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Why is water recycling being overlooked?

Kenneth Davidson
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JOHN Morgan, the managing director of Melbourne Water from 1995 to 1998, sent me an email complaining that my most recent article on Melbourne's water options was "almost there but you missed the most important issue — recycled water". He wrote: "This is the answer in my view. Cost effective, safe and environmentally correct. I have no axe to grind. I would like to talk to you about the options."

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So I did. Morgan was appointed by the Kennett government. His record managing water was good. He managed to cut prices and increase the dividend to the government. He was completely puzzled about why the current Government was committed to the desalination plant and the north-south pipeline. He said he supposed it was because "some merchant banker had got the ear of Brumby".

Morgan pointed out that the Queensland Government had a similar water supply problem to Victoria but the failure of the recycling referendum in Toowoomba hadn't stopped Queensland from undertaking recycling in the south-east of the state.

To underline the point, Morgan said that on a trip to Europe to look at how these countries managed their water supplies he was taken to a water purification plant near Paris and, after he had drunk some of the purified water from a fountain, he was told by his guide that the water had been drunk 13 times before in towns further up the Seine.

He couldn't remember who owned the purification plant but it would have most likely been Veolia or Suez, two of the biggest multinationals leading the corporate charge to privatise water in markets such as Australia, where water is still publicly owned. Macquarie Bank is part of the consortium with Suez (known as Degremonte in Australia) and ABN Amro is part of the consortium with Veolia in the final bidding for the proposed desal plant at Wonthaggi.

According to Morgan the desal plant is a waste of money. He pointed out that at the sewerage treatment plant at Carrum, 70% of the purification work to bring the water up to potable standards has already been done. This alternative would cost only a fraction of water from the desal plant. If this class A water was cleaned up to potable standard and pumped into the Silvan reservoir, which distributes water to 80% of Melbourne, it would cost a fraction of the water from the desal plant.

Plans to keep upgrading water produced from Carrum were apparently delayed after the decision to proceed with the desal plant.

If the upgrade had gone ahead it would have added about 25% to Melbourne's water, sooner than the desal plant and at about a third of the cost. As I understand it, the decision not to proceed is not due to consumer sensitivities: Melburnians in the north of the city have been drinking recycled water for 28 years from the Sugarloaf Reservoir, which is partly supplied from the middle Yarra on the sound assumption that what you don't know won't hurt you.

Environment Victoria, partly Government-funded but independently staffed, made a courageous submission to the Victorian Parliamentary inquiry into Melbourne's Future Water Supply. It said: "The Government's approach to Melbourne's water need is risky and a poor environmental outcome ... (its) emphasis on very large-scale augmentation will undermine incentive for continued efforts to improve water use efficiency.

"Environment Victoria's plan for an alternative water vision (is) focusing specifically on improved use of underutilised resources such as storm water and recycled water."

The Government commitment to what Environment Victoria called "more expensive and environmentally damaging augmentation options" is hindering the development of more sensible recycling options being put up by Australian

investors who apparently don't have the clout of French multinationals and their financial partners.

One of my correspondents, who is an investor in small-scale recycling plants and who, for understandable reasons wants to remain anonymous, says "management have noted to me that NSW, Queensland and WA are seeking to be pro-active in their approach to water re-treatment and encouragement thereof, which is the identification and implementation of a practical regulatory framework in a timely manner. We cannot say the same about policymakers here in Victoria based on experience to date.

"The key commercial drivers to this business are the rate at which regulatory change occurs to enable such businesses to operate and the price of water, which dictates the payback on capital of those parties that acquire a plant of this nature.

"There would appear to be a disincentive for government and policymakers to encourage water re-use when it has committed large chunks of money to a questionable pipeline and an even more questionable desalination plant.

"Don't get me wrong, the introduction of high-cost water only serves to enhance the economics of our plant, but a government water strategy developed with a view to addressing water certainty in 20, 30, 50 years, I don't think so." Who benefits?

Kenneth Davidson is a senior columnist. Email: kdavidson@theage.com.au

This story was found at: <http://www.theage.com.au/opinion/why-is-water-recycling-being-overlooked-20081119-6bl8.html>