

CORRECTED VERSION

ENVIRONMENT AND NATURAL RESOURCES COMMITTEE

Inquiry into Melbourne's future water supply

Melbourne — 8 September 2008

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Mr S. Ramsay, president, and

Mr G. Ford, executive manager, policy, Victorian Farmers Federation.

The CHAIR — I formally welcome Simon Ramsay, president, and Graeme Ford, executive manager, policy, of the Victorian Farmers Federation. Thank you, gentlemen, for joining us today. I remind you that all evidence taken at the hearing is protected by parliamentary privilege under the Constitution Act 1975 and further subject to the provisions of the Parliamentary Committees Act 2003. Any comments you make outside the hearing may not be afforded such privilege. All evidence today is being recorded, so be conscious of that, and speak loud enough that people in the back of the room can hear us. Witnesses will be provided with proof versions of the transcript in the next couple of weeks. Simon, if I can ask you to present, please.

Mr RAMSAY — Thanks very much, Chairman, and thank you for the opportunity to put the Victorian Farmers Federation submission to this panel. Our submission is fairly brief. I do not wish to go through it ad verbum; it is there for your information. But I would like the opportunity to perhaps highlight some of the areas that we have identified in the submission and perhaps ask Graeme Ford, our executive manager of policy, to provide more technical detail.

We start our submission in relation to the government's plan to allocate 75 gigalitres of water savings to Melbourne as a three-way partnership in the north-south pipeline. I think our position in relation to that pipeline has been well acknowledged publicly — that is, we totally oppose any government policy that moves water from north of the Divide to south, and in particular in this case we totally oppose using traditional irrigation water for regional food production to provide for Melbourne's water security. While we have opposed that in the submission, quite strongly, we also identify areas we believe Melbourne can look to to provide its own security for urban users that will not impact on the ability of regional Victoria to produce food and support its farming communities.

An area we believe this committee should look at in relation to providing ongoing water security needs is an integrated wastewater reuse system that provides water resource management. We have gone into some detail in relation to water reuse. We have also talked about the use of groundwater. We have talked about the ability to provide new storages, and I am talking about a dam here. That will mean a significant philosophical change in government policy in relation to new dams, but we have been a strong advocate, as have other political parties, in having a policy that at least allows the opportunity to look at opportunities in new dam construction.

We have looked at the ability to have greater use of stormwater in urban areas and also the ability to recycle water for not only traditional drinking water use but other areas where fresh water is being used. We have identified many places around the world where that has been done successfully. We cannot make it rain, and in essence that is what we need to provide ongoing security for all. But we firmly oppose the use of water that has been for traditional food production in regional Victoria to provide water security needs. On that basis, Chair, and on that philosophical note perhaps I can pass to Graeme to take us through those areas where we believe there are opportunities without impacting greatly on regional Victoria.

Mr FORD — With the issue of dam construction, a number of sites have been identified over time for the construction of dams. The VFF has never taken a particular view on any particular location but essentially, as Simon has pointed out, our philosophical view is that taking water out of the Murray-Darling Basin to the south of the Divide, given the problems that are becoming even more apparent in the Murray-Darling Basin, is not an appropriate policy response. While we are cognisant of the concerns that we have with Melbourne's water supplies, we should be making every endeavour to find those supplies within the catchment that Melbourne is in south of the Great Dividing Range. We certainly believe there are opportunities in the south-west and the south-east of the state to explore the opportunities for more dams. As we saw last June and November, I think it was, there were certainly fairly significant floods. Capturing some of that water for Melbourne's water supplies would have been — to us — a quite wise move.

There is very limited use of recycled water. The government has a policy target of 20 per cent use of recycled water. I think our latest figures are quite old, but we understand that only about 10 per cent is being reused currently, so there is still quite a long way to go on those targets for using recycled water. We believe it can be used in a variety of ways substituting environmental flows. If you were going to take some of the environmental flows to supplement Melbourne's water supplies, you could substitute them with some recycled water by some treatments. You could use it for commercial agriculture. Some water now travelling to various parts is being used in agriculture as well.

We believe there are some real problems with the management of groundwater. We do not have a full handle on it. It is a very difficult system to manage. You cannot see it. A better focus on managing our groundwater supplies may provide some opportunities as well and a better understanding of how those aquifer recharge systems work.

