



Year in Review

2017/18

Guided by our vision of going beyond water for strong communities, the past 12 months showcase Wannon Water as a key regional partner.

Our vital role is in delivering safe, secure and affordable water and sewerage services for our customers, but we also recognise the importance of our place in south-west Victoria, and the need to lead by example.

Stepping up to challenges

We have a responsibility to support economic growth, to help tackle climate change, and to promote community health and wellbeing. Many of our achievements this year reflect those commitments and are consistent with the themes of the State Government's Water for Victoria plan.

It is fair to say that the year has also been a challenging one, with a large number of unforeseen incidents resulting in Wannon Water spending 52 per cent of the year operating under "enhanced" or "emergency" management status.

Two major incidents – the illegal dumping of nurdles into our sewage treatment plant at Warrnambool in November and the devastating south-west bushfires in March – placed Wannon Water very much in the public eye. We collaborated with other government and emergency management agencies in the response and recovery efforts for both incidents.

Keeping our prices low

A strategic priority this year was finalising our 2018-2023 Price Submission for review by the Essential Services Commission. We have always worked - and will continue to work - to ensure our business is efficient, sustainable and meets our residential and business customers' needs.

Wannon Water has a record of being a water industry leader in reducing prices. Our customers can look forward to lower bills until 2023. The decision means that average bills for household customers will have declined by 12 per cent in real terms over the past six years.

Planning for the future

Planning and design work for a \$40 million expansion of the Warrnambool Sewage Treatment Plant continued during the year. Due to begin in 2019, the project is vital to support residential and industrial growth over the next 20-plus years, particularly in the milk and meat processing sectors.

Projections show that by 2040, the major industrial users could account for 65-70 per cent of the treatment plant's capacity. Our region is home to a dairying industry which produces 22 per cent of Australia's milk supply or 2.1 billion litres a year.

Economic analysis shows that the industry expansion enabled by the treatment plant would create 1512 full-time equivalent jobs, \$199 million in added economic value per year, and \$196 million in exports per year.

Energy is a significant cost to the operation of our business and our commitment to mitigating climate change and investing in renewable energy has been strong.

We pushed ahead with our pledge to reduce carbon emissions by 40 per cent by the year 2025 and achieve net-zero carbon emissions by 2050.

Contracts for our wind generation project that will provide all the power for our energy-intensive water and sewage treatment facilities in Portland were signed in May. We estimate the \$4.2 million capital cost will be recovered within 10 years through reduced energy bills.

Over the life of the asset, the total payback is forecast to be substantial, resulting in future savings for our customers.



Value for customers

We provide water services to 43,070 residential, commercial, industrial and rural customers across 34 customer zones.

Our sewerage network services 38,899 residential, commercial and industrial customers across 16 sewerage systems.

Wannon Water has played a lead role with the Department of Environment, Land, Water and Planning in establishing a Great South Coast Integrated Water Management Forum. The forum aims to achieve better community outcomes as water corporations, local government and other stakeholders collaborate across the water cycle.

Our Roof Water Harvesting Program won the Victorian Stormwater Association Infrastructure Project Innovation Award during the year. The concept continues to demonstrate the benefits of integrated water management and the use of alternative sources of water to help meet the challenges of climate change adaptation.

This system is progressively being expanded as development occurs in Warrnambool's main north-east growth corridor over the next 30 years. The roofs of some 3,000 new homes to be constructed will form an urban catchment that is expected to contribute 471 megalitres of water per year into the Brierly Basin and then treated at the Warrnambool Water Treatment Plant for urban drinking water.

Stronger communities

We completed our foundation Community Strategy, *Partnering for Stronger Communities*. This strategy has been an important step in establishing our organisation to drive our strategic direction of going beyond water for strong communities.

We expanded the ways we communicate, educate and engage with our customers, including the use of additional social media platforms, open days, tours and school sessions.

Our new community sponsorship and grants program, known as *The Ripple Effect*, was launched, supporting organisations and projects working on issues important to Wannon Water and of benefit to communities in our region.

