

Minority report

Mrs Christine Fyffe, MP

Mrs Donna Petrovich, MLC

Mr Peter Walsh, MP

The Committee was informed that the Government instigated a major review into Victoria's Future Water Plan with a White Paper in 2004 and the Central Region Sustainable Water Strategy in 2005 outlining the Government's plans for supplying Melbourne's water needs.

One of the key planks of the Central Region Water Strategy was detailed on Page 64 of the Strategy under the heading 'Trading with Northern Victoria to meet Melbourne's future urban needs'. It states -

The Government considers that Melbourne must tap the significant potential for conservation, efficiency and reuse and recycling gains within the Central Region rather than connecting with northern Victoria and buying water from northern irrigators.

Irrigation in northern Victoria generates significant direct and indirect economic benefits for the State which the Government will continue to foster. There is also a critical need to recover water from supply systems in northern Victoria for the environment, most notably as part of the Living Murray Initiative and commitments to restore environmental flows to the Snowy River. Furthermore, irrigators will need to gain further savings in light of potential climate change impacts.

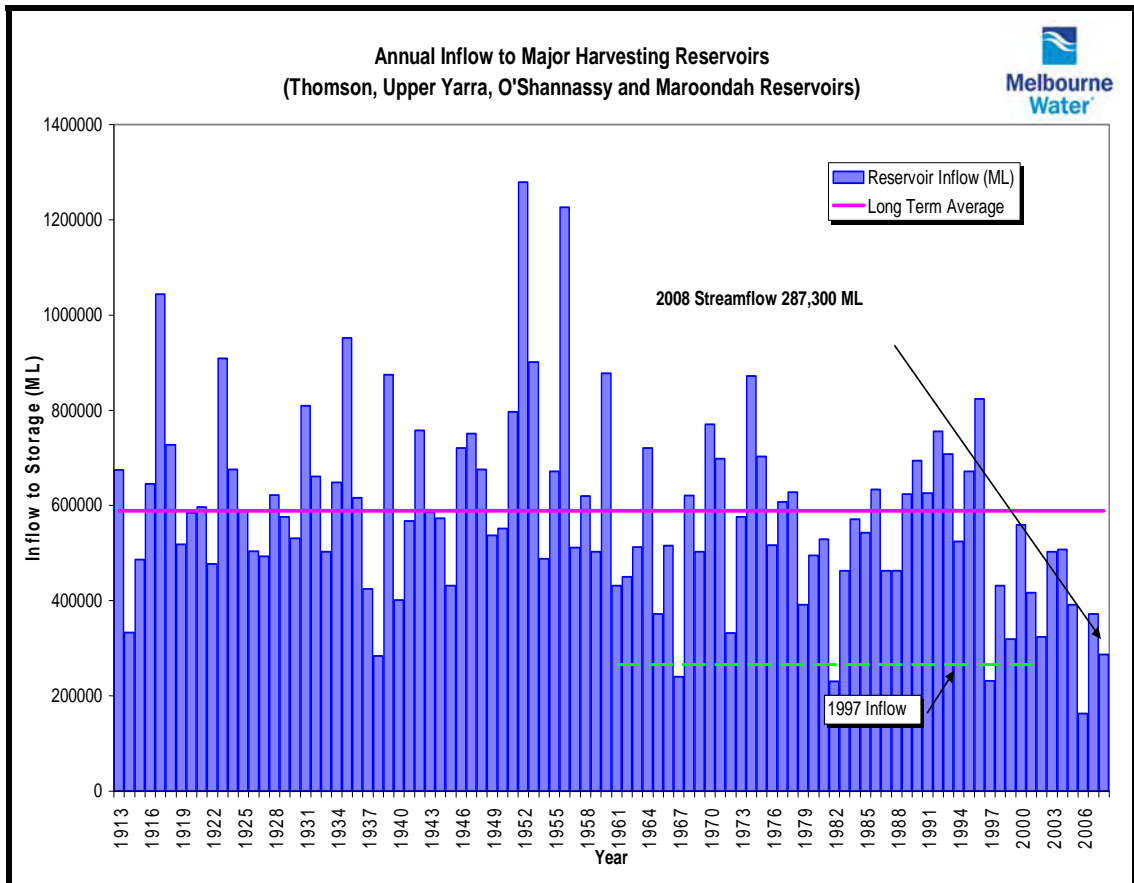
Due to the magnitude of water required, the significant potential alternate options to meet Melbourne's shortfall and the challenges already facing the irrigation community, the Government does not support Melbourne buying water from irrigators in northern Victoria to meet Melbourne's future consumptive needs.

Finding

On this basis those preparing the Minority Report condemn the Brumby Government for ignoring its own commitment from the 2005 Central Region Sustainable Water Strategy Report not to take water from Northern Victoria to Melbourne.

