



Our Yarra: Healthy, Protected and Loved

5 February 2021

Submission to Melbourne Water's 2016 Price Review – Drainage and Waterway Charges.

Summary

The Yarra Riverkeeper supports Melbourne Water's pricing submission to the Essential Services Commission.

The Yarra Riverkeeper Association

The Yarra Riverkeeper Association is the community for the Yarra River. The Association is best known for successfully advocating for the Yarra River Protection (Willip-gin Birrarung murrn) Act, which was passed unopposed in 2017, and for the Yarra River Planning Controls, introduced in 2016 on a temporary basis that, according to Ministerial announcement, are soon to be made permanent. The Association is a respected voice for the river and a repository of knowledge and understanding about the river and is an intelligent and thoughtful voice on river issues.

The spokesperson of the Yarra Riverkeeper Association is the Yarra Riverkeeper. Andrew Kelly is currently privileged to fulfil that role. Andrew took on the role when the first Yarra Riverkeeper, Ian Penrose, stepped down in 2014. While Yarra Riverkeeper, Ian effectively advocated for environmental flows for the Yarra River.

Andrew is a Ministerial advisory Birrarung Council member and is on several other government and agency committees. In 2020 Andrew received the prestigious Dame Phyllis Frost award.

In 2019-20 Andrew was an active member of the Melbourne Waterways and Drainage Customer Council that was a critical component in developing the WDIP and the Pricing Submission.

Customer Council experience

Andrew's customer council experience was that the panel was a rich and diverse group enriched by cross-fertilization from different sectors. Melbourne Water invested considerable staff time and resources to inform and educate the Council about the Waterway and Drainage Charge pricing strategy. After this in-depth exposure to the issues, the Council's view was that the proposed increase was insufficient to prevent our waterways' decline.

Engagement

The Customer Council was privileged to have an inside view of Melbourne Water's process of customer engagement. The community members were impressed by the depth and scale of the engagement. The Association had already worked with Melbourne Water in a number of its deliberative democracy including the Healthy Waterways Strategy and as an observer for the Community Assembly that wrote the 50-year vision for the Yarra River (a requirement of the Yarra/Birrarung Act. Of particular note to the riverkeeper, was the online exercise in which the participants in SIMALCO had to apportion a fixed sum across different expenditures and outcome options. While our contribution was not counted in the final data, it was clear by doing the exercise, how useful this tool was in forcing the consumer to make decisions about where and what to spend. It is noticeably that out of the SIMALTO process, the considerable majority of consumers were willing to pay more, far more than Melbourne Water is now asking for in its pricing submission. 68%, who were also the most informed consumers, were willing to consider.

The key finding of the SIMALTO modelling for metro residential customers (by far the largest proportion of Melbourne Water's customers):

Overall, the SIMALTO modelling indicated the highest preference levels at:

- \$110 per year for metro customers (68% preferred the optimum service mix at this level), compared to the current charge of \$102;
- \$64 per year for rural customers (67% preferred this), up from \$56; and
- \$153 per year for business customers (60% preference), equivalent to a 5% increase on the minimum business charge of \$145.36)*.

Waterways & Drainage Charge: WTP Final Report p. 42

The \$110 was a peak preference, and there was a long tail of people and willing to pay more than the peak preference and a good number who were willing to pay more than the current charge. The three categories of customers were not equal in numbers or financial contribution. Metro customers bear the brunt of the work of being paying consumers; business customers are few and make a small contribution to the payment while being responsible for a considerable portion of the damage to waterways through high rainfall runoff from hard surfacing of parking lots and roofs, polystyrene litter, oil spills, fires, weed dispersal, and low investment in the surrounds of warehouses and plants. Given the costs inflicted on waterways by businesses, the Association would support a revision to the Waterways and Drainage charge for business that better reflects the costs of remediation impact on waterways.

It was also significant that the WTP also found that the more people knew about the outcomes to be derived from the charge, the more willing they were to pay.

Covid-19

The Covid-19 experience of 2020 has not delivered the expected decline in economic activity. What it has shown is a far greater appreciation by Melbourne's citizens of the value of their waterways. These have been the key places that Melbournians have walked, run and

ridden in the lockdowns. That love has come at a cost to the waterways though. The outcome of Covid-19 is that there is a requirement to spend more on waterways to fulfil these more clearly expressed desire by consumers to have healthy biodiverse waterways.

The Essential Services Commission

Out of the process of being involved in the Melbourne Water Customer Council, the Association has developed an understanding of the Essential Services Commission's work and the value that the process of submitting pricing to the Commission brings. The requirement to submit to the PREMO, brings a discipline to the operation of considering charges and how the statutory agency will effectively spend the revenue. However, this does put an obligation on the Commission to look beyond the short-term. There is an awareness now among the community and consumer groups, that we cannot help the environment unless there is funding to do so and that there are choices to be made in applying funds. The Riverkeeper and the Association appreciate the transparency that the pricing submission process has brought to how environmental waterways funding is expended.

