

Melbourne Water Corporate Plan

2025-26 to 2029-30



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

Foreword

Water is essential to our way of life. It sustains our health, liveability, and the environment we live in. At Melbourne Water, we are committed to delivering the essential services that sustain communities now and in the future.

By 2030, over 6 million Melburnians will rely on our services every day. This presents us with a unique opportunity to innovate for greater water security, while also evolving our approach to how we recover, treat and re-use wastewater.

As we build resilience in our systems, we are also committed to preparing for and responding to the evolving challenges of our growing city, including population growth, climate change, and economic pressures that affect essential services across Greater Melbourne. While tackling these immediate challenges, we must also build system resilience in readiness for more frequent, extreme weather events and to secure future water supplies for households, the environment and cultural uses. Investment in critical infrastructure will also be essential to support our city's growth.

Together with our eight strategic goals, our *Corporate Plan* sets our intentions to meet the diverse and long-term needs of a growing population, while also responding to the impacts of our immediate challenges. In our role as Port Phillip and Westernport Catchment Management Authority we will also continue investing in the connection between communities, waterways, land and nature to strengthen the link between catchment management and waterway health outcomes.

Additionally, as the region's floodplain manager, Melbourne Water plays a critical role in ensuring new developments meet flood requirements. Through our flood modelling program, we have now released a new model for the Lower Maribyrnong River and committed to updating all flood models across the Port Phillip and Westernport catchments by 2026 to reflect new standards and predicted climate change impacts.

As we plan for the future, Melbourne Water remains committed to continuing working alongside the Department of Environment, Energy and Climate Action and our customer delivery partners (Melbourne's retail water corporations and local government) to deliver actions from the *Central and Gippsland Region Sustainable Water Strategy* and the *Greater Melbourne Urban Water Strategy*. These actions support long-term water needs across all users, and highlight the transition to using more manufactured water and greater Integrated Water Management solutions.

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

Understanding that the challenges of the water sector are complex, we recognise we cannot solve them alone. Our collaborative work with South East Water, Yarra Valley Water, Greater Western Water and Barwon Water through The Accord, ensure we act in the best interests of our communities and work together to prepare for greater resilience across the entire water system.

A key priority for Melbourne Water this year is to develop and deliver our *2026 Price Submission*, which outlines the services, commitments, investment and prices for the next five years. Importantly, our engagement program allows us to reflect the voices of our partners, customers, Traditional Owners, government and communities within our submission.

Melbourne Water will also continue to play an important role in supporting the Victorian Government's *Housing Statement*, which aims to unlock Melbourne's housing potential to enable population growth in key development corridors. Our *Housing Statement* roadmap details the approach we are taking to help unlock Melbourne's housing potential across growth and urban areas. We look forward to continuing to work with the state government to maximise housing in safer locations and identify land use in areas with flood and sea level rise hazard.

Our commitment to financial sustainability enables us to achieve value for customers while also contributing to the broader Victorian economy through the delivery of our services, including long-term water security and preparing for growth in the region.

Our people are central to achieving our goals. Across the business, we continue to focus on safety, resilience, and streamlined ways of working. We are committed to aligning our skills and accountabilities to deliver reliable, essential services, while managing areas of transition, such as decarbonisation, climate change leadership and integrated water management.

At Melbourne Water, we prioritise strong partnerships and innovative solutions to tackle the challenges of our growing city. We look forward to continuing to collaborate with our customers and communities to ensure Greater Melbourne remains one of the most liveable cities in the world, today and into the future.



Greg Wilson
Chair



Nerina Di Lorenzo
Managing Director



Acknowledgment of Country

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

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

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

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

About this plan

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

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

This document also includes additional areas of Ministerial interest:

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

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



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Enhancing life and liveability





Our vision and values

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

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

Our three core values are integral to the way we work:

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

Our services

We are a statutory authority owned by the Victorian Government, delivering essential services to support our city's growth.

We manage all parts of Melbourne's water cycle. We care for water, life and land throughout Melbourne, for both people and biodiversity.

Our role as the Port Philip and Westernport Catchment Management Authority (PPWCMA) also means we are responsible for promoting the integrated management of land, water, natural systems, coasts and marine environments.

As our city grows and we experience a changing climate, we are proactively adapting our services to secure the system resilience required to meet the water needs of all Melburnians, now and into the future.

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

We are guided by our strategic goals to inform our organisational priorities, work planning, investment and the capabilities required to deliver these goals over the coming years.

Our strategic goals aim to prepare us for future challenges and to help us provide the safe, secure and affordable services communities and customers expect.

To continue meeting the service requirements of our customers and community as the population grows and the climate changes, Melbourne Water has a strong focus on managing risk by:

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

The 2021 Price Determination guides our water, sewerage, waterways and drainage services, infrastructure projects, and the cost of delivering these services. In consultation with our customers and partners, we are currently preparing our *2026 Price Submission*, due in October this year.

Through all that we do, Melbourne Water continues to focus on being an efficient and productive business to ensure customer affordability and value for Victorians.



Water

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

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



Delivering for our customers

Our commitments to our customers are:

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



Sewerage

Melbourne Water is committed to ensuring a safe, reliable and sustainable sewerage system that contributes positively to public health while

protecting and enhancing the environment. By working in partnership with our retail water corporation customers, we deliver wholesale sewerage transfer and treatment services and recover valuable resources. In our long-term investment planning, we carefully consider external factors, such as population growth and climate change, to ensure the continuous evolution of our sewerage system.

Delivering for our customers

Our commitments to our customers are:

- zero spills per annum due to system failure
- to meet 100 per cent discharge compliance with our environmental operating licence and General Environmental Duty from our sewage transfer and treatment system
- to achieve CSAT scores of at least 8.3 by 2025-26 for bulk sewerage services.



Drainage

As the region's floodplain manager and under the *Water Act 1989*, Melbourne Water is responsible for delivering and maintaining infrastructure that provides an

essential part of flood management across the region, including smart systems and processes to deliver improved resilience across an increasingly complex urban environment. Our role is to coordinate the development and delivery of the *Flood Management Strategy Port Phillip and Westernport 2021-2031* and drainage services in conjunction with local and state government agencies, emergency services, the insurance and private sectors, and the community.

Melbourne Water performs a critical role working with the land development industry as a regulator to ensure new developments meet flood requirements. As part of our flood

modelling program, we are assessing flood information to understand how Melbourne's flood impacts are changing in extent and hazard and working with state and local government to respond. This includes looking for ways to update flood information in the planning system more quickly.

We provide written development advice to landowners, developers, consultants and community members who intend to build in flood-prone areas. We also work with local government to prepare for and amend existing flood hazard mapping and controls in planning schemes.

Melbourne Water also reviews and develops new flood models to inform flood risk and build community resilience across our region. We review these flood models every five years and update them every 10 years.



Delivering for our customers

Our commitments to our customers are:

- to deliver flood awareness and preparedness activities in accordance with the *Flood Management Strategy Port Phillip and Westernport 2021-2031* implementation program
- to improve community awareness of flood risk and increase our reach to a broad audience. Our new flood information programs are designed to ensure that new flood information is disseminated effectively and empathetically, with a focus on raising awareness and building flood resilience across the city
- to achieve CSAT scores of at least 6.8 by 2025-26 for drainage services.



Waterways and catchment management

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

In our role as PPWCMA, Melbourne Water promotes integrated management of catchment and waterways functions, including coordination and implementation of the *Regional Catchment Strategy*. This role provides an opportunity to strengthen the critical link between catchment management and waterway health outcomes.

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

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

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



Delivering for our customers

Our commitments to our customers are:

- to meet 100 per cent maintenance of river health at 10 target sites of high-value rating. We will continue to work with our stakeholders and partners to protect Melbourne's rivers, creeks and bays and adopt a new lead indicator to highlight our focus on maintaining waterway health across Greater Melbourne
- to maintain current active participation levels in our waterways programs. We will also continue to use our partnerships program to empower landholders, local government and community groups to deliver activities with positive impacts on the health of Melbourne's waterways
- to capture and re-use 80 gigalitres of stormwater entering waterways as set out in the *Healthy Waterways Strategy 2018*
- to achieve CSAT scores of at least 7.5 by 2025-26 for waterways services.

Our operating environment

Melbourne Water operates in a rapidly evolving landscape with social, demographic, political and environmental changes all transforming the way we live, work and play. Population growth, climate change and economic conditions also continue to put pressure on essential services across Greater Melbourne.

Additionally, we continue to navigate a rising cost of living, the influence of digital technologies such as artificial intelligence (AI) and inflationary pressures. We do this while balancing our high-quality services against regulatory commitments, infrastructure investments and construction costs that all exert upward pressure on prices.

While tackling these immediate challenges, we must also aim to build system resilience in readiness for more frequent extreme weather events and to secure future water supplies for households, the environment and cultural uses.

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

- respond to climate change, including our obligation to reach net zero emissions by 2030
- protect communities from the impacts of flooding, including proactive flood mitigation, community education and preparedness
- drive sustainable practices through all our services and programs, including our financial strategy
- work with government and water industry partners to implement strategies, including the *Central and Gippsland Region Sustainable Water Strategy* (CGRSWS) and the *Greater Melbourne Urban Water Strategy* (*Water for Life*)
- continue our community engagement commitments and deliver water education
- deliver on services and projects as outlined in the current price determination and engage with customers and communities to determine our 2026 Price Submission, including our commitment to keep water bills stable in the face of ongoing inflationary pressures.

A changing climate

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

Climate change also contributes to the loss of biodiversity, rises in sea level and coastal erosion. Melbourne Water provides advice on the impacts of sea level rise through our *Planning for Sea Level Rise Guidelines* and our role in delivering flood information.

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

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

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

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

Melbourne Water stands by its commitment to deliver the services our customers and community value. Upward pressure on household budgets, driven by inflationary pressures and interest rates, are intensifying and we understand our critical role in supporting customer affordability. By working with our retail water corporation partners and maintaining a focus on customers, Melburnians are delivered the lowest water bills among Australian capital cities.

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

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

Preparing for a water-resilient future

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

Melbourne Water also continues to implement actions from the CGRSWS, which establishes the path towards a greater use of manufactured water, increased use of integrated water management (IWM) and return of water to the environment and Traditional Owners.

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

Together with our water industry partners, Melbourne Water is committed to delivering actions from these key strategies to ensure our region is prepared for future water challenges by:

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

Supporting Victoria's Housing Statement

The Victorian Government's *Housing Statement* sets out an ambitious agenda of building 800,000 new homes over a ten-year period. This includes large-scale reform of the state's planning system to stimulate investment and build homes faster. The government made a series of announcements in October 2024 and February 2025 providing details of plans, projects and actions that will deliver the *Housing Statement*. These announcements included the release of Plan for Victoria, a new strategic plan that will provide guidance about the delivery of more homes, transport and essential services across the state.

Melbourne Water has a significant role to play in unlocking Melbourne's housing potential across growth and urban areas. Our engagement and collaboration with state and local government and the development sector forms an important part of delivering on the *Housing Statement*.

In 2024, we developed a roadmap detailing our approach to the *Housing Statement* and a high-level plan to deliver development decisions and flood information.

The roadmap has been a catalyst for increased dialogue and collaboration with key stakeholders and customers focused on system and process improvements that enable the *Housing Statement's* objectives. Melbourne Water's approach to the Housing Statement is underpinned by five key pillars:

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

We have made inroads into the actions against each pillar through our flood modelling program, our service improvement initiatives and our work with state government to maximise housing in safer locations and strategically identify land use and critical infrastructure in areas with flood and sea level rise hazard.

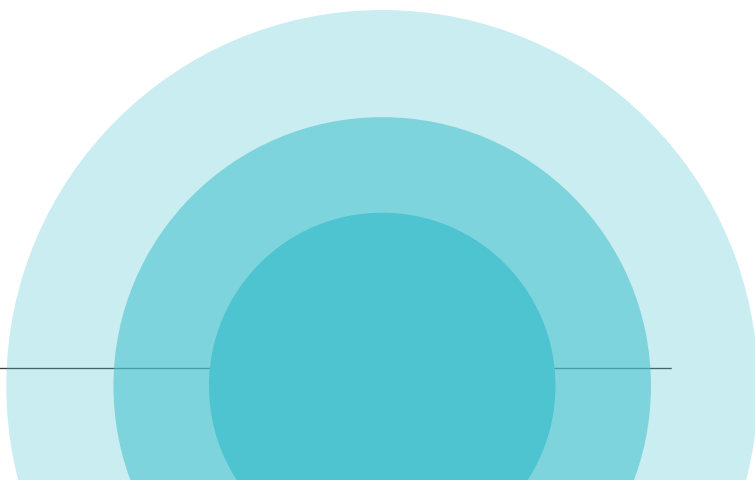
The Accord

The challenges facing the water sector are complex, and we cannot solve them alone. We understand that we are more effective in meeting these challenges when we work together. With this understanding, Melbourne Water, South East Water, Yarra Valley Water, Greater Western Water and Barwon Water have come together to form 'the Accord'.

