



Corporate Plan 2022 – 27

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Aboriginal acknowledgment

South East Water proudly acknowledges the Traditional Owners of the land on which we work and live, and pay respects to their Elders past, present and emerging.

We acknowledge their songlines, cultural lore and continuing connection to the land and water. We recognise and value the rich cultural heritage and ongoing contributions of Aboriginal people and communities to our society in Victoria.

Our commitment to water for Aboriginal culture, spiritual and economic values

Our Reconciliation Action Plan (RAP) sets our intention to co-create meaningful and significant relationships with the Traditional Owners in the areas we operate in, so we can learn about and from them. Since its launch in 2020, our RAP has helped to increase our awareness of First Nations peoples, their culture and history. It's also seen us form meaningful working relationships and partner with Traditional Owners, First Nations-focussed organisations, charities and community groups.

Examples of this include:

Increasing awareness and helping our people to keep learning

- Strongly encouraging First Nations Cultural Awareness training for all our employees and Board members. The training is designed to create a culturally safe workplace, increase our understanding of First Nations past experiences and culture, appreciate the role they have in caring for Country, and explain what we can do to support these communities better. So far over 700 of our people have completed training.
- Focussing on 'Caring for water and country' and social procurement in our October 2021 employee town hall, featuring a discussion with CEO of the Kinaway Aboriginal Chamber of Commerce. Internally, we've also made it easier for our buyers to find and support Aboriginal suppliers.

Building relationships and partnering with our First Nations communities

- Continuing to engage and partner with Bunurong Land Council Aboriginal Corporation (BLCAC). In 2021, as an example of this, we partnered with BLCAC to help heal Country at Ranelagh Beach, Mount Eliza, a culturally sensitive site where we'd completed a large sewer renewal project. With COVID-19 restrictions now easing, we're looking forward to more of these opportunities in the future.
- Investing in Aboriginal businesses, community groups and social enterprises (over \$385,000 invested over last 3 years)
- Supporting the decision for additional water to be set aside for Traditional Owners in northern Victoria as part of the Goulburn-Murray Water Connections Program (a total of 1.36GL will be set aside, the first time Traditional Owners in northern Victoria will receive a water entitlement).

Next steps

We've still got a lot to learn and a lot to do in this space. While we're taking some time to review and reflect on the achievements so far, we're also working to make sure our next steps genuinely meet the needs of our First Nations community.

Who we are

Our services, assets and partnerships

We support healthy and liveable communities by delivering water, sewerage and recycled water services to 1.91 million people who rely on us every day and every night.

Our service area covers the lands and waters of the Bunurong people, some of the lands of the Wurundjeri Woi Wurrung people to our north and an area in our far north-east around Longwarry that currently has no Registered Aboriginal Party.

Our service area borders more than 270 km of coastline and covers a land area of 3,640 km² from Port Melbourne to Portsea and approximately 30 km east of Pakenham.

Each year we deliver more than 137 billion litres of drinking water and collect more than 108 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.

From our water recycling plants, we produce around 2,300 megalitres of recycled water used for homes, businesses, agriculture and open spaces. We also recycle biosolids for soil improvement and generate renewable energy from biogas and solar.

To deliver for our customers, we manage more than 26,500 kilometres of pipeline. We own, operate and maintain \$4.8 billion of assets including water, recycled water and sewerage networks. This includes:

- more than 14,238 km of water mains*
- more than 11,230 km of sewer mains*
- more than 1,231 km of recycled water mains*
- 82 water pump stations
- 277 sewage pump stations
- 98 recycled water pump stations
- 8 water recycling plants
- 1 stormwater treatment plant.

We work in partnership with Melbourne Water, the bulk supplier of water and sewage treatment in Melbourne.

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 30 June 2021.

Our purpose, vision and values

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, safely managing the wastewater and trade waste they don't, and creating recycled water and energy, and enriching soil. 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.

Message from our Chair and Managing Director

Welcome to *South East Water's Corporate Plan 2022–27*. This plan outlines our strategy for creating a better world for our customers as we respond and adapt to a changing operating environment. This includes the growing impact of climate change and the ongoing effects of the coronavirus (COVID-19) pandemic – and in light of other challenges and opportunities that continue to present themselves.

Our strategic focus areas, outlined in this plan, align with our existing customer outcomes to future-proof our organisation (and encourage our customers to plan for their futures too).

We're proud of what it means to be South East Water. Powered by our values, some examples of how we deliver for our customers include:

Building resilience

As more frequent weather events impact our lives it reminds us of the need to reduce the effect of climate change and protect our environment. We're embedding climate resilience in the way we design and operate our assets and deliver our services. Through our Climate Adapt initiative we've identified 178 climate-related risks to our organisation and the way we operate if the world doesn't drastically reduce emissions. Although there are many risks related to climate change, how we manage and mitigate these risks also provide us with opportunities related to technology and alternative water production.

One project where we're already looking at how we can reuse and repurpose our drinking water supplies locally is Aquarevo, where households are reducing their use of drinking water by 45% on average through using recycled water for gardens and toilet flushing.

Technological innovation

We've installed more digital meters in metropolitan Melbourne than any other water utility, in what is one of the largest digital meter rollouts in Australia, and we're committed to further installations in 2022. With over 30,000 customers already with access to real-time water usage, through this technology we've been able to issue over 4,000 continuous flow (and other leak) notifications, saving our customers an average of \$150 in extra charges and over 135 million litres of water

Engaging, partnering and collaborating

Working together allows us to bring ideas, technologies and innovations to life and adds considerable benefit the world we live in. Through engaging with our community and understanding their needs, we've helped over 17,000 residential customers and 1,300 business customers with financial support options as a result of impacts due to the pandemic (year to 30 June 2021). Last year we also worked with over 7,000 customers to find out what they value as part of engagement activities to support our next price submission. Through our involvement in [Water for Life](#), we're collaborating and sharing our knowledge and expertise with others inside and outside of our sector

While how we work and what we focus on continues to evolve, the initiatives in this plan all reflect our intention and commitment to support our customers, community and employees. Acknowledging and embracing the challenges and opportunities presented to us, and by playing to our strengths, mean we can deliver healthy water, now and into the future.



Lucia Cade
Chair



Lara Olsen
Managing Director



Driving our strategy

Our operating environment

Our regulatory responsibilities and the commitments we've made to our customers underpin our operating environment. These include delivering the Victorian Government's strategic, long-term plan for managing our water resources, *Water for Victoria* and our obligations under the United Nations Global Compact.

The impact of climate change and the need to secure our water supply, changing customer expectations, emerging technological opportunities and increasing population growth across our service area (pre COVID-19) continue to influence our operating environment.

As we're presented with new challenges, opportunities and trends, and in order to find new ways to address existing ones, we continue to evolve and respond.

That means thinking differently about how we can best deliver for our customers, as well as how we manage and grow our assets and services so we can adapt to climate change and other challenges, while remaining affordable for our customers.

Throughout *Corporate Plan 2022–27*, we outline our response. This includes:

Adapting to climate change

- Strengthening our commitment to investigate the current and future impacts of climate change and continuing to adapt our business by joining the UN's Race to Zero campaign
- Embedding climate resilience into the way we design and operate our assets, implementing our Climate Adaptation Strategy, and reducing our greenhouse gas emissions through our Emissions Reduction Pledge. This includes generation of our own renewable energy onsite and offset of any electricity from the grid using large-scale generation certificates (LGCs).

Future planning and water security

- Increasing the amount of recycled water we produce from the current 2,300 megalitres which is used for homes, businesses, agriculture and open spaces through prioritising and implementing solutions to help transform traditional water supply to homes.
- Identifying opportunities to help increase access to our recycled water for irrigation and commercial use and harvesting stormwater for industrial use.

Collaborating to secure a sustainable future

- Collaborating with a range of stakeholders through Integrated Water Management forums and our project partnerships to deliver alternative water infrastructure
- Participating in the joint urban water and system ([Water for Life](#)) strategy for Melbourne.

Scaling up our digital utility

- By developing and licensing sensor technology we're re-thinking the way we manage water in our network to reduce water loss, be more efficient and keep our prices fair and affordable. We've installed 700 new Advanced BlokAid® devices and over 4,100 digital meters with Sotto® vibration sensors to detect leaks in our network.
- Enhancing connectivity between our organisation and our customers, through 1000s of remotely connected assets, so we can quickly respond if something goes wrong
- Continuing to roll out digital meters and other technology across our network to proactively identify leaks in our water network.

Continuing to navigate the ongoing effects of coronavirus

- Remaining resilient, flexible and settling into new ways of operating and working
- Retaining a strong focus on providing extra support to our customers who need it most
- Maintaining our focus on employee and contractor wellbeing to ensure that our people, wherever or however they're working, feel safe and have the right tools and support.

Our customers and our commitments to them

Our customers

Our customers are at the centre of everything we do, whether they're connected to our services, or stakeholders, partners or simply belong to one of our communities.

We're continuing our journey to create a better world for and with all our customers – and this means increasingly aligning our activities and our organisation around that ambition.

That involves better understanding the expectations, needs and what matters most to our customers – like health and liveability, environment, affordability, and water security and planning. In turn, that will allow us to continue to build trust and ongoing relationships with them.

Our Customer and Community Advisory Council provide a unique perspective allowing us to look at our solutions and approaches to customers and communities differently, so everyone's voice is represented.

We've engaged our customers right from the start in the engagement for our next price submission. Co-creating our core customer outcomes is an example of how our customers help us steer the direction of our organisation and that by working together to create these solutions we can make even more of an impact.



Our commitments to our customers

Forming part of our ongoing engagement with our customers, the outcomes we create together positively influence how we perform our daily operations, right through to our long-term planning.

Every 5 years we deliver a *Five-year Customer Commitment*, an important part of our regulatory commitment to our customers that sets our pricing structure and focus for the coming 5 years (our ‘customer outcomes’).

Our current customer outcomes were developed in 2018 in consultation with our customers. We check in with them quarterly to see that these are still the top priorities for them and adapt to reflect their changing needs.

Reflecting the things that matter most to customers, these drive our business decisions and operations – from getting the basics right to supporting their local communities.

We’re currently gearing up to make new commitments as part of our *Price Submission 2023-28*.

See:

- Our current customer outcomes (page 12)
- ***Delivering for our customers*** section of this plan (from page 18)
- ***Case study: An inclusive approach to our price submission 2023-28 engagement*** (page 21).

Underpinning our customer outcomes are our 4 strategic focus areas (see page 12) and the United Nations Sustainable Development Goals (see page 10).

Water for Victoria

Water is the primary input to a range of industries, including agricultural production, aquaculture, manufacturing and processing, and the energy and mining sectors. Significantly, water provides an opportunity to improve the wellbeing and economic self-determination of the Traditional Owners of our land. Of course, a healthy environment also underpins healthy and prosperous communities.

Water for Victoria is the Victorian Government's long-term plan for managing Victoria's precious water supplies. It's a plan for a future with less water as Victoria responds to the impact of climate change and a growing population.

The actions set out in the plan support a healthy environment, a prosperous economy with growing agricultural production and thriving communities.

