

# Statement of Reasons

## Compliance of the Coliban Regional Rural Water Efficiency Project with the agreed socio-economic criteria for efficiency measures

### 1. PROJECT DETAILS

**Name:** Coliban Regional Rural Water Efficiency Project

**Location:** Bendigo and surrounds, Victoria

**Project Type:** Off-farm

**Proponent:** Coliban Water

**Total Project Cost:** \$193.9 million

**Commonwealth Funding Sought:** Up to \$173.9 million

**Total water recovery:** 4,929.6 ML LTDLE

**Water recovery for the environment:** 4,665 ML LTDLE

**Additional water recovery:** 264.6 ML LTDLE to be returned to Traditional Owners for their self-determined use

### 2. THE DECISION

On 12 March 2025, the Victorian Minister for Water Gayle Tierney determined that this project satisfies the requirement for efficiency measures projects that contribute additional water recovery to achieve neutral or positive socio-economic outcomes.

The project was assessed against the socio-economic criteria agreed to by the Murray-Darling Basin Ministerial Council. This assessment also considered Victoria's principles for further water recovery, set out in *Planning our Basin future together*, which were established by Victoria in response to changes made to the Basin Plan by the Commonwealth Government in 2023.

### 3. SUMMARY OF KEY STEPS

On 11 February 2025, Coliban Water submitted the Coliban Regional Rural Water Efficiency Project Business Case to the Department of Energy, Environment and Climate Action (DEECA). The business case includes information about the expected socio-economic outcomes of the project.

On 12 March 2025, the Victorian Minister for Water, Gayle Tierney, made a determination on the project's compliance with the socio-economic criteria.

### 4. INFORMATION GUIDING THE DECISION

The decision was guided by:

- Information prepared by Coliban Water in consultation with local government agencies and key stakeholders

- Supporting technical analysis on the socio-economic impacts of water recovery for the environment and infrastructure programs, including assessment of the project against the socioeconomic criteria by DEECA.

## **5. REASONS FOR THE DECISION**

### **Validity of water savings (Criteria 12a)**

The Coliban Regional Rural Water Efficiency Project recovers water through efficiency upgrades and rationalisation of the rural supply system. The savings will be generated through:

- Modernisation of the public distribution network through replacement of open channels with pipelines
- Modernisation works in the private network to reduce losses
- Reductions in licence entitlement volumes with corresponding rationalisation of the rural system

Water losses and potential water savings were independently assessed using the framework and guidance set out in the Victorian Government Water Savings Protocol.

The rigorous and independently audited process will ensure that the water savings to be delivered will be real and will not result in profiteering or rorting.

### **Potential impacts on water market prices (Criteria 7a, 7b, 7c, 7d)**

The water savings achieved by reducing losses in the Coliban rural public network will be distributed by reducing loss allowances in Coliban Water's bulk entitlements and issuing water shares. This component of water recovery will have no impact on consumptive entitlements and water market prices.

Modernisation works in the private network will also have no impacts on consumptive entitlements and water market prices.

The permanent reduction in demand achieved through the combination of entitlement purchases and rationalisation of the network. This approach minimises the impacts of purchase on the water market in the context of additional water recovery being pursued by the Commonwealth through open tender water purchase. It also aligns with the principles of Victoria's Planning our Basin future together prospectus.

The water entitlements that are being purchased cannot be traded in the water market outside the Coliban system. As permanent or temporary trade is only allowed between customers within the rural system, this limits the impact of water purchases on the wider water market.

Temporary trading of the 4 gigalitres (GL) of Goulburn High Reliability Water Shares (HRWS) Coliban Water is providing to the Commonwealth only occurs when the shares are surplus to requirements. The sporadic nature of this trading means the market impacts of the Commonwealth acquiring these shares are likely to be limited.

### **Community and industry engagement (Criteria 1a, 1b, 1d, 9a, 9b, 6a, 6b, 3)**

Development of the Coliban Regional Rural Water Efficiency Project has been shaped by extensive engagement with a range of stakeholders including rural customers, local council, industry, Traditional Owners and government agencies.

A summary of stakeholder engagement and feedback received to date has been made public on the Connect Coliban website alongside other relevant information about the project. This included information about the expected socio-economic outcomes of the project.

The project aligns with government strategies such as Water for Victoria. It also supports multiple strategies focused on the network or region that have been developed by the City of Greater Bendigo council and Coliban Water. The modernisation works align with Coliban Water's strategic goals and outcomes set out in Coliban Water Strategy 2030.

Customer consultation to date has provided an opportunity for rural customer input to inform design of the project and gauge levels of community support.