Enabling a shared vision for the sector, the Accord provides a set of agreed principles to govern how we work together through Accord-led strategic forums and working groups to deliver on key focus areas, including water security, the economic sustainability of the sector, partnering with and delivering for Traditional Owners, building water literacy and efficiency, and addressing the challenges posed by climate change resilience and transition.

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

Alignment at the senior leadership levels has facilitated significant progress in system augmentation for future water resilience, the success of which is now being replicated in other key focus areas and positions the sector well for a collaborative and aligned approach to advocacy into the future.



Working with Traditional Owners

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

Melbourne Water is committed to collaborating with the Victorian Government and others to implement actions from the *Water is Life: Traditional Owner Access to Water Roadmap* and the CGRSWS. We are also focused on developing Partnership Agreements with Traditional Owners and working to increase capacity and resources for Traditional Owners through our *2026 Price Submission*.

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

Melbourne Water also continues to keep up to date with the Victorian Government Treaty process. Taking a proactive and responsive approach to both the Commission and Treaty work in Victoria will support the delivery of Traditional Owner self-determination and water justice.



Artwork: We Will Walk Country Together, Gerard Black

Our strategic intent

To achieve our vision of enhancing life and liveability, we have set an ambitious five-year program of Strategic Goals, designed to deliver significant change in our services, processes and business capabilities.

These goals will help us meet the challenges of climate change and population growth impacts, alongside the increasing expectations of our customers and community. In addition, our Strategic Goals will drive our capability development, investment and performance over the coming years.

In 2024, the Strategic Goals formed Melbourne Water's Strategy. This is the next phase of our transformation as a business, setting us up for future challenges, while continuing to focus on the work we do to deliver our essential services safely every day for our customers and the wider community.

- **Core Services, Customer and Safety:** The work we do to deliver our essential services each and every day.
- **Resilience:** The work we do to build resilience and strength to our existing services.
- **Transition:** The proactive work we do, transforming our system to manage future demands.
- **Partnerships:** The work we do with internal and external partners in support of a thriving community and country.

Our Strategy

Our Vision:
Enhancing Life and Liveability

Our Mission:
Water is essential to our way of life and so is the work we do. Our work sustains the community, the environment and the economy now and into the future.

Our Core Services
The work we do to deliver our essential services each and every day.

- Water
- Waterways
- Sewerage
- Catchment management
- Drainage

Our Strategic Goals

Resilience
The work we do to build resilience and strengthen our existing services.

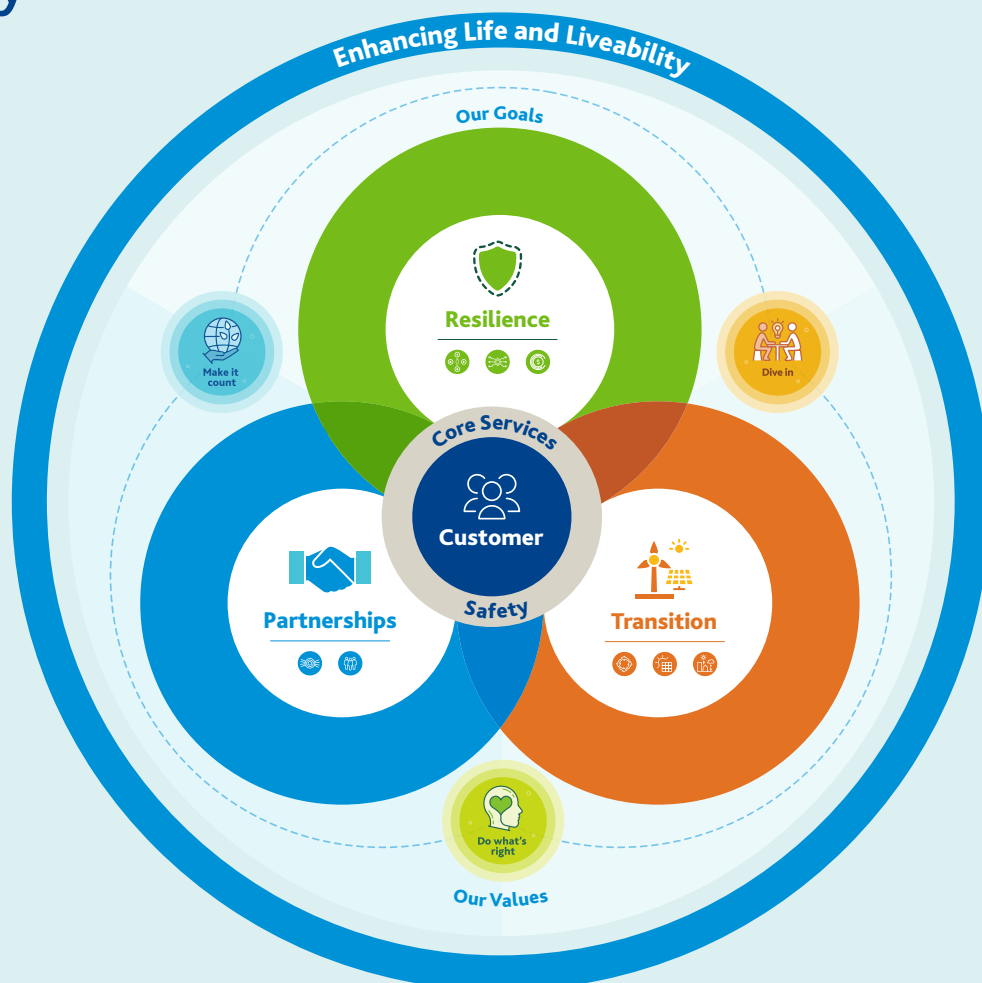
- Keep our core services strong
- Fit for the future
- Financial strength

Transition
The proactive work we do, transforming our system to manage future demands.

- Play a stronger role in resource recovery and deliver more recycled water
- Boldly progress towards decarbonisation
- Focus on New Water and Integrated Water Management

Partnerships
The work we do with internal and external partners in support of a thriving community and country.

- We will walk Country together
- Building influential relationships



Delivering on Water for Victoria

The Victorian Government's overarching Water for Victoria strategy provides the water industry with a clear set of priorities for delivering services into the future. Melbourne Water's Corporate Plan highlights where our priorities deliver on actions within 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.

For more information on *Water for Victoria* visit the [DEECA website](https://www.water.vic.gov.au/about-us/water-for-victoria)¹.

Driving sustainability

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

We are signatories to the United Nations Sustainable Development Goals (SDGs) and are focused on driving the business towards best practice in sustainability. We are actively building our sustainability capabilities to further integrate our approach in line with stakeholder expectations today and as they evolve into the future. Further information on the SDGs can be found at [United Nations Department of Economic and Social Affairs Sustainable Development website](https://sdgs.un.org/goals)².

Sustainable Development Goals

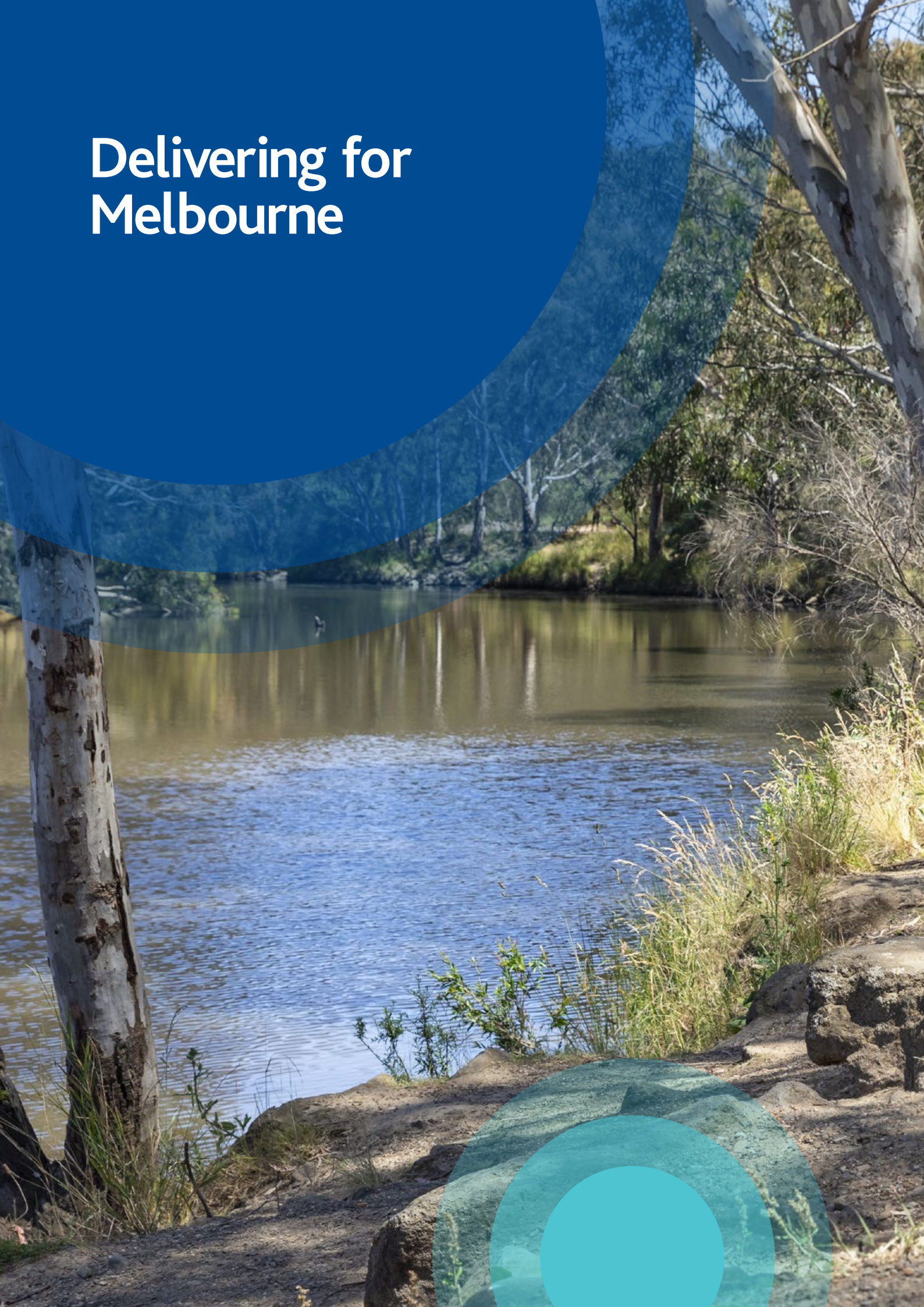
	No Poverty		Reduced Inequalities
	Zero Hunger		Sustainable Cities and Communities
	Good Health and Wellbeing		Responsible Consumption and Production
	Quality Education		Climate Action
	Gender Equality		Life Below Water
	Clean Water and Sanitation		Life On Land
	Affordable and Clean Energy		Peace, Justice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



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

² <https://sdgs.un.org/goals>

Delivering for Melbourne





Resilient and liveable cities and towns

What we do now

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

Central to Melbourne Water's remit is the provision of safe and reliable water and sewerage services for Greater Melbourne. Many strategies require close collaboration with our customers and stakeholders to enable the delivery of expected outcomes, including the CGRSWS, *Water is Life*, *Water for Life*, *Melbourne Sewerage Strategy*, *Healthy Waterways Strategy 2018* and the *Flood Management Strategy Port Phillip and Westernport 2021–2031*.

Securing water for all Melburnians

Melbourne Water remains committed to continuing our work alongside DEECA and our customer delivery partners (Melbourne's retail water corporations and local government) to deliver actions from the CGRSWS and *Water for Life*.

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

Investing for a growing city

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

Currently, the Western Treatment Plant treats over 60 per cent of Melbourne's sewage and manages 200 billion litres of sewage per year. The Resource Recovery and Re-Use Complex (RRRC), announced by Melbourne Water in 2024, aims to increase this capacity by 50 per cent. In addition, the RRRC will enhance the resilience of the sewerage system, advance resource recovery and assist in progressing Melbourne Water's path to net zero by improving the site's solids treatment process. The RRRC will be delivered by John Holland Group, a key delivery partner, and aims to be fully operational in 2029.

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

Shaping Melbourne

Supporting planning for land and water in priority housing locations

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

We have developed a *Housing Statement* Roadmap to guide our activities and outline our commitment to support the government's Housing Statement. We have been working hard to support the commitment to deliver an additional 60,000 homes in established suburbs. So far, we have evaluated flood risk and water infrastructure across the initial 10 activity centres and provided information to the Victorian Planning Authority for opportunities to increase housing growth in safer locations and to leverage infrastructure planning and investment to improve outcomes for water. We also provided broader flood information to assist the development of *Plan for Victoria*.

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

We will review the additional 50 train and tram activity centres announced by the government last year, which aim to deliver 300,000 homes in these locations. To assist, we have developed a Water Oriented Precincts Framework. This framework aims to identify opportunities to respond to flood hazard and for the broader water cycle to implement IWM outcomes into precinct structure planning, governance frameworks and collective effort across public and private land as the precincts develop.

