

31st January 2014

SEWERAGE REVIEW COMPLETE

South Gippsland Water has completed the review of the Poowong, Loch and Nyora Sewerage Scheme. The scheme is required to address existing public health and environment issues. South Gippsland Water's Managing Director Philippe du Plessis today outlined the outcomes of the review following last week's stakeholder and community sessions. "The key review outcomes are that a pressure sewer system is to be installed for all three towns with wastewater transferred under agreement to South East Water for treatment and re-use. In addition, much of the area originally proposed to be sewered will now be serviced, albeit under a tiered structure encompassing two service areas". He explained that there will be, "an \$800 Service Area incorporating the central town areas which will address the public health and environment issues and a \$5,000 Voluntary Service Area which generally reflects the wider township area including larger sized allotments. The wider network of sewer pipelines will enable connection of most township properties. A joint arrangement between South Gippsland Water and South East Water has been found to be the most economical and efficient option, potentially allowing customer connections as early as 2016".

Mr du Plessis went on to say that, "South Gippsland Water will now move into a phase of finalising the review; communicating the outcomes to the three communities and preparing and lodging the relevant business case and documentation with the Department of Treasury and Finance in order to progress to design and construction of the revised scheme. The Corporation is aware that for most homeowners, a pressure sewer system will be new and providing an understanding of how the system operates will be imperative. In addition, the tiered approach to Scheme Contributions will be a key component of community communication including conditions of connection and pricing principles".

Pressure Sewer Collection System

A pressure sewer was identified as the option that met the review criteria, was most economical and reduced construction timelines. In addition, a pressure sewer is proven, yet flexible technology that provides a closed system with reduced infiltration. A pressure sewer enables the construction of an extended Voluntary Service Area based on the installation of a lower cost reticulation network.

Wastewater Treatment & Re-Use

A key component of the review was to identify where and how wastewater would be treated and disposed of. Three treatment and disposal options were shortlisted and reviewed with a joint agreement between South Gippsland Water and South East Water identified as the most efficient and cost effective option. Treatment will be via South East Water's treatment facility at Lang Lang (subject to commercial arrangements). This joint agreement will bring scalable benefits to the project and savings for both Water Corporations with treated wastewater being beneficially re-used within South East Water's recycled water network.

Tiered Pricing Structure & Service Areas

Based on savings identified in the review, much of the area originally proposed to be sewered will now be serviced under a tiered pricing structure. Two service areas have been identified for the scheme; an \$800 Service Area comprising the central areas of the towns and a Voluntary Service Area, which generally reflects the wider township areas and larger sized allotments. The scheme contribution for the Voluntary Service Area is \$5,000.

MEDIA RELEASE



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The Voluntary Service Area is only possible as a result of the savings identified by the review and is in response to stakeholder and community feedback. It will not be mandatory for properties within this area to participate in the scheme if they have a council compliant waste system. However, for those that do wish to participate, a subsidised connection will be provided for \$5,000 (plus owners property connection costs).

PLN Sewerage Scheme & Integrated Water Cycle Management

As part of the review, the Scheme has also been examined in the broader context of integrated water cycle management. As a result, South Gippsland Water may incorporate such elements which have the potential to reduce ongoing operating cost via water demand management and lower wastewater volumes.

Timelines & Next Steps

South Gippsland Water will now finalise the review process and commence preparation of a business case for the approval of the Department of Treasury and Finance. Approval is expected by May 2014 which would allow design to commence in June 2014. It is envisaged that the South Gippsland Water and South East Water joint agreement may even allow scheme completion prior to the original timelines.

Further information including service area maps and pricing principles can be found at South Gippsland Water website, www.sgwater.com.au. South Gippsland Water is preparing to mail another community update to homeowners in the townships of Poowong, Loch and Nyora. Community members who wish to discuss the scheme are welcome to contact South Gippsland Water on 1300 851 636.