CORRECTED VERSION

OUTER SUBURBAN INTERFACE SERVICES AND DEVELOPMENT COMMITTEE

Inquiry into growing the suburbs:
infrastucture and business development in outer suburban Melbourne

Melbourne—22 June 2012

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Witnesses
Melbourne Water
Mr D. Corbett, Manager Development Planning; and
Mr D. Ryan, Acting General Manager Waterways.
The CHAIR—I think we might start proceedings so that we can do justice to our time together. For the record my name is Jan Kronberg and I am the member for Eastern Metropolitan Region and the chair of the Interface Services and Development Committee. Cindy McLeish to my left is the member for Seymour, and Natalie Hutchins is the member for Keilor. We will shortly also have our deputy chair Judith Graley who is the member for Narre Warren South.

Now, some formalities for the record. If I could ask, Mr Corbett, to state your name, your designation, the organisation you work for and the physical address; and the same for Mr Ryan, please. Leading off with Mr Corbett.

Mr CORBETT—Thanks, Madam Chair. My name is Dennis Corbett, manager of development planning with Melbourne Water, and we are at 990 Latrobe Street, Docklands.

Mr RYAN—David Ryan, acting general manager of the Waterways Group at Melbourne Water, and at 990 Latrobe Street, Docklands.

The CHAIR—Thank you very much. Some other elements of this public hearing we are conducting today is that whilst you are here within the confines of the Legislative Council committee room, you will be afforded parliamentary privilege which is meant to encourage our witnesses to provide unfettered input for us. You need to know that parliamentary privilege, even if it was on the topic that we are focusing on in this hearing, would not be extended once you leave the confines of this hearing and this physical space today. It is important for you to know that we have a transcription service supporting our normal Hansard transcription services with us today. A hard copy of your input will be available in about two weeks and you can make changes to spelling but not content as such. I am wanting to recognise Judith Graley, our deputy chair. If you have some opening remarks this is the time to put them, and we welcome that. Then we would like to make the time together as interrogative as we possibly can. Whoever is going to lead with the opening remarks, please feel free.

Mr RYAN—Thank you very much for the opportunity to come along today. What we thought we might do is run through a presentation which gives you a feel initially of our role and the area in which we operate in. It is a little bit of context but very quickly you will want to get down to the detail about the model we use in terms of providing infrastructure from a growth perspective.

Slides shown.

The CHAIR—It might come about that through your presentation any one of us feels that we would like to interrupt.

Mr RYAN—Absolutely, that is fine. We will talk very briefly about our role as an organisation and more particularly about the Waterways Group. Melbourne Water is quite well known in terms of managing our water supply and sewerage services but we also have a Waterways side of the business which manages our rivers, creeks and major drainage systems. We are charged with the responsibility for waterways, regional drainage and flood plain management. There are some figures there in terms of the assets we manage. It is $9 billion in terms of water supply, sewerage and drainage assets. We have around 8,400 kilometres of waterways that we look after.

I will talk a little bit about our vision statement, but our statement as an organisation is really about enhancing life and liveability. We are not only managing drainage assets but our water supply assets, there is an end outcome or a purpose in terms of our roles and responsibility around enhancing life and liveability. I thought it is worth putting up the map of our waterways and drainage boundary. It is slightly different to our water supply responsibilities, but it is around about 12½ thousand square kilometres. It runs from Little River over in the west, up to the Macedon Ranges, across to the Yarra Ranges, all the way down to Phillip and French Islands down in the south-east. It is a fairly significant area of responsibility. Within that catchment there is around about four million people, depending on which predictions we are taking note of. It is getting up to around five, 5½ by 2030 and beyond which I am sure you are all well aware of.
Within that region there are 38 local government areas, and 38 very different characteristics of all those local government areas. There are about nine water authorities that cover that area. It is a fairly significant area. There are some complexities. Obviously growth is a huge pressure within that region. When we are thinking about it from a waterways context there are some really high value, natural assets in the upper regions; obviously some throughout the catchment but you also have the two bays at the bottom. That is really important from a liveability perspective. We mentioned the 8,400 kilometres of waterways that run through that region. From a liveability perspective these are really important natural assets.

I thought it worthwhile showing this slide—and I am not going to go through all the detail. When we are talking about assets from a waterways and drainage perspective, it gives you an understanding of what we are talking about. This is not water supply assets and it is not sewerage assets, it is, as I said, 8½ thousand kilometres of waterways. We have 677 kilometres of channel. It is really important, the underground drains that we manage. It is getting up to almost 1,500 kilometres of underground grounds.

Mr RYAN—Yes. Generally they are in good condition and are regularly monitored and we have an asset management approach in terms of maintenance, understand the condition of things and maintain, and so forth.

Mr RYAN—Across Melbourne Water's area, absolutely, in terms of that strong asset management approach. But I will touch on—in a second—in terms of, that is Melbourne Water's underground drains. We are probably only responsible for less than 10 per cent of the underground drainage system across the region.

Mr RYAN—Yes. Local government—there is that sort of hatch line down there—is responsible really from the household down the local streets, for want of a better description. Melbourne Water attends to the major regional drainage.

Mr RYAN—It is a big question but I think it would be fair to say it can be patchy. With the 38 local government areas, some of it is fairly consistent and well managed. In other areas it can have its legacy issues from particularly areas that were developed a long time ago.