We think stormwater is an area that could be explored more, and certainly there is capacity, given the level of hard surfaces we have in urban environments, for catching some of that stormwater and maybe treating it moderately or looking for other different supply systems to use where you can make use of lower quality water. I think that is the detail, and I am happy to take any questions.

The CHAIR — If I can ask first, do you think water is a shared resource or a local resource?

Mr RAMSAY — No, we do not have, or claim to have, ownership of water. Certainly we believe there is a need to share water through both the environment and the farming community and also the urban community. Responsibility has to be taken, though. If one is to look at government policy for providing for urban security needs, there have to be some constraints on development to be able to provide the infrastructure, whether it be transport, water or anything else, for a growing population.

The philosophy here in relation to taking water and whether or not it is generated through savings is another argument. The point is that water is being taken from traditional regional communities to provide for urban growth. To us that is bad government policy and not one we would support. Yes, we agree it should be shared under certain circumstances, but at the same time sound policy is also about providing the capacity for urban growth within its own community.

Mr FORD — If I could perhaps just add that I think the view we have taken is that clearly water is becoming a constraint on growth in the current environment, and whether or not that environment will turn around in the future we do not know — we have all got our fingers crossed and hope it happens — but prudent policy is to plan for continuation at the moment at least. Our view has been that instead of taking water to the economic growth, you should take the economic growth to where the water is. I am sure there would not be anywhere near the level of angst in the rural communities if some water was being transferred from irrigated agriculture to other local community economic activity in the area it is being removed from. The other point about the shared resource is that up to a point, because there are these public systems, certainly private land-holders do have rights enshrined in legislation to some of the supply of water that falls in their land to some point.

The CHAIR — One of the questions obviously is about how we share them. You are saying that you agree it is a shared resource, but on the other hand your submission also refers to that fact that we should look at other dams that would generate their water from other local communities as compared to arguments that are put about the north–south pipeline. I am just trying to reconcile a shared resource of some people’s water and not a shared resource of other people’s water, which I find a bit odd.

Mr FORD — I am sure South Australia has got a view on that as well.

The CHAIR — Of course. There are some things we have got to do. But the more important question I want to ask, Graeme, is that you commented on a number of the possible strategies, and they all fit in with the terms of reference and we are all looking at those, but does the VFF have a view of priorities? With a number of those things, as you say, dams could be a solution, stormwater harvesting could be a solution, putting a cap on Melbourne’s growth could be a solution and aquifers might have something to say. Do you have a priority of those projects?

Mr FORD — No, not in particular. We clearly have not got the level of expertise of a company like Melbourne Water or the government’s resources. Our view is that these options should be explored. Obviously there would be costs and benefits involved in each one and they should be explored fully, but we simply stick to the principle that taking water out of the basin should be the very, very last option rather than what appears to be one of the first.

Mr RAMSAY — If I can add, we see DSE having a priority to start looking at the data in relation to groundwater, much as it has been the focus of the Murray–Darling Basin, and irrigation from either gravity-fed or channel runs, but there has not been the same effort put into measuring what is happening on the ground. If you think of a priority apart from the issues of recycling, stormwater recycling and the like, our view is that there needs to be similar investment in collecting information in relation to what is happening under our ground and any impact

certain pulls have in those particular aquifers. We would certainly like to see DSE have a more concentrated focus on the strategic view of what is happening in relation to groundwater.

If I might add, it is not just about Melbourne; there are plenty of cities at the moment pulling groundwater to supplement supplies. We do not know yet what sort of impact that is having on other areas that might be well away from the original pull, and I can cite Geelong as a classic example, where there are significant problems in that city in relation to drawing water that is actually impacting on three or four regional towns and communities, drying rivers up and the like. I firmly believe there needs to be a priority in this government to look at the impact of groundwater and the effects of what its pull is.

Mr INGRAM — Thank you for your submission. In the last paragraph of your submission, paragraph 5, the comment you make is that:

... the VFF would strongly oppose any proposal to transfer additional water from country regions.

But the large portion of your submission is looking at Gippsland rivers to supply Melbourne's water catchments, and I was wondering whether Gippsland is now considered part of Melbourne, or are we just children of a lesser god?

Mr WALSH — You sold it out when you backed your Labor mates.

Mr VINEY — I am part of that 'we' too, Craig, thanks.

Mr RAMSAY — It is certainly not our view, Craig, and as you well know, we are working very hard to try to get Gippsland and Gippsland regional communities into the exceptional circumstance that is going to be denied to them come 30 September, so I think our priority has been Gippsland for the last month in relation to supporting regional communities there.

