



Corporate Plan 2020 – 25

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Aboriginal acknowledgment

We acknowledge the Traditional Owners of the Country on which we rely and operate, the land of the Bunurong, Boon Wurrung and Wurundjeri peoples of the Kulin Nations.

We acknowledge their songlines, cultural lore, and connection to land and water. We acknowledge their elders past, present and emerging and thank them for their sharing of knowledge and cultural lore.

Front cover image

The cover of our Corporate Plan 2020–25 is a photo from a traditional smoking ceremony performed by Bunurong Elder Uncle Shane at Frankston beach, just outside our WatersEdge office.

Dan Turnbull, Chief Executive Officer, Bunurong Land Council Aboriginal Corporation has shared the origins and significance of smoking ceremonies to the Bunurong people.

Karakgarook, a female, was the only one who could make fire initially. She would not share it with anyone and kept it in the end of her yam stick. Waa, the crow, the trickster, knew she was fond of ant eggs and so buried many snakes under an ant hill and invited Karakgarook to come and dig up their eggs. As she dug, the snakes popped out and she dropped her stick, some fire fell out. Waa was nearly as selfish and took it away. He would not share it but offered to cook the people's food for them with it instead, always keeping the best parts of the food for himself. Bunjil was angry at this, he gathered all the people who spoke harshly at Waa and he became afraid. He threw the fire on the ground to burn the people, many of whom took some of the fire. Two of Bunjil's sons took some fire and threw it near Waa, the grass around him burned fast and he was burnt black. Bunjil turned him into a crow. Bunjil's two sons were also burnt in the fire and turned to stone. They are now two large stones at the foot of the Tanjenong (Dandenong) Mountain.

The smoking ceremony was a part of daily life for Bunurong people. It was used to cleanse people, places or objects and we continue this practice today. The ceremony would typically involve collecting the correct vegetation from the nearest possible location; Eucalyptus, which represents the mob (the people) due to its many varieties, Native Cherry, which represents the children due to it needing a host plant to feed from, and wattle which represents the Elders. In some instances, Eucalyptus was used on its own but Native Cherry is a flame retardant and assists to produce thick smoke and keep the flames down. The smell from these three types of vegetation fuses together when heated, into something new and powerful. Smoke was considered a vehicle that lost spirits could use to travel to the Tharangalk-beek (Sky Country) to join their ancestors.

Case study: Implementing our Reconciliation Action Plan

We'll implement our two-year innovate Reconciliation Action Plan (RAP) this year. We've been working with representatives from Boon Wurrung, Bunurong and Wurundjeri Traditional Owner groups in our service area to develop our RAP, which seeks to create connections and build trust, respect and understanding of First Nations history, while creating employment and procurements opportunities.

We've submitted our RAP to Reconciliation Australia, and hope to have it approved by mid-2020. But we're not waiting to get started – we're already working to achieve some of the things we've set out in our RAP, like our Barring Djinang/CareerTrackers internship program.

We've also unveiled our RAP artwork, by local Bunurong artist Adam Magennis. It's an abstract insight into the cultural landscape of our service region, highlighting landmarks of historical and cultural significance for First Peoples – helping us to acknowledge, honour and seek to understand what they value most. Our employees had the privilege of hearing from Adam at a recent meet the artist event at our WatersEdge HQ, where he talked about his connection to the land and waters in Melbourne's south-east.

Who we are

At South East Water, we support healthy and liveable communities by delivering water, sewerage and recycled water services to 1.87 million people who rely on us every day and every night.

Our service area borders more than 270 kilometres of coastline and covers a land area of 3,640 square kilometres from Port Melbourne to Portsea and approximately 30 kilometres east of Pakenham.

Each year we deliver more than 134 billion litres of drinking water and collect more than 117 billion litres of wastewater (waste from the toilet, shower, laundry and kitchen in the home and from businesses) at our local water recycling plants and at Melbourne Water's Eastern and Western Treatment Plants.

To deliver for our customers, we manage more than 26,300 kilometres of pipeline. We own, operate and maintain \$4.7 billion of assets including water, recycled water and sewerage networks.

We're a water corporation under the *Water Act 1989*. The activities of our organisation are governed by the *Water Act 1989* and the Statement of Obligations issued by the Minister for Water under Section 41 of the *Water Industry Act 1994*.

All statistics in this plan are current as at 31 March 2020.

Chair and Managing Director Message

Welcome to *South East Water's Corporate Plan 2020–25*. This plan outlines our strategy for creating a better world for our customers as we adapt to our changing environment.

This year, that will be more important than ever. The recent outbreak of coronavirus (COVID-19) in Australia is already having an impact on our residential customers, who may be impacted by job losses and other changes, and our business customers, as they manage the changes and restrictions on their operations.

We're committed to supporting our employees, customers, stakeholders and contractual partners through this time. We've already taken a number of steps to support affordability, like giving our customers who need more time to pay extensions of up to 12 weeks on their bills, as well as supporting trade waste customers to help them stay in business. When it comes to our people, we're focused on ensuring our employees' safety and supporting them through the shift to remote work and home schooling arrangements.

We'll continue to support affordability and keep bills stable (while also looking to invest back into our community through a number of construction projects) to help our customers and our community recover from the impacts of COVID-19.

Our changing climate

COVID-19 is not the only challenge we're responding to. In recent years, Victoria has experienced extreme weather events, like the 2020 bushfires, that increase the need for us to mitigate the effects of climate change and protect our environment for future generations. We're always willing to support our fellow water organisations in times of need. In January 2020 we led the Mutual Aid Coordination Cell and Emergency Drinking Water Relief Program to support our colleagues at North East Water and East Gippsland Water and ensure that residents impacted by the fires had access to clean drinking water.

We'll be sharing our knowledge and experiences of these lead roles with others in our industry this year, to help build our collective industry understanding of how we can respond in times of crisis, and how we can better prepare for extreme weather events in the future.

We'll continue to challenge the way we use – and reuse – water by actively pursuing new recycled water opportunities to reduce our reliance on drinking water and connect more customers than ever to recycled water, for use in their gardens, toilets and laundry. We're also working to secure our water supply through integrated water management (IWM) projects, and we'll be seeking out funding opportunities from government stimulus to deliver these.

We've also set out a number of initiatives in this plan that will help us adapt to climate change to ensure our customers can continue to rely on us for healthy drinking water and the safe disposal of sewage and trade waste.

Supporting opportunities for First Nations peoples

We acknowledge the significant cultural, spiritual and historical connection that Aboriginal and Torres Strait Islander people have with Australia's land and water. We know we can learn from their long history with the land we share, and hope to have our Reconciliation Action Plan (RAP) endorsed by Reconciliation Australia in the first half of 2020. Our RAP seeks to provide opportunities to create connections and build trust, respect and understanding of First Nations history, and create employment and procurement opportunities.

In late 2019, we unveiled our RAP artwork by local Bunurong artist Adam Magennis, and it's now proudly displayed in our WatersEdge foyer. The story behind the artwork is shared with our newest employees when they take part in our orientation program, to help build understanding and appreciation of the significance of the land in our service area to First Nations people.

We've also had great success with our First Nations internship program through *Barring Djinang/CareerTrackers*. We were thrilled to welcome university students Sam, Evan and Japheth to WatersEdge as part of our internship program earlier this year. They each worked in different areas of our organisation, and undertook important work that will help us improve

our services into the future. We can't wait to meet our next group of interns and look forward to the program's ongoing success.

Supporting recreation and our community

This year, we'll continue our Community Grants Program, which seeks to enhance the recreational value of the waterways and bays in our service area, by supporting community-led initiatives to enhance these shared spaces.

In 2019–20 we supported 11 projects as part of the program, which is funded by a commitment we made to support local communities impacted by sewer spills. It's been great to see how projects are supporting community involvement and enhancing our natural environment, and we look forward to seeing how the projects progress in the remainder of the 2019–20 financial year.

Focusing on affordability

Our customer engagement program provides us with great insight into how we can best meet our customers' needs. From this engagement, we know that our customers are looking to us to drive affordability, keep our prices flat through stable pricing, and make improvements that drive efficiencies.

Our customers are also looking to us to support vulnerable customers through our hardship program, which includes offering customers more time to pay, payment instalment plans, access to concessions and government grants, and free financial counselling.

Our digital utility program is just one of the ways that we hope will drive efficiencies and help our customers manage their bills and avoid bill shock – but it's a significant one. We're rolling out our new-generation meters across our network, where they'll monitor water usage in near real-time in our mySouthEastWater customer portal, so our customers can identify continuous water use (that might indicate a leak) and look for ways to improve water efficiency in their home or business. We'll be supporting the roll-out of the meters with both customer and employee education campaigns, to support this transformative change.

Making every drop count

We're committed to supporting Target 155, the Victorian Government's water efficiency program, by continuing to work with our fellow metro water organisations to run our *Make Every Drop Count* campaign.

We'll be looking at a number of water efficiency programs and initiatives from an operational point of view – from expanding our recycled water network to looking at how we can apply the learning from Aquarevo, our flagship development with Villawood Properties, to the development of critical infrastructure at Fishermans Bend.

We're also planning well into the future by working with our fellow metro water organisations to develop the Urban Water Strategy. This plan will set out how we'll secure our water supplies for the next 50 years so we can keep delivering for our customers.

As always, our employees, contractual partners, stakeholders and community are essential for our ongoing success. We're proud to attract the best people from our industry and beyond to our organisation, and are committed to supporting our people with career development and progression and flexible work arrangements.

Although we recognise the uncertainty that we're facing as the global community responds to COVID-19, we're looking forward to the year ahead. Whilst the way we work has changed, we're more committed than ever to supporting our customers, community and employees – and delivering healthy water, now and into the future.

Lucia Cade
Chair

Lara Olsen
Managing Director



Our direction and focus

Healthy Water. For Life

Our purpose every day and every night – at every level of our organisation – is to deliver a continuous flow of healthy water for life. This means bringing our customers the clean water they want, and safely managing the wastewater and trade waste they don't. It means thinking ahead, understanding and even inventing what we need to do now, so that generations to come can rely on us, too.

Our vision

We're helping create a better world for our customers with forward thinking water solutions, for all and always, that won't cost the earth.

Our values

We put safety first

The wellbeing of all our people, customers and community comes first.

We care

We listen to understand.

We do all we can to meet the needs of our people, customers and community.

We're real

We embrace diversity.

We take responsibility.

We do what we say and get things done.

We're bold

We strive to excel.

We have the courage to challenge ourselves.

We're future-focused and accept change is constant.

We discover

We search for new ways to deliver value.

We're curious and creative, learn from mistakes and celebrate success.

We deliver sustainably

Our decisions are made with the understanding every drop and action counts.

Case study: Living our values every day – our Values Ambassadors: 2020-21

We formed our Values Ambassador group in early 2020, inviting employees known for role-modelling our values to join the group. As Ambassadors, their role is to champion our values and uncover and share stories that show how our people are living our values – while encouraging others to become Ambassadors, too.

We know that if our employees are living by our values, they will be delivering these for customers too. We continually check in on our performance via our annual Have your say employee survey. We asked our people if they think our values match our culture, and they told us that we're getting better at listening to feedback and taking action to improve the areas that we didn't score as highly in in the previous survey.

Plus, with an engagement rate of 76 per cent, we're only two per cent behind the highest rating employees in Oceania. But we know we have areas where we can do better – like breaking down barriers and collaborating more, so we'll be working to understand what we can do to improve our workplace culture and our employee and customer experience.



Understanding our world

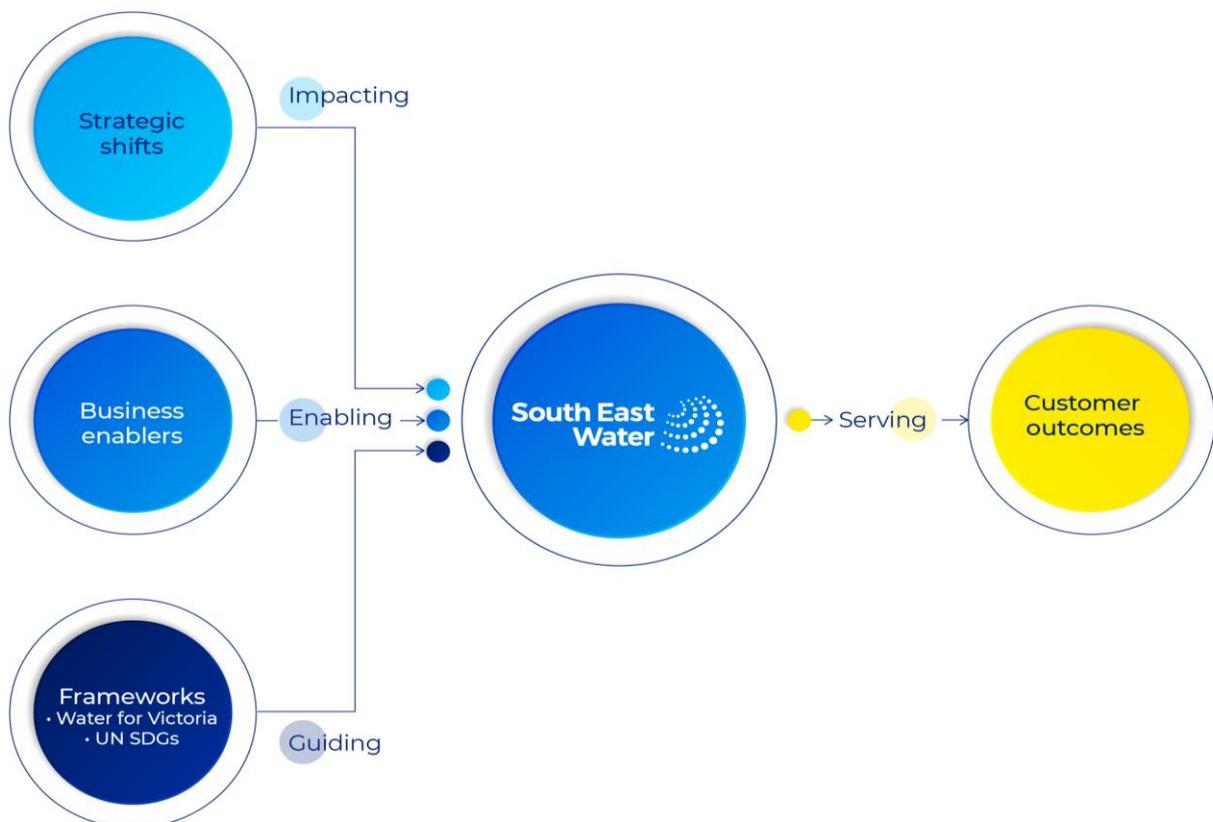
A holistic approach

Our operating environment is underpinned by our regulatory responsibilities and the commitments we've made to our customers. These include delivering the Victorian Government's strategic, long-term plan for managing our water resources, *Water for Victoria*, our obligations under the United Nations Global Compact, adapting to climate change and the changing world we live in.

In 2018, we delivered our *Five-year Customer Commitment 2018–23*, an important part of our regulatory commitment to our customers that sets our pricing structure and focus until 2023 (our **customer outcomes**). Our customer outcomes were developed in consultation with our customers and reflect the things that matter most to them – from getting the basics right to supporting their local communities. Our customer outcomes inform the initiatives in the *Delivering for our Customers* section of this plan.

Because we understand the world we live in, and the changes we're likely to see in our industry and beyond, in 2019 our Board, Executive team and senior leadership worked together to develop five strategic shifts to help drive our organisation forward. In developing our strategic shifts, they considered our customer outcomes, our purpose, vision and values.

In this section of our *Corporate Plan 2020–25*, we've explored what these responsibilities and commitments mean to us, and how we're equipping our organisation and our people for our changing work environment.



Our customer outcomes

We've promised to deliver on these outcomes over the next five years in our *Five-year Customer Commitment 2018–23*. Refer to section *Delivering for our Customers* on pages 27 – 40 to read about how we're delivering on our customer outcomes

1. Get the basics right, always

Our customers want safe and reliable services, now and always. At its essence, this means clean and quality drinking water, and the safe disposal of wastewater and trade waste.

2. Make my experience better

Our customers told us that they want a better experience with us, every time they talk to us, see us in the street maintaining and repairing our network, or visit us online.

3. Warn me, inform me

Our customers want to be warned, and kept updated, about disruptions – both planned and emergency.

4. Fair and affordable for all

Our customers told us that because water is the most essential of services, it must be fair and affordable for everyone.

5. Support my community, protect our environment

Our customers want us to support their community and protect our environment – delivering long-term water security in a way that honours the environment and ongoing liveability.

Our business enablers

Underpinning our customer outcomes are business enablers that position our organisation to deliver on the priority policy areas outlined in *Water for Victoria* (see page 11), our five strategic shifts (see page 16) and the United Nations Sustainable Development Goals (see page 12), and to operate in a changing environment.

Our business enablers are: **People, Technology, Financial capability, and Legal and Governance.**

Water for Victoria

Water for Victoria is the Victorian Government's strategic, long-term plan for managing our water resources, now and in the future. It was developed and informed by community expectations, particularly in the areas of health, recreation, liveability, Traditional Ownership and economic development.