Mr RYAN—Yes, we are looking at 100 years—

Mr RYAN—Yes, it is an ongoing challenge in terms of, firstly, understanding the condition of those assets and then ensuring that you are maintaining them to the required standard. I can confidently say that ours are in good condition and we regularly monitor and maintain. We speak with less confidence in terms of having a clearer understanding about local governments.

Mr RYAN—It can be a challenge for local government. Some of them do it really well. Some of them have a good understanding of their assets. As I said we deal with 38. With others it can be patchy and may not have the same level of understanding or the capacity to be able to fund it.
The CHAIR—Are the problems related to age or other things that impact on those systems? Beyond age, the concept of things ageing, what are the other maintenance problems of a drainage system for local government?

Mr CORBETT—Madam Chair, I think one of the key issues is the sheer amount of assets that local government has to manage. Obviously the drainage assets that we are talking about are a very important asset for council, and they are just one of the asset types that councils manage. As we talk about in our presentation, our model delivers new assets to local government but we acknowledge it leaves them with the ongoing management, maintenance and asset renewal of those assets. Whilst we are talking about drainage and things today, council would say it is roads and buildings and everything else that they have a large asset base to manage on behalf of the community. Looking at the figures here, if we are talking about underground drains that we own—and as David said, it is only 10 per cent—the council asset base is a formidable asset base. You mentioned the age of the assets, and I am talking about the sheer quantum of the asset as well is a big issue for local government.

The CHAIR—The age would apply more, we would see, in Melbourne's inner suburbs and that ring outside the inner suburbs is that medium radius.

Mr CORBETT—Yes.

The CHAIR—What about the outer suburbs—and of course our area of focus is interface councils. I am thinking of a municipality, such as the Shire of Yarra Ranges, where Lilydale is older infrastructure but it is certainly not in a growth corridor that we know of. Could you make a comment about a setting such as that.

Mr RYAN—I am happy to have a go. Lilydale is a good example in terms of you have some pretty unique—and I know this is going to sound fairly simple but there are lots of trees, a lot of tree root issues. You have a lot of leaf litter and all that sort of stuff. There are lots of things that can impact. The very soil type can also have a huge impact in terms of the amount of shifting and movement within soil types. That will be very different, how it is in Lilydale, as to compared to, say, how it is in—

The CHAIR—Mornington.

Mr RYAN—Absolutely. As an aside, we had an earthquake during the week. We have had to go out and check all of our assets, our high-risk assets.

The CHAIR—Were you able to get a view if there was any impact?

Mr RYAN—From a drainage perspective we are not seeing anything with our assets. That is obviously not local government, but from our perspective it has been fine, but that is a fairly obscure example but there are a whole range of factors that can influence assets.

The CHAIR—Thank you very much. I appreciate that.

Mr RYAN—I thought I would finish off my part of the presentation with this focus as an organisation on enhancing life and liveability. For us, as an organisation, we cannot work towards that by ourselves. The previous slide really showed that difference between ourselves and local government. It is really important we are working with retail water companies, with local government, with local community groups, with developers about ensuring, particularly in growth areas, the assets that we are providing there not only serve the purpose from removing flood risk, or something like that, but also how can we design assets that bring water back into a landscape that provide opportunities for, say, stormwater harvesting, for watering of local parks and so forth. For us it is not just about what is the asset we can put in the ground that is going to get the water away there as quickly as possible, it is about how can we have an asset there that is going to be valued by the community and really work towards our vision of enhancing life and liveability. I thought I would leave the context there, and Dennis will then go into our model that we use in terms of the provision of the infrastructure that we talked about earlier on in terms of whether it is underground drains, waterways, flood retarding basins and so forth.
The CHAIR—We look forward to that.

Mr CORBETT—Moving from that introduction into some of the particular issues within these terms of reference, Melbourne Water believes we have a very key role in managing urban growth, especially in relation to impacts of urban developments, and the key responsibility for Melbourne Water to put in place the required infrastructure to protect water quality, waterways and provide flood protection. Typically, you would know the new growth areas of Melbourne going from a paddock to a suburb, lots more run-off, lots more issues like flood protection, water quality, waterway health, as well as David said, the broader issues of liveability open space. The model we will talk about today is our model where we can ensure that the required infrastructure is put in place before the impacts of development are felt, and we can recruit those value for money funds from our developer customers.

A key role for us is working with a range of customers, again to get a range of integrated water management options for these new communities. Some of the key ones: obviously the Growth Areas Authority [GAA]; local government, of course, is really a major partner for us. We could not succeed without local governments. Then there is the development community and the retail water corporations. Working with them in partnership, planning for delivering infrastructure in a timely way in new growth areas of Melbourne is a key issue for Melbourne Water. As we mentioned there, whilst those key areas for us of drainage, flood management, waterways health are still as important as they have ever been, and also expanding now to do some additional things like stormwater harvesting and more focused on liveable communities. The growth of Melbourne, as the committee would be aware, again the map from the Growth Areas Authority showing the green and blue areas, they are new precinct structure planning areas where they are planning for the new urban growth of Melbourne. This is from last year, so it will not have the 6,000 hectares announced by the Minister for Planning last week.

Basically I showed those areas which are a major focus for us. The Growth Areas Authority is a key stakeholder, keeping up with the planning for the new growth areas of Melbourne with the government's plans for the rollout of Melbourne's urban growth areas. Our inputs into precinct structure planning are really key for us, and making sure we are working in the right areas, doing the planning in the right areas where the government is timetabling the urban growth of Melbourne.

