

Melbourne Water Corporate Plan

2024-25 to 2028-29



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All actions in this plan will be delivered subject to funding.

Foreword

Water is essential to our way of life. It sustains our health, liveability, and the environment we live in. At Melbourne Water, we recognise that the actions we take today will significantly impact the health and wellbeing of Greater Melbourne for generations to come. By 2030, over 6 million Melburnians will rely on our services daily, and planning to meet their needs is at the centre of what we do.

We have an opportunity to shape the future of water and the way we recover, treat and re-use wastewater. We are committed to innovating and evolving our services to ensure water security now and in the future, responding to the challenges of population growth, the increased cost of living, and climate change. Together with our nine strategic goals, our *Corporate Plan* focuses on long-term objectives, and aligned near-term actions, to meet these challenges.

We continue to collaborate closely with the Victorian Government and partners to implement crucial outcomes outlined in the *Water for Victoria* policy. In addition, our shared approach with the water sector has enabled the implementation of key actions from strategies such as the *Greater Melbourne Urban Water and System Strategy: Water for Life*. Working together allows us to prepare for greater resilience across the entire water system and create a shared alignment for exploring options to manage the impacts of climate change, such as manufactured water.

We walk Country together with Traditional Owners to guide all our practices. We keep working towards reconciliation and for the region's traditional owners to be respected as sovereign land and water management partners. We recognise the importance of Traditional Owner partnerships and support self-determination and reconciliation. As a result, we are proud of our formal Partnership Agreement with the Gunnaikurnai Land and Waters Aboriginal Corporation and Wadawurrung Traditional Owners Aboriginal Corporation.

Our approach to financial sustainability underpins our ability to achieve our objectives. We are dedicated to delivering our valued services at affordable prices, meeting our financial obligations now and in the future. This approach is critical to enabling the value we contribute to the broader Victorian economy through delivery of our services, including long-term water security to enable growth across the region.

In the coming years, Melbourne Water will work to support the Victorian Government's *Housing Statement*, which aims to unlock Melbourne's housing potential to enable population growth in key development corridors. Melbourne Water plays an important role in supporting housing decisions by integrating a sustainable water cycle, securing urban water supplies for the future, and enabling land use change across our region. We look forward to continuing to work with the Victorian Government to enable these broader benefits for Melburnians, the environment and the Victorian economy.

Melbourne Water continues to invest in critical infrastructure to create a more resilient and sustainable system. We are excited to announce our new Resource Recovery and Re-Use Complex at the Western Treatment Plant that will enhance the sewerage system's resilience, advance resource recovery, and assist in our path to net zero emissions.

Melbourne remains one of the world's most liveable cities. To help maintain this status for future generations and contribute to a sustainable society, we are embedding Integrated Water Management (IWM) practices into how we operate and developing a new framework to ensure we build resilience, keep our services strong and facilitate progress to meet the strategic outcomes of the IWM Forums.

This year, we will prepare our draft *2026-31 Price Submission* with a strong lens of transition to maintain resilience in the light of population growth, technological advancements, and climate change with new, bold approaches. We will engage with, and ensure that, the voices of our partners, customers, Traditional Owners, government and the community are embedded within our Price Submission process and that their input is used to inform decisions.

Through the Accord, we are further enabling our sector visions for water security, partnering and delivering for Traditional Owners, building water literacy, and adapting our city to a changing climate. Together with South East Water, Yarra Valley Water, Greater Western Water and Barwon Water, the Accord-led strategic forums and working groups are addressing issues together to develop solutions for the communities we serve.

We have welcomed the Independent Review Panel findings on the 2022 Maribyrnong flood event and accepted all 15 of the Panel's recommendations. Stemming from this, we are proud to deliver a community awareness and preparedness program with the Victorian State Emergency Service and councils and continue communicating with impacted communities about our progress to implement the recommendations. The Parliamentary Inquiry will continue this year, and Melbourne Water will assist with investigations as required.

Our role as Catchment Management Authority is an important responsibility to invest in the connection between communities, waterways, land, and nature. We look forward to continuing our work to strengthen partnerships, manage projects, and unlock the benefits of a more integrated approach to providing places for our native wildlife, flora, and people to co-exist and thrive.

Our people are central to achieving our goals. Across the business we continue to focus on safety, resilience, and streamlined ways of working. Additionally, we aim to align our skills, capabilities, accountabilities, resources and enabling processes to continue reliable service delivery and enhance organisational culture, leadership and capability among our people.

Despite the challenges of the next decade, we are confident that our approach, alongside a strengthened collaborative sector, will allow us to continue designing solutions for a resilient and liveable city today and into the future.



Greg Wilson
Chair



Nerina Di Lorenzo
Managing Director



Acknowledgment of Country

Melbourne Water respectfully acknowledges Aboriginal and Torres Strait Islander peoples as the Traditional Owners and custodians of the land and water on which all Australians rely.

We pay our respects to Bunurong, Gunaikurnai, Taungurung, Wadawurrung and Wurundjeri Woi-wurrung peoples as the Traditional Owners and Custodians of the land and water on which we rely and operate. We pay our deepest respects to their Elders past, present and emerging.

We recognise and respect the continued cultural and spiritual connections that Aboriginal and Torres Strait Islander peoples have with the land and water they have cared for and protected for thousands of generations.

We demonstrate our ongoing commitment to reconciliation through our partnerships with Traditional Owners and the broader Aboriginal and Torres Strait Islander communities, as we work together to manage land and water now and into the future, while maintaining and respecting cultural and spiritual connections.

About this plan

Melbourne Water's *Corporate Plan* provides a roadmap for achievement of our corporate strategy and strong financial management now and into the future. As required by section 247 of the *Water Act 1989*, our plan highlights our year ahead, while also detailing our long-term goals over five years. Our Statement of Corporate Intent is expressed in the opening chapter, 'Enhancing life and liveability', and the document reflects the priority areas of the Minister's Letter of Expectations:

- Climate change and energy
- Customer, community and engagement
- Recognise Aboriginal values
- Resilient and liveable cities and towns
- Leadership, diversity and culture
- Performance and financial management
- Compliance and enforcement
- Waterway and catchment health
- Water for agriculture.

This document also includes new additional areas of Ministerial interest:

- Customer data protection, and protection from harm of family violence
- Cyber security
- Housing Statement.

As the region's Catchment Management Authority, our Corporate Plan also covers Melbourne Water's statutory functions, powers and responsibilities as set out under section 19C (2) of the *Catchment and Land Protection Act 1994*. This involves the promotion of integrated land and water resource management across the region, including sustainable and productive land use practice that considers and contributes to the integrated management of land, water, biodiversity, coasts, and marine environments. Our Catchment Management Authority role also provides unique opportunities to further expand our planning, collaboration and implementation activities with a range of diverse stakeholders and communities.

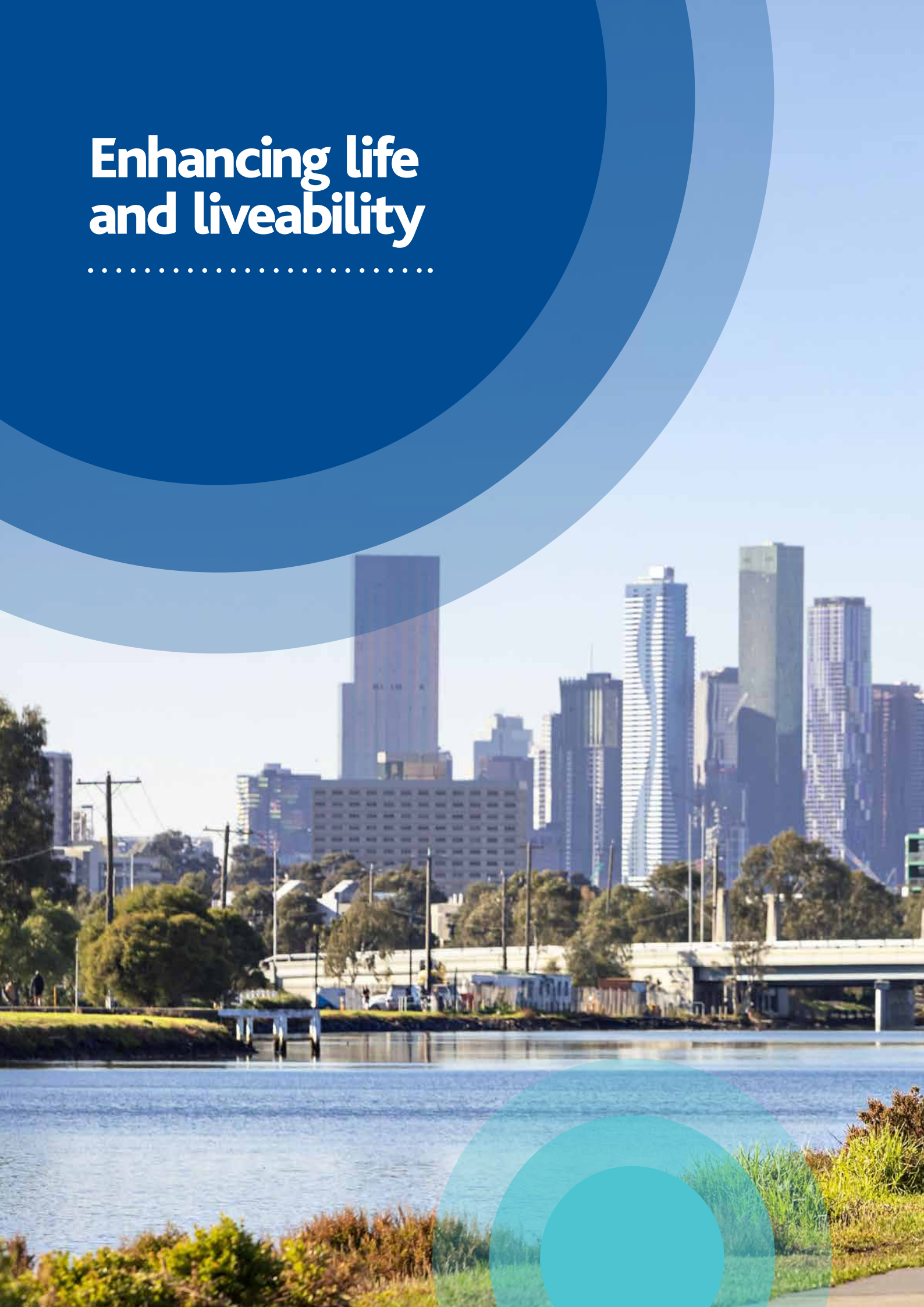


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Enhancing life and liveability

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Our vision and values

Melbourne Water’s vision is to enhance the life and liveability of Greater Melbourne and the surrounding region. Water is essential to our way of life and so is the work we do to enhance the natural environment we live in and the communities we are part of.

We are uniquely positioned to navigate a path that meets our water needs, optimise our use and re-use of resources, preserve our natural environment, sustain the liveability of our environment and provide trusted collaborative leadership.

As caretakers for Melbourne’s water cycle, we care for water, life and land throughout Melbourne, for both people and biodiversity. Our three core values are integral to the way we work:

- **Make it Count** – We plot a course for the future, focused on outcomes, and prioritise fiercely, to deliver the things that really matter.
- **Dive in** – We choose curiosity over comfort, lean into tough conversations, prioritise safety, and celebrate diverse perspectives.
- **Do what’s right** – As caretakers of public resources, we care deeply about our community, customers and each other, taking personal responsibility for the performance and future of our business.

Our services

We are a statutory authority owned by the Victorian Government, and work closely with it to deliver critical services that support our growing and dynamic city. As we face a changing climate, we are proactively adapting our services to secure the system resilience required to meet the water needs of all Melburnians, now and into the future.

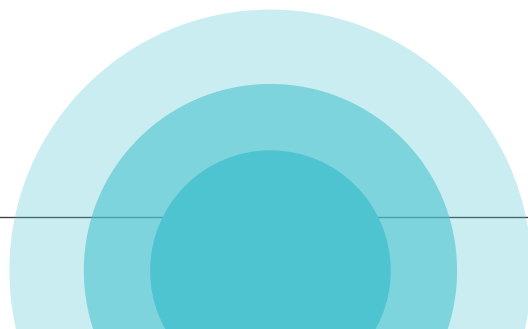
The effects of climate change, including hotter and drier weather, unpredictable storms, bushfires and floods, decreasing rainfall over time, and drought, all impact our water supply. In addition, over six million Melburnians will need water every day by 2030. That’s why at Melbourne Water, our diverse and dedicated teams are both responding to the immediate needs of our customers and community and planning across 50-year time horizons to manage and protect the health of our region.

We are guided by our strategic goals to inform our organisational priorities, work planning, and the capabilities required to deliver them. These goals ensure we are prepared for future challenges to help us provide the safe, secure and affordable services communities and customers expect.

To continue meeting the service requirements of our customers and community in the face of population growth and climate change, Melbourne Water has a strong focus on risk management by:

- developing a plan to close any gaps between our performance and current service offerings
- working in partnership with our customers to deliver services in a contemporary and efficient way
- further understanding and preparing for resilience threats to our network.

Through all that we do, Melbourne Water continues to focus on being an efficient and productive business to ensure customer affordability and value for Victorians. In consultation with our customers and partners, we are currently preparing our *2026 Price Submission* due next year.





Water

Melbourne Water is proud to provide wholesale water in partnership with Melbourne’s retail water companies, as well as regional water corporations that are connected to the Melbourne water supply system. We are committed to delivering high-quality water while tackling the challenges posed by climate change, technological advancements and population growth.

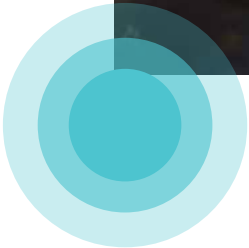
We are also responsible for managing approximately 1800 licences to ‘divert’ or take water from the Yarra River, Lower Maribyrnong River and Western tributary areas for commercial and irrigation uses.



Delivering for our customers

Our commitments to our customers are:

- zero non-compliances with the *Safe Drinking Water Act 2003*. By maintaining and renewing the assets we have and investing to provide capacity as Melbourne grows, we will supply high-quality drinking water that meets stringent standards for risk management and public health
- to meet 99.9 per cent retail water company pressure requirements. We will provide an uninterrupted supply of water to homes and businesses, as specified in our agreements with water companies
- to ensure 75 per cent of the community has at least moderate water literacy. We will target our education programs to improve water literacy and equip people with the knowledge to contribute to smart water choices
- to achieve customer satisfaction (CSAT) scores of at least 8.3 by 2025-26 for bulk water services.





Sewerage

Melbourne Water is committed to ensuring a safe, reliable and sustainable sewerage system that contributes positively to public health while protecting and enhancing the environment. We work in partnership with our customers, the retail water corporations, to deliver wholesale sewerage transfer and treatment services, and recover valuable resources.



Delivering for our customers

Our commitments to our customers are:

- zero spills per annum due to system failure
- to meet 100 per cent discharge compliance to our environmental operating licence from our two wastewater treatment plants – the Western Treatment Plant and Eastern Treatment Plant
- to achieve CSAT scores of at least 8.3 by 2025-26 for bulk sewerage services.



Drainage

As the region’s floodplain manager, we are responsible for delivering and maintaining infrastructure that provides an essential part of flood management across the region, including smart systems and processes to deliver improved resilience across an increasingly complex urban environment. Our role is to coordinate the development and delivery of the *Port Phillip and Westernport Flood Management Strategy* and drainage services in conjunction with local and state government agencies, emergency services, the insurance and private sectors, and the community.

Melbourne Water performs a critical role working with the land development industry as a regulator to ensure new developments meet flood requirements. We provide written development advice to landowners, developers, consultants and community members who intend to build in flood-prone areas. We also work with local government to prepare for, and amend, existing flood hazard mapping and controls in planning schemes.



Delivering for our customers

Our commitments to our customers are:

- to deliver flood awareness and preparedness activities in accordance with the *Port Phillip and Westernport Flood Management Strategy* implementation program to improve community awareness of flood risk and increase reach
- to achieve CSAT scores of at least 6.8 by 2025-26 for drainage services.



Waterways and catchment management

Our waterways sustain a diversity of life, provide a place for people to gather, support flood mitigation and are of cultural significance. Melbourne Water works to protect and improve conditions to support environmental and social values for over 25,000 kilometres of waterways, wetlands and estuaries.

In our role as the Catchment Management Authority (CMA) for the Port Phillip and Westernport region, Melbourne Water promotes integrated management of catchment and waterways functions, including coordination and implementation of the *Regional Catchment Strategy*. This role provides an opportunity to strengthen the critical link between catchment management and waterway health outcomes.

Melbourne Water also contributes to the implementation of the *Healthy Waterways Strategy 2018-28* in accordance with the *Waterways and Drainage Investment Plan 2021-26* and facilitates community and agency co-delivery and reporting on the strategy.

Melbourne Water also continues as the lead agency for implementing *Burndap Birrarung burndap umarkoo (the Yarra Strategic Plan) 2022–2032*. The plan is being delivered to protect and enhance the Yarra River and its parklands as one living and integrated natural entity in collaboration with 14 state and local government agencies, Wurundjeri Woi Wurrung Cultural Heritage Aboriginal Corporation and Bunurong Land Council Aboriginal Corporation.

As delegated delivery partner for the Victorian Environmental Water Holder, we also continue to deliver water for the environment to support our rivers and wetlands, working with Traditional Owners, partners and stakeholders.



Delivering for our customers

Our commitments to our customers are:

- to meet 100 per cent maintenance of river health at 10 target sites of high-value rating. We will continue to work with our stakeholders and partners to protect Melbourne’s rivers, creeks and bays, and adopt a new lead indicator to highlight our focus on maintaining waterway health across Greater Melbourne
- to maintain current active participation levels in our waterways programs. We will also continue to use our partnerships program to empower landholders, local government and community groups to deliver activities with positive impacts on the health of Melbourne’s waterways
- to capture and re-use 80 gigalitres of stormwater entering waterways through the Healthy Waterways Strategy
- to achieve CSAT scores of at least 7.5 by 2025-26 for waterways services.

Our operating environment

Melbourne Water operates in a dynamic and rapidly changing environment. In the coming decade, we must be prepared to meet significant challenges, including a changing climate, population growth, rising cost of living, and the influence of digital technologies, such as Artificial Intelligence (AI). While tackling immediate challenges, we also aim to build system resilience in readiness for increased extreme weather events and to secure future water supplies for households, the environment and cultural uses.

