

Southern Rural Water 2036

Corporate Strategy



**Southern
Rural Water**

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This document describes our long-term strategy and aspirations for the future. It is the cornerstone for our decision-making. Implementation of this strategy will be supported in the medium term through our five-year Price Submissions and annually through our Corporate Plans and Business Plans.

For any queries regarding the strategy, please contact Southern Rural Water on [1300 139 510](tel:1300139510) or at srw.srw.com.au

Introduction

Southern Rural Water has proudly supported communities across southern Victoria for more than 30 years. We deliver and license water for farmers, the power sector, the environment, other water corporations, Traditional Owners and the Victorian Environmental Water Holder.

We are pleased to present to you our new strategy: **Southern Rural Water 2036**. It reflects our unwavering commitment to our customers and the vibrant communities we serve. At its core lies a new vision:

'Regional prosperity through water'

We support regional economies through food and fibre production and job creation, healthy communities through the production of healthy food, the provision of recreational areas and support of essential services like power and water

and healthy environments through the sustainable management of water.

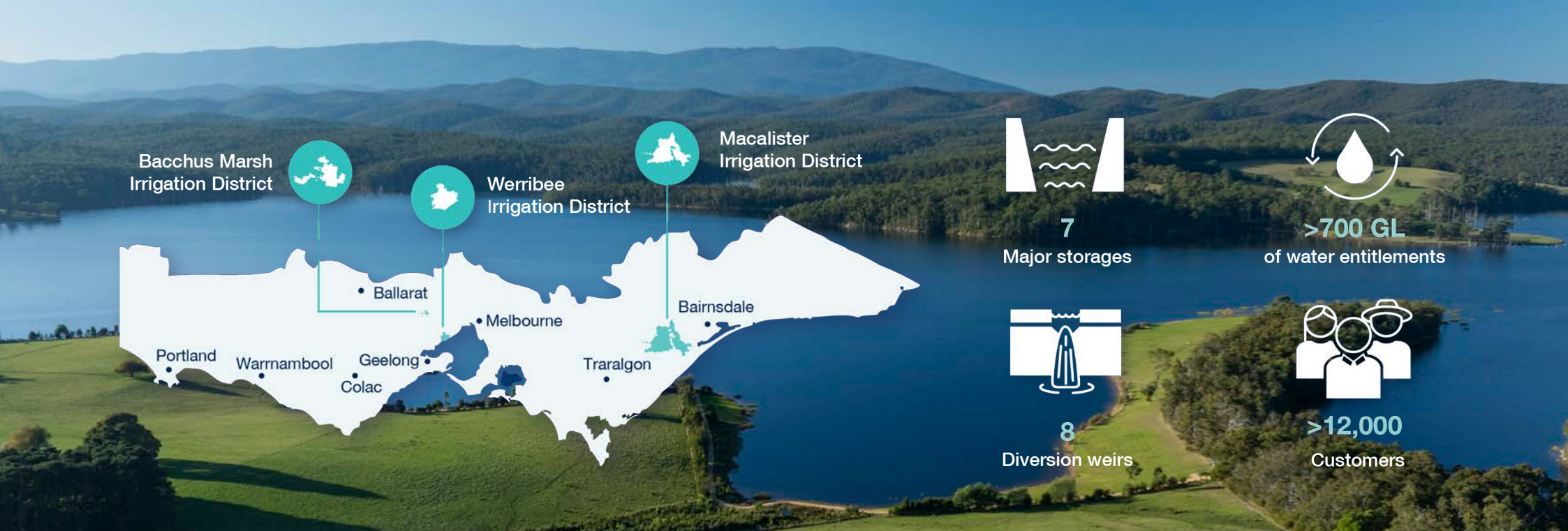
Southern Rural Water will be operating in a markedly different environment in the future shaped by, among other things:

- A hotter, drier and more extreme climate, with water security becoming the defining constraint on agricultural production and waterway health.
- Diversifying regional economies, with industries such as renewable energy, data centres and circular economy enterprises generating new and competing water demands.
- Larger, investor-backed farms that will increase demand for high reliability water and smarter technology solutions.

- The changing social landscape that places a higher value on community values, and the evolving role of Traditional Owners in water management.
- Significant, and fast paced changes in technology will change how both we, and our customers operate.