This plan aligns with the priority policy areas set out in *Water for Victoria* and the 7 priority areas of the Minister's Letter of Expectations 2022–23. These include:

1. ***Climate change***
2. ***Customer and community outcomes***
3. ***Water for Aboriginal culture, spiritual and economic values***
4. ***Recognise recreational values***
5. ***Resilient and liveable cities and towns***
6. ***Leadership and culture***
7. ***Financial sustainability***

Refer to the following sections which outline how we're meeting these expectations:

- ***Delivering for our customers*** (from page 18)
- Appendix D.

United Nations Global Compact (UNCG)

We're pleased to continue our support as a member of the UNCG. We're proud to be part of one of the world's largest corporate sustainability initiatives to fight inequality and injustice and protect our planet for generations to come.

We're committed to supporting [the 10 UN principles that align to responsible business practice](#). We're also committed to supporting the [17 United Nations Sustainable Development Goals](#) (SDGs). We'll continue to work towards integrating the principles of the UNCG into our strategy, culture and daily operations.

The 5 SDGs that align most closely with our operations are shown below with a black outline.

We've mapped our customer outcomes and how our strategic initiatives are helping deliver the SDGs in ***Delivering for our customers*** (from page 18).





Our direction forward

In 2022-23

Our customer outcomes

We're continuing to deliver on these outcomes in the final year of our *Five-year Customer Commitment 2018–23*.

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 4 strategic focus areas

Our 4 current strategic focus areas help drive our organisation forward. In developing them, we considered our customer outcomes, our purpose, vision and values.

1. ***An agile and inspired team***

We're empowering and enabling our people to apply new insights and collaborate safely across teams, to drive sustained momentum as we deliver for our customers.

2. ***Enabling our customers***

Our residential and business customers will be able to interact with us anytime, anywhere, (which includes 24/7 service via digital channels), according to their preferences. Based on new data from smart meters and other digital applications, we'll also generate a deeper understanding of customers' needs and expectations.

3. ***Partnering for liveability***

We share risk and increase public value through targeted, strategic partnerships. We shape policy for liveable cities by collaborating with government, businesses, the community, and other water utilities to deliver value for everyone.

4. ***Innovating for resilience***

We're thinking differently to deliver modern services, enabling us to seize opportunities in the circular economy, and create a network that can adapt to a changing climate and remain affordable for our customers.

We've mapped our strategic focus areas to our customer outcomes in the ***Delivering for our customers*** section of this plan.

Find out how we're ***Creating a new corporate strategy*** on page 17.

How we 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 9).

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

- long-term strategic direction and our strategic focus areas
- 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
- customer affordability, particularly considering the ongoing impacts of the coronavirus (COVID-19) pandemic
- delivery of strategic initiatives
- continuously improving the services 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).

We also report quarterly on the progress we've made delivering on our price submission commitments we made to our customers.

How we assess and manage risk

We reassess our risk appetite in line with our strategic focus to help with decision making and ensure effective governance.

Our enterprise risk management framework, consistent with the Australian/New Zealand Risk Management Standard (AS/NZS 31000) and the requirements of the Victorian Government Risk Management Framework, provides a consistent, forward-looking approach to identifying and assessing uncertainty that may impact our ability to achieve our purpose and ambition.

Risk management is embedded across all of our management systems and processes – refer to page 74 of our [Annual Report 2020-21](#).

Our key performance targets 2022–23

Get the basics right, always	Three-year average	2022–23 target	2023–24 target	2026–27 target
Number of water bursts and leaks per 100 km <i>Target calibrated to 3-year historical average and current climate conditions.</i>	31.1	33.7	33.7	33.7
Number of water quality complaints per 100 customers ~ <i>We're counting more customer feedback as complaints and expect this to increase recorded complaint numbers. We track customer satisfaction to ensure the increased complaint numbers aren't due to impacted services. Next year and beyond we're anticipating that our chlorination strategy will have an impact on odour and taste complaints.</i>	0.10	0.18	0.18	0.18
Number of sewer spills per 100 km <i>Target based on 3-year historical performance, changing climate and adverse impacts to ground conditions. Rate is held steady despite growing network to demonstrate improvement.</i>	12.7	9.7	9.7	9.7
Make my experience better	2021–22 ¹	2022–23 target	2023–24 target	2026–27 target
Customer satisfaction rating** <i>We're lifting our benchmark by making the target threshold 7 out of 10 to be positive and expanded the touch points measured.</i>	87%	85%	85%	85%
Number of complaints per 100 customers <i>Target increased to encourage increased reporting of customer complaints so we can capture insights and drive continuous improvement.</i>	0.4	0.9	1.0	1.3
Warn me, inform me	Three-year average	2022–23 target	2023–24 target	2026–27 target
Customers impacted by unplanned water supply interruptions during peak times * % of total customers impacted by water supply interruptions	25.9%	27.6%	27.6%	27.6%
Customers notified per unplanned interruption as a % of total customers affected	**	61%	62%	64%
Fair and affordable for all	Three-year average	2022–23 target	2023–24 target	2026–27 target
Number of new customers supported by South East Water Assist program <i>Expect to increase customers supported in line with price submission commitments made to customers.</i>	5973	7,147	7,505	8,800

¹ Measured as at 03 March 2022 (YTD).

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>	**	90%	90%	95%
Operating cost per property (nominal dollars) with real 21–22 dollars shown in brackets <i>Target aligns to our continuous improvement of forecasting processes to assure we're prudently managing operating expenditure and meeting our efficiency commitments.</i>	144	167 (162)	172 (164)	174 (155)
Support my community, protect our environment	Three-year average	2022–23 target	2023–24 target	2026–27 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>	35,757	29,690	28,438	23,998
Volume of recycled water use (gigalitres)* <i>Target reflects ongoing commitment to the delivery of recycled water into new developments in designated areas.</i>	7.0	7.1	7.2	7.5
Residential water usage – litres per person per day <i>Target reflects ongoing behaviour change activities and emerging technologies delivered to customers.</i>	156	160	160	157
Business enablers	Three-year average	2022–23 target	2023–24 target	2026–27 target
Gender balanced workforce in senior leadership positions <i>Target reflects an ongoing commitment toward achieving the 5-year result.</i>	30%	45%	50%	50%
Senior leader safety improvement interactions <i>Continued demonstration of senior leaders in the organisation engaging with employees around safety.</i>	156	202	210	240
Reduction in Total Recordable Injury Frequency Rate (TRIFR) <i>Target reflects current performance and ongoing commitment to 0.5 reduction per annum.</i>	11.8	8.0	7.5	7.0
Employee engagement within top quartile of Oceania employers <i>A new measure to ensure continued positive internal engagement</i>	**	79+%	79+%	79+%
Total employee turnover <i>A new measure to monitor internal engagement and employee wellbeing</i>	**	<15%	<15%	<15%

** Note: where we have had a KPI for less than 3 years or the calculation method has changed, a past 3-year average can't be provided.

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 100 customers'.

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

Staff morale/absenteeism represented as employee engagement

* This includes 2.3 gigalitres of recycled water to residential customers which was incorrectly reported as 1.1 gigalitres in the 2020-21 National Performance Report and will be resolved in the next release.

Our next 5-10 years

During 2021 we called on our customers and employees to provide input to help shape our future direction.

Engagement for our new price submission

As part of our customer engagement program to support the development of our 2023 price submission, we've continued to evolve our strategic direction with customers.

See: **Case study: An inclusive approach to our price submission 2023-28 engagement** - page 22.

Creating a new corporate strategy

To align with our new price submission, in the second half of 2021 we started a process to develop our new corporate strategy. Involving our employees (including a 30-member employee panel) and drawing on insights from our customers, we provided everyone across the organisation opportunities to answer some exciting questions for South East Water. This includes:

- Who do we want to be as an organisation?
- How can we make sure we're delivering value for our customers and communities?
- What can we focus on in the next 5 years that will positively influence our next 10 years?

Having a longer-term strategy, aligned to our regulatory pricing period, will mean we're better able to connect our strategy to our prices.

As part of this exercise, we're revisiting our vision and strategic objectives that will help guide our organisation. We're also developing the business initiatives that will support the achievement of our new strategy together with a set of measures to track our success.

Our new strategy and Price Submission 2023-28 will both come into effect at the start of the 2023/24 financial year.



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 focus

- Continuing to build our resilience and improve our response to service disruptions, particularly during more-common extreme weather events as a result of climate change.
- Continuing to invest in water mains renewal and new water supply infrastructure, while helping maintain our current level of sewerage reliability.
- Making sure we develop the right strategic partnerships through our new maintenance service delivery model.

Case study: Working collaboratively to weather the impacts of severe storms

Extreme weather over the Melbourne Cup long-weekend in 2021 caused Victoria's largest single electricity outage on record. An unprecedented number of operational assets across our network were impacted, including: 90 sewer pump stations, 50 water pump stations, 6 water treatment plants and 1,000+ pressure sewers on customer properties.

While many of our assets had on-site generators and battery backup systems, the power outage was estimated to last up to 8 days, potentially causing multiple disruptions to customer water supply, wastewater removal and sewer spills into the environment.

Our crews triaged our assets based on critical holding times and spilling points, requiring 24/7 management of in-demand resources including eductor trucks, fuel-run generators and replacement batteries. By employing our Advanced BlokAid units to identify level trends and CCTV security cameras to inspect damage to assets remotely, we adapted to asset communication issues.

We successfully collaborated with state, regional and municipal teams – which included critical direct dialogue with energy suppliers. By providing National Meter Identifier (NMI) information, we were able to help them locate, prioritise and promptly restore power to our critical assets.

The commitment and ingenuity of our crews and contractors, and collaboration with key stakeholders - such as the energy sector – helped us prevent any major water supply and sewer disruptions to our customers and avoid spills into the environment.

What we'll deliver in 2022–23		Related outcomes*	Strategic focus area alignment
1.1	We'll continue to meet our safe drinking water regulations to maintain public health in our community.	5	Partnering for liveability
1.2	We'll embed our maintenance service delivery model, with a view to developing strategic partnerships with our industry partners, improving the service and outcomes for our customers.	2	Innovating for resilience

1.3	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	Innovating for resilience
1.4	We'll seek certification of our asset management systems against ISO 550001.	5	Innovating for resilience

*other customer outcomes this initiative supports

Link to *Water for Victoria*

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

UN Sustainability 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 focus

- We're continuing to put in place foundations (including technology, approaches, data and governance) to help us gauge and understand our different customers' needs and preferences, build trust and inform our decision-making - and ultimately deliver improved experiences to them.
- Improving customer satisfaction through improved customer communication channels, including self-service options.
- Continuing to regularly track our performance through monthly community surveys on our brand, including following interactions and service interruptions.

Case study: An inclusive approach to our price submission 2023-28 engagement

In 2021, over 7,000 customers participated in a series of workshops, focus groups and surveys giving feedback on what they value and how much they're willing to pay for services over the next 5 years, as part of our engagement for our 2023-28 Price Submission.

To build an extensive view of what our customers wanted and rigorously test our assumptions, our engagement needed to be truly representative and the recommendations customer-led.

That meant involving customers through a range of methods and activities. These included a bill simulator experience, which provided real impacts of initiatives on their bills, and by rating initiatives and priority areas as "best and worst".

We also focused on including customers who usually don't engage with us and removed other barriers to engagement.

