

AUSTRALIAN[®] WATER

ASSOCIATION

4500+

*individual
members across the
whole
water cycle*

20 June 2016

The Honourable Lisa Neville, MP
Minister for Environment, Climate Change and Water
Parliament House
1 Spring Street
Melbourne Vic 3000

600+

*corporate members
including utilities,
large water
users contractors,
consulting firms,
research
and suppliers.*

Dear Minister,

Submission - Water for Victoria Discussion Paper

The Australian Water Association (AWA) objects include advancing better water management and conservation. It is the peak water association in Australia and has a membership drawn from government departments and agencies, water corporations, consultants, contractors, research and academic institutions other service providers and water practitioners. In Victoria the membership totals over 1200.

The AWA is independent and not for profit. It plays an essential role in supporting the Australian water sector in the delivery of effective and sustainable water management practices. Our mission is to foster knowledge, understanding and advancement in sustainable water management – its science, practice and policy – through advocacy, collaboration and professional development.

The AWA Victorian Branch hosted a forum to consider the Government's draft discussion paper "Water for Victoria" on Monday, 11 April 2016. This submission is based on the comments collected during that forum and other feedback provided by members. AWA congratulates the Department of Environment, Land, Water and Planning on the publication of the Discussion Paper. The draft strategy canvases a wide range of water issues and identifies a number of important initiatives.

AWA endorses the Government's vision for Melbourne's water system as 'A smart, resilient water system for a liveable, sustainable and productive Melbourne'. Importantly, this vision and the objectives which flow from it, recognise that water is a major driver for economic prosperity.

We would be happy to meet with the department, and discuss these issues, and work with you to support implementation.

To discuss any aspects of this submission please do not hesitate to contact us.

Yours sincerely,



Jonathan McKeown
Chief Executive
Australian Water Association



David Kirby
President
Victorian Branch

100+

*water utilities
servicing 20+
million customers*

50+

*years servicing the
water sector.*

Driving Australia's prosperity through water information, expertise and collaboration

Level 6, 655 Pacific Hwy, St Leonards NSW 2065 | PO Box 222, St Leonards NSW 1590 | (02) 9436 0055 awa.asn.au

AWA Forum - 11 April 2016

Water for Victoria

Workshop Notes

These notes present the outcomes of an Australian Water Association (AWA) forum held at the State Treasury Theatre to discuss the key themes and strategies contained in the draft Victorian governments' "Water for Victoria" document.

Around 100 people attended a presentation by the Victorian Minister for Water on the 'Water for Victoria' direction. The attendees were predominately AWA members and included senior water professionals and managers operating in government departments, water corporations, consultants and contractors. Following that presentation, a workshop was held during which groups of participants were asked to respond to the key directions and strategies of the 'Water for Victoria' discussion paper.

In general AWA is highly supportive of the "Water for Victoria" discussion document, which we recognise is one of the most comprehensive frameworks that has been developed and attempts to bring together all water sources and water demands. The document also acknowledges the social, cultural, environmental and economic importance of water and the need for greater sustainable management of water, which is the primary focus of the AWA.

The first part of these notes is a short summary of the key issues arising in each theme. The second part is a list of the comments and issues raised by participants in the forum. The notes are complementary to the DELWP discussion paper.

Climate change

In relation to climate change the AWA considers that there are important opportunities for the water sector to contribute. This includes managing the sector to respond to the challenge of climate change effects through carbon offsets; mitigation and measures to reduce energy consumption; and capture and re-use of methane and other by-products of the water and waste water treatment processes.

We support the thrust of the directions and strategies identified. Careful consideration is needed to consider the most cost-effective way to meet the overall objective. While there are some clear opportunities for the water sector, in some respects it may be more efficient for other sectors to be funded to achieve greater carbon/greenhouse benefits.

We need to ensure that regulatory frameworks are updated, eg ESC, to ensure that water authorities have the opportunity to achieve these goals without unnecessary bureaucratic red tape.

