



# STRATEGIC ASSET MANAGEMENT PLAN

**AM2787**

**April 2025**



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| 3.0     | 16-4-2025  | Approved   | John Xu – Asset and Risk Manager | Strategic Asset Management Committee (SAMC) – Attending Group Managers | Strategic Asset Management Committee (SAMC) – Executives |

## Document review and amendment

The Asset and Risk Manager is responsible for maintenance of this Strategic Asset Management Plan. The approval of amendments to this plan should follow South East Water's governance and instrument of delegation.

This plan supersedes the previous Asset Management Strategy and shall be reviewed to align with the asset management planning and price submission cycle.

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## 1.0 Executive Summary

South East Water's vision "Innovate with Purpose, Act with Care" builds on our long history of innovation and the care we have for those we serve. This supports us deliver healthy water for life for our customers, communities and environment via the following five strategic focus areas:

- Empower our people
- Deliver for our customers
- Protect our environment
- Optimise our operations
- Drive innovation at scale

Our vision, purpose and strategic focus areas express what is of value to us, our stakeholders and customers as well as why we do asset management.

This Strategic Asset Management Plan (SAMP) forms a key part of South East Water's Asset Management Framework and broader asset management system. It focuses on how asset management contributes to service delivery and the achievement of our organisational objectives and the below customer outcomes for the pricing period.

The SAMP integrates the key elements of asset management such as organisational context, asset management requirements, policy, objectives, risk-based approach, role and responsibilities, communication and awareness, asset information and performance evaluation and improvement.

Together with our [Corporate Asset Management Plan \(AM2930\)](#), the SAMP forms a key part of South East Water's strategic asset management documents and sets directions for maintaining our Asset Management System that is aligned with the Victorian Government Asset Management Accountability Framework (AMAF), certified to ISO55001 and the Security of Critical Infrastructure (SOCI) Act now and in the future.

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## 2.0 South East Water Context

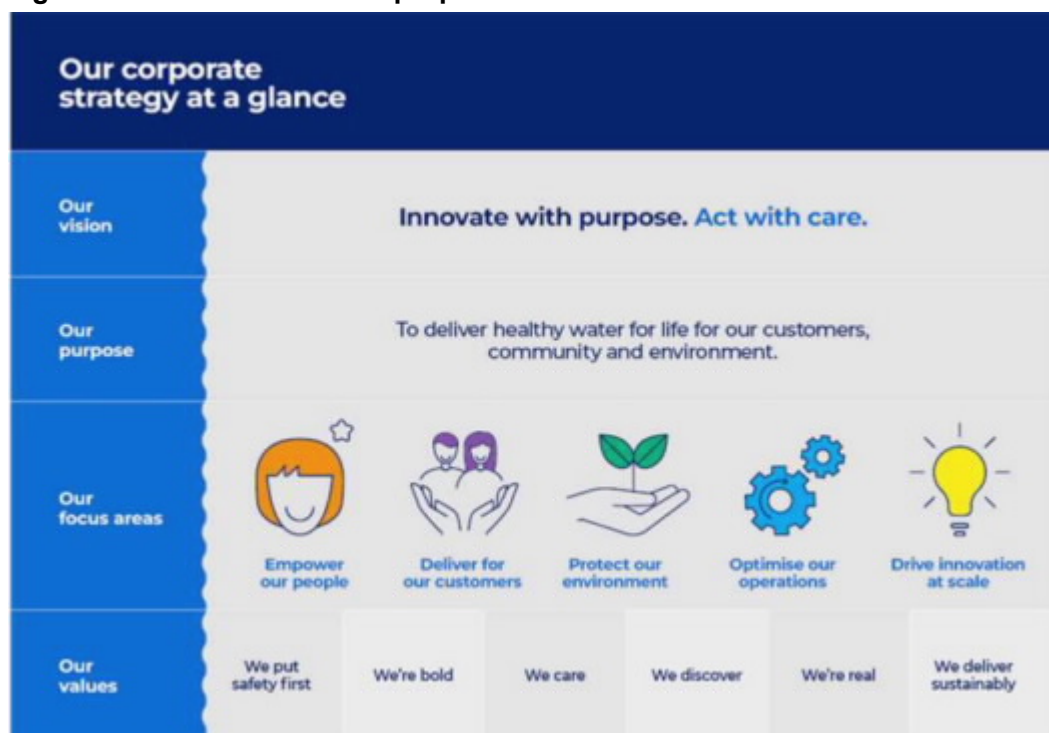
### 2.1 Our Commitment

We are committed to providing leadership to:

- Manage South East Water's assets in a way that meet customer needs, support the health and wellbeing of the public and workforce, protect the environment and maximise the value realised from our assets over their total lifecycle while balancing financial, environmental and social costs, risks, quality of service and performance related to assets.' South East Water [Asset Management Policy \(AM1811\)](#).
- Improve South East Water's asset management capability and systems.

This is an integral part of our operations to deliver our vision, purpose, focus areas and customer outcomes.

Figure 1: South East Water's purpose vision



Asset management contributes to service delivery and the achievement of our organisational objectives and the below customer outcomes (Figure 2) which are our commitment to deliver for the 2023-28 regulatory period.

1. Get the basics right, always
2. Warn me, inform me
3. Fair and affordable for all
4. Make my experience better
5. Support my community, protect our environment

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**Figure 2 – Five Customer Outcomes for 2023-28 Regulatory Period**

We recognise that the following factors are critical to successful delivery of asset management:

- Leadership plays a vital role by providing direction and aligning the organisation to a common purpose
- A co-ordinated whole of organisation approach is required. Asset management is not conducted in isolation
- Resources and capabilities to response to changes

## 2.2 How we Manage Assets?

South East Water's purpose, vision and customer outcomes are underpinned by delivery of services to customers and the broader community, for example, residential, non-residential and trade waste customers. The services and products we deliver include:

- Drinking water supply (Potable Water)
- Sewage collection
- Sewerage treatment (Treated effluent)
- Recycled water supply (Class A and C Recycled Water)
- Biosolids management (T1 C2 and T3C2 Biosolids)
- Energy management (Renewable and non-renewable power, demand reduction)

Assets are core to service delivery:

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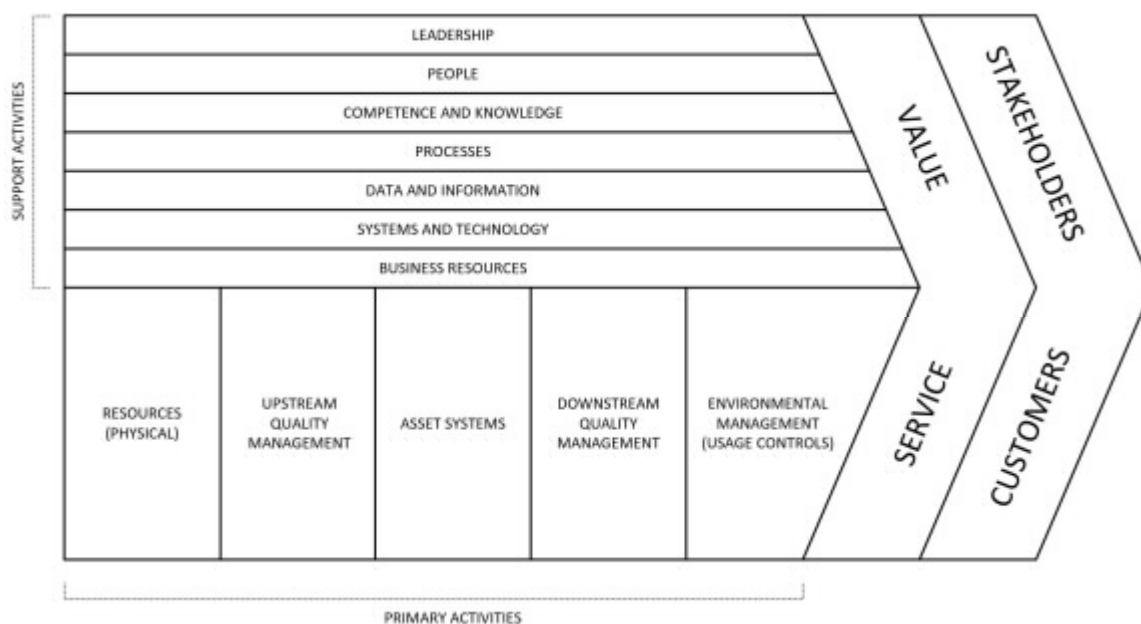
**Figure 3: Assets are core to service delivery**

**Services:** We must understand the needs of our customers and the requirements of our stakeholders to ensure we deliver appropriate service at the right service level

**Assets:** We must provide the right assets, with the right capabilities in the right places to enable service delivery

**Asset Management:** We must have capable leadership, capable people, business processes and accurate asset information, to enable us to efficiently and effectively carry out the right work on the right assets.