Initial engagement research was fed into [our first online deliberative community panel](#). Made up of 40 people who represented our customer base, through the panel we provided a voice to customers who may not have been able to get involved previously. We also hosted sessions online, and loaned laptops and internet dongles to panel members who needed them, so that access to technology was not a barrier to engagement.

The panel's task was to deliberate over the engagement research and information provided about us and our current services. We're currently considering the recommendations from the community panel report for priority areas they would like to see incorporated into our next pricing period.

What we'll deliver in 2022–23		Related outcomes*	Strategic focus area alignment
2.1	We'll develop a Channel and Customer Experience Strategy and Implementation Roadmap to support the 'next best conversation' with our customers through their preferred channel, anytime.	4,5	Enabling our customers
2.2	We'll develop and roll out a new approach to service our 60,000 non-residential customers, including local	1	Enabling our customers

	government, businesses and community sector organisations.		
2.3	We'll improve customer satisfaction and enhance customer interactions, with continuous training for front-line employees and investment in self-service channels.	1	Enabling our customers

*other customer outcomes this initiative supports

Link to *Water for Victoria*

- Customer and community outcomes

UN Sustainability 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 focus

We're increasingly using near real-time information offered through cutting-edge technology to detect leaks before they happen, empowering our customers, saving water and avoiding disruption.

- Continuing to increase the number of customers we proactively notify, and to optimise our communication channels
- Continuing to expand our use of technology in our water network
- Continuing to scale up our digital meter program.

Case study: Our growing digital utility program benefits our community and sector

We're achieving a market-leading approach to digitisation thanks to our focus on the expansion of our digital meter installation program. This includes developing innovative data-driven technologies such as Lentic and Sotto, which provide us, and our customers, with near real-time information.

Lentic is a purpose-built digital platform, enabling us to manage and use the data that comes from the meters and sensors in our network. This provides a foundation to allow us to be more proactive by detecting leaks and bursts early. The technology also automates key internal functions like meter exchange, billing and customer leak notifications.

Embedded within water meters, Sotto vibration sensors continually monitor our network, allowing leaks to be detected and located as they happen. This means we're able to address leaks before the customer is even aware, reducing impacts on the community and lowering costs across the network.

With over 30,000 IoT-enabled digital meters already installed across Melbourne's south-east, our customers can manage their daily water use and detect leaks. Since May 2021, this technology has helped us issue over 4,000 continuous flow (and other leak) notifications saving our customers an average of \$150 in unnecessary charges and over 135 million litres of water. The quick repairs to leaks ensured they didn't get out of control, and reduced community interruption.

Over the next 12 months we'll increase the number of households with digital meters so more customers can benefit.

What we'll deliver in 2022–23		Related outcomes*	Strategic focus area alignment
3.1	An additional 50,000 customers will get access to new data from digital meters, enabling them to make informed and timely decisions on their water usage behaviours and obtain greater control on the cost of water.	3, 4	Enabling our customers
3.2	We'll continue to roll out digital sensors in our network to protect the environment and water resources, efficiently predicting and preventing our spills and water leaks.	5	Innovating for resilience

*other customer outcomes this initiative supports

Link to *Water for Victoria*

- Customer and community outcomes

UN Sustainability Development Goals

6, 14, 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 focus

- We continue our ongoing focus on supporting our most vulnerable customers, particularly considering the ongoing impacts of the coronavirus (COVID-19) pandemic.
- Responding to customer requests for support and more time to pay.
- Increasing awareness of payment plan options and proactively contacting customers we think might be eligible for utility relief or a concession discount.

Case study: Making a difference for our customers through our concessions email marketing campaign

We continue our focus on supporting our most vulnerable customers. This includes targeting our marketing campaigns to make sure they're aware of support options available.

In April 2021, we trialled a campaign aimed at increasing the number of customers who were registered for a concession. By taking the opportunity to register their government-issued card, customers received a rebate and money off their water bill.

The campaign targeted 6 suburbs with the highest average debt and greatest disparity between concessions on our system compared to the number issued by the government. We communicated with these customers through their bills (email and paper) and stand-alone emails. The program ran from April to June, and, for the first time, we segmented the bills by location.

Customer bills included a bill banner and, for those receiving a paper bill, we included an insert with a form to complete and send back reply-paid. Customers for who we have an email address received a direct email following the receipt of their bill. We also used price-point messaging to help customers realise the savings available.

We received a strong take-up from customers as a result of the trial campaign, and so we've continued to target new suburbs each quarter. So far, following two campaigns, 3,395 customers have registered a concession, which equates to \$1,150,840 in full-year rebates.

What we'll deliver in 2022–23		Related outcomes*	Strategic focus area alignment
4.1	We'll continue to proactively identify, educate and assist our residential and business customers through various initiatives to support affordability.	2	Enabling our customers

*other customer outcomes this initiative supports

Link to *Water for Victoria*

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

UN Sustainability Development Goals

1,7

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 and reducing our footprint in a way that honours the environment and ongoing liveability.

Our focus

- We're continuing work on a number of initiatives to promote integrated water management and transition to better use of resources (and ultimately towards a circular economy approach)
- We'll also generate renewable energy, reduce our carbon emissions and mitigate the impacts of climate change
- We're co-creating meaningful and significant relationships with Traditional Owners in our service areas, including through our Reconciliation Action Plan (RAP)
- We continue to build trust within our community through technologies to help with water use and by supporting causes they value (reducing need for drinking water through [our partnership with Villawood at Aquarevo](#); providing community access to drinking fountains through [our Choose Tap initiative](#); supporting local community projects through [our community grants program](#).)

Case study: Biosolids to biochar – new recycled waste technology

We're involved in a wastewater management project to transform leftover biosolids headed for landfill into reusable products for farmers. Long term, the project has the potential to solve the water industry's shared challenge of biosolids treatment.

We're helping to deliver the project in partnership with RMIT University, Intelligent Water Networks and Greater Western Water.

Developed by RMIT University and the first of its kind in Australia, the innovative technology uses a process called pyrolysis, where high temperatures destroy pathogens and microplastics in biosolids to create biochar – a carbon-rich form of charcoal for use by farmers and the wider agriculture industry to improve soil health.

Biochar produced from biosolids has many potential commercial applications, from a slow-release fertiliser to advanced manufacturing. Turning biosolids into biochar reduces the volume, cutting transport costs, presenting more environmentally and economically viable options. The product is also effective at capturing and removing carbon from the atmosphere, helping contribute towards our target of net zero emissions by 2030.

Following a successful trial at the Greater Western Water Melton Recycled Water Plant in 2021, the next stage is to build a demonstration commercial scale production plant, operating the technology over a longer period.

What we'll deliver in 2022–23		Related outcomes*	Strategic focus area alignment
5.1	We'll submit our second innovate RAP to Reconciliation Australia, and continue to deliver Traditional Owner and First Nations partnerships.	1,2,4	Partnering for liveability

5.2	We'll utilise available resources to generate renewable energy, reducing our reliance on electricity sourced from the grid, and abating carbon emissions that contribute to climate change.	2	Innovating for resilience
5.3	We'll transition to a circular economy approach and look to better utilise resources to achieve positive outcomes for our community. Through creation of the Blue Links project, we'll establish improved governance, prioritisation and drive our transition to being more circular in our delivery and operations. This will mean we can be agile in our response to new opportunities and proactively work with our key partners.	2	Innovating for resilience
5.4	We'll continue to increase the supply and use of fit-for-purpose water as precinct structure plans continue to be developed in our Eastern growth corridor. We'll also continue to work with our stakeholders to co-create liveable and sustainable communities through projects including Fisherman's Bend.	2	Innovating for resilience
5.5	We'll continue to run education and behaviour change campaigns to build community knowledge about water efficiency, resources and security and to help Melburnians save water.	4	Enabling our customers
5.6	We'll identify opportunities to enhance liveable cities, through partnering and maximising the value we create on major projects through our capital delivery models.	1, 2, 4	Partnering for liveability

*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 Sustainability Development Goals

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

UN Principles

7, 8, 9



Financials

Financials

Overview

The financials support our 5 key customer outcomes and associated initiatives.

We're committed to delivering our customer outcomes in a continued drive for efficiency, innovation and prudent financial management.

The impacts of COVID-19 continue to have an effect on our customers and the community. We're committed to understanding our customers' challenges and providing financial assistance during this period of economic uncertainty.

We'll continue to work with our customers who are in financial hardship through our various assistance programs including the flexibility of different payment options.

COVID-19 has also impacted population growth and how people live and work across our region. This is affecting the development industry with a reduction in expected profits from that source in 2022–23 to 2024–25 then slowly recovering in the outer years of this 5-year planning period.

Further, other external factors impacting the plan include:

- the requirement to fund new initiatives allowing for water efficiency
- our transition to cloud technologies
- additional regulatory requirements
- the impact of climate change on our assets
- our transition to a digital utility.

The financial plan also aligns with our upcoming price submission, in which we'll continue to plan for and implement growth in our network and invest in new technologies to enable operational efficiencies and to minimise additional cost pressures impacting customer prices.

Operating profit before tax in 2022–23 is expected to be at \$101.3 million. In 2023–24 this is expected to drop to \$78.6 million mainly due to lower developer activity, higher desalination order and higher operating and depreciation expenses. By 2026–27, operating profit before tax is expected to increase to \$97.9 million.

The financial projections in this plan are consistent with the DELWP's *Planning and Reporting Guidelines 2022–23*.

Debt management strategies over the planning period continue to be in line with existing Department of Treasury and Finance management guidelines. Total borrowings will grow by approximately \$1,414.6 million over the planning period to fund dividends, capital repatriations and capital expenditure outlays. Our gearing level will rise from 54.4% to 65.9%.

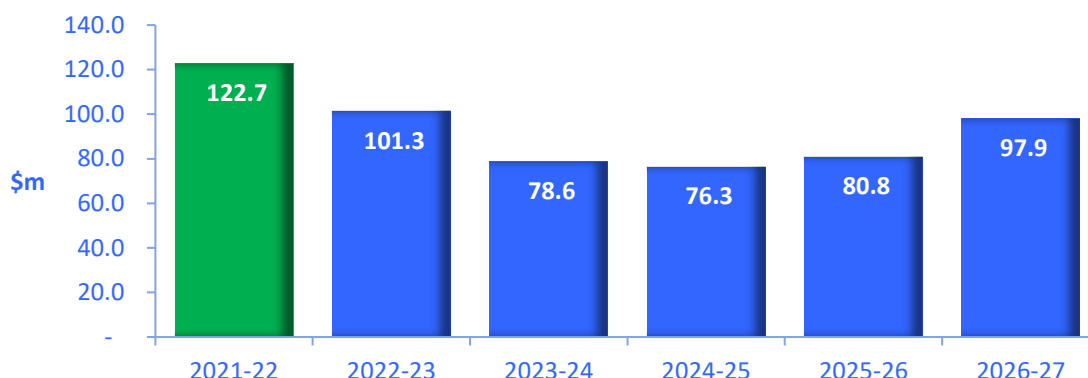
Loans scheduled to mature over the planning period will be refinanced into new fixed rate debt while the loan portfolio will continue to be structured to ensure it remains consistent with approved debt maturity and interest rate risk profiles.

