IN THE MATTER OF THE INQUIRIES ACT 2014

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

ENTITY: SOUTH EAST WATER CORPORATION

WITNESS STATEMENT OF ANDREW FORSTER-KNIGHT

I, **ANDREW FORSTER-KNIGHT**, General Manager Digital and Transformation, South East Water Corporation of 101 Wells Street, Frankston, in the State of Victoria say:

1. I am the General Manager Digital and Transformation of South East Water Corporation (**SEW**).

2. I have held this position at SEW since December 2024.

3. I obtained a double degree Bachelor of Engineering (Chemical / Process) and Bachelor of Science (Mathematics) from Monash University in 2002. I also completed a Directors Course with the Australian Institute of Company Directors in 2023.

4. After completing university in 2003, I began working as a Process / Chemical engineer with SEW, a role I held for around 4 years. Following that, I held various operational technology roles, focusing on control systems that run assets in the field, cyber security concerns, and how technology assets are able to remotely communicate with each other.

5. I have held various positions and titles during my career at SEW, including Manager SCADA, Branch Manager SCADA and Control Systems, Operational Technology Manager, Group manager Intelligent Systems, Acting General Manager – Customer Service Delivery, Executive General Manager – Digital Utility, Executive General Manager – Service Delivery and my current position of Executive General Manager – Digital and Transformation.

6. In my current role, I focus on delivering technology roll-outs and managing transformational projects within SEW; for example, delivering major new IT systems or digitising SEW's network assets.

7. On 23 May 2025 the Board of Inquiry into the McCrae Landslide served upon SEW's lawyers, a Request to Produce Second Witness Statement, which required SEW to provide a statement in response to the questions set out in that document.

8. The information in this Statement is based upon my personal knowledge, or information I have obtained from the business records of SEW or other employees where necessary. I believe the information to be true.

9. The information in this Statement responds to questions 8, 10, and 7 set out in the Second List of Questions for South East Water (SEW). I address the questions in that order.

Question 8 – Describe SEW's current program of rolling out digital meters across its network. In particular, identify the criteria guiding the prioritisation of the rollout in areas within SEW's network. Where a current program is different to the program that existed at the time of the 5 January 2025 Landslide and/or the McCrae Landslide, please make that distinction and explain any differences.

10. SEW is currently in the 'mass roll-out' (**MRO**) phase of its digital metering program (**DM Program**) that will see existing mechanical meters exchanged for new digital devices. The DM Program is scheduled to conclude in 2029. The MRO phase of the DM Program commenced in August 2024 and will result in over 850,000 meters exchanged.

11. SEW's DM Program is a large-scale undertaking across its entire service area, which will achieve a variety of benefits for both SEW and SEW's customers, including identifying customer leaks more readily to enable the customer to have the leak rectified, and reducing water loss on the SEW network side. SEW's MRO Deployment Strategy and MRO Deployment Plan were developed to guide the rollout, and include establishing principles of prioritisation that were co-created with many areas of the business. The prioritisation criteria assessed during the Deployment Plan were established as follows:

Priorities		Justification
#1	Customer side leaks	1. Use actual data first (leak allowances come through from all of the service region) 2. Use actual data first (CF alerts come through from only digitally metered areas) 3. Use proxy data for leaks next (ABS data on topographic areas of sandy soil) 4. Use assumptions as final step (business suggested leaks can get missed easily in parks/reserves)
#2	Network leaks (NRW)	1. Use actual data (montage 'works' data from last 12 months)
#3	Meter reading savings	1. Saving the most money on Service Stream costs is most important ($$fee for partial books walks) 2. Driving rounds are also expensive 3. Temetra meters that aren't working will be prioritised in Foundation and then drop to the bottom for Build.
#4	Customer behaviour change	1. Using assumptions only (changing behaviour is driven by many things, but it is assume that the highest users have the 'most to save.')
#5	Business Learning: data for planning purposes	***Decision: spread roll out across region, rather than in concentrated locations***
#6	Enhance Customer Service/Offering	1. Use actual data first (customer type, hardship program, level of debt) 2. Use proxy data next (ABS stats for allocation of CALD audiences) 3. Use assumptions last (high usage could presuppose vulnerability) ***Action: investigate viability of onboarding certain segments in order of business need***

Copies of the MRO Deployment Plan and MRO Deployment Strategy are **Exhibit 1: "MRO Deployment Plan - June 2024 FINAL"** and **Exhibit 2: "MRO Deployment Strategy - FINAL"** to this Statement. The chart reproduced above is located at page 9 of Exhibit 2.