I think we saw an opportunity, as did previous governments, that there are, particularly in Gippsland and south-west Victoria, opportunities to at least capture some of the wastewater. I guess the terminology of 'waste' is different to different people, but we see the flooding on an ongoing basis of the principal dam you have got down there, Glenmaggie, as an opportunity for us to capture some of that water; and the Mitchell River obviously might well provide an opportunity for long-term capture as well, as we do in the Otways in south-west Victoria, where 75 per cent of rainfall south of the Otways goes into the sea. We are not proposing any sites, but there are opportunities again for government to look at capturing what we see as wastewater.

Mr INGRAM — Going back in the history, the original Thomson Dam proposal was put forward as an agricultural supply structure, and there is still an enormous amount of angst in some of those areas where they were short-changed because of that structure and where the irrigation community did not quite get the amount of water they wished to out of that storage.

Mrs FYFFE — It was the same with Eildon.

Mr INGRAM — Yet if you look at the way that was structured, it is similar to the proposal for the north-south, where Melbourne Water — or the board of works at the time — put in the capital for the construction and the farming community got some of the benefits, even though it was fairly small. Do you not see that as a reasonable model, that Melbourne invests in efficiency upgrades which farmers in the north-south or other areas would not be able to fund themselves?

Mr RAMSAY — That is leading us into a historical debate. That is the food modernisation project that you are specifically talking about?

Mr INGRAM — Yes. I suppose I am talking about that.

Mr RAMSAY — The national plan was more appealing where there would be investment by the government that would be shared through water savings — in infrastructure I am talking about — by the environment and irrigation community. Certainly the proposed arrangement with the modernisation project, even though the \$1 billion is welcome — or in fact \$2 billion now, with commonwealth support under certain conditions — is at risk from a permanent structure that will carry water from those savings generated in that system

to Melbourne. You do not have to be Einstein to see the growth that is happening in Melbourne. In fact if you drive from Melbourne to Geelong, it is almost a continuous suburb, and it will have ongoing water infrastructure needs.

At the moment the only way we see the security of Melbourne's water is by using water taken from the northern catchments. While we strongly support the modernisation project as such, the actual shared water savings, if they are in fact generated, will actually be shared by an urban population that is growing and will have significant needs which will come at a cost to the regional communities in the north, even though it is a shared product, with \$300 million coming from Melbourne. Really governments — not only the present one but past ones as well — have not invested significantly in water infrastructure upgrades. Our pre-budget submissions, I think, as long as I have been with the VFF have consistently called for ongoing commitment by governments to invest in water infrastructure. The fact is we have got one of the oldest, most dilapidated and most antiquated systems anywhere in Australia, and that is purely because governments have resisted investing in water infrastructure.

Mr WALSH — I wonder what the federation's view is of the use of rainwater tanks for in-house conservation of water — that is, for toilets, hot water and stuff — versus the supply of that same water from some of the augmentation projects that are being proposed like desalination and the north-south pipeline.

Mr RAMSAY — I will let Graeme respond, and then maybe I can add to it.

Mr FORD — You will correct me if I am wrong. Water tanks clearly have played a role in the urban environment and will continue to do so. Anyone who lives in a country town or who lives away from the joys of having a reticulated water supply will understand the importance of having adequate water tank storage. Being a Melbourne citizen myself and living somewhere adjacent to a freeway, I am not sure I would like to drink any water that came off my roof. I think there are certainly uses within a household you could use tank water for, but not for drinking and perhaps washing.

Mr WALSH — I was not proposing drinking.

Mr FORD — You said hot water, and I am not sure I would use it for hot water either, but certainly for augmenting toilets and garden use, by all means, we think it is a very important tool.

Mr WALSH — It should be part of the mandatory building code.

Mr FORD — I am not sure I want to step into that field, Simon.

Mr RAMSAY — I think the reality is the farming community has been living with tanks for ever and a day. We have relied on tanks to provide us with both our human needs but also our domestic needs. I think it is good for the urban population to have some value of water and storage of water. Philosophically it is a good idea and impact. The reality is, even with all the rainwater tanks that every house has — even whether it is mandatory now or not — it will not mean a thing unless we actually get something to put in it. I suppose we are supporting rainwater tanks on the basis that, one, yes, people understand there is value in conserving water, and two, when it does rain there is an opportunity for capture and hopefully to take some pressure off the system. Again, I think I agree with Graeme. We will not have a view on whether or not they should be mandatory at this stage.