The 2022–27 financial plan assumes the business will continue to pay 65% of pre-tax profits to the Victorian Government as dividends and income tax equivalent payments.

Dividend payments over the planning period amount to \$124.8 million and capital repatriations of \$194.4 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. Overall, gearing and interest cover remain relatively strong.

Net Profit Before Tax

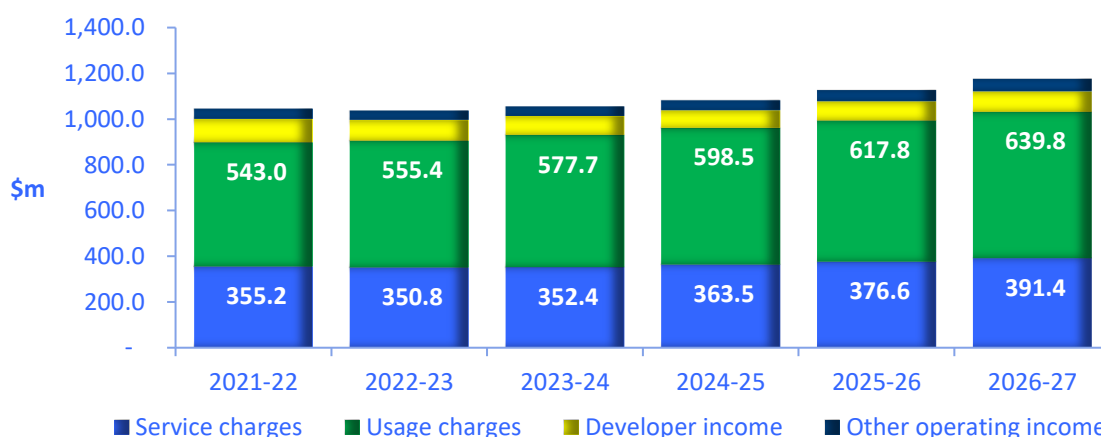


Sales

Sales revenue is expected to increase from \$1,036.5 million in 2022–23 to \$1,175.1 million in 2026–27 due to growth in service connections, water consumption and CPI price adjustments.

Developer activity between 2022–23 and 2024–25 is expected to decrease by 16% as population growth in Melbourne slows down due to COVID-19. Developer income will reduce by approximately \$14.3 million to \$76.7 million. Activity is expected to recover in 2025–26 and 2026–27.

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



Cost of sales

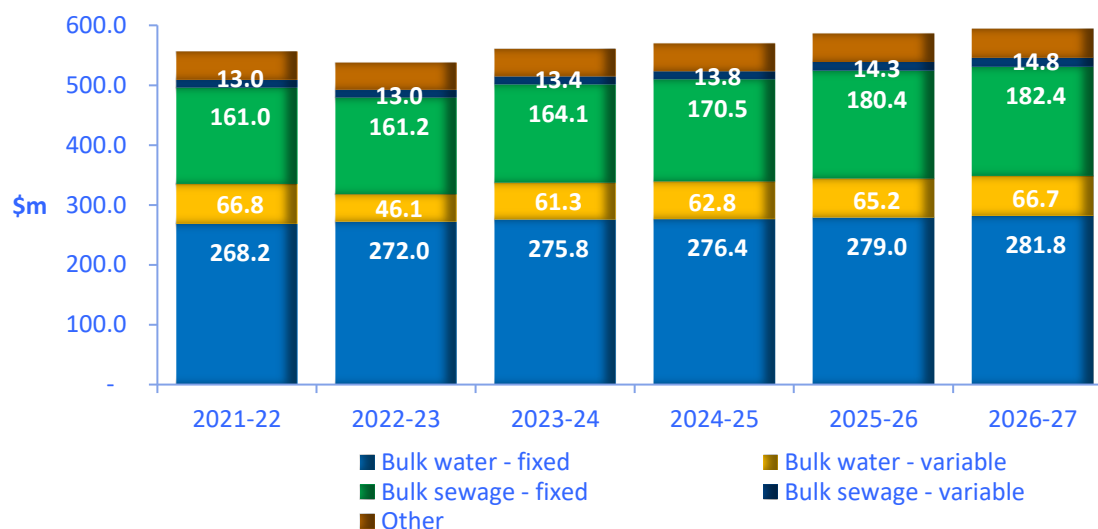
Cost of sales predominately relate to fixed bulk water charges payable to Melbourne Water based on entitlements held by us in the Greater Yarra System – Thomson River, the Victorian Desalination Plant and the North South Pipeline. A separate fixed sewerage service charge is also paid to Melbourne Water 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 58% of South East Water's total expenses, of which 86% is fixed and 14% variable.

Bulk water and sewerage prices are consistent with *Melbourne Water's Price Submission 2021–26*.

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:



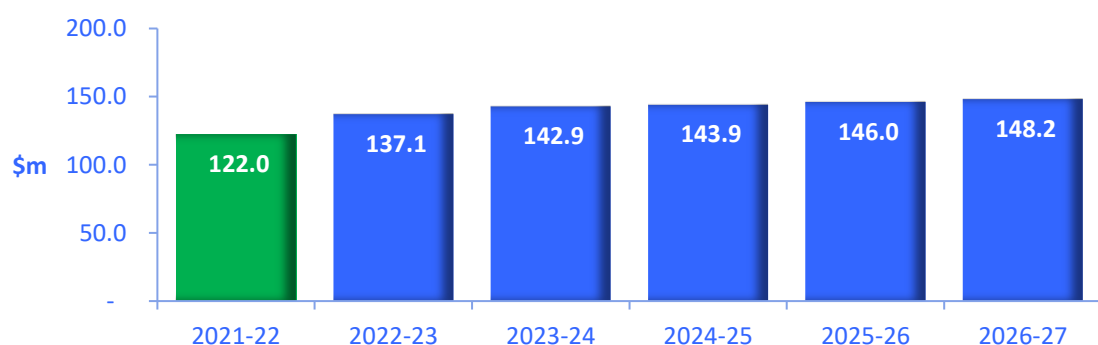
Operating costs

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.

The increase in operating costs in 2022–23 and 2023–24 include allowances for:

- increased cost pressures from regulatory requirements in relation to water quality and general environmental duty
- increased employee related overheads
- digital utility, and
- delivery of operations and maintenance activities.

Post 2023–24, business-as-usual costs will remain relatively stable when allowing for CPI increases.



Other costs

Other costs allowed for over the planning period comprise expenditure associated with research and development (\$2.6 million) and the payment of the environmental contribution levy to Government (\$217.5 million). This environmental contribution levy assists government initiatives to promote sustainable management of water and address adverse water related environmental impacts.

Capital expenditure

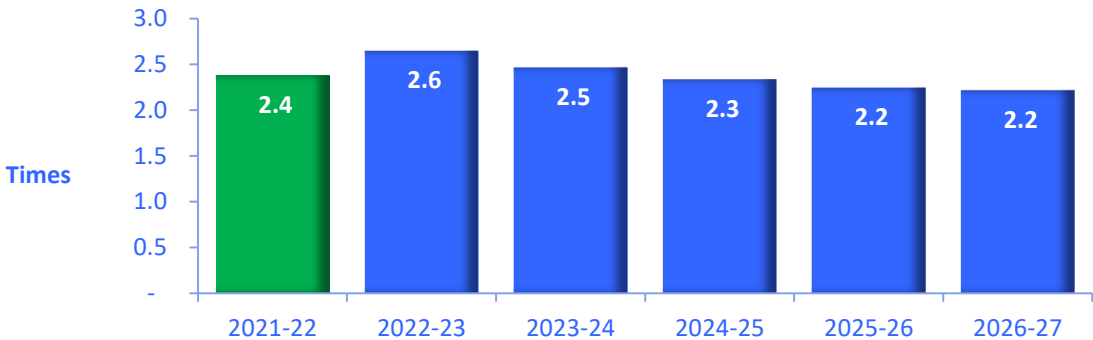
Capital expenditure over the planning period amounts to \$1,825.2 million and incorporates investments to augment network and sewage treatment capacity, renew ageing infrastructure, sewerage backlog works, land acquisitions and investments in new technology.

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 rise in long-term interest rates from 2022–23.

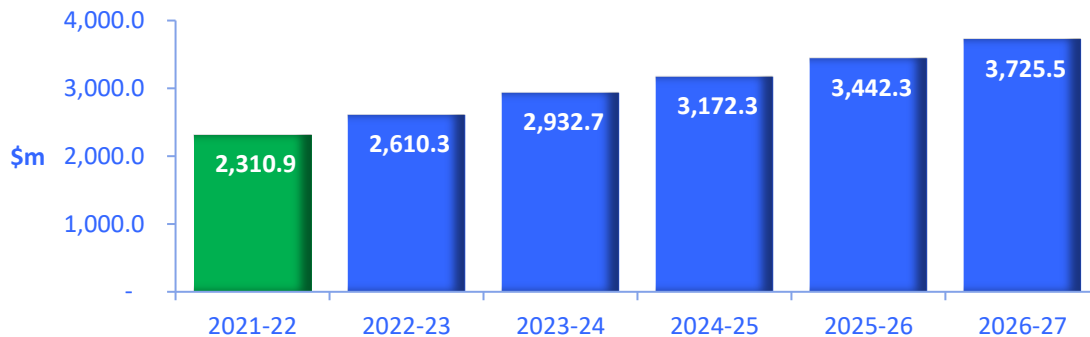
FFO net interest cover (times)

Cash interest cover levels for the planning period range between 2.6 times in 2022–23 down to 2.2 times in 2026–27. This is mainly due to higher borrowings leading to increased interest payments.



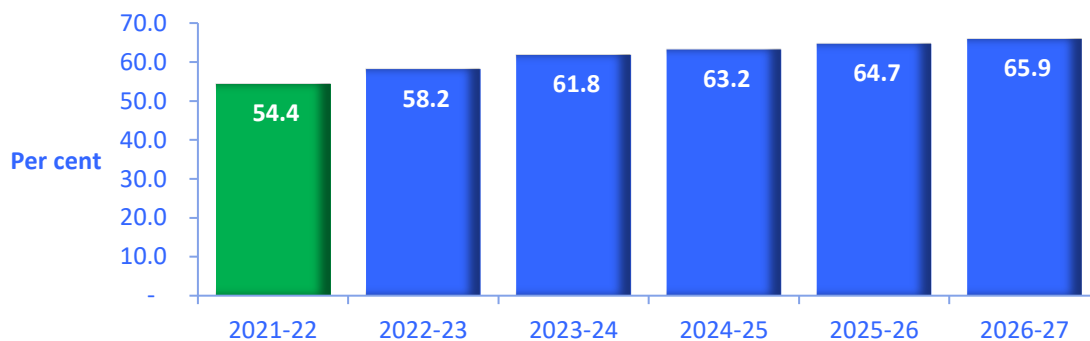
Borrowings

We will require an additional \$1,414.6 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 \$2,310.9 million as at 30 June 2022 to \$3,725.5 million at 30 June 2027.



