

PAEC Inquiry into the 2026-27 Budget Estimates

Water portfolio

Question taken on notice

Thursday 21 May 2026

Question 1: (page 12, 13)

Aiv PUGLIELLI: Thank you, Chair. Good afternoon, Minister and officials. Starting on budget paper 3, page 27, the Environment Protection Regulations 2021 changed wastewater regulations so that industries are now self-auditing the wastewater that they send to Melbourne Water. I understand that since then levels of solids such as grease and fats in wastewater have skyrocketed, which means that Melbourne Water is now treating far higher levels of solids than it was doing previously. Regional projections from Melbourne Water for increased solids in wastewater by 2050 have already been overtaken as a result of the shift to self-auditing. I understand upgrades to equipment to keep up with this demand are projected to cost over \$300 million, and many expect this cost will likely be pushed onto home owners and businesses in the form of increased rates. Can I ask: what is the department doing to rectify this dangerous situation?

(see the transcript for conversation between these points)

Aiv PUGLIELLI: Thank you for that information. They are still self-auditing, though, correct – the wastewater that they are sending to Melbourne Water – is that correct?

Deb BROWN: A customer is obligated to ensure that what they are putting into the system is consistent with those regulations.

Aiv PUGLIELLI: Okay. But is that process self-audited?

Deb BROWN: I am not quite sure what you mean by self-audited.

Aiv PUGLIELLI: So the companies themselves are auditing the wastewater that they are sending in, is that correct, or has that since changed?

Deb BROWN: I do not have that in terms of an auditing arrangement.

Harriet SHING: We can see what we can get you in terms of what the arrangements are.

Aiv PUGLIELLI: My understanding is that changed in 2021, and we are talking about resulting effects since that change came into effect.

Harriet SHING: Why don't we see what we can get you around what has changed since the timeframe that you have referred to –

Aiv PUGLIELLI: Yes. That is all right. That is much appreciated.

Response:

Water corporations specify criteria for what trade customers are allowed to discharge to sewers. They will issue a permit or enter into a trade waste agreement with customers.

Trade waste (non-domestic, industrial or commercial wastewater) is defined in the Water (General) Regulations 2021 and as amended by the Water (General) Amendment Regulations 2025. These amendments included clarifying that a water corporation may disconnect a trade waste connection where the connection would result in a water corporation not complying with the General Environmental Duty under the *Environment Protection Act 2017*.

For high-risk trade waste, a water corporation will carry out regular inspections to check that the customer is complying with the agreement. Lower risk discharges are subject to random inspections. Water corporations monitor the quality of waste arriving at treatment works.

If a water corporation observes material changes in quality waste arriving at a treatment plant, they will investigate and seek to identify the upstream source and take action. Water corporations may prosecute customers who breach the terms of a permit or trade waste agreement.

Discharges by water corporations to the environment are subject to specific licences issued by the Environment Protection Authority. They must comply with licence conditions and be consistent with the General Environmental Duty.

In relation to the cost of equipment upgrades, Melbourne Water's price proposals and service standards are subject to approval by the Essential Services Commission (ESC), which reviews prices for water and other essential services to protect the interests of customers.

The ESC has now released its draft decision for Melbourne Water. The ESC's draft decision supports Melbourne Water's proposal for no bill increases in 2026–27 (above inflation), then only a modest increase over the next four years.