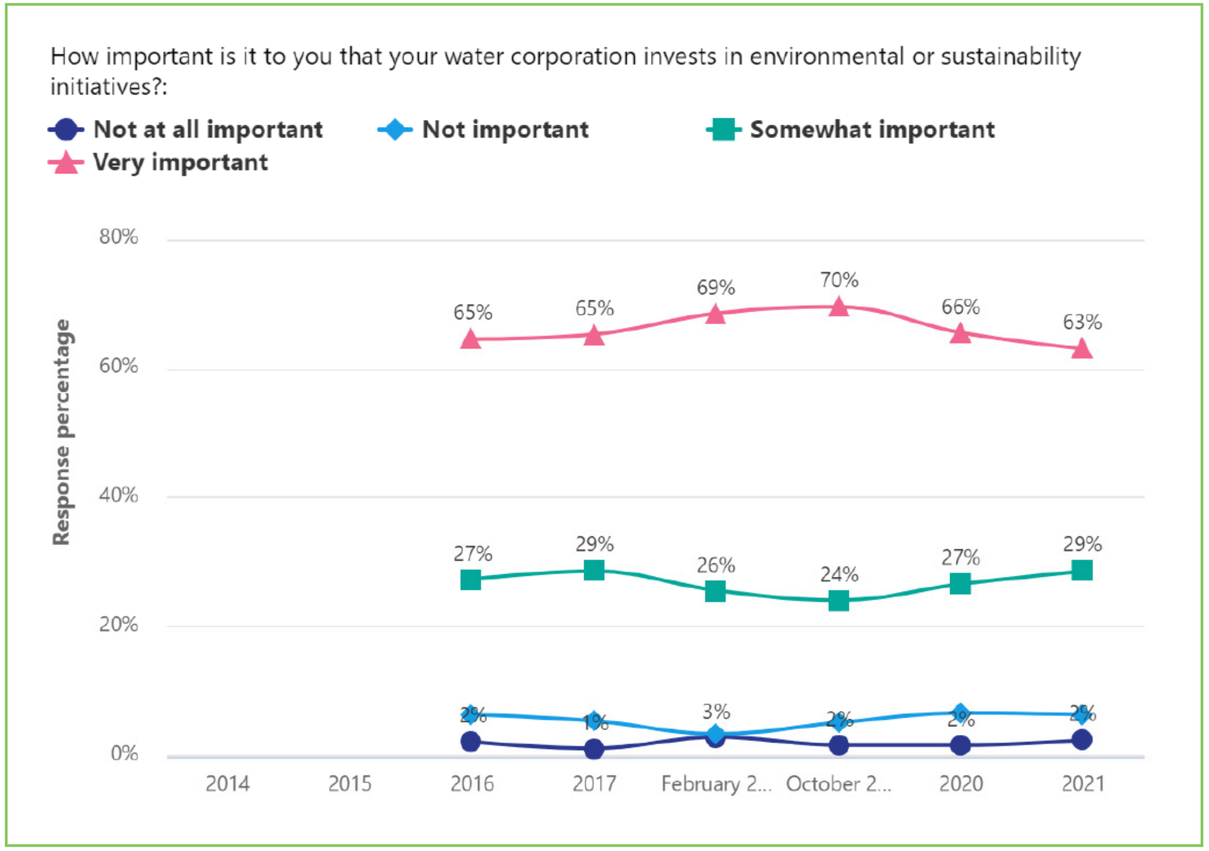
Scope 1 emissions are direct emissions mostly from wastewater treatment (methane gas and nitrous oxide) and to less extent – diesel use in back up power generation and vehicle use.

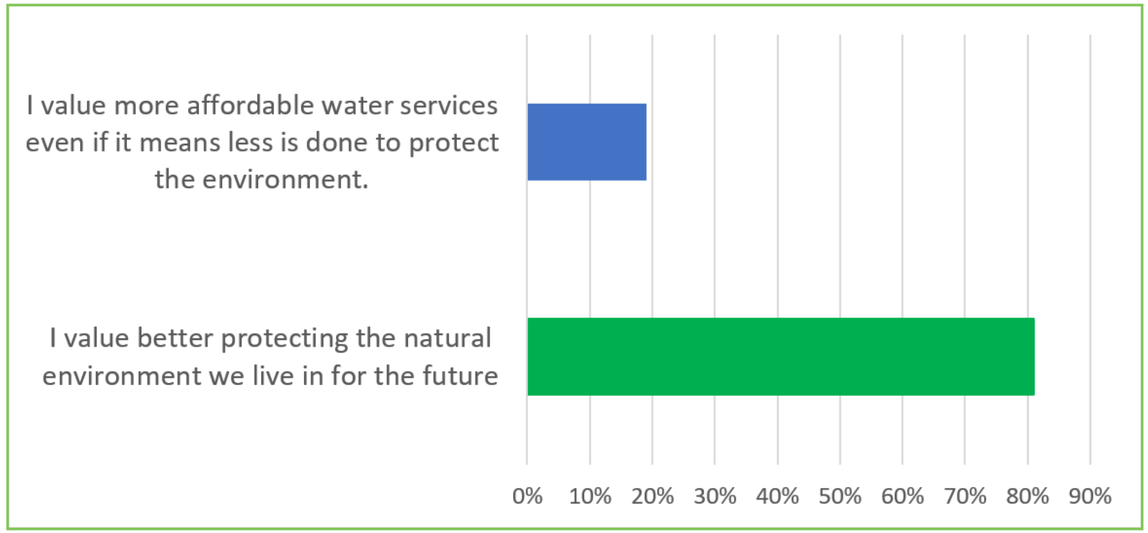
Scope 2 emissions a real emissions from use of electricity from the grid to power Westernport Water's facilities, including treatment plants and business operations.

WESTERNPORT WATER

Choose your water future
HAVE YOUR SAY

Customers told us that responding to climate change is important to them.





41%

131 out of 321 customers indicated responding to climate change was within their 3 highest priorities for Westernport Water.

63%

252 out of 400 customers stated that it was very important to them that Westernport Water invest in environment and sustainability initiatives.

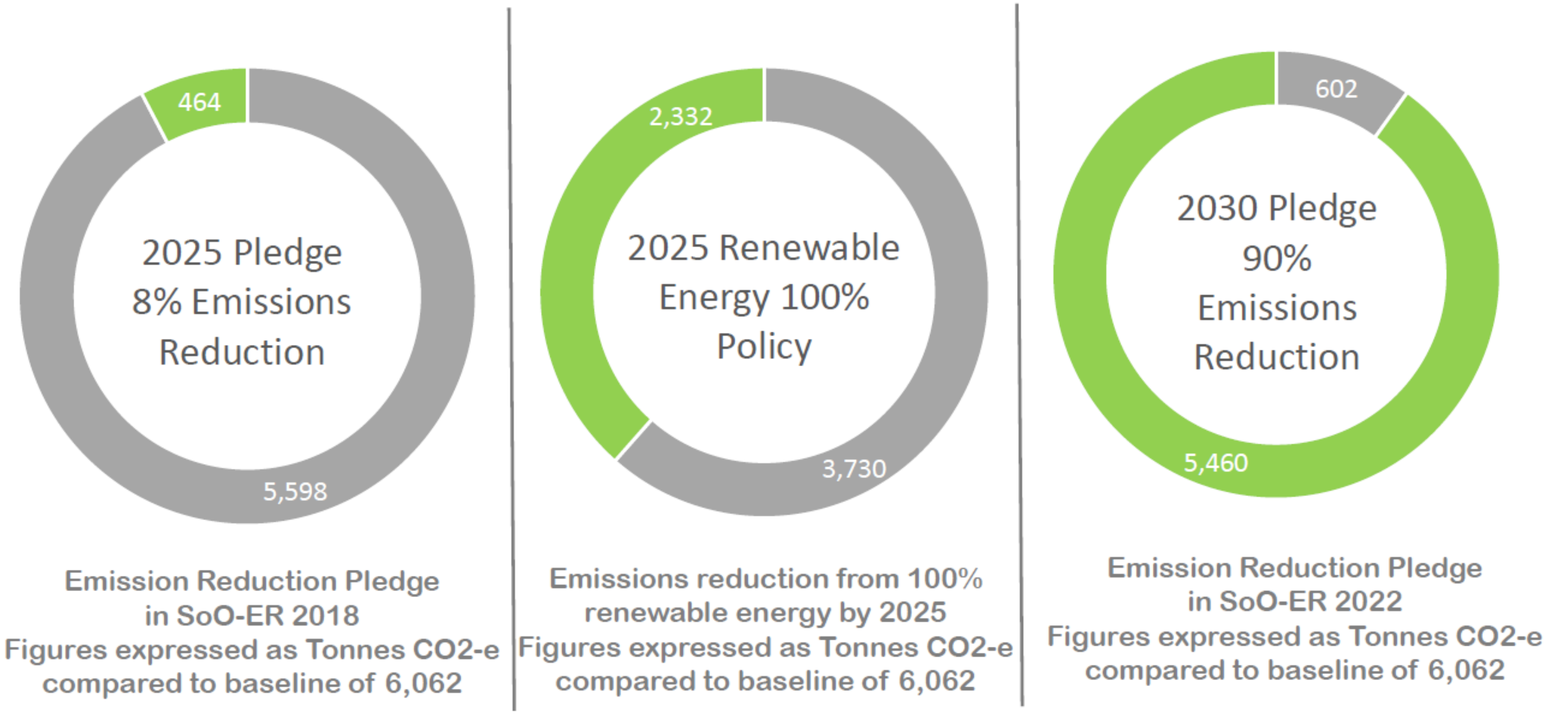
92%

368 out of 400 customers indicated that it was important to them that Westernport Water invest in environment and sustainability initiatives.

WESTERNPORT WATER

Choose your water future HAVE YOUR SAY

Westernport Water's current commitments



Emission Reduction Pledge in SoO-ER 2018
Figures expressed as Tonnes CO2-e compared to baseline of 6,062

Emissions reduction from 100% renewable energy by 2025
Figures expressed as Tonnes CO2-e compared to baseline of 6,062

Emission Reduction Pledge in SoO-ER 2022
Figures expressed as Tonnes CO2-e compared to baseline of 6,062

Choose your water future | **Recent Investment** | A more sustainable community

Emissions performance at Westernport Water against current targets

Target: A more sustainable community

Output	2020-21	2019-20	2018-19	Target 2018-23	
Effluent reuse (%)	7 *	14	23.5	> 25	☹
Net Greenhouse Gas Emissions (CO2-e tonnes) produced	6,704 +	6,460	6,920	< 5,974	😐
Number of community education engagements	12 #	23	23	> +22	☹

* Treated effluent reuse was much lower due to higher than average rainfall, and reduced opportunity for irrigation.

+ Greenhouse gas emissions increased in the second half of this year due to increased power consumption to meet higher than normal customer demand.

Planned community events and face-to-face engagements were mostly cancelled or postponed due to ongoing restrictions.

$444k Invested already

What have we done?

- **Emissions Reduction Pledge Implementation**
  We have a two stage project focused on installing solar arrays at three of our most energy-consuming sites as we work towards sourcing 100% of our energy from renewable sources by 2025. Stage 1 (completed in 2019-20) includes solar arrays at Church Street Pump Station, Newhaven Office and our depot, and King Road WWTP. Under Stage 2 a solar array has been installed at Cowes WWTP. In total 426 solar panels have been installed at WPW sites, generating 108,300kWh electricity annually. This will reduce emissions by 150 tonnes this financial year. Total investment in the Emissions Reductions Pledge Program over the five years to 30 June 2023 is estimated at $444,000.
- **Smart Energy Strategy and Net Zero Roadmap**
  Developed an understanding of various pathways, scenarios and proposals to deliver Net Zero by 2030 and 2050.
- **Zero Emissions Water**
  A Victorian water sector initiative Westernport Water is pleased to be an active partner in the Zero Emissions Water program. Partnering with 13 participating Victorian water corporations we receive a solar energy offtake from the Kiamal Solar Farm at Ouyen, Victoria's largest solar farm. This renewable energy project is a major contributor towards meeting the emissions reduction targets of net-zero by 2030. Purchasing as one large organisation means the water corporations can procure energy at a cheaper rate compared to going it alone.
- **Investigated opportunities for storing carbon'**
  Completed feasibility studies and investigations to explore how carbon could be stored within its operational remit in environmental plantings, in freshwater wetlands and in soils. This work will be further developed over the coming years and is explored a little more on pg 12.