Mr FORD — There is certainly an incentive to have tanks, apart from the financial incentives that have been provided, in that, as part of the building code and reaching environmental standards, one of those steps you can use is the water tank, I think.

Mr WALSH — Or solar power.

Mr FORD — Given that there has been a fairly substantial change in the subsidy for solar power, I expect that probably the default position of most people now would be actually to choose a water tank — not that I am aware of it.

Ms DUNCAN — Yes, the take-up of water tanks is higher. My question is more a point of clarification. If, from what I can gather, the VFF is saying it has a range of options it thinks we should be using to augment Melbourne's water supply that excludes the north-south pipeline and, I think, that excludes the desalination plant at Wonthaggi — —

Mr RAMSAY — No. Unless I am unaware of it, my understanding is that we do not have a firm policy on the desalination plant at Wonthaggi. We certainly have community members there who are concerned about the site on what is presumably a floodplain, which seems quite extraordinary; I am not sure how it will work under water. Secondly, there are the energy needs to drive it and the costs associated with it. We do not have a firm position on the desalination plant at Wonthaggi.

Ms DUNCAN — In regard of the options that you proposed to augment Melbourne's water supply, I think the Chair asked you whether you had any order of priority for any of those suggestions, and you do not. You support a new dam, or a dam, or abolishing that government position of 'no dams'. I think you have referred before to the Mitchell River before, as you see it as an option. Are you able to give any sites about where that might happen?

Mr RAMSAY — Joanne, you know as soon as we suggest a preferred site, we are going to have 50 per cent of our members in support and the other 50 per cent probably not. It is not up to us to identify sites. What we are saying is that a 'no dam' policy is a bad policy. Governments should never have put themselves in a state of inflexibility in not having a range of options before them.

We have identified that there may be opportunities on the Mitchell. That is not us; previous governments have been looking. In fact I think there are stakes pegged down there, ready for some proposed sites. Again, Otways — that is no new news. That has been on the agenda for years. Unfortunately, a national park has been enshrined around the proposed site we looked at, so of course you have some problems now with any construction works in a national park. Again, we see dams and the need to do some more science on groundwater as priorities for this government to really look at, apart from the recycling and stormwater reuse et cetera.

Ms DUNCAN — Graeme, I think you said earlier that in some of the augmentation proposals that you have suggested — without putting them in any priority order; but a range of options — you also said that, and I understand with your organisation you have limited ability to scope these sorts of projects and to have all of the data available to you, you have heard from Melbourne Water and from DSE, which do have those options and resources available to them. They have explored a range of options, many of which you are proposing. On each and every occasion — and presumably those proposals for a dam on the Mitchell River similarly — they have not proceeded because of a whole range of impediments to them, whether it is economic, social or environment. Is it your position then that you do not accept that that work has been done or that you do not accept the conclusions that they have reached?

Mr FORD — We were not here for the presentations from DSE or Melbourne Water but understand some of the arguments around those issues. We do not have that level of technical expertise, and we are not quite sure whether the full, long-term costs of some of the other options have been assessed in the same degree as some of these policy issues around future dams. So many judgements have been made that it will never rain again. We do not subscribe to that — that it will never rain again. There will be periods of time when we will have higher rainfall. In any system, whether we are moving with climate change to a drier on-average climate, even a drier on-average climate will have wet years.

In fact one of the concerns with climate change is an increasing variability in the climate. One of those increasing invariables is an increase in severe weather events. To us, managing those risks becomes very important. If you are going to have an increased flood risk for any one particular time or any one particular catchment, you need to manage those flood risks. If there is going to be an increased flood risk, you need to increase your risk management of those floods. One way to an increase risk management is to build a dam.

Ms DUNCAN — You say that there are long-term running costs and that you are unsure if all of those studies have been done. Let us assume they have — and they have — what then is the VFF's position on the augmentation proposals that it suggests have been found to be not as appropriate as the ones that the government is proceeding with? I guess what I am saying is: you have a range of options, and you do not prioritise those. You want a new dam, or a dam, or, I take Simon's point, that a 'no dams' policy you see as a flawed policy, but you are not able to point to any position where a dam might go. You say that you do not think the government has explored fully augmentation programs. We are hearing evidence that they have considered these fairly fully. I guess I am still struggling then to understand what the VFF's position on some of these things is when the evidence would appear at least to be fairly clear on some of the things that you are proposing. Or is it just the case that it is easy to

be opposed to something, but when you actually have to enunciate something or prioritise something, it then can create problems, so the VFF's position is to say what it does not want without suggesting what it does want.

