



## WATER SECTOR INSIGHTS AND LEADERSHIP: NAVIGATING CAPITAL INVESTMENTS & EMBRACING TRANSFORMATION FOR THE FUTURE OF VICTORIA'S WATER SECTOR

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Population growth, lifestyle changes, development, and agricultural practices will contribute to an increasing demand for water during the next 20 years. Global water use is likely to increase by 20 to 50 percent above current levels by 2050, with industrial and domestic sectors growing at the fastest pace.

Source: [Director of National Intelligence: Water Insecurity Threatening Global, Economic Growth, Political Stability](#)

**At Sequana, we're dedicated to driving positive change and fostering constructive debate through our Water Sector Insights and Leadership series. In this article, we delve into the critical issues facing Victoria's water sector and emphasises the urgency of capital investments and transformation.**

Venturing into the world of the water sector half a decade ago felt like crossing into a parallel dimension. As I immersed myself in the complexities of this vital sector, my passion swelled, matched only by my drive to access some of the untapped potential for change, additional and broader collaboration, and ground-breaking ideas that could enhance our communities, streamline operations, and fortify sustainability.

Victoria's water resources have always been precious and subject to careful management. But in the face of shifting climates, rapidly increasing populations, and technological breakthroughs, Australia's water industry is swiftly evolving, demanding swift adaptations, joint efforts, and inventive solutions to secure a sustainable and resilient future.

As I delved into delivering the most recent price submission, I was immersed in the complexities that drive our industry. The intrinsic tie of operational and capital cost to community bills and the impact the economy and global risks has on all of this in an unpredictable and sometimes chaotic manner. This has driven my desire to lift the hood so to speak on the opportunities that present to truly add value to the industry.

Whilst I am continuously in awe of the region's proactive collaborative efforts that have set a benchmark for water management, some businesses struggle to fully leverage these collaborations due to resource and financial constraints. To address these challenges and ensure long-term sustainability, a strategic reassessment of sector priorities and transformative opportunities is imperative. The full potential for transformation is yet to be realised. The possibilities and opportunities that lie ahead for the industry are both exciting and substantial.



## CHALLENGES AHEAD: A CALL FOR TRANSFORMATION

The Director of National Intelligence warns of the escalating demand for water globally, driven by factors such as population growth and industrial expansion<sup>1</sup>. In Victoria, where water resources are precious and intricately managed, the need for transformation is evident and largely driven by a diverse coalition of stakeholders, including government bodies, environmental groups, industry experts, and local communities. State agencies such as the Department of Energy, Environment and Climate Action (DEECA) emphasise the need for sustainable water management practices considering rapid urbanisation and climate change. Environmental organisations advocate for the protection of water ecosystems, pressing for innovative approaches to conserve and manage water resources. Industry experts and technologists highlight the potential of digital tools and data analytics to revolutionise water management, enhancing efficiency and resilience.

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The time has come to accelerate the focus on innovation, collaboration, and strategic investments to enhance efficiency and sustainability.

Meanwhile, local communities, increasingly affected by water scarcity and quality issues, demand transparent, equitable, sustainable and cost-effective solutions to ensure their long-term water security. This multifaceted demand, along with the macro-environmental factors of rapid population growth, changing climate, and technological advancements, underscores the urgency and widespread support for transformative change in Victoria's water sector. Despite remarkable accomplishments in the water industry to date, the full potential for change is yet to be realised. The time has come to accelerate the focus on innovation, collaboration, and strategic investments to enhance efficiency and sustainability.

## THE SHIFTING LANDSCAPE: URGENCY FOR CHANGE

Victoria's water sector is at a pivotal moment in the 21st century, facing a rapidly changing environment shaped by demographic shifts, environmental concerns, and technological advancements. The World Economic Forum Global Risk Report 2024 underlines a range of challenges looming over the next decade. From extreme weather events to the rising cost of living, misinformation and cyber insecurity, these risks are expected to persist in the foreseeable future. Managing these uncertainties alongside the impact of aging infrastructure and the pressing need to control costs amidst a cost-of-living crisis poses a significant hurdle for the sector to overcome.

