



START SAFE 
WORK SAFE 
HOME SAFE 

2040 Vision and Strategy

We are a trusted partner, advancing
water services to support customer
and community aspirations





Acknowledgement of Country

South Gippsland Water proudly acknowledges Aboriginal people as Australia's first peoples and the local Traditional Owners, Gunaikurnai and Bunurong, as the original custodians of the land and water on which we rely.

We pay our deepest respects to their Elders, past and present. We acknowledge the continued cultural, social, and spiritual connections that Aboriginal people have with the lands and waters and recognise and value that the Traditional Owner groups have cared for and protected them for thousands of generations.

In the spirit of reconciliation, we remain committed to working in partnership with Gunaikurnai and Bunurong to ensure their ongoing contribution to the future of the water management landscape while maintaining their cultural and spiritual connections.

This artwork is proudly featured on our Yarram Water Tower. It was designed by Gunaikurnai Elder Sandra Patten. It is a visual expression of 'Sitting On Country' where she feels at home and connected.

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Introduction

South Gippsland is located around two hours' drive south east from Melbourne. The region has a key focus on the natural environment with two internationally recognised National Parks – Wilsons Promontory and Tarra Bulga, north-east of Yarram. South Gippsland is a popular tourist destination, well known for its coastal resorts such as Inverloch, Cape Paterson, Waratah Bay, Sandy Point and Port Albert.

Dairy farming is the major industry in the region. It sits alongside a range of other important agricultural and horticultural enterprises, including beef, lamb, wine, vegetable production, and a commercial fishing industry.

As a regional service provider, South Gippsland Water (SGW) supports economic development with the aim of enabling strong communities. We are proactive in responding to the needs of our customers whilst providing environmentally sustainable water and wastewater services.

Our services

Our service area covers some 4,000 square kilometres and includes \$442 million of infrastructure. Our operations provided:

Water supply

Connected water customer properties

Residential	18,700
Non-residential	3,100
Drinking water supplied annually	6,000 ML

Wastewater services

Connected wastewater customer properties

Residential	17,300
Non-residential	2,000
Wastewater collected annually	4,600 ML



Our vision

We are a trusted partner, advancing water services
to support customer and community aspirations

Our purpose

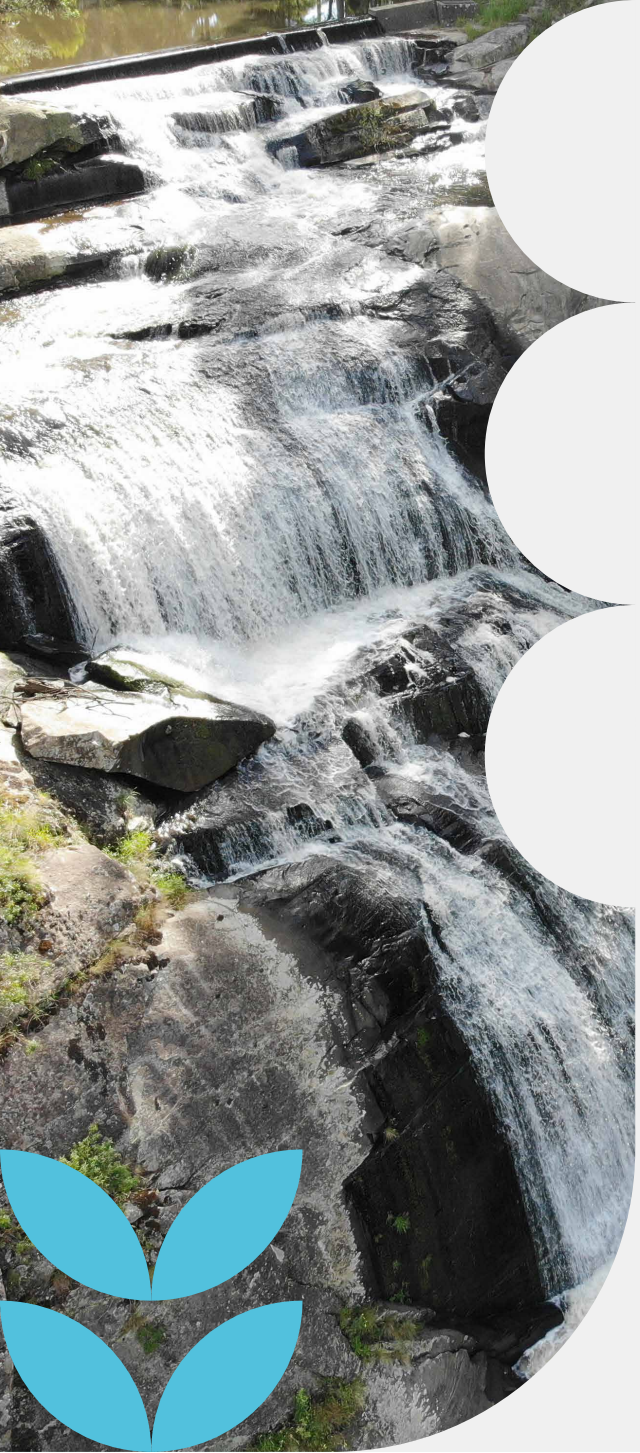
Making our community and environment
better together