Mr FORD — It is not unusual for us — —

Ms DUNCAN — I am saying that in the nicest possible way, Graeme.

Mr FORD — I understand. We are a lobby group and undoubtedly I agree it is always very easy to state the problem rather than the solution. It is not the first time we have disagreed with DSE or the government or probably even Melbourne Water. We will continue to have differences of opinion. Our view is we do not believe that it is an appropriate policy response to take water out of a stressed Murray–Darling Basin catchment. That is the fundamental basis where we come from. That will of course flow through to our other policy positions.

Mr RAMSAY — You could argue of course the same arguments might have been said when they were looking at building maybe the Hume or the Eildon or any of our larger storages. I am sure governments had a similar argument at that time of day about the economic viability of building those storages. I suppose we can look back now and say, 'If we did not have them, what sort of pressure and challenges would we be facing?'.

Mr FORD — I think it was a close-run thing, if I recall rightly from my bit of history about Victorian politics. Even the Thomson Dam was a very fine decision about getting constructed. And what position would we would be in today if we did not have the Thomson Reservoir?

Ms DUNCAN — I do not think there were questions, though, about the yield, which seems to be — —

Mr WALSH — Yes, there were.

Ms DUNCAN — It is under dispute now with any new site.

Mrs PETROVICH — Thank you very much for your presentation today, gentlemen. I am a bit interested in pricing of recycled water. In part of your submission you talk about the manner of pricing of recycled water and its competitiveness with other water supplies and of extending the principle of polluter pays to the pricing of recycled water. Can either of you gentlemen, I do not mind who, explain the importance of these principles to the Victorian farmers, with possible examples of your organisation's commodity groups' capacity to use recycled water at a good price?

Mr RAMSAY — It is happening now. I am happy to ask Graeme.

Mr FORD — We have actually had a consultancy do a study. I am quite happy to provide that if you are wanting to receive it. We found that in this report there were some important differences in the way recycled water was priced in Victoria in comparison to some other states, and we believe those differences are a disincentive to the use of recycled water here. Clearly if someone has a choice of two water supplies, one being recycled and one being non-recycled, and the non-recycled is actually cheaper, they are always going to choose the cheaper option. There are also some additional risks, we believe, involved in using recycled water in agriculture as well — both perceived in a market sense, and real. One of the differences between Victoria's recycled water pricing system and those of other states, particularly Queensland, is that the recycling water authorities tend to pass off all the risk to the user rather than maintaining some responsibility for the quality of the water being delivered. We believe that is a fairly important factor. I am quite happy to provide that report if you would like to see it.

Mrs PETROVICH — Have we got an oversupply of recycled water at the moment because of price?

Mr FORD — I am not sure if there is an oversupply, but certainly price is an issue, and clearly, as we have seen, with agriculture, particularly horticulture, while some of the other commodity prices have seen a fair bit of quite welcome growth, horticulture prices are still relatively difficult for most of the horticultural industry and their capacity to pay.

Mrs FYFFE — If I could just explore the dams a little bit more — in your submission you talk about extensions to existing dams. I do not know the Big Buffalo or the William Hovell dams in the Ovens and King region, and I have heard that the Thomson Dam could be expanded. Could you tell me, would that be a doubling of the size of these dams, roughly, what you are talking about, with the expansion of these dams — what is the possibility?

Mr FORD — This was not to augment Melbourne's water supplies. This was just an example that there was a position in the past where you could build dams, and those sites were set aside. I think the William Hovell would essentially double the capacity. I am not sure of the difference in the capacity between the current Buffalo dam and the Big Buffalo. I think it is substantial but I cannot give you an accurate figure.

Mrs FYFFE — That was personal curiosity on those. If I could just now follow with Melbourne's water supply. Significant to the use of recycled water as regards horticulture growing basically a lot of things is the fact of the excess nutrients in it. So if you are growing something such as grapevines in areas — perhaps the Yarra Valley or some parts of Geelong — where you have excess foliage anyway, have you had many of your members express concern about that, if the only water they are going to have is going to be the recycled water?