### GLOBAL RISKS RANKED BY SEVERITY OVER THE SHORT AND LONG TERM



The escalating demands on water services are unprecedented, necessitating investments in novel technologies and infrastructure. This dynamic setting necessitates a thorough overhaul to guarantee the sustainability and resilience of

<sup>1</sup> Director of National Intelligence: Water Insecurity Threatening Global Economic Growth, Political Stability



Victoria's water resources. This dynamic environment calls for a comprehensive transformation to ensure the sustainability and resilience of Victoria's water resources.

**RAPID POPULATION GROWTH AND URBANISATION**

Victoria's population is growing at an unprecedented rate, with projections suggesting that it will reach over 10 million by 2051. This surge is accompanied by intensified urbanisation, particularly in Melbourne and other major cities. The consequent increase in water demand places immense pressure on existing infrastructure, necessitating a scalable and efficient water management approach.

**CHANGING CLIMATE**

Climate change is reshaping the hydrological cycle, leading to more frequent and severe weather events, such as prolonged droughts and intense floods. These changes threaten water availability and quality, demanding adaptive strategies to mitigate risks and ensure reliable supply. The unpredictability of climate patterns underscores the need for a resilient water infrastructure capable of withstanding environmental stresses.



**TECHNOLOGICAL ADVANCEMENTS**

The digital revolution presents both challenges and opportunities for the water sector. Innovations in IoT, data analytics, and artificial intelligence offer powerful tools for optimising water management, from real-time monitoring to predictive maintenance. However, integrating these technologies requires substantial investment and expertise, highlighting the need for a sector-wide commitment to modernisation.

**REGULATORY COMPLIANCE**

Evolving regulatory frameworks are driving the need for compliance and proactive management within the sector. Regulations are increasingly focused on sustainability, water quality, and resource management, necessitating updates to existing systems and practices. Compliance not only ensures legal adherence but also promotes public health and environmental stewardship.

**CHANGING CUSTOMER EXPECTATIONS**

Customers are becoming more aware and demanding when it comes to their water services, expecting transparency, reliability, and sustainability. There is a growing emphasis on environmental conservation and the role that consumers can play in water stewardship. The sector must adapt to these changing expectations by enhancing customer engagement and communication strategies.



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“There are some challenges facing the water sector in terms of rising construction costs and increasing interest rates, and it is important that water businesses respond to these challenges by seeking to improve their efficiency across the five-year pricing period.”

**M Crudden (2023 Water Price Review)**

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**COST PRESSURES**

The financial burden of maintaining and upgrading water infrastructure is significant. Rising costs, coupled with the need for sustainable investment, and the customer's capacity and willingness to pay place pressure on water utilities to find cost-effective solutions. This includes exploring innovative financing models and ensuring efficient allocation of resources.

**TALENT ACQUISITION AND MANAGEMENT**

Attracting and retaining skilled professionals is crucial for the sector's transformation. There is a need for a



workforce equipped with expertise in modern water management, digital technologies, and sustainability practices. Effective talent management and remuneration strategies, including competitive salaries, incentives and training and development programs, are essential to building a capable and future-ready workforce.

**ENVIRONMENTAL CONSERVATION AND SUSTAINABILITY CONCERNS**

Integrating sustainability into all aspects of water management is critical. This includes protecting ecosystems, promoting biodiversity, and minimising environmental impacts. Water sector initiatives must align with long-term environmental goals to ensure a balanced approach to resource management.

Given these transformative pressures, the urgency for change in Victoria's water sector is clear. Without proactive measures, the sector risks falling behind, jeopardising water security, and failing to meet the needs of its growing population. The current landscape demands not just incremental improvements but a fundamental rethinking of water management strategies and opportunities for large-scale transformation.

**WHY TRANSFORMATION?**

Transformation embodies the critical mandate for adaptation, enhancement of efficiency, and the promotion of sustainability within an ever-evolving water landscape. Embracing transformation empowers water businesses to not only navigate the challenges of the future but also to actively shape a more sustainable and resilient water sector. It is through bold and transformative initiatives that water enterprises can excel in a dynamic environment, significantly influencing water management practices and outcomes.