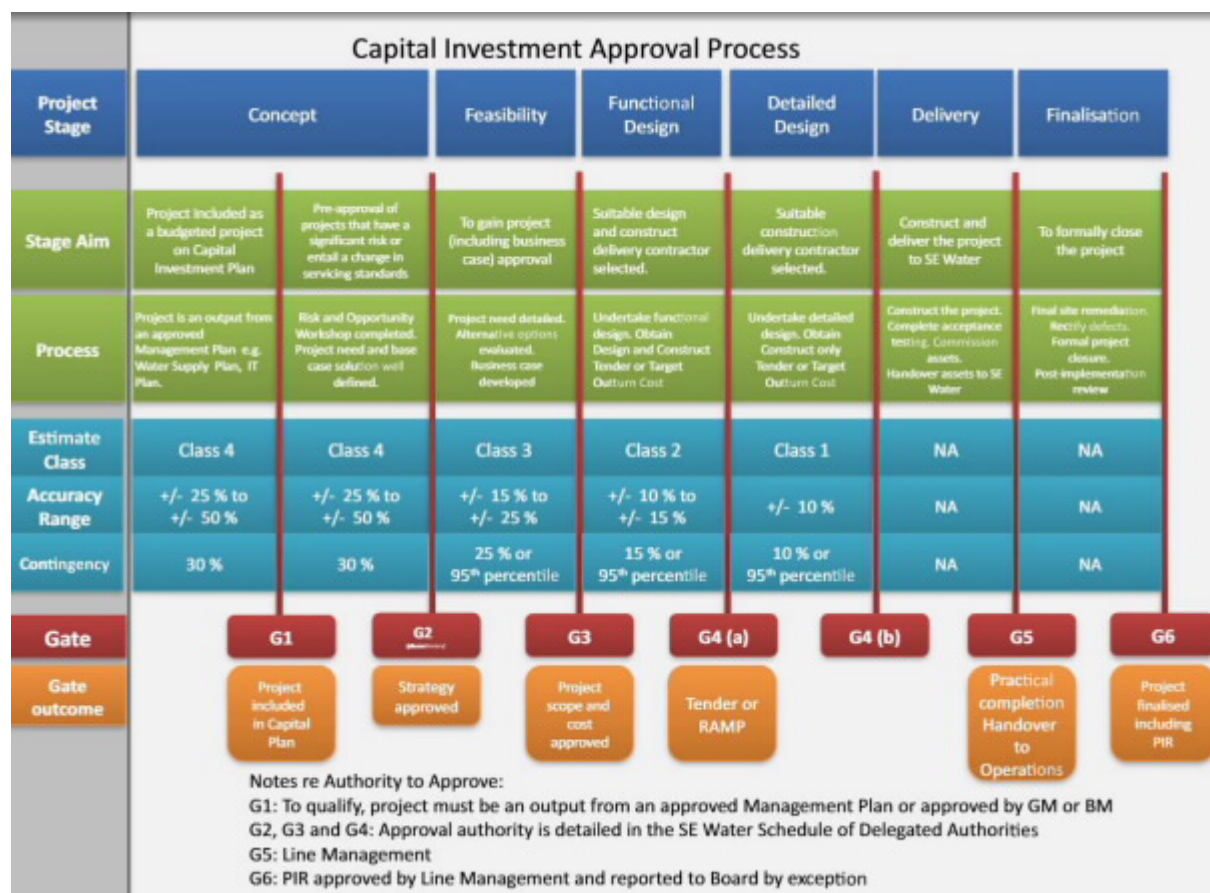
Our ability to deliver services is underpinned by: our asset systems; and our asset management capability which supports the assets. In turn our asset management capability is enabled by: leadership, people, competence and knowledge, processes, data and information, systems and technology, and resources.

**Figure 4: Extended South East Water service delivery value chain model (Adapted from Porters Value Chain Model)**

To facilitate the best asset management outcomes and promote asset management value chain through the project lifecycle, a Capital Investment Approval Process (Figure 5) has been implemented, aligned with our governance approach and supported by clearly defined delegation of authority for decision making.



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**Figure 5: South East Water Infrastructure Investment Approval Process\***

\*This process applies to infrastructure investments. The investment approval process for Information Technology projects are currently under review.

## 3.0 Asset Management Standards

### 3.1 ISO55001 Certification

South East Water has achieved certification against the ISO55001 asset management standard in July 2023. This demonstrated the organisation have achieved a standard that is above minimal compliance. We have the systems in place to achieve their objectives through the effective and efficient management of our assets, and we are delivering safe and reliable services that meet our customer's expectations at the lowest lifecycle cost, whilst managing the risks associated with our assets. The application of a certified asset management system delivers the following benefits:

- Provide assurance that the organisational objectives can be achieved consistently and sustainably over time
- Improve asset and in turn organisational performance in financial and service delivery terms
- Improve vertical alignment between stakeholders, strategic objectives, investment plans and asset management activity

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- Improve coordination and horizontal alignment across South East Water and the asset lifecycle
- Increase transparency of asset management decision making
- Balance of asset cost performance and risk through whole of life optimised decision making
- More systematic management of asset risk
- Align South East Water with state government asset management policy
- Demonstrate compliance (In particular with the asset management accountability framework described below)
- Improve organisational sustainability

## 3.2 Asset Management Accountability Framework (AMAF)

In February 2016 the Department of Treasury and Finance released the Asset Management Accountability Framework (AMAF). The AMAF came into force on the 1st July 2016. It *“...establishes a flexible and nonprescriptive set of requirements which aim to ensure Victorian public sector Accountable Officers manage asset portfolios appropriately. It applies to non-current assets (physical and intangible), including information and communication technology (ICT) assets, controlled by government departments, agencies, corporations, authorities and other bodies that are captured by the Standing Directions of the Minister for Finance made under the Financial Management Act 1994 (FMA).”* It is aligned with the ISO55001 standard.

The AMAF is based on the following guiding principles:

- Service delivery focused
- Integrated into planning frameworks
- A whole lifecycle approach
- Informed decision making
- Responsible and accountable
- Considerate of government policies and priorities

The AMAF includes 41 mandatory requirements applicable to asset management at South East Water. The board are required to attest to compliance with the mandatory requirements of the AMAF annually. South East Water’s Finance, Audit and Risk Management (FA&RM) committee must be satisfied with the Attestation of compliance with the AMAF. This attestation forms part of the larger attestation of compliance with the standing directions of the Minister for Finance.

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### 3.3 Security of Critical Infrastructure (SOCI) Act

The Security of Critical Infrastructure (SOCI) Act is aimed at protecting critical infrastructure assets from various risks/threats e.g. natural disasters. A copy of the SOCI Act 2018 Factsheet is included in Appendix A.

This SAMP is aligned with [AM2759 Facility Resilience and Security Standards](#) to ensure the security and resilience of our critical assets for essential services.

## 4.0 Asset Management Policy

Our [Asset Management Policy \(AM1811\)](#) ensures our assets will efficiently and effectively meet our customer needs, support the health and wellbeing of the public and workforce, protect the environment and provides long term equity whilst balancing financial and service delivery performance.

Key policy statements include:

- Our asset management system is aligned with certification against ISO55001 and AMAF compliance
- Maintaining an asset information management framework
- Developing our people and service providers is best practice asset management
- Engaging with customers, regulators, and stakeholders
- Supporting meaningful action on the United Nations Sustainable Development Goals
- Monitoring and reviewing our performance against our asset management objectives
- Innovating and continually improving our asset management processes
- Meeting regulatory and statutory requirements and asset management related policies
- Implementing our risk assurance framework to manage asset related risks
- Supporting our transformation to a digital utility
- Aligning technical and financial information for whole of lifecycle cost optimisation
- Achieving our emissions reduction pledge targets.

## 5.0 Asset Management Objectives

### 5.1 Organisational Objectives

Asset management is the coordinated activity of an organisation to realise value from its assets. *“Asset management translates the organisations objectives into asset related decisions, plans and activities, using a risk based approach.”* (ISO55000 CL 2.1) Our organisational objectives express what is of value to South East Water and its stakeholders.

Our vision, purpose and strategic focus areas expresses South East Water’s organisational objectives. As per Figure 1 and 2 our ability to deliver the customer outcomes and broader

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organisational objectives is enabled by our people, technology, financial capability and governance.

In the context of asset management, prudent financial management and strong governance enable South East Water to:

- Provide the levels of services and infrastructure required by our customers and stakeholders
- Minimise the prices our customers pay
- Meet our financial performance commitments to our shareholder the Victorian Government
- Invest in emerging opportunities to create and capture additional value through our customer programs, service enhancements, intellectual property development and our commercial subsidiary within our financial capacity and risk appetite over the longer term.
- Building our capability & effectively utilise, secure and manage data

Our specific financial targets are documented in the annual corporate plans. Asset management activity accounts for a significant proportion of South East Water's cost base and asset management integrates service planning, asset planning and long term financial planning.

The corporate KPI's are documented in schedules 1 of this SAMP. The KPI's are aligned to our strategic focus and the customer outcomes. Details of the targets associated with the customer outcomes is available in South East Water's Pricing Submission.

## 5.2 Asset Management Objectives

Our assets exist to provide value for South East Water, our customers and our stakeholders. We create value by delivering the below in a safe, cost effective and sustainable manner:

- Delivering services to agreed service levels
- Delivering products to agreed quality specifications
- Managing asset related risks
- Delivering stakeholder requirements

South East Water's asset management objectives are a re-expression of the organisational objectives in asset and asset management terms and summarised as follows.