### **Future viability of proponent businesses and irrigation districts (Criteria 4a, 4b, 4c)**

The project will support the long-term viability of the Coliban rural water supply network by reducing the irrigation footprint to align with current and future water demands. This reduces operation and maintenance costs for Coliban Water and its customers.

The works also address the risks presented by ageing infrastructure and will improve service delivery standards for customers. This supports improved agricultural productivity and potential agricultural expansion in the future.

Underutilised assets or assets with limited future use will be addressed through rationalisation of infrastructure. The project is aligned to Coliban Water Strategy 2030, and Coliban Water's strategic investment priorities and other business planning.

### **Support for regional economies (Criteria 5a, 5b, 5c, 5d, 6c)**

The project supports regional development and provides growth opportunities for local industry and higher-value agriculture. These opportunities include animal agriculture and niche industries that support food tourism in the region.

An improved level of service for the rural supply will allow irrigators to increase their overall productive capacity. This will generate flow-on benefits to the regional economy by supporting other agricultural service industries that provide employment and stimulate economic activity within the community.

The project will also improve water security for urban and rural customers, which supports residential growth in the region.

The project provides further support to local industry and regional economies by creating 135 FTE jobs during the construction phase. Procurement of regionally based materials and services will occur where possible. Additional employment will be created indirectly through supporting industries and services.

### **Social, environmental and cultural outcomes (Criteria 2a, 2b, 2c, 2d, 8a, 8b, 8c)**

The project will reduce system losses to increase the volume of water available for the environment, Traditional Owners and the broader community. 4 GL of water savings will be provided to the Commonwealth Government to contribute to water recovery for the environment under the Murray-Darling Basin Plan. The 4 GL is in the form of Goulburn HRWS, which means that trade limits are in place to ensure that deliveries from the Goulburn to the Murray are managed within the ecological tolerances of the Goulburn River. A further 1 GL will also be provided to the Commonwealth to contribute to Basin Plan water recovery and contribute to environmental flows in the Coliban River. This will improve environmental outcomes in the Coliban River in combination with other flow management strategies.

Construction activities will be delivered in compliance with relevant state and Commonwealth legislation. Works will occur within existing water-supply network corridors. The project will also involve decommissioning of public channels within environmentally sensitive parklands (crown land). Decommissioning of open channels within residential areas also reduces public health and safety risks.

The project's net impact on social values is expected to be positive. Reduced amenity due to the reconfiguration of supply infrastructure will be compensated by benefits such as reduced manual labour to operate and maintain the private channel system, and greater access to outdoor recreational spaces during drier periods due to improved water security. The project also provides opportunities for greening Bendigo in accordance with the Greening Greater Bendigo Strategy.

A share of the water savings generated from the project will be provided to Traditional Owners to support cultural objectives. The project will return 150 ML of water to Djaara and 150 ML to the Taungurung peoples for their self-determined use. These water shares support the aspirations of the Djaara and Taungurung peoples for water sovereignty and healing Country. This also aligns with Victoria's policy commitments outlined in the Water is Life strategy.

A cultural heritage investigation will be completed at all sites prior to works. If required, a Cultural Heritage Management Plan will be completed to avoid or minimise actions that may have adverse effects on cultural heritage values.

### **Business resilience, including drought and climate change impacts (Criteria 10a, 13a)**

The project will improve resilience to drought and climate change in the Coliban urban and rural supply systems by improving water security, water quality and reliability of supply. A share of water savings will contribute to long-term urban water security.

An improved level of service for rural customers enables increased agricultural productivity and provide greater long-term drought and climate resilience for farm businesses. This creates flow-on benefits to the regional economy.

The project supports Coliban Water's strategic goals and outcomes set out in Coliban Water's Strategy 2030 and 2022 Urban Water Strategy. The modernisation works will contribute to the development of climate resilient water supplies that can maintain the community's liveability and economic growth, even during drought. These complement other initiatives completed or in

progress including groundwater supply options, purchase of water shares, installation of digital meters and increased use of recycled water.