The Ripple Effect Grant Program was launched to support organisations and projects who are working on projects important to us and of benefit to communities in our region. The first round of the program awarded \$38,183 to 11 community projects.

In 2017/18, we developed and launched our foundational Financial Inclusion Access Plan (FIAP). These plans are being undertaken by all G20 Nations and are one of the initiatives designed to fulfill the United Nation's sustainable development goals. We are one of the first 30 'trailblazer' organisations across Australia to have undertaken a FIAP. We also became a founding member of the Thriving Communities Partnership, working to ensure everybody has fair access to essential services.

OUR REGION: A SNAPSHOT



Performance culture

An engaged and satisfied workforce helps Wannon Water to be an employer of choice. The Victorian Public Sector Commission's *People Matter* survey of our employees showed our engagement score was 76 against the group average of 72, while the satisfaction score of 78 equalled the industry benchmark.

During the reporting period, Wannon Water provided 12,570 hours (58 hours per employee) of employee learning and development.

Work continues on the implementation of our Inclusion and Diversity Management Plan, and our Gender Diversity Plan. We were recognised as a leader in flexible work practices and invited, as one of three entities, to act as a business case for quantifying the return on investment of flexible work practices.

We recognise that access to quality education options and training for people in our region, including high levels of educational attainment, is essential to delivering a skilled workforce and boosting regional prosperity. Our commitment to this includes an engineering scholarship program, traineeship program and secondments to other government agencies.

We have engaged with regional indigenous groups and employment organisations to further explore

indigenous employment opportunities, particularly in our traineeship program.

The Board, Executive and Inclusion & Diversity Committee have undertaken cultural awareness training with an employee program planned in 2018/19.

Business excellence

Once again, our financial results for the year were pleasing.

We achieved a net profit before tax of \$4.19 million for the reporting period - a \$1.07 million improvement on the previous year.

With a drier year recorded in 2017/18 than the previous year, water consumption was higher and volumetric water sales increased significantly. They were up \$3.72 million (17 per cent) from the previous year to a total of \$25.62 million. This represented an increase of 6.4 per cent on budget.

We generated cash flows of \$26.31 million from operating activities and invested \$21.42 million in capital projects.

Wannon Water also repaid \$5.18 million of borrowings during the year and our gearing ratio was enhanced to 5.2 per cent.

VALUE FOR CUSTOMERS

\$3.67m
REBATES & GRANTS

218
NEW WATER CUSTOMERS

201
NEW SEWERAGE CUSTOMERS

CUSTOMERS

36,649 RESIDENTIAL
 4,648 BUSINESS
 1,773 PUBLIC
 SEVEN INDUSTRY



39 megalitres of roof water harvested

LOWER water & sewerage **BILLS** ↓

90%
Customer satisfaction RATING

AVERAGE RESIDENTIAL CONSUMPTION
171 litres/day

STRONGER COMMUNITIES

660 PEOPLE follow US ON

833 PEOPLE ENJOYED TOURS

Thriving Communities Partnership **FOUNDING MEMBER**

Ripple Effect

GRANTS ALLOCATED TO 11 COMMUNITY ORGANISATIONS



Financial Inclusion **ACTION PLAN**

3,900 INDIVIDUALS EDUCATED

CARBON NEUTRALITY ACTION PLAN

893 followers

SUSTAINED RESPONSE TO **incidents & emergencies**

PERFORMANCE CULTURE

216 employees



71 female

145 male

LEARNING AND DEVELOPMENT



12,570 total hours

Inclusion and Diversity

- * Family violence training
- * E-learn program
- * Committee established
- * Officer appointed

ZERO HARM

1/3rd employees work flexibly

Engaged and satisfied workforce



EQUAL TO OR ABOVE industry benchmark

BUSINESS EXCELLENCE

TOTAL ASSETS **\$769** million

TOTAL REVENUE **\$77 m**

TOTAL EXPENSES **\$72.8 m**

\$4.2 million Net operating profit before tax

Responsible **RELIABLE EFFICIENT Visionary**

CAPITAL expenditure **\$21.4** million

\$39.8m borrowings

Gearing ratio **5.2%**