The CHAIR—In terms of timetabling and your rollout, is that synergistic? Is everybody keeping going in terms of what needs to be done? Is there management going on in terms of what you need to do, so you are not stuck with a kind of a retrofitting situation where one thing has leapt ahead of what you are able to deliver?

Mr CORBETT—We think what the Growth Areas Authority has been able to bring to the growth of Melbourne, process has been really important for all of us.

The CHAIR—In terms of focus.

Mr CORBETT—Focus, coordination and timetabling, and the GAA being able to say, 'All your authorities, you need to meet these timetables.' We acknowledge them as a really important customer for us—and I know this has been a key point in many of the submissions before the committee and many of your hearing transcripts as well: the timetabling of infrastructure keeping up with development. Again we would like to discuss our model today, how we are doing that, that key issue for the community of, 'I'm out here in the suburbs but has infrastructure kept up with my new community?'

The CHAIR—At this point is there any other member of the committee who wants to put a question at this juncture?

Ms HUTCHINS—I might. In relation to that—and there has been a policy shift around water authorities being able to negotiate directly with developers about contributions—how is that fitting in with all of the planning? Is that a big change?
Mr CORBETT—Yes, there has been a lot of work and some changes recently, especially with the retail water corporations and what is called the new customer contributions, how much they were able to charge. Our model, which has been in place for some time, has been endorsed by the Essential Services Commission. Our model is relatively unchanged by that change for the retail water companies—and we will see our model in a moment—where we are able to say to a developer, 'These are the charges that apply to your area. This is how much we are charging you for your area.' We also think it is a value for money proposal, and those charges will vary across Melbourne, obviously if you are in the west where it is perhaps a bit rockier, compared to the south-east. Our model and the key thing for us is having the confidence of our customers and how much we are charging our developer customers, how much they have to pay us for the provision of those services to mitigate the impact of development. You are correct, there has been some recent movement by the government in that space about how much water corporations can charge their developer customers.

The CHAIR—We are talking about a spectrum of expenses in the development, depending on topography and geomorphology and so forth.

Mr CORBETT—Yes.

The CHAIR—Can you give us an idea about spectrum; what is the least expensive site from your service provision right through to where we are penetrating the basalt plain and dealing with floaters and so on in a western area?

Mr CORBETT—I can answer the question with the next slide because this slide says the things we can charge developers for, and I will be able to give you the figure then. We can say to our developer customers—

The CHAIR—Does anybody else want a question at this stage? Okay.

Mr CORBETT—We can tell our customers out here in the greenfields areas of Melbourne, 'There are policies and regulations of standards you have to meet. You have to do certain things, developers. You have to ensure'—there is the first dot point—'flood protection, number 1, that your big 1,000 hectare development out there on the edge of Melbourne meets the one in 100 year storm event flood level. When the big storm happens we want to make sure you're not causing a problem downstream.' Now, typically that will be developers paying to purchase land to build a flood-retarding basin. That is typically the solution there. Developers must pay to buy the land or give us the money and we will buy it on their behalf to make sure the flood retarding basin is built and excavated and can store the right amount of water. We do obviously computer modelling and various things to work out how much water must be stored. Flood protection in a big storm event is a key thing for us.

The second dot point talking about, 'Okay, developers, the kind of underground drainage pipes you have to build, how big do they have to be and how expensive will they be?' We are saying to developers, 'The underground pipes you have to fund have to cater for what we call the one in five year storm events.' Now, above that level of event that will be obviously water impacting on the roadway. The roadway becomes a floodway. That might be okay if there is only water there for a very small period of time, you have a few inches running down your roadway. Obviously it is not okay if the stormwater is there for a long period of time on your road. Again they must meet that one in five year pipeline size. They must also meet a series of water quality objectives. Typically they will be via the provision of constructing a wetland. We will see some examples in a moment—wetlands for water quality.

Given those three dot points, when I say to developers, 'You must meet these standards,' and they say, 'Okay, Dennis, how much?' across Melbourne, given the range of topography and other challenges, the current rates per hectare range from around $20,000 a hectare up to about $100,000 a hectare. That is roughly the range of our developer charges to meet these water quality, flood protection and waterways standards that developers have to pay. That is our model.

Ms McLEISH—Can I ask a question on this. Have you reviewed the one in 100 year storm event...
levels, and the one in five year storm event levels, because we have had many one in 100 year storm events in the last few years.

Mr CORBETT—Yes, that is a really key question. The information that feeds into how big the asset needs to be—and there is a lot of modelling of projections, and there are some key engineering tools that we use—obviously it could be climate change, it could be a recent climatic event that you are talking about. We need to make sure that the kind of modelling, the kind of assumptions, the kind of things that are going into our forecast are up to date and are factored in, what is happening in our climate. There is a need for Melbourne Water to make sure the modelling it has undertaken and the assumptions it puts forward are up to date with all those things that are happening. That is a key issue for us.

The CHAIR—On your assumptions, which to a degree it is almost like a moving feast, isn't it, because of the dynamism of the potential effects of climate change when people are recasting or—

Mr CORBETT—That is right. Because that is true the models need to have a little degree of conservatism, an allowance for—you know, the model might get things slightly wrong. In terms of the asset size, in terms of some of the descriptions that we provide, there needs to be a fact that accounts for 'models don't always get it right'.