Waterway and catchment health

This is an important issue. It is characterised by fragmented controls and management across a number of agencies (eg water authorities, CMA's, local government, DELWP etc). There needs to be a better coordination of responsibilities and regulatory frameworks.

We support the overall policy direction. However, this area needs a more robust and clearer sense of what changes are needed to meet this direction. The measures in the plan may infringe on ideas of private land rights, so there needs to be a clear policy, especially in relation to riparian zones.

Actions by agencies, coordination and funding priorities are the real challenge. Some honest reflection regarding the previous direction and what appears to be systemic failure to use the environmental levy for appropriate works would be useful if we are going to deal with these issues.

Water for agriculture (and rural communities)

Presently, irrigation schemes do not generate sufficient revenue to meet the capital cost. Decisions to invest in irrigation renewal should be made on a cost benefit analysis basis that recognises the environmental, social, as well as economic benefits of these schemes. Provided there is a robust framework, and transparency about the basis on which decisions are being made, increased water for agriculture and rural communities should be able to be supported.

There needs to be proper accounting of water use and a recognition in agricultural circles of the cross-subsidy that the rest of the community is providing in supporting irrigation schemes. We need to support continued on-farm improvements through carefully targeted subsidies or grants etc. NVIRP provides a case study in how things can go wrong in this regard.

In the long term the aim should be efficient use of water and a cost effective irrigation system. We should not back away from hard decisions. For example, managing the ability of farmers to trade water rights out of areas in an unplanned way, leaving stranded assets and isolated farmers on the end of irrigation systems that have to be paid for by other farmers or the community. We should consider making decisions to abandon some areas, and allow farmers to sell out, trade rights or be bought out.

Resilient and liveable cities and towns

There is support for diversifying water sources, the recognition of multiple benefits within an urban context and improved decision frameworks. We consider that water planning at the municipal or sub-regional level is poor and uncoordinated.

A stronger integrated planning model is needed that brings the community, local councils, water authorities, Melbourne Water or other drainage authorities and CMA's together. Developers have to deal with multiple agencies with varying support to implement IWM initiatives. In the case of large scale developer-built IWMs there is often a reluctance from local councils, water authorities and catchment authorities to take ownership of these assets on the grounds of long term cost. The question of 'who pays?' for the long term management of these assets, which may either benefit a select few people or an entire region, requires further thought.

A key element in this equation is community education. The best example is the attitude of many communities after years of water restrictions at the end of the millennium drought saying that we should not return to profligate water use. Education can work. But we need consistent messages from government, water authorities and other agencies over a sustained period.

Indirect and possibly direct potable re-use remains the next major challenge.

There is a key question, not directly answered in the Water for Victoria paper, as to how the real cost of 'desal' compares with other sources, including the north-south pipeline. While there was strong

support for the water grid at the forum, linking regional centres to the Melbourne supply sources, should water from the desalination plant be forced on regional communities with other sources.

A further issue is how we retro-fit local storage, raingardens and similar IWM improvements into local streets and communities. These issues need to be explored and some good models established which demonstrate both the practicability of these and how the costs (often significantly higher than purchasing potable water) can be justified by a cost benefit analysis approach (eg recreation values, tree canopy cover, improved property values etc.).

Recognising and managing for aboriginal values

There is support for the directions. We need to find a way to integrate aboriginal values into water planning, catchment management planning and related activity. This may be a matter that the *Water Act 1989* needs to expressly deal with.

Integration of indigenous values and input is not straightforward. There is a need to adapt conventional western intellectual models to provide different kinds of consultative mechanisms and other ways of integrating aboriginal values into decision processes.

Empowerment for aboriginal involvement, educative programs and similar steps need to be provided for. As these take additional time and resources we need to make sure that the WIRO and SOO both include the scope for this and that the ESC is instructed to accommodate this activity in its cost reviews.

