

Melbourne Water – Outcomes – 2021–2026

In this document, the water business provides a summary report of its actual performance against each of its outcome commitments for the 2024-25 reporting year. The business has given itself a “traffic light” rating (green = met target, red = not met, yellow = close or largely met) for its performance on each measure, outcome and an overall rating. The business has provided its own comments about its performance on each outcome and overall.



Summary table

Outcome	21-22	22-23	23-24	24-25	25-26
1. Access to safe and reliable water and sewerage services	Green	Green	Green	Green	
2. Melbourne’s environment, rivers, creeks and bays are protected and Melbourne Water’s greenhouse gas emissions are minimised	Green	Green	Green	Green	
3. Melbourne remains liveable as it deals with the impacts of climate change and population growth	Green	Green	Green	Green	
4. Melburnians are empowered to support the design and delivery of service outcomes	Yellow	Green	Green	Green	
5. Easy, respectful, responsive and transparent customer service	Red	Red	Red	Red *	
6. Bills kept as low as possible	Yellow	Yellow	Yellow	Green	
Overall	Yellow	Yellow	Yellow	Yellow	

**We have provided two sets of data for Outcome 5 (red – not met, and amber – largely met) for the 2024-25 year. This is due to new methodology. For transparency, we have reported an overall annual rating as ‘not met’. More information on the new methodology and ratings available below.*

Business comments

We consider that our overall performance in 2024-25 has **improved**, but remains as **largely met**, on the following basis:

1. All measures relating to day-to-day provision of essential services across Outcomes 1-3 (bulk water, sewerage, waterways) were **met** and/or exceeded our target performance.
2. For Outcome 4: we continued to partner and involve community in provision of our services and consider our targets **met**.
3. In relation to Outcome 5: Easy, respectful, responsive and transparent customer service, we continue to note that it has been challenging to meet the stretch targets we set ourselves. This is in part due to limitations in the methodologies we have been using and the low sample size for our outbound surveys. We are proposing updated methodology to improve our lead indicator insights and to expand the sample size. We will continue to include both methodology results for the four customer cohorts through our outbound surveys and satisfaction with interactions from our Customer Service Centre. We have provided the ratings for both methodologies in the relevant section below, but have reported as **not met** for 2024-25. We remain focussed on continuing to improve experiences our customers and partners have with us.
4. For Outcome 6, we have **met** our targets as specified in our reporting methodologies relating to our operating and capital expenditure against determination benchmarks, and have delivered operating cost efficiencies in 2024-25. This improves on our performance in 2023-24.

The relevant Outcome sections of this report provide more detail on our results and what we are doing to improve performance in 2024-25 and beyond.

Outcome 1: Access to safe and reliable water and sewerage services

Output	Unit		19-20	20-21	21-22	22-23	23-24	24-25	25-26
a Number of Safe Drinking Water Act non-compliances (water sampling and audit)	No.	Target	–	–	0	0	0	0	0
		Actual	0	0	0	0	0	0	
b Percentage of time compliant with retail water company pressure requirements (cumulative across the year)	Percentage	Target	–	–	99.9%	99.9%	99.9%	99.9%	99.9%
		Actual	99.9%	99.9%	100.0%	99.9%	100.0%	99.9%	
c Number of sewerage transfer system spills due to system failure	No.	Target	–	–	0	0	0	0	0
		Actual	1	0	0	0	0	0	

Overall performance for the **regulatory period** so far:  On-track

Business comment

We consider that our performance target for this overall Outcome in 2024-25 has been **met (GREEN)**.

a. Target met | Safe Drinking Water Act

There were no Section 22 notifications reported to the Department of Health and equivalently no breaches of the *Safe Drinking Water Act* water quality parameters for 2024-25. The Department of Health has recently completed its review of the *Safe Drinking Water Regulations* which were due to expire July 2025. We will embed the new Regulations into our operations and ensure we provide safe drinking water to our bulk service customers and their end-use customers.

b. Target met | Retail water company pressure requirements

We have achieved compliance with the retail water businesses pressure requirements in our Bulk Supply Agreements across 2024-25.

However, we had one pressure requirement breach in March 2025 at a pressure relief valve, where pressure was below the requirements by 28 minutes, resulting in the 99.98% result for the year.

c. Target met | Sewerage transfer system spills

No sewerage system spills occurred in 2024-25 due to system failures.

Outcome 2: Melbourne's environment, rivers, creeks and bays are protected and Melbourne Water's greenhouse gas emissions are minimised

Output	Unit		19-20	20-21	21-22	22-23	23-24	24-25	25-26
a Percentage of 10 specified river sites rated as high or very high (as indicated by the macroinvertebrate health index (LUMaR) for each site)	Percentage	Target	–	–	100%	100%	100%	100%	100%
		Actual	100%	100%	100%	100%	100%	100%	
b Number of non-compliances with EPA Licence conditions for the Western and Eastern Treatment Plants	No.	Target	–	–	0	0	0	0	0
		Actual	0	0	0	0	0	0	
c Percentage of biosolids (dry tonnes) from the Western Treatment Plant beneficially reused	Percentage	Target	–	–	≥40%	≥40%	≥40%	≥40%	≥40%
		Actual	44.3%	61.3%	350.7%	179%	140%	180%	
d Net amount of greenhouse gas emissions (CO ₂ e) produced	Met / not met Kilotonne (kt) of CO ₂ e	Target	–	–	On track	On track	On track	<204.38	<204.38
		Actual	514	495	On track	On track	On track	204.38 kt	

Overall performance for the **regulatory period** so far:  On-track

Business comment:

We consider that our performance target for this overall Outcome in 2024-25 has been **met (GREEN)**.

a. Target met | Macroinvertebrate health index at 10 specified river sites

Macroinvertebrates (small insects and crustaceans) are a strong indicator of overall river health. They are sensitive to the impacts of urbanisation (such as runoff from impervious surfaces, increased turbidity and nutrient levels in waterways) and climate change (such as changes to water temperature).