These changes will see us play an even greater role in sustainable water management—strengthening resilience to climate shocks, responding with agility to emerging regional opportunities, embracing Traditional Owners and community values, and championing innovation and efficiency in water use. We will continue to deliver on our purpose: providing sustainable water services across southern Victoria.





About us

Southern Rural Water is a state-owned water corporation, providing and licensing water to farmers, power generators, other industries, the environment, other water corporations and Traditional Owners.

We are one of four rural water corporations in Victoria. We cover an area of 88,000 square kilometres, or the lower 37% of Victoria, stretching from the South Australian border to the New South Wales border, and from the Great Dividing Range to the Victorian coast.

With approximately \$2.1 billion in assets under our management, we deliver water from the catchment to the customer. We operate seven major dams,

eight diversion weirs and three irrigation districts. We also regulate the use of surface water and ground water, along with the construction of larger dams.

We are proud to support the agricultural industry where our services support a food and fibre sector that contributes more than \$17.9 billion each year to the economy.

We have around 170 people spread between business centres in Maffra, Werribee, Mitcham, Traralgon, Warrnambool and Colac, ensuring we remain connected to our customers and stakeholders across southern Victoria.

We recognise the important role we play as stewards of water resources, ensuring that we manage them sustainably for future generations.

We work closely with our customers and the broader community, including farmers, power generators, urban water corporations, Traditional Owners and environmental groups to manage water resources in a sustainable way that enhances economic, environmental, social and cultural outcomes.



Our operating environment

We manage water resources in a sustainable way that enhances outcomes, effectively integrating economic, environmental, social and cultural objectives in our decision making.

Our functions and responsibilities are set out in the *Water Act 1989* and associated regulations. The Act:

- Establishes the framework for the allocation and management of the state's water resources.
- Sets out the functions, powers and obligations of water entities with responsibilities for water supply irrigation and salinity mitigation, waterway management and regional drainage.

We are also bound by:

- Statements of Obligation, issued by the Victorian Minister for Water, specifying our obligations in respect to exercising our functions under the *Water Act 1989*
- Government policies of the day
- Letters of Expectation, issued by the Victorian Minister for Water, specifying priority government policy expectations
- Other legislation such as the *Safe Drinking Water Act 2003* and *Environment Protection Act 2017*

- Other standards such as ANCOLD - Australian National Committee on Large Dams.

Every five years we submit a Price Submission to the Essential Service Commission for approval. This sets out the service levels we propose to deliver and the prices they propose to charge. Through this process we engage with our customers, and we know that water is important to support their livelihood. They are looking for fair and reasonable prices, great service, reliable water, sustainable water and that we are a valued community member.

