



Strategic Plan

"We are better together!"

VicWater Strategic Plan

"We are better together!"

We have listened to our members about what they value and want VicWater to do, and the VicWater Board utilising an outward in process have distilled the core of why VicWater exists.

VicWater exists because as an industry there are many instances where we are better together. Through this power of collaboration, with some healthy competition by comparison, it is no surprise that the Victorian Water industry is the best performing state in one of the best performing countries for water management in the world.

Report Card

VicWater has delivered exceptional value to our members over the last five years, in direct savings we have repaid our members fees 35 times over (\$120 million over the last five years for a \$3.4 million investment).

The additional savings from red tape reduction, asset valuation processes, protection of catchments from VCAT guidelines, other policy initiatives and from avoided costs have not been included in this analysis. This means the actual payback to members is multiples higher than the direct savings shown.



"We are better together!"

Member Feedback

Our members have also told us they value the work that VicWater does and we are seen as an essential and strategic vehicle for the Victorian Water Sector.

Our members have told us to:

- ensure our member experience is exceptional;
- ensure a strong focus on director and executive value;
- keep working together to improve regulations, reduce red tape and provide collective views on policy;
- create opportunities for efficiencies through shared strategic sourcing and sharing costs on common activities;
- engage and support future facing learning and dissemination of knowledge;
- ensure we are efficient and don't duplicate in services with other organisations (ie WSAA);
- modernise communication channels and engagement – including virtual, web and electronic processes;
- rationalise the number of events held in the industry;

- sustain and create strategic partnerships to access knowledge and capability (don't try and do it yourself but link into those who are already doing it);
- be transparent in the value VicWater creates.

They have also told us their needs and expectations of VicWater are changing and there is an opportunity for VicWater to reshape its strategy and value proposition to ensure it remains a trusted and vital partner.

Fundamental to this is a theme of deepening and narrowing the focus of the work VicWater does to create greater impact, to become more strategic and future orientated to deliver an outstanding member experience.

Outside in model

The strategic plan has been developed based on feedback from our members and analysis by the VicWater Board, making use of the “Why, How, What” model.

This model starts with the question of why you do what you do, it is important that this aligns with what your members value. Then it asks how do you do it and finally what specific actions you take to deliver on the why.

Many companies understand what they do and how they do it, very few really understand why.



Why

For VicWater the why is “Better Together”. This is why VicWater exists, it is the core to our value proposition. VicWater is a vehicle for Water Corporations in Victoria to pursue outstanding or shared outcomes when there is significant value in working together rather than separately.

Everything VicWater does is steeped in the value proposition “*We are better together*” and this can only be progressed through chairs, directors and managing directors. These are the key relationships that enable us to be better together.

How

We are better together when VicWater is working with directors and executives to provide a deep and focused effort on identified priorities. *We are better together* when VicWater is efficient, when we are collaborating, when we are creating or accessing new insights, when we are creating new partnerships, leveraging the intellectual capital of our members and when we are supporting the industry to become more agile, focused, innovative and resilient.

What

VicWater and our members are better together when we:

1. Influence policy and regulation;
2. Connect our leaders and facilitate collaboration;
3. Are a catalyst for thought leadership and action;
4. Support our members to prepare for the ever changing future;
5. Galvanise resources for collective value.

Opposite is the high-level strategy, expressed in the Why, How, What model. Please refer to attachment 1 for the full strategy plan.



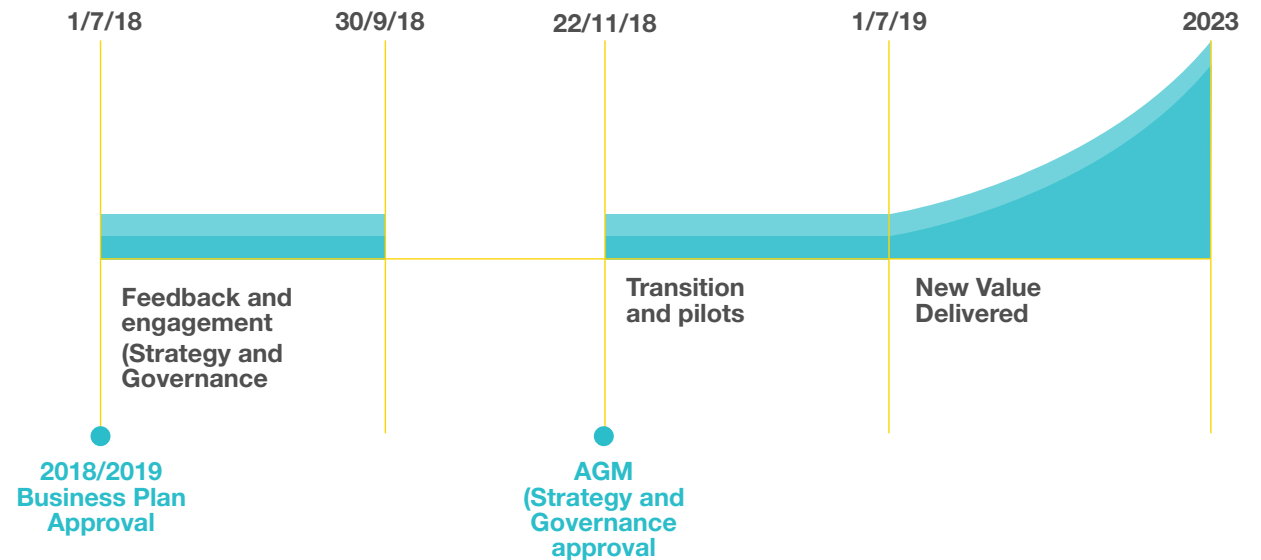
Planning Horizon

VicWater is in an ideal position to commence immediately shifting its activities into the new paradigm with little additional investment whilst also gaining a better understanding of the resource implications from developing and accessing new tools and capability,

Key to this approach will be developing staff, sourcing new capabilities and focussing on new valued member activities, whilst stopping or transferring low value activities.