Melbourne Water continues to work with customers and community to strengthen strategies, actions and relationships to:

- respond to climate change, including our obligation to reach net-zero emissions by 2030
- protect communities from the impacts of flooding, including proactive flood mitigation, community education and preparedness
- drive sustainable practices through all our services and programs, including our financial strategy
- work with government and industry to implement strategies, including the *Central and Gippsland Region Sustainable Water Strategy (CGRSWS)* and the *Greater Melbourne Urban Water Strategy (Water for Life)*
- continue our community engagement commitments and deliver water education
- deliver on services and projects as outlined in the current price submission, including our commitment to keeping water bills stable in the face of ongoing inflationary pressures.

A changing climate

Melbourne Water’s key priorities of maintaining access to safe and affordable water, sewerage, waterways and drainage services, and protecting and preserving a thriving natural environment, are all directly impacted by climate change. Climate change also contributes to the loss of biodiversity, rises in sea level and coastal erosion. Melbourne Water provides advice on sea level rise impacts through our *Planning for Sea Level Rise Guidelines* and our role in flood information. The services provided by Melbourne Water, and the water sector more broadly, are affected by these impacts.

Extreme weather events are expected to increase as our climate changes. Melbourne Water is committed to building resilience in our systems and developing further diversity in our water sources. Alongside the water sector and the Victorian Government, we are prioritising preparedness, resilience planning and risk mitigation to manage impacts such as flooding, bushfires and drought.

Melbourne Water is helping communities understand flood hazards to guide safer land use changes and decisions. Consistent with State Planning and Environmental Policy directions, Melbourne Water has adopted a high emissions profile and a 2100 planning horizon for our application of flood information to land use and development decisions. This will help us understand and communicate how the flood profile of our city is changing, the potential impacts to critical infrastructure, and guide development to respond to flood hazard and incrementally build the flood resilience of our suburbs, precincts and buildings into the future.

We are also working towards our obligation to be a net-zero emissions business by 2030 in line with the *Statement of Obligations (Emissions Reduction)*.

Managing the cost-of-living impacts and supporting the economy

Melbourne Water stands by its commitment to keep bills as low as possible by delivering the services our customers and community value. Upward pressure on household budgets, driven by increasing inflation and interest rates, are intensifying the challenge, and we understand our critical role in supporting customer affordability. By maintaining a focus on customers, and with our retailer partners, Melbournians are delivered the lowest water bills of Australian capital cities, and residential prices fell further in 2022-23.

Inflation in Australia remains high and interest rates have been increasing, putting pressure on household budgets and lowering consumer confidence. Melbourne Water continues to remain agile and open to change to ensure we provide high-quality services and deliver maximum value for money outcomes to customers.

Melbourne Water continues to support the Victorian economy through delivery of its critical services, especially a safe and reliable water supply that is essential to healthy, vibrant communities economic activity. Our work to date indicates that a prolonged and severe disruption to our water supplies, leading to six months of water rationing, could cost the economy tens of billions of dollars. Consequently, we are planning ahead to ensure our supplies are resilient to a range of factors, including climate variability, population growth and natural disasters.

Melbourne Water's work with the housing industry underpins key development corridors identified through the Government's *Housing Statement*. This work contributes to the Victorian economy in the long term by enabling growth in housing and the flow-on social and economic benefits.

Preparing for a water-resilient future

Melbourne Water works closely with the Victorian Government and the Department of Environment, Energy and Climate Action (DEECA) to deliver on statewide policies and strategies in compliance with a comprehensive framework of legislation and regulation. The Victorian Government's *Water for Victoria* strategy provides the state's water industry with a clear set of high-level policies and a long-term strategic plan for shared water management.

Melbourne Water also continues to implement actions from the CGRSWS, which establishes the path towards a greater use of manufactured water, securing more water for the environment, an increased uptake of IWM and the creation of water entitlements for Traditional Owners.

To prepare for sustainable and resilient water options over the next 50 years, Melbourne Water and the metropolitan retail water corporations will work together to meet the actions and goals of *Water for Life*. This is a shared, whole-of-system approach within a single strategy to provide greater benefit to the broader water network and community.

Together with the water sector, Melbourne Water is committed to delivering actions from these key strategies to ensure our region is prepared for future water challenges. We will do this by:

- leading the planning and transition towards more manufactured water for the region, including the development of a clear augmentation decision framework
- exploring, supporting and delivering environmental and Traditional Owner water returns
- delivering a joint *Water Efficiency Plan* to increase our focus on water conservation and cost-effective water savings
- supporting the development of catchment-scale IWM plans and delivering the subsequent IWM action plans, including leading system-scale stormwater management planning, which will be exacerbated by population growth.

Supporting Victoria's Housing Statement

The Victorian Government's *Housing Statement* sets out an ambitious agenda of building 800,000 new homes over a ten-year period. This includes large-scale reform of the State's planning system to stimulate investment and build homes faster.

Melbourne Water has a significant role to play in unlocking Melbourne's housing potential across growth and urban areas. Engagement with local government, the development sector and decision-makers will form an important part of delivering on the *Housing Statement*.

To prepare for increased investment in housing, Melbourne Water is already involved in activities underway to inform the forward *Housing Statement* work program. Additionally, Melbourne Water has outlined a roadmap that details our approach to the *Housing Statement* and a high-level plan to deliver development decisions and flood information.

The roadmap is designed to support dialogue with key stakeholders and customers to communicate short-term opportunities and explore longer term opportunities to deliver the *Housing Statement's* objectives. Melbourne Water's *Housing Statement* approach is underpinned by five key pillars:

1. Good decisions – made faster.
2. Better information to identify risk.
3. Greenfields.
4. Established areas.
5. Managing risk, smarter.

Over the next year, Melbourne Water will work to align our approach with the Victorian Planning Authority's business plan and roll-out schedule of the priority planning projects and activity centre, and support the Department of Transport and Planning's Priority Precincts and the Suburban Rail Loop Authority Activity Centre program.

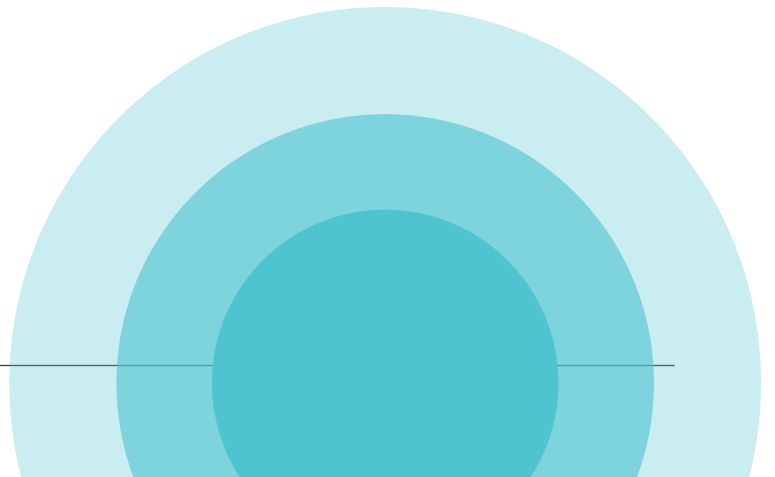
The Accord

As a sector, we understand that we are more effective in meeting the challenges ahead together. As a result, the managing directors of Melbourne Water, South East Water, Yarra Valley Water, Greater Western Water and Barwon Water have entered into an industry-first agreement, **The Accord**.

The Accord is a shared vision for the sector and agreed principles to govern how we work together on key focus areas, including water security, the economic sustainability of the sector, partnering with and delivering for Traditional Owners, building water literacy and efficiency, and meeting the challenges of climate change and resilience.

The Accord commits us to collaboratively act in the best overall interests of our communities, supporting cost-effective, equitable outcomes for today and future generations.

Over the past year, increasing collaboration between our businesses has seen the development of Accord-led strategic forums and working groups. These forums are an opportunity to address key issues like water security through a collective lens and leverage expertise from across the participating water corporations to develop solutions that generate the greatest value to the community.



Working with Traditional Owners

Victoria's Traditional Owners have sustainably managed land and water for thousands of generations. Their cultural, spiritual and economic connection to land, water and resources remains strong through their relationship to Country. In delivering our organisational goal 'We will walk Country together' we are committed to working collaboratively with Traditional Owners in a way that builds partnerships and supports Aboriginal self-determination and participation in water management.

This includes our commitment to collaborating with the Victorian Government and others to implement actions from the *Water is Life: Traditional Owner Access to Water Roadmap* and GRSWS.

Melbourne Water will also continue to take a proactive position on Melbourne's water industry response to the Victorian State Government's Yoorrook Justice Commission through our response to the Commission and any requests for information and input.

An important part of our reconciliation journey is ensuring cultural safety for all participants and to improve cultural awareness for Melbourne Water staff about the Commission and its process. We continue to work with the broader water industry in Melbourne to ensure a coordinated and effective response to requests from the Commission and to ensure we have a strategic and well-developed view of issues it has raised.

Melbourne Water continues to keep up to date with emerging policy issues that may flow through to the Treaty process. Taking a proactive and responsive approach to both the Commission and Treaty work in Victoria will support the delivery of Traditional Owner self-determination and water justice.



Artwork: *We Will Walk Country Together*, Gerard Black

Our strategic intent

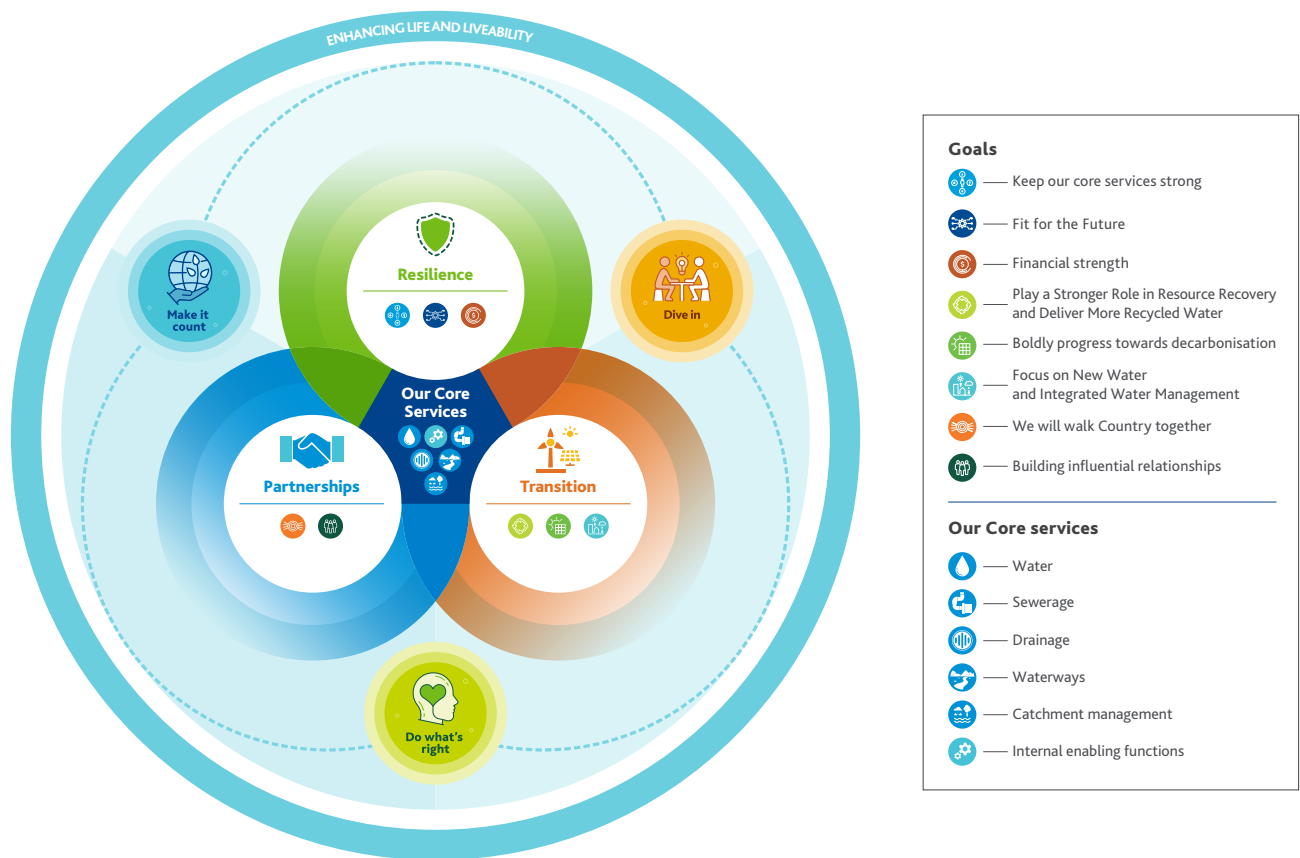
As the water sector adapts to a changing climate and population growth, Melbourne Water is uniquely positioned to navigate a path that meets the region's water needs, optimise our use and re-use of resources, preserve the natural environment, sustain the liveability of our region and provide trusted collaborative leadership.

Melbourne Water is working towards achieving a set of aspirational goals to 2027 that aim to catalyse the change needed. Achieving these goals will put us in a strong position to meet opportunities and respond to the challenges of the next decade.

In addition, our strategic goals will drive our capability development, investment and performance over the coming years.

While our core services of water, sewerage, drainage, and waterways and catchment management continue to be at the centre of what we do as a business, our Strategic Goals drive the business with a focus on:

- **Resilience** by strengthening our core services to the challenges we face in our operating environment
- **Transition** towards the systems of the future to support the region for generations to come
- **Partnerships** that deliver on our promise to support thriving community and Country.



Delivering on Water for Victoria

Melbourne Water works closely with the Victorian Government to deliver our statutory obligations in compliance with a comprehensive framework of legislation and regulation.

Our services have been crucial in helping Melbourne grow into the city it is today. Building on this legacy, *Water for Victoria* provides the water industry with a clear set of priorities for delivering services into the future. Our *Corporate Plan* highlights where our priorities deliver on actions within *Water for Victoria*.

For more information on *Water for Victoria* visit the [Department of Energy, Environment and Climate Action website](https://www.water.vic.gov.au/water-for-victoria)¹.

Driving sustainability

At Melbourne Water, sustainability is about providing resilient services that enhance environmental, social, cultural and economic outcomes for current and future generations.

We are signatories to the United Nations Sustainable Development Goals (SDGs) and focused on driving the business towards best practice in sustainability. We are actively building our sustainability capabilities to further integrate our approach in line with stakeholder expectations today, and as they evolve into the future. Further information on the SDGs can be found at <https://sdgs.un.org/goals>

Sustainable Development Goals

- | | | | |
|---|---|---|--|
|  | No Poverty |  | Reduced Inequalities |
|  | Zero Hunger |  | Sustainable Cities and Communities |
|  | Good Health and Wellbeing |  | Responsible Consumption and Production |
|  | Quality Education |  | Climate Action |
|  | Gender Equality |  | Life Below Water |
|  | Clean Water and Sanitation |  | Life On Land |
|  | Affordable and Clean Energy |  | Peace, Justice and Strong Institutions |
|  | Decent Work and Economic Growth |  | Partnerships for the Goals |
|  | Industry, Innovation and Infrastructure | | |



¹<https://www.water.vic.gov.au/water-for-victoria>

Delivering for Melbourne





Resilient and liveable cities and towns

What we do now

Faced with a changing operating environment, population growth and the increased effects of climate change, we remain focused on building resilience in our services to help ensure Greater Melbourne's water security.

Central to Melbourne Water's remit is the provision of safe and reliable water and sewerage services for Greater Melbourne. Many strategies require close collaboration with our customers and stakeholders to enable the delivery of their expected outcomes, including the CGRSWS, *Water is Life*, *Water for Life*, *Melbourne Sewerage Strategy*, *Healthy Waterways Strategy* and the *Flood Management Strategy Port Phillip and Westernport 2021–2031*.

Securing water for all Melburnians

Melbourne Water is committed to continuing our work alongside DEECA and our Customer Delivery Partners (Melbourne's retail water companies and local government) to deliver actions from the CGRSWS and *Water for Life*.

Led via a collaborative effort between Melbourne Water and the metropolitan retail water companies, *Water for Life* identifies the best mix of actions to supply water to our towns and cities. Melbourne Water will continue to work towards the strategy's adaptive plan that identifies several short and long-term options and pathways to manage the water supply deficit by incorporating climate-resistant or manufactured water.

Investing for a growing city

As Melbourne's population is set to increase to over 8 million by 2050, our subsequent need for increased drinking water and sanitation, including further sewerage infrastructure, waste treatment and resource recovery, is also growing. Melbourne Water is committed to investing in critical infrastructure to support this growth.

Currently, the Western Treatment Plant treats over 60 per cent of Melbourne's sewage and manages 200 billion litres of sewage per year. The recently announced Resource Recovery and Re-Use Complex aims to increase this capacity by 50 per cent. In addition, the Complex will enhance the resilience of the sewerage system, advance resource recovery and assist in Melbourne Water's path to net zero by improving the site's solids treatment process. The Complex will be delivered by John Holland Group, a key delivery partner, and aims to be fully operational in 2029.

Currently spanning more than 32,000 hectares, land is one of Melbourne Water's most significant assets. How it is used and managed can deliver a significant benefit to our communities' quality of life. Together with other government agencies, we are exploring how to optimise community value on land by delivering multiple benefits, in alignment with key strategies such as *Plan Melbourne*. Melbourne Water will develop a region-wide strategic approach to how we own, use and manage our land holdings to streamline the delivery of core services and optimise the community value from assets and services.

Shaping Melbourne

Supporting planning for land and water in priority housing locations

As suburbs and communities continue to grow, Melbourne Water plays an important role in supporting decisions to integrate the water cycle and land use change. We will continue to work to support housing growth in response to flood risk, water use and reuse, and the role of water in the urban environment. We will continue to collaborate with the Department of Transport and Planning (DTP) to assess flood hazard across Melbourne to inform *Plan for Victoria* housing targets and to facilitate the strategic guidance of growth toward safer locations within activity centres and around train stations.

Melbourne Water maintains a close partnership with the Victorian Government to support land use planning and infrastructure responses for flood, drainage and water use for priority precincts such as Fishermans Bend, Arden, and the Suburban Rail Loop Precincts. As flood hazard is increasing with climate change, the importance of an effective land use response, coupled with securing funding for transformative infrastructure, is a key consideration for these precincts to keep our community safe.

