

# Corporate Plan

## 2024–29



# Acknowledgement

South East Water proudly acknowledges the Bunurong, Gunaikurnai and Wurundjeri Woi Wurrung as the Traditional Owners of the land on which we operate, and pay respect to their Elders past, present and emerging.

We acknowledge their songlines, cultural lore and continuing connection to the land and water.

We recognise and value their rich cultural heritage and continued contributions of Aboriginal people and communities to our society in Victoria.

**Cover:** Women tend to a community garden on Bunurong Country in Noble Park as part of a program offered by community association, Wellsprings for Women. With the help of a South East Water community grant, the program teaches women, many from migrant and refugee backgrounds, how to save water and embrace sustainability through gardening and using rainwater.

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## **Message from the Chair and Managing Director**



# Message from the Chair and Managing Director

Welcome to South East Water's *Corporate Plan 2024–29*. We're pleased to present our plans for continuing to deliver healthy water for life to our customers, community and environment. The plan demonstrates our continuing focus on delivering responsible, reliable and innovative services, as a caring member of the community we serve.

The environment in which we operate continues to change. In the face of challenges posed by a warming and drying climate, cost pressures, a growing population and increasing customer expectations, alongside escalating cyber risks, we recognise the pressing need to secure our drinking water supplies and continue to support our customers through managing the impact of the cost of these investments.

Our corporate plan is informed by the 5 strategic focus areas from our *Corporate Strategy 2028*, the commitments that we've made to customers through the price submission process and our priorities for the next financial year.

We're committed to a sustainable future for customers, community and environment. We're adapting our assets and operations for climate resilience and emissions reduction, mitigating our environmental footprint and delivering our climate adaptation plan.

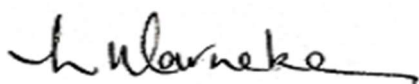
We're setting new standards in privacy protection, continuing to enhance our customer support offerings and supporting Victorian Government housing priorities. Customers are being empowered to save water and money, while we're reducing leaks and improving their experience with us. This is through our continued investment in digital metering, advanced analytics and our proactive engagement with customers via their preferred channels.

As we continue to learn from Traditional Owners and Aboriginal and Torres Strait Islander communities, we remain committed to caring for Country and protecting our environment for future generations. In the coming year, we aim to strengthen relationships, including through the development of our second Reconciliation Action Plan.

We'll take further innovative steps to reimagine how we manage waste (for example, through development of our innovative biochar to biosolids pilot plant) and secure alternative water sources (through our Dingley and Westernport recycled water schemes). We'll also progress towards becoming a net-zero utility.

We can't do it alone. We're forging partnerships and promoting collective action to help us manage the challenges and seize opportunities. Our corporate plan reflects not only our vision for the future but also the values and priorities we share with our customers, partners and people. This includes collaborative agreements, like the Managing Directors Accord that addresses shared priorities, such as water security, by engaging with other metropolitan water corporations to implement shared water strategies as well as by listening to our customers, communities and people. These actions will all help safeguard our water supply and promote liveability across our region.

Our work will help build resilience, so our customers, people, organisation and the broader community can thrive. We're excited about the journey ahead and remain committed to continuous learning, improvement and adaptation. We're grateful to our customers, partners and people for their ongoing support to create a more sustainable future.



**Lynn Warneke** Chair



**Lara Olsen** Managing Director



## About us

## About us

### **Our purpose is to deliver healthy water for life for our customers, community and environment**

### **We supply water and sewerage services to our customers in Melbourne's south-east**

We're one of 3 metropolitan water corporations, established by the Victorian Government. Based in Melbourne's south-east, we support homes and businesses in our service area.

We support healthy and liveable communities by delivering water, sewerage and recycled water services to almost 1.8 million people (~34% of Melbourne's population) every day and every night. We manage almost \$5.2 billion in assets including water and sewerage networks – the pipes, pumping stations, valves and water recycling plants that bring water to our customers and take waste away.

### **Our impact extends well beyond the delivery of our core services**

To deliver our purpose, we're committed to our vision to innovate with purpose and act with care.

- We're undertaking a major transformation of our network as we roll out our Digital Utility program, with a goal to connect a million customers with a digital water meter by 2028. To date, we have over 93,000 smart devices in our network. These provide us with unprecedented visibility of our network, allowing us to triage and prioritise repairs and upgrades, while empowering customers to take action to fix leaks. To date, this has saved customers \$5 million and 1.2 billion litres<sup>1</sup> of water.
- We also work to protect and enhance our environment. By investing in circular economy technologies and research, we continue to rethink the way we use and re-use water and by-products generated through water recycling products. We're currently partnering with our industry to scale-up next generation waste to biochar technology. This has the potential to address the water industry's challenge of biosolids disposal, while removing carbon from the atmosphere, and progress us towards our net-zero carbon pledge.

### **We work collaboratively to achieve our purpose**

This includes partnering with:

- Melbourne Water, the bulk supplier of water and sewage treatment in Melbourne, who supply our drinking water
- The Victorian Government's Department of Health (to ensure the quality of our drinking water) and Environment Protection Authority (EPA) Victoria (to ensure the quality of our recycled water)
- Other metropolitan and regional water corporations
- Traditional Owners, local government authorities and community groups in our service area.

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<sup>1</sup> Reported as of February 2024.

## Our service area

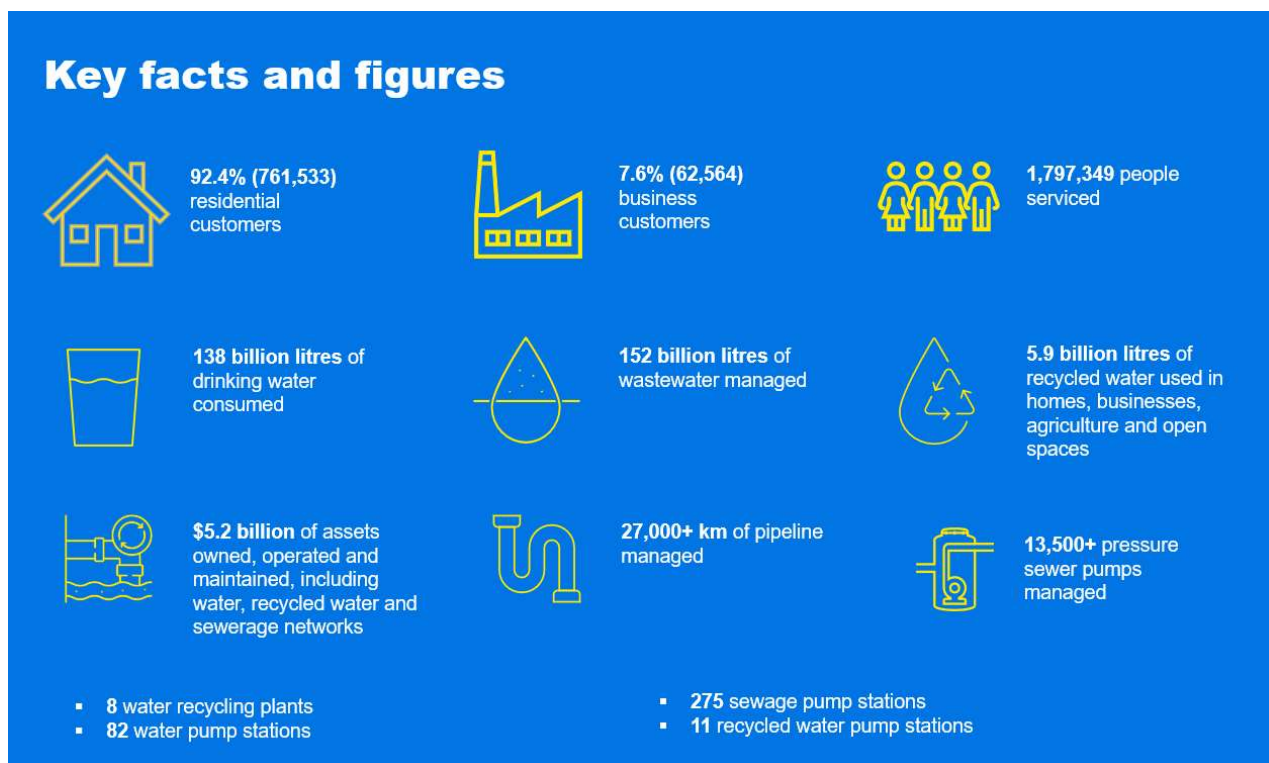
Our service area borders more than 270 km of coastland stretching across 3,640 km<sup>2</sup> from Port Melbourne to Portsea and approximately 30 km east of Pakenham.

The lands and waters of our service area have been cared for by First Peoples for millennia. First Peoples with a historic and ongoing connection to these lands and waters include the Bunurong, Gunaikurnai and Wurundjeri Woi Wurrung.

Local government areas (LGAs) in our service area are Bayside, Bass Coast Shire, Baw Baw Shire, Cardinia Shire, Casey, Frankston City, Glen Eira, Greater Dandenong, Kingston, Knox, Melbourne, Monash, Mornington Peninsula Shire, Port Phillip, South Gippsland Shire, Stonnington and Yarra Ranges Shire.

We service 824,097 customers (up 1.3% from previous year). Most of our customers, 92%, are residential customers, with 8% non-residential customers. Our customers speak more than 200 languages, making us among the most diverse communities in Australia. Approximately 10,484 people identify as Aboriginal and/or Torres Strait Islanders.