Importantly VicWater has made a number of sensible investments in the move to a new office that will position it well for the new strategy. Investments in high speed internet and video capable infrastructure as well as creating a work and meeting space themed around collaboration should position VicWater well as its changes the way and tools it uses to engage with its members.

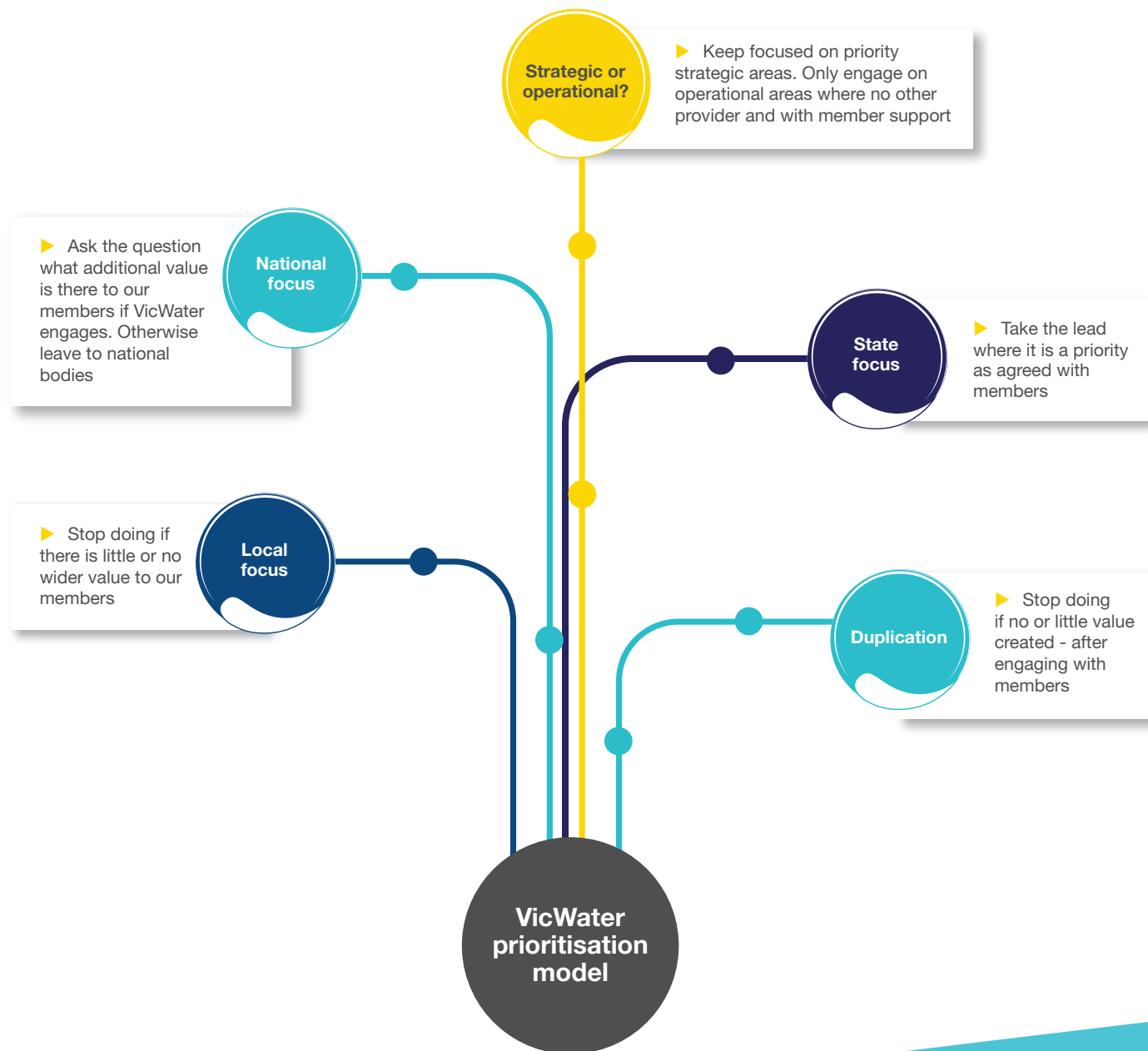
The first year will be a period of transition, development, negotiation and learning. It will be a year that sets down the foundation for the transition whilst also progressing those transitions that do not require significant investments in technology immediately.



How we create focus and a deeper experience

Fundamentally we will review all existing and new initiatives in VicWater to consider how we prioritise and allocate scarce resources.

When faced with decisions about how and when VicWater engages in projects or activities, we will be guided by the thinking contained in the infographic shown here. This will help VicWater to ensure it is focussed on delivering greatest value to our members.



Members Fees Impacts to Realise Value

In the first year no significant new resources are being sought and any additional funds identified will be discussed at the AGM, VicWater has an option of funding any additional costs in 2018/19 from \$400k in cash reserves.

Beyond 2018/19 further funds will be required to enable VicWater to make the transition and deliver increased value to our members. It is also proposed that the current funding model of VicWater be reviewed to reduce the risks (with a reduction in reserves) and exposure to events funding operations.

Capital works will continue to be funded by cash reserves progressing to a position just above the agreed minimum cash holdings which are currently \$445,000.

