



Werribee System Reconfiguration Project

Werribee Customer Engagement
Final Report
November 2024

Executive Summary

The Werribee System Reconfiguration Project (the **Project**) is a multi-agency investigation into the most efficient use of water resources for the whole of the Werribee Catchment. The Project considers the current and future projected growth in the catchment and the impacts of climate change on water availability in the region.

The Project concept was described in the Central and Gippsland Region Sustainable Water Strategy, published by the Victorian Department of Energy, Environment and Climate Action (**DEECA**) in November 2022. The Project involves considering alternative uses for different sources of water available in the Werribee Catchment. The key drivers to undertake this assessment include to:

- Improve reliability and quality of irrigation supply.
- Deliver environmental improvements in the Werribee River.
- Enable Traditional Owners to secure water entitlements.

Werribee Irrigation District (**WID**) water customers own most of the river water entitlements in the Werribee River and are therefore central to the potential reconfiguration. WID customers have also received a recycled water supply from Melbourne Water's Western Treatment Plant since 2004. Both the recycled water and river water (during dry periods) supplies have been less reliable and more saline than growers want.

In recognition of the growers' centrality to the Project proposal, Southern Rural Water (**SRW**) invited customers to participate in a customer reference group (**CRG**). The group consists of ten Werribee River entitlement holders and/or primary producers operating in the WID. Meetings were chaired by independent facilitators from Proud Mary Consulting.

Prior to the engagement, many customer representatives expressed reservations about the Project and its ability to meet their needs for high quality, secure, reasonably priced irrigation water. They also voiced their preference for a process that was open and transparent, and that addressed grower concerns. These opinions influenced the design and conduct of the engagement to meet grower needs.

The aims of the engagement were to:

1. Consult with a cross-section of WID growers in a transparent and inclusive manner
2. Build relationships and trust with WID growers
3. Inform the Werribee Reconfiguration business case

Over six meetings, including one site visit, from March to October 2024, the CRG covered a wide range of issues related to the Project, including:

- the goals of the potential reconfiguration;
- growers' water quality, security and affordability needs;
- the potential design of a new recycled water and salt reduction facility at Melbourne Water's Western Treatment Plant to supply the growers; and
- how the growers could transition from river water to recycled water.

At the first meeting, the CRG presented a ten-point plan that set out its needs for the Project. The ten-point plan strongly shaped the entire engagement process as SRW and its partners sought to address the growers' issues. The meetings involved representatives from SRW, Melbourne Water

and Proud Mary Consulting presenting detailed information, and inviting questions and discussion from the CRG. During the engagement, all the CRG members participated actively in the discussions.

The outcomes of the engagement were a stronger understanding of the CRG of the Project's goals, and CRG support for the Project to continue to the detailed business case stage. The CRG expressed a strong desire for SRW to continue to engage with growers throughout the detailed business case phase of the Project.

Engagement Process

SRW convened the CRG to understand WID customer needs and requirements in relation to the Project. The CRG was recruited via an open Expression of Interest (**EOI**) process that ran in late 2023. All growers who responded to the EOI were invited to join the group. The original members of the CRG are:

- Michael Agosta
- Paul Baggio
- Sam Depasquale
- Tom Elevato
- Andrew Fragapane
- Mary Kerruish
- Amo Mason
- Danny Goegan
- John Said
- Harry Velisha

During the engagement process, some other growers have attended, and contributed, at various meetings.

SRW worked with the CRG to agree on the governance of the engagement. This included Terms of Reference, attached as Appendix 1 to this report.

The governance arrangements included:

- Ensuring transparent and inclusive engagement, so that other growers could see what was being discussed with the CRG, and
- Recognising that participants may have different opinions, not seeking consensus, and being open to a range of views.

To support transparent engagement, SRW prepared and distributed papers to the CRG members before each meeting. These papers were then placed on the SRW website for the Project, where all growers and the public could see them. The CRG members requested a summary report after each meeting instead of minutes and had the opportunity to review each report for accuracy before it was finalised. The summary reports were also placed on the SRW website.

The key information required for the business case from the consultation was:

- the WID growers' future water quality requirements,
- the level of reliability of supply required,
- information on what is required to give WID growers confidence in a new recycled water product, and
- the growers' appetite for transitioning from river entitlements to recycled water.

Six meetings were planned throughout the year. SRW and the CRG achieved the objectives of the engagement after five meetings, held between March and October 2024.

Project Background

The Project is investigating an innovative approach to better meet the many and diverse needs for water in the Werribee catchment. The Project responds to several challenges in the catchment, including:

- Impacts of drought and climate change on irrigation water.
- Quality of the current recycled water supply.
- Growing urban population and water demand in the area.
- Insufficient water availability for Traditional Owners and the environment.

