

25th September 2013

The Office of Living Victoria
PO Box 500
EAST MELBOURNE Vic 3002

Ask for: Natalie Walker
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Ref: A1799564

Dear Sir or Madam,

MELBOURNE'S WATER FUTURE STRATEGY REVIEW

The Western Metropolitan Regional Councils appreciate the opportunity to provide a response to the Office of Living Victoria on the draft Melbourne's Water Future strategy.

We support the leadership and direction of Office of Living Victoria in bringing a smarter, whole of water cycle approach to help plan for our urban growth, liveability and climate change. A detailed response to the draft strategy is attached which includes comment on a number of areas that require further clarification.

We look forward to continuing to working closely with the Office of Living Victoria to further the aims of Melbourne's Water Future and improving whole of water cycle planning across Melbourne. Local government has valuable experience, knowledge and partnerships that we trust will help Office of Living Victoria achieve their objectives.

If you wish to discuss the matter further then please contact Natalie Walker, Director Strategic Development.

Yours sincerely

Chris Eddy
CHIEF EXECUTIVE OFFICER
On behalf of:





MELBOURNE'S WATER FUTURE STRATEGY REVIEW

Executive summary issues and recommendations

The draft Melbourne's Water Future strategy focuses on a whole of water cycle management approach to increase water security as Melbourne's population grows. This approach recognises the multiple benefits of increased liveability and improved waterway health. It aligns with broad regional strategic directions for water cycle management.

However, there are areas of the draft strategy that require further clarification to enable its impact to be fully assessed.

Areas requiring further clarification include:

- The division of roles and responsibilities for the development of water infrastructure under this new approach; and
- The division of roles and responsibilities for the approval of water infrastructure in the land use planning system.

There is in principal support for:

- The increased utilisation of stormwater as a water resource;
- Initiatives to support green infrastructure;
- Extending the requirements of clause 56.07-4 to include all developments;
- The development of a cost benefit analysis that values non-financial benefits of whole of water cycle management activities;
- The increased training and development of whole of water cycle management skills across industry;
- The disclosure of water cycle performance of properties for sale or rent;
- The inclusion of energy efficiency in water cycle planning; and
- Placing Melbourne at the forefront of research, knowledge and global best practice in water-cycle management.

It is recommended that:

- Clarification be provided about the fast tracking of 'approvals processes' initiatives in section 3.4.1 in regards to which approval processes are being referred to;
- The final strategy retain the flexibility to inform and affect the outcome of the Metropolitan Planning Strategy;
- Local government be consulted during the review of the licensing arrangements and the water rights and trading framework;
- Local government be consulted during the development of any cost signals for the discharge of stormwater;
- Any review of the water authorities' security of supply obligations include meaningful dialogue with local government;
- Further detail on the effective management of groundwater be provided;
- Climate change impacts be included in all levels of water planning;
- The strategy includes advocacy about strengthening the National Construction Code 2013 to consider the impact of impervious surface areas on flood management; and



- That funding streams include specific provision to assist community education about water management as well as industry capacity building.

Clarity of roles and responsibilities

Throughout the draft strategy references have been made to the water infrastructure that is expected to be developed by local government and private industry, including developers. There is very little reference to any water infrastructure that is expected to be built by state government authorities. In addition, it is noted that financial support will only be provided in the short term. There is also a lack of focus on the long term role of state government authorities in providing technical assistance and ongoing support to local government and industry. This provides an overall impression that responsibility for water planning and management is being devolved from state government authorities to local government.

Reducing the current state government authorities' or agencies' responsibilities to plan for and provide water, wastewater or drainage infrastructure is not supported. It is recommended that clarification be provided around the following issues:

- How will whole of water cycle projects be funded in the long term? Of particular interest is how these projects will be funded once the Office of Living Victoria concludes its operations?
- What role will state agencies, including water authorities, play in providing both technical and financial assistance to the development of and operation of whole of water cycle projects? Of particular interest is whether the type of support currently provided by City West Water in its stormwater harvesting partnerships with local government will become part of normal operations for water authorities. Local government has really valued this support from the water retailers and it is recommended that such technical and financial support become business-as-usual for water authorities.
- Under what conditions will state agencies be responsible for developing whole of water cycle infrastructure?

