**GWMWater**

23 March 2015

Regional Development Victoria Grampians Region

Wimmera Business Centre 62 Darlot Street

Horsham VIC 3400

Dear Sir/Madam

Review of DEDJTR's Regional Service Delivery Model and Strategic Directions for Regional Policy

Please find enclosed some observations from GWMWater in respect to regional development and in particular the role that we play in the region in respect to regional development.

The impact of the benefits of ·the Wimmera Mallee Pipeline continue to be realised and with this realisation there are a number of flow on benefits; the magnitude of which were not fully understood during the planning and implementation phases of the pipeline which are now also becoming apparent.

The attached document touches on these various benefits and in addition I have taken the liberty of attaching a number of articles that have been produced in order to both quantify and to qualify these benefits.

Yours faithfully

Andrew Rose

Executive Manager Stakeholders and Governance

**Review of Department of Economic Development, Jobs, Transport and Resources Regional Service Delivery Model and Strategic Directions for Regional Policy**

# Submission from Grampians Wimmera Mallee Water Corporation (GWMWater)

## Background

GWMWater is an integrated water business responsible for all aspects of the water cycle across an area spanning 62,000 square kilometres, which is an area equivalent to approximately 25% of the State of Victoria.

GWMWater provides water and wastewater services to approximately 72,000 people living either in one of 74 urban centres or on farms within the region.

Construction of the Wimmera Mallee Pipeline Project (WMPP) commenced in November 2006 and the final pipe was laid in April 2010, almost five years ahead of schedule.

An integral part of the WMPP Business Case was the allocation of 20,000 ML of water for future growth and development from savings achieved by the project, with the revenue from the sale of this growth water to be used by GWMWater as part of its financial contribution towards the cost of the project

This 20,000ML of Growth Water is split into two products;

* The first is an amount of 10,000 ML that is available direct from the headworks storages and would necessitate a purchaser providing their own infrastructure from our Grampians storages. This entire product has now been sold, which includes a parcel of 2,000 ML to Wannon Water to secure supply to Hamilton.
* The second 10,000ML (5,000 ML off peak and 5,000 ML peak) is available, initially to existing customers within the footprint of the W.MP and then subsequently to new customers, either inside or outside of the WMP footprint. Of this product, 998 ML has been sold or is accounted for whilst the remaining 9002 ML remains available.

## New Economic Development Opportunities

GWMWater as the Regional Water Corporation has as its prime responsibility the supply of water and waste water services to customers in our region. In addition to this, GWMWater has a strong record of working co-operatively with a range of industries with a view to encouraging development and high end use of available water.

Some of the projects that we have been involved in include;

* + **The Ararat-Great Western reuse scheme.** In this development we worked with a number of viticulturists to provide infrastructure that supplies re-use water from Ararat to five different wineries in the region. The project delivers up to 600ML of re-use water which has resulted in a doubling of vineyard capacity and has created 80 jobs and earned an extra $20M in premium wine exports.
	+ **Iluka Mine, Douglas.** GWMWater worked with Iluka Mines in the development of their Douglas sand mine operation. The earlier Northern Mallee Pipeline (NMP) project, like the WMPP, created water savings in addition to significant environmental flow benefits. In 2003, GWMWater negotiated the sale of some of the savings achieved from that pipeline for Iluka's development. A volume of 5,000 ML of water was sourced from the headworks, with Iluka constructing its own 20km pipeline from Rocklands Reservoir to its mine site. This sale injected $5M into the region by allowing GWMWater to forgive debt raised to fund its broader capital works program.
	+ **Feedlots.** GWMWater has worked closely with various feedlot operators in the development of their operation, ensuring that the operator or potential operator understood the water supply implications and ensuring GWMWater to factor into its planning the system requirements needed to support these operations.
	+ **Landsborough Wine Growers.** GWMWater has been working with the Pyrenees Shire and a number of wine growers in the Landsborough district to provide a secure source of water to the region's vignerons. Construction of the 25 km of pipeline is currently underway. A total of 480 ML of water is available from the Growth Pool for the scheme. Approximately 95 to 100 people are employed by the fifteen vineyards in the region with a combined 620 hectares of grapes producing approximately $30 million in wholesale wine value.
	+ **Peripheral Development Schemes/Extensions.** Potential customers who have previously registered an interest in connecting to the WMP have been asked to reconfirm their interest. GWMWater is currently assessing expressions of interest where extension of the pipeline network is required to be able to supply these properties. Work has commenced on preliminary system designs to supply potential customers in the Pella area west of Rainbow and others along the Avoca River north east of Quambatook.
	+ **Rural Pipeline Intelligence Project.** As one of the final aspects of the WMPP, GWMWater is in the process of installing 13,600 remote meter reading devices onto meters on farms serviced by the WMP, which includes the NMP. Whilst the primary purpose of these devices will be to read water consumption through the meters, there will also be a number of benefits available to individual farmers.

