



Our Yarra: Healthy, Protected and Loved

4 May 2021

## Response to the Draft Decision for Melbourne Water's 2020 Price Review – Drainage and Waterway Charges - draft decision

### *Summary*

The Yarra Riverkeeper continues to support Melbourne Water's pricing submission to the Essential Services Commission. We note that we have previously made a submission on Melbourne Water's Price Submission and will only be addressing the draft decision here, though this submission can be helpfully read in the light of the previous submission. The Essential Services Commission has not agreed to a number of the proposed environmental expenditures proposed by Melbourne Water. There is a misunderstanding by the Commission's consultants about how environmental works are costed, assessed and delivered. Melbourne Water's uplift on expenditure for wetlands, stormwater, litter and community engagement is both modest and will deliver dividends.

### *Waterways*

Waterways are the great connecting elements in our landscapes. They permit the movement of wildlife in response to weather and climate change. They build resilience into landscapes. Their importance, in environmental terms, cannot be understated. When we speak of the Yarra in this submission we are using it as a proxy for all waterways.

### *Wetlands*

Melbourne Water's expenditure on wetlands has been questioned, yet wetlands, which are being degraded by inappropriate farming practices and by climate change, are critical to the health not only of the river but of the landscape. Traditional cultures see the river and its banks and floodplains as one single integrated entity. The wetlands are the kidneys of the river. They are also the refuges in times of drought and flood. Many of the Yarra's wetlands have been filled in, many of those that remain have been denuded of vegetation, and are disconnected from the river. The proposed expenditure on wetlands is critical. We cannot take a cookbook approach to wetland restoration, we need to run pilots and experiment, and be prepared to let nature find its way, which means a portion of opex needs to be considered as capex.

### *Stormwater*

The science is clear — stormwater is the growing threat to the instream health of waterways. It cuts at the base of food chains by flushing out macroinvertebrates and compromising their

ability to breed through the toxicity of the water washed off our roads. If we continue as we are now, then we can expect much of the life in our Melbourne waterways to have disappeared from much of catchments, and that includes platypus from all the closed catchments of the Upper Yarra and Tarrago. Again stormwater is not something we can use a cookbook and engineer's ruler to solve. Nature is not so compliant. We need to experiment, to run pilots. to find new solutions and that costs in the short term — but will save in the long run. Again the request uplift is modest - too modest.

### *Community*

An investment in community is an investment in ourselves. Community such as friends groups, and canoe and sailing clubs, are the ones that understand the fine grain of the environment. They are also willing to share that understanding and speak up for their places. Every dollar of increased investment by Melbourne Water will deliver many dollars in healthier waterways. Again though this sort of expenditure can be difficult to fit into traditional economic narratives, which are more comfortable with more predictable and manageable outcomes. Also, again, you cannot take a cookbook to the community, and expect a perfect souffle every time. But overall the investment will repay itself - many times over. Melbourne Water's proposed uplift in this area is all too modest.

### *Operational expenditure*

While it is challenging to parse operational expenditure figures for the non-accountant or economist, the Association flags concerns about the adequacy of operational expenditure over the period. The broad perception of 'soft' green or environmental assets are that they are not adequately maintained. The need to maintain environmental projects is a boots-on-the-ground view of visiting many sites up and down our waterways. Unlike built assets, green assets require an early investment of maintenance but once established if established correctly can be mostly self-sustaining. The boom of construction in Victoria has put an upward pressure on prices for construction skills and materials. The Association believes the investment plan should be structured to employ and retain skills within Melbourne Water. This, however, is not an argument for reduced capital expenditure, as the investment is needed on all fronts.

### *Conclusions*

Environmental works do not fit into the economic paradigm neatly in the way the built works such as roads and buildings do. Environmental works require a risk-based approach that allows for variations in the outcomes. Trees are not bricks. In the early years of establishment, there needs to be higher levels of expenditure than a built project of the same scale. Effectively what maybe considered opex in a more traditional economic context is part of the capex of the establishment of the project, such as a tree plantation. To cut the waterway programs will ensure a continued trajectory of decline.

Yours sincerely,



Yarra/Birrarung Riverkeeper