

1 September 2020

Australian Government – Productivity Commission
National Water Reform Inquiry 2020
Commissioner, Dr Jane Doolan
water.reform.2020@pc.gov.au

Dear Commissioner / Ms Doolan,

Productivity Commission Inquiry into National Water Reform (2020)

We thank the Productivity Commission for the opportunity to present this submission to the Inquiry into National Water Reform. Included in the scope of the inquiry, the Commission is advised to assess *practical advice on ways in which the NWI (National Water Initiative) could be improved to support better social, economic and environmental outcomes*. To this end, our submission focuses on liveability and opportunities to improve economic, environmental, health and social outcomes in urban areas through the use of fit-for-purpose water, and calls for increased support by the Australian Government for urban water projects which establish new long-term legacy and benefits.

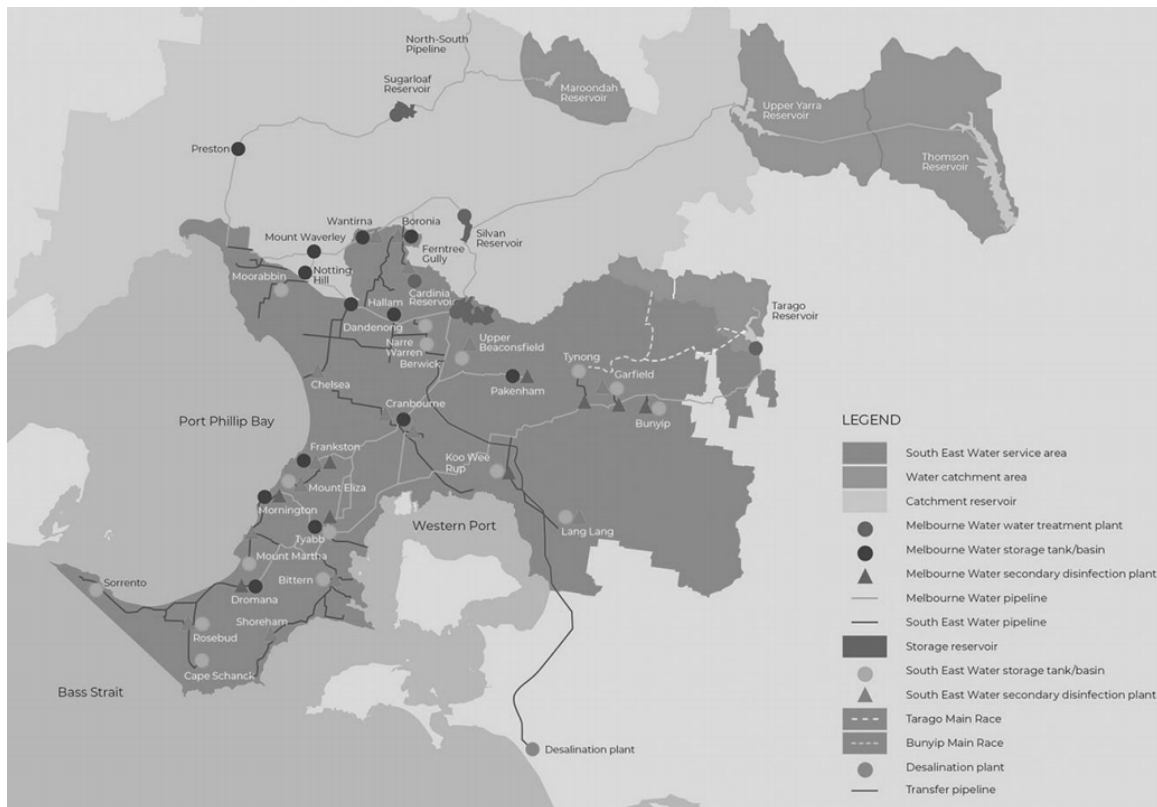
About South East Water

At South East Water, we support healthy and liveable communities by delivering water, sewerage and recycled water services to 1.87 million people who rely on us every day and every night.

Our service area borders more than 270 kilometres of coastline and covers a land area of 3,640 square kilometres from Port Melbourne to Portsea and approximately 30 kilometres east of Pakenham.

Each year we deliver more than 134 billion litres of drinking water and collect more than 117 billion litres of wastewater at our local water recycling plants and at Melbourne Water's Eastern and Western Treatment Plants.

To deliver for our customers, we manage more than 26,300 kilometres of pipeline. We own, operate and maintain \$4.7 billion of assets including water, recycled water and sewerage networks.



Our service area extends from Port Melbourne to Portsea, to Pakenham – spanning bays, green space and high-rise apartments.

Water for liveability, employment and environment

Liveable cities and regions are those which support the health, social, environmental and economic needs of the people who live and work in them now and in the future. They also address community values and preferences for amenity, wellbeing and a sense of place. **Fit-for-purpose water plays a central role securing all of these needs, helping to promote the health and liveability of our customers, community and environment.** Fit-for-purpose is water which is of appropriate quality for its intended use – meaning we can utilise a range of sources for a range of uses.