Melbourne Water also aims to increase our strategic land use planning capacity to proactively assist councils with planning scheme amendments, structure planning for activity centres and municipal residential development plans and frameworks. Melbourne Water can leverage our updated flood information to maximise housing in safer locations and strategically identify land use and critical infrastructure in areas with flood and sea level rise hazards. It is envisaged this work will be a key input for planning authorities and other authorities to respond to directions in the *Climate Change Act 2017* and changes to the *Planning and Environment Act 1987*.

Melbourne Water continues our key drainage and floodplain management role supporting the planning and delivery of new communities through structure planning and infrastructure provision for growth areas. This important role ensures new infrastructure is funded, designed and constructed to deliver a broad range of water services and outcomes. This work is fundamental to achieving the government's aim of building 180,000 new homes in the greenfield areas over the next 10 years. We will continue to examine opportunities to increase our IWM outcomes through precinct structure planning and consider how IWM can contribute to broader water outcomes across our city.

Circular economy outcomes

Melbourne Water continues to play a role in circularity and decarbonisation, providing benefits and adding value to our services, the environment, the economy and the community by reusing biosolids, using recycled water and using waste to generate electricity through the sewage treatment process.

We also continue to contribute to the circular economy through the re-use of biosolids from the Western Treatment Plant, with a three-year rolling average of 70 per cent re-use from the site. We have a target of 40 per cent re-use of biosolids from the site by 2025 and 100 per cent by 2030. We are on track to achieve these targets.

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

Melbourne Water will continue to work with partners and stakeholders to maximise the value of our sewerage network to contribute to the circular economy. We will do this by actively developing opportunities that further integrate services, for example working with Greater Western Water, DEECA and Southern Rural Water on the Werribee Reconfiguration project. This project has the potential to unlock a range of benefits across the Werribee region, including environmental flow benefits for the Werribee River, a secure and reliable source

of irrigation water, the return of water for Traditional Owners and urban water benefits. This can be achieved through the provision of high-quality, high-reliability recycled water from the Western Treatment Plant, which will reduce future demand on our water network. A preliminary business case has been completed, and a funding submission has been made to the National Water Grid Authority for co-funding of the detailed business case. The results of the funding application is due by mid-2025.

Integrated water management

Collaborative strategies for IWM

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

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

Melbourne Water is currently working with government partners to progress implementation and planning and regulatory framework system changes to support the water infrastructure identified in the *Water Sensitive City Strategy* for Fishermans Bend. This work includes participation in the Development Contributions Plan Planning Scheme Amendment Precinct Standing Advisory Committee and the Smart Rainwater Tank Governance Working Group led by DTP.

IWM Forums

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

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

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

In 2024, the IWM Forums released five catchment-scale IWM Action Plans that cover Melbourne Water's region. These plans represent an agreed collaborative forward direction through a suite of actions that deliver the greatest advances towards the agreed strategic outcomes of the IWM Forums. Melbourne Water is leading 14 of the 135 actions and is a collaborative partner on a further 51 actions.

The action plans are used to inform prioritisation and support for catchment investments for projects using an IWM approach. They are delivered in a transparent and evidence-based manner to optimise the delivery of outcomes at the catchment scale, rather than at an individual organisational scale.

In addition to the action plans, the Forums also prepared an *IWM Monitoring, Evaluation, Reporting and Improvement (MERI) Plan* that was developed by the IWM Forum partners to guide the demonstration of progress against the performance targets of the seven strategic outcomes. This year will be the first year of MERI reporting.

The catchment-scale IWM 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 projects:

- Monbulk Creek Smartwater Network**
 This pilot research project by Melbourne Water, Yarra Ranges Council, South East Water and University of Melbourne explores new technology to manage rainwater tanks in real time to provide water supply to homes, water to urban streams to protect platypus habitat and to reduce local flooding.
- Living Links in the Dandenong Catchment**
 Led by Melbourne Water, this program is a collaborative partnership with 10 councils, Bunurong Land Council Aboriginal Corporation, South East Water, Projects Victoria and DTP with a vision to create 'an urban web of green where people and nature connect'. The project is linking up parks, reserves and other natural spaces across Melbourne's south-east to create a living link of spaces where people and nature meet, with urban cooling and greening spaces for the community.
- Sunbury Stormwater Harvesting scheme**
 The scheme is a collaborative project by Melbourne Water, Greater Western Water, Hume City Council and DEECA to harvest up to 3.8 gegalitres per year in excess stormwater from the Sunbury growth area to reduce pressure on drinking water supplies, provide alternative water for multiple uses (irrigation of parks and sports places, urban cooling, environmental flows) and protect local waterways, fauna and flora, such as platypus habitat.

Melbourne Water is working collaboratively with forum partners to identify better alignment of IWM planning and activity centre planning to deliver blue-green outcomes in the private and public realm and developing an action plan for consideration by the IWM Forum members.

IWM Framework development

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

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

Water efficiency

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

Education for water efficiency

Melbourne Water is committed to continuing community education on water issues and fostering a water efficient society. We continue to work closely with Melbourne's retail water companies to promote efficient water use through public awareness campaigns, such as the Make Every Drop Count behaviour change campaign and the Target 150 program. Our community awareness programs have contributed to Melburnians using much less water per person than they did 20 years ago - down from 247 litres per person per day in 2000-01 to 163 litres per person per day in 2023-24.

Target 150

The CGRSWS sets a new residential water use target for Melbourne of 150 litres per person per day. To achieve this target, Melbourne Water will continue working with government and the water sector to invest in water efficiency measures to help reduce current demand and meet future demand for water, together with augmenting the supply system with new water supplies.

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

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

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

Melbourne Urban Stormwater Institutional Arrangements

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

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

Our long-term plan

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

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

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

The strategy outlines regional objectives and priority actions for flood risk management within the region. The strategy's objectives are:

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

Guided by the *Flood Management Strategy Port Phillip and Westernport 2021–2031* our flood risk management work is focused on five key areas:

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

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

In line with the *Melbourne Sewerage Strategy*, we will continue to progress with strategic short-, medium- and long-term planning for our Eastern Treatment Plan 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 futureproofing our systems and assets.

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

As the PPWCMA, we will continue to co-deliver the *Regional Catchment Strategy* by working in partnership with Traditional Owners, partners and the community to protect and enhance our region's land, water and biodiversity through integrated catchment management approaches.

The year ahead

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

We will continue to build a program to revise and update the flood modelling for the Port Phillip and Westernport catchments. This program will ensure our flood modelling reflects the rapidly evolving science on climate change and Melbourne's growth.

We continue to partner with councils across our region to update flood information and will begin to publicly release the new information, supported by comprehensive community engagement, over the year ahead. We will support the VICSES to update emergency plans with this new information and work with planning authorities on streamlined approaches to get this new information into planning schemes.

Additionally, we will collaborate with the University of Melbourne in the final year of our five-year partnership to deepen our understanding of community perceptions of and preparedness for flood risk. Through this initiative, we will engage with 4500 households in Melbourne and conduct 4500 follow-up engagements, strengthening relationships with community members and learning from their experiences to inform future flood risk communication and preparedness efforts.

Next year, Melbourne Water will also continue to:

- collaborate with our partners and the community to enhance the resilience of our catchments and waterways to climate change and urbanisation. We will pursue funding and partnerships to implement biodiversity conservation programs across the region

- deliver on commitments outlined in *Waterways of the West and Burndap Birrarung burndap umarkoo (Yarra Strategic Plan) 2022–2032*
- play our role in actioning the CGRSWS
- play a leading role in the implementation of the actions stemming from *Water for Life*
- deliver CMA projects and programs in line with our responsibility as the PPPWCMA
- report on implementation of *Healthy Waterways Strategy 2018* and generate the Annual Catchment Condition Report for the Port Phillip and Westernport region, which is a requirement of the *Catchment and Land Protection Act 1994* (CaLP Act)
- collaborate with DTP to embed water orientated planning outcomes through the *Housing Statement* activity centre program and major projects.

Delivering on



Water for Victoria chapter

5



Customer, community and engagement

What we do now

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

We work closely with our water corporation partners to deliver water and collect sewage from households and businesses across the Greater Melbourne region. Each year, we deliver about 450 billion litres of water and treat almost 390 billion litres of sewage from Melburnians through retail water corporations.

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

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

Community groups, councils and government agencies collaborate and partner with us to enhance and manage environmental assets, including about 25,000 kilometres of rivers and creeks and 490 wetlands.

Our price submission sets our customer-centric focus. As part of the *2021 Price Submission*, we developed six customer outcomes in collaboration with our customers and community. These outcomes outline our performance commitments for 2021-26, with results reported publicly each year:

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 by coordinating the actions from the *Regional Catchment Strategy* together with partnering organisations and groups.

Delivering for our customers and communities is at the heart of everything we do. As we continue to evolve as an organisation, we are looking to new ways to be customer-centric, respectful and transparent. Currently, we are developing our *2026 Price Submission*, engaging deeply with our customers, communities, partners and authorisers to ensure the services, investments, prices and performance commitments we make reflect the voice of customers.

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

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

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

Customer Service Centre

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

We have recently introduced mechanisms and measures to further understand how customer experience rates with our customers through the Customer Service Centre. This is an independent benchmarking program (run by CSBA). This work is in line with one of the independent benchmarking studies by the Essential Services Commission (ESC) as part of customer experience and satisfaction under the Performance, Risk, Engagement, Management and Outcomes (PREMO) framework for Victorian water corporations. In 2024, our Customer Service Centre was ranked number one for the Utilities sector and number four out of all sectors, demonstrating our commitment to customer service excellence.

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

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

Expanding our digital customer experience

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

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

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

Urban Planning and Development Strategic Collaboration Group

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

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

The membership of the group includes sector representatives from state government departments, agencies, local government, the development industry, and consultants and their representative organisations.

In June 2024, four working groups were established to focus on planning and development improvements activities and are considering application processes and timeframes, self-certification options, unlocking drainage infrastructure, review of the application of afflux and climate change and flood policies.



Customer data protection and protection from harm of family violence

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

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

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

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

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

Community engagement

Melbourne Water continues to define our community engagement through six engagement principles: transparent, timely, meaningful, considered, inclusive and reflective.

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

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

- implementation actions in support of the *Flood Management Strategy* to build community resilience and awareness of flood risks and take proactive action to be ready for flood events
- delivery of a range of strategic engagement and educational activities to raise awareness of our Western Treatment Plant and Eastern Treatment Plant, including the online community hub, Let's Talk
- delivery of an 'engagement always on' approach to key precincts in our operating area, such as Patterson Lakes, Koo Wee Rup Longwarry Flood Protection District and Spotswood
- extensive social research, deliberative community engagement, intensive stakeholder engagement programs and strategic communications for the 2026 Price Submission
- an extensive infrastructure delivery program, including the Elwood Main Drain Duplication, North Yarra Main Sewer Rehabilitation and Western Trunk Sewer with targeted engagement with local communities
- a continuous improvement program to embed the customer's voice earlier in the asset planning process, increasing value while also reducing risks for our customers through our infrastructure delivery program.

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

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

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

Building strong relationships and partnerships

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

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

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

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

Additionally, a customer service framework aligned to core services has been implemented to give us more targeted actions for improvement. As part of our PREMO framework reporting obligations to the ESC and *2021 Price Submission*, our customer satisfaction scores need to demonstrate consistent improvement over the five-year price submission period.

Working together on flood education

Melbourne Water and VICSES are working together on a joint community flood education program for the Greater Melbourne area. Melbourne Water and VICSES both have responsibility as lead agencies for developing and delivering the community awareness and preparedness program under the Flood Management Strategy *Port Phillip and Westernport 2021–2031* (Focus Area 2 - 'Empowering Communities').

The program aims to improve awareness of flood risk, with a focus on high flood risk areas, and improve knowledge of how to take appropriate protective action in the event of a flood. The program includes a mix of tools and tactics to cater for different audiences. A focus on broad strategic communications promotes awareness and preparedness messages and improved information materials to a wide audience through digital engagement.

In addition, targeted community engagement activities are planned for high flood risk communities, which we will seek to co-develop and deliver in partnership with councils. The program is intended to be rolled out over the duration of the action plan to 2026.

Water literacy

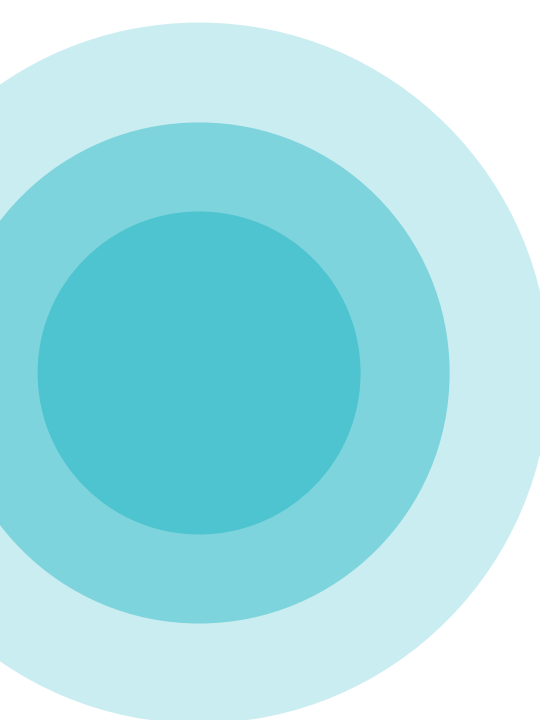
To improve the water literacy of all Melburnians, Melbourne Water adopts an evidence-based approach and behaviour change framework to connect and engage with customers.