These include farmers being able to access up to date information about water consumption at each meter on their property and so identify any supply issues on line without having to visit potentially remote sites. It will also provide the ability to identify unusual usage patterns which could be evidence of an expensive leak on their own on farm reticulation system. In addition to this the Radio Network that is being installed to support the project may have other commercial applications that could be utilised by farmers or other service providers.

In addition to these projects GWMWater has been approached by a number of mining companies to discuss options concerning the supply of water at various locations across our region necessary to facilitate potential mining operations.

## Further Development of Existing Agricultural Operations

GWMWater has had a number of inquiries from existing broad acre dry land farmers eager to explore the possibility of diversification into intensive agricultural pursuits such as chicken, turkey and duck raising operations, cattle and sheep feedlots, and a range of boutique crops such as olives and grapes.

GWMWater will continue to communicate with customers and to provide the processes that will give them access to the Growth Water Pool.

## Regional Growth beyond the Wimmera Mallee Pipeline

The 2011 census data reaffirmed recent population trends for the region, showing for the most part a continued decline in the permanent population.

The area serviced by GWMWater covers 13 municipalities. Six of these municipalities have total coverage, with seven having partial.

Of the municipalities where GWMWater has exclusive coverage, only Horsham has exhibited small population growth. This however does not translate into a decline in the number of households as the average number of persons per household has also declined.

All municipalities, irrespective of whether they are in decline or stabilising, are experiencing an increase in older and a decline in younger age groups. Projections made in the report 'Victoria in Future 2012 - Population Projections' suggests this trend will continue.

The WMP presents a significant opportunity to enhance regional development and counter declining population trends. A secure water supply will provide certainty for industries looking to establish in the region leveraging off the areas rich agricultural base.The water made available to recreation lakes and returned to the environment has enhanced the regional amenity and liveability.

A key initiative reflected in strategic plans has been to strengthen GWMWater's relationship with regional development agencies to enhance growth prospects for the region through the provision of quality water and wastewater services.

Recent changes in agricultural practice, combined with the impact of technology and sustained drought conditions, have had a substantial impact on the regional economy. Since the 1982/83 drought there has been a consolidation of agricultural activity to broad area crops. Farm sizes have been growing as properties consolidate, resulting in a general decline in the farming population.

Reduced employment opportunities for young people in an increasingly efficient rural sector have resulted in a population drift to major urban centres outside the GWMWater supply area; and produced an aging population that has a significantly lower income base than Melbourne and the remainder of regional Victoria. As a consequence of this a key factor in GWMWater planning considerations has been regional affordability of water and wastewater services.

## Regional Liveability

With the completion of the WMP there have been a number of additional positive impacts that have resulted. Whilst these additional positive impacts were anticipated, their importance and their magnitude on local communities had probably been underestimated.

These positive impacts can loosely be described as "improved liveability" and several examples are detailed in the attached articles which were developed in order to promote regional development.