This plan aligns with the priority policy areas set out in *Water for Victoria* and the seven priority areas of the Minister's Letter of Expectations 2020–21:

Climate change

Water corporations are required to undertake activities and provide services that minimise environmental impacts, mitigate climate change and demonstrate reasonable progress in integrating climate change adaptation into planning and decision making across the business.

Customer and community outcomes

All aspects of service delivery will be customer and community centred and will continue to build extensive and effective community engagement and partnerships in planning and implementation of service delivery.

Water for Aboriginal culture, spiritual and economic values

Recognise and support Aboriginal culture values and economic inclusion in the water sector.

Recognise recreational values

Support the wellbeing of communities by considering recreational values in water management.

Resilient and liveable cities and towns

Contribute to healthy communities by supporting safe, affordable, high quality services and resilient environments.

Leadership and culture

Reflect the needs of our diverse communities and develop strategies and goals that will increase cultural diversity in the workforce and gender equity in both executive leadership and throughout the organisation.

Financial sustainability

Delivering safe and cost-effective water and wastewater services in a financially sustainable manner.

Refer to section *Delivering for our Customers* on pages 27–40 to read about how we're meeting these expectations.

United Nations Global Compact

We're a member of the United Nations Global Compact (UNGC), the world's largest corporate sustainability initiative. The initiative has established a path to help end extreme poverty, fight inequality and injustice and protect our planet by 2030.

As a member of the Compact, we've committed to working to achieve the ten principles that align to responsible business practice and also support the broader 17 United Nations Sustainable Development Goals. Each of the ten principles falls under one of four key banners of human rights, labour, environment and anti-corruption. You can read about these in Appendix E.

This year, we'll work towards integrating the principles of the UNGC into our strategy, culture and daily operations and will submit our third Communication of Progress report for the United Nations included in our Annual Report.

We've embedded the 17 Sustainable Development Goals (SDGs) into our corporate strategy to help achieve the world we aspire for under the UNGC. There are five goals that represent the core theme of our customer outcomes, but we also recognise as an essential service provider our work extends to all 17.

We're supporting the 17 Sustainable Development Goals

The five core goals that align most closely with our operations are shown with a black outline.



We've mapped our customer outcomes and the SDGs they align with in the table on the following page. We've also mapped how our strategic initiatives are helping us deliver the goals in the *Delivering for our Customers* section of this plan on pages 27 – 40.

Alignment of customer outcomes to the Sustainable Development Goals

Customer Outcome	Core SDGs				Additional SDGs				
Get the basics right, always	6 CLEAN WATER AND SANITATION 	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 			5 GENDER EQUALITY 	10 REDUCED INEQUALITIES 	14 LIFE BELOW WATER 	15 LIFE ON LAND 	16 PEACE, JUSTICE AND STRONG INSTITUTIONS 
Make my experience better	6 CLEAN WATER AND SANITATION 				3 GOOD HEALTH AND WELL-BEING 	8 DECENT WORK AND ECONOMIC GROWTH 	11 SUSTAINABLE CITIES AND COMMUNITIES 	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	17 PARTNERSHIPS FOR THE GOALS 
Warn me, inform me	6 CLEAN WATER AND SANITATION 				4 QUALITY EDUCATION 	16 PEACE, JUSTICE AND STRONG INSTITUTIONS 			
Fair and affordable for all	6 CLEAN WATER AND SANITATION 	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 			1 NO POVERTY 	7 AFFORDABLE AND CLEAN ENERGY 	11 SUSTAINABLE CITIES AND COMMUNITIES 	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	
Support my community, protect my environment	6 CLEAN WATER AND SANITATION 	11 SUSTAINABLE CITIES AND COMMUNITIES 	13 CLIMATE ACTION 	17 PARTNERSHIPS FOR THE GOALS 	2 ZERO HUNGER 	8 DECENT WORK AND ECONOMIC GROWTH 	7 AFFORDABLE AND CLEAN ENERGY 	14 LIFE BELOW WATER 	15 LIFE ON LAND 
Business Enablers	5 GENDER EQUALITY 	10 REDUCED INEQUALITIES 			8 DECENT WORK AND ECONOMIC GROWTH 	11 SUSTAINABLE CITIES AND COMMUNITIES 	16 PEACE, JUSTICE AND STRONG INSTITUTIONS 	17 PARTNERSHIPS FOR THE GOALS 	

Understanding our operating environment

Adapting to climate change

An increasing focus on long-term sustainability requires us to play a proactive role in the health of our community and environment.

Climate change impacts the security of our water supply and our ability to supply the water and wastewater services our customers rely on – and the impacts range from damage to our assets in extreme weather events such as bushfire or storms, through to drought affecting water storage levels. That's why we're investigating the current and future impacts of climate change across our business, and making changes to make sure we're prepared to act. This includes embedding climate resilience into the way we design and operate our assets, and how we deliver our services through our Climate Adaptation Strategy.

Changing customer expectations

The world we live and work in is increasingly interconnected – for us and our customers.

Innovation and disruption in one industry invariably drives change in others. Our customers apply the same expectations to us as they do all service providers, from quality of service to payment flexibility. We're continuing to listen to our customers, and collaborating both inside our sector and beyond, to ensure we continuously improve our customers' experience.

Population growth

The population in our service area is forecast to double by 2065, which will place increasing pressure on our drinking water supplies and create higher volumes of wastewater at our water recycling plants.

Long-term trends also indicate a shift towards renting and high-density living, which will impact how we adapt our service offerings in line with these lifestyle changes.

Next-generation workforce

Our world is constantly changing and the services we provide to our customers and the community are always evolving. A workforce that is bold and proactive with next generation workforce skills is critical to our success and ability to keep pace with the changing world around us.

We know we need to continue to attract the right people with the right skills to achieve our vision and strategic objectives. That's why we're establishing a future workforce capability plan that will create an exceptional experience at work, so we can attract and retain the best people from our industry and beyond. To do this, we're developing approaches that support diversity, flexible work and professional growth.

Technological change

Technology and connected devices provide increasing access to real-time data, predictive analysis and remote monitoring. This will support greater connectivity between our organisation and its assets and customers, and enable efficiencies to help maintain affordable services.

The Internet of Things (IoT), also known as the fourth Industrial Revolution, will have a major impact on many industries in the very near future. As a forward thinking water organisation, we're well placed to be one of the major beneficiaries of the IoT, as the increased data will allow us to better understand and monitor our network for leaks, bursts or disruptions, and create efficiencies that will allow us to keep our prices fair and affordable.

We've started to prepare our network for the IoT, with over 70,000 remotely connected assets already sending near real-time data to our operations team. This is just the first step in our journey to become a truly digital water organisation and IoT will take this to the next level, increasing the scale significantly as well as the volumes of information that will be transacted.

The benefits of IoT technology can already be seen in the application of new technologies including digital meters, Advanced BlokAid® and OneBox®, which – having been proven

within our network – are now being trialled by our fellow water organisations through partnerships led by Iota.

Refer to section *Delivering for our Customers* on pages 27–40 to read about how we're adapting to these changes.

Our strategic shifts

We've examined how our operating environment might evolve, and how we then evolve our business model, to successfully navigate future challenges and trends likely to affect the water industry.

Over a series of strategic workshops and engagement with our Executive team, Board and over 50 senior leaders who report directly into our Executive team, we've developed five strategic shifts. We believe these can help us make the changes we need to direct our focus and provide long-term water security and affordability.

As a result, we're evolving the relationships we have with our customers, and moving towards a model where our systems are fully integrated with their preferred technologies, and where their needs shape our decisions – all while keeping our services fair and affordable for all.

Our strategic shifts focus on customer and service objectives, fit-for-purpose water and resource recovery, partnerships, integrated customer systems and technology, and next-generation workforce skills.

Our future-focused Aquarevo project is a key example of how we intend to – and have already started – shifting our strategic direction.

Five strategic shifts

Move from a business shaped by regulations and revenue objectives to a business shaped by customer and service objectives. We championed changes to regulations so our customers could benefit from using treated hot rain water to bathe and shower in the Aquarevo development, and it's our hope that customers in future estates can benefit from using this sustainable water source too.

Move from traditional services to fit-for-purpose water and resource recovery services for a broader customer set. Like how Aquarevo homes are supplied with three types of water with each specifically chosen for an intended use to deliver tailored solutions, and reduce reliance on drinking water for purposes that don't need it. What we learn from the Aquarevo project will have broader community application in future.

Transition from a transactional relationship with suppliers to capability-led partnerships with industry and suppliers. Our partnership with Villawood Properties to develop the Aquarevo estate is a prime example. We looked to this industry expert to enable us to bring to life our vision for a sustainable community where homes perform the water savings for our customers.

Move from internally-focused asset, technology and operational silos to integrated customer-focused systems and technologies. We know our customers want greater transparency. So by using digital meters at Aquarevo and collaborating with other utilities we're able to show customers near real-time water and electricity use data to provide them with a more integrated experience.

Change the generally compliance-driven, risk-averse workforce to one that is bold and proactive with next generation workforce skills. Our teams have driven and engineered the innovations and new water technology solutions that have allowed us to make water and energy savings at Aquarevo homes a reality. From designing the OneBox® to the TankTalk solutions, our people already show they're prepared to lead and we'll continue to promote and encourage this in our future workforce.

We've mapped how our strategic shifts relate to our customer outcomes in the *Delivering for our Customers* section of this plan on pages 27–40.

How we'll measure success

This plan includes a set of key performance measures that align to each of our customer outcomes and business enablers (see Appendix B), and our obligations under Water for Victoria and the United Nations Sustainable Development Goals (see page 18).

In setting these demanding but realistic targets, we've considered our:

- long-term strategic direction and our strategic shifts
- drive for organisational performance
- delivery of strategic initiatives and
- priority policy areas that support Water for Victoria.

Like all Victorian water organisations, we're also required to incorporate measures set out in the Victorian Water Industry Performance Reporting Framework.

In setting these targets, we've considered:

- historical performance
- changed environmental conditions
- delivery of strategic initiatives
- continuously improving the service we deliver to our customers.

We regularly communicate on the progress we're making towards achieving our targets both throughout our business and to the Department of Environment, Land, Water and Planning (DELWP).

Each year we evaluate our performance and make necessary adjustments to our performance measure dashboard to ensure we position our organisation to deliver on our purpose.

Our key performance targets 2019-20

Get the basics right, always	Three-year average	2019-20 target	2020-21 target	2024-25 target
Number of water bursts and leaks per 100 kilometres <i>Target calibrated to three year historical average and current climate conditions.</i>	34.7	32.1	34.8	34.8
Number of water quality complaints per 1,000 customers ~ <i>Continued commitment to customer preference identified during the price submission and considering current climate conditions.</i>	1.1	1.8	1.8	1.8
Number of sewer spills avoided <i>Target strengthened to drive continuous improvement beyond baseline year performance.</i>	N/A	1,857	2,500	2,500
Number of sewer spills per 100 kilometres <i>Target revised to consider three year historical performance, changing climate and adverse impacts to ground conditions.</i>	10	8.7	9.7	9.7
Make my experience better	Three-year average	2019-20 target	2020-21 target	2024-25 target
Customer satisfaction rating** <i>Target increased to align with price submission commitment and to reflect ongoing customer focused initiatives.</i>	N/A	80%	83%	85%
Number of complaints per 1,000 customers <i>Target increased to encourage increased reporting of customer complaints so we can capture insights and drive continuous improvement.</i>	2.9	4.3	6	9
Customer trust rating*^ <i>Target increased to reflect baseline year performance (2019-20) and continued investment in customer outcomes.</i>	N/A	65%	80%	82%

Warn me, inform me	Three-year average	2019-20 target	2020-21 target	2024-25 target
Customers impacted by unplanned water supply interruptions during peak times * % of total customers impacted by water supply interruptions <i>Targets aligned to price submission commitment of year on year improvement.</i>	N/A	27.8%	27.7%	27.6%
Customers notified per unplanned interruption as a percentage of total customers affected <i>New KPI developed to capture the communication of unplanned outages on all affected customers.</i>	52%	New KPI	59%	64%
Fair and affordable for all	Three-year average	2019-20 target	2020-21 target	2024-25 target
Number of customers supported by South East Water Assist program (L4) <i>Ongoing alignment with price submission commitments made to customers.</i>	5,616	5,575	5,854	7,880
Customers positively impacted after participating in the hardship program (%) <i>New KPI developed to gain insight into the level of impact the hardship program has with assisted customers.</i>	-	Base line	-	-
Operating cost per property (nominal dollars) <i>Target aligns to our continuous improvement of forecasting processes to assure we're prudently managing operating expenditure and meeting our efficiency commitments.</i>	142	143	149	149
Support my community, protect our environment	Three-year average	2019-20 target	2020-21 target	2024-25 target
Total net CO ₂ emissions <i>Target aligns to our delivery on the Energy Master Plan that sets the pathway to net zero emissions by 2030.</i>	40,833	36,122	33,978	23,016
Volume of recycled water use (gigalitres) <i>Target reflects ongoing commitment to the delivery of recycled water into new developments in designated areas.</i>	6.2	5.7	5.8	6.2
Residential water usage – litres per person per day <i>Target reflects ongoing behaviour change activities and emerging technologies delivered to customers.</i>	161	162	160	154

Business enablers	Three-year average	2019-20 target	2020-21 target	2024-25 target
Gender balanced workforce in senior leadership positions <i>Target reduced for 2020-21 to reflect an ongoing commitment toward achieving the five year result.</i>	28.2%	50%	40%	50%
Senior leader safety improvement interactions <i>Continued demonstration of senior leaders in the organisation engaging with employees around safety.</i>	126	155	162	167
Reduction in Total Recordable Injury Frequency Rate (TRIFR) <i>Target reflects current performance and ongoing commitment to 0.5 reduction per annum.</i>	12.6	9.50	9.0	7.0

We've broadened where we're measuring this, including water supply interruptions and community surveys.

~ Water quality complaints are a sub-set of 'Number of complaints per 1,000 customers'.

^ We've broadened where we're measuring this, including water supply interruptions and community surveys.



Inside our world

Our customers

Our customers rely on us for safe, reliable water, wastewater, trade waste and recycled water services, a high quality customer experience, modern infrastructure and a reduced environmental footprint. They look to us for new products and services and for solutions that extend to every household and business, and every budget, that supports their lifestyle.

Our customers live in one of Australia's most culturally diverse regions, and speak more than 200 languages.

Our water and sewer network covers high-rise communities in Southbank through to growth suburbs in the Casey–Cardinia region, and from intensive industrial areas in Dandenong, to small agricultural holdings in Somerville.

Ninety-two per cent of our customers are residential customers who rely on us for their home water use and wastewater removal.

Eight per cent of our customers are commercial and industrial customers who rely on us for their water, wastewater removal and trade waste discharge management services. By providing these services, we're helping maintain a safe and reliable sewer network and environment.

Our customers also rely on us for agricultural, recreation and community use – from farmers to sports fields, hospitals to council and community centres.

We're engaging with our customers to understand their needs and ensure the flow of healthy, affordable water to everyone in our community. Our approach to this engagement is built around relationships, and in particular:

- initiating conversations
- building trust and advocacy
- shaping experiences
- co-creating for outcomes.

We're keeping our customers at the centre of everything we do and have set out five core outcomes that reflect our customers' needs and expectations to support healthy, liveable communities.

Case study: Our Customer and Community Advisory Council

We're part of our customers' lives every day – both at home and in their communities. That's why we're working with our Customer and Community Advisory Council to help inform important decisions that impact our customers and the communities they live in.

Our council members reflect the diversity of our service area. It's made up of cultural and community leaders, technology and environmental experts, youth and council leaders, and people from the business and agricultural sectors. Like the best kind of critical friend, they bring new perspectives and challenge us to create new ways to better support customers and businesses in our service area, while protecting our precious water supplies.

Both this year and last year, the Council helped shape the initiatives in our Corporate Plan, to make sure our vision for the future was in line with the things that matter to our customers and community.

They also provided positive suggestions about the use of our resources and funds, review campaigns and question customer impacts with disruptions. These ideas help us maintain innovation in our community and customer approach. The Council will continue to inform and advise on this and other initiatives throughout the coming year.

Our people

A safer workplace

We put safety first.

We put safety first in everything we do and are focused on supporting the health and wellbeing of our people – from our permanent, casual and fixed-term, employees, to contractors and partners who deliver services on our behalf, to the suppliers we work with and our customers and their communities.

We continually strive to keep safety at the forefront of everything we do, and lead safe work practices.

We reduce operational safety risks by taking a best practice approach – by continuing to implement effective safety management systems, comprehensive training programs and above all, safety leadership demonstrated by our people, at all levels of our organisation.

We know that when the people we work with and rely on (like our contractual partners, and suppliers) are happy and healthy, they'll be able to perform to the best of their ability and achieve great things both at work and at home. That's why we're taking a strategic approach to employee wellbeing by focusing on **prevention, promotion and support**.