Strategy 2036

Navigating the future of water

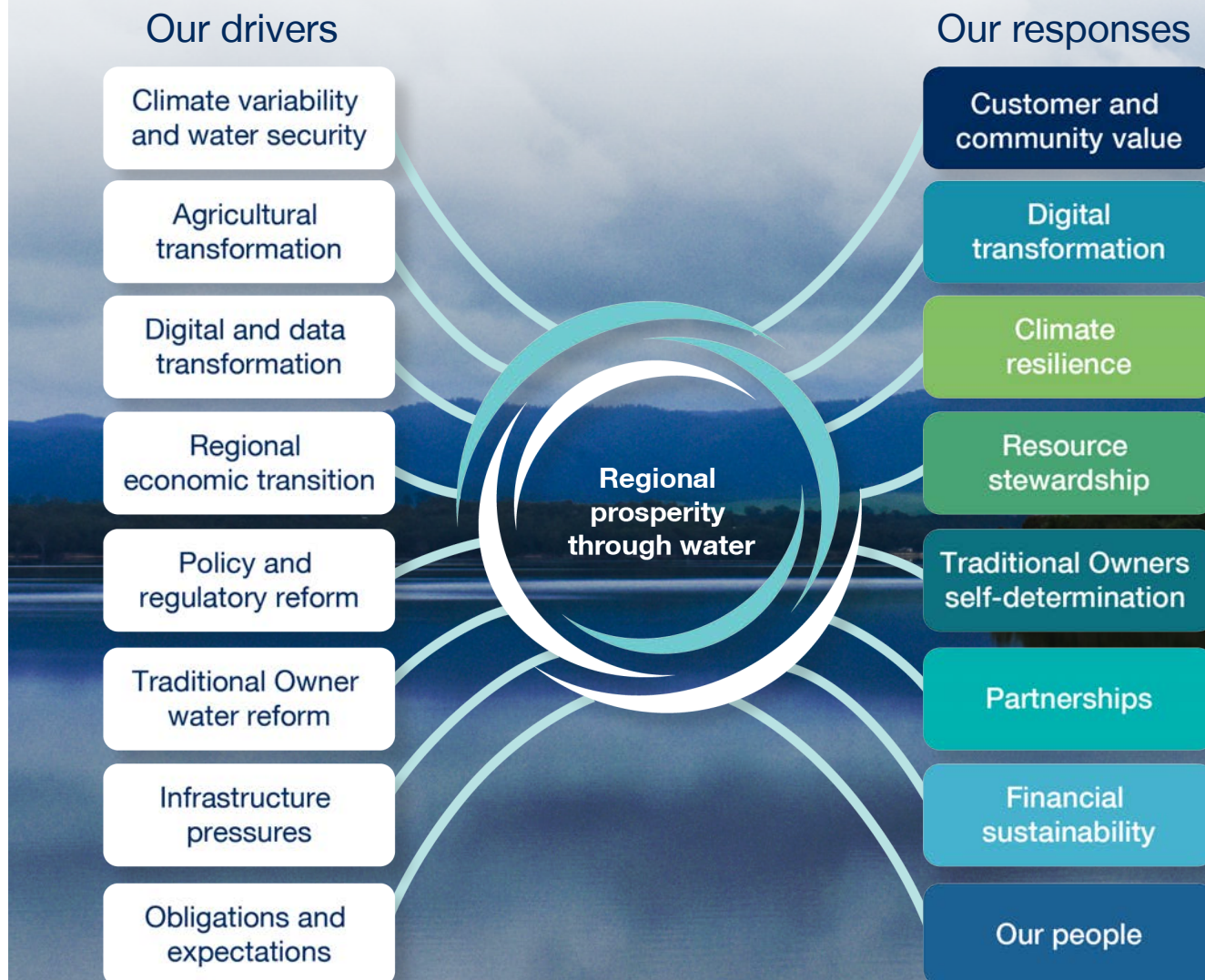
We operate in a dynamic environment which, while presenting many challenges, provides enormous opportunities which can be harnessed through a new way of thinking.

- A hotter, drier and more extreme climate is making water insecurity a critical factor across Australia.
- Farms are becoming larger and investor-backed requiring high reliability services and technology.
- Advancements in artificial intelligence, satellite monitoring, and technology will transform resource management, ways of working and customer expectations.
- New industries, including renewables, data centres, circular economy hubs and increasing populations are creating new water demands.
- Regulatory and policy requirements are constantly changing needing flexibility to maintain our social licence.
- Traditional Owners are seeking access to water and to be the co-governors of water.
- With over \$2.1 billion in assets, we need to invest in a significant maintenance program to ensure long-term reliability and safety.

We need to respond to these challenges and opportunities while meeting our existing obligations and expectation of government, our customers and the community.

Southern Rural Water's Evolving Role

Southern Rural Water is evolving to a **strategic enabler**, providing digital water services, leading climate change resilience and enabling regional growth.



Strategy 2036

Navigating the future of water

Our purpose

To provide reliable and sustainable water services that enable economic growth and the resilience of healthy communities, agriculture and the environment across southern Victoria.

