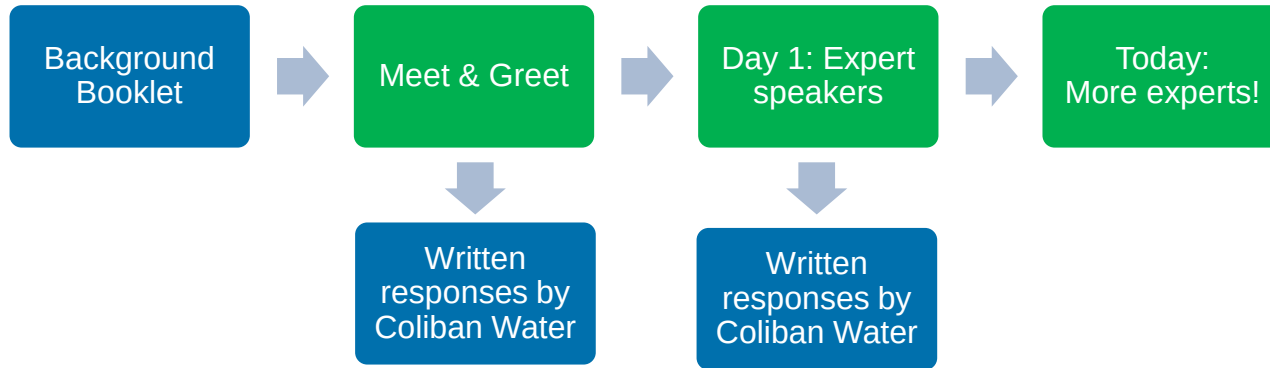


Deep dive to recommendations

Jarrah O'Shea
**EGM Strategy, Economics
& Data**

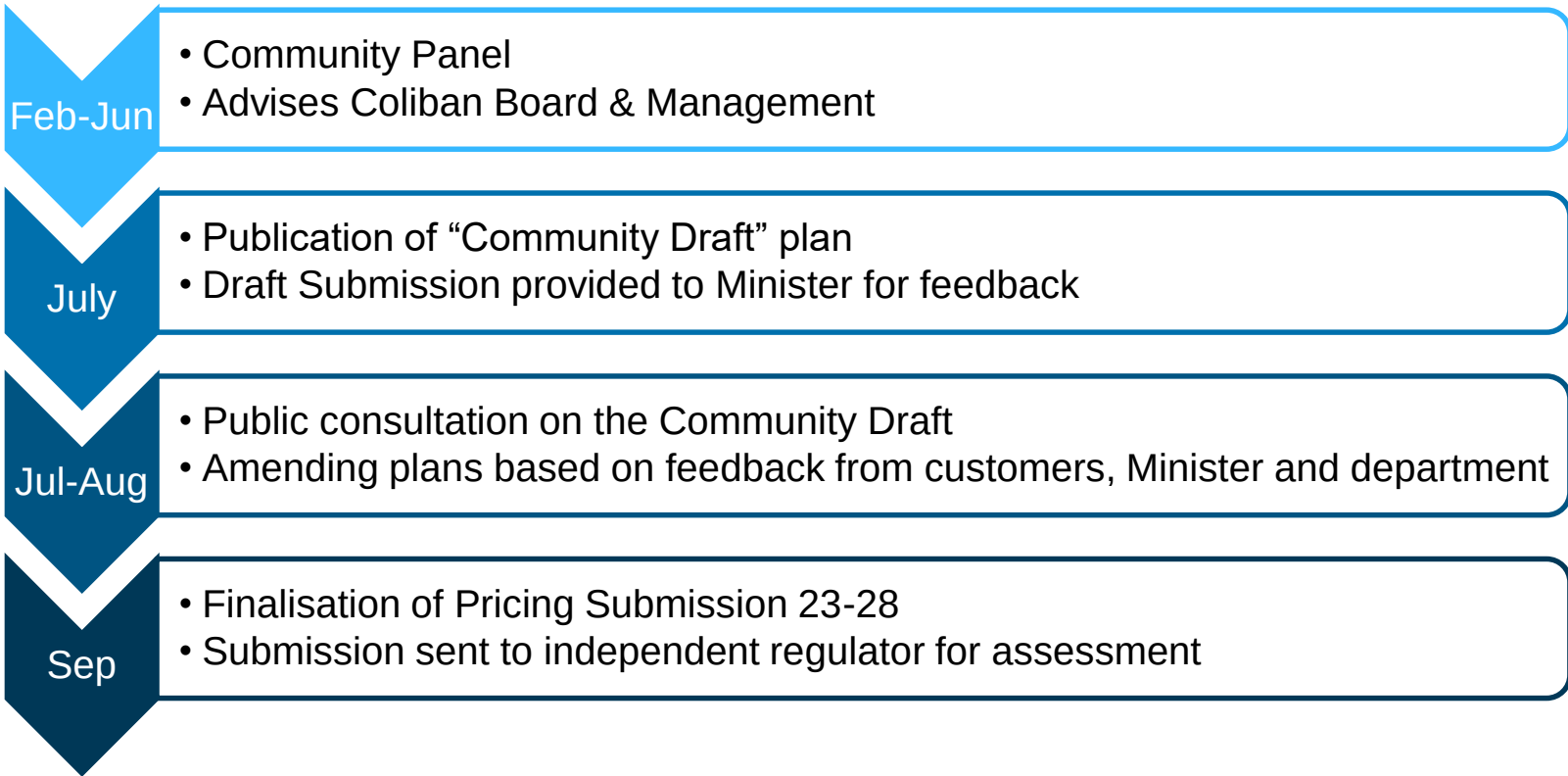
Steve Healy
**EGM Climate & Population
Adaptation**