Signature: _____ Witness: _____

12. The 'Customer Side Leaks' criteria in the chart, whereby the customer has the accountability to find and repair a leak after being notified from their digital meter, was given the highest priority weighting in the MRO Deployment Strategy. This is because it represents opportunities for significant water savings and improved customer experience. Therefore, areas with high levels of historic customer leak reports were factored into the deployment priorities.

13. The "Network Leaks" criteria in the chart was also given high-priority in the deployment of the DM Program. It took into account leakage data from SEW's works management systems (i.e. Montage) and other factors, such as sandy soils and older pipes.

14. The suburb of McCrae, which lies in the "Flinders" region in the context of metering zones, was prioritised for rollout in the first phase of the MRO deployment (i.e. within the first 12 months). This was because although network and customer leak history in the area were about average compared to the network as a whole, additional criteria such as sandy soil and the existence of older assets in the region were taken into account.

15. The rollout in McCrae involved the deployment of approximately 2,500 digital meters to customers in the whole suburb, to increase the ability of both customer-side leaks and any potential network leaks in the close proximity to private properties to be detected and actioned. The rollout is almost completed, with only approximately 110 properties remaining without a digital meter due to the McCrae exclusion zone, customers deciding to 'opt-out' or property access issues.

16. As part of the McCrae prioritisation process, any customer-side leaks of significant volume (i.e. over 1000 litres per day) were given the highest response time priority from our metering service contractor (Service Stream). Customers also received automated notifications as well as direct outbound calls, and if required, plumbing assistance from Service Stream up to the value of $3,000 to assist in fixing the leak. This process is not standard procedure for customer-side leaks, and SEW specifically introduced it in McCrae, to further assist customers, given heightened concerns about excess water in the area. Standard practice would be to alert customers to customer-side leaks, which are their responsibility to rectify, and for the customer to arrange to have the leak repaired using private plumbing companies.

Question 10 – For the three-year period until the date of this Notice, provide a table that sets out:

a. **any private property leaks in the McCrae area, including but not limited to at 5 Prospect Hill Road, 9–11 View Point Road and 10–12 View Point Road;**

b. **the location of the leaks;**

c. the date(s) on which the relevant leak was reported to SEW;

d. the date(s) on which SEW responded to the relevant leak;

e. the volume of water lost through the leak; and

f. the date(s) on which the leak was repaired and by whom.

Please also exhibit any key documents recording these matters.

17. Unfortunately, it is not practicable to provide the information requested in Question 10 in a single table. Before digital meters, SEW did not have any way to comprehensively detect private property (otherwise known as customer-side) leaks and / or calculate the volume of such leaks.

18. Digital meters have the advantage of being able to detect probable leaks on private property in near real-time by detecting continuous flow of water through the meter. This technology is particularly helpful during late night hours and early in the morning when water use would typically be at a minimum.

19. SEW has created a spreadsheet that shows all instances of continuous flow detected on private properties in McCrae since 16 April 2025, when digital meters were deployed in the area. The data reveals that as at 6th June, a total of 57 leaks were identified on private property in the suburb of McCrae (representing a cumulative water loss of ~ 800,000 litres since digital meters began identifying leaks in the suburb). There have been 24 leaks over 1000 litres per day. For example, the property at 17 Cook Street had a private property leak of 27,000 litres per day and a property at 71 Bayview Road had a leak of 3,500 litres per day. A copy of the spreadsheet showing private property leaks is **Exhibit 3: "Customer-Side-Leaks McCrae-Digital-Metering-validated"** to this Statement.