Gearing

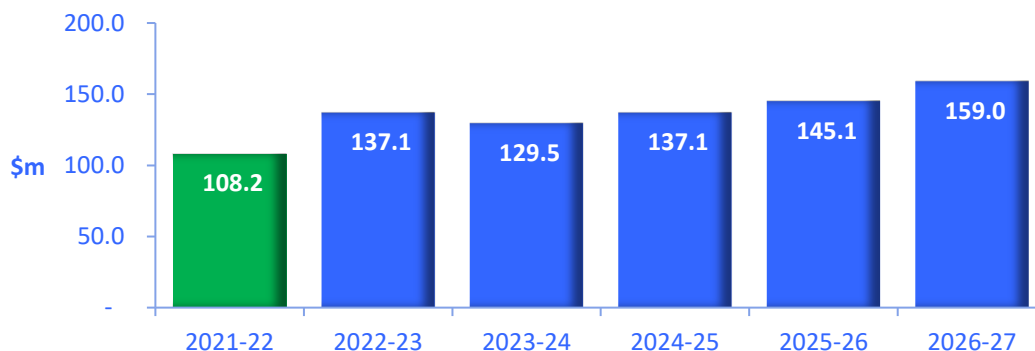
Gearing levels are projected to increase from 54.4% as at 30 June 2022 to 65.9% as at 30 June 2027 mainly due to capital repatriation payments in years 2022–23 and 2023–24.



Funds from operations

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 \$137.1 million in 2022–23 to \$159.0 million in 2026–27.

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



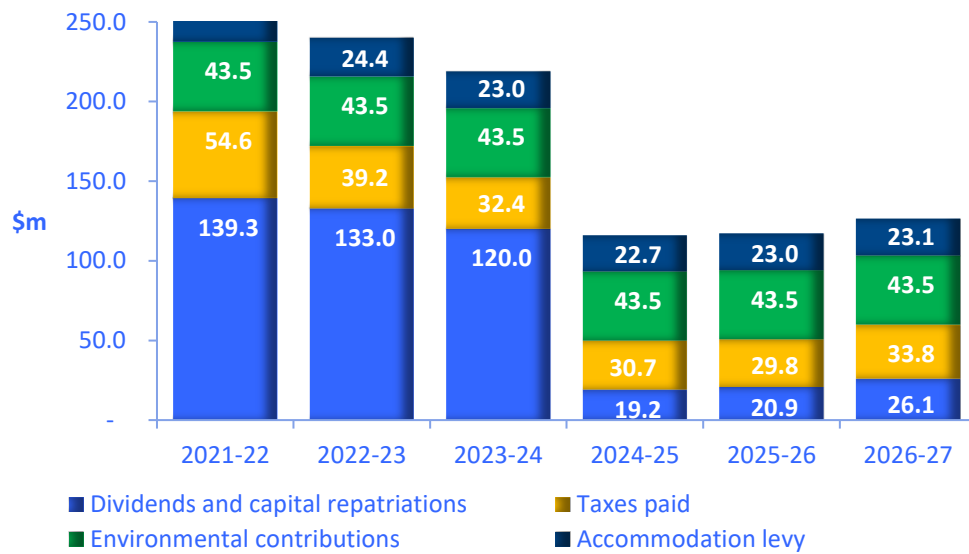
Payments to government

Payments to government in the form of dividends, income tax and capital repatriations are expected to be around \$485.1 million over the planning period.

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

Capital repatriations of \$97.2 million per annum will continue to be payable each year between 2021–22, 2022–23 and 2023–24.

In addition, we'll also contribute to government by way of the financial accommodation levy of \$116.2 million and the environmental contribution totalling \$217.5 million over the planning period.



Sensitivity analysis

Water consumption, reduced developer activity and reduced capital expenditure have the greatest impact on profits, cash flows, interest cover and gearing. This is seen through the effects on consumption based and developer revenues, associated bulk water purchases and asset balances.

Sensitivity analysis has been undertaken on the following scenarios.

- Lower water consumption – water consumption is reduced by 5% per annum over the forecast period.
- Lower developer revenue – developer activity is reduced by 20% per annum.
- Lower capital expenditure – capital expenditure is reduced by 20% per annum

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)	2022–23	2023–24	2024–25	2025–26	2026–27
Base	187.6	170.8	181.5	200.4	231.8
Lower water consumption	168.1	150.3	160.2	178.4	209.1
Lower developer revenue	167.5	152.6	164.8	182.5	212.6
Lower capital expenditure	188.4	173.3	185.8	206.6	239.9

Gearing (%)	2022–23	2023–24	2024–25	2025–26	2026–27
Base	58.2	61.8	63.2	64.7	65.9
Lower water consumption	58.4	62.2	63.7	65.3	66.7
Lower developer revenue	58.3	62.0	63.4	64.9	66.2
Lower capital expenditure	57.7	60.8	61.6	62.5	63.3

FFO (times)	2022–23	2023–24	2024–25	2025–26	2026–27
Base	2.6	2.5	2.3	2.2	2.2
Lower water consumption	2.5	2.3	2.2	2.1	2.1
Lower developer revenue	2.6	2.4	2.3	2.2	2.2
Lower capital expenditure	2.7	2.5	2.5	2.4	2.4

Planning assumptions

Year	2021–22 forecast	2022–23	2023–24	2024–25	2025–26	2026–27
Prices						
CPI (%)	-	3.00	1.75	2.25	2.50	2.50
Bulk water and sewage						
Water sales (GL)	140.4	144.0	146.1	147.9	148.9	150.4
Non-revenue water (GL)	19.3	20.0	20.3	20.5	20.7	20.9
Bulk water purchases (GL)	159.7	164.0	166.4	168.4	169.6	171.3
Bulk sewage treatment (GL)	120.3	111.1	112.1	113.1	114.1	115.4
Borrowings and dividends						
Payout ratio to Government (%)	65.0	65.0	65.0	65.0	65.0	65.0
Financial accommodation levy on borrowings (basis point)	69BP	79BP	79BP	79BP	79BP	79BP
Long term interest rate (%)	2.7	4.1	4.3	4.1	4.1	4.1
Other planning assumptions						
Wage price index (%)	2.0	2.0	2.0	2.0	2.0	2.0
Average customer growth (%)	1.6	0.9	0.8	0.8	1.0	1.4

Financial projections

Income statement (\$ million)	2021–22 forecast	2022–23	2023–24	2024–25	2025–26	2026–27
Revenue	1,045.9	1,036.5	1,054.7	1,082.0	1,126.4	1,175.1
EBIT	201.2	187.6	170.8	181.5	200.4	231.8
Interest	78.7	86.6	92.5	105.5	119.9	134.2

Melbourne Water bulk costs (\$ million) ²	2021–22 forecast	2022–23	2023–24	2024–25	2025–26	2026–27
Water	335.0	318.1	337.1	339.2	344.2	348.5
Sewer	174.0	174.2	177.5	184.3	194.7	197.2
Total bulk water and sewer	509.0	492.3	514.6	523.5	538.9	545.7

Expenditure (\$ million)	2021–22 forecast	2022–23	2023–24	2024–25	2025–26	2026–27
Capital	202.0	307.8	336.7	361.3	399.7	419.7
Operating	122.0	137.1	142.9	143.9	146.0	148.2
Local treatment plant	16.6	17.9	18.1	18.5	19.0	19.6

Cash flows (\$ million)	2021–22 forecast	2022–23	2023–24	2024–25	2025–26	2026–27
Operating flows	108.2	137.1	129.5	137.1	145.1	159.0
Investing flows	(174.3)	(302.6)	(331.1)	(356.6)	(393.1)	(415.3)
New borrowings	204.1	299.4	322.4	239.6	270.0	283.2
Capital repatriation	(97.2)	(97.2)	(97.2)	-	-	-
Dividends paid	(42.1)	(35.8)	(22.8)	(19.2)	(20.9)	(26.1)

Balance sheet (\$ million)	30 June 2022 forecast	30 June 2023	30 June 2024	30 June 2025	30 June 2026	30 June 2027
Total assets	4,910.3	5,147.1	5,406.2	5,680.3	5,990.0	6,318.5
Debt	2,310.9	2,610.3	2,932.7	3,172.3	3,442.3	3,725.5
Equity	1,937.9	1,876.0	1,811.1	1,845.4	1,881.2	1,923.7

Metrics	2021–22 forecast	2022–23	2023–24	2024–25	2025–26	2026–27
FFO net interest cover (times)	2.4	2.6	2.5	2.3	2.2	2.2
Gearing (net debt/capital) (%)	54.4	58.2	61.8	63.2	64.7	65.9

Customer impacts

Residential owner-occupier 150kL (nominal \$)	Water	Water	Sewerage	Sewage	Total	% nominal bill change
	Fixed	Variable	Fixed	Variable		
2021–22	93.12	405.04	364.48	99.95	962.59	
2022–23	88.56	399.59	358.88	104.00	951.03	(1.2)
2023–24	88.16	414.29	357.36	101.29	961.10	1.1
2024–25	90.14	423.51	365.40	103.56	982.61	2.2
2025–26	92.40	434.21	374.54	106.15	1,007.30	2.5
2026–27	94.71	445.00	383.90	108.81	1,032.42	2.5

Residential tenant 150kL (nominal \$)	Water	Water	Sewerage	Sewage	Total	% nominal bill change
	Fixed	Variable	Fixed	Variable		
2021–22	-	405.04	-	99.95	504.99	
2022–23	-	399.59	-	104.00	503.59	(0.3)
2023–24	-	414.29	-	101.29	515.58	2.4
2024–25	-	423.51	-	103.56	527.07	2.2
2025–26	-	434.21	-	106.15	540.36	2.5
2026–27	-	445.00	-	108.81	553.81	2.5

Non-residential customer 150kL (nominal \$)	Water	Water	Sewerage	Sewage	Total	% nominal bill change
	Fixed	Variable	Fixed	Variable		
2021–22	93.12	514.60	432.84	226.84	1,267.40	
2022–23	88.56	507.67	426.24	236.04	1,258.51	(0.7)
2023–24	88.16	526.33	424.44	229.89	1,268.82	0.8
2024–25	90.14	538.05	433.99	235.06	1,297.24	2.2
2025–26	92.40	551.64	444.84	240.94	1,329.82	2.5
2026–27	94.71	565.35	455.96	246.96	1,362.98	2.5

Tariff structure

Prices (\$ nominal dollars)	2021–22 forecast	2022–23	2023–24	2024–25	2025–26	2026–27
1.1 Residential water tariff*						
	\$	\$	\$	\$	\$	\$
Service charge (per annum)	93.12	88.56	88.16	90.14	92.40	94.71
Usage charge (per kL)						
Block 1 (0-440 litres/day)	2.69	2.65	2.75	2.81	2.88	2.95
Block 2 (> 440 litres/day)	3.43	3.38	3.51	3.59	3.68	3.77
1.2 Non-residential water tariff*						
Service charge (per annum)	93.12	88.56	88.16	90.14	92.40	94.71
Usage charge (per kL)	3.43	3.38	3.51	3.59	3.68	3.77
1.3 Residential sewerage tariff						
Sewer service charge (per annum)	364.48	358.88	357.36	365.40	374.54	383.90
Sewage disposal charge (per kL)	0.89	0.92	0.90	0.92	0.94	0.97
1.4 Non-residential sewerage tariff						
Sewer service charge (per annum)	432.84	426.24	424.44	433.99	444.84	455.96
Sewage disposal charge (per kL)	1.68	1.75	1.70	1.74	1.78	1.83
1.5 Residential reticulated recycled water						
Service charge (per annum)	-	-	-	-	-	-
Usage charge (per kL)	2.02	2.11	2.13	2.17	2.23	2.28