Our journey so far



- Focus has been on the “Four Big Questions”

Our journey ahead



Coliban Water's challenges

- We do not get significant government funding
- The millennium drought hit us hard
- We invested heavily in drought busting infrastructure
- Our debt exceeded \$300 million by 2012 and is now about \$400 million
- We must invest in assets to serve customers today, and into the future
- Financially, we cannot afford flat or declining prices any longer
- We are committed to ensuring customers experiencing vulnerability are not hit hard by any price increases

Our region is facing a critical point in its water supply and demand.

Our built structures are ageing, and our climate is getting drier. We need to prepare for this changing future.

We want your help in deciding how to balance these priorities and set water prices for the next five years.

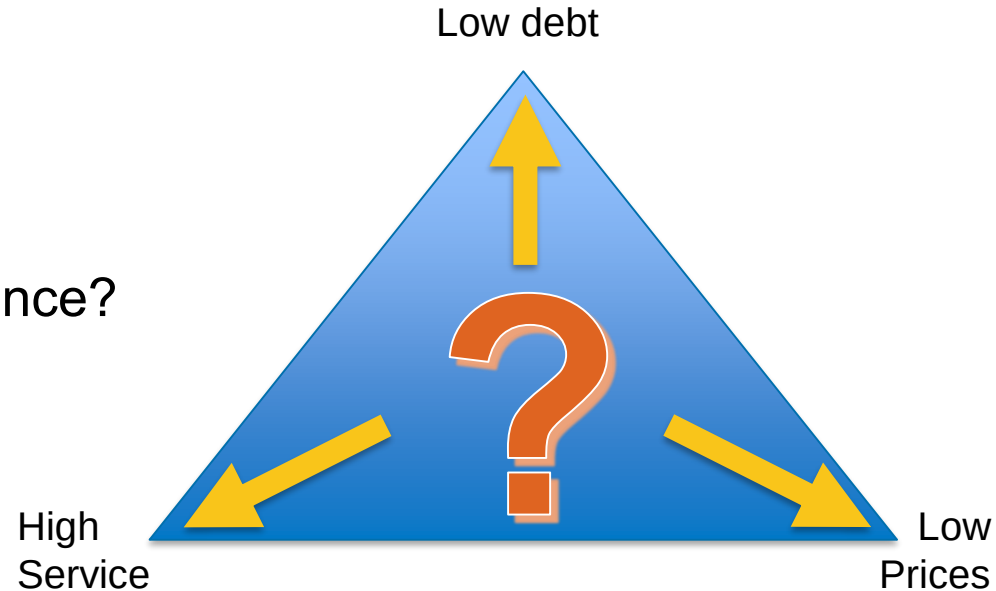


How does
Coliban Water
**prepare for
tomorrow**
while being
**fair to
customers
today?**