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

Water literacy will continue to be measured through community research and insights gathered on a quarterly basis and via our annual water issues survey.

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 partnerships to progress towards these outcomes. Actions have been built into each of our service strategies to ensure we deliver on these outcomes.

The water literacy program will continue to educate the community and encourage participation in water-saving initiatives at home and in communities.



Our long-term plan

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

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

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

The year ahead

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

We will work to enhance our permit services customers' end-to-end experience and service by developing a digital experience roadmap to improve our online platforms and capabilities and streamline customer access to the information and services they need.



2026 Price Submission

A key priority for Melbourne Water in 2025 is developing and delivering our *2026 Price Submission*. Outlining the services, performance commitments, investments and prices for the next five years, the submission must be representative of customer priorities. To do this, we are delivering a multi-faceted engagement program that embeds the voices of our partners, customers, Traditional Owners, government and communities into all elements of our submission.

Our 2025 program of engagement builds on the extensive program delivered in 2024, which included:

- establishing the Water Corporation Forum (seven meetings held between April and December)
- running 12 deliberative community panels sessions
- hosting seven customer-demographic focus groups
- conducting two surveys with direct-service customers
- conducting 20 interviews with licensed diverters
- hearing from over 2000 people from across Greater Melbourne through three customer surveys.

In 2025, our engagement program for the submission will intensify. Throughout the year, we will continue to hold regular forums with our water corporations, host three separate community panels, manage community forums with direct service customers, engage directly with Traditional Owner Corporations and work in collaboration with developers, environmental community organisations and other stakeholders to finalise our submission proposal.

Delivering on



Water for Victoria chapter

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Climate change and energy

What we do now

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

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

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

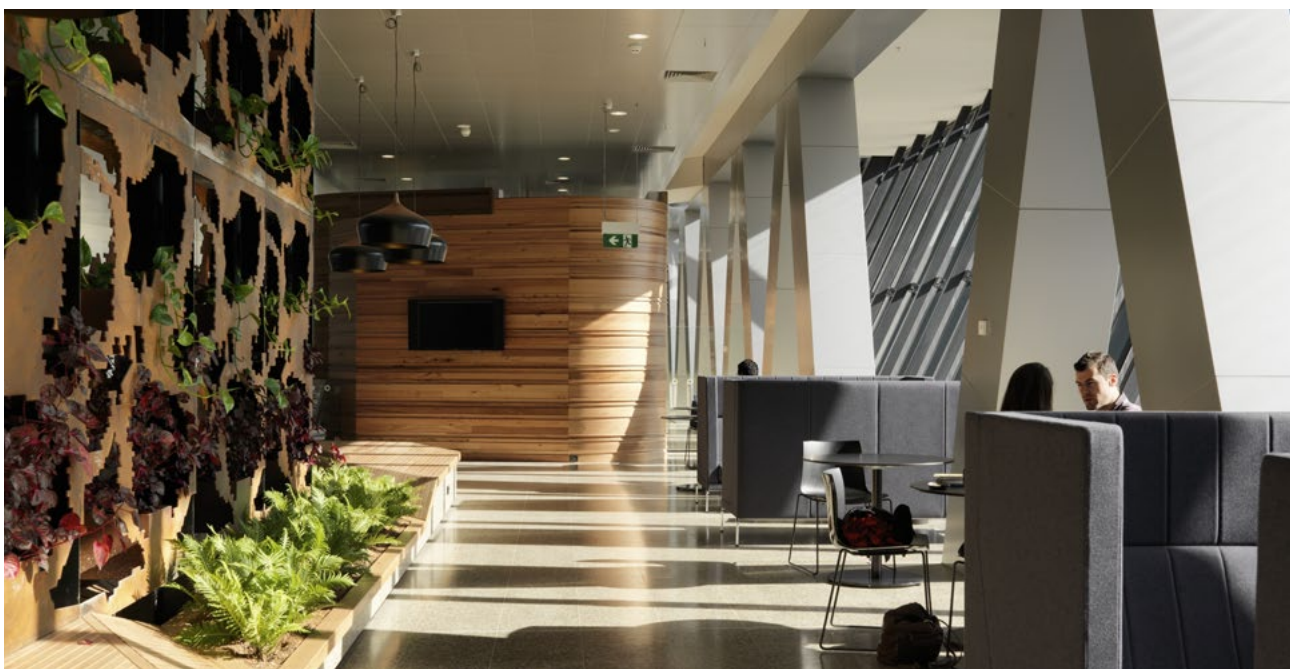
An ongoing program of improvements to capability and processes supports our ability to deliver the changes and innovations set out in the service strategies. We are building collaboration with local government and Melbourne's retail water corporations to support regional capability and align efforts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

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

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

In the short term, Melbourne Water aims to:

- continue integrating emissions reduction and climate adaptation goals and information into standard processes, including for assets, safety and risk foresight
- develop a strategic approach to scope 3 emissions that improves measurement and continues our research and learning collaborations with suppliers and industry to reduce 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 to engage with state regulators to contribute information to overarching state planning and policy
- apply good practice frameworks for transition planning to continue to increase our capacity and effectiveness in emission reduction actions.



Water

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

Sewerage

- Increased severity and frequency of extreme weather events will require further resilience in our infrastructure to manage increased average peak wet weather flows and stress on existing infrastructure.
- Melbourne Water will require investment in treatment plant resilience at both the Western Treatment Plant and Eastern Treatment Plant to manage a changing climate and respond to both threats and opportunities; we are investigating risks and options to adapt. Treatment plant transformation can be designed to deliver long-term resilience and reduce emissions for maximum public benefit.
- 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 of effluent entering Port Phillip Bay.
- Potential climate scenario impacts have been modelled for the sewer transfer system. The *Guidelines for the Adaptive Management of Wastewater Systems Under Climate Change in Victoria* help inform the broad range of climate hazard types explored as we develop strategic plans for the Eastern Treatment Plant and Western Treatment Plant.

Drainage

- Climate change increases the risk and impacts of flooding, with varying impacts to urban and rural areas. Through our Flood Strategy Action Plan, we will apply 2100 high emissions scenario 1% Annual Exceedance Probability (1% AEP) climate change factors to modelling and mapping to inform all future planning scheme amendments.
- Sea level rise and coastal erosion create new flood hazards, while flash flooding is expected to rise due to increased rainfall intensity.
- The safety, resilience and wellbeing of the community is at the forefront of our work, and we have responsibilities to inform and support the community in relation to flood risks.
- We are working in partnership with the Victorian Government and others to build a better understanding of flood impacts within the community.

Waterways and catchments

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

Our path to net zero

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

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

1. A reduction to 204,380 tonnes CO₂-e by 2025 (which represents a 50 per cent reduction of our average emissions between 2011 and 2016).
2. Achieve 100 per cent renewable energy target by 2025-26.

Melbourne Water is on track to achieve our target to be using 100 per cent renewable electricity by 2025-26 through a range of on-site renewable energy projects, supported by our existing long-term green retail electricity contract. Plans for future on-site renewable energy generation and storage will be assessed based on each site's electrical reliability needs and a comparison to the cost of grid-sourced renewable electricity.

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

While we build the technical and scientific knowledge required to avoid direct wastewater emissions at the source, we will be purchasing high-integrity carbon offsets to offset our emissions in the short term in line with Victorian Government expectations.

Melbourne Water Energy Plan

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

Our plan is structured into three horizons:

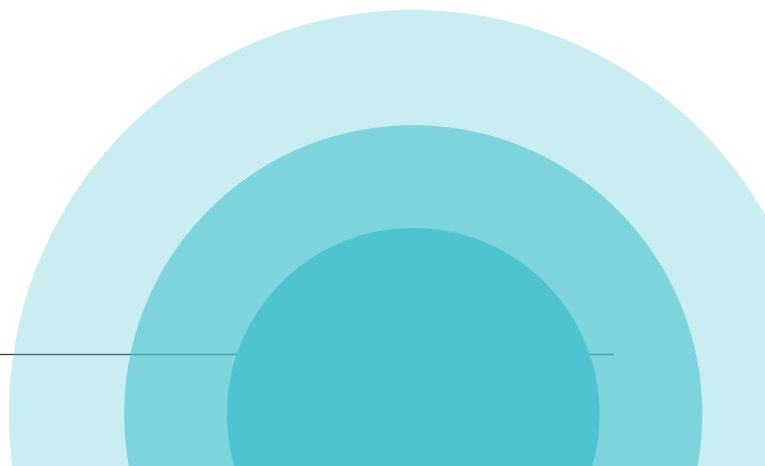
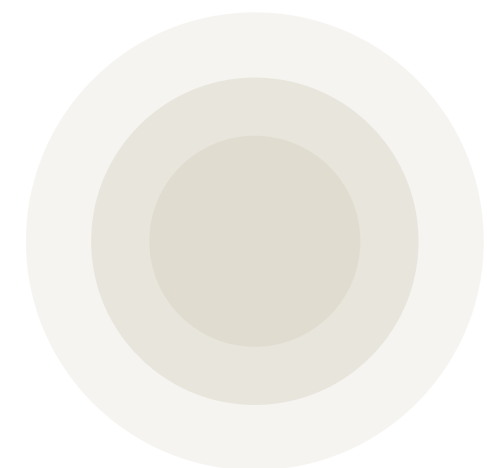
1. Optimise performance.
2. Set up for future energy needs.
3. Maximise long term asset value.

Underpinning this work are changes to build our capability in the energy space and core projects that are fundamental to enabling delivery.

Melbourne Water currently consumes around 1 per cent of the Victorian electricity load and 0.6 per cent of retailer AGL's national electricity load at a cost of about \$40 - 50 million per annum with material increases in demand expected over the coming years.

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

The 26 generation units, with a capacity of 79 megawatts and owned by Melbourne Water, offset about \$8-10 million per annum of the AGL cost and support the efficient running of the Eastern Treatment Plant and Western Treatment Plant.



Energy transition

The energy transition is fundamentally changing Australia's energy markets. Unprecedented investment is required across the energy system to meet future needs.

The long-term AGL retail contract currently insulates Melbourne Water from the energy market through a higher fixed price, highly flexible arrangement and net metering arrangement. This contract is arranged to expire in 2030, and Melbourne Water needs to be prepared to engage with the energy markets on a more contemporary basis or pay a very material premium for service.

Melbourne Water relies on network connections for the import and export of electricity. However, with the connections at our larger sites limited in capacity to expand consumption, production or export until planned upgrades (66 kilovolts) are completed.

Victorian carbon offsets

Melbourne Water is developing a suite of small carbon forests in the Port Phillip and Westernport region, including new plantings in water supply catchments and a pilot project in partnership with a private landholder, Yarra Valley Water and Greater Western Water. We are also partnering with water corporations across the region to explore how to develop more carbon-offset generating projects across Victoria and explore how they could also provide biodiversity outcomes.

Managing the increased effects of flooding

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

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

Responding to the flood review

After the October 2022 floods, the Pagone Review provided recommendations to update flood modelling more frequently and to take account of best estimates of climate change when setting flood levels for planning and development decisions. These recommendations were supported by the Parliamentary Inquiry into Victoria's floods.

In April 2024, we released new flood modelling for the lower Maribyrnong River and have recently commenced a mitigation study to assess long-term sustainable flood mitigation solutions and which will be supported by a comprehensive community engagement program. We have supported VICSES to update flood emergency plans with the new information and are now working with relevant planning agencies to update planning scheme controls.

In October 2024, Melbourne Water published a 12-month community update on our progress to implement all 15 of the Pagone Panel's recommendations. Seven recommendations have now been met or are embedded as standard practice for ongoing implementation. The remaining eight are on track for completion.

We continue to work with VICSES to transition the riverine flood forecasting service, due for handover in mid-2026.

Table 1: Melbourne Water Forecast Electricity Usage

Forecast Electricity Usage	Unit	2025-26	2026-27	2027-28	2028-29	2029-30
Total Projected Electricity Use ¹	MWh	385,000	385,000	390,000	395,000	400,000
Total Projected Renewable Annual Electricity Use ²	MWh	385,000	385,000	390,000	395,000	400,000

Notes:

- The decrease in projections from the 2024-25 Corporate Plan is due to Melbourne Water undertaking a high-quality forecast in preparation for the 2026 Price Submission, which identified changes in both the consumption and production profiles that have contributed to an improvement in our energy and respective emissions growth profile.
- In 2022, the Victorian Government issued an updated Statement of Obligations (Emission Reduction) stating that: "In accordance with the whole of Victorian Government emissions reduction pledge released in May 2021, Corporations must source 100 percent of their electricity from renewable sources by 2025". Melbourne Water will satisfy this obligation through a combination of mandatory Large Renewable Energy Targets, production and consumption of self-generated renewable electricity, and the purchase and surrender of Renewable Energy Certificates.