The CHAIR—I need to get clarification on—in terms of your advice to developers is there a fee for service component in terms of what you set out that they need to do?

Mr CORBETT—The fees that we charge developers?

The CHAIR—Yes.

Mr CORBETT—Yes, and we will see some examples in a moment. The fees that we charge do include a portion of staff time. In other words, our work with developers, getting ready for their developments, that is not cross-subsidised by the general community of Melbourne. That is a charge we recover from the development community, to the extent we have our staff working on developments.

The CHAIR—Beyond your advice, when we are talking about assumptions to mitigate effects and so forth, is there recourse from the developers to challenge your assumptions and therefore some sort of a challenge regime that could lead to litigation, legal challenge?

Mr CORBETT—A challenging regime, as there should be, because we are very much aware that our model is reliant on retaining the confidence of our customers in terms of, 'Is Melbourne Water charging too much? How much is Melbourne Water asking me to pay? What am I being asked to pay for by Melbourne Water?' There are a number of mechanisms, obviously including the VCAT system, where developer customers can say, 'No, Melbourne Water, I think you are doing something not quite correct. I am going to challenge your decision, your process,' and they are obviously very important processes. But I can say that certainly in the few years that I have been there, we have not had too much of that, I would suggest because we do a lot of work, as you will see in a moment, with our customer community. We have an advisory committee, including from the UDIA—who I note are talking to the committee later on today—and any changes, anything new we discuss with our customers before it gets changed. Any change in policy, any proposal to change the modelling or whatever it is, we speak to our customers first. Again for us having the confidence of our customers is really key to our business.

Moving on from those standards, we have a tool, a bit of a drainage master plan, called Development Services Schemes. This is how we deliver infrastructure. We prepare them again to plan and deliver the required infrastructure. Again it is about making sure that new urban development meets those standards. All the costs are known and communicated with developers. We discussed before the key issue of local government. As I mentioned they are a really key partner for us. There has been a policy around since 1928 where because Melbourne Water is the regional drains authority, and because local government is the local drains authority, there needs to be some kind of clarity and demarcation. Any asset built by developers that is serving a 60 hectare catchment or smaller will be paid for by developers and go across
to local governments. Any bigger assets are paid for by developers but owned and maintained by Melbourne Water.

The CHAIR—You said that has been in place since the 20s.

Mr CORBETT—Yes.

The CHAIR—Is that subject to review?

Mr CORBETT—It is a good question, Madam Chair. I am not sure if that is subject to review. It is something we discuss with our customers and the MAV on a fairly regular basis as again we want local government to be okay with that model. It is the model we are saying if there is a local drains authority, a council, and there is a regional drains authority, what should be the separation point. There is a range of opinions out there. Some councils might say, 'Could Melbourne Water please do it all? Could you be the entire drains authority?'

Ms GRALEY—I was saving up this question for later but seeing as you have raised the issue—because I have had ongoing issues around—in your presentation you show some beautiful water features in these new estates. In the area that I represent I have a number of these, including Berwick Springs. This may sound small fry but I will give it as an example, because it is an example that I think is multiplied across the sector and the community—a beautiful water feature but the fountain does not work. The residents are really upset about it, so they complained to Melbourne Water, Melbourne Water said not their responsibility, handed it over to local government, and local government say, 'We haven't got the money to keep this feature going in this way.' The residents are very upset about this because it is about what they bought, they paid good money for to live in this area. It is about their community pride and, I would suggest, for some of them that are really upset about it, it is having an impact on their wellbeing. This demarcation issue is a really big issue out there, I would suggest, and I would like your comment on it.

Mr CORBETT—Yes, it is a big issue. Often we will have developers—and I must say many of our developer customers produce wonderful developments and sometimes in their enthusiasm they will say, 'Melbourne Water and council, we would like, as developers, to produce something that goes way beyond your standards, way beyond the base level of water quality. We want to produce flood retarding basins in Melbourne Water, wetlands and pipes and perhaps a nice, attractive recreational lake.' I have to say that both Melbourne Water and local government gets a bit nervous about managing some of those wonderful and well intentioned but extra assets. The community buys in a lovely development, lovely assets like the ones you are talking about, and we need to have obviously clarity from day one on who is going to own and maintain any asset. We have a lot of discussion with our developer customers on the kinds of assets being delivered, to try and avoid any kind of demarcation of, 'It's yours. No, it's yours.' I think it is fair to say that sometimes there are assets that are wonderful but maybe a bit more expensive to maintain—and perhaps fountains or lakes might be a good example, compared to perhaps wetlands and retarding basins.

What is the right balance between an attractive, liveable, healthy estate with a range of assets, and ongoing issues of asset ownership and management which probably makes ourselves and local government sometimes a little bit nervous about, 'Gosh, that's a wonderful proposal but it would be quite expensive to maintain.' We should never have a situation, as you mentioned, where it is uncertain for the community, or an asset is commenced and then all of a sudden people are saying, 'It's not mine.' That should never occur. There should be clarity from day one on, 'What's the range of assets to be created? Who will construct? Who will pay? Who will maintain going forward?' It is a really big issue for the community.

The CHAIR—Please proceed.