Our tension triangle

- There is a tension between achieving:
 - > Low debt
 - > High service
 - > Low prices
- What is our “goldilocks” balance?
- But we **MUST** be compliant with community health and safety requirements



Community panel has significant scope to influence our water future

- We don't have all the answers
- We may not have thought of everything
- We will take your recommendations very seriously

Recall... areas you can influence (p49, Background Booklet)

Areas you can **influence** <<<

People can influence (negotiables)

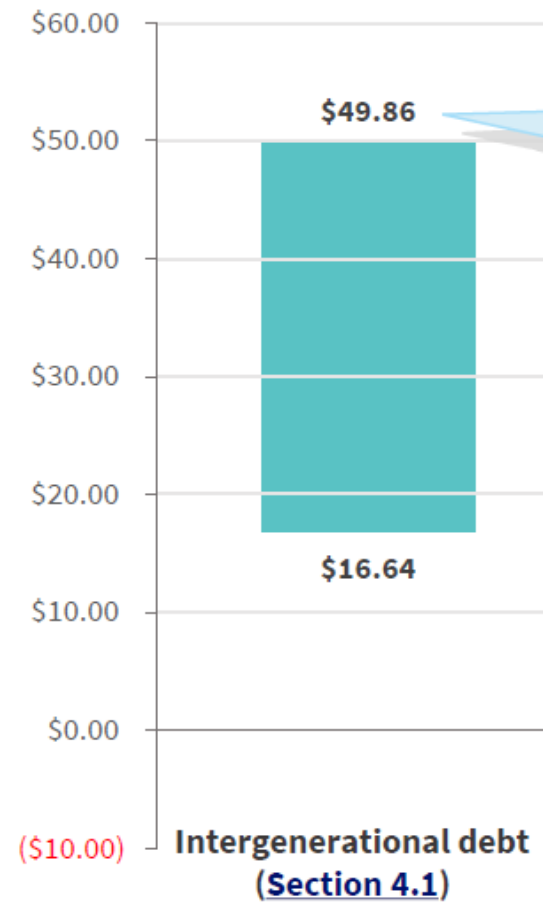


- How we balance fairness across different generations in relation to pricing and investment options
- How much we invest in the liveability of the region
- How much we invest in drought prevention measures
- The level of support we provide to customers experiencing vulnerability

People can't influence (non-negotiables)

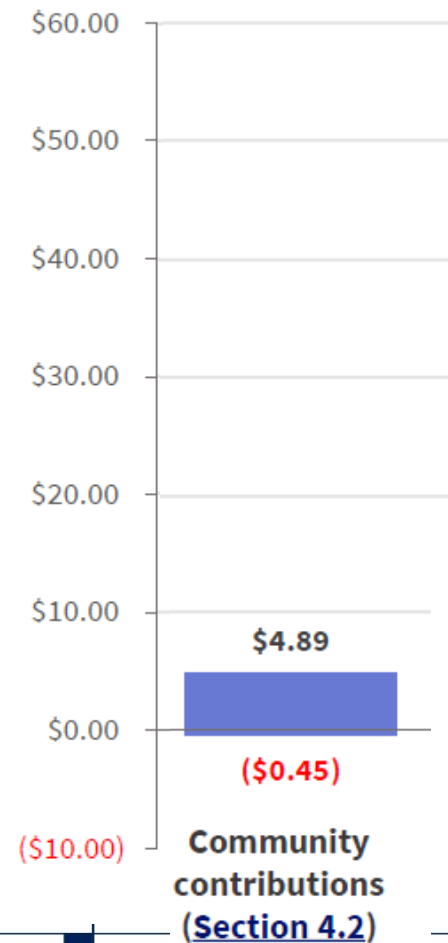


- Flat or declining prices
- The current tariff structure
- The level of overall capital expenditure
- Expenditure for core service delivery
- Rural system investment, prices and services
- Investments required to meet our regulatory or compliance obligations