The reconfiguration business case is an action identified in the Werribee Catchment Integrated Water Management Action Plan, and the Central and Gippsland Region Sustainable Water Strategy.

The Project is being progressed through a partnership approach between Melbourne Water; Greater Western Water; SRW; DEECA; and Wadawurrung, Wurundjeri Woi-wurrung and Bunurong Traditional Owners.

The Project Working Group contains representatives from DEECA, Melbourne Water, SRW and Greater Western Water, and Wadawurrung, Wurundjeri Woi-wurrung traditional owners. This group has prepared a preliminary business case to seek funding from the National Water Grid Fund for a detailed business case.

The potential reconfiguration project could deliver the following benefits:

- A secure, high quality, recycled irrigation water supply for the Werribee Irrigation District.
- Secure, long-term potable water supplies to meet the needs of population growth, particularly in the Melton, Bacchus Marsh and Werribee growth corridors.
- Protect the stressed Werribee River system by returning water to the environment.
- Protect water supplies from the impacts of climate change.
- Return water to Traditional Owners.

This reconfiguration project will require key infrastructure components, including upgrading treatment at the Western Treatment Plant (**WTP**) including salt removal, to produce high-quality recycled water for delivery to the WID through existing irrigation infrastructure.

The Project involved engagement with the CRG to inform the project team about customer needs and requirements and the potential transition from river water to recycled water. This report summarises the engagement process and outcomes.

Meeting 1

The first CRG meeting covered the following topics:

- Project overview
- Terms of Reference
- Customer engagement overview
- Current water issues
- What is reconfiguration?

The meeting introduced key project context, namely that the recycled water plant is currently not providing water that meets customer needs, and the Project aims to examine a better option without requiring customers to relinquish their water entitlements.

The CRG expressed its concerns about its trust in achieving the outcome due to previous unmet expectations with water quality. SRW acknowledged that it understood this matter, and that the engagement process was one way in which it is seeking to build trust with the growers. The history of the recycled water quality in the area remained an important theme throughout the engagement, and informed discussions on key issues such as how:

- a transition from river water entitlements would occur,
- the Project partners would ensure the quality of a new recycled water supply, and
- a future recycled water contract would protect growers' interests in this regard.

The group discussed the terms of reference and how the engagement process would run.

At this first meeting, the CRG produced a 10-point plan it had prepared in advance. The CRG expressed a desire for the engagement to address each of the 10 points. SRW welcomed the plan, and the 10-point plan became a critical reference point for the rest of the engagement.

The 10-points were:

1. Clean water equal to 600 parts per mil EC without any contaminants.
2. A complete legal contract is needed to potentially replace water rights of high-reliability water of an agreed specification.
3. User pay system with an agreed minimum use amount.
4. Suppose we are required to sell our existing water rights (asset). We reserve all rights to negotiate its value.
5. The reconfigured water plan must be made available in surrounding areas for possible expansion within horticulture.
6. Water needs to be fit for purpose and used for irrigation only.
7. Water pricing must be competitive and affordable.
8. As SRW customers/irrigators, we want to establish a water cooperative.
9. If SRW cannot deliver water, we require a detailed mitigation plan that could include a 5-day water storage facility.
10. Meeting frequency should be determined on a "next steps basis." There is also a preference for meeting earlier, at around 2pm.

Based on this plan, SRW designed the focus and content of each of the subsequent CRG meetings to address the 10 points and fulfil the engagement needs of the Project business case.

Meeting 2

The second CRG meeting covered the growers' 10-point plan, and customer requirements for an improved recycled water supply

At this meeting, SRW acknowledged the effort put into the 10-point plan and noted it had shared it with partners like Greater Western Water and Melbourne Water. SRW described how it had aligned the meeting schedule with the growers' plan, noting that water quality and pricing are top priorities. The CRG emphasised that water quality (specifically salinity levels) is non-negotiable, but there may be some flexibility on other points.

Brad McLean, from Colac Consulting, who is supporting the three water corporations to develop the business case, presented data on water quality, availability, and consumption in the WID. The CRG raised concerns about the reference period for the water availability data, and SRW agreed to update it.

The CRG explained the importance of lower salinity water for sustainable irrigation, and reiterated its salinity limit of 600 EC in the 10-point plan for acceptable water quality. The CRG acknowledged that a range of between 550 - 650 EC may be considered. The meeting discussed how agronomic advice could inform the acceptable salinity levels for vegetable production.

The CRG also discussed its preferences for 500ML of water storage for peak demand in summer retention of some river water entitlement to ensure reliability.

