



# Melbourne Water's 2026 Price Submission

Deputy Chair, Monique Conheady and Managing Director, Dr Nerina Di Lorenzo

8 October 2025



# ACKNOWLEDGEMENT OF COUNTRY

Melbourne Water respectfully acknowledges Aboriginal and Torres Strait Islander peoples as the Traditional Owners and custodians of the land and water on which all Australians rely.

We pay our respects to Bunurong, Gunaikurnai, Taungurung, Wadawurrung and Wurundjeri Woi-wurrung peoples as the Traditional Owners and Custodians of the land and water on which we rely and operate. We pay our deepest respects to their Elders: past, present and emerging.

We recognise and respect the continued cultural and spiritual connections that Aboriginal and Torres Strait Islander peoples have with the land and water they have cared for and protected for thousands of generations.

We demonstrate our ongoing commitment to reconciliation through our partnerships with Traditional Owners and the broader Aboriginal and Torres Strait Islander communities, as we work together to manage land and water now and into the future, while maintaining and respecting cultural and spiritual connections.





# Our intention for the regulated services we provide

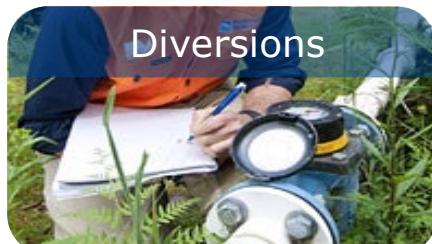
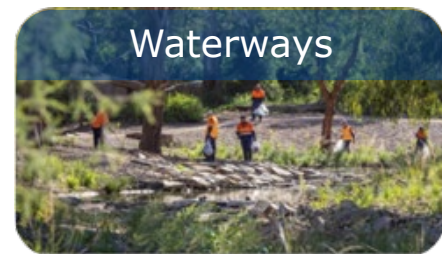
Board set management a challenge to learn from and improve on past submissions.

This included opportunities to stretch MW's proposal.

Our focus is on:

- Ensuring customer value and the long-term interests of consumers:
  - Affordability and supporting vulnerable customers now
  - Preparing for the future
- Being accountable, delivering on our commitments and ensuring a deliverable capital program
- Simplifying our Outcomes and ensuring that they are meaningful for customers

We propose a *Standard* submission.



# Our approach to developing this submission

Reviewing how pricing risk is allocated and **taking on more price-related risk** on behalf of customer

Engaged on the value proposition with the entire community and **'playing back' what we heard**

Strong focus on **prudent, efficient and deliverable** expenditures

**'No surprises'** approach to engagement with customers, community, stakeholders and the Commission

Using a **whole of corporation approach** across all levels and functions

**Building on and learning from experience** over the current regulatory period ('P') and past price reviews

**Focus on equity and under-represented voices:** TO Partners, those experiencing vulnerability

**Using best available information** - latest Government population and long-term climate forecasts

# Our simplified Outcomes

1

## Safe and reliable bulk water supplies for now and the long term

Commitments to water quality (including a new water quality GSL) and the reliability (flow rate and pressure) of supply to bulk water corporations

Improving resilience by progressing detailed investigations into major new water sources

Capex 2,912 Opex 3,355



| Category | Value |
|----------|-------|
| Capex    | 2,912 |
| Opex     | 3,355 |

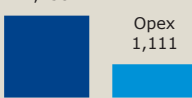
2

## Environmentally sustainable and reliable bulk sewerage services

Ensuring compliance with our EPA operating licences and achieving net zero emissions in line with obligations

Collaborative planning for sewer networks and treatment plant augmentations

Capex 2,738 Opex 1,111



| Category | Value |
|----------|-------|
| Capex    | 2,738 |
| Opex     | 1,111 |

3

## Healthy, resilient waterways

Vegetation and amenity are most valued by our customers to support waterway health; our investment programs complement our obligations and meet customer expectations

We have commitments to increase the length of waterways managed for ecological benefit and community sentiment towards the waterways serviced

Capex 378 Opex 604



| Category | Value |
|----------|-------|
| Capex    | 378   |
| Opex     | 604   |

