

Melbourne Water Corporate Plan

2023-24 to 2027-28



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

Foreword

At Melbourne Water, we understand the importance of water in our daily lives. It is not just a resource but essential to our way of life. For the water sector, this is the decade that matters; a pivotal moment to secure a resilient future for Melbourne and a critical opportunity to take action to ensure our services remain strong for future generations. This opportunity arises in the face of challenges brought on by climate change, population growth, rising living costs and evolving social expectations.

Our *Corporate Plan* reflects an important shift in our organisational direction, emphasising our adaptability and agility as we tackle these challenges. This year, nine new strategic goals will provide a long-term focus to meet the needs of our customers and the community. These goals set our ambition to deliver strong customer and community outcomes for our region's water security, climate change and environmental health.

Delivering these outcomes is enabled by our approach to financial sustainability, which is embedded in our strategic objectives. We are committed to delivering valued services at the lowest cost to customers, meeting our financial obligations both now and in the future, and contributing to the broader Victorian economy.

Our commitment to customer-centric outcomes, respect and transparency remains unwavering. This year we will continue to engage with our diverse customer groups to maintain an ongoing conversation about priorities, performance and key considerations for our next price submission.

Delivering safe, reliable and high-quality services, including water, sewerage, drainage, and healthy waterways and catchments, continues to be our core priority. We adapt and respond to changes in our operating environment so we can address challenges and seize significant opportunities for Melbourne's water future.

In line with the Victorian Government's *Water for Victoria* policy, we work closely with the government and our partners to implement key strategies, such as the *Greater Melbourne Urban Water and System Strategy: Water for Life*, which marks a significant collaborative step forward and provides a clear avenue for the sector to work together.

Our recent collaboration with South East Water, Yarra Valley Water, Greater Western Water and Barwon Water resulted in 'The Accord' which articulates a shared vision for the sector and agreed principles as to how we can work together to support cost-effective, equitable outcomes for the future. The Accord represents a shared commitment to act in the best overall interests of our communities.

As a floodplain manager, we understand the impact of floods on our communities, particularly in light of the Maribyrnong River flood event in October 2022, which highlighted the damage and disruption urban flooding can cause. We are committed to listening to community views and needs, and welcome the independent review and the Parliamentary Inquiry. We look forward to the learnings and improvements that may come from this process.

As we face climate change and urbanisation challenges, which will increase the frequency and severity of urban flooding, we recognise the opportunity to re-set how we manage it, mirroring the approach taken with other natural disasters such as bushfires. Melbourne Water will continue to work with the Victorian Government, local councils, communities and emergency services to prepare our region for future flooding.

Unlocking value through integrated services is key to our success, including delivering Integrated Water Management (IWM) projects and supporting growth, as demonstrated by our work on *Sunbury's Water Future* and implementing actions from the regional IWM Forums. In the 18 months since Melbourne Water became a Catchment Management Authority, we have embraced the opportunity to work with a broader range of customers and stakeholders, exploring approaches for integrated catchment management to unlock benefits across all our services.

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

Managing climate change impacts remains critical, so we are excited to progress our first international partnership with Danish company Aarhus Vand and the UK's Severn Trent. This partnership will facilitate the co-creation of technologies and innovations required to address the climate impact of our wastewater treatment operations, an critical part of our aspiration to decarbonise our operations.

Melbourne's rivers, creeks and iconic bays are essential to our way of life and provide places for our native wildlife to thrive. We are committed to investing in the connection between communities and waterways, land and nature. We will continue to step into our role as a catchment management authority to find ways that unlock benefits from a more integrated, end-to-end approach.

Our dedicated team is central to achieving our goals. We continue to focus on safety, resilience and streamlined ways of working. Our Building a Better Melbourne Water program has a renewed focus on workplace resilience, end-to-end streamlined delivery services and making customer interactions easier. It is also part of building a collaborative sector that designs solutions for the decade that matters, ensuring Melbourne's health liveability and prosperity for today, tomorrow and future generations.



John Thwaites
Chairman



Nerina Di Lorenzo
Managing Director



Aboriginal acknowledgement

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

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

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

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

About this plan

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

- Climate change
- Customer and community outcomes
- Community engagement and partnerships
- Delivering and recognising water for Aboriginal cultural, spiritual and economic values
- Recognising recreational values
- Resilient and liveable cities and towns
- Leadership and culture
- Performance and financial sustainability
- Compliance and enforcement
- Waterway and catchment health
- Water for agriculture.

After the integration of the Port Phillip Westernport Catchment Management Authority (PWCMA) in 2022, our *Corporate Plan* also covers Melbourne Water's accountabilities to incorporate the promotion of integrated land and water resource management across the region, including sustainable and productive land use practices, as required under section 19C (2) of the *Catchment and Land Protection Act 1994*. These responsibilities provide an opportunity for the business to take a more holistic and integrated approach to our existing services and achieve optimum outcomes for our customers and the community.

Artwork: Naarm Warri (Melbourne Sea) Norm Stanley © 2021

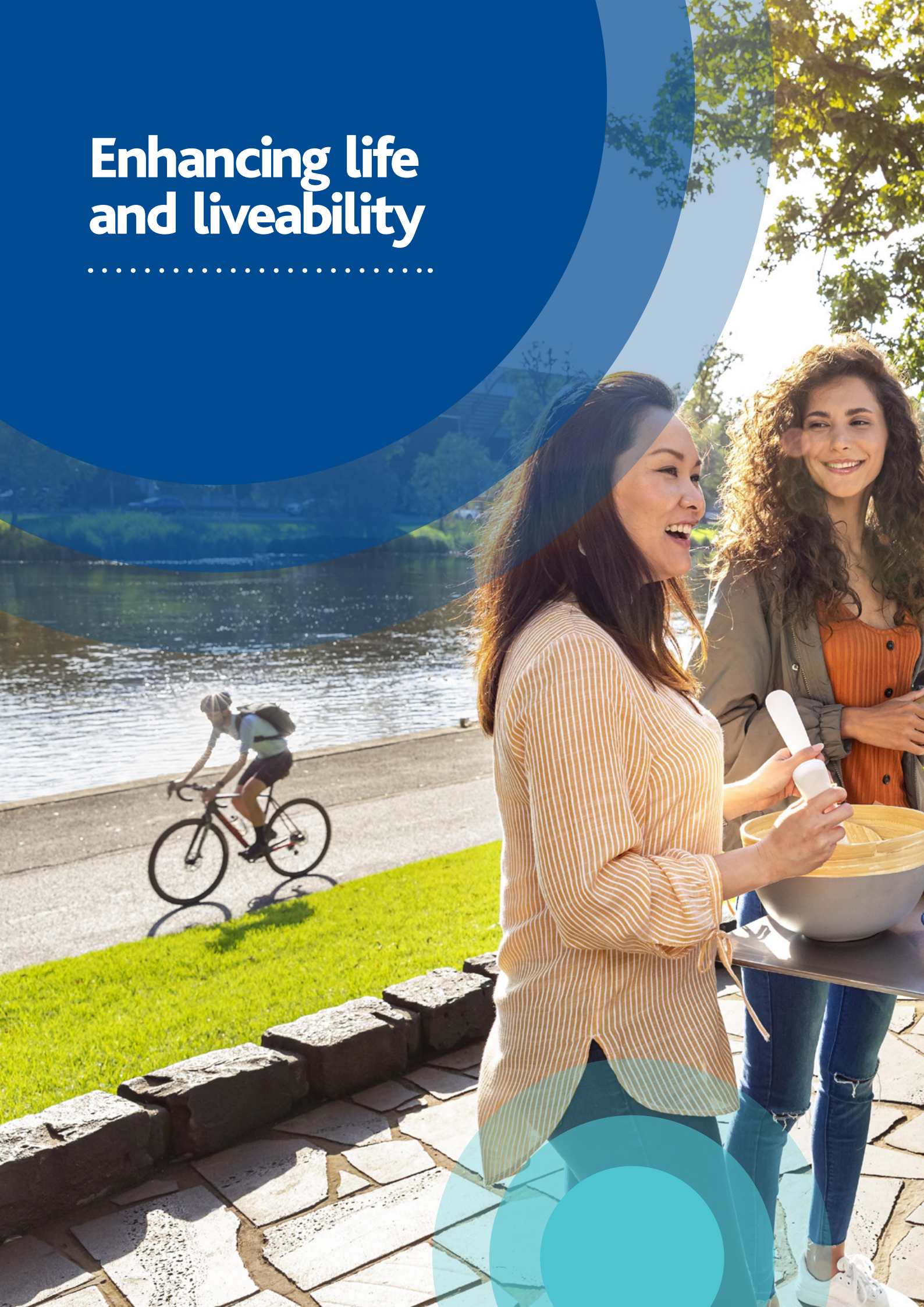


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Enhancing life and liveability

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Our vision and values

Melbourne Water’s vision is to enhance the life and liveability of greater Melbourne and the surrounding region. Water is central to life and growth. It sustains our natural environment, the communities we value and the economy we depend on.

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

Our vision is built around three pillars:

- **Healthy People** – By providing safe, affordable, world-class drinking water and sewage treatment, and supporting Melburnians to live healthy lifestyles, we protect public health and strengthen the wellbeing of our community.
- **Healthy Places** – By managing the impacts of climate change, building our resilience to flooding across the region, and partnering to deliver sustainable land and water management, we create more desirable places to live.
- **Healthy Environment** – By being innovative with resource recovery, reducing our emissions, improving the quality of waterways and engaging with the community, we enhance biodiversity and help protect our natural assets.

Our values of care, integrity and courage are integral to the way we do business and treat one another. They are intrinsically linked to our vision of enhancing life and liveability, and guide all that we do.

- **Care** – We always put safety and wellbeing first, and seek the best for our colleagues, community, customers and environment.
- **Integrity** – We are open and transparent in everything we do, treating people with respect and taking full responsibility for our words and actions.
- **Courage** – We empower each other to believe in ourselves, speak up, innovate and learn from our mistakes to continuously improve how we do things and achieve the best possible outcomes.

Our services

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

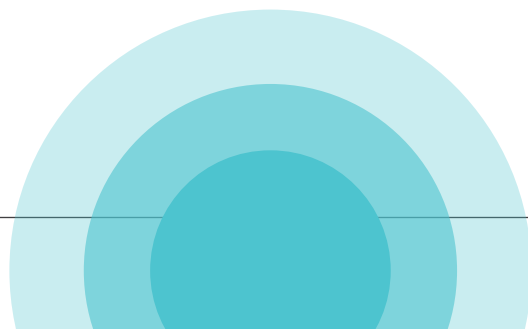
To meet the challenges of the next decade, Melbourne Water’s diverse and dedicated teams are responding to both the immediate needs of our customers and community, and planning for long-term water security, climate change and the environmental health of our region.

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

By 2027, Melbourne Water aims to ensure our current and future customers and compliance expectations are met across all services, and that we proactively adapt to future changes and are sufficiently resilient to withstand unexpected events.

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

- developing a plan to close any gaps between our performance and current service offerings
- undertaking the Bulk Supply Agreement review in partnership with retail water corporations to make this more appropriate for contemporary and future purposes
- further understanding and preparing for resilience threats to our network.





Water

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

We are also responsible for managing approximately 1800 licences to use water from farm dams and waterways in the greater Melbourne region.



Delivering for our customers

Our commitments to our customers are:

- zero non-compliances with the *Safe Drinking Water Act 2003*. We will supply high-quality drinking water that meets stringent standards for risk management and public health. We will do this by maintaining and renewing the assets we have, investing to provide capacity as Melbourne’s population grows.
- to meet 99.9% retail water company pressure requirements. We will provide an uninterrupted supply of water to homes and businesses, as specified in our agreements with water companies.
- to ensure $\geq 75\%$ proportion of the community has at least moderate water literacy. We will target our education programs to improve water literacy levels from low to moderate (or high), equipping people with the knowledge to contribute to smart water choices.
- to meet ≥ 8.3 customer satisfaction (CSAT) by 2025-26 – bulk water services. We will improve CSAT across each of our four services, as measured by surveys on transparency, ease of doing business and timeliness.





Sewerage

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



Delivering for our customers

Our commitments to our customers are:

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



Drainage

Innovation and continuous improvement underpin Melbourne Water’s approach to flood management. As the region’s floodplain manager, we are responsible for delivering and maintaining infrastructure that provides an essential part of flood management across the region, as well as smart systems and processes to deliver improved resilience across an increasingly complex urban environment. We do this in partnership with state and local governments and emergency services.

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



Delivering for our customers

Our commitments to our customers are:

- to deliver flood awareness and preparedness activities in accordance with the *Port Phillip and Westernport Flood Management Strategy* implementation program to improve community awareness of flood risk and increase reach.
- a \$10 million reduction in average annual damage from flooding for our high-risk customers.
- that 100% of projects will demonstrate community benefit through activation of land and/or assets.
- to meet ≥ 6.8 CSAT by 2025-26 – drainage service.



Waterways and catchment management

Melbourne’s waterways form the backbone of our liveable city and are fundamental to the culture and wellbeing of Melburnians.

Ensuring the long-term health and preservation of our waterways, tackling the challenges of a growing city and the impacts of climate change are key priorities for Melbourne Water.

Melbourne Water continues as the lead agency for implementing the *Yarra Strategic Plan (Burndap Birrarung burndap umarkoo)* 2022–2032. The plan is being delivered to protect and enhance the Yarra River and its parklands as one living and integrated natural entity in collaboration with 15 state and local government agencies and the Wurundjeri Woi Wurrung Cultural Heritage Aboriginal Corporation.

As the CMA for Port Phillip and Westernport, Melbourne Water promotes integrated management of catchment and waterways functions across the region, including coordination and implementation of the *Regional Catchment Strategy*. This role provides an opportunity to strengthen the critical link between quality catchment management and waterway health outcomes.



Delivering for our customers

Our commitments to our customers are:

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

Our operating environment

Melbourne Water operates in a rapidly changing global environment. We know the operating environment in the coming decade will bring significant challenges, including climate change, population growth, rising cost of living and changing social expectations. In addition, demographic changes will radically shift where and how our communities live and what services they need.

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

- respond to climate change, including our goal to reach net-zero emissions by 2030
- protect communities from the impacts of flooding, including proactive flood mitigation, community education and preparedness
- learn from the community's experiences of the October 2022 floods and work together with our partner agencies to identify improvements to our cross-agency work to build community resilience, awareness and preparedness for future floods
- drive sustainable practices through all our services and programs, including our financial strategy
- work with government and industry to implement strategies including the *Central and Gippsland Region Sustainable Water Strategy (CGRSWS)* and the *Water for Life*
- continue our community engagement commitments and deliver water education
- deliver on services and projects as outlined in the current price submission, including our commitment to keeping water bills stable in the face of ongoing inflationary pressures.

Climate change

As global temperatures continue to rise, and the prevalence of extreme climate conditions increases, the water sector must prioritise preparedness and resilience planning, and risk mitigation to manage the impacts of climate change.

At Melbourne Water, we are working towards our goal of becoming a net-zero emissions business by 2030 in line with our Statement of Obligations (Emissions Reduction). We are committed to managing the impacts of a changing climate and building resilience by developing further diversity in our water sources.

Melbourne Water's key priorities of maintaining access to safe and affordable water, sewerage, waterways and drainage services, and protecting and preserving a thriving natural environment, are all directly impacted by climate change.

Climate change also contributes to the loss of biodiversity and rises in sea level. The services provided by Melbourne Water, and the water sector more broadly, are affected by these impacts.

We are committed to reducing our greenhouse gas emissions and building resilience into our systems.

Managing the cost-of-living impacts

Melbourne Water stands by its commitment to keep bills as low as possible by delivering the services our customers and community value. Upward pressure on household budgets driven by increasing inflation and interest rates are intensifying the challenge, and we understand our critical role in supporting customer affordability.

Risks and opportunities will evolve over time, requiring us to remain agile and open to change to ensure we continue to provide high-quality services to our customers and communities.

Melbourne Water continues to contribute to Victoria's recovery from COVID-19 and looks for new ways to deliver value to Victoria through innovation, future planning and embracing new frontiers. We are investing in new ways to support the circular economy, Integrated Water Management (IWM) and innovative ways of working, to ensure that Melbourne Water remains a forward-thinking organisation.

We are focused on delivering our services as efficiently as possible and delivering maximum value for money outcomes to customers. Driving improved commercial results remains a key focus for Melbourne Water, with particular focus on procurement initiatives across the *Corporate Plan* period.

Delivering on statewide policies and strategies

Melbourne Water works closely with the Victorian Government and the Department of Environment, Energy and Climate Action (DEECA) to deliver our statutory obligations in compliance with a comprehensive framework of legislation and regulation.

The Victorian Government's *Water for Victoria* strategy provides the state's water industry with a clear set of high-level policy and a long-term strategic plan for water management.

Underpinning *Water for Victoria*, Melbourne Water welcomes the implementation of the updated CGRSWS, which establishes the path towards the greater use of manufactured water, the delivery of more water for the environment, an increased uptake of IWM and the creation of water entitlements for Traditional Owners.

As a flow on from the CGRSWS, the development of *Water for Life* is a significant step forward in collaboration with the water sector. Unlike previous years, when separate strategies were developed to manage our water system, the region now has a shared approach based on what is good for the whole system and the community.

