



30 August 2002

Mr Ian Dundas  
Committee Secretary  
House of Representatives  
Standing Committee on Agriculture, Fisheries and Forestry  
Parliament House  
Canberra ACT 2600

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Dear Mr Dundas

**Inquiry into Water Supplies for Australia's Rural Industries and Communities**

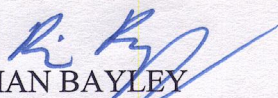
Thank you for inviting Melbourne Water to provide a submission to the Committee's inquiry into future water supplies for Australia's rural industries and communities. Please find enclosed our submission.

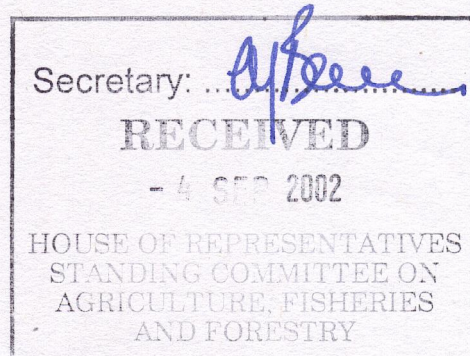
Melbourne Water's experience in total water cycle management leads us to believe that the long-term sustainability of our water resources is dependent on setting up a robust water management framework with appropriate incentives to ensure the efficient use of water and encourage greater use of recycled water.

I trust the attached submission will assist the Committee in providing sound recommendations to the Parliament in relation to the complex issues associated with rural water resource management.

If required, we are available to discuss the issues raised in our submission in more detail. Please contact me on (03) 9235 7192 if you wish to discuss any aspect of this submission.

Yours sincerely

  
BRIAN BAYLEY  
MANAGING DIRECTOR





**Melbourne  
Water**

**HOUSE OF REPRESENTATIVES COMMITTEE INQUIRY  
WATER SUPPLIES FOR AUSTRALIA'S RURAL INDUSTRIES AND COMMUNITIES**

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## **Melbourne Water**

Melbourne Water is a statutory corporation wholly owned by the Victorian Government. The organisation's main functions are to:

- Manage Melbourne's water supply catchments
- Supply water to the three retail water companies servicing metropolitan Melbourne, namely City West Water, South East Water and Yarra Valley Water
- Manage the treatment and disposal more than 95% of Melbourne's sewage and wastewater
- Collect stormwater from municipal drainage systems for transport to waterways, Port Phillip Bay and Westernport; and
- Manages waterways and floodplains in greater Melbourne

Four core business objectives have been developed to help Melbourne Water to realise its Vision to provide 'Leadership in Water Cycle Management'. They are:

- Provide excellent customer service
- Operate a successful commercial business
- Manage Melbourne's water resources and the environment in a sustainable manner; and
- Maintain the trust and respect of the community.

Over recent years Melbourne Water has focused on delivering its core water, sewerage and waterways and drainage services to the broader Melbourne community within a strong triple bottom line framework. There has also been an increased focus on involving stakeholders from within Government and the wider community on decisions that affect them and the environment.

## **Water Resources Strategy for Melbourne**

The Minister for Environment and Conservation in Victoria has established a consultative committee to overview the development of a Water Resources Strategy for greater Melbourne. The purpose of this strategy is to ensure the continuation of a safe, reliable and cost effective water supply for Melbourne that is environmentally sustainable for at least the next 50 years.

The committee has recently released a 'Strategy Directions Report' to obtain broader community feedback into the way sustainable management of Greater Melbourne's water resources should occur over the next 50 years. The Committee compiled four broad scenarios to demonstrate the combination of measures that might be needed to meet varying levels of water demand by 2050. They range from a high degree of regulation to educational and promotional programs seeking voluntary commitment from the community. The Committee's preferred scenario, which it believes is the most balanced and responsible way forward, selects measures from each of the four scenarios and aims to limit Melbourne's average annual water use to slightly more than what is currently available from existing catchments. The Committee also recommends a series of demand

management measures including compulsory use of AAA shower roses (from 2005) and front loading washing machines (from 2010).

The Committee expects to present its final recommendations to the Minister for Environment and Conservation in October 2002.

Several copies of the 'Strategy Directions Report' are enclosed for reference.

### **Non-Urban Water Use**

Urban water management in Melbourne needs to be first placed in context with water resources management in Victoria. The National Land and Water Resources Audit (NLWRA) recently collated and analysed water use by customer segment in Victoria. As reported by the NLWRA, out of a total State water use of 5,777,000ML, 77% is used for irrigation, 9% for non metropolitan urban and industrial use, 8% for metropolitan Melbourne urban and industrial use, and 6% for rural stock and domestic use.

Water losses in piped systems such as Melbourne's water supply system are considered insignificant when compared with losses from open, unlined irrigation channels. For example, water losses can be as high as 20% from the channel system servicing the Thomson Macalister irrigation district in the Gippsland region in eastern Victoria. Based on this leakage rate, average water losses from the Thomson Macalister irrigation district are estimated to be around 25000ML/year. This is equivalent to about six year's growth in Melbourne's water consumption.