## Socio-economic criteria assessment – checklist

### Checklist Key

Checklist Key	
+	Meets the criteria with positive outcomes
+	Meets the criteria with neutral outcomes
+	Meets the criteria requirement
×	Does not meet the criteria with neutral or positive outcomes
N/A	Criteria is not applicable to the project proposal

ID	Criteria	Response	Decision
1	<b>Projects must be made public.</b>		+
1a	A regional map must indicate where investments are being made to depict how these interrelate to improving the efficiency of the district. This includes showing broad location of the project, amount of water to be recovered for the environment, type of project and relevant socio-economic information.	Project information provided by Coliban Water was made public on the project's Connect Coliban web page. This includes a map of the Coliban rural supply system and other relevant information about the project.	+
1b	Where possible, reports or outcomes of past projects should be made available.	Project information on the Harcourt Rural Modernisation Project was made public on the project's Connect Coliban web page. This information was relevant to the modernisation works to be undertaken in the Coliban Regional Rural Water Efficiency Project.	+
1c	Technical reports on completed projects must be made available to inform the development of any future projects.	Technical reports informed the development of the project and are available to key stakeholders.	+
1d	Following in-principle government approval, non-sensitive information about project applications must be advertised to allow relevant stakeholders to make submissions to the proposal.	Information about project funding applications has been made available on the project's Connect Coliban web page.	+
2	<b>Projects do not negatively impact on social and environmental outcomes.</b>		
2a	All projects are required to describe the expected socio-economic and environmental benefits of their proposed project, with delivery partners required to coordinate and communicate with local communities and community bodies on the program and describe the expected socio-economic and environmental impacts of each program on the local community, region or state.	Coliban Water submitted documentation describing the expected socio-economic and environmental impacts of the project to DEECA. Coliban Water also engaged with key stakeholders during business case development to inform public consultation and the socio-economic assessment.	+
2b	Social values may include the amenity to local communities of weirs, storages and parks that may be affected by efficiency projects.	Based on the information provided by Coliban Water, the project's net impact on social values is expected to be positive. Reduced amenity due to the loss of supply infrastructure will be compensated by benefits such as reduced manual labour to operate and maintain the private channel system, and continued access to outdoor recreational spaces during drier periods due to improved water security.	+

I D	Criteria	Response	Decision
2c	<p>Large projects must describe the expected socio-economic outcomes of their proposal. In doing so, they must address the following:</p> <ul style="list-style-type: none"> <li>– the anticipated socio-economic impacts to the local community, region or state</li> <li>– their project's strategy for increasing the socio-economic benefit to participants and their communities (e.g. local sourcing of goods, services and labour); and</li> <li>– if and how the project will contribute to regional investment and development in geographic area.</li> </ul>	<p>The socio-economic information provided by Coliban Water demonstrates that the project will have socio-economic benefits for local communities. This includes increased agricultural productivity and its flow-on benefits to the regional economy.</p> <p>The project's strategy for increasing socio-economic benefit to participants and their communities involves the procurement of local labour and supplies, and the creation of 135 FTE jobs.</p> <p>The project will contribute to regional investment and development in geographic area through improved reliability and security of the water supply. A more reliable supply attracts investment in high-value agriculture, while improved water security supports residential growth.</p>	+
2d	Both project and delivery partners are required to comply with all relevant laws including work health and safety laws. Each project must show an understanding of all relevant legislation or regulation (including environmental laws and regulations) that will require approval prior to works commencing.	Coliban Water have a legal and regulatory framework in place to ensure all project works are undertaken in accordance with statutory processes and relevant legislation. This includes occupational health and safety, and environmental laws and regulations.	+
2e	Australian Government to fund facilitators to work with communities to develop proposals that have community support and positive social and economic outcomes.	N/A	N/A
3	<b>The project assessment for funding must be clear, timely, simple and transparent, and not unduly increase red tape.</b>	The Victorian Government's socio-economic assessment process is clear, timely, simple and transparent and does not unduly increase red tape.	+
4	<b>Projects need to demonstrate how they contribute to the current and future viability of proponent businesses and irrigation districts.</b>		+
4a	Proponent consider how the project would contribute to the current and future financial viability of the irrigation district/region where it will occur, including identification of potential irrigation network improvements.	Coliban Water have considered how the project contributes to the current and future financial viability of irrigation in the Coliban rural system. The project will address ageing infrastructure and support future growth in local agriculture.	+
4b	Projects should avoid upgrading water supply infrastructure where the system, or parts of the system are not going to be used in the future.	The project incorporates rationalisation and reconfiguration of the rural system to address underutilisation of infrastructure. This approach means that assets that have limited future use will not be upgraded or attract further investment.	+
4c	Project proposals in an irrigation district should take account of relevant irrigation business' strategies or plans.	The project aligns with Coliban Water's Strategy 2030 and 2022 Urban Water Strategy, and other business planning.	+
5	<b>Programs or projects support regional economies.</b>		+
5a	Programs or projects should identify opportunities to support local industry and regional development.	<p>The project supports regional development and provides growth opportunities for local industry and higher-value agriculture. These opportunities include animal agriculture and niche industries that support food tourism.</p> <p>The project is estimated to create 135 FTE jobs during the construction phase, with additional indirect</p>	+