Mr FORD — I have never heard that it has been the nutrient load that has been the problem; it is usually the salt content. In fact one of the perhaps unintended consequences of the drive to conserve more water is that actually the salt content has gotten more concentrated because there is not as much fresh water being flushed into the sewerage system as there once was. Generally the soil — —

Mrs FYFFE — This is the excess nutrients producing excess growth, foliage growth, on the product.

Mr FORD — It is quite possible but the salt issues have been the concerns that have been raised mainly with us.

Mr VINEY — In your submission, the introduction I take it is referring to the food bowl modernisation project, where you say:

The government should proceed with funding the upgrading plan to sustain the agricultural and regional communities across rural Victoria without the need to take water to Melbourne.

I take it that the VFF position is that you support the \$2 billion food bowl modernisation project, and I am just interested in why you support that project. Leaving aside the sending of water to Melbourne, what is the reason for the VFF's support of the project?

Mr RAMSAY — Traditionally we have always supported governments investing in water infrastructure upgrades. We see that savings can be generated through upgrading the delivery systems, particularly those that suffer significant loss in evaporation and seepage. In fact, as I said, our pre-budget submissions going back decades now have all called for significantly more infrastructure investment in water upgrades. We do see benefit, not only for the irrigation communities but for regional communities and the environment to share some of those savings. I must say that was part of the attraction of the national water plan — that the environment and irrigators would share that resource. We never have supported Melbourne investing in infrastructure upgrades so that there can be a benefit delivered back to providing for Melbourne's water security.

That is why we are in direct conflict with the government's policy on using urban money, well, Melbourne Water's money, to invest in infrastructure upgrades that actually will take away water — how it is delivered does not matter — from those communities. That is why we have tried to concentrate in this submission on areas around Melbourne where they can better conserve water, because to my mind if you want to grow urban populations, you have to have policy that will provide water security within their own communities, rather than looking at taking water away from regional communities, particularly those that produce food. We know that the world is going to face a food shortage and food security is going to be a major issue — not for this country but globally — and if you want to continue to grow urban populations, you do not do it at the risk of regional food producers in this state.

Mr VINEY — But the essential point at the beginning of what you just said is that the VFF accepts that there are the water savings to be generated out of spending \$2 billion?

Mr RAMSAY — Yes, we do accept there will be some savings generated — I hope there will be; you would not spend \$2 billion if there were not — but those savings should stay within the communities. As I said, under the national plan — which we were prepared to accept — they would be shared between the environment and the irrigation community. Bear in mind though the first lot of savings are merely by measurement control, they are not actually new savings. They are water that is already in the system. It is just that it will be more accountable.

Mr VINEY — But you agree that you would not spend the \$2 billion unless you could generate the savings. The contention in your argument is how those savings are distributed, how they are shared, and you are

saying that they should not be shared with Melbourne. I accept that is your view; I am not trying to argue that. I am trying to understand though, whether the VFF does accept the view, which is the basis of the government policy, if you like, that the savings can be generated out of spending this money in infrastructure upgrade.

Mr RAMSAY — As I said, there will be some savings generated by that investment. We have concerns about the proposed savings, which I think are projected to be 225 gigalitres on the initial \$1 billion. The second billion is no certainty, I have to add. I understand there are significant conditions around the second billion, so whether we are liable to meet those or not I am not sure, but we have always been of the view that if you invest in water infrastructure upgrades particularly there will be a return on investment, and part of that return will be on savings. But again, we do not support the savings being provided for Melbourne security.

Mr VINEY — I want to pick that point up now. Having acknowledged that the VFF accepts that there are savings, it is your evidence to this committee that the water should not be sent to Melbourne because the Murray–Darling Basin is stressed — and no-one here is going to argue that — but you believe that Gippsland’s water should be sent to Melbourne. Is that because you do not think that Gippsland’s rivers and the Gippsland Lakes are under stress?

Mr RAMSAY — I see where we are going now.

Mr VINEY — I mean that is what you are saying: do not send the water from the Murray–Darling but send it from Gippsland.

Mr RAMSAY — No. Actually our policy is quite clear: we do not support taking water from north of the Divide to the south.

Mr VINEY — But take it from the east and the west?

Mr RAMSAY — No. We are talking in particular in relation to capturing what I call wastewater. Others will argue about that interpretation, but water that is surplus — it might be created by unusual events, and we are told that climate change is going to create volatile weather events; we are going to get floods — that is basically going to be wastewater, whether it goes into the sea or creates a huge amount of damage inland. There are opportunities to capture that water, certainly south, and we have no issue with south capture providing for south security. What we do not support is north capture providing for south security.