Value Creation

An increase of 5.75% real to receive:

- Prioritised policy and regulation engagement
- Future orientated policy intelligence
- Improved web site and social media experience
- Showcasing in members capabilities
- Shared services and procurement
- Collaboration and innovation sharing
- Stronger links to thought leaders (inside and outside the water sector)
- Services and events rationalised

To realise the benefits of the strategy there will need to be further investment of 9.8% (real) in 2019/20.

- Outstanding member experience, especially with the IoT interfaces and communication channels
- Policy and regulation meeting water corporation priorities
- Reduced red tape
- Future thinking linking into the development of policy and regulations
- New communication and forum engagement channels
- Higher value adding events (face to face and virtual)
- Close and strategic engagement with stakeholders and government
- Linking new sources of information and innovation
- Stronger linkages and learnings from non-traditional sources

2018/2019

2019/2023



2018/19 Key Actions

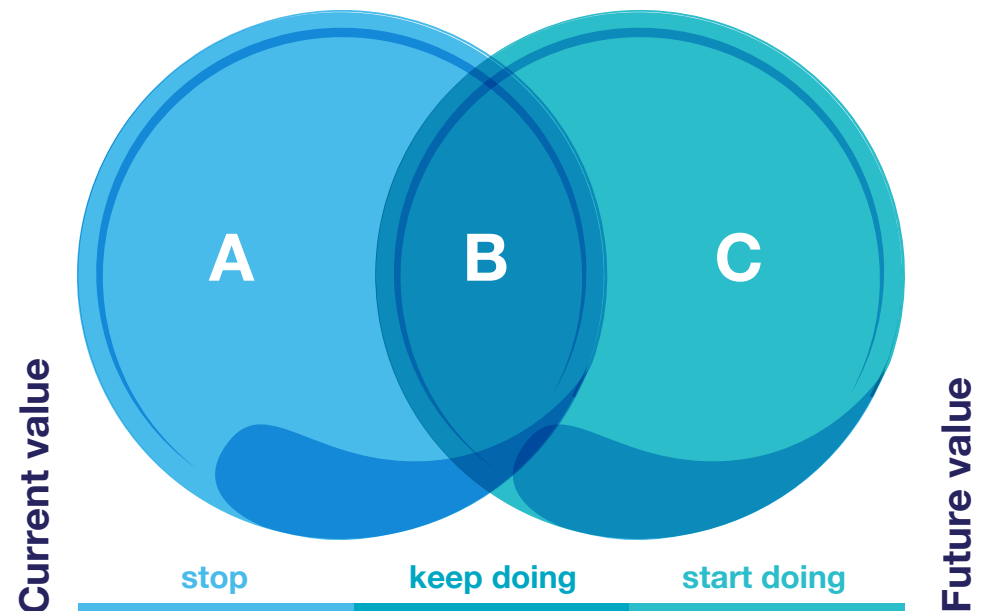




Influence Policy and Regulation

- A**
 - Tasks that are not aligned strategically.
 - Legacy networks and projects that do not align with member priorities and VicWater purpose.
 - Single member issues that are not aligned strategically with the needs of a sector.
- B**
 - Opportunistic response to government / regulatory reviews and requests for support where they provide strategic value.
 - Opportunistic response to members policy / regulatory priorities and red tape opportunities based on strategic value.
 - Existing member networks that are strategically aligned.
- C**
 - Supporting a culture of strategic engagement on policy and regulatory opportunities.
 - Members priorities are explicit.
 - Proactive engagement with members and stakeholders to scope planned for reviews.
 - Linking to Thought Leadership on emerging policy and regulatory trends.
 - Value created is captured and communicated.

What we will do differently



Capability Shift Needed

Like many of VicWater's functions its capability is related to the quality of its staff, the effectiveness of our networks: and the quality of staff provided by our members to support initiatives.

Improved technology and communication channels provide an opportunity to be more efficient, effective, connected and inclusive with our members in the way we engage, set priorities and work on policy and regulation opportunities.

Connect Leaders and Facilitate Collaboration

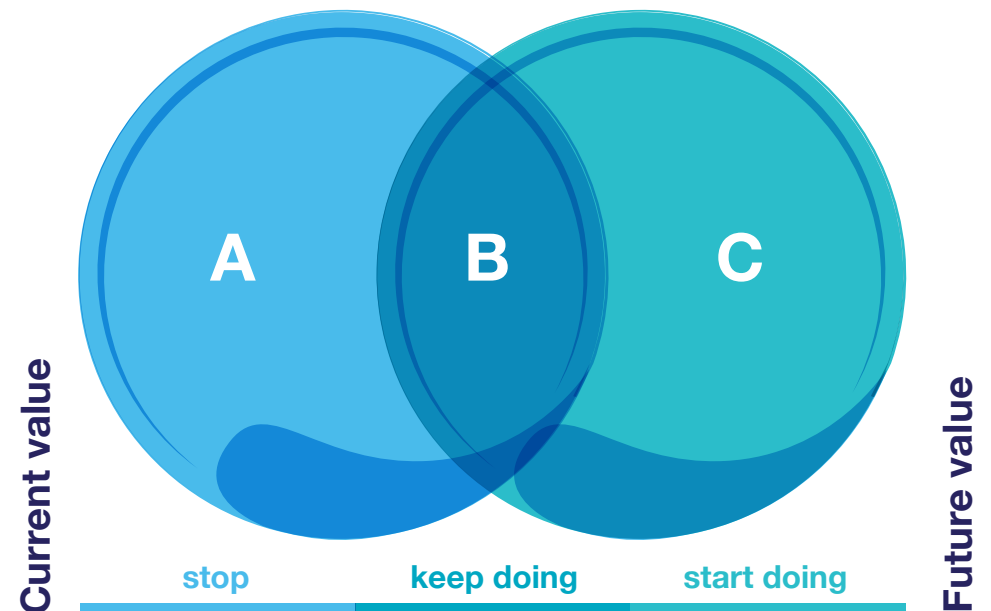
A

B

C

- Strategic forums – Chairs, MD's & Audit Chairs.
- Keep communication channels that are effective.
- Linkages into stakeholders and government.
- New communication channels ie IoT and video channels.
- Capability for leaders to connect with policy and other topics through use of improved internet and communication channels. Such as webinars and video conferences.
- Easier and faster engagement via technology reducing the opportunity costs of meetings and greater engagement.
- Mentoring and communication to link established and emerging leaders.
- More targeted communications for leaders.