We note that the tag line on the Commission's website's front page reads: 'We promote the long-term interests of Victorian consumers with respect to the price, quality and reliability of essential services.' From the education received in the Customer Council and our current understanding of the environment, the Association concludes that consumers' long-term interest is served by ensuring that there is adequate expenditure now to avoid increased spending in the future. Pressure from urbanization and climate change means it will be less costly for the consumer to pay a bit more now than to invest in expensive recovery exercises later. Choice modelling by the University of Melbourne (pers comm) suggests that people are willing to pay more to protect a waterway than to restore it.

It is worth noting that Greater Melbourne's view of waterways has been transformed in the past 50 or so years. Once the Yarra was considered Melbourne's Number 1 Drain, you now pay more, considerably more for a hotel room with a river view. Once the houses along Merri Creek were cheaper than their compatriots across the road, they are now substantially higher. That is because we have invested in our waterways through Melbourne Water and community groups' work (often in partnership with Melbourne Water). The work of community groups such as the Friends of Merri Creek (with its expanding membership and outstanding projects and fundraising) is a vote for a long-term investment in our waterways.

Obligations

Melbourne Water has a clear regulatory obligations for our waterways' environmental health – that waterways are protected *and* improved.

Water Act 1989 (Vic):

Prepare and implement a regional waterway management strategy **to improve and protect** the health and environmental values of the rivers, wetlands and estuaries within the Port Phillip and Westernport region, on behalf of the community. This includes water quality and other uses that depend on environmental condition.

Environment Protection Act 2017 (Vic):

Help achieve water quality objectives for individual waterways, and protect environmental values and beneficial uses of waterways (such as recreation) by **reducing** nutrient, sediment and toxicant loads delivered by stormwater.

Catchment and Land Protection Act 1994 (Vic):

Must take all reasonable steps (as a land owner) to avoid land degradation, conserve soil, protect water resources, and eradicate weeds and pest animals.

The Yarra Riverkeeper Association's concern is that the current pricing will not be sufficient to fulfil these obligations, particularly the requirement to *improve* the health of waterways. This requirement is a clear obligation. Mr Grant Samuels, in his review of the current EPBC Act, noted "the continued decline of our iconic places and the extinction of our most threatened plants, animals and ecosystems". If we cannot reverse this trajectory in greater Melbourne with evident community and consumer commitment, and a prosperous community, where can we reverse this decline? What Melbourne Water is asking for is the minimum expenditure required.

Platypus

Platypus are an iconic species that are surprisingly robust to degradation in water quality. Yet they have now been recommended in a report to the IUCN that the platypus' status be upgraded from near threatened to threatened. In Victoria under the Flora and Fauna Guarantee Act it has now been recommended that it be listed as vulnerable. The Healthy Waterways Strategy, p. 37, states baldly:

The Healthy Waterways Strategy has considered individual threats, as well as cumulative impacts to waterways, such as the combination of climate change and changing intensity of stormwater flows. These impacts can be extreme. For example, modelling suggests that under current management regimes, the length of the region's rivers in 'poor' or 'very poor' condition will increase by around 850 kilometres over the next 50 years (Figure 13). At the same time, the length of waterways unable to support platypus will increase by around 1200 kilometres. This translates to a probable extinction of platypus across the entire Werribee, Maribyrnong and Dandenong catchments, with only the upper reaches of the Yarra and Bunyip rivers likely to sustain the species in the region.

The platypus's plight stands as an actual and a symbolic need to spend on waterway health. We are currently not spending enough to save the platypus from extinction in much of the greater Melbourne area.

Operational expenditure

While it is challenging to parse operational expenditure figures for the non-accountant or economist, the Association flags concerns about the adequacy of operational expenditure over the period. The broad perception of 'soft' green or environmental assets are that they are not adequately maintained. The need to maintain environmental projects is a boots-on-the-ground view of visiting many sites up and down our waterways. Unlike built assets, green

assets require an early and continuing investment of maintenance but once fully established, if established correctly, can be mostly self-sustaining. The boom of construction in Victoria has put upward pressure on prices for construction skills and materials. The Association believes the investment plan should be structured to employ and retain skills within Melbourne Water. This, however, is not an argument for reduced capital expenditure, as the investment is needed on all fronts.

Customer Council

The Association encourages Melbourne Water to continue the consultation through the Customer Council over the pricing strategy's life. The Customer Council's continuation is good practice given the investment in the Customer Council that has already been done and the commitment to continuous improvement from Melbourne Water in the pricing strategy.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Andrew Kelly', with a stylized, cursive script.

Andrew Kelly
Yarra/Birrarung Riverkeeper
on behalf of the Yarra Riverkeeper Association