**Figure 1. Key facts and figures from South East Water's service area**

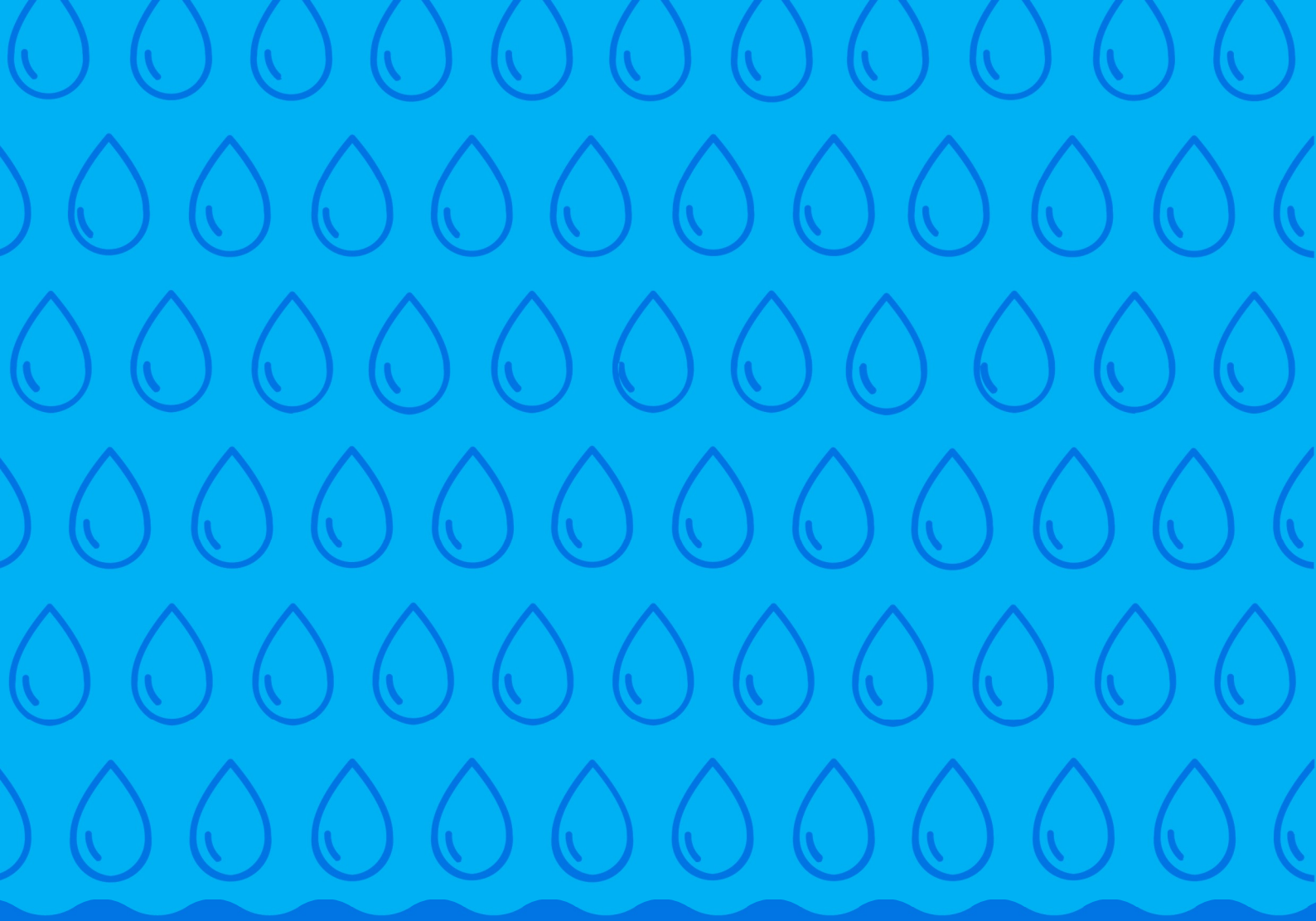


Note: facts and figures are as at 30 June 2023.



Figure 2. Map of South East Water’s service area





## **Our operating environment and commitments**

# Our operating environment and commitments

We operate within a dynamic external environment. This is shaped by factors like population growth, climate change, cost pressures and cyber security concerns, that give rise to evolving customer, community and employee needs and more stringent policy and regulatory requirements.

Our strategy and corporate plan take these external influences into account, aligning with legal responsibilities and our commitment to customers, community and the environment.

Figure 3. Factors that influence our strategy and corporate plan



## Drivers for change

The external environment we operate in is constantly changing, posing a range of challenges and opportunities for the water sector.



### Population growth and increasing urbanisation

As our population grows, we'll build more water and sewer pipes to connect new homes and upgrade our network assets to support growth in established areas. There will also be increased demand for drinking water and wastewater treatment services, as well as emerging opportunities to increase recycled water supplies. We anticipate an increased focus on collaboration and innovation in how we manage and maintain service quality.



### Climate change and adaptation

Unpredictable and unreliable weather, including changing rainfall patterns and extreme weather events, pose significant challenges around water availability and quality. We continually update our plans and approaches, based on experience and best practice, strengthening our resilience during severe storms, floods, fires and droughts.



### Cost pressures

The rising cost of living is putting pressure on households. We're observing an increasing number of customers who are falling behind on paying their bills on time, and we're actively engaging with them to offer support. Like other utilities, we also need to balance rising costs of doing business with customer affordability. We constantly look for innovation and efficiencies to keep bills affordable.



### Circular economy

Water is a limited precious resource. To address this, in conjunction with other water corporations, we're embracing circular economy principles and practices. We're rethinking the way we reduce, re-use and recycle wastewater and biosolids to reduce pressure on valuable drinking water resources, create nutrient-rich by-products and contribute to more sustainable environmental outcomes.



### Cyber security and data privacy

Customers and stakeholders increasingly need stronger protection from privacy breaches and cyber attacks. As the complexity of the security landscape continues to grow, we're embracing intelligent network technologies and building cyber capability to continuously enhance the physical and virtual security of our data and assets and protect our customers. Rapid advancements in technologies and artificial intelligence offer both opportunities and risks that we'll need to assess.



### Changing customer expectations

Customer expectations are constantly evolving. Customers increasingly expect to be able to view their usage data in near-real time. They also expect organisations to be active in the community and to be actively involved in big-picture issues, like climate action. We are uplifting service levels to resolve issues promptly and enhancing customer experience by delivering tailored services to address their specific needs.

# Legal and regulatory responsibilities

We’re required to meet our legal and regulatory responsibilities. For the corporate plan, this includes requirements under the *Water Act 1989* and the Statement of Obligations issued by the Minister for Water under Section 41 of the *Water Industry Act 1994*, which govern the activities of our organisation.

- The Victorian Government’s Department of Energy, Environment and Climate Action (DEECA) and the Department of Treasury and Finance (DTF) oversee our activities.
- EPA and Department of Health regulate our environmental impact and drinking water quality respectively.
- The Essential Services Commission is our independent economic regulator.

## Minister’s Letter of Expectations

Every year, the Minister for Water writes to all 18 Victorian water corporations to outline performance expectations for the upcoming planning year. The Letter of Expectations (LOE) is an opportunity to communicate the Victorian Government’s policy priorities for improving the performance of the water sector.

The LOE for 2024–25 includes 7 priority areas and 3 new areas of interest to which we’re required to give due consideration in the development of our corporate plan. As per our obligation, we’ve considered and outlined how we intend to address these priorities in the development of our 2024–29 corporate plan. This includes the strategies and actions we’ll deliver to meet the associated key performance areas.

Priority areas	New areas of interest
<div><div>1. Climate Change and Energy</div><div>2. Customer and Community Engagement</div><div>3. Recognise Aboriginal Values</div><div>4. Recognise Recreational Values</div><div>5. Resilient and Liveable Cities and Towns</div><div>6. Leadership, Diversity and Culture</div><div>7. Performance and Financial Management</div></div>	<div><div><div>• Customer protection including prevention of harm from family violence</div><div>• Cyber Security</div><div>• Housing Statement</div></div><div>We’ve addressed these new areas of interest in ‘<i>Our forward plans</i>’.</div></div>



## Government and policy direction

In Victoria, water is managed through a 50-year planning framework.

### Water for Victoria

- The Victorian Government's high-level policy and strategic plan for water management. It's a plan for a future with less water as Victoria responds to a growing population and drying climate.
- The actions set out in the plan support a healthy environment, a prosperous economy with growing agricultural production and thriving communities.

### Sustainable water strategy

- In 2022, the Victorian Government, in partnership with Traditional Owner groups and the water industry (including South East Water) delivered a strategy to meet the current and future emerging water challenges in the Central and Gippsland Region.
- The Central and Gippsland Sustainable Water Strategy (CGRSWS) sets out a range of actions for how we share our water resources and find new, climate resilient water supplies to meet our needs over the next 50 years.

### Urban water strategy

- The key planning tool to deliver water security for cities and towns. It's revised every 5 years under the Water for Victoria framework.
- In 2023, the Water for Life: Greater Melbourne Urban Water and Systems Strategy (GMUWSS) was launched by South East Water, Greater Western Water, Yarra Valley Water and Melbourne Water.
- It sets out how we'll manage our water supplies for our customers, community and environment for the next 50 years, including being ready to add significant volumes of water into our supply over time.

### Water is Life

- Water is Life is a roadmap that sets out the opportunities for Traditional Owners to access and manage water for spiritual, cultural, economic, social and environmental purposes.
- The Victorian Government developed the roadmap in consultation with Victoria's Traditional Owners and includes Nation Statements from involved Traditional Owners. Through engagement with Traditional Owners, the community and the water industry, we'll continue to define what the outcomes look like in each region.

## Our commitments

### Managing Directors Accord

We're a member of an accord signed with managing directors of neighbouring water corporations in 2022. This collaborative agreement commits us to act in the best interests of the communities of Greater Melbourne, Geelong and surrounding areas, now and into the future, to secure the region's long-term water supply. Current priorities include:

- Water security: having a secure, reliable, diversified and climate resilient water supply into the future
- Traditional Owners: working in partnership with Traditional Owners
- Economic sustainability: provides the community with value, while ensuring the investment needs of the sector are met
- Water literacy and efficiency: including meaningful engagement with the community.

