

Annual Water Outlook 2025

ANNUAL WATER OUTLOOK



Table of contents

Summary	3
Introduction	5
Current Water Resource Position	9
Seasonal Climate Outlook	12
Victorian climate and streamflow in the longer-term context	13
Forward Outlook for Water Resources over the Coming Year	15
Short-Term Action Plan	17

Summary

Westernport Water (WPW) plays a vital role in ensuring that our region continues to be amongst the most liveable and productive regions of Victoria. This Annual Water Outlook (AWO) provides data and information for stakeholders and the community with forward looking projections on WPW's water security from the 1 December 2025 to 30 November 2026. It provides an overview of identified likely risks to the region's water supply and is informed by the 2022 WPW Urban Water Strategy (UWS).

The outlook for the upcoming year indicates water supplies will be sufficient to meet supply and demand requirements by the end of the outlook period, with an unlikely (5-19%) likelihood of implementing water restrictions.

WPW has been supplementing supply with current season and carryover allocation from the Greater Yarra River Thomson System (GYRTS). WPW holds an entitlement of 1000ML to the GYRTS. WPW currently hold 3189ML in carryover and 47ML of current season allocation based on the October resource manager seasonal determination. This equates to 16 months of available storage in carryover and current season allocation. When combined with the 11 months of usable storage in Candowie Reservoir, WPW has approximately 27 months of available water supply. The access to the GYRTS allocation has been mitigating the risk of WPW utilising restrictions.

WPW's current Drought Preparedness Plan (DPP) and drought response levels are determined solely by the volume of water in Candowie Reservoir and the time of year, without considering all available water resources and entitlements. While WPW are not currently forecasting the need for water restrictions, the likelihood is increasing if dry conditions persist. In the meantime, we will continue to promote water conservation messaging to our customers.

Based upon the levels in Candowie Reservoir, WPW are currently in drought response mode. Without supplementing supply from alternative sources, the volume in Candowie Reservoir would continue to decline.

Water restrictions are not currently planned thanks to access to alternative supplies. Whether restrictions will be needed over the next 12 months will depend on the weather conditions experienced during summer and autumn 2026. Westernport Water is closely monitoring the system and will keep customers updated if the likelihood of restrictions increases.

Likelihood terminology used in this Annual Water Outlook for the implementation of water restrictions is defined as follows: "Very rare" indicates a probability of less than 1%; "Rare" corresponds to 1-4%; "Unlikely" means 5-19%; "Possible" represents 20-49%; "Likely" refers to 50-79%; and "Almost certain" denotes a probability of 80-100%.



WPW provides water and wastewater services wherever economically, environmentally and socially practicable to properties and communities throughout its district. WPW provides services to over 23,500 customers (100,000 in peak holiday periods) in an area covering 300 square kilometres, encompassing Phillip Island and the district stretching from The Gurdies to Archies Creek.