Melbourne Water is committed to the strategic directions of the CGRSWS and *Water for Life* and will work with the sector to deliver actions stemming from these key strategies to ensure our region is prepared for future water challenges. We will do this by:

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



Working with Traditional Owners

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

Melbourne Water will also continue to take a proactive position on Melbourne's water industry response to the Victorian State Government's Yoorrook Justice Commission through our lead role to coordinate our response to the Commission and any requests for information and input. An important part of the Yoorrook progression is cultural safety for all participants and to improve cultural awareness for Melbourne Water staff about the Commission and its process. We continue to work with the broader water industry in Melbourne to ensure a coordinated and effective response to requests from the Commission and to ensure we have a strategic and well-developed view of issues it has raised.

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

Artwork: Naarm Baluk (Melbourne River), Norm Stanley © 2021

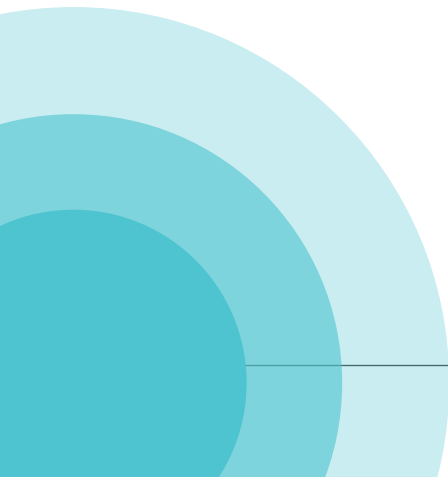
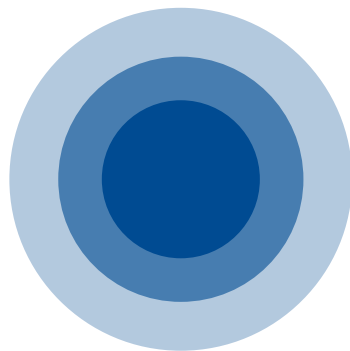
The Accord

As a sector, we realise the big challenges ahead are better faced together. Therefore, the managing directors of Melbourne Water, South East Water, Yarra Valley Water, Greater Western Water and Barwon Water have entered into an industry-first agreement, The Accord.

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

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

Over the past year, increasing collaboration between our businesses has seen the development of regular strategic forums. These forums are an opportunity to bring shared issues to the table to work towards solutions together that generate community value.



Our strategic intent

The coming decade is recognised as one which signals a transition for the water sector as it adapts to climate change and population growth.

Melbourne Water’s role within the sector provides us with a unique position to navigate a path that meets the region’s water needs, optimises our use and re-use of resources, preserves the natural environment, sustains the liveability of our region and provides trusted collaborative leadership.

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

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

Outcome goals



Keep our core services strong today, building resilience for future changes



We will walk Country together



Boldly progress towards decarbonisation and become leaders in climate change mitigation, adaptation and planning



Embed Integrated Water Management



Focus on new water and enhancing the value created



Step beyond resource recovery to a central role in the waste sector, driving resource recovery and delivering more recycled water

Enabling goals



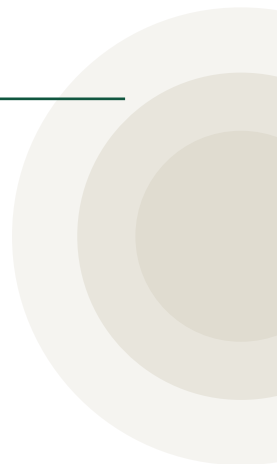
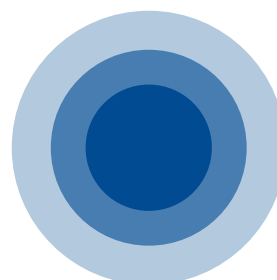
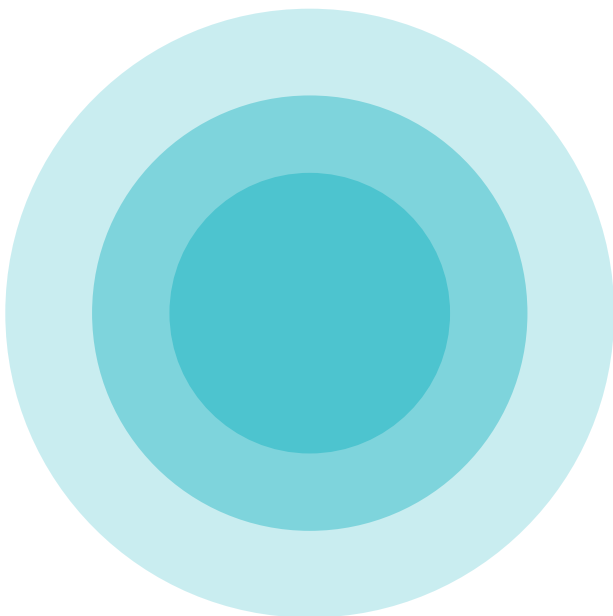
Manage and govern our business to support a high performance organisation



Financial strength



Build influential relationships





Delivering on Water for Victoria

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

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

For more information on *Water for Victoria* visit the [Department of Energy, Environment and Climate Action website](#)¹.

Driving sustainability through what we do

Sustainability is a central principle of our business. We have been signatories to the United Nations Sustainable Development Goals (SDGs) for a number of years, and are focused on driving the business towards best practice in sustainability. We are actively building our capability in sustainability in a way that further integrates our approach to managing environmental, social and governance performance in line with stakeholder expectations today, and as they evolve into the future.

By using the SDGs as a framework, we can identify further opportunities that maximise Melbourne Water’s contribution to achieving environmental and social responsibility.

We recognise our ability to contribute to advancing each of the goals, both directly through our own work and indirectly through partnerships with customers, stakeholders and suppliers. Embedding the SDGs in our business strategy and goals provides a global context for how Melbourne Water can contribute to a sustainable global future.

Melbourne Water has identified opportunities for step change toward our achievement of the SDGs across five priority areas for integration:

1. **Strategy** – integrating the SDGs into organisational strategy.
2. **Target setting** – setting targets for the SDGs agenda and incorporating these into reporting.
3. **Investment** – using SDGs to help prioritise investment.
4. **Business processes** – normalising and embedding SDGs into business-as-usual practices.
5. **Reward and recognition** – rewarding and recognising of progress against the SDGs as part of standard reporting.

Sustainable Development Goals

The SDGs are:

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



Delivering for Melbourne





Resilient and liveable cities and towns

What we do now

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

Central to Melbourne Water's remit is the provision of safe and reliable water and sewerage services for Melbourne. The implementation of the *Melbourne Sewerage Strategy* requires close collaboration with our customers and stakeholders, who all have a role to play to achieve the strategy's goals.

The Eastern Treatment Plant and Western Treatment Plant strategic plans provide the next level of detail to the *Melbourne Sewerage Strategy*, outline strategic objectives for both plants, and identify key decision points and adaptive pathways that would enable the goals of the *Melbourne Sewerage Strategy* to be realised. They will form a critical part of the plan to be communicated to stakeholders and regulators in the lead-up to the next Pricing Submission (PS26).

Securing water for all Melburnians

Melbourne Water welcomes the development of the CGRSWS, led by DEECA, which takes a long-term view of water availability, identifies threats to the supply and quality of the state's water resources in the central and Gippsland region, and looks at increasing the volume of water for the environment.

Developed in parallel, *Water for Life* is also a key part of Melbourne Water's commitment to system resilience. Led via a collaborative effort between Melbourne Water and the metropolitan retail water companies, *Water for Life* identifies the best mix of actions to supply water to our towns and cities. Melbourne Water is committed to working towards the strategy's adaptive plan that identifies several short and long-term options and pathways to manage the water supply deficit by incorporating climate resistant or manufactured water.

In addition, we are stepping up collaboration with our Customer Delivery Partners (Melbourne's retail water companies and local government) in recognition that the shared challenges the sector is facing can only be tackled as an industry. These challenges include protecting Melbourne's long-term water security, reducing our carbon emissions and playing a greater role in the circular economy.

Beyond resource recovery

Melbourne Water aims to play a role in catalysing the new green industry, particularly in circularity and decarbonisation, providing benefits and adding value to our services and the community.

In addition, we have contributed to the circular economy through the re-use of biosolids from the Western Treatment Plant, with a three-year rolling average of 90 per cent re-use from the site. In addition, we have a target of 40 per cent re-use of biosolids from the site by 2025 and 100 per cent by 2030. We are on track to reach these targets.

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

Collaborative strategies for IWM

Melbourne Water will continue to work in close collaboration with our customers, partners and stakeholders to design strategies aligned to each of our services. Alongside this, we will work with the Victorian Government and other project partners to investigate harvesting and using stormwater as a valued resource.

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

We continue to work with partners and stakeholders to maximise the value our sewerage network can generate as a contributor to the circular economy. We do this by actively developing opportunities that further integrate services, for example working with Greater Western Water on the Werribee Reconfiguration project, which will unlock additional fit-for-purpose recycled water uses and reduce future demand on our water network.

Melbourne Water has worked collaboratively with DEECA, the Department of Transport and Planning, City of Melbourne, City of Port Phillip and the Cooperative Research Centre for Water Sensitive Cities, to develop the *Water Sensitive City Strategy* for Fishermans Bend. Proposed elements include a precinct-wide water recycling plant (in development by South East Water), water infrastructure integrated into streets and open spaces, green roofs, smart rainwater tanks and connecting all buildings to the recycled water. We look forward to implementing the strategy with delivery partners, as outlined in the *Water Sensitive City Strategy*, as the precinct progresses.

IWM Forums

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

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

Melbourne Water supports and participates in these IWM forums, which provide an enabling environment to identify, prioritise and progress collaborative opportunities for investigation of and investment in IWM. They also provide further opportunity for us to help protect waterways, reduce demands on drinking water reserves, better manage flooding risks and create a diverse water portfolio.

Catchment-scale IWM (CSIWM) plans for each catchment shows the degree to which strategic investment in and achievement of the IWM outcomes moves the catchment towards improved liveability, water security, wastewater and flood risk management and environmental health. These plans include 23 Strategic Outcomes and three Enabling Targets at the catchment scale for each catchment, to drive an increased use of fit-for-purpose water sources, increased use of recovered wastewater, reduced damage due to flooding and to capture stormwater from urban development. In addition, Melbourne Water provides an integrated catchment approach to support the delivery of CSIWM plans.

Development of the CSIWM action plans is currently in progress. These plans are intended to provide an agreed list of prioritised actions, with timeframes, aimed at delivering on the strategic outcomes and enablers for IWM.

The CSIWM plans and action plans refer to projects that will drive the change towards the shared vision. Melbourne Water is playing a leading role in delivering the following:

- Sunbury's Water Future – an IWM plan for Sunbury and the surrounding area to support 35,000 new constructed dwellings and 22,000 new jobs to the region
- Werribee Water Supply Reconfiguration – a collaborative project with Greater Western Water, Southern Rural Water and DEECA to reconfigure the Werribee water supply system to improve use of all sources of water and reservoirs in the local system, providing more climate resilience and protecting precious waterways
- multi-benefit flood mitigation and open space within the Arden-Macaulay area undergoing significant urban renewal over the next 30 years
- rejuvenating the Moonee Ponds Creek.

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

Water efficiency

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

Education for water efficiency

Melbourne Water is committed to continuing community education on water issues and fostering a water efficient society. We continue to work closely with Melbourne's retail water companies to promote efficient water use through public awareness campaigns, such as the Make Every Drop Count behaviour change campaign and the Target 150 program. Our community awareness programs have contributed to Melburnians using much less water per person than they did 20 years ago; down from 247 litres per person per day in 2000-01 to 166 litres per person per day in 2021-22.



Target 150

Since the Millennium Drought and through subsequent voluntary water efficiency campaigns, Melbourne's average residential water use has decreased by one third since 2001.

Through the CGRSWS, the Victorian Government is setting a new aspirational residential water use target for Melbourne of 150 litres per person per day.

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

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

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

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

Melbourne Urban Stormwater Institutional Arrangements

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

As an action in the CGRSWS, Melbourne Water will work closely with DEECA and the Municipal Association of Victoria on the implementation of the preferred improved 60-hectare option into policy by 2028. We will continue to play a role in options assessment that supports streamlining services, which better enable us to achieve broader strategic outcomes such as IWM and waterway protection.

Our long-term plan

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

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

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

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

- preparing for and mitigating the impacts of flooding
- maintaining and renewing the region's drainage network
- providing enhanced rural drainage services in the Koo Wee Rup and Longwarry Flood Protection Districts (fee-for-service)
- modelling and mapping flood risks, and providing flood information
- strategic planning.

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

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

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

A focus on effective management of our protected water supply catchments will continue, ensuring resilience to changes resulting from drivers such as bushfires, pest species and policy change, while continuing to understand emerging threats to our services.

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

Melbourne Water will also continue to partner with a range of agencies that manage land and water to engage in planning for blue-green corridors that achieves shared, multiple benefits and outcomes. Future plans will focus on priority areas, based on needs for community access to open space, connection to nature and amenity improvements.

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



The year ahead

Recently, increased rainfall has highlighted how disruptive flooding can be for communities. Climate change and population growth is anticipated to worsen the impacts of urban flooding over time. We have the opportunity now to get on the front foot, and we look forward to learning from and actioning the findings of the independent review, supported by Melbourne Water, to better understand the causes and contributors to the October 2022 Maribyrnong River flood event. In addition, we will continue to review acceleration strategies based on our learnings.

In the near term, we also aim to take an active approach to clarify and articulate our role in the grid and in the management of new water sources to best enable water security with the sector. We will work with the community to ensure they are informed and ready for future water sources.

In addition, Melbourne Water will continue to:

- implement strategies, practical guidelines and projects to make the most of open space for community health and wellbeing
- deliver on commitments outlined in *Waterways of the West*
- play our role in the implementation of the CGRSWS
- play a leading role in the implementation of the actions stemming from *Water for Life*
- deliver CMA projects and programs in line with our responsibility as the PPWCMA
- report on implementation of the *Regional Catchment Strategy* and the *Healthy Waterways Strategy 2018*.

Delivering on



Water for Victoria chapter

5

Customer and community outcomes

What we do now

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

We work closely with our retail water customers that partner with us to deliver water and collect sewage from individual households and businesses across the greater Melbourne region. Each year we deliver about 450 billion litres of water and receive almost 320 billion litres of sewage from Melburnians through retail water companies.

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

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

Community groups, councils and government agencies share our vision to enhance and manage environmental assets, including over 24,000 kilometres of wetlands, rivers and creeks.

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

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

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

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

We have also embedded requirements for achieving customer satisfaction. Each year, along with reporting on operational performance and GSLs, Melbourne Water now reports on customer satisfaction with our services. We have matured our approach to measuring and tracking customer satisfaction to ensure we understand our customers and can adapt to meet changing expectations.

We value the relationship we have with our partners and customers as we continue evolving our organisation in a manner that is truly customer-centric, respectful and transparent. This year, we will be engaging more deeply with our diverse customer groups, to maintain an ongoing conversation about priorities, performance and key considerations for our next Price Submission.

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

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

The services we deliver are interconnected and often bound by statutory obligations, which must be balanced with customer needs and expectations. Future improvements to our customer services will help customers to clearly understand our service obligations and navigate their way more easily through our processes. They will also help us to deliver our services more efficiently to achieve the best possible outcomes for customers and the community.

Community engagement

Melbourne Water's six engagement principles are: 'Transparent', 'Timely', 'Meaningful', 'Considered', 'Inclusive' and 'Reflective'.

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

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

- public consultation on the *Maribyrnong River Flood Review* submission process
- implementation actions in support of our *Flood Management Strategy* to build community resilience and awareness of flood risks and take proactive action to be ready for flood events
- delivery of a range of strategic engagement and educational activities to raise awareness of our Western Treatment Plant
- exploration of recreation opportunities at the Yan Yean and Tarago reservoirs
- strategic communications and engagement planning for PS26
- development of a Diversity and Inclusion Engagement Guide to build capability for our people
- a community research program to understand engagement and communications preferences as part of our Digital Education and Engagement Roadmap
- the rollout of an extensive infrastructure delivery program and community group projects, with targeted engagement with local communities.

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

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

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

Our long-term plan

Melbourne Water will embed changes to our approach to ensure we are genuinely co-developing and planning for the future with our delivery partners to meet future needs.

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

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

Our efforts on customer service interactions will be refocused to ensure we are living up to changing customer expectations, with a focus on consistently delivering improved customer experiences.

Drainage services are provided to local government, developers and members of our community. To improve satisfaction in this area, we have increased resourcing in Development Services and realigned service offerings to manage demand driven by unprecedented development. We have also implemented dedicated performance indicators in this area to measure our impact more regularly.

Building strong relationships and partnerships

Strong relationships with our customers, and positive customer perceptions of Melbourne Water, are essential to enable us to deliver our services.

To better understand the needs of our customers and inform our customer strategies and plans, we use a broad and evolving range of tools, including targeted research projects, internal data analysis and direct feedback.

Central to this is our *Reputation Study* that tracks customer and community perceptions of Melbourne Water and includes metrics relating to trust, esteem, admiration and respect.



Additionally, a customer service framework aligned to core services has been implemented to give the business more targeted actions for improvement. As part of our Performance, Risk, Engagement, Management and Outcomes (PREMO) Framework reporting obligations to the Essential Services Commission and *2021 Price Submission*, our customer satisfaction scores need to demonstrate consistent improvement from our current position over the next five years.