WESTERNPORT WATER

Choose your water future HAVE YOUR SAY

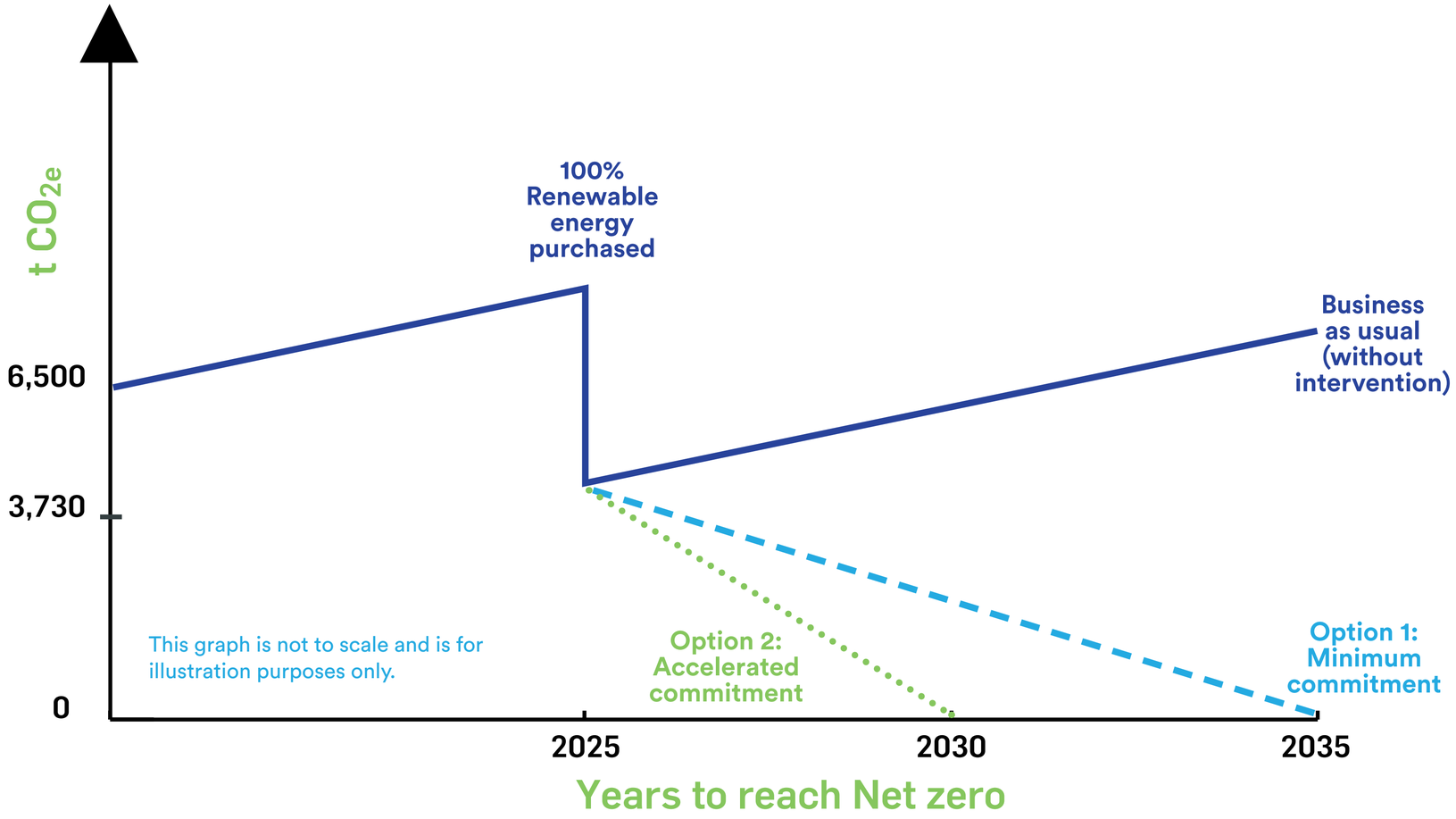
What is the right time frame for Net Zero and what mix of initiatives should Westernport Water implement in the next five years?

Choose your water future

Options for discussion

A more sustainable community

What is the right time frame for Net Zero and what mix of initiatives should Westernport Water implement in the next five years?



Options to get to Net Zero

- 1 - Current approach
- 2 - Accelerated commitment

WESTERNPORT WATER

Choose your water future HAVE YOUR SAY

Choose your water future

Options for discussion

A more sustainable community

What is the right time frame for Net Zero and what mix of initiatives should Westernport Water implement in the next five years?

Options to get to Net Zero

1 Maintain current approach: Net Zero by 2035 (90% reduction by 2030)

Current approach

Includes:

- Biogas cogeneration plant
- Renewable energy generation
- Purchase offsets at the lowest price
- Plant efficiency projects
- Zero emission vehicles

What does this mean:

Purchase offsets at lowest price to reduce emissions to meet target of 90% by 2030, which meets our regulatory commitments. This reflects a modest capital spend.

Cost over 5 years:

Capital Expenditure: $3.75 million
Operational Expenditure: approximately $23,000 per annum

2 Accelerated Commitment: Net Zero by 2030

Accelerated commitment - Includes all of option 1 plus the below:

Includes:

- Upsize of renewable energy generation
- Explore Re-Wilding project (before looking to purchase offsets outside our area).

  Re-Wilding means ecological restoration with an emphasis on returning a parcel of land to nature.
  + Biodiversity benefit. Local project with enhanced environment.
  - Locks away land, meaning less operation flexibility.

What does this mean:

An accelerated program to achieve Net Zero by 2030 will require increased renewable energy generation and purchasing additional offsets or constructing local insets on our land. This reflects a 33% increase in capital expenditure on option 1, and 330% increase in operational expenses to meet a fast tracked program.

Cost over 5 years:

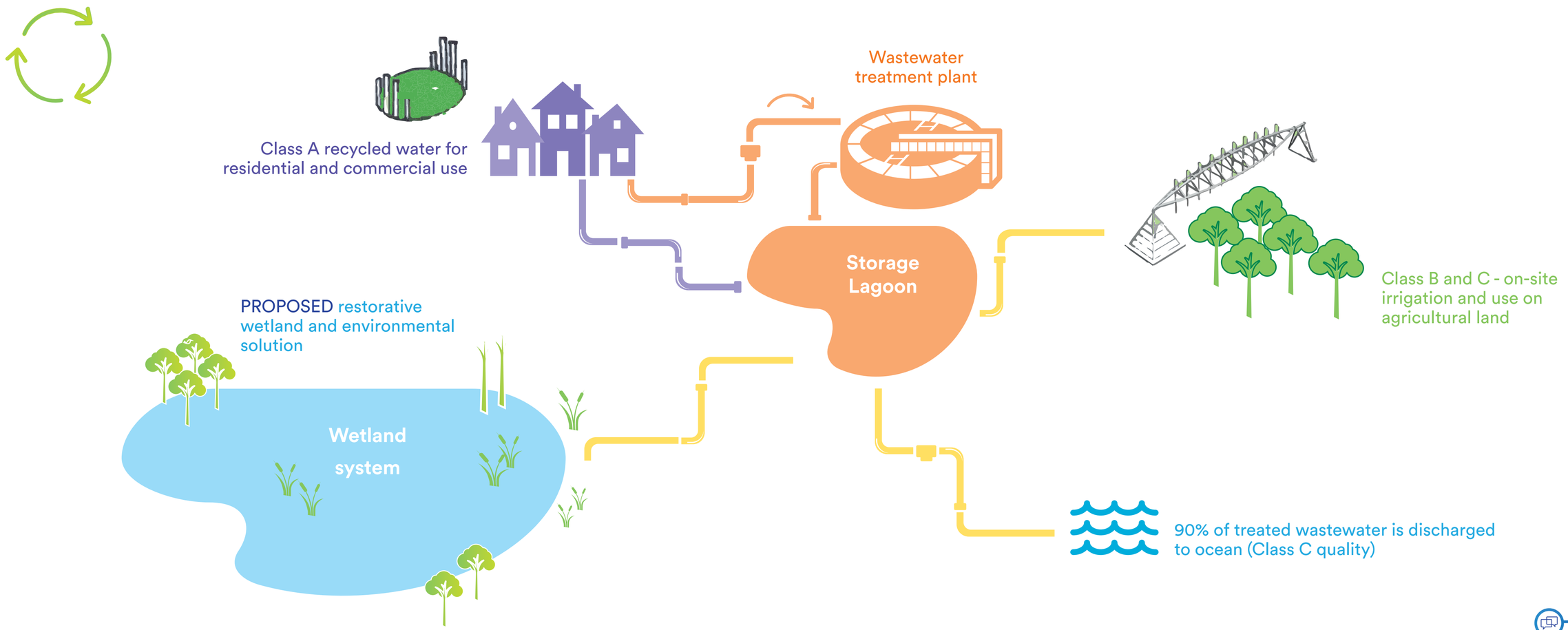
Capital Expenditure: $5 million
Operational Expenditure: approximately $100,000 per annum

WESTERNPORT WATER

Choose your water future HAVE YOUR SAY

How do we drive further value from our wastewater?

Wastewater management cycle



Reuse performance at Westernport Water against current targets.

Target: A more sustainable community

Output	2020-21	2019-20	2018-19	Target 2018-23	
Effluent reuse (%)	7 *	14	23.5	> 25	☹
Net Greenhouse Gas Emissions (CO2-e tonnes) produced	6,704 +	6,460	6,920	< 5,974	😐
Number of community education engagements	12 #	23	23	> +22	☹

* Treated effluent reuse was much lower due to higher than average rainfall, and reduced opportunity for irrigation.

+ Greenhouse gas emissions increased in the second half of this year due to increased power consumption to meet higher than normal customer demand.

Planned community events and face-to-face engagements were mostly cancelled or postponed due to ongoing restrictions.

Sustainable Water Reuse and Land Management

Westernport Water increased its irrigation capacity at the King Road Wastewater Treatment Plant through the purchase of 16.7 ha of land. A new pivot irrigator has been installed at King Road recently. In addition, 32.6 ha of land adjoining the Cowes Wastewater Treatment Plant was purchased, providing additional irrigation area to meet our reuse targets.

Westernport Water continues to oversee a limited Class-B Recycled Water trial in an effort to increase treated effluent reuse.

$1.6M Invested since 2018-19

How do we drive further value from our wastewater?

How do we drive further value from our wastewater?

Increasing value from wastewater

1 Reuse / Recycle more wastewater

Option 1: Increase the amount of effluent reused/recycled

Includes:
- Future land purchase for additional on-site irrigation.
- Increased irrigation options for commercial use.

Why:
Feedback indicates that many customers want Westernport Water to make better use of wastewater for environmental or commercial benefit.

Target:
- Increase in effluent reused

Benefits
- Provides greater water for commercial use
- Makes use of a valuable water resource
- Provides increased options for alternative water sources.

Cost over 5 years:
Capital investment includes land purchases and upgrades to assets to increase irrigation.

2 Create restorative wetland

Option 2: Environmental solution for maximum benefit

Includes:
- Construct restorative wetlands to polish effluent and create habitat, this will also enable increased optimisation for the timing of releases.

Why:
Feedback indicates that many customers want Westernport Water to make better use of wastewater for environmental or commercial benefit.

Target:
- Reduction in tonnes of nutrients discharged

Benefits:
- Sustainable disposal of wastewater (reducing nutrients to receiving environment)
- Improves the health of waterways
- Makes use of a valuable water resource
- Supports a healthy environment, biodiversity and provides for wildlife
- Provides increased flexibility and capacity to manage the extremes of weather.

Cost over 5 years:
The cost is estimated to be four times the cost of option 1.

APPENDIX

Appendix Three

Annual Watermark Brochures 2018-22

WESTERNPORT WATER

A more sustainable community

Output	2021-22	2020-21	Target 2022-23	
Effluent reuse (%)	17.9 *	7.4	> 25	☹
Net Greenhouse Gas Emissions (GGE) (CO2-e tonnes) produced	5,973 #	6,704	< 5,974	☺
Number of community education engagements	29 +	12	> 22	☺

* Target not met due to the Class A Treatment Plant being offline for membrane replacement during the irrigation season. Effluent reuse was still higher than in 2020-21, and we expect to meet this target by June 2023.

Reduction of 150 tonnes CO2-e (e = equivalent) due to new solar panels at Cowes Wastewater Treatment plant and the voluntary surrender of 368 MWh credits, equal to 368 tonnes CO2-e from the Zero Emissions Water – Power Purchase Agreement.

+ Planned community events and face-to-face engagements exceeded targets due to a focused effort on engagement.

Achievements

- Engaged with more than 1 in every 20 customers as part of the 2023 Price Review.
- Co-hosted the second annual Victorian water sector's 'National Water Week Online Learning Festival'.
- Transitioned 12 of 29 community engagement events online to improve accessibility for targeted customer engagement.
- An estimated 126.9 MWh reduction in demand for grid-based electricity at Cowes Wastewater Treatment Plant due to energy produced by newly installed solar panels.
- Expanded irrigation capacity at the Cowes and King Road Wastewater Treatment Plants which allowed for greater irrigation to land.
- Completed a Net Zero Strategy to assist in understanding our pathway to net-zero, supporting emission reduction targets of 90% by 2030 and net zero emissions by 2035.
- Continued to implement the Environment Management System to meet regulatory requirements.
- Continued the Class-B Recycled Water Trial to increase the reuse of treated effluent and reduce ocean outfall.

Future projects 2022-23

- Develop business cases for treatment plant energy efficiencies, and a waste to energy project for biogas co-generation.
- Install a floating wetland system at Cowes Wastewater Treatment Plant's effluent storage lagoon, as part of the pilot project to quantify GGE and assess carbon capture. Learnings will inform a detailed design for a restorative wetland at KRWTP from 2023.
- Continue to plan towards our goal of 90% emissions reduction by 2030 and net zero emissions by 2035 in the next version of our Climate Change Strategy.
- Complete a Renewable Energy Plan to assist in meeting the Victorian Government Policy for 100% renewable energy use by 2025.
- Progress options to increase wastewater reuse from our Cowes and King Road Wastewater Treatment Plants with business cases for sustainable reuse and afforestation.
- Review Community Engagement Strategy and Education Plan to ensure that we continue to meet customer and community expectations.

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WESTERNPORT WATER

CUSTOMER UPDATE

Annual Watermark

Our performance in 2021-22

We are committed to delivering the outcomes and performance that customers sought as part of the 2018 Price Review engagement process. Take a look at how we performed in year four of our five year plan.