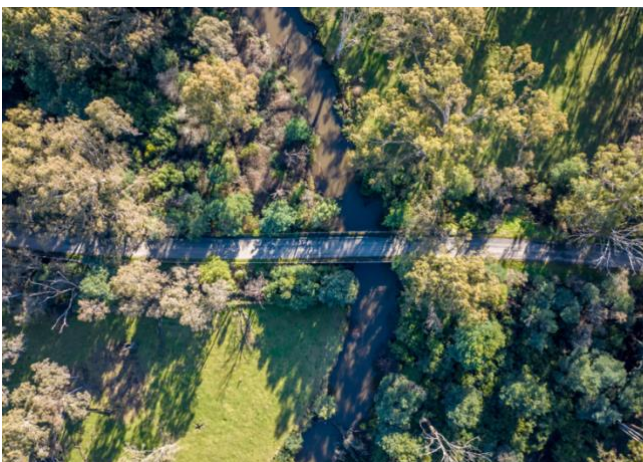
Recognising the driving forces propelling the urgency for transformation and the extensive benefits it brings, water businesses can strategically position themselves for enduring success and sustainability. By proactively embracing transformation, entities can not only thrive in the face of change but also lead the way towards a future where water resources are managed responsibly, efficiently, and with a keen eye on long-term viability and environmental stewardship.



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**1. ADAPTING TO CHANGING CONDITIONS**

The drive for transformation in water businesses is primarily fuelled by the imperative need to adapt to evolving conditions. Accelerated population growth, urbanisation, climate change, and technological advancements are fundamentally reshaping the water landscape, demanding a re-evaluation of traditional business practices. In the face of looming dry periods exacerbated by climate change, the necessity to explore alternative water sources, such as desalination, becomes increasingly urgent. Embracing transformation enables water businesses to proactively address these challenges, bolster their resilience, and ensure their continued relevance in a dynamic and ever-changing environment.



## 2. IMPROVING EFFICIENCY AND EFFECTIVENESS

Transformation offers water businesses the opportunity to streamline operations, enhance efficiency, and improve effectiveness. By modernising processes, further enhancing innovative technologies, and implementing best practices, water businesses can optimise resource utilisation, reduce costs, and deliver better outcomes for stakeholders. Transformation enables water businesses to operate more sustainably, meet regulatory requirements, and enhance customer satisfaction.

## 3. ENHANCING RESILIENCE AND SUSTAINABILITY

In today's climate of growing water scarcity, pollution, and environmental concerns, the transformation of water businesses is crucial in fostering resilience and sustainability. With the public placing greater expectations on utilities to operate responsibly and ethically, there is a heightened need for water businesses to integrate sustainable practices, encourage water conservation, and invest in modernising infrastructure. By embracing transformation, water businesses can not only mitigate risks and adapt to evolving conditions but also uphold their social license by demonstrating commitment to environmental stewardship and ensuring the preservation of water resources for future generations. This shift towards sustainability aligns water businesses with global goals and paves the way for a more sustainable water future.

## COLLABORATIVE EFFORTS: A PATH TO SUCCESS

Collaboration among stakeholders is vital for driving transformation and innovation in the water sector. Organisations like the Integrated Water Association (IWA), Integrated Water Network (IWN), Water Services Association of Australia (WSSA), Vic Water, Department of Energy, Environment and Climate Action (DEECA) and Essential Services Commission (ESC), play a pivotal role in fostering cooperation and progress within the industry. By pooling resources, sharing knowledge, and advocating for best practices, these entities promote efficiency, innovation, and sustainability in water management.

The water sector has a remarkable commitment to collaboration and innovation and these entities play pivotal roles in promoting cooperation and driving progress. Each entity serves a unique purpose, fostering collaboration opportunities and delivering significant benefits to the sector.