Our vision

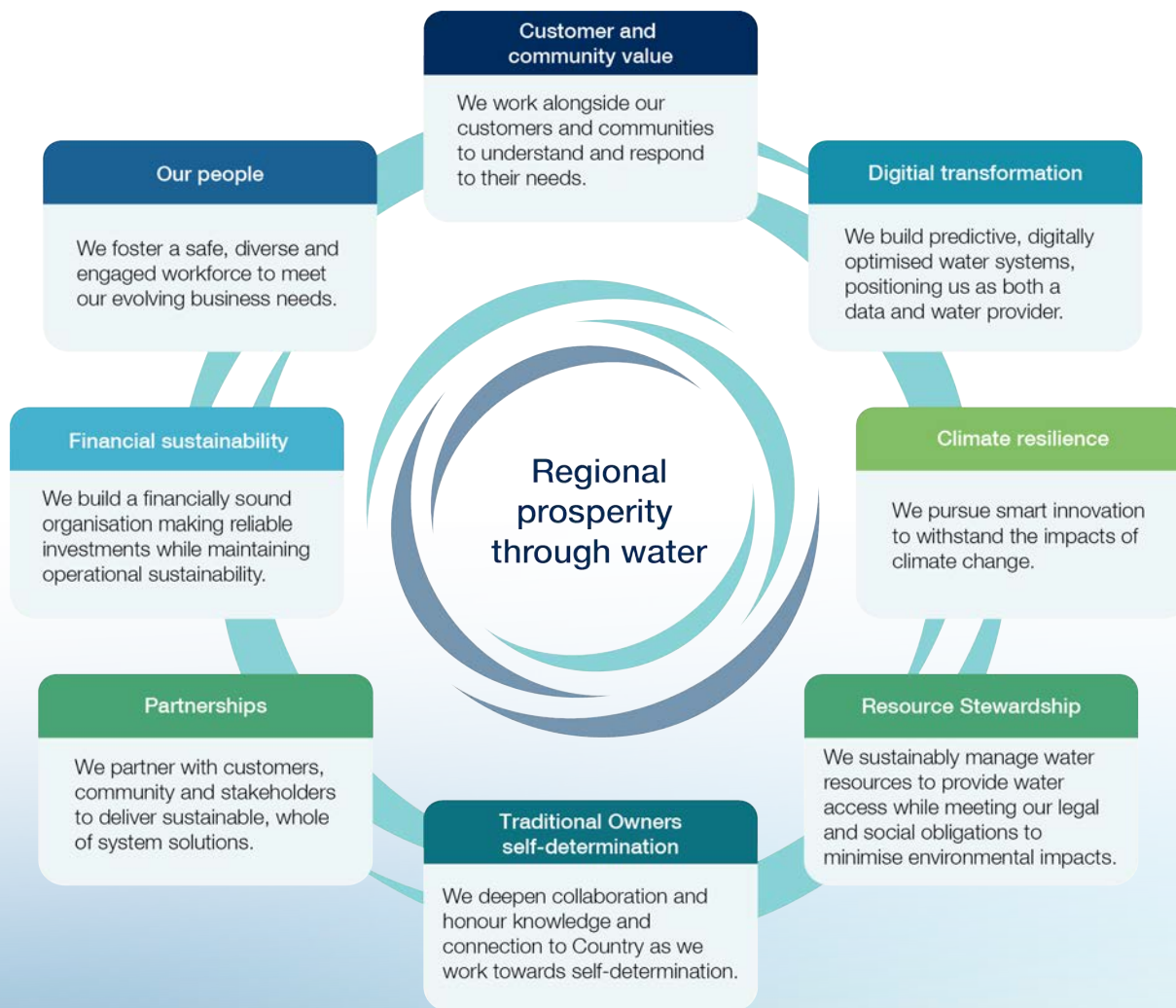
'Regional prosperity through water'

We will achieve this through a focus on eight integrated pillars: Customers and community value, Digital transformation, Climate resilience, Resource stewardship, Traditional Owners self-determination, Partnerships, Financial sustainability and Our people.

Our values

We are always safe and accountable working as one team to deliver a lasting legacy. This is how we operate.

Our values set out the way we work, they inspire the right behaviours and set the tone for our culture



Customer and community value

Context

Southern Rural Water has proudly supported communities across southern Victoria for more than 30 years. At the start of the twenty-first century, we embarked on a once-in-a-generation infrastructure program to modernise our irrigation districts. The program has been vital to future-proofing the districts and supporting our farmers to be more resilient.

We play an important role in the community, providing water to other water corporations for human consumption, the power industry in the Latrobe Valley and to various tourist ventures while also providing important recreational spaces at our storages.

Future

We know water is critical to regional prosperity.

We will work with government agencies to ensure the water needs of our customers, community and environment remain central in the medium-term while also planning long-term economic success, through projects such as the Werribee System Reconfiguration Project and Macalister Fresh.

Above all, we will support existing and future customers and communities by working alongside them, to understand their needs and how we can support them through the provision of reliable and sustainable water at a fair and reasonable price.



Strategic intent

We work alongside our customers and communities to understand and respond to their needs while delivering compliant, reliable and affordable services. This means:

1. We leverage advancements in technology to improve our services;
2. We are trusted by our customers and the community to provide water services with certainty; and
3. Our prices are transparent, stable, and affordable.

Digital transformation

Context

Agriculture is becoming highly tech-enabled. Artificial intelligence, big data and satellite technology are transforming the management of land and water.

We have recently commenced our digital journey, which will assist our customers in the field while improving our own productivity and service delivery.