The 10 specified rivers sites we assessed retain a score of 'high' or 'very high', indicating high river health condition across these sites.

There has been some decline in macro-invertebrates in our recent Dobsons Creek sample due to the presence of an invasive snail species, however this has not impacted the overall macro-invertebrates health index trend line rating for this site, which remains very good.

b. Target met | EPA licence conditions for the Western and Eastern Treatment Plants

Both the Eastern Treatment Plant (ETP) and Western Treatment Plant (WTP) achieved compliance with Environmental Protection Agency (EPA) discharge licence within the agreed treatable parameters for 2024-25. The treatable parameters included for this measure are ammonia, suspended solids (SS) and biochemical oxygen demand (BOD).

However, outside of the agreed treatable parameters, WTP had one non-compliance against the General Environmental Duty (GED) in 2024-25. Although this is not an EPA discharge license requirement, Total Nitrogen (TN) limits are part of Environmental Reference Standards (ERS) and Port Philip Bay Environmental Management Plan (PPBEMP). Specifically, WTP was unable to achieve a three-year rolling average TN discharge of <3,100 tonnes for the 2024-25 financial year.

In recent years, the TN load received by WTP has increased at a rate higher than forecast due to above average rainfall resulting in increased flows to WTP and the growing population increasing the TN load received at WTP. These higher-than-average TN discharge levels will be improved with the commissioning of the five West Nitrogen Reduction Plant at WTP.

c. Target met | Beneficial reuse of biosolids at the Western Treatment Plant

We have met and exceeded our target with 30,273 dry tonnes re-used against a target of 16,800 dry tonnes reused from current and previous year's stockpile. Achieving greater than 100% reuse of annual biosolids production enabled Melbourne Water to reduce the stockpiled biosolids generated in previous years.

This target was achieved through high customer demand and dry weather maximising biosolids transported to reuse farms.

d. Target met ('on track') | Net amount of greenhouse gas emissions

Melbourne Water is required to examine a pathway to net zero emissions by 2030, with an interim reduction target of 50% by 2025.

In line with this pledge, our current target is 204,380 tonnes CO₂-e by 1 July 2025 (2024-25), and the corporation sets annual targets as part of the Corporate Plan.

We met our 2024-25 target of ensuring our greenhouse gas emissions are halved. This was achieved via the purchase of sufficient carbon credits to offset all scope 1 and 2 emissions above 204,380 tonnes of CO₂ equivalent.

OFFICIAL

We are on track to meet our 100% renewable target scheduled to commence at the end of 2025 (netting scope 2 emissions to zero) through the procurement of renewable energy and onsite renewable energy generation, noting that all Renewable Energy Certificates received will need to start being surrendered by the end of 2025. Therefore, by 2026-27 Melbourne Water's scope 2 emissions will be reduced to zero.

Outcome 3: Melbourne remains liveable as it deals with the impacts of climate change and population growth

Output	Unit		19-20	20-21	21-22	22-23	23-24	24-25	25-26
a Average estimated flood damages reduced as a result of Melbourne Water's:	Million \$2021(real) cumulative	Target	–	–	\$21	\$42	\$63	\$109	\$155
		Actual	NA	NA	\$22.7	\$148.9 ¹	\$249.9	\$322.3	
b Percentage of projects (from specified programs) completed that customers believe delivered a benefit to the community (as indicated by post project surveys where at least two thirds of respondents agreed a benefit was delivered)	Percentage	Target	–	–	100%	100%	100%	100%	100%
		Actual	NA	NA	N/A ²	N/A	N/A	N/A	

Overall performance for the **regulatory period** so far:  On-track

Business comment:

We consider that our performance target for this overall Outcome in 2024-25 has been **met (GREEN)**.

a. Target met | Average estimated flood damages reduced via specific actions

We have exceeded the target in 2024-25 due to the large volume of planning referrals through the eligible land use planning referral programs. Our 2024-25 achievements can be summarised as follows:

- Land use planning advice: 552 building and planning permits for development cases responded to, exceeding the annual target of 150 permits.
- Flood Mitigation Works: This part of the KPI will be accounted for its entirety next year 2025-26.

- Education and awareness program: The number of households that have received the flood education program are counted as "effective engagements" from the annual report produced by Melbourne University. The number of effective engagements for 2024-25 is 3,247.

¹ Result for 2022-23 has been restated from \$125.2M (single year) as reported last year to \$148.9M (cumulative) as per the cumulative targets.

b. Not reportable/not assessable | Projects completed that customers believe delivered a benefit to the community

Notwithstanding our desire to survey customers post-project, we consider this KPI is not reportable in 2024-25. The KPI relies on the delivery of projects and subsequent conducting of post-project surveys.

Similar to prior years, no post-project surveys were completed in 2024-25, however a number of projects were delivered in 2024-25, while some were delayed. These were:

- Recreational Paddling Projects:
 - **Candlebark park on-water access canoe stairs:** A revised concept plan has been developed after advice and approval from CHMP process in 2023-24. Concept design and further detailed design has been completed however the project has been delayed due to pending council approvals. We continue to anticipate that construction will begin during 2025-26. Once completed, we will undertake visitation surveys.
 - **Werribee multi-use Platform:** A post-project survey was not conducted for the single project completed in 2022-23 (Werribee multi-use Platform) due to the bridge access route to the platform being closed by Vic Parks due to flood damage. Rectification Works have not yet been completed and hence no post-surveys have been completed to date.
 - **Werribee River Riverbend historic Park Paddling Pontoon:** In 2023-24, we were working with council to determine structural risk associated with current design. This project has now been further delayed due to cultural heritage permit requirements. We continue to anticipate that construction will begin during 2025-26. Once completed, we will undertake visitation surveys.
 - **Bungee's Hole (Werribee River):** CHMP investigations conducted at the end for 2024-25 has resulted in significant artifact finds and the site is likely to be registered. Given this, it is unlikely construction will occur in 2025-26 as planned and are currently determining next steps.
- Reimagining Your Creek: Two projects (Blind Creek and Lewis Park Retarding Basin, and Moonee Ponds Creek (Strathmore)) were delivered in 2024-25 and open to the public. Post-project surveys for both projects are scheduled for Spring 2025-26. This is to ensure they are conducted at the same time as the pre-construction surveys, as recommended by Melbourne University who deliver these surveys for us. We anticipate two further projects (Stony Creek, and Moonee Ponds Creek (Westmeadows)) to be delivered in 2025-26.

- Greening the Pipeline projects: Activation of MOS Reserve between Skelton Creek and Lawrie Emmins Reserve (approx. 3.7km) - Zone 5 of the MOS Reserve has been split in two delivery phases – West and East projects.
- Zone 5 West has had a number of delays initially due to further structural assessments of the Main Outfall Sewer and re-scoping of the masterplan due but was completed in 2024-25. Zone 5 East is expected to be delivered in 2025-26. We are proposing to conduct a post-project survey for Zone 5 as a whole rather than separate, once East has been delivered. This will most likely occur in 2026-27.
- In 2024-25, a small part of Zone 9 of MOS Reserve masterplan has been delivered – tree planting and resurfacing of the trail. No additional funding has been allocated for the remainder of the Zone 9 Masterplan. Due to the limited works, there will be no post-project community surveys completed for Zone 9.
- We are also progressing with Zone 4 – the activation of MOS reserve between Skelton Creek and Old Geelong Road (approximately 1.7km). A Business Needs Investment (BNI) business case has been approved and is expected to be delivered in 2025-26.

The remaining land activation programs (Western Treatment Plant visitation assets, Recreation at Reservoir Catchments, Activating Pipetracks and Retarding Basin Activation projects) currently outlines 13 projects focusing on access for water recreation and open green spaces. These are still in development and community benefit will be measured as these projects are completed and are made available for public access.

With the exception of the Reimagine your Creek projects, all our activation projects proposed in our 2021 Price Submission were driven by the high-community willingness to pay following the pandemic and restrictions. These projects required partnerships and collaboration with councils and communities, with significant enthusiasm and engagement early on however a range of hurdles such as permits, agreements and CHMPs have limited our capability to deliver. While we have fallen short of delivering on the activation projects we set out in our 2021 Price Submission, we have to date activated 47.25 hectares of our land and assets to increase community enjoyment of nature and recreation in this regulatory period.

As we develop our 2026 Price Submission, we are applying the lessons learnt and as the program matures, we will get to delivery earlier in the regulatory period.

² Result for 2021-22 has been restated from 100% to N/A for consistency.

Outcome 4: Melburnians are empowered to support the design and delivery of service outcomes

Output	Unit		19-20	20-21	21-22	22-23	23-24	24-25	25-26
a Percentage of the community surveyed with a moderate or better level of water literacy (as indicated by scoring 5 or above out of 11 in the annual Water Issues Survey)	Percentage of survey respondents	Target	–	–	≥75%	≥75%	≥75%	≥75%	≥75%
		Actual	69%	70%	82%	80%	75%	78%	
b Number of successful grant applications within the waterways and drainage incentives program	No.		–	–	830	830	830	830	830
		Actual	830	830	768	877	942	1079	
c Number of projects funded within the waterways and drainage incentives program	No.	Target	–	–	1,000	1,000	1,000	1,000	1,000
		Actual	1,000	1,000	838	1032	1057	1254	

Overall performance for the **regulatory period** so far:  On Track

Business comment:

We consider that our performance target for this overall Outcome in 2024-25 has been **met (GREEN)**.

a. Target met | Community water literacy

The Water Literacy score for community averaged out across the year was 78%, an increase of 3% from last year and above our target of 75% in 2024-25. We have achieved this through our annual Water Literacy Program, which included:

- targeted Education Programs at the Western Treatment Plant

- launch of a new Digital Education Centre Events, and partnerships targeting new audiences in innovative ways
- project communications and engagement delivery
- new digital toolkits and experiences for schools, aligned to curriculum outcomes In-language education campaigns and experiences
- quizzes and explainers through social media, targeting key audiences with low water literacy.

b. Target met | Successful grant applications within the waterways and drainage incentives program

We have achieved our target for successful grant applications in our waterways and drainage incentives program for 2024-25.

Together with measure **c**, these measures track active participation in our incentives program.

In 2024-25, we have experienced record number of applicants received funding through our Liveable Community Liveable Waterways (LCLW) incentives program, reaching 30% more applicants than the KPI target value.

Although the LCLW is a Melbourne Water-wide program, the large volume was driven by the program “Operation Canopy Cover” (OCC). OCC is a coordinated effort to recruit more landholders to undertake waterway enhancement projects in priority catchments, to boost claimable vegetation outcomes.

c. Target met | Projects funded within the waterways and drainage incentives program

We have achieved our target for projects funded within our waterways and drainage incentives program for 2024-25. See above for commentary.