Additionally, in collaboration with the Victorian Planning Authority, we will continue to evaluate flood risk and water infrastructure across *Housing Statement* locations to identify opportunities to increase housing growth in safer locations and to leverage infrastructure planning and investment to improve outcomes for water. We will also apply a Water Oriented Precincts Framework to *Housing Statement* activity centre locations. This Framework aims to identify opportunities to respond to flood hazard and the broader water cycle to implement IWM outcomes into precinct structure planning, governance frameworks and collective effort across public and private land as the precincts develop.

Melbourne Water also aims to increase our strategic land use planning capacity to proactively assist councils with structure planning for activity centres and municipal residential development plans and frameworks. This aims to maximise housing in safer locations and strategically identify land use and critical infrastructure in areas with flood and sea level rise hazard.

We will continue work to support housing change in response to flood risk, water use and reuse, and the role of water in the urban environment. We will also continue to collaborate with DTP to assess flood hazard across Melbourne to inform *Plan for Victoria* housing targets and to facilitate the strategic guidance of growth toward safer locations within activity centres and around train stations.

Melbourne Water continues our key drainage and floodplain management role supporting the planning and delivery of new communities through structure planning and infrastructure provision for growth areas. This important role ensures new infrastructure is funded, designed and constructed to deliver a broad range of water services and outcomes.

We will continue to examine opportunities to increase our IWM outcomes through precinct structure planning and how it can contribute to broader water outcomes across our city.

Circular economy outcomes

Melbourne Water will continue to play a role in circularity and decarbonisation, providing benefits and adding value to our services and the community by reusing biosolids, recycled water, and sewage treatment process waste to electricity generation.

We will also continue to contribute to the circular economy through the re-use of biosolids from the Western Treatment Plant, with a three-year rolling average of 83 per cent re-use from the site. We have a target of 40 per cent re-use of biosolids from the site by 2025 and 100 per cent by 2030. We are on track to achieve these targets.

By taking an integrated and collaborative approach, Melbourne Water seeks to promote a cooperative management of water, land and related services through multiple agencies and service providers, to maximise economic, social and ecological benefits to the community.

Integrated Water Management

Collaborative strategies for Integrated Water Management

IWM is a collaborative planning approach that examines all parts of the water cycle in land and water management to arrive at sustainable economic, environmental, social and cultural outcomes for communities in the face of a changing climate, population growth and rapid urbanisation.

The *Melbourne Sewerage Strategy* is an example of an integrated approach that advocates for the transformation of the Melbourne Sewerage System from a linear waste disposal system to a circular resource recovery system. Such a transformation will enable Melbourne Water to progress multiple objectives, including our move towards a net-zero emissions business, advancing a circular economy and contributing to the SDGs.

Melbourne Water will continue to work with partners and stakeholders to maximise the value of our sewerage network to contribute to the circular economy. We will do this by actively developing opportunities that further integrate services, for example working with Greater Western Water, DEECA and Southern Rural Water on the Werribee Reconfiguration project. This project has the potential to unlock a range of benefits across the Werribee region, including environmental flow benefits for the Werribee River, a secure and reliable source of irrigation water, the return of water for Traditional Owners and urban water benefits. This can be achieved through the provision of high quality, high reliability recycled water from the Western Treatment Plant and reduce future demand on our water network.

Melbourne Water has worked collaboratively with DEECA, DTP, City of Melbourne, City of Port Phillip and the Cooperative Research Centre for Water Sensitive Cities to develop the *Water Sensitive City Strategy* for Fishermans Bend. Proposed elements include a precinct-wide water recycling plant (under development by South East Water), water infrastructure integrated into streets and open spaces, green roofs, smart rainwater tanks and connecting buildings to recycled water. Responding to flood hazard and sea level rise are also key to support the precinct with a levee, pumping stations and drainage upgrades forming part of the strategy. Melbourne Water is currently working with government partners to progress implementation and planning system changes to support the water infrastructure identified in the *Water Sensitive City Strategy* for Fishermans Bend.

Melbourne Water has developed the *Flood and Drainage Strategy* for the Arden Macaulay Precinct and has been working closely with state and local governments to understand and respond to changing flood hazard to support the development of the precinct. We have also commenced and plan to progress identifying opportunities for the Suburban Rail Loop Precincts and Housing Statement locations to maximise the integration of land and water outcomes, utilising urban development and renewal to uplift precincts and create climate resilience places.

Integrated Water Management Forums

Alongside significant collaborative strategies for the industry are the DEECA-led metropolitan IWM Forums, which bring together all organisations with an interest in the water cycle.

These forums recognise that each organisation has an important role to play in the management of our vital water resources, to collaborate on issues across the whole water cycle, and to create a shared vision for the future of each catchment.

Melbourne Water will continue as a collaborative partner in the IWM Forums, recognising the shared responsibility to holistically plan for water in the region and ensure Melbourne remains a liveable and resilient city. The IWM Forums also represent an opportunity to work collaboratively with others to plan and manage water and land to achieve better community outcomes.

This year, the IWM Forums reached a pivotal milestone through the release of five catchment-scale IWM Action Plans that cover Melbourne Water's region. These plans represent an agreed collaborative forward direction through a suite of actions that deliver the greatest advances towards the agreed strategic outcomes of the IWM Forums. Melbourne Water is leading 14 of the 135 actions and is a collaborative partner on a further 51 actions.

The Action Plans will be used to inform prioritisation and support for catchment investments for projects using an IWM approach in a transparent and evidence-based manner to optimise the delivery of outcomes at the catchment scales, rather than at an individual organisational scale.

In addition to the Action Plans, the Forums also prepared an *IWM Monitoring, Evaluation, Reporting and Improvement (MERI) Plan* that was developed by the IWM Forum partners to guide the demonstration of progress against the performance targets of the seven strategic outcomes.

The catchment-scale IWM plans and Action Plans refer to projects that will drive the change towards the shared vision. Among other projects, Melbourne Water is playing a leading role in delivering the following:

- Werribee Water Supply Reconfiguration**
 A collaborative project with Greater Western Water, Southern Rural Water and DEECA to reconfigure the Werribee water supply system to improve use of all sources of water and reservoirs in the local system, providing more climate resilience and protecting waterways.
- Reimagining Moonee Ponds Creek (stages 1 and 2)**
 On behalf of the Chain of Ponds Collaboration Group and in partnership with Merri-bek City Council, Moonee Valley City Council, DEECA, Greater Western Water, and Wurundjeri Woi Wurrung Cultural Heritage Aboriginal Corporation, Melbourne Water is leading the delivery to transform 360 metres of the concrete-lined Moonee Ponds Creek into a more natural space to improve water quality, waterway health and community amenity.
- Annulus and Banksia Street Wetlands Project**
 A series of natural wetlands of cultural significance to the Wurundjeri Woiwurrung people, changes in flow conditions due to catchment urbanisation have starved the billabongs of naturally occurring replenishing flows. In collaboration, Melbourne Water plans to reintroduce regular flows to these systems to ensure ecological and cultural values are restored. A new stormwater wetland complex will also improve water quality.

IWM Framework development

Melbourne Water is moving beyond a project-by-project approach to truly embed IWM into how we operate. This means being clear on the governance, investment frameworks and incentives for delivery. Over the coming years, we are committed to addressing the systemic barriers to the implementation of IWM in collaboration with our IWM Forum partners.

Currently, Melbourne Water is developing an IWM Framework that provides clear guidance, direction and governance to embed an IWM approach in our services. The Framework will support Melbourne Water to achieve our goal of embedding IWM as an approach to keep our services strong today and building on resilience for the future, while also facilitating progress on meeting the strategic outcomes of the IWM Forums.

Water efficiency

Each year, Melbourne Water reviews and reports on the rate of leakage from the water supply system. Sources of water loss within Melbourne Water's supply network typically include leaks from aqueducts, pipelines, valves and fittings, tank cleaning and operational losses. Melbourne Water has a key performance indicator of no more than 1 per cent water loss of the total volume supplied to our retail water customers.

Education for water efficiency

Melbourne Water is committed to continuing community education on water issues and fostering a water efficient society. We continue to work closely with Melbourne's retail water companies to promote efficient water use through public awareness campaigns, such as the Make Every Drop Count behaviour change campaign and the Target 150 program. Our community awareness programs have contributed to Melburnians using much less water per person than they did 20 years ago; down from 247 litres per person per day in 2000-01 to 161 litres per person per day in 2022-23.

Target 150

Since 2021, Melbourne's average residential water use has decreased by one third. The CGRSWS sets a new residential water use target for Melbourne of 150 litres per person per day.

To achieve this target, Melbourne Water will continue working with government and the water sector to invest in water efficiency measures to help reduce current demand and meet future demand for water, together with augmenting the supply system with new water supplies.

Water efficiency initiatives being delivered or explored within the Greater Melbourne water sector include:

- investing in and developing digital support for water efficiency programs
- partnering with large water use customers to tailor and optimise water efficiency programs to meet their needs
- continuing to deliver the Schools Water Efficiency Program to more schools in Greater Melbourne
- delivering initiatives for effective management of non-revenue water and managing water losses
- delivering a joint *Water Efficiency Plan* to increase our focus on water conservation and cost-effective water savings.

Melbourne Water will continue to promote the need to reduce the residential per capita water use in Melbourne to 150 litres per person per day through marketing and education campaigns.

Melbourne Urban Stormwater Institutional Arrangements

Melbourne Water is a key contributor to the Melbourne Urban Stormwater Institutional Arrangements that define the respective accountabilities of Melbourne Water and Melbourne's councils for managing urban stormwater and flood management assets and services in the region.

As an action in the CGRSWS, Melbourne Water will continue to work closely with DEECA and the Municipal Association of Victoria on the implementation of the preferred improved 60-hectare option.

Our long-term plan

By working with the broader sector to achieve and implement catchment-scale IWM plans, Melbourne Water aims to have moved from a project-by-project approach to a systemic approach to IWM by 2027, as an integral part of the way we do business.

We are committed to building on our agility and resilience. We plan for our operating challenges to push forward in areas such as IWM, the circular economy, flood management and growing our region's water supplies, including desalination and a greater use of recycled water and stormwater.

Co-delivering the *Flood Management Strategy Port Phillip and Westernport 2021–2031* will allow us to scope further opportunities to accelerate the program with our partners to build flood resilience across the Port Phillip and Westernport catchment.

The *Flood Management Strategy* outlines regional objectives and priority actions for flood risk management within the region. Its objectives are:

- The right information is available at the right time to the people who need it.
- Flood risks and opportunities are managed to reduce impacts and get the best social, economic and environmental outcomes.
- Land, water and emergency agencies work together to manage flooding effectively.

Guided by the *Flood Management Strategy*, our flood risk management work is focused on five key areas:

- preparing for and mitigating the impacts of flooding
- maintaining and renewing the region's drainage network
- providing enhanced rural drainage services in the Koo Wee Rup and Longwarry Flood Protection Districts (fee-for-service)
- modelling and mapping flood risks, and working with councils and the Victorian State Emergency Service (VICSES) to provide flood information
- strategic land use planning.

Under the *Flood Management Strategy*, we will also continue to deliver the Community Engagement for Disaster Risk Reduction program with the University of Melbourne. The program aim is to engage with 4,500 households in flood affected communities over five years to raise awareness and empower communities to be more flood ready.

As the wholesaler for the Melbourne system and with support from Melbourne's retail water companies and government, Melbourne Water is committed to working with the sector as part of an integrated portfolio approach.

In line with the *Melbourne Sewerage Strategy*, we will continue to progress with strategic short-, medium- and long-term planning for our Eastern and Western Treatment Plants to ensure that we continue to provide a safe and reliable sewerage service for Melbourne, while also increasing the resilience and futureproofing of our systems and assets.

Melbourne Water will continue to focus on effective management of our protected water supply catchments to ensure resilience to challenges such as bushfires, pest species and policy change, while continuing to understand emerging threats to our services.

Our waterways will thrive by influencing opportunities for waterways and blue-green corridor infrastructure planning, and we will continue to partner with volunteers, community, councils, agencies and Traditional Owners for waterway and corridor management to deliver on the *Healthy Waterways Strategy 2018*.

As the CMA for the Port Phillip and Westernport region, we will continue our commitment to work collaboratively with other CMAs across Victoria to strengthen collaboration and performance in the catchment management sector.

The year ahead

The challenges ahead demand we continue to create resilience in our systems. Climate change and population growth is anticipated to worsen the impacts of urban flooding over time.

We have the opportunity now to get on the front foot by building a program to revise and update the flood modelling for the Port Phillip and Westernport catchments. This program will ensure our flood modelling is reflective of the rapidly evolving science on climate change and Melbourne’s growth.

We will also continue to partner with water retailers to engage with communities in preparation for new water sources that best enable water security for Greater Melbourne and connected regions.

In addition, Melbourne Water will continue to:

- develop a *Land Use and Management Strategy* and place-based Masterplans to incorporate multiple benefits on our land
- deliver on commitments outlined in *Waterways of the West* and *Burndap Birrarung burndap umarkoo (Yarra Strategic Plan)*
- play our role in actioning the CGRSWS
- play a leading role in the implementation of the actions stemming from *Water for Life*
- deliver CMA projects and programs in line with our responsibility as the Port Phillip and Westernport CMA
- report on implementation of *Healthy Waterways Strategy 2018* and generate the Annual Catchment Condition Report for the Port Phillip and Westernport region, which is a requirement of the *Catchment and Land Protection Act 1994* (CaLP Act).



Delivering on



Water for Victoria chapter

5

Customer, community and engagement

What we do now

Melbourne Water continues to evolve the way we engage, collaborate, listen and work with our customers and community to ensure we understand and adapt to their needs.

We work closely with our retail water customers that partner with us to deliver water and collect sewage from individual households and businesses across the Greater Melbourne region. Each year, we deliver about 450 billion litres of water and treat almost 390 billion litres of sewage from Melburnians through retail water companies.

We also partner with local councils and VICSES to help us manage stormwater and build flood resilience in our region. Our drainage system connects all 38 councils and reduces flood risk across 13,000 square kilometres in the Port Phillip and Westernport region.

Developers work with us to build stormwater, flood and waterway infrastructure in the growing urban landscape, helping us to expand water and sewerage services to new suburbs. This work supports the delivery of around 20,000 new homes each year in growth areas.

Community groups, councils and government agencies share our vision to enhance and manage environmental assets, including approximately 25,000 kilometres of rivers and creeks and 490 wetlands.

Our price determination sets the foundation for a customer-centric focus at Melbourne Water. Introduced as part of our 2021 *Price Submission*, the six customer outcomes defined in collaboration with our customers and community are:

1. Access to safe and reliable water and sewerage services.
2. Melbourne's environment, rivers, creeks and bays are protected, and Melbourne Water's greenhouse gas emissions are minimised.
3. Melbourne remains liveable as it deals with the impacts of climate change and population growth.
4. Melburnians are empowered to support the design and delivery of service outcomes.
5. Easy, respectful, responsive and transparent customer service.
6. Bills are kept as low as possible.

As a CMA, Melbourne Water also supports collaboration with local communities to conserve the region's land, water and biodiversity through coordinating the actions from the *Regional Catchment Strategy* together with partnering organisations and groups.

We value the relationship we have with our partners and customers as we continue evolving our organisation in a manner that is customer-centric, respectful and transparent. As we build our next *Price Submission*, we will engage further with our customer groups to maintain an ongoing conversation about priorities, performance and key considerations.

We are also enhancing our customer insights programs to better understand what our customers need and how they feel when they interact with us. This data is being used to drive improvements in service and experience design.

We have improved the management of our transaction handling, including escalations and complaints through centralised, coordinated customer service processes to manage increasing volume of enquiries, escalations and complaints and deliver improved experiences for customers interacting with Melbourne Water directly.

The services we deliver are interconnected and often bound by statutory obligations, which must be balanced with customer needs and expectations. Future improvements to our customer service will reflect their concerns while also providing clarity on our service obligations, improving the navigation and transparency of our processes. These will also help us deliver our services more efficiently to achieve the best possible outcomes for customers and the community.

Melbourne Water is currently developing a Customer Service roadmap that is due for completion in 2024-25.



Customer Service Centre

Each year, our Customer Service Team manages high-volume requests and enquiries from our service interaction customers and receives over 47,000 customer contacts.

We have recently introduced mechanisms and measures to further understand how customer experience rates with our customers through the Customer Service Centre. This is an independent benchmarking program (run by CSBA). This work is in line with one of the independent benchmarking studies by the Essential Services Commission (ESC) as part of customer experience/satisfaction under the Performance, Risk, Engagement, Management and Outcomes (PREMO) Framework model for Victorian Water retailers.

Guaranteed Service Levels (GSLs) also help us define and measure our service performance to our Melbourne retailer customers. These service levels share common principles and are aligned with the retailers' end-customer outcomes and service levels. Melbourne Water has worked collaboratively with our Customer Delivery Partners to develop GSLs for wholesale water and sewerage.

In addition to reporting on operational performance and GSLs, Melbourne Water also reports on customer satisfaction with the services we provide. We have matured our approach to measuring and tracking customer satisfaction to ensure we understand our customers and can adapt to meet changing expectations.

Expanding our digital customer experience

Delivery of customer focussed digital solutions increase our customers' access to Melbourne Water services, and enable us to move towards digitising high-volume, low-complexity customer service interactions.

Our digital service and technology pipeline includes a focus on improved sharing and broader use of Melbourne Water data and geospatial information, as well as improvements in transactions to better support digital customer interactions.

Our forward-looking digital approach is centred around improving access to information and services for our customers, with a focus on self-service capabilities and enhancing transparency and communication. These digital improvement efforts will also focus on streamlining interactions and access to services. In the short term, this work includes digital solutions that enable broader sharing and use of Melbourne Water data (including geospatial information), and improving the online platforms our developer customers use for submitting and revising plans and designs.

Urban Planning and Development Strategic Collaboration Group

In 2023, Melbourne Water established an Urban Planning and Development Strategic Collaboration Group to progress water-cycle related urban planning and development challenges within the provision of clean drinking water, treating sewage, planning to avoid or mitigate and manage flooding, and keeping Melbourne's rivers, creeks and catchments healthy. It focuses on:

- Improving communication between member organisations, enabling improved working processes, collaboration and integrated outcomes.
- Facilitating closer collaboration among key stakeholders.
- Identification of, and where appropriate, responding to significant water policy, strategy and implementation challenges and opportunities within the urban planning and development sector.