An inclusive workplace

Our people are as diverse as the communities we serve. We're proud to provide a safe workplace for everyone, and we understand that an inclusive, diverse workplace benefits everyone, by helping us better understand and serve our employees, customers and community.

We're continuing to embed flexible work to support work life balance for all of our employees, at all life stages, for whatever reason.

Innovation and transformation underpin everything we do

We know that when our people are engaged and empowered, our customers benefit. That's why we're continuing to develop our current and emerging leaders and creating clear links between customer and employee trust and our strategic outcomes.

We're keeping pace with the changes in the world around us and getting ready for the future of work. We're creating an environment where our people challenge themselves to discover new solutions to existing and emerging issues, use their skills and knowledge to respond to climate change, and drive water efficiency in everything we do – so we can deliver on our promise to provide healthy water, for life.

Working behind the scenes we have over the full time equivalent of 669 employees (and 703 employees overall) working as engineers, scientists, analysts, emergency technicians, information technology and customer support people.

Our people are supported by a range of highly skilled partners. They're service providers, property developers, plumbers, builders, real estate agents and council workers, among others.

Case study: Supporting parents with our enhanced parental leave policy

We're committed to equality, supporting and providing an environment where all of our employees can enjoy the same opportunities with the birth or adoption of a child.

That's why we've made significant enhancements to our parental leave policy, empowering all of our employees to play an active role in the first year of their child's life.

We've removed primary and secondary carer labels, and now offer 14 weeks paid parental leave to all parents and carers. This may be taken at any time in the first 12 months of their baby's life.

We've also chosen to pay superannuation on unpaid periods of parental leave for up to 52 weeks. This makes sure our people have ongoing financial security and investment in their careers during time away from the workforce while helping close the wage gap between men and women.

Our Keeping in Touch program is designed to support our people throughout their parental transition with coaching, keeping in touch days and flexible options for returning to work.

This ensures they feel engaged and connected to our organisation, enabling them to make their own choices about how they care for their family, based on what works for them. Ultimately our customers benefit too. We're more likely to attract and retain people who feel more valued, and that leads to people who are more committed to providing their very best.

Our stakeholders

To be successful we need to work closely with all stakeholders including individuals, groups and organisations that are interested in or affect, or could be affected by, our activities, products or services.

They include community groups, contractors and consultants, plumbers, developers, employees, suppliers and more than 600 schools – and extend to state government departments and regulatory authorities, the water sector, key business customers, local councils, members of parliament and many others.

Our local communities

Our service region covers 17 local councils. They're some of our largest customers and valued partners, and like us, work to make their communities better places to live. We work with them on a range of initiatives for a variety of purposes – from supporting vulnerable customers to planning and liveability to water security.

We're also focused on building relationships with the many groups that make up our community to reach more people and grow our understanding of what matters to them and how we can partner to make a real difference – like through our annual Community Grants Program. They've told us that health and liveability, environment, affordability, and water security and planning matter most, and we're looking at how we can better support this through our daily operations and longer-term planning.

We're also working to be more open and visible within our community so our stakeholders, community and customers know what we're doing and what that might mean to them.

Our business customers

Our 51,963 business customers include some of Australia's largest employers from manufacturing and agriculture to healthcare and hospitality.

Food production and food manufacturing make up a quarter of our 200 largest customers. We're driving growth in three of Melbourne's National Employment and Innovation Clusters, at Dandenong, Monash and Fishermans Bend, each representing a concentration of linked businesses and institutions providing a major contribution to the Victorian economy.

Across all business segments, we're working with our largest customers to streamline their experience with us while exploring ways to create more value for their customers and help them plan for the future.

Our assets

To deliver for our customers, we manage more than 26,300 kilometres of pipeline. We operate and maintain \$4.7 billion of assets including water, recycled water and sewerage networks.

This includes:

- more than 14,127 kilometres of water mains*
- more than 11,069 kilometres of sewer mains*
- more than 1,124 kilometres of recycled water mains*
- 82 water pump stations
- 275 sewage pump stations
- 8 recycled water pump stations
- 8 water recycling plants
- 1 stormwater treatment plant.

Melbourne Water is the bulk supplier of water and sewage treatment in Melbourne.

*All figures quoted as at 31 March 2020.

Our commercial capability

Iota is a wholly-owned subsidiary of South East Water and plays an integral role in achieving our vision – taking new innovations born at South East Water and commercialising them for use beyond our borders.

This not only helps other water organisations around the world become more efficient, but delivers economic and social benefit for South East Water, our customers, and Victoria.

Following several successful deployments of its OneBox® technology with utilities in Australia, New Zealand and as far as Ireland, Iota has continued to expand through the commercialisation of additional technology solutions. There are now a dozen utilities trialling its Advanced BlokAid® technology to monitor levels in sewer and stormwater drains in near-real time, and Iota is sharing South East Water's digital meter and IoT Platform technology with industry following successful trials and preliminary installations in our network.

Iota also manages South East Water's Priority Plumbing business, offering integrated water management solutions and industrial and residential plumbing services in Melbourne's south east and beyond.

For more information visit iota.net.au

Case study: Advanced BlokAid® technology supporting pollution prevention

Melbourne's waterways are home to precious aquatic wildlife and provide local communities with important, liveable spaces to gather, play and celebrate. Melbourne Water manages over 8,600 kilometres of Melbourne's waterways to ensure water quality and health. However, when Melbourne Water tested the water quality of Dandenong Creek and Old Joe's Creek, it found heavy metals in the water, which pose a risk to the health of the rivers and the animals and communities that rely on them.

Our commercial arm, Iota, have teamed up with Melbourne Water (MW) to trial seven Advanced BlokAid® devices in stormwater drains throughout MW's Dandenong Creek catchment areas to monitor for potential contaminants. This project involved using Advanced BlokAid® to monitor stormwater levels into the creeks to help understand the water patterns and identify any unexpected peaks that could indicate illegal waste disposal.

Managing risk

A well-managed organisation

Our governance and management frameworks are focused on meeting our statutory requirements, regulatory obligations and delivering upon government policy. Our Board of Directors preside over all significant commercial, regulatory, financial and risk-focused business decisions.

Quality management systems underpin our performance against the measures outlined in this plan. We have a number of management systems and standards in place that are subject to independent auditing and certification, and we regularly audit our operations to ensure we remain compliant and to identify opportunities for improvement.

Managing risk

Managing risk is central to our ability to remain a reliable and successful essential services provider for our customers, today and tomorrow.

We know the world we work in is changing, and we want to lead the charge to meet the challenges of climate change. We're adopting new technologies and looking for new ways to better what we do and minimise the risks of a warmer and drier climate to our organisation and customers.

That's why we've redefined our risk appetite in line with our strategy in order to provide internal boundaries for better decision making and ensure highly efficient governance. Risk management will always be a key focus and is embedded across all of our management systems and processes (refer to Appendix D part one).

We maintain an enterprise risk management framework consistent with the Australian/New Zealand Risk Management Standard (AS/NZS 31000:2009) and the requirements of the Victorian Government Risk Management Framework 2015.

Our risk framework incorporates our risk appetite and is built on implementing a consistent, forward looking approach to identifying and assessing uncertainty that may positively or negatively impact our ability to achieve our purpose and ambition.

This is reflected in the following key elements of our framework:

- a board approved risk management policy, risk management framework and risk appetite
- active management and review of the material risks that may impact on the achievement of our objectives
- continuity and emergency management plans to guide our organisation in case of disruption or to manage incidents and emergencies when they occur
- certified management systems for Quality, Environment, Occupational Health and Safety and Hazard Analysis and Critical Control Points
- assurance over key controls through a risk-based audit plan
- a comprehensive insurance program.

Every year we prepare a report to DELWP on our material strategic risks. Appendix D Part two describes at a whole of entity level, our material risk areas (in no particular order) and how they are managed



Delivering for our customers

Outcome 1: Get the basics right, always

Our customers have told us that they want safe and reliable services, now and always.

At its essence, this means clean and high quality drinking water, and the safe disposal of wastewater and trade waste.

Our approach

We'll continue to meet our water quality standards and complaints targets by using customer-focused systems and technologies across all areas of our organisation.

We're increasing our investment in our water mains renewal program and investing in new water supply infrastructure throughout our network so our customers can continue to rely on our services. One of the ways we'll do this is by preparing for growth in Clyde, Officer and Pakenham East in Melbourne's south-eastern growth corridor, as well as in Fishermans Bend in inner-city Melbourne.

In addition to increasing investment, we're reviewing our maintenance service delivery model with a view to developing strategic partnerships with our service providers so we work more collaboratively to achieve better outcomes for our customers, the environment and to continue driving business efficiencies.

To maintain our current high levels of sewerage reliability, we're going to invest in our sewerage network, including our Boneo and Longwarry water recycling plants, so we can treat sewage appropriately and in line with our customer and service objectives and support our growing population.

These initiatives will help reduce wear on our assets over time, and help us manage and plan for future expenditure.

We'll also look at ways to better understand how water, trade waste and sewerage issues affect our 51,963 business accounts, with a specific focus on interruptions and their subsequent impact.

Case study: *Upgrading our Boneo Water Recycling Plant*

Our Boneo Water Recycling Plant upgrade will continue to be a hive of activity over the coming year. Through our contractual partner John Holland SUEZ Beca joint venture, we're expecting most of the plant construction to be finished by the end of the year. This is great news for residents with some of our new assets working over the 2020–21 summer peak period.

Once fully operational, the plant will allow more than 16,000 properties between Rye and Portsea to make the switch from septic to sewer. It will also move us close to our emissions reduction target of 45 per cent by 2025 with new technologies helping reduce our reliance on grid electricity in the treatment process.

The works will also include installing more advanced technologies to ensure the reliability of supply of the 1.5 billion litres of recycled water we produce at the plant and provide to nearby farmers, businesses and irrigators each year, delivering for our valued business and agricultural customers.

The upgrade to Boneo is our largest construction project to date. It's one of the many ways we're planning for the future and supporting population growth while helping protect the environment we live in.

What we'll deliver in 2020–21		Related outcomes*	Strategic shift alignment
1.1	We'll continue to meet our safe drinking water regulations to maintain public health in our community.	5	Business led by customer and service objectives
1.2	We'll review our maintenance service delivery model with a view to developing strategic partnerships with our service providers, working more collaboratively to achieve better outcomes for our customers, our environment and to continue to meet our efficiency commitments.	2	Business led by customer and service objectives
1.3	We'll use new and emerging technology to minimise unplanned water and sewer interruptions and prioritise renewals in areas with high community and/or environmental impact.	2, 3	Integrated customer focused systems
1.4	We'll prepare for future population growth in new and existing service areas by increasing capacity in our water and sewerage network. For example, we're significantly upgrading the Boneo Water Recycling Plant (now near capacity) and starting the design of the Longwarry Water Recycling Plant upgrade.	5	Business led by customer and service objectives
1.5	We'll continue to plan for the security of our future water supply. We'll do this by developing the Urban Water Strategy to secure our water supplies for the next 50 years.	5	Business led by customer and service objectives

*other customer outcomes this initiative supports.

Link to *Water for Victoria*

- Customer and community outcomes
- Resilient and liveable cities and towns

UN Sustainable Development Goals

6, 9, 5, 10, 14, 15, 16

UN Principles

2, 3, 10

Outcome 2: Make my experience better

Our customers told us that they want a better experience with us, every time they talk to us, see us in the street maintaining and repairing our network, or visit us online.

Our approach

We're enhancing the experience our customers have with us by improving how we resolve issues and building capability-led partnerships that inform our decision making.

As we look to the future, we're going to keep working with our customers to explore effective and meaningful ways to engage them around who we are, what we do, the services we offer, and share knowledge about the value of water.

We're working to better understand our customers' needs, and in turn, continue to build customer trust.

Our ongoing customer feedback program builds on the research that began with our *Five-Year Customer Commitment* (and informed the outcomes in this Plan). We track our performance through our monthly brandtracker (community) survey and up to 3,000 customer surveys every month following interactions and water service interruptions. We also listen to complaints and feedback to understand how we can do better in the future.

All of this, combined with insights from our website, customer portal, app and education website, helps us gauge our customer sentiment and identify opportunities for us to make our customers' experience better.

Case study: *Building a better experience on our online platforms*

We know that technology plays a vital role in increasing value for our customers. Between July 2019 and January 2020, 690,500 customers engaged with us through one of our digital channels compared to nearly 302,000 calls to one of our customer service teams. That's why we're improving our online platforms to make our customers' experience better including creating a new customer website.

Our customers want a simpler experience, which is why we're building an online experience that'll be easier for our customers to use and understand. Our new website will be responsive, so it'll work well on any device. It will also be accessible for people of all abilities. We're planning to deliver this new experience by late 2020.

We're also making it easier than ever for our customers to find the information that matters to them in our mySouthEastWater portal. We've made visual and usability improvements to make the site easier to navigate so customers can complete the transactions they want to, without having to spend valuable time on the phone.

What we'll deliver in 2020–21		Related outcomes*	Strategic shift alignment
2.1	We'll deliver an improved online customer experience by redesigning our website to make it more user and mobile friendly, and accessible for people of all abilities.	1	Integrated customer focused systems
2.2	We'll explore and test new research and development products and services for our customers and external partners (like Water Sensitive Cities and universities) based on customer research and insights from new technologies, including digital meters.	3	Business led by customer and service objectives
2.3	We'll continue to monitor customer satisfaction, complaints, trust and value to identify opportunities to improve the customer experience.	1	Business led by customer and service objectives
2.4	We'll increase the supply and use of fit-for-purpose water by expanding the recycled water network in the Cranbourne, Pakenham and Clyde areas. We'll also continue to work with our stakeholders to co-create sustainable communities through projects including Fishermans Bend.	2, 5	Fit for purpose water and resource recovery services for a broader customer set

*other customer outcomes this initiative supports.

Link to *Water for Victoria*

- Customer and community outcomes

UN Sustainable Development Goals

6, 3, 8, 11, 12, 17

Outcome 3: Warn me, inform me

Our customers want to be warned, and kept updated, about disruptions – both planned and emergency.

Our approach

We're increasing the number of customers we notify about supply interruptions through proactive SMS, email, letter box drops, social media and community engagement.

We're also expanding our use of technology in our network, and are monitoring our sewerage network for potential blockages through our Advanced BlokAid® sensors. They monitor for disruptions in water flow patterns and allows us to get to work before it can affect our customers.

We're using technology and sensors in our water network to alert us to potential issues so we can prevent them. It's particularly valuable with Melbourne experiencing drier conditions, as this can lead to more leaks, bursts and blockages. Thanks to these technologies, this year, we'll maintain our service levels in both planned water interruptions. We'll also maintain the average duration of unplanned water supply interruptions in line with our guaranteed service level obligations.

We're expanding the deployment of our digital meters. The meters allow us to let our customers know about anything unusual – like low-level continuous water use – that could indicate a leak on their property. This warning allows customers to fix any leaks to save water and reduce possible bill shock.

So far, we've installed 870 digital meters and already alerted 68 customers about potential leaks in their home, booked 30 plumbing audits and fixed 36 leaks detected by the meters. We'll be continuing to install many more digital meters over the upcoming year.

Case study: Our pre-notification early-warning system

Our customers have told us they want to be warned, and kept updated, about unplanned disruptions to their water service. That's why we're trialing new technologies to give our customers even earlier notification about unplanned water supply interruptions that might impact them.

By sending customers an SMS or email warning 15 minutes ahead of an interruption to their water supply we provide more customers the opportunity to fill water containers so they'll have some supply until their service is restored.

The pre-notification process also allows us to send vital information such as traffic disruptions due to works, locations of emergency drinking water stations and potential water quality issues.

The trial has had a positive response from customers and provided some with a valuable window to prepare. One customer with a sick baby was able to fill the bath and some bottles so she could keep her child hydrated and clean, while another who lives on acreage was able to fill up the troughs to keep his animals cool during very hot weather – which shows just how important it is for our customers to be warned and informed about planned water outages.

What we'll deliver in 2020–21		Related outcomes*	Strategic shift alignment
3.1	We'll continue to make better use of data to increase the number of customers we contact about planned and unplanned water service interruptions.	2	Integrated customer focused systems
3.2	We'll use insights from our digital meter field trials to find better ways to inform and educate customers about water efficient behaviours.	2, 5	Integrated customer focused systems
3.3	We'll empower customers to better manage their water use (and bills) by continuing to trial digital technologies that allow customers to see their water use in near real-time. For example, customers with a digital meter will be able to view their daily water use in the mySouthEastWater customer portal.	2, 4	Integrated customer focused systems

*other customer outcomes this initiative supports.

Link to *Water for Victoria*

- Customer and community outcomes

UN Sustainable Development Goals

6, 4, 16

Outcome 4: Fair and affordable for all

Our customers expect our services to be delivered in a fair and affordable manner across our entire service region.