WESTERNPORT WATER

Better tasting water

Output	2021-22	2020-21	Target 2018-23	
Customers (%) satisfied with drinking water via annual telephone survey	66 *	72	> 70	☹
Number of *Safe Drinking Water Act* non-compliances (water sampling and audit)	0	0	0	☺
Number of water quality complaints per 100 customers	0.25 #	0.95	< 0.22	☹

* A water quality event in the previous year caused customer satisfaction levels to drop to 66% in 2021-22. These issues have now been addressed.

Naturally occurring taste compounds in the raw water, changes within network operations and chlorine residuals all contributed to Westernport Water not achieving the target.

Achievements

- Recognised as having Victoria's best tasting tap water at the 2021 Water Industry Operators Association of Australia's 'Best Tasting Tap Water' competition.
- A trial to run the water treatment plant at different flow rates was successful, minimising the chance of sediments impacting water quality.
- Improved the treatment removal process of naturally occurring manganese in the raw water storage. Manganese can contribute to discolouration resulting in dirty water.
- We continued the successful Backflow Prevention Program to stop potential contaminants from entering the drinking water network from the reverse flow of water.

Future projects 2022-23

- Review maintenance and repairs processes to ensure industry best practice principles to manage water hygiene.
- Swabbing and air scouring water pipes to clean and remove biofilm or build up for better tasting water.

Affordable and responsive services

Output	2021-22	2020-21	Target 2018-23	
Average time (minutes) to attend water bursts and leaks – priority 1	1*	0	< 30	☺
Average time (minutes) to attend water bursts and leaks – priority 2	64.1 #	34.7	< 35	☹
Average time (minutes) to attend water bursts and leaks – priority 3	148.3 +	50.4	< 300	☺
Telephone calls answered within 30 seconds (%)	97	97	> 97	☺
Number of hardship grants approved	238 ^	259	> 25	☺

* Due to similar system alerts in the past the team proactively identified the issue and were onsite at the time of the burst.

Increase was caused by an incident not being logged on time by overnight call centre. Process now amended. Current climatic conditions also resulted in higher than average water mains bursts and leaks.

\+ Despite a significant increase from 2020-21, average time to respond remains well under the target of 300 minutes.

^ We were pleased to provide hardship support over and above our target in response to the ongoing impacts of the pandemic.

Achievements

- Enabled access to $1,034,284 worth of financial hardship assistance through concession rebates, utility relief grants, high usage leak allowance and hardship grants.
- Completed the $625K Sewer Pump Station Electrical Switchboard upgrade to improve and maintain the reliability of the sewer system.
- Completed year four of a five-year $1.2M Sewer Junction Rebuild Program to renew customer sewer service connections.
- Completed Stage 1 of a $160K sewer main renewal program designed to reline the aging sewer mains and improve operations of essential services.

Future projects 2022-23

- Stage 2 of sewer main renewal program, due to commence in September 2022 ($120K).
- Complete year four of a five-year $1.2M Sewer Junction Rebuild Program to renew customer sewer service connections.

Reliable water and wastewater services

Output	2021-22	2020-21	Target 2018-23	
Number of water supply interruptions – unplanned and planned per 100km	29.5 *	17.5	< 46	☺
Number of sewer main blockages per 100km	7.7 #	5.4	< 4.1	☹
Average total customer minutes off water supply – unplanned and planned	126.5 +	141.7	< 103	☹

* Planned and unplanned interruptions increased by 68.6% from 2020-21, due to an increased number of planned works. However, results remain well under the target.

Sewer blockages remain above average. A total of 30 sewer main blockages were reported in 2021-22, 87.8% over target. These increases are attributed to the La Nina weather pattern causing significant root infiltration. Analysis of preventative maintenance programs in progress.

\+ Above target because of planned mains cleaning in Cowes, and two water main bursts that were complex to repair. One burst was due to a fallen tree damaging a water main and powerlines. Repair could not be completed until the site was safe.

Achievements

- Commissioned the $2.1M potable water storage tank on Phillip Island, which will reduce water supply interruptions.
- Completed a $2.3M renewal of the San Remo Basin liner and cover to provide consistent and reliable drinking water.
- Completed Cowes Wastewater Treatment Plant Stage 2 upgrade in Dec 2021. The $5.1M upgrade provides additional treatment capacity to meet demand to 2036.
- Commenced the replacement of critical valves along our main water supply on Phillip Island to provide improved operational control.
- Completed and published our 50-year Urban Water Strategy.
- Commissioned the pressure reduction station in Cape Woolamai to regulate water pressure and prevent leaks.

Future Projects 2022-23

- Complete the $707K Valve Replacement Project by September 2022, to maintain the water supply and reduce unplanned interruptions to Phillip Island.
- Commence $995K of repair works to the underbridge pipelines and fittings between San Remo and Phillip Island for continued reliable water and sewage services.

A more sustainable community

Output	2020-21	2019-20	Target 2022-23	
Effluent reuse (%)	7 *	14	> 25	☹
Net Greenhouse Gas Emissions (CO2-e tonnes) produced	6,704 +	6,460	< 5,974	😐
Number of community education engagements	12 #	23	> +22	☹

* Effluent reuse was much lower due to higher than average rainfall, and reduced opportunity for irrigation.

+ Greenhouse gas emissions increased in the second half of this year due to increased power consumption to meet higher than normal customer demand.

Planned community events and face-to-face engagements were mostly cancelled or postponed due to ongoing restrictions.

Achievements

- A new pivot irrigator was connected this year at King Road Wastewater Treatment Plant to increase reuse capacity.
- 99.8Kw ground mounted solar panels were installed at Cowes Wastewater Treatment Plant.
- Installed two new water refill stations under the Community Hydration Program.
- Completed feasibility studies assessing carbon offsetting opportunities on Westernport Water's land.

Future projects 2021-23

- Participate in a pilot trial to assess the benefits of floating wetlands in effluant lagoons for improved water quality, emissions reduction and improved biodiversity.
- Progress the Wetland Restoration Project to increase treated effluent strorage.

Choose your water future

HAVE YOUR SAY

Help shape the way Westernport Water provides water and wastewater services by having your say.

We want to hear from you to better understand what you want, need and expect from Westernport Water.

This feedback will be used to develop our next price submission, which sets out our key projects and service levels for the five year period 2023-28, including our proposed prices.

From September, we will be offering a range of opportunities for you to get involved and have your say. In doing so you can earn funds for some great community causes.

Get involved today!

www.westernportwater.com.au

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2 Boys Home Road, Newhaven 3925

WESTERNPORT WATER

Annual Watermark

Our performance in 2020-21

UPDATE

We are committed to delivering the outcomes and performance that customers sought as part of the 2018 Price Review engagement process. Take a look at how we're progressing.

WESTERNPORT WATER

Better tasting water

Output	2020-21	2019-20	Target 2018-23	
Customers (%) satisfied with drinking water via annual telephone survey	72 *	69	> 70	☺
Number of *Safe Drinking Water Act* non-compliances (water sampling and audit)	0 #	0	0	☺
Number of water quality complaints per 100 customers	0.95 +	0.08	< 0.22	☹

* Customer satisfaction with drinking water improved significantly this year.

\# There were no non-compliance events this year.

\+ Taste and odour issues affecting some townships in December 2020 contributed to a higher number of complaints this year. Learnings will lead to operational improvements going forward.

Achievements

Water Quality Improvement Program ($0.8 M)

We have made improvements to our water treatment process and undertaken maintenance to ensure that our pipes remain clean. Projects completed in 2020-21 include:

- Real-time water quality monitoring of Grantville water storage to provide customers better tasting water.
- An upgrade to the Powder Activated Carbon treatment process at Candowie Reservoir, removing organics from raw water and improving taste.
- Backflow prevention program to reduce the likelihood of contaminated water entering the drinking water network.

Future projects 2021-23

- Introduction of enhanced monitoring of the raw water supply in Candowie Reservoir.
- Water main cleaning to improve the quality of water supply by air scouring water pipes.
- Replacement of the cover and liner of the enclosed water storage basin at San Remo.

Affordable and responsive services

Output	2020-21	2019-20	Target 2018-23	
Average time (minutes) to attend water bursts and leaks – priority 1	0	0	< 30	☺
Average time (minutes) to attend water bursts and leaks – priority 2	34.71 *	30.6	< 35	☺
Average time (minutes) to attend water bursts and leaks – priority 3	50.44	45.6	< 300	☺
Telephone calls answered within 30 seconds (%)	97 #	97	> 97	☺
Number of hardship grants approved	259 +	107	> 25	☺

* Attendance times to bursts and leaks have remained consistent throughout this year, providing customers with confidence that bursts and leaks will be responded to in a timely manner.

\# Our Customer Service Team continued to answer calls in a timely manner despite remote working arrangements stemming from COVID-19 restrictions.

\+ We increased hardship support arrangements in response to the changing financial circumstances of our customers. Funding was re-prioritised to hardship from debt recovery efforts.

Achievements

- Provided $1,033,501 assistance to customers through concession rebates, utility relief grants, hardship grants and water efficiency household audits.
- $1 M switchboard upgrade will help to improve and maintain the reliability of the sewer system.
- Invested $1.2 M to renew sewer connections.

Future projects 2021-23

- $0.4 M Sewer main renewal program.

Reliable water and wastewater services

Output	2020-21	2019-20	Target 2018-23	
Number of water supply interruptions – unplanned and planned per 100km	17.5 #	17.9	< 46	☺
Number of sewer main blockages per 100km	5.4 *	3.8	< 4.1	😐
Average total customer minutes off water supply – unplanned and planned	141.7 +	83.1	< 103	☹

\# The number of water supply interruptions remains low, and we expect this trend to continue with the new backup drinking water storage on Phillip Island.

* The number of sewer main blockages were higher than anticipated. Westernport Water cleared 8 blockages in June 2021, the highest monthly number on record.

\+ Average total customer minutes off supply was higher than anticipated due to responsive air scouring in December 2020 that was undertaken after taste and odour issues were experienced by some customers. This resulted in interruptions to numerous townships.

Achievements

- Completed construction of the $2.2 M potable water storage tank on Phillip Island, which will reduce water supply interruptions.
- Installation of a pressure reduction station in Cape Woolamai to regulate water pressure and prevent leaks and bursts to the water supply.
- Upgraded water mains in Cowes and Ventnor to ensure service reliability, improve water quality and prevent unplanned repair costs.

Future Projects 2021-23

- Cowes Wastewater Treatment Plant $4.98 M upgrade will provide additional treatment capacity to meet demand to 2036.
- Over the next three years, approx. $1.5 M will be spent replacing ageing pipes, valves and and fittings under the San Remo Bridge.
- Replacement of a further 1,000 ageing water meters to ensure reliable meter readings are maintained.
- Replacement of critical valves along our main water supply from San Remo to Cowes, valued at $700K.

A more sustainable community

Output	2019-20	2018-19	Target 2022-23	
Effluent reuse (%)	14 *	23.5	> 25	☹
Net Greenhouse Gas Emissions (CO_2-e tonnes) produced	6,460 +	6,920	< 5,974	😐
Number of community education engagements	23 #	23	> +22	☺

* Effluent reuse targets were not met due to a significant increase in inflows to our wastewater treatment plants and a dramatically reduced irrigation demand due to above average summer rainfall.

+ Reduction in GHG emissions due to reduced electricity consumption at water treatment plant, optimising use of the aerator within Candowie Reservoir and reduced waste disposal. However, fugitive emissions from wastewater treatment increased by 10% due to an increase in storm-water inflow.

\# Education engagement targets were met, despite many planned events and engagements being cancelled or postponed due to COVID-19 restrictions. Traditional face-to-face engagements transitioned online, demonstrating the flexibility of our approach in this area.

Achievements

- 202 solar panels installed at Westernport Water sites which will generate 108,300 kWh electricity annually.
- Installed two new water refill stations under the Community Hydration Program.
- 14,000 trees irrigated with treated wastewater.
- 237 ML water reused in 2019-20.
- Class-B Recycled Water trial increased water reuse and reduced ocean outfall.

Future projects 2020-23

- Carbon offset options for irrigation.
- Expansion of irrigation at Westernport Water's wastewater treatment plants.
- 99Kw solar panels will be installed at Cowes Wastewater Treatment Plant.

Westernport Water is committed to achieving the outcomes customers desire through improvements to water supply interruptions, customer satisfaction with drinking water, attendance times, hardship measures, effluent reuse & net greenhouse gas emissions.

Ultimately, customers are seeking greater affordability, improved water quality, investment in the environment, and sustained performance through a focus on renewal activity.

This brochure provides detailed information on our performance in the areas that are considered important to customers.

Our goal at Westernport Water is to provide quality products and services that meet your needs and expectations.

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WESTERNPORT WATER

IPAA Leading Employer WINNER 2018

UPDATE

Annual Watermark

Our 2019-20 performance

We are committed to delivering the outcomes and performance that customers sought as part of the 2018 Price Review engagement process. Take a look at how we're progressing.

WESTERNPORT WATER

Better tasting water

Output	2019-20	2018-19	Target 2018-23	
Customers (%) satisfied with drinking water via annual telephone survey	69 *	64	> 70	😐
Number of *Safe Drinking Water Act* non-compliances (water sampling and audit)	0	0	0	☺
Number of water quality complaints per 100 customers	0.08	0.22	< 0.22	☺

* Customer satisfaction with drinking water improved significantly this year, but remained below the 5-year average target. This improvement was supported by a reduction in water quality complaints and no non-compliance events.