Outcome 5: Easy, respectful, responsive and transparent customer service

Output	Unit		19-20	20-21	21-22	22-23	23-24	24-25	25-26
a Customers surveyed as satisfied with Melbourne Water's water service	Average score out of 0 to 10	Target	–	–	7.9	8.0	8.1	8.2	
		Actual	7.7	7.7	7.1	7.2	6.9	7.0	
b Customers surveyed as satisfied with Melbourne Water's sewerage service	Average score out of 0 to 10	Target	–	–	7.9	8.0	8.1	8.2	
		Actual	7.7	7.9	7.1	7.3	6.8	6.6	
c Customers surveyed as satisfied with Melbourne Water's waterways service	Average score out of 0 to 10	Target	–	–	6.8	7.0	7.2	7.4	
		Actual	6.4	6.6	6.6	6.1	6.1	6.8	
d Customers surveyed as satisfied with Melbourne Water's drainage service	Average score out of 0 to 10	Target	–	–	6.5	6.6	6.6	6.7	
		Actual	6.2	6.4	5.5	6.1	6.1	6.0	

Overall performance for the **regulatory period** so far:  Not met

Business comment

Overall performance target for this Outcome in 2024-25 is **not met (RED)**.

Melbourne Water has been reviewing our approach and methodology as part of a continuous improvement program for Price Determination 2021 and to feed into our upcoming 2026 Price Submission Period. Our historic survey specification and methodology are no longer fit for purpose in measuring the sentiment of our customers as we recognise the unique needs of our different customer segments and the difference in the way they utilise our services. Customer Satisfaction (CSAT) is the most appropriate measure for transactions which align to our waterways and drainage services, and

‘relationship health’ is a more appropriate measure for our relational customers (Water Corporations, Local Government etc.) and can be applied to our water and sewerage services.

Our review has shown that our current survey methodology suffers from low sample size, due to low uptake and seeks ‘transactional’ information from non-transactional, often relationship or project-based interactions for particular services. Our transactional services of which we have more than 35,000 interactions through the Customer Service Centre (CSC) and upwards of 45,000 applications in a development services context are also not effectively captured in our existing CSAT methodology. CSAT is generally recorded through CSC interactions and is one of the methods adopted by the water corporations.

In addition to reviewing our methodology, over the past three years of Price Determination 2021, Melbourne Water has been committed to improving our customer experience and performance putting customers at the centre of our strategic framework. We have an enterprise program which includes the development of Customer Improvement Plans aimed at improving customers end-to-end experience (transaction) and collaboration, partnership and long-term planning (with our relational customers). We have improved our complaints and escalations process, key contact points and introduced an organisational capability uplift program.

As we transition to Price Submission 2026 (PS26), we have updated our methodology to include transactions via our CSC and Developer CSAT as well as outbound surveys. For consistency in reporting purposes, we have provided both sets of data – the previous methodology in the above table for consistent tracking, and the updated methodology below. In line with what we are continuing to hear from our customers, we are continuing to focus on using the right data and information to measure our customer experience.

With the new methodology, our overall performance for this Outcome in 2024-25 has been largely met. With both existing and updated methodology, we still consider our overall rating for the regulatory period as not met.

New methodology

Output	Unit	Existing methodology	New methodology
a	Target		8.2

OFFICIAL

	Customers surveyed as satisfied with Melbourne Water's water service	Average score out of 0 to 10	Actual	7.0	8.1
b	Customers surveyed as satisfied with Melbourne Water's sewerage service	Average score out of 0 to 10	Target	8.2	
			Actual	6.6	7.8
c	Customers surveyed as satisfied with Melbourne Water's waterways service	Average score out of 0 to 10	Target	7.4	
			Actual	6.8	7.6
d	Customers surveyed as satisfied with Melbourne Water's drainage service	Average score out of 0 to 10	Target	6.7	
			Actual	6.0	7.4
Overall rating for 2024-25					

Water and sewerage: We believe the most powerful improvement opportunities for customer satisfaction are improved collaboration, proactive engagement, alignment of strategic goals, progress against our commitments to bulk service customers, and placing the water corporations' customers – end-use customers – at the forefront of Melbourne Water's decision-making.

- **Water:** Reported Customer Satisfaction for water supply increased with the inclusion of satisfaction with CSC transactions (new methodology). Water corporations continue to highlight via surveys and workshops, that while they recognise the improvement to date, they see more opportunities to strengthen collaboration, particularly early engagement in relation to long term planning, transparency and openness to new ideas, and considering end consumers in decision-making.
- **Sewerage:** Reported Customer Satisfaction with Melbourne Water's sewerage services increased in 2024-25 with the inclusion of satisfaction with CSC transactions. While this is an improvement, there are still areas for improvement. Water corporations working in the sewerage service cited active

collaboration as a key strength in their relationship with Melbourne Water. We also saw positive public feedback via the PS26 playback on our stronger focus on our end use customers, which remains a key focus.

Our updated methodology was tested with water corporations. Corporations were supportive of Melbourne Water reviewing our metrics, saying it reflects the goals of continuous improvement and transparency. Corporations asked for both methodologies be reported for transparency. We spoke to the traffic light ratings we were proposing for the 2024-25 performance year, and the overall score for the **whole** regulatory period (as of 2024-25). Corporations were comfortable with Melbourne Water remaining 'not met' for the regulatory period at this stage. The 2024-25 rating was discussed; with some corporations comfortable with Melbourne Water using the amber rating for the 2024-25 performance year (using the new methodology), and others preferring continuing using the old methodology score (red rating for 2024-25).

Waterways: We deliver our waterways services directly to our Local Government Authorities, engaged community groups and members of our community. Customer Satisfaction with Melbourne Water's waterway services rose in 2024-25.

Overall, Local Government customer satisfaction has remained stable, and we saw positive service transactions through our CSC. We have been working on significant improvements with our Local Government partners, focussing on feedback around clarity, ownership, and collaboration. This work has come through our refreshed Local Government Relationship Model, which has seen us strengthen executive relationships, update the Local Government Customer Charter, engage regularly with the Municipal Association of Victoria, and launch a dedicated Local Government Hub on Let's Talk.

