

# >>>> Community Draft

How do we prepare for tomorrow while being fair to customers today?

Pricing Submission 2023–2028













# Water to live, grow and enjoy

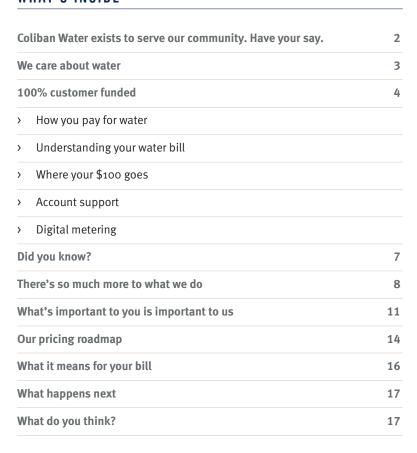


How often do we really think about what it takes to turn on a tap, flush a toilet, or bring water to those who need it?

Our **Pricing Submission 2023–2028 Community Draft** will explain Coliban Water's role now and for tomorrow – and help you understand how our water bills can safeguard our water infrastructure and service delivery for the future.

Like others we consulted, we invite you to use the information and links provided to be an active part of our region's water future and help us place a value on water for today — and tomorrow.

#### WHAT'S INSIDE



How do we prepare for tomorrow while being fair to customers today?

Coliban Water exists to serve our community.

Have your say.

Coliban Water's core business is to provide safe drinking water and waste water services for public health and environmental protection so our community can sustain itself.

While the services we provide underpin our region, a lot of what we do at Coliban Water is not highly visible. Every time we turn on the tap we get safe drinking water and we rarely think about what happens to our waste after we flush the toilet. Our water treatment facilities run 24/7 and our extensive network of pipes run underneath the 49 towns we serve. We manage nearly \$2 billion in assets across central and northern Victoria.

Over the past year, we have been engaging with the community in setting our service goals and how we ensure fairness in customer water bills now and in the future.

For the first time in our history, we supported an independently facilitated 'Community Panel' (a 'deliberative panel') to ensure we had strong community participation in our planning for the future. The Panel completed five full days of work including the development of recommendations that have been considered and accepted by the Coliban Water Board. The work of the Panel has guided the content of this document.

As the Panel discovered, we have several key challenges that we must address so that we may continue to provide these services to the standards that our communities deserve. Many of our assets are aging and need renewal. Climate change is impacting our region and we need to invest to ensure we have reliable water security. Our population is growing as more people move to our fantastic region to share in our great lifestyle.

We all fund Coliban Water when we pay our water bill. Determining what we pay for safe drinking water and waste water services requires careful planning.

A formal review process is completed every five years to ensure that we have the right approach to maintaining, operating and renewing our assets that provide water services to you.

We strive to ensure that your water bill is fair and that there are built-in measures to protect the most vulnerable people in our communities. We carefully engage with our customers to strike the right balance between delivering fair prices today and preparing for the future.

We encourage you to review this information, ask questions and to consider this proposal. Ask yourself, 'How do we prepare for tomorrow, while being fair to customers today?' and share any feedback you have.

The decisions we make together will then be reviewed, cross-checked and confirmed by the Victorian Essential Services Commission. This independent regulator provides an additional check to ensure we are being fair, before prices are set and capped until 2028 (excluding adjustments for inflation).

Sincerely,

**Bob Cameron** 

Chair

**Damian Wells**Managing Director

# We care about water \(\lambda \lambda \lambda \)



## Who we are

- Coliban Water is 100% customer funded. Our culture is centred around delivering for our customers now and in the future.
- Our business is highly regulated to ensure we deliver water and sewerage you can rely on and trust.
- A Victorian Government owned entity, our business is overseen by the Minister for Water and governed by the Safe Drinking Water Act 2003, the Environment Protection Act 1970 and the Catchment and Land Protection Act 1994.
- We are responsible to the Department of Environment, Land, Water & Planning and regulated by the Department of Health, Environment Protection Authority and Victorian Essential Services Commission.
- We partner with a broad range of stakeholders, including Traditional Owners, local government authorities, and industry representatives.
- Revenue from customer bills is invested back into the business and spent on services supplied to customers, building and renewing plant and equipment, paying for any water sourced and delivered to our network, and the costs of running our business.