Liveability benefits to the community are an important consideration to the investments we make and services we deliver. Under the liveability lens, the costs and benefits of these can be understood to extend beyond the direct costs and benefits of supplying various services (water, wastewater, recycled water and stormwater) and can now be evaluated as providing the following broader benefits:

- **Health:** Better outcomes for physical and mental health through access to green open space and recreation, improved air quality and reduced urban heat
- **Social:** Community is enhanced through improved and drought-proofed aesthetics, gathering places and facilities, and embraced Indigenous values
- **Environmental:** CO2 reduction and sequestration, stormwater management, creation of wetlands, rehabilitation of degraded environments improved biodiversity, and urban cooling
- **Economic:** Supporting agriculture, recreation and tourism industries with associated job creation while deferring investment in major water augmentation projects

The Victorian Government's water plan, *Water for Victoria*, supports making the most of a diverse range of water sources, including recycled water and stormwater, to realise these benefits whilst offsetting potable water use, and has indicated the consideration of using pricing mechanisms to increase uptake. Further, it encourages that investment decisions take into account non-market benefits such as flood mitigation, urban cooling and a healthy environment.

Focussing on economic benefits, fit-for-purpose water offers great opportunities to increase and secure employment in our service region, particularly in the agriculture and tourism/recreation industries. Our region is home to significant tracts of green wedge land which host a diverse range of highly productive agriculture including market gardens, orchards, livestock and viticulture. The availability of fit for purpose water provides the opportunity to secure and expand this foodbowl, supplying fresh produce to Greater Melbourne. It would also play an important role supplying the region's rapidly expanding food processing industry. This food industry is of national significance, employing more than 16,000 workers with an output of \$11.1 billion per annum and contributing \$1.29 billion per annum to the region through wages and salaries. Its growth has played an important role in the revival of local manufacturing following the closure of the automotive industry and will be integral to the post-COVID economic recovery. Tourism associated with this food and wine production is also of growing importance to the local economy, particularly on the Mornington Peninsula which is Victoria's second most visited tourism destination.

Integrated Water Management

The liveability of our communities is being challenged by climate change – in the form of reduced rainfall and more extreme weather, as well as the increasing pressures that population growth places on finite resources of water and open space. At the same time, community expectations are becoming more demanding.

These pressures require a strategic response to both centralised water supply options as well as decentralised solutions that harness fit for purpose water to offset potable water consumption for activities like toilet flushing, laundry use and irrigation of public green assets to support liveability. South East Water has maximised the use of available technologies and tested regulatory barriers in its Aquarevo development in order to harness all water sources and dramatically reduce reliance on the centralised system. For example the use of captured rainwater is maximised by supplying bathroom hot water in addition to accepted uses such as laundry and toilet flushing. At a larger scale we will build a sewer mining plant to extract wastewater from an existing sewer and treat it to Class-A standard for various non-potable uses at Australia's largest urban renewal project at Fishermans Bend, again to reduce the demand on the centralised system and to provide fit for purpose water for urban cooling and liveability purposes.

Liveability and resilience will be secured and improved through utilising the whole water cycle, and the management and delivery of this is a shared responsibility. Across Victoria, water corporations are collaborating with local governments, catchment management authorities, Traditional Owners, community organisations, and State Government through Integrated Water Management (IWM) Forums to ensure that the water cycle efficiently contributes to achieving this.

Within our own service region we are participants in the Dandenong IWM Forum, Western Port IWM Forum and Yarra IWM Forum. Members of these forums are working to identify and advance opportunities to use alternative water sources to support and enhance the local environment, communities and employment. Projects under consideration make use of the full scope of water sources – stormwater, recycled water, ground water – to protect and enhance waterways and greens space, support community uses, agriculture, jobs and tourism. A number of these have already been successfully completed with others recently receiving approval for Government funding for works or further consideration. Given our role as a water retailer, we have a particular interest in opportunities to use recycled water to improve health, social, environmental and economic outcomes.

South East Outfall – a unique opportunity to use an underutilised resource to support liveability, agriculture, jobs and tourism

South East Water is uniquely placed amongst Melbourne's water corporations in its proximity to the South Eastern Outfall (SEO). The SEO conveys treated recycled water from Melbourne Water's Eastern Treatment Plant (ETP), as well as treated water from South East Water's treatment plants at Mt Martha, Somers and Boneo to Bass Strait at Boags Rocks. Combined, the SEO plants treat approximately 370 mega litres per day of sewage to a high standard which protects the receiving marine environment at Boags Rocks on the southern Mornington Peninsula and is classified as Class A recycled water.

South East Water currently supplies recycled water from the SEO to a range of customers for use at agricultural and sports and recreational facilities. Due to the cost of connection infrastructure, these customers are currently confined to close proximity of the SEO, meaning only a small fraction – around five per cent – of this resource is utilised. There are great liveability and economic opportunities to be had from expanded use of this resource, however, support from government at all levels will be required to realise them. As previously indicated, the Dandenong and Western Port IWM Forums have identified a number of opportunities to expand usage, with the following key projects currently under assessment to determine viability, with liveability factors being a key consideration in recognising their true value:

- Recycled Water to the Dingley Green Wedge – Support recreation tourism and jobs, public open space and sport facilities
- Recycled Water to Tyabb and Somerville – Support growth and security of local horticultural industry
- Recycled Water to the Mornington Peninsula Hinterland – Support growth and security of local horticultural industry, the environment and associated tourism
- Recycled Water to the Briars, Mount Martha – support research, training and trialling food crop irrigation (project to proceed after securing funding from Victorian Government and Mornington Peninsula Shire Council)

Recommendation:

- Promote the benefit of water for supporting liveability, with fit-for-purpose water central to delivering this
- Continue investigating opportunities to support recycled water infrastructure where there are clear liveability, environmental and economic benefits

We thank the Productivity Commission for the consideration of our submission and recommendations welcome the opportunity to participate in any additional consultation.

Kind regards

Lara Olsen
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South East Water