- **Safe and Secure:** our assets and services are safe for our people, our customers, and our community. Both information and physical assets are managed securely.
- **Compliant:** we meet our compliance commitments including legislative obligations, licences, agreements, regulation, and specified service levels.
- **Dependable:** our assets perform as and when required (available, reliable and maintainable) to dependably deliver our customer service levels.

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- **Resilient:** our services are resilient to external vulnerabilities and avoid exacerbating external vulnerabilities in the community, including environmental hazards, climate change risks and security risks.
- **Capable:** our assets have sufficient capacity to meet growth in customer demand and deliver the required customer service levels.
- **Environmentally sustainable:** our assets and services protect the environment from pollution impacts to support our customers and community.
- **Energy and emission efficient:** energy consumption and greenhouse gas emissions are reduced through efficiency and optimised utilisation.
- **Cost effective:** we deliver our services based on a value for money principle throughout an asset's lifecycle.
- **Culturally sensitive:** our asset management respects Traditional Owners' Cultural Heritage and we take great care to protect it.

## 6.0 Strategic Asset Management Plan (SAMP)

This SAMP is a key part of South East Water's asset management system, specifically intended to:

- Define our strategic plan on asset management based on the policy
- Define the strategic asset management objectives
- Outline our high level approach to managing South East Water's assets
- Articulate our long term approach to developing and maintaining asset management capability
- Articulate our approach for developing and maintaining asset management plans
- Set out how the asset related objectives are to be delivered in an optimised way
- Maintain certification with ISO55001 and AMAF compliance
- Demonstrate leadership commitment to the development of South East Water's asset management capability
- Drive continuous improvement of the asset management system

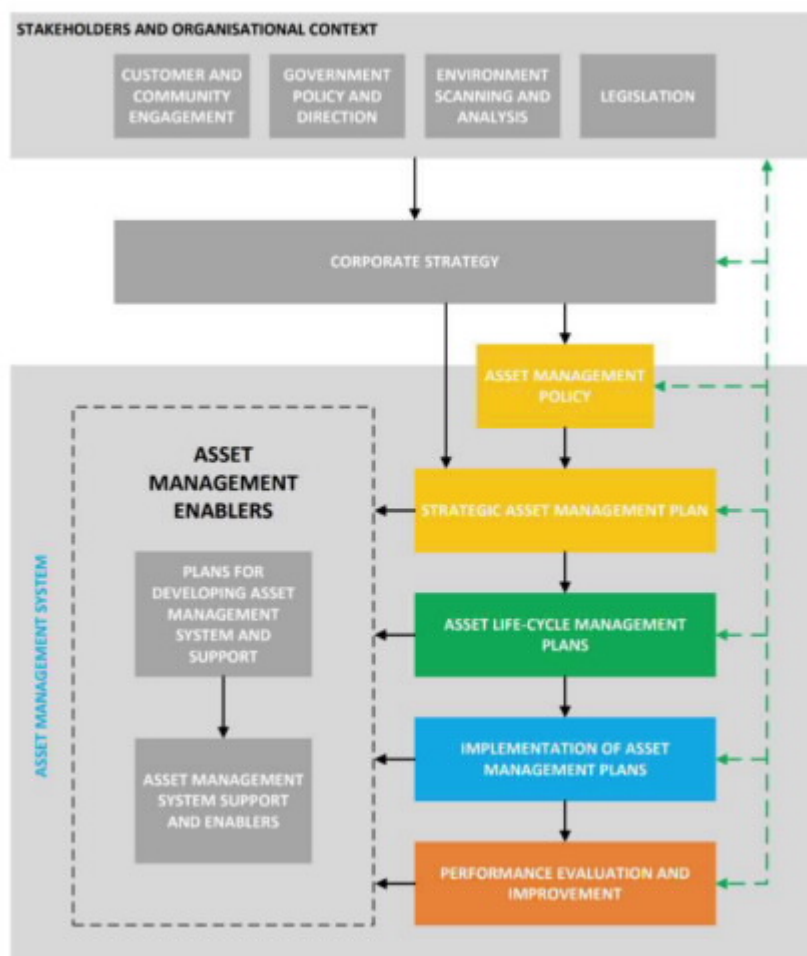
This SAMP focuses on asset management at South East Water and its contribution to service delivery and the achievement of South East Water's organisational objectives and customer outcomes. It forms a key part of South East Water's Asset Management Framework and broader asset management system as shown in the diagram below:

- It aligns with the overarching Corporate Strategy and Asset Management Policy.
- It set the strategic direction for asset management, including its governance, reporting, management, induction and training.

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- Together with our [Corporate Asset Management Plan \(AM2930\)](#), the SAMP forms a key part of South East Water's strategic asset management documents and sets directions for maintaining our Asset Management System that is aligned with the Victorian Government Asset Management Accountability Framework (AMAF) and certified to ISO55001 now and in the future.
- Asset Life-cycle management plans specifies how specific asset portfolio performs, its risk profiles and management approach throughout its lifecycle, including the rationale behind proposed investment plans. Asset portfolios are broadly defined by its services and drivers. E.g. Potable Water Growth Portfolio.
- The implementation of asset management plans is further detailed in activity plans. This includes Asset Class Plans that focus on management activities for each specific asset class. An example of an asset class is Sewer Pump Station.
- The performance of our asset management is monitored and evaluated in a consistent manner in order to confer performance and identify areas for improvement.
- The key supporting documents to our Asset Management Framework and this SAMP are provided in Appendix B.

**Figure 7: South East Water Asset Management Framework**



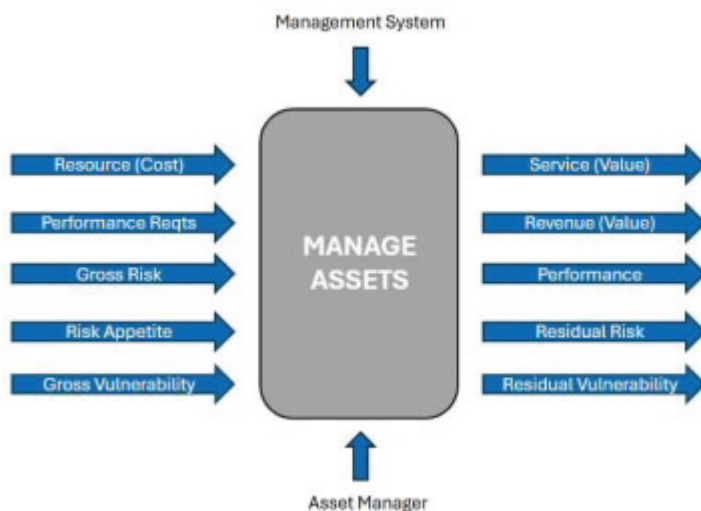


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## 7.0 Asset Management Approach

In managing assets we aim to maximise the value derived from our assets by balancing, cost, performance, risk and vulnerability in their various forms.

**Figure 8: The function of asset management (Adapted from AMC)**



**Value** to South East Water and its stakeholders is defined in South East Water's organisational objectives. Value derived from assets has been defined in our asset management objectives. We create value by delivering services such as water supply, sewage collection and treatment.

**Cost** can be financial, environmental, cultural or social

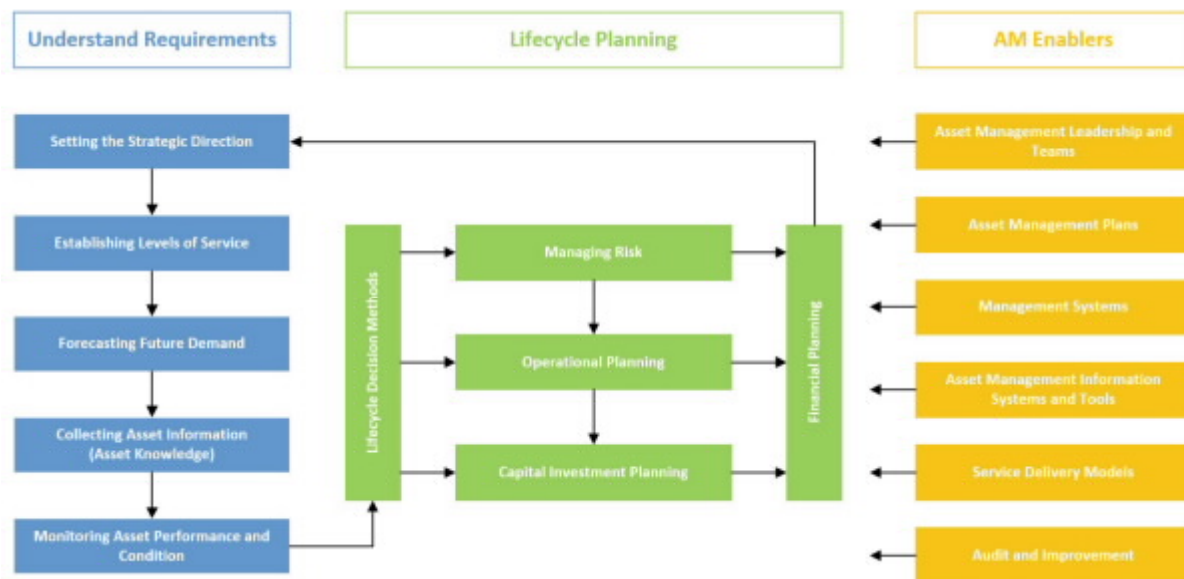
**Performance** is defined in our specified service levels

**Risk** is the effect of uncertainty

**Vulnerability**: is to ensure our assets are resilient.

For any asset South East Water aims to maximise the value derived from the asset over the life of the asset, for the lowest life cycle cost, at an acceptable risk and is resilient, in a manner that is aligned to our organisational objectives, stakeholder's requirements and compliance obligations.

