

**Southern Rural Water
Werribee Reconfiguration Project
Customer Reference Group Meeting #4
27 August 2024, 11:00am to 12:30pm**

Meeting Notes

Introduction

The Terms of Reference for the Werribee Reconfiguration Project Customer Reference Group (CRG) provide that the meeting facilitators will provide a summary report of each meeting to participants. At the first meeting of the CRG, the members and facilitators agreed that the facilitators would provide notes of the meeting rather than a summary report.

CRG members are welcome to provide feedback on these meeting notes if they contain any inaccuracies or omissions.

Meeting #4

The Fourth CRG meeting covered the following topics:

- Update on the preliminary business case
- Overview of current water pricing
- Future recycled water pricing
- Transition to recycled water

Update on Preliminary Business Case

Brad McLean from Colac Consulting presented an update on the development of the preliminary business case. The preliminary business case will support a funding submission in November to the Commonwealth Government's National Water Grid Authority (NWGA) for funding for a detailed business case. Once it receives the submission, the NWGF will assess the overall public benefit the project could bring, including a wide range of economic, social and environmental benefits.

The growers sought assurance that all the relevant government agencies are on the same page with respect to the project, including its substance and the process to pursue it. SRW explained that each of the project partners are going through their approval processes for the preliminary business case, and that their support would be part of the preliminary business case (proposed for discussion at meeting #6). SRW has also provided the growers' ten-point plan to the other agencies.

The growers indicated that the Commonwealth Minister for the Environment and Water has been fully informed about the project and is receptive.

Growers thought that the thirty-month timeframe for the detailed business case is long, but also appreciated this is a timeframe to fulfil the Commonwealth's needs. Growers are concerned that their next water challenge may well arise in the 30-month timeframe.

Overview of current water charges

Elisa Hunter, SRW General Manager of Strategy, People and Culture, presented to the group on current water charges in the WID, including the following points:

- Water charges in the WID are higher than in the Macalister Irrigation District (MID).
- Water charges are based on cost recovery with no cross-subsidies between irrigation districts.
- The Essential Services Commission regulates water charges in Victoria, including the WID prices, and sets charges to allow SRW to recover all the costs of providing the service, including capital and operating costs.
- The MID has more customers than WID to share fixed capital costs for water infrastructure.
- There is a lot of infrastructure required to service WID, including three dams, plus pipes, channels, pumps etc.
- Across the WID as a whole, the average effective price of water over the last five years is \$670 per megalitre.
- This assumes district-wide annual water charges for river water plus recycled water of \$6.5 million, and average water supplied of 9691 ML/year to the farm gate (6826 ML/year of river water, and 2865 ML/year of recycled water).

During discussion, growers recognised this as a reasonable representation of effective water charges in the district as a whole.

Future recycled water pricing

The meeting discussed potential future recycled water charges to inform the preliminary business case. The Commonwealth Government, as a potential funder, would seek to identify growers' willingness to pay, and higher water charges could support a stronger business case, but there is tension with the growers' opinion that they already consider that they pay too much.

The meeting discussed the potential to reduce the capital cost of the recycled water facility by trading down security by reducing the size of the recycled water storage and building their own storages to reduce prices. This option can be further examined during the detailed business case.

Growers indicated they are generally prepared to pay in the \$300 to \$500 / ML range and that they will consider this further.

Transition to recycled water

SRW proposed that the likely threshold for a successful transition away from river water to recycled water would require around 75% of river entitlements, with growers committing to take an equal amount of recycled water.

The growers considered that whether this is achievable will depend on the price of the recycled water and other conditions, but at the prices proposed and with the right conditions they consider this achievable.

Several growers wanted to know how and when the project would recognise the value of their river water entitlements and the nature of the recycled water access (it would be under contract). The transition of entitlement will be discussed in meeting 5, and this along with the questions relating to value of entitlement will be explored as part of the detailed business case, if this proceeds.

The growers described the need for the project to work for everyone, including the growers, by supporting them to produce high quality, fresh food by providing reliable, quality water at a competitive price.

The meeting also discussed growers' interest in expanding irrigation opportunities in the region, including in Balliang, to provide for growth and new opportunities.

Next steps

The CRG members will discuss the matter of pricing for recycled water further amongst themselves and will respond after the meeting.

There are two proposed further meetings:

#5 Transition to recycled water: what is required to make it work (proposed for September).

#6 Presentation of preliminary business case (proposed for October).

The CRG members have limited availability in September and requested that both meetings be held in October, or alternatively combined into one meeting in October.