

TRANSCRIPT

LEGISLATIVE ASSEMBLY ENVIRONMENT AND PLANNING COMMITTEE

Inquiry into Environmental Infrastructure for Growing Populations

Melbourne—Wednesday, 12 May 2021

(via videoconference)

MEMBERS

Ms Sarah Connolly—Chair

Mr David Morris—Deputy Chair

Mr Will Fowles

Ms Danielle Green

Mr Paul Hamer

Mr Tim McCurdy

Ms Bridget Vallence

WITNESSES

Mr Gavan O'Neill, General Manager, Customer and Strategy,

Mr Greg Bain, Manager, Community Engagement, and

Mr Neil Featonby, Program Manager, Reimagining Your Creek, Melbourne Water;

Ms Karen Lau, Executive Director, Catchments, Waterways, Cities and Towns Division,

Ms Deb Brown, Director, Resilient Cities and Towns Branch, Catchments, Waterways, Cities and Towns Division, and

Ms Nikki Gemmill, Senior Manager, Urban Water Policy, Resilient Cities and Towns Branch, Catchments, Waterways, Cities and Towns Division, Department of Environment, Land, Water and Planning.

The CHAIR: I advise that the sessions today are being broadcast live on the Parliament's website, and rebroadcast of the hearing is only permitted in accordance with Legislative Assembly standing order 234.

Thank you all for joining us here today at this public hearing for the Inquiry into Environmental Infrastructure for Growing Populations. On behalf of the committee I acknowledge the traditional Aboriginal owners of this land, and we pay our respects to them and their culture; their elders past, present and future; and elders from other communities who may be joining us today. I also extend another very warm welcome to members of the public and media who may be watching us here today.

This is one of several public hearings that the Environment and Planning Committee will be conducting to inform itself about the issues relevant to this inquiry. Before we begin I need to point out a couple of things to you all. All evidence taken today will be recorded by Hansard and is protected by parliamentary privilege. What this means is that you can speak freely without fear of legal action in relation to the evidence that you give. But it is very important to remember that parliamentary privilege only applies to comments made here at this hearing; it does not apply to comments that you make outside the hearing, even if you are just restating what you said here today.

You will receive a draft transcript of your evidence in the next week or so to both check and approve. Corrected transcripts are published on the committee's website and may be quoted from in our final report.

Thanks again to everyone for joining us. I am going to throw over, first of all, to Melbourne Water. Do you want to introduce yourselves?

Mr O'NEILL: Hello. My name is Gavin O'Neill. I am the General Manager of Customer and Strategy at Melbourne Water. So myself and Greg Bain, who is the Manager of Land and Collaborative Planning, are going to be presenting today. The other people on the call are our subject matter experts and are really here to be available to answer questions. So do not worry, there are not going to be 10 of us presenting. Hopefully we will be able to answer your questions in the moment as much as we can.

The CHAIR: Okay. All right. I will throw over to DELWP's water and catchments.

Ms LAU: Good afternoon. My name is Karen Lau, and I am the Executive Director of Catchments, Waterways, Cities and Towns within the department. Also from the Department of Environment, Land, Water and Planning today we have Deb Brown. Deb Brown is our Director of Resilient Cities and Towns. And with me is also Nikki Gemmill. Nikki Gemmill is our Senior Manager of Urban Water Policy in the department.

The CHAIR: Wonderful. I knew that would be quick. My name is Sarah Connolly. I am the Chair of this committee and I am the lucky Member for Tarneit.

Ms GREEN: I am Danielle Green, and I am the lucky Member for Yan Yean, named after Melbourne's first water storage, and I am pleased to see in the last budget that we are upgrading that park around there. That environmental infrastructure is crucial.

I have also got the Toorourrong Reservoir in my electorate, and the headwaters of the Plenty River, the Merri Creek, the Darebin Creek and the Diamond Creek, and then the Arthurs Creek is a tributary. I no longer have the Yarra as a boundary, but yes—they are just so, so pivotal to my electorate, being one of the fastest growing electorates in the state, closely followed by Tarneit. But I am also the Parliamentary Secretary for Regional Victoria and the Parliamentary Secretary for Sport, so I come to this committee from a variety of those angles.

The CHAIR: Thanks, Danielle. Paul.

Mr HAMER: I am Paul Hamer, I am the Member for Box Hill, and we also have a Melbourne Water reservoir at one of the highest points in Melbourne, in Surrey Hills.

The CHAIR: All of this water trivia. So I think the easiest way for us for us to really be able to hear from you all and then ask questions is maybe, Gavan, if you can kick off with Melbourne Water. Can I ask that it is really no more than a 5-minute presentation—if you can keep at that, no more than 10 minutes; I am not sure what you have been advised to present—and then we will go to DELWP.

So whether you have a PowerPoint slide presentation or you just want to make a statement, we are really quite easy with both. Lots of witnesses have done either-or. And then I know committee members have just some questions to ask you so we can have a bit more of an in-depth discussion about your submissions.

Mr O'NEILL: Right, thank you. We do have a slide pack, which I think is about to appear.

Visual presentation.

Mr O'NEILL: If we could move on to the next slide. I will work through—if you could just move to the next slide. The next one. Very good. That is great, thank you.

So yes, just a little bit of context before I hand over to Greg, who is going to really talk about some of the exciting work that is going on in the space. As I am sure you are aware, we are a statutory authority at Melbourne Water, a wholly-owned government business, and we have got responsibility for managing water supply catchments, we treat and supply drinking and recycled water to retail water companies and we remove and treat most of Melbourne's sewerage. And we manage waterways, 25 000 k's of them, as well as major drainage systems to the Port Phillip and Western Port region.