The Committee was provided with a detailed briefing from the Department of Sustainability and Environment (DSE) and Melbourne Water explaining that scenario planning for Melbourne's future water needs were being based on the average inflows of the last three years being the possible norm in the future as indicated in Figure 1.1 below (taken from Chapter 1).

Figure 1.1: Annual inflow into Melbourne's major harvesting reservoirs



However, modelling for the Government major water saving initiative in Northern Victoria, known as the Foodbowl Project, which will provide water for Melbourne down the North-South Pipeline, is based on long term historic water inflows not those of the last three years as Melbourne's water availability scenario planning is.

GMW water loss data as per Table 1.1 show that total water losses in the GMW Irrigation area are now less than the total of water savings promised by the Brumby Government as per table 1.2.

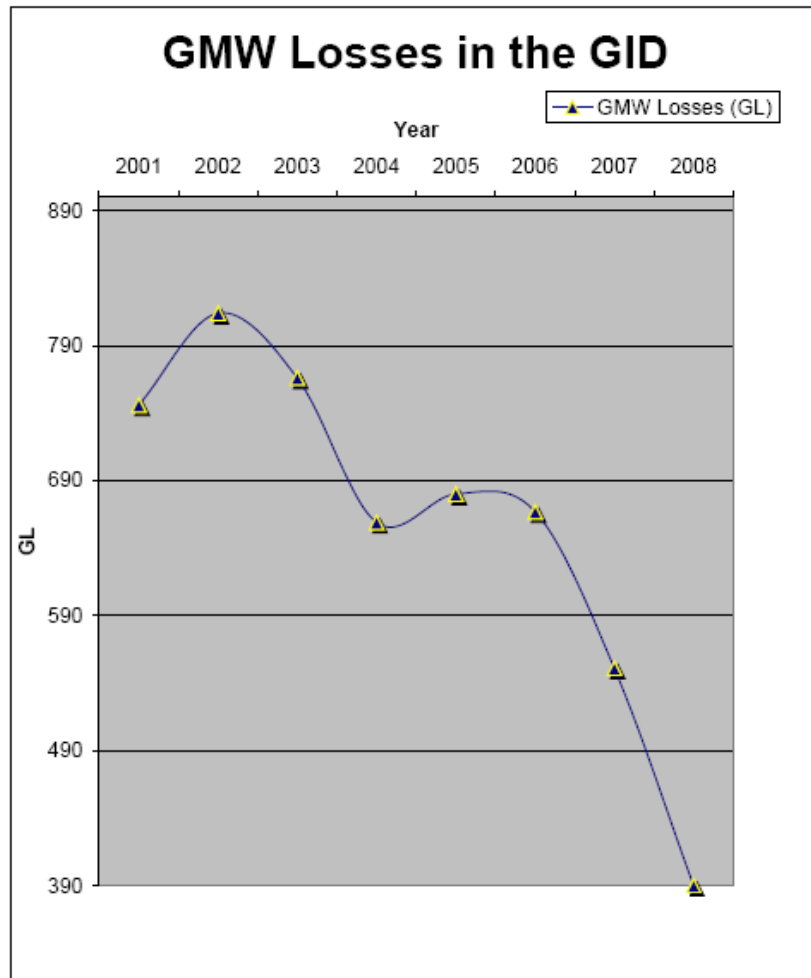


Table 1.1 Goulburn Murray Water Losses

<u>Project</u>	<u>Promised savings (ML)</u>
<u>GMW Reconfiguration</u>	<u>25,000</u>
<u>\$50 million</u>	
<u>Foodbowl Modernisation Stage 1</u>	<u>225,000</u>
<u>\$1 billion</u>	
<u>CG1234</u>	<u>17,600</u>
<u>\$42.8m</u>	
<u>Shepparton</u>	<u>52,000</u>
<u>\$188m</u>	
<u>Foodbowl Modernisation Stage 2</u>	<u>200,000</u>
<u>TOTAL</u>	<u>519,600</u>

Table 1.2 Projected Water Savings

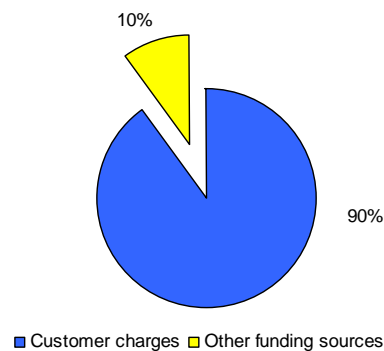
Recommendation:

That in projecting water savings from the Foodbowl project modelling be based on water availability to the irrigation system over the last 3 years, paralleling the approach taken to planning Melbourne's future water availability from existing storages.