### Our customer commitments

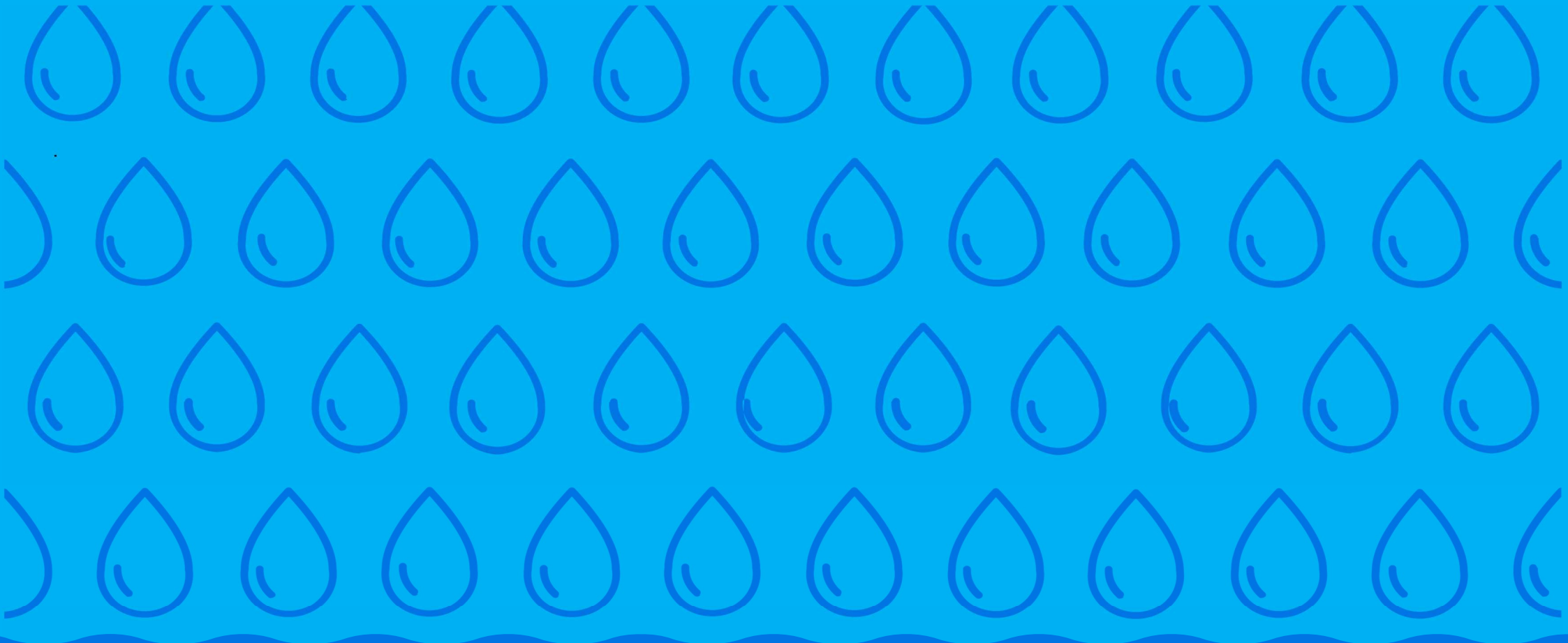
Like all Victorian water corporations, every 5 years we put forward a proposal called the 'price submission' to the Essential Services Commission, outlining the charges, support and projects we propose to deliver to our customers and community for the next 5 years.

Through our engagement with customers for the 2023–28 price submission, we considered feedback on what matters most to our customers and the outcomes that we'll deliver to them.

Commitments we made to customers, as a result, include:

1. *Get the basics right, always*
2. *Warn me, inform me*
3. *Fair and affordable for all*
4. *Make my experience better*
5. *Support my community, protect our environment.*

We report 6-monthly to customers on how we're tracking against these commitments.



**Our strategic framework**

# Our strategic framework

## Our corporate strategy at a glance

We're now in the second year of our *Corporate Strategy 2028*.

- Our vision builds on our long history of innovation and the care we have for those we serve and will help us deliver on our purpose.
- Our focus areas are what we're focussing on over the long term to help drive the most impact.
- Our values underpin everything we do.



Figure 4:  
Our corporate strategy at a glance

# Our strategic focus areas

Under each of our strategic focus areas sit outcomes and intent statements.

These define our strategic ambitions in the long term, outlining who we'll become.

You can see how our focus areas are also shaping our priority initiatives and actions we'll take in the coming year in 'Our forward plans'.

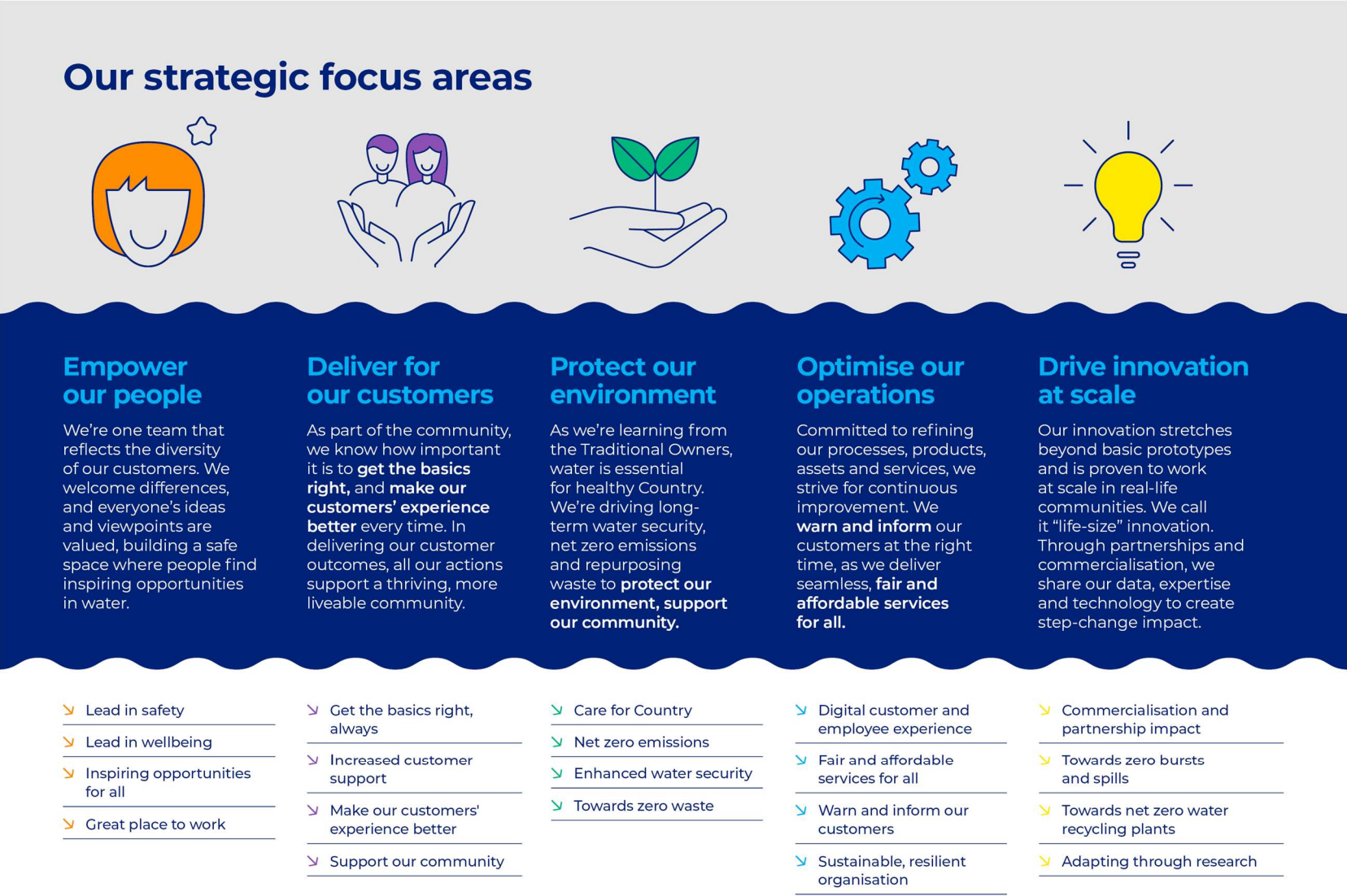
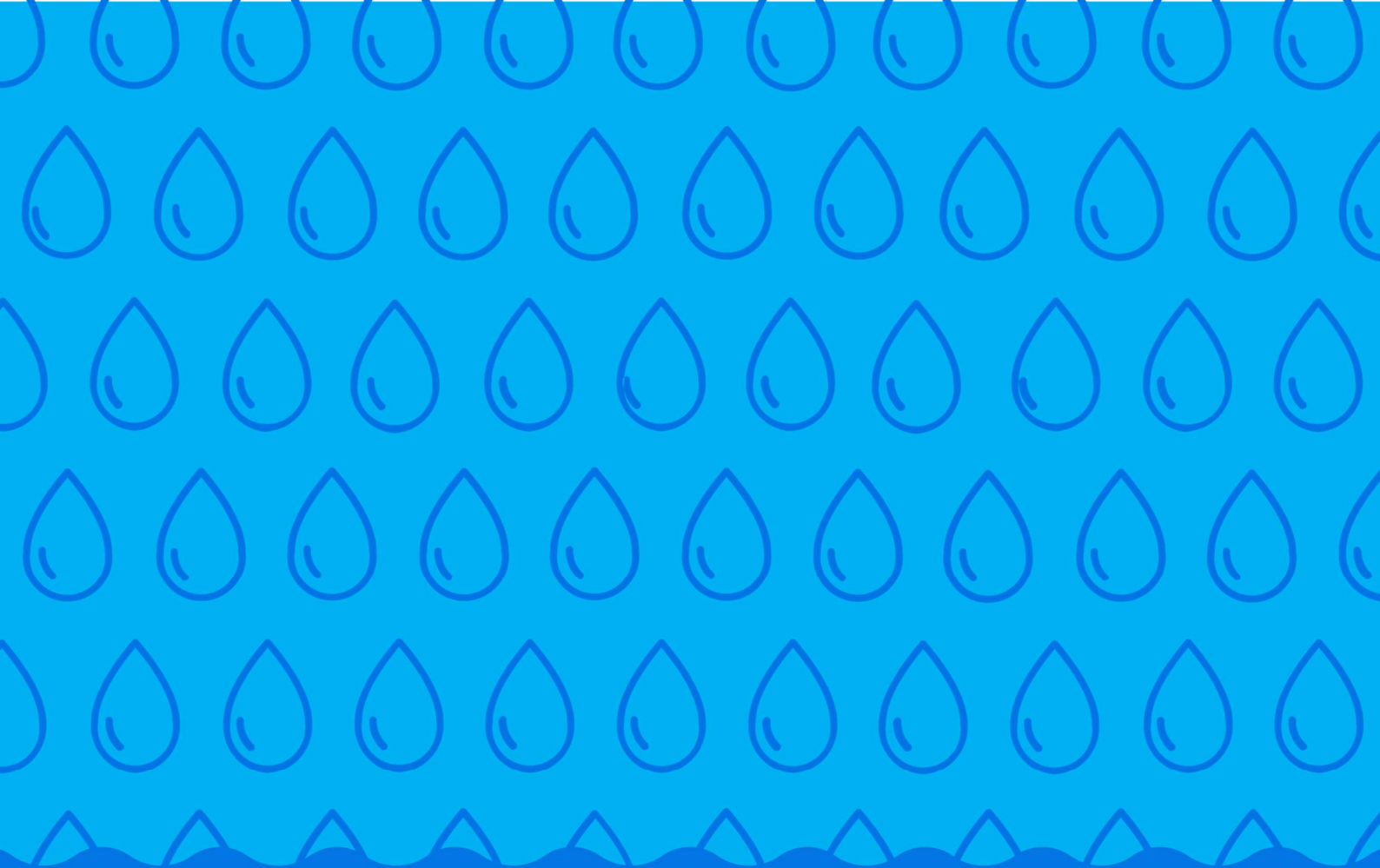


Figure 5: Our strategic focus areas





# **Our forward plans**

## Our forward plans

This section sets out how we'll progress our corporate strategy across the 5 strategic focus areas, together with other commitments, actions and priorities over the forward-planning period.

