

Sarah Dennis  
Regulatory Analyst, Water Division  
Essential Services Commission  
Level 37, 2 Lonsdale Street  
Melbourne VIC 3000

Dear Sarah,

Subject: City West Water Trade Waste Fees

Mainstream Aquaculture Group (MA), a vertically integrated producer and supplier of the popular table fish, Barramundi, has provided extensive feedback to City West Water (CWW) on trade waste fees during their period of consultation with industry. For completeness, we wish to also make a submission to the Essential Services Commission.

We our numerous exchanges with CWW, we communicated that the trade waste fees charged were excessive when benchmarked against equivalent water authorities globally and completely out of alignment with the cost of remediating our water discharge, which is actually of net benefit to CWW. Remarkably, CWW has performed no commercial benchmarking against the peer group and conveyed to us as part of the consultation process that they had a desire to shift revenue between customers but had no intention of reducing total portfolio pricing.

By way of brief background as to the nature of MA's trade waste, all our discharge water is suitable for sustaining biological systems such as fish farming and growing crops. However, we pay for trade waste using the same formula applied for managing trade waste that originates from grease traps, brine processing and chemicals from various manufacturing processes. The only defence presented by CWW regarding the existing practice is reference to the very low sodium load in our discharge water. However, a review of sodium in treatment plants globally reveals it is positive at the concentrations in which we discharge. There is extensive scientific literature available to support this assertion, which we can provide on request.

- Our water has salt content of 2300ppm or 2.3% and we successfully operate anaerobic filters using this water as part of core business, demonstrating that this water is suitable for the process for which CWW apply financial penalties.
- Our water is alkaline and we note that the CWW process is negatively impacted by low pH (acidity), for which our water is a positive compliment.
- Our water discharge is consistent in volume and composition and we note that the CWW process is negatively impacted by inconsistent volume and variability of discharge quality.
- CWW typically discharge saline water post treatment equivalent to our water salinity pre-treatment and yet, justify our pricing based on the need to remediate salt water.

In summary, we contend the nature of the water we discharge demonstrates a positive impact on the process at CWW.

I have attached a submission requesting a specific trade waste price reduction for MA. Failing that, a special aquaculture industry concession should apply based on the available scientific and empirical evidence.

The Department of Economic Development, Jobs, Transport and Resources has suggested that you would be prepared to discuss our issues further and I will telephone you as a follow up to this letter in order to discuss.

Yours sincerely,

Boris Musa  
Managing Director  
Mainstream Aquaculture Group Pty Ltd

## **Mainstream City West Water Trade Waste Pricing Review Submission**

### **Executive Summary**

Mainstream Aquaculture Group Pty Ltd (MA) is a business with numerous water quality considerations and effective trade waste systems. It integrates efficiently into City West Water (CWW) systems and demonstrates best practice sustainable environmental management.

MA is concerned that specific businesses that implement and develop sustainable biological systems due to the nature of their operations are not incentivised under the draft pricing structures. The inclusion of proposed sodium acceptance criteria for managing trade waste appears to attract an equal price blanket without consideration of discharge quality and a pricing bracket that will reflect the highest level of the proposed threshold.

### **Purpose**

It is requested that the pricing review strongly consider the risk and trade off to environmental management with a view to passing on pricing concessions or fairer pricing structures to customers with progressive modernised waste management systems.

In preparing our pricing review submission we have:

1. Provided feedback to CWW and received support from their technical team during consultation in March 2017.
2. Sought industry feedback through businesses with similar environmental management considerations.
3. Sought global best practice processes that uphold MA's discharge quality and process.
4. Aligned feedback with that of other customers who attended the Melbourne public forum in March 2017.

### **Background**

MA is a Barramundi aquaculture specialist with hatchery and table fish operations. The group's operations commenced in 2001. MA's focus is on biologically enhanced water management systems to develop premium and sustainably produced fish. The Werribee based operations are supported by the Victorian Department of Economic Development, Jobs, Transport and Resources.

MA was recently asked to provide feedback into a review of CWW trade waste fees and now present this submission for consideration by the Essential Services Commission.