The Integrated Water Association (IWA) focuses on promoting integrated water management practices that consider social, economic, and environmental factors to address water challenges holistically. Through knowledge sharing and best practices exchange, the IWA enables stakeholders to develop innovative solutions for improved efficiency and sustainability in water management.

Dedicated to advancing integrated water management strategies, the Integrated Water Network (IWN) connects stakeholders to facilitate a coordinated approach to water resources planning and management. Through partnerships and joint projects, the IWN empowers stakeholders to address complex water issues effectively, enhancing outcomes related to water security, innovation, and environmental stewardship.

Representing the urban water industry in Australia, Water Services Association of Australia (WSAA) advocates for best practices, innovation, and sustainability in water services delivery. By bringing together water utilities, suppliers, and service providers, WSAA drives industry advancements, improved service delivery, and enhanced regulatory frameworks through collaborative initiatives and advocacy efforts.



As the peak industry body representing water corporations and authorities in Victoria, VicWater promotes collaboration, knowledge sharing, and advocacy within the state's water industry. Facilitating joint projects, research initiatives, and policy



discussions among its members, VicWater supports high-quality water services delivery, innovation, and policy reforms benefiting both the industry and the community.

The Department of Energy, Environment and Climate Action (DEECA) plays a critical role in fostering cooperation and progress within the industry by shaping policies and initiatives related to energy, environment, and climate action in Victoria. Collaborating with water sector stakeholders, DEECA contributes to the development of sustainable practices and strategies aligned with environmental and climate objectives. By engaging with industry players and advocating for environmentally responsible approaches, DEECA supports the integration of sustainable solutions and innovative technologies in water management practices.

The Essential Services Commission (ESC) serves as a regulatory agency overseeing essential services' pricing, performance, and quality, including water supply in Victoria. By engaging with water utilities, stakeholders, and consumers, the ESC fosters transparency, accountability, and fair competition in the water sector, benefiting both consumers and the industry.

These collaborative efforts underscore the industry's commitment to navigating challenges and seizing opportunities through resource sharing, innovation, and resilience planning. By fostering collaboration and embracing core principles, the water industry in Victoria can enhance efficiency, drive innovation, and deliver sustainable solutions that benefit both the sector and the community.



While collaboration within the Victorian water sector is commendable, there is room to assess the level of cooperation and desired outcomes. Disparities in investment in collaborative initiatives highlight the importance of a unified effort across the sector. By consolidating resources, expertise, and best practices through enhanced collaboration, there is an opportunity to accelerate transformation initiatives, boost efficiency, and achieve mutual success.

Victorian water corporations have engaged in several collaborative efforts to enhance the sector's efficiency, sustainability, and resilience. Collaborative efforts both at a whole-of-sector level and on targeted initiatives are driving great outcomes. Continued efforts such as the examples below highlight the power of partnership in driving transformation and achieving sustainable solutions.

At a whole-of-sector level, The Central and Gippsland Region Sustainable Water Strategy involved multiple stakeholders including water corporations, catchment management authorities, and Traditional Owner groups. This strategy focuses on securing water supplies, enhancing waterway health, and incorporating Aboriginal water interests into planning and management<sup>2</sup>

Another key collaboration is under the 'Water for Victoria' plan, which includes 69 actions aimed at modernising and securing Victoria's water system in the face of climate change and population growth. As part of this plan, the Victorian water sector has committed to reducing greenhouse gas emissions to net zero by 2035, with initiatives to improve energy efficiency and increase the use of renewable energy<sup>3</sup>

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<sup>2</sup> <https://www.water.vic.gov.au/about-us/environmental-contributions/fifth-tranche-of-the-environmental-contribution/building-a-sustainable-water-sector>

<sup>3</sup> <https://www.water.vic.gov.au/about-us/how-we-work-with-water-corporations/water-corporation-performance/water-corporations-adaptation-to-climate-change>.