Mr CORBETT—The last point about that, the Industry Advisory Committee, the key thing for us is to have some frank conversations with our paying customers who do pay a lot of money to
Melbourne Water for us to deliver their assets for development. UDIA, the Land Development Engineers Association, local government, the Housing Industry Association and others, they are obviously really key for us in terms of some of our major customers. We talked about our drainage master plans being Development Services Schemes. The red line is showing our operating area and a diagrammatic plan showing the purple areas being the areas where we either have these drainage master plans in place or where we are doing planning for them to commence in the next year or so; again very much influenced by the Growth Areas Authority's timetable and areas to be rolled out, trying to give some consistency to our developer customers that we can do the work hopefully before they need it and that anything we charge them is providing some value for money. This shows, going right up to Wallan and right out to Ballan and over to Longwarry and Drouin and down to Phillip Island, areas of our major focus in terms of the new growth areas. When I say new growth areas of Melbourne I mean the purple bits, which is quite a large area. That is the focus of our work. It is purely driven by where our developer customers wish to develop because obviously our area goes beyond the Growth Areas Authority boundary.

If I talk about Grantville or Phillip Island or Loch, Longwarry, it is way beyond the GAA's jurisdiction but we have developer customers there looking to develop. It is very important for us to do the planning so they can develop it and they cannot be held up. Keeping up with that is a big issue for us.

The CHAIR—In terms of us going out and responding to the growth corridors, I am thinking of an example, say, if we come back to look at sewerage, is there something you can show us in terms of an overlay into what is sewered and what is not sewered, and the state and any auditing regimes for septic tanks. I am particularly interested in the discharge of septic tanks, let's say, in an area like the Shire of—

Mr CORBETT—If the committee would like more information we can provide some more information on those issues. It might not happen here now but we can provide some—

The CHAIR—We would certainly like to see what is out there that still remains problematic and who is going to take charge to extend a sewerage trunk to those areas. Beyond the growth areas it is important to look at the interface councils that have particularly a relationship with the Yarra River.

Mr CORBETT—Yes, we can provide that. Thinking of all those areas—let us perhaps take a typical one and see what we are doing out there with our Development Services Schemes. Again when an area goes typically from a paddock and we start planning for its urban growth, we will start saying, 'Okay, for that catchment, what is required to meet the right mitigation standards? Is it underground drains, is it pipelines, is it drain channels, is it retarding basins, is it wetlands?' Normally it will be a mix. Our model says, 'Let's go out and examine the catchment, look at the kind of asset we need to build, do the costings and talk to our customers about the best way to deliver the assets that are required,' whether they provide funding through charges or whether they build it themselves. Many of our developer customers choose to build it themselves, and do a very good job. But the bottom line for us is that example, which is one of our Development Services Schemes, a typical snapshot, we have to say that it meets the right mitigation standards and the right infrastructure is created and paid for by developer customers, no cross-subsidy to the broader community, and that is the model. Imagine this model replicated probably about 200 times across the broader growth areas of Melbourne, and that is our Development Services Schemes. We have had some of these schemes in place for more than 20 years, whilst the last few years have seen an increase in Melbourne's growth. In fact in the year we are about to finish, we have created another 19 new Development Services Schemes, but some have been in place for more than 20 years. It is a model that has been around for some time. These are our fundamentals: getting the planning right, lots of consultation with customers—again, developer customers, landowners, local government, all the other authorities—get your costs done and put the scheme into operation.

Ms McLEISH—Can I touch on this. You talked about getting the planning right: what about in terms of it being wound up and completed before people move in? How well do you think that is going at the minute?

Mr CORBETT—Our assets for the retarding basins and the wetland, when developers choose to develop and they work with their local governments, local government says, 'You've got to go and speak
to Melbourne Water and see what Melbourne Water's requirements are.' We tell the developers, 'Yes, go ahead and do the development. You can't get a release on your development until you've met Melbourne Water's requirements.' They are aware of what they have to do for us in terms of building your assets. We are saying, 'We need to have infrastructure completed and signed off by us as being totally final and ready before we could sign off your statement of release to the council.' Our customers know we have this model in place and things have to be in place before they can get the sign-off.

Ms McLEISH—That works pretty well?

Mr CORBETT—It works really well. I must say our developer customers we think do a fantastic job. We have had a longstanding relationship with many of them, in terms of the bigger companies, and they are delivering assets for the community and getting some really good outcomes.

Ms McLEISH—with the waterways management, for instance, and perhaps developments of wetlands and things like that, is that something—because it seems to be an ongoing feast, and working out, 'Well, we've got a little bit of a drainage problem here. Okay, let's beautify this, or let's do that.' That often seems to happen later.

Mr CORBETT—in the growth areas?

Ms McLEISH—I am thinking probably Wallan.

Mr RYAN—if I could answer that, particularly for Wallan. There is no doubt there are some legacy issues in the Wallan area. In fact our boundary was really only extended up there in 2005. On Dennis's map, earlier on, you will have seen a lot of activity of new Development Services Schemes. We are frantically getting ahead of development. That is one of the things about this master planning approach that we take through the Development Services Schemes. It does allow us to get ahead of development, but there is no doubt where the boundary was extended there are still some legacy issues. It does often mean you have to come back and retrofit existing flooding issues or drainage issues or whatever, and that can be pretty difficult at times. It can be pretty challenging because housing is already in there, streets are already in there. More often than not that will come from the broader customer base who will pay for that across the region.