Recognising recreational values

While the strategic directions here are supported, there are questions about the scope of this theme. Is it just focussed on water-body use? The role of water in recreation is multi-faceted. It includes water bodies as amenity spaces for passive recreation, linear parks along waterways and drainage lines etc that provide many functions simultaneously (amenity, water quality, flood management, habitat) all of which contribute to the recreation experience, active water bodies, and water which facilitates recreation activity, eg watering of ovals, watering of street trees.

The most frequent passive recreation is walking. If suburbs and towns have good canopy tree cover along streets that can provide a positive recreation experience even if there are not many parks in the area.

Accounting of water use for recreation is important. It is another area where the benefits flow outside the immediate relationship between water consumer and the supplier. Health, lifestyle, property values and other benefits should be recognised in a model of recreation water use.

Water entitlement and planning frameworks

Victoria has a well-developed water entitlement and allocation framework which facilitates water trading. However, there are questions over whether our water planning framework, developed almost 30 years ago is adequate. Does it give us the sort of robust model that allows Victoria to meet the management obligations of the 2004 Inter-governmental Agreement for the National Water Initiative? Or to reduce entitlements or allocations on a system wide basis following a review of total consumptive volumes available in a particular irrigation district or catchment area.

Arguably there is a disconnect between the Sustainable Water Strategies and the volumes set for consumptive and other purposes in the allocation frameworks used by irrigation authorities and under bulk entitlements. What determines the consumptive volumes available? This is particularly relevant

given the poor stream quality of many of Victorian rivers as documented by previous DELWP water reports.

Moving forward we should ensure that our planning frameworks are adequate to cope with greater variability, multiple sources, climate change and changing farming and manufacturing requirements. Some regions have good access to bulk water and can facilitate commercial and industrial development (eg Bendigo and Ballarat through the Goldfields Superpipe). A challenge is to link water planning to regional development plans developed by the State government over the past year.

Realising the potential of the grid and markets

AWA supports the directions in this theme, particularly 9.1 and 9.2. The grid offers potential to allow water to be moved, or to put it another way, for different regions and cities and towns to have access to a variety of sources. This should improve reliability across the central and southern parts of the state providing greater certainty for communities and business. However, the economic rationale for the extension of the grid should ensure the costs associated with the grid are not borne outside the area that are served (i.e. no cross subsidies).

The opportunity for water to be traded in an informed market means that the value of water is being recognised. It is important for the market to be properly informed and for information regarding offers to buy or sell, water trades, and action by government or government agencies to artificially restrict water trading is transparent and available to all participants.

The grid has huge potential as food production becomes more important for a growing south-east Asian population, and water dependent industries seek water security. Many industries in regional areas are heavily water dependent and employ, both directly and indirectly large numbers of people (eg McCains, Mars, Fonterra, Murray-Goulburn)

Jobs, economy and innovation

This theme has been partly touched on by earlier comments regarding the importance of water for employment. However, recognition should be given to the opportunity for innovation, partnerships and the role of the private sector in the water industry.

This can work in a number of ways. For example Victoria has a strong tertiary sector that provides graduates and trainees for the water sector, including the large engineering and management consultancies that work with the water industry. This provides a platform for an export industry and for local research and innovation, supporting the local water sector.

DELWP and others should continue to support programs that bring different parties in the water space together to foster innovation across all aspects of the water and waste water regime - treatment, management, recycling, funding, and governance.

There is an important role for the sector in educating the community about the issues of water allocation and management. We support the comments in *Water for Victoria* about the need to educate and involve the community generally, but particularly in relation to aspects of water allocation and innovation which relate to supporting jobs and developing the economy.

Responses from workshop participants on each theme.