An example within the industry is the MD Accord, a partnership between Barwon Water, Greater Western Water, Melbourne Water, South East Water and Yarra Valley Water signed in 2022 committing to a set of collaboration principles to guide future decision-making. Set to guide and support the utilities through the challenges facing the water sector, the Accord has four key focus areas: water security, Traditional Owners, bulk water entitlements, and water literacy and efficiency.<sup>4</sup>

In the current economic landscape, marked by increased capital investment and resource competition, optimising these collaboration efforts is crucial to overcoming challenges and delivering sustainable solutions. Reflecting on the potential for collaboration and maximising

stakeholder strengths can elevate the industry's cooperative spirit to a higher level of true partnership. Through ongoing evaluation, commitment, and alignment, water businesses in Victoria can enhance efficiency, drive innovation, and better serve their communities, both now and in the future. The industry's genuine intent and support from relevant bodies provide a solid foundation for achieving optimal collaboration and outcomes, emphasising the need for continuous improvement and strategic alignment to realise its full potential.

## THE ROAD AHEAD: OPPORTUNITIES & CHALLENGES IN INVESTMENT

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There is significant infrastructure investment planned across the businesses, with more than \$6.5 billion in capital investment in infrastructure, including around \$2.7 billion in regional Victoria.

M Crudden (2023 Water Price Review)

The water industry nationwide is currently experiencing a surge in investment, with major infrastructure projects demanding skilled resources and effective procurement strategies. Water corporations are also facing the challenges of technological advancement, requiring adaptation to new changes.

This challenge is also evident in Victoria, where the industry must allocate resources for infrastructure projects and embrace emerging technologies, including the transition to cloud technology. The shift towards the utilisation of emerging technologies and cloud technology presents both opportunities and challenges, necessitating meticulous cost management and regulatory compliance.

### CAPITAL INVESTMENT

There is on average a 50% increase in capital investment across the Victorian water industry emanating from the 2023 Price submissions. This surge in investment includes a multitude of large infrastructure projects, many of which share similarities in their nature and requirements. However, despite the commonalities among these projects, procurement and resourcing efforts are often carried out independently, leading to inefficiencies and missed opportunities for collaboration. This scenario is further compounded by the fact that there is a plethora of major infrastructure projects happening concurrently in Victoria, creating fierce competition for skilled resources and materials.

The heightened competition for resources has resulted in escalating wage costs on infrastructure projects, as water authorities struggle to retain experienced personnel amidst the lure of higher remuneration offered by the private sector. The disparity in pay scales between the public and private sectors has led to a brain drain within water authorities, as valuable knowledge and expertise are lost to competitors. Compounding this issue are constraints imposed by Enterprise Agreements

<sup>4</sup> [Victorian water utility agreement taps collaboration for accelerated progress \(awa.asn.au\)](https://www.awa.asn.au)



and Full-Time Equivalent constraints, which further hinder water authorities from effectively allocating resources to their projects.

Moreover, the scrutiny from government and the public on the capital delivery of public entities is on the rise, as cost overruns and project delays continue to impact services and budgets. To address these challenges, strategic packaging of procurement efforts presents a promising solution. By strategically bundling procurement activities based on factors like investment type, geographical location, or project stage delivery, water authorities can leverage synergies and economies of scale to enhance efficiency and reduce delivery risks.

The strategic packaging approach also creates opportunities for collaboration across the sector, allowing water authorities to identify shared infrastructure deliverables and timelines that could be coordinated for mutual advantage. While this endeavour may be challenging and entail some risk, the potential benefits of successful implementation surpass the associated risks. Through optimising procurement processes and employing suitable delivery models, the water industry can enhance supplier selection, negotiation, and contract management. Consequently, this can result in competitive pricing, enhanced project efficiency, and adherence to rigorous delivery schedules, guaranteeing a consistent workflow and ensuring the successful execution of projects in the long term.