Drainage: We deliver drainage services directly to Local Government, developers and members of our community. Our satisfaction score rose in 2024-25. This increase was influenced by a dedicated customer improvement plan and consequent performance uplift. We worked faster through approvals, introduced cleared a greater transparency in our service level standards, and commenced publication of our performance data on our website. Our updated method now also includes satisfaction with customer service centre transactions which was not in the previous methodology. This approach aligns more closely with retailer customer satisfaction methodology.

While positive scores from developer customers contributed to the uplift, Local Government customers continue to highlight challenges. Strengthening collaboration with Local Government and ensuring open, timely communication remain key priorities. Strong reciprocal relationships with Melbourne Water contacts are consistently highlighted as a driver of satisfaction however delays in responses remain a key barrier.

In terms of CSC satisfaction, customers cited staff professionalism, strong knowledge and a helpful, approachable manner as the key drivers of their scoring.

Outcome 6: Bills are kept as low as possible

Output	Unit		19-20	20-21	21-22	22-23	23-24	24-25	25-26
a Net savings in operating expenditure identified through new efficiency projects	\$2021 (real)	Target	–	–	>\$500k	>\$500k	>\$500k	>\$500k	>\$500k
		Actual	NA	NA	\$700k	\$1,620k	\$1,758k	\$856K	
b Percentage difference between actual operating expenditure and the operating expenditure allowance as set out in the 2021 price determination (excluding one off or unusual expenditure, new obligations and any changes to uncontrollable operating expenditure)	Percentage	Target	–	–	<±5%	<±5%	<±5%	<±5%	<±5%
		Actual	NA	NA	+0.4% ³	+0.8% ³	+1.8%	+4.4%	
c Percentage difference between actual cumulative capital expenditure and the cumulative capital expenditure allowance as set out in the 2021 price determination	Percentage	Target	–	–	<±2%	<±2%	<±2%	<±2%	<±2%
		Actual	NA	NA	-25.5%	-27.3%	-11.3%	-1.8%	

Overall performance for the **regulatory period** so far:  On-track

Business comment

Our overall performance target for this Outcome in 2024-25 has been **met (GREEN)**.

a. Target met | Savings via efficiency projects

Net savings of \$856K have been achieved through negotiated savings from procurement for IT Managed Services agreement and Cloud-based services.

b. Target met | Operating expenditure excluding one-off expenditures, new obligations and non-controllables

Using this methodology, total controllable and non-controllable operating expenditures for 2024-25 (excluding one off and/or unusual expenditure, new obligations and changes to uncontrollable operating expenditure) are 4.4% higher than total Determination, and within target. We note that Melbourne Water has faced considerable operating cost pressures across the regulatory period when a broader more wholistic view of operating expenditures is taken. Our need to respond to once-off events and new obligations has seen total controllable operating expenditures significantly higher than determination by approximately 20% for 2024-25 – not all of which is normally recurrent expenditure and has been partially offset by lower non-controllable expenditure. Melbourne Water has taken on the price-related risk associated with this higher than determination expenditure incurred during the regulatory period. We are developing a Cost Efficiency Plan to accompany our 2026 Price Submission which we will use to systematically maintain downward pressure on operating expenditures over coming years.

³ An amendment has been made to the 2021-22 and 2022-23 results previously reported for this KPI from +1.2% to +0.4% and from +1.4% to +0.8%, respectively. This is due to uncontrollable operating expenditure previously being included in the result which should have been excluded.

c. Target met | Cumulative capital delivery compared to determination

The cumulative capital spend at the end of 2024-25 (year 4) was 1.8% below the cumulative Price Determination amount.

During the regulatory period changes to the accounting treatment for Software as a Service (SaaS) costs resulted in capital expenditure in the Price Determination being reclassified as OPEX. Allowing for the above SaaS accounting treatment the 2024-25 result reduced from 2.4% under, to be within the 2% tolerance at 1.8% under Price Determination.

We are seeing increased need for capital expenditure to meet the needs of a growing city and achieve our regulatory compliance obligations. We are anticipating that, with the inclusion of 2026-26 forecast capex, our capital expenditure will be 10.2% over our Price Determination for the full regulatory period. Melbourne Water will take on the price risk associated with this overspend until the 2031 regulatory period.

Melbourne Water – Waterways and Drainage Operational Expenditure Uplift – 2021–2026

About

This document is a summary report of our performance on the six programs that received an uplift in operational expenditure in Melbourne Water's 2021 Price Determination.

The performance of each program over the 2024-25 period is shown as a traffic light rating (green = on-track/et, red = off-track/not met, yellow = slightly off-track). We report on the progress of expenditure for each allocation against target expenditure and the activities associated with each area of program uplift. An overall traffic light rating is provided for the program and an individual rating for delivery indicators. No rating has been given for program spend to prevent a false impression of performance. For example, in some instances (e.g. Stormwater quality treatment systems), spend is less than the expenditure target, however levels of service have been met or exceeded.

Like our Outcomes Report, we have also provided comments on the overall program expenditures and activity measures.

Summary table

Program	21-22 & 22-23	23-24	24-25	25-26
Community involvement in waterways				
Flood mitigation				
Flood preparedness				
Natural wetlands				
New Stormwater Quality Treatment Systems				
Large scale stormwater harvesting				

Community involvement in waterways

This set of activities aims to deliver broad-scale education and engagement programs to involve the community in their local waterway, to support them to take a bigger role in waterway management, and to connect to environmental and cultural values.