The membership of the group includes sector representatives from state government departments, agencies, local government, the development industry, consultants and their representative organisations. The current priorities include better planning and building approvals across Melbourne's existing development system, consideration of planning and legal tools to deliver flood and drainage infrastructure as well as how we convert strategy and innovation into delivery and execution (including IWM).



Customer data protection, and protection from harm of family violence

Melbourne Water takes the safety and privacy of our customers very seriously. As requested by the Minister for Water, Melbourne Water will now become compliant with the *Water Industry Standards*, as we were previously exempt. This includes developing a Family Violence (Customer and Community Members) Policy that meets the requirements of the *Water Industry Standards*.

In addition to developing a Family Violence Policy, Melbourne Water has identified key areas of the business that will be required to undertake front-facing training. This program aims to embed these skills into our wider customer capability training.

Melbourne Water has also met with water retailers to address common concerns and ensure alignment across the industry.

A data breach response plan has been created to respond to a breach when personal information is involved. We provide privacy awareness training e-learn for all Melbourne Water employees and in-person training for high-risk areas such as customer service.

All requests for personal information must be processed through the *Freedom of Information Act*, which has family violence considerations, including mandatory third-party consultation.

Community engagement

Melbourne Water continues to define our community engagement through six engagement principles; Transparent, Timely, Meaningful, Considered, Inclusive and Reflective.

Driven by these principles, Melbourne Water continues to expand our reach and involve more people in the strategic decisions we make through integrated digital and face-to-face engagement. This approach is led by insights into our customers' preferences for engagement and information sharing, which creates meaningful opportunities for greater diversity and inclusivity in our engagement practices.

Tailored and multi-staged engagement programs are being rolled out in support of several significant, strategic activities, including:

- implementation actions in support of the *Flood Management Strategy* to build community resilience and awareness of flood risks and take proactive action to be ready for flood events
- delivery of a range of strategic engagement and educational activities to raise awareness of our Western and Eastern Treatment Plants, including the online Community Hub, Let's Talk
- delivery of an '*engagement always on*' approach to key precincts in our operating area, such as Patterson Lakes, Koo Wee Rup Longwarry Flood Protection District and Spotswood
- extensive social research, strategic communications and engagement planning for the *2026 Price Submission*
- an extensive infrastructure delivery program such as the Hobsons Bay Main Sewer, with targeted engagement with local communities.

Trust and transparency are essential to the success of the work we do. We first apply an evidence-based understanding of our target audiences, informed by our customer insights research program. We then apply the IAP2 (International Association for Public Participation) levels of engagement to tailor the right types of engagement at the right times to reach a broad and diverse audience.

Our tailored engagement and communication strategies employ a range of methods, from community bulletins, focus groups, doorknocks and pop-up events to innovative and online approaches, such as deliberative panels, co-design, digital platforms and social media.

We will continue to expand our digital engagement tools, such as our Western Treatment Plant virtual reality education experience, expanded use of QR (quick response) codes and the evolution of our Let's Talk engagement platform to maximise two-way engagement and language translation features.

Building strong relationships and partnerships

Melbourne Water is growing its capacity for strategic relationships and partnerships in response to the external challenges impacting the water sector that require collective ownership and action to manage.

To meet the challenges of water security, climate change and population growth, we must work earlier and in partnership with our customers and stakeholders. This requires us to build robust, ongoing and trusting relationships with them.

Melbourne Water has established priorities for relationship management with a strong focus on our relationships with Melbourne's retail water companies, local councils, government and the development sectors. Key focus areas, such as increasing transparency, opportunities for early engagement, and collaboration and co-design of strategies, help us deliver better outcomes for the communities we serve.

To better understand the needs of our customers and inform our customer strategies and plans, we use a broad and evolving range of tools, including targeted research projects, internal data analysis and direct feedback. Central to this is our Reputation Study that tracks customer and community perceptions of Melbourne Water and includes metrics relating to trust, esteem, admiration and respect.

Additionally, a customer service framework aligned to core services has been implemented to give us more targeted actions for improvement. As part of our PREMO Framework reporting obligations to the ESC and *2021 Price Submission*, our customer satisfaction scores need to demonstrate consistent improvement from our current position over the next five years.

Melbourne Water and VICSES are working together on a joint community flood education program for the Greater Melbourne area. Melbourne Water and VICSES both have responsibility as lead agencies for developing and delivering the community awareness and preparedness program under the *Flood Management Strategy* (Focus Area 2 - 'Empowering Communities'). The program is about improving awareness of flood risk, with a focus on high flood risk areas, and improving knowledge of how to take appropriate protective action in the event of a flood. It includes a mix of tools and tactics to cater for different audiences. There will be broad strategic communications to promote awareness and preparedness messages and improved information materials to a wide audience through digital engagement. In addition, there will be targeted community engagement activities for high flood risk communities, which we will seek to partner with councils to co-develop and deliver. The program is intended to be rolled out over the duration of the action plan to 2026.

Water literacy

To improve the water literacy of all Melburnians, Melbourne Water adopts an evidence-based approach and behaviour change framework to connect and engage with customers.

Our research and insights tell us that higher water literacy is linked to customers' acceptance of alternative water sources and higher uptake of water saving behaviours. In water-literate communities, customers are informed about water cycle management and empowered to participate in shaping the future of Melbourne's water.

Water literacy was built into our *2021 Price Submission* price period and will continue to be measured through research and insights gathered on a quarterly basis via brand tracking, and biannually via the water issues survey.

Research to date shows that individuals with higher water literacy:

- are advocates of the work we do
- have embedded water saving habits
- are aware of the role of the Victorian Desalination Plant
- are accepting of the use of alternative water sources, such as purified recycled water for drinking
- have trust and confidence in Melbourne Water.

Through engagement with our service strategies, customers have told us that we have a significant role to play in building understanding of the water cycle. This feedback supports our need to continue engagement with the community and schools through targeted education programs, community events and partnership activations to progress towards these outcomes. Actions have been built into each of the service strategies to ensure we deliver on these outcomes.

Improving community water literacy is a key strategic priority for Melbourne Water, supported by a significant work program reaching across our services and customer delivery. The program will continue over the next five years to ensure community members are educated and primed for the next augmentation of our water supply, and to encourage community participation in delivering IWM through water saving initiatives in and around the home.

Our long-term plan

Melbourne Water will continue to deliver on the goals and aspirations set out in our strategies, plans and commitments for our customers and the community.

We will refine our customer research and measurement to ensure we are gathering the right customer insights from the right customers at the right time.

Our efforts around customer service will be refocused to ensure we understand our end-to-end customer experience to enable us to deliver targeted improvements for our customers.

The year ahead

Melbourne Water will continue to provide flood, drainage and environmental urban planning and development functions and services to the communities we serve. We are working through a range of programs to provide timely and consistent services to local government, developers and other stakeholders, while being transparent and accountable around our obligations and commitments.

As we build our *2026 Price Submission*, we will work closely with our customers to ensure alignment on priorities and investments that deliver sustainable values and enhance the resources essential to our way of life.

We will work to increase our developer customer end-to-end experience and service by developing a digital roadmap to improve our online platforms and capabilities.

Delivering on



Water for Victoria chapter

10



Climate change and energy

What we do now

Adapting to a changing climate and population growth is a core driver of Melbourne Water's long-term strategy for water supply, sewer systems, flood and drainage, and waterways and catchments.

Climate change poses significant risks to all our services and future access to safe and affordable water, particularly through impacts on local water cycles and water resources.

The Victorian Government has provided guidance to Melbourne Water as part of its climate change response, ranging from general goals set in statewide adaptation plans to specific operating requirements, such as those outlined in the *Guidelines for Assessing the Impact of Climate Change on Water Availability in Victoria (2020)* and the *Guidelines for the Adaptive Management of Wastewater Systems Under Climate Change in Victoria (2022)*.

An ongoing program of improvements to capability and processes supports our ability to deliver the changes and innovations set out in the service strategies. We are building collaboration with local government and Melbourne's retail water companies to support regional capability and alignment across efforts to respond to climate change.

We also run an ongoing program to further integrate climate risk and opportunity considerations across all business activities. This includes investigating emerging climate risk areas, improving the climate information we share with stakeholders, increasing the breadth of climate information used in asset planning, and regional collaboration on climate capability.

In addition, Melbourne Water will continue to monitor emerging climate and sustainability disclosure standards to understand and prepare for potential new reporting expectations.

In the short term, Melbourne Water aims to:

- continue integrating emissions reduction, including assets, safety and risk foresight process, and climate adaptation goals and information into standard process
- investigate priority scope 3 emission areas and options to reduce scope 3 emissions, including review of overall entity scope 3 emissions, and capital works projects
- continue and expand awareness and knowledge brokering programs to help our people engage with climate challenges and identify opportunities
- continue sharing information with industry and communities and utilise information learned from others.



Water

- Water security is an ongoing concern due to climate change reducing long-term water yield. Initiatives in our Annual Water Outlook help us manage near-term supply and demand while we plan for long-term security.
- Programs to understand and develop management options for increased severity and frequency of emergency events such as bushfires, floods and algae blooms.
- Working with our retailer customers to drive water efficiency in the community.
- Collaboratively planning system and network augmentations with state government departments and the retail and connected regional water companies to optimise the water supply and south-central grid.
- Actively engaging in initiatives and actions stemming from the CGRSWS and *Water for Life*.
- Strategic risk assessment of existing systems to improve resilience to climate change forecasts.

Sewerage

- Increased severity and frequency of extreme weather events will require further resilience in our infrastructure to manage increased average peak wet weather flows and stress on existing infrastructure.
- Melbourne Water will require investment in treatment plant resilience at both the Western and Eastern Treatment Plants to manage a changing climate and respond to both threats and opportunities; we are investigating risks and options to adapt.
- Playing a greater role in the circular economy will be an important part of increasing the re-use of water and diversifying water resources to reduce the amount entering the environment.
- Potential climate scenario impacts have been modelled for the sewer transfer system drawing on downscaled Victorian climate projections and detailed rainfall data. The *Guidelines for the Adaptive Management of Wastewater Systems Under Climate Change in Victoria* help inform the broad range of climate hazard types explored as we develop strategic plans for the Eastern and Western Treatment Plants.

Drainage

- Climate change increases the risk and impacts of flooding, with varying impacts to urban and rural areas.
- Sea level rise and coastal erosion create new flood hazards, while flash flooding is expected to rise due to increased rainfall intensity.
- The safety, resilience and wellbeing of the community is at the forefront of our work, and we have responsibilities to inform and support the community in relation to flood risks.
- We are working in partnership with the Victorian Government and others to build a better understanding of flood impacts within the community.

Waterways and catchments

- Reduced overall rainfall volumes have been linked to climate change and is predicted to significantly impact waterway key values.
- A quarter of sub-catchments in our region are likely to be particularly vulnerable to climate change, while one in five have been identified as possible sanctuaries for climate-affected flora and fauna.
- Need to secure more water for the environment through actions in the CGRSWS.
- Work with state and local governments to enable IWM at a city scale, to help protect waterways from stormwater pollution while retaining more water for the urban natural environment.
- Enhance stormwater management for amenity and biodiversity.
- Work with farmers to improve their regenerative practices to respond and adapt to climate change.
- Plan for rising sea levels that will lead to more inundation and erosion.
- Identify the impacts of climate change and urbanisation of priority drought refuges (groundwater dependent ecosystems) to inform planning and management decisions.

Our path to net-zero

Decarbonisation continues to be one of Melbourne Water’s highest priorities. Under *Water for Victoria*, the Victorian water sector aims to be the leader in the state’s climate change mitigation and adaptation actions. *Water for Victoria* also recognises Victoria’s commitment to achieve net-zero emissions by 2050 and flows through to the water sector, committing corporations to demonstrate a pathway to net-zero emissions.

Melbourne Water is progressing our path to net zero in line with the Victorian Government’s expectations, including an action to examine accelerated progress to attain net-zero emissions by 2030. Our path to net-zero is being progressed in two stages:

1. A reduction to 204,380 tonnes CO₂-e by 2025 (which represents a 50 per cent reduction of our average emissions between 2011 and 2016).
2. Achieve 100 per cent renewable energy target by 2025.

Melbourne Water is on track to achieve our target to be using 100 per cent renewable electricity by 2025 through a range of on-site renewable energy projects, supported by our existing long-term green retail electricity contract. Plans for future on-site renewable energy generation and storage will be assessed based on each site’s electrical reliability needs and a comparison to the cost of grid-sourced renewable electricity.

Wastewater treatment is the largest source of Melbourne Water’s direct emissions. Currently, these direct emissions are calculated using emissions factors and are subject to change based on the current state of knowledge. It is important that Melbourne Water takes a proactive approach to understanding our actual emissions and identifying where they may deviate from our reported emissions. Melbourne Water is a sector leader in emissions measurement and has several long-term emission measurement projects underway.

While we build the technical and scientific knowledge required to avoid direct wastewater emissions at the source, we will be investing in high-integrity carbon offsets to help reduce our emissions in the short term.

Melbourne Water Energy Plan

The *Melbourne Water Energy Plan* takes advantage of our unique position in resource recovery, land and other opportunities to generate and recover low carbon intensity energy and provide community benefits. The key objectives of the plan are to ensure that energy supply to our sites is resilient, affordable and renewable (clean).

Our biogas power plants operating at the Eastern and Western Treatment Plants, mini hydros in the water treatment network, and large-scale solar at the Eastern Treatment Plant and Winneke all support the Energy Plan goals.

Victorian carbon offsets

Melbourne Water is developing a suite of small carbon forests in the Port Phillip and Westernport region, including new plantings in water supply catchments, and a pilot project in partnership with a private landholder, Yarra Valley Water, and Greater Western Water. We are partnering with water corporations across the region to explore how to develop more carbon-forest projects across Victoria. These programs will result in carbon offsets and create significant environmental and community benefits while supporting sector capacity building.

Forecast Electricity Usage	Unit	2024-25	2025-26	2026-27	2027-28	2028-29
Total Projected Electricity Use ¹	MWh	400,000	425,000	428,000	445,000	447,000
Total Projected Renewable Annual Electricity Use ²	MWh	400,000	425,000	428,000	445,000	447,000

Notes:

1. The increase in projections from 2024-28 from the prior *Corporate Plan* is primarily due to increased power use from expansions at both our Eastern and Western Treatment Plants, with those works targeted at improved quality of outputs for re-use and release to the environment.
2. In 2018, the Victorian Government issued the *Statement of Obligations (Emission Reduction)* requiring that all water industry operators ensure all electricity is acquired from renewable sources by July 2025. Melbourne Water will satisfy this obligation through a combination of mandatory Large Renewable Energy Targets, production and consumption of self-generated renewable electricity, and the purchase and surrender of Renewable Energy Certificates.

Managing the increased effects of extreme weather

Climate change contributes to a greater flood risk due to rising sea levels and more frequent and intense storm events. As our city expands and our population increases, more stormwater runs off roofs and roads. Melbourne Water will continue our work to reduce flood risk and the impacts to those most at risk, while also building climate adaptation into our approach.

We are updating flood models and will build our shared understanding of the current and changing risk of flood to community and infrastructure across Melbourne. This means we will be able to assist with a more proactive and strategic approach to managing and preparing for changing flood hazard, and how we can shape land use and infrastructure investment to leverage safer places and reduce hazard exposure.

Responding to the flood review

In response to the October 2022 Maribyrnong River flood, Melbourne Water supported the Independent Review and has worked with other agencies to identify lessons learned and embed insights into how we deliver our services.

The report of the Independent Review Panel (The Pagone Review) was published in October 2023. Melbourne Water has accepted all 15 of the Panel's recommendations. We will continue to progress work right across the business to implement these recommendations. Melbourne Water is committed to providing the community with 6 and 12 monthly updates outlining our progress.

Some of the critical work to be completed this year is dependent on the new Maribyrnong River flood model, on track to be completed in late April 2024. This new model will allow us to finalise an assessment of the efficacy of the racecourse wall and the Panel will reconvene to provide an independent review of this assessment. The new model is also critical to updating planning controls and emergency management plans for the Maribyrnong River and we will prioritise this work with relevant government and agency stakeholders this year.

A community awareness and preparedness program has also been developed with our partner agencies (VICSES and Councils). In addition, we will continue our transition planning with the Bureau of Meteorology to facilitate eventual hand-over of the riverine flood forecasting service.

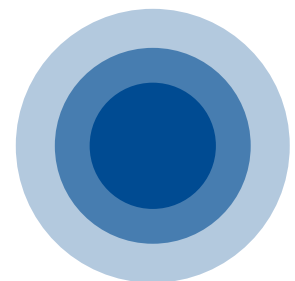
The Parliamentary Inquiry also continues this year, with the Committee's report expected to be received. We will continue to assist the Committee with their investigations and expect Melbourne Water may be called to appear again once the new Maribyrnong River flood model is finalised and the assessment of the racecourse wall is complete.

Coastal hazard advice and Melbourne Water asset risks

As floodplain manager, Melbourne Water provides sea level rise advice to protect future development from the impacts of increased coastal inundation resulting from climate change. In response to evolving climate science scenarios, Melbourne Water is updating our advice through the *Planning for Sea Level Rise Guidelines* to account for future changes in policy and planning benchmarks.

Coastal hazards are also a risk to Melbourne Water's own assets, most notably the Western Treatment Plant. Melbourne Water has joined the Port Phillip Bay North-Western Shoreline Regional and Strategic Partnership and is working closely with stakeholders and agencies to develop a regional approach to managing coastal hazard risks. In addition, we are applying the *Victoria's Resilient Coast 2100+ (VRC 2100+)* guidelines to coastal adaptation at the Western Treatment Plant to develop the *Western Treatment Plant Coastal Hazard Adaptation and Resilience Plan*.

The Western Treatment Plant has experienced rapid coastal erosion in recent years, and we are committed to developing coastal adaptation interventions for these risk areas.



International partnership update

Through this world-leading collaboration, partners are building on their experience, expertise and innovation capacities and will begin to establish new international standards for measuring and reporting emissions. Sharing this knowledge across the industry will enable more utilities to better understand and reduce their emissions.

Projects and research currently underway within the partnership include:

- Sharing of data and insights from nitrous oxide emission measurements at wastewater treatment plants across Europe and Australia to inform the development of standardised measurement techniques, future planning of nitrogen removal plants and mitigation of fugitive emissions (IWA LET 2024, conference proceedings).
- An emissions paper to comprehensively evaluate methane emissions from wastewater treatment plants and sludge treatment facilities. This aims to summarise identified emissions sources, propose normalised emission factors, discuss the benefits and limitations of emission measurement technologies, and explore potential mitigation strategies.