Our forward plans are informed by the actions needed to deliver:

- our corporate strategy
- government and policy directions, compliance with legal and regulatory obligations
- commitments we made to our customers through the Essential Services Commission's price submission process
- our capital delivery program, including our top-10 (in order of investment) major projects
- enterprise level needs, risk mitigation and operational improvements
- business-as-usual activities.

## Our major capital projects

By delivering the major capital projects that we committed to in our 2023–28 price submission, we'll meet our commitments and obligations to our customers, communities and environment and optimise our operations. We'll also provide inspiring opportunities for our people to get involved.

**Table 1. Our top-10 (by spend for 2023–28) capital projects**

Project name	2023–28 capital expenditure*	Estimated completion
Digital Metering	\$203m	2029
Hanna Street Capacity Upgrade – Stage 2	\$69m	2028
South East Regional Biofactory – Stage 1	\$30m	2033
Mount Martha Water Recycling Plant Augmentation	\$54m	2031
Westernport Recycled Water Scheme – Stage 1	\$52m	2029
Longwarry Water Recycling Plant Upgrade	\$48m	2028
Fishermans Bend Water Recycling Plant and Sewer Connection	\$39m	2030
Dingley Recycled Water Scheme	\$29m	2027
Ballarto Road East Pump Station and Rising Main	\$31m	2030
Lang Lang Water Recycling Plant	\$26m	2028

\* Refers to gross capital expenditure for the 2023–28 regulatory period accepted by the Essential Services Commission in our price determination

Planning is well underway across our major capital programs. Most projects, other than the South East Regional Biofactory, are expected to have completed design by 2026, with construction expected to start thereafter. Design and early works for stage 1 of the South East Regional Biofactory are expected to start in 2026–27.

Our digital meter rollout will ramp up in 2024–25, with up to 95% of households in our service area expected to be converted to digital meters away from traditional analogue metres over the next 5 years.

## How these flagship projects will help deliver our strategy

- Through our leading digital meter rollout, we're driving innovation at scale by drawing on cutting-edge technology to empower more of our customers to take action to fix leaks, saving them money and water.
  - Project example: **Our leading digital meter mass rollout** – see: '*Optimise our operations*'.
- By increasing supply and distribution of Class A recycled water, we're improving water security, now and into the future.
  - Project examples: **Dingley Recycled Water Scheme, Westernport Recycled Water Scheme, Fishermans Bend water recycling and mining plants, Lang Lang Water Recycling Plant upgrade** – see: '*Protect our environment*'.
- By upgrading ageing assets and expanding capacity, we're ensuring reliability and meeting demand, including in some of the fastest growing areas in Australia.
  - Project examples: **Ballarto Road East Pump Station and rising main replacement, upgrades at Lang Lang, Longwarry and Mount Martha water recycling plants, Hanna Street branch sewer capacity upgrade and wet weather containment**.
- By constructing/upgrading assets to reduce our footprint and address waste, we're supporting emissions reduction, delivering circular economy outcomes and meeting our compliance obligations.
  - Project examples: Design and construction of the **South East Regional Biofactory, Longwarry and Lang Lang water recycling plants upgrades**.

## Empower our people

We're one team that reflects the diversity of our customers. We welcome differences, and everyone's ideas and viewpoints are valued, building a safe space where people find inspiring opportunities in water.

### Executing our strategy

Our key intent statements to empower our people:

#### Lead in safety

- In terms of safety, all our people lead by example.
- We learn from others to incorporate best practice into our safety management system, while sharing our knowledge to drive innovation.
- We've reduced safety incidents by using real-time data to identify and resolve hazards.

#### Lead in wellbeing

- Our people feel supported to speak up when they experience or see something not aligned to our values.
- We proactively identify and minimise risks of harm to safeguard the wellbeing of our people.

#### Inspiring opportunities for all

- Talented people want to work with and stay with us.
- Our people can develop their capabilities and careers with us.
- We have the right skills in place at the right time, by identifying and addressing future capability needs.

#### Great place to work

- Our people reflect the diversity of our customers, they feel they belong and different viewpoints are respected, supported and valued.
- We use the latest data to make the best decisions for our customers, community and environment.
- We meet our compliance responsibilities, while empowering our people to deliver.
- Our people have the skills and opportunities to work in ways that motivate them; they value what we offer and deliver great outcomes.

### Lead in safety and wellbeing

We're creating a leading safety culture, empowering our people to put safety first. We'll deliver this in 3 phases:

1. Refreshing and embedding safety principles, governance and compliance standards. We'll complete key aspects of this phase during 2024.
2. Enhancing our safety culture, behaviours and capabilities and optimising operational safety controls. We'll progress this during 2024–25.
3. Enabling proactive early intervention of safety hazards and leveraging technological advances to deliver leading edge controls.

To lead in wellbeing, we aim to cultivate a positive, engaging and safe workplace, where our people are supported and able to thrive. We've developed a wellbeing framework with clear intervention and support frameworks, covering both physical and psychological wellbeing. During 2024–25, we'll start implementing this framework and then fully embed it within our ways of working over the planning period.

## Great place to work, inspiring opportunities for all

By evolving our culture and governance, we'll bring our corporate strategy to life and continue to make South East Water a great place to work. This will reduce risks, as our people live our values and behaviours.

We're also creating inspiring opportunities in the water sector, attracting and motivating our people, empowering them to share ideas, learn and build their capability to take us into the future.

During 2024–25, we'll enhance and deliver our Diversity, Equity and Inclusion Operational Plan. Embedded in this plan are actions we've committed to within our Gender Equality Action Plan (GEAP).

### Empowering our people to thrive

*Our full-time equivalent of 791 employees\* work as engineers, scientists, analysts, technicians, information technology and customer support people. Together with key industry partners, we work to provide our services to the community 24 hours a day, 365 days a year.*

We continue to build a workforce that reflects the diversity of our customers and community and provide an inclusive workplace culture that enables everyone to thrive. It's central to our vision.

To develop our people, in the past year we've focused on building leadership, capability and culture. This has seen record numbers of successful secondments and higher duties and those participating in leadership development programs.

So we can deliver on our purpose, over the coming year, we're building on this. This includes improving how we make decisions and hold ourselves accountable. As part of this, we'll also continue to evolve and strengthen our culture and identify the additional capabilities we need to deliver our corporate strategy.

**Figure 6. South East Water employees support community members at our Unity in Diversity Festival stall at Dandenong Market**



\*As at 30 June 2023.



## Our plans for 2024–25

The key strategic actions we'll take to empower our people in 2024–25:

Initiative	Action
Enhance safety culture and governance	<p>Create a leading safety culture, supporting and empowering our people to put safety first through:</p> <ul style="list-style-type: none"> <li>• Embedding an effective and fit-for-purpose safety governance and operating model</li> <li>• Uplifting our safety management system, specifically targeting areas of operational and human factor risk and contractor management</li> <li>• Enhancing safety leadership and engagement and a program covering both safety and wellbeing conversations</li> <li>• Improving our risk, planning and assurance program against ISO45001</li> </ul>
Implement wellbeing framework	Continue to foster a positive, engaging and psychologically safe workplace, where our people are supported and able to thrive. Implement our wellbeing framework, including our Leading Together program.
Implement our diversity, equity and inclusion plan	Implement our diversity, equity and inclusion plan to further increase diversity and inclusion, so we can meet our community targets.

## How we measure success

**Table 2. Empower our people – key performance indicators**

	2024–25 target
Total Recordable Injury Frequency Rate (TRIFR) (Lost time, medical treatment and restricted work injuries for South East Water employees and contractors)	< 7
Employee diversity within 5% of community diversity (by number of demographic groups employed)	5/6 pillars achieved
Percentage of executive officers who identify as female	50%
Percentage of Aboriginal staff employed	1%

## Deliver for our customers

As part of the community, we know how important it is to get the basics right and make our customers' experience better every time. In delivering our customer outcomes, our actions support a thriving and more liveable community.

### Executing our strategy

Our key intent statements to deliver for our customers:

#### Get the basics right, always

- We provide safe and reliable water and waste services, minimising interruptions and continually delighting our customers.
- We've strengthened our controls to make sure we uphold our commitment to protection of customer information.

#### Make our customers' experience better

- We better understand our customers' needs and can provide them with what they want in the way that they choose.
- We've increased self-service options to meet the needs of our customers, by streamlining our systems and processes.
- We're better meeting the needs and project delivery timelines of our land and property development customers, through tailored services.

#### Increased customer support

- More of our customers can manage their payments, through our proactive engagement with them.
- We understand and support our vulnerable customers, including those affected by family violence.
- Our customers know who we are, what we do and how we can best support them.

#### Support our community

- We have a deeper understanding of and relationships with our community, so we can better meet their needs.
- We have meaningful partnerships in place that support our broad social objectives through procurement.

### Get the basics right, always

Our 2023–28 commitments included increased investment in asset renewals, water quality and research and development to make sure the water and sewerage services we deliver to customers are safe and reliable.

Through preventative maintenance works and proactive renewal of our assets, we're continuing to reduce risk and asset failure, meet customer service and water quality standards and comply with our safety and environmental obligations.

We're also gaining efficiencies through continued investment in research, development and innovation as well as digital tools to detect network leaks. This will help us deliver high-quality and reliable water and sewerage services and value-for-money outcomes to our customers, as we seek to reduce the amount of non-revenue water<sup>2</sup>.

