

IN THE MATTER OF THE *INQUIRIES ACT 2014 (VIC)*

AND IN THE MATTER OF THE BOARD OF INQUIRY INTO THE MCCRAE LANDSLIDE

ENTITY: SERVICE STREAM LIMITED

WITNESS STATEMENT OF DAVID LINDSAY ZROPF

A Introduction

- 1 My full name is David Lindsay Zropf.
- 2 I am the Accountable Executive responsible for the Utilities Division at Service Stream Limited of Level 5, 655 Collins Street Docklands VIC 3008 (**Service Stream**).
- 3 The Utilities Division is responsible for the provision of construction, upgrade and maintenance services on behalf of asset owners across multiple sectors. These services include water, power, gas and industrial services.
- 4 Service Stream provides services to South East Water (**SEW**). All work Service Stream does for SEW comes under the Utilities Division's accountability. As the Accountable Executive of the Utilities Division, I have ultimate responsibility for **Service Stream's engagement with SEW** and have direct knowledge of the contractual arrangements between Service Stream and SEW.

B Service Stream's relationship with South East Water

- 5 SEW engages subsidiaries of Service Stream, including Service Stream Maintenance Pty Ltd (**Service Stream Maintenance**) and Service Stream Energy & Water Pty Ltd (**Service Stream E&W**) under multi-year contracts, to perform a range of operational **services in relation to SEW's water and sewerage systems**.

- 6 These operational services include civil services, mechanical and electrical services, and metering services.

C Question for Service Stream Limited

- 7 I have reviewed the letter from Ms Georgie Austin dated 23 May 2025 (**23 May Letter**), which enclosed a request for a witness statement that addresses the following question:

Outline the leak detection services currently being provided to South East Water by Service Stream Limited, including both reactive and proactive leak detection. In particular:

- a. provide details concerning any policies, procedures or requirements imposed by South East Water in respect of such services; and*
- b. exhibit key documents recording these matters.*

Where a current system, process, policy or procedure is different to the process or policy that existed at the time of the 5 January 2025 Landslide and/or the McCrae Landslide, please make that distinction and explain any differences.

- 8 The 23 May Letter also includes two definitions:
- (a) *“5 January 2025 Landslide means the landslide of approximately 30 tonnes that occurred on 5 January 2025 in the vicinity of the east end of View Point Road, McCrae”; and*
 - (b) *“McCrae Landslide means the landslide of approximately 120 tonnes that occurred on 14 January 2025 at Penny Lane, McCrae”.*

D Response to question for Service Stream Limited

- 9 As noted above in paragraph 6, the Service Stream group provides a range of services to SEW, one of which is leak detection services under certain circumstances. These leak detection services are described in this section.
- 10 SEW may assign certain reactive leak detection tasks to Service Stream Maintenance under the specifications schedule (**Schedule 4**) of the original Program Stream 1: Water Civil, Sewer Civil, and Sewer Cleaning Maintenance Services Agreement dated 1 October 2022 (**Original Program 1 Contract**), which is **Exhibit 1** to this statement [SST.0001.0001.0005].

- 11 Before, and at the time of the 5 January 2025 Landslide and the McCrae Landslide (as defined in the 23 May Letter), Service Stream only provided certain reactive leak detection services to SEW under the Original Program 1 Contract.
- 12 Reactive leak detection services mean performing tasks that have been assigned **through SEW's work allocation process (as explained further in section D.3)**. These tasks originate through various means, such as a customer complaint or reported faults to SEW.
- 13 Unlike reactive leak detection services, proactive leak detection services involve checking an area or section of a water network for issues without having received reported evidence of a current problem. Service Stream was not engaged by SEW to provide this type of service under the Original Program 1 Contract.
- 14 On 13 May 2025, SEW and Service Stream Maintenance agreed to vary the Original Program 1 Contract to permit SEW to engage Service Stream to perform additional services, including proactive leak detection (the **Amended Program 1 Contract**). The variation letter is **Exhibit 2** [SST.0001.0001.0001] and the enclosed amendments are **Exhibit 3** [SST.0001.0001.0002]; **Exhibit 4** [SST.0001.0001.0003]; and **Exhibit 5** [SST.0001.0001.0004]. The Original Program 1 Contract was only amended to include proactive leak detection services after the 5 January 2025 Landslide and McCrae Landslide occurred.
- 15 Sections D.1 to D.3 below set out the policies, procedures and requirements imposed by SEW in respect of the leak detection services it may direct Service Stream to perform under the Original Program 1 Contract. Section D.4 sets out the amendments to the policies, procedures and requirements imposed by SEW in respect of the leak detection services it may direct Service Stream to perform under the Amended Program 1 Contract (which the parties entered on 13 May 2025).