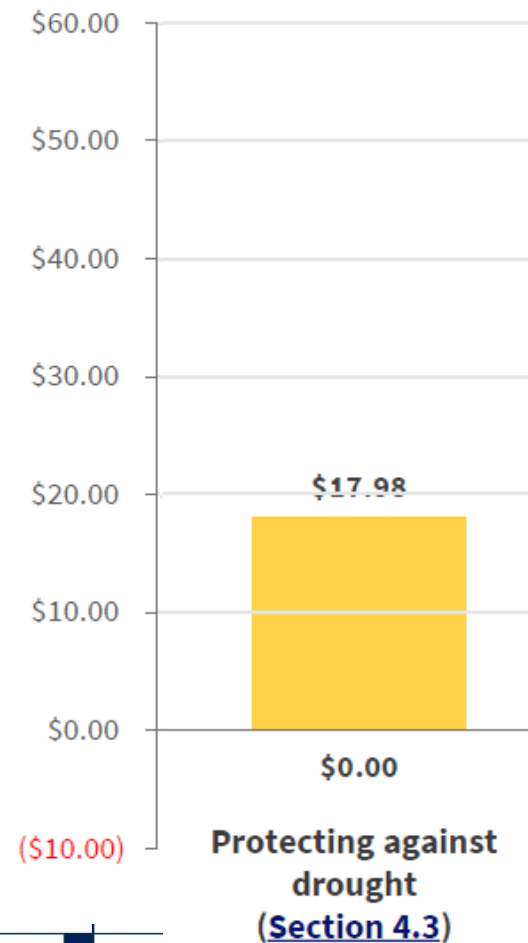
1. Intergenerational equity

- This is a trade-off between debt and prices
- All debt incurs interest and ultimately needs to be paid back
- This does not affect how much we invest in capital
 - > It affects the rate at which debt increases
- Quarterly bill impacts (on the left) are phased in over 5 years (smooth) to 2028 and exclude inflation