Mr VINEY — But for all the damage that the Gippsland floods did — and as a member of that region I am well aware of it — you would have to agree that some of that floodwater provided a benefit for the Gippsland Lakes. So if you capture that floodwater and do not allow that to go into the Gippsland Lakes in future, then we are maintaining and continuing the stress on the Gippsland Lakes, surely?

Mr RAMSAY — Yes, I suppose that is a pragmatic view. I still look on that as opportunities to capture water that falls in the south created by volatile climate. That is, traditional wastewater — again, let us not get bogged down on the interpretation — is certainly compatible with our policy of providing for security needs south of the Divide. We can argue the case that if surplus water through flooding in East Gippsland is wasted or not, it still provides water for Gippsland Lakes. At the end of the day you either have a clear, distinct policy that provides water security for the south and addresses what impact that has on regional communities or you have a policy like this government has of investing in infrastructure in the north but again taking that water through savings to provide it for south security. It is not consistent.

Mr VINEY — But you would have to concede that water in Gippsland’s rivers and lakes is also very vital to the economic sustainability and strength of the Gippsland region, surely.

Mr RAMSAY — I think the impact of capture of the surplus water in Gippsland to provide for the south — we will not just talk about Melbourne, we will also talk about the water security needs of south of the Divide — would be significantly less than taking water away from a stressed catchment in the Murray–Darling Basin to provide for Melbourne’s ever-growing water security needs.

Mr VINEY — Do you accept the evidence that we have received in relation to the investment that has also been put into recycling and the eastern treatment plant? Are those things acknowledged by the VFF as supported and worthwhile focusing on?

Mr FORD — The \$300 million investment in the eastern treatment plant?

Mr VINEY — There is that and the other investments that we have heard about for savings and for the achievement of targets in recycling. Are they things that you back and support?

Mr RAMSAY — I am happy to comment on that, but I am not going to comment on it in relation to the food modernisation project and the north–south pipeline as against being able to reuse waste water in treatment plants. To me, the two do not have a relationship. There are wonderful opportunities to reuse water, whether it be wastewater, stormwater or recycled water, for different purposes, but I am not going to get into an argument comparing that and the government’s investment in the Murray–Darling Basin water to provide for Melbourne’s security needs. Yes, I strongly support investment in treatment plants to look at being able to reuse water for a variety of needs, but I beg to see the relationship between that and the investment the government has made in the north–south pipeline.

Mr FORD — Please correct me if I am wrong, but I am not sure that any detailed planning has been done on the use of that wastewater or the recycled water out of the eastern treatment plant as yet, and there is still quite a good deal of work to be done on how best to use that water. Clearly it will be a fairly substantial amount of water that should be put to the best use of the community.

The CHAIR — I might just finish with one of them. Your submission to the ENRC inquiry into Melbourne’s future water supply discusses ‘new storages’. We did have a conversation, and I think Simon mentioned that there are no locations, but the submission refers to four locations. We have talked a bit about them — the Otways, and I assume capturing water from the Otways means some storage as the way you have got it on page 8 of your submission, so some dam on the Otways; the Mitchell, without a site-specific location; and Lake Buffalo and William Hovell in the north-east — and I think Graeme said ‘Oh, they are future dams’, but this is a submission for the inquiry into Melbourne’s future water needs. You are saying that we need to do more about William Hovell and Buffalo to increase their capacity but it is not water for Melbourne. Does that mean that the Otways is at increased capacity for Melbourne, or is that separate to Melbourne’s needs and just provided for local water needs?

Mr RAMSAY — Our argument, which has held true right through the question session, is that we have always been responsive to options looking at providing water for the south’s security needs. The Otways in the south, we believe, provides opportunities for providing water security for the south, whether that be in Melbourne, Geelong or whatever other city might come under that challenge in the future. With the Hovell and Buffalo we are talking about extending the banks to provide greater capacity for storage for those areas up on that northern catchment to provide for northern water security needs. In the south — and this is getting back to the East Gippsland argument — we have never been prescriptive about where, how and what, but we have always had a firm policy that believes that we should be looking at options to provide water security for the south from the southern catchments, the Otways being one.

The CHAIR — Thanks very much, Simon and Graeme, for your submission today. Over the next few weeks you will get copies of the transcripts with instructions on those. We thank you very much.

Witnesses withdrew.