Future

Our expertise as an evolving, digitally enabled water services provider means we will develop trusted data services that support customers to improve water efficiency and productivity. By integrating technologies like sensors, drones, and artificial intelligence-driven analytics, farmers can transition from traditional farming methods to a data-driven precision agriculture, to optimize resource use, increase yields, improve resilience and reduce environmental impact.

We have started the journey with our Digital Transformation Plan designed to enhance our operational efficiency, improve security and assist our customers increase productivity.



Strategic intent

We build predictive, digitally optimised water systems, positioning Southern Rural Water as both a data and water provider.

This means:

1. Our technologies, including the use of artificial intelligence, allow us to optimise the way we work;
2. We empower our customers with access to data; and
3. We allow for integration between our supply systems and our customers' systems.

Climate resilience

Context

Climate projections indicate warmer and drier conditions ahead, placing greater pressure on agricultural production, other users and river health. Victoria will not be immune to the impacts of climate change.

While customers manage their own resilience through on-farm practices and planning, we focus on the assets and services we manage. This includes planning and upgrading infrastructure to improve reliability under future and supporting the actions of the Western Region Sustainable Water Strategy.

The future

In a more uncertain climate, we will lead by strengthening the long-term value of our assets. This means making decisions grounded in climate science and a robust understanding of water usage and sustainability.

We've already started modernising how we plan and invest through Macalister Fresh, the Werribee System Reconfiguration and our Climate Adaptation Plan.

Now we must leverage technology to prioritise investment where it will make the biggest difference for long-term resilience for customers, communities and the environment.



Strategic intent

We pursue smart innovation to withstand the impacts of climate change. This means:

1. We provide long term water security by exploring strategic opportunities, policy reforms and technology;
2. We have climate resilient water resources and assets; and
3. We plan for multiple futures and adapt to the latest climate science.

Resource stewardship

Context

Southern Rural Water manages water resources that directly influence river health, groundwater condition and water reliability. We operate storages, diversion weirs and irrigation delivery networks; administer licences and entitlements; and make operational decisions about releases, orders, transfers, metering and maintenance.

Stewardship means clear rules, accurate measurement, risk-based inspections, and consistent enforcement. We use data, apply policies fairly, communicate transparently, and partner with Traditional Owners to protect cultural values.

Future

We will demonstrate resource stewardship in the future by going beyond the basic legal requirements, to protect and enhance the environment and setting aspirational targets for climate change mitigation and adaptation – but we can't do it alone. We partner with stakeholders and are transparent in our decision making to ensure quadruple bottom line outcomes.

We have strong compliance systems, including accurate, fit for purpose metering and quality data capture, as well as mature governance and risk and incident management processes. It involves moving beyond site-specific efficiency to collective action within catchments.



Strategic intent

We sustainably manage water resources to provide water access while meeting our legal and social obligations to minimise environmental impacts. This means:

1. We provide reliable, secure and sustainable access to water;
2. We care for Country; and
3. We are an active participant in the circular economy.

Traditional Owners self-determination

Context

Southern Rural Water operates on the lands and waters of the Bunurong, Eastern Maar, Gunaikurnai, Gunditjmara, Wadawurrung and Wurundjeri Woi-Wurrung peoples. The Victorian Government's Water is Life roadmap guides us in enabling meaningful outcomes for Traditional Owners by improving water access and moving beyond consultation toward self-determination.

We have begun our journey to boost our cultural competency, establishing frameworks to support staff and create culturally safe ways of working.

Future

We will boost our cultural competency and establish frameworks for a safe workplace. Our first Reconciliation Action Plan in 2026-27 is a vital step in this pathway. Self determination will strengthen decisions by embedding shared principles across strategy and investment. We will work with Traditional Owners to define this model, ensuring water services are equitable and grounded in Country. We value Traditional Owner authority, protecting cultural heritage and supporting pathways for them to hold and manage water.



Strategic intent

We deepen collaboration and honour the knowledge and the connection to Country across our services as we work towards self determination. This means:

1. We support Traditional Owners in self-determination and remove barriers to access, influence and participation;
2. We have meaningful partnerships with Traditional Owners; and
3. We are culturally competent.

Partnerships

Context

Southern Rural Water operates across southern Victoria on the Country of 6 Recognised Aboriginal Parties, 46 councils, 5 catchment management areas, 9 water corporations, government agencies, and community groups. We have established, diverse relationships across the region.