2. Community Contributions

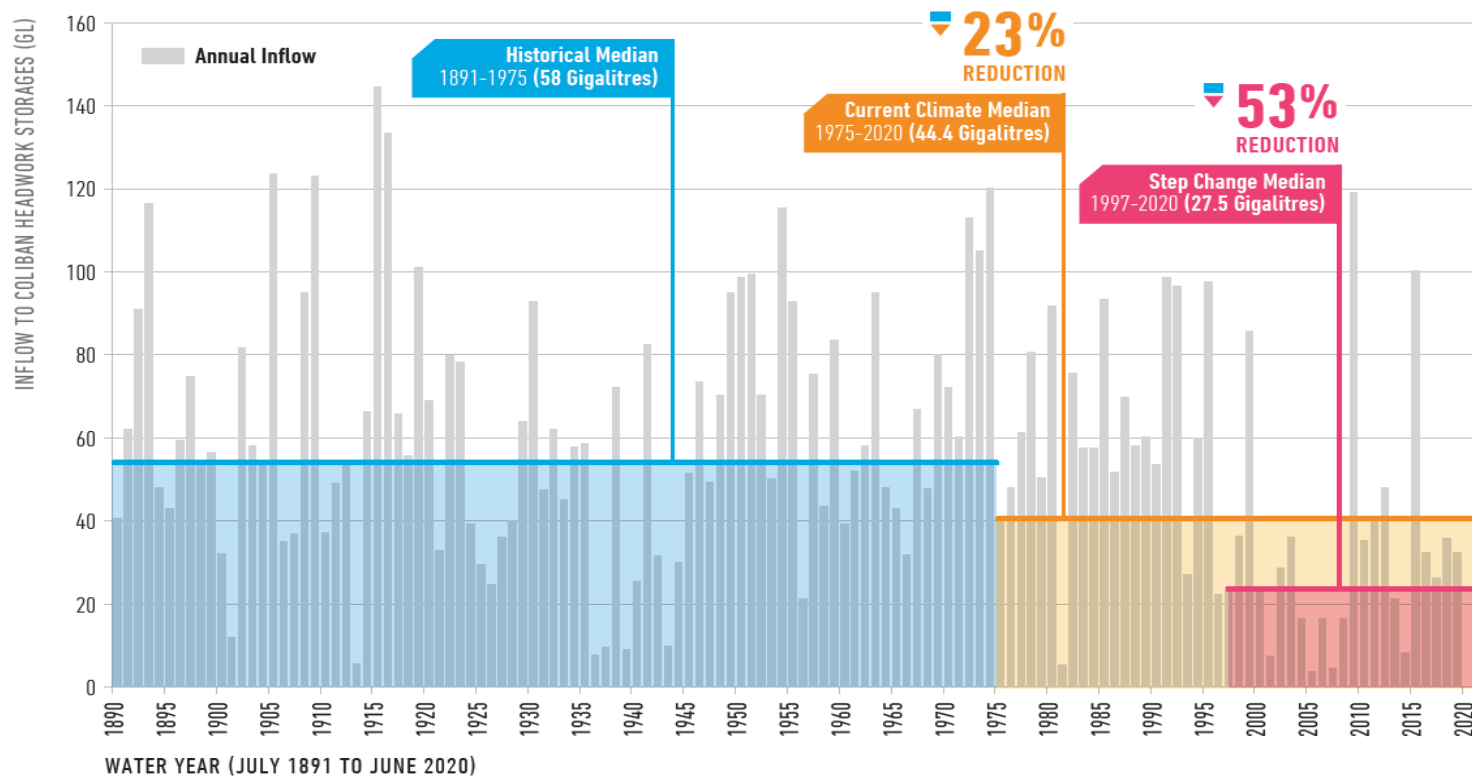
- Water for recreation purposes
- Drinking fountains
- Discounts for councils providing new green spaces
- Reusable water bottles for schools
- Partnering with councils on green corridors
- Promoting water wise gardens
- Any other ways we can contribute to a vibrant and prosperous community?
- Quarterly bill impacts (on the left) are phased in over 5 years (smooth) to 2028 and exclude inflation