To meet the challenges of water security, climate change and the long-term impacts of COVID-19, we must work in partnership with our customers and stakeholders. This requires us to build robust, ongoing and trusting relationships with our customers, stakeholders and partners. The development of The Accord is a defining first step to ensure stronger collaboration with the Melbourne and regional water sector.

Melbourne Water has established priorities for relationship management and has a strong focus on our relationships with Melbourne's retail water companies, local councils, government and the development sectors.

Key focus areas, such as increasing transparency, opportunities for early engagement, and collaboration and co-design of strategies, will help us deliver better outcomes for the communities we serve.

The year ahead

Melbourne Water will embed changes to our approach to ensure we are genuinely co-developing and planning for the future with our delivery partners to meet future needs.

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

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Drainage services are provided to local government, developers and members of our community. To improve satisfaction, we have increased resourcing in Development Services and realigned service offerings to manage demand driven by unprecedented development. Our dedicated performance indicators allow us to measure our impact in this area more often.

We will continue to provide flood, drainage and environmental urban planning and development functions and services to the communities we serve. To provide these services, we are continuing to uplift our role as a customer-focused modern regulator. In addition, more roles have been created to respond to population and job growth and climate change in Melbourne. We are also working through a range of programs to provide timely and consistent services to local government, developers and other stakeholders, while being transparent and accountable around our obligations and commitments.

Water literacy

An evidence-based approach and behaviour change framework underpin Melbourne Water’s approach to connecting with customers in an engaging way to improve the water literacy of all Melburnians.

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

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

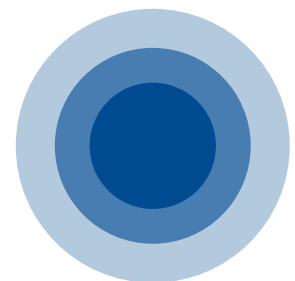
Our baseline research shows that individuals with higher water literacy:

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

One outcome of driving water literacy is an increase in customers’ familiarity with our organisation, which creates a platform for Melbourne Water to deliver key programs of work into the future.

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

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



Delivering on



Water for Victoria chapter

Responding to climate change

What we do now

Climate change poses significant risks to all our services, and future access to safe and affordable water, particularly through impacts on local water cycles and water resources. Therefore, adapting to future climate and growth scenarios is a core driver of Melbourne Water’s long-term strategy for water supply, sewer systems, flood and drainage, and waterways and catchments.

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

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

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

Melbourne Water is using guidance from the new *Climate Change Sewerage Guidelines* as an input to strategic risk investigation and long-term planning for sewage systems. This includes building knowledge about the ways wastewater systems may be sensitive to climate change. In addition, we are identifying which elements may be at risk across the transfer and treatment plant networks.

A range of potential climate scenario impacts have been modelled for the sewer transfer system drawing on downscaled Victorian climate projections and detailed rainfall data. The *Climate Change Sewerage Guidelines* have helped inform the broad range of climate hazard types being explored as we develop strategic plans for the Eastern and Western treatment plants.

In the short term, Melbourne Water aims to:

- continue integrating emissions reduction and climate adaptation programs
- investigate priority scope 3 emission areas and options to reduce scope 3 emissions
- continue and expand awareness and knowledge brokering programs to help our people engage with climate challenges and identify opportunities
- continue sharing information with industry and communities and utilise information learned from others
- continue improving integration of climate into asset management.

		2023-24	2024-25	2025-26	2026-27	2027-28
Total Projected Electricity Use	MWh	360,000	380,000	400,000	410,000	420,000
Total Projected Renewable Annual Electricity Use	MWh	80,000	380,000	400,000	410,000	420,000

Notes:

1. Renewable electricity use assumes Large-scale renewable energy target (LRET) of 18.96% renewable for grid electricity, and approx. 20 GWh/yr of non-REC certified generation.
2. 100% renewable target assumed as starting 1 July 2024.

Impacts of a changing climate and how we will respond

Water

- Water security is an ongoing concern due to climate change reducing water yield. Our annual Water Outlook program helps us manage near-term supply and demand while we plan for long-term security.
- Increased severity and frequency of emergency events such as bushfires, floods and algae blooms.
- Working with our retailer customers to drive water efficiency in the community.
- Collaboratively planning system and network augmentations with the retail water companies to optimise the water supply, grid and market.
- Actively engaging in initiatives and actions stemming from the CGRSWS and *Water for Life*.
- Strategic risk assessment of existing systems to improve resilience to climate change forecasts.

Sewerage

- As Melbourne's population grows, so will our need for further sewerage infrastructure, waste treatment and resource recovery.
- It is predicted that climate change will increase the severity and frequency of extreme weather events, which will result in increased average peak wet weather flows and place stress on existing infrastructure.
- Melbourne Water will likely require investment in treatment plant resilience at both the Western and Eastern treatment plants to manage an uncertain future and respond to both threats and opportunities.
- Playing a greater role in the circular economy will be an important part of increasing the re-use of water and diversifying water resources to reduce the amount entering the environment.
- We will conduct investigations and research to better understand our direct emissions from our wastewater treatment plants.
- Investigating and implementing low emissions treatment opportunities for the Eastern and Western Treatment Plants will support our aspirations for our path to net zero.

Drainage

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

Waterways

- Reduced overall rainfall volumes have been linked to climate change.
- Reduced water availability disproportionately affects the natural environment.
- We are actively participating in actions from the CGRSWS to secure more water for the environment and working with state and local governments to enable IWM at a city scale, which helps to protect waterways from stormwater pollution while retaining more water for the urban natural environment.
- Melbourne Water is enhancing stormwater management for amenity and biodiversity.

Cutting emissions through international partnerships

Melbourne Water recently entered a pioneering partnership to co-create the development of technologies and innovations to make wastewater treatment greener and begin to establish new international standards for measuring and reporting emissions.

Danish company Aarhus Vand, UK's Severn Trent and Melbourne Water have committed to work together with the aim to reduce carbon emissions by around a million tonnes across our operations. Through this world-leading collaboration, partners will build on their experience, expertise and innovation capacities on key complementary projects such as:

- developing new techniques to measure and record nitrous oxide and methane greenhouse gas releases from wastewater treatment sites and, as a result, establishing new, more accurate, international measurement standards
- identifying ways to enhance current wastewater treatment sites with green technology that optimises the performance and efficiency of facilities while reducing emissions to net zero
- maximising the use of renewable, sustainable resources at treatment facilities
- gathering and sharing information on the technical and economic feasibility of options to reduce emissions, creating a roadmap for the industry to achieve net zero most efficiently, at the best value for customers
- exploring the potential for employment secondments between the three companies, so that talent and expertise can be shared and developed around the alliance and across the world.

Melbourne Water has already commenced a range of site-specific emission measurement initiatives to provide increased transparency of actual emissions and identify opportunities to reduce them. Sharing this knowledge across the industry will enable more utilities to better understand and reduce their emissions. Melbourne Water is also investigating how wastewater treatment plants can be transformed to incorporate low emissions treatment technologies.

Our long-term plan

By 2027, Melbourne Water aspires to:

- meet or exceed our carbon pledge
- have a portfolio of approaches to achieving our carbon pledge, without relying on offsets alone
- innovate to address fugitive emissions
- make greater use of all resources and by-products, and continue transitioning our systems towards circularity.

Our path to net-zero

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

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

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

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

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

While we build the technical and scientific knowledge required to avoid direct wastewater emissions at the source, we will be investing in high-integrity carbon offsets to help reduce our emissions in the short term. We are also exploring options to create biodiverse carbon forests in our region to help draw down carbon dioxide from the atmosphere.

The Eastern Treatment Plant includes a biogas facility that generates approximately 30 per cent of the electricity required each year to run the plant. In addition, our new solar farm will produce another 22 per cent, increasing on-site generation to 52 per cent.

Melbourne Water Energy Plan

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

Existing projects and infrastructure to support these goals include our biogas power plants operating at the Eastern and Western treatment plants, mini-hydros in the water treatment network, and large-scale solar at the Eastern Treatment Plant and Winneke.

Growing Carbon pilot project

Building on the commitments of the former PPWCMA, Melbourne Water will also champion the work underway to partner with water corporations across the region to deliver additional revegetation projects across private and public lands. These programs will result in carbon offsets and create significant environmental and community benefits. Improvement in the extent, diversity, quality and connectedness of the native vegetation is important to ensuring it is resilient when threatened or affected by fire, disease, climate change, pest invasion or other issues. The Growing Carbon pilot project will establish native vegetation for carbon credits while achieving additional environmental benefits.

Managing the increased effects of flooding due to climate change

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

In response to the October 2022 Maribyrnong River flood, Melbourne Water is supporting the independent review to further understand the event from multiple perspectives, and hear directly from the communities, businesses and organisations that were impacted. We are committed to working with relevant agencies to identify lessons learned and embed any insights from the event into how we deliver our services.

While we wait for outcomes of the independent review, we are already taking actions, including:

- using data from the flood event to update the Maribyrnong River flood models
- reviewing the rating tables for the Maribyrnong River and the rest of our network to identify and address where there may be other similar risks
- building deeper partnerships with other agencies with associated responsibilities for floodplain management to strengthen community awareness and preparedness for flood events.

Coastal hazard advice and Melbourne Water asset risks

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

Coastal hazards are also a risk to Melbourne Water’s own assets, most notably the Western Treatment Plant. Melbourne Water is working with a range of stakeholders and agencies across Port Phillip Bay to understand if and where adaptation actions could be applied to ensure continued treatment and recycled water services, and to support biodiversity values.

The year ahead

We will build our understanding of the risks posed by coastal erosion and inundation for Melbourne Water’s assets within the coastal zone. This will be enabled through findings from the Port Phillip Bay Coastal Hazard Assessment and the Western Port Coastal Hazard Assessment, and assessment of the consequences associated with Melbourne Water’s impacted assets.

We will update our *Planning for Sea Level Rise Guidelines* to include new climate change scenarios and risk-based considerations.

We will work closely with our stakeholders to inform new policy and build an appropriate enabling environment for climate responses and future resilience through knowledge, values and clear rules.

We will continue our research program and investment in our assets to build system resilience to the impacts of events such as fire, drought and extreme rainfall.

Delivering on



Water for Victoria chapter

Water for Aboriginal cultural, spiritual and economic values

What we do now

Co-designing formal commitments

Melbourne Water signed a Partnership Agreement with Gunaikurnai in 2022 and we aim to sign formal partnerships with Wadawurrung and Wurundjeri Woi wurrung, and Wandooon Estate in 2023. We will also further our work towards formal commitments with Bunurong and Taungurung.

Through structured planning discussions we have collectively determined priorities, which allow Traditional Owners to decide on their priority focus, supporting active participation in planning and management action on land, waterways and sea. Funding is available to Traditional Owners to deliver self-determined projects.

Traditional Owners provide insights and expertise through the maintenance of formal agreements and in the planning and management of water as part of the delivery of *Water Is Life* and through advocacy across the water sector. Recent policy and strategy seeks to acknowledge and address the historic water injustices for Traditional Owners, who have long been excluded from water management decisions and water ownership in Victoria. This means more water can be left in rivers to deliver on environmental outcomes and Traditional Owner values. A share of future manufactured water capacity will also contribute to these outcomes and values.

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

Most recently, we have established a Field Services Panel to provide a number of services such as natural resource management, weed control, mowing, planting, landscaping and fencing services. Services in this panel will be provided by the Wurundjeri Woi-wurrung Cultural Heritage Aboriginal Corporation. Suppliers in the Field Services Panel have contractual commitments to indirectly provide employment opportunities for Aboriginal peoples or to allocate a percentage of their spend to Aboriginal businesses. Melbourne Water has also entered into an agreement with Programmed Facility Management for infrastructure maintenance. This agreement includes commitments to employ Aboriginal peoples and to allocate spend with Aboriginal businesses.

Our procurement team also works with Kinaway, the Victorian Aboriginal Chamber of Commerce, to link its members with opportunities across our supply chain and will continue to offer mentoring support to Kinaway members.

Implementing our *Social Procurement Plan* has led to a significant increase in our Traditional Owner organisation and Aboriginal business spend, from approximately \$200,000 in 2018 to over \$1.5 million in 2021. As of February 2023, we had spent \$1,196,058 in the current financial year.

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

Through spend analysis, Melbourne Water has identified preliminary opportunities to directly engage Aboriginal businesses. These opportunities will be further developed in the 2023-24 period.

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

Melbourne Water's *Cultural Training Plan* aims to extend our employees' knowledge and awareness of Aboriginal and Torres Strait Islander history, peoples and communities through a three-tiered training approach:

1. Foundational training comprising an on-boarding eLearn module.
2. Interactive workshops through service providers, such as the Koorie Heritage Trust.
3. On-Country training delivered by Traditional Owners.

As of February 2023, over 1100 Melbourne Water employees have at least begun tier one of the *Cultural Training Plan*, with over 900 either finished or part finished the full program.

In addition, Melbourne Water's Board members completed a Level 3 Wurundjeri training in 2022 and is planning another session with Wadawurrung in 2023.

Supporting recruitment and training

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

Recent additions include:

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

Melbourne Water works closely with all 11 agencies on our Recruitment Selection Panel to support our investment in Indigenous recruitment, which includes provision of shortlisted candidates who identify as Indigenous.

Our long-term plan

Our priority is to have trusted relationships with Traditional Owners, who are informed and active participants in the work we do. Melbourne Water is seeking a better understanding of the priorities and aspirations of Traditional Owners through Country Plans and mutual understanding of each other’s strategic priorities. Our vision for reconciliation is for Traditional Owners to be respected as sovereign partners in land and water management. We will achieve this by:

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

The development of formal partnership agreements will clarify our collective aspirations and support better and clearer reporting of successes and areas for improvement. Melbourne Water will also continue to promote our region’s ‘living culture’ and support staff to improve their cultural understanding, with targets and deliverables accountable through our *Reconciliation Action Plan*.

In addition, Water is Life and the CGRSWS include actions that seek to support returning water to Traditional Owners for self-determined uses. The specific projects and potential volumes to be returned will start to be progressed through 2023 and will be documented in the DEECA led Water Grid Plan. The projects could include water infrastructure, IWM, manufactured water and other water efficiency opportunities. Melbourne Water will support DEECA and Traditional Owners leading this work to deliver actions to return water in Water is Life (Outcome 7) and the CGRSWS (Actions 4-1 and 4-2) in addition to other DEECA led actions to reduce barriers.

The year ahead

- Commence partnership agreements through steering groups with Traditional Owners, focusing on self-determination and caring for Country.
- Continue to deliver our *Innovate III Reconciliation Action Plan* and begin writing our first *Stretch Reconciliation Action Plan*.
- Continue to deliver our three-level cultural awareness training program and drive cultural safety outcomes.
- Commence development of the next pricing commitment to fund Traditional Owner self-determination and water justice.
- Wurundjeri Woi-wurrung, Wadawurrung and Wandoon Estate aim to officially sign agreements with Melbourne Water in 2023.
- Launch artwork for our goal of Walking Country together and communicate the structure for our leader’s forum, partnership steering groups and cultural advisory group.

Delivering on



Water for Victoria chapters



Waterway and catchment health

What we do now

The ministerially approved *Regional Catchment Strategy* provides the overarching strategic directions for the region's land, water, biodiversity, community and local areas. To complement the *Regional Catchment Strategy*, we are developing *Natural Resource Management* action plans as supplementary documents.

These action plans identify and prioritise natural resource management assets, values and actions. They are supported by:

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

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

Linking Landscapes

Adopting a whole of catchment approach to natural resource management, the Linking Landscapes project is delivering collaborative, landscape-scale integrated catchment management activities across the Port Phillip and Westernport region that support the delivery of targets in both the *Regional Catchment Strategy* and the *Healthy Waterways Strategy*.

Through this project, on-ground actions are being delivered at three priority locations to improve catchment health and deliver multiple benefits to land, water, biodiversity, Traditional Owners and communities. The project is also maintaining and improving catchment partnerships, supporting and fostering regional leadership, and building capacity among key partners and community.

Through the Victorian Government, a total investment of \$1.5 million has been made through the Our Catchment, Our Communities program, which will be complemented by more than double that in contributions from Melbourne Water and other partners, to deliver three major on-ground activities that demonstrate integrated catchment management and catchment stewardship across the region. Since commencing in 2022, the Linking Landscapes project has built and strengthened existing collaborative partnerships with government agencies, local government, industry bodies, Traditional Owners and community, as well as bringing together the region's two natural resource management organisations (Melbourne Water and the former PPWCMA) into the one combined entity, realising a broad range of organisational efficiencies.

Linking Landscapes represents a critical uplift in collaborative land stewardship to deliver innovative on-ground action. Activities include:

- Yering Gorge to Yarra Junction Integrated Catchment Management project
- I 'heart' the Mornington Peninsula – Greens Bush to Arthurs Seat Catchment Stewardship project
- Living Links Urban Forest project.

Yarra Strategic Plan

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

Implementation of the plan is a collaborative effort supported by the Wurundjeri Woi-wurrung Cultural Heritage Aboriginal Corporation, Bunurong Land Council Aboriginal Corporation and 14 state and local government agencies with interests in caring for the Yarra River and its lands.