These results represent positive outcomes from our Water Quality Improvement Program.

Achievements

Water Quality Improvement Program ($0.8 M)

We have made improvements to our water treatment process and undertaken maintenance to ensure that our pipes remain clean. Projects completed in 2019-20 include:

- Real-time water quality monitoring of Grantville water storage to provide customers better tasting water.
- An upgrade to the Powder Activated Carbon treatment process at Candowie Reservoir, removing organics from raw water and improving taste.
- Backflow prevention program will reduce the potential for contaminated water to reverse flow from a private property, into the water network, under rare circumstances.

Future projects 2020-23

- Ongoing maintenance of our water distribution system and enhanced monitoring of the raw water supply in Candowie Reservoir.
- Water main cleaning to improve the quality of water supply by air scouring water pipes and removing any biofilm or build up.

Affordable and responsive services

Output	2019-20	2018-19	Target 2018-23	
Average time (minutes) to attend water bursts and leaks – priority 1	0	2	< 30	☺
Average time (minutes) to attend water bursts and leaks – priority 2	30.6 *	40.4	< 35	☺
Average time (minutes) to attend water bursts and leaks – priority 3	45.6	43.4	< 300	☺
Telephone calls answered within 30 seconds (%)	97 #	97.3	> 97	☺
Number of hardship grants approved	107 +	30	> 25	☺

* Attendance times to bursts and leaks have remained consistent, despite changed working conditions due to COVID-19.

\# Our Customer Service Team continued to answer calls in a timely manner despite working remotely due to an improved business telephony system.

\+ Hardship support, government assistance and flexible payment options were a priority due to the changing financial circumstances of our customers.

Achievements

- Provided and facilitated $931,772 assistance to customers through concession rebates, utility relief grants, hardship grants and water efficiency household audits.
- Commenced construction of a $2.7 M treated water storage tank on Phillip Island, which will reduce water supply interruptions in the future.

Future projects 2020-23

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

Reliable water and wastewater services

Output	2019-20	2018-19	Target 2018-23	
Number of water supply interruptions – unplanned and planned per 100km	17.9 #	27.3	< 46	☺
Number of sewer main blockages per 100km	3.8 *	6.1	< 4.1	☺
Average total customer minutes off water supply – unplanned and planned	83.1 #	112.7	< 103	☺

\# Customers have incurred fewer water supply interruptions and reduced total customer minutes off water supply due to the provision of a temporary water supply during planned and unplanned interruptions.

* The introduction of CCTV remote camera sewer assessment in 2019-20 assisted in reducing the number of sewer main blockages compared to 2018-19.

Achievements

- The water main renewal project completed in Ventor will improve service reliability and water quality, and reduce maintenance and repair costs due to failure.

Future Projects 2020-23

- Cowes Wastewater Treatment Plant $3.4 M upgrade will increase the clarifier capacity to meet future growth projections.
- The Water Pressure Management Program targets areas of high water pressure, which can cause pipes to leak and water mains to burst.
- Over the next three years, Westernport Water will spend approximately $1.5 M to replace ageing pipes across the service area.
- As part of the Asset Renewal Program, over the next four years we will replace a further 1,000 ageing water meters to ensure reliable meter readings are maintained.

Annual Watermark

Our 2018-19 performance explained

WESTERNPORT WATER

Better tasting water

Output	2017-18	2018-19	Target 2018-23	
Customers (%) satisfied with drinking water via annual telephone survey	73	64*	> 70	☹
Number of *Safe Drinking Water Act* non-compliances (water sampling and audit)	0	0	0	☺
Number of water quality complaints per 100 customers	0.18	0.22	< 0.22	☺

* Customer satisfaction was below target which may be due to the increase in holiday home owners participating in the annual survey. This market segment is historically less satisfied with our drinking water.

Achievements

- Installation of a vertical profiler in Candowie Reservoir to increase understanding of raw water and to provide early warning of changes to water quality.
- The cleaning of water mains occured in various townships to improve the performance of the water distribution network.
- Construction of an Ultraviolet Disinfection Water Treatment Filter allows for a multi-barrier approach to removing pathogens from drinking water (2017-18).

Water Quality Improvement Program

Over the next year, we will customise a water quality database to analyse trends to optimise the treatment process. Also a Powder Activated Carbon Upgrade will further remove organics and improve the taste of water.

Affordable and responsive services

Output	2017-18	2018-19	Target 2018-23	
Average time (minutes) to attend water bursts and leaks – priority 1	16.5	2	< 30	☺
Average time (minutes) to attend water bursts and leaks – priority 2	31	40.4*	< 35	☹
Average time (minutes) to attend water bursts and leaks – priority 3	235.2	43.4	< 300	☺
Telephone calls answered within 30 seconds (%)	98	97.3	> 97	☺
Number of hardship grants approved	58	30	> 25	☺

* Dryer conditions led to an increase in bursts and leaks which contributed to a longer than anticipated response time.

Achievements

- Provided $870,112 assistance to customers in financial hardship through concession rebates, utility relief grants, hardship grants and water efficiency household audits.
- Westernport Water was ranked second best for value for money according to the Essential Services Commission August 2019 customer survey.

Phillip Island Water Supply Security Project

In 2020, an additional treated water storage tank will be constructed enabling a reduction in water supply interruptions for customers.

Reliable water and wastewater services

Output	2017-18	2018-19	Target 2018-23	
Number of water supply interruptions – unplanned and planned per 100km	40.1	27.3	< 46	☺
Number of sewer main blockages per 100km	6.0	6.1*	< 4.1	☹
Average total customer minutes off water supply – unplanned and planned	126.4	112.7	< 103	☹

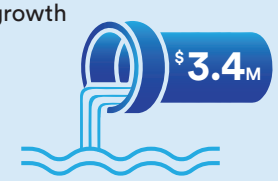
* The introduction of remote camera sewer assessments will inform us of the condition of sewer mains.

Achievements

- Recorded a 32% reduction in water supply interruptions (per 100km)
- Over 1,000 customer water meters were renewed as part of an annual replacement program.

Cowes Wastewater Treatment Plant Upgrade

Phillip Island and San Remo's population is growing and the existing capacity of the plant will not meet future projected demand by 2021. Therefore major upgrades will occur in 2021, to allow for growth up to 2036.



A more sustainable community

Output	2017-18	2018-19	Target 2018-23	
Number of community education engagements	27	23	> +22	☺

Output	2017-18	2018-19	Target 2022-23	
Net Greenhouse Gas Emissions (CO2-e tonnes) produced	6,637	6,920	< 5,974	☹
Effluent reuse (%)	21	23.5	> 25	☺

Achievements

- Delivered a Choose Tap Hospitality initiative in partnership with local cafés and eateries, promoting free and convenient access to tap water.
- Produced and supplied over 20 ML of Class B recycled water to irrigate pasture and crops as part of a trial initiative.
- Installed four water refill stations under the Community Hydration Program.

Zero Emissions Water (ZEW)

Westernport Water has partnered with 13 water corporations, to purchase renewable energy from a solar farm.

ZEW will reduce **80,000** tonnes of greenhouse gas emissions a year

Emissions Reduction Pledge

Westernport Water will invest $0.411M to install 202 solar panels at key sites over the next few months.

108,300kWh solar electricity will be produced annually

Our goal at Westernport Water is to provide quality products and services that meet your needs and expectations.

1300 720 711

westport@westernportwater.com.au

westernportwater.com.au
2 Boys Home Road, Newhaven 3925

IPAA Leading Employer WINNER 2018

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Appendix Four

Customer Fact Sheets

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FACT SHEET

Overview
Pricing Submission

Snapshot of our price submission proposal for 2023-28

Over the past 12 months we've been asking customers to tell us what they expect from their water provider.

Our Pricing Submission focuses on the areas customers told us were most important to them: **affordability, water quality, reliable service and climate change action.**

We propose to maintain our performance levels and deliver the improvements you asked for, while keeping prices steady.

Price Submission highlights

- ✓ **Little to no price increase (excluding CPI) (0.4% 2023-24 / No price increase 2024-28)**
- ✓ **Reduction in fixed charges (balanced by usage increase)**
- ✓ **New customer panel**
- ✓ **More action on climate change – at a faster pace**
- ✓ **Major water quality improvement program**
- ✓ **$42.28M capital works program**

Top 3 major projects

$4.34M - Wetland system to manage treated effluent

$2.10M - Water quality improvement program

$1.88M - Bio-Gas Waste to Energy Plant

Total investment

$42.28M

Capital improvements over the 5 years 2023-28

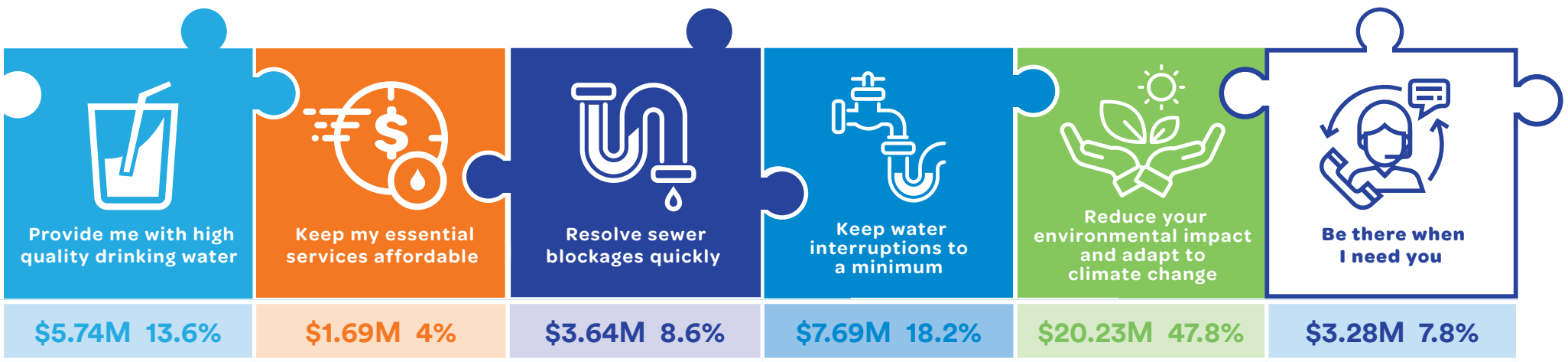
Participants

More than **1 in every 20** customers participated in our customer engagement for the 2023 Price Review.

Our engagement methods:

- 1,187 x survey responses
- 7 x community events
- 4 x focus groups
- 6 x in-depth interviews

New customer commitments & breakdown of planned investment



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For more information on our pricing submission visit:
westernportwater.com.au/haveyoursay

FACT SHEET

Water Quality

Our plans 2023-28

Drinking water quality emerged as a top priority for customers throughout the engagement process.

What you told us during our price submission engagement:

You are less satisfied with the quality of your drinking water. *(73% satisfied in 2017 compared to 66% in 2021)*	**You want us to "Deliver water that tastes and looks the same every time".** *(67% of surveyed customers believe this was important)*	**You support investigation into new water treatment options – but prefer a phased approach to reduce costs.**	**You support drinking water education programs in the community.**

What we are doing:

Deliver continuous improvements to water quality through new and existing programs of work.

Total investment $2.1M

Project	Description	Cost
New water main for Waterline communities	Upgrades to the water main that supplies water to Tenby Point, Corinella and Coronet Bay to improve the consistency of drinking water taste and supply.	$1.37M
New Pressure Reduction Station	Replacement of the pressure management station at Corinella with modern facilities to allow for remote monitoring and therefore improved water supply.	$141K
Network Dosing Systems	Construction of a new water quality station to provide consistent water quality to residents in Bass and Woolamai.	$139K
Automatic flushing devices	Installation of automatic flushing devices across the network to prevent water stagnation and improve drinking water quality.	$139K
Masterplan for the Ian Bartlett Water Purification Plant	Explore emerging technologies and prepare for future investments to enhance and maintain water quality for our growing community.	$106K
Masterplan for the distribution system	Explore emerging technologies and prepare for future improvements to our water supply and quality across the network.	$106K
Manganese analyser	Installation of manganese analysers so we can monitor raw water quality and adjust our treatment processes in real time to optimise removal. Manganese is naturally occurring in raw water and can build up in pipes and tanks, impacting water quality.	$66K
Fluoride plant audit	Audit of our fluoride plant to ensure we remain compliant with the Code of Practice.	$26K

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For more information on our pricing submission visit:
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FACT SHEET

Climate Change
Our plans 2023-28

Customers want us to focus on reducing our emissions and providing positive environmental outcomes for the community.

What you told us during our price submission engagement:

"Planning for and adapting to climate change is a high priority." *(Ranked 2nd in the services that matter most to customers)*	"It's important that Westernport Water invests in environment and sustainability initiatives." *(368 of 400 surveyed customers agreed)*	"Fast track plans to achieve Net Zero by 2030. Timeliness is critical."	"Efforts to reduce greenhouse gas emissions are to be supported by a strong evidence base."

What we're proposing:

25% of our capital expenditure budget is being invested to reduce our environmental impact and adapt and respond to climate change.