Roles and responsibility for planning approvals for water infrastructure

In a number of sections, including 2.2, 3.2, 3.2.3 and 3.2.5, the draft strategy refers to the increased importance that whole of water cycle planning will have in large scale developments. Whole of water cycle planning in large developments is supported. However, it is unclear who will be primarily responsible for assessing the suitability of water infrastructure in new developments. It is considered that while there is a role for local government to coordinate information particularly at the design stage, it is questionable whether the direct responsibility for assessment and or the provision of expert advice should be the primary responsibility of local government. There needs to be a partnership approach between local government, developers and the relevant water authorities to deliver successful outcomes. Many local governments do not retain the necessary expertise to provide appropriate advice. Capacity building is needed in this area.

In addition it is unclear how the draft strategy will influence the Growth Areas Authority decision making and Precinct Structure Plans (including timing, planning, development standards and community consultation).



Similarly, in section 3.2.2, it is unclear whether the water planning process or the land use planning system is being referred to. If referring to the land use planning system, Council's current role in respect to service provision is generally that of coordinating a process to ensure that the appropriate utilities are provided. Specific service provision issues are worked out directly between the service provider and the applicant. It appears that the intention is to incorporate this into the statutory planning framework. Should this be the intent, further detail is required to assist additional feedback.

If referring to water planning there is support for the inclusion of, "the extent of tree canopy coverage and soil moisture for water-dependent open spaces, management and reduction of existing areas of directly connected hard surfaces, and flooding and drainage goals (such as the volume of water retained in the landscape and flowing through or across vegetated areas prior to discharge into drainage or waterways)," in regional and local water plans.

Extending clause 56.07-4 (Urban run-off management objectives) of the Victoria Planning Provisions

Sections 2.9 and 3.2.5 recognise that many new developments, including many infill, commercial or industrial sites do not currently fall under clause 56.07-4 of the Victoria Planning Provisions (VPPs). This clause in essence requires developments to meet the performance objectives set out in Table 2.1 of Environment Protection Authority (EPA) Victoria's, "Urban Stormwater Best Practice Environmental Management Guidelines". These objectives protect waterways from pollutants and reduce the risk of flooding from increased impervious areas. As a result there is support for extending this clause to include all developments subject to local government being provided with the tools they need to facilitate effective implementation. This includes greater support in the VPPs. It is recommended that local government be consulted with during the development of any proposed changes to the VPPs.

Fast tracking approvals for developments

Section 3.4.1 indicates that, "*we will substantially accelerate the approvals process for developments that are consistent with sound water cycle management principles. To improve current processes, we will identify then eliminate overlaps and administrative loops.*" There is support for the removal of overlaps and administrative loops. However, it is unclear what 'approvals processes' are being referred to. That is, whether it is the 'planning approvals' or the referrals system which is to be accelerated and how this will be affected. Initiatives that propose fast tracking of applications through the land use planning system may have significant resource implications for local government. Before initiatives that propose fast tracking are introduced, local government would need additional resources and support.

Aligning with other strategies

The draft strategy makes reference to the yet to be released Metropolitan Planning Strategy (MPS) and a number of the initiatives have been formulated in the context of it. In the absence of the MPS it is difficult to provide meaningful feedback in relation to these initiatives. It is recommended that the final strategy retain the flexibility to inform and affect the outcome of the MPS.



Cost benefits for whole of water cycle planning

Section 3.4.4 of the draft strategy outlines a plan for, “a state-wide approach to valuing non-financial benefits,” of whole of water cycle management activities. There is support for this approach and local government would welcome the opportunity to be involved in this initiative.

Similarly section 3.3.7 outlines a plan for a cost benefit analysis that, “considers the net benefits of implementing new controls to improve the water performance of new buildings.” There is support for this approach and local government would welcome the opportunity to be involved in this initiative.

Improving waterway health

The draft strategy will reduce the impact Metropolitan Melbourne on the health of local waterways. There is support for initiatives that achieve this however the strategy needs to go further. The full range of non urban land uses need to be accounted for in improving waterway health, including impacts arising from upper catchments outside of the Urban Growth Boundary.

Supporting green infrastructure

Sections 3.2.4 and 3.3.3 highlight the importance water plays in protecting and enhancing Melbourne’s green infrastructure including sports grounds, parks and streetscapes. There is support for the stated aims of:

- Plan to keep our existing green areas and trees thriving by planning for the availability of enough alternative water – even in times of drought – through the local integrated water management plans;
- Ensure that new developments in the growth areas and in inner Melbourne include provision for water-effective landscaping and increased tree canopy cover including native trees; and
- Make Melbourne’s sports grounds a world leader in water cycle management.