Our role

We proudly provide safe and sustainable water
and wastewater services to our community

Our values

Inclusive, respectful, reliable, innovative, sustainable
Start safe • Work safe • Home safe



Foreword

South Gippsland Water is an essential service provider focused on meeting the needs of our customers and communities, who rely on us to deliver safe, reliable, and affordable water for drinking and everyday use, to grow our food and to keep our land green and cool. The importance of sustainable water and protecting our environment continues to increase. Our role in how we provide these services will continue to evolve as we build our relationships with our region's Traditional Owners, Gunaikurnai and Bunurong.

We conducted a comprehensive environmental scan, which examined our current organisational and regional position, external influences and impacts, risks and opportunities, capabilities, resources and our existing "in train" projects. We also considered the political, economic, social, technological, and environmental future of our region and State. It was important to us to carefully consider the current and future needs and aspirations of our customers and of the South Gippsland community generally. We used information and data from the environmental scan to consider various scenarios for 2040. This allowed us to agree on our Vision for 2040 – **South Gippsland Water will be a trusted partner advancing water services to support customer and community aspirations.** Being a trusted partner for all our stakeholders is fundamental to our values. Delivering sophisticated, modern, advanced water services that are technologically current and support our customers' and communities' aspirations in 2040 is essential to our success. Our Purpose, the reason for our existence, and the driver for our people,

goes beyond the supply of water services such as clean water and wastewater services for the region. It speaks to our desire to help improve our world and make our community and environment better together.

South Gippsland Water is a customer-centric organisation with staff routinely going above and beyond expectations to ensure the best possible delivery of outcomes for our customers. The things that we value most in our people are that we are inclusive, respectful, reliable, innovative, and sustainable. This is underpinned by our safety mantra of "Start safe, work safe, home safe". These values are our guiding principles for performance and behaviour measures in the workplace.

Achieving alignment and clarity amongst all our people are crucial to our success. It was also important for us to engage with our Customer Advisory Committee and receive their insights and feedback. I am particularly pleased that so many people in the organisation have participated in our strategic thinking this year. Our thanks go to the Board, executive team, and senior managers, for all their hard work.

We have developed detailed plans for the period 2024–2027 [Horizon 1] and we provide a high-level view of these in this document.

I am pleased to present the 2040 Vision and Strategy.

Robert Murphy
Managing Director

Minister's Letter of Expectations (LOE)

South Gippsland Water is committed to fulfilling the Minister for Water's key expectations as detailed in her letters to all water authorities in Victoria (LOE). Our Strategic Plan and business priorities have been aligned to the Minister's expectations. We demonstrate the linkage in each of our core strategic drivers on pages 12–15.

- | | |
|------|--|
| LOE1 | Climate change |
| LOE2 | Customer and community outcomes |
| LOE3 | Deliver water for Aboriginal cultural, spiritual and economic values |
| LOE4 | Recognising recreational values |
| LOE5 | Resilient and liveable cities and towns |
| LOE6 | Leadership, diversity and culture |
| LOE7 | Performance and financial sustainability |



Environmental scan – key factors

Population growth

It is anticipated population growth and urban expansion will amplify water security risks and the ageing population could ultimately lead to a prolonged economic slowdown and smaller working population.