We currently build partnerships organically through grassroots and project collaboration. While effective, we must shift to a strategic approach to maximize our impact. The Werribee Reconfiguration and Macalister Fresh projects demonstrate this power. By listening to customers, Traditional Owners, agencies, and community groups, we continue to grow our connections to achieve common goals.

Future

We know we can't deliver lasting impact on our own. Looking ahead, we will deepen and broaden partnerships with customers, community and stakeholders, working together at every level in a cohesive, coordinated way.

Ultimately, aligning effort and sharing insight, we can achieve better outcomes for our region. Practically this means we seek to align on shared priorities, partner on solutions and co-ordinate delivery through strong and agreed frameworks.

By listening, respecting each other's needs and collaborating we can work towards common goals and future prosperity for all.

Fine produce
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hippy dippy
and is
for.



Nathan
STEWART



Julie
WEATHERHEAD



Strategic intent

Partnering with customers, community and stakeholders to deliver sustainable, whole of system solutions. This means:

1. We maintain a deep working relationship with our customers;
2. We work with partners and stakeholders to help shape decisions; and
3. We achieve co-funding for co-benefits on major capital investments.

Financial sustainability

Context

Southern Rural Water manages over 12,000 customers, 170 staff, and \$2.1 billion in assets. Many of our assets date back to the 1920s and 1950s; as they age, we face rising costs to maintain service standards. Managing this expenditure requires disciplined investment and modern, technology-enabled approaches to ensure safe, reliable service and regional prosperity.

Future

We have developed a long-term financial sustainability plan underpinned by a 25-year capital program. This informs our pricing, cost, and debt pathways for the current regulatory period. We are committed to maintaining secure assets through predictive renewal modelling, aligned maintenance programs, and ongoing water savings audits of our modernisation initiatives.

These actions support our objective of maintaining financial sustainability while delivering safe and reliable water services. We are committed to achieving this without compromising our sound financial standing or imposing unplanned pricing shocks on our customers. Our focus remains on balancing infrastructure needs with affordability, ensuring that we continue to be a stable partner for the communities we serve. By integrating sustainable financial practices with predictive asset management, we are securing the region's water future.



Strategic intent

We build a strong, financially sound organisation making disciplined investment decisions for safe, secure and reliable assets while maintaining operational sustainability. This means:

1. We are financially sustainable and effectively consult with our customers so that any price increases are planned in advance and are proportionate to service delivery risk;
2. We maintain secure service-based assets; and
3. We generate unregulated revenue to support our operations

Our people

Context

Our people are the heart of everything we do. We value a diverse workforce that brings unique perspectives, empowering collaboration and innovation. We are committed to fostering gender equality and inclusiveness.

Our operationally focused team keeps water moving, maintains assets, and supports customers with strong local knowledge and a commitment to safety and reliability. While we have a positive culture built on service and community, we currently rely heavily on individual expertise. We are working to better integrate digital tools and data to support consistent decision-making and continuous improvement.

Future

We will continue building a culture that fosters a safe, inclusive, and high-performing environment. This involves strengthening leadership, lifting accountability, and reinforcing collaboration across all teams.

Our strategic workforce plan will drive the necessary capability shift over the next decade. By aligning technical skills with technological advancements, we will ensure our team is digitally enabled, fit for purpose, and ready to maintain our vital assets into the future.



Strategic intent

We foster a safe, diverse and engaged workforce to meet our evolving business needs. This means:

1. We empower and develop our people, creating a culture of innovation;
2. We value the diversity of our people and the contribution that they bring to Southern Rural Water; and
3. We care for our people, providing a safe working environment.



Living the strategy

Digital water intelligence

Technological advances – particularly in data, analytics, artificial intelligence (AI), and satellite observation – are transforming how regional and remote resources like water and land are managed. In the future, it is expected that regional industries, water authorities, and governments will rely on systems, often called digital twins, to make decisions.

For us, adopting such cross-sector tech means investing in data infrastructure that can interface with our customers. It may require sharing some operational data openly which historically utilities might have been cautious about, but the trend is toward open data for public value. The pay-off is higher reliability and possibly lower costs, as technology finds efficiencies by enabling

customers to pump water at times when electricity is cheaper.

Technology will be one of the greatest enablers for meeting the challenges ahead – whether it's adapting to climate variability through predictive models, integrating new industries smoothly through digital planning tools, or balancing complex water sharing arrangements through transparent ledgers and sensors.