So there are around 4.2 million-odd people that live in that region. We actually are the second largest landholder in the state, with about 33 000 hectares of land. So after the Crown we are one of the largest landowners, and we are always actively exploring opportunities to activate that portfolio of land along those waterways, those pipe tracks around those reservoirs, to really deliver livability benefits to the community. In doing that, in terms of the types of activities that we are able to do, that is regulated by the ESC to ensure that our services reflect customer preferences, making sure that we are doing what our customers ask us to do; that our prices are fair and affordable in doing that; and that the investment that we are making is really efficient and prudent. That is absolutely critical.

If we go to the next slide. This is really just to give you a sense of the area we cover. So really we are talking about Little River, out in the west out towards Lara. Across the top it is from out in the far north-west; it is Trentham, moving up across to Lancefield, Kinglake, right out to Warburton, and then almost getting right out to Warragul and Korumburra out in the east and down near, almost, Kilcunda down there in the south. So really that is just to give you a sense of what Melbourne Water's operating area is there.

But I also just want to make the point that with all of those services that I have described, and this region that we cover, we really cannot achieve anything that we do alone. We partner and collaborate with a whole range of organisations to deliver outcomes, and particularly livability and green infrastructure outcomes. So that includes obviously the water retail companies I was talking about, but also really importantly councils when it comes to green infrastructure. But developers, contractors, traditional owner groups and other community and government agencies and organisations, and obviously DELWP, are really critical—and we work incredibly closely with DELWP on these matters—and I think the IWM forums in most recent times are where we are trying to bring livability and activation of green open space to life.

Next slide, please. It is fair to say that in delivering that remit there are challenges. None of these would be unfamiliar to you; I am sure they have been canvassed or will probably come out in the questions later. But we are growing rapidly, we are becoming more urbanised. Climate change, population growth and evolving customer and community needs, particularly through COVID, and that desire to have great local spaces are real challenges that we are grappling with and we are working actively with our partners, again through these IWM forums or through sustainable water strategy processes that the state government runs and we are active participants in, and our own urban water strategies and service strategies.

Can you go to the next slide, please? I thought in terms of one of those particular challenges, just to really give that an edge in the context of this conversation, we are finding that due to growth and climate change the demand for greening could actually double by 2050. So that means climate change alone could mean that we need a 36 per cent increase in water demand just to maintain the same amount of turf that exists at the moment around Melbourne. That is a real challenge. The water balance makes it really difficult to find that water to even just stay the same, let alone cater for all of the new public and private open space that we are inheriting every year and that we need to make sure Melbourne remains livable and thrives.

So that is by way of context. I am just going to hand over to Greg now, who is really going to paint the picture of some of the really exciting things that are going on that are really tackling that challenge and helping to make Melbourne livable. So I hand over to Greg.

Mr BAIN: Great. Thanks, Gavan. Thank you, committee, for the opportunity. Just moving on from Gavan's opening there, obviously just in terms of our submission I just wanted to highlight some of the key elements which build on the opening, and that is really about this focus on livability for Melbourne Water and what that means in terms of people's connection to nature and over time increasing recreational opportunities linked to Melbourne Water sites and assets.

I want to just start with the important point about the fundamental contribution of the water sector and agencies like Melbourne Water to livability in our cities and regions through our day-to-day operations, delivery of essential water and sewerage services. Water has been and will continue to be, and increasingly be, a key factor in transforming our cities and regions into cooler, greener and more livable spaces. Really the opportunity we see as a water utility is to grow and build on this existing contribution to really leverage further opportunities and outcomes, move into areas like blue-green planning and infrastructure and really maximise the values we get from our existing asset base.

The second point really is about those water supply challenges. So Gavan has touched on the growth or the increase in demand just to maintain Melbourne's coveted position—we are a world leader in terms of parkland cities. We have an amazing vegetation asset base. To maintain that, to increase that, to allow that to cope with climate change and other pressures, there will be increased demand on our water supply, so that will be another really key aspect of our livability response and approach. It really highlights the need for us to continue our adaptive water planning strategies and approaches to factor in those potential scenarios over time such as climate change and population growth. So really that is an important element for us in terms of this hearing.

The third part there, which is a big focus for us and quite different to other water utilities, is our waterway management role. That is driven from the community and our *Healthy Waterways Strategy*, which really recognises the complexity of regional waterway systems and the important role of our waterway environments in promoting livability outcomes. I am just conscious of time so I might move along, but I just wanted to highlight those three points.

So in terms of getting down to some of the detail, which I think the committee were keen to explore, and also really highlighting a question about our experience of green infrastructure and livability of our sites through COVID, I just want to focus on this slide just by way of illustration. This graph really represents at its base level the amount of people accessing and using Melbourne Water sites, whether they be retarding basins, pipe tracks, reservoir sites, waterway sites et cetera, to compare pre-COVID lockdown to the lockdown period last year. So I think you can see really clearly that there is a very stark increase and difference between those two time frames, and obviously we will record that moving into this year as well. What we found through that period was that during that period public use of Melbourne Water land actually tripled, so it is a very stark increase in use of our sites. Looking at October as a month in isolation, between October 2019 and October 2020 that use actually quadrupled, so a very significant uplift in the use of our Melbourne Water sites and land

through that period. So as a water utility this really highlighted to us the role in providing open space as a multiple benefit alongside our more traditional roles in water, sewerage, drainage and waterway health.

Again, because of time I might just broadly touch on this piece. Why is Melbourne Water so actively interested and investing in livability outcomes? We know some of those key drivers. Gavan has touched on our role as a land manager, the second largest in the state; population growth; climate change; health, which I am sure the committee has heard as well in terms of the health benefits of open space—that is also borne out of our experience and research; but really importantly for us changing regulatory obligations, so we have new obligations in an update in the *Water Act* for us to formally consider social and recreational outcomes in our management of waterways and land. So it is there as a driver for us to really consider. But really importantly that is also espoused by our customers, so our extensive community engagement through pricing, submission and other activities, which really talks to customers wanting Melbourne Water to value-add in the livability space and make more of our sites, particularly in the areas of exercising, relaxing, and through COVID that concept of escaping into natural environments.