I D	Criteria	Response	Decision
		employment in supporting industries and services.	
5b	Programs or projects should focus on increasing water use efficiency in ways that address industry, network/system and local/regional priorities, future needs and risks and may include research and extension services. <i>(Also captured in Criteria 9b, 6b &amp; 10a)</i>	The project aligns with multiple strategies developed by agencies at state and local government level, and considers regional growth, development and planning. It also supports Coliban Water's Strategy 2030 and 2022 Urban Water Strategy, and other business planning.	+
5c	Programs or projects in an irrigation district don't reduce the overall productive capacity of the relevant region.	The project provides opportunities for rural customers to increase their overall productive capacity. The modernisation works will support the long-term viability of irrigation in the region.	+
5d	Programs or projects should not impact negatively on regional jobs.	The project is expected to improve water delivery service standards to irrigators and is estimated to create 135 FTE jobs in the region during the construction phase.	+
6	<b>Programs or projects do not have negative third-party impacts on the irrigation system, water market or regional communities.</b>		+
6a	Where a proposed project is located within an irrigation network, the proponent must provide evidence that relevant network operator or water corporation is involved in or aware of the project.	Coliban Water is the project proponent and supports full implementation of the project. Coliban Water's commitment to the project is demonstrated through its contribution of \$20 million towards the project.	+
6b	Relevant government or proponent must consult industry bodies, irrigation network operators/, local governments or regional development organisations, on a strategic regional approach which will focus on ensuring there is a mix of water efficiency projects in a region in ways that address industry, network/system and local/regional priorities, future needs and risks and may include research and extension services. <i>(Also captured in Criteria 9b, 5b &amp; 10a)</i>	Coliban Water consulted with a broad-cross section of stakeholders across local council, industry, and government agencies during the development of this project. Coliban Water's socio-economic assessment of the project includes a summary of its engagement with these stakeholders. The project aligns with government strategies such as Water for Victoria and multiple strategies developed by the City of Greater Bendigo council and Coliban Water.	+
6c	The socio-economic assessment of programs or projects must consider impacts not just on participants, but for broader regions.	Coliban Water has considered project impacts on rural customers and the broader region. The project information demonstrates that modernisation of the system will benefit on-farm productivity. This will generate flow-on benefits to the regional economy by supporting other agricultural service industries that provide employment and stimulate economic activity within the community. The project will also improve water security for urban and rural customers, which supports residential growth and the contribution this makes to the regional economy. The project has been developed to further support local industry and regional economies by creating 135 FTE jobs in the construction phase. Regionally based materials and services will be used where possible.	+
7	<b>Projects need to be assessed for their potential to impact on the price of water.</b>		+



ID	Criteria	Response	Decision
7a	Proponents can only transfer water rights that they own at the time of their application. They cannot receive funding to acquire water rights. A project cannot transfer more water than the project will save, and the proposed quantity must be independently verified as being a conservative estimate of the resulting water savings. A proponent may keep any water savings beyond the amount transferred.	The project's water savings are generated by infrastructure efficiency upgrades or rationalisation. This is coupled with voluntary water purchases of surplus water entitlement from Coliban rural system customers. Water losses in the public network are currently in the form of loss allowances in Coliban Water's Bulk Entitlement and will be issued as water shares.	+
7b	Proponents applying for project funding would be required to provide evidence that the water entitlements have been held for a minimum of 3 years at the time of application.	Coliban Water's bulk water entitlements have been held for a minimum of 10 years.	+
7c	Project proponents must ensure there is no direct impact on the reliability of water from cumulative implementation of projects.	The project's water savings are partially generated by reducing conveyance losses across the Coliban rural system. The Victorian Water Savings Protocol requires that water savings are independently audited to verify works have been completed and the water savings have been calculated consistent with the methods described in the Protocol. This ensures that there is no direct impact on the reliability of water from cumulative implementation of projects. The modernisation works will also improve the level of service for rural customers.	+
7d	Projects must not directly increase the price of water.	Water savings from the project that are derived from reduced conveyance losses do not affect consumptive entitlements and have no direct impact on the price of water. The permanent reduction in demand achieved through the combination of entitlement purchases and rationalisation of the network will minimise the impacts of purchase on the market. This approach minimises the socioeconomic impacts of open-tender buybacks in the context of the Basin Plan. The water entitlements that are being purchased cannot be traded in the water market outside the Coliban system, which limits the impact of water purchases on the wider water market. Temporary trading of the 4 GL Goulburn HRWS that Coliban Water is providing to the Commonwealth only occurs when the shares are surplus to requirements. The sporadic nature of this trading means that the market impacts of the Commonwealth acquiring these shares are likely to be limited.	+
8	<b>Any cultural impacts identified, protected or improved.</b>		+
8a	Projects are required to describe the expected cultural benefits of their proposed project, with delivery partners required to coordinate and communicate with local communities and community bodies on projects and describe the expected cultural benefits of each project on the	A share of the water savings generated from the project will be provided to Traditional Owners to support cultural objectives. The project will return 150 ML of water to Djaara and 150 ML to the Taungurung peoples for their self-determined use. Coliban Water has provided information about its	+