Total investment **$10.19M**

Project	Description	Cost
Recycled Water Wetland Storage	Design and construction of a wetland system at King Road Wastewater Treatment Plant to improve wastewater quality, sequester carbon, enhance biodiversity, and allow for potential recreational access in the future.	$4.34M
Bio-Gas Waste to Energy	Explore options and begin Stage 1 of the design and construction of a biogas plant at the Cowes Wastewater Treatment Plant, to harvest methane and nitrous oxide gas present, which will reduce the impact of greenhouses gases on the environment.	$1.88M
Renewable Energy Generation	Installation of solar systems at key sites including, Ian Bartlett Water Purification Plant, Newhaven HQ and the Cowes Wastewater Treatment Plant to increase renewable energy generation.	$1.56M
Treatment Plant Energy Efficiency Project	Energy saving efficiency measures at Ian Bartlett Water Purification Plant and Cowes Wastewater Treatment Plant to reduce electricity consumption, reducing the greenhouse gases emitted from use of electricity onsite.	$1.28M
Sustainable Reuse and Land Rewilding	Expansion of on-site recycled water use at Cowes and King Road Wastewater Treatment Plants, investigation of options to increase the Class B recycled water network, and revegetation of land to generate carbon credits and enhance biodivsity.	$1.13M

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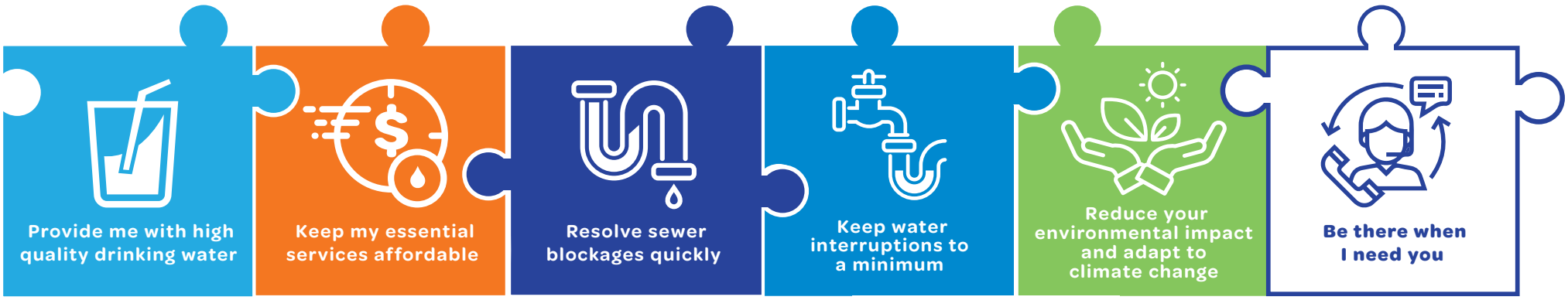
For more information on our pricing submission visit:
westernportwater.com.au/haveyoursay

FACT SHEET

Capital Works

Snapshot of our new customer commitments and top 10 proposed projects for 2023-28



We're investing in projects that address customer priorities for water quality improvements, environmentally responsible operations and sustainable services.

Project	Description	Customer outcome	Cost
Recycled Water Wetland Storage	Design and construct a wetland system at King Road Wastewater Treatment Plant.		**$4.34M**
Water Quality Continuous Improvement Program	A series of projects to plan for and deliver water quality improvements, including research into emerging treatment technology.		**$2.10M**
Bio-Gas Waste to Energy	Explore options and begin Stage 1 of the design and construction of a biogas plant at the Cowes Wastewater Treatment Plant,to reduce the impact of greenhouses gases on the environment.		**$1.88M**
Renewable Energy Generation	Installation of solar systems at key sites including Ian Bartlett Water Purification Plant, Newhaven HQ and the Cowes Wastewater Treatment Plant to increase renewable energy generation.		**$1.56M**
Wastewater Systems Future	Upgrades to the wastewater network to support growth.		**$1.51M**
Cowes Wastewater Treatment Plant Upgrade – Stage 3	Upgrades and refurbishments to support growth and meet EPA obligations.		**$1.35M**
Asset Management System Upgrade	Upgrades to an outdated system to improve efficiencies and reduce manual processes.		**$1.30M**
Treatment Plant Energy Efficiency Project	Energy saving efficiency measures at Ian Bartlett Water Purification Plant and Cowes Wastewater Treatment Plant to reduce electricity consumption.		**$1.28M**
Sustainable Reuse and Afforestation	Expansion of on-site recycled water at Cowes and King Road Wastewater Treatment Plants, with options for revegetating our agricultural land.		**$1.13M**
King Road Wastewater Treatment Plant Pump Station Upgrade	Upgrades to the irrigation pump station capacity to meet the demand of our growing communities and reduce manual intervention.		**$0.99M**

Total investment for the top 10 projects **$17.44M**

Investment in capital improvements over the 5 years 2023-28 **$42.28M**

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For more information on our pricing submission visit:

westernportwater.com.au/haveyoursay

APPENDIX

Appendix Five

Deliberative Forum Summary Report

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Westernport Water

Customer forums on Westernport Water Pricing Submission

Engagement Summary Report

May 2022

Acknowledgement of country

Conversation Co and Westernport Water acknowledge the traditional custodians of the land, those of the Bunurong People. The Bunurong Peoples have been managing the resources here on Phillip Island, or Millowl as it was traditionally known, for thousands of years. We acknowledge them, and their continued connection to this place, as we go about managing the water resources here today.

Executive Summary

Overview

Conversation Co was engaged by Westernport Water to design and support the delivery of customer forums, to undertake deliberative engagement about Westernport Water's services and infrastructure investment to help inform the 2023 Pricing Submission.

The customer forums represent stage two of three stages of engagement:

- Stage 1: September to December 2021- Open consultation with the whole community (Mixed Method)
- Stage 2: April to May 2022 deliberative engagement with customer forums (online)
- Stage 3: June - July 2022 - Public exhibition of the Draft Pricing Submission with the whole community.

Outcomes from this engagement program will assist the development of the Westernport Water Pricing Submission 2023. Stage 2 was delivered online to ensure community members were kept safe during the COVID-19 pandemic.

Activities delivered during stage 2 consisted of one focus group, running for one hour and 3 forums, running for three hours.

Key Findings

80 participants were recruited to the forums from an expression of interest of 178 people. This group delved deeper into the priorities identified through the stage 1 engagement. They identified:

What is the right time frame for Net Zero and what mix of initiatives should Westernport Water implement in the next five years?

Overall support for the accelerated commitment option, with strong support for seeking alternatives to customer funding and ensuring investments were based on evidence.

How do we drive further value from wastewater?

Overall, most customers supported the option for constructing restorative wetlands seeing both environmental and economic benefits.

Further investment for improved water consistency and taste

There was significant support for investing in new technology with a desire to keep costs as low as possible. Customers want to ensure investments are based on best practice and evidence, following a balanced approach. There was also a desire for Westernport Water to look for grants and other funding opportunities.

Future investment for community education and access to drinking water

Customers had mixed views on community education and water fountains. Customers in Group 1 generally agreed that there should be additional funding for education, but there were differing opinions on the value of water fountains. Whereas Group 2 had approximately equal support for both options; many expressing contentment with the current work of Westernport Water, with others desiring to see more done.

Current performance and forecasted rebate options for 2023-28

The majority of the customers believed that the current rebate system was not effective, however there were significant differences in opinions regarding the options, with a higher level of support for the community panel.

How does reducing the fixed (access) charge affect the different types of residential and commercial customers?

Most customers voted for a reduction to the fixed rate, with slightly more customers voting for no more than 2% than no more than 5%. Discussion highlighted the importance of assisting vulnerable and low-income customers.

Do you support the application of the special metre charge for outgoing tenants (paid by the landlord) in the future?

Two thirds of customers who voted on options for special metre changes supported introducing a charge for outgoing tenants, to be paid by the landlord. The remaining third voted to continue covering this cost under existing prices.

Table of Contents

Contents

1. Introduction

Conversation Co was engaged by Westernport Water to design and support the delivery of customer forums, to undertake deliberative engagement about Westernport Water's services and infrastructure investment to help inform the 2023 Pricing Submission. This report summarises the findings identified through this deliberative engagement through customer forums.

1.1 Purpose of the report

Purpose of the engagement was to:

- Seek input from the customer to gain a deeper understanding of the key local issues that are important to the Westernport Water community.
- Involve the customers in Westernport Water's decision-making process to ensure the customer needs and aspirations are considered in the 2023 Pricing Submission process.
- Gain honest and meaningful feedback from a cross-section of customers.
- Meet requirements of the Essential Services Commission's pricing framework, an approach which requires a focus on performance, risk, engagement, management and outcomes.

The customer forums represent stage two of three stages of engagement:

- Stage 1: September to December 2021- Open consultation with the whole community (Mixed Method)
- Stage 2: April to May 2022 deliberative engagement with customer forums (online)
- Stage 3: June - July 2022 - Public exhibition of the Draft Pricing Submission with the whole community.

2. Methodology

The customer forums and focus group were run in March, April and May 2022. They were held online, in consideration of the high levels of COVID 19 in the Victorian community.

2.1 Engagement method

A deliberative approach can be described as a process of thoughtfully weighing up options, emphasising the use of logic and discussion as opposed to power struggle. Group decisions are generally made after deliberation through a vote of consensus of those involved.

The engagement program involved:

- One focus group (1 hour online)
- 3 forums (3 hours each), consisting of stand-alone topics, with customers able to pick which session to attend.

The Focus Group aimed to test customer sentiment towards:

- Cost of service versus service levels
- Language of the customer outcomes framework
- Grade of service and sewer blockages
- Supporting vulnerable customers

The forums focused on three main areas:

1. Building customers' understanding of their role, the work of Westernport Water and creating trust in each other.
2. Listening to subject matter experts and discussing key focus areas:
    a. Climate change
    b. Water quality and taste concerns
    c. Access and usage charges and bill impacts
3. Providing customers with information on the “next steps” of the process, and the opportunity to give feedback on the session and ask additional questions.

The customers were split into two groups, with a facilitator and subject matter experts in each room to assist the process.

Information was provided prior to the forums, to build an understanding of the broader engagement and the options available (see attachment). A copy of the agendas from the forums has been attached in Appendix 1.

2.2 Information provided

Participants were presented with information at various intervals throughout the deliberation process, Table 1 outlines the type and timing of information provided to participants.

Table 1: Information provided

Information	Media	Detail included within the document
Climate change pre-reading	PDF	Overview of • previous customer engagement • customer priorities • background on the organisation – Why is climate change important for water corporations? – Emissions performance at Westernport Water against current customer commitments – Where our emissions come from – What are we required to do? – Achievements and recent investment. Primary topic: Getting to Net Zero – What is the right time frame for Net Zero and what mix of initiatives should Westernport Water implement in the next five years? Secondary topic: Wastewater management priorities – How do we drive further value from wastewater?
The State of the Climate in Australia, a video by Bureau of Meteorology and CSIRO	Video	Short video covering the impacts of climate change in Australia. https://www.youtube.com/watch?v=ZveP6Ivk2S4
Water Quality and Taste pre-reading	PDF	Overview of • previous customer engagement • customer priorities • background on the organisation Primary topic: Water quality and taste – Water quality performance against current customer commitments – Achievements and recent investment – What initiatives should Westernport Water plan for today for improved and consistent tasting water tomorrow? Secondary topic: Performance management
Westernport Water's treatment process	Video	Short video explaining the water treatment process. https://www.youtube.com/watch?v=lVWcxeHgXnU

Access and usage charges and bill impacts	PDF	Overview of • previous customer engagement • customer priorities • background on the organisation • forecast expenditure for 2021-22 • Average customer bills • Demographics of Bass Coast • New customer contributions Primary topic: Access and usage charges - Models of the impact of a 2% and 5% fixed reduction on residential and commercial customers - Should Westernport Water rebalance its access and usage charges? Secondary topic: Special metre reads - Do you support the application of the special metre read charge for outgoing tenants (paid by the landlord) in the future?

2.3 Strategies to support participation

Participation in the panel process was supported through:

- **Training on online tools**: People that required additional support using online meeting tools like Zoom were offered support.
- **$100 Credit or Phillip Island Wildlife Park Family pass:** Compensation acknowledges the participants time, commitment and expertise.
- **Member reminders for evening session**: Reminder SMS messages were sent prior to the evening meeting.
- **Closed captioning:** Conversation Co utilised the closed captioning feature on Zoom to ensure that participants with hearing impairments were able to fully participate in the sessions.

3. Who Participated?

3.1 Recruitment

Customers were selected to reflect the demographic makeup of the Westernport Water catchment, using a stratified sampling approach. Promotion of the forums was managed by Westernport Water.

To ensure the process was fair and unbiased, Conversation Co managed recruitment and selection. Recruitment targets were set according to customer data.

There were 74 customers that registered to attend the Climate Change focus forum, and 43 the Water Quality and Taste forum, with an additional 11 that did not specify which forum they were interested in. After checking availability 37 people were able to attend the Climate forum, and 36 the Water Quality forum - as we did not have more applicants than the desired attendance, we were not able to apply the selection criteria. Westernport Water staff organised the registration for the pricing forum.

Table 3: Representativeness of Climate Change Forum attendees

Demographic Identifiers	Customer	Target
Male	13	13
Female	14	13
Prefer not to say	0	3
Aged 18-30	1	2
Aged 31-45	5	8
Aged 46-60	8	9
Aged 61+	14	11
Aboriginal/Torres Strait Islander origin	0	3
Phillip Island and San Remo	19	13
Waterline towns	3	3
Other towns	1	4
Concession	2	3
Own and live	14	15
Rent	1	7
Own a holiday home	11	6
Other	2	0

Of the 37 people confirmed to attend the Climate forum 28 attended. Table 3 shows the representativeness of the forum, with the customers attending broadly representative of the broader community, with slightly fewer renters and people from Other Towns, and no attendees that identified as Aboriginal or Torres Strait Islander.