Ms HUTCHINS—on the point with the $92 million of new infrastructure, as part of that, is that also your contribution that you make in consultation with councils about land that might be utilised for multipurpose, say, for sports facilities or community—

Mr CORBETT—Yes, a really key point. The $92 million—to answer that one and then go on to your question. We are saying that last year our developer customers paid $92 million to create a whole range of infrastructure and we think they did a pretty good job. Now, the key issue of multiple use. In preparing a Development Services Schemes, in fact now it is done earlier, hopefully through the precinct structure plan of the Growth Areas Authority, there is hopefully more of an understanding now about, 'Let's have multi-function assets, not single-function assets.' The discussions again with developer customers, with councils, with the Growth Areas Authority, with Melbourne Water, are, 'Well, Melbourne Water, if you're making a flood retarding basin or a 60 metre wide waterway reserve, to what extent can that also be an open space area?'

Again, like a lot of issues, it probably varies across our 38 councils. It is easy to arrange in some councils where you can have that balance of some of the open space requirement for developers that can be met through the waterway area; other councils tend to say, 'No, that's a Melbourne Water waterway and developers must provide additional open space in other areas.' Typically though, in many of our areas where the councils are into this kind of multifunctional stuff, we will say, 'There's a healthy waterway with some land on the side from developments. Can there be some walking trails, some cycle trails, some barbecues or seats or whatever?' The council might say, 'Yes, no worries, Melbourne Water. We as a council will have those assets built by the developer. They will become council assets.' Melbourne Water will own the waterways, and we arrange maintenance agreements with councils again—picking up the
deputy chair's point from before—to make sure there are no surprises in the future for the community. No-one has to say, 'Who's mowing that bit of grass? Who's looking after the creek? Who's looking after the walking track?' We will say, 'Let's have those discussions up-front, get the maintenance agreement signed off so there is a lot of clarity for who is doing what and who is responsible for what, because developers are spending lots of money building these new assets and we have to make sure they get maintained and there's complete asset management of them.'

Again the multifunction bit is a thing we are really keen to keep pursuing. There can be limits sometimes. If we have a flood retarding basin we have to say, 'Is it going to be safe to have people in there?' In many examples you can get a multi-use, especially where our assets intersect with open space requirements and liveability, as I said before.

Ms HUTCHINS—Is that included in this figure, your contribution that you have made so far? Is that part of the $92 million of new infrastructure?

Mr CORBETT—We are saying the $92 million that developers paid last year, and hopefully with all of those we push the multifunction perspective. We might not always achieve it, but it has always been our goal to try and get a multifunction use and thereby to minimise the additional open space, have some of our open space outcomes in our area, working with the councils. We want our waterways to be used by the community and to be enjoying and appreciating our waterways, and not fenced off or whatever, but getting those kind of multi outcomes.

The CHAIR—When we are looking at jurisdictional issues, is that something that is harmonious, it actually works? There is no confusion or turf wars happening at the boundary?

Mr CORBETT—When it works—I will give you a simple example which is often the case. We might say to a council, There is a 60 metre wide healthy waterway being delivered by the developer. There will be the wet bit running down the middle which Melbourne Water will own, maintain and look after. So, council, the adjoining grassed areas where there is perhaps a bit of vegetation, and a walking track, would council agree to sign a maintenance agreement, a responsibility for the land areas, and Melbourne Water will do the actual wet areas? Some councils say, 'That sounds fine, yes, we're happy with that.' Others say, 'No, thank you, we'd rather not. Can Melbourne Water please maintain that area?' Again the councils have a range of perspectives on that, but there are many cases where it is completely signed off, agreed to, there are no jurisdictional issues, and the council say, 'Yes, that's reasonable for our ratepayers to contribute to that maintenance if there's an open space outcome for the community.' Yes, it often works out well but there can be some variation.

Ms GRALEY—Can I ask a question on that. It is different between each council. Does the MAV have an overview of this? How difficult is it for the resident who may, say, move from one area and then go to another area, have a lovely pathway and it is a whole new ballgame about how things are done? My second question is, once these assets are handed over and, say, for example, down at Rivergum, the council are responsible for the walkways, you are responsible for the vegetation, some of the walkways have gone one way and then some of the vegetation has gone to a different level. What sort of level of funding do you have put aside to finish these off? You go in and do all this stuff, then all this other maintenance that has to be provided on an ongoing basis, what is the funding you have—

The CHAIR—Just before either of you answer that, can we be specific about, for the record, Rivergum?

Ms GRALEY—Rivergum is in Hampton Park, going right through to Narre Warren up to Berwick.

Mr CORBETT—The first question about the MAV issue: one thing I would say is I am aware that the Growth Areas Authority has done a lot of work in trying to get consistency from councils on a range of issues, because developers were finding that one council has one kind of street lamps or road pavements or drainage, whatever it is, so I know the GAA, to give them credit, have done a lot of work in
saying, 'Let's get some consistency for our developer customers.' Taking that issue a bit further I have not seen any work—and we have not done too much yet—on trying to get an overall consistency. We do acknowledge that the councils do vary, for instance, about individual council negotiation. It would be easier if perhaps there was more uniformity or there was some consensus with the help of the MAV, but currently it is about us negotiating with the councils on how much of that open space stuff do they see as value for money for them. There is that variation, I must admit, right now.