Our long-term plan

By 2028, Melbourne Water aspires to:

- meet or exceed our carbon pledge
- have a portfolio of approaches to achieving our carbon pledge, without relying on offsets alone
- innovate to address fugitive emissions
- make greater use of all resources and by-products and continue transitioning our systems towards circularity
- complete the *Western Treatment Plant Coastal Hazard Adaptation and Resilience Plan*
- subject to planning approvals, implement infrastructure solutions for priority areas along the Western Treatment Plant coastline currently experiencing coastal erosion.

The year ahead

We will complete the Western Treatment Plant Coastal Hazard Assessment and Adaptation Planning project that delivers stages three, four and five of the VRC 2100+ guidelines by assessing coastal hazards, understanding vulnerability and risk and developing adaptation actions and pathways.

Subject to planning approval, we will also commence infrastructure projects in two locations along the Western Treatment Plant shoreline that are currently at risk from coastal erosion. At Lake Borrie, we have chosen a hybrid approach of grey and blue-green infrastructure to manage coastal erosion and enhance the onsite biodiversity through the creation of coastal saltmarsh habitat.

Delivering on



Water for Victoria chapter

Recognise Aboriginal values

What we do now

Melbourne Water recognises that the Traditional Owners of our region have connection to and hold ancient knowledge of the land and water that are inseparable from their lives.

We follow and support Victorian Government policy direction through *Water is Life* and CGRSWS and place a high priority on working with Traditional Owners (particularly those registered with Aboriginal Party status), in recognition of the right people for Country.

Through these policies, Melbourne Water continues to support DEECA and Traditional Owners to deliver projects, including water infrastructure, IWM, manufactured water and other water efficiency opportunities. In particular, support of *Water is Life* Outcome 7 and CGRSWS Actions 4-1 and 4-2.

Policies and strategies also seek to acknowledge and address the historic water injustices for Traditional Owners, who have long been excluded from water management decisions and water ownership in Victoria. This means more water can be left in rivers to deliver on environmental outcomes and Traditional Owners values. A share of future manufactured water capacity may also contribute to these outcomes and values.

As part of our partnership with Gunaikurnai, Melbourne Water consulted and collaborated to create the Water for Aboriginal Cultural, Spiritual and Economic Value chapter of the 2022-23 *Annual Report*.

Developing formal commitments

Traditional Owners provide insights and expertise through the maintenance of formal agreements and in the planning and management of water as part of the delivery of *Water is Life* and through advocacy across the water sector.

In addition, Melbourne Water signed a Partnership Agreement with Gunaikurnai Land and Waters Aboriginal Corporation (GLaWAC) in 2022 and with Wadawurrung Traditional Owners Aboriginal Corporation in 2023. Through structured planning discussions we have collectively determined priorities that allow Traditional Owners to decide their priority focus, supporting active participation in planning and management action on land, waterways and sea. Melbourne Water provides funding to Traditional Owner partners to deliver self-determined projects.

We are continuing to further our work towards formal connections and commitments with Wurundjeri Woi wurrung, Bunrong and Taungurung.

Our priority is to have trusted relationships with Traditional Owners, who are informed and active participants in the work we do. Melbourne Water is seeking to better understand the priorities and aspirations of Traditional Owners through Country Plans and mutual understanding of each other's strategic priorities.

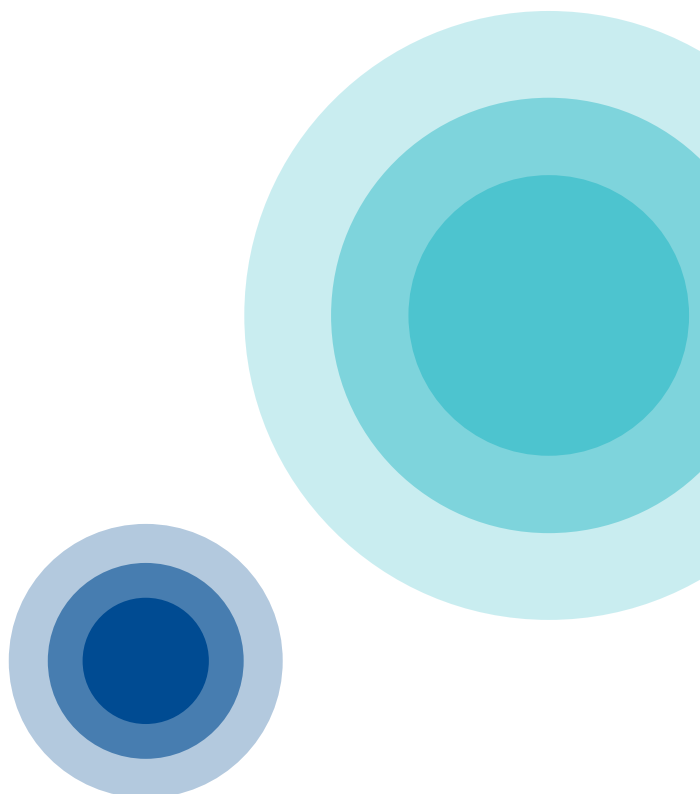
Reconciliation Action Plan

Melbourne Water's *Innovate III Reconciliation Action Plan* (RAP) sets out our commitments to bring reconciliation and create social, economic and cultural change. We continue to focus on developing relationships with our Traditional Owner partners and Aboriginal and Torres Strait Islander communities by growing our understanding of cultures and connections to Country and developing key plans in procurement, employee wellbeing and cultural awareness. We aim to make reconciliation a 'business-as-usual' practice by embedding these plans into our work.

Development of our RAP has focussed on collaboration and listening to our partners and people. These fundamental principles will continue to guide us through implementation and beyond. Traditional Owner organisations, Aboriginal and Torres Strait Islander business and communities, as well as Melbourne Water staff, were all involved in our RAP process and provided a range of opportunities for feedback to shape the direction.

Our vision for reconciliation is for Traditional Owners to be respected as sovereign partners in land and water management. We will achieve this by:

- working in partnership with Traditional Owners and Aboriginal and Torres Strait Islander communities to care for land and waterways
- building cultural capability throughout our organisation
- listening and learning so we can deepen our knowledge and understanding of our partners' priorities and contribute to supporting stronger Aboriginal and Torres Strait Islander communities.



Social Procurement Plan

Melbourne Water continues to make significant gains in our *Social Procurement Plan* over the past five years. To increase the ability of our staff to make decisions that support the Plan, we promote Victorian Aboriginal businesses to build staff capacity to understand supplier diversity and embed policies and procedures to promote the use of these businesses.

Implementing our *Social Procurement Plan* has led to a significant increase in our Traditional Owner organisation and Aboriginal business spend, more than doubling from approximately \$4.1 million in 2020-21 to over \$9.3 million in 2022-23.

We have recently updated our Procurement Policy to elevate our commitment to increase participation of Aboriginal Businesses in our supplier base, enhance our social footprint through supplier diversity and foster sustainable initiatives. Subsequently, we will continue to review our *Social Procurement Plan* and our systems to increase the ability of our staff to provide opportunities to Social Benefit Suppliers.

To progress towards our strategic goal outcomes, Melbourne Water will focus on the recruitment, wellbeing and retention of Aboriginal and Torres Strait Islander staff. We are also taking steps to build a more inclusive recruitment process to increase engagement and attract higher numbers of Aboriginal and Torres Strait Islander candidates.

Supporting recruitment and training

Melbourne Water takes steps to build a more inclusive recruitment process, which increases engagement and attracts higher numbers of Aboriginal and Torres Strait Islanders to our business.

Recent additions include:

- Acknowledgment of Country spoken at the beginning of each interview
- updates to all recruitment campaigns to improve alignment with identified peoples and their lived experience
- additional support and guidance throughout the recruitment process for identified Aboriginal and Torres Strait Islander peoples, including pre-screening interview, presentation to the hiring manager, guidance around role suitability and pre-interview support.

Melbourne Water engages labour hire contractors via the Victorian Public Sector Staffing Services Panel. All our agency partners strive to shortlist candidates who identify as Indigenous.

Our long-term plan

- Support government policy actions that seek to support returning water to Traditional Owners for self-determined uses, including specific projects and potential volumes to be returned.
- Support DEECA and Traditional Owners to deliver projects that include water infrastructure, IWM, manufactured water and other water efficiency opportunities.

The year ahead

- Continue implementation of partnership agreements with GLaWAC and Wadawurrung through steering groups with Traditional Owners or similar, focusing on self-determination and caring for Country.
- Gain Reconciliation Australia endorsement for our Stretch RAP and commence implementation.
- Continue to deliver our three-level cultural awareness training program and drive cultural safety outcomes.
- Continue to work toward the development of the *2026 Price Submission* to fund Traditional Owner self-determination and water justice.
- Work collaboratively with Wurundjeri Woi-wurrung and Wandoon Estate with an aim to officially sign formal agreements during 2024-5.
- Promote our goal of 'We will walk Country together' and communicate the structure for our leader's forum, partnership steering groups and cultural advisory group.

Delivering on



Water for Victoria chapters

3

6

Waterway and catchment health

What we do now

The Ministerially approved *Regional Catchment Strategy* and *Healthy Waterways Strategy* provides the overarching strategic directions for the region's land, water, biodiversity, community and local areas.

To complement the *Regional Catchment Strategy*, we have developed the *Natural Resource Management Action Plan* as supplementary documents. This identifies and prioritises natural resource management assets, values and actions. They are supported by:

- stakeholder aspirations, including Indigenous peoples' land and sea management aspirations
- identifying how actions will contribute to federal and state government investment priorities
- identifying how these actions will be implemented with comprehensive community participation
- identifying the key collaborations and partnerships for delivery
- identifying the monitoring and reporting processes that will be utilised to measure the achievements and effectiveness of the plans.

The action plans support decisions about prudent and efficient investment, enabling the best possible integrated catchment management outcomes for the Port Phillip and Westernport region and community. Melbourne Water will continue refining these documents to allow for ongoing adaptation as an evolving part of the *Natural Resource Management and Regional Catchment Strategy* implementation.

In addition, as facilitator and co-deliverer of the *Healthy Waterways Strategy*, we will:

- deliver on key targets of the *Waterways and Drainage Investment Plan*, including establishing and managing vegetation, constructing and upgrading fishways, managing pollution, stormwater harvesting and infiltration, pest and litter management, recreational access to water and creek naturalisation
- facilitate co-delivery, create an annual report on and undertake adaptive management of the *Healthy Waterways Strategy* targets by Melbourne Water, agency and community partners.

Catchment Partnership Agreement

The formation of Catchment Partnerships and the implementation of Catchment Partnership Agreements are key Victorian Government initiatives under the *Our Catchments Our Communities Strategy* (Goal 4) and supports implementation of *Water for Victoria* (Chapter 3 Waterway and Catchment Health). Catchment Partnership Agreements outline how regional catchment partners will work together to strengthen coordination, collaboration and accountability for integrated catchment management across Victoria.

All of the CMAs in Victoria have Catchment Partnership Agreements in place. The Partnership reviews the Catchment Partnership Agreement for currency and relevance at least every two years and may agree to any changes to region-specific aspects of the Agreement or Annual Plan (consistent with the *Port Phillip and Westernport Regional Catchment Strategy*). Generally, the Catchment Partnership Agreements are fully renewed every four years.

The Catchment Partnership Agreement for the Port Phillip and Westernport region has expired and is currently being renewed for the next four years.

The expired Catchment Partnership Agreement included the following signatory members:

- Port Phillip and Westernport CMA
- the former Department of Environment, Land, Water & Planning - Port Phillip Region
- Parks Victoria - Melbourne Division
- Melbourne Water
- the former Department of Economic Development, Jobs, Transport and Resources

The Partnership also included a number of non-signatory members.

Valuing our Volcanic Plains

The newly funded Valuing our Volcanic Plains project aims to improve the condition and extent of the threatened Victorian Volcanic Plains grasslands. Melbourne Water is the nominated regional delivery partner for the federal government in the Port Phillip and Westernport region.

The project is one component of a broader project encompassing the entire extent of the threatened Victorian Volcanic Plains grassland community, extending west from Werribee in Melbourne Water's operating area, across a significant portion of the Corangamite CMAs catchment area and into the Glenelg Hopkins CMA region to the west and North Central CMA region in the north.

All four CMAs will work in partnership with Traditional Owners to reinstate traditional cultural land management practices to improve the condition and extent of the grassland plains. Melbourne Water's project will include cultural burning, weed management and habitat restoration activities in deep partnership with Wadawurrung Traditional Owner Aboriginal Corporation.

The project will also develop and deliver a stewardship program for private landholders within grassland country, supporting the development of management plans and grassland management works on private properties. These works will also create further habitat for threatened species the Plains Wanderer bird and Victorian Grassland Earless Dragon lizard.

To achieve objectives, ensure long term benefits are maintained and consistent with national recovery plans for threatened species, the Valuing our Volcanic Plains project will bring together other stakeholders, threatened species recovery teams, research organisations, land management agencies (Parks Victoria and DEECA), non-government organisations (Zoos Victoria, Trust for Nature, Nature West), local government (Moorabool Shire Council, City of Greater Geelong, Wyndham City Council) private landholders, and our Traditional Owner delivery partners.

Burndap Birrarung burndap umarkoo - Yarra Strategic Plan

Melbourne Water will continue as the lead agency for implementing the *Burndap Birrarung burndap umarkoo - Yarra Strategic Plan 2022–2032*, a 10-year plan that establishes a collaborative management model to protect and enhance the Birrarung (Yarra River) and its parklands as one living and integrated natural entity, that continues to be a place enjoyed and valued by all.

Implementation of the Plan is a collaborative effort supported by the Wurundjeri Woi-wurrung Cultural Heritage Aboriginal Corporation, Bunurong Land Council Aboriginal Corporation, Melbourne Water and 13 other state and local government agencies with interests in caring for the Birrarung and its lands.

As lead agency, Melbourne Water works with our partners to maintain awareness of current and planned activities in the corridor, ensuring opportunities to collaborate and drive collective impact are achieved, with the goal of working towards the community's 50-year vision for the river and its lands.

In June 2023, to better achieve the intent of the Plan and the *Yarra River Protection (Wilip-gin Birrarung murrong) Act 2017*, we committed to enabling transformative projects that will embed higher levels of collaboration, increase involvement of Traditional Owners in decision-making and put the Birrarung at the centre of planning decisions.

Burndap Birrarung burndap umarkoo aligns strongly with Melbourne Water's vision, values and Strategic Goals, prioritising the importance of collaboration, identifying opportunities for transformative change in addressing future challenges and incorporating Traditional Owner cultural knowledge and values.

Regional Delivery Partners

Melbourne Water is pleased to be the lead agency for the Port Phillip and Westernport region, delivering environmental protection, sustainable agriculture and natural resource management services on behalf of the Australian Government through the Regional Delivery Partners Program.

Through the Regional Delivery Partners program, Melbourne Water will:

- return traditional cultural land management practices to the Natural Temperate Grasslands to improve the condition of grasslands to the west of Melbourne through the Valuing our Volcanic Plains project, co-led with Wadawurrung Traditional Owners Aboriginal Corporation and Corangamite CMA, and delivered in partnership with Zoos Victoria
- continue efforts to create an island-wide safe-haven from introduced predators for French Island's unique wildlife through the eradication of feral cats in partnership with Parks Victoria and French Island Landcare Group
- support climate-smart, sustainable agriculture practices, including best practice natural resource management, biodiversity and carbon markets, and practices that support emission reductions and build climate resilience on-farm through our Sustainable Agriculture Facilitator (SAF)
- develop biodiversity and agricultural natural capital preparedness and emergency response plan for the Port Phillip and Westernport region.

Healthy Waterways Strategy Mid-term Review

Commenced in 2022, the Mid-term Review of the *Healthy Waterways Strategy* has assessed progress against all Strategy targets and identified areas for improvement for the period July 2024-June 2028 and beyond. The review also looked at how external influences have changed since 2018, such as climate forecasts and new policies/guidelines, and how these changes may impact the ability to meet Strategy targets. The review's findings and recommendations were publicly shared and discussed with community and agency partners to inform the development of a collective response to the recommendations.

Our long-term plan

Melbourne Water will focus on renewing and implementing the Catchment Partnership Agreement for the Port Phillip and Westernport region in collaboration with a range of key partner organisations. The Agreement aims to strengthen coordination, collaboration and accountability, reduce duplication and provide clarity on roles and responsibilities between key catchment management partners.

Melbourne Water will work with DEECA to ensure catchment conditions and management reporting adds value this year and beyond.

The year ahead

During financial year 2024-25 will see the continued delivery and focus on:

- Traditional Owner self-determined pathway to improving cultural values and enterprise
- delivery of priorities identified in the *Healthy Waterways Strategy*, *Regional Catchment Strategy*, *Melbourne Water Drinking Water Quality Strategy*, *Catchment-scale Integrated Water Management Plan* and actions in the *Burndap Birrarung burndap umarkoo*
- working with agency and community partners to develop a collective response to the findings and recommendations of the *Healthy Waterways Strategy* Mid-term Review and adapt the co-delivery of the Strategy accordingly
- activating spaces and connecting communities with the creation of new cool green spaces
- partnership between key stakeholders, bringing alignment and resources together
- building skills, knowledge and capacity of landowners in restoring landscape function
- protecting biodiversity and waterway health, increasing nutrient and water cycling, and building soil carbon
- reducing drinking water quality risk in the mid-Yarra catchment to support safe, prudent, and efficient drinking water supply, and meet outcomes of the *Melbourne Water Drinking Water Quality Strategy*.



The financial year 2024-25 on-ground works to support and enhance catchment health aim to:

- protect and enhance the irreplaceable natural values of our Ramsar-listed wetlands across the region through on-ground works funded by the Victorian Government
- deliver catchment stewardship in the Yarra Valley through the development of property management plans with private landholders
- coordinate a continuing project to establish a wildlife safe-haven on French Island through the eradication of introduced predators
- initiate the Valuing our Volcanic Plains project
- build knowledge and commitment to protecting waterways and biodiversity in the middle- and upper-Werribee catchment through engagement activities delivered by the Grow West partnership
- coordinate the Victorian Landcare Grants to support community groups deliver strategic on ground actions, as well as supporting capacity building and collaboration opportunities and telling the Landcare story as part of the Victorian Government’s Victorian Landcare Program
- protect drinking water quality and build water resource security in the Watts River Catchment through the pilot IWM project
- support waterway and bay health in the Dandenong Catchment through revegetation and wetland enhancement projects driven by Living Links
- lead catchment-scale collaborations focused on better upstream management of litter and more effective downstream interventions across land and waterway managers
- update land use decision guidelines for development along waterways and understanding opportunities to improve outcomes through the land use planning system.