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<sup>2</sup> Non-revenue water refers to the water sourced by us but lost before it reaches the customer

## **Make our customers' experience better**

Over the past year, we've focussed on better understanding the needs and preferences of our residential and business customers. The insights we continue to obtain, through the ongoing approach we've put in place to collect customer insights, will mean we're better placed to respond to and proactively anticipate customers' evolving needs, helping to improve the service we provide. This includes exploring the use of leading technology to reduce wait and response times and connect customers through to the right team, the first time, helping to provide a better experience to our customers and hopefully leading to increased satisfaction.

## **Increased customer support**

Cost of living pressures have continued to impact our customers. Over the past year, we've focused on supporting customers to establish sustainable payment behaviours and access to support when they need it most. That's included providing almost 9,000 customers with financial support and assistance, including flexible payment plans, payment extensions and fulfilment of utility relief grant applications throughout the year.

As part of our proactive approach, we've attended 4 community 'Bring Your Bill' days and other events across our service area, to help customers in need directly, particularly those experiencing hardship and where English is their second language. This resulted in around 280 direct contacts with customers, helping them better understand their bills and identify which of our flexible support options best enabled them to take control of them.

Since February 2024, we've also reached out to around 300,000 residential customers, via a targeted email campaign, to raise awareness and encourage take up of our payment support options. In April 2024, the campaign had resulted in almost 12,000 customer support options taken up.

Throughout 2024–25, we'll continue to engage with customers, increasing awareness of support offerings and better identifying customers who may be experiencing payment difficulties. Encouraging customers to engage with us early to get access to support will be our focus for the year ahead through a proactive outreach program and increased presence in the community.

## **Enhancing protections relating family violence**

In June 2023, we entered into a 24-month enforceable undertaking with the Essential Services Commission. This included a commitment to develop and implement a family violence action plan to address concerns identified with our compliance with our family violence obligations.

In 2024–25, we'll complete the actions contained in our enforceable undertaking. This will include:

- refreshing the training program that we developed and delivered in partnership with external providers in 2023, and redelivering it to customer-facing employees, as well as the Executive team and senior leaders
- establishing the further actions that we'll take in response to the recommendations of Safe and Equal, Victoria's peak body for specialist family violence services, following their completion of a review of our Domestic and Family Violence Policy and associated processes and procedures
- maintaining our extended quality assurance program for customer interactions
- continuing our compliance monitoring, detection and improvement program
- engaging an independent auditor to assess whether we've carried out the required actions in our enforceable undertaking and assessing the adequacy of our actions.

We also seek to improve our supports for domestic and family violence customers beyond those actions contained in our enforceable undertaking.

## Setting a new standard in privacy protection and support

*In developing our family violence action plan, questions we wanted to address included:*

- *How can we increase our support for our customers and community experiencing family and domestic violence?*
- *How can we move beyond compliance and look at things in a new light? How we can evolve our processes, so we drive positive change and continue to improve?*

By addressing these questions, we'll deliver better protections for our customers and communities. We'll also demonstrate a commitment to setting a new standard across all levels of our organisation and knowledge sharing with the wider water sector.

Beyond the specialist training we've provided for our customer facing teams, and awareness training for our Executive and senior leaders, we've delivered leadership training for our people leaders and support teams. This aimed to build confidence and capability in supporting employees who may be affected by family and domestic violence.

All our people have also received general awareness family and domestic violence and vulnerability training. We'll offer refresher training and continue to offer it as part of our induction processes, as the needs of our customers evolve. This training forms an important part of our commitment to improving our practices and approaches for customers and employees experiencing family violence, so we can better support them.

We're also reviewing, challenging and improving the design of our processes and services to customers, so that the right protections apply across all our services, irrespective of whether customers have disclosed family and domestic violence. In doing this, we want to make sure that our support is available to all of our customers, at each part of their 'journey' with us.

**Figure 7. Woman and boy using water in kitchen**



## Support our community with improved connections for new houses

We're supporting developers to connect new homes in greenfield housing estates to our network quickly. Over the last 12 months, our average timeframe to process a development works application has been 59 business days. This is well below the expected timeframe contained in our land development policies and pricing manual (and as negotiated with the Essential Services Commission). Currently, we estimate that from the time a developer lodges a works application with us, until we issue our consent to a statement of compliance, we're responsible for the process for around 15% of the total time.

Over the forward planning period, we're continuing to improve our processes to accelerate developer interactions with us by:

- updating our master plans on our website to include the current strategy for greenfield growth areas for water, recycled water and sewerage strategies. This will enable developers and their representatives to have up-to-date planning information 24 hours, 7 days a week.
- refreshing the Manage Developer Works system, to optimise workflow and shorten the review and approval times for new water and sewerage infrastructure projects
- plans to replace our Integrated Customer e-Business workflow system, to better meet the changing expectations of our customers.

To strengthen our engagement with developers and local councils early and regularly through the permit process, we'll continue to meet the needs and project delivery timelines of our land development customers through open communication and tailored services when seeking to discuss new developments and provide preliminary servicing advice (at no cost) upon request.

## Our plans for 2024–25

The key strategic actions we'll take to deliver for our customers in 2024–25:

Initiative	Action
Support vulnerable (financial hardship) customers	Proactively identify and support customers experiencing payment difficulties and incorporate learnings to evolve our approach.
Continue to enhance support for vulnerable (domestic and family violence) customers	By sharing our learnings from our journey towards best practice, lead the uplift in the protection of information of our customers, including those who may be experiencing family violence, across the water sector.  Complete the delivery of actions in our enforceable undertaking commitments to the Essential Services Commission and in alignment with Victorian Government expectations.
Customer data privacy plan	Implement our enhanced customer data privacy plan to better protect customers' privacy.
Housing statement	Support the delivery of Victorian Government housing priorities, including through faster connections and network infrastructure.

## How we measure success

**Table 3. Deliver for our customers – key performance indicators**

	2024–25 target
<b>Metrics from the Corporate Planning and Reporting Guidelines</b>	
Water quality complaints Number of water quality complaints per 100 customers	0.29
Payment issue complaints Number of payment issue complaints per 100 customers	0.18
Total complaints Number of total complaints per 100 customers	0.75
<b>Metrics aligned to our strategic priorities</b>	
Number of <i>Safe Drinking Water Act</i> non-compliances (water sampling and audit)	0
Customers experiencing more than 5 unplanned disruptions in a 12-month period (water, sewer and water quality)	< 450
Total customers supported (provided financial or payment assistance)	> 10,000
Percentage of customers with arrears greater than 90 days who have received financial or payment assistance	49%
Overall customer satisfaction with South East Water (scores of 7 and above in customer surveys)	> 68.5%
Total number of inbound contacts received per 100 customers (calls, portal, web and email enquiries)	62



	2024–25 target
Number of enquiries relating to the explanation of charges (per 100 customers)	6.6
Overall community trust in South East Water (scores of 7 and above in customer surveys)	> 68.5%

## Protect our environment

As we're learning from the Traditional Owners, water is essential for healthy Country. We're driving long-term water security, net-zero emissions and repurposing waste to protect our environment, support our community.

### Executing our strategy

Our key intent statements to protect our environment:

#### Care for Country

- We walk with Traditional Owners to support self-determination and deliver water justice.

#### Net-zero emissions

- We've achieved net-zero (scope 1 and 2) and, recognising there's more we can do, continued to identify and implement ways to remove or reduce our emissions.
- We've reduced our scope 3 emissions, through our relationships with like-minded partners and suppliers.

#### Enhanced water security

- We've secured the future of Greater Melbourne's water, through collaboration to produce manufactured water.
- We've increased the amount of alternative water we supply to our customers, through our leadership in integrated water management.
- We've increased our community's knowledge around the importance of saving water and encouraged more customers to become 'water wise'.

#### Towards zero waste

- We've documented all our waste and resource streams (from our construction and metering activities) and developed priorities to re-use or recycle the resources.
- We've developed firm delivery partnerships with like-minded organisations that re-use resources (such as local councils and businesses).
- We've delivered a solution for biosolids to be converted to biochar, while eliminating contaminants, so it can be used safely and beneficially.

### Continue to build relationships and understanding with Traditional Owners and Aboriginal and Torres Strait Islander communities

With Aboriginal and Torres Strait Islander people having lived in harmony with the land and water for tens of thousands of years and possessing a wealth of knowledge about sustainable land management practices, we recognise their deep connection to land and water.

By collaborating with Traditional Owners, we can gain a deeper understanding of their cultural values and perspectives on water use and management. This partnership can also help to build trust and mutual respect, leading to better decision-making, and more inclusive and culturally appropriate approaches to water management. Through this partnership, we can work towards achieving shared goals of protecting and preserving our water resources for future generations.

We recognise the importance of engaging with Traditional Owners and we're committed to supporting Traditional Owner organisations to create meaningful and long-lasting partnerships that benefit Country

and communities. That includes seeking to deepen our working relationships and partnerships with Traditional Owners, Aboriginal-focussed organisations, charities and community groups.

Over the planning period, we'll:

- Continue to engage with, listen to and partner with Aboriginal organisations, such as formalising our partnership agreement with the Bunurong Land Council and Aboriginal Corporation (BLCAC) to support their self-determination priorities. We'll also work with BLCAC by improving our Caring for Country activities around culturally significant sites.
- Finalise our research collaboration with BLCAC, La Trobe University and industry to analyse midden material and artefacts uncovered at a site in Mount Eliza, where we'd completed a sewer renewal project, helping to strengthen cultural and historical knowledge for the Bunurong.
- Continue to invest in Aboriginal businesses, community groups and social enterprises. This includes engaging them to provide cultural awareness and education sessions during significant cultural events, like NAIDOC Week and Reconciliation Week. Other ways we'll support these cultural events include providing our hydration stations for access to drinking water and funding activities at Aboriginal Community controlled organisations.
- Develop place-based engagement plans, in partnership with the 4 gathering places in our service area, to provide consistent community engagement.
- Develop procedures for communication with Traditional Owner groups when we experience incidents that impact on culturally significant waterways.
- Appoint an independent Aboriginal and/or Torres Strait Islander delegate to our board, to provide a learning and development opportunity within the water sector at the most senior level of governance. We'll also dedicate key employee roles to enhancing cultural awareness and safety throughout the organisation and supporting Traditional Owners' water interests.

## Continue emissions reduction for 2025 and plan for the future

In our Emissions Reduction Pledge, we made a promise to reduce our greenhouse gas emissions by 45% from our 2016 baseline by 2024–25. We're on track to meet this commitment, which supports our longer-term goal of achieving net zero emissions by 2030 for scope 1 and 2 emissions.