MA operates steady operations and the nature of its discharge is considered to be easier on plants and easier to manage at the treatment plant compared to alternative discharge streams. The discharge is essentially a pass through of groundwater with elevated nitrogenous and phosphorous wastes that are generated by the fish. The alkaline nature of the ground water provides a level of natural pH buffering that also assists in remediation. Considering the unique

nature of MA's trade waste, it is considered fair that a pricing structure be considered on a case basis by CWW. Alternatively, pricing could be established for the aquaculture industry.

Our business is currently undergoing an expansion. Trade waste volume is being increased to 2ML per day. The 2ML represents a maximum possible discharge and the business typically operates well below that level.

### **Consideration points for the price review process**

By way of a brief background to the nature of MA's trade waste, all discharge water is suitable for sustaining biological systems such as fish farming and growing crops. MA pays for trade waste using the same formula applied for managing trade waste that originates from grease traps, brine processing and chemicals from various manufacturing processes.

A review of sodium in treatment plants globally reveals it is actually positive to release the type of discharge currently undertaken by MA. There is extensive scientific literature available to support this assertion that can be provided on request. MA is an emerging businesses that have previously not been in scope of existing pricing structures and criteria that currently use effective waste management systems.

### **Affordability of charges and fairness**

There is concern that the CWW thresholds will not be relaxed or modified to accommodate reduced pricing for efficient discharge focused systems for businesses such as MA. The Essential Services Commission should be aware that whilst approved CWW prices are set as maximums, CWW in practice does not provide any price concessions below the maximum allowable price thresholds. The current pricing regime will allow for no further expansion of MA's business in the municipality.

MA's discharge analysis and rationale is based on the following:

1. MA's water has salt content of 2300ppm or 2.3%. MA successfully operate anaerobic filters using this water as part of core business, demonstrating that this water is suitable for the process for which CWW apply financial penalties.
2. Water is alkaline and note that the CWW process is negatively impacted by low pH (acidity), for which the water is a positive compliment.
3. Water discharge is consistent in volume and composition. MA notes that the CWW process is negatively impacted by low flows and variability of discharge quality.
4. CWW typically discharge saline water post treatment equivalent to MA's water pre-treatment and yet, justify MA's pricing based on the need to remediate salt water.

A current blanket threshold (up to 2%) will continue to raise concerns over rising costs until the next pricing submission closer to 2023. The current pricing system does not provide incentives for waste efficiency systems used by businesses (i.e. base a charge on excess of threshold) and undermines MA's planned growth.

The charges do not vary across customer segments and from customer to customer depending on use of waste water. There are scenarios, such as this, where waste water is actually an asset and positively supports CWW.

Current pricing does not reward customers who limit the risk of surpassing threshold levels. Providing meaningful performance measures by customer segment are not available and not progressed to reflect those businesses that provide an environmental benefit. Charges are not prudent and efficient.

Trade waste fees are excessive when benchmarked against equivalent water authorities globally and completely out of alignment with the cost of remediating discharges. The business input costs to achieve healthy discharge levels are of net benefit to CWW and no reward is passed onto the business. MA has demonstrated consistent high-quality water volumes that benefit CWW.

CWW has not provided any commercial benchmarking against the population of other businesses. CWW has conveyed during consultation that there was a desire to shift revenue between customers but no intention of reducing total portfolio pricing, despite the current egregious pricing model.

#### **Potential Trade Waste Pricing**

MA believes a fair price would be between \$0.20-\$0.30 per kilolitre based on the many and varied considerations presented in this letter.

#### **Conclusion**

Further pricing considerations would better protect customers with a commercial focus and efficient discharge systems. Continued threshold pricing with no compromise from CWW will not encourage business to invest and grow in the municipality.

MA demonstrates an example of a business with discharge content and composition that demonstrates a positive impact on CWW systems. A competitive market based scenario suggests that a business of this type could actually charge a fee for providing enhanced discharge water.

Yours sincerely,

Boris Musa  
Managing Director  
Mainstream Aquaculture Group Pty Ltd