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**Figure 9: The Asset Management Process (Reproduced from IIMM 2015 Fig 1.3.4 Page 1-10)**

Scheduled maintenance, emergency management and replacement activities are developed and administered based on value, cost, performance, risk and vulnerability. This risk and resilient based approach is used as part of asset management decision making and the development of asset management strategies for an asset category or asset portfolio.

For example, assets that are vulnerable to external impacts, including aggressive environments, climate change and security breaches are managed to make them more resilient. Assets can be deemed vulnerable when they are exposed to natural hazards or can exacerbate the risk associated with natural hazards such as:

- Bushfire
- Flooding
- Coastal erosion and storm surge
- Sea level rise
- Landslips
- Earthquake.

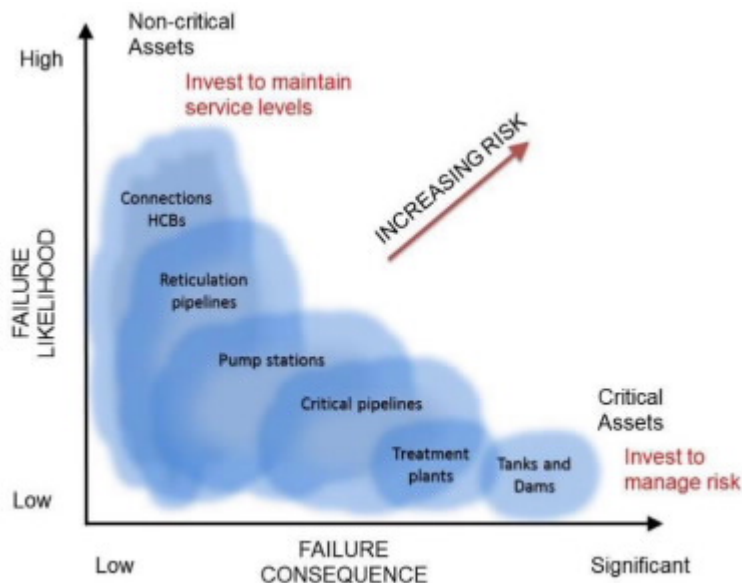
Critical assets are managed to lower likelihood of failure and efforts made to manage risk and mitigate the consequences for failure proactively. Hence, investment in these assets is directed towards mitigating risk and management activity is focused on proactive activities including monitoring, inspection, reliability, capacity and contingency planning.

For the less critical assets, some failures are expected and management activity is focused on maintaining levels of service e.g. availability, reliability, capability (e.g. Pressure and flow). Spending for this group of assets would aim to ensure that response and repair times are in line with South East Water's customer charter and that repeat failures on the same asset are within acceptable limits. This concept is illustrated in the figure below.

For assets with potential failures that have the risk to increase the potential impact of a pre-existing natural hazard or vulnerability in the community, we work to identify, mitigate and manage the risk.



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**Figure 10: Risk-based asset management approach**

## 8.0 Governance and Management

The key asset management system roles, responsibilities and accountabilities are summarised in Strategic Asset Management Governance Model (Appendix C).

## 9.0 Asset Management Reporting

Tracking and reporting performance of our assets is an important aspect of asset management. Asset Management Reporting can be categorised as internal reporting and external reporting. These reports are essential for maintaining compliance with ISO55001 certification and AMAF attestation.

The key stakeholders for both internal and external reporting are listed below:

### Internal Reporting

- Board
- FA&RM (Finance Audit and Risk Management) Committee
- NAS (Network Assets & Sustainability Committee)
- SWP&R (Safety Wellbeing People and Remuneration) Committee
- Executive team
- SAMC (Strategic Asset management Committee)

### External Reporting

- Water Minister
- DEECA (Previously DELWP), Department of Energy, Environment and Climate Action)

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- DHHS, Department Health and Human Services
- EPA, Environment Protection Authority
- DTF, Department of Treasury and Finance
- ESC, Essential Services Commission
- OVIC, Office of the Victorian Information Commissioner
- VAGO, Victorian Auditor-General's Office

Details of the Asset Management Reporting is included in Appendix D.

## 10.0 Induction and Training

Asset Management awareness at South East Water is achieved through embedding asset management to the day to day core business operations, decision making, management and governance frameworks. These are also supplemented by ongoing communication and training.

For example, our organisational structure, capital and operational investment processes follows through the various stages of the asset lifecycle. Linking asset management stages to people's roles and purposes, customer outcomes and outputs and business performance KPIs.

Since the initial roll out of asset management training to approximately 200 staff across South East Water in 2016 that targeted at uplifting the workforces to achieve ISO55001 standards and AMAF (Asset Management Accountability Framework) compliance. An online Asset Management System training module has also been developed and is gradually rolled out across South East Water to both new staff members for induction purposes, and to existing staff members involve in asset management as a refresher training to maintain asset management awareness every 2 - 5 years depending on their roles and responsibilities.

Training records have been collected and retained within South East Waters learning management system.

## 11.0 Management of Asset Change

Change can have an impact on achieving the asset management objectives and is managed in accordance with the Management of Asset Change Framework. The Management of change framework is aligned to South East Water's risk management Framework and risk appetite.

SEW reviews the risks, including the consequences and likelihood associated with both planned and unplanned changes and takes the necessary action to mitigate any foreseen adverse effects. This occurs through a range of processes including the development of risk management plans, contingency plans and other risk management processes such as Hazard and Operability Study (HAZOP) reviews. The risk assessment process selected is based on the specific context and significance of the risks being managed.

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The Management of Asset Change framework applies to the following types of changes:

- Requirement changes
- Asset changes
- Asset support changes
- Asset management System Changes
- Asset Management Capability (including organisational) Changes

It applies to permanent, temporary, and emergency changes.

The key documents in South East Water's Management of Asset Change Framework are outlined as follows:

- [AM2945 Management of Asset Change Process](#)
- [AM2946 Management of Asset Change Framework](#)

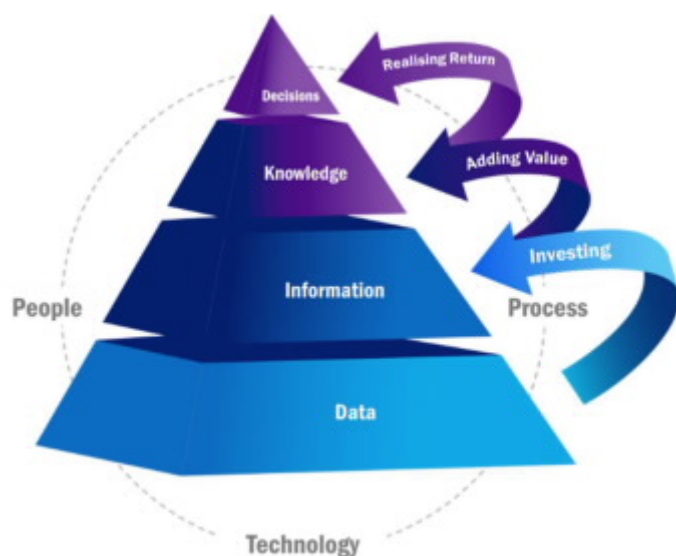
## 12.0 Asset Information

Asset information is a critical enabler of decision making at all levels of the organisation and across all asset classes. These decisions are essential to optimising the performance of our assets in delivering reliable services to our customers and adding value to our stakeholders. It is critical to support Asset Management maturity growth.

Asset Information is treated as an asset which is managed as part of the SEW Asset Management System.

The SAMP defines our asset management objectives. We have identified several needs that will require derived information to support their delivery to meet these objectives. From an asset investment perspective, the knowledge pyramid (Figure 11) helps to show how data converts to decisions and value realisation through investment.

**Figure 11 – Knowledge Pyramid**



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## **12.1 SEW Data and Information Strategy**

SEW is committed to a digital future and has made strong advancements as a digital utility. Having the right data, information, capability, process, and governance is pivotal to this.

The SEW Information Strategy (BS2957) will significantly contribute to enabling SEW to become a world class digital utility by contributing and ensuring SEW has the right data and information to meet these needs. It builds and enhances modern foundations that will enable SEW to manage, use, and apply data and information efficiently and effectively across the organisation.

The Information Strategy defines the enterprise strategic goals, direction, and objectives for SEW's data and information over a five-year period.