## What we do today

- Our core business is the provision of safe drinking water, waste water and rural water services for public health and environmental protection so that the communities we serve can sustain themselves.
- Water harvest, storage, treatment and distribution to customers.
- Urban sewage collection, including trade water from industrial and commercial customers.
- Sewage treatment, re-use and disposal of the reclaimed water.
- Rural water supply.
- Supply of recycled water to rural and urban customers.

## What we know about tomorrow

- Amplified by COVID-19, our region is growing at an unprecedented rate and is at a critical point in its water supply and demand.
- Historically a reliable water source, the Coliban catchment is now one of the most unreliable due to climate change.
- Significant investment in the Goldfields Superpipe, the purchase of water shares, and construction of the Bendigo Recycled Water Factory and recycled irrigation schemes, secured our water supply during the millennium drought.
- During the current pricing period (2018 to 2022) we have reduced customers' bills in real terms, excluding increases to cover the cost of inflation (CPI).
- Our built structures, some dating back to the goldrush, are aging and important assets need to be replaced or upgraded.

### Learn more

We're ready for the future | Our plans will help us develop and maintain fit for purpose infrastructure to meet current and future demand.

https://coliban.com.au/about-us/policies-and-plans/strategy-2030



# 100% customer funded </



# How you pay for water

The price you pay for water and sewage services is determined every five years through a formal process.

Coliban Water is now consulting with customers and other stakeholders to set its prices for the period 2023-2028.

This careful process ensures the bills you pay are fair, there are built-in measures to protect the most vulnerable in our communities, and that we balance what's required today with what we know will be needed in the future.

With a range of big water questions to consider, your feedback will help us make the right decision for everyone.

The decisions we make together will then be cross-checked and confirmed by the Victorian Essential Services Commission, the independent regulator overseeing the water, electricity and gas industries. Prices will then be set and capped until 2028, excluding adjustments for inflation (CPI). They can then only be adjusted under the strictest circumstances.

# **Understanding** your water bill

## Fixed water service fee

Daily fixed charge for household connection to water supply.

#### Variable water consumption fee

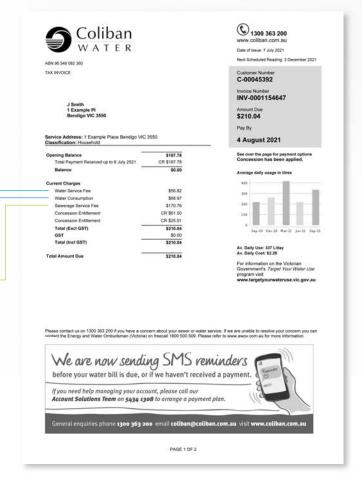
Charge per kilolitre of water you use. This figure will vary season-to-season and year-to-year based on the weather.

Daily fixed charge for household connection to the sewer.

## Why are some charges fixed?

Coliban Water owns pipes, pumps and treatment plants valued at almost \$2 billion. These assets are underground or hidden from community view, but need to be maintained and upgraded regardless of how much water people use. It isn't possible to lower fixed charges without increasing usage charges.

We've heard from customers they consider a balance of fixed and variable charges to be the fairest way for us to charge. It means customers who use more water receive higher bills and contribute more, while the fixed portion helps to safeguard renters and others on limited incomes who cannot easily upgrade their appliances to save water.





# Where your \$100 goes

The majority of revenue we receive from customers is directly applied to water and sewage services, while considering public health and environmental protection. For every \$100 we receive from you, here's how we used it each year from 2018-2022.

# \$45.13

## Treatment (water and sewer)

16 water treatment and 14 water reclamation plants are managed to deliver top-quality drinking water and to ensure recycled water and trade waste is made safe for reuse on parks and gardens, to provide flows to inland rivers, and as biosolids in farming in accordance with our EPA Licence.

# \$13.28

## Technology and corporate

Includes technology to help monitor our networks, labour costs, office rental, electricity and overheads.

# \$5.12

#### Customer service and billing

Our customer support functions, staff, and metering and billing systems.



\$4.74

#### **Environment contribution**

In additional to our stewardship of the environment through our every day working practices, we also contribute to the state government fund to support high priority environmental projects across Victoria.

Covers the maintenance, repair and replacement of more than 2,300 kilometres of water mains and 2,036 kilometres of sewer mains.

\$29.19

Operations and networks

Maintenance of three major reservoirs near Kyneton that supply water to Kyneton, Castlemaine, Bendigo and rural customers, our water entitlement to the Murray and Goulburn systems, and 18% share of volume in Lake Eppalock.

