Frequently asked questions

Rural Water Efficiency Project May 2026

Project overview

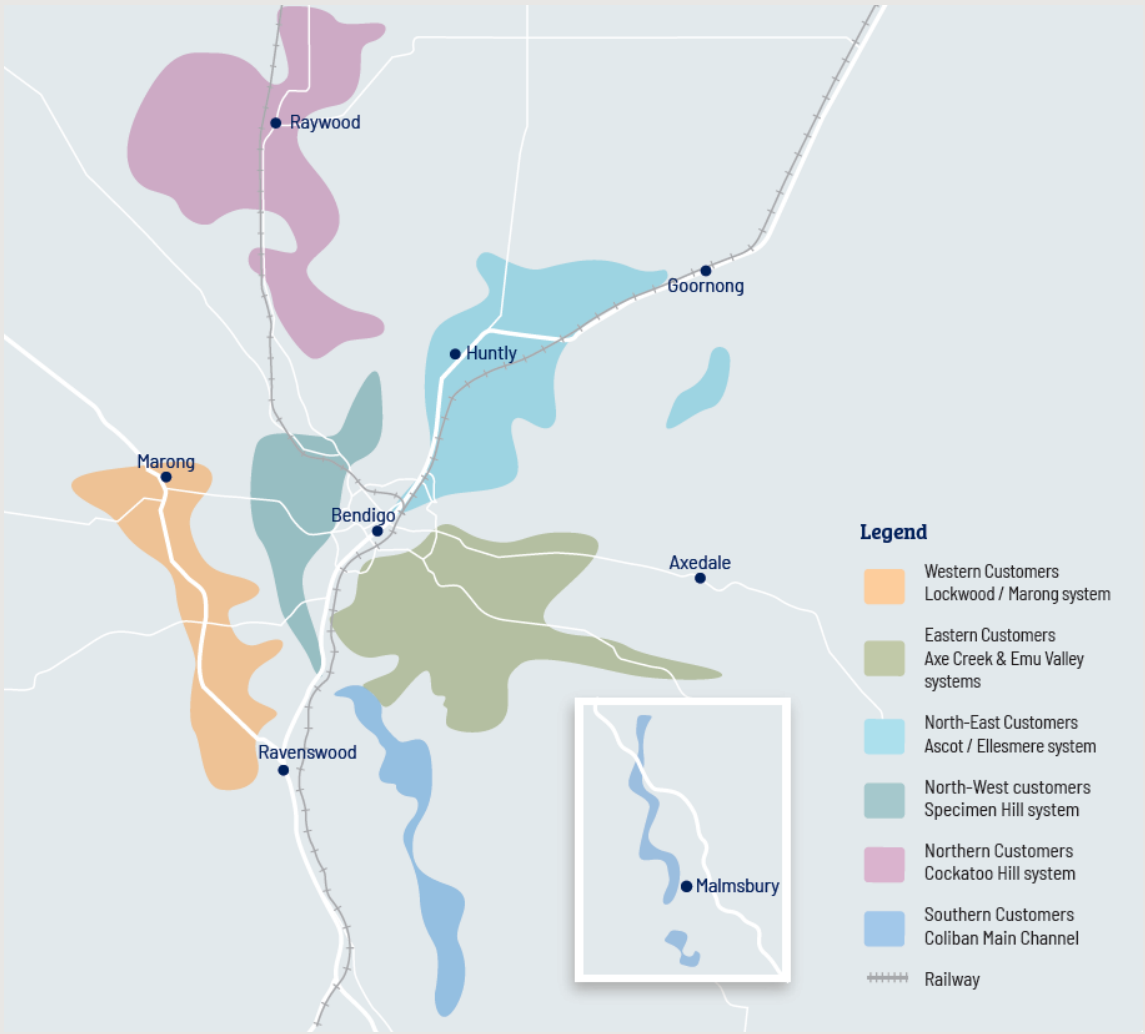
What is the Rural Water Efficiency Project?

The Rural Water Efficiency Project (RWEP) will help transition parts of Coliban Water's ageing rural network to a more sustainable, efficient and reliable system for the future.

This includes modernising critical infrastructure, reducing water losses, and exploring the best long-term water supply solution for different parts of the network. In some areas, this may mean upgrading existing infrastructure, while in others it may mean reducing reliance on ageing assets and moving to alternative supply arrangements.