Table 4: Representativeness of Water Quality & Taste Forum attendees

Demographic Identifiers	Customer	Target
Male	11	13
Female	9	13
Prefer not to say	1	3
Aged 18-30	1	2
Aged 31-45	3	8
Aged 46-60	8	9
Aged 61+	13	11

Demographic Identifiers	Customer	Target
Aboriginal/Torres Strait Islander origin	1 prefer not to say	3
Phillip Island and San Remo	16	13
Waterline towns	4	3
Other towns	0	4
Concession	3	3
Own and live	18	15
Rent	3	7
Own a holiday home	2	6

Of the 36 people confirmed to attend the Water Quality forum 26 attended. Table 4 shows the representativeness of the forum, with the customers attending broadly representative of the broader community, with fewer renters, holiday homeowners and no attendees from Other Towns or identifying as Aboriginal or Torres Strait Islander.

Table 4: Representativeness of Access and Usage Forum attendees

Demographic Identifiers	Customer	Target
Male	13	13
Female	12	13
Prefer not to say	0	3
Aged 18-30	1	2
Aged 31-45	4	8
Aged 46-60	9	9
Aged 61+	10	11
Aboriginal/Torres Strait Islander origin	2 prefer not to say	3
Phillip Island and San Remo	15	13
Waterline towns	4	3
Other towns	1	4
Concession	1 (3 prefer not to say)	3
Own and live	15	15
Rent	2	7
Own a holiday home	6	6
Other	1	0

Of the 36 people confirmed to attend the Access and Usage forum 26 attended. Table 5 shows the representativeness of the forum, with the customers attending broadly representative of the broader community, with fewer renters and people from Other Towns and people aged 31-45 years.

4. Deliberating the key questions

The forums had customers focus on three key areas:

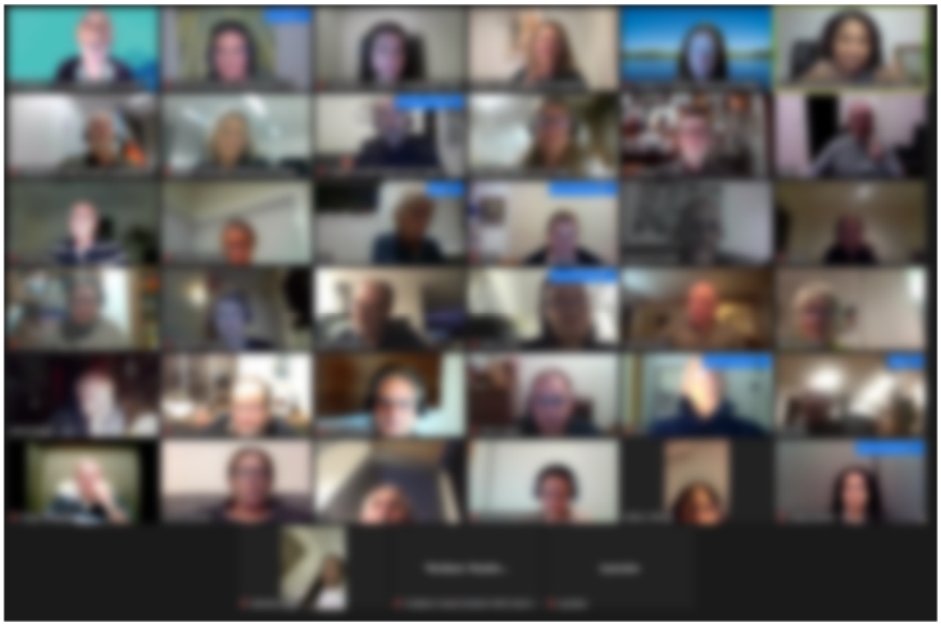
- Climate change initiatives - net zero initiatives and wastewater
- Water quality & taste
- Performance management

4.1 Critical Thinking

Through the deliberation programming, critical thinking was employed in recognition that this would help achieve more robust outcomes. To arrive at an impartial decision, participants had to carefully evaluate information in an objective manner.

Subject matter experts presented engagement findings, customers studied the facts, asked questions and debated ideas. The following tools were implemented in support of critical thinking:

- **Collaboration:** Working together with other members of the group enables individuals to be exposed to new thoughts and ideas.
- **Majority consensus:** Individuals accepted that their views might not always be right as decisions were made according to a majority ruling.
- **Questioning assumptions:** Facilitators used open-ended probing questions to ensure participants questioned any assumptions and tried to think of alternative solutions where possible.
- **Research:** Participants were presented with research and facts from a range of different sources to make reasoned judgements.



4.2 Resulting Recommendations

Climate change focus forum

What is the right time frame for Net Zero and what mix of initiatives should Westernport Water implement in the next five years?

Option 1:
Current approach Includes:

- Biogas cogeneration plant
- Renewable energy generation
- Purchase offsets at the lowest price
- Plant efficiency projects
- Zero emission vehicles

What does this mean: Purchase offsets at lowest price to reduce emissions to meet target of 90% by 2030, which meets our regulatory commitments. This reflects a modest capital spend.

Cost over 5 years:

- Capital Expenditure: $3.75 million
- Operational Expenditure: approximately $23,000 per annum

Option 2:
Accelerated commitment - includes all of option 1 plus the below:

- Upsize of renewable energy generation
- Explore Rewilding project (before looking to purchase offsets outside our area). Rewilding means ecological restoration with an emphasis on returning a parcel of land to nature.
- + Biodiversity benefit. Local project with enhanced environment. - Locks away land, meaning less operation flexibility.

What does this mean: An accelerated program to achieve Net Zero by 2030 will require increased renewable energy generation and purchasing additional offsets or constructing local insets on our land. This reflects a 33% increase in capital expenditure on option 1, and 330% increase in operational expenses to meet a fast-tracked program.

Cost over 5 years:

Capital Expenditure: $5 million

Operational Expenditure: approximately $100,000 per annum.

Participants noted Option 1 was lower cost and would provide additional employment opportunities. The discussion focused on option 2, with customers encouraged to tease out the advantages and disadvantages (noted in table 5 below).

Table 5. Climate change Option 2

Advantages	Disadvantages
Cost is not important when climate change impacts are so significant	Cost impact for customers
Investing now is a good choice as finance is cheap	Importance of not overcommitting
Construction of restorative waterways will improve the quality of the effluent released, rather than option 1 doesn't address the quality or amount of effluent produced.	Rewilding - land is locked up, and not accessible by the community
Good investment for the outcome	Rewilding requires land that is suitable - competing with population growth, and other land needs such as recreation
Opportunities for employment	Upfront and maintenance costs
Conversation	
Provides land for future generations	
Social leadership with tourism and economic benefits	
Support for expanding the use of solar panels	

Key questions and comments

- Comments regarding the Importance of educating customers -taking the community on the journey.
- Customers wanted to see Westernport Water to seek alternative funding and partnerships for co-investments could reduce costs.
- How do carbon credits and waterway improvements factor in rewilding?
- One customer wanted to see Westernport Water to have plans for doing it, not sitting on this. Bring forward with conviction.

The conversation in Group 1 narrowed in on the rewilding component of option 2, focusing on the definitions and technical aspects. There was general support for rewilding, but customers wanted to know more about the impacts on land use, particularly recreational.

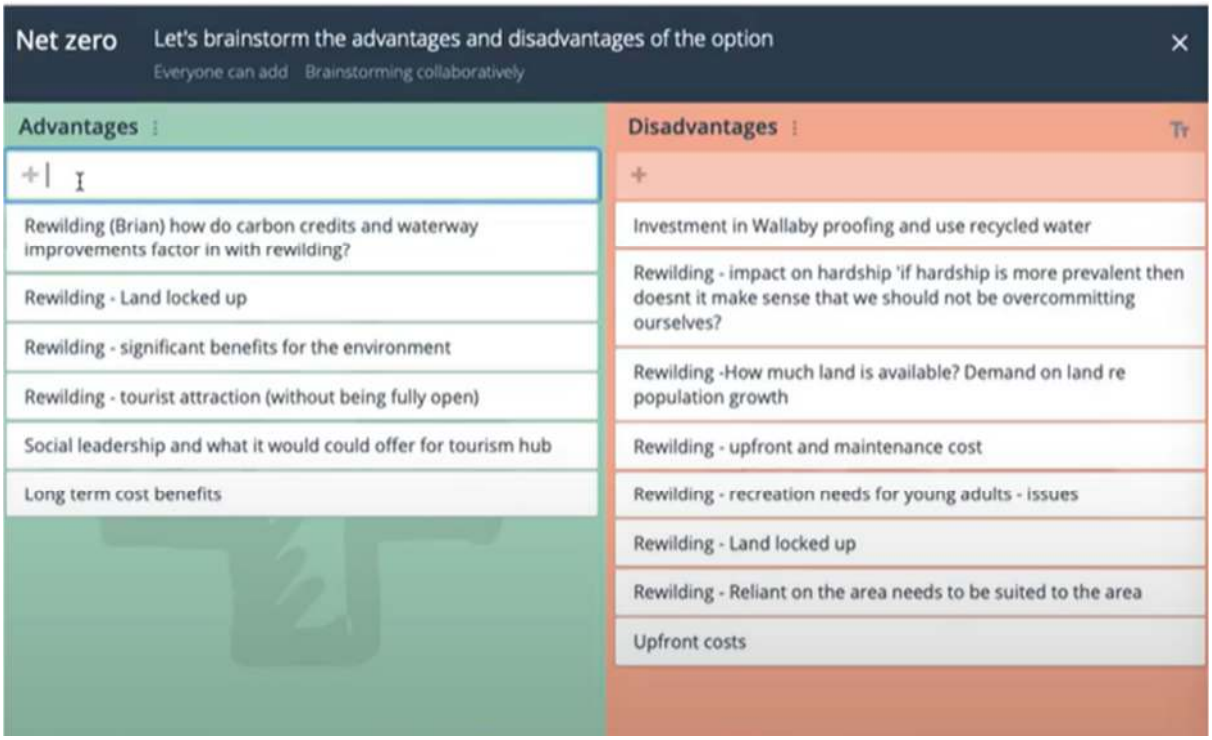
Overall support for option 2, with strong support for seeking alternatives to customer funding and ensuring investments were based on evidence.

Quotes:

"If we hold off doing this now then we may be dealing with tougher challenges in the future, not having the funds to do this."

"I'm curious about the technology investment, are these investment options from other water authorities, or are there other ways and tools we can use in this Bass area as we are unique."

"I think if you are going to do it, you might as well up the ante with conviction, and get on with it. I agree that it might hurt some people, but there is a hell of a lot more people that will be willing to put in money to get the job done."



How do we drive further value from wastewater?

Option 1:

Increase the amount of effluent reused/recycled. Includes:

- Future land purchase for additional on-site irrigation.
- Increased irrigation options for commercial use.

Why: Feedback indicates that many customers want Westernport Water to make better use of wastewater for environmental or commercial benefit

Target:

- Increase in effluent reused

Benefits:

- Provides greater water for commercial use
- Makes use of a valuable water resource
- Provides increased options for alternative water sources.

Cost over 5 years: Capital investment includes land purchases and upgrades to assets to increase irrigation

Option 2:

Environmental solution for maximum benefit Includes:

- Construct restorative wetlands to polish effluent and create habitat, this will also enable increased optimisation for the timing of releases

Why: Feedback indicates that many customers want Westernport Water to make better use of wastewater for environmental or commercial benefit

Target:

- Reduction in tonnes of nutrients discharged

Benefits:

- Sustainable disposal of wastewater (reducing nutrients to receiving environment)
- Improves the health of waterways
- Makes use of a valuable water resource
- Supports a healthy environment, biodiversity and provides for wildlife
- Provides increased flexibility and capacity to manage the extremes of weather.

Cost over 5 years: The cost is estimated to be four times the cost of option 1.

The discussion for this question focused on Option 2, with little or no comments on option 1. The advantages and disadvantages of Option 2 are detailed in Table 6 below.

Table 6. Option 2

Advantages	Disadvantages
Increased wetlands, increased tourism, benefits to the island and the coast	Not profitable
Increased ability of the soil to absorb water	Significant costs for customers
Beautiful area	Need more research and benchmarking
The bigger the better	

Key questions and comments

- Continual improvement is an EPA requirement
- Customers expressed the need to show leadership and provide education for the public.
- Customers have a desire to have more information on the models and costing.

Overall, most customers supported option 2 seeing both environmental and economic benefits, three customers supported option 1 and one customer favouring business and usual.

Quotes

"Learning from your mistakes is very important. I do like the wetland's idea – the bigger the better!"

"Option 2 – hopefully will work out and be beneficial for all."

Water Quality and Taste

Further investment for improved water consistency and taste

Option 1

Meet all water safety and quality targets, while focusing on cost-effective improvements to taste and quality. Includes:

- Construction of 2.8km of water main providing improved consistency to waterline communities
- Replace/relocate Corinella pressure reduction valve

- Development of future plans to enhance and improve water purification plant/distribution system
- Chloramination dosing system to deliver consistent tasting water to Bass and Woolamai
- Manganese analyser at the water purification plant to optimise its removal
- Dead ends automatic flushing devices decreasing water age
- Cleaning trunk mains to reduce biofilm within the distribution system.