\$2.54

Headworks and water supply



# **Account support**

We know circumstances change and so can people's financial position. We care about our customers and our responsibility to assist those who are most vulnerable, including those experiencing family violence.



One of the ways we show our support is through our Coliban Assist Program, which allows us to identify and work with customers who need short, medium or longer-term assistance.

Our team is equipped to work with customers in a supportive and confidential manner and assist with:

- Not-for-profit and community rebates, concessions, grants and hardship relief.
- Home visits to provide compassionate face-to-face contact for some of our most vulnerable customers.
- Payment arrangements that allow customers to make customised repayments off their bill, based on their personal circumstances.

# **Digital metering**

The installation of digital water meters in our region is automating the meter reading process. These meters will benefit you by:

- Identifying abnormal water-use and potential leaks that cost you money (so far, we've saved customers an estimated \$250,000).
- Improving accuracy and reducing the need for estimated reads due to inaccessible meters.
- Ensuring you receive faster final reads when you vacate a property.



# Did you know?



We deliver water and sewage services to 49 towns across 16,500 square kilometres in Northern and Central Victoria. It's our aim to be a customer and community focused water corporation that makes a valuable contribution to the future of our region.



WE SERVE A TOTAL POPULATION OF APPROXIMATELY 186,600 11,235

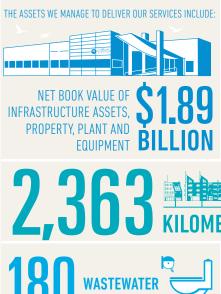


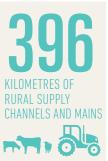


**OUR AVERAGE** CUSTOMER AGE IS



## Our assets include...









KILOMETRES OF WATER MAINS (POTABLE AND NON-POTABLE







AND KYNETON) AS A

BOOT<sup>1</sup> PARTNER





WATER DISTRIBUTION PIPELINES AND CHANNEL SYSTEM INCLUDES 48 KILOMETRES OF JOINT OWNED AND OPERATED PIPELINE WITH CENTRAL HIGHLANDS WATER

# There's so much more to what we do



Whether taking a shower, brushing your teeth, washing your dishes, cleaning your clothes, watering your garden, or flushing your toilet... on an average day you probably don't stop to think about us. And we don't mind. We work hard to deliver the safe and trusted water and sewage services you need to live, grow and enjoy.

Yet there's so much more to what we do. These responsibilities may not be immediately obvious, but we take them very seriously.

# **Caring for the environment**

While we successfully deliver our water and sewage services against a strict compliance framework, we're working hard to be responsible stewards of the environment.

We're rolling-out new strategies to help us improve the health of our waterways, deliver a more secure long-term water supply, and build-in resilience to the impacts of climate change.

#### What we're doing

- On track for net zero carbon emissions by 2030.
- Reducing leaks across the region, installing digital meters, and delivering community water literacy campaigns.
- We're working with the North Central Catchment Management Authority and Traditional Owners to implement the 'A Healthy Coliban Catchment' project. The project protects the upper section of the Coliban River and its long-term water supply, while boosting habitat connectivity, sustainable land use practices, and building cultural and lifestyle value across the region. It is one of the most robust and integrated approaches to catchment management undertaken to date in Victoria. Since inception, the project has delivered 30 kilometres of fencing, 66 hectares of revegetation and 200 hectares of weed control area treated.
- Recycling and reusing to maximise the value of water and preserve drinking water supplies.





# Caring for customers and the communities we're part of

We contribute beyond our core services for the prosperity and liveability of our region.

We partner with industry, developers, government and community groups to build social value through more connected and liveable communities.

## What we're doing

- Providing residential and commercial customers who need it with financial assistance and relief – and improving awareness of the support available.
- Implementing digital and self-help options so customers can deal with us through the channel of their choice.
- Supporting community events and initiatives through sponsorships, donations and participation.
- Rolling-out our 'Choose Tap' and other education and awareness programs with schools and community groups.
- Investing in drinking fountains in public spaces and opening and improving our reservoirs and other assets for greater recreation and enjoyment.
- Delivering recreational water discounts so local councils can maintain parks, gardens, sporting and swimming facilities.
- Developing our business to be a diverse and inclusive employer of choice, delivering career opportunities for regional people.

# Recognising and caring for the lands of Traditional Owners

Our region includes the traditional lands of the Dja Dja Wurrung, Taungurung, Yorta Yorta and Barapa Barapa peoples.