Climate change

Particular comments included:

- Strong support for directions 2.1 and 2.3. Cautious support for 2.2 reflecting on cost and abatement trade off, and perhaps greater opportunity cost of mitigation in the water sector rather than other industries. That is, could greater mitigation for lower cost be achieved elsewhere? Need to achieve best use of community resources?
- Direction 2.1 investing in climate science. Agree this should be continued. Impact on rainfall, temperature, extreme rainfall will be critical. Need to monitor as science and understanding improves.
- Measures one and three are assessable. Not clear how to evaluate measure two.
- Need bipartisan position on climate change to support ongoing commitment to long-term management strategies.
- Direction 2.2 mitigation. Agree that water sector can play a leading role in moving to carbon neutrality. Will the ESC be supportive? Do we understand the cost and hence pricing impact?
- Regarding carbon neutrality - Urban is doable, regional is more challenging. Need to think through alternative treatment plans that use less power and/or generate renewable energy. Both need to continually focus on efficiency to keep prices low. Agree strongly with the aim to achieve carbon neutrality.
- Need to arm water corporations with tools to achieve improved performance.
- Encourage public-private partnerships, use experience from other sectors.
- Use land held by water corporations for renewable energy or carbon sequestration.
- Ensure that organisations like CSIRO and BOM are properly funded.
- Better communicate to communities about impacts of climate change and the water sector for example water conservation, water pricing, water 'footprinting', and communicate and engage with industry, particularly in the water intensive sectors for example agriculture.
- Direction 2.3 adaptation: agree and would like to see action earlier. There is a role for climate independent water sources, including potable reuse and desalination.

Waterway and catchment health

Key issues identified include:

- Need improved articulation of environmental watering objectives. What are we trying to achieve?
- Ongoing control of riparian access. Need to have greater role in identification and action on buffer zones. Incorporate land-use planning and overlays to protect critical water resources. Ownership of land around waterways?
- What are the innovative ways to encourage people to protect their riparian areas?
- Impact of speedboats on river banks and riparian zones - perhaps in conflict with other 'recreational' values?
- Monitor the effect of programs to ensure this can inform programs of environmental watering.
- Partnerships with local authorities - Council community, local community involvement.
- Local retention management and treatment of stormwater. Local council has not managed infrastructure improve council participation.
- Seek and regulating stormwater assets (council owned) improved governance stop council involvement in water planning.
- How will you integrate water for the environment whilst satisfying other requirements such as cultural water, drinking water requirements etc?
- Should there be a framework to assess the importance of each requirement for the waterway? Who gets priority? How is funding allocated and how our waterways prioritised?
- What types of 'long-term works' can be considered?
- Clause 56 planning permit is based on Port Philip targets - very generalised. Should reflect the specific catchment requirements. What are real targets?
- What protection of water quality (for potable supply) will be guaranteed if water supply reservoirs are open for greater recreational use?
- The strategic directions are well suited to the environmental offsets concept e.g. Kilmore Case study.
- Stormwater monitoring, gauging stations on waterways to understand impacts.
- Using existing frameworks e.g. Waterwatch to assist decision-making.
- What does 'improving' environmental water management mean? How do we communicate and educate?

Water for agriculture (and rural communities)

- Need to include the impacts of agriculture and economics on viability of rural communities, including mental health impacts and community cohesion.
- Potential to expand beyond agriculture to include other rural, water based industries or potential industries in the future stop
- Increased emphasis on knowledge sharing between rural water businesses and between urban and rural water businesses.
- Shared view of value of water across urban uses and irrigation. Seek efficiency in use.
- True accounting for groundwater use.
- Treat water as a community/State resource irrespective of geographic location.
- Respect environmental values.
- Using recycled water for irrigation - issues are always around water quality and cost, who pays? Managing the risks to human health. Affordability?
- Getting the balance right between water for agriculture and water for the environment? Need to look at the water system as a whole.
- Definition of who exactly is adapting? E.g. farmers, water corporations, communities? Perhaps different water-efficient crops need to be considered? If not changing crops, then need research and development into irrigation efficiency. Increase awareness to the older farmers about new technologies and water-saving techniques.
- Not sure what 'bring more water' into production means. Is it 'new' sources, system efficiency or other things?
- Again, who is doing the investing? Private/public? The term 'ensuring' is a very strong commitment.
- Not sure if this means either the MD basin, salt impacts, run-off, available water. Assume the impacts are an implied negative.
- Ensure that water markets for urban and rural and industries are kept separate, so a large corporation cannot out-price a smaller agricultural producer because they value water higher.
- Decrease red tape for drought assistance funds.
- Increased public consultation on climate change and a specific compact on a local farm level.
- Consistent approach across the Murray Darling basin.
- Ensure a safe and secure water supply (e.g. Wimmera-Mallee pipeline) is provided. Have it free from blue-green algae.