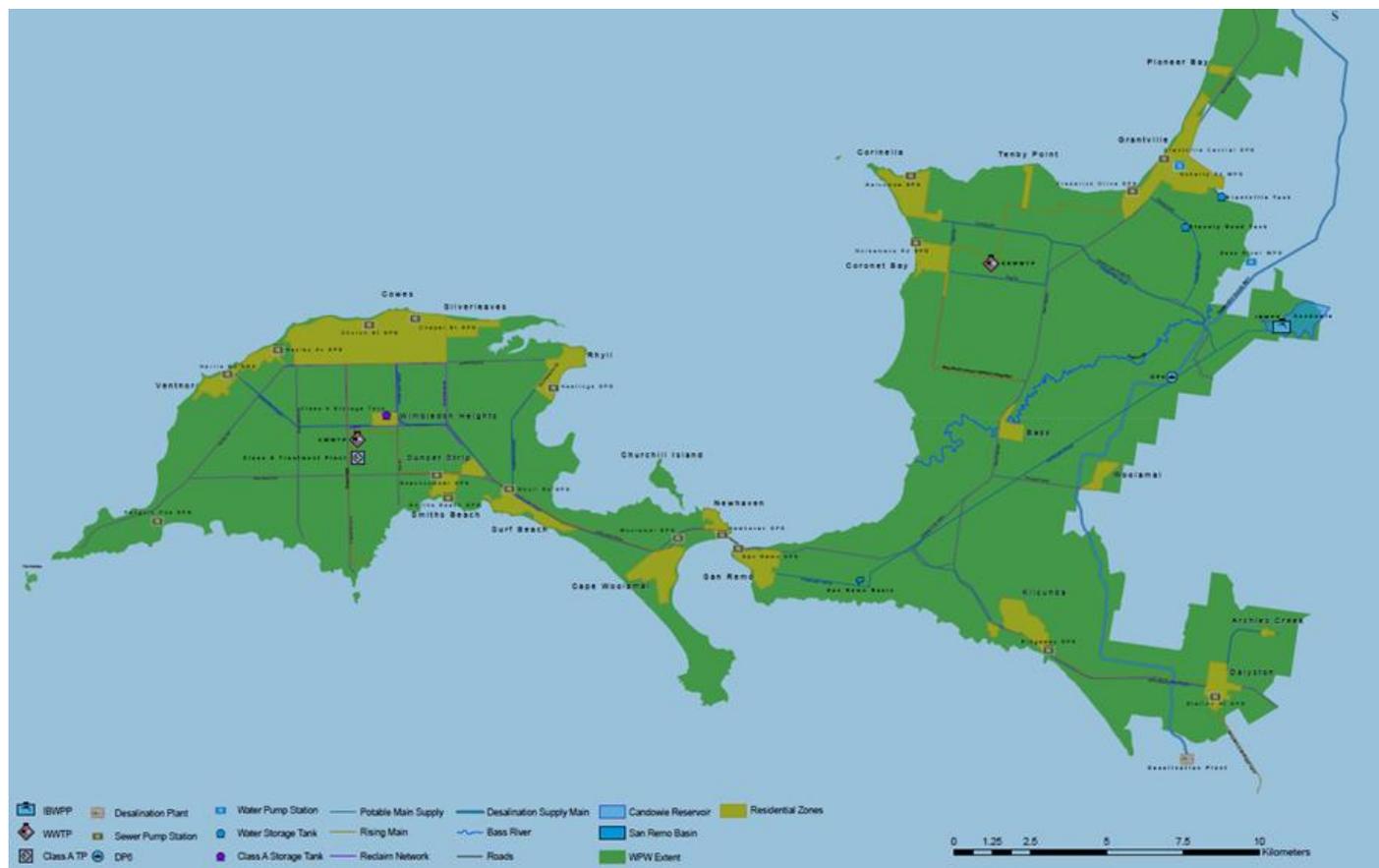


Figure 1 Westernport Water's supply district and primary sources of supply.

Introduction

Westernport Water Supply Outlook

The AWO provides an overview of WPW water availability from 1 December 2025 to the 30 November 2026. The AWO has been developed taking account of the winter/spring inflows, the latest forecasts for rainfall from the Bureau of Meteorology and the UWS. WPW's AWO will inform the State's AWO and provide information on the upcoming peak summer demand, the available water held in storage to adequately meet the predicted demand and inform customers and stakeholders of any changes to our water restriction regime, in accordance with WPW's Drought Preparedness Plan (DPP).

Further information on Permanent Water Saving Rules can be found on our website.

<https://www.westernportwater.com.au/pws-rules/>

Using water responsibly is everybody's opportunity to help secure water supplies. Information on how to save water can be found on our website.

<https://www.westernportwater.com.au/learning-centre/education/target-your-water-usage/>

Despite the unlikely likelihood of restrictions, extreme events or emergencies such as bushfires in WPW's catchments, major loss of power supply or water contamination could require the implementation of restrictions to manage water demands.

Likelihood of Restrictions over the next 12 Months

Table 1 Westernport Water supply system and expected restriction levels in the outlook period.

System	Towns supplied	Primary source of supply	Likelihood of restrictions	Comment
Westernport Water Supply System	Grantville, Corinella/Coronet Bay, San Remo, Phillip Island, Kilcunda, Dalyston/ Archies Creek	Candowie Reservoir (Tennent Creek), Melbourne Headworks supply, Bass River	Unlikely (5-19%)	Permanent Water Saving Rules, Supplement with GYTRS Entitlement

Key Achievements for 2024/25

Key Achievements

- Continued membership of the Integrated Water Management Forum (IWM) in the Western Port region to identify key priority projects to achieve integrated solutions for water management in the region.
- Completed masterplan of the distribution system looking to minimise water losses and optimise system performance in the distribution network.
- Participated in the Central and Gippsland Region Sustainable Water Strategy action to progress the creation of a south-central pooled resource and associated reforms.
- Reviewed design options for a constructed wetland for nature-based wastewater treatment at KRWWTP.
- Continued Class B recycled water for agricultural use on surrounding farmland at the Cowes Wastewater Treatment Plant.
- Continued to successfully utilise the connection to the Melbourne Pool via the Distribution Point 6 connection on the desalination pipeline to maintain supply during periods of poor raw water quality and during periods of low inflow and declining volume in Candowie Reservoir.
- Surpassed the recycled water reuse target of 267 ML, achieving a total of 503ML. The increase in recycled water usage has been associated with the warmer, drier conditions.
- Designed an upgrade of CWWTP which reviewed the recycled water treatment plant and capacity to supply users now and, in the future.

Future Initiatives

- Exploration of options for expansion of irrigation infrastructure at both CWWTP and KRWWTP sites to further enable the use of recycled water.
- Continue to improve our understanding of customer water use behaviour.
- Community campaign to raise awareness of recycled water and how it can be beneficial to customers.
- Begin the development of the Urban Water Strategy 2027.