Coastal hazard advice and asset risks

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

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

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

Our long-term plan

By 2030, Melbourne Water aspires to:

- have a portfolio of approaches to achieving our obligations, 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.

Over the long term, Melbourne Water is seeking to be a competent energy market participant and partner with other participants, including retailers, generators, developers and demand managers to minimise costs and maximise value.

The year ahead

We will initiate Stage 6 of the VRC 2100+ guidelines. This stage involves planning and implementation of long-term solutions using results from Stages 1 to 5 of the Western Treatment Plant Coastal Hazard Assessment and Adaptation Planning project (which assessed coastal hazards, understood vulnerability and risk, adaptation actions and pathways). The first draft of the plan is due for completion by the end of 2025.

Projects to protect two critical locations along the Western Treatment Plant shoreline from coastal erosion are currently in progress. At Lake Borrie, the hybrid revetment expansion and rock sill are in tender and due for completion in early 2026.

Emergency works at 115 East at the Western Treatment Plant were completed last year. Subject to approval, the construction of new protection works will commence in late 2026 with an expected finish date in early 2028. Concept design will also start this year for two other locations at risk of coastal erosion (DP7 and 85WB).

Delivering on



Water for Victoria chapter

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Recognise Aboriginal values

What we do now

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

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

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

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

Developing formal commitments

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

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

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

Our priority is to have trusted relationships with Traditional Owners, who are informed and active participants in the work we do. Melbourne Water is seeking to better understand the priorities and aspirations of Traditional Owners, establish mutual understanding of each other's strategic priorities and to increase capacity and resources for Traditional Owners to engage with and participate in our work.

Reconciliation Action Plan

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

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

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

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

We are currently finalising our first Stretch RAP and aim for endorsement by Reconciliation Australia by May 2025.

Procurement plans

Melbourne Water continues to integrate the social procurement framework within procurement activity. Creating opportunities for Victorian Aboriginal people is a prioritised objective within social procurement planning.

Our Procurement Policy places sustainability and social impact considerations at the centre of procurement activity, and we ensure our buying power advances social, economic and environmental objectives.

To enhance the decisions that support our Social Procurement Plan, we promote the capability of Victorian Aboriginal businesses to meet their requirements for goods or services. When tendering for major contracts we strongly encourage bidders to make social procurement commitments, including their utilisation of First Peoples' businesses as suppliers or approved sub-contractors within project delivery.

Implementing these policies and associated social procurement plans has led to a significant increase in our Traditional Owner organisation and Aboriginal business spend, both for direct purchasing of services and indirectly through major works programs.

As part of our RAP, we are committed to monitoring performance against purchasing targets as a measure of positive impact and rolling out continuous improvements to the procurement process and procedures, aimed to grow social value through our supply chain.

Supporting recruitment and training

Melbourne Water is committed to increasing Aboriginal and or Torres Strait Islander employee representation each year by creating employment opportunities in culturally safe environments.

The following six key initiatives will enable us to explore and implement strategies that support this commitment:

1. Strategically identifying and establishing dedicated roles across the organisation.
2. Developing employment pathways for Aboriginal and Torres Strait Islander employees.
3. Intentionally attracting and recruiting Aboriginal and Torres Strait Islander candidates.
4. Developing Melbourne Water people leaders to ensure the recruitment and on-boarding experience is optimal, and culturally safe for Aboriginal and Torres Strait Islander candidates.
5. Developing clear longevity and tenure strategies for current employees.
6. Improve our collection and analytics of intersectional data related to Aboriginal and Torres Strait Islander employees.

Melbourne Water also engages labour hire contractors via the Victorian Public Sector Staffing Services Panel. All our agency partners strive to shortlist candidates who identify as Aboriginal or Torres Strait Islander.

Our long-term plan

As part of Melbourne Water's long-term plan, we will:

- develop and implement formal Partnership Agreements with our Traditional Owner partners
- increase capacity and resources to better support Traditional Owner engagement and participation in our work
- support government policy actions that seek returning water to Traditional Owners for self-determined uses, including specific projects, and set potential volumes to be returned
- support DEECA and Traditional Owners to deliver projects that include water infrastructure, IWM, manufactured water and other water efficiency opportunities.

The year ahead

During the year ahead, Melbourne Water will undertake the following actions:

- continue implementation of Partnership Agreements with GLaWAC and Wadawurrung through steering groups or similar activities with Traditional Owners, focusing on self-determination and caring for Country
- commence implementation of our Stretch RAP
- continue to deliver our three-level cultural awareness training program and drive cultural safety outcomes
- continue to work toward the development of the 2026 *Price Submission* to fund Traditional Owner self-determined engagement and participation in our work
- work collaboratively with Wurundjeri Woi-wurrung with an aim to officially sign formal agreements
- promote our goal of 'We will walk Country together' and communicate the structure for our leader's forum, partnership steering groups and cultural advisory group.

Delivering on



Water for Victoria chapters



Waterway and catchment health

What we do now

In 2022, Melbourne Water was appointed the Catchment Management Authority for the Port Phillip and Westernport region, building on our existing role as the waterway manager. Our obligations as the catchment and waterway manager for the region enables an integrated catchment and waterway management approach to how we plan and manage land, water and biodiversity, recognising the aspirations of Traditional Owners and the expectations of the community.

Our catchment and waterway management role is supported by two overarching strategies, the *Regional Catchment Strategy* and the *Healthy Waterways Strategy*.

Regional Catchment Strategy

The Port Phillip and Western Port *Regional Catchment Strategy* is the overarching plan for how land, water and biodiversity is protected and enhanced across the Port Phillip and Westernport region.

It broadly describes these management activities, highlights the connections between them, and identifies targets for the future health and resilience of the region's environment. The strategy is intended to foster integration, efficiency and effectiveness.

The Natural Resource Management Action Plan has been developed to complement the *Regional Catchment Strategy*. The Action Plan identifies and prioritises natural resource management assets, values and actions, recognising Traditional Owner aspirations for land and sea Country management, as well as community and stakeholder expectations.

The Action Plan identifies:

- how actions will contribute to federal and state government investment priorities
- how these actions will be implemented with comprehensive community participation
- the key collaborations and partnerships for delivery
- the monitoring and reporting processes that will be utilised to measure the achievements and effectiveness of the plans.

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

Healthy Waterways Strategy

The [Healthy Waterways Strategy 2018-2028](https://healthywaterways.com.au/)³ is the region-wide plan to protect and improve the health of rivers, wetlands and estuaries across the Port Phillip and Westernport catchment. It reflects the aspirations and expectations of Traditional Owners, communities and stakeholders, statutory obligations and the desire to achieve long-term protection and enhancement of the region's waterways.

The Healthy Waterways Strategy has undergone a mid-term review, assessing:

- changes to the trajectory of waterway values across the region, the state of current threats to waterway conditions and knowledge gaps
- progress and factors influencing implementation of the Strategy and the likelihood of meeting 10-year Performance Objective targets.

The mid-term review also looked at how external influences have changed since 2018 when the Strategy was developed, such as climate forecasts and new policies and guidelines, and how these changes may impact the ability to meet Strategy targets. The review provided recommendations for the remainder of the Strategy (July 2024 to June 2028) and will inform development of the next Strategy.

³ <https://healthywaterways.com.au/>

Informed by the mid-term review recommendations, Melbourne Water, as lead agency and facilitator of the *Healthy Waterways Strategy*, will:

- Provide support to the Region-wide Leadership Group responsible for overseeing the strategic direction and delivery of the Healthy Waterways Strategy across delivery partners.
- Facilitate co-delivery of the Strategy with Traditional Owners, state government, local government, industry and community partners, responding to recommendations in the mid-term review to:
 - refocus effort in critical areas
 - reinvigorate co-delivery between strategy partners
 - enable Traditional Owner-led input to review processes and implementation
 - accelerate delivery of stormwater and pollution management targets
 - improve protection of natural wetlands and headwater streams
 - coordinate efforts across agencies to deliver water for the environment
 - find new ways of working with private landholders on vegetation management and deer control
 - expand understanding, assessment and improvement of social values.
- Report on and undertake adaptive management of the Healthy Waterways Strategy through the Waterways and Drainage Investment Plan, including establishing and managing vegetation, constructing and upgrading fishways, managing pollution, stormwater harvesting and infiltration, pest and litter management, recreational access to water and creek naturalisation.

Biodiversity Conservation Action Plan

A Biodiversity Conservation Action Plan (BCAP) has been developed to guide biodiversity protection, management and enhancement actions and projects over the next five years and is considered a sub-plan of both the Regional Catchment Strategy and the *Healthy Waterways Strategy*.

The BCAP aligns and focuses the efforts of Melbourne Water in biodiversity protection and enhancement across the Port Phillip and Westernport region, including:

- detailed spatial priorities for biodiversity investment by Melbourne Water and its partners
- organisational objectives and actions that will help to embed biodiversity protection and conservation into business as usual across Melbourne Water.

Delivering on our catchment and waterways strategies

Collaborative governance

The *Regional Catchment Strategy* is governed through a Catchment Partnership Agreement, renewed every four years. This Agreement outlines how regional catchment partners will work together to strengthen coordination, collaboration and accountability for integrated catchment management across the Port Phillip and Westernport region.

Catchment Partnership Agreements are a Victorian Government initiative under the *Our Catchments Our Communities Strategy* (Goal 4) and support implementation of *Water for Victoria* (Chapter 3 Waterway and Catchment Health).

The Catchment Partnership Agreement for the Port Phillip and Westernport region has expired, and a new four-year Agreement is currently being developed.

The *Healthy Waterways Strategy* is overseen by the Region-wide Leadership Group, comprising an independent Chair and the key organisations with legislated waterways management obligations in the region (DEECA, Melbourne Water, Parks Victoria, EPA Victoria and local government). This Group provides strategic advice to support effective implementation, adaptation and reporting, as well as providing a forum for collaborating on issues and opportunities across the region.

The focus of the Region-wide Leadership Group over the coming years is focused on the mid-term review recommendations.



Programs that support delivery of our strategies

Regional Delivery Partner for the Port Phillip and Westernport region

Melbourne Water leads the Regional Delivery Partners Program in the Port Phillip and Westernport region, focused on environmental protection, sustainable agriculture and natural resource management services on behalf of the Australian Government.

Through the Regional Delivery Partners program, Melbourne Water will:

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

Burndap Birrarung burndap umarkoo - Yarra Strategic Plan

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

The plan aligns strongly with Melbourne Water's vision, values and strategic goals, prioritising the importance of collaboration, identifying opportunities for transformative change in addressing future challenges and incorporating Traditional Owner cultural knowledge and values.

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

As lead agency, Melbourne Water works with our partners to maintain awareness of current and planned activities in the corridor. We ensure that 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.

To better achieve the intent of the plan and the *Yarra River Protection (Wilip-gin Birrarung murrnong) Act 2017*, we continue to enable transformative projects that will embed higher levels of collaboration, increase involvement of Traditional Owners in decision-making and put the Birrarung at the centre of planning decisions. Delivery of the collaborative Greening the Birrarung and Birrarung Parklands transformative projects will be key priorities over the next two to three years. Development of the next three year-implementation plan, for the period 2026–29, will commence in the second half of 2025.



French Island: Creating a wildlife safe haven

Located within the internationally significant Westernport Ramsar site, French Island is a sanctuary for Victorian wildlife. The combination of isolation, location and absence of the European Red Fox sets French Island apart from other important biodiversity conservation areas in Victoria. Home to over 230 bird species, including the White-bellied Sea Eagle, King Quail and the Orange-Bellied Parrot, French Island boasts a rich ecosystem. The island supports a large population of the Long-nosed Potoroo, as well as the recently introduced Eastern-barred Bandicoots.

Of the native species on the island, 23 are threatened with extinction and many of the native species are highly susceptible to predation by feral cats. As the CMA for Westernport, Melbourne Water and its partners have worked over a number of years to create a wildlife safe haven by controlling the feral cat population and protecting the island from other invasive species.

This project is funded by the Australian Government Natural Heritage Trust and Saving Native Species delivered by Melbourne Water, a member of the Commonwealth Regional Delivery Partners panel. Melbourne Water also contributes through our biodiversity fund. The project team will ramp up efforts next year to make French Island a wildlife safe haven by June 2028.

All available tools, including trapping and shooting, are being used to achieve this goal and wildlife recovery is being carefully monitored throughout the program to ensure the island's precious species can thrive.

Melbourne Water leads the French Island Priority Place project in partnership with Parks Victoria, the Victorian Government (DEECA), the Federal Government's Department of Climate Change, Energy, the Environment and Water (DCCEEW), and the French Island community, represented by the French Island Landcare Group and Community Association.