Customer charges

Customer charges levied by the water licensees fully fund day-to-day management and operation of Melbourne’s water supply systems. Additionally, customer charges are the primary source of funding water infrastructure investment. For example, nearly 90 per cent of the \$4.9 billion cost of the Victorian Water Plan will be funded through customer charges.¹⁰⁴³ Figure 2.6 displays the approximate proportion of funding sources for the Victorian Water Plan.

Figure 2.6: Funding sources for the Victorian Water Plan capital works program¹⁰⁴⁴



This section from Chapter 2 of the report clearly demonstrates the fact that the Victorian Water Plan is being funded by customer imposed charges not through a Government budget allocation despite the Melbourne Water businesses paying record amounts into consolidated revenue over the last decade.

¹⁰⁴³ Victorian Auditor-General, 2008, Planning for Water Infrastructure in Victoria, page 19

¹⁰⁴⁴ Ibid, page 19

Inquiry into Melbourne's Future Water Supply

Melbourne Water										
	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	
Dividends	\$114475	\$119746	\$98942	\$99400	\$95700	\$41300	\$97000	\$86600	\$99400	Total
Environment Levy										
Tax Equivalent Payments			\$55555	\$68472	\$56089	\$62920	\$59000	\$23745	\$6270	\$1,184,614,000
Yarra Valley Water										
	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	
Dividends	\$49551	\$60958	\$52693	\$60400	\$48400	\$44100	\$36800	\$14800	\$21400	Total
Environment Levy						\$12540	\$16720	\$16720	\$16720	
Tax Equivalent Payments			\$20136	\$302920	\$23121	\$19124	\$16747			\$561,220,000
City West Water										
	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	
Dividends	\$49439	\$50950	\$54750	\$90800	\$41600	\$41600	\$27700	\$15200	\$24500	Total
Environment Levy						\$7660	\$10220	\$10220	\$10220	
Tax Equivalent Payments			\$26036	\$32072	\$29926	\$24024	\$23606	\$8852	-\$341	\$579,034,000
South East Water										
	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	
Dividends	\$58430	\$69675	\$62300	\$102200	\$54400	\$34800	\$45800	\$17300	\$37600	Total
Environment Levy						\$11340	\$15120	\$15120	\$15120	
Tax Equivalent Payments			\$34434	\$42636	\$36326	\$29082	\$29588	\$20569	\$9875	\$741,715,000
										Total for Melbourne Water Authorities
										\$3,066,583,000

* Data sourced from Water Authorities Annual Reports – 1999-2008

Finding

That if the Dividends, Levies and Taxes paid into consolidated revenue by the Melbourne water business had been invested in additional water projects for stormwater harvesting, recycling and water efficiency, the current water crisis could have been averted.

The Minority Report members don't support the recommendation that there be no additional water storage capacity constructed to supplement Melbourne's water supply.

It would be irresponsible to rule out the possibility of adding to Melbourne's storage or water harvesting capacity because, as the Auditor General was quoted in Chapter 4, "...there is a growing body of evidence global climate change is likely to lead to more frequent, intense storm events in Victoria."

It may be necessary to enable capture of the stormwater from these predicted intense storm events into new storages or by increasing the capacity of existing storages.

That this minority report expresses concern at the model the Brumby Government is using to build one very large desalination plant at Wonthaggi. Experience internationally demonstrates smaller (50-100 GL) more localised desalination plants are more cost efficient, less damaging to the environment, have a smaller demand for energy and leave a reduced carbon footprint.

Finding

Smaller localised desalination plants cited close to the point of delivery are more energy efficient and cost effective at providing desalinated water.

This Minority Report notes the inconsistencies of the planning issues with the siting of the Wonthaggi desalination plant on coastal land and that VCAT recently overturned planning permits at Toora on the basis that these properties could be affected by rising sea levels.

The Government has exempted itself from the usual planning process in its siting of the desalination plant despite it being in a similar elevation to the Toora properties and 800 metres closer to the sea.

Although the Minority Report members support the thrust of the Report's recommendations on water saving initiatives they believe a legislated target for water substitution would provide a more effective mechanism to increase the uptake of water projects to replace potable water used for non-potable purposes with recycled water, treated stormwater and rainwater.

Recommendation

The Victorian Government support the Private Member's Bill "Victorian Water Substitution Target Bill" as introduced into the Upper House in December 2007 by the Member for Eastern Region Peter Hall.

The objects of the bill are as follows:

(a) to reduce potable water use;

(b) to encourage the substitution of potable water with alternative water supplies including recycled water, treated stormwater and rainwater;

(c) to encourage investment, employment and technology development in industries that supply goods and services which reduce the use of potable water.¹

¹Taken from Hansard 16 April 2008, Victorian Water Substitution Target Bill, Legislative Council, Statement of Compatibility pp.1256-1261

Mrs Christine Fyffe, MP

Mrs Donna Petrovich, MLC

Mr Peter Walsh, MP