Existing Water Use

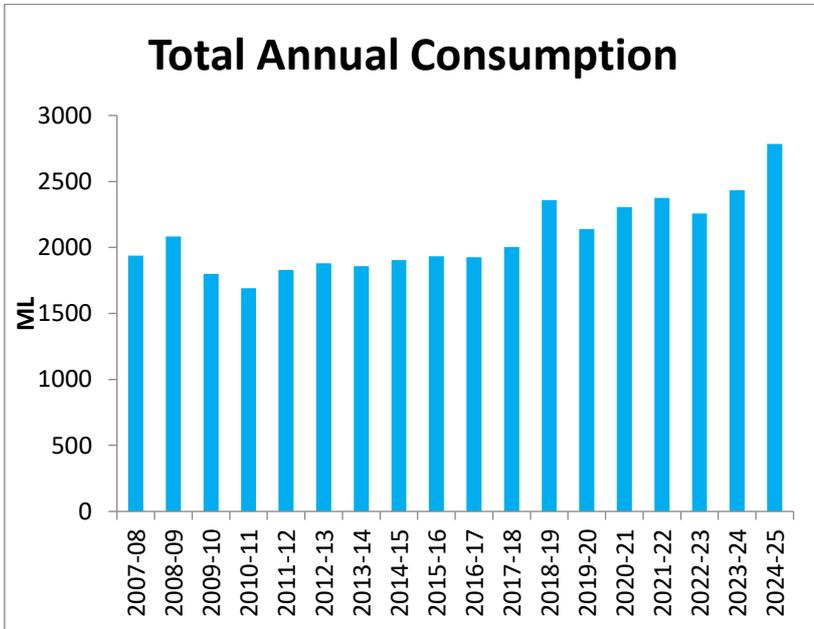


Figure 2 Westernport Water’s yearly annual consumption comparison for the supply system.

Westernport Water’s annual water usage has risen by 351 ML, increasing from 2,434 ML in 2023–24 to 2,785 ML in 2024–25. This growth is primarily attributed to drier and warmer conditions in 2024–25 compared to the wetter conditions of the previous year. Additionally, a growing population has increased demand.

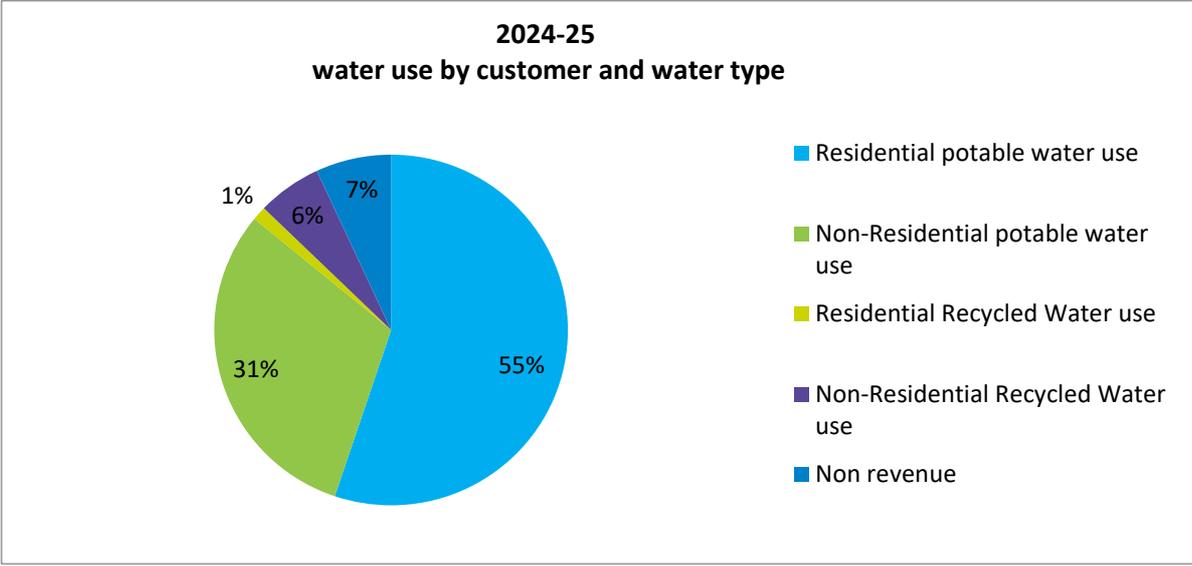


Figure 3 2024-25 break down of use customer/non-revenue/non-residential water and recycled water use.

Figure 3 shows the distribution of water use in 2024-25 including potable water, recycled water and non-revenue water including water losses through leakage in the system.

Water use is primarily potable water, and the greatest percentage of that use is by residential customers (55%).

Recycled water makes up a small percentage of total (7%) water use. Non-residential (i.e. commercial) customers are the major users of Class A recycled water (via irrigation), compared to residential customers, who are only using Class A recycled water for toilet flushing, gardening and wash down activities.