Our long-term plan

Melbourne Water will continue to adapt and align its catchment and waterway manager roles, leading an integrated approach that delivers on our obligations, the aspirations of Traditional Owners as rights holders and the expectations of community.

Melbourne Water will adapt its work programs to drive efficiencies and innovation in response to the findings and recommendations of the *Healthy Waterways Strategy* mid-term review, strengthening the way we work with community and other delivery partners to co-deliver and monitor implementation of the *Healthy Waterways Strategy*.

The year ahead

Financial year 2025-26 will see the continued delivery and focus on:

- Traditional Owner self-determined pathways to improving cultural values and management of Country
- priorities identified in the *Regional Catchment Strategy*, *Natural Resource Management Action Plan* and *BCAP*
- working with agency and community partners to develop a collective response to the findings and recommendations of the *Healthy Waterways Strategy* mid-term review and adapt the co-delivery of the Strategy accordingly
- actions in the *Burndap Birrarung burndap umarkoo* (*Yarra Strategic Plan*)
- supporting collaborations and partnerships such as Yarra4Life, Grow West, Living Links, Chain of Ponds, Mullum Mullum Creek Collaboration and the Gardiners Creek (KooyongKoot) Regional Collaboration
- protection and enhancement of the irreplaceable natural values of the Ramsar-listed wetlands across the region through on-ground works funded by the Victorian Government
- catchment stewardship and waterways health outcomes with private landholders, through development of property management plans and Melbourne Water incentives program

- continue to implement catchment and waterways partnership programs that deliver on our obligations and strategies for catchment, waterway and bay health such as French Island Priority Place and Karrkiyn Warbulloc (Valuing our Volcanic Plains) projects, Grow West and Living Links
- continuation of Melbourne Water catchment and waterway on-ground works through revegetation, wetland enhancement, litter and community engagement
- coordinate grant and incentive programs to support on ground actions for catchment and waterway health such as the Victorian Landcare Grants and Melbourne Water Incentives Program
- protect drinking water quality and build water resource security in the Watts River Catchment through the pilot integrated catchment management project
- lead catchment-scale collaborations focused on improved catchment and waterway health outcomes working with Traditional Owners, community, land and waterway managers.

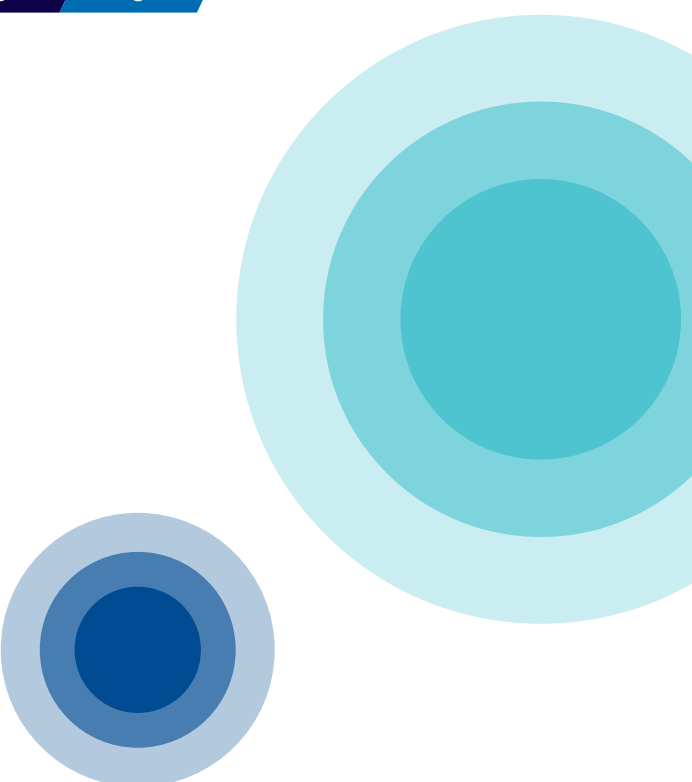
Delivering on



Water for Victoria chapters

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Water for agriculture

With approximately 2200 farms in the Port Phillip and Westernport catchment area, about 45 per cent of land is used for rural purposes. This land is one of the most productive areas in Victoria in terms of total agricultural output, with the sector valued at \$1.6 billion gross value (ABS 2015-16) and eight commodity groups that produce more than 50 per cent of Victoria's production⁴. However, the area of land available for agriculture is constantly at risk of development for other uses. The profitability and sustainability of some agricultural sectors are also threatened by various factors, including pests and diseases, water availability and climate change.

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

Activities are undertaken to support the adoption of good agricultural practices that prevent degrading soils, which can lead to salinity, waterlogging and poor water quality outcomes. We provide land managers with information to make informed decisions about activities they can undertake to help manage productive soils, such as reducing tillage, utilising cover crops, retaining of organic residues, improving ecological soil function and building soil organic matter.

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

Sustainable Agriculture Facilitator

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

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

The SAF role directly supports the three agricultural outcomes for the federal government:

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



⁴<https://portphillipwesternport.rcs.vic.gov.au/wp-content/uploads/sites/2/2023/06/MW-NRM-Action-Plan-FINAL-6.06-v2.pdf>

Supporting rural landowners to improve waterway health

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

Activities funded under the Rural Land Program include:

- farm planning and design
- gully exclusion and revegetation
- track and drainage improvements
- stormwater harvesting and reuse
- erosion control and sediment management
- grazing management
- effluent management
- soil analysis and nutrient budgeting
- off-stream dam enhancements or removal
- feed pads/stock containment areas.

As part of the Rural Land Program, we will continue working with other government agencies (local, state and federal), community groups and landholders to improve sustainable agriculture knowledge and outcomes for the region.

The Victorian Landcare Program

Regional Landcare Coordination will complement the hundreds of Landcare, Friends of and other groups and networks with an on-ground focus. Capacity building activities, sponsorship promotion and landscape planning supports will be ongoing. The 2025 Victorian Landcare Grants will be rolled out in a panel process and will distribute more than \$500,000 in funding to the region's committed groups.

Landcare support will also include working with Landcare Facilitators and Networks to roll out the next iteration of the Victorian Landcare Facilitator Program, which is funded until March 2026.

The work of the Landcare movement will be promoted as the sector continues to search for new ways to broaden the appeal of environmental volunteering and deliver landscape-scale planning and projects.

The year ahead

During 2025-26, Melbourne Water will undertake the following actions:

- support farmers, landholders, industry and community groups across the region to achieve climate-smart sustainable agriculture outcomes through the federally funded SAF program
- administer the Port Phillip and Westernport component of the Victorian Landcare Grants in 2025
- deliver the Climate Smart Agriculture project with our delivery partners to support 500 farmers to implement climate smart farming practices
- deliver the Carbon Farming Outreach Program offering farmers training, information and resources to make informed decisions about a low-carbon future.

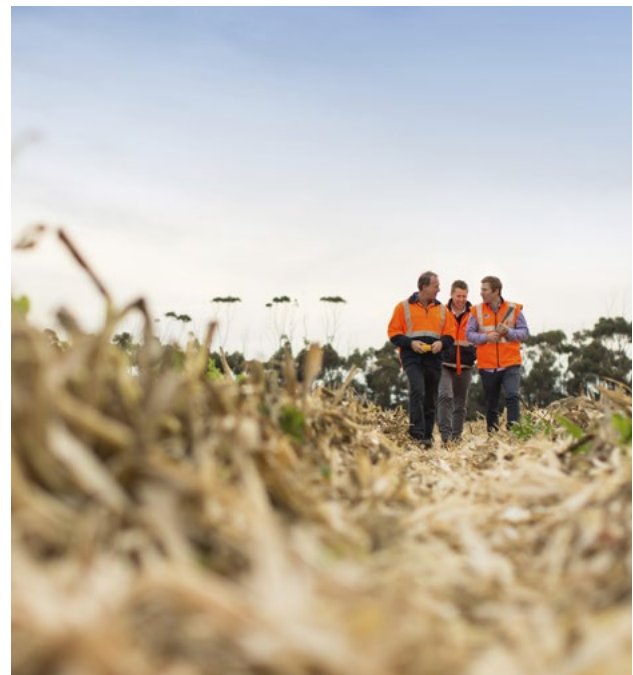
Delivering on



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Recognising recreational values

What we do now

Melbourne Water ensures that Victoria's water resources and waterways are managed in a way that considers environmental benefits and value, and cultural, social and recreational uses of waterways and land.

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

As part of our Waterways and Drainage Investment Plan, we have committed to investing \$73 million in community access, involvement and recreation across our five-year price period.

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

To support recreational water users, we continue to publish a range of information on our [website](#)⁵, including river levels, fishing requirements, and locations for recreational activities such as walking and cycling trails, barbecue and picnic spots and birdwatching.

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

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

We are also working in partnership with Parks Victoria to reopen the southern section of Greenvale Reservoir Park to the community in late 2025. Works will be completed to ensure public safety, installation of pedestrian entry points, walking tracks and landscaping.

Catchment management optimisation

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

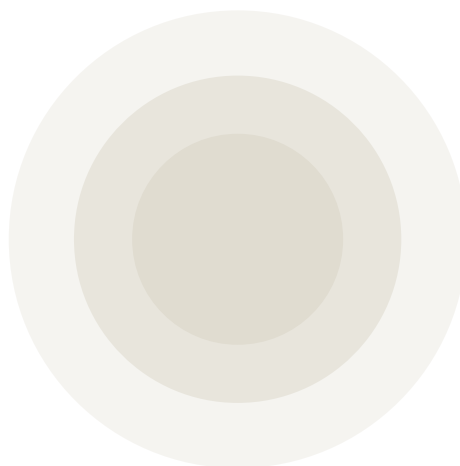
Through the CMOP, the Yan Yean Reservoir, north of Melbourne, was identified as a candidate catchment to provide cost-effective and low-risk opportunities for recreation. Opportunities for Yan Yean have subsequently been further investigated and we are now working collaboratively with Parks Victoria,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

To support this, we have completed technical studies to help inform the FDP including, preparation of a Cultural Values Assessment by Wurundjeri Woi-wurrung and completion of an eDNA assessment by Enviro DNA Pty Ltd. These studies will help inform the FDP and protect inherent cultural and environmental values.

Tarago Reservoir

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

To support the opening of Tarago Reservoir for on-water recreation and the new boat ramp, Melbourne Water is also developing a Recreational Area Management Plan. The Plan will identify how the boat ramp and boating and fishing activity at the reservoir will be managed. This includes the rules required to protect drinking water quality while also enabling limited recreational activity.



⁵ www.melbournewater.com.au/things-do



Reimagining Your Creek Program

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

Projects currently being delivered include the following:

- Stage 2 of the Reimagining Moonee Ponds Creek project has now commenced with consultants engaged to lead the investigation and design stages. The bulk of the construction will be delivered in Melbourne Water's next pricing period. The project will cost \$16.4 million and continues the work delivered in stage 1 last year. The federal government's Urban Rivers Catchment Program will contribute \$5 million to the project and \$11.4 million will be contributed from the Reimagining Your Creek program.
- Westmeadows Meander is a \$2 million project that is currently being designed and will be constructed in 2026. This project is a small creek reconnection on Moonee Ponds Creek that will provide the community with additional access to a previously disconnected part of the creek.
- Stage 2 of Reimagining Tarralla Creek has also commenced, with consultants engaged to lead the design. The bulk of the construction will be delivered in Melbourne Water's next pricing period. This project has a total cost of \$30 million with \$10 million contributed from the federal government's Urban Rivers Catchment Program.
- The Reimagining Eumemmerring Creek project based in Doveton has commenced and consultants have been engaged to lead the investigation and design stages. The bulk of the construction will be delivered in Melbourne Water's next pricing period. The total cost of this project is \$28 million, with \$10 million contributed from the federal government's Urban Rivers Catchment Program and the remaining from the Reimagining Your Creek program.

Our long-term plan

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

Our key focus areas for the coming years include:

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

The year ahead

Our Service Delivery Program continues to support a growing and liveable Melbourne through the delivery of capital programs and critical change projects, as outlined in the 2021 Price Submission. These enable Service Delivery to proactively consider land and waterways activation in its day-to-day work.

We are continuing to deliver the projects and programs funded through our 2021 Price Determination, including urban cooling, retarding basin activation, pipe track activation and Western Treatment Plant visitation (where this aligns with Melbourne Water's remit).

Melbourne Water will continue to deliver additional social value, including enhanced amenity and environmental targets for biodiversity through the *Healthy Waterways Strategy 2018* and build on the 50-year community vision for the Yarra River through the *Burndap Birrarung burndap umarkoo umarkoo (Yarra Strategic Plan) 2022–2032*.

Delivering on



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Leadership, diversity and culture

What we do now

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

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

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



Culture and Capability Program

The culture evolution efforts encompass critical areas, such as resetting values and behaviours, introducing new work methods, improving employee experiences and supporting the organisation to successfully transition into the future.