Prices (\$ nominal dollars) (continued)	2021–22 forecast	2022–23	2023–24	2024–25	2025–26	2026–27
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1.6 Trade waste charges

Volume (per kL)	0.99	1.02	1.03	1.05	1.08	1.11
Biochemical Oxygen Demand (per kg)	0.98	1.01	1.02	1.04	1.07	1.10
Suspended Solids (per kg)	0.55	0.57	0.57	0.58	0.60	0.61
Total Kjeldahl Nitrogen (per kg)	2.16	2.22	2.24	2.29	2.35	2.41

1.7 Trade waste – agreement fees³

Risk rank 1	15,224.24	15,680.96	15,815.98	16,171.84	16,576.13	16,990.54
Risk rank 2	7,612.12	7,840.48	7,907.98	8,085.91	8,288.06	8,495.26
Risk rank 3	5,074.68	5,226.92	5,271.92	5,390.54	5,525.30	5,663.44
Risk rank 4	2,537.32	2,613.40	2,635.94	2,695.24	2,762.63	2,831.69
Risk rank 5	442.52	455.76	459.72	470.06	481.81	493.86

1.8 Other charges

Fire service - fixed tariff - all declared serviced properties	122.12	125.76	119.28	121.97	125.01	128.14
Fire service - volumetric tariff - metered customer usage charge (per kL)	3.27	3.36	3.42	3.56	3.80	4.15
Bunyip Main Race - maintained private extensions (per annum)	114.80	118.24	126.86	129.72	132.96	136.28
Customers drawing non potable water from Bunyip and Tarago open channels (per kL)	1.58	1.63	1.64	1.68	1.72	1.76

³ The trade waste agreement charge is an annual charge which covers the cost of administering and monitoring trade waste agreements. All trade waste customers are assigned a risk rank based on their business activities, trade waste volume and quality, their history and their location in relation to their proximity to a water recycling plant.

Financial statements

Income Statement (\$ million)	2021–22 forecast	2022–23	2023–24	2024–25	2025–26	2026–27
Sales	1,045.9	1,036.5	1,054.7	1,082.0	1,126.4	1,175.1
Cost of sales	(556.4)	(537.6)	(560.6)	(569.5)	(586.2)	(594.3)
Gross profit	489.5	498.9	494.1	512.5	540.2	580.8
Operating expenses	(288.3)	(311.3)	(323.3)	(331.0)	(339.8)	(349.0)
Earnings before interest and tax	201.2	187.6	170.8	181.5	200.4	231.8
Borrowing expenses	(78.7)	(86.6)	(92.5)	(105.5)	(119.9)	(134.2)
Operating profit before tax	122.5	101.0	78.3	76.0	80.5	97.6
Net income from asset sales	0.2	0.3	0.3	0.3	0.3	0.3
Profit before tax	122.7	101.3	78.6	76.3	80.8	97.9
Income tax expense	(37.0)	(30.3)	(23.5)	(22.8)	(24.1)	(29.3)
Profit after tax	85.7	71.0	55.1	53.5	56.7	68.6
Balance Sheet (\$ million)	30 June 2022 forecast	30 June 2023	30 June 2024	30 June 2025	30 June 2026	30 June 2027
Current assets						
Cash	0.5	0.5	0.5	0.5	0.5	0.5
Receivables	170.0	170.4	175.8	181.8	188.3	195.5
Other	7.5	7.5	7.5	7.5	7.5	7.5
Total current assets	178.0	178.4	183.8	189.8	196.3	203.5
Non-current assets						
Infrastructure, property, plant and equipment	4,623.6	4,860.4	5,114.8	5,383.0	5,687.2	6,009.4
Defined benefit superannuation	0.7	0.7	0.7	0.7	0.7	0.7
Water entitlements	96.9	96.9	96.9	96.9	96.9	96.9
Right of Use Asset	8.1	7.7	7.0	6.9	5.9	5.0
Other	3.0	3.0	3.0	3.0	3.0	3.0
Total non-current assets	4,732.3	4,968.7	5,222.4	5,490.5	5,793.7	6,115.0
Total assets	4,910.3	5,147.1	5,406.2	5,680.3	5,990.0	6,318.5

Balance Sheet (\$ million) (continued)	30 June 2022 forecast	30 June 2023	30 June 2024	30 June 2025	30 June 2026	30 June 2027
Current liabilities						
Payables	109.2	115.4	125.5	132.4	141.8	148.8
Borrowings	50.0	50.0	50.0	50.0	50.0	50.0
Tax liabilities	2.9	3.3	2.6	2.5	2.5	2.9
Lease liability	0.9	0.9	0.9	0.9	0.9	1.0
Unearned revenue (contract liability)	17.5	17.5	17.5	17.5	17.5	17.5
Other	42.5	44.6	45.5	46.4	47.4	48.3
Total current liabilities	223.0	231.7	242.0	249.7	260.1	268.5
Non-current liabilities						
Tax liabilities	477.3	468.0	459.7	452.0	446.4	441.4
Lease liability	8.0	7.7	7.2	7.2	6.1	5.3
Provisions	3.2	3.4	3.5	3.7	3.9	4.1
Borrowings	2,260.9	2,560.3	2,882.7	3,122.3	3,392.3	3,675.5
Total non-current liabilities	2,749.4	3,039.4	3,353.1	3,585.2	3,848.7	4,126.3
Total liabilities	2,972.4	3,271.1	3,595.1	3,834.9	4,108.8	4,394.8
Net assets	1,937.9	1,876.0	1,811.1	1,845.4	1,881.2	1,923.7
Equity						
Reserves	858.7	858.7	858.7	858.7	858.7	858.7
Contributed equity	288.9	191.7	94.5	94.5	94.5	94.5
Retained profits	790.3	825.6	857.9	892.2	928.0	970.5
Total equity	1,937.9	1,876.0	1,811.1	1,845.4	1,881.2	1,923.7

Cash Flow Statement (\$ million)	2021–22 forecast	2022–23	2023–24	2024–25	2025–26	2026–27
Cash flows from operating activities						
Receipts from customers	957.7	976.3	994.5	1,025.8	1,064.9	1,108.0
Payments to suppliers and employees	(716.5)	(716.9)	(744.2)	(755.6)	(773.6)	(784.7)
	241.2	259.4	250.3	270.2	291.3	323.3
Interest and other costs of finance paid	(78.4)	(83.1)	(88.4)	(102.4)	(116.4)	(130.5)
Income taxes paid	(54.6)	(39.2)	(32.4)	(30.7)	(29.8)	(33.8)
Net cash inflows from operating activities	108.2	137.1	129.5	137.1	145.1	159.0
Cash flows from investing activities						
Payments for property, plant and equipment	(189.3)	(304.5)	(333.1)	(358.5)	(395.1)	(417.3)
Proceeds from sale of property, plant and equipment	15.0	1.9	2.0	1.9	2.0	2.0
Net cash outflow from investing activities	(174.3)	(302.6)	(331.1)	(356.6)	(393.1)	(415.3)
Cash flows from financing activities						
Net borrowings	204.1	299.4	322.4	239.6	270.0	283.2
Net lease liability	(0.8)	(0.9)	(0.8)	(0.9)	(1.1)	(0.8)
Capital Repatriation	(97.2)	(97.2)	(97.2)	-	-	-
Dividends paid	(42.1)	(35.8)	(22.8)	(19.2)	(20.9)	(26.1)
Net cash outflows from financing activities	64.0	165.5	201.6	219.5	248.0	256.3
Net increase/(decrease) in cash held	(2.1)	-	-	-	-	-
Cash at beginning of financial year	2.6	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)	2021–22 forecast	2022–23	2023–24	2024–25	2025–26	2026–27
Service charges						
Service charges - water	72.9	69.9	70.1	72.3	74.9	77.8
Service charges - sewerage	277.0	275.2	276.4	285.1	295.4	307.0
Trade waste charges	5.3	5.7	5.9	6.1	6.3	6.6
	355.2	350.8	352.4	363.5	376.6	391.4
Usage charges						
Water usage charges	418.7	425.6	448.2	464.2	479.0	495.9
Sewage disposal charges	96.9	104.6	103.4	107.1	110.5	114.4
Recycled water	5.3	3.6	3.8	4.0	4.2	4.5
Trade waste charges	22.1	21.6	22.3	23.2	24.1	25.0
	543.0	555.4	577.7	598.5	617.8	639.8
Developer income						
Asset contributions	68.0	59.8	54.7	50.4	54.9	59.9
New customer contributions	34.0	31.2	28.5	26.3	28.3	30.7
	102.0	91.0	83.2	76.7	83.2	90.6
Other operating income						
Commercial activity (net income)	(0.5)	0.1	1.8	4.0	8.1	11.6
Other	46.2	39.2	39.6	39.3	40.7	41.7
	45.7	39.3	41.4	43.3	48.8	53.3
Total sales	1,045.9	1,036.5	1,054.7	1,082.0	1,126.4	1,175.1

Operating expenses (\$ million)	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27
Bulk water - fixed	268.2	272.0	275.8	276.4	279.0	281.8
Bulk water - variable	66.8	46.1	61.3	62.8	65.2	66.7
Bulk Sewage - fixed	161.0	161.2	164.1	170.5	180.4	182.4
Bulk sewage - variable	13.0	13.0	13.4	13.8	14.3	14.8
Recycling availability and purchases	0.9	1.0	1.0	1.0	1.0	1.0
Local treatment plant costs	16.6	17.9	18.1	18.5	19.0	19.6
Cost of sales - miscellaneous	29.9	26.4	26.9	26.6	27.3	28.0
Operating costs	122.0	137.1	142.9	143.9	146.0	148.2
Research & Development	0.5	0.5	0.5	0.5	0.5	0.6
Environmental contribution	43.5	43.5	43.5	43.5	43.5	43.5
Depreciation and write-offs	122.3	130.2	136.4	143.0	149.8	156.7
Total expenses	844.7	848.9	883.9	900.5	926.0	943.3

Cash paid to government (\$ million)	2021–22 forecast	2022–23	2023–24	2024–25	2025–26	2026–27
Final dividend - previous year	24.8	22.7	13.1	9.7	9.5	11.4
Interim dividend - current year	17.3	13.1	9.7	9.5	11.4	14.7
Capital Repatriation	97.2	97.2	97.2	-	-	-
Tax paid	54.6	39.2	32.4	30.7	29.8	33.8
Environmental contribution	43.5	43.5	43.5	43.5	43.5	43.5
Financial accommodation levy	24.5	24.4	23.0	22.7	23.0	23.1
Total cash paid to government	261.9	240.1	218.9	116.1	117.2	126.5