What we will do differently



Capability Shift Needed

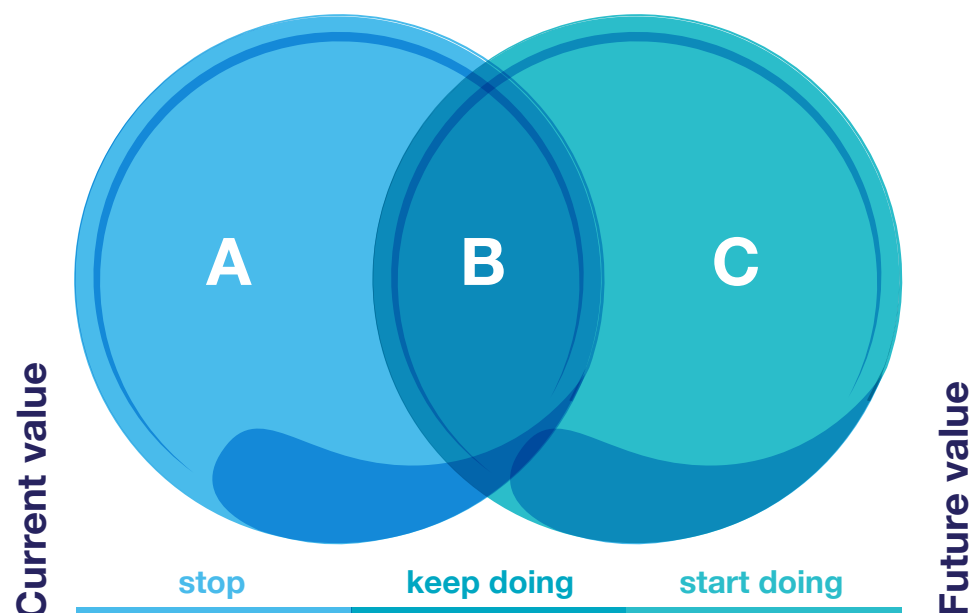
The required capability shift is in terms of systems and skills to support communications and enhanced higher-level attention to the member experience to ensure the communication and engagement is easy to use, valuable and efficient.

This will enable leaders and emerging leaders to engage in VicWater directions and activities. While no change in number of resources required to support these objectives, we will need different and new skills in communication and technology to support this transition.

Be a catalyst for thought leadership and action

- A**
 - There is little time to explore relationships in key themes identified by the sector.
 - Adhoc thought leader connections which are opportunity based rather than strategic.
 - Limited time and resources to engage in thought leader forums to keep staff knowledge contemporary.
- B**
 - Events have a clear alignment to their value proposition and explore thought leadership themes.
 - Nurture existing strategic relationships
 - Continue to link thought leaders and share learnings across members.
- C**
 - Focused engagement with external thought leaders in priority areas.
 - Connect industry and external thought leaders.
 - Insights gained in non-traditional thought leadership forums.
 - Connect industry and external thought leaders, sharing and linking information back to our members.
 - Capacity to develop projects with external parties to facilitate new insights and learning.
 - A compelling voice to influence the future of the water sector.
 - Information and insights on emerging trends, linking insights developed by our members.
 - Sharing and linking information with our members from non-traditional sources.
 - Developing new projects to progress knowledge as required.

What we will do differently



Capability Shift Needed

VicWater is currently able to pursue this on an adhoc basis but does not have the time or resources to engage proactively in the forums and events to create a wider and strategic understanding of possibilities. We also have limited communication channels to communicate effectively with and between members.

Connecting members with new ways of thinking including trends in key areas is a capability that our members have asked for. Accessing new skills and capability though a new position to engage in thought leadership and strategic projects combined with improved technology and access to new information sources will significantly improve our capability to work with our members in the space of Thought Leadership in the Victorian water Industry context.

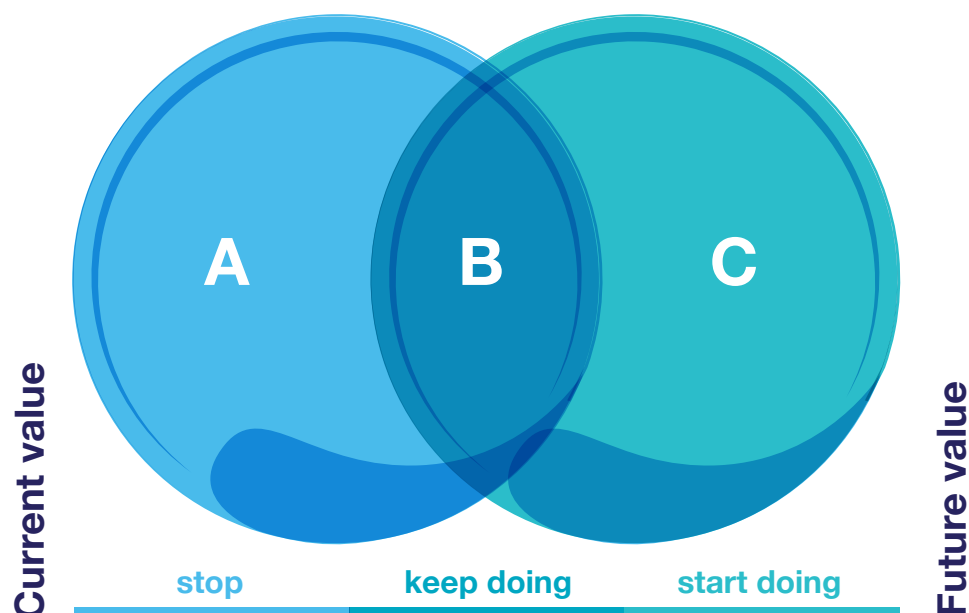
Support the sector for the ever changing future