Resilient and liveable cities and towns

- Support diversifying sources and ongoing and increasing focus on liveability.
- Support multiple benefits. Need a framework for evaluating this to achieve the best outcomes. Also balanced with willingness to pay and prioritising projects. Pricing to reflect scarcity. Passive demand-side incentives.
- Work to be done here could focus on need to improve community understanding of where the money goes.
- On the supply side - single centralised management of all catchment sources. Transparency is important.
- Space management - cross negotiation with various authorities. Issues of equity. Place-based solutions on sources of water - not one size fits all.
- Breaking down water authority boundaries and increased collaboration for whole of community outcomes. Holistic management for long-term outcomes.
- Who pays?
- Learning and building from lessons from millennium drought. Victoria came up with a lot of world leading policy initiatives especially in northern rural areas.
- Unfortunate that we haven't yet got community on board with recycled potable reuse but we can take steps to increase stormwater use and fit for purpose water to decrease potable demand.
- Education will be key. To normalising water efficient behaviour from last drought.
- Getting developers on board with integrated water management recognising that despite increased price it has long-term benefits and potentially short-term marketing benefits.
- We have a high level of strategic direction, have community outcomes including missing water industry outcomes that link strategic direction and community outcomes; are we investing in the right areas,? What are the specific water outcomes? How does a water utility take this and implement the plan? For example investment decision by utility, how will that tying the water plan?
- The plan needs to be tied down in specifics. But should not be Draconian. Should not kill innovation.
- During the drought we need to have green, thriving communities.
- 5.2 is well suited to 'environmental offsets' versus traditional engineering, for example Kilmore.
- Water education in schools to increase capacity to participate in water management.
- More engagement and use new models to encourage participation.
- An additional outcome would be more efficient water use across industry and the community reducing overall water use per capita.
- Improve integration of water and land use planning.
- Identifying pathways to facilitate improved outcomes.
- Find ways to utilise water in the local environment. For example absorption drains and retrofit existing built-up areas. This could be programmed when streets or curbs are rebuilt on a periodic maintenance basis.

Recognising and managing for aboriginal values

- Support the direction. We support these objectives and the directions.
- Needs to recognise we already have well developed water entitlement and management frameworks. We support building indigenous capacity to participate in decision-making and will need to make sure there is support and governments arrangements to properly enter the market to engage both culturally and economically.
- We can use indigenous peoples' feel for land and catchments to help understand the cultural and environmental needs of the system. So please get them involved.
- Institutions can learn from and also train indigenous people to be involved.
- Very positive inclusion!. Understanding existing capacity/indigenous participation in the water industry, planning and decision-making.
- How all these strategies be funded? Environmental funding is already a low priority.
- How does this fit into the water balance - what percentage allocated, how is it valued?
- Will this be accompanied by community education to encourage support from the community?

Recognising recreational values

- What is the definition of recreation water use? For example enjoying a green lawn? Maintaining minimal level storage levels for on-water recreation and passive aesthetic values? Recognising the values is the first step.
- Does this mean a 'recreational water Holder' purchasing water?
- High-level recognition is good. Outcome standards are pretty soft in terms of committed actions given the wording above.
- How do we articulate the multiple benefits of these strategies? Who pays? What are the benefits and how do we price and value them?
- Strategic directions are good, they seem to be achievable and practicable.
- What is an equitable cost sharing model between the connected user compare it to the occasional user or visit?
- Need to expand on what is meant by building capacity of recreation water users
- Certainly need to better educate the community around water use decisions.
- Cost and price objectives needs to be clearly understood?
- Focus on building community understanding that focus on building community understanding, recreation is important to liveability and health, and the connection between water and recreation.
- Support the recognition of recreational values. Need to proactively plan not just be reactive.
- Don't understand what 'building capacity of recreational water users' means? Need to clarify - what capacity and who is targeted?
- Better transparency helps better educate community on cost and the ability, which we support and we don't think the community fully understand how water dollars are spent.