The project has received $120 million from the Australian Government through the Resilient Rivers Water Infrastructure Program, with up to $40 million from Coliban Water, bringing the total project budget to up to $160 million.

The map below shows the portion of the rural network within the project scope. Harcourt is not included, as it has already been modernised.



Why is this project needed?

The rural network was not designed for the demands placed on it today.

Within the project area, there are 301 km of open channels and gravity pipelines, along with eight balancing storages, with some assets dating back to the 1870s. Because this infrastructure is ageing and in poor condition, only around 20% of the water entering this part of the system is available for customer use. The rest is lost through leaks, seepage and evaporation.

With a changing climate, drought risk, population growth and increasing pressure on water resources, we need to improve how efficiently water is delivered. Continuing to operate the system in its current form is not sustainable.

What is the project timeline?

This is a large, multi-stage project that will take time to plan, design and deliver. While funding has now been confirmed, on-the-ground works are still some time away.

We are now mobilising a project team, and the next stages will include:

- Releasing an early exit Expression of Interest (EOI) from May to July 2026 for customers who may wish to voluntarily surrender their licence in exchange for an incentive
- Providing customers with an information pack in early 2027 outlining the proposed future system, possible water supply options, customer choices and the process for transitioning to new or improved water services
- Designing the proposed network
- Meeting with customers to discuss what the project may mean for them
- Providing opportunities for customers to give feedback on the proposed design
- Finalising designs and entering into agreements with customers
- Obtain planning approvals to enable construction
- Coordinating delivery timing with customers to help minimise disruption
- Procuring contractors to deliver the works
- Completing the works across multiple stages
- Commissioning and testing new and upgraded parts of the rural system
- Project closure.

While construction is still some time away, you will be regularly hearing from our team from this point onward.

What decisions do I need to make at this stage?

At this stage, customers are only being asked one question:

Do you wish to voluntarily exit the rural system by surrendering your licence in exchange for a financial incentive?

Taking part is entirely voluntary. If you decide not to express interest at this early stage, there will be another opportunity in 2027. We will continue to share information with customers throughout 2026, ahead of a formal decision-making process in 2027 about future connection options.

Early exit Expression of Interest (EOI) program

What is the early exit EOI program?

The early exit Expression of Interest (EOI) program is for rural customers who may wish to voluntarily surrender their licence and leave the rural system in exchange for a financial incentive.

The program is voluntary and is primarily aimed at customers who have already decided to exit the rural system.

Customers who proceed with an early exit will be eligible for a calculated incentive payment based on the amount of water they hold and may also be able to recover some out-of-pocket costs associated with professional advice.

Harcourt rural customers are **not** eligible, as their system has already been modernised. Customers holding a Section 51 licence linked to Coliban storages are also **not** eligible.

The information gathered through the EOI will help us better understand the likely future size and shape of the rural system, supporting early planning and helping us design a network that is fit for purpose and cost-effective for customers who remain.

What are the incentives for early exit?

The incentive values are:

- **Licence incentive:** $7,500 per licence
- **Water incentive:** $2,000 per megalitre
- **Early exit incentive:** $2,500 one-off payment per licence.

When does the early exit program close?

The early exit EOI will close 31 July 2026.

Customers are encouraged to submit an Expression of Interest (EOI) **30 June 2026**, to allow sufficient time for documentation to be prepared and sent out to these customers.

All signed deeds must be returned by **31 July 2026**

What happens if I don't exit now?

There will be another opportunity to exit in 2027, when we will be undertaking more detailed customer engagement.

After that, some customers may still be able to surrender their licence or reduce their licence volume during the broader planning process.

Customers who remain on the system should also be aware that transitioning to the future rural network will require some changes to their property and investment on their part, including on-property works to connect to the new infrastructure or install efficient onsite water storage. Tariff pricing is also expected to change.

What is the latest date I can exit the system?

Customers will be able to exit the system up until the time that the new network design or arrangements need to be finalised, however customers will be encouraged to confirm this position as early as possible to help inform the final system design. We will provide more information about this and give you all the information you need and the time necessary to make an informed decision.

Will I receive support to understand my options?

Yes. We have sent out printed information to all customers who are eligible and want to participate in the EOI process and we will also hold drop-in sessions for customers to come and speak to us. Details are available on the back of the mailout letter or on the project webpage.