Security of water supply

The draft strategy recognises the current under utilisation of stormwater as a resource that can significantly increase Melbourne’s water security as our population grows. There is support for the increased utilisation of stormwater.

It is recognised however that there is significant variation in both rainfall and evaporation rates between the east and western suburbs of Melbourne. This has a significant impact on both the total volume of water that can be harvested in the drier west and the cost of harvesting water per unit volume. It is noted that to maintain significant green, community infrastructure stormwater harvesting systems often need to be backed up by a potable water supply. This is particularly true at the end of a long dry period and in particular in the dryer regions of Melbourne.

It is also recognised that there may be constraints on some council’s ability to develop stormwater harvesting schemes due to the historically widespread industrial and landfill activities across parts of the western suburbs.



Training and skills

The identification of skill gaps, an increase in training provisions and the influencing of certificate standards as identified in section 3.7.6 is supported. It is noted that although it is possible to hire water and waste water operators with competencies at various certification levels there is currently no such certification for alternative water supply operators, maintenance staff or construction staff. Builders, plumbers, operators and maintainers of alternative water supply systems need to be competent in unconventional retreatment methods such as raingardens and wetlands as well as conventional treatment methods such as sand filters, UV disinfection and pumps. The ability to hire construction and maintenance staff, who have known skills in Water Sensitive Urban Design (WSUD) technologies, reduces the risks associated with developing and operating whole-of-water-cycle projects. As such, the increased development of industry skills in this area is seen as an industry priority.

There is support for the provision of practical assistance to support industry to translate innovative water cycle management approaches into practice, as described in section 3.6.2.

Community engagement in whole of water cycle management

Section 3.1.1 states that, “*we will work with water authorities to ensure dedicated stakeholder relationship and liaison managers are employed and skilled to facilitate collaborative local-scale planning involving local government, relevant water authorities, community members and local businesses.*” A collaborative approach to integrated water management planning is supported. However, further information about the extent of involvement of local government is requested. The report also indicates that “*where appropriate, representatives from development organisations will also participate in this planning process.*” While there is support for the participation of developers in this process, it would be prudent to ensure that minimum standards be provided regarding whole of water cycle management to ensure adequate provision for long term water services. This should include consideration of materials (as this has ongoing maintenance and cost implications); capacity (now and for anticipated growth); and connectivity (to ensure future infrastructure can be integrated and connected to existing infrastructure).

Sections 3.1 and 3.1.4 highlight the importance of community engagement and participation in water cycle planning. There is strong support for effective community engagement and participation in the water planning process provided that it is accompanied by strong and continued education of the community’s knowledge in water management issues. There needs to be an increased awareness of both the cost and benefits associated with including whole of water cycle management principals into developments particularly for small-scale ‘mum and dad’ developers.

Communication must reach a diverse community demographic including people from culturally and linguistically diverse communities.

Disclosing water cycle performance information

There is support for the principal of disclosing the water performance of homes for sale or rent as outlined in section 3.1.3. It is noted however that these measures may not be adequate to ensure water efficient, affordable housing for low income households and additional tools and initiatives may need to be developed to support this demographic.

Review of licensing for alternative water supply



Section 3.4.8 of the draft strategy identifies the need to review the current, complex licensing arrangements as well as water rights and trading framework for alternative water supplies. There is support for the increased certainty for water investment through clearer water rights and trading framework. However, until the framework is released local government are unable to assess the full extent of the impact of these changes on their operations. It is recommended that local government be consulted during the review of the licensing arrangements and the water rights and trading framework.

It is important that any changes to the licensing framework include the protection of natural stream flows.

In relation to section 3.4.3 the western metropolitan regional councils would like to see consistent approaches to water pricing regulation in relation to more recent initiatives such as stormwater harvesting where regulation is currently minimal. The Essential Services Commission should ensure that water retailer pricing of alternative investments, where the costs are borne by local governments and community, are able to be funded in a commercially competitive manner and do not impose undue costs on local communities.

Cost signals for the discharge of water

Section 3.4.9 of the strategy outlines an initiative for, “a cost signal for the discharge of stormwater and treated wastewater, and a cost signal for different geographical costs of water cycle services.” A cost signal for discharge of stormwater has the potential to significantly impact on the operations of local government. It is recommended that local government be consulted during the development of any such initiative.