We also expect to achieve our commitment to source 100% of our electricity from renewable sources in 2024–25.

## Our current and future projects and initiatives for reducing Scope 1 and 2 emissions

### Scope 1<sup>3</sup>

- We're implementing a direct monitoring program to install sensors and equipment for accurate measurement of our Scope 1 emissions. While the National Greenhouse Reporting (NGERs) scheme we use relies on estimate calculations, this program will provide precise data, helping us identify and mitigate emission hotspots.
- We're procuring high quality Australian Carbon Credit Unit (ACCUs) to begin offsetting Scope 1 emissions by 2027–28, reaching net zero by 2030.
- We're exploring opportunities to generate our own ACCUs, using existing assets and buffer land around our water recycling plants.

<sup>3</sup> Scope 1 emissions are direct emissions from owned or controlled sources, such as natural gas to heat water in treatment facilities, or emissions from diesel used in our company-owned vehicles.

## Scope 2<sup>4</sup>

- We're continuing to plan and design solar energy facilities for our water recycling plants. These projects will enhance our renewable energy production and reduce dependency on the grid.
- We're progressing with a 3-stage program to upgrade the aeration system at the Mount Martha Water Recycling Plant to improve energy efficiency, with completion targeted for 2025. This project aims to reduce electricity consumption by 30-40% at Mount Martha, enabling us to claim Victorian Energy Efficiency Certificates (VEECs).
- We're securing additional Large-scale Generation Certificates (LGCs) to meet our 100% renewable electricity goal by 1 July 2025.

## Adaptation to climate change and variability

We developed our 2022–27 Climate Adaptation Action Plan (CAAP) to address the challenges a changing climate presents to delivering safe, reliable and affordable services to our customers.

This is in light of Australia's climate warming by around 1.44°C since 1910, and the impact on our organisation we've seen through warmer conditions and the increasing frequency and severity of extreme weather events.

Our CAAP outlines our risk-based approach, addresses our legal obligations and aligns us to sector guidelines, considering the 5 major climate hazards that pose the greatest risk to us and the best way to mitigate them, notably:

1. extreme temperatures
2. extreme rainfall events
3. decreased annual average rainfall
4. increased average annual temperatures
5. sea-level rise (with storm surge).

We're dedicated to collaborating with researchers to improve our understanding of and identify solutions for key climate hazards and their impacts for us. This includes a joint project with Water Research Australia to identify and assess water quality risks from extreme weather events.

We continue to take action and incorporate climate change adaptation into our business-as-usual asset planning. We do this by progressing against the 5 goals, and underpinning strategic actions, identified in our CAAP.

We're also committed to communicating our climate commitments and strategies, and how we're tracking against them, as well as empowering our customers to understand, adapt and respond. As part of this, in June 2023, we launched a comprehensive climate section on our public-facing website. The site outlines our progress against our climate mitigation and adaptation commitments. It also provides tools to help the public understand the impacts of a changing climate, including in their local areas, and how they can take action.

Moving forward, we'll strengthen our emergency management planning. Work is underway to develop and implement an extreme weather preparedness plan, as well as enhance our response and recovery capabilities in the face of extreme weather conditions, particularly for complex emergencies.

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<sup>4</sup> Scope 2 emissions are indirect emissions from electricity purchased and used to power pumps, treatment plants, and office buildings.

## **Contributing to the creation of resilient and liveable cities and towns through integrated water management (IWM) collaboration**

We continue to be an active participant and leader in the IWM forums for Dandenong, Westernport and Yarra catchments. Through the IWM forums, targets have been set for 2030 and 2050 together with priority actions for each catchment. We're now focussing on implementing the monitoring, evaluation, review and improvement (MERI) plans for each catchment and the priority actions. We'll continue to lead, participate and promote collaboration with our industry partners and stakeholders through the forums, and local project-based partnerships.

In partnership with DEECA, Traditional Owners and other water authorities, we'll investigate opportunities to expand large-scale alternative water networks within our service area and beyond, while continuing to expand our third pipe network across the south-east growth corridor. This includes investing and collaborating to implement our key projects (listed below). We'll also support our partners and stakeholders through their IWM projects and initiatives.

We'll implement our Greening Open Space program with our council partners, to improve urban greening and cooling of public open spaces in our service area.

## **Increasing alternative water supply and 'greening' our recreation areas**

To achieve greater IWM outcomes in our service area and across Greater Melbourne, we're actively exploring options for expanding our recycled water network and services.

In addition to our Dingley Recycled Water Scheme (see '*Increasing alternative water in Melbourne's south-east*' below), some of our key projects to increase recycled water supply are described below.

### **Monterey Recycled Water Scheme**

Will deliver 73 million litres per year of Class A recycled water to approximately 34 ha of green spaces, including sporting grounds, open space and a world-class golf course in Frankston City.

Design, early works and approvals for the project are underway, with tender for construction scheduled for mid-2024. This scheme is co-funded with the Victorian Government.

### **Briars Recycled Water Scheme**

Involves construction of a recycled water pipeline from our Mount Martha Water Recycling Plant to the Mornington Peninsula Shire Council's (MPSC) Briars Precinct in 2024.

The scheme will provide up to 80 million litres per year of Class A recycled water for food production, regenerative agriculture, and to water open spaces. This scheme is co-funded with the MPSC and the Victorian Government.

### **Fishermans Bend**

Involves construction of a water recycling plant and recycled water distribution network in Fishermans Bend. In 2024–25, we'll begin the design development for the water recycling plant and recycled water network. We expect the project to start operation in 2029–30.

### **Westernport Recycled Water Scheme**

Involves design and construction of a recycled water network from Pakenham Treatment Plant to Cora Lynn and Catani areas within Cardinia Shire, to supply drought resilient alternative water to agricultural businesses.

The project, when fully completed, will provide up to 4 billion litres of recycled water, to irrigate approximately 2900 hectares of irrigable land. The first stage of the project to supply up to 800 million litres of recycled water is expected to start construction in 2025.



## Increasing alternative water in Melbourne's south-east

- *Creating opportunities for fit-for-purpose water, so that our drinking water is only used where it's really needed*
- *Securing our water supplies for the future*
- *Minimising impact on the environment and our customers when building new infrastructure.*

We're partnering with local councils and businesses to increase the availability of recycled water within our network.

Through the \$72 million Dingley Recycled Water Scheme, we're building around 42 km of pipeline and a pump station to deliver Class A recycled water from the Eastern Treatment Plant to approximately 40 sites across the Kingston, Bayside, Monash and Dandenong LGAs.

The scheme will supply up to 1.8 billion litres of recycled water per year to local businesses, parks, gardens and sporting fields.

We're also delivering similar projects at The Briars in Mount Martha and Monterey in Frankston North.

Benefits we'll deliver include:

- Our community will benefit from having green spaces that stay green all year round, making the south-east an even better place to live, work and play.

- Places that usually use a lot of water, such as parks, gardens and sporting ovals, will no longer rely on our precious drinking water and use a sustainable water source instead.
- Assist in discharging increasing volumes of treated wastewater resulting from population growth in our service area.
- This investment in our infrastructure will enable us to deliver these services for our customers for the next 100 years or more.

Figure 8. Plant nursery



## Our plans for 2024–25

The key strategic actions we'll take to protect our environment in 2024–25:

Initiative	Action
Continue to build relationships and understanding with Traditional Owners	Walk with Traditional Owners in our service area to support self-determination and water justice. Develop and implement our second Reconciliation Action Plan.
Continue emissions reduction for 2025 and plan for future	Quantify and benchmark scope 3 <sup>5</sup> emissions from a subset of our water recycling plants and network to fully understand their impact and develop a plan for their reduction with our delivery partners. Develop a plan to reduce emissions from our vehicle fleet.
Improve spill prevention and management	Develop and implement a beach impact index to prioritise spill prevention, planning and management.

<sup>5</sup> Scope 3 emissions are all indirect emissions other than scope 2 that happen in our supply chain, including both upstream and downstream activities, such as business travel, procurement, waste, and employee commuting.

# How we measure success

Table 4. Protect our environment – key performance indicators

	2024–25 target
<b>Metrics from the Corporate Planning and Reporting Guidelines</b>	
Recycled water reuse (%) (Water recycled as a percentage of the volume of effluent produced)	23%
<b>Metrics aligned to our strategic priorities</b>	
Total net greenhouse gas emissions (tCO2e)	23,016
Alternative water as a percentage of total water supplied to all customers	5%
Water literacy of South East Water customers (captured via survey responses to a series of industry indicators)	29.5%

## Optimise our operations

Committed to refining our processes, products, assets and service, we strive for continuous improvement. We warn and inform our customers at the right time, as we deliver seamless, fair and affordable services for all.

### Executing our strategy

Our key intent statements to optimise our operations:

#### Digital customer and employee experience

- With most of our customers having digital meters installed, more customers have a better experience and can use the tools and information to save money and water.
- We're reducing water losses by using insights gained from our digital meters and sensors to identify leaks early and improve our planning, renewal and maintenance processes.
- It's easy for our people to do their jobs, with streamlined and automated processes, and upgraded IT systems.

#### Fair and affordable for all

- We plan, deliver, operate and maintain our assets efficiently, through innovative operations models, delivering value for money to our customers.
- More of our customers can manage their payments, through our proactive engagement with them.
- We're always looking for opportunities to find efficiencies, while continually improving our services.

#### Warn and inform our customers

- We've reduced disruption to our customers by notifying them in advance of unplanned interruptions, where they choose to interact with us digitally

#### Sustainable, resilient organisation

- We've set ourselves up to be financially viable for our long-term future, so we can continue to deliver for our customers.
- We're confident in the security of our people, data and assets, through our strong approach to cyber and physical security.
- We're able to respond to an increasing number of climate-related incidents, and continuously adapt our assets along the way.
- We consider the environmental, social and governance impacts of our business, to generate value for all stakeholders.

### Delivering our digital customer experience

Water scarcity and climate change impacts are increasing the need to efficiently manage and use water. In addition, customers and communities are expecting to be kept informed of their real-time water usage. As a significant portion of our current traditional mechanical meter fleet is approaching end of life, digital metering provides an opportunity to help address these challenges.