Capital Expenditure (\$ million)	2021–22 forecast	2022–23	2023–24	2024–25	2025–26	2026–27
Water						
Capacity (growth)	14.8	19.0	21.3	22.9	25.3	26.6
Reliability	35.1	31.3	36.3	39.0	43.2	45.4
Water quality	1.9	3.7	11.0	11.8	13.0	13.7
Meters	8.4	11.3	30.6	32.8	36.3	38.2
	60.2	65.3	99.2	106.5	117.8	123.9
Sewerage						
Network capacity (growth)	35.4	55.4	41.2	44.2	48.9	51.3
Network reliability	28.2	38.9	38.2	41.0	45.3	47.5
Water recycling plant growth	7.7	18.6	52.5	56.4	62.4	65.4
Water recycling plant reliability	15.0	16.0	22.7	24.5	27.0	28.4
Climate Change WRP	2.3	3.3	-	-	-	-
Network odour	1.7	3.0	-	-	-	-
Backlog (unserved lots)	10.5	16.3	9.3	10.0	11.1	11.6
Compliance STP	-	8.3	17.6	18.8	20.9	21.9
	100.8	159.8	181.5	194.9	215.6	226.1
Recycling						
All Projects	9.3	16.1	24.4	26.1	28.9	30.4
	9.3	16.1	24.4	26.1	28.9	30.4
Corporate assets						
Information technology/telemetry	13.5	20.8	20.9	22.5	24.9	26.1
Plant and equipment	1.9	1.2	-	-	-	-
Land and buildings	1.6	31.7	0.5	0.5	0.6	0.7
Motor vehicles	3.4	3.5	3.7	3.9	4.3	4.6
Other	3.4	1.9	1.2	1.2	1.4	1.4
Digital metering	7.9	7.5	5.3	5.7	6.2	6.5
	31.7	66.6	31.6	33.8	37.4	39.3
Total value of program	202.0	307.8	336.7	361.3	399.7	419.7

Financial statements quarterly profile for 2022–23

Income Statement (\$ million)	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Sales	236.8	264.2	278.4	257.1
Cost of sales	(133.7)	(136.3)	(136.9)	(130.7)
Gross profit	103.1	127.9	141.5	126.4
Operating expenses	(77.8)	(77.8)	(77.8)	(77.9)
Earnings before interest and tax	25.3	50.1	63.7	48.5
Borrowing expenses	(21.7)	(21.6)	(21.7)	(21.6)
Operating profit before tax	3.6	28.5	42.0	26.9
Net income from asset sales	0.1	-	0.1	0.1
Profit before tax	3.7	28.5	42.1	27.0
Income tax expense	(1.1)	(8.4)	(12.7)	(8.1)
Profit after tax	2.6	20.1	29.4	18.9

Balance Sheet (\$ million)	As at 30 Sep 2022	As at 31 Dec 2022	As at 31 Mar 2023	As at 30 Jun 2023
Current assets				
Cash	0.5	0.5	0.5	0.5
Receivables	155.3	165.0	170.0	170.4
Other	12.0	10.5	9.0	7.5
Total current assets	167.8	176.0	179.5	178.4
Non-current assets				
Infrastructure, property, plant and equipment	4,657.4	4,713.4	4,761.6	4,860.4
Defined benefit superannuation	0.7	0.7	0.7	0.7
Water entitlements	96.9	96.9	96.9	96.9
Right of Use Asset	8.0	7.9	7.8	7.7
Other	3.0	3.0	3.0	3.0
Total non-current assets	4,766.0	4,821.9	4,870.0	4,968.7
Total assets	4,933.8	4,997.9	5,049.5	5,147.1

Balance Sheet (\$ million) (continued)	As at 30 Sep 2022	As at 31 Dec 2022	As at 31 Mar 2023	As at 30 Jun 2023
Current liabilities				
Payables	101.2	110.7	104.1	115.4
Borrowings	48.8	47.8	48.1	50.0
Tax liabilities	3.0	3.1	3.2	3.3
Lease liability	0.9	0.9	0.9	0.9
Unearned revenue (contract liability)	17.5	17.5	17.5	17.5
Other	43.0	43.5	44.0	44.6
Total current liabilities	214.4	223.5	217.8	231.7
Non-current liabilities				
Tax liabilities	475.2	472.9	470.7	468.0
Lease liability	7.9	7.9	7.8	7.7
Provisions	3.3	3.3	3.4	3.4
Borrowings	2,295.0	2,355.0	2,385.0	2,560.3
Total non-current liabilities	2,781.4	2,839.1	2,866.9	3,039.4
Total liabilities	2,995.8	3,062.6	3,084.7	3,271.1
Net assets	1,938.0	1,935.3	1,964.8	1,876.0
Equity				
Reserves	858.7	858.7	858.7	858.7
Contributed equity	288.9	288.9	288.9	191.7
Retained profits	790.4	787.7	817.2	825.6
Total equity	1,938.0	1,935.3	1,964.8	1,876.0

Cash Flow Statement (\$ million)	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Cash flows from operating activities				
Receipts from customers	239.8	240.8	259.7	236.0
Payments to suppliers and employees	(180.4)	(182.8)	(178.8)	(174.9)
	59.4	58.0	80.9	61.1
Interest and other costs of finance paid	(32.6)	(10.2)	(30.3)	(10.0)
Income taxes paid	(3.2)	(10.6)	(14.8)	(10.6)
Net cash inflows from operating activities	23.6	37.2	35.8	40.5
Cash flows from investing activities				
Payments for property, plant and equipment	(54.5)	(74.0)	(66.4)	(109.6)
Proceeds from sale of property, plant and equipment	0.4	0.5	0.4	0.6
Net cash outflow from investing activities	(54.1)	(73.5)	(66.0)	(109.0)
Cash flows from financing activities				
Net borrowings	30.6	59.0	30.3	179.5
Net lease liability	(0.1)	-	(0.1)	(0.7)
Capital Repatriation	-	-	-	(97.2)
Dividends paid	-	(22.7)	-	(13.1)
Net cash inflows/(outflows) from financing activities	30.5	36.3	30.2	68.5
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	49.0	67.1	90.0	101.7

Cash paid to government (\$ million)	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Final dividend - previous year	-	22.7	-	-
Interim dividend - current year	-	-	-	13.1
Capital Repatriation	-	-	-	97.2
Tax paid	3.2	10.6	14.8	10.6
Environmental contribution	10.8	10.9	10.9	10.9
Financial accommodation levy	6.1	6.1	6.1	6.1
Total cash paid to government	20.1	50.3	31.8	137.9



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.

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 and 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 and the consequence of the asset failing (criticality). Asset failure is defined as not achieving the desired service level for our customers.

Four-year capital program (2022–23 to 2025–26)

Water Growth Plan

Our Water Growth Plan ensures we can deliver drinking water, in accordance with our Customer Charter, to meet the needs of new and existing customers. The plan focuses on servicing growth by expanding services to new areas, with an investment of approximately \$97 million over the next 4 years. The plan also addresses deficiencies in the existing network due to growth, with an investment of approximately \$6.5 million. Major expenditure is in the greenfield development areas of Clyde, Cranbourne, Officer and Pakenham.

Water Reliability Plan

Our Water Reliability Plan helps us keep our assets safe, compliant, and dependable, to maintain our service standards on service interruptions. Major programs and projects include:

- renewals and upgrades to our water mains and critical assets, including a corrosion mitigation program to prevent asset failure
- condition assessment program to improve our understanding of asset condition
- maintenance programs to ensure ongoing reliability
- non-revenue water program to complement our Digital Utility strategy to manage network water losses, and
- upgrades to our network infrastructure to ensure water quality.

Our Water Reliability Plan proposes a water renewal program investment of \$64 million over the 4-year period to renew an average of 20 km of water mains each year. It also proposes

new investment, targeting upgrades in critical water assets to deliver reliable service across the whole network and to comply with safety and environmental regulations. Together, these will address recommendations from our community panel to increase spending on proactive planned maintenance and upgrades to systems and processes, to reduce unplanned disruptions in a cost-effective way.

Water Quality Plan

We monitor the quality of water provided to our customers across our network through Continuous On Line Testing (COLT) sites via our SCADA (Supervisory Control and Data Acquisition) system. Monitoring is being expanded across the network through the installation of low-cost modern technology sensors (Chloroclams) at strategic locations.

We also collect around 8,000 drinking water samples per year which are laboratory tested and have recently rolled out further monitoring at our water storage tanks and reservoirs. We plan to expand sampling across the network at key interface points and we're looking to improve the accuracy of our sampling program by housing some sampling taps in dedicated boxes.

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

To improve chlorine distribution throughout the water supply network, and to meet likely future higher standards set by Department of Health, we've proposed an investment of \$46 million over the 4-year period to upgrade existing and construct new secondary disinfection sites⁴. We're also proposing a significant increase in new scheduled maintenance activities on our water assets in conjunction with refined network operational settings at key sites. Also, to ensure the continued reliability in water quality from our storages with floating covers, we're investing in their replacement.

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're investing \$299 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, a number of water recycling plants are at or nearing capacity. Consequently, \$75 million of upgrades are required, primarily at our Longwarry and Lang Lang plants. There will be an increased focus on the long-term planning for the Mount Martha and Pakenham plants as we address a combination of growth and ageing infrastructure.

Sewer Reliability Plan

Our Sewer Reliability Plan helps us keep our assets safe, compliant, and dependable, to maintain our service standards on interruptions to customers without significantly impacting our local environment or communities.

Major programs and projects include:

- renewals and upgrade of our pipes and facilities
- installations of monitoring and alarms on our critical assets to prevent asset failure
- condition assessment programs to improve our understanding of the condition of our asset
- maintenance programs to ensure ongoing reliability of our network, and

⁴ We're anticipating that our chlorination strategy will have an impact on odour and taste complaints. This is accounted for in our water quality complaints target.

- corrosion management program to complement our odour management strategy. This will optimise our sewerage asset life, while maintaining service standards on odour complaints.

Our Sewer Reliability Plan proposes a sewer renewal program investment of \$20 million over the 4-year period to renew an average of 12 km of sewerage each year. It also proposes new investment from 2023–24 onwards, targeting upgrades in critical sewer assets and leverage digital technology to monitor, prevent and reduce the impacts of spills in a cost-effective way. This will assist us to demonstrate we plan to manage risk to environment and public health So Far As is Reasonably Practicable (SFARP), which is important to remain compliant to The *Environment Protection Amendment Act 2017* and associated general environmental duty.

The initiatives above will also address recommendations from our community panel, to increase spending on proactive planned maintenance and upgrades to systems and processes to reduce unplanned disruptions in a cost-effective way.

Recycled Water Plan

Throughout the next 4 years, we'll continue to supply recycled water in the south-eastern growth corridor of our service area, investing around \$55 million. This investment includes buying land and building infrastructure that will allow us to distribute recycled water.