D.1 Structure of the Original Program 1 Contract

- 16 Service Stream is engaged as one of two 'Industry Partners' by SEW under the Original Program 1 Contract.
- 17 The Original Program 1 Contract permits SEW to 'award' or 'assign' tasks to Service Stream on a discretionary basis in relation to the water supply system owned by SEW (see clause 1.2 (Services Scope) of Schedule 4). Clause 5.1 of the Original

Program 1 Contract provides that Service Stream must perform all tasks assigned to it by SEW.

- 18 Under the Program 1 Contract, proactive services are not within scope of the services which SEW can **direct Service Stream to perform. In accordance with SEW's 'Key Obligations' in clause 4.1, SEW will provide preliminary faults diagnosis and analysis functions and then assign any necessary tasks to Service Stream (or its other industry partners or specialist service providers) (see clause 4.1(a) and (b)).**
- 19 Clause 5.1 of Schedule 4 requires Service Stream to comply with SEW policies and procedures and maintain its own policies and procedures to the satisfaction of SEW. These policies and procedures include:
 - i) **'SEW-PEC=2100 Inspections Service Stream' procedure which is Exhibit 6 [SST.0001.0001.0006] (the Inspections Procedure);**
 - ii) **the 'SEW-PC-2103 Water Main Repair Procedure for Various Mains' which is Exhibit 7 [SST.0001.0001.0008];**
 - iii) **the 'SEW-PC-2101 Operating Valve, Shutting Down, Recharging a Main' procedure which is Exhibit 8 [SST.0001.0001.0007];**
 - iv) **the 'SEW-PC-2112 Flushing of Water Mains Service Stream' which is Exhibit 9 [SST.0001.0001.0010]; and**
 - v) **the 'SEW-PC-2100 Inspection Checklist' which is Exhibit 10 [SST.0001.0001.0009].**

D.2 Tasks which SEW may assign to Service Stream under the Original Program 1 Contract

- 20 Clause 1.2(d) of Schedule 4 sets out the various activities which SEW may direct Service Stream to perform:
 - i) Repair and replacement of burst and leaking water mains
 - ii) Water main extension or abandonment
 - iii) Maintenance, insertion, and removal of valves and hydrants
 - iv) Tee piece insertion and replacement
 - v) Construction, repair, and replacement of domestic water services

- vi) Temporary water supply pipes
- vii) Repair or replacement of stop taps
- viii) Repair or replacement of meter assemblies
- ix) Poor pressure investigation/rectification
- x) Water main cleaning and disinfecting
- xi) Water main shut downs
- xii) Leak detection
- xiii) Water reservoir tank cleaning
- xiv) Network support
- xv) Quality and assurance on completed tasks (i.e. preparation of As-Built information, pressure and water quality testing where required as per MRWA standards)

21 Reactive leak detection (at (xii) above) is one of the services which Service Stream may be directed to perform under the Original Program 1 Contract.