Delivering on



Water for Victoria chapters



Water for agriculture

With approximately 2200 farms in the Port Phillip and Westernport catchment area, around 45 per cent of land is used for rural purposes. This land is one of the most productive areas in Victoria in terms of total agricultural output, with the sector valued at \$1.6 billion gross value (ABS 2015-16) and eight commodity groups that produce more than 50 per cent of Victoria's production². However, the area of land available for agriculture is constantly at risk of development for other uses. The profitability and sustainability of some agricultural sectors are also threatened by various factors, including pests and diseases, water availability and climate change.

Melbourne Water is committed to ensuring the ring of rural and semi-rural land around urban Melbourne continues to provide substantial benefits for the Victorian community, economy and environment. We will keep these areas productive, diverse for sustainable agriculture enterprises and industries, bringing substantial economic benefit and assuring local food and water security for Victoria. They will provide expansive green space and feature natural habitats and open landscapes that support biodiversity and ecosystem health.

Melbourne Water is committed to maintaining sustainable agriculture and undertaking land management through delivering or supporting projects funded by the Victorian and Australian Governments. Currently, we supply recycled water from our two sewage treatment plants to recycled water retailers across Melbourne to support agriculture. Through our role as a CMA, we also support a productive and profitable farming sector, and vibrant and resilient regional communities that adapt to change.

Activities are undertaken to support the adoption of good agricultural practices that prevent degrading soils, which can lead to salinity, waterlogging and poor water quality outcomes. Activities assist land managers with information to make informed decisions about managing productive soils such as reducing tillage, cover crops, retention of organic residues, improving ecological soil function and building soil carbon.

Through the Linking Landscapes project, funded by the Victorian Government, Melbourne Water is supporting landowners in the Yarra Valley and on the Mornington Peninsula to build skills, knowledge and capacity to restore landscape function. Through a training program delivered by national experts, landholders will learn about protecting biodiversity, water quality and cultural values, increasing nutrient and water cycling, and building soil carbon through regenerative agriculture planning and practice. This program is delivered in partnership with Landcare groups and local business owners to provide practical insights for good practice operations.

We are also currently working with the Australian Government to seek additional funding opportunities to continue delivering sustainable agriculture outcomes for the region.

Sustainable Agriculture Facilitator

Melbourne Water's SAF is a designated central contact point for farmers, landholders, industry, and community groups and supports climate-smart, sustainable agriculture practices in the Port Phillip and Westernport region. The SAF role is to:

- engage and inform farmers, landholders, community groups, and agriculture industries within their National Resource Management region about climate-smart, sustainable agriculture practices, including best practice natural resource management, biodiversity and carbon markets, and practices that support emissions reduction and build climate resilience on-farm to help achieve climate-smart sustainable agriculture outcomes
- facilitate partnerships and connections that will assist farmers, landholders, community groups and agriculture industries to work together to achieve sustainable agriculture outcomes
- support the delivery of climate-smart, sustainable agriculture projects in their National Resource Management region.

The SAF role directly supports the three agricultural outcomes for the Federal Government:

1. The agriculture sector is adopting practices to reduce emissions and build resilience to climate change.
2. The agriculture sector is supported to harness carbon and biodiversity incentives and implement industry sustainability frameworks.
3. Farmers are supported to drive agricultural growth, while adopting sustainable natural resource management practices that protect and conserve natural capital and biodiversity.

Supporting rural landowners to improve waterway health

Melbourne Water's Rural Land Program provides technical and financial assistance to landholders to keep soil and nutrients on their farm and out of waterways, improve water security throughout the catchment and to meet targets under Melbourne Water's *Healthy Waterways Strategy 2018* performance objectives.

Activities funded under the incentives program include farm planning and design, gully exclusion and revegetation, track and drainage improvements, stormwater harvesting and re-use, erosion control and sediment ponds, pasture improvement, effluent management, soil analysis and nutrient budgeting, off-stream/dam stock watering and dam decommissioning.

We will also continue working with the Australian Government to understand opportunities for funding to provide sustainable agriculture outcomes to the whole region.

²<https://portphillipwesternport.rcs.vic.gov.au/wp-content/uploads/sites/2/2023/06/MW-NRM-Action-Plan-FINAL-6.06-v2.pdf>

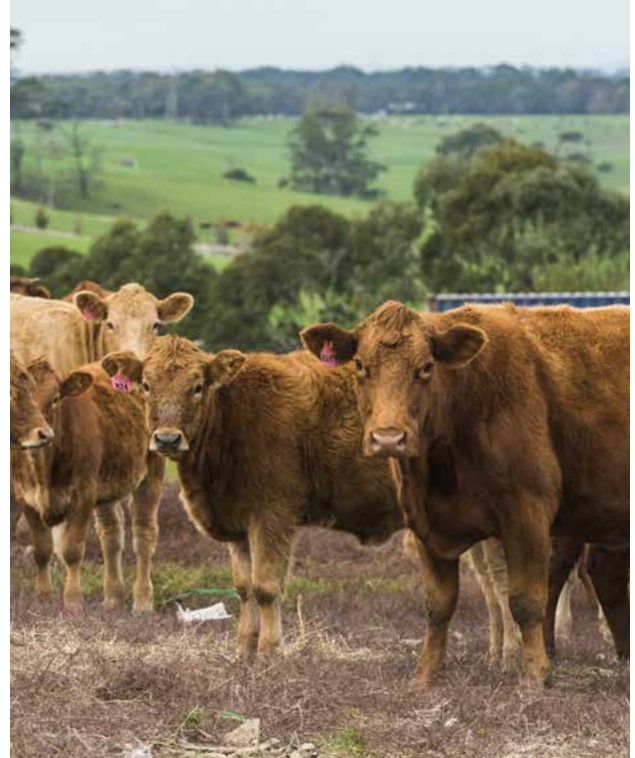
The Victorian Landcare Program

A key focus for regional Landcare coordination will be to recognise the outstanding effort of volunteers while articulating the successes and challenges of contemporary environmental volunteering with a series of videos. In addition, we will prioritise the continuation of designing and supporting collaborative opportunities for professional and volunteer land carers to work together to look after land and environment.

Melbourne Water will again administer the Port Phillip and Westernport component of the Victorian Landcare Grants in 2024, a flagship program for grassroots conservation and community partnerships supporting strategic on ground actions that align with biodiversity outcomes.

The year ahead

- Support farmers, landholders, industry and community groups across the region to achieve climate-smart sustainable agriculture outcomes through the federally funded SAF program.
- Administer the Port Phillip and Westernport component of the Victorian Landcare Grants in 2024.



Recognising recreational values

Melbourne Water is continually ensuring that Victoria’s water resources and waterways are managed in a way that considers environmental benefits and value, and cultural, social and recreational uses of waterways.

We continue to review our protected catchments to determine if more areas can be opened to the public. Although this would allow more people to enjoy Victoria’s vast natural spaces, we must balance this with protecting drinking water for the safety of the communities we serve.

What we do now

Water for the environment is delivered on behalf of the Victorian Environmental Water Holder in line with the *Seasonal Watering Plan*. We can time some of the releases to support recreational needs such as summer freshes for Birrarung and Tarago rivers can be delivered over long weekends to support canoeing, fishing and camping along the waterways.

To support recreational water users, we continue to publish a range of information on our website. This includes information about river levels across the Melbourne region, locations for recreational activities such as walking and cycling trails, barbecue and picnic spots, birdwatching, and fishing requirements.

We also support access to open spaces and recreation on our waterways and land through projects such as the Revitalising Yan Yean Reservoir project, water pipe tracks for recreation, and greening sewer reserves for public use.



Catchment management optimisation

Open space is essential for community health and wellbeing. Melbourne Water is currently exploring new ways to safely open and activate three retarding basins in Glenroy. By opening these retarding basins, we can provide the local community with additional spaces to exercise, relax, socialise and connect with nature. This provides a safe space for the community without compromising the primary function of the retarding basin.

Melbourne Water uses the Catchment Management Optimisation Program (CMOP) to approach compliance with water quality requirements, while also meeting the Victorian Government’s expectations to increase access and recreation across our catchments.

Through the CMOP, the Yan Yean Reservoir, north of Melbourne, was identified as a candidate catchment to provide cost-effective and low-risk opportunities for recreation. Opportunities for Yan Yean have subsequently been further investigated, and we are now working collaboratively with Parks Victoria, Wurundjeri Woi-wurrung Aboriginal Cultural Heritage Corporation and the City of Whittlesea to prepare a masterplan to guide enhancement of recreational and open space opportunities for the community, while still protecting the significant site values and water supply services the community relies on.

In addition, Melbourne Water will continue to work with DEECA, Better Boating Victoria and other relevant stakeholders to deliver drinking water treatment upgrades as part of the \$12.4 million project to open Tarago Reservoir to some boating for fishing. The water treatment upgrades currently underway will ensure the drinking water supply from Tarago Reservoir will continue to be of the highest quality for our customers.

There are no Recreational Area Management Plans in place for reservoirs under the management of Melbourne Water as these are closed and protected catchments as part of the water supply system. Should the nature of any of the reservoirs managed by Melbourne Water change to include recreation, Melbourne Water would examine all available management options, including those provided under a Recreational Area Management Plan.

Reimagining Your Creek Program

Melbourne Water will continue to deliver the Reimagining Your Creek Program which works collaboratively with councils, local communities, Traditional Owners and other agencies to transform stormwater drains and concrete channels into natural waterways and desirable open spaces for community enjoyment.

Projects due for completion this year include:

- The \$10.1 million Reimagining Moonee Ponds Creek project, which is removing concrete from a 360-metre section of channel and replacing it with rockwork to give the creek a more natural look and feel, planting trees and shrubs for increased shading and cooling, constructing new shared paths and a new bridge for better active transport connections. The project also activates open space for better community use and recreation by creating gathering spaces such as a natural amphitheatre.
- The \$18 million Reimagining Blind Creek at Lewis Park project, which is converting 1.65 kilometres of underground drain into a natural waterway, and turning Lewis Park into a cooler, greener space with a haven for biodiversity. Wetlands and harvesting ponds will treat stormwater for irrigation use on local sports ovals and community gardens, with boardwalks through the wetlands and stepping stones across the creek for community access, trees and shrubs for more shade and cooling, shared paths and a new bridge to improve active transport connections and recreation.

Our long-term plan

Melbourne Water will continue to grow and develop our policies, projects and practices to enhance recreational use of waterways and land in line with the *Water and Catchment Legislation Amendment Act 2019*.

Our key focus areas for the coming years include:

- developing a *Land Use and Management Strategy* and place-based Masterplans to incorporate multiple benefits, including recreational values on our land, where we can
- creating and contributing to activated waterway corridors (through the Reimagining Your Creek Program)
- improving amenity through vegetation and managing litter
- further involving the community through programs such as the Reimagining Your Creek Program
- land and waterway activation through improved access and amenity.

Pursuing the opportunity for enhanced recreation and open space at Yan Yean Reservoir will continue, subject to collaborative funding, partnership arrangements and risk mitigation measures being put in place.

The year ahead

We will work to ensure that our Service Delivery Program enables liveability, with appropriate resourcing to deliver the *2021 Price Submission* capital programs and critical change projects that enable Service Delivery to proactively consider land and waterways activation in its day-to-day work.

We will continue to deliver the projects and programs within this current price submission period, including recreation in catchments, urban cooling, retarding basin activation, pipe track activation and Western Treatment Plant visitation, where this aligns with Melbourne Water's remit.

Melbourne Water will continue to deliver additional social value, including enhanced amenity and environmental targets for biodiversity through the *Healthy Waterways Strategy 2018* and build on the 50-year community vision for the Yarra River through the *Burndap Birrarung burndap umarkoo*.

Delivering on



Water for Victoria chapters

3

7

Leadership, diversity and culture

Melbourne Water aims to manage and govern our business in a way that supports a high-performing organisation that is reliable for today and ready for the future.

Our long-term goal is to align our skills, capabilities, accountabilities, resources and enabling processes to continue reliable service delivery while managing areas of transition, such as decarbonisation and climate change leadership, new and manufactured water sources, grid management transition and IWM. To do this, we will continue to focus on embedding the mindsets, habits and behaviours required to help us adapt and respond to the challenges and opportunities of a rapidly changing operating environment. Our priority areas of focus are:

1. **Culture and belonging** – a workplace where we are aligned on our values and expected behaviours, where everyone feels they can be their true self, and where they have a sense of connection to Melbourne Water, our vision, each other and the community we serve.
2. **Leadership and capability** – a workplace that builds the capability and leadership capacity we need now and for the future.
3. **People experience** – a workplace that challenges and motivates our people to thrive.

What we do now

Our Building a Better Melbourne Water (BBMW) program was designed to improve how we meet customer expectations and support the provision of world-class services. We have a dedicated focus to evolve Melbourne Water's culture and implement our vision for a future fit workforce. A key component of BBMW is ensuring continued business improvement outcomes for our customers by working in a more streamlined way, including our simplified organisational structure. This means we can meet the challenges of the future, achieve our strategic goals and deliver improved outcomes in our day-to-day services for our partners, customers and the community we serve.

Ways of Working

In partnership with BehaviourWorks Australia we co-designed a shared vision for how and where we work in the future to reap benefits for individuals, the organisation and our stakeholders. This shared vision is centred around a future where work is consciously designed to optimise those in-person connection points, blended work and high-focused work moments that matter.

In June 2023, we delivered our Concept Floor at the Docklands office in support of our new ways of working, providing a range of tech-enabled spaces for larger groups to come together and work on shared priorities, either in person or blended. This innovative space bolsters our commitment to flexible and hybrid work as it is tailored to support our hybrid work model, fostering cross-functional collaboration and experiential group learning.

While the intent of this process has generated positive outcomes for the organisation regarding employee trust and engagement, there is more work to be done to help arrange the organisation around purposeful work best done together, in more a structured way, along with blended and high-focused work. This will be a focus in 2024-25. Ultimately, we seek to hardwire effective ways of working that drive performance at the same time as reduce our footprint and demonstrate economic benefit.

Culture and Capability Program

The culture evolution efforts encompass critical areas, such as resetting values and behaviours, introducing new work methods, improving employee experiences, and supporting the organisation to successfully transition and realise the benefits of the BBMW Transformation Program.

We have engaged in significant work to date – exploring and defining our new cultural narrative, re-defining and evolving our values and behaviours through robust engagement and consultation with our senior leaders and our Board.

The first step to evolving our culture was the launch of our values (*make it count, dive in, do what's right*) enterprise wide.

As part of our structured engagement campaign for our culture program, we conducted briefings for Senior Leaders, including People Leaders, to provide clear guidance on our evolving culture and their role within it. This encompasses leading the change collectively as a leadership team and fostering adoption through role modelling, acting as custodians of the culture.

Embedding and enabling the refreshed culture in our day-to-day operations so it becomes part of our DNA, is a priority for Melbourne Water this year. Engaging our Leaders across the enterprise and 'building the muscle', providing the skills required to make the changes being asked of our people, is being driven through our Executive Leadership Program, People Leadership Group Forums and newly ignited Cultural Roadshows across our sites.

In 2023, Melbourne Water conducted our Annual Culture & Engagement Survey as an alternative to the VPSC People Matters survey. We reached 79 per cent of the organisation, meeting our target of 70 per cent for these surveys. As in previous years, Melbourne Water will continue to survey staff fully on an annual basis, as well as through focused quarterly surveys.

Diversity, inclusion and belonging

Our new Belonging Framework includes belonging as our core focus, engaging allies, and providing community and connection for those with lived experience. The framework ensures collaborative, intersectional, business-wide efficient work to deliver on our *Diversity & Inclusion Strategy 2020-2025*, and further sets the foundation for future strategies and action plans. This reflects our commitment to create a workplace where every individual feels valued, respected, and an integral part of our organisation’s success.

In addition, our *Gender Equity Action Plan 2022-25* helps us promote gender equity principles and practices and deliver innovative solutions for our community.

All policies are publicly available on Melbourne Water’s website³ – [Melbourne Water Policies](#)

Over the coming years, Melbourne Water will work towards a workforce where representation of Aboriginal and/or Torres Strait Islander (ATSI) staff increases progressively each year. There are currently 13 employees identifying as ATSI as well as one Board member.

In 2022-23, there were 1118 participants in Cultural Awareness training sessions facilitated by accredited personnel.

Our workforce will also strive to achieve a progressive increase in representation of staff who identify as living with disability.

We will continue to improve accessibility to learning for our employees by providing access to targeted online tools, such as our development content library. This will mean our people can learn from anywhere, anytime.

At the end of financial year 2023, Melbourne Water’s Executive Officers had a 57 per cent female representation.



Our long-term plan

We will continue to combine behavioural research with physical space to ensure our new ways of working benefit from a structured hybrid arrangement to support employee value propositions with working from home, environmental outcomes with travel minimisation, and business effectiveness.

Financial, customer, site access and energy utilisation data will continue to be captured to understand how interventions are impacting the business and informing further behavioural interventions to enable Melbourne Water to deliver on our shared priorities across the next decade.

The year ahead

In 2024-25, we will continue to design and deliver solutions to build the capability and culture for our organisation that ensures we thrive and perform today, while we also build our future readiness. We will ensure that our overall workforce plans, and portfolio people plans are developed to align current and future capabilities and culture identified to enable us to deliver on our strategic ambition. In addition, we will:

- continue implementation of the culture program plan, embedding and enabling the refreshed culture into our day-to-day operations
- balance the benefits of flexible structured hybrid work to ensure greater productivity, effectiveness and better connecting us to our values and culture
- manage capability uplift to upskill individuals for the required changes (for example, Executive Leaders Development Program, People Leadership Group Forums and Leading Hands development)
- continue to drive key priorities for enhancing employee experience (for example, on-boarding, reward and recognition programs)
- support succession planning and development of individual development plans for critical business roles
- operationalise the new diversity and inclusion Belonging Framework to support our *Diversity & Inclusion Strategy 2020-2025*, strategic goals and action plans.