Through our leading Digital Utility program, we're optimising our network operations and empowering our customers to make every drop count. To set ourselves up for the future, we're gearing up for mass roll

out of digital meters across our network. During 2024–29, we'll upgrade all meters in our network from analogue to digital meters containing leak detectors. Digital meters will also become standard for residential and business customers connecting new properties to our network.

In the coming year, we'll also deliver advanced data analytics capability.

Our Digital Metering project is our largest capital project for the current regulatory period, with an expected investment in excess of \$200 million. The project will deliver water savings, improve customer satisfaction and our planning capability and promote the integrated and sustainable use of water resources. To date, the leak alert program has saved 1.2 billion litres of water and \$5 million saved off customers' bills.

### Reducing costs and saving water through our digital focus

- *The rising cost of living means it's important to keep bills affordable.*
- *A changing climate means unpredictable weather events and potential for water scarcity.*
- *There's an increasing need to better understand customer usage behaviours and preferences.*
- The data that we gain from customer usage behaviour will help us better understand our customers' needs so we can provide a better experience to them.
- By saving water that could have been wasted from unnoticed leaks, we'll reduce our non-revenue water consumption, saving both money and our precious water resources.

To set ourselves up for the future, we're embarking on a mass roll out of digital meters across our network. This transformational investment will result in all residential properties connected to our network having a digital water meter by 2028–29.

Benefits we'll deliver include:

- Through digital meters, customers can track their daily water usage, so they know when they've used more than usual, and if there's a potential leak.
- Customers can avoid an unexpectedly high water bill by taking action to fix leaks quickly.

Figure 9. Digital meter



### Continuing to enhance cyber security

As a Victorian public entity, we adhere to the Victorian Protective Data Security Framework and accompanying Victorian protective data security standards. This is required under the *Privacy and Data Protection Act 2014 (Vic)*.

Given the essential nature of our water and sewer assets, we're required to meet certain obligations and standards to protect them from cyber security threats under the *Security of Critical Infrastructure Act 2018 (Cth)*.

In addition, we regularly assess our cyber security risk against the Essential Eight maturity model provided by the Australian Cyber Security Centre.

We're on a continuous journey to enhance our cyber security, to reduce our risk of cyber attacks and minimise the impacts of service disruption to customers. Our information security roadmap covers 4 themes:

1. Asset protection: identifying and resolving our asset vulnerabilities and threats to internal and external organisational resources

2. Capabilities: investing in capabilities to detect unusual and malicious activity and its source as soon as possible, with people, tools and processes that proactively secure and protect our assets
3. Security focused workforce: continuous communication and training to help our people to identify, protect and prevent suspicious activity
4. Resilience and recovery: focussing on ensuring that critical business systems are identified, protected and quickly recoverable to mitigate potential impacts of a security incident.

Key initiatives we'll carry out over the upcoming 12 months include:

- improving how we manage and govern data. This includes a solution to provide a catalogue and business glossary of data (including data owners) to approve data use and access to sensitive information, including customer and personally identifiable information.
- enhancing our processes and systems to securely destroy or permanently de-identify personal information.
- increasing our level of investment in cyber security. This includes the appointment of a Chief Information Security Officer and the engagement of a leading cyber security firm to work with us to identify security risks and solutions to address them.
- continuing to educate our people on the role they play in security. This includes a focus on our third-party suppliers and how we work together to manage cyber threats.
- investment in technologies and solutions that uplift how we manage our IT assets and data. This includes investing in the latest technologies that protect our endpoints, firewalls and infrastructure.

### Improving resilience through our cyber response

- *The rise of cyber crime poses a great risk to our organisation, including our data and assets.*
- *The rise in popularity of artificial intelligence (AI) tools brings opportunities but also poses risks to our organisation.*
- *Educating our customers and people on how to keep data safe is crucial.*

With cyber crime increasing and AI tools evolving and emerging every day, we're taking steps to keep our customers and business safe at all levels of our organisation. We're increasingly working with our customers on the importance of securing their personal devices and data from potential threats. We're also working on reducing vulnerabilities within our assets.

To increase our overall resilience, we're improving our risk management and data governance. And we're empowering our people, through education and involvement in cyber threat exercises in collaboration with our water industry peers, to play their part to reduce risk and improve resilience.

Benefits we'll deliver include:

- By educating and empowering our team and enabling them to work in a safe online

environment, we better protect our organisation from cyber threats.

- The risk of customer data being compromised is lowered, and financial risk is reduced.
- We're building a more digitally resilient and prepared organisation.

**Figure 10. Woman using laptop**





## Our plans for 2024–25

The key strategic actions we'll take to optimise our operations in 2024–25:

Initiative	Action
Deploy digital meters	Install 78,000 digital meters to customers and deliver a new data analytics platform, to drive water savings for our customers and environment.
Continue to enhance cyber security	Continue to enhance cyber security, protecting customer and corporate data and our assets.
Deliver financial efficiency commitments	Identify and deliver financial and operational efficiencies.
Address critical network and treatment asset issues	Continue to invest in asset performance and resilience, reducing risk of asset and service failures to deliver for our customers and protect our environment.

## How we measure success

**Table 5. Optimise our operations – key performance indicators**

	2024–25 target
<b>Metrics from the Corporate Planning and Reporting Guidelines</b>	
Customer minutes off water supply (minutes) Average minutes a customer was without water supply during the year (planned and unplanned)	23
Unplanned water supply interruption $\geq 5$ (%) Percentage of customers receiving more than 5 unplanned interruptions in a year	0.45%
<b>Metrics aligned to our strategic priorities</b>	
Total volume of water saved through digital detection of network leaks (ML)	180
Customers notified per unplanned water supply interruption as a percentage of total customers affected	> 73%
Customer savings realised through repair of digital meter-detected property leaks (\$m)	\$1.1 m
Percentage of the meter fleet digitally enabled	19%

# Drive innovation at scale

Our innovation stretches beyond basic prototypes and is proven to work at scale in real-life communities. We call it ‘life-size’ innovation. Through partnerships and commercialisation, we share our data, expertise and technology to create step-change impact.

## Executing our strategy

Our key intent statements to drive innovation at scale:

<b>Commercialisation and partnership impact</b>	<b>Towards zero bursts and spills</b>
<ul style="list-style-type: none"><li>• The increased enterprise value of Iota continues to add value to our operations.</li><li>• We regularly draw on established partnerships to broaden the reach and scale of our innovation, providing better solutions to our customers, and improving the bottom line and affordability for our customers.</li></ul>	<ul style="list-style-type: none"><li>• We've reduced bursts and spills through our preventative approaches and upgraded processes.</li></ul>
<b>Towards net-zero water recycling plants</b>	<b>Adapting through research</b>
<p>Our water recycling plants are efficient and have a low emissions footprint, through our use of leading local and global technology in their design, build and operation.</p>	<ul style="list-style-type: none"><li>• We're taking advantage of opportunities and managing risks, through our collaborative approach to research and innovation.</li><li>• We're working with our partners to expand the impact of our innovations, such as our pyrolysis plant, Sotto® and sewer monitoring technology, to other water corporations.</li></ul>

Our innovation addresses real-world challenges and continues to be recognised within the industry. During 2023, our Digital Utility program and Research and Innovation teams took home awards for innovative smart tools and networks, which work together to improve our customers’ experience.

This included taking out the Customer Experience Award at the Australian Water Awards for our leading leak alert program, empowering customers to save water and money by providing them with timely and accurate leak alerts.

We also took out sixth place on the Australian Financial Review (AFR) Most Innovative Companies List in the mining, agriculture and utilities category. The award recognised, in particular, our Environmental Sensitivity Map, a tool we proactively created to protect the environment in Melbourne’s south-east in event of a sewer spill. The map also helped us take home the Organisational Excellence award at the Australian Water Awards (AWA) Victorian Water Awards.

## Adapting through research and partnering for impact

- We'll continue our research and development work on using and re-using water and wastewater resources to create circular economy systems within our network. This involves collaborating with

both local and international universities to advance our knowledge in this space, share our learnings with others and make significant changes to our operations through these projects.

- Within our own operations, we continue to investigate re-use options for biosolids from our water recycling plants. We're planning to begin the re-use of biosolids from our Boneo plant. By building a biosolid inventory to supply into the biochar production process in the future, we'll leverage advanced technologies to create other beneficial pathways.
- We continue to innovate to protect the health of our waterways. Our 2-year study to better understand how ever-present microplastics move through the sewer system and optimise water treatment processes in our recycling plants to remove them, continues to be recognised globally.
- We're investing in research and development to gain efficiencies in how we deliver healthy drinking water to our customers. This includes deploying new technology to allow maintenance to be undertaken without shutting down water supplies in impacted areas.

## Towards zero spills

We're investing to reduce spills in our network. That includes moving towards a smarter water network using advance sensor technologies to reduce leaks. We also intend to complete a smart sewer business case. This will outline how we'll use innovative technologies to enable us to identify and resolve issues in our network before they become spills.

### Transforming biosolids to biochar for waste-free wastewater treatment

*Re-using the treated water from the water recycling process has become a familiar process – but re-using or disposing of the biosolids produced from the treatment process is less well-known and more challenging.*

Using a process called pyrolysis, we can turn biosolids into biochar, which is a nutrient-rich product that's in demand by the agricultural industry to regenerate soils. In collaboration with RMIT University and sector partners, we've developed this process (called PYROCO) and conducted initial trials at Greater Western Water's Melton Recycled Water Plant.

We're now preparing to build a PYROCO pilot plant at our Mount Martha Water Recycling Plant so, together with our partners, we can test the effectiveness and operability of the technology in a real-world environment.

Benefits include:

- Creating a circular economy by using and re-using wastewater and its by-products in a sustainable way and to their fullest potential.
- The pyrolysis process removes carbon from the atmosphere and will help us move closer to our carbon emissions reduction pledge.

- The technology also enables us to remove both dangerous contaminants, such as PFAS (per and polyfluoroalkyl substances), found in wastewater before they contaminate the soil or groundwater and valuable metal materials from the biosolids, which can be re-used.
- If successful, this technology has the potential to be adopted by the water industry across Australia and beyond – reducing the overall emissions and waste of the water industry.