Our aim is to make the process as clear, fair and transparent as possible.

Can I keep my licence if I am not currently using it?

Yes. You can keep your water licence even if you are not currently using it, provided you continue to pay the applicable fees and charges and meet any obligations associated with moving to the future water network.

If you remain connected to the system, there may also be some changes in future, including on-property works, updated pricing, and possible termination fees if you later decide to exit after committing to stay connected. We will share more detailed information about any potential changes as network designs are finalised.

We understand that some customers use less water than their current licence allows. As the project progresses, there will be opportunities to review and reduce licence volumes if you choose.

What does the EOI process look like?

1. Customers will be directly notified that the early exit EOI is open.
2. Customers can complete the form by mail or register their interest online.
3. We will review submitted EOIs and contact customers if any further information is needed.
4. Where a customer has expressed interest in an early exit, a formal deed document will be prepared and issued via mail for signing.
5. Once the deed has been completed and signed, we will update our records and arrange payment in accordance with the agreed terms.
6. The Victorian Water Register will be updated.
7. Written confirmation of licence surrender will be sent out.

The EOI does not need to be signed by all licence holders. However, if proceeding, the formal deed must be signed/executed by all licence holders.

Can I understand the new network designs before I make an early exit decision?

We do not have any network designs yet; the early exit program will help us to better understand future demand across the network and will help us to develop options and opportunities to discuss with customers in early 2027.

However, we can tell you that any new pipeline designs will not follow the existing channel network and will be constructed in either road reserves or in some cases private land. Wherever possible, access points to a pipeline will be along the property frontage.

Customer engagement

Will there be in-person project information and advice?

Yes. We will provide further information at the drop-in sessions we are holding in May-June 2026 across the region. Details are available on the back of the recent mailout letter or on the project webpage.

These local sessions provide an opportunity to meet with members of the project team who can answer your questions and provide further information about the early exit EOI process.

Design, development and construction

What design options are being considered?

We have explored a range of options shaped by customer feedback, cost, future demand, water efficiencies and technical feasibility.

The final solution may include a mix of approaches, including:

- Replacing open channels with modern piped supply

- Maintaining existing open channel with upgrades
- Connecting customers to alternative supplies, such as potable or recycled water systems.

Have final decisions been made about channels or systems?

Over 70% of the channel system is through public land the aim of the project is to stop using them. There may be some cases where it makes sense to continue to operate some parts of the existing channel network.

We will not be laying pipe in existing channels or following the channel alignment.

When will customers know the proposed water sources and pipeline alignments?

In early 2027 we will have more information available to discuss with customers regarding:

- Water sources in each area
- What the system design options are, and potential pipeline locations
- Levels of service
- Future tariff principles and options
- Operational rules and policies - including on property requirements and who is responsible

Will I have a say in network design?

Customers will be engaged as future options are developed and their feedback will help inform project planning. Final decisions will need to balance customer feedback, broader community needs, future land use, water savings and the costs of building and maintaining any new infrastructure.

What will the tariff pricing be for customers connected to a modernised rural system?

We understand that future pricing is an important question for customers and may influence decisions about whether to remain in or exit the system.

At this stage, final tariff pricing cannot be calculated yet, because it will depend on several factors, including:

- The final design and scale of the new system
- How many customers remain in the rural network
- The number of customers who transition to new services, such as potable and recycled water.

More information will be provided as the project progresses so you can better understand your options and the broader impacts.

We are currently in the process of preparing our 2028 – 2032 Pricing Submission to the Essential Service Commission (our pricing regulator), which will include customer and community engagement during 2026/27 on future tariffs for all water service. This will provide an opportunity for customer to better understand our future rural tariffs proposal and make appropriate submissions.

Rebates and transaction-related costs

Will rebates be available for transaction-related costs?

Yes. Customers may be able to claim rebates for eligible transaction-related costs incurred during the project such as professional services for advice on landowner deed, taxation and on-site water use requirements. This rebate arrangement will remain available for the life of the project, including during the early exit process.

Claims must be supported by evidence of expenditure, such as receipts. Customers who would like more information about eligibility or how to make a claim can contact the project team.

What rebate support is available for customers' transaction-related costs?