Indicator	Unit		21-22	22-23	23-24	24-25	25-26	Total five years
Spend on annual allocation	\$m 2021 (real)	Expected	0.4	0.4	0.4	0.4	0.4	2
		Actual	0.21	0.17 ¹	0.19 ¹	0.42		
Community events	No.	Expected	5	5	5	5	5	25
		Actual	2	14	27	128		
Web based interactive digital media	No.	Expected	2	2	2	2	2	10
		Actual	6	1	1	8		
Targeted education campaigns including social media	No.	Expected	5	5	5	5	5	25
		Actual	0	0	5	14		
Waterway informational signage and infographics	No.	Expected	1	1	1	1	1	5
		Actual	0	0	6	4		

¹Result for 2022-23 and 2023-24 have been revised down from their nominal terms of \$0.18m and \$0.21m respectively to \$0.17m and \$0.19m to reflect the appropriate dollars (\$2021 real).

Overall performance for the **regulatory period** so far:  On-track

Uplift target met | Community involvement in waterways

Business comments

The activities associated with community involvement in waterways are on-track and met targets for all measures in 2024-25. The program has harnessed the momentum of projects and partnerships that commenced in previous years.

Selected program highlights in 2024-25 include:

- Continued support of partner organisations to build community involvement and connection with waterways. Partnership funding was provided to the Yarra Riverkeeper Association, Maribyrnong River and Waterways Association, Werribee River Association, Port Phillip EcoCentre and Merri Creek Management Committee. These partners have uplifted community participation across the region, delivering 123 community events, running targeted education campaigns and engaging 5,400 participants in a variety of events and activities.
- Delivering events at the Western Treatment Plant that enabled the community to participate in biodiversity enhancement and protection of threatened species at this Ramsar site. Events were delivered in partnership with NatureWest and Little River Landcare.
- Working with our partners to co-design, create and launch a Litter Prevention Toolkit. Informed by behavioural science and community insights, the resources are now available for groups to use in their local areas, to encourage anti-littering behaviour. The toolkit and supporting video are available on the Melbourne Water website.
- Delivering citizen science events during the City Nature Challenge and 'Frogtober' campaign months. Complementary 'how to' guides and instructional webinars were also created and are available on the Melbourne Water website as educational resources.
- Supporting the Cultural Immersion Trail at Moonee Ponds Creek by co-funding part of the trail's cultural signage and community launch event. This project was led by Wurundjeri Woi-Wurrung Corporation in partnership with Melbourne Water, Chain of Ponds Collaboration, Merri-bek City Council and Moonee Valley City Council, and was supported by the Victorian Government's Port Phillip Bay Fund. The trail connects visitors to Country with a multi-sensory experience through signage, infographics, physical artworks and digital stories about the creek.
- Investing in citizen science technology to engage community in collecting meaningful data for the protection of platypus and frog species through improvements to PlaytpusSpot and the Frog Census app.
- Three platypus sculptures have been installed in the Lerderderg community library with accompanying signage that explains platypus biology and the actions the community can take to protect this vulnerable species. The project funding was provided through Melbourne Water's Liveable Community Liveable Waterways (LCLW) incentives program in 2023, and delivered this year by the Bacchus Marsh Platypus Alliance.

Flood mitigation

This set of activities and the annual allocation aims to enhance strategic planning and collaborative flood mitigation implementation with our partners.

Indicator	Unit		21-22	22-23	23-24	24-25	25-26	Total five years
Spend on annual allocation	\$m 2021 (real)	Expected	0.7	0.7	0.7	0.7	0.7	3.5
		Actual	1.14	0.66 ¹	0.60 ¹	0.92		
Innovative solutions tested and adopted	Output	Progress	On-track	On-track	On-track	On-track		
Investigations supported by delivery innovation	Output	Progress	On-track	On-track	On-track	On-track		

¹Result for 2022-23 and 2023-24 have been revised down from their nominal terms of \$0.69m and \$0.68m respectively to \$0.66m and \$0.60m to reflect the appropriate dollars (\$2021 real).

Overall performance for the **regulatory period** so far:  On-track

Uplift target met | Flood mitigation

Business comment

The development of policies and delivery of investigations to address the complexities of flood mitigation in a highly urbanised environment is of high priority for Melbourne Water.

We have developed a screening and evaluation method to identify potential roadblocks to delivering innovative solutions and reduce the risk of investing in solutions that may not be feasible to achieving the intended benefits in practice. During the last two years, we have been trialling and refining the method and we are expecting to continue using it this next year and into the new price period.

Both expenditure and the progress of outputs and outcomes for 2024-25 are on-track.

Under this program in 2024-25, we have:

- Developed a method to assess levels of service for levees and tested it in four levee systems.
- Carried out flood mitigation options evaluations in six locations within Melbourne Water management region (Ormond, Fisherman's Ck, Smiths Beach, Rosebud and Capel Sounds, Brighton).

OFFICIAL

- Developed a GIS workspace to assist on flood hazard characterisation at a catchment scale.
- Completed the drainage investigation to assess options at a pre-BNI stage for Hanna St MD.
- Developed a structural consequence attribution study for drainage channels.
- Completed the consequence attribution and likelihood method for linear assets (DMOP).
- Peer reviewed the consequence of failure modelling for drainage pump stations.

Planned projects for 2025-26 include continuing to work on the levees asset class. We are planning to complete the levels of service method documentation and to progress with the development of a consequence of failure methodology. We will also continue with the flood mitigation options evaluations for different flooding hotspots. In the asset management space we are aiming to develop a repair standard (i.e. specifications and methods) for channels and underground pipes and to create a process to identify weirs through Lidar or other digital data sources.

Flood preparedness

This set of activities and the associated annual allocation aims to prepare community for, and mitigate, the impacts of flooding.