Existing Sources of Water Supply

Table 2 Bulk Entitlements for supply systems including environmental flow requirements.

System	Bulk Entitlement (ML/year)	Max rate of extraction (ML/day)	Daily flow to environment (ML/day)	Environmental flow (ML/year)	Amount taken (ML/year)
Tennent Creek	2,911	14.2	5.0 winter 0.1 summer 7.5 fresh	352	1,192
Bass River	3,000		N/A		0
Greater Yarra Thomson River System (GYTRS)	1,000		N/A		1,432

WPW sources water primarily from Tennent Creek (stored in Candowie Reservoir), the Corporation's main water supply source, and holds additional entitlements to the Bass River and the GYTRS system. Westernport Water has not utilised the Bass River entitlement since 2018 due to water quality concerns associated with its lower-quality catchment compared to Tennent Creek.

In 2019, Westernport Water commissioned Distribution Point 6, which connects WPW to the Melbourne System and enables access to the GYTRS entitlement. Under current operating procedures, WPW prioritises the Tennent Creek entitlement and only utilises the Melbourne System connection during periods of poor raw water quality—such as algal blooms—or to supplement supply during times of low inflow from the Tennent Creek Catchment.

The use of the GYTRS entitlement during low inflow periods is an operational strategy that is reviewed monthly and approved by WPW's executive team. WPW's current Drought Preparedness Plan does not account for all available entitlements. An update to the Drought Preparedness Plan is scheduled as part of the Urban Water Strategy 2027, which is currently underway. WPW's primary considerations when selecting water sources are water quality, cost and availability, as there are no constraints related to transfer capacity.

Current Water Resource Position

Demand Indicators

As part of the development of the UWS, WPW reviewed its water demand forecast to 2070. Water demand is typically difficult to forecast because it varies depending on climate variability, changing population and water use behaviour. The WPW region has an additional level of complexity associated with the large peaks in (non-permanent) population in summer and the large number of tourists that visit the region. To reflect the uncertainty in forecast demand, WPW developed a baseline demand forecast with an upper and lower bound to reflect a probable range of demand growth. These forecasts are based on historic water consumption, population growth projections for the area and trends in water use. Below is also WPW's litres per customer per day. This calculation is based on an assumed average of 2.4 customers per water connection. During peak periods, the service area accommodates over 100,000 customers, and warmer weather conditions such as those experienced in 2024 and 2025 drive increased tourism and higher water usage across the region. These seasonal fluctuations can impact significantly the litres per customer per day measure.

The forecasts for future demand are shown in the tables below.

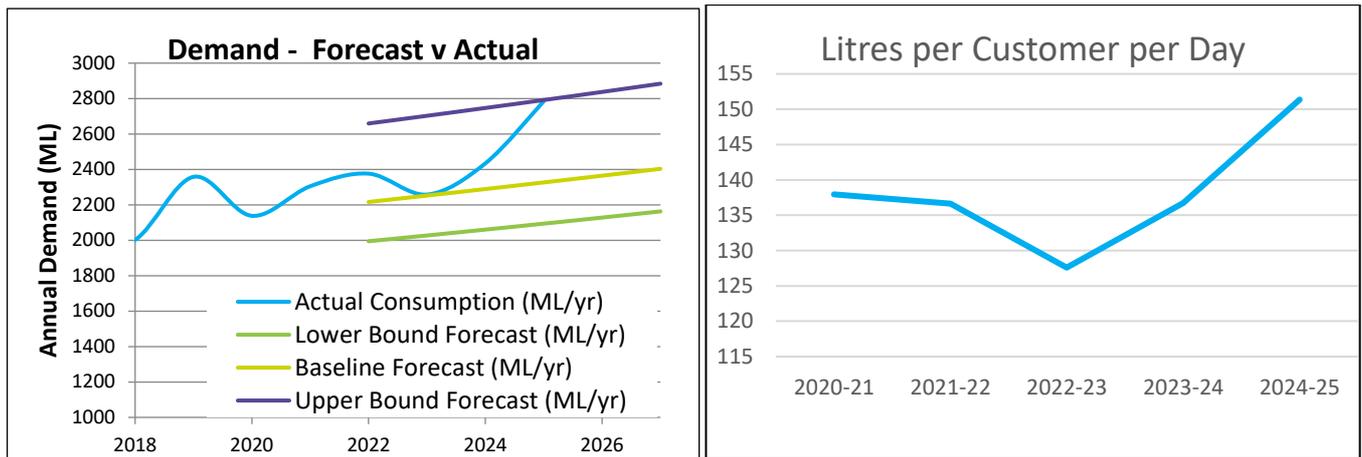


Figure 4 Updated demand indicators considered in the Annual Water Outlook November 2025.