The Information Strategy (BS2957) details:

- Summary of target state for information management.
- Information management vision and principles.
- Define the strategy, its objectives, and key activities linked to the roadmap.
- Change management activities required to drive change.

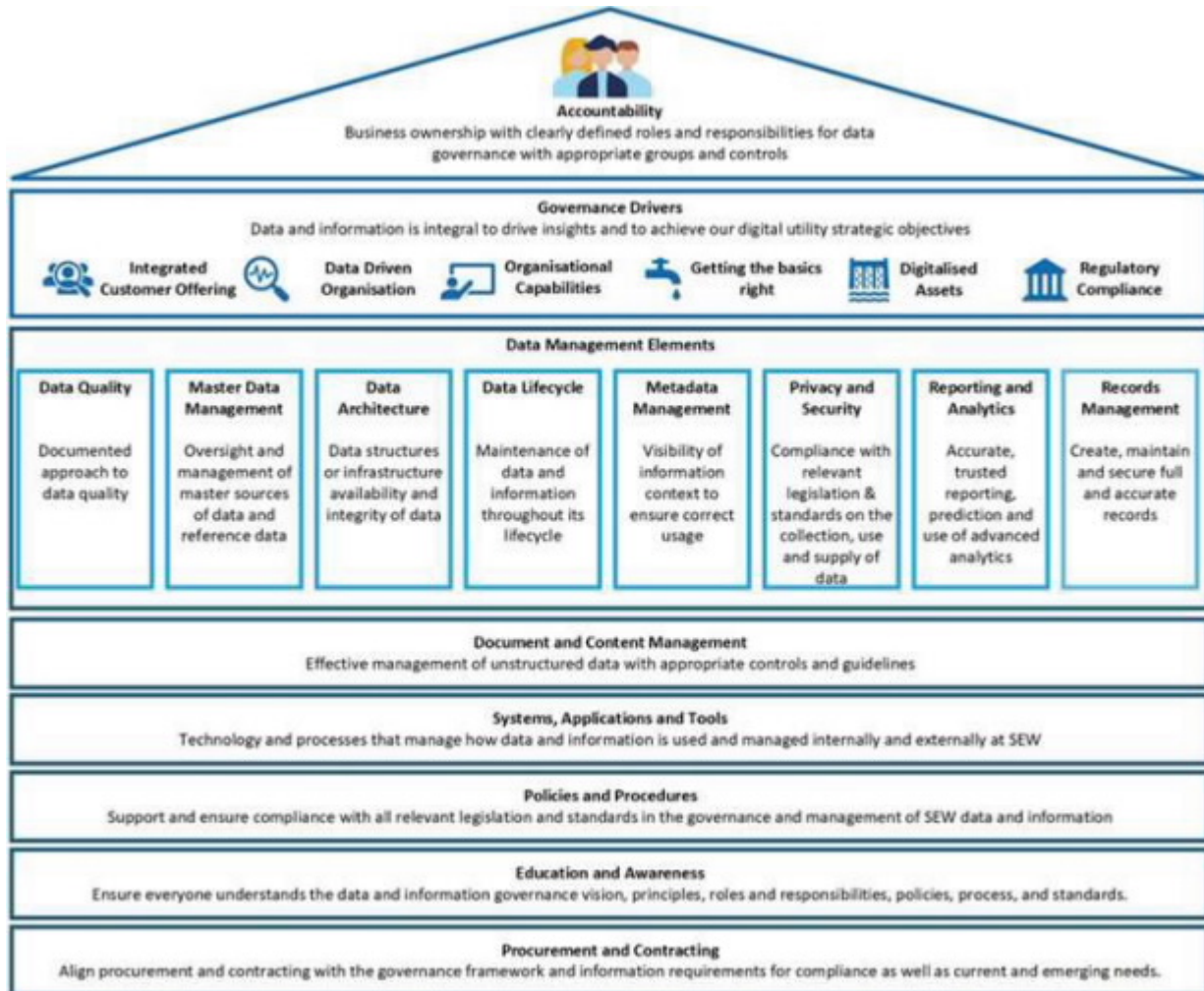
The strategy will be implemented over a five-year period with a work program that raises our data maturity and capability to be able to deliver on SEW ambitions. Key to the successful implementation will be the application of SEW's enterprise Data and Information Governance Framework (BS2959). This will ensure that a consistent approach is applied to managing and using data to provide enterprise-wide data capabilities.

## **12.2 SEW Data and Information Governance Framework**

The enterprise Data and Information Governance Framework (BS2959) sets out what data and information SEW needs to manage and use, who needs to manage it and how SEW will work together to manage and use it, supporting the application of the vision and principles.

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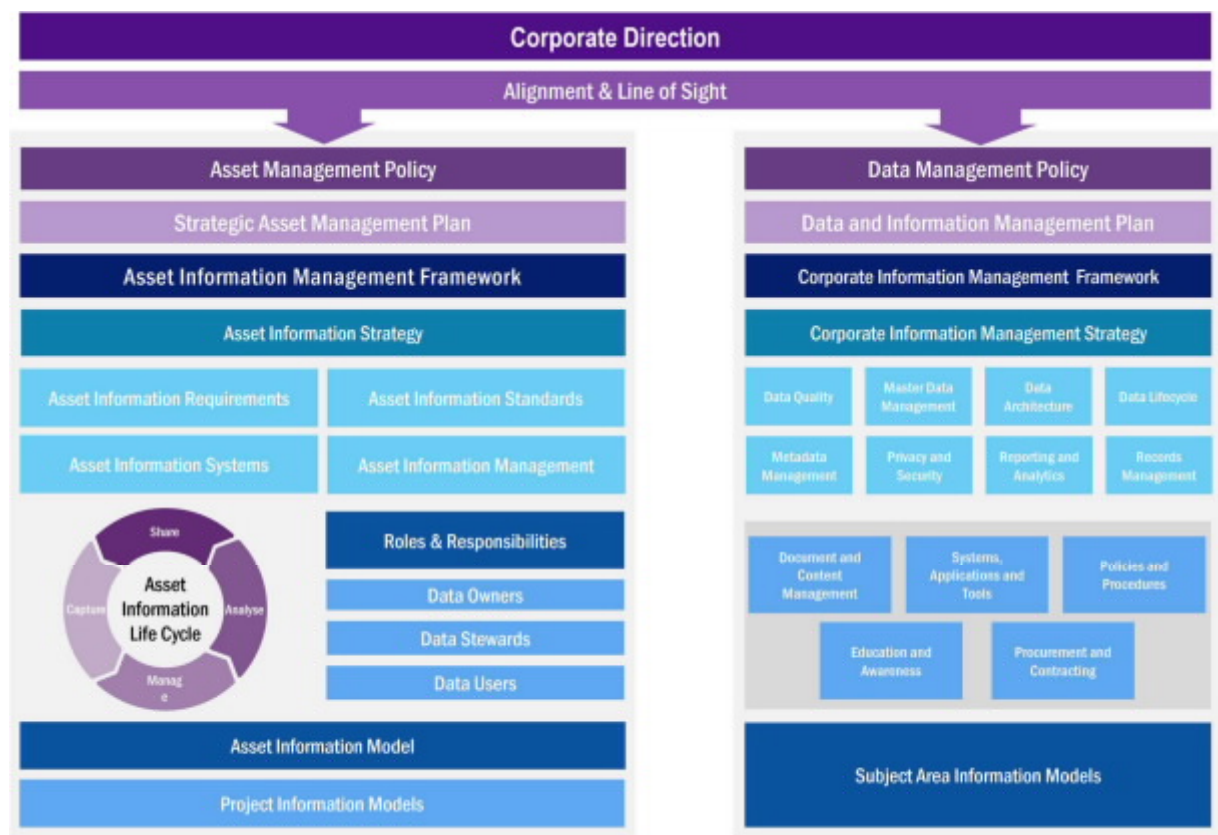
**Figure 12 – The enterprise Data and Information Governance Framework (BS2959)**



## 12.3 SEW Asset Information Management Framework

Asset Information Management Framework is strategically aligned with SAMP and Corporate Information Management Framework (refer to Figure 13).

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**Figure 13 – Asset Information Management Framework**

## 12.4 Asset Information Strategy

The Asset Information Strategy is critical for implementing the Asset Information Management Framework by aligning and complying with corporate objectives and the requirements of ISO 55001 and AMAF and the newly published Victorian Digital Asset Strategy (VDAS). It captures the current state and provides a roadmap to a future state (which would align with the principles and objectives of AMAF and VDAS etc). The draft Asset Information Strategy is currently under review and scheduled to be presented to the Strategic Asset Management Committee for endorsement in late 2025.

## 12.5 Asset Information Systems

Our core asset information systems include:

**Table 1 – Asset Information System & Technology Platforms**

| Asset Information System          | Current Tech Platform                 |
|-----------------------------------|---------------------------------------|
| GIS Geographic Information System | Oracle + G-Tech + G-Water + GT Viewer |
| Physical Asset Register           | Maximo                                |
| Financial Asset Register          | Oracle                                |
| SCADA                             | Clear SCADA + One Asset               |



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| Asset Information System            | Current Tech Platform |
|-------------------------------------|-----------------------|
| Content Management System           | OpenText              |
| EPR Electronic Plan Room            | OpenText              |
| Works Management System             | Montage               |
| Business Intelligence and Reporting | Insight + Power BI    |
| Project Sites                       | SharePoint            |

These core systems are supported by numerous specialist systems and databases.