Water entitlement and planning frameworks

- We should question whether the entitlement framework which was developed in a time of great water certainty is still serving us well or whether it has become a straitjacket constraining our thinking on more innovative solutions to water security. For example allocating underutilised water in unregulated systems; more flexibility in creating and shifting entitlements between systems.
- Need a stronger link between entitlement (and therefore allocation) decision-making and water planning. Currently there is a disconnect in Victoria.
- Important to maintain entitlement framework for investment possibilities to occur.
- In the current century we need to: better integrate with local government as well as other State planning documents; the planning framework (page 111) is confusing which makes it difficult to understand; and the need to establish stormwater within the entitlement framework.
- Recognising that water trading provisions are critical to sustainable water management in Victoria. Need a fair and transparent review process.
- Scope to streamline water trading components and planning frameworks in the water act.
- Currently drinking water regulations do not encourage innovation around use of other water sources (e.g. stormwater to potable).
- Education is key - what does entitlement mean? Urban versus rural. Reinforcing water as a finite commodity which needs to be managed, and differences in management, potable versus rural water.
- Also education around water availability - shared responsibility to manage in urban and rural environments.
- Considering how to share costs. How to ensure cost structures and planning is resilient and include funding for research and development and innovation. How to increase collaboration between urban and regional authorities to share information and ideas?
- Education at community level and at professional level, integrating i.e. IWS.

Realising the potential of the grid and markets

- Directions 9.1 and 9.2 help to encourage healthy competition from the private sector. It's about how we go about that. Good trajectory regarding water registers and online availability, but still there is missing areas e.g. Grampians region.
- Removing short-term political cycles on long-term investments e.g. independent of who is in government. Science to drive decision-making rather than politics.
- Identify lessons learnt from past projects e.g. desalination plant, Victorian irrigation renewal project, north-south pipeline.
- Suggest another outcome - a more holistic approach to funding allocation to allow fit for purpose water distribution.
- Start a broader market for recycled water (class C, B and party) and not just private enterprise who have access. Potential income stream for water corporations which could which could reduce public water rates.
- Transparent market trading rules. Accurate transparent pricing of different sources of water.
- Need to protect rural water used for food production.

Jobs, economy and innovation

- Stronger direction for regional water authorities.
- Shared service arrangements (management between authorities. Real collaboration between organisations.
- More investment into the water sector.
- Rather than exporting Victoria's expertise we should be importing expertise from nine sources.
- These measures are largely describing business as usual. Not a high degree of alignment between valleys and the strategic directions above.
- Need more flexible regulation and funding arrangements to allow for delivery of multiple benefits across geo-political boundaries and financial portfolios.
- No mention of jobs in the success factors. Need procurement rules that foster a healthy water industry.
- Promoting cross industry and inter-industry collaboration. Recognise global water management challenges and opportunities to export expertise. Recognise that water and energy are the most important economic drivers in Australia.
- Reviewing knowledge and experience. Tension between expectations and technology change.
- Aligned jobs with community change, soft staff changes faster than hard.
- Qualifications - how to keep learning? Shadowing skilled workers - apprenticeships?
- 10.4 yes we agree that there is a need for an innovative water sector but more details on how this is going to be achieved and where the incentive lies for long-term innovation within various sectors.
- Direction 10.1 yes, we liked the conversation of benchmarking to improve performance. A clear customer focus.
- Regarding Direction 10.3 where does the funding come from?
- Educational capacity - options moving forward, key topics that we should be discussing and researching now in order to have progressed discussions for the future. Educate what the water plan is all about. Not just knowledge, it involves education in empowerment opportunities to bring the public into the picture.