**Figure 11. Figure holding container of biosolids, by-product of the pyrolysis (PYROCO) process**



## Our plans for 2024–25

The key strategic actions we'll take to drive innovation at scale in 2024–25:

Initiative	Action
Build strategy and implement operating model for smart water network	Develop and implement a strategy to reduce leaks and bursts for our growing smart water network by using South East Water's advanced sensor technologies.
Complete smart sewer business case	Move from reactive sewer management to proactive sewer management to reduce harm to our environment by finalising the digital sewer optimisation strategy. Underpinned by South East Water technologies, a smart sewer will allow us to proactively identify and resolve issues in our network before they become spills. As part of this work, we'll also review internal processes and strategies to manage our network.
Construct PYROCO demonstration pilot plant	Build our demonstration pilot plant in the South East Water network, transforming biosolids to biochar.

## How we measure success

**Table 6. Drive Innovation at scale – key performance indicators**

	2024–25 target
<b>Metrics from the Corporate Planning and Reporting Guidelines</b>	
Sewer blockages (no. per 100 km)	17
Number of sewer blockages reported per 100 kilometres of sewer main	
Sewer spills (no. per 100 km)	8
Number of sewer spills reported per 100 kilometres of sewer main	
Containment of sewer spills (%)	100%
Sewer spills from reticulation and branch sewers contained within 5 hours	
<b>Metrics aligned to our strategic priorities</b>	
Number of EPA reportable dry weather sewer spills	<15



## **Appendices**



# Appendices

## Appendix A: Asset management

### Overview

- Effectively managing our assets is fundamental to delivering on our purpose of healthy water for life for our customers, community and the environment.
- For the 2024–29 regulatory period, we're proposing a capital expenditure investment of \$2.2 billion (\$nominal) to maintain and improve our potable water and sewer assets.
- Our capital investment plan is developed through a robust planning process that identifies the investment in our assets required to meet our 5 customer outcomes.
- We consider compliance requirements, trends in customer behaviours and their needs and expectations, insights from digitised network capacity modelling and critical asset reviews, projections for future growth, and managing the impacts of climate change.
- Our investment plan is grouped into asset investment portfolios based on a common set of objectives and cost drivers within each service area. Each portfolio consists of major (top-10) projects, capital work programs and other projects.

### Our approach to risk management

Risk management is embedded across all of our management systems and processes.

Our enterprise risk management framework is consistent with the Australian/New Zealand Risk Management Standard (AS/NZS 31000) and the requirements of the Victorian Government Risk Management Framework (VGRMF). It provides a consistent, forward-looking approach to identify and assess risks that could impact on our ability to provide core water and sewerage services and the outcomes agreed with customers.

We conduct risk assessments on existing and proposed future assets by applying our enterprise risk management framework at both a catchment level and individual asset level. We also use comprehensive data sources and various techniques, such as hydraulic modelling, risk profiling, geospatial analysis and data science methods to support our analysis. Through our analysis, we're able to inform our capital investment priorities for 2024–29 and beyond.

Our enterprise risk management framework is also guided by our risk appetite, as set by management and the board, to align with our strategic vision. We embed risk appetite in our risk framework to help in promoting informed business decision making within agreed boundaries and ensure effective governance.

### **Potable water growth, reliability, renewals and quality**

Over the next 5 years, we're investing in our potable water network service assets. This is to ensure we continue to meet increasing customer demand for drinking water in growth areas, maintaining and improving current assets so that customers experience fewer unplanned interruptions.

To ensure our potable water continues to comply with safe drinking water and health regulations, we're investing in the network and water quality improvements. A key investment focus will be on adequate disinfectant residual and contact time across the distribution system to reduce the risk of water quality incidents.

We're also investing in research and development to gain efficiencies in how we deliver healthy drinking water to our customers. This includes deploying new technology to allow maintenance without shutting down water supplies in impacted areas.

### **2024–25 investment focus**

- \$13 million new potable water assets to service growth areas
- \$20 million renew existing water mains assets
- \$17 million improve drinking water quality
- \$12 million upgrade existing pipes and new pipe networks

### **Sewer growth, renewals and reliability**

Over the next 5 years, we're investing in high growth areas to meet increasing customer demand for sewage network services, as well as maintaining the reliability of our existing sewer network to uphold our service standards.

Our investment in our sewer network will address wet weather overflows, and emergency holding times. Major investments in our sewer network includes capacity upgrades to the South Melbourne sewer network (Hanna Street), building the Ballarto Road East Pump Station and sewer augmentation for expected growth in the Clyde catchment.

We're also investing in innovative technology and sensors to assist in reactively managing climate variations that are causing higher-than-expected sewer asset failures.

### **2024–25 investment focus**

- \$47 million additional capacity to growth areas
- \$24 million sewer branch upgrades
- \$10 million connect households to reticulated sewer networks

### **Top 10 projects**

- \$5 million Hanna Street sewer network
- \$2 million Ballarto Road East Pump Station and sewer augmentation

### **Potable water, sewer and treatment improvements / compliance**

Over the next 5 years, we're investing to ensure our water storage tanks, treatment plant and water and sewer network assets maintain compliance with EPA and safety management regulations and continue to improve our environmental performance.

Investment is targeting our highest risk assets or assets where an uplift in compliance with regulations is required. It will cover a range of risk controls, including monitoring, condition assessment, renewal, and preventative maintenance works. Our investment will seek to improve the safety of our referrable dams and critical water mains assets to proactively mitigate the risk of asset failure.

### **Alternative water and integrated water management schemes**

Along with maintaining our existing water recycling plants and servicing our existing customers, we're planning and delivering new recycled water supplies and treatment services to new growth areas across our catchment areas as well as extending into existing residential areas and precincts throughout the south-eastern growth corridor.

Over the next 5 years, we'll upgrade our existing water recycling plants in Mount Martha, Longwarry and Lang Lang and commence work on the new South East Regional Biofactory.

We'll also continue our investment in the new network in Fishermans Bend, by starting construction of a new recycled water network that aligns with development. This includes trunk infrastructure to convey recycled water from a newly proposed sewer mining treatment facility.

### **2024–25 investment focus**

- \$29 million sewer network compliance with EPA and safety regulations
- \$14 million treatment plant compliance with EPA license requirements
- \$7 million compliance with drinking water standards and safety regulations

### **Top 10 projects**

- \$2 million Westernport Recycled Water Scheme

### **2024–25 investment focus**

- \$25 million meet increasing demand for trade waste and recycled water
- \$22 million renew treatment plant assets
- \$5 million Aquarevo and other IWM schemes

### **Top-10 projects**

- \$27 million Mount Martha, Longwarry and Lang Lang water recycling plant upgrades
- \$2 million Fishermans Bend Class A Water Recycling Plant and sewer connection
- \$1 million design of the South East Regional Biofactory

### **Digital utility and corporate**

Our Digital Metering project started in the 2018–23 regulatory period and has delivered digital meters to over 93,000 customers. It's the largest of our top-10 projects and will continue to deliver water savings and customer satisfaction over the next 5 years.

Over the next 5 years, we're also investing to maintain and upgrade our IT assets to deliver more cost-effective services to our customers, increase productivity, minimise operational costs, and make operations more efficient.

### **2024–25 investment focus**

- \$51 million deliver digital meters to existing customers
- \$25 million deliver key IT projects, including infrastructure to support digital meter rollout

## Appendix B: 2024–25 Performance Report

Table 7. Financial performance

Key performance indicator	2024–25 target	2025–26 target	2026–27 target	2027–28 target	2028–29 target
<b>Cash interest cover (times)</b>					
Net operating cash flows before net interest and tax/net interest payments	2.1	2.0	2.0	1.9	1.9
<b>Gearing ratio (%)</b>					
Total debt (including finance leases)/total assets * 100	54.4%	56.5%	58.4%	60.3%	61.8%
<b>Internal financing ratio (%)</b>					
Net operating cash flow less dividends/net capital expenditure * 100	23.3%	23.8%	26.1%	26.0%	28.2%
<b>Current ratio (%)</b>					
Current assets/current liabilities (excluding long-term employee provisions and revenue in advance	1.0	1.0	1.0	0.9	0.9
<b>Return on assets (%)</b>					
Earnings before net interest and tax/average	4.1%	3.9%	4.0%	4.0%	4.8%
<b>Return on equity (%)</b>					
Net profit after tax/average total equity * 100	3.4%	2.8%	2.7%	2.3%	3.8%
<b>EBITDA margin (%)</b>					
Earnings Before Interest, Tax, Depreciation and Amortisation/total revenue * 100	31.4%	31.3%	32.9%	33.7%	36.7%



**Table 8. Operational performance**

<b>Water and sewerage network reliability indicators</b>	<b>2024–25 target</b>
Customer minutes off water supply (min) Average minutes a customer was without water supply during the year (planned and unplanned).	23
Unplanned water supply interruptions >5 (%) Percentage of customers receiving more than 5 unplanned interruptions in a year	0.45%
Sewer blockages (no. per 100km) Number of sewer blockages reported per 100 kilometres of sewer main	17
Sewer spills (no. per 100km) Number of sewer spills reported per 100 kilometres of sewer main	8
Containment of sewer spills (%) Sewer spills from reticulation and branch sewers contained within 5 hours	100%
<b>Water reuse indicators</b>	<b>2024–25 target</b>
Recycled water – effluent treatment and reuse (%) Water recycled as a percentage of the volume of effluent produced	23%

## Appendix C: Additional LOE Indicators

### LOE 1: Climate change and energy

Key performance indicator		2024–25 target	2025–26 target	2026–27 target	2027–28 target	2028–29 target
1.1.3.025	Total net greenhouse gas emissions (tonnes CO2 equivalent)	23,016	23,509	23,998	12,033	10,000

### LOE 2: Customer, community and engagement

Key performance indicator		2024–25 target	2025–26 target	2026–27 target	2027–28 target	2028–29 target
2.1.1.001	Overall customer satisfaction with South East Water (scores of 7 and above in customer surveys)	68.5%	69.0%	69.5%	70.0%	70.5%

### LOE 5: Resilient and Liveable Cities and Towns

Key performance indicator		2024–25 target	2025–26 target	2026–27 target	2027–28 target	2028–29 target
5.3.1.002	Percentage of biosolids mass reused (%)	0%	0%	9%	37%	37%

### LOE 7: Performance and financial management

Key performance indicator		2024–25 target	2025–26 target	2026–27 target	2027–28 target	2028–29 target
7.4.2.007	Credit rating (based on TCV for Financial Accommodation Levy)	BBB+				
	Consumer Price Index assumption (CPI)	3.6%	3.0%	2.5%	2.5%	2.5%

# Healthy Water. For Life.

## How to get in touch

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