Indicator	Unit		21-22	22-23	23-24	24-25	25-26	Total five years
Spend on annual allocation	\$m 2021 (real)	Expected	0.3	0.3	0.3	0.3	0.3	1.5
		Actual	0.38	0.17 ¹	0.26 ¹	0.26		
Expansion of education and awareness program (CEDRR) <i>* These are re-engagement of previous years properties</i> <i>**No breakdown of data for individual years</i>	No.	Expected	2000	2000 *	2000	2000 *	500	4500
		Actual	6703 **		1898	2500		
Targeted social media <i>*(+x) numbers indicate re-engagement of previous year's catchments</i>	No.	Expected	3	2(+3)	3(+5)	2(+8)	(+10)	10
		Actual	2	2	5 (+5)	2+8		
Improved flash flood warning capability	No.	Expected	0	3	3	2	2	10
		Actual	1	2	3	1		

¹Result for 2022-23 and 2023-24 have been revised down from their nominal terms of \$0.18m and \$0.29m respectively to \$0.17m and \$0.26m to reflect the appropriate dollars (\$2021 real).

Overall performance for the **regulatory period** so far:  On-track

Uplift target met | Flood preparedness

Business comment

All elements of this uplift program for flood preparedness have been largely met throughout 2024-25.

The Community Engagement for Disaster Risk Reduction (CEDRR) program, run through University of Melbourne, achieved 2,500 reach engagements against an annual target of 2,000 in 2024-25. Participants have reported a 64% increase in their awareness of risk.

Cumulatively across the program 8,011 reach engagements have been completed with citizens living in 1% Annual Exceedance Probability (AEP) areas. A 1% AEP area relates to areas where the chance of a big flood will occur once every 100 years.

We have also completed a door knocking campaign in Kingston and Darebin, with 95% of all households at risk of underground flooding in the 1% AEP areas having been reached. All engagements in Kingston and Darebin have now been completed.

All households at risk of flooding in the 1% AEP having been reached in partnership with Mornington Council with 3,247 effective engagements completed (with follow-ups) and 2,816 effective engagements (without follow-ups).

Our efforts were focussed on the Maribyrnong community due to the most recent flood event and to support the related programs of work i.e. Maribyrnong River catchment flood mitigation study. The timeframes for the broader Greater Melbourne flood modelling program have also been a key consideration for this work.

In 2024-2025, we ran a targeted social media campaign to key flood hot spot areas in the Maribyrnong catchment to promote the Maribyrnong River catchment flood mitigation study and community events. Flood awareness and preparedness messages were available at each event. Throughout the full period of October 2024 to June 2025, we have reached over 317,000 Melburnians and generated almost 1.8 million impressions for the Maribyrnong River Catchment flood mitigation study social media campaign. This has resulted in over 10,000 click-throughs to the associated Let's Talk pages.

Over the last 12 months we delivered new digital videos and online content to improve broad flood awareness and flood literacy, and prepare for an upcoming social media campaign to support the Greater Melbourne Flood Information program. In total, eight new interactive videos were published with new web content in June 2025. These videos will be pushed out across social media next financial year. The focus for 2025-26 is to broaden the program to align with the Greater Melbourne modelling program which will be an important way of raising community awareness of flood risk based on new modelling. In addition, we are pursuing opportunities for joint campaigns with VICSES to combine flood awareness and preparedness messages.

In 2024-25 we have upgraded the Blackburn Main Drain (Laburnam St, Blackburn) site so that it can now transfer real time data into the Melbourne Water System.

In addition, during 2024-25 good progress has been made on the pathway for flash flood warnings to be issued to the community. The State Emergency Service (SES) is the nominated authority to issue flash flood warnings to the community, and a real time data transfer between Melbourne Water and Emergency Management Victoria (EMV) is being set up to enable timely issuing of flash flood warnings.

From EMV, SES will push warning into the EMV app for the community to see. We have initiated work to deliver real time data feed during 2025-26. Once the feed is in place the project will commence with improved flash flood warning capability for three pilot sites (Brushy Creek, Laburnam and Elster Creek).

Natural wetlands

This set of activities and the associated annual allocation aims to improve in-stream habitats including creeks, rivers, wetlands and estuaries, and the different elements that contribute to healthy waterways.

Indicator	Unit		21-22	22-23	23-24	24-25	25-26	Total five years
Spend on annual allocation	\$m 2021 (real)	Expected	0.3	0.3	0.3	0.3	0.3	1.5
		Actual	0.03	0.01	0.18 ¹	0.21		
Priority sites maintained	No.	Expected	20	20	20	20	20	20
		Actual	4	7	13	7		
Area maintained	Ha	Expected	60	60	60	60	60	60
		Actual	5	9	48.4	12.5		

¹Result for 2023-24 have been revised down from their nominal terms of \$0.2m to \$0.18m to reflect the appropriate dollars (\$2021 real).

Overall performance for the **regulatory period** so far:  Off-track

Uplift target not met | Natural wetlands

Business comment

The program's planned works include maintaining native vegetation extent and quality through revegetation, fencing, and controlling pest plants and animals. Works have been steadily increasing over time as the program develops with works currently to maintain Domain Chandon Billabongs.

However, the program is currently off-track due to 8 of the 20 identified priority natural wetlands at the time of the 2021 Price Submission lost or imminently lost to development, or being inaccessible for investigation as to wetland conditions due to their location on private land, an increase from last year.

The program of maintenance of these priority natural wetland sites has not materially changed from 2023-24. In 2024-25, our operating expenditure funded maintenance activities were completed for Tootgarook Swamp, Spadonis Billabong, Annulus Billabong, Banyule flats Billabong, Bolin Bolin Billabong, Burke Road Billabong, and Willsmere Billabong. This is equivalent to 12.5 hectares of wetland area being maintained.

We strive to continue the shift to a more planned approach for the remainder of the period by prioritising and re-allocating resources to document current wetland condition and develop work programs for the remaining wetlands. Of the remaining wetlands, four require further information due to their complexity, and five wetlands are identified as high-value sites and require maintenance activities over the remainder of the period.