I might move to the next slide, really just by way of illustration of some of the examples of projects we have been working on to really test and improve our focus and direction in green and livability infrastructure. The first program you can see there on the left is our Greening the Pipeline project. Really this is an example of Melbourne Water responding to the need to plan for decommissioned legacy assets, in this case a sewerage outfall—so the main outfall sewer between Brooklyn and Werribee—so factoring in the legacy aspect of those assets, but more importantly building in the future needs for community and community use, and also other water services, such as integrated water management, stormwater harvesting and improved waterway health outcomes. So that project involves 27 kilometres of this heritage-listed outfall sewer, and the vision is really to create a linear parkland, a vibrant space, that will connect communities and really provide a unique place to meet, play and relax for local communities adjacent to the Federation Trail. Obviously—I think we touched on this earlier—population growth in this part of Melbourne is another really key driver. The Wyndham municipality has experienced the largest and fastest population growth in Victoria, and I think second in Australia a few years ago, so it is really, really important for us to invest in those outcomes for that community.

The middle program is our Reimagining Your Creek program, fed from the *Healthy Waterways Strategy* I mentioned earlier. This program really fundamentally asks Melbourne Water to rethink our approach to urban stormwater management. Many of our stormwater channels, as I am sure you can appreciate, around Melbourne that were once natural waterways have been significantly altered and reconfigured, whether that be into concrete pipes or to channels. So the end result, while that allows floodwater to be removed from the local environment quickly for that outcome, really delivers low amenity and low livability benefit to the local community, and these constructed channels also risk affecting the natural form and flow of the waterway itself and surrounding habitat. So the Reimagining Your Creek program sets out to restore these previously engineered structured channels back to more natural spaces for community enjoyment and wellbeing while supporting stronger environmental outcomes. The program also improves and promotes community access to local waterways and builds further opportunities for community connection and education.

Just finally, the urban cooling program—another and probably the most recent program of green infrastructure of relevance here—is about us preparing for a changing climate by creating cooler and greener public spaces across Melbourne that are there to be more enjoyable for more days of the year. The simple act of planting trees along paths provides shade, and lowering these local temperatures is the real driver. That middle image just shows what I think we all know—that if we sit under a tree on an extremely hot day, that is going to give us cooler and more improved environments. So far we have delivered 30 hectares of projects, involving 770 trees and more than 17 000 shrubs, in some pilot areas in the south-east, north and inner-west of Melbourne, to the size the equivalent of about 13 MCGs. We have plans to deliver another 30 hectares of this program, shade and cooling, in our next five-year price period, and we have identified beyond that a further 5500 hectares of high and very high priority opportunities down the track.

I think, just given the time and the need to move on, we might just close with the last slide. Really that is to just highlight that for Melbourne Water green infrastructure and the livability value that provides, we are pursuing opportunities in recreation and open space; urban greening and cooling, which I have just touched on; and really integral to that is working with the community to co-design those outcomes, so really working with community to understand their needs and ensure what we are delivering meets those needs. Although recreation, for example, is not a core service that we are currently funded to deliver, we are really proud of our

achievements in making more of our land available for this community use and the contribution our waterways and land make to Melbourne's livability. These initiatives have all been developed as part of Melbourne Water's statutory role and amplified through adding an additional lens of community benefit. This approach optimises these assets for additional community use, wellbeing and livability benefits, all consulted upon with community via our five-year price submission process in Victoria.

Maybe the last and closing comment to make here is just how critical the role of integrated water management is to achieving these outcomes. Integrated water management is a collaborative approach in planning that brings together all elements of the water cycle to consider best environmental, social and economic outcomes and consider the benefits. So it is really important for us, through the integrated water management forums across the state, that we are dealing with some of the complexities that underpin decisions we need to make for these outcomes.

That probably is the short and sharp version of our presentation.

The CHAIR: Thanks, Greg. I really appreciate it. I am going to throw over to Karen and the team.

Ms LAU: Thank you very much, Chair. I did have a presentation, but in the interests of time I might just make a few opening remarks instead. I am really keen to give the committee the opportunity to ask any questions it would like to about environmental infrastructure for growing populations and whether that is in our space around our work in the regions, around caring for the environment and recreation. You might like to ask us about some of the work in urban environments around iconic waterways. I am aware that at previous hearings of this committee you have had questions about integrated water management, so we are really happy to cover that as well.

I would draw the committee's attention to two key roles of the water portfolio when it comes to the terms of reference of your inquiry. The first relates to the work that we do protecting, maintaining, improving and reimagining waterways and water bodies. This includes integrated land and water planning to really enhance the role that rivers, creeks and wetlands play in the health and wellbeing of metropolitan populations and of regional populations. And the second area that I would really draw the committee's attention to relates to the work that we do in the water portfolio matching water supply to water demand and in particular through integrated water management the work to increase access to recycled water and stormwater to irrigate open space for urban greening and urban cooling.

Before I provide the opportunity to answer questions from the committee, I would not mind putting on the record that there have been some developments since the department made its submission to this inquiry. Our submission does note that the Victorian government invested \$222 million over the past four years to improve waterway and catchment health. Since the time of writing that submission we have had another state budget and a further \$562 million over four years has gone to water portfolio initiatives. There are a range of those, but perhaps of interest to this inquiry is that it includes the \$223.8 million waterway and catchment health initiative and an additional \$65 million towards improving iconic urban waterways, protecting the Yarra River, Barwon River and Melbourne's western suburb waterways, as well as integrated water management, so that would be helpful to have on the public record. But given that we are already at 3.32 pm, Chair, I am really happy to relinquish my presentation spot and go to the committee for any questions the committee might like to ask of the department or of Melbourne Water.