Our approach

Sixty per cent of customers think we provide affordable water and sewerage services*. We want to improve this, so in 2020–21 we'll continue to promote our payment instalments and other payment solutions to customers via a variety of communication channels. We'll also continue to proactively contact customers we think might be eligible for a utility relief grant or a concession so they're aware of the support available to them.

We've always provided our customers with a variety of payment solutions to help them manage their water bill. We've made some good progress in raising awareness about our payment plans, and as of March 2020, 58 per cent* of our customers were aware of payment plan options – an increase from 40 per cent in December 2019.

This year, in addition to our regular hardship programs, we're extending our supports in light of the COVID-19 pandemic. For example, some of our business customers, like restaurant and café owners, have had to close their businesses during the lockdown restrictions and will be significantly financially impacted. That's why we've increased our contact centre resourcing for increased call volumes, and extended our hardship offering to enable more time to pay for business that have had a decrease in sales volumes.

We'll also start work on our 2024-28 price submission, which will set our direction and focus in years to come. We're starting a significant customer engagement process to make sure we can deliver the services they want well into the future, while keeping our prices fair and affordable for all.

*These figures are from our March 2020 brandtracker survey.

Case study: Supporting affordability for customers impacted by COVID-19

We understand that the coronavirus (COVID-19) pandemic and the resulting public health restrictions have had an impact on many members of our community, with many people experiencing changes in their work, school and caring responsibilities.

We're committed to providing our customers with the support they need to manage their water bills, and quickly adapted key customer communications (including updating our bill messaging to support affordability to both business, residential and trade waste customers). We also reached out to our customers before they received their quarter four bills to let them know that we can support them with more time to pay.

We've moved quickly to engage with our key stakeholders – like local councils and MPs – to let them know what options are available to their constituents, and we're continuing to engage with our fellow water organisations to ensure a united and consistent approach across our industry.

Case study: Continuing to put our customers first

Since 2018, our Customer First program has been making a real difference in proactively identifying and supporting customers who might need a bit of extra help managing their bills. We know that anyone can struggle trying to manage bills and financial commitments – and it can be hard to ask for support or know where to look for help. Last year we ran a pop-up store at Bayside Shopping Centre in Frankston, trialing different ways to reach out to community members less likely to engage with us via phone or email.

In 2020, we're continuing to tackle financial hardship, by helping customers get their bills back on track. Our dedicated team will be reaching out to a chosen segment of customers in a fixed trial to understand if a commitment to making smaller and more frequent payments with an incentive goal makes a difference for them. They'll also be able to refer customers for specialised and free confidential support through community partners.

We're also continuing our program to support our customers, with a focus on engaging some of Melbourne's most culturally and linguistically diverse areas, including Dandenong and Cranbourne. As we continue to surmount the challenges of an increasingly uncertain future, we'll proudly continue to put the needs of our customers first.

What we'll deliver in 20–21		Related outcomes*	Strategic shift alignment
4.1	We'll continue to proactively identify, educate and assist our residential and business customers through various initiatives to support affordability.	2	Business shaped by customer and service objectives
4.2	We'll develop and start a targeted customer engagement program to inform our 2023 price submission outcomes and tariff proposals to ensure we're meeting their current and future needs.	1, 2	Business shaped by customer and service objectives
4.3	We'll help business customers explore ways to reduce their water, trade waste and sewerage costs through a range of initiatives including drinking water substitution, leak detection and account consolidation	2, 5	Business shaped by customer and service objectives
4.4	We'll develop a robust economic evaluation and governance framework to capture long-term economic and social benefits, and environmental impacts to inform strategic decisions about the projects we invest in.	1, 5	Business shaped by customer and service objectives
4.5	We'll review the business impacts associated to COVID19 and identify opportunities in terms of how we support customers and mitigate the future challenges and trends caused by COVID19.	1, 2	Business shaped by customer and service objectives

*other customer outcomes this initiative supports.

Link to *Water for Victoria*

- Customer and community outcomes
- Financial sustainability

UN Sustainable Development Goals

6, 9, 1, 7, 11, 12

UN Principles

1

Outcome 5: Support my community, protect our environment

Our customers want us to support their community and protect our environment – delivering long-term water security in a way that honours the environment and ongoing liveability.

Our approach

Under the Victorian Government's Statement of Obligations (Emission Reduction), which came into effect in March 2018, we've pledged to reduce our carbon emissions by around 45 per cent by 2024-25 from our 2016 baseline of 41,744 tonnes of CO₂e and are committed to net-zero emissions by 2030.

We're working on a number of initiatives to reduce our emissions and mitigate the impacts of climate change. One of our key initiatives is to generate our own energy at our Recycling Plants.

At our Mt Martha Water Recycling Plant, we're installing a cogeneration unit to convert biogas to electricity for that site. We're also installing solar panels. These two initiatives combined will reduce this plant's emissions from electricity by around 30 per cent.

At our Boneo Water Recycling Plant, we are taking this one step further. Like our Mt Martha plant, we're including solar and cogeneration. However the Boneo plant, enables us to take in additional organic waste to the site to generate more biogas, and in turn even more electricity.

In addition to our action on climate change, we're also working with our community on technologies that help with their water use and supporting the causes they're interested in. For example, customers living at Aquarevo, our capability-led partnership with Villawood Properties, will be using recycled water in the toilet, laundry and garden, while rain-to-hot water supplies their showers – which means drinking water is saved for where it's needed the most.

Our prioritization of grass-roots stakeholder engagement has also resulted in us making drinking water more widely available by working with local councils and community groups to provide access drinking fountains (through our Choose Tap initiative) and sending our portable hydration stations to community events.

We're also learning from our Indigenous communities. Our RAP is currently being reviewed by Reconciliation Australia, and once it's finalised it'll help us to work together to plan how we manage our water resources, learning from the rich cultural and historical knowledge from the First Nations groups in our service area.

Case study: *Granting more wishes for healthy bays and waterways: 2020-21*

With a service region that borders 270 km of coast – and a purpose underpinned by healthy water for life – we don't take our precious bays (and waterways) for granted.

So in 2019 we launched our inaugural Community Grants program to support projects that both benefit the community and the health of Port Phillip and Western Port Bays. The program provides funding that helps local groups implement projects that make our bays, beaches and waterways healthier for everyone, while fulfilling our commitment to invest back in the local community when we've had a sewer spill that resulted in a beach closure.

Last year we handed out \$30,000 in grants to 11 community groups including schools, sea scouts and lifesaving clubs. Like Port Melbourne Beach Patrol, who got a grant to support its Litter Stopper phone app, which captures data on beach litter, and we're looking forward to supporting more great projects in 2020.

Initiatives like our Community Grants not only help us deliver on our customer outcomes – they help make our community better, for everyone.

Case study: Leading a reliable response in emergencies

At the request of the Department of Environment, Land, Water, and Planning (DELWP), we were proud to lead a state-wide emergency mutual aid response to support people affected by the bushfires in East Gippsland and North East Victoria. We also ran an emergency water relief program, filling and cleaning water tanks, where our employees drew on past learnings supporting customers affected by the Bunyip State Park bushfires – and from forward-thinking preparedness exercises we ran in partnership with the Army, Victoria Police and DELWP, to refine our emergency response procedures. It's another reason why, in this corporate plan, we'll continue to plan for the security of our future water supply.

What we'll deliver in 20–21		Related outcomes*	Strategic shift alignment
5.1	We'll keep delivering on the Energy Master Plan and continue our pathway to net zero emissions by 2030 to meet our commitments to limit long-term global warming.	1	Fit for purpose water and resource recovery services for a broader customer set
5.2	We'll build on our Climate Adapt program (which seeks to understand future threats and put plans in place to increase our resilience) to prepare us for the impacts of a changing climate.	1, 3	Fit for purpose water and resource recovery services for a broader customer set
5.3	We'll continue to raise awareness about how customers can support long-term water security through water efficient behaviours at home through targeted campaigns and education. For example, we'll work with Melbourne Water, Yarra Valley Water and City West Water on joint water education campaigns.	1, 2	Business shaped by customer and service objectives
5.4	We'll continue to work with and support the community on issues they say matter most through programs like our community grants, Kids teaching Kids, employee volunteering and local council partnerships.	2	Business shaped by customer and service objectives
5.5	We'll deliver on our Reconciliation Action Plan actions.	1	Capability led partnerships
5.6	We'll expand and share our capability and knowledge about how we manage and respond to bushfire events with others in our industry.	1, 2, 3	
5.7	We'll work with partners, including authorities, industry bodies, business customers, developers, plumbers and local councils, to keep building healthier communities and deliver liveability projects.	2	Capability led partnerships

*other customer outcomes this initiative supports

Link to *Water for Victoria*

- Climate change
- Customer and community outcomes
- Water for Aboriginal culture, spiritual and economic values
- Resilient and liveable cities and towns.

UN Sustainable Development Goals

6,11,13,17, 2, 8, 7, 14, 15,

UN Principles

7, 8, 9

Enabling our business

Our customer outcomes are supported by our four business enablers – people, technology, financial capability and governance – and our five strategic shifts.

Together, these provide the foundation for us to deliver high quality service to our customers in a changing world, and move from a business shaped by regulations and revenue objectives to one shaped by customer and service objectives.

To deliver the outcomes in this plan we need to build a customer-focused culture, and a workforce that's bold and proactive, by attracting the best people and building next generation workforce skills.

We're preparing our teams for an increasingly digital world. Our new digital strategy will support employees on this journey, and also help us protect data.

We'll continue to practice good-governance and review risk appetite statements to make sure these align with our strategic shifts to support better decision making.

Case study: Making a difference through our purchasing choices

Every day, our procurement team helps us to source and order the supplies we need to do our jobs and support our customers. Our three-year social procurement strategy has put in place new policies, procedures and documents to help us prioritise the social and community impact of our purchasing choices when choosing suppliers.

For example, we're proud to purchase our stationary workplace supplies from Muru Office Supplies, a 51 per cent Aboriginal owned and Supply Nation certified business, where 15 per cent of their profits are used for Aboriginal community purposes.

We also switched to environmentally sustainable toilet rolls from Who Gives a Crap as part of our cleaning services arrangements. Not only are their toilet rolls made from 100 per cent recyclable paper, 50 per cent of their profits goes towards providing toilets and improving sanitary conditions around the world for those in need, to tackle the problem that sees one in three people worldwide still without access to proper sanitation.

We've also started supplying sanitary pads and tampons in our women's toilets, which we purchase from Tsuno. This social enterprise donates 50 per cent of its profits to charities that focus on empowering women, with the main focus on education and menstrual support. Tsuno works in partnership with One Girl, who provide education scholarships and sanitary pads to girls in Sierra Leone and Uganda to ensure no girl is left behind.

We've also undertaken a Supply Chain Risk Assessment project, in conjunction with the other Victorian water organisations.

What we'll deliver in 20–21	Related outcomes*	Related strategic shift
People		
We'll continue our commitment to safety and wellbeing by implementing a new Safety and Environment management system that will enable us to maintain a safe and healthy workplace for all our employees, contractors and the community.	1, 3	Next-generation workforce skills operating boldly and proactively by building upon our integrity of being safe and caring
We'll focus on attracting talent to meet our future capability needs and increase our workforce diversity. To achieve this we will refresh our employee value proposition, increase our inclusive culture and deliver our gender equity and RAP initiatives. In turn, this	2	Next-generation workforce skills operating boldly and proactively by building upon our

should increase employee trust, which is a lead indicator of customer trust.		integrity of being safe and caring
We'll establish a future workforce capability plan and start to deliver this through team level development initiatives. We'll base these on our future organisational capability needs and advances in technology.	1	Next-generation workforce skills operating boldly and proactively by building upon our integrity of being safe and caring
Technology		
We'll pro-actively manage cyber security and protect our customer data and organisational assets.	1, 3	Integrated customer focused systems and technologies
We'll deliver a new digital strategy that's focused on data-driven, innovative solutions help us deliver our customer outcomes.	1, 2, 3	Integrated customer focused systems and technologies
Financial capability		
We'll focus on continuous improvement of the business planning and forecasting processes. This will make sure we're prudently managing operating expenditure and continuing to meet our efficiency commitments. By doing this we'll ensure that customer bills remain affordable while reprioritising expenditure in line with our priorities.	1, 2, 4	Business shaped by customer and service objectives
Governance		
We'll review our risk appetite statements to confirm alignment with our strategic shifts and embed this into our working practises to support better decision making	1, 2, 3, 4, 5	Next-generation workforce skills operating boldly and proactively by building upon our integrity of being safe and caring
We'll develop and embed our social procurement framework.	1, 2, 4, 5	Capability-led partnerships with industry and suppliers
We'll protect our customers' data by refreshing our privacy training.	1, 3	Integrated customer focused systems and technologies

*other customer outcomes this initiative supports.

Link to *Water for Victoria*

- Customer and community outcomes
- Financial sustainability.

UN Sustainable Development Goals

5, 10, 8, 11, 16, 17

UN Principles

4, 5, 6



Financials

Overview

The financials support our five key customer outcomes and business enablers.

South East Water is committed to delivering our customer outcomes in a continued drive for efficiency, innovation and prudent financial management.

The impacts of COVID-19 have significantly affected our customers and the community. South East Water is committed to understanding our customers' challenges and providing financial assistance during this period of economic uncertainty.

We will continue to work with our customers who are in financial hardship through our various assistance programs including the flexibility of different payment options. Allowances have been made in this plan to accommodate the financial resources required to deliver on this commitment and provision has been made for the expected higher debtor levels and subsequent increased borrowing requirements. We anticipate the first six months of 2020-21 to be the most impacted with a slow recovery to follow.

A possible slowdown in the development industry will also have an impact on South East Water's financial position especially during 2020-21, leading to a reduction in expected profits initially and then slowly recover in the outer years of this five year planning period.

Further, other external factors impacting the plan include the requirement to fund new initiatives allowing for water efficiency and the impact of climate change on our assets. The impact of the desalination order and costs of resourcing above the CPI rate of 2.2 per cent (2020-21) will also be challenging.

The financial plan also builds on the assumptions that formed our price submission. We will continue to plan for and implement growth in our network and invest in technology to enable operational efficiencies, to minimise the impact to our customers of additional cost pressures, as committed to.

Profit before tax over the planning period is expected to reduce compared to previous years after allowing for the economic impacts of COVID-19. This includes our customers' ability to pay, slowdown in land development activity and the cost of funding capital expenditure to meet environmental and customer servicing requirements.

Operating profit before tax in 2020-21 is expected to be at \$99.1 million and increase to \$145.0 million in 2024-25.

The financial projections in this plan are consistent with the Department of Environment, Land, Water and Planning's Planning and Reporting Guidelines 2019-20.

Debt management strategies over the planning period continue to be in line with existing DTF treasury management guidelines. Total borrowings will grow by approximately \$1,106.0 million over the planning period to fund dividends, capital repatriations, and capital expenditure outlays associated with sewage treatment plant upgrades (including a significant upgrade to the Boneo treatment plant).

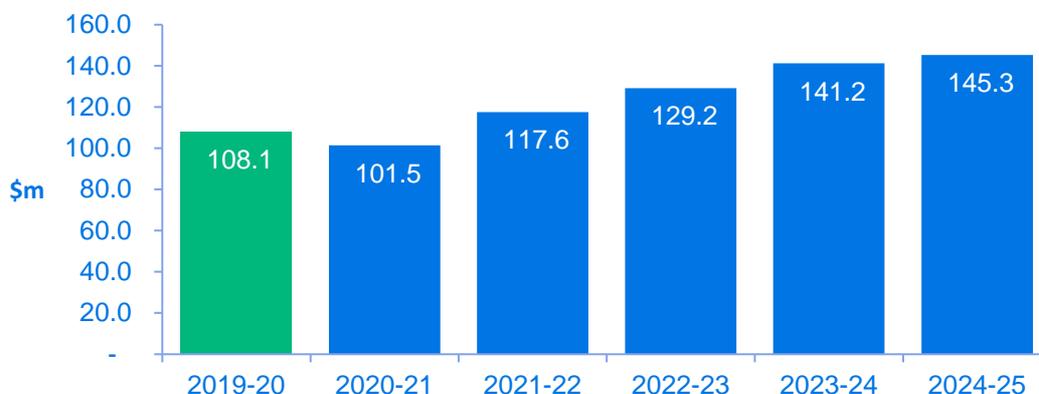
Loans scheduled to mature over the planning period will be refinanced into new fixed rate debt while the loan portfolio will continue to be structured to ensure it remains consistent with approved debt maturity and interest rate risk profiles.

The 2020-25 financial plan assumes the business will continue to pay 65 per cent of pre-tax profits to the State Government as dividends and income tax equivalent payments.

Dividend payments over the planning period amount to \$216.3 million and capital repatriations of \$291.6 million.

The capital structure of the business will continue to be closely monitored over the planning period to ensure that the cost of capital is minimised and that appropriate metrics are used to monitor the financial sustainability of the business, with majority of the economic impacts of COVID-19 being short term and expected in 2020-21. Overall, gearing and interest cover remain relatively strong.