## 13.0 Information Technology

### 13.1 Information Technology Strategy

South East Water is committed to a digital future and has made strong advancement through its digital channel and digital utility. SEW has a proud history of being a leader in the delivery of technology solutions that support our people, customers, and assets. Digital drivers are changing the business landscape and we must position ourselves to take advantage of these changes. These drivers will create a digital enterprise that brings our customers, employees, ecosystems, and assets together underpinned by data and analytics.

[The Digital Strategy 2022 to 2027](#) builds on the digital strategy 2020 to 2023 and will ensure SEW continues as the leading water utility through the utilisation of digital technologies. This will be underpinned by sound financial decision making, managing risks to create opportunities and building business capabilities. The timeframe of the strategy has been extended to align with the 2023 to 2028 pricing submission. This document provides the strategic context that will support SEW's information technology asset management plan. In preparing the strategy workshops were held across the organisation with all key stakeholders.

### 13.2 Information Technology Standards

[The IT standards](#) is an agreed way of South East Water delivering information technology. The standards must be read in conjunction SEW quality systems and the IT documents and frameworks that are references in this standard.

The purpose is to ensure that there is a mutual understanding that can be referenced for the delivery of quality outcomes in the delivery of information technology at South East Water. This covers the complete lifecycles of technology: plan, build and run and links the IT quality system into one overarching document.

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## 14.0 Performance Evaluation and Improvement

### 14.1 Performance Monitoring

The performance of our asset management needs to be monitored and evaluated in a consistent manner in order to confer performance and identify areas for improvement. The corporate KPI's for performance monitoring are set and documented in schedule 1 of this SAMP. The KPI's are aligned to our strategic focus and the customer outcomes. Internally the performance of assets KPI's can be monitored in near real-time through customised dashboards via [the INSIGHT BI \(Business Intelligence\) application](#).

### 14.2 WSAA Asset Management Customer Value (AMCV) Program

Since 2008, South East Water participates in the Asset Management Customer Value (AMCV) benchmarking program which is an industry initiative delivered every 4 years by the Water Services Association of Australia (WSAA). It responds to the increasing needs by driving a goal of “improvement in asset management to optimise customer value for money.”

The AMCV program forms part of a broader assurance framework based on South East Water's three line of defence model and set benchmarking to assess Asset Management maturity amongst a group of approximately 40+ Australian and international metropolitan water businesses. The last AMCV benchmarking program was undertaken in 2024.

Compared to the 2020 results, South East Water has improved in four of the six subject groups including Strategy & Planning, Asset Knowledge, Organisation & People Enablers and Risk Review & Continual Improvement. South East Water has performed above the industry average in all subject groups.

South East Water works to continuously improve our Asset Management maturity in conjunction with the strengths, challenges and leading practises identified via the WSAA AMCV program.

### 14.3 Asset Management System Audits

As part of a board assurance framework based on the three line of defence model, Asset Management audits (internal and external audit) are conducted annually to determine conformance of audited processes to the asset management system and how effective the asset management system is applied, maintained and aligned with AMAF and certified to ISO55001. The areas audited and the scope of audits will be determined based on the findings of previous audits, risk exposures and the importance of the processes concerned under the guidance of both ISO55001 and Asset Management Landscape (v2) published by the Global Forum on Maintenance and Asset Management (GFMAM).



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## 14.4 Management Review

The Executive review the performance of SEW's assets and asset management system at planned intervals to ensure its continuing suitability, adequacy and effectiveness. Management review is conducted quarterly in accordance with [Management Review Procedure \(BS1239\)](#). The outputs of the management review includes decisions related to continual improvement opportunities and any need for changes to the asset management system. Management review reporting is retained as documented information as evidence of the results of management reviews.

## 14.5 Improvements

In conjunction with the above performance evaluation, South East Water continually improve the suitability, adequacy and effectiveness of our asset management maturity. A number of key strategic focus areas and strategic initiatives for improvement have been identified. Detailed action plan and status update is [AM2788 Asset Management System Improvement Plan](#).

Corporate level improvement initiatives are documented in the corporate plan strategic initiatives.

Management system improvements are in the management system improvement plan. Improvements to the asset management system are documented in detail in the asset management system improvement plan.

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## Schedule 1 – Corporate Key Performance Indicators and Benchmarks

| Strategic Focus Area      | Indicator  | ESC Water Performance Report | Price Submission | Corporate Plan (LOE) | Annual Report (MRD) | Qtly Performance Report (DTF) |
|---------------------------|--|------------------------------|------------------|----------------------|---------------------|-------------------------------|
| Deliver for our customers | Zero Safe Drinking Water Act non-compliances (water sampling and audit)*                                       | Yes                          | Yes              | No                   | No                  | No                            |
| Deliver for our customers | Total customers supported (provided financial or payment assistance)   | Yes                          | Yes              | No                   | No                  | No                            |
| Deliver for our customers | Percentage of customers with arrears greater than 90 days who have taken up financial or payment assistance    | No                           | Yes              | No                   | No                  | No                            |
| Deliver for our customers | Overall community trust in South East Water*   | No                           | Yes              | No                   | No                  | No                            |
| Deliver for our customers | Number of water quality complaints per 100 customers   | Yes                          | No               | Yes                  | Yes                 | Yes                           |
| Deliver for our customers | Number of payment issue complaints per 100 customers   | Yes                          | No               | Yes                  | Yes                 | Yes                           |
| Deliver for our customers | Number of total complaints per 100 customers   | Yes                          | No               | Yes                  | Yes                 | Yes                           |
| Deliver for our customers | Customers experiencing more than 5 unplanned disruptions in a 12-month period (water, sewer and water quality) | No                           | Yes              | No                   | No                  | No                            |
| Deliver for our customers | Total number of inbound contacts received per 100 customers (calls, portal, web and email enquiries)           | No                           | Yes              | No                   | No                  | No                            |
| Deliver for our customers | Number of enquiries relating to the explanation of charges (per 100 customers)                                 | No                           | Yes              | No                   | No                  | No                            |
| Deliver for our customers | Overall customer satisfaction with South East Water (measured as scores of 7 or above)                         | No                           | Yes              | Yes                  | Yes                 | Yes                           |
| Drive innovation at scale | Number of sewer spills reported per 100 kilometres of sewer main   | Yes                          | No               | Yes                  | Yes                 | Yes                           |
| Drive innovation at scale | Sewer spills from reticulation and branch sewers contained within 5 hours                                      | Yes                          | No               | Yes                  | Yes                 | Yes                           |
| Drive innovation at scale | Number of EPA reportable dry weather sewer spills  | No                           | Yes              | No                   | No                  | No                            |
| Drive innovation at scale | Number of sewer blockages reported per 100 kilometres of sewer main  | Yes                          | No               | Yes                  | Yes                 | Yes                           |
| Empower our people        | Employee diversity within 5% of community diversity  | No                           | No               | Yes                  | Yes                 | Yes                           |
| Empower our people        | Total Recorded Injury Frequency Rate (TRIFR) < 7   | No                           | No               | Yes                  | Yes                 | Yes                           |
| Empower our people        | Percentage of executive officers who identify as women   | No                           | No               | Yes                  | Yes                 | Yes                           |
| Empower our people        | Percentage of Aboriginal staff employed  | No                           | No               | Yes                  | Yes                 | Yes                           |

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| Strategic Focus Area    | Indicator   | ESC Water Performance Report | Price Submission | Corporate Plan (LOE) | Annual Report (MRD) | Qtly Performance Report (DTF) |
|-------------------------|---|------------------------------|------------------|----------------------|---------------------|-------------------------------|
| Optimise our operations | Customer savings realised through repair of digital meter-detected property leaks (\$m)                         | Yes                          | Yes              | No                   | No                  | No                            |
| Optimise our operations | Total volume of water saved through digital detection of network leaks (ML)                                     | Yes                          | Yes              | No                   | No                  | No                            |
| Optimise our operations | Percentage of the meter fleet digitally enabled   | Yes                          | Yes              | No                   | No                  | No                            |
| Optimise our operations | Percentage of customers receiving more than 5 unplanned interruptions in a year                                 | Yes                          | No               | Yes                  | Yes                 | Yes                           |
| Optimise our operations | Average minutes a customer was without water supply during the year (planned and unplanned)                     | Yes                          | No               | Yes                  | Yes                 | Yes                           |
| Optimise our operations | Customers notified per unplanned water supply interruption as a percentage of total customers affected          | No                           | Yes              | No                   | No                  | No                            |
| Protect our environment | Water literacy of South East Water customers (captured via survey responses to a series of industry indicators) | No                           | Yes              | No                   | No                  | No                            |
| Protect our environment | Recycled water reuse (%)  | Yes                          | No               | Yes                  | Yes                 | Yes                           |
| Protect our environment | Alternative water as a percentage of total water supplied to all customers                                      | Yes                          | Yes              | Yes                  | Yes                 | Yes                           |
| Protect our environment | Total net greenhouse gas emissions (tCO2e)  | Yes                          | Yes              | Yes                  | Yes                 | Yes                           |
| Protect our environment | Mass dry weight of biosolids reused   | Yes                          | No               | Yes                  | Yes                 | Yes                           |
| Protect our environment | Mass dry weight of biosolids produced   | Yes                          | No               | Yes                  | Yes                 | Yes                           |
| Protect our environment | Mass dry weight of biosolids stored   | Yes                          | No               | Yes                  | Yes                 | Yes                           |

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# Appendix A – Part 2A Security of Critical Infrastructure (SOCI) Act 2018 Factsheet

## Critical Infrastructure Risk Management Program

### Part 2A Security of Critical Infrastructure (SOCI) Act 2018 Factsheet

This guidance material has been prepared to assist in the understanding of the Critical Infrastructure Risk Management Program Rules as part of the Security of Critical Infrastructure Act 2018 (SOCI Act)

#### What is the CIRMP obligation?

The Critical Infrastructure Risk Management Program (CIRMP) is intended to uplift core security practices that relate to the management of certain critical infrastructure assets. It aims to ensure responsible entities take a holistic and proactive approach toward identifying, preventing and mitigating risks.