Supply Indicators

Supply indicators:

Inflows into Candowie Reservoir were such that the reservoir peaked in the last 6 months at 51% on the 27th of October.

No water was extracted from Bass River during 2024-25 as Candowie Reservoir did not reach the trigger levels to pump from Bass River. In accordance with the drought response plan, WPW have utilised the Bass River entitlement to supplement the supply of Candowie Reservoir commencing in October 2025.

1432ML was extracted from the Melbourne System 2024-25. This increase in usage aligns with WPW's strategy to utilise alternative sources to conserve the available water in Candowie Reservoir. Conserving water in Candowie has the additional benefit of maintaining raw water quality. The supplementation strategy is continuing into the 2025-26 as WPW currently holds as of the 1st of October in GYTRS carryover allocation of 3189ML.

Alternative Water supplies:

During 2024-25 the Cowes WWTP Class A plant produced 114 ML of Class A water.

Overall, across WPW's two effluent treatment facilities, WPW reused 503ML of treated effluent, equating to 32% of total inflows. This exceeded the total reuse target of 267 ML by 236ML.

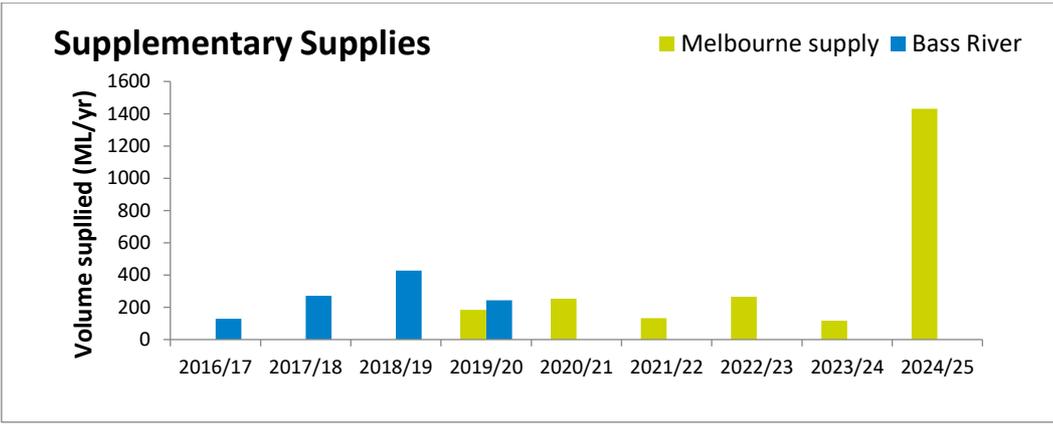


Figure 5 Use of supplementary supplies for previous years

Seasonal Climate Outlook

The Bureau of Meteorology (BOM) outlook, issued 16 October 2025, predicts November to January rainfall is likely to be above median (greater than 58% chance)

The BOM also predict temperatures for November to January are likely to be warmer than the median for much of the country (greater than 92% chance).

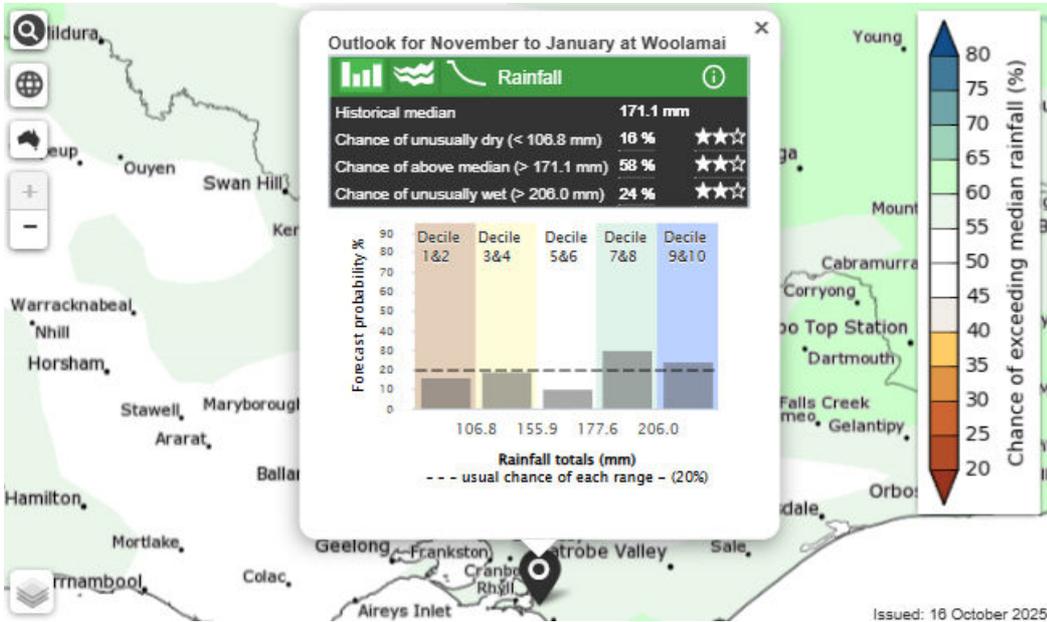


Figure 6 BOM Seasonal Rainfall outlook for November 2025 to January 2026.