Meeting 3

At the third CRG meeting, Melbourne Water presented on the proposed recycled water scheme design.

The current system at the WTP, which processes raw sewage into Class A recycled water, faces challenges such as turbidity and toxic algal blooms. These factors, along with aging assets and a lack of filtration, hinder the current system from producing recycled water at a consistent quality, and thus can interrupt water supply.

The proposed system would aim improve water quality by adding filtration to improve quality, reverse osmosis to reduce salinity, and storage to meet demand during plant outages. The target is an annual average salinity of 600 EC, though it could fluctuate up to 1,000 EC. Growers expressed concerns about this level of salinity and its potential impact on crops. There was constructive discussion about the growers' tolerance for higher salinity levels.

Melbourne Water highlighted that the Project's feasibility depends on negotiations with SRW and growers, particularly around water entitlements. The CRG raised concerns over costs, water rights, and previous investments. SRW assured growers that these issues would all be addressed in during the detailed business case phase of the Project.

Meeting 3A

Meeting 3A was held to discuss more details on the proposed new treatment process at Melbourne Water's WTP and was followed by a tour of the WTP.

Melbourne Water representatives described how the updated process would comply with strict guidelines and if a critical control point failed, the water would not be distributed to growers. While

the main purpose of the upgrade is to reduce the salinity of the recycled water supply, the new process would also remove a wide range of contaminants.

Growers expressed a desire to have a detailed legal contract to protect their rights by specifying the contracted water quality and service level. The growers also noted concern that the 5-year project timeline is too long. SRW described how the complexity of the detailed business case meant it would take around 2.5 years to complete, that other components of the timeline included awaiting Commonwealth decisions on funding, and finally the time to construct the recycled water facility.

SRW presented publicly available data on water quality such as real time salinity data and comprehensive water quality data (including information on heavy metals, pH, salinity indicators and other chemicals) uploaded to the SRW website each month.

Meeting 4

The fourth CRG meeting included an update on the preliminary business case, overview of current water pricing, potential future recycled water pricing, and the transition to recycled water.

Brad McLean provided an update on the preliminary business case for a funding submission to the National Water Grid Authority (**NWGA**) for developing a detailed business case. The NWGA will assess the economic, social, and environmental benefits of the project. Growers expressed concern about whether all relevant agencies are aligned on the project's goals, with SRW assuring the growers that it expected its partners to reach agreement on alignment soon.

Growers questioned the 30-month timeframe for the detailed business case, as water challenges could arise during that period. They also discussed current water charges, noting that WID's charges are higher than the Macalister Irrigation District's, due to the high infrastructure costs. SRW reiterated the reason for the timeline, and the benefit the district already has in being able to access a recycled water supply.

The meeting discussed future recycled water pricing, with growers willing to pay slightly more for recycled water, in the range of \$300-500/ML.

Key to the Project is that a successful transition to recycled water would require growers to collectively commit to transitioning 75% of their river water entitlements, which the growers saw as achievable under the right conditions as to water quality, price and service quality.

The group also discussed the need for the project to identify the benefits of supporting growers to produce quality food by providing reliable and competitively priced water. Expanding irrigation in regions like Balliang was also considered to support future growth opportunities.

Meeting 5

The Fifth CRG meeting covered the following topics:

- Reconfiguration Project Update from SRW Managing Director
- Project timeline
- 75% of river water needed to transition
- Transition agreement: key terms recap

- Grower engagement during project development
- Grower Cooperative

Cameron FitzGerald, Managing Director of SRW, provided an update on a recent meeting with leaders from Melbourne Water, Greater Western Water, and DEECA to discuss the reconfiguration project. These organisations have committed to \$6 million of funding to develop the detailed business case and will request matching funds from the Commonwealth. The water corporations and DEECA are willing to sign a letter of support for the Project and consider a Memorandum of Understanding with growers to reinforce their shared commitment to the Project.

The project's timeline is comprised of three phases:

- (1) completion of the preliminary business case (which is almost complete),
- (2) preparation of a detailed business case, and
- (3) construction.

During Phase 2, project designs, costs, and benefits for growers, the environment, and Traditional Owners will be refined, along with draft contracts for growers. The growers' transition from river water to recycled water is key to project viability. Around 75% of river water entitlements will need to be acquired for sufficient environmental and urban benefits to justify the project progressing. Some growers are wary about the costs and benefits of joining the recycled water scheme.

To support effective engagement, growers plan to establish a representative entity to unify their voice and advocate for grower interests. They also expressed an interest in obtaining a seat on the project's managing board. This coordinated approach aims to secure equitable terms for transitioning to recycled water and address growers' concerns.