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

The *Yarra Strategic Plan* aligns strongly with Melbourne Water's vision, the *Healthy Waterways Strategy 2018*, regional catchment strategies and the *Eastern Metro Land Use Framework Plan* that supports *Plan Melbourne 2017–2050*.

Our long-term plan

The previous Catchment Partnership Agreement for the Port Phillip and Westernport region aimed to strengthen coordination, collaboration and accountability, reduce duplication and provide clarity on roles and responsibilities between key catchment management partners. Following the integration of the PPWCMA into Melbourne Water, the Catchment Partnership Agreement is now due for renewal.

During 2023-24, Melbourne Water will also focus on renewing this agreement in collaboration with a range of key partner organisations.

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



The year ahead

The financial year 2023-24 will see the continued delivery and focus on:

- an additional 1000 hectares of catchment stewardship improving the health and resilience of the Port Phillip and Westernport catchment
- Traditional Owner self-determined pathway to improving cultural values and enterprise
- delivery of priorities identified in the *Healthy Waterways Strategy*, *Regional Catchment Strategy*, *Melbourne Water Drinking Water Quality Strategy*, *Catchment-scale Integrated Water Management Plan* and actions in the *Yarra Strategic Plan*
- activating spaces and connecting communities with the creation of new cool green spaces
- partnership between key stakeholders, bringing alignment and resources together
- building skills, knowledge and capacity of landowners in restoring landscape function
- protecting biodiversity and waterway health, increasing nutrient and water cycling, and building soil carbon
- reducing drinking water quality risk in the mid-Yarra catchment to support safe, prudent, and efficient drinking water supply, and meet outcomes of the *Melbourne Water Drinking Water Quality Strategy*
- building a framework to create future release sites and habitat corridors for the Helmeted Honeyeater and lowland Leadbeater's Possum.

Delivering on



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Water for agriculture

Around 45 per cent of Westernport and Port Phillip land is used for rural purposes, with approximately 5000 farms in the area. The land is highly productive on a per-hectare basis and one of the most productive areas in Victoria in terms of total agricultural output. However, the area of land available for agriculture is constantly at risk from being turned over for development for other uses. The profitability and sustainability of some agricultural sectors are also threatened by various factors including pests and climate change.

It is our vision to ensure the ring of rural and semi-rural land around urban Melbourne will continue to provide substantial benefits for the Victorian community, economy and environment. These areas will retain productive, diverse and sustainable agriculture enterprises and industries, bringing substantial economic benefit and assuring local food and water security for Victoria. They will simultaneously provide expansive green space, featuring natural habitats and open landscapes that support biodiversity and ecosystem health.

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

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

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

Supporting rural landowners to improve waterway health in the central sub-region

Melbourne Water's Rural Land Program advocates for best management practices that reduce the amount of nutrient and sediment runoff from rural properties entering waterways that flow into Port Phillip and WesternPort bays. Activities funded under the incentives program include farm planning and design, gully exclusion and revegetation, track and drainage improvements, stormwater harvesting and re-use, erosion control and sediment ponds, pasture improvement, effluent management, soil analysis and nutrient budgeting, off-stream/dam stock watering and dam decommissioning.

In the Yarra catchment, Melbourne Water's rural land officers engage with landholders and assist with the development of irrigation and drainage plans to improve runoff quality and meet targets under Melbourne Water's *Healthy Waterways Strategy 2018* performance objectives.

Melbourne Water will continue to deliver regional Landcare coordination as part of the Victorian Government's Victorian Landcare Program for the Port Phillip and Westernport region, delivering the Victorian Landcare Grants, capacity building opportunities and telling the Landcare story.

A key focus for regional Landcare coordination will be to articulate the successes and challenges of contemporary environmental volunteering with a series of videos. In addition, continuing to design and support collaborative opportunities for professional and volunteer landcarers will also be a priority.

Melbourne Water will again administer the Port Phillip and Westernport component of the Victorian Landcare Grants in 2023, a flagship program for grassroots conservation and community partnerships.

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

Compliance and enforcement

Our *Healthy Waterways Strategy 2018* and *Stream Flow Management plans* provide guidance on our compliance and enforcement priorities, which are supported by our *Compliance and Enforcement Statement*. The statement outlines our approach to compliance and enforcement and was developed in accordance with the Victorian government's *Non-Urban Compliance and Enforcement Guidelines for Water Corporations 2019*.

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

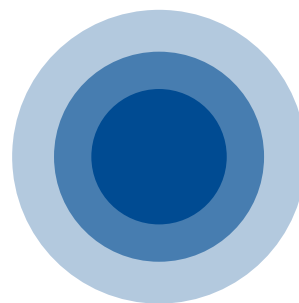
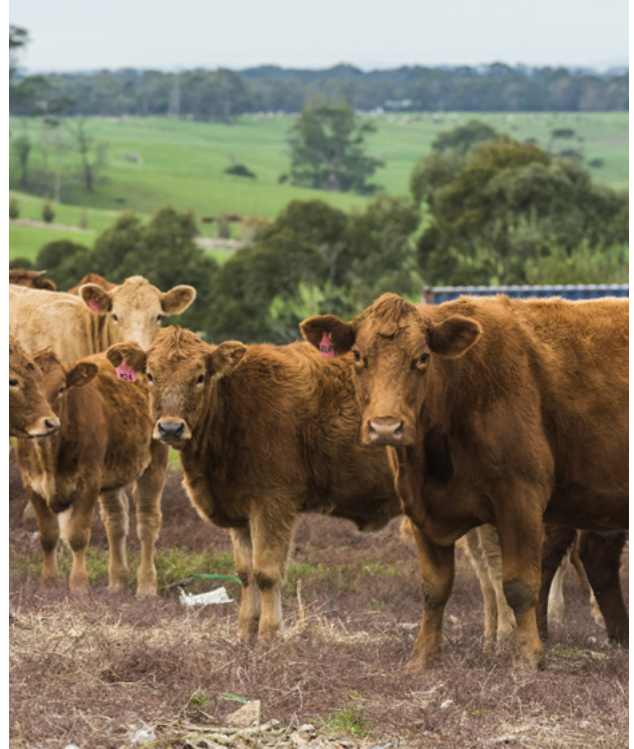
Melbourne Water manages approximately 1800 licences to use water from farm dams and waterways within the greater Melbourne region. Part of our role is to ensure the volume of water taken from these sources aligns with our *Stream Flow Management Plans* and is within the conditions of individual licences. We inform our customers about water availability through our website, customer service centre and automated text message service.

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

We have strengthened our communications to ensure our customers are aware of our zero-tolerance approach to compliance. We are actively undertaking pre-emptive communications, targeted towards diverters that have been identified as at risk of taking water in excess of their allocation. In addition, we are incorporating messages that reinforce our compliance approach through multiple channels, including on our annual invoices, in the diverter newsletter, on our website and in person during property visits.

We continue to build the capacity of our staff and systems to deliver our zero-tolerance approach. This is achieved through staff training, including completion of a Certificate IV in Government Investigations, appointment of authorised water officers, and our upgrades and improvements to our systems to automate, where possible, our compliance and enforcement reporting capabilities. This enhanced capability will assist Melbourne Water to support issuing fines through Penalty Infringement Notices, which will support our enforcement approach by strengthening escalation pathways and provide another tool for enforcement, in addition to formal warnings and prosecution.

To ensure the framework for managing water resources in specific systems is clear for licence holders and the community, Melbourne Water will work with the Victorian Government and Southern Rural Water as part of the actions stemming from *Water for Life* to ensure consistent messaging to improve water management and compliance information.



Recognising recreational values

As the second largest public landowner in the state, Melbourne Water manages over 25,000 kilometres of waterways and an extensive drainage network stretching across 128,000 hectares of urban, semi-urban and rural land.

In response to customer feedback, we are investing in the connection between communities and waterways, land and nature to help to improve physical and mental wellbeing and increase the value the community places on their local waterways and land.

What we do now

Melbourne Water continues to evolve and develop our policies, projects and practices to enhance recreational use of waterways and land. We are ensuring that Victoria's water resources and waterways are managed in a way that considers their environmental benefits and value, and also the social and recreational uses and values of waterways.

Summer freshes for the Yarra (Birrarrung) and Tarago rivers were delivered over long weekends to support canoeing, fishing and camping along the waterways. The summer/autumn freshes along Jacksons Creek provided enhanced water quality for amenity value through the popular parks in Gisborne.

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

We are also supporting access to open spaces and recreation on our waterways and land by progressing projects, including recreational paddling access, the Revitalising Yan Yean Reservoir project and water pipe tracks for recreation, and greening sewer reserves for public use.

Melbourne Water will consider recreational values in environmental planning, engage with the community to understand recreational objectives, and engage or collaborate with other organisations to achieve recreational outcomes and provide better information for recreational users. Actions include the delivery of or support for diverse community engagement activities in rural and urban areas, some of which include engagement with recreational activities along waterways.

The water supply catchments and reservoirs around greater Melbourne are state-significant assets worth approximately \$10 billion to the Victorian community. In 2018, the Catchment Management Optimisation Program (CMOP) was initiated to inform how Melbourne Water will approach compliance with water quality requirements while also meeting the Victorian Government's expectations to increase access and recreation across our catchments.

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

In addition, Melbourne Water will continue to work with DEECA, relevant partners and stakeholders to deliver our component of the \$12.4 million election promise to open Tarago Reservoir for fishing and non-petrol boat opportunities. Melbourne Water has committed to providing water treatment upgrades and on-site facilities for fishing and boating access.

As part of our lead role in the *Yarra Strategic Plan*, we will continue to work with partners to identify and deliver projects that also enhance recreation opportunities along the waterway. For example, the Yering Billabongs project led by Yarra Ranges Council, is returning a 100-hectare Crown land reserve on the Yarra River floodplain at Yering to public management. Associated works include floodplain restoration and revegetation, a firestick project pilot site, interpretive signage to share stories and Aboriginal cultural site history, and opening up the area for passive recreation.

Waterways of the West

Melbourne Water has continued to play a significant role in *The Waterways of the West Action Plan* released by the Department of Environment, Land, Water and Planning (now DEECA) in 2021. The plan identifies ways to protect the waterways and green open spaces of Melbourne's west. It assigns 16 actions directly to Melbourne Water, relating to planning and advocacy of waterway amenity, partnerships with Traditional Owners and delivery of stormwater performance objectives identified in the *Healthy Waterways Strategy 2018*. To date, Melbourne Water has completed, or is in the process of delivering, seven of the 16 assigned actions.

Moonee Ponds Creek

Melbourne Water will continue to deliver the Moonee Ponds Creek project on behalf of the Chain of Ponds Collaboration Group and in partnership with Merri-bek, Moonee Valley Council and DEECA. Based on community feedback, works to remove concrete panelling and replace it with rocks, boulders and native plants will enable a cooler, healthier and more visually appealing environment for increased recreational activities.

The project is expected to be delivered by mid-2024 and is part of the \$10 million Reimagining Your Creek Program which returns urban drains and channels back to natural waterways for community enjoyment.

Living Links

Melbourne Water will continue to champion the work achieved via the PPWCMA's Living Links Program that seeks to create a web of green spaces across Melbourne's south-east.

By linking up the many parks, reserves and other natural places across Melbourne, the project aims to make the Port Phillip and Westernport area a world-class urban ecosystem. This will improve habitat for wildlife and make it easier for people to connect with nature as part of their daily lives.

Our long-term plan

Melbourne Water will continue to grow and develop our policies, projects and practices to enhance recreational use of waterways and land in line with the *Water and Catchment Legislation Amendment Act 2019*. This involves ensuring that Victoria's water resources and waterways are managed in a way that not only considers their environmental benefits and value, but also the social and recreational uses and values of waterways.

Our key focus areas for the coming years include:

- creating and contributing to activated waterway corridors (through the Reimagining Your Creek Program)
- enhancing recreational paddling access for kayaking and canoeing on our waterways
- improving amenity through vegetation and managing litter
- managing mosquitos
- further involving the community through programs such as the Reimagining Your Creek Program
- land and waterway activation through improved access and amenity.

Pursuing the opportunity for public access at Yan Yean Reservoir will continue, subject to collaborative funding, partnership arrangements and risk mitigation measures being put in place. Increased funding is also being sought through the *2021 Price Submission* to deliver the catchment management programs identified through the CMOP process, including additional catchment security, pest animal management and bushfire management.

The year ahead

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

We will continue to develop the draft *Liveability Plan*, which outlines Melbourne Water's position on the rationale for and outcomes of driving land and waterways activation, noting that delivering liveability outcomes relies on collaboration with other organisations who are well placed to deliver liveability and recreation outcomes, such as Parks Victoria and local government.

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

Melbourne Water will work to deliver additional social value including enhanced amenity and environmental targets for biodiversity through the *Healthy Waterways Strategy 2018* and build on the 50-year community vision for the Yarra River through the *Yarra Strategic Plan* and *The Waterways of the West Action Plan*.

As a significant landowner in Melbourne, we will invest in projects for urban greening in key areas around our waterways, through projects such as Greening the Pipeline.

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Leadership and culture

To enable our strategic goals, Melbourne Water aims to manage and govern our business in a way that supports a high-performing organisation that is reliable for today and ready for tomorrow.

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

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



What we do now

This year we began implementing our comprehensive Building a Better Melbourne Water (BBMW) program, which has been designed to improve how we meet customer expectations and support the provision of world-class services. A key component of BBMW is ensuring we can continue to improve business outcomes for our customers by working in a more streamlined way, including with a simplified organisational structure which is now in place.

This change will ensure we can meet the challenges of the future, achieve our strategic goals and deliver improved outcomes in our day-to-day services for our partners, customers and the community we serve.

Through the implementation of a *Health, Safety and Wellbeing Strategy* and supporting work plan, Melbourne Water is continuing to focus on workplace safety as a priority.

The benefits of a new normal way of working

In 2020-21, we partnered with BehaviourWorks Australia (BWA) to co-design a shared vision for how and where we work in the future that will reap benefits for individuals, the organisation and for our stakeholders. This shared vision was centred around a future where work is consciously designed to optimise those in-person connection points, blended work and high-focused work moments that matter. Using the findings from the BWA research, a program of interventions was agreed for implementation in 2022, including:

- uplift to our workspace at Docklands to support in-person, blended and high focused work
- further research with BWA to understand what barriers and enablers exist for frontline and operational workers to access flexible work arrangements
- empowering people leaders to agree on new behavioural interventions to test and try at a local level through the development of social contracts.

Further research was delivered in conjunction with BWA in 2022 to understand what barriers and enablers exist for crew-based field and operations teams to access flexible work arrangements. A pilot group was identified to participate in this process from within Service Delivery, with one-on-one interviews and focus groups to elicit attitudes and perceptions. Following this, a series of workshops was conducted by BWA with small teams from the pilot group, resulting in behavioural interventions that enabled a nine-day fortnight trial for teams previously unable to access any form of flexible work arrangements.

People leaders were empowered to develop new team norms and agreements in 2022 through the development of social contracts at a local level. While the intent of this process has generated some positive outcomes for the organisation regarding employee trust and engagement, there is more work to be done to help arrange the organisation around purposeful work best done together, as well as blended and high-focused work.

Our long-term plan

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

Financial, customer, site access and energy utilisation data are currently being captured to understand how interventions are impacting the business and informing what further behavioural interventions may be required to enable Melbourne Water to deliver on its shared priorities in this decade that matters.



The year ahead

In 2023 Melbourne Water will deliver a Concept Floor at the Docklands office to provide a range of tech-enabled spaces for larger groups to come together and work on shared priorities, either in person or blended. Once built, these spaces will support cross-functional working and organisational effectiveness.

While we have established a solid cultural base and change program across the business, we are also implementing actions to help us identify the cultural traits and behaviours required from our teams to take us into the future and ensure we are embedding the outcomes of our operations model review. This will provide further opportunity to develop our culture and build strong, cohesive teams.

Over the coming years, Melbourne Water will work towards a workforce where representation of Aboriginal and/or Torres Strait Islander staff increases progressively each year.

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

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

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Performance and financial sustainability

Customer affordability continues to be front of mind for government, regulators and essential service providers. Over the coming years, the shift to manufactured water, the impacts of climate change and population growth will place pressure on our financial choices. It is important that we have a financial plan that is informed by these changes over the short, medium and long term.

The COVID-19 pandemic emphasised the issue of affordability and this has now been exacerbated by the changing economic landscape and general cost-of-living pressures being experienced across the population.

We are committed to delivering outcomes in line with the Essential Services Commission's (ESC) most recent Price Determination. We strive to outperform service and efficiency expectations which are measured through the ESC's PREMO Model for Economic Regulation.

Being a financially sustainable business means that we are conscious of the impacts of our decisions both today and in the future, and this approach ensures that we can deliver on our *2021 Price Submission* commitments over the remaining three years of the regulatory period.

Financial sustainability is well embedded into Melbourne Water's strategic objectives. We define financial sustainability as:

- continuing to deliver our valued services at the lowest cost to customers
- meeting our financial obligations both today and in the future
- contributing to the broader Victorian budget by providing a return to our shareholder.

Melbourne Water remains focused on driving an efficient business that delivers value for money outcomes for our customers and stakeholders.

Maintaining our financial strength is a key business goal that will help us to meet future challenges and deliver on the commitments we made to customers in our price submission.