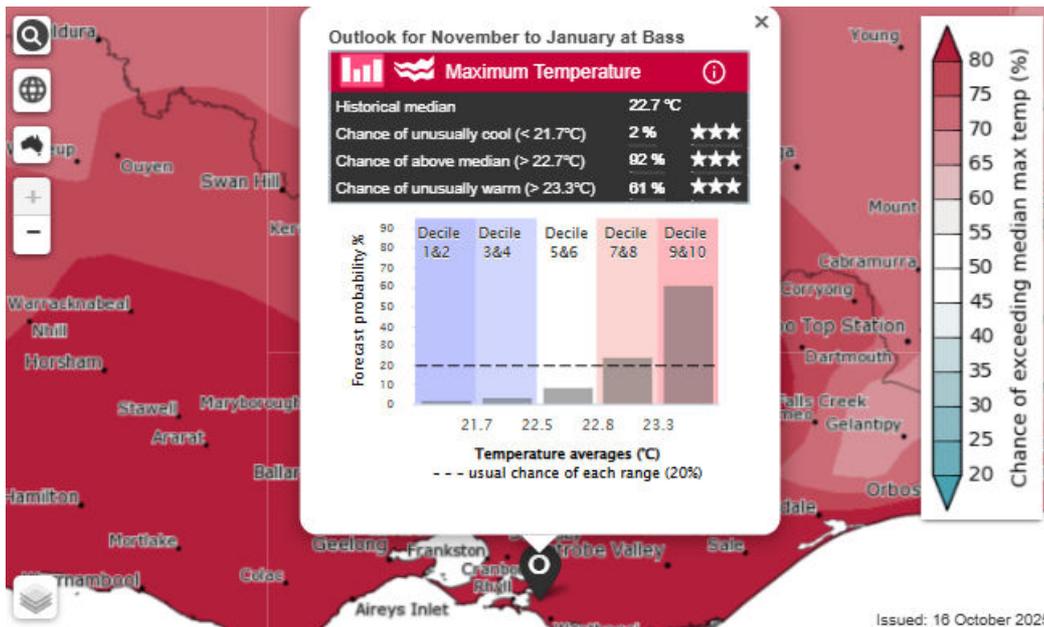


Figure 7 BOM Seasonal Temperature outlook for November 2025 to January 2026.

Victorian climate and streamflow in the longer-term context

Victorian climate and streamflow in the longer-term context Victoria's climate and streamflow is highly variable, but within this variability we have experienced a warming and drying trend over recent decades.

Over recent decades we have experienced trends toward:

- higher temperatures and more hot days;
- reductions in rainfall during the cooler months;
- increases in extreme, short-duration rainfall events; and
- in some catchments, particularly in western Victoria, a shift in the streamflow response to rainfall with typically less streamflow generated for a given amount of rain.

Some of the rainfall declines in the cooler months can be attributed to increases in greenhouse gas concentrations in the atmosphere. During the cooler months, we have been getting less rainfall from low-pressure and frontal systems.

Over future decades we can expect:

- the rainfall reductions during the cooler months to persist;
- increases in extreme rainfall events;
- increases in potential evapotranspiration due to higher temperature and lower relative humidity;
- reductions in streamflow because of less rainfall and higher potential evapotranspiration; and
- the streamflow response to rainfall to no longer remain the same, and generally decline.

Victoria's climate will continue to be variable with wet years and dry years, against a background drying trend. With a warmer future and projections of declining water availability, we can expect more frequent and severe droughts in coming decades and increases in extreme rainfall events.

The Victorian Government is investing in further research to better understand how Victoria's climate is changing and the water resource implications, through the Victorian Water and Climate Initiative. More information on the observed changes and longer-term

future climate and water projections can be found at:

<https://www.water.vic.gov.au/water-and-climate>.