Energy supply

Water utilities, as land and infrastructure managers, may have increased opportunities to participate as energy producers in an increasingly decentralised energy network.

Water resources and use

Augmenting systems to include a range of water supply options to meet water security needs, enhance resilience and maintaining commitments to environmental flows and Traditional Owners will be required. To add to this, increasing scarcity and the impact of climate change will require water corporations to reduce non-revenue water leakage to continue providing reliable levels of service and affordable prices.

Skilled labour

A constrained international labour market, increased competition across industries, and increasing costs for contractors may all increase the difficulty in sourcing appropriate labour within the water sector, particularly in the emerging fields to support a digital utility and the expansion of the circular economy.

Financial resources and economy

Increasing regulatory commitments, combined with the need for large-scale system upgrades and supply augmentation, will place upward pressure on prices. At the same time, there will be an increase in customers experiencing financial hardship. We will need to balance the complex relationship between improving and maintaining service quality while keeping prices as low as possible.

Customer and community expectations

We will need to maintain our customers and communities' trust, as the impacts of our work, from construction to service delivery, will be under increasing scrutiny to meet quadruple bottom line outcomes, including sustainability and social equality. A social-ecological 'licence' may be required to operate.

The rapid growth of neighbourhood activity has triggered the perception that the water industry can perform a broader role in communities' resilience and increased community demand for quality green spaces places greater pressure on water utilities to support local community aspirations and mental health through equitable access to nature and recreation spaces.

Supply chain

Operations will be required to be flexible and resilient enough to adapt and adjust in real-time to changes in trade flows, new regulations, climate change, trade tensions, and other geopolitical events. The move toward circularity can offer the water sector the benefits of diversifying and localising supply chains, increasing supply chain resilience.

Natural and human-induced disasters

Natural disasters of increasing severity – particularly floods, bushfires, and droughts – may threaten infrastructure, water resources, and workforce health and safety, requiring additional resources to ensure government and community expectations of disaster preparedness and resilience are met. Additional funding may be required for recovery from events.

We considered 12 macro drivers of change currently shaping the world.



Enterprise technology

Automation, machine learning and artificial intelligence-enabled digitisation may drive a radical redesign of work that may include labour augmentation and full or partial replacement of roles and tasks. Internet of Things (IoT) will provide opportunities for operational improvements such as grid reliability, enhanced safety for workers and customers, and an improved customer experience. These improvements can drive insights to prevent water wastage and reduce consumption.

Water technology

AI has already demonstrated its applicability for asset management. Sensors can detect a potential fracture before it occurs, making it cheaper to repair, reducing water wastage, minimising community disruption, and resolving a problem before it happens. The operational opportunities provided by IoT can lead to reduced operating costs and smart digital solutions may offer the water sector more cost-effective ways to meet compliance requirements in both the short term and long term. The sector must be aware of and plan to mitigate the vulnerabilities created by its increasing dependency on technology, ensuring its business continuity planning factors in redundancy in critical knowledge and skills that can be leveraged in the event of technical failure.

Regulations and policy direction

There is an increasing requirement and expectation from government and regulators for the water sector to partner with Traditional Owners, conduct quadruple bottom line accounting, more careful management of heritage sites, and larger future system augmentations that allow the return of water to Traditional Owners. There will continue to be increased demands on water utilities, and business decision-makers more broadly, to demonstrate action on emissions reduction, decarbonisation pledges, renewable energy projects, and clear mitigation for climate risk.

Accounting for ecological operational and reputational risk may become a core expectation for business decision-making and reporting.

Catchment health

The impacts of climate change are likely to negatively impact the ecological health of catchments, thereby increasing the costs to protect and rehabilitate affected areas. Extended drought places strain on water availability and security. Climate change is leading to reduced overall rainfall volumes. Increased stormwater is a major threat to waterway health, as water runs off hard surfaces into rivers and creeks and takes pollutants with it. The sector's exposure to the risk of new contaminants may increase with recycling and waste repurposing. As new contaminants continue to emerge, public concern over the long-term health effects of the known and new contaminants will continue to grow.

As we thought about 2040, we viewed these 12 drivers of change as particularly significant. We understand that any changes in the elements of these drivers could have significant impacts on South Gippsland Water's strategic planning. This would have the capacity to change the risks and opportunities profile for the organisation. A watching brief across our whole landscape will be maintained and reviewed regularly.