Why: In recent years, WPW has invested in enhancements to the treatment process at our water purification plant at Candowie Reservoir.

Over the next five years, our proposals focus on the distribution network to: improve the flow and consistency, reduce sediment within our water main and identify real time changes to raw water manganese to help us improve the quality of drinking water.

Cost over 5 years: $2.3M ($1.8M capex, $0.5M opex)

Option 2:

Meet all water safety and quality targets, while investigating new emerging technologies and innovations for our water purification plant. Includes: All deliverables in Option 1, plus:

- Performance analysis and new treatment technology investigation (additional $0.3M).

Why: There are limited cost-effective changes that remain to improve the current water treatment process for customers without introducing new treatment technologies. Given we know that the taste of water is a high priority for our customers, we are already proposing to invest in this area. New and emerging technologies and innovations can be further explored over the next five years, with findings then being the basis for consultation with our customers in the future.

Cost over 5 years: $2.6M ($2.3M capex, $0.5M opex

Comments

- Concerns regarding the cost of investment on water prices for customers.
- A desire for lower prices as much as possible, with a tech investment on an incremental basis rather than be a bleeding edge investment.
- Westernport needs to investigate and be open to new technology. Investigating does not mean acting upon.
- Anything that reduces the chemicals is a positive.
- Seeking out new technologies locally will help us become independent and not reliant on other countries.
- Draw on international experience and previous results - needing to apply this to the local facilities.
- Customers wanted to see specific costing for projects.

There was significant support for investing in new technology with a desire to keep costs as low as possible. Customers want to ensure investments are based on best practice and evidence, following a balanced approach. There was also a desire for Westernport Water to look for grants and other funding opportunities.

Quote:

"If you live in a body-corporate environment, you pay for the upkeep and services for today. but also, a maintenance fee for future expenditure! Same thing!"

"On a personal level I don't have a problem with it (increasing pricing to fund infrastructure improvements), because I know we have to do it, but if you say to someone 'Are you willing to pay more money?'. The answer is always 'no'."

"Can't change (e.g., improve quality) if you keep doing the same thing. Need to do something differently."

"I'm far more interested in an incremental process, rather than "let's try new tech", incremental should always be aware of new technology and it should be phased in as required"

Future investment for community education and access to drinking water

Option 1

Keep Status Quo / Current Expenditure on Water education Includes:

- Installation of 7 Community Water refill stations, and promotion of health and environmental benefits of drinking water (Choose Tap Program).

What does this mean: Increased access to free drinking water at key community locations.

Why: Because schools and community groups value this support and there are proven benefits to the environment and health (less consumption of sugary drinks and single use plastics).

Cost over 5 years: $125k over 5 years

Option 2:

Support sporting groups, and hospitality and tourism organisations to encourage customers to choose tap water. Includes:

- Installation of 15 community water refill stations at key locations and sporting facilities. Engage with and provide resources to encourage drinking tap water instead of purchasing bottled water.

What does this mean: Supporting resilient and liveable cities and towns means supporting tourism, business, accommodation providers and property managers by providing resources to encourage people to choose tap water.

Why: Equipping tourists and non-permanent residents with accurate and accessible information on the benefits of consuming our drinking water will help protect our local environment (reduction in single use plastic). Providing accessible water refill stations at sporting grounds and facilities will reduce consumption of sugary drinks and increase health benefits for participants and spectators providing ongoing value.

Cost over 5 years: $450k over 5 years ($200k opex + $250k capital)

Discussion

The discussion regarding community education and access to drinking water focussed on the importance of education, safety and culture change.

There were diverse views for this topic. Some customers supported additional fountains, particularly for children's sporting facilities, others expressed reticence to use fountains due to the risk of covid, with one customer questioning the need for public water fountains at all and wanted investment in education and culture change.

The customers in Group 1 generally agreed that there should be additional funding for education, but there were differing opinions on the value of water fountains.

Whereas Group 2 had approximately equal support for both options; many expressing contentment with the current work of Westernport Water, with others desiring to see more done.

Quotes:

"I applaud your efforts- thank you (with regards to drinking water campaigns)."

"If we carbonate drinking water, would more kids drink it!"

"Option 1 is better with a few tweaks"

"With the current issues we face with climate change, covid and drinking water avoidance - no brainer: look at option 2."

"Water fountains are a good idea."

Current performance and forecasted rebate options for 2023-28

Based on current performance this regulatory period, Westernport Water is forecast to meet 12 of 14 commitments and pay a rebate of $10 to every household in 2023-24 due to two missed targets.

1) **If customers prefer a different model of performance management (refer above), would you like to see these changes made immediately?**
2) **Or wait for the next regulatory period to commence (from 2023-24)?**

Option 1: Performance-based rebate program Maintain our current performance-based rebate program, delivering rebates to customers for each missed commitment (thereby crediting customer bills)
Option 2: Performance-based investment program Create business rules whereby rebate funds for failed commitments would instead be reinvested into the areas that are under-performing whether inside or outside of Westernport Water. For transparency, customers would receive detailed information on how these funds have been re-invested to improve future performance
Option 3: Customer Performance Panel Westernport Water currently self-assesses its performance annually and reports back to each customer via the Annual Watermark. Alternatively, a customer representative panel could be appointed and independently facilitated each year to complete and distribute the Annual Watermark.
Option 4: Customer Performance Panel (incl. investment program) A combination of options 2 and 3. A customer-representative panel could be appointed to oversee the annual performance assessment and prioritise 'rebate funds' for reinvestment based on the options presented.

Comments by option

Option 1

- Acknowledgment that rebate is coming from the operational budget
- Many customers believed that the rebate was not much money per customer and had no impact on their budgets.
- A comment that it seemed counterintuitive, removing funds and reducing the opportunity for Westernport Water to meet other KPI.
- A comment that the rebate is given to property owners, not the renters that use and pay for the water.
- One customer felt this option was just and fair, that if Westernport Water had not fulfilled their commitment, then customers deserved a rebate - principle based.

Option 2:

- There was a suggestion that the rebate funds should be used to support people in hardship.
- There was general support for this option, but customers wanted to know the details of how the funds would be used.
- One comment on the use of these funds to keep customer costs down - improve affordability.

Option 3

- This option generated debate, with some supporting the idea of an independent panel for improved accountability and transparency, and others not supporting this as funding would be taken from other programs.
- Customers that expressed support for this option wanted to ensure the panel was educated and informed, with experts to be included.

In Group 1 the majority of the customers believed that the current rebate system was not effective, however there were significant differences in opinions regarding the options. Similarly, Group 2 concluded that the current performance rebate system was not providing value to customers, but with general support for the community panel.

The voting on the implementation of immediate versus later changes to the rebate scheme, was not conclusive. Eleven customers were in favour of immediate changes, nine for later implementation with the remaining customers abstaining from voting.

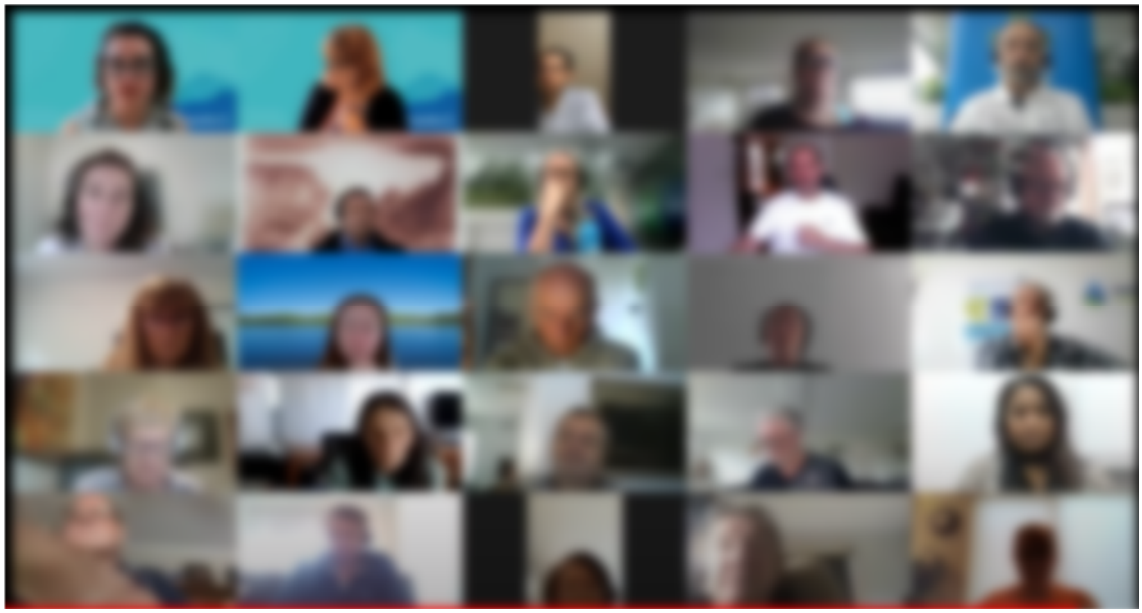
Quote:

"Yes, it's a small amount for the customer - but $400,000 total is a lot going forward. Option 4 has the most flexibility - as long as it remains fully transparent and accountable to the community. Or for any of the other options really…"

"It seems counter intuitive making Westernport Water find the penalty from their operations budget, thereby reducing opportunity to meet other KPIs."

"For $10 per customer, you would rather have the extra service."

"I'd like to see a public flogging, in a gentle fashion, when these are not met, rather than money back….put your hands up and say 'mea culpa,' rather than money from the organisation."



Access and usage charges

How does reducing the fixed (access) charge affect the different types of residential and commercial customers?

Reducing the fixed service charge means an increase in the variable water usage charge.

Table 7: Impact of fixed reduction on residential and commercial properties

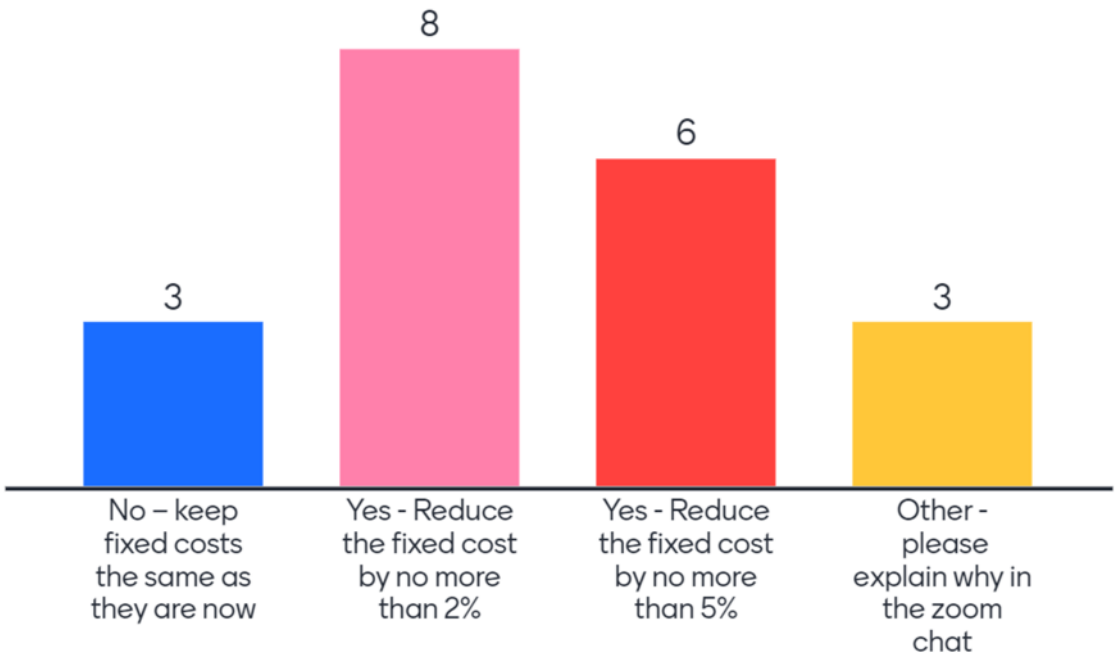
	2% fixed reduction		5% fixed reduction	
Household type	$	%	$	%
Residential customer 1- 2 people	$17.27	-1.48%	$13.08	-1.12%
Residential customer family	$13.29	-0.94%	$41.14	2.91%
Residential Renter 1- 2 people	$2.72	1.61%	$36.90	21.94%
Residential renter family	$6.70	1.61%	$91.12	21.94%
Small business	$0.09	0%	$220.70	9.88%
Large business	$70.35	-0.89%	$257.62	3.26%
Holiday home	$18.69	-1.73%	$32.20	-2.98%

Reducing the fixed costs financially benefits households with very low water use or owners that rent their house to tenants. Larger families and tenants are more likely to pay more.

Comments

- Several customers felt that the current charges discriminate against good water savers, and that the user pays system is fair.
- Other customers felt that Westernport Water should retain the current charges, as user-based systems discriminate against low income and vulnerable community members that may not be able to pay higher bills
- More than one customer commented that water is an essential service and increasing bills should be carefully considered.
- One customer commented that campaigns for reducing water usage are well known, and the increase in variable charges would not make a difference in water usage. Others echoed the increase in variable charges would not be enough to motivate changes in water habits.
- More than one customer expressed that those who will benefit from reduced fixed charges will only benefit minimally.
- Customers expressed a desire to explore other options, such as “paying it forward”, enabling customers to assist vulnerable community members, or other models to determine the rate increase such as the size or value of properties.
- There was a related discussion on the importance of water tanks for veggie patches and gardens. Customers expressed the value being “doing the right thing”, rather than a cost saving exercise, signalling that Westernport Water should consider other incentives to preserve water resources.