Mr Ryan—To build on that question, I think with the standard pipes and retarding basins, it is fairly straightforward. It is really when we are trying to push the boundaries with a lot of this stuff, particularly incorporating liveability aspects, that is where it can get challenging for local government. That is probably where the variance really is; less about the pipes and the standards that we are building to and so on.

The Chair—When we are talking about the waterways, are we talking about a high-water mark?

Mr Ryan—Yes. In terms of Melbourne Water’s responsibilities, it is never ever really as cut and dried as a line on the map, although that is where we ultimately get to with our maintenance agreements. We do get to a line on the map about, 'This is where Melbourne Water will manage, and local government will do that side,' particularly in Melbourne Water it is the bed and banks. Obviously that can vary because in the west the bed and banks can be a really high escarpment, and out in the south-east it can be a fairly simple drainage line. But generally we tend to find common ground relatively easy, particularly around that watermark issue. But to address the ongoing maintenance issue—and I am not familiar with the Redgum Park issue.

Ms Graley—I imagine there are similar places everywhere.

Mr Ryan—Yes. To talk in general terms, when works are constructed there will be an ongoing maintenance regime through the construction phase, but really once things are established then it moves across into our regular, ongoing maintenance regimes, and we do have set levels of service for all of those regimes across all of our waterways, across the whole region. They may vary a little bit to council, and from council to council they will vary, but often we do that through a negotiated outcome where, for instance, if something needs to be mowed—and from a drainage perspective three times a year or five times a year is fine. But from a community perspective, council might want it mowed a little bit more or weeded a little bit more, we will often negotiate an outcome where we will still do ours, and then council will come along and give that higher level of service.

The Chair—In terms of discharge issues, where you were talking about the nitrogen levels and the phosphorus levels, is that described as tertiary? When does quaternary come into the ranking? I am interested to know because I think that is when there is no phosphorus present, is it?

Mr Ryan—I will hand over to you, Dennis.

Mr Corbett—in terms of the typical stormwater run-off, running down our streets every day, the figures we have talked about—and other water quality issues, like recycled water or sewage water quality. In terms of stormwater running down our streets we talk about, when you have a paddock, what is the water quality like; when you have a suburb—because there are obviously lots of changes in water quality going from a paddock to a suburb—how much of that extra run-off, through garden fertilisers or whatever it is that we have in our community, some additional water quality issues, how much that needs to be reduced by, say, a wetlands. The so-called best practice stormwater water quality standards we talked about tackle some of that typical suburban stormwater nutrient load. It is about healthy waterways and reducing the general level of nutrients that, like I said, a typical suburb tends to impact on a waterway which you do not see or it is not very obvious but it tends to happen. We set up that benchmark about saying developers have to mitigate that percentage of the impacts they are going to cause. We call it best practice stormwater quality but it is a different standard to other parts of the Melbourne Water business where we have different standards for different parts of the water cycle.
Mr RYAN—I am a little bit unsure on technical reference in terms of those two titles but I guess one of the ways in which we are really thinking about the change in approach around stormwater is we have previously looked at stormwater as primarily a threat to the health of our waterways and bays, but in actual fact, particularly in growth areas, it is an opportunity in terms of stormwater harvesting. Can we harvest stormwater which is going to help water local parks, and so forth, but importantly is also going to help remove some of those nutrients. The science is really showing now that, as well as the quality perspective, the real issue from a stormwater perspective is the quantity. We have really changed the hydrological regime within our developed areas in terms of we have made all the surfaces hard. Where previously a lot of water used to filter in, make its way to our streams through base flow, it is now hitting these hard surfaces, rushing off really quickly and having huge impacts on our waterways and ultimately—

Ms McLEISH—And people's backyards.

Mr RYAN—Yes, and people's backyards. You have erosion issues and a whole range of things. How can we change that regime? Through things like water-sensitive urban design, which we have mentioned in our submission, in terms of, how can you get water back into the landscape, how can you start treating and, at the same time, how can that start having a community benefit in terms of stormwater harvesting or creating a local community asset through a wetland? It is from a threat to an opportunity.

The CHAIR—In the way of sealing the surfaces over so they are non-porous and they create run-off, are other specifications for the drainage visionary enough to handle that additional run-off that we see in our urban landscapes commonly, with more courtyards, more driveways, more roofs, more sealed surfaces?

Mr CORBETT—Yes. In the growth areas of Melbourne we can do the calculations and get it right. I think it is much harder in the suburban areas where you have a lot of little bits of development—some new townhouses over here, and a new apartment block over there. In the greenfields areas where you can go from a paddock, we can do the calculations and work out—it does involve some assumptions. How big are the block sizes? Typically how big will the house be? Typically how much run-off will there be from the house? We do improve and modify those assumptions obviously quite often to make sure they are still current. In a greenfields area we can get it right. We have to make sure we factor in climate change and other climactic events. I think it is harder in perhaps the established suburbs, as I said, but I think in the greenfields areas we can do the calculations and get the infrastructure size correct.

Ms McLEISH—With the growth in the numbers of people particularly that are using the water, do you see any conflict with putting a lot of these new areas straight into the town water? When the drought was on and how low our water sources were and, for me, I could see more and more growth and development that was sucking more and more growth and development that was sucking more and more out of our reserves.