We are grateful to our colleagues in Melbourne Water for their support in helping us develop the South Gippsland Water environmental scan.

Strategic risks

South Gippsland Water operates in a complex environment requiring a range of solutions and capabilities to deliver a consistent safe water supply, store water, manage catchment areas, treat wastewater, and maintain huge infrastructure across long distances. It is, therefore, very important that we manage our risks effectively and that we continue to identify, mitigate, monitor, and report on them. When thinking about our future we needed to also factor in South Gippsland Water's 10 strategic risks.



Unsafe work practices or workplaces cause physical or psychological harm to an employee, contractor, or member of the public.



Failure to appropriately protect **information and communications technology** leads to critical system(s) penetration resulting in data security impacts or adversely impacts the delivery of safe, reliable, and environmentally sustainable services and leads to significant reputational damage.



Failure to attract, retain or develop skilled people and to embed an ethical, high performance **workplace culture and management practices** adversely impacts the delivery of safe, reliable, and environmentally sustainable services.



Failure to maintain **financial sustainability**, results in an inability to fund the delivery of safe reliable and environmentally sustainable services.



Failure to **evolve, innovate and keep pace** with external drivers required to deliver on our strategic priorities results in sub-optimal and/or inefficient delivery of safe, reliable, and environmentally sustainable services



Inadequate **asset planning and investment** causes an inability to deliver safe, reliable, and environmentally sustainable assets.



Inadequate **operation and maintenance** of asset systems result in the failure to deliver safe, reliable, and environmentally sustainable services.



Failure to prepare and act for **climate change** results in inability to deliver safe, reliable, and environmentally sustainable services.



Failure to implement effective **governance controls** results in unintended, fraudulent, or corrupt practices that lead to significant financial loss and reputational damage.



Inadequate **engagement and communication** lead to a loss of customer, community and/or key stakeholder trust in the organisation and to significant reputational damage.

Strategy on a page

Vision

We are a trusted partner, advancing water services
to support customer and community aspirations