The Quality Assurance processes over the production of the *Corporate Plan* financials include a rigorous internal review process by management, endorsement by the Audit, Risk and Finance Committee and approval by the Board. Preparation of this plan is in line with the DEECA *Planning and Reporting Guidelines 2023-24*.

Our Financial Strength Plan

In the past year Melbourne Water has developed a *Financial Strength Plan* that is informed by a range of current and emerging drivers in our strategic environment. These include:

- the need for business efficiency to keep customer bills low as a commitment in the *2021 Price Submission*. In addition, the focus on efficiency will underpin our approach and preparation for the next Pricing Submission in 2026
- the need for a continued and increased focus on building financial capability and commercial acumen across the business to ensure commercially prudent and defensible investments and to extract maximum value from our contractual arrangements
- the need to ensure continued financial viability in the face of potential business risks (climate, environmental, population)
- the need to build capacity to identify and develop unregulated revenue opportunities
- the need to increase transparency about the cost to serve given the substantial infrastructure investment requirements on the horizon
- the changing economic landscape with increased inflation and interest rates placing pressure on household budgets
- significant carbon emission reduction obligations from 2025 and net zero carbon commitments from 2030.

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

- leaders at all levels make quality decisions that are adding value from a commercial perspective
- key financial indicators remain steady or show ongoing improvement
- maintenance of Melbourne Water's investment-grade credit rating
- financial planning is no longer an annual event, but instead is part of continuous planning that alleviates significant peaks and troughs of planning activity and allows us to improve our long-term view to understand implications for the future of decisions made today
- leaders are well-positioned to leverage the financial strength of the organisation to deliver our strategic intent
- shareholder relationship is strengthened because we continue to deliver a return on the shareholder's investment
- Melbourne Water significantly reduces the organisational effort required to undertake a Price Submission, which enables more value-adding activities and outcomes for customers.

The year ahead

We will look to identify financial efficiencies and alternative revenue utilising our data analytics capabilities, to enable us to deliver broader outcomes to the community.

We will have a long-term view on our price path and ensure that we are identifying early investment that can deliver long-run benefits.

We will continue to work towards our long-term goals and deliver the outcomes of our *2021 Price Submission*.

We will work to progress our understanding of the financial risks associated with the impacts of climate change.

We will continue to build the commercial acumen of our people to ensure that we continue to make financially sound decisions that deliver on our strategic objectives and commitment to customers to keep bills low.

Delivering on



Water for Victoria chapters



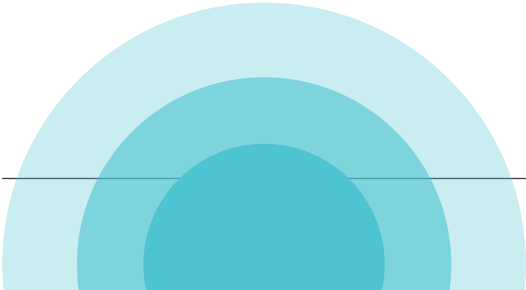
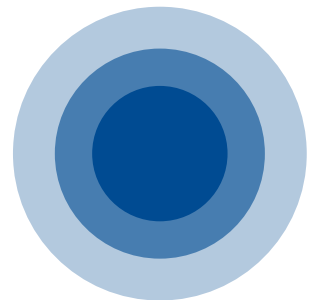
Bills kept as affordable as possible – in both the long and short terms

The affordability of our services was the most highly valued outcome by our customers and communities in the *2021 Price Submission*.

Melbourne Water stands by its commitment to keep bills as low as possible by delivering the services our customers and community value. Pressure on household budgets driven by increasing inflation and interest rates are intensifying the challenge, and we understand our critical role in supporting customer affordability.

We are committed to managing our expenditure carefully, using robust management processes and increasing our focus on transparency and efficiency. While we have a focus on expenditure efficiencies, a growing population and variable water supplies will result in the requirement for future water supply augmentation increasing expenditure across the industry. This investment must take place together with ensuring financial flexibility to respond to environmental crises such as bushfires and storms should they eventuate. Ensuring that our assets are resilient will be a top priority while continuing to focus on efficiency and value to ensure bills are kept as low as possible.

Melbourne Water will maintain a long-term view of our price path to ensure that we are identifying early investment that can deliver long-run benefits. We will continue to focus on identifying and embedding operational expenditure efficiencies while remaining cognisant of increases in costs for some of our inputs such as labour, materials and services. This approach will ensure that investment for future water security and resilience is balanced with customer value, not just affordability.



Our Financials



Overview

Melbourne Water has embedded customer affordability as a key principle when making financial decisions. At its foundation, this means we want to deliver services of the highest quality at the lowest cost. We are committed to delivering outcomes in line with the Essential Services Commission (ESC) 2021 Price Determination and our financial decisions have business efficiency and a commercial focus at their core to ensure customer affordability.

Financial sustainability is embedded into Melbourne Water's strategic objectives. We define financial sustainability as:

- continuing to deliver our valued services at the lowest cost to customers
- meeting our financial obligations both today and in the future
- providing a return to our shareholder.

Quality assurances over the *Corporate Plan* (the plan) financials include a rigorous internal review process by management, endorsement of the key assumptions by the Audit, Risk and Finance Committee and approval by Board. The financial projections in this plan are consistent with the draft *Department of Energy, Environment and Climate Action (DEECA) Planning and Reporting Guidelines 2023-24*.

The Port Phillip and Westernport Catchment Management Authority (PPWCMA) was integrated into Melbourne Water effective 1 January 2022. The plan includes all costs associated with delivering on existing or proposed commitments by the PPWCMA.

Melbourne Water is expected to return \$912 million cash to government and net profit after tax of \$543.3 million over the 2023-24 to 2027-28 planning period. This planned performance will enable Melbourne Water to deliver on its Financial Strength goals that ensure efficient outcomes for customers, returns on investment to our shareholder and operating within desired financial metrics.

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

Summary of financial outcomes

Table 1: Summary of financial outcomes for the period 2022-23 to 2027-28

Nominal \$M	2022-23 FCT	2022-23 PLAN	2023-24	2024-25	2025-26	2026-27	2027-28
PROFIT AND LOSS							
Total Operating Revenue	1,861.1	1,839.0	2,007.3	2,134.1	2,222.9	2,287.4	2,346.1
Total Direct Operating Expenses	622.0	617.6	687.8	797.8	767.8	779.8	806.5
Total Indirect Operating Expenses	504.9	511.8	522.4	561.9	583.8	604.3	639.2
Earnings Before Interest and Tax (EBIT)	734.2	709.6	797.1	774.4	871.3	903.3	900.4
Finance Charges (excl. VDP and Right of Use Leases)	153.6	149.0	190.4	234.1	268.5	316.6	388.1
Interest on VDP service concession liability and leases	399.7	399.8	395.2	389.4	382.1	373.6	362.7
Tax Expense	78.1	72.0	87.3	69.1	90.0	87.6	68.5
Net Profit After Tax (NPAT)	102.8	88.8	124.2	81.8	130.7	125.5	81.1
BALANCE SHEET							
Total Assets	17,128.6	16,913.6	17,796.8	18,463.2	18,870.6	19,875.9	21,151.8
Total Liabilities	10,042.5	10,180.2	10,634.4	11,231.0	11,525.9	12,440.6	13,666.1
Total Equity	7,086.1	6,733.4	7,162.4	7,232.2	7,344.7	7,435.3	7,485.7
CASH FLOW							
Net Cash provided from Operating Activities	540.4	486.8	535.5	572.4	652.2	677.7	702.9
Net Cash used in Investing Activities	(762.5)	(858.7)	(1,149.0)	(1,166.0)	(966.7)	(1,484.9)	(1,838.7)
Free Cash Flow	(240.9)	(393.5)	(650.7)	(633.5)	(334.4)	(830.0)	(1,140.5)
Net Cash used in Financing Activities	216.2	371.8	613.4	593.8	314.5	807.2	1,135.9
Cash to Government	200.5	181.6	208.4	155.7	180.0	194.2	173.7
FINANCIAL KPIS							
Interest Cover (Cash)	2.2	2.1	2.2	2.1	2.2	2.2	2.1
Gearing Ratio (Debt to Assets)	47.8%	50.0%	49.7%	51.2%	51.8%	53.5%	55.8%
Internal Financing Ratio	67.6%	55.3%	44.5%	46.5%	64.3%	42.6%	36.5%
Current Ratio	0.11	0.14	0.11	0.11	0.11	0.11	0.10
Return on Assets	4.3%	4.3%	4.6%	4.3%	4.7%	4.7%	4.4%
Return on Equity	1.5%	1.3%	1.7%	1.1%	1.8%	1.7%	1.1%
EBITDA Margin	66.6%	66.4%	65.7%	62.6%	65.5%	65.9%	65.6%

All tables subject to rounding

The plan also assumes Melbourne Water will continue to pay out 65 per cent of pre-tax profits to the State Government as dividends and income tax equivalent payments. Dividend and tax payments over the planning period amount to \$632.4 million in addition to a capital repatriation of \$40.4 million.

We will closely monitor the capital structure of our business over the planning period to ensure that the cost of capital is minimised and that appropriate metrics are used to monitor our financial sustainability.

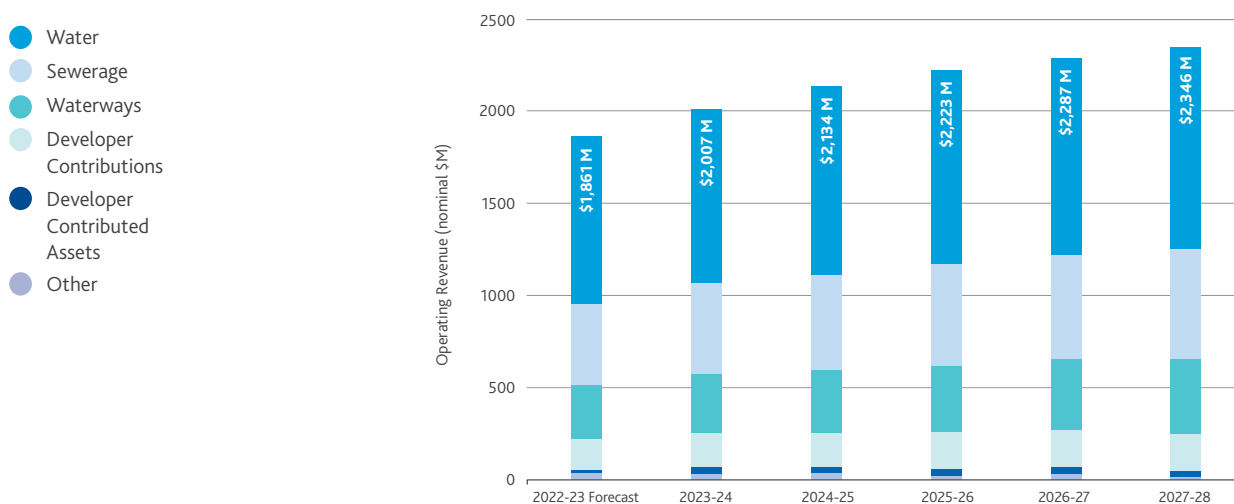
Revenue

Melbourne Water’s revenue is projected to be \$10,997.8 million over the 2023-24 to 2027-28 planning period. Our revenue is primarily sourced from water sales, sewerage treatment services, the waterways and drainage charge, and land development activity.

We expect steadily increasing demand for water and sewerage treatment services resulting from an increase in demand driven by population growth. This growth will also lead to an increase in the number of waterways and drainage customers and associated revenues while land development activity is expected to continue to increase steadily over the planning period.

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

Melbourne Water forecast operating revenue for 2022-23 to 2027-28



Revenue (\$M)	2022-23 Forecast	2023-24	2024-25	2025-26	2026-27	2027-28
Water	908.3	945.0	1,022.8	1,055.3	1,068.5	1,098.9
Sewerage	441.7	487.3	518.9	552.0	564.1	596.1
Waterways	289.0	323.0	340.1	357.1	385.4	402.0
Developer Contributions	171.0	183.0	180.0	200.0	200.0	200.0
Developer Contributed Assets	19.3	37.0	37.0	37.0	37.0	37.0
Other	31.8	32.0	35.3	21.5	32.4	12.1
Total	1,861.1	2,007.3	2,134.1	2,222.9	2,287.4	2,346.1

All tables subject to rounding

Tariffs

Tariffs for 2023-24 are based on the current ESC 2021 Determination price path adjusted for CPI and the Weighted Average Cost of Capital. The ESC's building block methodology has been used to forecast Melbourne Water's total revenue requirement. The revenue is recovered through a combination of fixed and variable prices.

Bulk water and sewerage demand

Underlying water and sewerage demand growth is about 1 per cent per annum over the 2023-24 to 2027-28 planning period. Future desalinated water orders of 0 gegalitres (GL) in 2023-24, 50 GL in 2024-25 and 75 GL for 2025-26 to 2027-28 are forecast in the plan. Desalinated water costs are passed on to our metropolitan retailer customers directly, with annual revenue generated by water orders matching expenditure. Desalinated water is a key component in ensuring long-term water security.

Waterways and drainage customers

Growth in the number of drainage customers is expected to be an average 1.9 per cent per annum over the 2023-24 to 2027-28 planning period, reflecting ongoing growth in housing and land development across the region translating into additional customers.

Developers

Developer contribution revenue is expected to be \$963 million over the 2023-24 to 2027-28 planning period. This is driven by a forecast steady increase in land development activity.

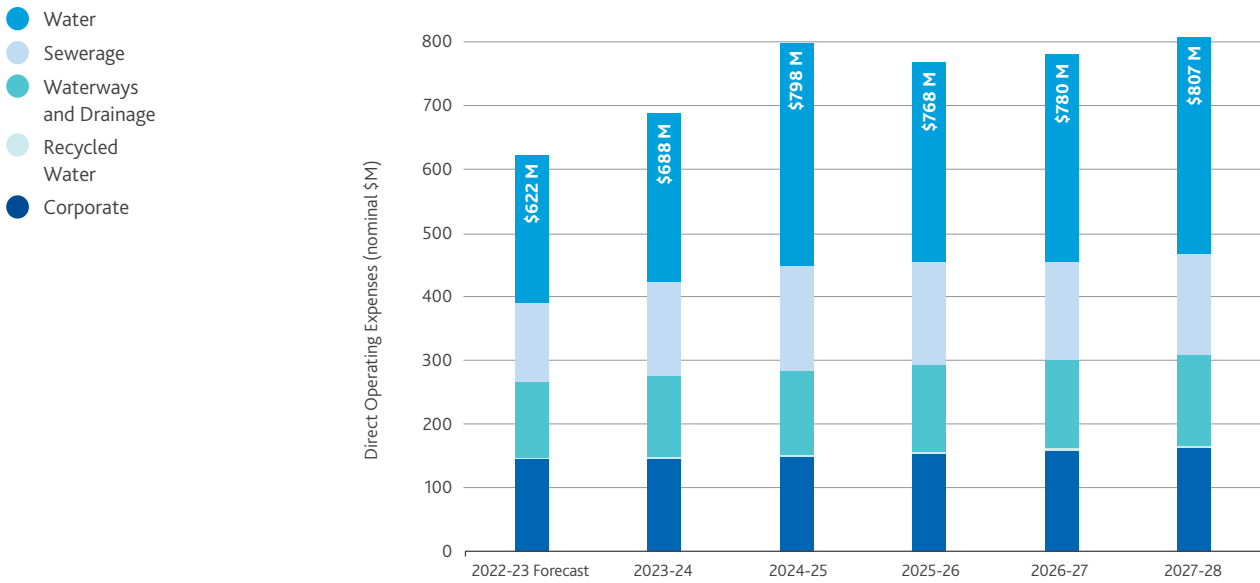
Operating Expenditure

Melbourne Water’s direct operating expenditure is expected to be \$3839.7 million over the 2023-24 to 2027-28 planning period. Operating expenditure consists of the expenses required to operate and maintain the water network (including the Victorian Desalination Plant), sewerage treatment services and waterways and drainage services.

Continuous improvement drives innovation and excellence at Melbourne Water, producing business and operational efficiencies. Identified efficiencies are routinely incorporated into our forward forecasts and continue to be a key area of focus for our business.

A detailed breakdown of operating expenditure is provided in the Appendices.