We have developed a *Reconciliation Action Plan* to further develop knowledge and understanding of Aboriginal and Torres Strait Islander peoples and to build relationships with local Aboriginal and Torres Strait Islander communities.

Our first *Reconciliation Action Plan* provided a foundation for ongoing reconciliation efforts. We have now submitted our second *Reconciliation Action Plan* for endorsement by Reconciliation Australia. It will enable us to continue to contribute to greater awareness and respect for the diversity of Aboriginal and Torres Strait Islander peoples, values, cultures and ideas. It is a guide for how we will work towards achieving outcomes including a more culturally respectful workforce.

### What we're doing

- We acknowledge the dispossession, loss and harm experienced by Aboriginal peoples since the arrival of Europeans in Australia.
- We are committed to reconciliation, truth-telling and the Victorian Treaty process.
- We will continue to build and maintain cultural competency across our workforce so that we can participate in strong and productive partnerships with Traditional Owners.
- We will ensure that we understand and embed protection and advancement of Traditional Owner values of the Country on which we work to serve the community.
- We will support Aboriginal enterprises through our procurement of goods and services
- We will partner with Traditional Owners to progress their cultural and economic outcome goal in relation to water ownership and management.



It's not until something goes wrong, service is interrupted, or something doesn't work that we're reminded our water infrastructure (much of it built many years ago) needs to be constantly maintained, upgraded and replaced.

That process isn't simple, or cheap. We responsibly budget for and deliver a large program of maintenance, capital and infrastructure works, while ensuring you receive a high quality, dependable service for a price that is fair.

## What we're doing

- Since 2016 we've invested more than \$1 million each year in preventative maintenance and cleaning of our sewer network. The 'Stop the Block' program is working and we've avoided around 3,800 blockages, limiting customer disruption and reducing spills to the environment.
- Our proposed Big Water Build will contribute to the upgrade and renewal of valuable water and sewerage infrastructure as our population grows across the region.



# What's important to </ you is important to us



## **About the consultation process**

We spoke to a range of customers just like you to review our performance during the 2018-2023 pricing period and to help us set a fair and balanced price for our Pricing Submission 2023-2028.

Some customers looked at how well we delivered services to them directly (eg. water pressure, sewer blockages and spills, water supply interruptions, prices, and the size of their bills). While others focused on our broader performance (eg. sewer spills to the environment, CO<sub>2</sub> emissions, environmental stewardship and actions to mitigate climate change).

Following feedback from customers through our consultation process we identified five must-have focus areas that influenced our pricing proposal.

#### The outcomes customers want from us:

#### The things they value are:



High quality water they can trust

Safe, healthy drinking water.

Fit-for-purpose water pressure.

Good tasting water.

High reliability.



Be easy to deal with

Timely, proactive information about services, leaks and interruptions.

The ability to interact with us when and where they want.

eBilling and more self-help options.



**Enhance the** environment Protect the environment and our catchments.

Preventative maintenance of sewers to reduce the number of spills.

Reduced carbon emissions.

Greater use of recycled water and stormwater.

Education to improve customers' water literacy.



Fair prices

Stable prices that are fair for all.

Support for customers experiencing vulnerability.



Help to make our region a better place to live

Promote local employment.

Be prepared for growth.

A liveable community with green spaces and recreational water access.

# Meet our Community Panel



# Your voice in determining fair prices for all

To provide the opportunity for deeper consultation, 32 people from across the Coliban Water region were selected to take part in a Community Panel.

Together, those involved represented a cross-section of customers and their views, and all generously contributed their time, experience and energy to the process.

The Community Panel came together for five full days over a five-month period to consider Coliban Water's services and pricing.

They used information learned about Coliban Water, current challenges facing our region's water infrastructure, details about our catchment area and changing environment, demographic information, and our customer care to shape nine recommendations.

Each of the nine recommendations made by the Panel on behalf of the community has been adopted by Coliban Water, and a careful plan and budget developed for each.

Several of the recommendations can be delivered from our current day-to-day operating budget, while funding for others will come, in part, from the proposed annual price increase set-out in the following pages.

Applying even a small price increase for customers is not a decision we make lightly. The increase we're proposing is one we have reached through in-depth consultation, particularly with the members of our Community Panel, each of whom was asked to consider whether the increase proposed is fair.

Read more about the Community Panel's nine recommendations and how we plan to respond at www.connect.coliban.com.au.

At the conclusion of the process we asked the Community Panel whether they felt our proposal and the expanded hardship measures deliver pricing that is fair for all customers.