20. By way of explanation, Column G in Exhibit 3 sets out the minimum number of days the leak was running. I have said "minimum number of days" because in some cases there may have been a pre-existing leak, which only became evident once the digital meter was installed. Column J sets out the validated volume of water loss. The location of the leak is set out in Column A. The date in which SEW enacted a response to a suspected leak (either by telephone, SMS or email) is set out in Column C. The date in which the leak was repaired is set out in Column F. Although SEW does not ordinarily repair private property leaks, as noted above, in McCrae Service Stream has assisted in the repair of high-volume property leaks over 1000 litres per day. In relation to Column L, where the leak has stopped and it has not been repaired by Service Stream, our assumption is the private property leak has been fixed either by the customer or their private plumbers.

21. Prior to digital meters being installed in McCrae, SEW did not have a reliable mechanism to identify and understand private property leaks. As such, SEW's knowledge of private

property leaks in McCrae is not comprehensive for most of the period from 12 May 2022 to 12 May 2025 (**Relevant Period**).

22. I have drawn on several sources of information to provide details of known and possible private property leaks in McCrae for the Relevant Period, prior to digital meters being deployed in the area. These sources include:

    a. 'red notices' that were issued to known private property leaks by SEW's maintenance contractors;

    b. leak allowances provided to customers;

    c. high usage notifications issued to customers after uncharacteristically high meter reads; and

    d. raw meter-read data used for billing purposes, identifying properties within the McCrae Landslide Area using more than three times the SEW network average in any quarter in the previous three years. The term "McCrae Landslide Area" is defined by 'Annexure A' of a diagram previously provided to SEW by the McCrae Board of Inquiry and marked **Exhibit 4: "Annexure A"** to this Statement.

23. There is some natural overlap between each of these sources. Although these sources can stand as indications of a private property leak, it is not possible to know whether there were other undetected leaks in the period.

24. It is not possible to calculate the volume of water lost through private property leaks prior to digital meters being installed, as analogue meters are only read every three months.

25. When SEW's maintenance staff or contractors in the field identify a leak on private property, they issue a 'red notice' to notify the resident that they have a leak on their private water network and that it is their responsibility to maintain the affected asset.

26. 17 properties in McCrae had red notices issued during the Relevant Period. SEW has generated a table setting out the available requested details of these issued red notices, and all related Montage records. Copies of the red notice table and Montage records are **Exhibit 5: "red notice table"** and **Exhibit 6: "Montage records - red notices"** to this Statement.

27. These 'red notice' leaks were most often identified incidentally, when a potential leak on a SEW asset was reported in the area and on investigation it was found to be water leaking from the customer side of the meter.

28. If customers receive a high water bill due to a leak or for unknown reasons, they sometimes contact SEW to request a bill reduction, referred to internally as a 'leak allowance'.

29. A Victorian water industry guideline exists for unexplained high usage and undetected leak enquiries (i.e. 'leak allowances'). The guidelines provide the framework for handling high water usage and leak enquiries. This includes that leak allowances are limited to one rebate every five years per property per customer. A copy of the water industry guideline property leaks is **Exhibit 7: "High Usage Leakage Allowance Guideline 2020"** to this Statement.

30. There were 60 leak allowances issued to 55 properties in McCrae from the beginning of 2022 to May 2025. This includes 5 properties that received 2 separate leak allowances, in most cases due to the leak being spread across two consecutive billing periods, although 1 property received 2 leak allowances.

31. SEW has created a spreadsheet setting out the available requested details of these leak allowances. A copy of the leak allowance spreadsheet is **Exhibit 8: "Leak Allowance Rebate_McCrae"** to this Statement.

32. SEW has set parameters to identify uncharacteristically high analogue meter reads, to both confirm accuracy of those meter reads and to notify customers of unexpected high usage, which may indicate a potential leak. Meter readings that show usage three or more times higher than the same time in the previous year and/or above 1000kL in a quarter are flagged as 'high usage'. These properties then receive a high usage notification from SEW with their next bill. The latter includes details of how to physically check for leaks.

33. The high usage notification process is a manual process for non-digital meters. This is due to the manual nature of the process involved in managing analogue meter readings. As such, while most usage that meets the parameters outlined above are identified, a small number may be missed and hence may not receive a notification.

34. 220 high usage notifications were sent to McCrae properties during the Relevant Period. SEW has created a spreadsheet setting out the properties that received high usage notifications. A copy of the high usage notification spreadsheet is **Exhibit 9: "High Reads 2022-2025"** to this Statement.