Responsible entities of the asset classes in section 4 of the [Security of Critical Infrastructure \(Critical Infrastructure Risk Management Program\) Rules \(LIN 23/006\) 2023](#) (the Rules) are required to establish, maintain, and comply with a written risk management program that manages the 'material risk' of a 'hazard' occurring, which could have a relevant impact on their critical infrastructure asset.

Responsible entities must identify, and as far as is reasonably practicable, take steps to minimise or eliminate these 'material risks' that could have a 'relevant impact' on their asset.

#### Principles-based outcomes

The SOCI Act and the Rules specify requirements to be contained in a CIRMP. These requirements are based on the following principles-based outcomes:

- Identify material risks – Entities will have a responsibility to take an all-hazards approach when identifying hazards that may affect the availability, integrity, reliability and confidentiality of their critical infrastructure asset.
- Minimise risks to prevent incidents – Entities will be required to consider risks to their critical infrastructure asset and establish appropriate strategies to minimise or eliminate the risk of hazards occurring, so far as is reasonably practicable. Entities should consider both proactive risk management as well as establishing and managing processes to detect and respond to threats as they are being realised to prevent the risk from eventuating.
- Mitigate the impact of realised incidents – Entities will be required to have robust procedures in place to mitigate, so far as is reasonably practicable, the impacts of a hazard, and recover from that impact as quickly as possible.

- Effective governance – Entities are required to provide an annual report that has been signed by their board, council or other governing body, to the relevant regulator, which in most instances is the Secretary of the Department of Home Affairs. The report must be in the approved form. The annual report does not need to contain the CIRMP but must advise the relevant regulator whether the program is up-to-date.

#### What assets are affected by the obligations?

The Rules apply to the following critical infrastructure assets:

- critical electricity assets
- critical energy market operator assets
- critical gas assets
- critical liquid fuels assets
- critical water assets
- critical financial market infrastructure assets used in connection with the operation of a payment system
- critical data storage or processing assets
- certain critical hospitals (listed in the Rules)
- critical domain name systems
- critical food and grocery assets
- critical freight infrastructure assets (the *Security of Critical Infrastructure (Definitions) Rules (LIN 21/039) 2021* specify that the listed intermodal transfer facilities will be critical to the transportation of goods between states or territories).
- critical freight services assets
- critical broadcasting assets

The information contained in this document is general in nature and does not constitute legal advice. Readers are encouraged to obtain legal advice that applies to their particular circumstances. The Commonwealth of Australia does not guarantee the accuracy, currency or completeness of any information in this document.

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**What is a material risk?**

A 'material risk' to a critical infrastructure asset occurs when the risk has a 'relevant impact' on the asset. Section 6 (a-e) of the Rules provides the parameters of a material risk.

These include the risk of impairment, stoppage, loss of access to or interference with the asset.

**What is a relevant impact?**

A 'relevant impact' is an impact on the availability, integrity, and reliability of the asset, and the impact on the confidentiality of information about the asset, information stored in the asset if any, and, if the asset is computer data, the computer data.

The relevant impact may be direct or indirect. It must be more serious than a reduction in the quality of service being provided.

**CIRMP Hazard Rules**

The Rules contain obligations relating to protections within four key hazard vectors:

- Physical security and natural – physical security risks to parts of the asset critical to the functioning of the asset, including physical access to sensitive facilities (e.g., control rooms) or natural disasters.
- Cyber and information security – 'cyber' risks to digital systems, computers, datasets, and networks that underpin critical infrastructure systems. This includes improper access, misuse, or unauthorised control.
- Personnel – the 'trusted insider' risk posed by critical workers who have the access and ability to disrupt the functioning of the asset.
- Supply chain – risk of disruption to critical supply chains leading to a relevant impact on the critical infrastructure asset. The threat could be naturally occurring, malicious or purposefully intended to compromise the critical infrastructure asset.

**What does 'so far as it is reasonably practicable' mean?**

The requirement to minimise or eliminate material risks 'so far as it is reasonably practicable' advises the responsible entities to act at a particular time that is reasonably possible to address those risks.

In considering the material risks to their business, responsible entities must weigh up what can be done to mitigate those risks – i.e., what is possible in the circumstances and whether those actions are reasonable in the circumstance. There is no expectation that entities pursue risk mitigation measures that are disproportionate relative to the likelihood and consequences of a particular risk.

The requirement provides responsible entities flexibility to determine how they address material risk and relevant impact in relation to their business size, maturity, income and overall asset criticality. The intent is for responsible entities to seek to minimise or eliminate material risk where it is reasonably possible, in order to secure their critical infrastructure asset.

The Centre suggests better practice is for an entity's board, council or other governing body (if the entity has one) to approve the CIRMP once developed. In doing so, it should appropriately balance the costs of risk mitigation measures with the impact of those measures in reducing material risk within their own operational context.

**What are the annual reporting requirements?**

Entities are required to provide an annual report to the relevant Commonwealth regulator or the Secretary of the Department of Home Affairs, regarding the entity's CIRMP. Entities must submit this report within 90 days after the end of the financial year and the report must be approved by the entity's board, council, or other governing body.

The report must be in the approved form and state whether the risk management program was up to date, any variations to the program, and details of how the program was effective in mitigating any relevant impacts that hazards may have had on that asset during that year.

The report does not need to contain the full risk management program, but must advise the relevant Commonwealth regulator or the Secretary whether the program remains up-to-date.

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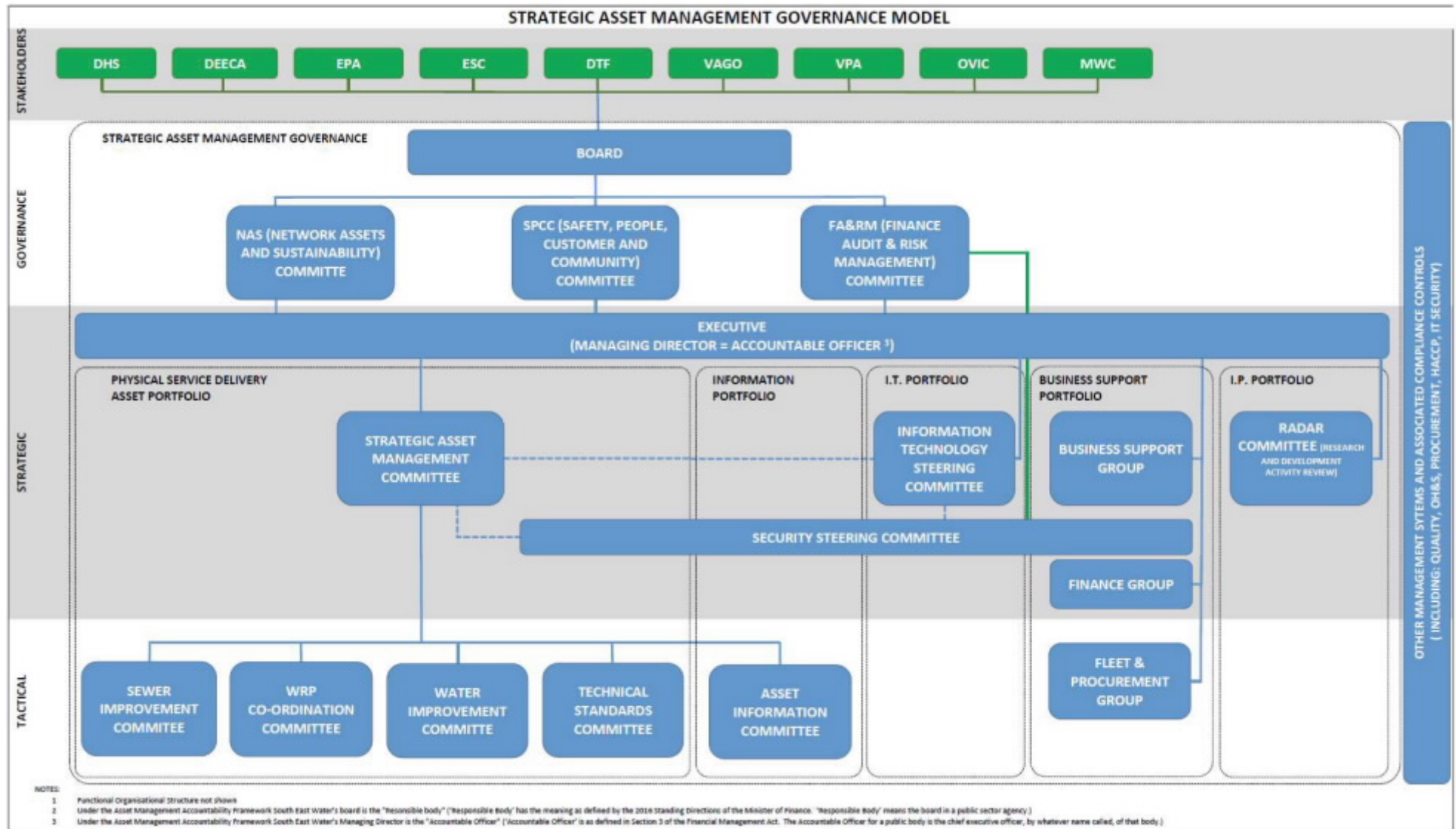
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## Appendix B - Key Strategic Asset Management Documents