Review of the Water Act

Section 3.4.2 of the strategy refers to the current review of the *Water Act 1989*. The strategy indicates that, “*this will include revisiting water authorities’ security of supply obligations.*” In the absence of the review of the *Water Act 1989* it is difficult to provide meaningful feedback in relation to this initiative. It is recommended that local government authorities be consulted during the review of the *Water Act 1989* and that they be provided with the opportunity to comment on the findings of the review.

Inclusion of ground water

The impact of over extraction of groundwater and the protection of aquifers is not mentioned with any detail in relation to whole of water cycle management. Groundwater and aquifers are an important component of whole of water cycle management. It is recommended that further detail on the effective management of groundwater be provided.

Planning for climate change

The draft strategy recognises that climate change will have an impact on rainfall patterns and that this will impact on corresponding water yields. The strategy does not mention how planning for climate change will be incorporated into Melbourne wide, regional and local water plans. It is recommended that the results of the recent investigation by the Office of Living Victoria into how the International Panel for Climate Change’s climate change models impact on system yields be made available for use in all levels of water planning and that climate change impacts be included in all levels of water planning.



Energy

Water systems are inherently energy intensive making water systems vulnerable to energy price shocks as identified in section 3.3.6. There is support for the inclusion of energy efficiency in water cycle planning.

Prior to the 1997-2010 drought, the energy intensity of Melbourne's water supplies was around 0.14 kW/kL; the energy intensity for household rainwater system is around 1.98 kW/kL; with the energy intensity of desalination being around 3.6 kW/kL (J. Shortt, 2010). Given this analysis, it can be observed that many local scale projects are significantly more energy intense than Melbourne's traditional water supply system but significantly more energy efficient than augmenting Melbourne's water supply system with additional desalinated water. When benchmarking projects for funding, as outlined in section 3.4.4 it is important that local scale projects that are more energy efficient than desalination are not rejected on the basis that they are more energy intense than Melbourne's traditional water supply network.

In section 3.2.8 it is acknowledged that there can be, *"significant benefits to be gained in planning to generate, conserve and reuse energy in the water cycle at a local level."* The initiative indicates that, *"planning guidelines will be developed in such a way as to ensure that these issues are considered in local and regional water cycle planning."* Energy efficiency measures are supported. However, the principles should be embedded in the State Planning Policy Framework as planning guidelines.

Managing increased flood risk

The draft strategy recognises that a whole of water cycle management approach has the potential to reduce the increased risk of flooding caused by an increase of impervious areas throughout Melbourne. It is noted however that the Urban Stormwater Best Practice Environmental Management Guidelines currently only require developments to, "maintain discharges for the 1.5 yr ARI (average recurrence interval) at pre-industrial development levels." It is recognised that this target will need to be reviewed for any meaningful reduction in flooding to occur.

There are many incidences where impervious areas are increased, increasing downstream flooding without falling under the jurisdiction of the VPPs. Further support is required from the National Construction Code of Australia to recognise the impact of impervious areas on downstream flooding. It is recommended that the strategy look at a holistic approach to capture works that may not fit or fall within the Planning Scheme. This may include a section on advocating to the Federal Government on this issue.

Consistent use of language

Consistent language is not always used throughout the draft strategy and this sometimes caused confusion or enables readers to come to alternative conclusions. It is recommended that a consistent set of terminology be used throughout the strategy. Of particular importance is the distinction between the water planning system and the land use planning system as well as the distinction between the sewerage drainage system and the stormwater drainage system.

Concluding remarks



The Western Metropolitan Regional Councils have appreciated the opportunity to comment on the consultation draft and the community consultation that accompanied its release.

It is recognised that the consultation draft will lead to the release of a strategic level document. How this strategy is implemented will have a significant impact on its success. There are several initiatives that will (or may) impact on local government. It is therefore recommended that thorough consultation program with local government be continued during the development of any implementation plan.

The Western Metropolitan Regional Councils supports the aim of this strategy to, “place Melbourne at the forefront of research, knowledge and global best practice in water-cycle management.” We look forward with interest to seeing the revised version of this strategy.

Reference

Shortt. J., December 2009, *Another Study: Similar Results*, Journal of the Australian Water Association, Vol 36, No 8