Frequently asked questions

Rural Water Efficiency Project April 2026

Project overview

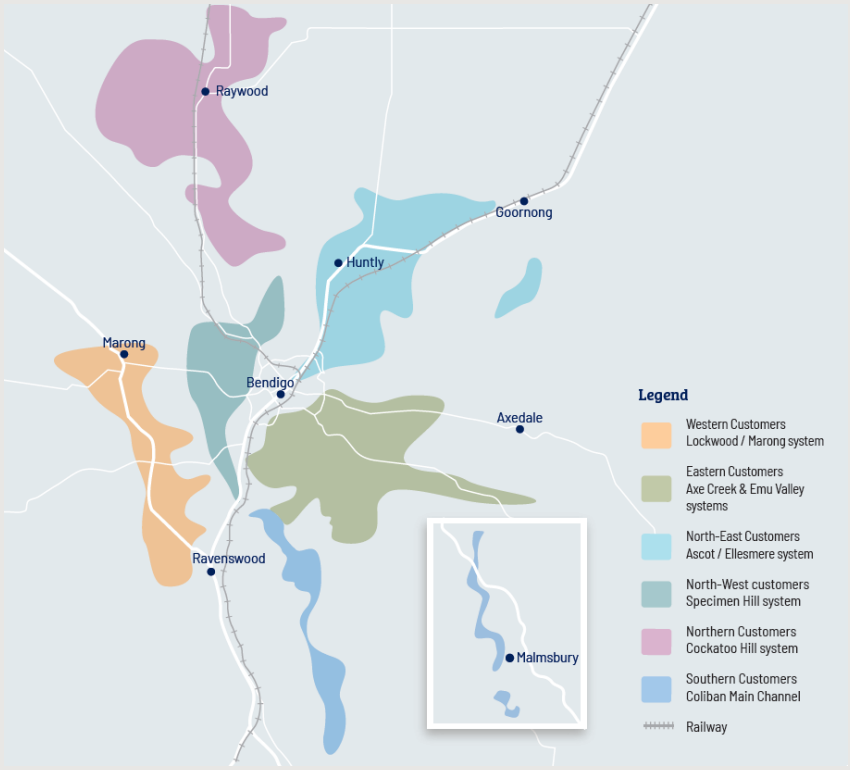
What is the Rural Water Efficiency Project?

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 federal government through the Resilient Rivers Water Infrastructure Program, and up to $40 million from Coliban Water, bringing the total project budget to $160 million.

This map shows the parts 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 kilometres of open channels and gravity pipelines, along with eight balancing storages. Some assets date back to the 1870s. Because this infrastructure is ageing and in poor condition, we expereince 79% water losses through leekage, seepage, and evaporation with only around 21% of the water entering this part of the system being available for customer use.

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. Consultation, planning, design, and delivery will take time. While funding has now been confirmed, on-the-ground work is still some time away.

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

- Releasing an early exit Expression of Interest 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.
- Meeting with customers to discuss what the project may mean for them.
- Designing the proposed network.
- 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 in the early exit process is entirely voluntary. If you decide not to participate in this early exit process, 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

What is the early exit Expression of Interest?

In the coming weeks, we will open an early exit Expression of Interest for rural customers who may wish to voluntarily surrender their licence and leave the rural system in exchange for a financial incentive.

This option is intended for customers who have already decided they no longer wish to remain connected to the rural system.

Taking part in this early exit process is entirely voluntary. Customers who choose to proceed with an early exit will be eligible for an 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.

The information gathered through the EOI process 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 expression of interest to surrender my licence close?

The expression of interest period will close on 31 July 2026.

Customers who participate in the early exit process in 2026 will avoid paying rural licence fees and charges for the 2026/27 financial year.

There will be another opportunity for customers to exit in 2027. After that, some customers may still be able to surrender their licence or reduce their licence volume during the broader planning process, but only up to the point where the future network is locked in and formal commitments are made.

The $2,500 early exit incentive payment will only apply during the 2026 early exit period.

Will I receive support to understand my options?

Yes. We will send printed information to all customers who are eligible and want to participate in the early exit expression of interest process. We will also hold drop-in sessions for customers to come and speak to us. The dates and locations for the drop-in sessions will be released soon.

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 requirements for on-property works, updated pricing, and 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.

What does the EOI process look like?

- Customers will be directly notified when the early exit expression of interest is open.
- Customers can complete the form by mail or register their interest online.
- We will review the expressions of interest and contact customers if any further information is needed.
- Where a customer has expressed interest in an early exit, a formal deed document will be prepared and issued by mail for signing.
- Once the deed has been completed and signed, we will update our records and arrange payment in accordance with the agreed terms.

Will there be in-person project information and advice?

Yes. We will provide further information in the coming weeks on the dates and locations of early exit drop-in sessions.

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

Customers with general questions about the project or urgent matters about your property, can contact the project team to discuss these specific matters or arrange a time during the above early exit drop-in sessions to discuss your questions.

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 channels
- Connecting customers to alternative supplies, such as potable or recycled water systems.

Have final decisions been made about channels or systems?

No. Early investigations and modelling have been completed, but no final decisions have been made. Funding confirmation now enables more detailed engagement and planning with customers.

Will I have a say in network design?

We will engage with customers 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 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 preparing our 2028–2032 Price Submission to the Essential Service Commission (our pricing regulator), which will include customer and community engagement on future tariffs for all water services. This will provide an opportunity for customers to better understand our future rural tariff proposal and make appropriate submissions.

Rebates and transaction-related costs

Will rebates be available for transaction-related costs?

Yes. Customers will be able to claim rebates for eligible transaction-related costs incurred during the project, such as professional services like 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 expression of interest process. Customers can claim:

- Up to $1,500 for professional services advice
- Up to $750 for property advice

Rebates will only be available where:

- You require independent professional advice on a matter relating to the Rural Water Efficiency Project (for example, when considering the most appropriate future service arrangement for your property).
- 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 customer with a three megalitre water entitlement and decides to exit the rural system before 31 July 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 incentive and rebate 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 required 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 permanent trading at a later stage (currently proposed for 30 June 2027). We will advise customers when we reach this point. We are also working to review rural trading rules and processes to improve transparency and protect the integrity of the system.

As part of this project phase, rural licence renewals will be reviewed consistent with the project timelines. This is to provide more flexibility while future network arrangements are being considered. This will also apply to restricted channel systems.

These changes to licence renewal periods will not apply to pipeline customers in Harcourt and Eppalock.

What is happening with rural water allocations?

Opening allocations for the 2025/26 rural season opened on 1 July 2025, with a 30% opening allocation.

As our water resource position improved allocations were reviewed and increased accordingly on a monthly basis.

The current water resource position indicates that we will be opening the 2026/27 rural season with a reduced allocation. Over the past three years, we have received below-average inflows to our storages. Storage conditions are reviewed regularly. If conditions improve, allocation levels will be reassessed.

What if I am looking to 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 have been 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.

Further support

Can I get independent advice about what to do?

Absolutely. We encourage you to seek independent advice if you are unsure what is best for your property. This could include speaking with a financial adviser, farming or irrigation consultant, or another professional who understands your individual circumstances.

Independent advice may help you feel more confident about your decision-making and in many cases, these costs would be eligible for rebates.