Delivering on

4 QUALITY EDUCATION 	5 GENDER EQUALITY 	8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	10 REDUCED INEQUALITIES 	

Water for Victoria chapters



³ www.melbournewater.com.au/about/what-we-do/policies

Compliance and enforcement

What we do now

Melbourne Water's strategies guide our focus on compliance and enforcement, this includes the *Flood Management Strategy 2021* and the *Healthy Waterways Strategy 2018*. Melbourne Water plays a role in using compliance and enforcement to protect our assets and objectives such as protecting waterways from unauthorised works, unauthorised fill in flood plains and unauthorised use of Melbourne Water land. We are ramping up our capability with regard to compliance and enforcement across our programs as one of the delivery mechanisms to achieve our strategic goals.

A particular focus of our compliance and enforcement program is with regard to surface water diversions. *Stream Flow Management Plans, Local Management Plans* and the *Drought Response Plan* provide guidance on our compliance and enforcement priorities, which are supported by our *Compliance and Enforcement Statement*. The Statement outlines our approach to compliance and enforcement and was developed in accordance with the Victorian Government's *Non-Urban Compliance and Enforcement Guidelines for Water Corporations 2019*.

We are assigned the source bulk entitlements to the Greater Yarra System – Thomson River Pool. As the Resource Manager for the Melbourne headworks system, Melbourne Water allocates water to the primary entitlement holders and maintains reporting requirements by disclosing information in accordance with Section 43 of the *Water Act 1989*. The disclosure of information of bulk entitlements is published every year through the Annual Report.

As delegated Surface Water Diversions Manager, Melbourne Water manages approximately 1800 licences to divert or take water from the Yarra River, Lower Maribyrnong River and Western tributary areas for commercial, irrigation and domestic and stock uses.

Part of our role is to ensure the volume of water taken from these sources aligns with our *Stream Flow Management Plans, Local Management Plans* and *Drought Response Plan* and is within the conditions of individual licences. We inform our customers about water availability through our website, customer service centre and automated text message service.

Melbourne Water has a zero-tolerance approach to unauthorised water take and a risk-based approach to licence management. To support this, we deliver our *Metering Action Plan*, which seeks to improve our meter fleet with highly reliable and accurate Australian Standard 4747 compliant meters and telemetry to provide real-time water usage data to Melbourne Water and our customers. The continuing rollout of the plan will ensure that we are fully compliant with the implementation program set by the *Victorian Metering Policy*.

Through our strengthened communications, our customers are informed and aware of our zero-tolerance approach to compliance. We will continue to undertake proactive communications, targeted towards diverters identified as at risk of taking water in excess of their allocation. In addition, we have incorporated messages that reinforce our compliance approach through multiple channels, including on our annual invoices, in the diverter newsletter, on our website and in person during property visits.

Our long-term plan

- Roll out of the Melbourne Water Meter Action Plan to ensure alignment to the Victorian Metering Policy.

The year ahead

- Continue to build capacity of our staff through training, including completion of Certificate IV in Government Investigations.
- Upgrades and improvements to our systems to enhance our compliance and enforcement reporting capabilities.
- Continue to embed our Penalty Infringement Notice procedures and priorities.
- Continued roll out of meter telemetry to provide real time water usage data.

Business performance and financial management

Customer affordability remains a top priority for Government, regulatory authorities and essential service providers. The shift to manufactured water, the impacts of climate change and population growth will exert influence on our financial decision-making over the coming years. Recent inflationary pressures emphasise the significance of ensuring affordability to the community, with this concern further heightened by the ever-evolving economic conditions and cost of living pressures being experienced by the general population. It is imperative that our financial plan is informed by these changes over the short, medium and long term.

We are committed to delivering outcomes in line with the ESC's most recent Price Determination. We strive to outperform service and efficiency expectations, which are measured through the ESC's PREMO Model for Economic Regulation. As a financially sustainable business, we are conscious of the impacts of our decisions both today and in the future. This strategic approach guarantees our ability to fulfil the commitments outlined in our *2021 Price Submission* throughout the remaining two years of the current regulatory period.

The quality assurance processes over the production of the *Corporate Plan* financials include a rigorous internal review process by management, endorsement by the Finance, Audit, and Compliance Committee and approval by the Board. Preparation of this Plan is in line with the draft DEECA *Planning and Reporting Guidelines 2024-25*.

Melbourne Water's focus on Financial Strength is informed by a range of drivers in our strategic environment, including:

- An emphasis on business efficiency to deliver on the commitment made in the *2021 Price Submission*, aimed at keeping customer bills low. Additionally, this focus on efficiency will serve as the foundation for our approach and preparation for the upcoming *2026 Price Submission*.
- Ensuring ongoing financial sustainability in the face of potential business risks (climate, environmental, population). Together with navigating the changing economic landscape with increased inflation and interest rates.
- Enhancing transparency regarding the cost to serve, particularly considering the increase in infrastructure investment required in the future.
- Continuing and increasing efforts to enhance financial capability and commercial acumen across the business. This is crucial to ensure commercially prudent investments are made, while maximising value from our contractual arrangements.
- Meeting Melbourne Water's carbon emission reduction obligations from 2025 and achievement of Net Zero carbon commitments from 2030.
- Building capacity to identify and develop opportunities for unregulated revenue.

- Ensuring robust financial performance to maximise Shareholder value and make a positive contribution to the Victorian Government.

Our approach towards financial strength

The objective of our *Financial Strength Plan* is to focus our activities to deliver for our customers and strengthen our business. The key indicators of success for the *Financial Strength Plan* include:

- Leaders at all levels consistently making well-informed decisions that are justifiable from a commercial perspective, together with empowering leaders to leverage the financial strength of the organisation to deliver our strategic objectives.
- Improvement in key financial indicators, or at minimum, prevention of decline whilst upholding Melbourne Water's investment grade credit rating.
- Transforming financial planning from an annual event to a continuous process, mitigating significant peaks and troughs of planning activities. This shift allows us to improve our long-term view to better understand the implications of present decisions on the future. This includes streamlining organisational effort required to undertake a Price Submission, enabling a focus on more value-adding activities and outcomes for customers.
- Strengthening shareholder relationships through continual delivery of returns on the shareholder's investment.



Delivering for our customers

Bills kept as low as possible – in the long and short term

The affordability of our services was the most highly valued outcome by our customers and communities in the *2021 Price Submission*. Melbourne Water stands by its commitment to keep bills as low as possible and acknowledges the challenges customers face regarding affordability. The escalating pressure on household budgets, attributed to rising inflation and interest rates, amplifies this challenge. Recognising our critical role in supporting customer affordability, we are committed to managing our expenditure carefully, through robust management processes, with an emphasis on transparency and efficiency.

Despite our emphasis on cost efficiencies, a growing population and variable water supplies will necessitate future water supply augmentation investment across the industry. This investment, whilst imperative, must also uphold financial flexibility to respond to environmental crises such as bushfires and storms. Prioritising the resilience of our assets is a top priority while continuing to focus on efficiency and value to ensure bills are kept as low as possible.

Cyber Security

Technology presents both significant opportunities and risks for Melbourne Water. AI also offers us a new way of working that can change how we do business. With the increasing digitisation of our operating environment and the water sector, Melbourne Water's priority is to keep our customers, people, and assets safe. We continue to implement activities and actions to reduce our exposure to cyber-attack, minimise disruption to customers and reduce lost operational time in the event of an emergency.

Melbourne Water is investing in planning and decision-making capability across the business to increase our cyber capacity, capability and process, and system improvements, including:

- Adoption of National Institute of Standards and Technology (NIST) Cybersecurity Framework (CSF) as our measure for assessing our security control maturity, supported by existing Victorian Protective Data Security Framework (VPDSF) activities.
- A clearly defined Cyber Security Risk Profile, associated Risk Appetite and roadmap to protect our most critical assets.
- A *Cyber Security Incident Response Plan* which is integrated with our enterprise General Emergency Management System to support our ability to respond to cyber security incidents. We regularly test these plans to enhance our ability to respond to and recover from a cyber security event.
- Foundational measures to identify, protect, detect, respond and recover our critical assets in accordance with our risk appetite and continued investment in this capability.
- Defined key services and capabilities required to achieve our cyber security objectives.
- A new operating model and governance mechanisms to better manage our enterprise security risks, including cyber security.
- Successfully initiate and complete a wide range of initiatives to reduce our security risk.

To ensure resilience in our digital systems and operations, we are committed to long term continued enhancement of our enterprise security controls, as identified within the NIST CSF and VPDSF.

We will work with others through VicWater and activities conducted by DEECA and the Department of Government Services to drive overall water industry security posture uplift. In addition, we will continue to review and enhance our security capability to meet our regulatory requirements, such as the *Security of Critical Infrastructure Act*, VPDSF and the *Privacy Act*.

We will execute our strategic cyber security strategy and roadmap to ensure Melbourne Water is managing our enterprise cyber security risk profile in line with our risk appetite. Our long-term security roadmap is currently in review and will be revisited on an annual basis to take into consideration our current threat environment.

The year ahead

We will:

- continue to identify financial efficiencies and alternative revenue opportunities to enable us to deliver broader outcomes to the community
- exhibit a long-term view on our price path, ensuring early identification of investment that can deliver long-run benefits while delivering upon the outcomes of *2021 Price Determination*, whilst also preparing for the *2026 Price Submission*
- advance our understanding of the financial risks associated with the impacts of climate change
- further enhance the commercial acumen of our people to ensure that we continue to make financially sound decisions that deliver on our strategic objectives and commitment to customers to keep bills low
- develop and test our ability to respond to and recover from cyber security incidents
- incorporate findings from the State Emergency Management Planning testing activities and VicWater and DEECA testing exercises into our cyber security incident response playbooks.



Our Financials



Overview

Melbourne Water's net profit after tax is expected to be \$390.3 million over the 2024-25 to 2028-29 planning period. This planned performance will enable Melbourne Water to deliver on its Financial Strength goals that ensure efficient outcomes for customers, returns on investment to our Shareholder and operating within desired financial metrics.

Refer to tables and narrative below for an overview of the key financial outcomes.

Summary of financial outcomes

Summary of financial outcomes for the period 2024-25 to 2028-29					
Nominal \$M	2024-25	2025-26	2026-27	2027-28	2028-29
PROFIT AND LOSS					
Total Operating Revenue	2,067.0	2,188.0	2,247.7	2,318.0	2,420.8
Total Direct Operating Expenses	738.0	755.3	807.5	840.1	896.7
Total Indirect Operating Expenses	551.8	590.9	611.9	647.3	687.7
Earnings Before Interest and Tax (EBIT)	777.3	841.8	828.3	830.6	836.4
Finance Charges	596.9	625.7	665.5	713.2	759.8
Tax Expense	81.5	92.3	76.3	62.6	50.2
Net Profit After Tax (NPAT)	98.8	123.8	86.5	54.8	26.4
BALANCE SHEET					
Total Assets	18,870.9	19,571.0	20,269.4	21,150.9	21,976.8
Total Liabilities	10,800.4	11,389.9	12,021.0	12,858.1	13,660.9
Total Equity	8,070.5	8,181.1	8,248.4	8,292.8	8,315.9
CASH FLOW					
Net Cash provided from Operating Activities	497.8	685.9	694.9	724.1	805.0
Net Cash used in Investing Activities	(1,029.2)	(1,250.8)	(1,304.3)	(1,517.6)	(1,532.4)
Free Cash Flow	(571.3)	(584.8)	(618.9)	(802.0)	(737.6)
Net Cash used in Financing Activities	531.3	564.9	609.3	793.3	727.4
Cash to Government	203.0	190.6	169.4	145.8	128.8
FINANCIAL KPIs					
Interest Cover (Cash)	2.1	2.3	2.2	2.1	2.2
Gearing Ratio (Debt to Assets)	47.1%	48.5%	49.9%	51.7%	53.1%
Internal Financing Ratio	45.0%	52.0%	51.4%	46.8%	52.0%
Current Ratio	0.15	0.15	0.14	0.14	0.13
Return on Assets	4.2%	4.4%	4.2%	4.0%	3.9%
Return on Equity	1.2%	1.5%	1.1%	0.7%	0.3%
EBITDA Margin	64.3%	65.5%	64.1%	63.8%	63.0%

All tables subject to rounding

Revenue

Melbourne Water's revenue is projected to be \$11,241.5 million over the 2024-25 to 2028-29 planning period. Our revenue is primarily sourced from water sales, sewage treatment services, the waterways and drainage charge and land development activity.

We anticipate a continuous rise in the demand for water and sewage treatment services, attributed to the increase in demand propelled by population growth. This growth will lead to an increase in waterways and drainage customers, consequently enhancing revenues. Concurrently, the ongoing trend of land development activities is expected to maintain a steady throughout the planning period.

The outlook for revenue from water sales is also subject to climatic conditions and the influence of water conservation programs.

Operating Expenditure

Melbourne Water's direct operating expenditure is expected to be \$4,037.6 million over the 2024-25 to 2028-29 planning period. Operating expenditure consists of the expenses required to operate and maintain the water network (including the Desalination Plant), sewerage treatment services and waterways and drainage services.

Capital Expenditure

Melbourne Water's total planned capital program is \$6,825.0 million over the 2024-25 to 2028-29 planning period.

The increase in capital expenditure is due to investment in renewal of ageing infrastructure, increased investment to prevent decline in health of waterways, land acquisitions to support new developments and investment in new technologies.

Unregulated activities

Unregulated business activity for Melbourne Water is the land sales of Riverwalk Estate in Werribee. Over the planning period revenue of \$20.9 million and operating expenditure of \$2.0 million is expected. Melbourne Water is committed to exploring opportunities to maximise unregulated revenue opportunities. Particular focus is on initiatives that can also deliver benefits to achieving our strategic goals and support carbon reduction targets.

Borrowings

Borrowings are planned to increase by \$3,816.5 million over the 2024-25 to 2028-29 planning period from \$4,850 million as at 30 June 2024 to \$8,666.5 million as at 30 June 2029.

The increase in borrowings is primarily to fund the capital investment program while recurring operations are financed through cash from operating activities.

Loans scheduled to mature over the planning period will be refinanced with Treasury Corporation of Victoria at forecast market rates.

Borrowing Costs

Borrowing costs (excluding leases) are projected to increase over the 2024-25 to 2028-29 planning period. The increase in borrowing cost is in line with the increase in borrowings levels and interest rate forecasts, this is partly offset through active debt management and the expiry of older debt at higher interest rates.

Interest rates are based on the current debt portfolio with refinancing at expected market rates over the planning period. Should actual interest rates trend higher than projections this may result in increased borrowing costs. This however needs to be assessed in conjunction with the cost of debt allowance received through revenue to determine the impact on profit.

The 2023-24 Financial Accommodation Levy (FAL) rate of 0.93 per cent has been used in our forward projections as the Treasurer announces the rate for each upcoming financial year in June. Changes in the FAL rate will directly impact net profits and projected Cash to Government (refer to Payments to Government section for more detail).

Melbourne Water has sought a private credit rating opinion from an independent ratings agency. The current rating has been determined as investment grade and is due to expire on 30 June 2024. At the time of writing Melbourne Water has commenced the renewal of the credit rating and this will be advised to the Department of Treasury and Finance once available.

Payments to Government

Payments to Government in the form of dividends and income tax are expected to total \$552.2 million over the 2024-25 to 2028-29 planning period (refer to Appendices for further detail). Interim and Final Dividend payments are based on the Government's benchmark payout ratio of 65 per cent of net profit before tax less income tax payable. Efficiency dividends are based on expected amounts advised by DTF. No capital repatriations have been included for this planning period.

Melbourne Water will also contribute to Government by way of the Financial Accommodation Levy of \$261.2 million as well as the Environmental Contribution Levy of \$4.4 million and Local Government Rate Equivalents of \$19.8 million over the 2024-25 to 2028-29 planning period.

Cash to Government is sensitive to movements in net profit before tax (refer to Appendices for further detail).

Appendices



Appendix A – Strategies, Drivers and Obligations

The key statutory obligations and other drivers (including acts, policies, licences, agreements and strategies) under which Melbourne Water operates.

