

CHANGING COMMUNITY EXPECTATIONS

OUR DILEMMA

Our community expects more from us



- Our community expects to hear from us and be involved in decisions about their water and sewerage services.
- Customers expect us to be part of the solution to global and regional challenges like climate change, population growth, economic changes and equity divides.
- Our community supports us taking action on initiatives to improve our environmental stewardship, like recycled water, waterway and catchment health, zero emissions and zero waste.
- Community expectations are increasingly reinforced through regulation and legislation, such as the General Environmental Duty which forms part of the amended *Environment Protection Act 2017*, which we are legally bound to meet.



Maintaining affordable bills is a key priority



- Going above and beyond to meet community expectations while balancing direct costs against broader environmental and social benefits can be intangible and hard to quantify.
- Our region is socially and economically diverse, with some communities in our region among the most disadvantaged in Victoria.
- Some customers are willing to pay more to support more investment in meeting changing community expectations, but not all can afford bill increases.
- 95% of our customers want us to care for customers who need financial support.

OUR TRADE OFFS

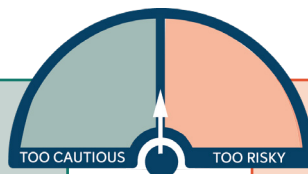
Too cautious

Too risky

Cautious & conservative investment

Invest heavily to exceed community expectations, causing:

- **Higher costs** – Anything is possible but comes at a cost, and investing in the assets, resources, labour, materials, electricity to pre-emptively address all possible community concerns would mean high costs.
- **Greater equity divides** – Passing higher costs on to our customers would mean higher bills, increasing the divide between those who can afford to pay more and those who cannot.



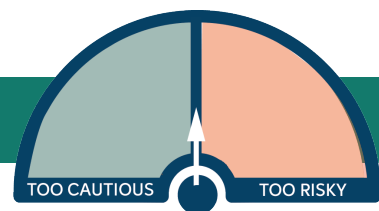
BARWON WATER
SELF-
ASSESSMENT

Risky & reckless investment

Maintain “status quo” and focus on lowest cost solutions:

- **Poor performance** – Lowest cost solutions would not align with the expectations of our community, meaning we are no longer delivering the quality of service our customers expect.
- **Non-compliance** – Lowest cost solutions increase our risk of not complying with public and environmental health and safety standards, which continue to evolve in line with changing community expectations.

EXAMPLE



BARWON WATER
SELF-
ASSESSMENT

Example – Recycled water

Here's how we propose to find the balance between “cautious & conservative” investment and “risky & reckless” investment in our recycled water supplies over the next five years.

Matching costs to beneficiaries

Recycled water costs arise from additional treatment and transfer, which can be very energy intensive (for example new pipes and pumps are often required to transport recycled water from the treatment plant to customers).



We propose to match costs to beneficiaries, to ensure that **customers pay only their fair share**:

- Recycled water customers that directly benefit from an improved service will pay more for recycled water – for example, the price of recycled water at Portarlinton will increase from 2025, when we start providing higher quality, lower salinity Class B recycled water (rather than Class C).
- Residential and business customers that benefit from deferred future expenditure will also cover some costs – for example, more recycled water use means less wastewater needs to be otherwise treated and released safely to the environment disposed of, and less demand on drinking water supplies.

Avoid charging customers unnecessarily

We critically analysed our proposed **\$35.9M investment in recycled water** projects over the next five years, to ensure that we are only investing where it makes good business sense to do so:



- All of these recycled water projects over the next five years have sufficient evidence that they are a sound investment, in the form of a business case that matches costs to beneficiaries. They are included in the capital investment that will be funded from customer prices over the next five years.
- We have also identified a further \$17.7M of possible recycled water projects that we want to pursue over the next five years. However, we will pay for these up-front so that our customers do not pay until we have the same level of evidence to support the project progressing.
- We also have a mindset that will encourage us to pursue recycled water projects beyond these, so we will support projects above these estimates if there is sufficient evidence and customer support.

Quantifying broader benefits

Broader community benefits from greater use of recycled water can be difficult to quantify in dollar terms, to support investment.



We will continue to **support ways of better quantifying broader benefits** such as:

- Environmental and cultural benefits of less reliance on traditional drinking water supplies.
- Increased employment, food production, tourism and economic growth in our region due to irrigation of agricultural crops and private and public open spaces with recycled water.
- Avoided costs to Barwon Water, such as avoided wastewater management costs and deferred water and wastewater infrastructure upgrades.
- Less treated wastewater released into oceans and waterways and more drinking water preserved for high-value uses by substituting it with recycled water for irrigation.

91%
of customers surveyed
so far are comfortable
about our proposed
actions around recycled
water investment