35. SEW has also created a table that contains information about private properties within the McCrae Landslide Area that used more than three times the SEW-wide network average amount of water in any quarter in the Relevant Period (such usage shown highlighted in red). The properties are ordered by highest total water usage in the Relevant Period. The property with the highest water usage in the McCrae Landslide Area was 10-12 View Point Road. A copy of the high water use table is **Exhibit 10: "High water use in McCrae Landslide Area Apr 2022 - May 2025"** to this Statement.

36. 17 of the properties in this table received a high usage notification for at least one of the highlighted billing periods. However, the other 30 properties did not trigger a high usage

notification, mainly because the use was not three times higher than the use in the same period of the previous year.

37. In respect of 5 Prospect Hill Road, 9–11 View Point Road and 10–12 View Point Road, which are referred to in Question 10, I elaborate as follows:

5 Prospect Hill Road

38. I understand from Mr Charles Swain, Water Maintenance Manager for SEW, that he attended Prospect Hill Road, McCrae on 7 January 2025. During his attendance that day, he met with the owners of 5 Prospect Hill Road who told him that the pump in their basement had started pumping more frequently as at around a month earlier, and that the water from that pump discharged into the kerb and channel in front of the property, which connected into a closed stormwater drain that connects to the drain in View Point Road. I note that Mr John Bolch made similar comments in his statement signed on 14 May 2025. The owners received a red notice from SEW on 11 February 2025 and on or about 4 April their private property leak was repaired. A copy of the Montage record evidencing this red notice is Task Number 1319556 in **Exhibit 6** to this statement. Copies of Mr Swain's observations on 7 January 2025 (incorrectly dated 7 December 2024) and the email chain showing the leak was repaired are **Exhibit 11: "Comments from Charles Swain on 7 Dec2024 site inspection"** and **Exhibit 12: "Fw_ 5 Prospect Hill Road McCrae"** to this Statement.

9–11 View Point Road

39. On 26 November 2024, a private property leak was identified at 9-11 View Point Road and a red notice was left at the address. On 23 December 2024, the owner notified SEW that the leak had been repaired by their plumber. A copy of the Montage record evidencing this red notice is Task Number 1289514 in **Exhibit 6** to this statement.

10-12 View Point Road

40. During the period between April 2022 and December 2024, this property had, on average, the highest water usage in the McCrae Landslide Area and had 6 times the average water use compared with the SEW service-wide average. In 8 quarters out of 11 in this period, 10-12 View Point Road had the highest water usage in the McCrae Landslide Area. A copy of the data evidencing this property's high water use is **Exhibit 10** to this statement.

41. On 15 November 2022, there was a confirmed private leak on 10-12 View Point Road and a red notice was issued that day. SEW was unable to estimate the volume of water leakage due for the reasons outlined above in relation to pre-digital meter data. It is not known when the customer fixed this leak. A copy of the Montage record evidencing this red notice is Task Number 1101563 in **Exhibit 6** to this statement.

Question 7 - Describe any changes to SEW's systems and procedures for identifying and detecting water leaks that are currently being proposed or considered as a result of the McCrae Landslide.

42. SEW is reviewing the calibration of alarms and the process for escalating issues related to the performance of its network. This will identify the performance of geographic zones around our operating area. It will set flow thresholds for each zone to drive leakage investigations. In the course of this review, SEW will be able to set different thresholds depending on the sensitivity of the area in which the assets are located. For example, assets located in areas of landslide risk or next to areas designated as critical infrastructure (like hospitals) will attract more sensitive alarm thresholds.

43. We are also assessing the performance of all network flow meters to ensure they continue to be operational and accurate.

44. SEW has initiated a process to identify when multiple customer contacts may be interrelated. This process is being initiated manually across McCrae and the development of this process will enable us to apply it to the rest of our operating area.

45. SEW is also reviewing the governance (e.g. who can make a decision on it, who can sign off on the changing of a threshold) of alarm management.

46. These reviews have commenced and are part of a broader plan. While it does not have a hard end-date, I expect the review to be completed in Q1 of FY25-26.

Dated: 6 June 2025

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Signature: ___ _____ Witness: _____

24/6.

Signature: _____ Witness: _____