### **TECHNOLOGY INVESTMENT**

Challenges with technology system upgrades and IT projects have led to delivery difficulties, cost overruns, and time delays. Poor business case development, governance issues, and change management obstacles have compounded these challenges. Recent changes in Treasury advice regarding the management of cloud-related technology may impact customer bills due to the amortised Opex treatment of large tech investments, posing challenges for cost management, scalability, and security in cloud technology projects. The Australian Treasury announced the change in accounting treatment for cloud-related services from Capex to amortised Opex in the 2021-22 Federal Budget, with the measure coming into effect from July 1, 2022. This announcement signalled a shift towards aligning accounting practices with the evolving nature of technology investments and recognising the ongoing operational nature of cloud services.

Transitioning cloud-related expenses from Capex to amortised Opex means that costs are recognised as they are incurred, reflecting the ongoing nature of cloud services. For the water industry, this change in accounting treatment could affect how costs associated with cloud-based solutions are passed on to customers through their bills. Under the regulatory model governing water utilities, expenses are typically factored into the determination of allowable revenue, which, in turn, influences customer tariffs and billing structures. Recognising cloud-related expenses as amortised Opex may lead to adjustments in the calculation of allowable revenue and operating costs, potentially impacting the cost recovery mechanisms used to set customer tariffs.







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The need and drivers for technology are further supported by The Victorian Digital Strategy 2021-2026, "A Future-Ready Victoria,"<sup>5</sup> which provides detailed guidance on technology selection to modernise the state's digital infrastructure. Key points include a cloud-first approach for scalability, flexibility, cost efficiency, security, and disaster recovery. The strategy advocates investment in emerging technologies like AI, IoT, blockchain, 5G, and RPA to drive innovation and efficiency. Collaboration with partners and a focus on innovation are encouraged, along with ensuring regulatory compliance and robust cybersecurity measures. This comprehensive approach aims to establish Victoria as a leader in digital transformation and technological innovation and whilst opportunistic for the Victorian water sector, it is also challenging when overlaid with the industry needs for tech upgrades for efficiency gains and customer value. The lack of expertise in the market and limited sector knowledge among large technology delivery partners and consultants further exacerbate these challenges, underscoring the need for a collective effort to address technological hurdles in capital investments.

Amongst them were three Victorian water businesses all having difficulty delivering their IT projects with a reported cumulative \$61.42mil blowout, and more than six years in delays.

A recent article in the AGE in April 2024<sup>6</sup> highlighted troubled IT projects in water businesses and government. Amongst them were three Victorian water businesses all having difficulty delivering their IT projects with a reported cumulative \$61.42mil blowout, and more than six years in delays.

Navigating these challenges requires water corporations to assess the long-term implications of cloud and emerging technology investments on customer bills and operational costs. It is essential for organisations to ensure that systems are scalable, secure, and compliant with regulatory requirements to mitigate the risk of cost blowouts and potential impacts on customer bills. By proactively managing these challenges and ensuring effective governance of technologies, water corporations can optimise cost management, enhance operational efficiency, and deliver sustainable services to customers while minimising the financial burden on ratepayers.

There is no doubt that investing in cloud and emerging technologies holds significant long-term advantages for the Victorian water sector. These investments can enhance operational efficiency, reduce costs, and elevate service delivery. As these

technologies become essential to water management practices, their positive impact on the sector's financial viability and customer satisfaction will continue to expand.



However, realising the full potential of these capabilities and benefits hinges on internal capabilities, comprehension, and change management readiness. These new technologies will revolutionise how work is done, interactions occur, and data is utilised for decision-making. Such a transformation may necessitate substantial internal adjustments to

<sup>5</sup> [A Future-ready Victoria: Victorian Government Digital Strategy 2021–2026 \(content.vic.gov.au\)](https://www.vic.gov.au/a-future-ready-victoria-victorian-government-digital-strategy-2021-2026)

<sup>6</sup> <https://www.theage.com.au/politics/victoria/where-victoria-s-latest-it-blowouts-are-biting-the-budget-hardest-20240327-p5ffrb.html>



facilitate seamless strategy and integration. Moreover, industry collaboration is vital to strengthen the ability to acquire and deploy new solutions effectively.

## **IMMINENT OPPORTUNITIES**

The water sector's urgency to embark on its transformation, collaboration, and innovation journey immediately, rather than delay, is underscored by the prevalence of duplicate activities across the industry.