Melbourne Water forecast direct operating expenses for 2022-23 to 2026-27



Direct Operating Expenses (\$M)	2022-23 Forecast	2023-24	2024-25	2025-26	2026-27	2027-28
Water	232.6	265.2	351.1	313.6	325.8	339.6
Sewerage	124.0	147.3	163.8	162.6	154.3	159.0
Waterways & Drainage	118.5	127.3	131.3	135.4	139.0	143.0
Recycled Water	1.9	2.9	2.9	3.0	3.1	3.1
Corporate	145.0	145.1	148.7	153.2	157.6	161.8
Total	622.0	687.8	797.8	767.8	779.8	806.5

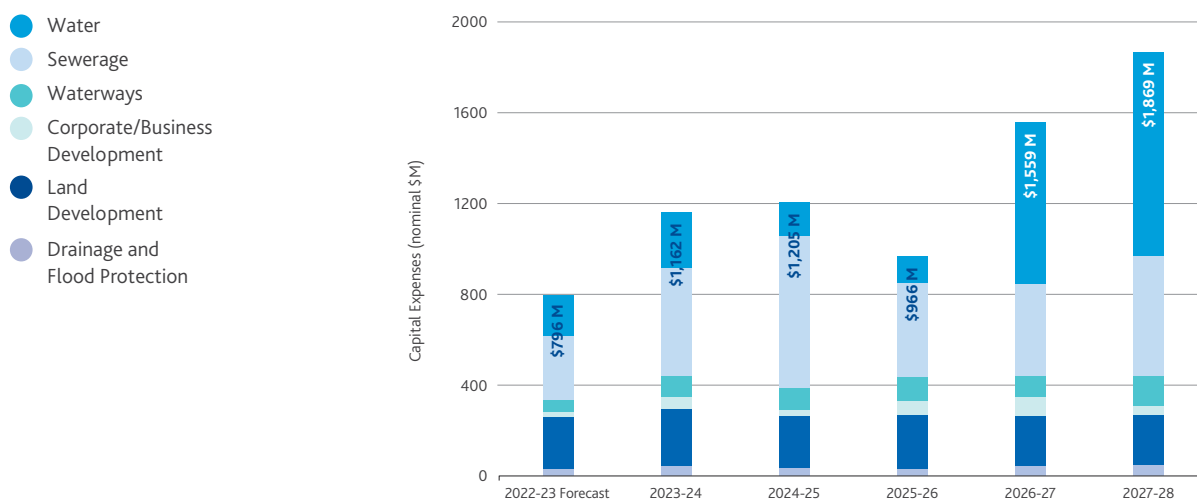
All tables subject to rounding

Capital Expenditure

Melbourne Water’s total planned capital program is \$6760.3 million over the 2023-24 to 2027-28 planning period.

The increase in capital expenditure is due to the requirement to increase capacity at the Western Treatment Plant in order to address significant growth in volumes treated, augmentation of water network to increase water transfer to the expanding northern and western corridor of Melbourne as well as investment in renewal of ageing infrastructure, increased investment to prevent decline in health of the waterways, land acquisitions to support new developments and investment in new technologies.

Melbourne water capital expenses for 2022-23 to 2027-28



Capital Expenses (\$M)	2022-23 Forecast	2023-24	2024-25	2025-26	2026-27	2027-28
Water	182.1	248.3	148.4	115.8	712.4	902.4
Sewerage	282.3	473.9	671.6	416.0	410.1	526.0
Waterways	54.2	95.7	96.2	104.3	88.4	132.1
Drainage and Flood Protection	18.3	48.6	25.7	60.7	87.4	41.1
Land Development	230.6	251.4	229.9	241.2	217.6	221.9
Corporate/Business Development	28.6	44.1	32.7	27.8	43.3	45.3
Total	796.1	1,162.0	1,204.5	965.8	1,559.2	1,868.8

All tables subject to rounding

Borrowings

Borrowings are planned to increase by \$4028.7 million over the 2023-24 to 2027-28 planning period from \$4630.4 million as at 30 June 2023 to \$8659.1 million as at 30 June 2028.

The increase in borrowings is primarily to fund the capital investment program while recurring operations are financed through cash from operating activities (refer to Appendices for further detail).

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

Borrowing Costs

Borrowing costs (excluding leases) are projected to increase over the 2023-24 to 2027-28 planning period. The increase in borrowing costs is in line with the increase in borrowings levels and interest rate forecasts, and this is partly offset through active debt management and the expiry of older debt at higher interest rates.

The average projected cost of debt is expected to rise by 1.2 per cent to 4.5 per cent by 30 June 2028.

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

The 2023-24 Financial Accommodation Levy (FAL) rate of 0.89 per cent has been used in our forward projections as the Treasurer announces the rate for each upcoming financial year in June. Changes in the FAL rate will directly impact net profits and projected Cash to Government (refer to Payments to Government section for more detail).

Gearing

The Gearing ratio is expected to increase from a forecast of 47.8 per cent at 30 June 2023 to 55.8 per cent at 30 June 2028.

Accounting asset revaluations that occur each year may impact the expected gearing ratio. Accounting asset revaluations have not been included in the plan as we are unable to predict the outcomes in advance.

Payments to Government

Payments to Government in the form of dividends, income tax and capital repatriations are expected to total \$645.5 million over the 2023-24 to 2027-28 planning period (refer to Appendices for further detail). Dividend payments are based on the Government's benchmark payout ratio of 65 per cent of pre-tax profit less income tax payable.

Melbourne Water will also contribute to Government by way of the Financial Accommodation Levy of \$242.6 million as well as the Environmental Contribution Levy and Local Government Rate Equivalents of \$23.9 million over the 2023-24 to 2027-28 planning period.

Nominal (\$M)	2022-23 Forecast	2022-23 Plan	2023-24	2024-25	2025-26	2026-27	2027-28
Income Tax Paid	110.7	102.1	120.8	96.3	109.8	101.1	74.1
Dividend Paid	12.3	---	7.3	11.8	18.3	34.7	30.9
Sub Total	123.0	102.1	128.1	108.1	128.1	135.8	105.0
Local Government Rate Equivalent	4.0	3.8	3.8	3.9	3.9	3.9	4.0
Financial Accommodation Levy	32.3	34.5	35.3	42.8	47.1	53.6	63.8
Environmental Contribution Levy	0.8	0.8	0.8	0.9	0.9	0.9	0.9
Capital Repatriation	40.4	40.4	40.4	---	---	---	---
Total Payments to Government	200.5	181.6	208.4	155.7	180.0	194.2	173.7

All tables subject to rounding

Cash to Government is sensitive to movements in direct operating and capital expenditures as well as fluctuations in water and sewerage revenue (refer to Appendices for further detail).

Appendices



Appendix A – Strategies, Drivers and Obligations

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

Water Supply

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

Sewerage Services

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

Waterways, Drainage and Catchment Management

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

Alternative Water Supply

- Bulk Recycled Water Supply Agreements
- Statement of Obligations
- EPA Victoria Guidelines
- EPA Victoria Licences

Other/All Services

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

Appendix B – Key Performance Indicators and Targets

Table B1 – KPIs and performance Targets

KPI	KPI Metric	Measure	2023-24	2024-25	2025-26	2026-27	2027-28
WQ1	Water Quality	Compliance with Bulk Water Supply Agreement: Microbiological Standards – E. coli	100%	100%	100%	100%	100%
WQ2	Water Quality	Compliance with Bulk Water Supply Agreement: Aesthetics – Turbidity	91.5%	91.5%	91.5%	91.5%	91.5%
CRM1	Customer responsiveness	Complaints referred to Electricity and Water Ombudsman Victoria responded to within EWOV established time	100%	100%	100%	100%	100%
EM1	Non-compliance with other EPA Victoria License and SEPP parameters – Sewerage system failure	Spills due to sewerage system failure	0	0	0	0	0
EM2	Compliance with EPA Victoria discharge parameter licence requirements						
EM2.1	Western Treatment Plant		100%	100%	100%	100%	100%
EM2.2	Eastern Treatment Plant		100%	100%	100%	100%	100%
E2	Total net CO ₂ emissions ¹	Net tonnes CO ₂ equivalent	480,000	480,000	204,380	204,380	204,380
WW1	Waterways – Drainage and flood protection	Reduction in flood damages over the lifetime of works	\$63M	\$109M	\$155M	\$201M	\$247M
WW2	Waterways condition	Maintain river health (% of 10 target sites at high-value rating)	100%	100%	100%	100%	100%
RW1	Recycled water	Western Treatment Plant recycled water schemes fully compliant with regulatory obligations and their contractual requirements, as outlined in the relevant Bulk Water Supply Agreement					
RW1.1	Volume demands	% supplied of target	100%	100%	100%	100%	100%
RW1.3	Quality	% hours at target quality	100%	100%	100%	100%	100%
RW2	Recycled water	Eastern Treatment Plant recycled water schemes fully compliant with regulatory obligations and their contractual requirements, as outlined in the relevant Bulk Water Supply Agreement					
RW2.1	Volume demands	% supplied of target	100%	100%	100%	100%	100%
RW2.3	Quality	% hours at target quality	100%	100%	100%	100%	100%

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

Appendix C – Risk Management

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

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

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

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

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

Table C1 – Strategic risks and key treatment actions

Strategic risks	Key risk treatment actions
The timing and severity of climate change varies significantly from forecasts	<ul style="list-style-type: none"> – Deliver the <i>Climate and Resilience Plan</i> – Adaptive implementation of our service strategies: <ul style="list-style-type: none"> o <i>Melbourne Water System Strategy</i> o <i>Drinking Water Quality Strategy</i> o <i>Flood Management Strategy</i> o <i>Healthy Waterways Strategy</i> o <i>Melbourne Sewerage Strategy</i> o <i>Drinking Water Quality Strategy</i>
Inflows into storages vary significantly from long-term forecasts	<ul style="list-style-type: none"> – Implement the <i>Melbourne Water System Strategy and Drinking Water Quality Strategy</i> – Assess the value of activating existing water entitlements in Cement Creek and Bunyip River – Support implementation of Target 155 campaign – Implementation of the Dry Conditions Operating Plan – Raising water literacy campaign – Explore Integrated Water Initiatives – Supporting forthcoming review of the <i>Central and Gippsland Region Sustainable Water Strategy</i>
Population growth varies significantly from forecasts	<ul style="list-style-type: none"> – Adaptive implementation of our service strategies: <ul style="list-style-type: none"> o <i>Melbourne Water System Strategy</i> o <i>Drinking Water Quality Strategy</i> o <i>Flood Management Strategy</i> o <i>Healthy Waterways Strategy</i> o <i>Melbourne Sewerage Strategy</i> – Adaptive delivery of our 20 Year Capital Plan – Explore Integrated Water Initiatives
New entrants or disruption of the water wholesale market	<ul style="list-style-type: none"> – Adaptive implementation of the <i>Melbourne Water System Strategy and Drinking Water Quality Strategy</i> – Implement our Financial Sustainability Strategy – Deliver this plan in line with Essential Services Commission Price Determination – Contribute to policy processes such as the <i>Central Region Sustainable Water Strategy</i>
Changes to government policy or regulations significantly impact Melbourne Water	<ul style="list-style-type: none"> – Adaptive implementation of our service strategies: <ul style="list-style-type: none"> o <i>Melbourne Water System Strategy</i> o <i>Drinking Water Quality Strategy</i> o <i>Flood Management Strategy</i> o <i>Healthy Waterways Strategy</i> o <i>Melbourne Sewerage Strategy</i>
External economic factors impact our financial performance	<ul style="list-style-type: none"> – Implementation of our <i>Financial Sustainability Strategy</i> – Deliver this plan in line with Essential Services Commission Price Determination
A significant unexpected change in prices to customers	<ul style="list-style-type: none"> – Deliver this plan in line with Essential Services Commission Price Determination
Rapid advancement in technology changes ways of working	<ul style="list-style-type: none"> – Implement our <i>Digital Strategy</i>
Use of resources and waste generated by Melbourne Water can reduce our environmental footprint	<ul style="list-style-type: none"> – Implement our <i>Environmental Stewardship Strategy</i> – Implement our Carbon Reduction Program

Table C1 - Strategic risks and key treatment actions

Strategic risks	Key risk treatment actions
Greenhouse gas and/or energy usage vary significantly from forecasts	<ul style="list-style-type: none"> - Implement our Carbon Reduction Program
Changes in customer and community expectations	<ul style="list-style-type: none"> - Implement our <i>Customer and Community Strategy</i>
Customer or community requests or complaints are not responded to in a timely or effective manner	<ul style="list-style-type: none"> - Implement our <i>Customer and Community Strategy</i>
Melbourne Water's performance is inconsistent with Government or Regulator expectations	<ul style="list-style-type: none"> - Adaptive implementation of the <i>Melbourne Water System Strategy</i> and <i>Drinking Water Quality Strategy</i> - Implement our <i>Financial Sustainability Strategy</i> - Deliver this plan in line with Essential Services Commission Price Determination - Contribute to policy processes such as the <i>Central Region Sustainable Water Strategy</i>
Changes to government policy or regulations significantly impact Melbourne Water	<ul style="list-style-type: none"> - Deliver this plan in line with Essential Services Commission Price Determination - Implement our <i>Financial Sustainability Strategy</i> - This plan responds to the Minister's priority areas contained within the Letter of Expectations
Changing workforce requirements and demographics	<ul style="list-style-type: none"> - Implement our <i>People and Capability Strategy</i> - Implement our <i>Diversity and Inclusion Strategy</i> and associated plans - New Ways of Working research and interventions for execution

Appendix D – Reportable Capital Projects

Table D1 – Reportable capital projects (\$)

	Hobsons Bay Main Yarra Crossing Duplication	Western Treatment Plant 55E ASP Upgrade	WTP Primary Treatment Augmentation	Yan Yean to Bald Hill Pipeline	Maroondah Res Outlet and Aqueduct Stage 3A Upgrade	WTP Waste Activated Sludge Treatment Augmentation
Total estimated investment (P95)	206,299,000	333,070,000	384,100,000	108,700,000	167,000,000	102,504,300
Capital expenditure in prior years	97,634,653	57,174,545	7,508,551	38,150,278	783,547	215,902
Capital expenditure in 2023-24	42,280,635	126,535,055	79,987,000	49,262,000	2,545,000	21,268,000
Capital expenditure in 2024-25	4,247,268	90,566,628	245,170,000	-	3,920,000	55,275,000
Capital expenditure in 2025-26	-	16,351,182	125,875,000	-	3,920,000	33,471,000
Capital expenditure in 2026-27	-	2,596,119	39,701,000	-	320,000	10,558,000
Capital expenditure in 2027-28	-	-	6,698,000	-	78,720,000	1,780,000

Appendix E – Financials

Table E1 – Economic planning assumptions

Planning Parameter	Value	Source	Sensitivity/Exceptions
Consumer Price Index (CPI)	2022-23 – 5.09%	Forecast reflects Westpac Weekly 6 Feb 2023 edition.	Dependent on Australian economic performance.
	2023-24 – 6.90%		
	2024-25 – 3.50%		
	2025-26 – 2.50%		
	2026-27 – 2.50%		
Interest Rates	Short-term debt 4.015% decreasing to 3.165%	Actual rates on current loans and future rates from Treasury Corporation of Victoria.	Dependent on Australian economic performance.
	Long-term debt 4.745% decreasing to 4.645%		
Financial Accommodation Levy (FAL)	0.89%	Department of Treasury and Finance – Victoria.	Dependent on Australian economic performance.

Table E2 – Revenue planning assumptions

Planning Parameter	Value	Source	Sensitivity/Exceptions
Water and sewerage prices from 2023-24 to 2027-28	2023-24 – CPI plus 0.36%	Prices based on following assumptions: <ul style="list-style-type: none"> – 2021 5 year Price Determination from the ESC plus 2026-27 & 2027-28 price estimate. – Desalination Plant contract costs provided by the Department of Environment, Land, Water and Planning (January 2023 schedule). – Desalinated Water Order forecasts (refer Operating Expenditure Planning Assumptions). 	Variations to CPI and WACC. Variations to Desalinated Water Orders.
	2024-25 – CPI plus 3.74%		
	2025-26 – CPI plus 0.28%		
	2026-27 – CPI minus 1.11%		
	2027-28 – CPI plus 1.32%		
Waterways and drainage prices	Residential, Non-Residential Minimum & Rural customers: 2023-24 – CPI plus 0.71% 2024-25 – CPI minus 0.10% 2025-26 – CPI plus 0.65% 2026-27 – CPI plus 10.31% 2027-28 – CPI minus 0.01%	– 2021 5 year Price Determination from the ESC (adjusted for forecast cost of debt) plus 2026-27 & 2027-28 price estimate.	Variations to CPI and WACC.
	Non-residential customers above minimum: these customers are transitioning to the Non-Residential Minimum flat charge over the planning period		
Bulk water volume Bulk sewage volume Number of properties	See Tables E6, F7 and F8	2023-24 to 2027-28 Bulk water volumes based on retailer provided forecasts. 2023-24 to 2027-28 Bulk sewerage volumes aligned to 2021 ESC Price Determination. 2023-24 to 2027-28 Number of properties based on current actual customer numbers reported by retailers and forward Victoria in Future (VIF) 2022 household growth projections.	Water restrictions, industry closures, changes in population growth.
Developer Contributions		Based on Melbourne Water analysis.	
Recycled water prices	Customer specific contracts		

Table E3 – Operating expenditure planning assumptions

Planning Parameter	Value	Source	Sensitivity/Exceptions
Labour Wages Price Index	2023-24 to 2027-28 – 3.0%	Melbourne Water Enterprise Agreement and the Victorian Independent Remuneration Tribunal (VIRT).	
Super Guaranteed Contribution Rate	2023-24 – 11.0%	Superannuation Legislation.	
	2024-25 – 11.5%		
	2025-26 – 12.0%		
	2026-27 – 12.0%		
	2027-28 – 12.0%		
Defined Benefit Superannuation Fund contribution	0%	Actuarial valuation as at 30 June 2022. This assumption continued for entire planning period.	Volatility in the stock market.
Desalinated volumes	2023-24 – 0 GL	Desalinated Water Order.	Variations to future Desalinated Water Orders.
	2024-25 – 50 GL		Minister for Water to announce the annual commitment by 1 April each year, based on the water resources conditions at the time, with advice from Melbourne Water and the Metropolitan Retailers.
	2025-26 – 75 GL		
	2026-27 – 75 GL		
	2027-28 – 75 GL		
Average Electricity Price	\$187/MWh in 2023-24 to \$188/MWh in 2025-26	Melbourne Water Energy Contracts.	
Australian Carbon Credit Units (ACCUs)	2023-24 – 133,800	Based on Melbourne Water analysis.	
	2024-25 – 127,800		
	2025-26 – 192,200		
	2026-27 – 88,400		
	2027-28 – 94,800		

Table E4 – Capital expenditure planning assumptions

Planning Parameter	Value	Source	Sensitivity/Exceptions
All projects >\$1M will have risk adjusted nominal estimates, P50 values adopted for planning purposes	Project cost estimates are a budget estimate at the first approval gateway, Business Needs Identifier (BNI). They are based on Risk Adjusted Nominal Estimate (RANE) P50, current project forecast expenditure at Preliminary Business Case (PBC) stage, or market-based contract values for projects post Business Case Approval (BCA).	Regulatory and customer service obligations are established in consultation with the Department of Health (DH), Environment Protection Authority Victoria (EPA), Department of Energy, Environment and Climate Action (DEECA), waterways and drainage customers and retail water companies as part of Melbourne Water's 2021 Price Submission. The ESC's Final Determination was handed down in June 2021.	