The CHAIR: That is great, Karen. We have lots of questions, so I am just going to jump in. We might go a little bit over time—you just do not know. If you just bear with us if we do need to go a little bit over time, I promise it will not be too much. I know people are probably eager to get going, beat the traffic and get their children if they are a bit like me.

This is really a question for Melbourne Water. I can see your submission states that realising the potential benefits of integrated water management could be accelerated through clarification of the roles and responsibilities of the different levels of government, service delivery agencies and other stakeholders. I thought that was pretty interesting. I am just keen to sort of dig a bit deeper and see what are the key areas in which there is currently a lack of clarity and is there a need for legislative reform to achieve the required clarification. It is just being a bit more specific.

Mr O'NEILL: Sure. Thanks for the question. Yes, I think that one thing I would say is that this particular issue is being actively worked through via the integrated water management forums, and the clarity which those forums are bringing to this issue, the focus, has been really appreciated, because all of the players who are really critical for advancing IWM—and through that, greener, livable cities—are at the table. But for everyone to play their part it is really important that they know exactly what their role is. That is really the point we are making in the submission—that anything that can be done to clarify any particular agency's role in this space, particularly because it is new and emerging, would be really valued. I perhaps do not want to venture into absolute specifics about how and where, but that was really the point we were making in the submission.

The more clarity that you can bring around what a particular organisation's role is, the more likely they are to lean in to that accountability and then invest with confidence around it. So that was the first thing. And then in terms of the investment piece, that was really going to the need for an investment framework which recognises that in the space of IWM it is really important that the benefits have a value, and at the moment I think most jurisdictions are really dealing with how you define benefits, allocate benefits and then monetise them, particularly with green infrastructure. So an investment framework where we have, if you like, a new generation of business cases which go beyond just financial costs and benefits to broader social benefits and allocates a monetary benefit to that will be really helpful to enable organisations that perhaps have not been able to invest with confidence to do so in future.

And the third and final sort of, I suppose, dimension to that is: is there a role for targets? The integrated water management forums and the catchment management plans that relate to them are also exploring targets. Our *Healthy Waterways Strategy* has some really ambitious targets around stormwater harvesting and infiltration. Targets potentially have a really useful role to drive all of the players around the table to invest—again, if the targets are well constructed. You know, a bad target could drive inefficiency, but a really well constructed target—and we think the ones that are being explored through the IWM forums and certainly through our *Healthy Waterways Strategy* are really well thought through and targeted—can become a real catalyst for investment.

Why that is so important—having a target and having clear roles and responsibilities—for an organisation like ours also relates to the regulatory environment that we work within. The ESC hold us to account by making sure that we only invest in things that we have a legal obligation to do or that our customers have given us absolute permission to invest in. So a statutory target, really clear roles and responsibilities in legislation—anything that can be done on that front really helps us then make a really strong case to the ESC to raise the revenue from water customers to invest, you know, to a greater extent in things like green infrastructure and livability.

The CHAIR: Thank you. My second question I am going to throw out to DELWP water and catchments. I can see that your submission briefly mentions that a key challenge with delivering livability outcomes around waterways and water bodies is that there are multiple parties and beneficiaries involved. Can you talk a little bit more, Karen, about the specific detail around the types of challenges—just some examples—and most importantly what strategies does DELWP need to adopt to address these challenges? So I am just thinking about recommendations for the committee. How do we address these challenges?

Ms LAU: So you could take metropolitan and regional—sometimes our focus and the focus of the community can be through different lenses. So if we have waterways as critical environmental infrastructure in places in a region with high ecological values, they tend to be managed for their intrinsic environmental value. Think of the great heritage rivers and creeks that we see in Gippsland, for example, as we go further and further east. These are the sorts of places and sorts of infrastructure that have really good water quality, diverse and abundant aquatic life and healthy riparian vegetation. You know, these rivers provide really important ecological services for many species, and the visitor experience for our growing populations in these locations is very much nature based. People enjoy kayaking, bushwalking and natural surroundings, and the river and its landscapes offer this kind of feeling of escape.

If I contrast that to the challenges that we see then in much more highly modified urban environments—these are environments that will be particularly familiar to my Melbourne Water colleagues in this particular hearing—human activity over many decades has often resulted in quite significant degradation of the ecological values that these rivers once held, and modified waterways in highly urbanised environments can be surrounded by built infrastructure: levees, walking and bike paths, picnic shelters, places to sit et cetera. If we

were to focus our efforts only on protecting the most ecologically valuable sites, we would miss the real amenity value of urban waterways, and while urban waterways might not offer the kind of full nature experience, the challenge is to make sure that we have our waterway health managers looking after the ecological values of riparian zones where they exist.

The CHAIR: Sorry, can I just interrupt? I have just got a message from the Hansard team. One of you will just need to mute. Sorry. Let us keep going.

Ms LAU: I will keep going where we left off, and if, through the secretariat, there is anything that needs to be clarified for the record later, I am really happy to do that.

I was talking about built-up urban environments in and around waterways, and that is where we get to the challenge of making sure that we have the interagency collaboration that we need for everyone to do their part to provide livable experiences. That means we have waterway managers who are looking after the health of the waterway and its surrounding riparian vegetation and matching that with the challenge of really productive working relationships with land managers, whether those land managers are Parks Victoria or local government, so we have that supplementary infrastructure that communities enjoy in urban environments—bike paths, walking trails, exercise equipment, playgrounds and the like. That is the piece where interagency collaboration will achieve a much better outcome than just a simple water portfolio agency doing its part as tightly defined in legislative arrangements, and that is the kind of work that we have been doing through integrated water management forums to get a much better outcome from multiple agencies working together, than simply to have each agency separately doing their own thing.

