

**ATTACHMENT: QUESTIONS TAKEN ON NOTICE AND FURTHER INFORMATION  
AGREED TO BE SUPPLIED AT THE HEARINGS**

**Hon Lisa Neville MP**

**WATER PORTFOLIO - MINISTER**

1. Please provide an average water use rate per kilolitre per household across the Melbourne area for the current period and for any future determinations.

*(Asked by Mr O'Brien, pages 6-7 of the Water portfolio transcript)*

**Reply:**

The table below provides a calculation of the average variable price per kilolitre for water charged to Melbourne residential customers. The average has been calculated by averaging Tier 1 charges by customer numbers of the three metropolitan water corporations, City West Water, South East Water and Yarra Valley Water. First tier charges apply to the first 40 kilolitres used over a three month period, equivalent to 440 litres used per day. The majority of residential customers use less than this amount.

Water pricing across Melbourne and Victoria balances affordability with incentives to conserve water. The National Performance Report shows Melbourne has the lowest average owner occupier bills across the country, as well as no restrictions on water use (beyond Permanent Water Savings).

	<i>2017-18 water price per kL (tier 1 only<sup>^</sup>) (2017\$<sup>^</sup>)</i>	<i>2018-19 price per kL (tier 1 only<sup>^</sup>) (2018\$)</i>	<i>2022-23 price per kL (tier 1 only<sup>^</sup>) (2018\$)*</i>
<i>Melbourne weighted average<sup>#</sup></i>	\$2.607	\$2.534	\$2.493

<sup>#</sup> Note that as this is a weighted average, this price will not appear on any individual customer's bill.

\*Note that the 2022-23 price is before CPI

<sup>^</sup>Consumption above 440 litres per day is charged at higher prices per kL to encourage water conservation.

2. Please provide data on the average costs for each water authority to deliver water to each household.

*(Asked by Mr O'Brien, pages 6-7 of the Water portfolio transcript)*

**Reply:**

The costs of water corporations providing services to customers, on a per customer basis, are best estimated by the indicative bills for average customers. The cost of delivering of water is not collected, calculated or reported on by the Essential Services Commission (ESC) or Bureau of Meteorology in its National Performance Report.

The ESC, as the independent economic regulator of the Victorian water sector, approves maximum prices and service standards for Victoria's water corporations. As part of the

process, water corporations provide information and evidence of their costs to the ESC and seek sufficient revenue to recover these costs, through prices. The ESC reviews this information and makes its final decision on prices, ensuring they are prudent, efficient and cost-reflective.

Based on the final decisions released by the ESC, the average bill for Melbourne customers will fall by around \$30 -\$40 (before inflation) per year. That is saving of \$150 - \$200 over five years.

3. How successful have efforts been to reduce water going into ocean outfalls? Please provide a breakdown of costs to actually divert the water.

*(Asked by Ms Pennicuik, page 11 of the Water portfolio transcript)*

**Reply:**

Efforts to reduce water going into ocean outfalls has been successful and includes re-using Class A recycled water that currently enters the ocean in greenfield developments and to support peri-urban agriculture.

In 2016-17, Melbourne Water treated nearly 200 billion litres of sewage and delivered 18 billion litres of recycled water to customers from the Western Treatment Plant. The Eastern Treatment Plant treated 133 billion litres of sewage, and delivered more than 5 billion litres of recycled water to customers.

Melbourne Water and South East Water are currently undertaking an investigation into a large scale scheme in the Pakenham area to accommodate forecast population growth, while supporting economic activity in the horticulture and agricultural sectors.

In January 2017, Melbourne Water began building a \$150 million nitrogen removal facility at Western Treatment Plant. This will help reduce the amount of polluting nitrogen entering Port Phillip Bay and increase the capacity of the plant to accommodate Melbourne's predicted future growth.

Melbourne Water has recently released its draft *Healthy Waterways Strategy* which details how it plans to harvest stormwater to protect our waterways and bays. This will also help deliver on the Port Phillip Bay Environmental Management Plan which has a target of capping nitrogen in the bay at current levels.

Population growth and urbanisation increases the volumes of stormwater runoff and generated wastewater. Our water corporations and some councils are working hard to protect our precious waterways both through small decentralised approaches such as rainwater tanks to large scale reuse such as agriculture.

The Government is also working to protect beneficial uses of water across Victoria through a new State Environment Protection Policy (Waters) that aligns with government's response to the Independent Inquiry into the Environment Protection Authority by:

- confirming the beneficial uses of Victorian groundwater and surface water, and where these uses apply
- setting water quality indicators and objectives to protect beneficial uses
- establishing a modern, risk-based framework to manage unlicensed point and diffuse pollution sources in rural and urban areas
- developing regional target settings and plans to improve water quality
- ensuring water quality offsets can be used within catchments to maintain regulatory compliance within waterways.