Water Supply

- Bulk Water Supply Agreements
- National Parks Agreements and State Forest MOUs
- *Water Act 1989*
- *Water Industry Act 1994*
- *Safe Drinking Water Act 2003 and Regulations 2015*
- *Health (Fluoridation) Act 1973*
- *Catchment and Land Protection Act 1994*
- Statement of Obligations
- Australian Drinking Water Guidelines
- Central and Gippsland Region Sustainable Water Strategy
- Greater Melbourne Urban Water and System Strategy (*Water for Life*)
- Melbourne Water Drinking Water Quality Strategy
- ANCOLD (Dam Safety)
- Hazard Facility licences

Sewerage Services

- Bulk Sewage Transfer, Treatment and Disposal Agreements
- Environment Protection Authority (EPA) Victoria Licences
- State Environment Protection Policy (Waters of Victoria)
- State Environment Protection Policy (Air Quality Management)
- State Environment Protection Policy (Waters of Victoria and Groundwaters)
- *Water Act 1989*
- *Water Industry Act 1994*
- *Statement of Obligations*
- *Environment Protection Act 2017*
- *Climate Change Act 2017*
- *National Greenhouse and Energy Reporting Act 2007 (Commonwealth)*
- Water for Victoria
- Melbourne Sewerage Strategy
- Recycling Victoria: A New Economy
- *Environment Protection and Biodiversity Conservation Act (1999)*
- The Convention on Wetlands of International Importance (Ramsar)

Waterways, Drainage and Catchment Management

- *Water Act 1989*
- *Water Industry Act 1994*
- *Environment Protection Act 2017*
- *Emergency Management Act 2013*
- Principles for Provision of Waterway and Drainage Services for Urban Growth
- *Planning and Environment Act 1987*
- Road Management Act 2004 and Regulations (2015)
- *Subdivision Act 1988*
- Victorian Waterway Management Strategy
- Port Phillip and Westernport Regional Catchment Strategy
- Healthy Waterways Strategy 2018
- Victorian Floodplain Management Strategy
- Flood Management Strategy for Port Phillip and Westernport
- *Catchment and Land Protection Act 1994*
- The Convention on Wetlands of International Importance (Ramsar)

Alternative Water Supply

- Bulk Recycled Water Supply Agreements
- Statement of Obligations
- Environment Protection Authority Victoria Guidelines
- Environment Protection Authority Victoria Licences

Other/All Services

- *Marine and Coastal Act 2018*
- Plan Melbourne
- *Environment Protection Act 2017*

Appendix B – Key Performance Indicators and Targets

Table B1 – KPIs and performance Targets

KPI	KPI Metric	Measure	2024-25	2025-26	2026-27	2027-28	2028-29
WQ1	Water Quality	Compliance with Bulk Water Supply Agreement: Microbiological Standards – E. coli	100%	100%	100%	100%	100%
WQ2	Water Quality	Compliance with Bulk Water Supply Agreement: Aesthetics – Turbidity	91.5%	91.5%	91.5%	91.5%	91.5%
CRM1	Customer responsiveness	Complaints referred to Electricity and Water Ombudsman Victoria responded to within EWOV established time	100%	100%	100%	100%	100%
EM1	Non-compliance with other EPA Victoria License and SEPP parameters – Sewerage system failure	Spills due to sewerage system failure	0	0	0	0	0
EM2	Compliance with EPA Victoria discharge parameter licence requirements						
EM2.1	Western Treatment Plant		100%	100%	100%	100%	100%
EM2.2	Eastern Treatment Plant		100%	100%	100%	100%	100%
E2	Total net CO ₂ emissions ¹	Net tonnes CO ₂ equivalent	204,380	204,380	204,380	204,380	204,380
WW1	Waterways – Drainage and flood protection	Reduction in flood damages over the lifetime of works	\$109M	\$155M	\$201M	\$247M	\$293M
WW2	Waterways condition	Maintain river health (% of 10 target sites at high-value rating)	100%	100%	100%	100%	100%
RW1	Recycled water	Western Treatment Plant recycled water schemes fully compliant with regulatory obligations and their contractual requirements, as outlined in the relevant Bulk Water Supply Agreement					
RW1.1	Volume demands	% supplied of target	100%	100%	100%	100%	100%
RW1.3	Quality	% hours at target quality	100%	100%	100%	100%	100%
RW2	Recycled water	Eastern Treatment Plant recycled water schemes fully compliant with regulatory obligations and their contractual requirements, as outlined in the relevant Bulk Water Supply Agreement					
RW2.1	Volume demands	% supplied of target	100%	100%	100%	100%	100%
RW2.3	Quality	% hours at target quality	100%	100%	100%	100%	100%

¹Melbourne Water is required to meet its Carbon Pledge of 204,380 tonnes CO₂-e in 2024-25 which will require the purchase of offsets.

Appendix C – Risk Management

Melbourne Water continues to enhance our Enterprise Risk Management Framework to continually strive towards best practice and maintain alignment with *Australian/New Zealand Risk Management Standard (AS/NZS ISO 31000:2018)* and meet the requirements of the Victorian Government Risk Management Framework. The framework describes the risk related activities that work together to manage risk and pursue opportunities across the business.

An established *Risk Management Policy and Risk Appetite Statement* sit at the framework's centre and drive an ongoing management of risks within our risk appetite.

The risk policy, appetite, framework and strategic risks are annually reviewed and approved by the Board.

Assessment of our risk culture is included as part of our Organisational Engagement and Alignment Survey which is used for the ongoing development and enhancement of a positive risk culture at Melbourne Water.

Consideration of risk is embedded into our Strategic Planning and Corporate Planning processes. The table below describes the strategic risks and key management actions captured by this *Corporate Plan*.

Table C1 – Strategic risks and key treatment actions

Strategic risks	Key risk treatment actions
The timing and severity of climate change varies significantly from forecasts	<ul style="list-style-type: none"> – Deliver the <i>Climate and Resilience Plan</i> – Adaptive implementation of our service strategies: <ul style="list-style-type: none"> o <i>Melbourne Water System Strategy</i> o <i>Drinking Water Quality Strategy</i> o <i>Flood Management Strategy</i> o <i>Healthy Waterways Strategy</i> o <i>Melbourne Sewerage Strategy</i>
Population growth varies significantly from forecasts	<ul style="list-style-type: none"> – Adaptive implementation of our service strategies: <ul style="list-style-type: none"> o <i>Melbourne Water System Strategy</i> o <i>Drinking Water Quality Strategy</i> o <i>Flood Management Strategy</i> o <i>Healthy Waterways Strategy</i> o <i>Melbourne Sewerage Strategy</i> – Adaptive delivery of our 20 Year Capital Plan – Explore Integrated Water Initiatives
Changes to government policy or regulations significantly impact Melbourne Water	<ul style="list-style-type: none"> – Adaptive implementation of our service strategies: <ul style="list-style-type: none"> o <i>Melbourne Water System Strategy</i> o <i>Drinking Water Quality Strategy</i> o <i>Flood Management Strategy</i> o <i>Healthy Waterways Strategy</i> o <i>Melbourne Sewerage Strategy</i>
Rapid advancement in technology changes ways of working (emerging technology)	<ul style="list-style-type: none"> – Implement our <i>Digital Strategy</i>
Changes in customer and community expectations (Customer and Community Expectations)	<ul style="list-style-type: none"> – Implement our <i>Customer and Community Strategy</i>
Changing workforce requirements and demographics (Workforce Capability and Planning)	<ul style="list-style-type: none"> – Implement our <i>People and Capability Strategy</i> – Implement our <i>Diversity and Inclusion Strategy</i> and associated plans – New Ways of Working research and interventions for execution
Attaining sufficient revenue from customers or funding sources (Revenue and Funding)	<ul style="list-style-type: none"> – Implement our Financial Strength Plan – Planning for our Price Submission/determination
Cultivating a positive and productive organisational culture (Organisational Culture)	<ul style="list-style-type: none"> – Integrate change management for our Organisational Culture Program – Cultivate a continuous learning organisation and leadership development plan
Building and managing relationships with strategic partners (Partnerships)	<ul style="list-style-type: none"> – Implement an adequate resource structure – Implement our Aboriginal Engagement Framework – Execute our partnership agreements

Table C1 - Strategic risks and key treatment actions

Strategic risks	Key risk treatment actions
Adequately responding to the external threat environment (Security)	<ul style="list-style-type: none"> - Delivery of a Critical infrastructure Risk Management Program covering personnel security, physical security, supply chain risk, cyber/information security, natural hazards and other key risks.
Managing the reputation of Melbourne Water	<ul style="list-style-type: none"> - Developing our Government Relations function - Implementation of customer focus systems to deliver stronger insights - Strengthening our brand
Governance, priorities and allocating resources	<ul style="list-style-type: none"> - Implementing our Strategy to Execution process - Developing an adequate resource structure - Implement our Management Operating System

Appendix D – Reportable Capital Projects

Table D1 – Reportable capital projects (\$)

	Water for a Growing North (Q05333 & Q5322)	Hobsons Bay Main Yarra Crossing Duplication (Q05708)	Western Treatment Plant 5W Nutrient Removal Plant (Q03397)	WTP Primary Treatment and Waste Activated Sludge Capacity Augmentation (Q05626 & Y10292)	Western Trunk Sewer Shallow Conduit Rehabilitation (Q05622)	Maroondah Reservoir Outlet and Aqueduct Stage 3A (Q07143)
Total estimated investment (P95)	134,800,000	206,299,000	333,070,000	696,290,000	246,718,000	167,000,000
Capital expenditure in prior years	112,503,180	137,835,949	231,787,317	51,351,790	5,657,949	2,539,762
Capital expenditure in 2024-25	4,954,258	24,275,964	49,013,434	144,091,000	1,520,000	7,170,000
Capital expenditure in 2025-26	-	-	20,230,784	198,725,000	14,917,269	3,320,000
Capital expenditure in 2026-27	-	-	445,090	33,968,000	48,726,779	2,270,000
Capital expenditure in 2027-28	-	-	-	9,458,000	99,126,190	60,470,000
Capital expenditure in 2028-29	-	-	-	3,342,000	59,437,734	175,120,000

Appendix E – Financials

Economic planning assumptions - Diversions (Incl. Regulated, Unregulated and Groundwater)

Typical Customer Size (by entitlement)	2023-24	2024-25	Percentage Change
Medium Unregulated			
Licence Charge (\$ pa)	\$310.44	\$310.44	0%
Power generation licences (\$ per kilowatt)	\$27.87	\$27.86	0%
Charge \$ per ML – All months	\$40.73	\$40.73	0%
Charge \$ per ML – On-stream winter-fill	\$20.50	\$20.49	0%
Charge \$ per ML – Off-stream winter-fill	\$20.50	\$20.49	0%
Charge \$ per ML – Licensed farm dam	\$20.50	\$20.49	0%
Charge \$ per ML – Non-consumptive	\$2.57	\$2.57	0%
Works operating licences - General (\$ per annum)	\$70.00	\$70.00	0%
Works operating licences - Hazardous dams (\$ per annum)	\$118.52	\$118.52	0%
Average annual bill - Unregulated	\$1,040.02	\$1,039.85	0%

Economic planning assumptions - Diversions (Incl. Regulated, Unregulated and Groundwater)

Typical Customer Size (by entitlement)	2023-24	2024-25	Percentage Change
Medium Unregulated			
Licence Charge (\$ pa)	\$310.44	\$310.44	0%
Charge \$ per ML – All months	\$85.25	\$85.25	0%
Charge \$ per ML – Off-stream winter-fill	\$20.50	\$20.49	0%
Average annual bill - Regulated	\$2,257.67	\$2,257.59	0%

Economic planning assumptions - Waterways and Drainage Charge – Impact on Customers - REAL\$2024

Property Type	2023-24 ¹	2024-25 ²	2025-26
Residential Annual Charge	\$118.16	\$117.91	\$118.54
- % Yearly change		-0.2%	0.5%
Non-Residential Annual Charge	\$177.56	\$177.22	\$178.12
- % Yearly change		-0.2%	0.5%
Rural Annual Charge	\$64.88	\$64.73	\$65.09
- % Yearly change		-0.2%	0.5%

¹Previous CP Year represents the current year's annual bill (which will include the effect of CPI adjustments).

²Forecast annual customer impacts are to be provided in real dollar terms (adjusted to exclude the effect of forecast inflation), on the basis of total revenue requirement per total customers.

2024/25 Quarterly Phasing

Nominal \$M	2024-25	Q1 PLAN	Q2 PLAN	Q3 PLAN	Q4 PLAN
PROFIT AND LOSS					
Total Operating Revenue	2,067.0	518.7	514.0	519.7	514.5
Total Direct Operating Expenses	738.0	171.1	166.1	202.4	198.4
Total Indirect Operating Expenses	551.8	131.1	133.4	131.8	155.5
Earnings Before Interest and Tax (EBIT)	777.3	216.6	214.5	185.5	160.7
Finance Charges	596.9	146.0	149.0	149.9	152.0
Tax Expense	81.5	28.1	26.5	17.4	9.5
Net Profit After Tax (NPAT)	98.9	42.6	38.9	18.1	(0.8)
BALANCE SHEET					
Total Assets	18,870.9	18,490.4	18,620.9	18,747.9	18,870.9
Total Liabilities	10,800.4	10,492.6	10,618.3	10,713.6	10,800.4
Total Equity	8,070.5	7,997.8	8,002.6	8,034.3	8,070.5
CASH FLOW					
Net Cash provided from Operating Activities	497.8	101.9	135.3	119.1	141.6
Net Cash used in Investing Activities	(1,029.2)	(299.0)	(269.1)	(243.7)	(217.3)
Free Cash Flow	(571.3)	(197.1)	(133.8)	(124.6)	(115.6)
Net Cash used in Financing Activities	531.3	197.1	133.7	124.7	75.8

All tables subject to rounding

Profit & Loss 2024-25					
Nominal \$M	2024-25	2025-26	2026-27	2027-28	2028-29
Water Sales	976.4	1,031.4	1,062.9	1,092.6	1,143.7
Sewage Treatment	519.1	554.0	562.3	592.3	626.9
Waterways Charges	324.8	342.4	366.6	382.8	399.6
Developer Contributions/Contributed Assets	217.0	237.0	237.0	237.0	237.0
Net Asset Sales	19.4	12.5	7.9	2.0	1.9
Other Revenue	10.4	10.7	11.0	11.3	11.7
Total Operating Revenue	2,067.0	2,188.0	2,247.7	2,318.0	2,420.8
Labour	187.8	192.1	197.4	202.8	208.7
External Services	103.7	65.7	67.6	69.6	71.7
Maintenance	116.3	119.8	123.4	134.1	144.9
Materials	16.3	16.8	17.3	17.8	18.4
IT	55.1	56.8	58.5	60.2	62.1
Energy	38.5	40.1	43.5	43.1	44.8
Fees & Charges	15.7	16.2	16.7	17.2	17.7
Transport	3.8	3.9	4.0	4.2	4.3
Rental & Insurance	9.5	9.8	10.1	10.4	10.7
Grants	11.2	11.6	11.9	12.3	12.6
Other Expense	1.9	2.0	2.0	2.1	2.2
Land Tax	28.6	29.4	30.3	31.2	32.2
Direct Operating Expenses (excl. Desalination Plant)	588.5	564.2	582.8	605.1	630.2
Desalination Plant Operating Expenses	149.5	191.1	224.7	235.0	266.5
Total Direct Operating Expenses	738.0	755.3	807.5	840.1	896.7
Depreciation	405.9	447.7	477.6	512.8	553.7
Depreciation - VDP Service Concession Asset	90.0	90.0	90.0	90.2	90.0
Work in Progress/Asset Write-off	55.9	53.2	44.3	44.3	44.0
Total Indirect Operating Expenses	551.8	590.9	611.9	647.3	687.7
Total Operating Expenses	1,289.8	1,346.2	1,419.4	1,487.4	1,584.4
EBIT	777.3	841.8	828.3	830.6	836.4
Finance Charges	596.9	625.8	665.5	713.3	759.9
NPBT / (NLBT)	180.4	216.1	162.8	117.3	76.6
Tax Expense/(Benefit)	81.5	92.3	76.3	62.6	50.2
NPAT / (NLAT)	98.9	123.8	86.5	54.7	26.4
Indicative Dividend	8.4	13.1	19.2	10.3	3.3
Amount Transferred to/(from) Equity	90.4	110.6	67.3	44.4	23.1

All tables subject to rounding

Distributions to government (cash basis)					
Nominal \$M	2024-25	2025-26	2026-27	2027-28	2028-29
Income Tax Paid	143.8	116.8	94.3	71.1	51.4
Dividend Paid	16.6	25.4	19.2	10.3	3.3
Sub Total	160.4	142.2	113.5	81.4	54.7
Local Government Rate Equivalent	3.9	3.9	3.9	4.0	4.1
Financial Accommodation Levy	37.9	43.6	51.1	59.5	69.1
Environmental Contribution Levy	0.8	0.9	0.9	0.9	0.9
Total Payments to Government	203.0	190.6	169.4	145.8	128.8

All tables subject to rounding

Sensitivity of financial outcomes							
Nominal \$M	Base Case PLAN	Developer Revenue¹		Capital Expenses		Demand and Customers⁴	
		Increase 25%²	Decrease 25%³	Increase 5%	Decrease 5%	Increase 5%⁵	Decrease 5%⁶
Operating Revenue (total)	11,242	11,533	10,950	11,242	11,242	11,361	11,122
Direct Operating Expenses (excl. VDP) (total)	2,971	2,971	2,971	2,971	2,971	2,971	2,971
EBIT (total)	4,114	4,406	3,823	4,095	4,135	4,234	3,995
NPAT (total)	390	594	186	371	411	474	306
Capital Expenses (total)	6,825	6,825	6,825	7,166	6,483	6,825	6,825
Gearing (Debt to Assets) (average)	50.1%	49.6%	50.5%	50.4%	49.7%	49.9%	50.3%
Cash Interest Cover (average)	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Cash to Government (total)	838	1,017	658	832	843	915	760
Free Cash flow (total)	(3,315)	(3,218)	(3,411)	(3,653)	(2,976)	(3,273)	(3,356)

All tables subject to rounding

¹Developer Revenue consists of Developer Contributions and Contributed Assets forecasts. Typically when developer activity increases, a corresponding increase would be reported against revenue and capital expenses (and vice versa). Developer Revenue by nature is difficult to forecast accurately, therefore is exposed to greater sensitivity than other key performance drivers.

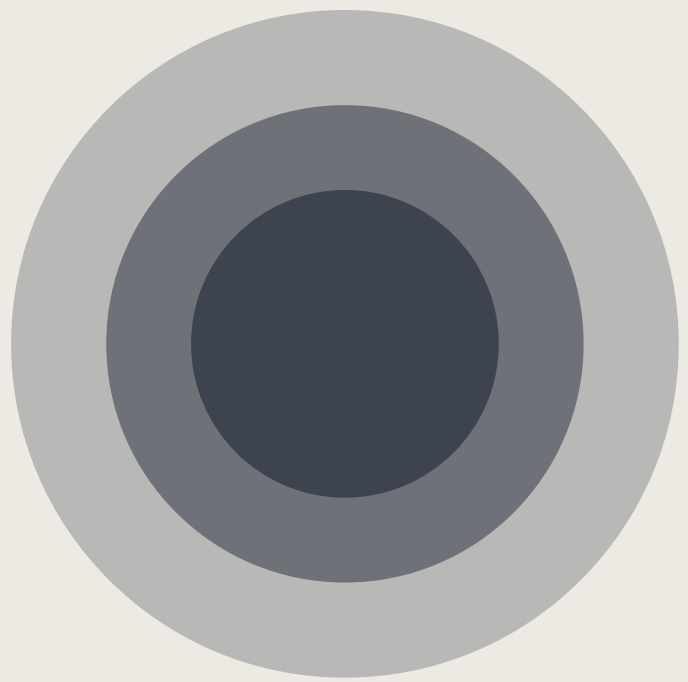
²The 25% increase scenario represents the probability upper range forecast, compared to historical levels.

³The 25% decrease scenario represents the possible slowdown of developer activity compared to the base case.

⁴Demand relates to Bulk Water and Bulk Sewerage volume assumptions, whereas Customers relates to the Waterways Charge customer number assumptions.

⁵The 5% increase scenario represents the sensitivity to a 5% increase in Bulk Water and Bulk Sewerage demand, and a 1% increase in the Waterways Charge customer numbers compared to the base case. Base case assumptions are detailed earlier in the Appendix E - Financials tables.

⁶The 5% decrease scenario represents the sensitivity to a 5% decrease in Bulk Water and Bulk Sewerage demand, and zero growth to the Waterways Charge customer numbers compared to the base case.



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