Individual entities within the water sector often find themselves reinventing the wheel, repeating the same activities and investing resources in duplicative efforts.

The recent 2023 Pricing submission in Victoria highlighted the focus of several independent water corporations on upgrading or replacing their finance systems along with other core corporate systems, showcasing the sector's commitment to technology advancements. Each corporation, with substantial budgets, is largely pursuing its technology goals autonomously.

From regulatory reporting and compliance with standards (such as VPDSS) to the delivery of enterprise systems and the replacement of core service systems like finance, HR, and asset management, as well as the implementation of frameworks and services like change management, now is the time to commit to strong collaborative efforts for the benefit of our community and sustainability.

Avoiding duplication of efforts in repeatable processes and activities is key for the sector. Recognising and seizing these collaborative opportunities early will undoubtedly aid in achieving common goals. The opportunities are endless. By continuing to drive and deliver outcomes and initiatives where joint contributions yield shared benefits, we can optimise resources and ensure efficient utilisation of customers' funds for impactful outcomes.



## **TRANSFORMATION: A CALL TO ACTION FROM INDIVIDUAL WATER BUSINESS TO INDUSTRY AS A WHOLE**

The imperative for transformation in the water sector is clear: adaptability, efficiency, and sustainability are key to navigating the evolving landscape. By embracing change, water businesses can enhance service delivery, drive innovation, and uphold regulatory standards. The shift towards sustainable practices and collaborative initiatives will pave the way for a resilient and efficient water sector in Victoria.

To achieve a transformative shift in the sector, it is imperative that each entity undergoes its own comprehensive transformation. Every business must delineate its vision and strategy to effectively optimise corporate functions, ensure regulatory compliance, pinpoint areas for innovation and efficiency enhancements, establish assurance and capability-building mechanisms, and evaluate the suitability of delivery models. Only when individual entities are unequivocal in their commitment to their own transformational initiatives can we, as a sector, uncover synergies and potential efficiencies, paving the way for substantial industry-wide advancements and positive transformation.

### **VISION & STRATEGY**

The foundation of a successful transformation program lies in a clear vision and strategy. By defining the rationale for transformation, setting expectations for outcomes, and articulating key problem statements and strategic imperatives, the water industry can steer towards success. Conducting a comprehensive assessment of current strategies and drivers, both strategic and operational, allows for the identification of the current state and future desired state, enabling the formulation



of transformation goals. Recommendations for change, improvement, or new strategies can optimise performance and drive transformational change.

**CORPORATE FUNCTIONS OPTIMISATION**

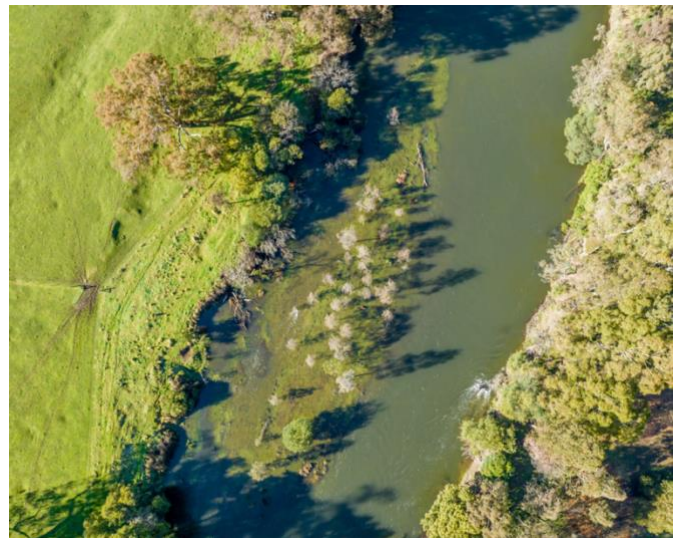
Efficient corporate functions are crucial for the overall effectiveness of the water business. Conducting thorough assessments of functions such as finance, human resources, procurement, and IT, and developing strategies to streamline processes, enhance communication, and promote collaboration among departments can significantly improve organisational effectiveness. Implementing best practices and technologies to optimise corporate functions not only reduces costs but also drives efficiency and innovation within the industry.