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

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

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

In 2024 we built new People Experience initiatives to embed of our values, cultural maturity and engagement. These initiatives included a refreshed recognition program (Aqualades) based on performance and demonstration of our values, a newly-designed face-to-face induction to embed new starters into our business, a clear and consistent approach to our ways of working through our structured hybrid program, with guidelines for our office-based teams to work a minimum of 50 per cent of their time in their primary work location. The tasks of engaging our leaders across the enterprise and providing the skills required to make the changes being asked of our people are being driven through our Executive Leadership Program, regular Senior Leadership Group Forums and People Leadership Group Forums.

In 2024, Melbourne Water conducted our Annual Culture & Engagement Survey as an alternative to the VPSC People Matters survey. We reached 82 per cent of the organisation, meeting our target of 70 per cent for these surveys. As in previous years, Melbourne Water will continue to survey staff fully on an annual basis, as well as through focused quarterly surveys.

Diversity, inclusion and belonging

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

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

All policies are publicly available on Melbourne Water's website – [Melbourne Water Policies](#)⁶

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

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

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

At the end of financial year 2024, Melbourne Water's Executive Officers had a 66 per cent female representation.

Our long-term plan

We will continue to align our culture to support our strategic vision and further embed our ways of working, including our approach to structured hybrid to support employee value propositions, and improve environmental and business outcomes.

We will continue to capture financial, customer, site access and office utilisation data to understand the impacts of our ways of working on our business performance.

The year ahead

In 2025-26, we will continue to design and deliver solutions to build the capability and culture for our organisation that ensures we thrive and perform today, while we also build our future readiness. We will ensure that our overall workforce plans and portfolio people plans are developed to align current and future capabilities and culture identified to enable us to deliver on our strategic ambition. In addition, we will:

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

Delivering on



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⁶ www.melbournewater.com.au/about/what-we-do/policies

Compliance and enforcement

What we do now

Melbourne Water's strategies guide our focus on compliance and enforcement, with key strategies including the *Flood Management Strategy Port Phillip and Westernport 2021–2031* and the *Healthy Waterways Strategy 2018*. Melbourne Water uses compliance and enforcement to protect our assets and objectives such as protecting waterways from unauthorised water take, unauthorised works, unauthorised fill in flood plains and unauthorised use of Melbourne Water land. We are ramping up our capability with regard to compliance and enforcement across our programs as one of the delivery mechanisms to achieve our strategic goals.

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

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

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

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

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

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

As part of an uplift in compliance and enforcement, we are delivering a program in our role as Waterway and Floodplain Manager. A dedicated Senior Compliance Officer has been recruited to help drive the delivery of the program and on ground actions. The program identifies areas to develop in our role, including training, resources required, working with others and procedures.

Our long-term plan

We will continue to implement the *Melbourne Water Metering Action Plan* to ensure alignment with the Victorian Metering Policy and undertake a comprehensive update to align with updated national and state guidelines. We will also uplift the compliance and enforcement program for waterways and catchment services.

The year ahead

In 2025–26, Melbourne Water will:

- continue to build capacity of our staff through training, including completion of Certificate IV in Government Investigations and customer interaction training
- carry out upgrades and improvements to our systems to enhance our compliance and enforcement management and reporting capabilities
- continue to embed our Penalty Infringement Notice procedures and priorities
- continue the roll out of meter telemetry to provide real time water usage data for enhanced compliance outcomes and customer service
- roll out the Compliance and Enforcement Program for waterways and catchment services.

- an emphasis on business efficiency to deliver on the commitments made in the *2021 Price Submission* that support lower customer bills. Additionally, this focus on efficiency will serve as the foundation for our approach and preparation for the upcoming *2026 Price Submission*
- ensuring ongoing financial sustainability in the face of potential business risks (climate, environmental, population) and navigating the changing economic landscape
- enhancing transparency regarding the cost to serve, particularly considering the increase in infrastructure investment required in the future
- continuing and increasing efforts to enhance financial capability and commercial acumen across the business. This is crucial to ensuring commercially prudent investments are made, while maximising value from our contractual arrangements



- leaders at all levels consistently making well-informed decisions that are justifiable from a commercial perspective and empowering leaders to leverage the financial strength of the organisation to deliver our strategic objectives
- maintenance or improvement in key financial indicators, whilst upholding Melbourne Water's investment grade credit rating
- improve our continuous financial planning to manage greater peaks and troughs in our more dynamic context
- delivery of reliable returns on the shareholder's investment.

Delivering for our customers

The affordability of our services is highly prioritised by our customers and communities in the *2021 Price Submission*. Early engagement findings for our *2026 Price Submission* also shows that affordability remains a top priority for Melburnians. Recognising our critical role in supporting customer affordability, we are committed to managing our expenditure carefully, through robust management processes, and with an emphasis on transparency and efficiency.

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

Cyber Security

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

Melbourne Water is investing in planning and decision-making capability across the business to increase our cyber capacity, improve capability and process and carry out system improvements. As part of this work, Melbourne Water has:

- adopted National Institute of Standards and Technology (NIST) Cybersecurity Framework (CSF) as our measure for assessing our security control maturity, supported by existing Victorian Protective Data Security Framework (VPDSF) activities
- developed a clearly defined Cyber Security Risk Profile, associated Risk Appetite and roadmap to protect our most critical assets
- developed a *Cyber Security Incident Response Plan* which is integrated with our enterprise General Emergency Management System to support our ability to respond to cyber security incidents. We regularly test these plans to enhance our ability to respond to and recover from a cyber security event.
- put in place foundational measures to identify, protect, detect, respond and recover our critical assets in accordance with our risk appetite and continued investment in this capability

- defined key services and capabilities required to achieve our cyber security objectives
- adopted a new operating model and governance mechanisms to better manage our enterprise security risks, including cyber security
- successfully initiated and completed a wide range of initiatives to reduce our security risk.

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

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

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

The year ahead

During 2025-26, we will:

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



Our Financials



Overview

Melbourne Water's net profit after tax is projected to be \$385.7 million over the 2025-26 to 2029-30 planning period. Our performance aims to align with the final year of the current Price Submission, with subsequent years aligning with the 2026 Price Submission regulatory period, subject to Essential Services Commission (ESC) Determination. This approach supports Melbourne Water's Financial Strength goals by ensuring efficient customer outcomes, strong shareholder returns, and compliance with key financial metrics.

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

Summary of financial outcomes

Summary of financial outcomes for the period 2025-26 to 2029-30					
Nominal \$M	2025-26	2026-27	2027-28	2028-29	2029-30
PROFIT AND LOSS					
Total Operating Revenue	2,170.9	2,328.2	2,435.6	2,590.6	2,732.0
Total Direct Operating Expenses	801.8	877.0	923.1	982.1	1,015.2
Total Indirect Operating Expenses	584.1	577.3	637.9	684.1	726.2
Earnings Before Interest and Tax (EBIT)	785.0	873.9	874.6	924.4	990.6
Finance Charges	625.7	676.5	735.4	805.3	862.6
Tax Expense	75.2	86.4	68.7	62.3	64.5
Net Profit After Tax (NPAT)	84.1	110.9	70.4	56.8	63.4
BALANCE SHEET					
Total Assets	19,434.6	20,408.3	21,519.9	22,645.8	23,565.2
Total Liabilities	11,305.8	12,187.4	13,250.2	14,338.2	15,220.0
Total Equity	8,128.8	8,220.9	8,269.7	8,307.6	8,345.2
CASH FLOW					
Net Cash provided from Operating Activities	617.6	644.9	670.4	747.0	806.2
Net Cash used in Investing Activities	(1,356.0)	(1,513.7)	(1,720.7)	(1,784.4)	(1,648.5)
Free Cash Flow	(752.5)	(880.8)	(1,055.4)	(1,042.0)	(847.0)
Net Cash used in Financing Activities	738.4	868.7	1,050.3	1,037.4	842.3
Cash to Government	178.9	183.6	165.1	155.5	161.9
FINANCIAL KPIs					
Interest Cover (Cash)	2.2	2.1	2.1	2.0	2.0
Gearing Ratio (Debt to Assets)	48.5%	50.6%	52.9%	54.9%	56.5%
Internal Financing Ratio	44.2%	41.0%	37.6%	40.7%	47.2%
Current Ratio	0.13	0.14	0.13	0.13	0.12
Return on Assets	4.1%	4.4%	4.2%	4.2%	4.3%
Return on Equity	1.0%	1.4%	0.9%	0.7%	0.8%
EBITDA Margin	63.1%	62.3%	62.1%	62.1%	62.8%

All tables subject to rounding.

Revenue

Melbourne Water's revenue is projected to reach \$12,257.3 million over the 2025-26 to 2029-30 planning period, primarily driven by water sales, sewerage treatment services, the waterways and drainage charge, and land development activity. For 2026-27 to 2029-30, prices are forecasted in line with Melbourne Water's 2026 Price Review Guidance Paper issued by the ESC.

Revenue growth is expected to be supported by increasing demand for water and sewerage treatment services, driven by population growth and impacts on climate change, which will also expand the waterways and drainage customer base. Additionally, land development activity is projected to rise in line with the Victorian Government's *Housing Statement* objectives, sustaining a steady revenue stream throughout the planning period.

Operating Expenditure

Melbourne Water's direct operating expenditure is expected to be \$4,599.1 million over the 2025-26 to 2029-30 planning period. Operating expenditure consists of the expenses required over the coming 2026 Price Submission reflecting the delivery of customer outcomes and capital projects that ensures we continue to deliver safe and reliable services across water (including the Desalination Plant), sewerage and waterways and drainage services.

Capital Expenditure

Melbourne Water's total planned capital program is \$8,076 million over the 2025-26 to 2029-30 planning period. We have progressively increased capital expenditure delivery and plan to maintain this growth rate under the 2026 Price Submission. The increase in capital expenditure is due to investment directed toward renewal of aging infrastructure, preventing declines in waterway health, land acquisitions to support new developments, managing impacts of population growth and climate change and investment in new technologies.

Borrowings

Borrowings are planned to increase by \$5,227 million over the 2025-26 to 2029-30 planning period from \$5,224 million as at 30 June 2025 to \$10,451 million as at 30 June 2030.

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

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

Borrowing Costs

Borrowing costs (excluding leases) are projected to increase over the 2025-26 to 2029-30 planning period. The increase in borrowing cost is in line with the increase in borrowings levels and interest rate forecasts as maturing debt is refinanced at higher rates.

Interest rates are based on the current debt portfolio with refinancing at forecast 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, which would also increase, minimising the impact on profit.

The 2024-25 Financial Accommodation Levy (FAL) rate of 0.73 per cent has been used in our forward projections as the Treasurer announces the rate for each upcoming financial year in June. Changes in the FAL rate will directly impact net profits and projected Cash to Government (refer to Payments to Government section for more detail).

Melbourne Water has sought a private credit rating opinion from an independent ratings agency. The current rating has been determined as investment grade and is due to expire on 30 June 2027.

Payments to Government

Payments to the government in the form of dividends and income tax are expected to total \$551.6 million over the 2025-26 to 2029-30 planning period (refer to Appendix E for further detail). Interim and Final Dividend payments are based on the government's benchmark payout ratio of 65 per cent of net profit before tax less income tax payable. Efficiency dividends are based on expected amounts advised by DTF. No capital repatriations have been included for this planning period.

Melbourne Water will also contribute to government by way of the FAL of \$271.3 million, as well as the Environmental Contribution Levy of \$1.9 million and Local Government Rate Equivalents of \$20.2 million over the 2025-26 to 2029-30 planning period.