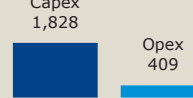
4

## Urban drainage and flood resilience

Commitments to roll out flood modelling across all catchments and planning and delivering mitigation works

Ensuring we support housing and urban development, including commitments to application turn around times, developer satisfaction and ongoing collaborations with the sector

Capex 1,828 Opex 409



| Category | Value |
|----------|-------|
| Capex    | 1,828 |
| Opex     | 409   |

5

## A valued partner in water cycle services

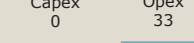
Commitments to develop a Long-Term Capital and Operating Plan with our customers

Partnering with Traditional Owners and support them in their self-determination

Water corporation customer relationship metric

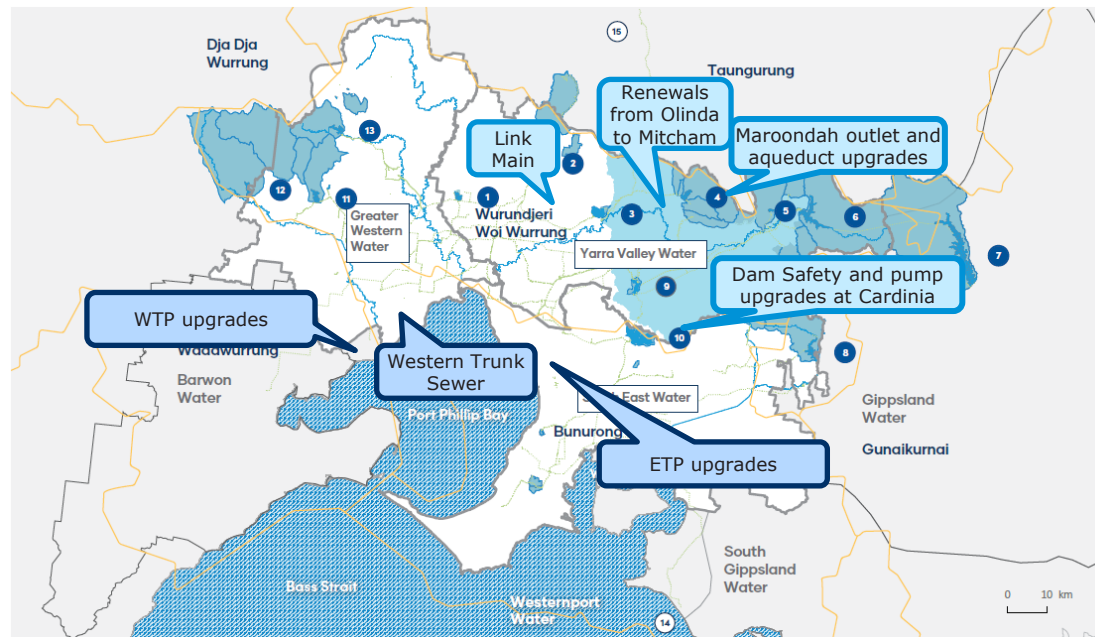
Partnering to support those experiencing vulnerability

Capex 0 Opex 33



| Category | Value |
|----------|-------|
| Capex    | 0     |
| Opex     | 33    |

# Investing for resilience and security



Proposing \$2,912 million in water and \$2,738 million in sewerage.

Investing in bulk sewerage reliability:

- Critical work to secure the Western Trunk Sewer
- Progressive capacity augmentation at ETP and WTP for growth and climate resilience

Investing in water supply resilience:

- Upgrading critical mains and dams
- Link main shifts water from east to west

Investing in options to shorten the timeframe for the connected region's next large scale water source and developing no regrets options to further supply to Geelong.

# Improving flood resilience and waterway health



- MW is proposing \$709 million of capital investment plus \$1,495 million to support development that will be offset by \$1,317 million of developer contributions.
- We are investing in flood modelling activities to inform future programs of work.

Investments that have multiple beneficiaries e.g. meet our obligations and customers expectations on how they use our waterways.