**REGULATION ACTIVITIES COMPLIANCE**

Adhering to regulatory requirements is paramount in the water sector. Assessing regulatory standards at various levels and developing compliance strategies and action plans ensure that the industry meets legal obligations and maintains standards. Providing support in regulatory reporting, permit applications, and audits demonstrates a commitment to regulatory compliance and upholding industry standards.

**INNOVATION & EFFICIENCY OPPORTUNITIES IDENTIFICATION**

Identifying opportunities for innovation and efficiency is essential for sustainable growth in the water industry. Conducting efficiency audits to pinpoint areas for cost reduction, resource optimisation, and operational improvement is key. Implementing energy efficiency measures, water conservation initiatives, and waste reduction strategies enhances sustainability practices. Introducing process improvements, automation solutions, and technology upgrades boosts operational efficiency and productivity, positioning the industry for long-term success.



**ASSURANCE AND CAPACITY BUILDING**

Developing an assurance model that addresses specific challenges and requirements of the organisation, incorporating elements such as risk assessment, compliance monitoring, performance evaluation, and stakeholder engagement, ensures accountability and transparency. Capacity building and training programs for industry professionals, staff, and stakeholders enhance knowledge, expertise, and capabilities in implementing the transformation program effectively. Technical training, workshops, and knowledge-sharing activities foster a culture of continuous learning and improvement within the water sector.

**GUIDANCE ON DELIVERY MODEL APPROPRIATENESS**

Ensuring the appropriateness of a delivery model hinges on aligning the business model with internal processes, asset strategies, and technology vision. This alignment is pivotal in guiding investment decisions and facilitating adaptation to the evolving capital landscape within the water sector. As the industry's responsibilities expand to encompass areas like energy management and circular economy initiatives, transformation becomes imperative. It is essential to identify the most suitable delivery model that can effectively achieve outcomes sustainably while remaining aligned with the organisation's overarching business model. By integrating internal processes, asset strategy, and technology vision into the delivery model, water businesses can navigate the complexities of the sector, meet growing responsibilities, and set themselves up to thrive in a rapidly changing landscape.



## THE TIME FOR TRANSFORMATION IS NOW: ARE YOU READY?

So, if you have read this far and are one of many passionate skilled individuals in this incredible sector, I urge you to consider the question: are you ready?

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In the face of escalating demands, evolving technologies, and shifting landscapes, the call-to-action for transformation resonates more strongly than ever. The urgency to adapt, streamline operations, and enhance resilience underscores the critical need for water businesses to assess their readiness for change and commit to strategic initiatives that will drive long-term success.

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The future of the water sector in Victoria depends on our collective willingness to embrace change and drive significant transformation.

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By delineating clear visions, optimising corporate functions, ensuring regulatory compliance, identifying innovation opportunities, and building assurance and capacity, water businesses can lay the groundwork for transformational change. Aligning delivery models with evolving needs, investing in technology, and fostering collaboration within the industry are essential steps towards achieving sustainable outcomes and delivering value to customers and communities.

The success of the water sector in transforming and leading the way in efficient and effective delivery is deeply rooted in collaboration and innovation. It is the collective courage to make significant changes that will drive industry-wide progress and tackle environmental challenges head-on. As water businesses assess their own capabilities and commit to strategic initiatives, they can pave the way for holistic transformation that benefits both the sector and the communities it serves.

The future is filled with opportunities for growth, efficiency, and innovation. The time has come for water businesses to rise to the challenge, commit to transformation, and drive positive change in Victoria's water sector. The potential for impactful transformation is within reach - are you prepared to take the necessary steps and lead the way towards a more sustainable and resilient water future? The future of the water sector in Victoria depends on our collective willingness to embrace change and drive significant transformation.

**BY MELISSA THEK**  
**SEQUANA'S DIRECTOR – STRATEGY, TRANSFORMATION & DELIVERY**