Trusted people and partners

Our highly capable people
and strong vibrant culture

Trusted partner to community and
regulators, enhancing regional value

Valued engagement with
Traditional Owners

Fit for purpose, welcoming
and inclusive facilities

A modern and future fit organisation

Easy to use efficient processes,
systems and data

Modernised technology

Innovation and technology for growth

Improved security systems

Sustainable products and services

Balancing our water resources

Supporting a circular economy

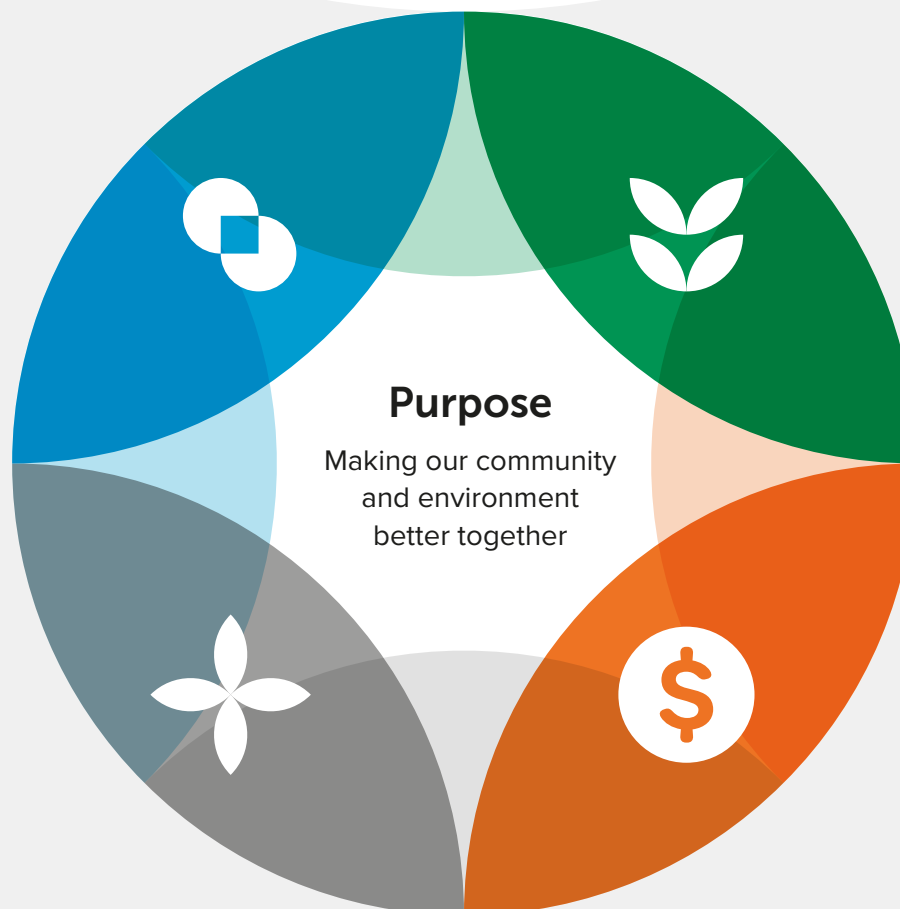
Optimised asset management

Affordability and financial sustainability

Grow revenue streams

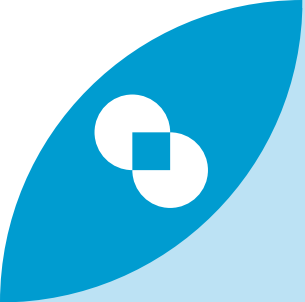
The value of water is reflected
in our pricing

Supporting major customers



Values

Inclusive, respectful, reliable, innovative, sustainable
Start safe • Work safe • Home safe



Strategic driver 1

Trusted people and partners

Guiding principle

Our highly capable and engaged people and partners are trusted to deliver valuable services in a sustainable and responsible manner

Mitigating key strategic risks



Delivering LOEs



Focus areas	1.1 Our highly capable people and strong vibrant culture	1.2 Trusted partner to community and regulators, enhancing regional value	1.3 Valued engagement with Traditional Owners	1.4 Fit for purpose, welcoming and inclusive facilities
Outcome 2040	Our people are highly capable and our culture is strong and cohesive, enabling the delivery of valued services whilst meeting government and regulator expectations and community aspirations.	We are a trusted partner with proactive relationships which provide high value. We know and understand the needs and aspirations of our community, working with others to ensure south gippsland is a great place to live, work and play.	We have a meaningful relationship with Traditional Owners to incorporate their histories, cultures, and their right to self determination.	We have fit for purpose facilities supporting the wellbeing of our people and enhancing diversity, inclusion and community engagement.



Strategic driver 2

Sustainable products and services

Guiding principle

Our sustainable products and services meet community aspirations whilst making the environment better

Mitigating key strategic risks



Delivering LOEs



Focus areas

Outcome 2040

	2.1 Balancing our water resources	2.2 Supporting a circular economy	2.3 Optimised asset management
	We have balanced the water we are taking from our rivers, creeks and groundwater, whilst protecting and enhancing our environment and creating sustainable solutions to maximise beneficial uses, ensure water security and eliminate waste.	We have partnered with our customers and local industries to advance the circular economy to eliminate waste and reduce the use of valuable finite resources.	Our assets are optimally managed, to maximise their lifespan, minimise future costs and align our risk appetite to customer and regulator expectations.



Strategic driver 3

A modern and future fit organisation

Guiding principle

Our organisation is efficient through effective systems, robust business intelligence and streamlined processes

Mitigating key strategic risks



Delivering LOEs



Focus areas	3.1 Easy to use efficient processes, systems and data	3.2 Modernised technology	3.3 Innovation and technology for growth	3.4 Improved security systems
Outcome 2040	Our business processes and systems are simplified and easy to use, our data provides insights to inform decision making, enhancing customer and employee experiences.	We have modern, fit for purpose technology and tools to manage assets, maintain services, gain efficiencies, and enhance customer and employee experiences.	We are innovating and using technology to advance, expand and diversify our products and services in order to achieve efficiencies and support growth servicing.	Our security systems protect our critical assets and systems in order to minimise disruption to services and reduce our risks.