# We captured their thoughts...



#### Graeme (Echuca)

"The Community Panel Members sought to recommend measures to Coliban Water that would achieve the difficult task of balancing prices to its customers, now and into the future.

Coliban's main challenge is to replace, repair and upgrade the pipes etc which bring water to its customers, and take away the waste water. Some of these items are more than 100 years old. The challenge is to have customers fund them over the years in which they provide services to the community.

I am pleased that Coliban Water has accepted all of our 9 Recommendations, which were aimed at balancing the needs of all of its customers, now and into the future."



## Diana (Kyneton)

"As a Member of the Community Panel to tackle the regions water challenges Coliban Water pricing submission acknowledges future uncertainty including climate change, strong population growth and ageing infrastructure. The region requires an adaptive and flexible approach to future planning and implementation to ensure constant supply of clean safe water.

Extensive community consultation has concluded that an increase over 5 years will enable Coliban Water to guarantee future generations a stable safe water environment.

Coliban Water understands that supporting the vulnerable is essential to ensure the entire community is nurtured with this vital resource. Customers will be informed clearly on future bills how to access all external support agencies.

All support programs will be clearly accessed on Coliban websites.

Implementing this price increase, Coliban delivers clean safe continuous water, transparency and support for all members of our community."



#### Samantha (Castlemaine)

"Coliban Water has gone through an extensive pricing process that considers both the significant issues regarding water in our region, and is as fair to the many people who live and work here. As a community panel member I have been very impressed by the integrity of the organisation, and their genuine enthusiasm for safeguarding this most precious resource.



#### Jane (Echuca)

"The community panel considered multiple factors, sought information from experts, the wider community and within Coliban Water, and deliberated carefully over the question of fairness.

We recognise that access to clean, safe water and sanitation are fundamental necessities to the lives of everyone in our region. Much of the water infrastructure we take for granted is underground or unseen and the panel realised Coliban Water must invest in the renewal, repair and expansion of this infrastructure to ensure continued access to water for people across our region.

Whilst no one likes a price rise, I believe the submission is fair to present and future customers. We must take responsibility for the cost of investment today whilst also planning for the future. Recognition of hardship was also strongly supported by the panel and I commend Coliban Water for doubling the budget to support those experiencing hardship.



## Don (Bendigo)

"The community pricing submission program was a comprehensive learning and discussion process. After four long days of education and deliberation I think the

recommended pricing submission is fair and reasonable for both Coliban Water and its customers.

# Other ways we consulted

Consultation with customers and stakeholders across our region played a significant part in setting our proposed prices.

It's allowed them to be part of the decision-making process. It also allowed us to learn what they expect, what's important to them, and understand the value they place on our contribution to local communities and the environment.

#### How we collected information to inform our Pricing Submission 2023-2028 Community Draft:

Voice of the Customer	We analysed 17,000 previous customer and stakeholder interactions.
Business and Trade Waste Customers	We received 69 survey responses and completed eight interviews with our biggest business customers.
Traditional Owners	We sought feedback from two Traditional Owner groups, one Aboriginal Cooperative and via five face-to-face interviews with Aboriginal and Torres Strait Islander customers.
Youth	We presented to the Bendigo Youth Council and interviewed four young people from around the region.
Elmore and Lockington customers	We received 214 ballots from customers in Elmore and Lockington who were voting on their preferred choice of future sewer options.
Local Government	One-on-one interviews were completed with the nine local councils in the region.
Telephone Surveys	We spoke with over 400 customers.
Online bill simulator	We learnt from 2,600 customers who used our online bill simulator.

# Thank you!

We'd like to extend our thanks and appreciation to all of those who participated in our consultation process and shaped our **Pricing Submission 2023-2028.** 

We'd especially like to acknowledge the 32 customers who formed our Community Panel. We are grateful for everyone's input as we tackle our region's big water challenges.

# Our pricing roadmap <<<<

# Our pricing approach now | 2018-2023

We had price reductions compared to inflation. Our prices increased 10% less than inflation during this period.

After big investments during and following the millennium drought, price stability was our focus for 2018-2023. In fact, we reduced bills in real terms during this time.

We successfully delivered a range of impressive milestones. But, we were also faced with some big challenges and know there are things we can do better.

## What we delivered

**92 projects** valued at **\$178.2 million** will be completed in the current pricing period (2018-2023), including these milestone projects:



#### The challenges we faced

Funds originally earmarked to paydown organisational debt between 2018 and 2023 were redirected to bring forward investment in aging infrastructure.