The CHAIR: Sorry, I thought there was a pause there. That is really good. That is good. Sorry, I was just looking at your mute button and it was just confusing me. We have got you, and apparently the audio is perfect.

Ms LAU: [inaudible] followed the speech at the same time.

The CHAIR: I am going to throw to my colleague Danielle.

Ms GREEN: Thanks, Sarah. Thank you, everyone. Now, I had a question for Melbourne Water, and it is in relation to the Reimagining Your Creek program. You know, I have read your about it in your submission and have also seen your presentation. I am interested in how the sites are chosen from among applications. And how popular has the program been? Is there a waiting list? And if so, what level of funding would be required to roll out this program more widely to meet the level of community demand and allow for the future impacts of climate change and population growth? That is obviously central to this inquiry.

Mr BAIN: Thanks.

Mr O'NEILL: I might just open up very briefly, Greg, and then—

Mr BAIN: You go.

Mr O'NEILL: just throw to you for the detail. Thanks for the question, Danielle, and I think this does highlight a really important point—that at the moment these projects are opportunistic and would be in many ways proof of concept. And projects that Melbourne Water can deliver, often through its core services—so where we have a capital project in train and there is an opportunity that presents itself to do this kind of work—are quite opportunistic.

One of the broader challenges we have is that, again because of our remit, we generally deliver livability and these green infrastructure outcomes as an outcome of delivering our core services rather than as a service within itself. And we are always treading the fine line of only going so far as our customers and our regulator allow us to, which is why it is so important that we do always pursue these really important outcomes. So having said that, I think it is really important to explain what it was about these ones that made them such great candidates and to talk about the forward program as well, because certainly that is a really important question. So I will hand over to yourself, Greg—or is it Neil?

Mr BAIN: Well, maybe I will jump in, Gavan, and then, Neil, if you have got any additional comments you could add. Neil has been our Project Manager for and deliverer of the program.

But Danielle, just in terms of that question, we mentioned before about 25 000 kilometres of natural waterway. When it comes to the engineered channels and drains that are relevant to the program, we have got about 100 kilometres of channels and almost 1500 kilometres of drains that might fall into, you know, the category of opportunity. So it is quite a significant, you know, range of assets that we are sort of factoring in there. The other thing that we really need to take into account here is that the physical construction—the work required to deliver the outcome—is, compared to our other waterway management activity, very, very expensive. So we are often also dealing with sort of land contamination issues, soil issues, associated with the site, so that can also result in higher project costs. So I suppose I am just giving a realistic, you know, expectation about some of the costs associated with delivering a program to achieve this outcome on all of those assets.

Probably the other commentary I would make there is: if we were to do things differently and further than what we have already done—so it is relatively early days—although the program has been really well received by community, we would like to integrate more integrated water management outcomes and features into some of the sites, so really diversify some of the opportunities to drive things like stormwater treatment and harvesting for adjacent ovals and those sorts of opportunities. But when it comes to actually selecting the sites, the other aspects there, there are equally some constraints there: available space to actually do the work, I think, as Karen touched on earlier. Urban waterways, and particularly urban drainage systems, are often in a very built urban environment, so the available footprint to do the work can also be a little bit limiting as well. So it is open space; situations where the flooding characteristics of the waterway are not acute—so that also can be an issue that we have to take into account; residential encroachment; and, as Gavan has touched on, our partnership approach. So we are also very reliant on co-contribution, and with all the successful projects I touched on earlier, in Melton, Boronia and Croydon, local government and other partners have been instrumental in jointly funding some of those projects.

Having said all that, we are scoping further opportunities. So there is a whole program of opportunities for this work to continue. That has been part of our current price submission to the ESC for the next five years, and I think by way of example there is work being looked at on Moonee Ponds Creek in Strathmore and a few other similar projects. There is also one underway in Stony Creek in Sunshine, near the Sunshine Hospital.

Neil, did you want to touch on anything else there?

Mr FEATONBY: No, I think you have done a really good job of capturing that. Just that there is a bit of a waiting list now—we got a great response from the community and council. We used a pilot program as a way of demonstrating what the Reimagining Your Creek program could do for the community, and now we are really starting to see a number of councils engaging us, wanting us to reimagine some of their creeks and some of the concrete channels and drains and their catchments, which is really encouraging. We are also exploring opportunities to offset against big infrastructure projects and so we are currently working with the airport rail link project to determine if they can offset or use the Reimagining Your Creek program to offset against some of the environmental impact that will take place from that project. We have got a great response from the community as well. It is a co-designed program, so we do not take any designs to the community and see what we do. We go out and we engage them and we ask them what is missing from their community and really build the program and the designs around them, which really I guess enables us to respond directly to the community needs in that area. Just one other thing about how we select sites—we consider what is happening at the policy level, so we try and align ourselves with some of the policy coming out of *Plan Melbourne* and Water for Victoria, and we also align ourselves with the performance objectives in the healthy waterways strategy.

Ms GREEN: So, Chair, I had a follow-up from that. Is that okay?

The CHAIR: Sure.

Ms GREEN: Thank you. Neil, you partly addressed some of that, so thank you. With the VPA, would Melbourne Water put forward some of these ideas for the VPA so that then they could be saying to developers that this could form part of their growth areas infrastructure charge contribution? But it also occurred to me that some of the penalties that might be applied by the EPA or by the courts when there has been environmental damage or spills—the reparations—could fulfil some of the aspirations of greening our creeks. The final thing was: I have seen some of the work around the offsets with our major projects, so for example, with the Mernda rail there was a heritage dig alongside the Plenty River where there was an old hotel and that revealed that to the community and schools were involved in helping to excavate that. But also one of my local schools,

Mernda Central College, said that in one of their year 9 projects they wanted to work with Parks Vic in beautifying and working in the Plenty River and the Plenty River gorge. So I wonder whether you have partnered with Sustainability Victoria and Parks Vic in working with schools across this greening the creeks as well. If not, is there something we could do in terms of our recommendations from the committee to facilitate that?