3. Protect against drought

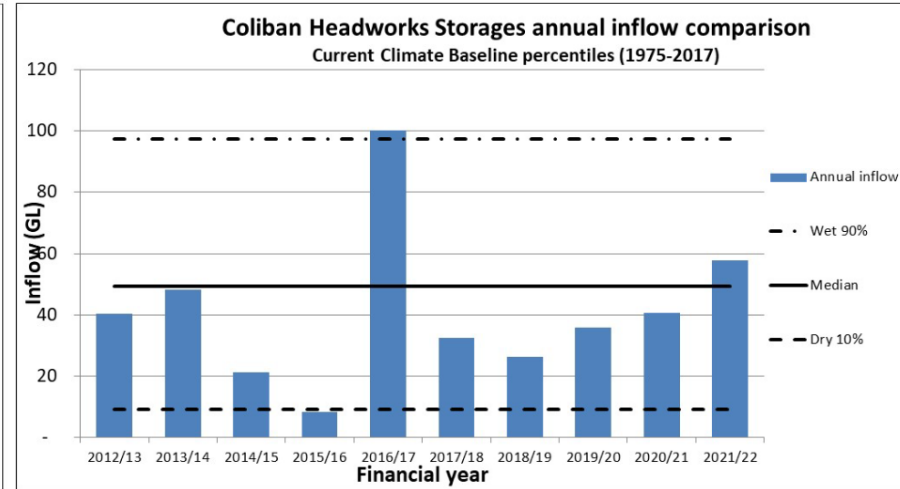
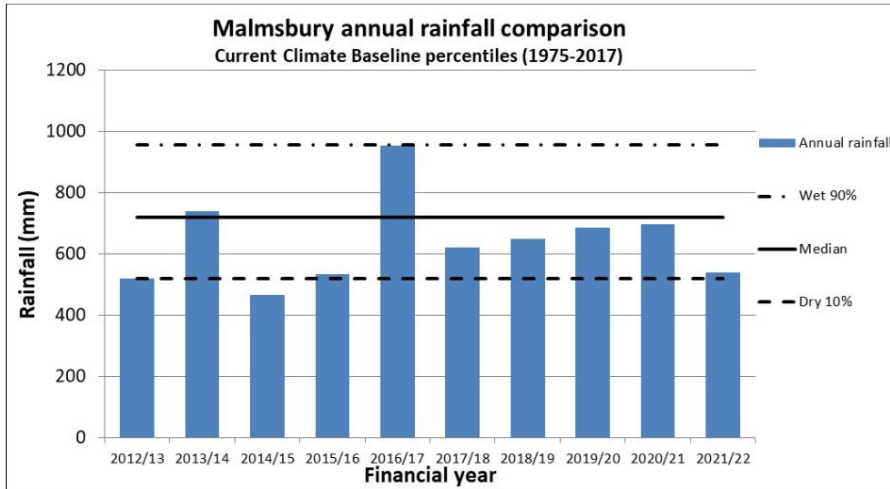
- Climate change has happened and may accelerate
- A small reduction in winter rainfall significantly reduces inflows to our catchments
- An increase in storms can lead to large flows in our sewer network and sewer spills to the environment
- Status quo is greater likelihood of restrictions during droughts
- Or we could invest in groundwater and other supply augmentations, at a cost
- Quarterly bill impacts (on the left) are phased in over 5 years (smooth) to 2028 and exclude inflation

COLIBAN STORAGES ANNUAL INFLOW

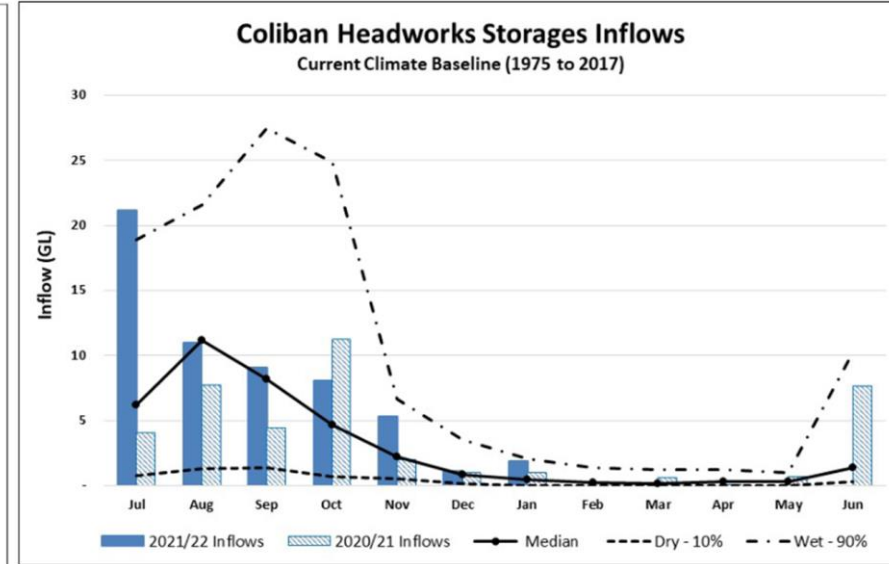
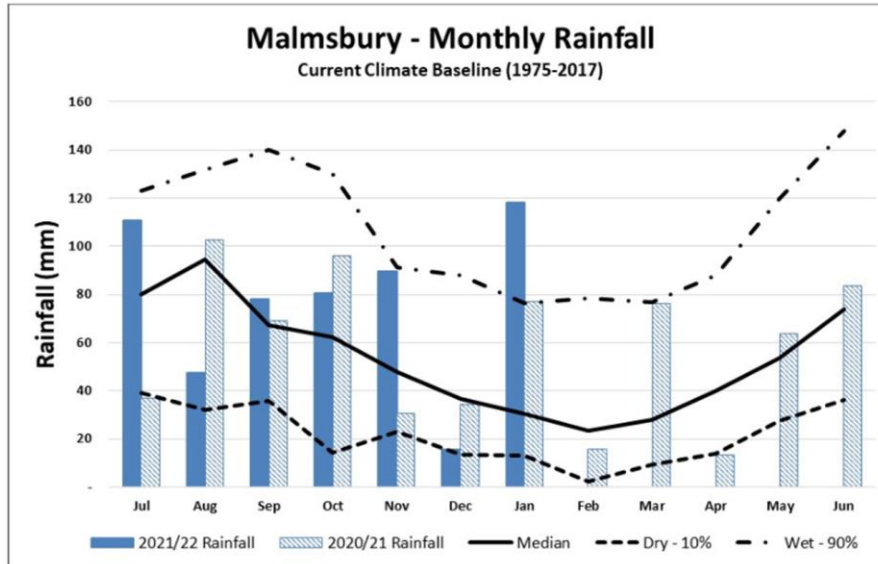