The natural wetlands program is continuing to mature from its establishment in the 2021 Price Submission. Resourcing gaps have been filled, and condition data is currently being reviewed to support program prioritisation and development. Significant work is underway to mature the program in preparation for successful and effective delivery in Price Submission 2026.

New Stormwater Quality Treatment Systems

This set of activities and the associated annual allocation aims to treating increased volumes of stormwater through constructed wetlands and water sensitive urban design initiatives.

Indicator	Unit		21-22	22-23	23-24	24-25	25-26	Total five years
Spend on annual allocation	\$m 2021 (real)	Expected	0.08	0.16	0.24	0.32	0.40	1.2
		Actual	0	0	0.19 ¹	0.20		
Cumulative additional Stormwater Quality Treatment Systems handed over	No.	Expected	9	18	27	36	45	45
		Actual	0	0	28	74		

¹Result for 2023-24 have been revised down from their nominal terms of \$0.21m to \$0.19m to reflect the appropriate dollars (\$2021 real).

Overall performance for the **regulatory period** so far:  On track

Uplift target largely on track | New stormwater quality treatment systems

Business comment

Our overall success measures for this set of activities have largely been met. In 2024-25, we have cumulatively received (had handed over from developers) 74 new stormwater quality treatment system wetlands. This increase was primarily driven by our focussed efforts on 'Project Headway' which aims to systematically review and register stormwater quality treatment system and wetlands in Melbourne Water's asset register.

In 2024-25 our spend of \$0.11m (\$0.09 in \$2021-22 dollars) in operating expenditure against new stormwater quality treatment systems was below our target operating expenditure due to cost savings. This is despite a significant increase the number of assets handed over and the required level so service being met. In total, 63 systems had operating expenditure maintenance activities completed during 2024-25.

With increasing wetland assets received by Melbourne Water, we envisage that maintenance expenditures will increase and that this will continue into the next regulatory period.

Large scale stormwater harvesting

This set of activities and the associated annual allocation aims to manage the impacts of increasing stormwater volumes from urbanisation on order to maintain the and protect waterway health.

Indicator	Unit		21-22	22-23	23-24	24-25	25-26	Total five years
Spend on annual allocation	\$m 2021 (real)	Expected	0.77	1.5	2.3	3.1	3.8	11.5
		Actual	2.17	0.76	1.52	2.21 ¹		

Overall performance for the **regulatory period** so far:  Not met

Uplift target not met| Large scale stormwater harvesting

Business comment

Over the past three years, we have not yet met our target for uplift in our spending, however we have improved over the period.

Our stormwater management program has faced significant challenges that have prevented it from fully achieving its intended purpose. The program aims to reduce stormwater flow through harvesting and infiltration methods, marking a major shift in stormwater management for Melbourne Water and the industry.

Key obstacles include rising project costs, the need for customised solutions for each sub-catchment, lack of demand for stormwater in certain areas, and the absence of clear asset types for delivering infiltration targets. These complexities have delayed project timelines and increased costs, making it unlikely that we will meet our target outcomes within the current regulatory period. Consequently, it is also unlikely that we will get the assets on the ground and start the operational costs associated with these assets, which were supposed to be funded by the operational expenditure uplift.

Despite these challenges, several key projects are making progress and contributing to our overall goals. For example, the Sunbury Stormwater Harvesting project, which aims to deliver 3.8 GL/year at full development, is currently being re-scoped to consider delivery options and staged approaches.

Over the past four years of this program, we have:

- Completed investigations in two priority stormwater areas and advanced some of these investigations to high-level feasibility studies, commencing an assessment of the feasibility in delivering the recommendations outlined in the investigations.
- Continuing with the two additional Full Time Employees to support the delivery of the capital program and investigation works.
- Delivered Monbulk Smart Water Network through Partnership and progressing relevant research projects.
- Three capital projects including Toolern Stormwater Harvesting Sub-scheme and two Infiltration Wetlands at Yarra Catchment are in various stages of development and feasibility assessment. These pilot projects will provide critical insights into designing harvesting wetlands, understanding requirements, and identifying key monitoring needs.
- Options to construct Sunbury Stormwater Harvesting Scheme to meet waterway health outcomes have been explored and currently reviewing delivery options.
- Completed multiple research projects that inform the effectiveness of capital investment and policy, improve understanding of outcomes, and updated industry guidelines and evaluation of offset pricing.
- Provided funding for Water Research Australia to explore chemical and pathogens in urban stormwater and other research projects to advance Stormwater harvesting and infiltration.
- Investigated place-based solutions for large scale stormwater harvesting and reuse in the top priority catchments.
- Improved the current state of knowledge for the industry regarding harvesting asset options through the development of the emerging asserts framework.

The focus for 2025-26 operating expenditure will be to clarify delivery options and staging for Sunbury Stormwater Harvesting scheme and transition it to the capital program, increase industry understanding of ‘reasonably practicable’ contributions of stormwater harvesting assets to achieve harvesting targets, initiate future investigations for stormwater harvesting and infiltration in stormwater priority areas and review drainage scheme processes to identify opportunities for integrating assets at the development outset.

While it is highly unlikely that we will meet the stormwater harvesting and infiltration targets within this pricing period and fully spend the operating expenditure uplift, the groundwork laid by the ongoing projects and our adaptive strategies positions us for future success. The lessons learned and the progress made provide a strong foundation for achieving our long-term stormwater management goals.

¹Previous under reporting of research spend

A review of previous years reporting on operating expenditure associated with large scale stormwater harvesting has identified a potential under reporting of research spend.

OFFICIAL

Previous years reported on the total spend for five projects, rather than the proportional research spend of projects that are contributing to the state of knowledge for stormwater harvesting. This has led to an increased reported research spend this year, although the projects in the research portfolio have not increased this year.

We have not retrospectively updated our historical spend however have reflect this new method for 2024-25.