Table E5 – Regulated return on regulated assets

Planning Parameter	Value	Source	Sensitivity/Exceptions
Real \$ Weighted Average Cost of Capital (WACC)	2023-24 – 3.25% 2024-25 – 3.24% 2025-26 – 3.33% 2026-27 – 3.21% 2027-28 – 3.32%	2023-24 to 2027-28 WACC values based on 10 year trailing average cost of debt and cost of equity based on ESC's assessment of Melbourne Water against the PREMO rating system.	<p>The debt component of the WACC will be updated each year to reflect an actual 10 year trailing average. Given the update will only be to one year in the 10 year trailing average, this is likely to only cause slight variations to the weighted average cost of capital rates listed.</p> <p>Melbourne Water's self-assessment against the ESC's PREMO model and subsequent cost of equity outcomes for 2027-28.</p>
Regulatory asset base at 30/06/2022	\$11.94B	2021-22 ESC Regulatory Accounts.	
Fixed assets (net of accumulated depreciation)	\$16.8B	<p>December 2022-23 results.</p> <p>The opening 2022-23 asset values are based on final 30 June 2023 audited results (and external valuations where relevant).</p>	<p>The <i>Corporate Plan</i> includes forecast additions, disposals and depreciation over the planning period.</p> <p>2022-23 is a managerial valuation year under DTF FRD 103 with potential adjustments for land and buildings, service concession and infrastructure assets if there is a material movement in value. We are not yet able to estimate if there will be any material movement requiring adjustment so nil has been included in the plan. Valuation adjustments can also impact depreciation expenditure assumptions.</p>
Distributions to government (dividends)	65% of net profit before tax less tax equivalents	State Government, as advised by the Department of Treasury and Finance – Victoria.	Variations advised by the Department of Treasury and Finance – Victoria.

Table E6 – Water Demand Forecast

Volume (ML)	2022-23 Forecast	2023-24	2024-25	2025-26	2026-27	2027-28
Greater Western Water	122,283	119,837	120,753	122,829	126,583	128,942
South East Water	155,992	165,367	166,417	167,607	168,995	170,354
Yarra Valley Water	154,200	163,104	164,489	166,479	167,484	167,706
Barwon Water	580	3,100	3,100	3,100	6,800	6,800
South Gippsland Water	1,023	856	920	673	1,025	1,776
Westernport Water	345	500	500	500	500	500
Total	434,423	452,764	456,179	461,188	471,387	476,078

All tables subject to rounding

Table E7 – Sewerage Demand Forecast

Volume (ML)	2022-23 Forecast	2023-24	2024-25	2025-26	2026-27	2027-28
Greater Western Water	92,497	87,903	89,075	90,233	91,475	92,718
South East Water	131,710	109,929	110,219	110,601	111,072	111,588
Yarra Valley Water	138,903	124,068	125,223	126,363	127,182	127,925
Total	363,110	321,900	324,517	327,197	329,729	332,231

All tables subject to rounding

Table E8 – Waterways and Drainage Forecast

Customers ('000)	2022-23 Forecast*	2023-24	2024-25	2025-26	2026-27	2027-28
Residential	2,072.7	2,113.9	2,156.0	2,198.9	2,237.4	2,276.5
Non-residential	162.6	164.6	167.8	171.0	174.3	177.8
Rural	118.9	121.3	123.7	126.1	128.3	130.6
Patterson Lakes	1.7	1.7	1.7	1.7	1.7	1.7
Koo Wee Rup Longwarry Flood Protection District	4.5	4.6	4.7	4.8	4.9	5.0
Total	2,360.4	2,406.1	2,453.9	2,502.5	2,546.6	2,591.6

All tables subject to rounding

*2022-23 forecast reflective of very wet year to date. High rainfall increases sewerage flows and reduces demand for water.

Table E9 – Profit & Loss 2023-24

Nominal \$M	2022-23 FCT	2022-23 PLAN	2023-24	2024-25	2025-26	2026-27	2027-28
Water Sales	908.3	904.4	945.0	1,022.8	1,055.3	1,068.5	1,098.9
Sewage Treatment	441.7	425.7	487.3	518.9	552.0	564.1	596.1
Waterways Charges	289.0	276.0	323.0	340.1	357.1	385.4	402.0
Developer Contributions/Contributed Assets	190.3	207.0	220.0	217.0	237.0	237.0	237.0
Net Asset Sales	16.3	15.5	21.4	24.4	10.3	20.9	0.4
Other Revenue	15.5	10.4	10.6	10.9	11.2	11.5	11.7
Total Operating Revenue	1,861.1	1,839.0	2,007.3	2,134.1	2,222.9	2,287.4	2,346.1
Labour	156.0	154.8	178.4	187.0	194.5	200.2	206.2
External Services	71.0	61.8	93.2	134.7	66.4	68.1	69.8
Maintenance	101.6	102.8	111.2	124.6	117.2	113.0	115.7
Materials	12.6	12.8	13.1	13.5	13.8	14.1	14.5
IT	36.4	36.4	37.2	38.2	39.1	40.1	41.1
Energy	33.2	36.8	48.8	50.5	55.3	51.4	53.3
Fees & Charges	12.2	11.7	12.1	12.3	12.5	12.8	13.1
Transport	3.5	3.6	3.7	3.8	3.9	4.0	4.1
Rental & Insurance	7.0	7.6	7.8	8.0	8.3	8.5	8.9
Grants	10.2	8.8	9.0	9.2	9.5	9.7	10.0
Other Expense	1.9	2.0	2.0	2.1	2.1	2.2	2.2
Land Tax	27.7	27.7	28.4	29.1	29.9	30.6	31.4
Direct Operating Expenses (excl. Victorian Desalination Plant (VDP))	473.3	466.8	544.9	613.0	552.5	554.7	570.3
VDP Operating Expenses	148.7	150.8	142.9	184.8	215.3	225.1	236.2
Total Direct Operating Expenses	622.0	617.6	687.8	797.8	767.8	779.8	806.5
Depreciation	378.4	374.7	385.0	424.6	446.5	467.0	501.7
Depreciation – VDP Service Concession Asset	78.3	78.3	78.5	78.3	78.3	78.3	78.5
Work in Progress/Asset Write-off	48.2	58.8	58.9	59.0	59.0	59.0	59.0
Total Indirect Operating Expenses	504.9	511.8	522.4	561.9	583.8	604.3	639.2
Total Operating Expenses	1,126.9	1,129.4	1,210.2	1,359.7	1,351.6	1,384.1	1,445.7
EBIT	734.2	709.6	797.1	774.4	871.3	903.3	900.4
Finance Charges	553.3	548.8	585.6	623.5	650.6	690.2	750.8
NPBT / (NLBT)	180.9	160.8	211.5	150.9	220.7	213.1	149.6
Tax Expense/(Benefit)	78.1	72.0	87.3	69.1	90.0	87.6	68.5
NPAT / (NLAT)	102.8	88.8	124.2	81.8	130.7	125.5	81.1
Indicative Dividend	12.3	-	7.3	11.8	18.3	34.7	30.9
Amount Transferred to/(from) Equity	90.5	88.8	116.9	70.0	112.4	90.8	50.2

All tables subject to rounding

Table E10 – Balance Sheet 2023-24

Nominal \$M	2022-23 FCT	2022-23 PLAN	2023-24	2024-25	2025-26	2026-27	2027-28
Current Assets							
Cash	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Trade & Other Receivables	92.8	86.2	99.0	101.2	99.2	104.5	107.9
Materials	9.1	9.8	9.1	9.1	9.1	9.1	9.1
Other	13.0	7.5	12.3	12.3	12.3	12.3	12.3
Total Current Assets	115.0	103.6	120.5	122.7	120.7	126.0	129.4
Non-Current Assets							
Fixed Assets (net of accumulated depreciation)	16,986.3	16,789.5	17,649.0	18,313.2	18,722.6	19,722.6	20,995.1
Defined Benefit Plan	27.3	20.5	27.3	27.3	27.3	27.3	27.3
Total Non-Current Assets	17,013.6	16,810.0	17,676.3	18,340.5	18,749.9	19,749.9	21,022.4
TOTAL ASSETS	17,128.6	16,913.6	17,796.8	18,463.2	18,870.6	19,875.9	21,151.8
Current Liabilities							
Trade Payables	(58.2)	(50.7)	(48.4)	(51.1)	(42.7)	(48.3)	(52.3)
Other Payables	(45.3)	(22.1)	(33.7)	(33.7)	(33.7)	(33.7)	(33.7)
Provision for Interest	(45.5)	(43.7)	(61.4)	(73.5)	(81.3)	(95.7)	(114.6)
Accruals	(282.1)	(225.3)	(249.9)	(259.0)	(241.4)	(297.5)	(328.8)
Unearned Developer Contributions	(92.5)	(76.5)	(92.5)	(92.5)	(92.5)	(92.5)	(92.5)
VDP Service Concession	(48.3)	(48.0)	(59.9)	(70.7)	(83.0)	(118.9)	(141.6)
Lease Liabilities	(8.2)	(8.1)	(8.4)	(9.1)	(9.7)	(9.8)	(9.7)
Borrowings	(528.2)	(328.2)	(604.0)	(616.5)	(568.0)	(561.9)	(566.7)
Employee Entitlements	(48.5)	(51.3)	(49.2)	(44.4)	(45.8)	(47.3)	(49.4)
Other Current Liabilities	(19.2)	(6.5)	(18.9)	(16.4)	(17.6)	(17.3)	(15.1)
Total Current Liabilities	(1,176.0)	(860.4)	(1,226.3)	(1,266.9)	(1,215.7)	(1,322.9)	(1,404.4)
Non-Current Liabilities							
VDP Service Concession	(3,464.7)	(3,465.1)	(3,404.8)	(3,334.2)	(3,251.2)	(3,132.3)	(2,990.6)
Lease Liabilities	(27.9)	(28.7)	(21.6)	(12.3)	(2.4)	(2.4)	(2.4)
Borrowings	(4,102.2)	(4,585.0)	(4,743.1)	(5,403.7)	(5,863.8)	(6,803.4)	(8,092.6)
Employee Entitlements	(14.0)	(15.3)	(14.0)	(14.0)	(14.0)	(14.0)	(14.0)
Net Deferred Tax Liability	(1,257.5)	(1,225.0)	(1,224.4)	(1,199.7)	(1,178.6)	(1,165.4)	(1,161.9)
Other Non-Current Liabilities	(0.2)	(0.7)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Total Non-Current Liabilities	(8,866.5)	(9,319.8)	(9,408.1)	(9,964.1)	(10,310.2)	(11,117.7)	(12,261.7)
TOTAL LIABILITIES	(10,042.5)	(10,180.2)	(10,634.4)	(11,231.0)	(11,525.9)	(12,440.6)	(13,666.1)
Equity							
Contributed Equity	(430.2)	(427.1)	(389.8)	(389.8)	(389.8)	(389.8)	(389.8)
Asset Revaluation Reserves	(3,926.4)	(3,634.7)	(3,926.4)	(3,926.4)	(3,926.4)	(3,926.4)	(3,926.4)
Retained Profit	(2,729.5)	(2,671.6)	(2,846.2)	(2,916.0)	(3,028.5)	(3,119.1)	(3,169.5)
Total Equity	(7,086.1)	(6,733.4)	(7,162.4)	(7,232.2)	(7,344.7)	(7,435.3)	(7,485.7)
NET ASSETS/EQUITY	7,086.1	6,733.4	7,162.4	7,232.2	7,344.7	7,435.3	7,485.7

All tables subject to rounding

Table E11 – Cash Flow 2023-24

Nominal \$M	2022-23 FCT	2022-23 PLAN	2023-24	2024-25	2025-26	2026-27	2027-28
Cash Flow from Operating Activities							
Receipts from Customers	1,988.5	1,952.7	2,149.7	2,292.3	2,371.7	2,478.9	2,595.6
Interest Received	0.9	0.0	0.0	0.0	0.0	0.0	0.0
Payments to Suppliers & Employees	(791.8)	(818.8)	(923.4)	(1,011.8)	(966.3)	(1,023.5)	(1,085.8)
Income Tax Paid	(110.7)	(102.1)	(120.8)	(96.3)	(109.8)	(101.1)	(74.1)
Borrowing Costs	(146.5)	(144.9)	(174.5)	(222.0)	(260.7)	(302.3)	(369.2)
Interest on VDP Service Concession Liability and Leases	(400.0)	(400.1)	(395.5)	(389.8)	(382.7)	(374.3)	(363.6)
Total Cash Flow from Operating Activities	540.4	486.8	535.5	572.4	652.2	677.7	702.9
Cash Flow from Investing Activities							
Payments for Capital Projects	(781.3)	(880.3)	(1,186.2)	(1,205.9)	(986.6)	(1,507.7)	(1,843.4)
Proceeds from Asset Sales	18.8	21.6	37.2	39.9	19.9	22.8	4.7
Total Cash Flow from Investing Activities	(762.5)	(858.7)	(1,149.0)	(1,166.0)	(966.7)	(1,484.9)	(1,838.7)
Free Cash Flow*	(240.9)	(393.5)	(650.7)	(633.5)	(334.4)	(830.0)	(1,140.5)
Cash Flow from Financing Activities							
Net Borrowings/(Repayments)	309.1	452.7	716.7	673.0	411.6	933.5	1,293.9
VDP Service Concession liability and Lease Repayments	(40.2)	(40.5)	(55.6)	(67.4)	(78.8)	(91.6)	(127.1)
Capital Repatriation	(40.4)	(40.4)	(40.4)	-	0.0	0.0	0.0
Dividends Paid	(12.3)	-	(7.3)	(11.8)	(18.3)	(34.7)	(30.9)
Total Cash Flow from Financing Activities	216.2	371.8	613.4	593.8	314.5	807.2	1,135.9
Net Cash Movement	(6.2)	-	-	-	-	-	-
Opening Cash Balance	6.3	0.1	0.1	0.1	0.1	0.1	0.1
Closing Cash Balance	0.1	0.1	0.1	0.1	0.1	0.1	0.1

*Free Cash Flow = Cash Flow from Operating Activities less Payments for Capital Projects

All tables subject to rounding

Table E12 – Profit and Loss 2023-24 quarterly phasing

Nominal \$M	2023-24 PLAN	Q1 PLAN	Q2 PLAN	Q3 PLAN	Q4 PLAN
Water Sales	945.0	233.4	235.8	240.1	235.7
Sewage Treatment	487.3	122.2	122.2	121.4	121.5
Waterways Charges	323.0	81.0	77.7	82.7	81.6
Developer Contributions/Contributed Assets	220.0	55.0	55.0	55.0	55.0
Net Asset Sales	21.4	5.4	5.4	5.3	5.3
Other Revenue	10.6	2.7	2.7	2.6	2.6
Total Operating Revenue	2,007.3	499.7	498.8	507.1	501.7
Labour	178.4	49.9	40.8	46.7	41.0
External Services	93.2	15.8	15.8	30.8	30.8
Maintenance	111.2	27.3	27.3	27.3	29.3
Materials	13.1	3.3	3.3	3.3	3.2
IT	37.2	9.3	9.3	9.3	9.3
Energy	48.8	12.2	12.2	12.2	12.2
Fees & Charges	12.1	3.0	3.0	3.0	3.1
Transport	3.7	0.9	0.9	0.9	1.0
Rental & Insurance	7.8	1.9	1.9	2.0	2.0
Grants	9.0	2.3	2.3	2.2	2.2
Other Expense	2.0	0.5	0.5	0.5	0.5
Land Tax	28.4	7.1	7.1	7.1	7.1
Direct Operating Expenses (excl. VDP)	544.9	133.5	124.4	145.3	141.7
Desalination Plant Operating Expenses	142.9	47.3	42.6	30.3	22.7
Total Direct Operating Expenses	687.8	180.8	167.0	175.6	164.4
Depreciation	385.0	94.7	96.7	96.2	97.4
Depreciation - VDP Service Concession Asset	78.5	19.8	19.7	19.5	19.5
Work in Progress/Asset Write-off	58.9	12.5	12.5	12.5	21.4
Total Indirect Operating Expenses	522.4	127.0	128.9	128.2	138.3
Total Operating Expenses	1,210.2	307.8	295.9	303.8	302.7
EBIT	797.1	191.9	202.9	203.3	199.0
Finance Charges	585.6	142.9	145.4	147.2	150.1
NPBT / (NLBT)	211.5	49.0	57.5	56.1	48.9
Tax Expense/(Benefit)	87.3	20.6	23.2	22.8	20.7
NPAT / (NLAT)	124.2	28.4	34.3	33.3	28.2
Indicative Dividend	7.3	0.0	0.0	0.0	7.3
Amount Transferred to/(from) Equity	116.9	28.4	34.3	33.3	20.9