- A** • Cease projects where outcomes have translated into BAU or strategic context has changed.

- B** • Support the delivery of projects that increase water sector capability, such as IWN.
- Deliver projects as agreed with members.
- Nurture existing strategic relationships.

- C** • Leverage and link members with organisations, think tanks and projects to create new insights and capability.
- Have the capacity to explore, speculate, develop and deliver strategic projects for the industry.
- Engage and link our members to insights into potential disruptors.
- Proposed and engage with our members on projects that improve our knowledge and capability; or provide strategic value.

What we will do differently



Capability Shift Needed

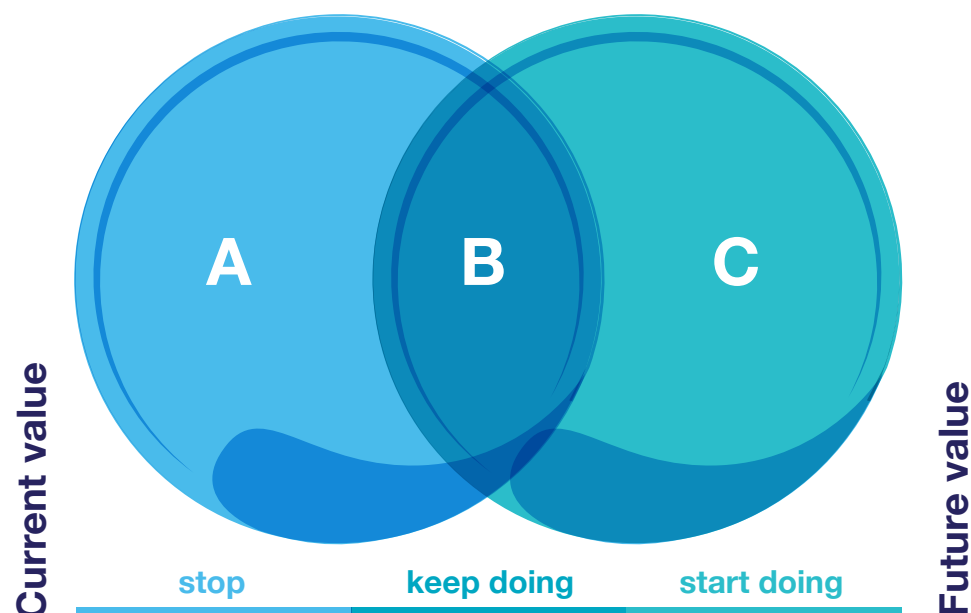
VicWater is able to develop subscription projects with members support. However there is little bandwidth in VicWater to engage in proactive exploring new opportunities or in establishing new networks to explore opportunities for members. Once a project is initiated the only support for that project within VicWater is the CEO, who's attention is spread wide across the range of business activities such as a maintaining stakeholder engagement and relations; and running operations.

The increased value proposition will be better run collaboration projects, capacity to develop and deliver strategic projects and capability to explore and develop new strategic relationships aligned with member priorities. It is proposed to create a new position in VicWater to work on Thought Leadership and Strategic Projects to increased our capability.

Galvanise resources for collective value

- A**
 - Stop activities where there is overlap or duplication with others.
 - Stop taking on work where it would be better served from another organisation.
- B**
 - Collaboration with the AWA, WIOA and IWA on events and projects.
 - Communication and sharing with WSAA.
 - Provide a vehicle to support industry projects like IWN.
 - VicWater retains a lean and efficient structure.
- C**
 - Gain a clear understanding of what an outstanding member experience is and deliver.
 - Updated governance arrangements.
 - VicWater's performance and value creation is clear and transparent.
 - The contribution of VicWater Directors is recognised by our members.
 - Optimise the value of VicWater infrastructure, technology and offices for our members.
 - Increased flexibility to move resources and capabilities to emerging strategic priorities.
 - Succession plan for the CEO.

What we will do differently



Capability Shift Needed

VicWater will need new skill sets in connecting and learning from external knowledge sources. We will also need additional capability in communication (especially web based and video) members' services and systems, to properly develop and implement these strategies and to undertake the research and product development to ensure we have the member experience in focus.