Graph 1: Results of customer voting on how does reducing the fixed (access) charge affect the different types of residential and commercial customers?



The majority of customers voted for a reduction to the fixed rate, with 8 customers voting for no more than 2%, and 6 customers voting for no more than 5%. Three customers voted to retain the current access and usage charges, and three others wanted another option.

Quotes

"Allow the current fixed rate - I now understand how the cost is structured, it's there to help everyone to keep using water, which is essential. I used to consider the fixed charges a rip off, but now understand that it is structured to help everyone. Keep it as it is now - this is reasonable".

"If you are using it, you should be paying for it."

"As a renter, I don't mind paying more if it means my pensioner mother saves money."

"My water usage is so low; I would like to see reduced fixed charges to reduce my bill."

"I could afford an extra $100 per bill" "Minimise the increase to all and those who can put a few bob on the table" - pay it forward idea

"These are trivial changes" "It's $10 a month" "I just don't think the 99.8% should be constrained by that" "just focus on subsidising hardship cases" (all same speaker)

"We're all entitled to have water… you can't just play around with the price"

Special metre reads

Do you support the application of the special metre charge for outgoing tenants (paid by the landlord) in the future?

Westernport Water currently charges $62.34 per scheduled read for sale of a property. There were over 650 reads last year for outgoing tenants at no charge, with the cost absorbed under existing prices.

Comments

- Several customers felt that Westernport Water should not be absorbing the cost of the special metre reads, with comments related to fairness of a user pays systems, the other ways Westernport Water could use approx. $40,000, and landlords would be able to claim the payment on tax.
- Other customers wanted to explore alternative ways to recoup the cost, such as from tenants or smart metres.
- There were several comments concerned that the charges would be passed on the tenants that are already under pressure with costs of moving.

Quotes

"As a tenant I'd be concerned for paying this on top of all the removal costs. Not good to make it more expensive for owners either as it just an excuse to put he rent up. It is $2 per customer a year; you can't do anything with that. Keep as it is. Not charge for it."

"I can see it is completely fair to be paid for by the landlord, but as a landlord I would be happy to not to pay it."

"As a former landlord, you able to claim the charges on tax. You can charge all these things. It is fair and less messy for the landlords to pay, responsible for it and to pay."

"User pays. Same as energy."

Graph 2: Results of customer voting on support the application of the special metre charge for outgoing tenants (paid by the landlord) in the future?

Two thirds of customers who voted on options for special metre changes supported introducing a charge for outgoing tenants, to be paid by the landlord. The remaining third voted to continue covering this cost under exiting prices.

5. Forum Evaluation

Customers were asked to reflect on the forums and provide feedback on their experience. Participation was voluntary and 39 customers responded. The responses are summarised under each question.

What worked well?

- Facilitators/Speakers (21)
- Information provided (17)
- Opportunity to speak/ be heard (16)
- Technology (6)
- Structure of session (7).

Quotes

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

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

How could we make our next workshop better?

- Send pre-reading our earlier/ ensure it is read by participants (5)
- Technology issues/ prefer in-person (7)
- Simplify the questions being asked (4)
- Shorten sessions (5)
- Workshop was good/positive response (5)
- Provide more information e.g., Q&A lists, FAQs published, funding model (4)
- Utilise menti/ introduction to menti (2)
- Facilitator/presenter view (2)
- Clarify purpose of consultation and of specific questions (2)
- Send a questionnaire out after the pre-reading, before the session to provide a foundation to work from (2)
- Fewer words on the slides
- Too much for one session
- Communicate when the break is earlier in the session
- Drill down into dissenting views more
- More opportunities for brainstorming sessions with community members
- Share some generic background on participants.

Quote:

"Ability to submit opinions and points of view after closure of the workshop (ie. after some time to reflect). Today (day after the event), some points of discussion are a little clearer now."

Why would you recommend participating in this process to others?

- Chance to learn (22)
- Chance to have your say/ contribute (14)
- Incentive
- Professional/well run (3).

Quote:

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

6. Closing the Loop

Goodwill has been created between Westernport Water and customers, residents, businesses, community groups and organisations who have taken their time to provide feedback in the broader consultation. As a courtesy to participants Conversation Co recommends the following next steps:

Thank Customers

Issue a statement and update the project page thanking participants for participating in the project and for sharing their ideas and contributions. Consider ways to recognise the involvement of forum attendees for example, a thank you letter or email from the Managing Director.

Keeping people updated

Issue a statement and update the website thanking customers for participating in the project and for sharing their ideas.

Share the data

Consider ways you can share this data, such as creating a snapshot of the engagement data, bringing the data to life with infographics to help people to digest the information in an easy form.

7. Appendices

Regional groupings

Phillip Island & San Remo

- San Remo
- Cape Woolamai
- Smiths Beach
- Newhaven
- Rhyll
- Ventnor
- Wimbledon Heights
- Silverleaves
- Summerlands
- Surf Beach
- Sunderland Bay

Waterline towns

- Corinella
- Grantville
- Coronet Bay

Other towns

- Dalyston
- Kilcunda
- Bass

Conversation Co.

AGENDA

Westernport Water P23
Thursday 7 April 2022, 9:30am to 12:30pm
Online - Zoom
Zoom link: https://us06web.zoom.us/j/6688017607

Community Workshop

1. Welcome
2. Building the foundations for group work
3. Snapshot of today and look into the future
4. What initiatives should Westernport Water plan for today for improved water consistency and taste tomorrow?
5. Refreshment break
6. Should Westernport Water continue to provide rebates to customers every 5 years if we fail to deliver on our pricing submission promise?
7. Next steps and close

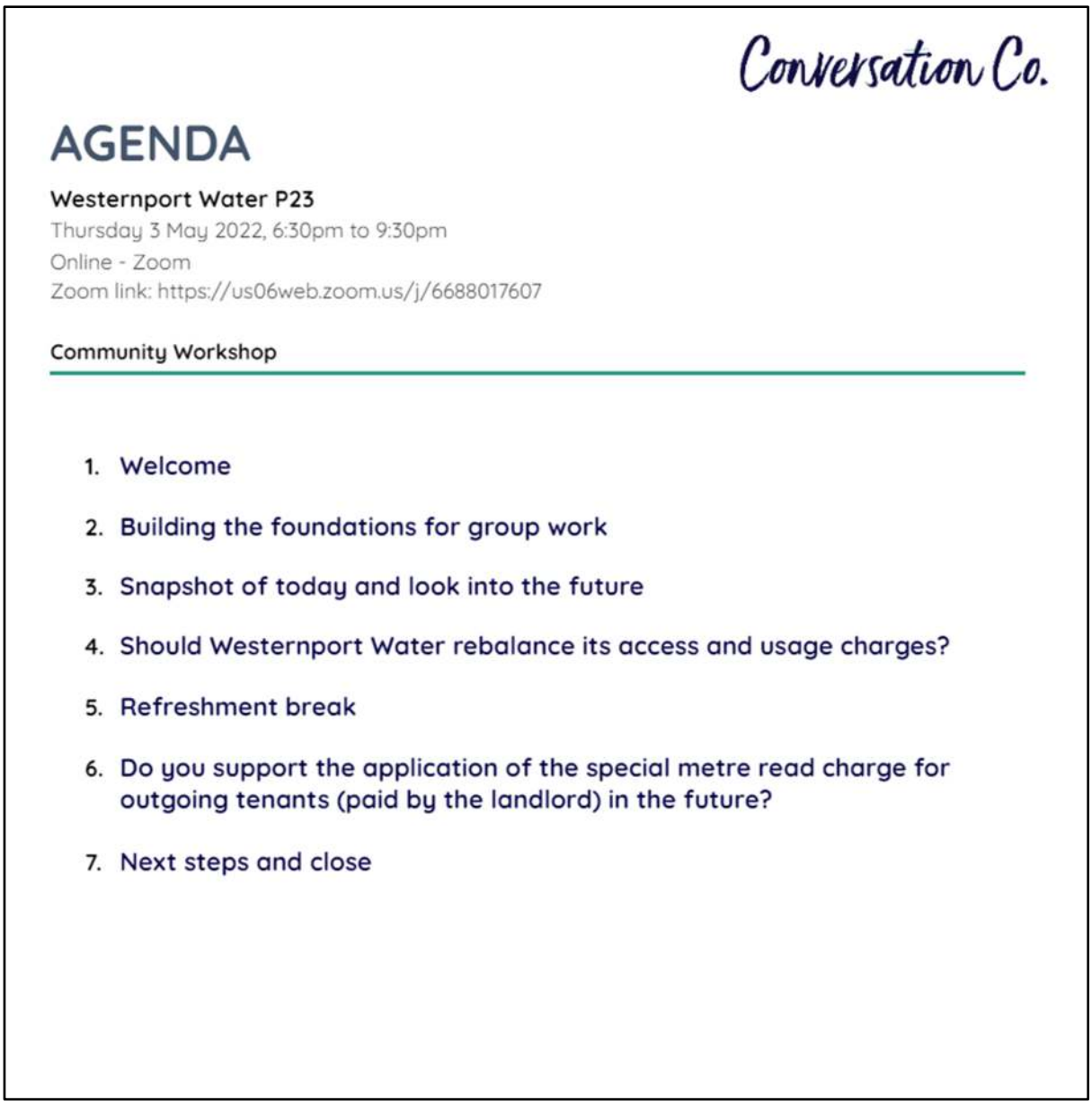
Conversation Co.

AGENDA

Westernport Water P23 - Climate Change
Monday 4 April 2022, 6:30pm to 9:30pm
Online - Zoom
Zoom link: https://us06web.zoom.us/j/6688017607

Community Workshop

1. Welcome
2. Building the foundations for group work
3. Snapshot of today and look into the future
4. What is the right timeframe for Net Zero and what mix of initiatives should Westernport Water implement in the next five years?
5. Refreshment break
6. Should we invest more to reduce ocean discharge further than the Environment Protection Authority's operating license conditions?
7. Next steps and close



Conversation Co.

AGENDA

Westernport Water P23

Thursday 3 May 2022, 6:30pm to 9:30pm

Online - Zoom

Zoom link: https://us06web.zoom.us/j/6688017607

Community Workshop

1. Welcome
2. Building the foundations for group work
3. Snapshot of today and look into the future
4. Should Westernport Water rebalance its access and usage charges?
5. Refreshment break
6. Do you support the application of the special metre read charge for outgoing tenants (paid by the landlord) in the future?
7. Next steps and close

8. Attachments

Attachment 1 Discussion Guide

Appendix Six

Independent Quality Assurance Approach (URA)

WESTERNPORT WATER

UTILITIES REGULATION ADVISORY

Mr Gareth Kennedy
General Manager Corporate & Customer, Westernport Water
2 Boys Home Road, Newhaven, VIC, 3925

28 September 2022

URA ATTESTATION SUPPORT FOR WESTERNPORT WATER'S 2023 PRICE SUBMISSION

During the development of Westernport Water's (WPW) 2023 price submission, URA was engaged to provide review services for the purpose of supporting WPW's Board attestation process.

The following letter sets out the procedures carried out by URA, designed to be consistent with the ESC's requirements under Section 3.22.2 of the 2023 price review Guidance Paper[1] (noting WPW did not seek for any review of its financial and demand forecasts by URA, as this task was completed internally and/or by other consultants).

The following documents these review procedures, and how they were aligned with the Board Attestation Statement:

Condition 1 - information and documentation provided in the price submission and relied upon to support WPW's price submission is reasonably based, complete and accurate in all material respects

Condition 2 - financial and demand forecasts are the business's best estimates, and supporting information is available to justify the assumptions and methodologies used

- **Structure and contents review** – URA reviewed a draft of WPW's price submission (dated 30 July 2022) to understand whether it:
    - presented a compelling narrative;
    - demonstrated the customer value proposition contained within the submission;
    - put forward its best offer;
    - was consistent with the golden threads of PREMO;
    - presented a robust justification for the prudency and efficiency of its forecasts; and
    - addressed all of the material aspects of the ESC's regulatory framework and guidance requirements.
- **Information review** – URA reviewed the consistency of financial data and information between two iterations of the written price submission and the populated financial template (dated 30 July and 13 September 2022), to ensure that that were no material gaps or errors.

[1] https://www.esc.vic.gov.au/sites/default/files/documents/2023%20water%20price%20review%20guidance%20paper%20-%20August%202022%20amendment.pdf

Condition 3 - the price submission satisfies the requirements of the 2023 water price review guidance paper issued by the Essential Services Commission in all material respects

- **Compliance review** – URA reviewed three iterations of WPW's draft price submission (dated 30 July, 13 September and 27 September 2022) for compliance with the detailed requirements of the ESC's Guidance Paper.

In completing each of these tasks, WPW presented management responses, allowing for URA to identify how WPW addressed any opportunities for improvement, and to ensure that WPW's customers were receiving its best offer. WPW has provided URA with appropriate evidence that all feedback provided has been considered and addressed within the written submission and financial template.

In completing its assessment, the last draft of the:

- price submission reviewed was dated 27 September 2022; and
- financial template was dated 13 September 2022.

Any changes made to the price submission or financial template beyond this date, were not considered as part of this review

If you have any questions related to this matter, please do not hesitate to contact me.

Yours sincerely,

Tim White

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