Corporate and digital utility

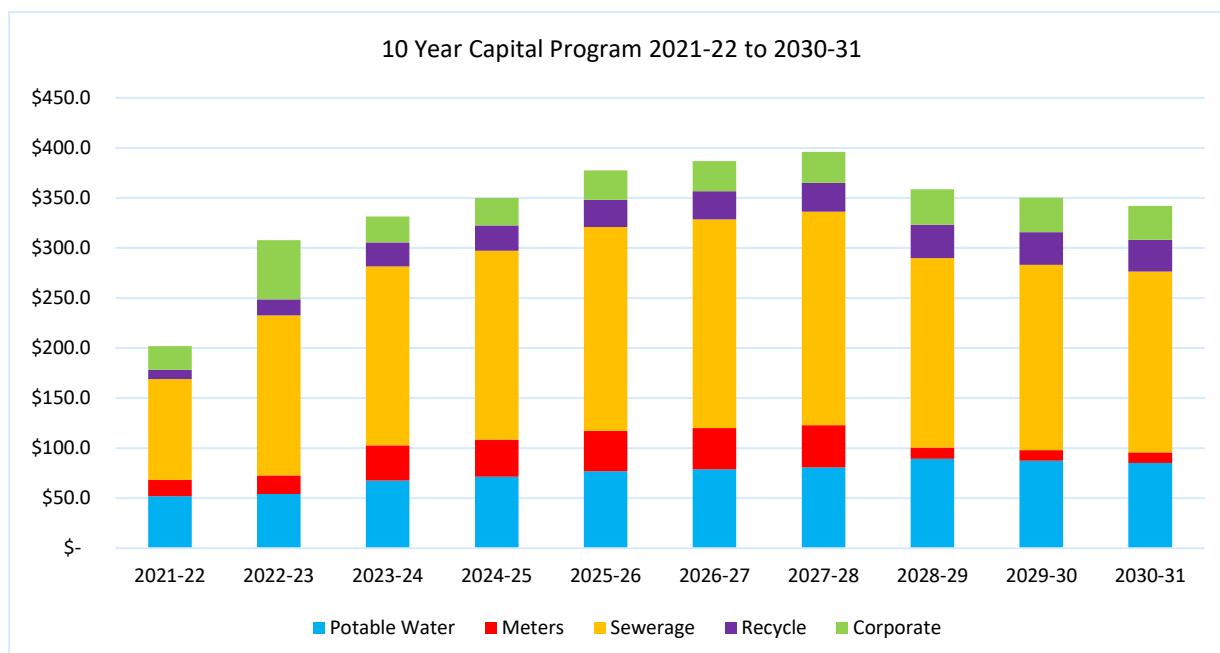
Corporate and digital utility initiatives planned over the next 4 years will continue to deliver improvements in the way we interact with our customers and greater efficiencies across our business environment through rationalisation of business functions. A land acquisition to support our integrated water management initiatives is planned for 2022–23.

Capital expenditure of \$265m million over the planning period relates to continued installation of our digital meter program, and expenditure on information technology required due to increased demand for major business system upgrades and replacements.

Ten-year Capital Program (2023–24 to 2032–33) (\$ million)

This graph shows our rolling 10-year Capital Program by service (water, sewerage, recycled water) to 2030–31:

Note: Future years are shown in FY22–23 dollars.



Appendix B: 2022–23 Performance Report

Financial Performance

Financial performance indicators	2021–22 target	2022–23 target	2023–24 target	2024–25 target	2025–26 target	2026–27 target
Internal financing ratio Net operating cash flow less dividends/net capital expenditure *100	32.7%	32.9%	31.7%	32.6%	31.1%	31.7%
Gearing ratio Total debt (including finance leases)/total assets *100	47.1%	50.7%	54.2%	55.8%	57.5%	59.0%
Cash interest cover Net operating cash flows before net interest and tax/interest payments	3.1	3.1	2.8	2.6	2.5	2.5
Current ratio Current assets/current liabilities (excluding long-term employee provisions and revenue in advance)	1.0	0.9	0.9	0.9	0.9	0.9
Return on assets Earnings before net interest and tax/average assets *100	4.2%	3.7%	3.2%	3.3%	3.4%	3.8%
Return on equity Net profit after tax/average total equity *100	4.4%	3.7%	3.0%	2.9%	3.0%	3.6%
EBITDA margin Earnings before interest, tax, depreciation and amortisation/total revenue *100	30.9%	30.7%	29.1%	30.0%	31.1%	33.1%

Operational Performance

Water & Sewerage Network Reliability	2021–22 target	2022–23 target	2023–24 target	2024–25 target	2025–26 target	2026–27 target
How many minutes on average a customer was without water supply during a year	18.5	18.5	18.5	18.5	18.5	18.5
% of customers receiving greater than 5 unplanned water supply interruptions in the year	.066	.066	.066	.066	.066	.066
Number of sewer blockages reported per 100 kilometres of sewer main	18.5	18.5	18.5	18.5	18.5	18.5
Number of sewer spills reported per 100 kilometres of sewer mains	9.7	9.7	9.7	9.7	9.7	9.7
Sewer spills from reticulation and branch sewers contained within 5 hours	100%	100%	100%	100%	100%	100%
Customer Responsiveness	2021–22 target	2022–23 target	2023–24 target	2024–25 target	2025–26 target	2026–27 target
Typical household bills including inflation (owner occupiers)	No target required to be set in corporate plan as per guidance paper					
Typical household bills including inflation (tenants)	No target required to be set in corporate plan as per guidance paper					
No. of customers with instalment plans	37487	39361	41329	43396	41226	39165
No. of customers awarded hardship grants	1280	1408	1548	1703	1874	2061
No. of water quality complaints per 100 customers	0.18	0.18	0.18	0.18	0.18	0.18
No. of payment issue complaints per 100 customers	0.55	0.65	0.65	0.65	0.65	0.65
No. of total complaints per 100 customers	0.9	1.0	1.1	1.2	1.3	1.4
Water Reuse	2021–22 target	2022–23 target	2023–24 target	2024–25 target	2025–26 target	2026–27 target
Proportion of water recycled as a percentage of the volume of effluent produced	30%	24%	24%	24%	24%	24%

Appendix C: Corporate metrics (How we'll measure success)

Get the basics right, always	2021–22 target	2022–23 target	2023–24 target	2024–25 target	2025–26 target	2026–27 target
Number of water bursts and leaks per 100 kms	34.8	33.7	33.7	33.7	33.7	33.7
Number of sewer spills per 100 kms	9.7	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
Number of water quality complaints per 100 customers	0.18	0.18	0.18	0.18	0.18	0.18
Number of customers receiving greater than 5 unplanned water supply interruptions	532	532	532	532	532	532
Number of customers receiving 3 or more sewerage blockages	32	32	32	32	32	32
Make my experience better	2021–22 target	2022–23 target	2023–24 target	2024–25 target	2025–26 target	2026–27 target
Customer satisfaction rating*	85%	85%	85%	85%	85%	85%
Number of complaints per 100 customers	0.9	1	1.1	1.2	1.3	1.4
Customer value for money rating*	71%	72%	73%	74%	74%	74%
Warn me, inform me	2021–22 target	2022–23 target	2023–24 target	2024–25 target	2025–26 target	2026–27 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>	27.7%	27.6%	27.6%	27.6%	27.6%	27.6%
Customers notified per unplanned interruption as a percentage of total customers affected	59%	61%	62%	64%	64%	64%
Average duration of unplanned water supply interruptions	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%
Fair and affordable for all	2021–22 target	2022–23 target	2023–24 target	2024–25 target	2025–26 target	2026–27 target
Average level of debt upon entry to South East Water Assist program	\$800	\$800	\$800	\$800	\$800	\$650
Customers positively impacted after participating in the hardship program (%)	90%	90%	90%	90%	90%	95%
Number of customers supported by South East Water Assist program (L4)	6147	7147	7505	7880	8300	8800
Operating cost per property (nominal dollars)	150	167	172	172	173	174
Support my community, protect our environment	2021–22 target	2022–23 target	2023–24 target	2024–25 target	2025–26 target	2026–27 target
Total net CO ₂ emissions	31,834	29,690	28,438	23,016	23,509	23,998
Volume of recycled water use (gigalitres)*	7	7.1	7.2	7.3	7.4	7.5
Residential water usage – litres per person per day	154	160	160	159	158	157
Volume of alternative water as a percentage of total water used in designated greenfield areas	15%	16%	17%	18%	19%	20%
Number of significant sewage spills (dry weather)	16	15	15	15	15	15
Percentage of customers in greenfield areas receiving recycled water*	73%	77%	82%	82%	82%	82%
Business enablers	2021–22 target	2022–23 target	2023–24 target	2024–25 target	2025–26 target	2026–27 target
Gender balanced workforce in senior leadership positions	42%	45%	50%	50%	50%	50%
Senior leader safety improvement observations	167	202	210	220	230	240
Total employee turnover (Employee FTEs departed / Total employee FTE)	<15%	<15%	<15%			
Employee engagement within top quartile of Oceania employers	79+%*	79+%*	79+%			

Reduction in Total Recordable Injury Frequency Rate (TRIFR)	8.5	8.0	7.5	7.0	7.0	7.0
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* This includes 2.3 gigalitres of recycled water to residential customers which was incorrectly reported as 1.1 gigalitres in the 2020-21 National Performance Report and will be resolved in the next release.

Appendix D: Examples of how we're addressing *Water for Victoria* priorities

Priority policy area	How we're addressing and delivering	Reference
Climate change (LOE 1)	KPIs <ul style="list-style-type: none"> Support my community, protect our environment <ul style="list-style-type: none"> Total net CO2 emissions Water use, including recycled water also relates to LOE5) 	Appendix C
	Plans / commitments <ul style="list-style-type: none"> Using available resources to generate renewable energy Transitioning to a circular economy approach Continuing to increase supply and use of fit-for-purpose water (also relates to LOE5) Education and behaviour change campaigns (also relates to LOE2). 	25
Customer and community outcomes (LOE 2)	KPIs <ul style="list-style-type: none"> Customer responsiveness Make my experience better: <ul style="list-style-type: none"> Customer satisfaction ratings Number of complaints per 1,000 customers Customer value for money and community trust ratings Warn me, inform me Unplanned and planned interruptions Fair and affordable <ul style="list-style-type: none"> Our hardship programs: Levels of debt, numbers supported. 	Appendix B Appendix C
	Plans / commitments <ul style="list-style-type: none"> Developing strategic partnerships and improving customer outcomes by embedding our new maintenance service model 	19

	<ul style="list-style-type: none"> Increased customer satisfaction through improving communication solutions and interactions for and with them New approach to servicing non-residential customers Additional 50,000 customers to get access to new data through digital meters Utilising digital technology to efficiently predict and prevent spills and leaks. Continuing to proactively support residential and non-residential customers with affordability. 	21 23 24
Water for Aboriginal cultural, spiritual and economic values (LOE3)	Plans / commitments <ul style="list-style-type: none"> Our commitment to learning about and from and partnering with First Nations peoples Delivering our innovate Reconciliation Action Plans and through partnerships with Traditional Owners and First Nations people. 	2 27
Recognising recreational values (LOE4)	Plans / commitments <ul style="list-style-type: none"> Continuing our commitment to Integrated Water Management forums Partnering with Mornington Peninsula Shire Council and DELWP to provide recycled water to the Briars, a conservation / heritage site and agricultural hub in Mount Martha (construction is set to start in late 2022). Our economic evaluation framework takes recreational values into account to inform our investment decision making, e.g. for the Fishermans Bend business case. 	6
Resilient and liveable cities and towns (LOE5)	KPIs <ul style="list-style-type: none"> Operational performance <ul style="list-style-type: none"> Water and sewerage network reliability Water reuse Get the basics right, always <ul style="list-style-type: none"> Numbers of bursts, leaks and spills Customer interruptions 	Appendix B Appendix C

How to get in touch

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South East Water Assist 9552 3540

Hearing and speech impaired services

TTY 133 677 (ask for 13 18 51)

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