

5 August 2015

Mr Martijn Wilder AM  
C/- Climate Change Act Review Secretariat  
Department of Environment, Land, Water & Planning  
PO Box 500  
MELBOURNE VIC 8002

Dear Mr Wilder

**Re: Climate Change Act Review**

Thank you for the opportunity to make a submission to the Review of the *Climate Change Act 2010* (the Act). VicWater is the peak body of the Victorian Water Industry with its membership constituted of Victoria's 19 statutory water corporations. Those corporations are responsible for the provision of urban water and wastewater services, rural water supply including irrigation and related drainage services. Since climate change is a challenge with direct implications for water corporations, VicWater supports the Government's initiatives to adapt to and mitigate the impacts of climate change.

In accordance with Clause 14 of the Act, water corporations' have regard to the potential impacts of climate change on their operations, as well as their operations' potential contribution to climate change. These two topics are discussed separately.

***Impacts of climate change on water corporation operations***

With an over-riding need to provide secure, reliable and sustainable water services to communities, it is crucial that water corporations plan for, and adapt to, a future with greater inflow variability and an overall drier climate. Water corporations are already well advanced through this process, including by:

- ◆ Diversifying and augmenting water supplies
- ◆ Implementing system efficiency measures
- ◆ Providing tools for irrigators to manage risks and variability themselves, such as entitlement carry-over and water trade.

Although climate change is a major priority for water corporations, and they continue to be guided by the Act, water corporations are not directly regulated under the Act. This relationship with the Act should continue.

Under Section 4i of the Water Industry Act 1994, the Minister for Environment, Climate Change and Water may issue a statement of obligations (SoO) that specifies obligations of water corporations in performing functions and exercising powers. The Minister is currently reviewing the SoO and proposes to include the following clauses (Section 6) to strengthen water corporations' obligations to respond to climate change:

*The Corporation must comply with any guidelines for forecasting the impact of climate change on water supplies as issued by the Department, setting out: (a) future climate scenarios; and (b) projections for long term rainfall, runoff and inflows.*

*Corporation must develop... an Urban Water Strategy (or Melbourne Water System Strategy) that must include measures to adapt to climate change*

Following the adoption of the proposed SoO, the Department of Environment, Land, Water and Planning will develop guidelines to specify requirements of the Urban Water Strategies and Melbourne Water System Strategy.

In achieving its objective of "restoring Victoria's status as a leader and model for other governments in tackling climate change" the Review should avoid adding regulatory burden to organisations that already epitomise thorough and robust planning for climate change and are subject to separate processes to ensure thorough and robust planning continues. The duplication of policy, regulations and reporting requirements should be avoided particularly in relation to the proposed SoO, as well as the State Environmental Protection Policy (Waters of Victoria) that is currently being reviewed, the State Water Plan which is under development, the 'Greenhouse Gas Emissions and Energy Efficiency in Industry' (EPA Pub 842, 2002) and the National Greenhouse and Energy Reporting Act (2007). Any additional costs for the water sector in meeting a duplicate compliance and reporting regime under a revised Act will increase the cost of water and sewerage services.

### ***Water corporations' potential contribution to climate change***

Since the introduction of the Act, the water industry has managed its emissions through optimising local water supplies (such as recycled water), generating renewable energy through technology such as biogas co-generation plants and mini hydro schemes and has participated in the Victorian Greener Government Buildings Program and the Victorian Energy Efficiency Target through the replacement of shower heads. The water industry has also developed integrated water management plans on a region/catchment basis. These plans can be used as basis for identifying priority adaptation measures for government funding where there is a demonstrated longer term economic benefit (e.g. resilient, low energy water supplies).

Although water corporations have taken steps to offset or mitigate emissions from their activities where it is cost-effective to do so, some opportunities to reduce emissions further have been missed if they are not the lowest-cost option (compared to more emission-intensive alternatives) and they require specific funding approval from the independent pricing regulator. The pricing regulator does not have a basis on which to approve investments that reduce water corporation emissions (if they are not cost-neutral) in the absence of a concrete government policy or directive, even though water corporations are acting in the spirit of Clause 14 of the Act.

If it is the intent of the Government that the Act requires water corporations to invest in reducing their emissions, clear parameters are required to allow water corporations to fund the investment within the economic regulatory framework.

VicWater looks forward to hearing from the Independent Review Committee as this inquiry progresses. Please contact James Cleaver ([james.cleaver@vicwater.org.au](mailto:james.cleaver@vicwater.org.au) or 9639 8868) with any questions or matters for clarification.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Tony Wright', with a long horizontal flourish extending to the right.

**Tony Wright**  
**Chief Executive Officer**