Strategic driver 4

Affordability and financial sustainability

Guiding principle

Our organisation is financially sustainable while continuing to provide valued and trusted services to our customers and community

Mitigating key strategic risks



Delivering LOEs

LOE7

Focus areas

4.1 Grow revenue streams

We have optimised opportunities to expand our business by diversification where it aligns with our vision and purpose and where we can realise environmental and community benefit.

4.2 The value of water is reflected in our pricing whilst protecting vulnerable customers

Our prices and tariffs better reflect the value of water and our vulnerable customers are understood and protected.

4.3 Supporting major customers

We support the success of new and existing major customers, which improves economic benefit in the region, increases revenue and delivers sustainable growth.

Outcome 2040

Planning across the Horizons



* This will continue to be developed out and will include longer term goals of our committed strategies i.e., Net-zero and Wonthaggi wastewater treatment plant

Priority actions for Horizon 1

1.1 Our highly capable people and strong vibrant culture

- Deliver Diversity, Equity and Inclusion Plan and Gender Equality Action Plan
- Deliver Health, Safety and Wellbeing Plan
- Deliver People and Culture Plan

1.2 Trusted partner to community and regulators, enhancing regional value

- Deliver the stakeholder engagement plan
- Strengthen our relationships with key stakeholders
- Refresh our brand with the community, stakeholders and our people

1.3 Valued engagement with Traditional Owners

- Deliver Reconciliation Action Plans
- Deliver the Water is Life: Traditional Owner Access to Water Roadmap and actions arising from Treaty
- Strengthen our relationships with Bunurong and Gunaikurnai

1.4 Fit for purpose, welcoming and inclusive facilities

- Determine our new ways of working
- Develop a facilities master plan, identify priorities and opportunities
- Deliver priority sites identified in facilities master plan

2.1 Balancing our water resources

- Reduce water losses across our water supply systems
- Reduce our customers potable water usage
- Identify opportunities for beneficial use of recycled water
- Identify inflow and infiltration and reduce where it's a benefit
- Deliver Urban Water Strategy and Sustainable Water Strategy action plans

2.2 Supporting a circular economy

- Deliver Net Zero Emissions Plan
- Deliver Circular Economy Vision and Roadmap

2.3 Optimised asset management

- Align and deliver the Strategic Asset Management Plan to strategic priorities
- Build asset life-cycle costing in to service planning and investment decision making



Priority actions for Horizon 1

3.1 Easy to use, efficient processes, systems and data

- Streamline processes and systems to create efficiencies
- Deliver the Digital Business Enablement action plan
- Build a data driven decision making culture

3.2 Modernise technology

- Deliver the business technology roadmap
- Collaborate with industry in technology implementations

3.3 Innovation and technology for growth

- Deliver Smart Network action plan
- Collaborate on new and emerging technologies
- Monitor development and implement opportunities in machine learning and artificial intelligence

3.4 Improved security systems

- Deliver the cyber security action plan
- Monitor cyber developments and emerging risks and evolve our controls to mitigate threats
- Deliver physical security action plan

4.1 Grow revenue streams

- Collaborate with the water industry and partners to identify non-regulated revenue opportunities
- Identify opportunities to create new fees for service
- Explore opportunities for revenue using our current services and assets

4.2 The value of water is reflected in our pricing

- Improve the water literacy of our customers and community
- Advocate for intergenerational equity and long-term cost of water to be reflected in pricing

4.3 Supporting major customers

- Collaborate with our regional partners to retain and attract major customers
- Identify opportunities for large infrastructure funding to support new and existing major customers



Measuring success

We recognise with bold ambitions we will need creative ways to measure them – we are starting with the below indicators as a base but will also find unique ways to prove our success



Trusted people and partners

- ☐ People matters survey results
- ☐ Customer satisfaction results
- ☐ Culture results
- ☐ Attraction and retention results
- ☐ Brand awareness and reputation



Sustainable products and services

- ☐ Essential Services Commission performance results
- ☐ Carbon emission reduction
- ☐ Customer water usage
- ☐ Reduction in water leakage



A modern and future fit organisation

- ☐ Victorian Protective Data Security maturity rating
- ☐ Efficiency benefit realisation
- ☐ New technology implementation



Affordability and financial sustainability

- ☐ Financial sustainability
- ☐ Revenue diversification
- ☐ Water literacy of our customers
- ☐ New major customer numbers






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