



Werribee System Reconfiguration Project

Werribee Customer Engagement
Paper for Meeting #5
8 October 2024

Previous meeting

At the fourth Customer Reference Group (CRG) meeting on 27 August 2024, the group was presented with an update on the preliminary business case, an overview of current water pricing and future recycled water pricing, and information on the potential transition to recycled water.

Meeting outline

At the first meeting of the CRG in March 2024, the growers presented Southern Rural Water (SRW) with a ten-point plan for the Werribee Reconfiguration. SRW has aimed to address these points throughout the engagement with the CRG. This meeting will cover the following points from the ten-point plan:

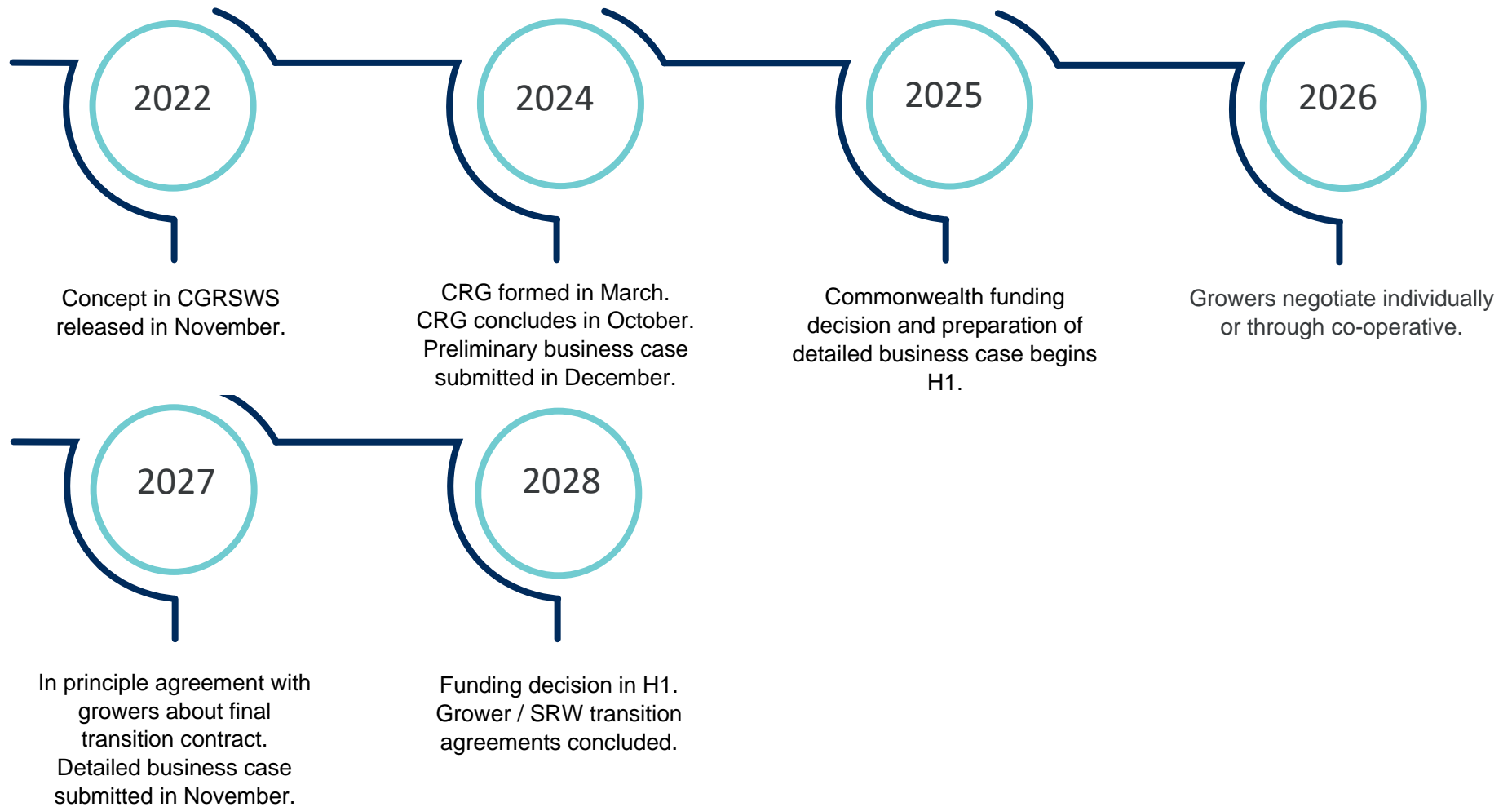
2. A complete legal contract is needed to potentially replace water rights of high-reliability water of an agreed specification.
4. Suppose we are required to sell our existing water rights (asset). We reserve all rights to negotiate its value.
8. As SRW customers/irrigators, we want to establish a water cooperative.

This meeting will also consider the following matters:

1. An indicative project timeline.
2. The need for 75% of river water entitlement to transition to recycled water.
3. Questions to growers about their expectations for engagement during the project.
4. Transition agreement key terms: recap
5. The purpose of the proposed grower cooperative.

1. Project timeline

The Werribee System Reconfiguration Project was first formalised in the Central and Gippsland Region Sustainable Water Strategy (CGRSWS) 2022. The timeline below sets out at a high level the developments since then, and the next steps to progress the project.



1. 75% of river water is needed to transition

Work on the Preliminary Business Case suggests that the threshold for a successful business case would require around 75% of river water entitlements to participate in the transition, with growers contracting to take up to an equal amount of recycled water. This level of entitlement transfer is required to enable the wider catchment benefits for the potential funding partners.

At meeting 4, growers said they believed that if the prices and conditions are right, this threshold should be attainable. Growers have been clear that the project will need to work for everyone by supporting them to produce high quality, fresh food by providing reliable, quality water at a competitive price.

2. Grower engagement during the project

The timeline (above) shows, at a very high level, the main activities and milestones for the transition. SRW would like the CRG to discuss how growers want to be engaged throughout the transition.

Phase 1: Preparation of the **preliminary business case** is well advanced. After SRW and its partners submit the preliminary business case to the Australian Government in November 2024, they expect to hear whether the Australian Government will fund the detailed business case between March and May 2025.

Phase 2: Preparation of the **detailed business case** is anticipated to go for around 30 months from May 2025 to November 2027. The timeline shows ongoing engagement between SRW and its Werribee customers, including in principle agreement between growers and SRW on a transition agreement in 2027.

Question for growers: What engagement do growers want from SRW during this phase from May 2025 to November 2027?

Phase 3: During the **construction phase**, the timeline shows contracting between growers and SRW, prior to award of construction tender, during 2028.

3. Transition Agreement: Key terms recap

Earlier meetings of the Customer Reference Group have identified and detailed different matters that would need to be addressed in a transition agreement. A transition agreement would include key terms such as:

- Minimum volume of river water transitioned by growers as a group.
- Equal volume of recycled water contracted.
- Agreement on recycled water:
 - quality,
 - quantity,
 - price,
 - service conditions.

- Other conditions for the contract to become binding.

Question for growers: Are there any key terms missing from this list?

4. Grower Cooperative

Point 8 of the growers 10-point plan says growers wish to create a cooperative. SRW is seeking information from the CRG on what the cooperative would do. For example, a grower cooperative could negotiate on behalf of growers with SRW on the details of the transition agreement, subject to any competition law requirements.

Question for growers: What role do growers want the cooperative to play in the transition?