

Inquiry into Infrastructure and the Development of Australia's Regional Areas

Coliban Water Submission - 16 April 1999

1. Background

Coliban Water was established on 1 July 1992 under the Victorian Water Act 1989.

As a result of major reform within the Victorian Water Industry, Coliban Water was one of 17 Non Metropolitan Urban Water Authorities (NMU's) created through the amalgamation of many smaller Water Boards. Further restructure in the past few years has seen the number of NMU's reduced to 15.

Coliban Water provides 130,000 retail, urban and rural water customers with water and wastewater services over an area of 16,500 sq. kms of Central and Northern Victoria.

Within the region, Coliban Water provides water supply services to 55 cities, towns and villages and wastewater services to 10 cities and towns (currently).

Coliban Water has an annual operating revenue of around \$35 million and directly employs 50 staff with a further 80 staff employed by our outsourcing partner Serco Australia.

2. Purpose of this Submission

The prime purpose of the submission is to inform the committee of the role Coliban Water is playing in the provision of water and wastewater infrastructure in our area of Central and Northern Victoria.

We believe that the provision of such infrastructure will enhance the development and survival of the towns in our region through the provision of world class water quality and wastewater services.

3. What has Coliban Water Done So Far

Since 1992, Coliban Water has established a reputation as a leader in the industry in terms of innovation and achievement. A number of major capital works projects have been completed in the smaller towns of our region:

- Reticulated sewerage to Malmsbury, Lockington and Elmore (\$5m)

- New water treatment plants at Heathcote, Serpentine, Laanecoorie, Pyramid Hill, Korong Vale and Trentham (\$10m)
- Extension of the Lake Eppalock to Bendigo pipeline to link up with Sandhurst reservoir which is the main water supply service basin for Bendigo (\$1m)

4. What is Coliban Water Planning to Do

In late 1997, Coliban Water entered into a Memorandum of Understanding with the Victorian State Government to provide a package of infrastructure projects by the end of 2001.

There are four key components of this package:

➤ ***World Class Water Quality***

Following on from the works mentioned in section 3 above, two major projects are about to commence. The first of these is the *Aqua 2000* project which will result in fully treated water being available to three of the major towns in the region – Bendigo, Castlemaine and Kyneton. The estimated cost of this project is \$70 million.

The second project is *Water BITS (Building Improved Treatment and Supplies)* which will see either new or upgraded water treatment plants in a further 17 smaller towns in our region. The estimated cost of this project is \$15 million.

The successful completion of these projects will mean that over 99.9% of customers in our region will be supplied with high quality drinking water.

➤ ***Dams Improvement Program***

In parallel with improvements to water quality we will be implementing a \$15 million program to improve the security of water supplies in our headworks storages and major service basins. This project will ensure that a reliable supply of water to our customers is not threatened by failure of major infrastructure.

➤ ***State of the Art Wastewater Treatment***

In order to meet environmental requirements and provide modern treatment facilities for our customers, Coliban Water is planning to construct new or upgrade existing wastewater treatment plants in Castlemaine, Kyneton, Echuca and Rochester. In addition, upgrade works will be undertaken at the already modern Bendigo wastewater treatment plant.

The estimated cost of these works is \$45 million. It is important to note that in each of these towns there are major industries, predominantly in the food processing area and following the completion of the works, the industries will have access to world class wastewater treatment facilities and will be able to confidently embark on any expansion in the knowledge that their wastewater can be accepted at these facilities.

➤ ***Small Town Sewerage***

By the end of 2000 every town within our region with a population over 500 will have a reticulated sewerage service. Under the banner of a project called *Envirosafe 2001*, another 17 towns will receive new sewerage services at a cost of \$35 million.

These towns will then become healthier and cleaner places with the removal of effluent from street drains and gutters. Combined with a quality water supply, these towns will be in a position to entice new development or promote tourism in the knowledge that the town is able to provide high class water and wastewater facilities.

5. Employment Generation

The infrastructure development programs described above will see a total investment of around \$190 million over the next three years. While the principal contractors may be large national firms, the projects have the potential to generate additional employment in the region through the employment of local sub contractors.

During the construction phase of these projects there will also be significant spin-offs to the regional economy through the location of various construction crews and project managers in the local towns. In many locations these employees will reside in the town and therefore support local small businesses such as accommodation, food, entertainment, hardware etc.

6. Role of Private Sector

Coliban Water has been very active in seeking the participation of the private sector in the implementation of large infrastructure projects. A number of the projects mentioned previously will be delivered by the private sector through either BOOT (Build Own Operate Transfer) or DBO (Design Build Operate) methods.

Through these deliver methods, the private sector will be investing significant amounts of capital in the region and will also be required to operate the infrastructure for periods ranging from 3 –25 years.

The involvement of the private sector in the provision of this infrastructure has a number of advantages to the region. Firstly, intense competition between bidders will drive costs down and ultimately we will be able to pass this benefit onto our customers.

Secondly the injection of private sector funding means that we will be able to accelerate the infrastructure development program. The works mentioned in previous sections would not have been able to be completed in the timeframe proposed if the sole source of funding was our own capital reserves and borrowings.

Thirdly, the involvement of the private sector increases the scope for innovation in the design, construction and operation of the facilities and again the benefits of this innovation will ultimately flow to customers.

7. Conclusion

Coliban Water considers that the provision of world class water and wastewater facilities to the towns in our region is vital for the survival and development of the regional area.

Our region is part of the largest agricultural producing area in Victoria and contains some of the biggest food processing industries in Victoria. The region is also rich in cultural and heritage values and many of the smaller towns in our region rely heavily on tourism for survival.

We consider that the implementation of the infrastructure development works described in this submission will help to promote employment and establish the region as a clean and healthy place where more industry will develop and people will have a desire to work, live and visit.

With the support of government at all levels and in partnership with other infrastructure providers we believe that the region has a very positive future.