Mr FEATONBY: Yes, I think any assistance you could provide us in engaging with Sustainability Victoria would be fantastic. We have not worked on a project where we have been able to do that yet. However, we have always worked very closely with a number of schools in the area, and they are one of the ways we actually select our sites. So we really consider the community need and the opportunity to feed into the educational curriculum. We are working on a project at the moment at Brosnan Crescent and Moonee Ponds Creek and we are working very closely with the local school there that backs onto the creek, which is a fantastic partnership and something we care a lot about at Melbourne Water.

With regard to the EPA, we have not explored that at the moment. We have not had a project which, I guess, has allowed us to go down that road. I would certainly be interested in understanding how we could sort of develop a relationship with the EPA to leverage off some of those penalties, which could essentially feed into the program, and that is something we are considering as we move through the offsets part of the program, which we are exploring at the moment.

We have been working really closely with the VPA. Before we selected the sites we made a short list and we took that to the VPA and got them to review it. This is how we decided to start working on Stony Creek at the Sunshine Hospital. That was part of a broader precinct plan that the VPA were really interested in. For us it was a fantastic opportunity to not only support that but also work very closely with the Department of Health and Human Services and Western Health. They have just built a new hospital out there in Sunshine. They are going through the process now of master planning the hospital site. They want to build a new mental health unit that connects to the creek, and so we are working with them to determine what role Melbourne Water can play in improving the physical and mental health of patients at the hospital. Working with the VPA very early on was a big driver in selecting that site and moving forward for that project. But any assistance you could give us would be fantastic.

Ms GREEN: So Sunshine, for example, that is like a brownfield site where you are regreening something. I am also thinking within the growing areas, like the greenfields growth areas. For example, there was an election commitment that we made last time about developing a new park along Merri Creek north of Craigieburn to Wallan. People might think, 'Well, the creek should be green there', but if you have had agricultural run-off and things like that, that could be an opportunity—you might have blackberries or whatever it is. So would there be a process where the VPA would come to you, or should they come to you about that? I am just wondering procedurally whether they do that.

Mr FEATONBY: It might be indirectly through someone else at Melbourne Water, but often I will be notified if there is an opportunity for development on one of our assets. Often it might be through our waterways and land team more directly and then myself indirectly.

Ms GREEN: Then obviously there is the Beveridge West precinct, which is all on Melbourne Water land. That is an opportunity too there.

Mr FEATONBY: I am not exactly aware of that site. This is something for which we would do a bit of a scan or an opportunities assessment once we are notified. This initially will enable us to look at what assets we have in the area and what the options are. If it is successful, then we will contact local council or whatever government agency that we might have to partner up with and then look at if we are able to take that project to the next level.

Ms GREEN: I am thinking out loud here, Chair; it might be that we need a recommendation from this inquiry that seeks to have—I have got a mental blank—the planning authority who are doing the PSPs, so the VPA, at the outset when they are doing their precinct structure plans looking to inbuild this.

The CHAIR: Thanks, Danielle. Certainly. Danielle, did you have any follow-up questions, or I will throw to Paul?

Ms GREEN: I reckon throw to Paul, and I am sure I will think of something else.

The CHAIR: Paul.

Mr HAMER: Thanks, Sarah. Thanks, guys. I wanted to just explore some of the concepts you were talking about in terms of the blue-green infrastructure. I was interested: you said that you are the second-largest landowner in the state, owning 9 per cent of all the land, and given that you are only covering the Melbourne catchments, which overall is probably 10 per cent of the total land area of Victoria, I was wondering if you have a feeling for how much of that is actually currently accessible and how much is potentially accessible. For example, could you get into the high 90s or 100 per cent accessible? Given what I assume is the difference, what are the barriers? You touched on funding in terms of the creeks program and running some pilot programs, and I guess if there is some further funding, there could be more programs run. I would be interested in understanding whether there are potentially planning issues or regulatory issues or institutional issues in terms of the different agencies that would need to provide the authority to allow that to happen, and just understanding where those barriers are that might prevent it going from what it currently is to what it potentially could be.

Mr O'NEILL: I will just initially respond and—

Mr HAMER: That is a pretty big question, I know.

Mr O'NEILL: No, it is a fantastic question. If I get my stats wrong, anyone in the team please feel free to jump in. Of that roughly 9 per cent, my understanding is that about 6 per cent is notionally publicly accessible. If you think about very large chunks of that land, for example, the Western Treatment Plant, which is an operational site, it is behind a fence. There are serious risks there. It is a public safety risk. So something like a Western Treatment Plant or Eastern Treatment Plant are absolutely behind-the-fence assets and there are difficulties in allowing public access. But the 6 per cent that is notionally accessible, we will have areas of land reserved for retarding basins. We will have—

Mr HAMER: Sorry, Gavan, when you say 6 per cent, so you are saying that that is two-thirds of your entire asset base.

Mr O'NEILL: Yes, as I understand it, correct. I am seeing nods from my team; I have not got it wrong yet. Yes, that is good. And so in terms of what might be some of the barriers, those parcels of land will house assets. We only hold land that actually helps us deliver a service outcome. In the case of a water main we will have a parcel of land, what we call a pipe track, so that is as much land as we need to be able to maintain that asset and also to be able to do work, renew the asset, when the time comes as well. So there are constraints around what you can do, again, using that example, on that parcel of land in terms of the types of activities and land use that you might be able to do. And so that is an example—so public safety asset management constraints from an activation point of view. Once we have worked out what sort of compatible uses might be possible it is really then a matter of funding, because again we are not funded to provide services beyond delivery of our core services.