| DOCUMENT No. | TITLE  | PURPOSE  | TYPICAL UPDATE CYCLE               | STATUS  |
|--------------|--|--|------------------------------------|---|
| AM1811       | <a href="#">Asset management policy</a>                  | A statement by the organisation of the principals by which it will manage its assets   | 4 Yearly                           | Next update due in 2026.  |
| AM2787       | Strategic Asset Management Plan (SAMP) (this document)   | To articulate:<br><br>The long term approach to developing asset management capability<br>The long term approach from which the Asset Management Plans are developed.<br>How the asset related objectives are to be delivered in an optimised way. | 5 Yearly                           | In revision and to be endorsed in 2025.<br><br>Next update due in 2027 to align with Pricing Submission 2028. |
| AM2930       | <a href="#">Corporate Asset Management Plan</a>          | To outline the investments required for the pricing determination 2023 and 2028 periods  | 5 Yearly                           | Approved July 2023 as part of Pricing Determination 2023.<br><br>Next update due in 2027.                     |
| AM2651       | <a href="#">Asset Management System Manual</a>           | To outline how the AMS works   | 5 Yearly by exception continuously | Minor updates in 2025.  |
| AM2788       | <a href="#">Asset Management System Improvement plan</a> | To outline improvement plan for current and following year   | Annual                             | Currently in spreadsheet form only  |
|              | <a href="#">Pricing Determination 2023</a>               | Sets pricing, service standards and the funding envelope for PD2023.   | 5 Yearly                           | Approved July 2023  |
|              | <a href="#">Asset Lifecycle Management Plan</a>          | Specific Asset Lifecycle Management Plan for each asset portfolio for PD2023   | 5 Yearly                           | Approved 2023 as part of supporting document to Pricing Submission.<br><br>Next update due in 2027.           |
|              | <a href="#">Climate Adaptation Action Plan</a>           | To identify actions will be taking on our critical and vulnerable assets over PD2023 to manage climate change risks  | 5 Yearly                           | Current<br><br>Next update due in 2027.   |

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## Appendix C – Strategic Asset Management Governance Model



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## Appendix D – Asset Management Reporting

| When / Frequency   | What/how?  | Channel                    | Who?  | Records  |
|--------------------|--|----------------------------|---|--|
| <b>Ongoing</b>     | Asset Management Policy                              | External Website           | Customers   | Planning and Regulation Team                           |
| <b>Monthly</b>     | BPR (Business Performance Report) – Full version     | Executive Paper            | Executive   | Secretariat records                                    |
| <b>Monthly</b>     | BPR (Business Performance Report) – Abridged version | Board Paper                | Board   | Secretariat records                                    |
| <b>Quarterly</b>   | DTF/DEECA Quarterly Performance Report               | DTF/DEECA                  | Asset & Risk Manager in conjunction with Performance Reporting team               |  |
| <b>Quarterly</b>   | MISP progress report                                 | FA&RM paper                | Asset & Risk Manager in conjunction with Quality Manager                          | QMS (Improvement plans folder) + Secretariat records   |
| <b>Quarterly</b>   | Management review report                             | FA&RM paper                | Asset & Risk Manager in conjunction with Quality Manager                          | QMS (Management Review folder) + Secretariat records   |
| <b>Quarterly</b>   | AMS Update presentation to SAMC                      | SAMC                       | Asset & Risk Manager  | Refer to SAMC Teams site                               |
| <b>Annually</b>    | MISP (Management Systems Improvement plan)           | FA&RM paper                | Asset & Risk Manager in conjunction with Quality Manager                          | QMS (Improvement plans folder) + Secretariat records   |
| <b>Annually</b>    | AMAF Compliance Attestation                          | FA&RM paper                | Asset & Risk Manager in conjunction with Finance Group                            | Secretariat records                                    |
| <b>Annually</b>    | Regulatory KPI Reporting                             | Formal submission to ESC   | ESC   | Regulation team submittal records                      |
| <b>Annually</b>    | Environmental Performance statement                  | Formal submission to EPA   | Environmental Compliance Manager  | EMS  |
| <b>Annually</b>    | Dams Safety Report                                   | Formal Submission to DEECA | Asset & Risk Manager in conjunction with Senior Water Network Operations Engineer | Water Operations                                       |
| <b>Annually</b>    | Protective Data Security Plan                        | Formal Submission to OVIC  | Chief Information Officer   | Business Technology Services                           |
| <b>Annually</b>    | Victorian Government Purchasing Board (VGPB) policy  | FA&RM paper                | Head of Procurement   | Secretariat records                                    |
| <b>Triennially</b> | AMAF Maturity reporting                              | FA&RM paper                | Asset & Risk Manager in conjunction with Finance Group                            | Secretariat records                                    |
| <b>Four yearly</b> | Asset Management Policy Update                       | Exec, NAS & Board Paper    | AMS Manager   | QMS (Governance Policies folder) + Secretariat records |
| <b>Five Yearly</b> | Pricing Submission                                   | Formal submission to ESC   | Group Manager Planning and Regulation   | QMS (Regulation folder)                                |



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## Appendix E - Definitions

**Asset** – Assets are defined as an entity that has potential or actual value to South East Water including but not limited to related data, information intellectual property required to deliver services to our customers.

**Asset Management** – The Coordinated activity of an organisation to realise value from assets.

**Asset Management Objectives** – An asset management objective can be strategic, tactical or operational. Objectives can relate to different disciplines (such as financial, health and safety, environmental and operational goals or levels of service) and can be applied at different levels (such as strategic, organisation-wide, project, product and process. For asset or asset systems, asset management objectives are measurable, such as the level of performance or condition required of the assets. In the context of asset management systems, objectives are set by the organisation consistent with the organisational objectives and asset management policy.

**Asset Management Plan** – Information that specifies the activities, resources and timescales required for an individual asset, or a grouping of assets, to achieve the organisation's asset management objectives.

**Asset Management Policy** – The intentions and direction of an organisation regarding asset management as formally expressed by its top management. Principles and mandated requirements derived from, and consistent with, the organisational strategic plan and objectives.

**Asset Management System** – Management system for asset management whose function is to support the asset management policy and asset management objectives.

**Consequence** – An outcome of an event

**Control** – Measure that maintains and / or modifies risk

**Critical Asset** - A critical asset is an asset that 'has the potential to significantly impact the achievement of organisational objectives' as per ISO55000 CL3.2.7. ISO55000 CL3.2.7 notes:

- "Assets can be safety-critical, environment critical or performance critical and can relate to legal, regulatory or statutory requirements;
  - Critical assets can refer to those assets necessary to provide services to critical customers; and
- Asset systems can be distinguished as being critical in a similar manner to individual assets."

**Criticality** – An assets criticality is taken to be its consequence of failure

**Likelihood** – Chance of something happening

**Objective** – Result to be achieved

An objective can be strategic tactical or operational

Objectives can relate to different disciplines (Such as financial, health, and safety, and environmental goals) and can apply at different levels (such as strategic, organisation wide, project product and process

An objective can be expressed e.g. as an output or outcome, service level )

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In the context of asset management systems, asset management objectives are set by the organisation, consistent with the organisational objectives and asset management policy to achieve specific measurable results

**Organisational objective** – Overarching objective that sets the context and direction for an organisations activities

**Reliability** – the ability of an asset to function as expected without failure

**Risk** - Effect of uncertainty on objectives

An effect is a deviation from the expected. It can be positive, negative, or both, and can address, create or result in opportunities or threats

Objectives can have different aspects and categories, and can be applied at different levels

Risk is usually expressed in terms of risk sources, potential events, and their consequences and their likelihood.

**Vulnerability** – A measure of how resilient our assets are.