Mr RYAN—From a water supply perspective, and with a major augmentation, such as our desal plant, it is going to help meet those future growth projections. But there is no doubt we are doing a lot of work at the minute, and through the water retailers and Melbourne Water have developed their water supply demand strategy which is really a long-term outlook on what do we need to do to service those water supply needs, and that more and more is starting to look at less of the large centralised solutions, and more of the decentralised solutions; things like stormwater harvesting and recycled water. It is almost fit for purpose water. Do we need to be using potable water, for instance, to be watering parkland in new growth areas when in actual fact, as we were talking about before with water running off, the issue is we have too much water when you start thinking about things like stormwater.

The CHAIR—Can you give us a quick dot point overview in terms of the relationship for the approach to water harvesting for any new industrial estates, any commercial development?

Mr CORBETT—Whilst developers must meet certain standards for a range of things we added before, the water harvesting component is not compulsory in that sense. A lot of developers do go above the minimum, so whilst they have to meet the water quality and the flood protection and everything else,
as its standard, we do not say, 'You must do a level of stormwater harvesting.' Again, many of them do by choice and lead by example, but it is not a compulsory thing. It is not another thing they have to do. We are hoping now that we can get more uptake on those kind of projects so we can do flood protection, water quality, waterway health and more sustainable management.

**The CHAIR**—You said you 'hope to do this'. Now, given that 'hope' is not a strategy, how would you be doing that?

**Mr CORBETT**—Often it is through working in partnership projects and then showing those off. For example—I know you have UDIA up next. We sponsored their Integrated Water Management awards, have done for some years, where we proudly sponsor the best industry work in the state to say, 'You're getting the award, you've done the best integrated water management. You've ticked all the boxes in your developments.' We sponsor that award every year, it is something we are very proud to do, to say to the rest of the industry, 'This is not Melbourne Water talking, this is your fellow developer partners talking and what they have done in their integrated water management outcome.' I think demonstration projects, sponsorship, and rewarding innovative projects is a really key thing for us.

**Mr RYAN**—There are also opportunities through things like building standards and so forth which obviously fall outside our area of responsibility but those opportunities exist too.

**The CHAIR**—Okay.

**Ms HUTCHINS**—With the recent issues around overcharging, now you are not proceeding with the planned increases in 1 July. Are there any outer suburbs capital works projects that might be slowing down at risk?

**Mr CORBETT**—No, and it is because of our model whereby developers pay. What basically happens is—I will give you an example from last week. Last week's Melbourne Water Board meeting approved a $10 million project where I said to the board, 'I've got a development starting soon in Tarneit. I need to spend $10 million now to build a retarding basin and wetland and my developer customers will pay us back over the next 20 years.' Melbourne Water Board said, 'Of course, Dennis, that's our business model, go and do it,' because I can show over time it is a self-funding model. The recent changes from Melbourne Water will not affect our developer partners. We are pretty much a separate business within Melbourne Water with that developer funding. To finish up, I do not know whether time is an issue—

**The CHAIR**—Yes, it certainly is.

**Mr CORBETT**—We talked before about who does what. Here is where the developer has gone above the minimum. The wetland there, hopefully healthy, functional, attractive wetland vegetation, a very lovely walkway built by the developer out here in South Morang. In the background the grass sloping area. Talking to council, it might be, 'Council, a wonderful thing has been built. We will do the wet areas, the wetland vegetation. Council, would you do that grass area at the back and the lovely walkway. We will sign the agreement for complete clarity and get things maintained.' That is one example.

Going down to Pakenham at Lakeside, again it is very nice to see some of the houses overlooking the wetland here, again a very attractive walking path, a functioning, attractive asset which we are encouraging the community to use, and again some grass to be mown, some walkways to be looked after, hopefully by the council, and some wetland areas to be looked after by Melbourne Water. The last slide then, in terms of our key role, again it is about ensuring the right kinds of infrastructure up at the right time with that developer funded model, looking for innovation and integrated water management and having again these attractive outcomes, and again here the final slide, houses overlooking the wetland, overlooking the community asset. That is what we are on about, really healthy, liveable communities, hopefully value for money services and that wonderful outcome.

**Ms McLEISH**—Where is that last one?
Mr CORBETT—That is down south-east at Lynbrook.

The CHAIR—Very nice. Gentlemen, our time together has now concluded. Thank you both for your participation today. Can I also reiterate our interest in that overlay that you can provide us with in terms of the gap, where the septic tanks are, the auditing regime that goes with that. I would be interested in demarcation issues between your authority and that of local government. Some comment also too on the impact of that on the Yarra River—through our executive officer. That will be your contact point for the committee.

Mr CORBETT—Right.

Ms HUTCHINS—Can I ask also, you mentioned a water supply demand strategy. Is that a public document? Is that something we can look at too?

Mr RYAN—I am not 100 per cent certain where it is in terms of in the cycle, but let me find out and get back to you.

The CHAIR—Thank you. As we shape our reporting we might want to come back to you—

Mr CORBETT—Absolutely.

The CHAIR—Not necessarily through a formal process but perhaps our executive officer, under instructions from the committee, to drill down on certain aspects where we have identified gaps. The time together is very short. Then as we focus on it and become immersed in it, obviously other things trigger a further need for more detail. Gentlemen, thank you very much for coming today.

Mr CORBETT—Thank you.

Mr RYAN—Thank you.

Witnesses withdrew.

Hearing suspended.