But if in doing works on those assets we might, for example, have to upgrade an access track, that is where we take the opportunity to make that track a multi-use track—for example, upgrading it maybe to be more suitable for a wider range of purposes in a way that again is aligned with our remit. But if something was to be required beyond that level of service, that is when we would start taking that sort of collaborative approach and potentially putting together or calling for expressions of interest from other parties to realise a vision or, through programs like Our Space. Your Place, actively seeking ideas from the community and our partners to bring other uses to our assets, but again with a mindset of a joint benefit, joint funding arrangement.

So really I would say, Paul, there is lots of untapped potential, but probably the greatest barrier is identifying those places that are in the right spot to deliver the maximum benefit to the community—you know, the business case and the community benefit being there—and then the funding being available to bring it to life.

Mr HAMER: Thanks, Gavan. Did anyone else want to add to that one? I do have another question, which is on quite a different matter, I guess, and I think it relates to your point about just the likely demand for water in the future, particularly with a growing population and the impact of climate change. I am just wondering, in terms of the use of recycled water—and forgive me where I might overstep some of your boundaries, because I

am not sure where the boundary of Melbourne Water comes in and where some of the, I suppose, water providers might take their jurisdiction—particularly in the provision of, let us say, potentially environmental infrastructure or other infrastructure that might then be offsetting the need for, say, servicing some of the environmental infrastructure with potable water. So it is a bit more of I guess a strategic assessment, and the department might have a view on this as well, just from a policy perspective where we think we should be heading in that space. We obviously have some of the infrastructure in place that allows that, but in terms of the actual utilisation of that resource, it seems to me fairly small. I stand to be corrected—I would be happy to be corrected—but that is just from my observations. I am wondering if you might have any thoughts on that.

Mr O'NEILL: I might just open up, if I may, and then hand over to Karen.

Ms LAU: I am happy to have first go and hand to you.

Mr O'NEILL: Yes, please do.

Ms LAU: For the benefit of the Hansard team I will just clarify that it is Karen Lau from the Department of Environment, Land, Water and Planning speaking here. The member asked a really great question because resilient, livable communities with sound environmental infrastructure require water, and water is a scarce resource—we live in a drying climate. When it comes to recycled water, in the sort of 2019–20 water year we re-used about 16 per cent, or 79 gigalitres, of wastewater produced in water corporations' treatment plants. This is a pretty similar percentage to what we would typically see in wet years. And in dry years, when there is a higher demand for active watering of green spaces, we can see recycled water rates a bit higher, often around 21 per cent of our wastewater being recycled and re-used.

Sometimes that can be used to offset potable uses and at other times the use of recycled water is for additional productive activities such as irrigated agriculture, but I think where the member was going with respect to reducing potable water demand there are examples of discrete projects. I will just maybe pull one out. So we have got currently underway work, for instance, with the Werribee recycled water expansion project. This is going to supply around 477 megalitres per year of recycled water to the Werribee Open Range Zoo—a really important piece of community infrastructure—and it will also support other attractions and businesses within that Werribee precinct, and of that, it will be reducing potable water demand by around 280 megalitres per year. Bringing down potable demand is incredibly important by, insofar as we can, using recycled water, particularly given that our demands in Melbourne for water in recent years have been in the order of about 70 gigalitres greater than what we have flowing into our water storages. That is why we have been supplementing into our supplies resources like desalination. So insofar as there are viable uses—often close to wastewater treatment plants—recycled water is a really important source of water, and in some instances there is a sound economic basis where it becomes a relatively affordable source of water and in other instances it still comes at a much higher cost than drawing on the potable supply.

Gavan, did you want to add to that?

Mr O'NEILL: No. I think, Karen, you have covered that very well.

Mr HAMER: Thanks for that, Karen. It is good to hear that there are some exciting opportunities there, particularly around the main treatment plants. That is all from me, Sarah.

The CHAIR: Thanks, Paul. I am just mindful of time. Danielle, did you have any last questions? And I have got one.

Ms GREEN: You go first, and I will see if it is different to mine.

The CHAIR: Okay. So the last question I have is really for both groups, and I know there are a lot of experts in the room. I most certainly know the state government has done a lot of work in this space in environmental infrastructure and funding and all of those kinds of things, but there is obviously more work to do. What I would really like to hear from yourself, Karen, and maybe from your team—they might have some ideas; I am sure it is something that is talked about in the office—and the same with Gavan, is: what are your top three that you would like to see come out of this inquiry's report, three things that you think will improve environmental infrastructure for growing populations? I am guessing you have about 300 ideas that are talked

about on a Friday night, but what are your top three? What do you want to tell us, to leave us with? We know all the good stuff that we are doing—tell us: what could we improve upon?

Ms LAU: I will make a start. For the benefit of the Hansard team, Karen Lau from the department speaking. When it comes to environmental infrastructure the really important question is: what do localised communities need and what do they want in place? So we certainly find that in the department we have a statewide remit and what we hear from communities in different regions is not necessarily the same, so I think it is incumbent on all agencies to be really, really active in communities. And Melbourne Water is great at this through its *Healthy Waterways Strategy*. Lots of our partners in the integrated water management forums are really great at this, but it is a collective conversation with agencies about: what do you need, where do you need it, and how much are agencies and how much are communities willing to contribute to it?

We often get really great outcomes when communities—they often contribute in-kind support. So agencies will provide funding—whether it is through state government based programs, whether it is through water corporations revenue—but then we see recreational anglers and fishers coming out and helping us to plant the trees or community groups coming out through Landcare or other organisations. But really the priorities need to be absolutely place based and driven by the community's interests.