Tarralla Creek - before improvements



Tarralla Creek - after improvements



# Established a prudent and efficient opex base year

## Base

- Reviewed trends and cost drivers
- Critically evaluated recurrent and non-recurrent opex, then removed all non-recurrent and not prescribed opex

## Trend

- Evaluated historic growth relationships for a 2% growth
- Developed a cost efficiency plan with a 2% efficiency proposal offsetting growth

## Steps

- Reviewed obligation and policy changes, and customer expectations and developed steps required to meet these

## Treatment of desalination

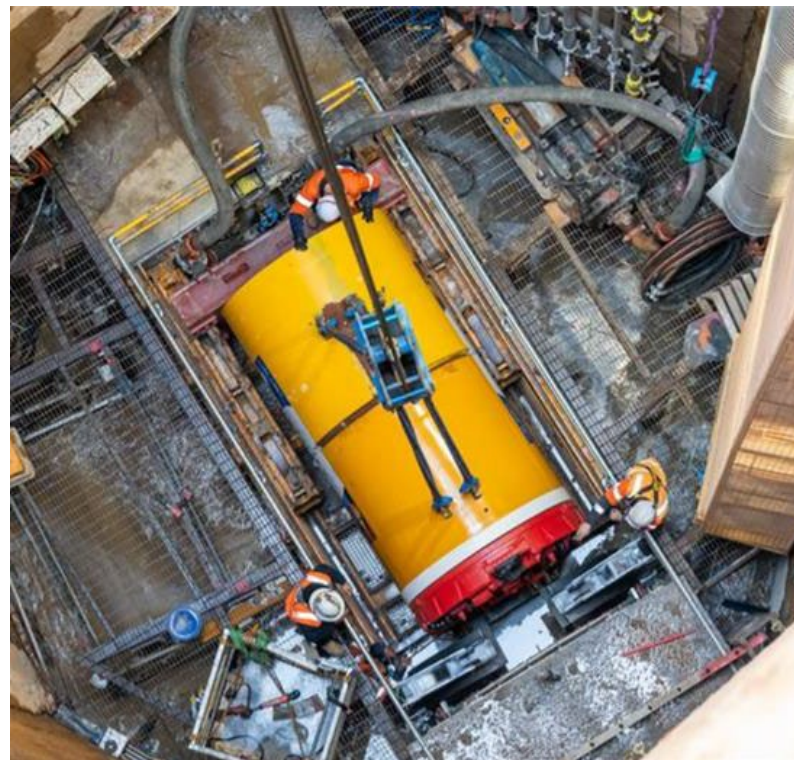
- Capitalising an increasing proportion of desalination project contract costs in line with the 2021 final decision's treatment