Forward Outlook for Water Resources over the Coming Year

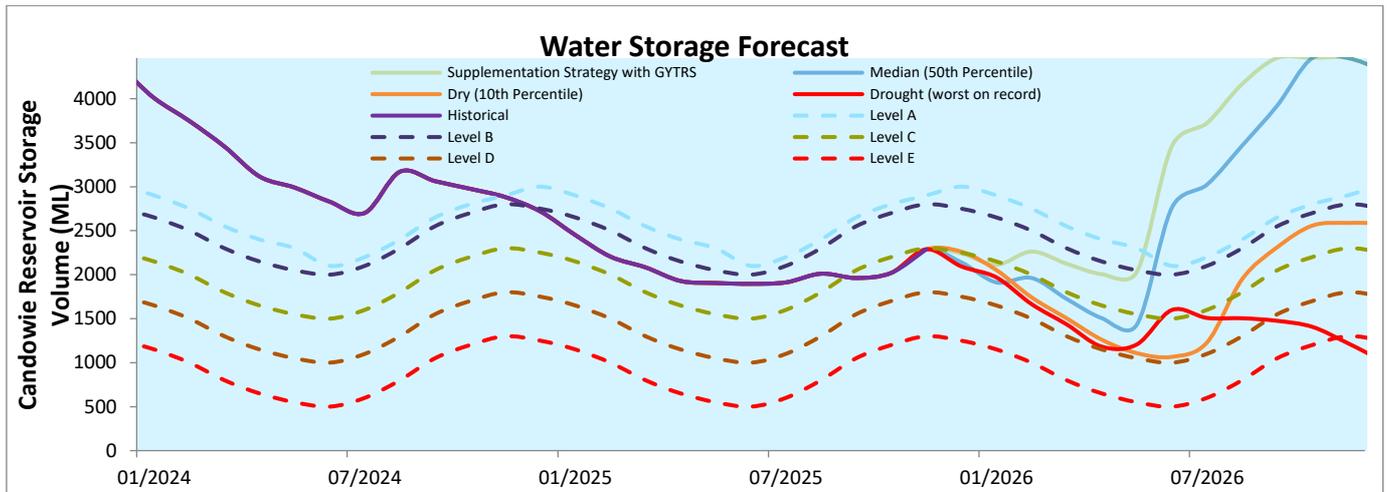


Figure 8 November 2025 Candowie Reservoir Water Storage Forecast

*The supplementation Strategy trace assumes median inflow and accessing approximately 100ML per month from the GYTRS allocation until Candowie Reservoir level is above 75% capacity.

Current Status: No restrictions, remain on Permanent Water Savings Rules

Likely Status July 2026: Likelihood of restrictions unlikely (5-19%)

Likely Status Dec 2026: Likelihood of restrictions unlikely (5-19%)

WPW has been supplementing their supply with their available allocation from the Greater Yarra River Thomson System Entitlement. WPW currently hold 3189ML in carryover and 47ML of current season allocation. This equates to 16 months of available storage in carryover and current season allocation. When combined with the 11 months of usable storage in Candowie Reservoir, WPW has approximately 27 months of available water supply.

Currently Drought response levels are based upon water volumes in Candowie Reservoir and the time of year without taking into consideration particular annual contexts. Westernport Water is not forecasting the need for water restrictions however the probability of entering them is increasing if the dry conditions continue. WPW will continue water conservation messaging to our customers. Supplementing supply from the GYTRS is based on a monthly operational strategy considering water resources, water quality and costs associated with utilising this resource.

Westernport Water continues to promote Permanent Water Saving Rules. The rules are as follows:

- **Garden Watering:** Always use a leak-free hose fitted with a trigger nozzle.
- **Sprinklers and Drippers:** Permitted only **before 10:00 am** and **after 6:00 pm**.
- **Hard Surfaces:** Do not hose concrete, paths, or driveways — use a broom instead.
- **Fountains and Water Features:** Must recirculate water.