Customers can claim rebates for eligible transaction-related costs incurred throughout the life of the project. This includes costs incurred as part of the early exit EOI process. Customers can claim:

- Up to $1,500 in professional services advice (eg: deed review or financial)
- Up to $750 in property advice (eg: farming, irrigation &/or design)

Rebates will only be available where:

- You require independent expert advice on a matter relating to the RWEP (for example, in reviewing a proposed deed offered as part of the RWEP or as part of considering the most appropriate future service arrangement for your property);
- You have received that advice prior to making a decision on your preferred option; and
- You have paid for that advice and can provide the project team with a copy of the invoice and receipt.

Customers seeking further information about available rebates or how to make a claim can contact the project team.

A practical example

Jane is a rural channel customer with a 3 megalitre water entitlement and decides to exit the rural system before 30 June 2026.

She pays $350 for advice about installing a rainwater tank and $500 for financial advice. She also has a $268 rural water bill for the final quarter of the 2025–26 financial year.

Based on this example, Jane's package would include:

- $15,732 in incentives:
    - $7,500 for surrendering her licence
    - $2,500 early exit incentive
    - $6,000 for surrendering her 3 megalitre water entitlement ($2,000 per megalitre)
    - Less $268 to cover her rural water bill for Quarter 4 of the 2025/26 financial year
- $850 in rebates:
    - $350 out-of-pocket expenses associated with property advice (water tank)
    - $500 for financial advice

Current and future entitlements, trading and allocations

Is Coliban Water currently accepting new rural water licence applications?

No. New rural water licence applications are currently paused while planning and design work continues.

This is intended to support accurate project planning and avoid continual changes to infrastructure assumptions during the design phase.

Will water trading and licence renewals continue?

Yes. Water trading will continue while project planning is being finalised. There will be a need to pause trading at a later stage. When we reach that point, we will give all customers advance notice. We are also working to review rural trading rules and processes to improve transparency and protect the integrity of the system.

Under the Water Act 1989 section 51 rural licences can be issued or renewed for a period between 1-15 years. Now that the project has been funded licences will only be renewed for a 2-year term, this includes licences on

restricted channels. This is to create more flexibility and surety for the project if significant changes are forecast or required. This will only apply when prompted through a change of ownership or permanent transfer and will not apply to pipeline customers in Harcourt and Eppalock which can be renewed for 15 years. Supply by Agreements for recycled water will require renewal in the event of a change of ownership or a permanent increase in allocation and will be renewed for 2 years. Existing agreements will remain unchanged. This will only apply in limited circumstances, such as a change of ownership or permanent transfer.

What is happening with rural water allocations?

Opening allocations for the 2025–26 rural seasons have started lower than in previous years because storage levels across our catchments remain below the threshold required for full allocation, resulting from below-average inflows over the past 24 months.

Storage conditions are reviewed regularly. If conditions improve, allocation levels will be re-assessed.

What if I am looking subdivide or develop my land?

Historically, if you were planning to subdivide your land and wanted a new parcel to have access to rural water, a rural water entitlement would need to be purchased or transferred to that parcel and a licence application submitted to Coliban Water for assessment and approval.

At this point in time new rural water licence applications are currently paused while planning and design work are completed for the project. This supports accurate project planning and avoids ongoing changes to demand assumptions during the design phase.

Any future changes to licence rules, including for subdividing land, will be communicated as the project progresses. Customers with site-specific questions are encouraged to contact the project team.

What does the project mean for private channel/delvers/networks?

The system design will seek to address the current challenges associated with private delvers by moving services away from private property and in most cases into road reserves. Until this is done, private delvers will continue to operate as is - through collaboration and private agreements between landowners.

Disputes regarding access to private delvers and impacts on water delivery after it leaves Coliban Water channel infrastructure are regarded as civil matters, and we do not get involved. If disputes cannot be resolved through negotiation we recommend seeking independent legal advice.

Any decommissioning or removal of private delvers will be the responsibility of the beneficiaries of these private networks, including any requirement associated with public authorities such as Councils for delvers within public roads and Parks Victoria or the Department of Energy, Environmental and Climate Action in relation to private delvers within crown or public land.

Further support

Can I get independent advice about what to do?

Absolutely. If you are unsure what is best for your property, we encourage you to seek independent advice.

This could include speaking with a financial adviser, farming or irrigation consultant, or another professional who understands your individual circumstances.

Independent advice can help customers feel more confident about their decision-making and in many cases, these costs would be eligible for rebates.