Objectives

- ▶ Our members leaders connect and collaborate on industry priorities where the sum is greater than the individual outcomes
- ▶ Our members share their innovations and experiences with each other
- ▶ Our members capabilities are able to be showcased
- ▶ Our members are exposed to new insights and ways of thinking to assist their strategic planning

Strategies

- ▶ Create, link and facilitate collaboration forums and events for directors and executives (digital and face to face)
- ▶ Deliver innovative events that stimulate new way of thinking, engagement and collaboration
- ▶ Showcase Victorian Water Sector capability and innovations to each other, stakeholders and new opportunities

2018/19 Key Actions

- ▶ Facilitate industry forums for Chairs, Directors and Executive, including the Chairs, MD, Audit Chairs and Women Directors in Water Forums
- ▶ Review and rationalize events to focus on high value and strategic alignment
- ▶ Assess and trial new channels (digital, video, website, etc.) for the delivery of efficient collaboration and communication
- ▶ Facilitate the development of a way to showcase Victorian Water sector capability
- ▶ Assess the merit in the development of a VicWater Executive Induction Program

2019/23 Outcomes

- ▶ Collaboration and engagement channels developed enabling more efficient and focused experiences
- ▶ Expanded communication channels embedded in BAU
- ▶ Our members capabilities and networks are easily accessible to stakeholders and external markets
- ▶ New or emerging leaders are integrated into the industry quickly so they can be supported and quickly start contributing

**Be a catalyst
for thought
leadership
and action**

Objectives

- ▶ Thought leaders (internal and external) are engaged in exploring and setting the strategic context of the sector
- ▶ Accessing and linking new ways of thinking to achieve greater performance
- ▶ Gather, harness and deploy knowledge

Strategies

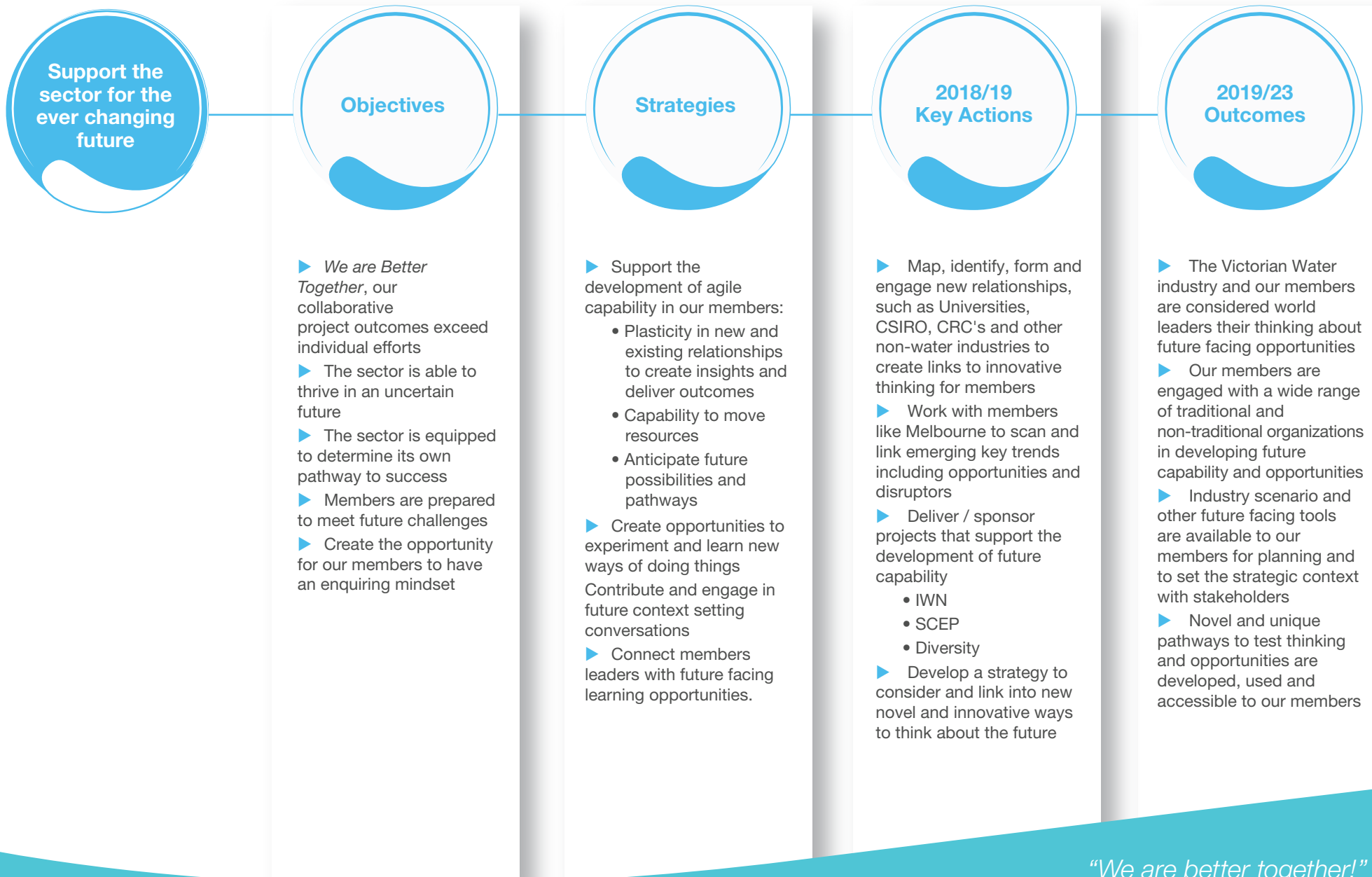
- ▶ Identify and develop relationships with thought leaders (inside and outside of our members and the water industry)
- ▶ Create opportunities for thought leaders to connect with VicWater
- ▶ Link with industry think tanks and thought leadership organizations in and outside the sector

**2018/19
Key Actions**

- ▶ Attend (physically and virtually) int. and nat. forums that have the potential to provide new insights for members
- ▶ Develop communication and engagement channels for thought leadership engagement with members
- ▶ Develop a strategy to engage with thought leadership for our members.
- ▶ Assess the requirements to develop or access knowledge hubs for global thought leaders

**2019/23
Outcomes**

- ▶ Our members are accessing and contributing to the development of contemporary thought leadership in the water industry
- ▶ Collective intellectual capacity provides a compelling voice to set the strategic context for the Victorian sector. We are better together from a thought leadership perspective