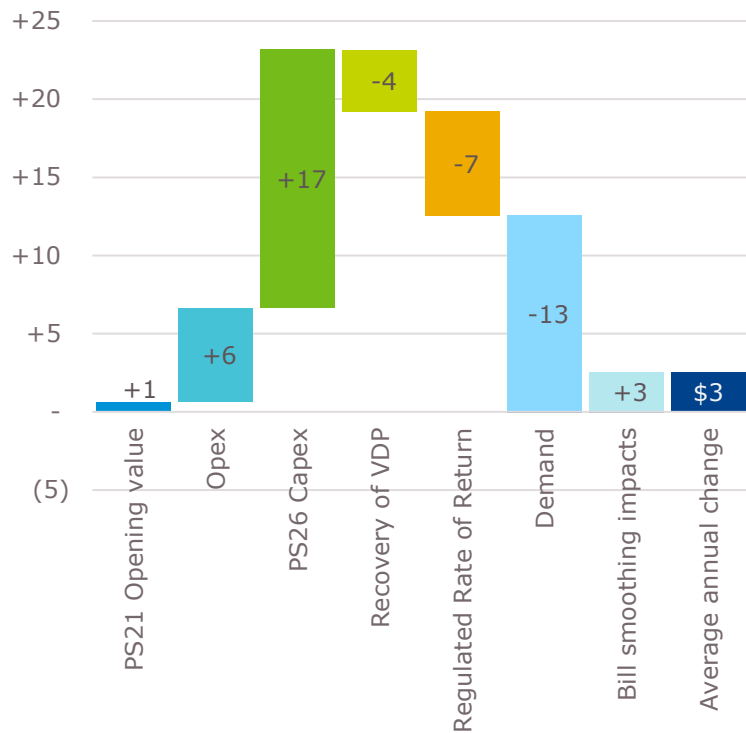


# How we will deliver on our investment proposal

- We have conducted a detailed deliverability review for our capital program and the proposal is supported by a Deliverability Plan.
- We have learnt from covid-, supply chain- and approvals-related challenges over the current period and extended planning and delivery lead times, and resourcing to deliver major projects.
- We have secured the internal and delivery partner resources required to maintain the ramp up in our capital delivery. This includes a two-year overlap for our existing and new major capital contractors early in the period.
- We're proposing a smooth ramp in delivery and are only 'pricing in' expenditures for which we are certain.



# Our annual impact on a typical Melbourne household



- The average annual bill impact for 2026-27 to 2030-31 for metropolitan corporations is shown in the graph.
- MW is proposing no end-customer bill change in 2026-27, after which metropolitan water corporation customers will have a bill change of up to CPI +1.5%.
- We engaged deeply with water corporations on the end customer bill paths.
- This has particularly helped manage impacts for regional water corporations due to their own consumptive use from our system and changes in bulk entitlements.

# **This results in manageable bill impacts but we're also increasing support so that no one is left behind**

| Water and Sewerage           | 2026–2031 regulatory period |         |         |         |         |         |
|------------------------------|-----------------------------|---------|---------|---------|---------|---------|
|                              | 2025-26                     | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 2030-31 |
| <b>Greater Western Water</b> | \$1,110                     | -       | 1.5%    | 0.9%    | 0.9%    | 0.8%    |
| <b>South East Water</b>      | \$1,057                     | -       | 1.5%    | 0.1%    | 0.1%    | 0.1%    |
| <b>Yarra Valley Water</b>    | \$1,114                     | -       | 1.5%    | -0.7%   | -0.7%   | -0.8%   |
| <b>Barwon Water</b>          | \$1,183                     | -0.3%   | -0.1%   | -0.1%   | -0.1%   | 0.4%    |
| <b>South Gippsland Water</b> | \$1,405                     | 1.6%*   | 0.6%    | 0.7%    | 0.9%    | 1.1%    |
| <b>Westernport Water</b>     | \$1,394                     | -       | 0.1%    | 0.1%    | 0.2%    | 0.2%    |
| <b>Gippsland Water</b>       | \$1,492                     | -0.8%   | 0.0%    | 0.1%    | 0.0%    | 0.0%    |

Bill impacts are indicative only and exclude impacts of water corporation 2028 submissions, desalination water orders and other passthroughs.

\*South Gippsland Water's increase relates to increased water security provided by entry into the South-Central Pool, which was scheduled to occur in 2024-25 in its 2023 Price Submission.



# Waterways and drainage

| Retail                    | 2026–2031 regulatory period |         |         |         |         |         |
|---------------------------|-----------------------------|---------|---------|---------|---------|---------|
|                           | 2025-26                     | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 2030-31 |
| <b>Residential</b>        | <i>\$125.01</i>             | -0.8%   | -       | -       | -       | -       |
| <b>Non-residential</b>    | <i>\$187.81</i>             | -0.8%   | -       | -       | -       | -       |
| <b>\$ per rate in NAV</b> | 0.005032                    | -       | -       | -       | -       | -       |
| <b>Rural</b>              | <i>\$68.63</i>              | -0.8%   | -       | -       | -       | -       |

- We see a small decrease in residential, non-residential and rural tariffs as customer growth offsets increasing revenue requirement
- We are proposing to complete the transition away from the net annual value (NAV) based non-residential tariff from 2026-27
- We have engaged with the development sector and are proposing to continue current arrangements for Development Service Schemes, using pricing principles to set the rate for each scheme

**Thank you**