



Community Panel Response

Pricing Submission 2023-2028



Community Panel responses



Purpose

This document is to provide responses to questions raised by members of the Community Panel at the Meet and Greet session on Wednesday 9 February 2022.

Questions and responses

There were a number of questions relating to our debt levels, including:

Could you please elaborate on the circumstance of Coliban Water's debt? How was it accumulated?

Who is the money owed to?

Is this an unusual amount of debt for a public utility?

Do other water authorities also have million dollar debts?

What strategies are they adopting to manage costs? Are there learnings from interstate water authorities?

How does one accumulate 400 million in debt without anyone noticing?

(Note: this is a summary of what was answered at the meet and greet session).

Coliban Water's debt is approximately \$400 million. Most of this was accumulated through the millennium drought as we were forced to invest in drought busting infrastructure, including water recycling, the "Superpipe" (a large pipe linking Bendigo to the Goulburn system), and permanent Goulburn System water. In addition, the imposition of water restrictions led to a \$100 million reduction in revenue, which had to be funded by debt.

The pricing model applied by the ESC (Essential Services Commission) assumes that long-use assets are funded by debt, so a degree of debt is to be expected. Our debt per customer is higher than other regional Victorian water corporations. However, our debt per customer is not unusual when compared with debt levels in Melbourne and elsewhere in Australia. Our staff are actively involved in assessing our performance compared to other water corporations in Victoria and around Australia. The fact that water corporations in Australia are government owned makes collaboration easy as the whole industry works together to share technologies and learnings.

Our debt is owed to the Government, and we pay interest to the Government each year. We publicly report on our financials, including debt levels, to the community and to Parliament each year. Annual reports dating back many years are available on our website [Annual Reports | Coliban Water](#)

As a government owned entity, we are ultimately accountable to the Minister for Water for our financial performance and service levels. However, on a day to day basis, we know that customers interests are at the core of everything we do.

What innovations are being explored to improve the delivery of services? E.g. What are the drought prevention measures, or the recycled water measures?

Our planning and project teams are always looking at the latest technologies available and whether they are right and cost effective for what we are trying to achieve. For instance, we are in the final stages of rolling out digital meters, which have identified a range of water savings for both us and our customers.

Drought prevention options could be increasing groundwater holdings, purchasing additional licence in the Goulburn system or building pipes to connect different parts of the water network to create greater flexibility and access to water.

We also participate in Integrated Water Management forums with local government and key stakeholders to identify opportunities to maximise the supply and harvesting of water.

We have recycling schemes in place across the region and look for opportunities to grow these where there are options available.



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What are the current obligations from Coliban, what are their current commitments, what do Coliban believe are the nice to have.

Our current obligations are to provide safe and reliable drinking water, and provide sewer services that manage risks to public health and safety as well as the environment. We have commitments to upgrade some of our assets so that they comply with our obligations, but a much higher level of investment is needed to make sure our services are reliable and secure for the future.

More information on our performance against our commitments is available on pages 32 -34 of the Community Panel Background Booklet.

Is there any contribution from the state or federal government towards water infrastructure?

Coliban Water receives no regular government funding. We do not pay dividends to the government.

We constantly monitor current grant programs to see if we are eligible to apply for grant money for our region. We have been recently successful in receiving grants related to rural system upgrades and a recycled water pipeline in Kyneton. However, these have been our first major grants towards core services in over a decade.

To what extent will Coliban water be involved in having discussions with regional agriculture around the ongoing capability for water to be made available to meet their needs and where necessary around transition planning for industries that are operating in areas where in future water scarcity may no longer slow them to continue to operate.

We have a rural customer base of about 1,300 that is supplied with untreated water under a rural licence. It is important to note that rural is out of scope for this panel. The majority of the rural system is supplied using open earthen channels and it has a lot of water loss. We have previously modernised the Harcourt system after consulting with fruit growers in that region. We have applied for federal funding that we hope will help shape what the future of the rest of the rural system will look like. One of the reasons rural is out of scope for this panel discussion is because we are developing a business case for this funding, and there will be discussions with agricultural businesses to understand their future plans and needs.

What percentage of Coliban's income goes to supporting vulnerable people? Does Coliban work in partnership with any other services to support these vulnerable people?

We are committed to supporting customers experiencing vulnerability. We have provided further context for this support on page 17 of the background booklet. There is also extensive information about our involvement with support agencies in section 4.4 of the engagement booklet.

Is there any evidence on the value / change in behaviour for investment in the community?

We interpret this question as meaning what impact do our community contributions make?

As an example, we currently provide a Recreational Water Discount program to councils. This program provides them with discounted water, and incentivises more efficient water use.

High value community assets, like parks, gardens, sporting grounds and swimming pools receive a benefit. This is not a behaviour change program, but is indirectly aimed at contributing to the liveability, health and wellbeing of the community. The evidence we have is that this program is highly valued by councils and allows for ongoing maintenance and investment in these community assets.



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As Kyneton is increasing in commercial operations, with increase pressure on the water supply. Does Coliban have a commercial program to include these companies on the responsible increase costs facilitate these additional strains of the water supply. Can Coliban get commitments and sponsorship's from these new companies to the financial support of this water community . Paying for water parks, paying and sponsoring fountains etc.

In Kyneton we have a partnership with a local meat production facility, who are the main driver of water demand and sewer discharge growth in Kyneton region. This partnership is to co-invest in solutions to address increasing pressure on wastewater treatment facilities.