ID	Criteria	Response	Decision
	local community, region or state.	consultation with Traditional Owners and the cultural benefits of the project.	
8b	<p>Projects must describe the expected cultural benefits of their proposal. In doing so, they must address the following:</p> <ul style="list-style-type: none"> <li>the anticipated cultural benefits to the local community, region or state;</li> <li>their project's strategy for increasing the cultural benefit to participants and their communities (e.g. local sourcing of goods, services and labour)</li> <li>if and how the project will contribute to regional investment and development in the geographic area.</li> </ul>	Coliban Water has provided information about the cultural benefits of the project. Traditional Owners will receive 300 ML of water savings for their self-determined use. These water shares support the aspirations of the Djaara and Taungurung peoples for water sovereignty and self-determination in environmental and cultural water uses.	+
8c	Projects over \$3 million must identify cultural heritage sites and manage any impacts in accordance with relevant Commonwealth and State laws.	<p>A cultural heritage investigation will be completed at all sites prior to works. If required, a Cultural Heritage Management Plan will be completed to avoid or minimise actions that may have adverse effects on cultural heritage values.</p> <p>Coliban Water has the appropriate systems and frameworks in place to ensure that all project works are undertaken in accordance with all relevant Commonwealth and State laws.</p>	+
9	<b>Program design should include close engagement with community and industry leaders.</b>		+
9a	The relevant government or proponent must consult with industry bodies, IIOs, local governments or regional development organisations, or investment corporations on relevant strategic regional projects, and consider community support.	Coliban Water provided details of consultation and engagement with rural customers, industry groups, and government agencies during project development. Consultation has been used to inform design of the project, identify options, develop costings and gauge community support for the project.	+
9b	This consultation should focus on increasing water use efficiency in ways that address industry, network/system and local/regional priorities, future needs and risks and may include research and extension services. <i>(Also captured in Criteria 5b, 6b &amp; 10a)</i>	<p>The project aligns with multiple industry, government and Coliban Water strategies and priorities. The consultation has focused on ensuring alignment.</p> <p>The project supports Coliban Water's strategic goals and outcomes set out in Coliban Water's Strategy 2030 and 2022 Urban Water Strategy.</p>	+
10	<b>Where practical, seek to develop and implement integrated implementation of efficiency measures to maximise benefits to the irrigation network and local enterprises.</b>		+
10a	Programs or projects must focus on increasing water use efficiency in ways that address industry, network/system and local/regional priorities, future needs and risks and may include research and extension services. This would include integrated proposals. <i>(Also captured in Criteria 9b, 5b, &amp; 6b)</i>	The project aligns with multiple industry, government and Coliban Water strategies and priorities. The project also supports Coliban Water's strategic goals and outcomes set out in Coliban Water's Strategy 2030 and 2022 Urban Water Strategy.	+
11	<b>Monitoring and evaluation, including of socio-economic outcomes, should be built into programs and used to regularly review and adapt programs as required.</b>		N/A

ID	Criteria	Response	Decision
11a	The Commonwealth will develop a monitoring and evaluation framework to assess the progress of projects in real time, post-approval.	Coliban Water and DEECA will work with the Commonwealth to support any monitoring and evaluation of the project as required.	N/A
12	<b>Projects must deliver real water savings and not result in profiteering or roting.</b>		+
12a	Projects must not allow participants to individually profit without creating water savings.	Water losses and potential water savings have been assessed using the framework and guidance set out in the Victorian Government Water Savings Protocol. The methodology for estimating water savings has been clearly articulated in the business case (Appendix 02) and is supported by evidence.	+
13	<b>Projects should identify improved capacity to respond to changes in business environment including drought and climate resilience.</b>		+
13a	Provide information on how the project will improve resilience to climate variability.	The project will improve resilience to drought and climate change in the Coliban urban and rural supply systems by improving water security, water quality and reliability of supply. A share of water savings will contribute to long-term urban water security.	+