All tables subject to rounding

Table E13 – Balance Sheet 2023-24 quarterly phasing

Nominal \$M	2023-24 PLAN	Q1 PLAN	Q2 PLAN	Q3 PLAN	Q4 PLAN
Current Assets					
Cash	0.1	0.1	0.1	0.1	0.1
Trade & Other Receivables	99.0	90.0	88.9	97.9	99.0
Materials	9.1	9.1	9.1	9.1	9.1
Other	12.3	17.9	16.0	15.1	12.3
Total Current Assets	120.5	117.1	114.1	122.2	120.5
Non-Current Assets					
Fixed Assets (net of accumulated depreciation)	17,649.0	17,184.9	17,354.0	17,508.8	17,649.0
Defined Benefit Plan	27.3	27.3	27.3	27.3	27.3
Total Non-Current Assets	17,676.3	17,212.2	17,381.3	17,536.1	17,676.3
TOTAL ASSETS	17,796.8	17,329.3	17,495.4	17,658.3	17,796.8
Current Liabilities					
Trade Payables	(48.4)	(44.2)	(43.1)	(48.4)	(48.4)
Other Payables	(33.7)	(39.2)	(33.2)	(38.4)	(33.7)
Provision for Interest	(61.4)	(31.0)	(54.9)	(39.5)	(61.4)
Accruals	(249.9)	(264.7)	(257.6)	(253.3)	(249.9)
Unearned Developer Contributions	(92.5)	(92.5)	(92.5)	(92.5)	(92.5)
VDP Service Concession	(59.9)	(51.2)	(54.3)	(57.4)	(59.9)
Lease Liabilities	(8.4)	(8.0)	(8.1)	(8.2)	(8.4)
Borrowings	(604.0)	(621.9)	(702.4)	(629.8)	(604.0)
Employee Entitlements	(49.2)	(50.3)	(50.3)	(48.3)	(49.2)
Other Current Liabilities	(18.9)	(21.9)	(20.6)	(20.7)	(18.9)
Total Current Liabilities	(1,226.3)	(1,224.9)	(1,317.0)	(1,236.5)	(1,226.3)
Non-Current Liabilities					
VDP Service Concession	(3,404.8)	(3,450.8)	(3,436.2)	(3,420.8)	(3,404.8)
Lease Liabilities	(21.6)	(26.1)	(24.0)	(21.8)	(21.6)
Borrowings	(4,743.1)	(4,251.3)	(4,316.3)	(4,551.3)	(4,743.2)
Employee Entitlements	(14.0)	(14.0)	(14.0)	(14.0)	(14.0)
Net Deferred Tax Liability	(1,224.4)	(1,248.0)	(1,239.7)	(1,232.3)	(1,224.4)
Other Non-Current Liabilities	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Total Non-Current Liabilities	(9,408.1)	(8,990.4)	(9,030.4)	(9,240.4)	(9,408.2)
TOTAL LIABILITIES	(10,634.4)	(10,215.3)	(10,347.4)	(10,476.9)	(10,634.5)
Equity					
Contributed Equity	(389.8)	(430.2)	(430.2)	(430.2)	(389.8)
Asset Revaluation Reserves	(3,926.4)	(3,926.4)	(3,926.4)	(3,926.4)	(3,926.4)
Retained Profit	(2,846.2)	(2,757.4)	(2,791.4)	(2,824.8)	(2,846.1)
Total Equity	(7,162.4)	(7,114.0)	(7,148.0)	(7,181.4)	(7,162.3)
NET ASSETS/EQUITY	7,162.4	7,114.0	7,148.0	7,181.4	7,162.3

All tables subject to rounding

Table E14 – Cash Flow 2023-24 quarterly phasing

Nominal \$M	2023-24 PLAN	Q1 PLAN	Q2 PLAN	Q3 PLAN	Q4 PLAN
Cash Flow from Operating Activities					
Receipts from Customers	2,149.7	542.7	536.9	534.4	535.7
Interest Received	0.0	0.0	0.0	0.0	0.0
Payments to Suppliers & Employees	(923.4)	(259.5)	(227.0)	(220.6)	(216.3)
Income Tax Paid	(120.8)	(27.4)	(32.9)	(30.1)	(30.4)
Borrowing Costs	(174.5)	(58.7)	(22.6)	(63.8)	(29.4)
Interest on VDP Service Concession Liability and Leases	(395.5)	(99.1)	(98.8)	(98.8)	(98.8)
Total Cash Flow from Operating Activities	535.5	98.0	155.6	121.1	160.8
Cash Flow from Investing Activities					
Payments for Capital Projects	(1,186.2)	(337.3)	(297.2)	(278.6)	(273.1)
Proceeds from Asset Sales	37.2	9.3	9.3	9.3	9.3
Total Cash Flow from Investing Activities	(1,149.0)	(328.0)	(287.9)	(269.3)	(263.8)
Free Cash Flow*	(650.7)	(239.3)	(141.6)	(157.5)	(112.3)
Cash Flow from Financing Activities					
Net Borrowings/(Repayments)	716.7	242.7	145.5	162.5	166.0
VDP Service Concession liability and Lease Repayments	(55.6)	(12.8)	(13.3)	(14.2)	(15.3)
Capital Repatriation	(40.4)	0.0	0.0	0.0	(40.4)
Dividends Paid	(7.3)	0.0	0.0	0.0	(7.3)
Total Cash Flow from Financing Activities	613.4	229.9	132.2	148.3	103.0
Net Cash Movement	0.0	0.0	0.0	0.0	0.0
Opening Cash Balance	0.1	0.1	0.1	0.1	0.1
Closing Cash Balance	0.1	0.1	0.1	0.1	0.1

*Free Cash Flow = Cash Flow from Operating Activities less Payments for Capital Projects
All tables subject to rounding

Table E15 – Distributions to government (cash basis)

Nominal \$M	2022-23 FCT	2022-23 PLAN	2023-24	2024-25	2025-26	2026-27	2027-28
Income Tax Paid	110.7	102.1	120.8	96.3	109.8	101.1	74.1
Dividend Paid	12.3	-	7.3	11.8	18.3	34.7	30.9
Sub Total	123.0	102.1	128.1	108.1	128.1	135.8	105.0
Local Government Rate Equivalent	4.0	3.8	3.8	3.9	3.9	3.9	4.0
Financial Accommodation Levy	32.3	34.5	35.3	42.8	47.1	53.6	63.8
Environmental Contribution Levy	0.8	0.8	0.8	0.9	0.9	0.9	0.9
Capital Repatriation	40.4	40.4	40.4	-	-	-	-
Total Payments to Government	200.5	181.6	208.4	155.7	180.0	194.2	173.7

All tables subject to rounding

Table E16 – Financing

Nominal \$M	2022-23 FCT	2022-23 PLAN	2023-24	2024-25	2025-26	2026-27	2027-28
New Borrowings (Excl VDP Service Concession liability and Lease Repayments)	309.1	452.7	716.7	673.0	411.6	933.5	1,293.9
Interest Coverage (Cash) (times)*	2.2	2.1	2.2	2.1	2.2	2.2	2.1

* Based on Ministerial Reporting Direction 01

All tables subject to rounding

Table E17 – EBIT by Service – Water

Nominal \$M	2022-23 FCT	2022-23 PLAN	2023-24	2024-25	2025-26	2026-27	2027-28
Water Sales	908.3	904.4	945.0	1,022.8	1,055.3	1,068.5	1,098.9
Net Asset Sales	-	-	0.1	5.4	0.5	1.5	0.4
Other Revenue	1.8	0.3	0.3	0.3	0.3	0.4	0.4
Total Operating Revenue	910.1	904.7	945.4	1,028.5	1,056.1	1,070.4	1,099.7
Direct Operating Expenses	232.7	235.1	265.3	351.1	313.6	325.8	339.6
Depreciation	188.4	179.3	189.8	199.2	203.1	208.3	222.7
Works in Progress / Asset Write-off	1.6	0.4	2.5	2.4	2.4	2.4	2.4
EBIT	487.4	489.9	487.8	475.8	537.0	533.9	535.0

All tables subject to rounding

Table E18 – EBIT by Service – Sewerage

Nominal \$M	2022-23 FCT	2022-23 PLAN	2023-24	2024-25	2025-26	2026-27	2027-28
Sewerage Treatment	441.7	425.7	487.3	518.9	552.0	564.1	596.1
Net Asset Sales	15.6	15.4	21.0	19.0	9.8	19.4	0.0
Other Revenue	4.3	0.5	0.7	0.7	0.7	0.8	0.8
Total Operating Revenue	461.6	441.6	509.0	538.6	562.5	584.3	596.9
Direct Operating Expenses	124.0	131.8	147.3	163.8	162.6	154.3	159.0
Depreciation	153.2	138.6	151.5	167.4	174.7	184.6	199.8
Works in Progress / Asset Write-off	0.4	0.4	0.4	0.4	0.4	0.4	0.4
EBIT	184.0	170.8	209.7	207.0	224.8	245.0	237.7

All tables subject to rounding

Table E19 – EBIT by Service – Waterways and Drainage

Nominal \$M	2022-23 FCT	2022-23 PLAN	2023-24	2024-25	2025-26	2026-27	2027-28
Waterways Charges	289.0	276.0	323.0	340.1	357.1	385.4	402.0
Developer Contributions	171.0	170.0	183.0	180.0	200.0	200.0	200.0
Developer Contributed Assets	19.3	37.0	37.0	37.0	37.0	37.0	37.0
Net Asset Sales	0.0	-	0.4	-	-	-	-
Other Revenue	3.0	3.1	2.9	3.0	3.1	3.2	3.2
Total Operating Revenue	482.4	486.1	546.3	560.1	597.2	625.6	642.2
Direct Operating Expenses	118.5	118.0	127.3	131.3	135.4	139.0	143.0
Depreciation	93.9	92.4	99.3	111.1	121.1	128.9	139.6
Works in Progress / Asset Write-off	46.1	58.1	56.0	56.2	56.2	56.2	56.2
EBIT	223.9	217.7	263.7	261.4	284.5	301.5	303.4

All tables subject to rounding

Table E20 – EBIT by Service – Recycled Water (Alternative Water Sources)

Nominal \$M	2022-23 FCT	2022-23 PLAN	2023-24	2024-25	2025-26	2026-27	2027-28
Other Revenue	2.9	3.1	3.3	3.4	3.4	3.5	3.6
Total Operating Revenue	2.9	3.1	3.3	3.4	3.4	3.5	3.6
Direct Operating Expenses	1.9	3.0	2.9	2.9	3.0	3.1	3.1
Depreciation	3.9	3.9	3.8	3.7	3.3	3.2	2.8
Works in Progress / Asset Write-off	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	(2.9)	(3.8)	(3.5)	(3.3)	(2.9)	(2.7)	(2.3)

All tables subject to rounding

Table E21 – EBIT by Service – Corporate

Nominal \$M	2022-23 FCT	2022-23 PLAN	2023-24	2024-25	2025-26	2026-27	2027-28
Net Asset Sales	0.7	0.1	-	-	-	-	-
Other Revenue	3.4	3.4	3.4	3.5	3.6	3.7	3.7
Total Operating Revenue	4.1	3.5	3.4	3.5	3.6	3.7	3.7
Direct Operating Expenses	145.0	129.8	145.1	148.6	153.4	157.6	161.9
Depreciation	17.3	38.8	19.1	21.5	22.6	20.4	15.3
Works in Progress / Asset Write-off	-	0.0	-	-	-	-	-
EBIT	(158.2)	(165.1)	(160.8)	(166.6)	(172.4)	(174.3)	(173.4)

All tables subject to rounding

Table E22 – EBIT by Service – Total

Nominal \$M	2022-23 FCT	2022-23 PLAN	2023-24	2024-25	2025-26	2026-27	2027-28
Total Operating Revenue	1,861.1	1,839.0	2,007.3	2,134.1	2,222.9	2,287.4	2,346.1
Total EBIT	734.2	709.6	797.1	774.4	871.3	903.3	900.4

All tables subject to rounding

Table E23 – Forecast operating trends for labour, IT and consultants

Nominal \$M	2023-24	2024-25	2025-26	2026-27	2027-28
Labour	178.4	187.0	194.5	200.2	206.2
Information Technology	37.2	38.2	39.1	40.1	41.1
Consultants	0.0	0.0	0.0	0.0	0.0

All tables subject to rounding

Table E24 – Sensitivity of financial outcomes

Nominal \$M	Base Case PLAN	Developer Revenue ¹		Capital Expenses		Demand and Customers ⁴	
		Increase 25% ²	Decrease 25% ³	Increase 5%	Decrease 5%	Increase 5% ⁵	Decrease 5% ⁶
Operating Revenue (total)	10,998	11,239	10,757	10,998	10,998	11,098	10,856
Direct Operating Expenses (excl. VDP) (total)	2,835	2,835	2,835	2,835	2,835	2,835	2,835
EBIT (total)	4,247	4,481	4,012	4,240	4,253	4,346	4,105
NPAT (total)	543	700	387	517	569	616	440
Capital Expenses (total)	6,760	7,001	6,519	7,098	6,422	6,760	6,760
Gearing (Debt to Assets) (average)	52.4%	52.4%	52.4%	52.8%	52.0%	52.3%	52.6%
Cash Interest Cover (average)	2.1	2.2	2.1	2.1	2.1	2.2	2.1
Cash to Government (total)	912	1,052	776	899	925	971	830
Free Cash flow (total)	(3,589)	(3,663)	(3,516)	(3,943)	(3,241)	(3,517)	(3,692)

All tables subject to rounding

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

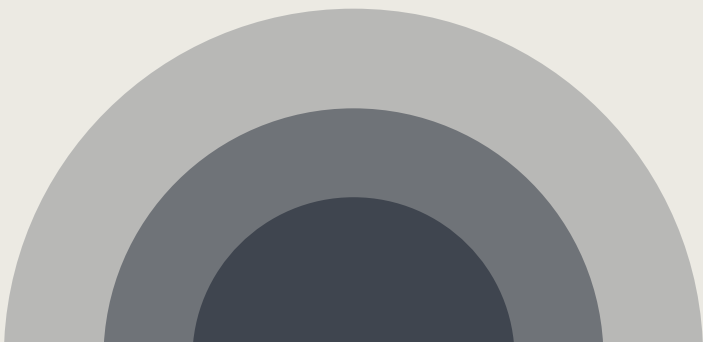
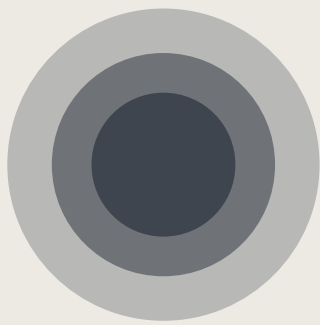
²The 25% increase scenario represents the probability upper range forecast, compared to historical levels.

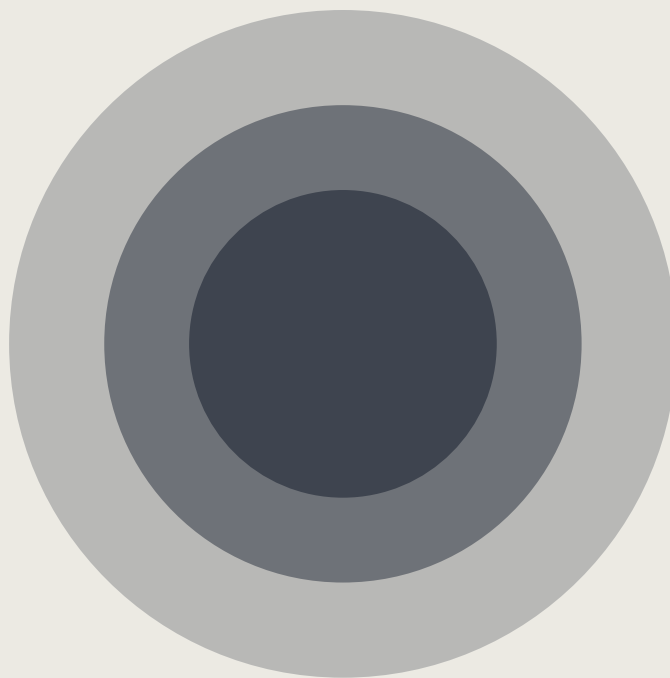
³The 25% decrease scenario represents the possible slowdown of developer activity compared to the base case.

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

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

⁶The 5% decrease scenario represents the sensitivity to a 5% decrease in Bulk Water and Bulk Sewerage demand, and zero growth to the Waterways Charge customer numbers compared to the base case. Demand is less sensitive to COVID-19 impacts as a significant portion of Bulk Water and Bulk Sewerage revenue are fixed, whereas Waterways Charge customer numbers are sensitive to a possible population slowdown.









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