We have invested \$17 million to upgrade sewer network and treatment facilities in Kyneton. At the same time, the meat production facility has contributed to this investment in recognition of the demands its growing production places on infrastructure.

We feel that this partnership is appropriate to ensure improved performance in Kyneton, reduce risks of future environmental spills from the wastewater treatment plant, and continue to support the economic growth and prosperity of the region.

We would like to know if Coliban Water is run only as a business relying on customer charges?

There are further details regarding this question on page 18 of the background booklet.

Is there accountability by a larger body for debt?

We operate in a highly regulated environment. The following stakeholders and agencies are aware of our performance:

- Victorian Minister for Water and the Department of Environment, Land, Water and Planning
- Treasurer and the Department of Treasury and Finance
- Department of Health (DoH)
- Environment Protection Authority (EPA)
- Essential Services Commission (ESC)
- Energy and Water Ombudsman Victoria (EWOV)
- Australian Competition and Consumer Commission (ACCC)
- Department of Families, Fairness and Housing (DFFH)

You can also read more information about this on page 48 of the background booklet.

What are the plans to cope with climatic changes

You can read more information relating to this question on page 47 of the background booklet.

There is also a video called 'Race to Zero' available on the community panel portal, or via this [link](#).



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What is the future growth of population projected for the next 10 years.

Population growth is one consideration we have when planning for the water future of our regions. On page 9 of the background booklet, we discuss that the future growth of the region is forecast to be approximately 1.9% per annum. There is also further discussion about growth on page 47 of the background booklet.

Will price rises be even across the board or will certain locations see greater price increases to fund local water infrastructure upgrade requirements e.g. possible Trentham sewerage treatment plant

We intend to retain “postage stamp” pricing for the majority of our customers – in other words, the same price for similar level of service, regardless of location.

Prices reflective of true costs of providing services would mean that many systems would face very high prices. Small towns or systems with few connections per kilometre of pipeline would be uneconomic to service at existing prices.

Certain customers do face differentiated prices based on their impact on our system. For example, large trade waste customers pay different access fees depending on the volume and quality of their discharge – for example if it is highly corrosive or potentially damaging to treatment processes, they will pay accordingly.

Due to the long life of many infrastructure assets, not all locations will have new investments during a five year pricing period. Previous investment however will still be benefiting those locations and the costs are still being recovered via prices into the future.

What is the current obligation of keeping ahead of infrastructure, what are the nice to have funding e.g. waterfalls, etc.

We interpret this question as meaning that we should build the best possible assets that cater for anticipated growth.

The Essential Services Commission (ESC) has stipulated capital expenditure must be prudent and efficient. This means that there has to be a clear demonstrated need from a service obligation, improvement, renewal or growth perspective.

If the need of new asset is due to growth during the pricing period, but the growth does not eventuate, then the project can be delayed and another project(s) brought forward. This ensures value is still being delivered for the prices being charged to customers.

When we undertake asset planning, we ensure that assets such as pipes and treatment plants are sized for the future. If we make assets too small, we will need to duplicate assets too soon, and this will be too costly for customers. We try to ensure a balance between investing ahead of time and investing in assets when needed.

Nice to have investment is out outside of the statement of obligations and other legal and regulatory requirements need to supported by customers.



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Is Coliban preparing for droughts as well as floods infrastructure

Water resource planning is looked at in the short, medium and longer term through our Urban Water Strategy. You can find out more about the [Urban Water Strategy on Connect Coliban](#).

With Bendigo being a growing region - what is the percentage of people who are home owners to investment properties?

There is information about this on page 14 of the background booklet.

Does Coliban consider population growth and development in thinking about its future water supply/water availability and dealing with additional drainage and sewerage needs?

These things are considered as part of our [Urban Water Strategy](#). There is also further information on pages 9 and 47 of the background booklet.

How much water recycling does Coliban water undertake? How much of the waste water is lost e.g. evaporation?

The table below indicates how much water is reused, a total of 3,228 megalitres for the 2020/21 financial year.

We do not measure how much wastewater is lost through evaporation.



TOWN	SEWAGE INFLUENT (MEGALITRES)	TOTAL EFFLUENT DISCHARGED (MEGALITRES)	EFFLUENT DISCHARGED TO WATERWAYS (MEGALITRES)	EFFLUENT DISCHARGED FOR REUSE (MEGALITRES)
Axedale	17.3	19.3	0.0	19.3
Bendigo	8,311.8	7,049.2	5,718.1	1,331.1
Boort	32.2	0.0	0.0	0.0
Bridgewater	72.4	15.0	0.0	15.0
Castlemaine	1,160.6	1,477.7	1,368.8	108.9
Cohuna	214.9	0.0	0.0	0.0
Dunolly	34.7	5.4	0.0	5.4
Echuca	1,798.1	1,157.8	0.0	1,157.8
Elmore	40.2	0.0	0.0	0.0
Gunbower	50.2	23.5	0.0	23.5
Heathcote	114.6	98.5	0.0	98.5
Kyneton	884.9	812.1	372.3	439.8
Lockington	22.3	0.0	0.0	0.0
Pyramid Hill	41.5	0.0	0.0	0.0
Rochester	195.3	0.0	0.0	0.0
Wedderburn	33.1	29.5	0.0	29.5
TOTAL	13,024.1	10,688.0	7,459.1	3,228.8