We are investing heavily in our digital capability not as an optional add-on but as core infrastructure, just like our channels and pipes. We're aiming to be as much an data provider as a water provider, delivering actionable intelligence to customers and stakeholders.

A new way of thinking and operating

Throughout the twentieth century, we supplied water through gravity-fed channel systems. In the early twenty-first century, we began a major modernisation program, transitioning many channels to pipelines that reduce losses, improve efficiency, and deliver more water to our customers.

We are entering a new era and data will play a key role in strengthening climate resilience and growing regional economies. Technology and innovation will be central to providing existing and new customers with reliable water services across expanded irrigation regions. Embracing new technology is vital to support this change.



Living the strategy

Werribee system reconfiguration

Historically, Werribee and Bacchus Marsh customers have received water via open channel systems supplied from storages and the Werribee River.

The entire Werribee Irrigation District and much of Bacchus Marsh have now transitioned to piped supply. However, a significant opportunity exists to further strengthen the security of future water supplies in these districts.

The Werribee System Reconfiguration Project (the Project) is a multi-agency investigation into the most efficient and sustainable use of water resources across the region. It considers population growth, changes in land use, and the impacts of climate change on water availability.

It was identified as a priority in the Central and

Gippsland Region Sustainable Water Strategy, and explores how the irrigation supply from the Werribee River can be substituted with more reliable high-quality recycled water to restore natural flows and make more river water available for urban development.

The Project takes a whole of system view, assessing options to ensure regional water needs are met, including improved reliability and quality of irrigation supply, delivery of environmental improvements in the Werribee River, and enabling Traditional Owners to secure water entitlements.

A preliminary business case was finalised in consultation with irrigators in 2024. We will continue to work to secure funds to progress this project.

A new way of thinking and operating

The Werribee System Reconfiguration Project is just one example of how an effective partnership could deliver generational change. Working in partnership with Melbourne Water, Greater Western Water, the Department of Energy, Environment and Climate Action and Traditional Owners, Southern Rural Water is not only seeking to secure water for our agricultural customers but also boost urban water security while providing water to Traditional Owners and the environment.



Living the strategy

Macalister Fresh

The Macalister Fresh area is one of Victoria's most important food bowls and a thriving agricultural region. Compared to other parts of the nation this area is well placed to adapt to climate change.

Access to ample water delivered through modern infrastructure creates a unique opportunity to grow the region.

Since the early 2000s, we have invested more than \$200 million including major contributions from the State and Federal governments, to modernise the Macalister Irrigation District, delivering significant productivity gains for both irrigators and the Victorian economy. The Macalister Fresh project builds on this foundation, exploring how we can optimise water delivery and efficient use by our customers.

There are immediate opportunities to act: smoothing water demand, investigating on-farm storage, reconfiguring assets, and investing in technology to further improve productivity. We can also consider the potential for year-round water supply.

Looking to the future, we propose expanding the irrigation district through a long-term vision for a fully looped, pressurised piped system that delivers water to all customers. This approach would reduce irrigator costs, lower the region's carbon footprint, and create new water savings to support future development. Together these elements demonstrate leading efficiencies in Australian irrigation schemes required to deliver low carbon intensity and secure water services to our customers.

A new way of thinking and operating

Macalister Fresh is an example of opportunities before us. Working alongside the Macalister Customer Committee, Latrobe Irrigators Inc, Wellington Shire, West Gippsland Catchment Management Authority, Agriculture Victoria, Regional Development Victoria, GippsDairy, Gippsland Water, Food and Fibre Gippsland and the Gunaikurnai Land and Waters Aboriginal Corporation, the Macalister Fresh Strategy provides an opportunity for Southern Rural Water to promote regional prosperity with partners across the Gippsland region.

Southern Rural Water Strategy 2036

Vision

Regional prosperity through water

Purpose

Providing reliable and sustainable water services that enable economic growth and the resilience of healthy communities, agriculture and the environment across southern Victoria.

Strategic Pillars

Eight integrated areas including: Customers and community value, Digital transformation, Climate resilience, Resource stewardship, Traditional Owners Co-governance, Partnerships, Financial sustainability and Our people.

Governance and Collaboration

Emphasising Traditional owner co-governance, community engagement, partnerships and safe and empowered people.

Success by 2036

Tech enabled, trusted partner, climate resilient, financially sustainable and culturally competent.