Some of the projects delivered were fast-tracked to ensure our water and waste water treatment remains compliant and meets community expectations.

COVID-19 impacted our business, contributing additional expense and delaying some projects and planned works.



# Looking forward | 2023-2028

Our region is at a critical point in its water supply and demand. Our built structures are aging, and our climate is getting drier.

To set our prices for 2023-2028 and prepare for this changing future, we asked ourselves and our customers:

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

Thanks to customer feedback, we're confident the prices we're proposing for 2023-2028 strike the right balance.

#### Our proposed pricing

We're proposing a price increase delivered incrementally over five years.

This would see the average annual bill for homeowners increase \$161 between 2023 and 2028. Prices are being maintained, or below, the national average water bill.

You'll find more information in the **What it means for your bill** table on page 16.

While still delivering smooth prices, a modest increase allows us to invest in new and upgraded infrastructure to deliver high quality drinking water, safe treatment and disposal of sewage, and new investment in waterways and drainage.

# A \$435 million **Big Water Build**

will ensure vital investment in water security near you.

Read more about our Big Water Build at connect.coliban.com.au



# Our promise to you



High quality water you can trust.

Easy to deal with.

Enhance the environment.

Fair prices.

Help make our region a better place to live.



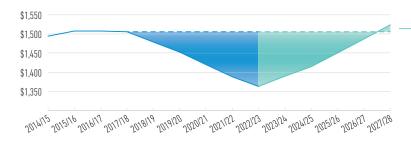
# What it means for your bill from 2023-2028

The average household can expect to see a increase of \$0.70 per week, excluding inflation adjustments. We recognise that the inflation outlook for 2023 at the time of preparing this document is uncertain. Current forecast by the Reserve Bank of Australia suggest inflation to be back at 3% by 2024. We are protecting and supporting customers experiencing vulnerability by doubling the assistance (to \$570,000) each year. This will be provided to customers who are unable to afford their water bill. The phased implementation of monthly billing will also ease affordability by reducing quarterly 'bill shock'.

Some customers pricing examples	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Percentage (%) increase annually	-2.0%	1.9%	1.9%	2.5%	2.5%	2.5%
Average annual bill	per annum					
Residential customer (homeowner)	\$1,363	\$1,389	\$1,415	\$1,450	\$1,487	\$1,524
Residential customer (tenant)	\$435	\$443	\$451	\$463	\$474	\$486
Small business customer	\$1,454	\$1,482	\$1,510	\$1,548	\$1,586	\$1,626

Note for rural customers: A review is currently underway to understand what is required to modernise our rural network for the future. Until this review is complete, services for rural customers will be priced at inflation (CPI) minus 1.2% in 2023/24 and 2024/25, and then increase by CPI only.

# Want a more accurate estimate? Use our bill calculator at coliban.com.au/paying-your-account/understand-your-bill



After a period where most customers' bills were reduced in real terms, the proposed increase will ensure your recommendations, the investment in critical infrastructure, and our future water security can be achieved.

# What happens next? <<<

We're sharing our Pricing Submission 2023-2028 Community Draft.

As we did, we invite you to ask yourself,

# How do we prepare for tomorrow while being fair to customers today?

and share any feedback you have.





# What do you think?

**Do you agree** we need to balance the needs of our community today – and tomorrow – when making pricing decisions?

**Do you agree** with the customer feedback provided during our consultation process?

Based on what's important to you, is there anything else you think we need to consider?



Yes,

www.connect.coliban.com.au



I would like to



I've got a different view to share

Complete the feedback survey at www.connect.coliban.com.au

The first 50 people to share their feedback will receive a super-stylish insulated water bottle in a choice of colours.

You can also provide feedback via email communications@coliban.com.au or visit us in person at one of our Community Pop Ups during July. These dates are available at www.connect.coliban.com.au/community-pop-ups



## **CONNECT WITH US**

You can contact us by telephone, email, mail or in person.

24-HOUR FAULTS AND LEAKS AND GENERAL ENQUIRIES 1300 363 200

EMAIL > coliban@coliban.com.au

#### ONLINE FORM > www.coliban.com.au

Use our form at coliban.com.au to ask a question or provide feedback.

#### CUSTOMER COMMUNICATION ASSISTANCE IS AVAILABLE FOR



Non English speaking customers **13 14 50** 



Speech and hearing-impaired customers **13 36 77** 

**HAVE YOUR SAY** 

connect.coliban.com.au

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