From the above, it is clear that there are opportunities for large water wastage reductions within the rural water sector than in metropolitan Melbourne.

### **Key Points raised in the Inquiry's Terms of Reference**

- **The Role of the Commonwealth**

The Commonwealth has consistently played a key role in setting policy in relation to sustainable water use in Australia. Water resource management in the Murray-Darling Basin is a good example of the Commonwealth demonstrating leadership and setting direction. In 1994 the Council of Australian Governments (COAG) adopted a strategic framework for the reform of Australia's water industry. Linking of the implementation of reforms to Commonwealth payments through National Competition Policy was a catalyst for change in water industry. In particular, initiatives related to institutional role separation, the allocation of water for the environment, integrated resource management and the implementation of a National Water Quality Management Strategy have assisted with the delivery of better environmental, economic and social outcomes for customers serviced by the water industry.

Melbourne Water believes that the Commonwealth has an ongoing role in progressing water reform policy and introducing new initiatives in the context of directions set at international forums such as the 'Sustainability Summit' in Johannesburg, South Africa or tackling emerging global issues such as climate change.

- Commonwealth Policies and Programs Impacting Current and Future Water Use

The Commonwealth has the capacity to influence current and future water use by changing current Government policy or by introducing new initiatives to promote rural growth. For example, any changes to immigration policy or incentives for attracting water intensive industry has the capacity to affect the balance between supply, demand and supply security. The community will be best served by considering the availability of water resources and the cost of infrastructure for maintaining supply at the time of policy development rather than at policy implementation.

- Commonwealth Initiatives to balance supply and demand

*Alternative Supply*

The Commonwealth could facilitate or accelerate the use of non-traditional alternative sources such as recycled water, grey water and stormwater treated to appropriate levels to substitute potable water. However, there are a number of public health, social, environmental, fiscal and pricing issues that need to be addressed prior to introducing these sources on a large scale either for agriculture or for non health impacting domestic use.

A process similar to that administered previously by the Department of Agriculture, Fisheries and Forestry (DAFF) for development of the National Water Quality Management Strategy could be used to address these complex issues at a national level. For example, the Commonwealth could take a lead role in:

- developing National Guidelines for use of Recycled Water
- funding nation-wide communications and public education programs to increase understanding and community acceptance of recycled water; and
- expanding the provision of funding for implementing recycled water projects of national significance. There is precedence with the Commonwealth funding a recycled water project at the Werribee Tourist Precinct in Victoria under the 'Coast and Clean Seas' program.

*<sup>1</sup>Promoting Water Efficiency*

Broad community consultation indicates that people are interested in conserving water through using water efficient appliances such as low flow shower heads and AAAA washing machines. A coordinated national approach will be essential to achieve maximum effect through regulation of minimum efficiency performance standards. Existing competition and mutual recognition laws will limit the ability of the states to implement regulations. A legislative model based on that used for electrical appliances efficiency regulation, which is coordinated through the Australian Greenhouse Office (AGO) and the National Appliance and Equipment Efficiency Committee (NAEEC), would appear to be a suitable approach.

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<sup>1</sup> Comments similar to these were provided to the Victorian Water Industry Association by Melbourne Water for their submission to the inquiry.

The Water Services Association of Australia (WSAA) has an active program of developing a system of water efficient ratings similar that of the energy star rating scheme. Greater benefit could be obtained from compulsory use of the system by manufacturers of water efficient products but a national approach will be essential. This could also be coordinated through the AGO and the NAEEC.

- Adequacy of Scientific Research

*Funding Research*

Commonwealth's initiative to fund Co-operative Research Centres dealing with natural resource management such as CRCs for Catchment Hydrology, Water Quality and Treatment, and Freshwater Ecology has resulted in significant benefits to the water industry and the stakeholders and customers it serve.

The Commonwealth has an ongoing role in funding research agencies such as the CSIRO and the Bureau of Meteorology that are at the forefront of researching climate change. Organisations such as Melbourne Water require models capable of translating global and regional impacts of climate change on rainfall, evaporation, temperature and vegetation cover to its own water supply catchments to make water resource modelling more relevant.

Commonwealth funding for translating global and regional results to a more definitive catchment scale would facilitate the development of water resource management strategies to mitigate or minimise impacts of climate change.

*Initiating Landmark Research*

When decisions are made on less than full information, there is general agreement that precautionary principles should apply in favour of the environment. However, if there are significant community costs associated with implementing the decision, every attempt must be made to collect the technical, environmental and financial data necessary to arrive at a balanced decision prior to adopting a conservative position. The Commonwealth has a role in funding research agencies to collect data of strategic importance. Precedence has been set with the commonwealth's initiative to conduct the 'National Land and Water Resources Audit'.

A similar approach could be adopted to collect information of strategic importance such as water quality and ecological data essential for determining impacts of sewage outfalls on marine environments.