Conclusion

At the end of the engagement process, the CRG agreed to support the Project partners submitting a proposal to the NWGA to co-fund a detailed business case, and the CRG expressed its interest in being closely engaged during the next phase of the Project.

SRW has greatly appreciated the participation, dedication and openness of the CRG members during this engagement process, which has been essential to enabling the Project partners to seek to progress the Project to the next stage.

Appendix 1

Customer Reference Group

Terms of Reference

7 February 2024

Reference Group Purpose

The purpose of the Werribee System Reconfiguration Project Customer Reference Group (WRPCRG) is to seek informed feedback on future water supply options being investigated as part of the Werribee System Reconfiguration Project. The Reference Group will be limited to Werribee Irrigation District entitlement holders.

Project Background

The Werribee System Reconfiguration Project recognises that the existing reliability and quality of water supply to irrigators is limited, and may decline further in the future. The project is examining how water resources in the catchment could be used more effectively in the future for irrigators, urban supplies, the environment and Traditional Owners.

Level of engagement

The project will deliver a business case examining the viability of reconfiguring water resources in the Werribee catchment. A key driver is to investigate how Werribee Irrigation District customers could secure lasting improvements to the reliability and quality of their water supply.

Southern Rural Water will work directly with the WRPCRG to ensure views, concerns and aspirations are consistently understood and considered on future water supply options. This will be undertaken at the 'Inform' and 'Consult' levels of the International Association for Public Participation's (IAP2) Public Participation Spectrum.

Objective and outcomes

The primary objective of the WRPCRG is to discuss and provide feedback on future water supply options for the Werribee Irrigation District

The Group can:

- Review and provide feedback on papers prepared by Southern Rural Water and project partners
- Provide information and local knowledge to inform outcomes
- Act as a conduit to other Werribee customers who may be interested in sharing their views (see confidentiality section for further advice)

The intended outcomes are:

- Customer views and opinions are formally and anonymously recorded in meeting minutes

- The final engagement report is informed by the views and opinion expressed throughout engagement
- The final engagement report contains accurate information and assumptions
- Stronger relationships are developed with customers

Areas of Focus

Feedback from the group will be sought across the following areas of focus:

- Future irrigation water quality and reliability requirements
- Water resources reconfiguration options
- A new improved recycled water treatment option
- Potential transfer of entitlements
- Benefits and cost assessments

These will be discussed in six face-to-face meetings between February 2024 and July 2024.

Membership

Membership of the WRPCG will be via an expression of interest.

Members must declare any real or perceived conflict of interest either pecuniary or non-pecuniary.

Members are encouraged to attend all meetings. If this is not possible, and upon request, a proxy can attend.

Subject matter experts may attend from time-to-time at the request of Southern Rural Water to present information on specific matters (e.g. treatment plant design and costs)

The WRPCRG will be administered by Southern Rural Water.

Term

This Terms of Reference is effective from January 2024 and continues until the project is complete.

Southern Rural Water may choose to extend the term by agreement with the members.

Confidentiality

Members of the WRPCRG are encouraged to discuss the broad issues, and ideas raised throughout the project within their sphere of influence.

Any information obtained through the customer reference group is only to be used for the purposes of seeking and/or providing feedback on future water supply options being investigated as part of the Werribee System Reconfiguration Project

Members shall not improperly use information to gain advantage for themselves or someone else, or to cause detriment to the project outcomes.

Southern Rural Water acknowledges there may be occasional times where sensitive matters are discussed and confidentiality will be required. In this case, members will be informed that the

materials presented, or matters discussed, are to be treated as confidential. Confidential status would only apply in relation to specific matters of; personal or private data, commercial in confidence information, or Intellectual Property.

Conflicts of Interest

It is acknowledged that all members, as water entitlement holders and/or landowners, have a vested interest in the outcomes of the Werribee System Reconfiguration Project.

Other than this interest, Members must ensure any other personal or financial interests (including the interests of family members, friends, or associates) do not influence and could not be perceived to influence the performance of their role as a member of the Customer Reference Group.

Members must declare to Southern Rural Water if they have any actual or perceived conflict of interest in relation to the Werribee System Reconfiguration Project including, but not limited to, potential future commercial activities that may result from the Reconfiguration Project.

Differing views

Differing views are welcome, and there is no requirement to reach a consensus. Everyone's views are valid and will inform the project.

Meetings

- Meetings will be independently chaired, and a summary report of each meeting will be prepared.
- Meetings will be held in person in Werribee unless otherwise notified.
- Meeting frequency will follow the schedule of project milestones (provisionally up to six x two-hour meetings).

Amendment, modification or variation

SRW may amend, modify or vary these terms of reference in writing after consultation with WRPCRG members.