Net Profit Before Tax

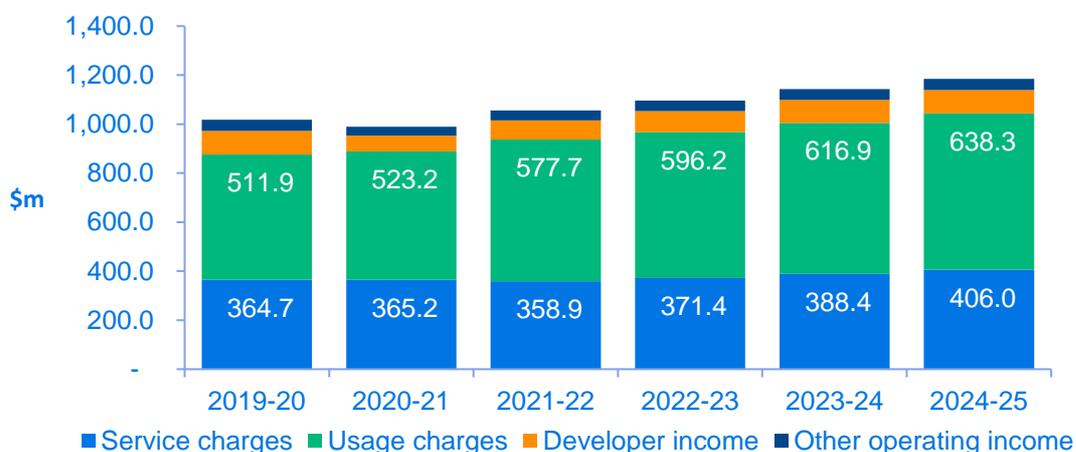


Sales

Sales revenue is expected to increase from \$989.3 million in 2020-21 to \$1,185.3 million in 2024-25 due to growth in connections, water consumption and CPI price adjustments.

An expected decline in developer activity in 2020-21 of 33 per cent will reduce income by approximately \$31.2 million to \$64.1 million. Activity is expected to recover over the remaining planning period.

The contribution of each major income source for the planning period is shown below.



Cost of sales

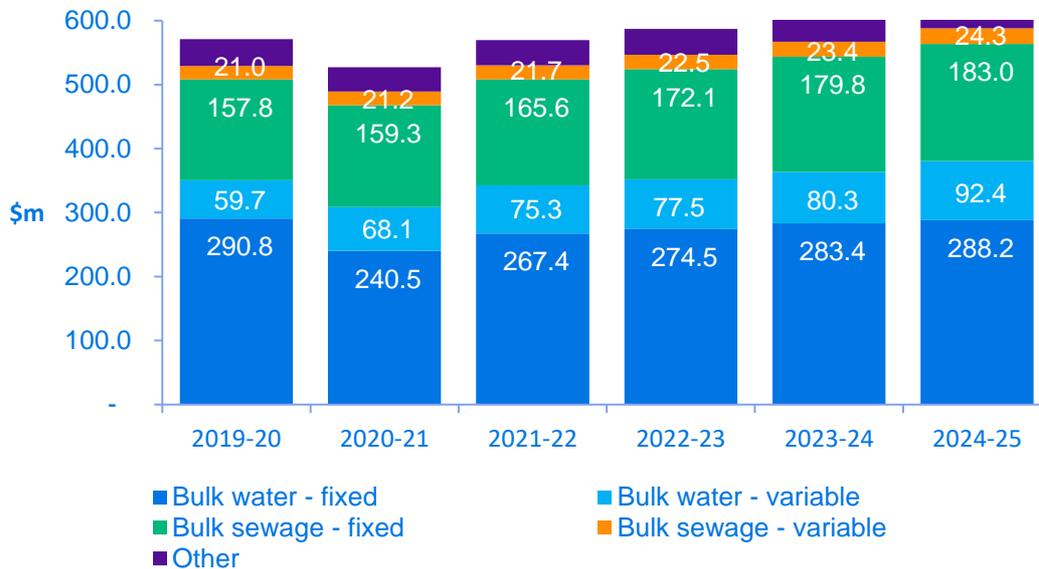
Cost of sales predominately relate to fixed bulk water charges payable to Melbourne Water based on entitlements held by South East Water in the Greater Yarra System - Thomson River, the Victorian Desalination Plant and the North South Pipeline. A separate fixed sewerage service charge is also paid to Melbourne Water consistent with approved price determinations.

Volumetric based charges are paid to Melbourne Water for the delivery of bulk water and the treatment of bulk sewage at the Eastern and Western Sewage Treatment Plants. Overall, bulk water and sewerage charges comprise approximately 62 per cent of South East Water's total expenses, of which 81 per cent is fixed and 19 per cent variable.

Bulk water and sewerage prices are consistent with Melbourne Water’s 2016-21 price determination and have been adjusted in 2020-21 to reflect the Victorian Desalination Plant order.

Other cost of sales relate largely to the operation and maintenance of South East Water’s local treatment plants.

A breakdown of our cost of sales is provided in the chart below:

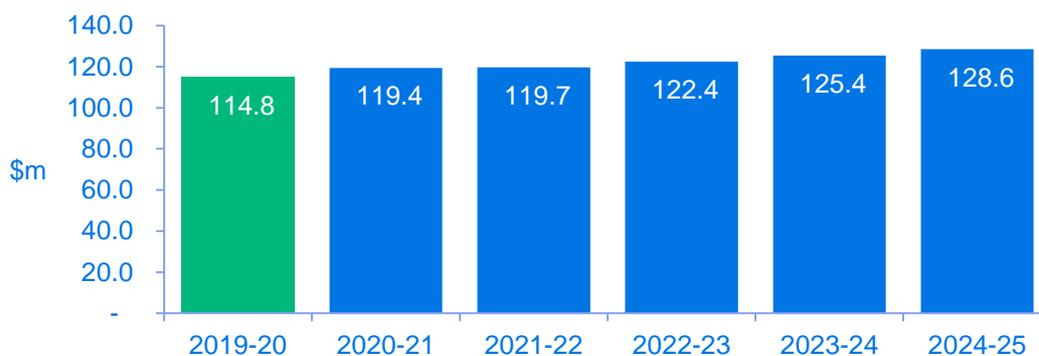


Operating costs

Operating costs largely comprise of operations and maintenance expenditure for water, sewerage and recycled water services, billing and collection services, infrastructure planning and other corporate costs.

Operating costs have been capped at \$119.4 million for 2020-21. This allowance is in line with the decision of the Essential Services Commission and includes step change allowances for the increased operational and maintenance costs relating to Boneo water recycling plant upgrade (to be completed in 2020-21), management of increases for security in information technology and outlays related to the commissioning and supply of recycled water within the Aquarevo estate.

An additional \$2.0 million in contingency funds has been included to provide assistance to customers as a result of the economic impacts of COVID-19. Post 2020-21, business as usual costs will increase by CPI only.



Other costs

Other costs allowed for over the planning period comprise expenditure associated with research and development (\$2.5 million) and the payment of the environmental contribution levy to Government (\$261.0 million). This environmental contribution assists government initiatives to promote sustainable management of water and address adverse water related environmental impacts.

Capital expenditure

Capital expenditure over the planning period amounts to \$1,453.4 million and incorporates investments to augment network and sewage treatment capacity, renew ageing infrastructure, sewerage backlog works, land acquisitions and investments in new technology.

Further information and commentary on our capital expenditure program is provided in Appendix A.

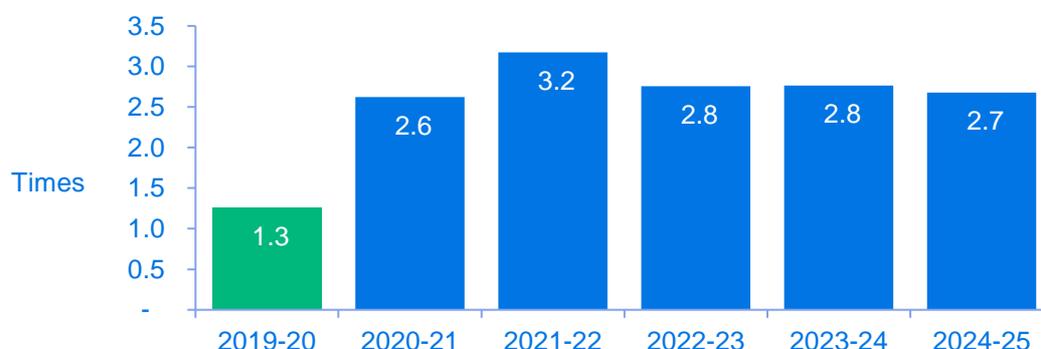
Borrowing expenses

Borrowing expenses are projected to increase over the planning period in line with the increase in total borrowings to fund capital expenditure outlays, dividends and capital repatriations. In addition, projections have incorporated a moderate rise in long term interest rates.

FFO net interest cover (times)

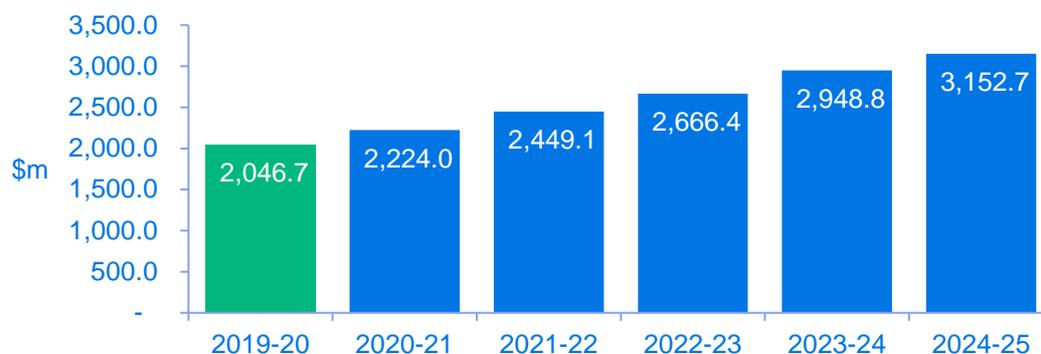
The lower 2019-20 result is mainly due to the additional \$75.0 million of dividend paid during the year.

Cash interest cover levels are expected to remain relatively stable over the planning period at around 2.6 – 2.8 times. In 2021-22, the result includes the recovery of the 2020-21 debt that is expected to be delayed in supporting our customers in hardship.



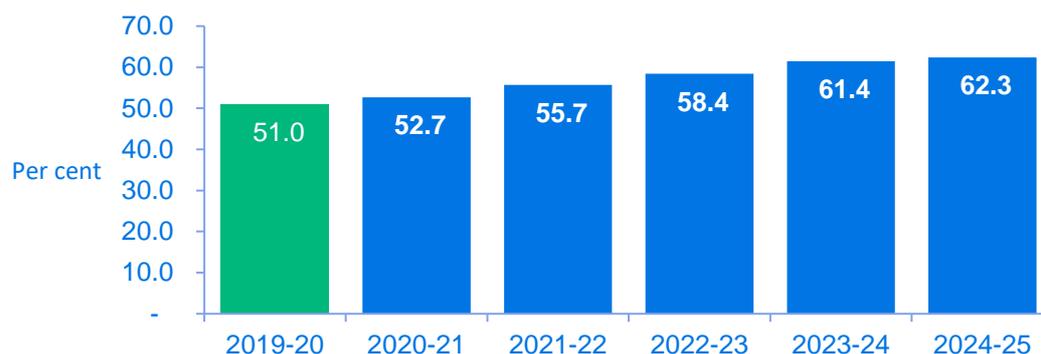
Borrowings

South East Water will require an additional \$1,106.0 million in new borrowings over the planning period to fund capital expenditure outlays, dividends and capital repatriations. Overall, debt levels are expected to increase from \$2,046.7 million as at 30 June 2020 to \$3,152.7 million at 30 June 2025.



Gearing

Consistent with the increase in total borrowings gearing levels are projected to increase from 51.0 per cent as at 30 June 2020 to 62.3 per cent as at 30 June 2025.

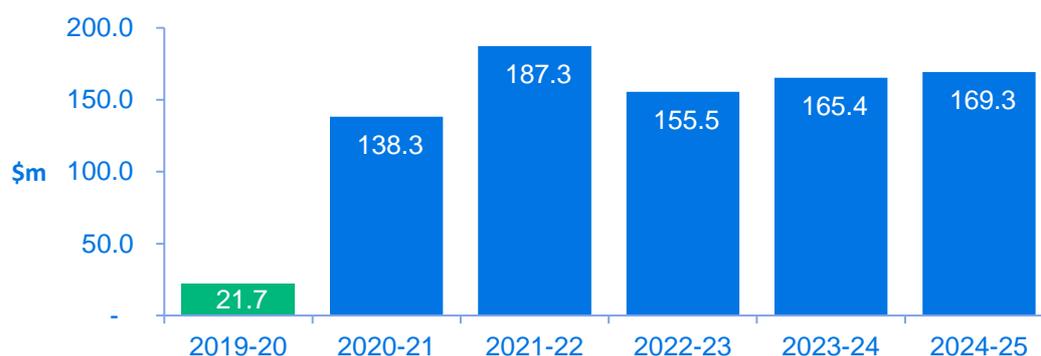


Funds from operations

The lower 2019-20 result is mainly due to the additional \$75.0 million of dividend paid during the year.

South East Water will continue to generate positive cash flows from operations over the planning period. Net cash inflows from operating activities are expected to increase from \$138.3 million in 2020-21 to \$169.3 million in 2024-25. In 2021-22, the result includes the recovery of the 2020-21 debt that is expected to be delayed in supporting our customers in hardship.

Funds will be used to meet dividend payments and partly fund capital expenditure payments.



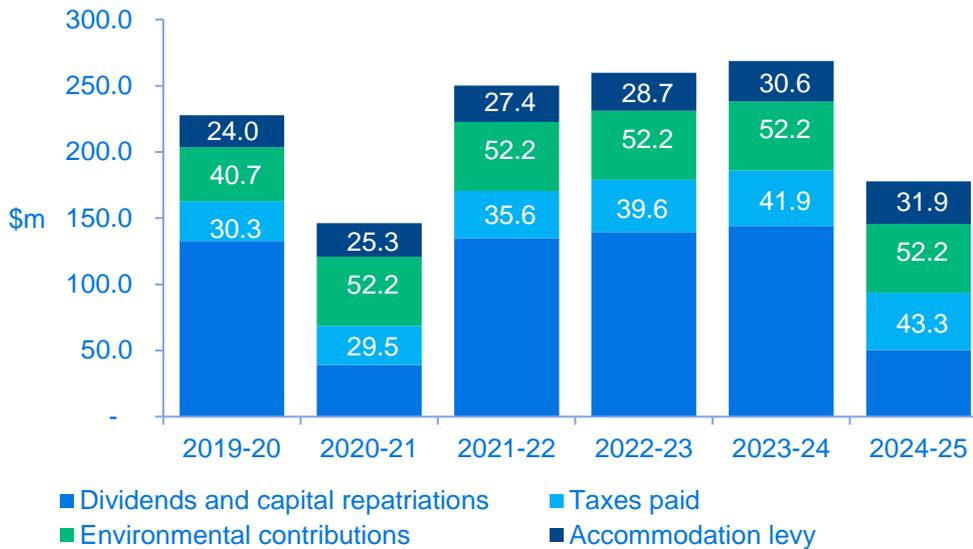
Payments to government

Payments to government in the form of dividends, income tax and capital repatriations are expected to be around \$1,102.5 million over the planning period.

Dividend payments are based on the government's benchmark payout ratio of 65 per cent of pre-tax profit less income tax paid/payable.

Capital repatriations of \$97.2 million per annum will be payable each year between 2021-22 and 2023-24.

In addition, South East Water will also contribute to government by way of the financial accommodation levy of \$143.9 million and the environmental contribution totalling \$261.0 million over the planning period.



Sensitivity analysis

Water consumption, delayed receipts from our customers and capital expenditure have the greatest impact on profits, cash flows, interest cover and gearing. This is seen through the effects on consumption based revenues, associated bulk water purchases and debtor balances.

Sensitivity analysis has been undertaken on the following scenarios.

- Delayed in cash collection – Customer collection rates for quarter 4 in 2019-20 and quarter 1 in 2020-21 are reduced from 50 per cent to 20 per cent and the recovery of those collections to span 2021-22 and 2022-23.
- Lower water consumption – water consumption is reduced by five per cent per annum over the forecast period.
- Capital expenditure – Acceleration of capital expenditure program by increasing 2020-21 and 2021-22 by \$25.0 million per annum. Expenditure is reduced by \$20.0 million in 2022-23 and 2023-24 with a further reduction of \$10.0 million in 2024-25.