Climate reference periods (pre 1975; post 1975 and post 1997) have been defined in 'Guidelines for Assessing the Impact of Climate Change on Water Availability in Victoria' (DELWP 2020). The post 1997 climate reference period assumes the dry conditions experienced since 1997 represent a permanent step-change in climate from that experienced prior to 1997.

Rainfall and Inflow relationship - annual

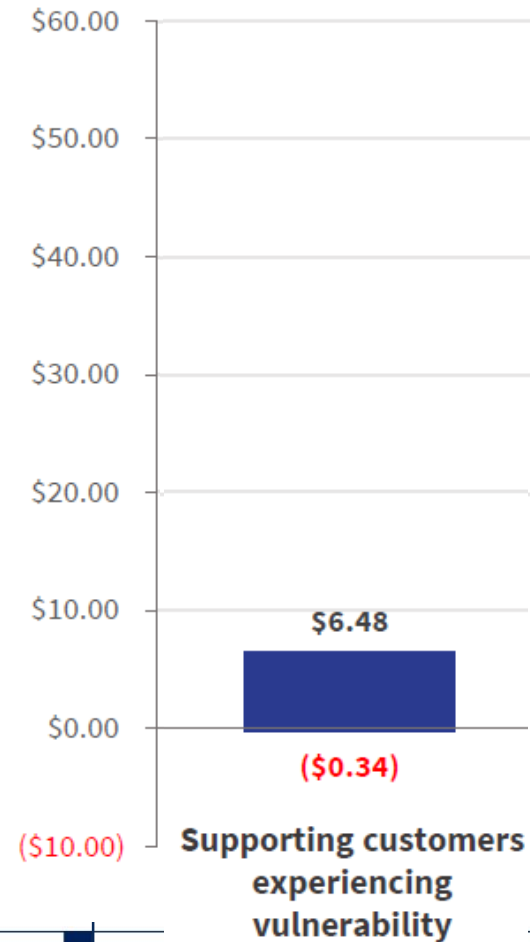


Rainfall and Inflow relationship - monthly



4. Supporting customers experiencing vulnerability

- Many causes of vulnerability - anyone could experience vulnerability during their lifetime
- \$6.48 per quarter → \$3m per year in support to customers experiencing vulnerability
- Higher value for this lever will mean our most vulnerable customers do not experience any bill increases from the other items
- Quarterly bill impacts (on the left) are phased in over 5 years (smooth) to 2028 and exclude inflation



Summary

- This is your opportunity to shape our region's future
- We chose this process – we want to hear your views
- Looking forward to your recommendations