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

Appendices



Appendix A – Strategies, Drivers and Obligations

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

Water Supply

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

Sewerage Services

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

Waterways, Drainage and Catchment Management

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

Alternative Water Supply

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

Other/All Services

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

Appendix B – Key Performance Indicators and Targets

Table B1 – KPIs and performance Targets

KPI Metric	Measure	2025-26	2026-27	2027-28	2028-29	2029-30
Total net CO ₂ emissions	Net tonnes CO ₂ equivalent	204,380	204,380	204,380	204,380	0
Water Quality	Compliance with Bulk Water Supply Agreement: Microbiological Standards – E. coli	100%	100%	100%	100%	100%
Water Quality	Compliance with Bulk Water Supply Agreement: Aesthetics – Turbidity	91.5%	91.5%	91.5%	91.5%	91.5%
Customer responsiveness	Complaints referred to Energy and Water Ombudsman Victoria responded to within EWOV established time	100%	100%	100%	100%	100%
Non-compliance with other EPA Victoria License and SEPP parameters – Sewerage system failure	Spills due to sewerage system failure	0	0	0	0	0
Compliance with EPA Victoria discharge parameter licence requirements						
Western Treatment Plant	N/A	100%	100%	100%	100%	100%
Eastern Treatment Plant	N/A	100%	100%	100%	100%	100%
Waterways – Drainage and flood protection	Reduction in flood damages over the lifetime of works	\$109M	\$155M	\$201M	\$247M	\$293M
Waterways condition	Maintain river health (% of 10 target sites at high-value rating)	100%	100%	100%	100%	100%
Recycled water	Western Treatment Plant recycled water schemes fully compliant with regulatory obligations and their contractual requirements, as outlined in the relevant Bulk Recycled Water Supply Agreements					
Volume demands	% supplied of target	100%	100%	100%	100%	100%
Quality	% hours at target quality	100%	100%	100%	100%	100%
Recycled water	Eastern Treatment Plant recycled water schemes fully compliant with regulatory obligations and their contractual requirements, as outlined in the relevant Bulk Recycled Water Supply Agreement					
Volume demands	% supplied of target	100%	100%	100%	100%	100%
Quality	% hours at target quality	100%	100%	100%	100%	100%

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"> • Continue uplift of climate risk capability and systems improvement • Continue uplift of climate risk disclosure in accordance with reporting directives • Adaptive implementation of our service strategies: <ul style="list-style-type: none"> - <i>Melbourne Water System Strategy</i> - <i>Drinking Water Quality Strategy</i> - <i>Flood Management Strategy</i> - <i>Healthy Waterways Strategy</i> - <i>Melbourne Sewerage Strategy</i>
Population growth varies significantly from forecasts	<ul style="list-style-type: none"> • Adaptive implementation of our service strategies: <ul style="list-style-type: none"> - <i>Melbourne Water System Strategy</i> - <i>Drinking Water Quality Strategy</i> - <i>Flood Management Strategy</i> - <i>Healthy Waterways Strategy</i> - <i>Melbourne Sewerage Strategy</i> • Adaptive delivery of our 20 Year Capital Plan • Explore Integrated Water Initiatives
Changes to government policy or regulations significantly impact Melbourne Water	<ul style="list-style-type: none"> • Adaptive implementation of our service strategies: <ul style="list-style-type: none"> - <i>Melbourne Water System Strategy</i> - <i>Drinking Water Quality Strategy</i> - <i>Flood Management Strategy</i> - <i>Healthy Waterways Strategy</i> - <i>Melbourne Sewerage Strategy</i>
Rapid advancement in technology changes ways of working (emerging technology)	<ul style="list-style-type: none"> • Implement our <i>Digital Strategy</i>
Changes in customer and community expectations (Customer and Community Expectations)	<ul style="list-style-type: none"> • Implement our <i>Customer and Community Strategy</i>

Table C1 – Strategic risks and key treatment actions

Strategic risks	Key risk treatment actions
Changing workforce requirements and demographics (Workforce Capability and Planning)	<ul style="list-style-type: none"> • Implement our <i>People and Capability Strategy</i> • Implement our <i>Diversity and Inclusion Strategy</i> and associated plans • New Ways of Working research and interventions for execution
Attaining sufficient revenue from customers or funding sources (Revenue and Funding)	<ul style="list-style-type: none"> • Implement our Financial Strength Plan • Planning for our Price Submission/determination
Cultivating a positive and productive organisational culture (Organisational Culture)	<ul style="list-style-type: none"> • Integrate change management for our Organisational Culture Program • Cultivate a continuous learning organisation and leadership development plan
Building and managing relationships with strategic partners (Partnerships)	<ul style="list-style-type: none"> • Implement an adequate resource structure • Implement our Aboriginal Engagement Framework • Execute our partnership agreements
Adequately responding to the external threat environment (Security)	<ul style="list-style-type: none"> • Delivery of a Critical infrastructure Risk Management Program covering personnel security, physical security, supply chain risk, cyber/information security, natural hazards and other key risks.
Managing the reputation of Melbourne Water	<ul style="list-style-type: none"> • Developing our Government Relations function • Implementation of customer focus systems to deliver stronger insights • Strengthening our brand
Governance, priorities and allocating resources	<ul style="list-style-type: none"> • Implementing our Strategy to Execution process • Developing an adequate resource structure • Implement our Management Operating System

Appendix D – Reportable Capital Projects

Table D1 – Reportable capital projects (\$)

	Water for a Growing North (Q05333 & Q05322)	Hobsons Bay Main Yarra Crossing Duplication (Q05708)	Western Treatment Plant 5W Nutrient Removal Plant (Q03397)	WTP Primary Treatment and Waste Activated Sludge Capacity Augmentation (Q05626 & Y10292)	Western Trunk Sewer Shallow Conduit Rehabilitation (Q05622)	Maroondah Reservoir Outlet and Aqueduct Stage 3A (Q07143)
Total estimated investment (P95)	134,800,000	206,299,000	333,070,000	696,290,000	246,718,000	167,000,000
Capital expenditure in prior years	130,996,478	160,232,818	319,205,384	192,854,068	8,234,971	5,594,341
Capital expenditure in 2025-26	-	18,232,933	11,942,423	195,492,000	10,086,800	5,090,000
Capital expenditure in 2026-27	-	2,321,293	546,757	73,534,000	46,483,000	1,595,000
Capital expenditure in 2027-28	-	0	445,0900	9,458,000	100,215,113	2,870,000
Capital expenditure in 2028-29	-	0	0	3,256,000	47,847,635	3,360,000
Capital expenditure in 2029-30	-	0	0	0	18,981,000	81,120,000

Appendix E – Financials

Economic planning Assumptions – Diversions (Inc. Regulated, Unregulated, and Groundwater)

Typical Customer Size (by entitlement)	2024-25	2025-26	Percentage Change
Medium Unregulated			
Licence Charge (\$ pa)	\$321.67	\$321.67	0%
Power generation licences (\$ per kilowatt)	\$28.87	\$28.87	0%
Charge \$ per ML – All months	\$42.20	\$42.20	0%
Charge \$ per ML – On-stream winter-fill	\$21.24	\$21.24	0%
Charge \$ per ML – Off-stream winter-fill	\$21.24	\$21.24	0%
Charge \$ per ML – Licensed farm dam	\$21.24	\$21.24	0%
Charge \$ per ML – Non-consumptive	\$2.66	\$2.66	0%
Works operating licences - General (\$ per annum)	\$72.53	\$72.53	0%
Works operating licences - Hazardous dams (\$ per annum)	\$122.81	\$122.81	0%
Average annual bill - Unregulated	\$1,077.54	\$1,077.54	0%

Economic planning Assumptions – Diversions (Inc. Regulated, Unregulated, and Groundwater)

Typical Customer Size (by entitlement)	2024-25	2025-26	Percentage Change
Medium Regulated			
Licence Charge (\$ pa)	\$321.67	\$321.67	0%
Charge \$ per ML – All months	\$88.33	\$88.33	0%
Charge \$ per ML – Off-stream winter-fill	\$21.24	\$21.24	0%
Average annual bill - Regulated	\$2,339.25	\$2,339.25	0%

Economic planning assumptions – Waterways and Drainage Charge – Impact on Customers

Property Type	2024-25 ¹	2025-26 ²	2026-27
Residential Annual Charge	\$122.08	\$121.86	\$119.69
- % Yearly change		-0.2%	-1.8%
Non-Residential Annual Charge	\$183.40	\$166.86	\$179.81
- % Yearly change		-9.0%	7.8%
Rural Annual Charge	\$67.00	\$67.43	\$65.70
- % Yearly change		0.6%	-2.6%

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

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

2025-26 Quarterly Phasing

Nominal \$M	2025-26	Q1 PLAN	Q2 PLAN	Q3 PLAN	Q4 PLAN
PROFIT AND LOSS					
Total Operating Revenue	2,170.9	546.1	540.9	550.3	533.6
Total Direct Operating Expenses	801.8	196.5	191.5	214.6	199.2
Total Indirect Operating Expenses	584.1	139.0	140.5	138.2	166.4
Earnings Before Interest and Tax (EBIT)	785.0	210.6	208.9	197.5	168.0
Finance Charges	625.7	147.3	154.3	158.6	165.5
Tax Expense	75.2	24.4	22.9	18.8	9.0
Net Profit After Tax (NPAT)	84.1	38.9	31.7	20.1	(6.6)
BALANCE SHEET					
Total Assets	19,434.6	18,270.3	18,381.7	18,456.3	19,434.6
Total Liabilities	11,305.8	10,263.2	10,333.2	10,407.8	11,305.8
Total Equity	8,128.8	8,007.1	8,048.4	8,048.5	8,128.8
CASH FLOW					
Net Cash provided from Operating Activities	617.6	138.3	194.6	115.1	169.6
Net Cash used in Investing Activities	(1,356.0)	(371.3)	(332.8)	(328.5)	(323.5)
Free Cash Flow	(752.5)	(236.5)	(141.7)	(216.9)	(157.4)
Net Cash used in Financing Activities	738.4	233.1	138.1	213.4	153.8

All tables subject to rounding.

Profit & Loss 2025-26					
Nominal \$M	2025-26	2026-27	2027-28	2028-29	2029-30
Water Sales	1,023.2	1,073.4	1,111.6	1,181.1	1,231.5
Sewage Treatment	560.7	624.0	676.5	738.5	804.4
Waterways Charges	333.9	344.8	359.5	374.8	391.5
Developer Contributions/Contributed Assets	237.0	267.0	274.7	282.5	290.6
Net Asset Sales	5.4	7.9	2.0	1.9	2.0
Other Revenue	10.7	11.0	11.4	11.7	12.0
Total Operating Revenue	2,170.9	2,328.2	2,435.6	2,590.6	2,732.0
Labour	195.1	198.1	204.9	211.0	216.2
External Services	73.3	76.4	75.1	73.3	81.0
Maintenance	122.1	138.9	154.5	167.8	173.0
Materials	20.3	20.3	22.7	26.5	27.3
IT	56.8	75.1	77.6	80.1	82.3
Energy	40.8	44.4	46.2	48.4	50.2
Fees & Charges	15.7	16.1	16.6	17.1	17.5
Transport	3.9	4.0	4.2	4.3	4.4
Rental & Insurance	9.8	10.5	11.2	11.9	12.6
Grants	11.6	11.9	12.3	12.6	12.9
Other Expense	14.5	19.9	20.1	18.3	15.4
Land Tax	48.0	43.4	44.7	46.0	47.4
Direct Operating Expenses (excl. Desalination Plant)	611.9	659.1	690.0	717.5	740.3
Desalination Plant Operating Expenses	189.9	217.9	233.1	264.6	274.8
Total Direct Operating Expenses	801.8	877.0	923.1	982.1	1,015.2
Depreciation	432.7	443.1	503.4	550.1	591.3
Depreciation - VDP Service Concession Asset	90.0	90.0	90.2	90.0	90.0
Work in Progress/Asset Write-off	61.5	44.3	44.3	44.0	44.9
Total Indirect Operating Expenses	584.1	577.3	637.9	684.1	726.2
Total Operating Expenses	1,385.9	1,454.3	1,561.0	1,666.2	1,741.4
EBIT	785.0	873.9	874.6	924.4	990.6
Finance Charges	625.7	676.5	735.4	805.3	862.6
NPBT / (NLBT)	159.3	197.3	139.1	119.1	128.0
Tax Expense/(Benefit)	75.2	86.4	68.7	62.3	64.5
NPAT / (NLAT)	84.1	110.9	70.4	56.8	63.4
Indicative Dividend	12.3	18.9	21.6	18.9	25.8
Amount Transferred to/(from) Equity	71.8	92.1	48.8	37.9	37.6

All tables subject to rounding.

Distributions to government (cash basis)

Nominal \$M	2025-26	2026-27	2027-28	2028-29	2029-30
Income Tax Paid	122.7	114.3	86.0	69.8	61.3
Dividend Paid	12.3	18.9	21.6	18.9	25.8
Sub Total	135.0	133.2	107.6	88.7	87.1
Local Government Rate Equivalent	3.9	3.9	4.0	4.1	4.1
Financial Accommodation Levy	39.7	46.1	53.1	62.3	70.2
Environmental Contribution Levy	0.4	0.4	0.4	0.4	0.4
Total Payments to Government	178.9	183.6	165.1	155.5	161.9

All tables subject to rounding.

Sensitivity of financial outcomes

Nominal \$M	Developer Revenue ¹			Capital Expenses		Demand and Customers ⁴	
	Base Case PLAN	Increase 25% ²	Decrease 25% ³	Increase 5%	Decrease 5%	Increase 5% ⁵	Decrease 5% ⁶
Operating Revenue (5 year total)	12,257	12,595	11,919	12,297	12,216	12,425	12,091
Direct Operating Expenses (excl. Desalination Plant) (total)	3,419	3,419	3,419	3,419	3,419	3,419	3,419
EBIT (total)	4,448	4,786	4,110	4,448	4,448	4,918	3,979
NPAT (total)	386	622	149	377	394	433	339
Capital Expenses (total)	8,076	8,076	8,076	8,480	7,673	8,076	8,076
Gearing (Debt to Assets) (average)	52.7%	52.1%	53.2%	53.0%	52.4%	52.4%	53.0%
Cash Interest Cover (average)	2.1	2.2	2.0	2.1	2.1	2.1	2.0
Cash to Government (total)	845	1,065	625	839	851	954	737
Free Cash flow (total)	(4,578)	(4,341)	(4,814)	(4,978)	(4,177)	(4,519)	(4,636)

All tables subject to rounding.

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

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

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

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

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

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



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