The impact of these scenarios on earnings before interest and tax (EBIT), interest cover and gearing over the forecast period are provided in the table below:

EBIT (\$ millions)	2020-21	2021-22	2022-23	2023-24	2024-25
Base	183.7	202.6	217.7	235.9	247.1
Delay in cash collection	183.7	202.6	217.7	235.9	247.1
Lower water consumption	164.2	176.7	190.9	208.2	218.3
Capital expenditure	183.4	201.7	216.8	235.5	247.1

Gearing (per cent)	2020-21	2021-22	2022-23	2023-24	2024-25
Base	52.7	55.7	58.4	61.4	62.3
Delay in cash collection	53.2	56.1	58.4	61.4	62.4
Lower water consumption	52.9	56.1	59.0	62.2	63.3
Capital expenditure	52.9	56.2	58.7	61.5	62.4

FFO (times)	2020-21	2021-22	2022-23	2023-24	2024-25
Base	2.6	3.2	2.8	2.8	2.7
Delay in cash collection	2.8	3.3	3.1	2.8	2.7
Lower water consumption	2.5	3.0	2.5	2.5	2.5
Capital expenditure	2.6	3.1	2.7	2.8	2.7

Planning assumptions

Year	2019-20 forecast	2020-21	2021-22	2022-23	2023-24	2024-25
Prices						
CPI (%)	-	2.20	2.00	2.25	2.50	2.50
Bulk water and sewage						
Water sales (GL)	131.5	134.8	140.4	141.7	143.0	144.3
Non revenue water (GL)	22.1	20.6	21.5	21.7	21.9	22.1
Bulk water purchases (GL)	153.6	155.3	161.8	163.3	164.8	166.3
Bulk sewage treatment (GL)	115.1	117.5	117.3	118.8	120.3	121.9
Borrowings and dividends						
Payout ratio to Government (per cent)	65.0	65.0	65.0	65.0	65.0	65.0
Financial accommodation levy on borrowings (basis point)	97BP	85BP	97BP	97BP	97BP	97BP
Long term interest rate (per cent)	1.6	1.7	1.9	2.2	2.6	2.9
Other planning assumptions						
Wage price index (per cent)	3.0	3.5	2.5	2.5	2.5	2.5
Average customer growth (per cent)	2.5	2.4	2.1	1.9	1.8	1.8

Financial projections

Income Statement (\$ million)	2019-20 forecast	2020-21	2021-22	2022-23	2023-24	2024-25
Revenue	1,018.1	989.3	1,056.2	1,095.7	1,142.9	1,185.3
EBIT	189.0	183.7	202.6	217.7	235.9	247.1
Interest	85.0	84.6	86.0	88.8	95.0	102.1

Melbourne Water bulk costs (\$ million)	2019-20 forecast	2020-21	2021-22	2022-23	2023-24	2024-25
Water	350.5	308.6	342.7	352.0	363.7	380.6
Sewer	178.8	180.5	187.3	194.6	203.2	207.3
Total bulk water and sewer	529.3	489.1	530.0	546.6	566.9	587.9

Expenditure (\$ million)	2019-20 forecast	2020-21	2021-22	2022-23	2023-24	2024-25
Capital	261.5	298.0	282.1	230.2	317.9	325.2
Operating	114.8	119.4	119.7	122.4	125.4	128.6
Local treatment plant	16.1	16.4	16.7	17.1	17.5	17.9

Cash Flows (\$ million)	2019-20 forecast	2020-21	2021-22	2022-23	2023-24	2024-25
Operating flows	21.7	138.3	187.3	155.5	165.4	169.3
Investing flows	(224.3)	(275.8)	(276.7)	(232.5)	(302.8)	(322.1)
New borrowings	334.4	177.3	225.1	217.3	282.4	203.9
Dividends paid	(132.6)	(39.1)	(37.7)	(42.3)	(46.9)	(50.3)

Balance Sheet (\$ million)	30 June 2020 forecast	30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025
Total assets	4,716.6	4,933.2	5,106.3	5,268.	5,522.5	5,782.7
Debt	2,046.7	2,224.0	2,449.1	2,666.4	2,948.8	3,152.7
Equity	1,966.2	1,998.9	1,946.6	1,897.8	1,852.6	1,904.1

Metrics	2019-20 forecast	2020-21	2021-22	2022-23	2023-24	2024-25
FFO net interest cover (times)	1.3	2.6	3.2	2.8	2.8	2.7
Gearing (net debt/capital) (%)	51.0	52.7	55.7	58.4	61.4	62.3

Customer impacts

Residential owner-occupier 150 kL (nominal \$)	Water	Water	Sewerage	Sewage	Total	% nominal bill change
	Fixed	Variable	Fixed	Variable		
2019-20	116.72	396.21	366.68	109.20	988.81	
2020-21	102.12	396.21	372.08	109.20	979.61	(0.9)
2021-22	88.88	423.23	366.16	113.82	992.09	1.3
2022-23	90.80	432.68	370.52	116.37	1010.37	1.8
2023-24	93.07	443.49	379.78	119.28	1035.63	2.5
2024-25	95.40	454.58	389.28	122.26	1061.52	2.5

Residential tenant 150 kL (nominal \$)	Water	Water	Sewerage	Sewage	Total	% nominal bill change
	Fixed	Variable	Fixed	Variable		
2019-20	-	396.21	-	109.20	505.41	
2020-21	-	396.21	-	109.20	505.41	-
2021-22	-	423.23	-	113.82	537.05	6.3
2022-23	-	432.68	-	116.37	549.05	2.2
2023-24	-	443.49	-	119.28	562.77	2.5
2024-25	-	454.58	-	122.26	576.84	2.5

Non-residential customer 150kL (nominal \$)	Water	Water	Sewerage	Sewage	Total	% nominal bill change
	Fixed	Variable	Fixed	Variable		
2019-20	116.72	503.36	435.48	247.81	1,303.37	
2020-21	102.12	503.36	441.92	247.81	1,295.21	(0.6)
2021-22	88.88	537.68	434.84	258.30	1,319.70	1.9
2022-23	90.80	549.69	440.04	264.10	1,344.63	1.9
2023-24	93.07	563.43	451.04	270.70	1,378.24	2.5
2024-25	95.40	577.52	462.32	277.47	1,412.71	2.5

Tariff structure

Prices (\$ nominal dollars)	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
1.1 Residential water tariff*						
	\$	\$	\$	\$	\$	\$
Service charge (per annum)	116.72	102.10	88.90	90.80	93.10	95.40
Usage charge (per kL)						
Block 1 (0-440 litres/day)	2.63	2.63	2.81	2.87	2.94	3.02
Block 2 (> 440 litres/day) (from 2018-19)	3.36	3.36	3.58	3.66	3.76	3.85
1.2 Non- residential water tariff*						
Service charge (per annum)	116.72	102.10	88.90	90.80	93.10	95.40
Usage charge (per kL)	3.36	3.36	3.58	3.66	3.76	3.85
1.3 Residential sewerage tariff						
Sewer service charge (per annum)	366.68	372.11	366.19	370.55	379.81	389.31
Sewage disposal charge (per kL)	0.97	0.97	1.01	1.03	1.06	1.09
1.4 Non-residential sewerage tariff						
Sewer service charge (per annum)	435.48	441.95	434.87	440.08	451.08	462.35
Sewage disposal charge (per kL)	1.84	1.84	1.91	1.96	2.01	2.06
1.5 Residential reticulated recycled water						
Service charge (per annum)	-	-	-	-	-	-
Usage charge (per kL)	1.98	1.98	2.07	2.11	2.16	2.22

Prices (\$ nominal dollars) (continued)	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
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1.6 Trade waste charges						
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Volume (per kL)	0.96	0.98	1.00	1.02	1.05	1.08
Biochemical Oxygen Demand (per kg)	0.95	0.97	0.99	1.01	1.04	1.06
Suspended Solids (per kg)	0.53	0.54	0.56	0.57	0.58	0.60
Total Kjeldahl Nitrogen (per kg)	2.09	2.13	2.18	2.22	2.28	2.34

1.7 Trade waste – agreement fees						
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Risk rank 1	14,733.56	15,057.72	15,358.86	15,704.42	16,097.03	16,499.45
Risk rank 2	7,366.76	7,528.82	7,679.39	7,852.20	8,048.51	8,249.72
Risk rank 3	4,911.12	5,019.15	5,119.53	5,234.74	5,365.61	5,499.75
Risk rank 4	2,455.52	2,455.73	2,455.75	2,455.72	2,517.11	2,580.04
Risk rank 5	428.24	437.68	446.44	456.48	467.89	479.59

1.8 Other charges						
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Fire service - fixed tariff - all declared serviced properties	116.64	120.80	123.19	125.95	129.12	132.37
Fire service - volumetric tariff - metered customer usage charge (per kL)	3.12	3.36	3.58	3.66	3.76	3.85
Bunyip Main Race - maintained private extensions (per annum)	109.64	113.54	115.80	118.44	121.40	124.44
Customers drawing non potable water from Bunyip and Tarago open channels (per kL)	1.51	1.56	1.59	1.63	1.67	1.71

Financial statements

Income Statement (\$ million)	2019-20 forecast	2020-21	2021-22	2022-23	2023-24	2024-25
Sales	1,018.1	989.3	1,056.2	1,095.7	1,142.9	1,185.3
Cost of sales	(570.9)	(527.3)	(569.8)	(587.2)	(608.4)	(630.5)
Gross profit	447.2	462.0	486.4	508.5	534.5	554.8
Operating expenses	(258.2)	(278.3)	(283.8)	(290.8)	(298.6)	(307.7)
Earnings before interest and tax	189.0	183.7	202.6	217.7	235.9	247.1
Borrowing expenses	(85.0)	(84.6)	(86.0)	(88.8)	(95.0)	(102.1)
Operating profit before tax	104.0	99.1	116.6	128.9	140.9	145.0
Net income from asset sales	4.1	2.4	1.0	0.3	0.3	0.3
Profit before tax	108.1	101.5	117.6	129.2	141.2	145.3
Income tax expense	(32.3)	(29.7)	(35.0)	(38.7)	(42.3)	(43.5)
Profit after tax	75.8	71.8	82.6	90.5	98.9	101.8
Balance Sheet (\$ million)	30 June 2020 forecast	30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025
Current assets						
Cash	0.5	0.5	0.5	0.5	0.5	0.5
Receivables	233.0	219.2	184.6	190.7	197.8	204.9
Other	15.2	17.7	18.1	16.7	13.4	13.4
Total current assets	248.7	237.4	203.2	207.9	211.7	218.8
Non-current assets						
Infrastructure, property, plant and equipment	4,355.4	4,584.4	4,792.8	4,951.2	5,202.6	5,456.7
Defined benefit superannuation	0.6	0.6	0.6	0.6	0.6	0.6
Water entitlements	97.0	97.0	97.0	97.0	97.0	97.0
Right of Use Asset	11.3	10.2	9.1	8.0	7.0	6.0
Other	3.6	3.6	3.6	3.6	3.6	3.6
Total non-current assets	4,467.9	4,695.8	4,903.1	5,060.4	5,310.8	5,563.9
Total assets	4,716.6	4,933.2	5,106.3	5,268.3	5,522.5	5,782.7

Balance Sheet (\$ million) (continued)	30 June 2020 forecast	30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025
Current liabilities						
Payables	102.2	108.0	108.4	102.3	118.4	122.4
Borrowings	41.7	50.0	50.0	50.0	50.0	50.0
Tax liabilities	1.1	2.6	3.0	3.3	3.5	3.6
Lease liability	0.7	0.8	0.9	0.8	0.8	0.8
Unearned revenue (contract liability)	33.0	33.0	33.0	33.0	33.0	33.0
Other	22.2	23.3	24.5	25.7	27.0	28.3
Total current liabilities	200.9	217.7	219.7	215.2	232.7	238.1
Non-current liabilities						
Tax liabilities	530.9	529.7	528.6	527.4	527.5	527.6
Lease liability	10.9	10.1	8.4	7.6	6.8	6.8
Provisions	2.7	2.8	3.0	3.1	3.3	3.4
Borrowings	2,005.0	2,174.0	2,616.4	2,898.8	2,898.8	3,102.7
Total non-current liabilities	2,549.5	2,716.6	2,940.0	3,155.3	3,437.2	3,640.5
Total liabilities	2,750.4	2,934.3	3,159.7	3,370.5	3,669.9	3,878.6
Net assets	1,966.2	1,998.9	1,946.6	1,897.8	1,852.6	1,904.1
Equity						
Reserves	890.2	890.2	890.2	890.2	890.2	890.2
Contributed equity	386.1	386.1	288.9	191.7	94.5	94.5
Retained profits	689.9	722.6	767.5	815.9	867.9	919.4
Total equity	1,966.2	1,998.9	1,946.6	1,897.8	1,852.6	1,904.1

Cash Flow Statement (\$ million)	2019-20 forecast	2020-21	2021-22	2022-23	2023-24	2024-25
Cash flows from operating activities						
Receipts from customers	878.1	960.9	1,047.6	1,041.4	1,081.0	1,121.9
Payments to suppliers and employees	(741.7)	(707.9)	(738.8)	(758.2)	(780.4)	(808.8)
	136.4	253.0	308.8	283.2	300.6	313.1
Interest and other costs of finance paid	(84.4)	(85.2)	(85.9)	(88.1)	(93.2)	(100.5)
Income taxes paid	(30.3)	(29.5)	(35.6)	(39.6)	(42.0)	(43.3)
Net cash inflows from operating activities	21.7	138.3	187.3	155.5	165.4	169.3
Cash flows from investing activities						
Payments for property, plant and	(244.6)	(284.2)	(284.2)	(238.0)	(304.8)	(324.1)
Proceeds from sale of property, plant and equipment	20.3	8.4	7.5	5.5	2.0	2.0
Net cash outflow from investing activities	(224.3)	(275.8)	(276.7)	(232.5)	(302.8)	(322.1)
Cash flows from financing activities						
Net borrowings	334.4	177.3	225.1	217.3	282.4	203.9
Net lease liability	(0.6)	(0.7)	(0.8)	(0.8)	(0.9)	(0.8)
Capital Repatriation	-	-	(97.2)	(97.2)	(97.2)	-
Dividends paid	(132.6)	(39.1)	(37.7)	(42.3)	(46.9)	(50.3)
Net cash outflows from financing activities	201.2	137.5	89.4	77.0	137.4	152.8
Net increase/(decrease) in cash held	(1.4)	-	-	-	-	-
Cash at beginning of financial year	1.9	0.5	0.5	0.5	0.5	0.5
Cash at end of financial year	0.5	0.5	0.5	0.5	0.5	0.5

Sales (\$ million)	2019-20 forecast	2020-21	2021-22	2022-23	2023-24	2024-25
Service charges						
Service charges - water	88.5	78.7	70.0	72.8	76.0	79.2
Service charges - sewerage	271.1	281.0	283.3	292.8	306.3	320.5
Service charges - recycled water	-	-	-	-	-	-
Trade waste charges	5.1	5.5	5.6	5.8	6.1	6.3
	364.7	365.2	358.9	371.4	388.4	406.0
Usage charges						
Water usage charges	384.9	396.2	440.9	454.8	470.4	486.6
Sewage disposal charges	102.1	104.2	113.1	116.7	120.7	124.8
Recycled water	4.1	3.2	3.4	3.6	3.8	4.0
Trade waste charges	20.8	19.6	20.3	21.1	22.0	22.9
	511.9	523.2	577.7	596.2	616.9	638.3
Developer income						
Asset contributions	64.0	42.2	43.0	48.0	54.6	56.0
New customer contributions	31.3	21.9	35.8	37.5	38.4	39.4
	95.3	64.1	78.8	85.5	93.0	95.4
Other operating income						
Commercial activity (net income)	0.3	0.2	1.0	1.1	1.1	1.1
Other	45.9	36.6	39.8	41.5	43.5	44.5
	46.2	36.8	40.8	42.6	44.6	45.6
Total sales	1,018.1	989.3	1,056.2	1,095.7	1,142.9	1,185.3

Operating expenses (\$ million)	2019-20 forecast	2020-21	2021-22	2022-23	2023-24	2024-25
Bulk water - fixed	290.8	240.5	267.4	274.5	283.4	288.2
Bulk water - variable	59.7	68.1	75.3	77.5	80.3	92.4
Bulk Sewage - fixed	157.8	159.3	165.6	172.1	179.8	183.0
Bulk sewage - variable	21.0	21.2	21.7	22.5	23.4	24.3
Recycling availability and purchases	0.6	0.3	0.3	0.3	0.3	0.4
Local treatment plant costs	16.1	16.4	16.7	17.1	17.5	17.9
Cost of sales - miscellaneous	24.9	21.5	22.8	23.2	23.7	24.3
Operating costs	114.8	119.4	119.7	122.4	125.4	128.6
Research & Development	0.7	0.5	0.5	0.5	0.5	0.5
Environmental contribution	40.7	52.2	52.2	52.2	52.2	52.2
Depreciation and write-offs	102.0	106.2	111.4	115.7	120.5	126.4
Total expenses	829.1	805.6	853.6	878.0	907.0	938.2