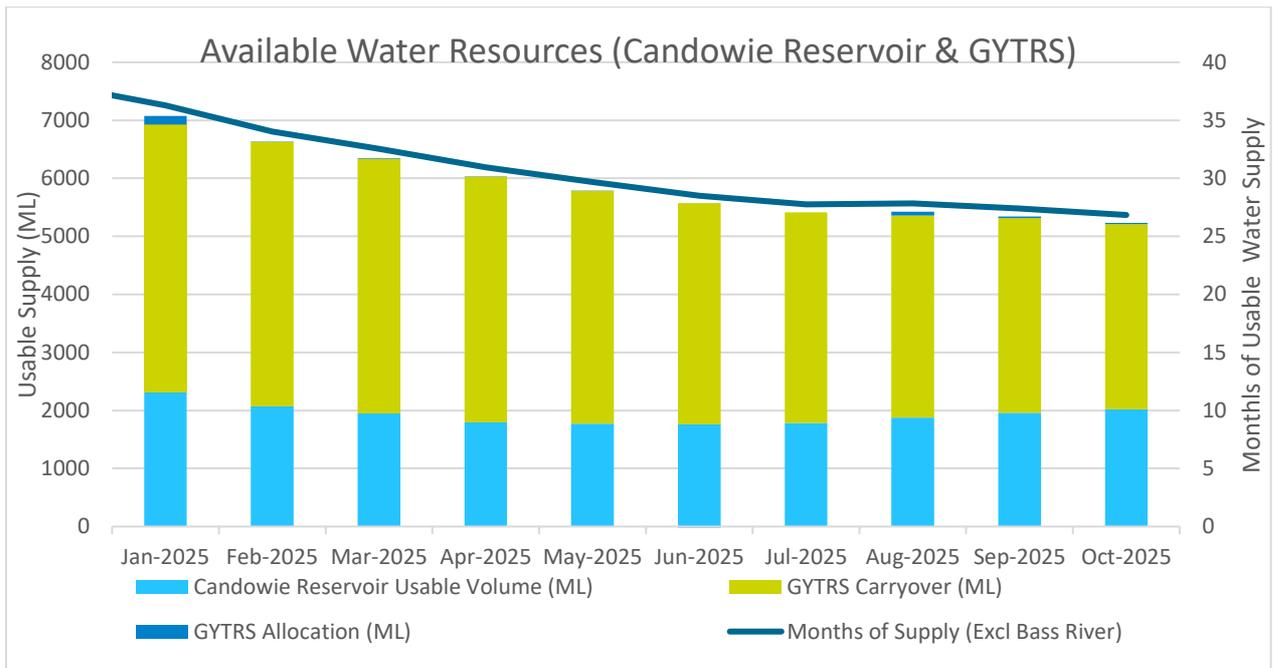


Figure 9 WPW Total Available Water Resources

If WPW implements its Drought Response, the Drought Management Team will be activated to closely monitor the situation. The team will also consider measures such as further utilising supplementary water supplies and enhancing community education and awareness campaigns to encourage voluntary water conservation. WPW is actively promoting Permanent Water Saving Rules to reinforce consistent water conservation messaging across the community.

Implementation of Mode 1 (Normal Operation), when the storage volume is above the Drought Response Trigger A, indicates that Westernport Water is not anticipating a drought event in the short term that will threaten the security of the region’s water supply. In this mode WPW will continue to monitor the following aspects of system security:

- Storage volume in Candowie Reservoir
- Inflows to Candowie Reservoir
- Climatic trends and seasonal outlooks published by the Bureau of Meteorology
- Water consumption and trends in water consumption behaviour.

Implementation of Mode 2 (Drought Response) indicates that Westernport Water considers it possible that a drought event may occur that could lead to a water shortage. The purpose of this mode is to allow Westernport Water adequate time to prepare for supply enhancement options and commence demand management actions to avoid further action.

If the reservoir falls below Mode 2 trigger levels WPW will -

- Convene Drought Response team comprising of WPW management and staff.
- Provide weekly updates of system status to GM Assets and Operations.
- Commence community education campaign.
- Promote voluntary water conservation measures.
- Increase surveillance of water leaks and pipe burst within the system.

Short-Term Action Plan

The demand and supply indicators discussed in the previous section demonstrate that WPW has sufficient water to meet demand in the short to medium term, supported by supply from the GYTRS. WPW will continue to utilise the GYTRS allocation and Candowie Reservoir as required to effectively manage water resources during this dry period.

As of 1 October, the combined volume, including the current level of Candowie Reservoir, totals 5,368 ML, providing an estimated 27 months of available supply. While trading entitlements has been considered, it is not an option WPW is currently pursuing in the short term.

Urban Water Strategy Actions:

Ongoing monitoring of the implementation of the UWS approved in 2022, including the following detailed strategic actions. The actions listed in the UWS, future initiatives and any actions listed in this Outlook have been consolidated below. All key focus areas as per the Minister's letter have been highlighted in blue.

System	Action	Description	Status	Timing for Completion	Source
Candowie Reservoir	1	Westernport Water will continue to seek new customers for its Class A recycled water supply, relieving pressure on the potable supply and reducing treated wastewater outfalls to the ocean.	Ongoing	2027	UWS, 2022
Candowie Reservoir	2	Any other significant augmentation planning/delivery or demand management activities in response to arising circumstances that were not scheduled for this five-year period.	On Track	2027	UWS, 2022
Candowie Reservoir	3	In the medium term (next five to 20 years), investigate the purchase of additional bulk entitlement from the Melbourne supply system either on a temporary or permanent basis.	On Track	2027	UWS, 2022
Candowie Reservoir	4	Westernport Water's aim is to provide the lowest practical cost of water to its customers while ensuring a reliable water supply.	Ongoing	2027	UWS, 2022
Candowie Reservoir	5	Westernport Water has adopted a service level that water restrictions are not required in 95 years out of 100 to maintain a supply demand balance.	On Track	2027	UWS, 2022
Candowie Reservoir	6	Westernport Water will actively pursue water conservation measures, including leakage detection, education and public awareness and implementing water efficiency programs.	On Track	2027	UWS, 2022
Candowie Reservoir	7	Westernport Water will report against the assumptions that underpin the UWS annually to monitor deviation from the demand and supply balance forecasts.	On Track	2027	UWS, 2022
Candowie Reservoir	8	Westernport Water will update this UWS within five years of the submission of the strategy.	On Track	2027	UWS, 2022
Candowie Reservoir	9	Continue to supplement supply with water from the GYTRS entitlement.	On Track	2025	Annual Water Outlook 2024