MARIBYRNONG
RIVER & WATERWAYS ASSOCIATION

Submission to the Essential Services Commission
Re: Melbourne Water 2026 Price Review – Waterways and Drainage Charge
From: Maribyrnong River and Waterways Association (MRWA)
Date: 10 December 2025

Introduction

The Maribyrnong River and Waterways Association (MRWA) welcome the opportunity to provide input to the ESC's review of Melbourne Water's 2026 Price Submission. MRWA is a community-based organisation committed to the protection and rehabilitation of the Maribyrnong River and its tributaries. We advocate for a future in which healthy rivers are supported as critical ecological, cultural, social and economic assets.

This submission focuses specifically on the Waterways and Drainage Charge (WDC), the primary funding vehicle for environmental outcomes across Melbourne Water's service area. We are concerned that the proposed flat or declining real value of the WDC will compromise already desperately faltering efforts to improve river health, particularly in the Maribyrnong catchment, which continues to suffer from significant underinvestment, poor ecological condition, and the absence of an Environmental Water Entitlement.

1. Inadequacy of the Proposed Waterways and Drainage Charge and Weak Alignment with Outcome 3

Melbourne Water's pricing submission proposes a real-term decline in the residential Waterways and Drainage Charge (WDC), from ~$106 in 2023–24 to ~$103 by 2026–27. While seemingly modest, this locks in reduced per-customer investment in environmental services at a time of worsening ecological condition and growing pressures from climate and urbanisation. The lack of support for the outcomes of a rehabilitated waterways program as articulated in Melbourne Water's own Healthy Waterways Strategy is astonishing when compared to the statements in the Price Submission.

MRWA opposes this approach. The proposed pricing trajectory conflicts with:

- Melbourne Water's own warning that "without increased action and investment, this decline (in waterways health) will accelerate";
- The ESC's prior determination (PS21), which urged stronger alignment between pricing and environmental performance; and
- Community research showing a clear willingness to pay for waterway health when benefits are local, transparent, and measurable (Streamology 2024, Waterways and Drainage Investment Plan Summary 2021-2026).

By holding the Waterways and Drainage Charge (WDC) flat in real terms, Melbourne Water risks breaching its statutory duty under the Water Act 1989 to "maintain and improve the environmental condition of waterways and wetlands." The proposed pricing path fails to match the scale of ecological need or reflect the community's clear willingness to invest in healthier waterways.

While MRWA supports the goal of Outcome 3 – "Healthy, resilient waterways" – the proposed ~$400 million investment over five years (excluding major drainage) appears insufficient. It may only sustain existing programs rather than deliver the step-change needed in degraded catchments like the Maribyrnong. The Mid-Term Review of the Healthy Waterways Strategy reveals that most sub-catchments are off-track to meet 10-year

environmental targets, evidence that the current trajectory and business-as-usual funding are inadequate.

Further, Melbourne Water's 2024–25 Customer Outcomes Performance Report shows underspend in several programs due to staffing caps and delivery constraints, pointing to a deeper structural resourcing gap. Budgeted funds cannot deliver outcomes without adequate capacity to implement them.

In this context, even a modest reduction in the WDC raises concern, especially if it offsets increases elsewhere in household bills, when ecological indicators remain in decline. Melbourne Water's statement that "meeting our customers' service expectations at a lower price than they were willing to pay is the highlight of this investment plan" should be read as a red flag. It highlights a disconnect between community aspirations and the long-term investment required for environmental recovery.

Customers indicated willingness to pay more because they value thriving rivers, wetlands, and biodiversity. Offering a lower price without acknowledging the ecological cost risks embedding underinvestment that future generations will pay to correct.

2. The Decline of the Maribyrnong River System

Melbourne Water's Healthy Waterways Strategy Mid-Term Review and the latest Healthy Waterways Report Card confirm that the Maribyrnong catchment is significantly off-track in achieving its long-term environmental targets. Across nearly all indicators, biodiversity, habitat condition, hydrological health, and stormwater management, the catchment continues to decline, reflecting chronic underinvestment and intensifying urban pressures.

- Wetlands: At least four natural wetlands have been lost since 2018, with 14 more under imminent threat from urban encroachment. These ecosystems are crucial for biodiversity, flood mitigation, and water quality, yet are being displaced by development without adequate compensatory measures. The HWS target of zero net wetland loss is off-track, with more than 20 regional priority wetlands already lost or at risk.
- Stormwater Impacts: Over 1,700 hectares of impervious surfaces have been added in stormwater priority areas, primarily in the expanding north-west corridor. Only 7% of runoff from new development is being effectively managed. Stormwater harvesting and infiltration targets are significantly off-track, with major setbacks due to delays in projects like the Sunbury Sustainable Water Future".
- Headwater Streams: Approximately 50 km of headwater streams in Melbourne's west are proposed for piping, and 209 km are slated for modification. This threatens critical ecological functions and jeopardises flow regulation, sediment transport, and habitat connectivity.
- Macroinvertebrate Trends and Biodiversity Loss: Of the 27 long-term monitoring sites across the Maribyrnong, seven are in decline, six are stable, and none are improving, the worst performance of any catchment in Greater Melbourne. Platypus are now largely confined to isolated reaches of the lower Maribyrnong, Deep Creek, and Jacksons Creek. Growling Grass Frogs and Bibron's Toadlet have vanished from multiple sub-catchments.
- Riparian Vegetation: Maribyrnong is significantly off-track in both the establishment and maintenance of riparian vegetation. It has fallen well short on revegetation

targets and is lagging behind in maintaining existing vegetation due to access challenges, staff constraints, and a drier climate that reduces plant survival.