Cash paid to government (\$ million)	2019-20 forecast	2020-21	2021-22	2022-23	2023-24	2024-25
Final dividend - previous year	116.3	21.5	17.5	20.2	22.0	24.8
Interim dividend - current year	16.3	17.6	20.2	22.0	24.8	25.5
Capital Repatriation	-	-	97.2	97.2	97.2	-
Tax paid	29.5	35.6	39.6	41.9	43.3	43.5
Environmental contribution	40.7	52.2	52.2	52.2	52.2	52.2
Financial accommodation levy	24.0	25.3	27.4	28.7	30.6	31.9
Total cash paid to government	227.6	146.1	250.1	259.9	268.7	177.7

Capital Expenditure (\$ million)	2019-20 forecast	2020-21	2021-22	2022-23	2023-24	2024-25
Water						
Capacity (growth)	7.8	35.3	21.0	23.4	84.0	72.9
Reliability	31.9	33.9	32.9	31.6	35.2	35.7
Water quality	0.2	0.2	0.2	0.2	0.2	0.2
Meters	10.0	4.1	9.4	9.8	9.6	10.1
	49.9	73.5	63.5	65.0	129.0	118.9
Sewerage						
Network capacity (growth)	21.4	49.3	58.9	35.6	54.5	55.2
Network reliability	35.3	27.2	22.8	23.1	30.6	28.4
Water recycling plant growth	80.5	55.8	26.6	9.5	5.2	37.5
Water recycling plant reliability	16.1	16.5	12.4	12.0	12.4	9.8
Climate Change WRP	-	6.1	4.3	8.0	8.2	0.8
Network odour	3.5	2.2	2.4	2.6	2.4	2.7
Backlog (unserved lots)	16.6	17.0	13.8	22.3	11.7	11.9
Compliance STP	-	3.3	7.3	2.1	2.1	8.8
	173.4	177.4	148.5	115.2	127.1	155.1
Recycling						
All Projects	6.2	19.7	12.9	8.2	34.6	23.5
	6.2	19.7	12.9	8.2	34.6	23.5
Corporate assets						
Information technology/telemetry	21.7	20.9	20.9	21.3	21.4	21.9
Plant and equipment	2.2	1.3	1.2	1.0	1.1	1.1
Land and buildings	2.4	1.2	30.9	15.3	0.3	0.3
Motor vehicles	4.0	4.1	4.2	4.3	4.4	4.4
Other	-	0.1	-	0.1	-	-
	32.0	27.4	57.2	41.8	27.2	27.7
Total value of program	261.5	298.0	282.1	230.2	317.9	325.2

Financial statements quarterly profile for 2020-21

Income Statement (\$ million)	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Sales	226.5	251.0	264.4	247.4
Cost of sales	(130.3)	(132.8)	(133.5)	(130.7)
Gross profit	96.2	118.2	130.9	116.7
Operating expenses	(69.7)	(69.5)	(69.7)	(69.4)
Earnings before interest and tax	26.5	48.7	61.2	47.3
Borrowing expenses	(21.2)	(21.1)	(21.2)	(21.1)
Operating profit before tax	5.3	27.6	40.0	26.2
Net income from asset sales	0.5	0.2	0.6	1.1
Profit before tax	5.8	27.8	40.6	27.3
Income tax expense	(1.7)	(8.1)	(11.9)	(8.0)
Profit after tax	4.1	19.7	28.7	19.3

Balance Sheet (\$ million)	As at 30 Sep 2020	As at 31 Dec 2020	As at 31 Mar 2021	As at 30 Jun 2021
Current assets				
Cash	0.5	0.5	0.5	0.5
Receivables	328.3	316.4	270.0	219.2
Other	15.2	15.2	15.2	17.7
Total current assets	344.0	332.1	285.7	237.4
Non-current assets				
Infrastructure, property, plant and equipment	4,411.7	4,461.9	4,512.1	4,584.4
Defined benefit superannuation	0.6	0.6	0.6	0.6
Water entitlements	97.0	97.0	97.0	97.0
Right of Use Asset	11.0	10.7	10.4	10.2
Other	3.6	3.6	3.6	3.6
Total non-current assets	4,523.9	4,573.8	4,623.7	4,695.8
Total assets	4,867.9	4,905.9	4,909.4	4,933.2

Balance Sheet (\$ million) (continued)	As at 30 Sep 2020	As at 31 Dec 2020	As at 31 Mar 2021	As at 30 Jun 2021
Current liabilities				
Payables	92.9	108.0	93.0	108.0
Borrowings	91.7	91.7	71.7	50.0
Tax liabilities	2.6	2.5	2.5	2.6
Lease liability	0.8	0.8	0.8	0.8
Unearned revenue (contract liability)	33.0	33.0	33.0	33.0
Other	22.5	22.8	23.1	23.3
Total current liabilities	243.5	258.8	224.1	217.7
Non-current liabilities				
Tax liabilities	530.6	530.3	530.0	529.7
Lease liability	10.7	10.5	10.3	10.1
Provisions	2.8	2.8	2.8	2.8
Borrowings	2,110.0	2,135.0	2,145.0	2,174.0
Total non-current liabilities	2,654.1	2,678.6	2,688.1	2,716.6
Total liabilities	2,897.6	2,937.4	2,912.2	2,934.3
Net assets	1,970.3	1,968.5	1,997.2	1,998.9
Equity				
Reserves	890.2	890.2	890.2	890.2
Contributed equity	386.1	386.1	386.1	386.1
Retained profits	694.0	692.2	720.9	722.6
Total equity	1,970.3	1,968.5	1,997.2	1,998.9

Cash Flow Statement (\$ million)	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Cash flows from operating activities				
Receipts from customers	133.2	248.8	295.5	283.4
Payments to suppliers and employees	(172.8)	(176.7)	(181.1)	(177.3)
	(39.6)	72.1	114.4	106.1
Interest and other costs of finance paid	(35.1)	(7.3)	(35.4)	(7.4)
Income taxes paid	(7.9)	(6.9)	(7.5)	(7.2)
Net cash inflows/(outflows) from operating activities	(82.6)	57.9	71.5	91.5
Cash flows from investing activities	-	-	-	-
Payments for property, plant and equipment	(73.5)	(62.8)	(62.2)	(85.7)
Proceeds from sale of property, plant and equipment	1.3	1.6	0.8	4.7
Net cash outflow from investing activities	(72.2)	(61.2)	(61.4)	(81.0)
Cash flows from financing activities	-	-	-	-
Net borrowings	155.0	25.0	(10.0)	7.3
Net lease liability	(0.2)	(0.2)	(0.1)	(0.2)
Capital Repatriation	-	-	-	-
Dividends paid	-	(21.5)	-	(17.6)
Net cash inflows/(outflows) from financing activities	154.8	3.3	(10.1)	(10.5)
Net increase/(decrease) in cash held	-	-	-	-
Cash at beginning of period	0.5	0.5	0.5	0.5
Cash at end of period	0.5	0.5	0.5	0.5

Capital Expenditure (\$ million)	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Capex	76.6	67.2	65.1	89.1

Cash paid to government (\$ million)	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Final dividend - previous year	-	21.5	-	-
Interim dividend - current year	-	-	-	17.6
Capital Repatriation	-	-	-	-
Tax paid	7.9	6.9	7.5	7.2
Environmental contribution	13.1	13.1	13.1	13.1
Financial accommodation levy	6.3	6.3	6.3	6.3
Total cash paid to government	27.3	47.8	26.9	44.2



Appendices

Appendix A: Asset management

Effective asset management is critical for our organisation. It determines our long-term investment profile and sets a large proportion of our controllable operating costs in the short term.

Our goal is to certify our asset management system against ISO 55001 by 2023 to ensure we have systems in place to achieve our objectives through effective and efficient asset management.

We critically review our expenditures with input from all affected parties to ensure we're making the right investment decisions. We also use new technology to meet our functional requirements and we'll continue to investigate opportunities to install smart technology where economically viable.

These new solutions can generate valuable information. There's an opportunity to use this information to gain new insights about our assets.

Our Capital Delivery Program delivers the majority of key programs on time and within budget and we continue to perform well against benchmarks for drinking water quality and service reliability.

Five-year asset management plans

Our asset management framework defines how we plan and manage our infrastructure assets.

It considers:

- current or desired levels of service for our customers and stakeholders associated costs of providing those service levels
- future population growth, urban planning and demand for water
- practices and systems that help us manage our assets in the most efficient and effective way.
- the impacts of climate change and other risks.

Water, sewerage and treatment asset management plans help us to implement the framework. Each plan is based on defined service objectives and actions to achieve them, with strategic performance measures to determine how well the objectives are delivered.

We've considered the optimum mix of current and future capital, as well as operating and maintenance costs, for all our assets. Thorough risk assessment processes determine the preferred timing for projects, programs and activities. This assessment is based on the likelihood of failure of the asset (condition) and the consequence of the asset failing (criticality). Asset failure is defined as not achieving the desired service level for our customers.

We're currently undertaking a critical asset review program, which was initiated to address risk and inform our 2020 Corporate Plan.

Five-year capital program (2020-21 to 2024-25)

Water Capacity Plan

Our Water Capacity Plan ensures we have the capacity to deliver drinking water to meet the needs of new and existing customers. It's focused on growth investment rather than deficiencies in the existing system.

We've predicted major expenditure areas in our region in Clyde, Cranbourne, Officer and Pakenham.

The plan predicts that we'll need to invest \$71 million to extend our network, spread over the five-year period. This will enable new customers to connect to our water supply, while maintaining adequate pressure and flow standards.

Water Reliability Plan

Our Water Reliability Plan helps us avoid excessive service interruptions. It achieves this through rigorous assessment and takes into consideration emergency and preventative maintenance and asset renewals.

We're planning to increase our expenditure to maintain current service levels. Our Water Reliability Plan proposes a \$110 million investment to renew an average of 35 kilometres of water mains each year. We've also identified a need to upgrade water mains constructed from asbestos, and we've changed our renewal technique to effectively manage these risks, and have allowed for this additional expenditure.

Our water reliability maintenance budget also includes all recurrent costs for running and maintaining our water supply system. Our significant costs include repairing water mains and replacing service pipes between the main and meter, while our preventative maintenance costs have decreased through improved monitoring and evaluation of planned mechanical activities and civil inspection programs. The plan also targets valves, hydrants, and mechanical and electrical assets.

Water Quality Plan

The quality of water provided to our customers is monitored across our network through Continuous On Line Testing (COLT) available through our SCADA system. We collect around 8,000 drinking water samples per year which are laboratory tested.

We also have a number of secondary disinfection units which provide added protection to our water quality. These systems combine to make sure we provide the highest quality water to our customers, and are the key focus of our continuing investment.

Sewer Capacity Plan

Our Sewer Capacity Plan ensures we can safely collect and transfer sewage to treatment and disposal systems without risking the environment or community health. The majority of our sewer capacity programs are driven by growth (as is the case for water) and compliance with the current containment standard.

We also work with the environmental regulator to consider revising discharge standards in appropriate situations to ensure any investment maximises the environmental outcomes. By providing recycled water, our sewer treatment systems are also increasingly contributing to the liveability and sustainability of suburbs in our service region.

Development and population growth means that new customers need to connect to our sewerage system without overloading it. We're investing \$280 million during the planning period to service the south eastern growth corridor and provide centralised sewer services to properties that currently rely on septic systems. We've also budgeted for upgrades to assets in inner city areas to provide for planned urban redevelopment, particularly where it enhances liveability.

Due to population growth, our major water recycling plants are at or nearing capacity. Consequently, \$84 million of upgrades are required, primarily at our Boneo, Longwarry, Mt Martha and Pakenham plants over the next five years.

The largest project is Boneo, where an additional 40 per cent of hydraulic capacity is being delivered at a cost of approximately \$130 million – of which \$29 million will be spent in this five year period.

We're using this opportunity to deliver optimised sewer infrastructure for the south eastern growth corridor, which includes commencing environmental studies and stakeholder consultation for a major regional water recycling plant.

Sewer Reliability Plan

Our Sewer Reliability Plan ensures we can keep reliably collecting sewage without disrupting service to our customers, or significantly impacting our local environment and communities. As a result of our targeted sewer pipe inspection and renewal program, the structural condition of our sewer system remains sound, with only a small number of collapses.

We're planning to spend \$130 million between 2020–25 to renew our sewerage assets and maintain the current reliability of the sewerage system. Major programs include the branch and reticulation renewal program, with a projected expenditure of \$30 million to reduce the risk of vulnerable concrete sewers failing and \$11 million in renewal of sewer rising mains and upgrading pumping stations.

These are our highest risk assets, due to the environmental consequences if they fail – particularly as our service area borders more than 270 kilometres of coastline. This expenditure will be mostly confined to the Mornington Peninsula, which due to geography has the largest number of sewer rising mains. The exact investment will be determined upon completion of the critical asset review. Other areas of investment include mechanical and electrical renewals at pump stations and at facilities associated with water recycling plants.

So we can avoid spills and service disruptions to our customers, we are targeting the identification of emerging sewer blockages. Our investment strategy will continue to focus on new digital technology, enhancement and integration of key infrastructure data systems, and further progressing industry leading analytical capability to improve our early warning systems.

Sewage Quality Plan

In collaboration with the other water organisations in metropolitan Melbourne (Melbourne Water, City West Water and Yarra Valley Water) an Integrated Sewage Quality Management System (ISQMS) has been implemented.

The ISQMS provides a risk-based approach to sewage quality management, based on the application of the Australian Standard Food Safety Management Systems, which we include as part of the Sewage Quality Reference Manual.

The Sewage Quality Reference Manual covers the delivery of sewage of an acceptable quality to South East Water and Melbourne Water treatment plants, and the management of the associated risks within the sewer network. This is audited internally and externally to ensure compliance with the standards and that effective controls are maintained.

Recycled Water Plan

Throughout the next five years we'll continue to produce recycled water in the south eastern growth corridor of our service area, investing around \$63 million. This investment includes buying land and building infrastructure that will allow us to distribute, hold and pump recycled water.

During the period, the full development of Aquarevo will take place including the construction of a water recycling plant.

Through ongoing engagement, our customers have told us they support us investigating more ways to provide greater levels of recycled water for agricultural purposes. During the next five years, we'll examine potential schemes and explore opportunities where we can act as an enabler to deliver schemes that our customers see as important.

Corporate

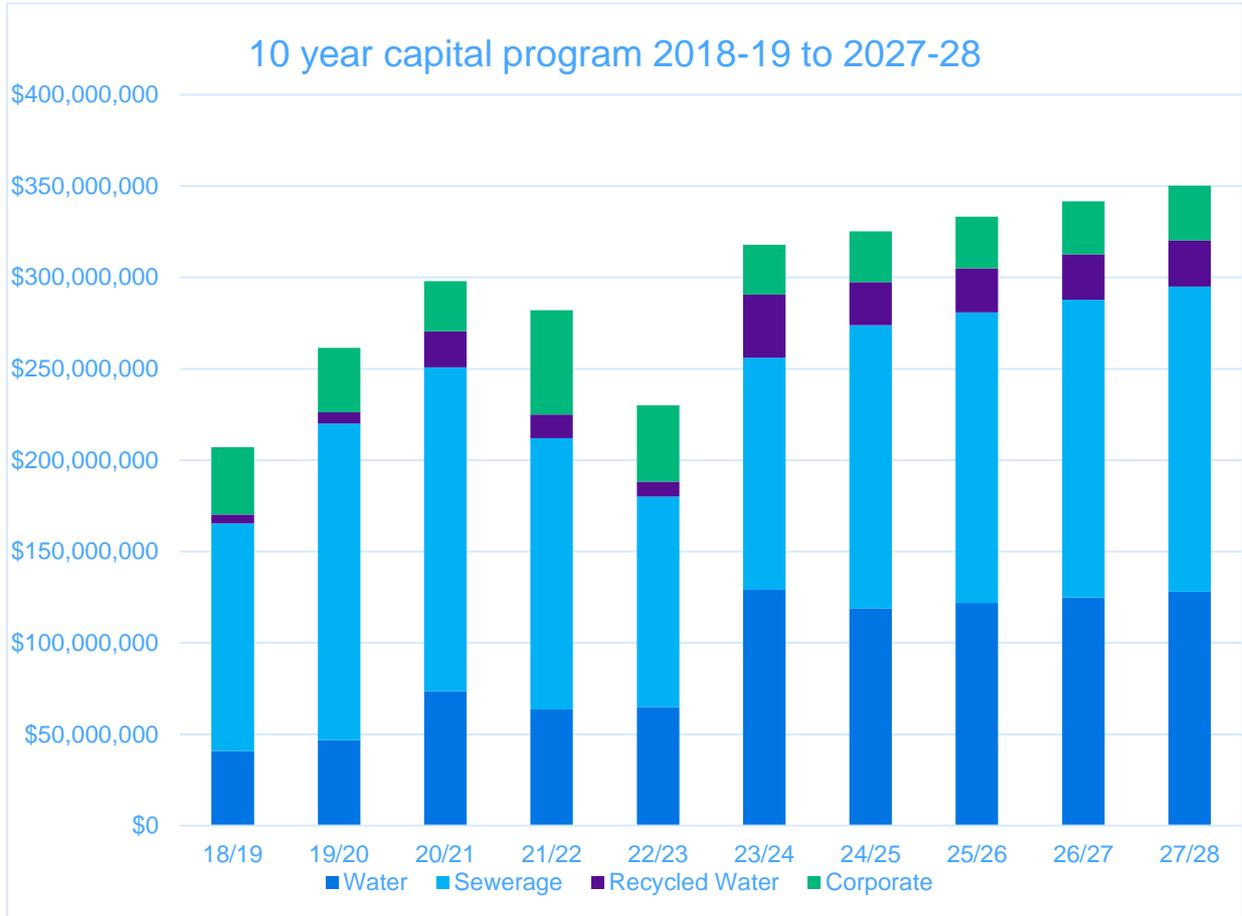
A key initiative in this corporate plan is the Fishermans Bend development – which will ultimately become home more than 80,000 new residents and a significant employment precinct.