22 Schedule 4 sets out the following procedures and requirements for specialised and non-specialised leak detection services:

- i) **Non-specialised leak detection services:** SEW may assign general leak detection tasks to Service Stream whereby Service Stream field staff will attend a site and perform basic leak detection services to locate and identify leaks (e.g., visual observation and the use of sounding/listening sticks). Service Stream staff only carry limited equipment for detecting leaks underground (see clause 11.2(a) and (b) of Schedule 4). Schedule 4 provides that Service Stream staff must contact a SEW representative to seek further direction if they cannot determine the location of a leak (see clause 11.2(c) of Schedule 4).
- ii) **Specialised leak detection services:** Service Stream does not itself undertake specialised leak detection services as defined under clause 11.3 of the Original Program 1 Contract. Where required, Service Stream engages third parties to undertake this work. Schedule 4 provides that Service Stream must engage third parties who have sophisticated leak detection equipment

(such as digitised listening devices) suitable for finding leaks not able to be detected by Service Stream. The Inspection Procedure (listed in paragraph 20 above) sets out the procedure for engaging specialised leak detection services under the Original Program 1 Contract.

D.3 Process for completing a leak detection task under the Original Program 1 Contract

- 23 A common task that SEW assigns Service Stream is a residential main leak. For this type of task, a resident will report an apparent leak to SEW. SEW then triages the **leak based on the resident's report and gives it a priority level between 1 and 5, with 1 being the highest priority.**
- 24 SEW will then assign Service Stream the task through the Montage Platform. Work is **assigned at SEW's discretion and Service Stream cannot predict what tasks it will be assigned.**
- 25 Service Stream will receive and review the task in Montage and allocate the task to a Service Stream field worker who will attend the site. Depending on the priority level of the leak, Service Stream must attend the site within a specific timeframe. The Service Stream field worker will attend the site of the leak and assess the immediate risk to the public and any property. If the job is deemed high risk (i.e., visual evidence of a burst), then Service Stream will isolate the water main. Once the water main is isolated and the site is secured, Service Stream performs a site assessment for other hazards.
- 26 Service Stream may engage third party assistance while resolving the leak, such as traffic control or civil engineers with excavation machinery. It may also engage specialised leak detection services (as described in paragraph 22 above).
- 27 If the task is non-urgent, Service Stream will continue with the site assessment by undertaking visual inspections using basic sounding leak detection equipment, such as water sampling devices which can determine whether water is potable. Once Service Stream has identified the source of the leak, it will begin excavation to expose the main and repair the broken pipe.
- 28 Once the repair is complete, Service Stream will complete a report in Montage, including drafting notes and attaching photos. SEW receives the report and communicates the repair work to affected customers.

- 29 In accordance with clauses 23 to 25 of the Original Program 1 Contract, SEW pays Service Stream on a per task basis. Before SEW pays Service Stream for the completion of a task, SEW verifies the artefacts associated with the task and once satisfied that the job is complete, SEW will close the task in Montage, which triggers payment.

D.4 Services provided to SEW by Service Stream under the Amended Program 1 Contract

- 30 Service Stream and SEW entered into the Amended Program 1 Contract on 13 May 2025 (constituted by the amendment documents at **Exhibits 2, 3, 4, and 5**). Service Stream and SEW entered into this contract after the 5 January 2025 Landslide and the McCrae Landslide.
- 31 Under the Amended Program 1 Contract, SEW amongst other matters may engage Service Stream to complete leak detection and repairs based on data provided from digital water meters. SEW may also request that Service Stream undertake scheduled proactive leak detection over different council zones. This involves Service Stream staff conducting a visual inspection and using sounding/listening sticks in a zone specified by SEW. Service Stream still engages third party specialist leak detection services under the Amended Program 1 Contract, as described in paragraph 22 above.
- 32 Works under the Amended Program 1 Contract were anticipated to commence from 19 May 2025, however, Service Stream has not been asked to perform any proactive leak detection services for SEW to date.
- 33 The Amended Program 1 Contract has a 6-month term and is set to expire in November 2025.

Irrelevant & Sensitive

02/06/2025

David Lindsay Zropf