Objectives

- ▶ Deliver an outstanding and valued member experience
- ▶ VicWater has the knowledge, skills and resources to deliver the strategic plan
- ▶ Members resources are used efficiently to generate the greatest value
- ▶ Members gain new skills and insights from working with VicWater.
- ▶ VicWater's business model is sustainable and effectively governed

Strategies

- ▶ Understand and create an outstanding member excellence
- ▶ Assess and develop a strategy to secure the skills, knowledge and expertise required to deliver the 2019/23 business plan
- ▶ Short term member placements at VicWater to develop skills and deliver key projects
- ▶ Eliminate duplicated and low value adding activities
- ▶ Review and modernize VicWater's governance framework to ensure it is contemporary and effective
- ▶ Ensure members fees to ensure they are fair and sustainable

2018/19 Key Actions

- ▶ Develop a member experience strategy
- ▶ Develop a skill development and acquisition strategy
- ▶ Develop a member rotation / placement program
- ▶ Review any duplication to ensure services are efficient and are being provided to members; and new partnerships are developed to enhance services
- ▶ Provide a performance dashboard for VW board, staff and members
- ▶ Review the rules of association and develop a Board Charter
- ▶ Review members fees and funding model

2019/23 Outcomes

- ▶ Member experience is outstanding and reinforces VW's unique value proposition
- ▶ Resources are used effectively with little or no duplication
- ▶ Partnerships are developed efficiently deliver outstanding value
- ▶ New rules and Board charter are supported by members
- ▶ VW revenue and members fees are supported as being fair and sustainable
- ▶ VW is a key member partner in helping them develop their political and industry perspectives
- ▶ VicWater's performance is clear and transparent

Resources to deliver the strategy

It is assumed that:



VicWater Current Structure

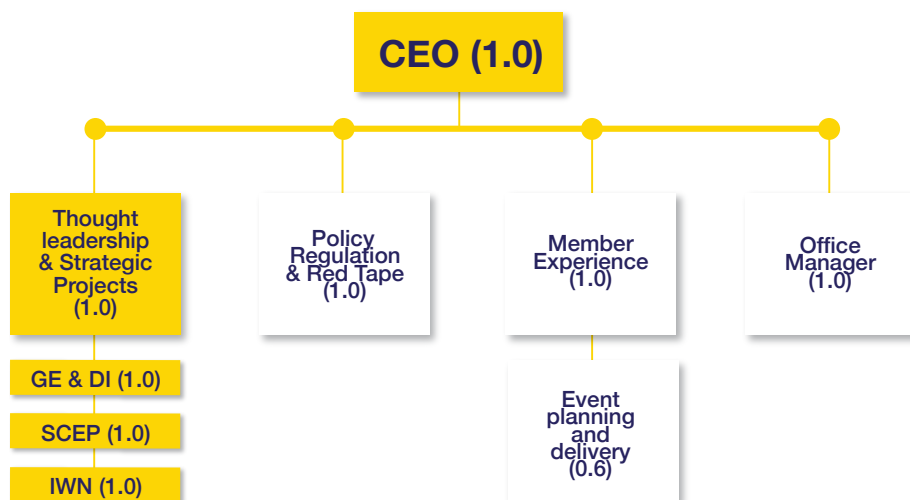
The structure of VicWater is currently:



Characterised as a very flat structure with the CEO having 8 reports.

Resources to deliver the strategy

It is proposed to move to the following structure under the new strategy.



The key changes being:

- 1. Gender Equity, Diversity and Inclusion roles becomes a subscription project.*
- 2. New position of Thought Leadership and Strategic Projects (\$150k TRP).*
- 3. Subscription projects report to Thought Leadership and Strategic Projects.*
- 4. Reduction of a part-time position in Policy and Regulation.*
- 5. New skills and capability in Member Experience and now full time.*
- 6. Event planning and delivery reports to member experience.*
- 7. Office manager - some functions transferred to member experience.*
- 8. CEO less direct reports and some functions transferred to Thought Leader and Strategic Projects. Frees up CEO to invest more time into strategic relationships and strategy.*

Financial resources to deliver the strategy

Operating Expense Impact

Salary Impacts

Current Salary Budget:	\$786 549
New Salary Budget:	\$782,628
Change in salary budget	\$-3,921
Director Remuneration*	\$24,000
Oncost recovery:	\$3,600
Total salary adjustment:	\$23,679

**needs to be approved and based on a \$1,000 sitting fee for four eligible directors.*

Non-salary operating expenditure required

Subscriptions and membership:	\$10,000
Travel and accommodation:	\$10,000
Training and development:	\$10,000
Design and content creation:	\$5,000
Depreciation:	\$15,000
Loss of interest income:	\$4,200
Total other OpEx	\$54,200

Total change in operating expenses: \$77,879

Current membership subscriptions are \$794,358

To cover the cost to deliver this strategy members fees would increase by **9.8% (real) from the 1/7/2019.**

Capital Expenditure

Redesign of website and functionality:	\$70,000
Webcasting and webinar tech:	\$15,000
New computer:	\$3,000
Total estimated capital works**:	\$88,000

***Note these costs are based on estimates received, we may be able to reduce these costs once we get into detailed specification and apply some competitive tension.*

Real increase in members fees (based on current membership structure):

Metro members:	\$4,887.15
Large urban members:	\$3,995.29
Small urban members:	\$3,834.98
Goulburn Murray Water:	\$3,596.59
Southern Rural Water:	\$3,436.14

PROGRAM 2018/19 (in addition to BAU)