3. **Absence of an Environmental Water Entitlement: A Structural Gap in River Recovery**

The Maribyrnong River remains one of the only major waterways in Greater Melbourne without a formal Environmental Water Entitlement, despite repeated commitments in State policies since at least 2006. This structural omission continues to place the Maribyrnong System at a disadvantage in water planning decisions, leaving it ecologically vulnerable and politically deprioritised.

The Healthy Waterways Strategy Mid-Term Review (2024) confirms that water recovery targets in the catchment remain largely unmet, with the river experiencing significant summer flow stress and degraded ecological condition. Melbourne Water has been missing in Action in seeking a change to this status.

Three major pressures exacerbate this issue:

- First, over-extraction in the upper Maribyrnong catchment is contributing to critically low flows in tributaries such as Deep Creek and Emu Creek, which frequently experience prolonged low-flow periods. Without supplementary environmental flows or additional integration of bulk potable supply from Melbourne Water's regulated supply network, these systems are unlikely to recover.
- Second, the rapid growth of hyperscale data centres, many proposed in Melbourne's north and west, is exacerbating system stress. These facilities are high-intensity water users, and in the absence of clear policy constraints, they threaten to absorb a growing share of climate-dependent and climate-independent supply (e.g., desalinated or recycled water). If these sources are allocated to industrial cooling rather than river recovery, the opportunity to deliver an environmental entitlement for the Maribyrnong System may be indefinitely foreclosed.
- Thirdly, there is no clear articulation on Melbourne Water funding its share of the Rosslynne Reservoir release structure to provide increased base flow and environmental releases in PS26.

Melbourne Water's Price Submission does not include a clear pathway to support securing an environmental flow entitlement for the Maribyrnong, nor does it demonstrate how new demand from data centres will be reconciled with environmental flow obligations. This is a significant oversight.

MRWA urges the Essential Services Commission to:

- Critically assess whether Melbourne Water's price submission includes adequate human and program resourcing and planning to advance the Maribyrnong base flow and environmental flow entitlements delivery.
- Require integration of upper-catchment creeks into Melbourne Water's flow management planning to enable environmental flow supplementation.
- Ensure that data centre demand is explicitly modelled, transparently reported, and regulated to avoid compromising environmental water recovery objectives.

4. **Securing Our Water Future**

We welcome signs that water corporations are meeting more regularly to plan Melbourne's long-term water security. However, the pace of critical infrastructure development, particularly for connecting the water grid, is unacceptably slow. For example, there is no visible capital allocation for connecting the Greenvale Reservoir to the upper Maribyrnong supply system, despite Melbourne Water acknowledging the importance of this upgrade.

The recommendations of MRWA's Flows Position Paper and the Central and Gippsland Sustainable Water Strategy (CGSWS 2022) have been shared with Melbourne Water, yet no commitment to implement them is evident in the Price Submission. While upgrades to pipelines leading into Greenvale and internal pumping improvements are noted, the lack of planned investment in high-risk areas of the Maribyrnong is deeply concerning.

Given the doubling of population growth in areas such as Melton, Gisborne, Romsey, and Riddells Creek, pressure on catchment water resources is mounting. Over-extraction to meet potable demand, without offsetting environmental flows, risks prolonged cease-to-flow events, ecosystem degradation, and reputational damage to Melbourne Water.

Melbourne Water must proactively invest in grid upgrades and increase the availability of water for Greater Western Water in a way that explicitly incorporates environmental flow objectives and protects vulnerable waterways in the Maribyrnong catchment.

Conclusion

The Waterways and Drainage Charge must reflect not only affordability but adequacy. Melbourne Water's current pricing trajectory, declining in real terms while program delivery and ecological indicators deteriorate, is inconsistent with its obligations under the Water Act 1989 and its stated commitment to Outcome 3: "Healthy, resilient waterways."

Nowhere is this disconnect more visible than in the Maribyrnong catchment: historically underfunded, ecologically degraded, and uniquely lacking an Environmental Water Entitlement. The Essential Services Commission has the opportunity to ensure that price determinations enable the restoration of ecosystems and the protection of Melbourne's environmental assets.

MRWA Recommends that the Commission:

1. Require Melbourne Water to prioritise and resource delivery of an Environmental Water Entitlement for the Maribyrnong River within the 2026–31 regulatory period.
2. Reassess the adequacy of the Waterways and Drainage Charge to reflect the true scale of rehabilitation needed in degraded catchments like the Maribyrnong as well as recurrent maintenance of an ever-expanding drainage asset base to maintain. Simply, a reduction in available funding for the W&D business is unsustainable against a burgeoning asset base and need to urgently deliver high efforts on rehabilitation activities
3. Require Melbourne Water to publish a transparent, catchment-specific funding and delivery plan with measurable ecological performance targets aligned to the Healthy Waterways Strategy that is reflected by an uplift in the WDC.
4. Disaggregate environmental expenditure from other service catchments to ensure investment in waterway health is visible and traceable.

5. That the ESC require that Melbourne Water conduct an inclusive consultation process over the 5-year period of the Pricing Submission that includes community groups who are engaged in rehabilitation activities within the catchments and not just a superficial web-based straw poll.
6. Mandate explicit modelling of data centre water demand scenarios, assessing their implications for environmental water recovery.

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