The next area where we are really focusing our attention is much better integration between what we would think about as typical water management and waterway management and the work that is done through land-use planning and the impact that land decisions have on the kinds of infrastructure. Probably one of the headline examples of that is the work that we are seeing along the Yarra River—or Birrarung, as traditional owners would call it. It is not that far off. It will be this year that government anticipates releasing its Yarra strategic plan. That is working right across local government areas and multiple state-based agency boundaries after a really detailed conversation with the community. That is one where an independent panel has said, 'This is possibly, thanks to Melbourne Water, one of the most comprehensive community engagement processes we have seen', and I think that which brings those water and land agencies together along with the community is going to deliver really, really great assets.

I will have a go at a third one before I hand over to Melbourne Water to see whether they can pick out their top three. I think that there is a really important conversation to be had with the community about the real value of water. It is really easy to think that you just turn on a tap and that water comes out, but if we are going to build environmental infrastructure that communities can enjoy, particularly in places like western growth areas, which are naturally drier than other parts of the metropolitan area, that means that we will need really smart strategies on how to keep green places cool and green. It is not enough to plant the trees; you need the water to grow. That is where integrated water management has the opportunity to make a difference, because if we have climate-resilient water supplies for our green infrastructure, they will survive when the next drought hits, as opposed to risking putting in environmental infrastructure that in future, should we have extreme droughts, will be much more vulnerable to restrictions. So resilient infrastructure for the community. That would be my three.

Mr O'NEILL: From the Melbourne Water perspective, in terms of just the simple high-level outcome, it really is helping all of those people who are at the table to bring IWM to life. Because IWM is hard; we are talking about complex governance, multi-partner arrangements, to bring place-based opportunities to life in an environment where there is so much competition for the dollar to achieve outcomes for the community. So in that spirit, in terms of how this inquiry might help bring IWM to life, harking back perhaps to some of my earlier comments, the first one is: better integration between that blue-green water and land use planning, to Karen's point. A big part of that will be about being really clear about what the roles and responsibilities are—anything that can be done to clarify who is responsible for what is going to be really important—and enshrining that accountability within the appropriate instrument. The other is then really clarifying what the investment frameworks are so that we can all then invest with confidence and unleash that investment pipeline.

Because we have got ideas, we think we know what the opportunities are, it is just unleashing that investment pipeline that is just so, so critical. And then the final thing, perhaps to drive all of that, is what is the role of targets and how to give targets teeth, again wrapping the right instrument around those targets sooner so that they are placed in the right instrument to really drive the behaviours and actions that are going to make it real.

The CHAIR: That is fantastic. It sounds like some good Friday night conversation after work has been put into this inquiry. I am going to throw to Danielle.

Ms GREEN: Thanks, Sarah. One of the submissions stated that there are obligations in Victoria's *Water Act* in relation to consideration of recreational values when making waterways decisions which could be explored in the future. Could someone please expand on this point and how we could include that in our recommendations?

Ms LAU: I might make a start. For the record, this is Karen Lau from the Department of Environment, Land, Water and Planning speaking. I think you might be referring to the Melbourne Water submission, but before I hand to Melbourne Water, I just acknowledge that changes were made to the *Water Act* in 2019 with respect to requiring those agencies with roles in water management and catchment management to consider recreational values in their decision-making and in performing their functions, so that includes organisations like Melbourne Water, catchment management authorities, the Victorian Environmental Water Holder and this department as we guide statewide strategy. And that means—if I can give an example of what it looks like in practice when an agency considers recreational values—we might have environmental watering programs on our rivers that are deliberately timed not only to meet ecological objectives but also when the big fishing competition is on. Alternatively, some water corporations might manage their water storages principally for the supply of water to their customers at safe quality standards, but there is also a range of infrastructure and recreational activities that does exist around some water storages. So that is the kind of legislative trigger, and it also means that as we develop statewide strategies—we have regional catchment strategies currently under development led by catchment management authorities in their conversations with communities—these core pieces of the planning framework will go out there and work with communities on what they value recreationally as well as environmentally, economically and socially. There are similar requirements for other strategies around sustainable water management and our waterway-health-type strategies. I might throw to Melbourne Water, though—Gavan, if you wanted to add to that.

Mr O'NEILL: Look, that is a great response, and I think that again this goes back to the roles and accountabilities question. Again, I would just emphasise that wherever Melbourne Water can we are actively pursuing opportunities to increase the amount of benefit that the community gets from their assets, but the level of service that we can provide is limited based on current roles and accountabilities and the extent to which they are clarified at the moment. So the increased focus on policy was really welcomed, and that has been very helpful, and potentially further refining that in legislation would help. And again, this is coming from a regulated entity, where it is really helpful for us to have very clear obligations to enable us to make a case to the regulator to invest in community outcomes beyond just the water customer's outcomes.

Look, I think about Yan Yean and the opportunities out there. We are actively scoping some really exciting work out there, and it is a product of the fact that this water storage has been brought back online. There is a direct need for additional water, and that is requiring treatment upgrades. Compatible with that are some additional compatible uses for that site, and that is incredibly exciting. However, we would not have been able to pursue those additional benefits unless there were works that were already in train and identified in our price submission. So for us as a regulated entity, anything that can be turned into an obligation really makes it much easier for us to make the case to the regulator when we are trying to fund great outcomes for the community.

Ms GREEN: Thank you.

The CHAIR: Thanks, Danielle. Well, I think we have come to the end of this session. Thank you to everyone for bearing with us. I know we have gone a considerable way over time. Look, I think this has been a really insightful discussion. It is really good to hear there is a lot of great work that is going on, and I am sure—as you said, Karen, after the recent announcement since you put in the submission many months ago—there is some great work to be done. I have no doubt about that. And I do hope you find that the recommendations to come out of the final report for this committee inquiry are helpful and will address some of the challenges that we are facing going forward into the future as we continue to grow and grow. So on behalf of the committee I have to say thank you.

Committee adjourned.