GALVANISE RESOURCES FOR COLLECTIVE VALUE

Develop a member experience strategy

Appoint Member Experience Resource

Develop a skill development and acquisition strategy

Review services for alignment and value

Performance dashboard

Commence trial

Review and refine

Review rules of association and create a Board Charter

Form Nominations and Remuneration Committee

Review and recommend changes to the Board

Recommend any changes to the members

Review members fees and funding model

Appoint review committee and consultant

Consult with members

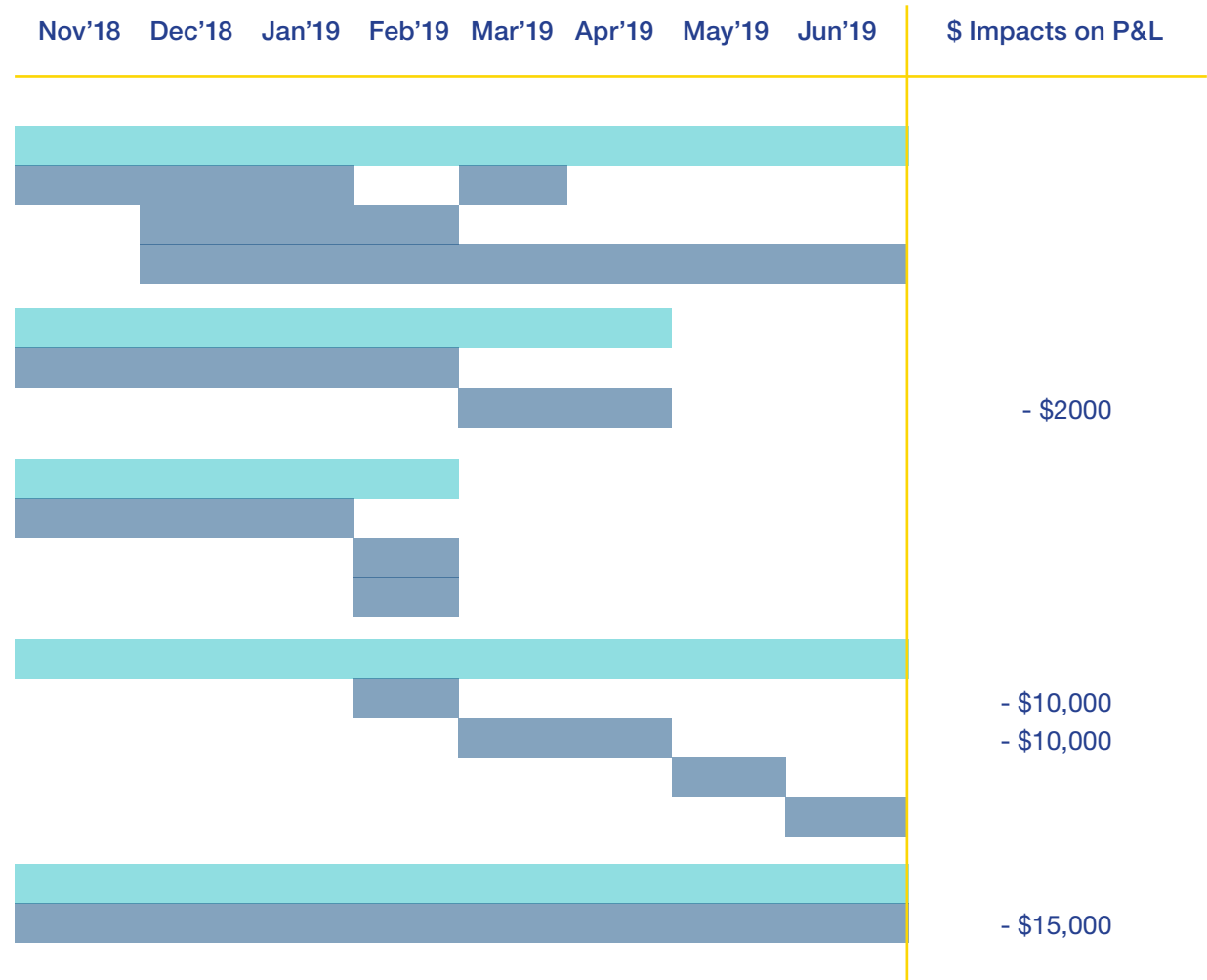
Recommend any changes to the Board

Recommend to members for endorsement

Implement structural changes

Recruit roles and onboard

Make necessary changes – TSP payments



PROGRAM 2018/19
(in addition to BAU)

SUPPORT THE SECTOR FOR THE EVER CHANGING
FUTURE

Identify relationships for new insights

Share planning insights and analysis across members

Strategy to link innovative thinking

INFLUENCE POLICY AND REGULATION

Set policy priorities - members, gov. and stakeholders

Increased member value from Association shared services

Improve channels for member engagement in policy / reg reviews

New processes to identify and report on policy and reg. trends

CONNECT LEADERS & FACILITATE COLLABORATION

Review and rationalise events

New channels for delivery of collaboration and communication

Strategy to showcase the Victorian Water Sector

A model induction program for water executives to assess merits

BE A CATALYST FOR THOUGHT LEADERSHIP AND ACTION

Engage in forums to provide new insights for members

Link leadership and members

Analyse channels to global thought leaders

Less existing provisions in current budget

*Implementation impacts on P&L

[illegible]

*These costs exclude:

1. loss of profit from rationalising events
2. payments of accrued entitlements to staff

Summary of Financial Impact

Increased operating expenditure 2018/19:	\$67,000
Increase members fees in the 2019/20 Business Plan:	9.8% (Real)
Capital Works Required to support the program:	\$88,000 (2019/20 year)
No increase in head count:	