On 26 February 2018, the Department of Environment, Land, Water and Planning and the Environment Protection Authority released the new draft State Environment Protection Policy (Waters), Policy Impact Assessment and Implementation Plan for public consultation until 19 June 2018.

Results of the consultation will assist in finalising the policy to make it law and to commence implementation of actions.

4. With respect to the tender process for surface water monitoring services, how long was the tender process open for?

*(Asked by Mr O'Brien, page 14 of the Water portfolio transcript)*

**Reply:**

The tender process for Surface Water Monitoring was open from 2 February 2018 to 1 March 2018 (27 days).

5. Please provide a list of projects that were taken to the recent Murray–Darling Basin Ministerial Council meeting regarding a plan or proposal for off-farm works to recover some of the water savings.

*(Asked by Mr O'Brien, page 15 of the Water portfolio transcript)*

**Reply:**

I wrote to water corporations earlier in the year who identified a range of water recovery projects that are socio-economically positive or neutral. They are mostly system savings projects from stock and domestic systems, private irrigation schemes or from rationalising irrigation infrastructure. Public release of a list of potential projects at this stage may impact future negotiations but one of the criteria we have had agreed by Ministerial Council is that there will be good community engagement on these projects.

6. In Budget Paper No. 3 (p. 59), the budget commits \$4 million in 2018–2019 to smarter use of water in our cities and towns. In Melbourne Water's sewerage strategy discussion paper it notes that Melbourne's CBD has ageing assets that are difficult to replace because upgrades are impeded by major infrastructure projects and residential growth.

- a. Does the \$4 million outlay fund upgrades to the sewerage systems in the CBD in this budget?
- b. If it does not plan to fund upgrades, does the government know how long the current systems in the CBD will hold before they must be upgraded?

*(Asked by Ms Shing on behalf of Ms Patten, page 17 of the Water portfolio transcript)*

**Reply:**

- a) The \$4 million initiative is targeted toward integrated water management (IWM) projects that fall outside the direct responsibilities of a single agency and will enable multiple beneficial outcomes in the urban environment. Examples of previous IWM projects include Bendigo Botanic Gardens and Johnstone Park Raingarden.
- b) Renewal of sewerage assets is core business for water corporations. Water corporations operate within regulated pricing model overseen by the independent Essential Services

Commission. This model enables water corporations to recover the costs of service provision (such as sewerage asset maintenance and renewal) through pricing.

Upgrades are occurring all the time, as part of Melbourne Water's capital works program. Exactly when major upgrades are required is determined by various factors such as population growth. The water corporations undertake regular rigorous modelling to determine system requirements. The discussion paper notes the opportunity to explore synchronised risk management across the industry to make more targeted investment.

For example, the current sewer in Spencer Street is over 100 years old and is nearly at capacity. As a result, City West Water have commenced a project to upgrade over 700 metres of new sewer mains along Spencer Street in Melbourne's CBD – between Little Lonsdale Street and Flinders Lane – to meet the growing needs of the community.

7. In Budget Paper No. 3 (p. 219), the budget plans to fund 15 conservation projects that are 'at risk'; can the department provide a list of the 15 projects that will be funded in the 2018–2019 period, please?

*(Asked by Ms Shing on behalf of Ms Patten, page 17 of the Water portfolio transcript)*

**Reply:**

The question relates to a performance measure from the Planning, Building and Heritage output. This does not sit within the Water portfolio and should be directed to the Minister for Planning.

**WATER PORTFOLIO - SECRETARY**

8. Secretary, budget Paper No. 3 (p. 214) contains the output for 'Effective Water Management and Supply'. Ventia staff were told two weeks ago that they had lost the contract with the Department of Environment, Land, Water and Planning for environmental water monitoring in Victoria to a company called ALS. This puts at risk 83 jobs in Shepparton, Wangaratta, Mildura, Maffra, Geelong, Gisborne, Hamilton and Horsham.
- a. Please provide the committee the value of the contract awarded to ALS and also the value of the bid placed by Ventia.
  - b. With respect to this process, can you confirm whether the same person who was employed by the Department of Environment, Land, Water and Planning to create the tender document was also employed by the company ALS to write their tender?

*(Asked by Mr O'Brien, pages 8-9 of the Water portfolio transcript)*

**Reply:**

- a) The procurement action referred to is not yet finalised or approved. Victorian Government standards do require the publication of key details on all contracts above \$100,000, once approved. However unsuccessful tender values are not published as the information is considered commercial-in-confidence and could potentially disadvantage tender participants.
- b) The person referred to as employed by DELWP was not involved in the development of the tender documents but only an initial high-level discussion paper for consideration by the Regional Water Monitoring Partnerships. This person finished at DELWP in April 2017 and was later employed by ALS in June 2017. Tender documentation was not drafted until after procurement business case development in August 2017, and the person had no access to any information not available to other tenderers