Providing alternative water to the area will continue to enhance Melbourne's reputation for sustainability and liveability.

Corporate capital expenditure of \$146 million over the planning period relates primarily to expenditure at Fishermans Bend, the south eastern growth corridor, as well as information technology (including equipment replacements and upgrades). We're also rapidly developing a range of communication channels so that our customers can access systems as part of our digital transformation.

Ten-year Capital Program (2018–19 to 2027–28) (\$ million)

This graph shows our Capital Program by service (water, sewerage, recycled water) for the 10 years commencing 2018-19.



Note: dollars have been inflated by CPI

Appendix B: How we'll measure success

Get the basics right, always	2019-20 target	2020-21 target	Q1	Q2	Q3	Q4	2021-22 target	2022-23 target	2023-24 target	2024-25 target
Number of water bursts and leaks per 100 kms	32.1	34.8	8.0	16.0	26.2	34.8	34.8	34.8	34.8	34.8
Number of sewer spills avoided	1,857	2,500	776	1,408	1,925	2,500	2,500	2,500	2,500	2,500
Number of sewer spills per 100 kms	8.7	9.7	3.0	5.5	7.5	9.7	9.7	9.7	9.7	9.7
Number of Safe Drinking Water Regulations non-compliance incidents	0	0	0	0	0	0	0	0	0	0
Number of water quality complaints per 1,000 customers	1.8	1.8	0.45	0.9	1.35	1.8	1.8	1.8	1.8	1.8
Number of customers receiving greater than five unplanned water supply interruptions	532	532	532	532	532	532	532	532	532	532
Number of customers receiving three or more sewerage blockages	17	32	32	32	32	32	32	32	32	32

Make my experience better	2019-20 target	2020-21 target	Q1	Q2	Q3	Q4	2021-22 target	2022-23 target	2023-24 target	2024-25 target
Customer satisfaction rating*	80%	83%	83%	83%	83%	83%	85%	85%	85%	85%
Number of complaints for 1,000 customers	4.3	6	1.5	3	4.5	6	8	8	9	9
Customer value for money rating*	65%	70%	70%	70%	70%	70%	71%	72%	73%	74%
Community trust rating*	65%	80%	80%	80%	80%	80%	80%	81%	81%	82%
Warn me, inform me	2019-20 target	2020-21 target	Q1	Q2	Q3	Q4	2021-22 target	2022-23 target	2023-24 target	2024-25 target
Percentage of customers impacted by unplanned water supply interruptions <i>*in peak times measured against the total of all customers impacted by water supply interruptions</i>	27.4%	27.7%	27.5%	27.6%	27.7%	27.7%	27.6%	27.6%	27.6%	27.6%
Customers notified per unplanned interruption as a percentage of total customers affected	52%	58%	58%	58%	58%	58%	59%	61%	62%	64%
Average duration of unplanned water supply interruptions	88 mins	88 mins	88 mins	88 mins	88 mins	88 mins	88 mins	88 mins	88 mins	88 mins
Percentage of planned water interruptions restored within the notification period	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%
Fair and affordable for all	2019-20 target	2020-21 target	Q1	Q2	Q3	Q4	2021-22 target	2022-23 target	2023-24 target	2024-25 target

Average level of debt upon entry to South East Water Assist program	\$825	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800
Customers positively impacted after participating in the hardship program (%)	Base line	-	-	-	-	-	-	-	-	-
Number of customers supported by South East Water Assist program (L4)	5,575	5,854	1,360	2,665	4,110	5,854	6,147	7,147	7,505	7,880
Operating cost per property (nominal dollars)	143	149	38	75	112	149	146	147	148	149
Support my community, protect our environment	2019-20 target	2020-21 target	Q1	Q2	Q3	Q4	2021-22 target	2022-23 target	2023-24 target	2024-25 target
Total net CO ₂ emissions	36,122	33,978	8,495	16,989	25,484	33,978	31,834	29,690	28,438	23,016
Volume of recycled water use (gigalitres)	5.7	5.8	1.45	2.9	4.35	5.8	5.9	6	6.1	6.2
Residential water usage - litres per person per day	162	160	160	160	160	160	158	157	155	154
Volume of recycled water as a percentage of total water used in designated greenfield areas	14%	16%	15%	15%	16%	16%	18%	20%	20%	20%
Number of significant sewage spills (dry weather)	18	17	4	8	12	17	16	15	14	13
Percentage of customers in greenfield areas receiving recycled water	46%	65%	46%	51%	59%	65%	78%	77%	82%	82%

Business enablers	2019-20 target	2020-21 target	Q1	Q2	Q3	Q4	2021-22 target	2022-23 target	2023-24 target	2024-25 target
Gender balanced workforce in senior leadership positions	50%	40%	40%	40%	40%	40%	42%	45%	47%	50%
Senior leader safety improvement observations	155	162	40	81	121	162	167	167	167	167
Employee awareness rating of access to flexibility arrangements in the workplace.	79%	81%	81%	81%	81%	81%	79% (2017-18 result) 1% target increase year on year			
Employee Engagement within top quartile of Oceania employers	75%	77+%	77+%	77+%	77+%	77+%	77+% remain within the top quartile currently 77+%			
Reduction in Total Recordable Injury Frequency Rate (TRIFR)	9.5	9.0	9.0	9.0	9.0	9.0	8.5	8.0	7.5	7.0

Appendix C: How we deliver on government commitments

<i>Financial performance indicators</i>	2019-20 target	2020-21 target	Q1	Q2	Q3	Q4	2021-22 target	2022-23 target	2023-24 target	2024-25 target
Internal financing ratio Net operating cash flow less dividends/net capital expenditure *100	20.1%	33.3%	-107.8%	-32.1%	12.1%	33.3%	53.1%	49.2%	37.3%	36.6%
Gearing ratio Total debt (including finance leases)/total assets *100	43.4%	45.1%	45.2%	45.4%	45.2%	45.1%	48.0%	50.6%	53.4%	54.5%
Cash interest cover Net operating cash flows before net interest and tax/interest payments	2.5	3.0	-1.1	0.8	1.9	3.0	3.6	3.2	3.2	3.1
Current ratio Current assets/current liabilities (excluding long-term employee provisions and revenues in advance)	1.2	1.4	1.8	1.6	1.7	1.4	1.2	1.3	1.2	1.2
Return on assets Earnings before net interest and tax/average assets *100	4.5%	3.8%	0.6%	1.6%	2.8%	3.8%	4.0%	4.2%	4.4%	4.4%
Return on equity Net profit after tax/total equity *100	4.0%	3.6%	0.2%	1.2%	2.6%	3.6%	4.2%	4.7%	5.3%	5.4%
EBITDA margin Earnings before interest, tax, depreciation and amortisation/total revenue *100	29.9%	29.3%	23.4%	26.9%	29.1%	29.3%	29.7%	30.4%	31.2%	31.5%
Credit rating Evaluation of credit risk	A-	A-	A-	A-	A-	A-	BBB+	BBB+	BBB+	BBB+

Appendix C: How we'll perform against government commitments

Water and sewerage service indicators	2019-20 target	2020-21 target	Q1	Q2	Q3	Q4	2021-22 target	2022-23 target	2023-24 target	2024-25 target
Unplanned water supply interruptions Number of customers receiving five or more unplanned interruptions in the year/total number of water (domestic and non-domestic) customers *100	0.065%	0.065%	0.065%	0.065%	0.065%	0.065%	0.065%	0.065%	0.065%	0.065%
Interruption time Average duration of unplanned water supply interruptions	88 mins	88 mins	88 mins	88 mins	88 mins	88 mins	88 mins	88 mins	88 mins	88 mins
Restoration of unplanned water supply Unplanned water supply interruptions restored within five hours/total unplanned water supply interruptions *100	98.5	98.5	98.5	98.5	98.5	98.5	98.5	98.5	98.5	98.5
Containment of sewer spills Sewer spills from reticulation and branch sewer contained within five hours/total sewer spills from reticulation and branch sewers *100	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Sewer spill interruptions Number of residential sewerage customers affected by sewerage interruptions restored within four hours	98.6%	98.6%	98.6%	98.6%	98.6%	98.6%	98.6%	98.6%	98.6%	98.6%

Customer responsiveness indicators	2019-20 target	2020-21 target	Q1	Q2	Q3	Q4	2021-22 target	2022-23 target	2023-24 target	2024-25 target
Number of water quality complaints per 1,000 customers ~	1.8	1.8	0.45	0.9	1.35	1.8	1.8	1.8	1.8	1.8
Number of billing and account complaints per 1,000 customers	0.5	3.5	0.8	1.6	2.6	3.5	5.5	5.5	6.5	6.5
Environmental performance indicators	2019-20 target	2020-21 target	Q1	Q2	Q3	Q4	2021-22 target	2022-23 target	2023-24 target	2024-25 target
Effluent re-use volume (end use)	22%	30%	30%	30%	30%	30%	30%	30%	30%	30%
Total net CO ₂ emissions	36,122	33,978	8,495	16,989	25,484	33,978	31,834	29,690	28,438	23,016

~ Water quality complaints are a sub-set of 'Number of complaints per 1,000 customers'

Appendix D Part one: risk appetite statement

Our risk appetite statement and associated framework have been endorsed by the Board of South East Water and its Executive Leadership Team.

As an essential services provider, we know that our customers rely on us to deliver safe, reliable and affordable water and wastewater services, every day and every night.

In order to continually meet our customers' expectations and earn their trust, it's vital that we recognise the broad range of risks that we face. Each must be given careful and appropriate consideration in order to support our commitments to our customers and stakeholders in line with our vision: to help create a better world for our customers with forward-thinking solutions, for all and always, that won't cost the earth.

First and foremost is safety. Our people are fundamental to our success, and we are committed to the health, safety and wellbeing of our people and anyone who works within or visits our sites. In addition, we will always treat our people with fairness and respect and provide a work environment that is positive, inclusive and transparent. We do not accept any breach of workplace relations law by South East Water or any of our partners, and when representing our organisation with customers, we also expect our people to act in line with our values and code of conduct.

We also recognise our industry is changing. Water scarcity, climate change and technology shifts mean we're always looking for new ways to better what we do, and how we deliver it. We are open to new ideas and acknowledge that not everything we try will work as intended. In this pursuit, however, we will not compromise our commitment to safety or meeting our compliance obligations. For an organisation with a portfolio of long-life infrastructure assets, our investments must not only be well planned and delivered, but importantly consider whole-of-life costs, as well as changing priorities and new ways of thinking.

Climate change is just one example. Our commitment to reduce emissions must balance the urgency of the environment challenge, with the need for prudent investments based on existing mitigation strategies and the promise of more efficient options yet to be developed.

Financial sustainability is core to our future success, yet we accept that we need to explore opportunities with the potential for long term, industry changing benefits, even where these may have negative impacts on our short term financial position. In making our investments, however, we have no appetite for violating our key debt ratios (gearing, FFO) or placing our ongoing financial sustainability at risk.

Underpinning our success is the continued trust our customers, shareholders, regulators and the community places in us. Transparency, model governance, policy alignment and community engagement are levers we control to positively build our capability and reputation and ensure we retain our license to operate. As such, we have no tolerance for fraud or collusion, however minor. This also means compliance with all laws and regulations both in our service region and beyond.

A key aspect of this is preserving the integrity and availability of our critical systems and processes from unauthorised access as well as respecting the privacy of the customer information we keep. We are wholly committed to maintaining the quality of water we supply and to leaving the environment in which we exist in a better state for all future generations.

Only with that trust can we fulfil our purpose, and deliver healthy water for life.

Appendix D Part two: Material risk

Risks	Description and plans to manage
Safety and wellbeing	<p>To lessen serious workplace injuries whether physical, mental, or health or wellbeing related.</p> <ul style="list-style-type: none"> We believe safety and wellbeing are not just important, they're absolutely essential. We're continually improving our certified safety management system and our comprehensive wellbeing program to prevent injury and ill health.
Water and product quality	<p>To provide safe drinking water that not only meets the expectations of our customers but complies with regulatory obligations.</p> <ul style="list-style-type: none"> South East Water's vision is to provide healthy water for life. This underpins everything we do. Audited, structured frameworks manage processes and activities to ensure we consistently deliver our products and services to customers, safely, at a high standard that comply with any regulatory requirements.
Customer and our communities	<p>To better understand the customers and the communities South East Water serves (and for them to better understand its services) and to provide them with a positive experience that meets their expectations.</p> <ul style="list-style-type: none"> South East Water's customer engagement and research program informs its strategies on how to improve services in areas that matter most to customers. We have in place a number of key programs that strive to constantly deliver value for money and enhanced outcomes for our entire customer base. <p>Ensuring timely communication to our customers, in their preferred method, when disruptions occur.</p> <ul style="list-style-type: none"> We're managing this exposure by ensuring we have up-to-date customer contact details (across a number of different channels), exploring different forms of communication (e.g. social media) as well as managing disruption away from peak times.
People	<p>To take our business forward and help achieve our strategic goals, attract, recruit and retain the right people for the right roles.</p> <ul style="list-style-type: none"> As the needs of our business evolve, we've committed to investing in initiatives that continually improve our culture, capability, capacity, diversity and inclusion practices so that we develop our people and attract high calibre talent.
IT/OT and data security	<p>Effectively manage our information technology and operational technology (IT/OT) assets that underpin our operations and to protect customer and corporate data in line with regulatory and customer expectations.</p> <ul style="list-style-type: none"> IT/OT infrastructure is managed to an asset management plan to ensure the stability and reliability of all platforms. We align our data security to the Victorian Protective Data Security Standards and already have mandatory data security awareness training and controls in place to protect the data and information we store.

Asset management	<p>To plan, build, operate, maintain and dispose assets reliably and efficiently to meet the service expectations of customers.</p> <ul style="list-style-type: none"> • South East Water has in place comprehensive asset management plans and constantly monitors asset condition. We're driving further improvement by aligning our practices to ISO 55001 Asset Management which provides a structured approach for the development, coordination and control of our asset-related activities across their life cycle.
Regulatory environment and stakeholder management	<p>To respond and influence the regulatory and policy environment to outcomes aligned to strategic goals, with proactive and consistent engagement of key stakeholders.</p> <ul style="list-style-type: none"> • We've fostered and continue to develop strong relationships with key stakeholders, built on a platform of transparency and trust. Our underlying approach is to engage in a constructive and collaborative manner to achieve positive solutions for our customers. • By employing the Standard ISO 19600 Compliance management systems we have committed to ensuring that compliance is embedded in all our activities.
Disruption and non-traditional markets	<p>To be able to adapt South East Water's business and positively respond to major changes in industry composition, technology or consumer behaviours.</p> <ul style="list-style-type: none"> • We have a long and proud history of innovation and continue to monitor shifts inside (and outside of) the industry and trial emerging technologies. The Aquarevo development and establishment of Iota are just two examples of how South East Water challenges the conventional approach of a regulated water business. Longer term, we see innovation and our investment in becoming increasingly digital, in particular, as a key platform to deliver greater benefits to our customers.
Climate change	<p>To understand and plan for the adverse impacts of a changing climate on assets and effectively transition to a carbon free future.</p> <ul style="list-style-type: none"> • Climate change is real and South East Water continues to develop adaptation and mitigation plans for our assets and business operations to increase resilience. We've also committed to carbon reduction and in 2018 formalised our pledge of net zero emissions by 2030.
Organisational resilience (including pandemic)	<p>To effectively manage and learn from planned or unplanned significant impact events that disrupt the services provided to our customers.</p> <ul style="list-style-type: none"> • We have a comprehensive incident and emergency management framework in place that comprises of business resilience, continuity and response plans and processes to help prevent service interruptions and to respond and recover in the event they do occur. • Our mitigation plans, along with preparedness and response activities for COVID-19, allow us to adapt to changing conditions to ensure a level of certainty and control in a period of operational, financial and societal change.

Appendix E: The United Nations 10 Principles

Human rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure that they are not complicit in human rights abuses.
Labour	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining Principle 4: the elimination of all forms of forced and compulsory labour Principle 5: the effective abolition of child labour Principle 6: the elimination of discrimination in respect of employment and occupation.
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges Principle 8: undertake initiatives to promote greater environmental responsibility Principle 9: encourage the development and diffusion of environmentally friendly technologies.
Anti-corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

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