

Date 22/08/11
Reference: JHG/Env/Sub/1



John Holland Pty Ltd
ABN 11 004 282 268

70 Trenergy Crescent
Abbotsford Victoria 3067
Australia

GPO Box 199 Melbourne
Victoria 3001 Australia

Telephone: 03 9934 5209
Facsimile: 03 9934 5265
www.johnholland.com.au

Essential Services Commission
Level 2, 35 Spring St
Melbourne Vic 3000

Attention: Mr Jason Fitts

Dear Sir,

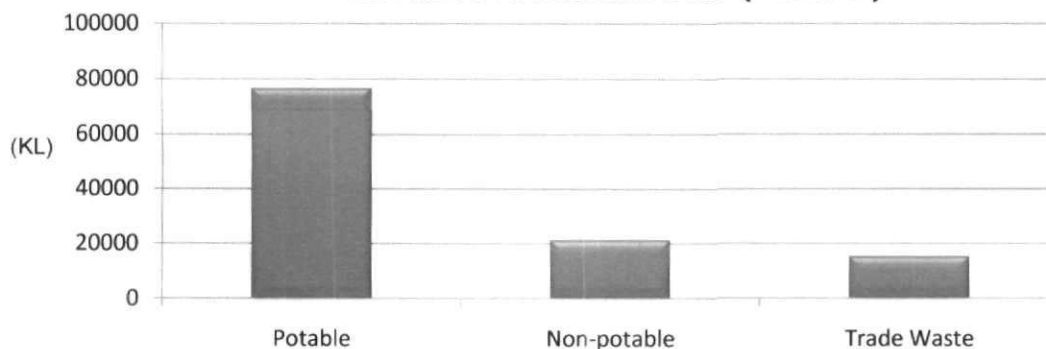
Re: 2013 Water Price Review

John Holland (Southern Region) welcomes the opportunity to provide comments to the 2013 Water Price Review.

We note the Essential Services Committee has invited submissions in relation to policies, tariff structure and function of water and trade waste pricing in the state of Victoria, particularly the strengths and weaknesses of introducing a process signal as a criteria in setting a price.

As a construction firm that operates nationally John Holland's involvement in the Victoria construction industry is considerable. A result of John Holland's position in this market the Southern Region operations have sensitivity to the pricing mechanisms used for potable, non potable and trade waste.

John Holland Water & Trade Waste Statistics 2010/2011 Financial Year (Victoria)



John Holland has a large number of projects across Victoria, many of which necessitate the use of potable water as a result of the plant specification e.g. tunnel boring machinery, or the specification of the product to be delivered e.g. concrete specification AS1379. In many

hence project and client. As such the highest achievable standard of water, potable water, often must be used, even where options of a lower quality standard is accessible. In this situation clearly a price signal can have only limited impact on how the resource is used.

John Holland's utilisation of non potable water in its Victorian operations is considerable in volume, diversity of sources and application. As mentioned above quality of water is important both for the safety of our people and our plant. In most situations, where non potable can be used, there is a requirement for water to meet the definitions of Class A. Application of non potable water is usually for such activities as dust suppression, grade compaction, site accommodation and some ongoing operational process demands. While there are a range of non potable sources available to the construction industry, including purchased recycled water from utilities and other private water vendors, borehole extraction, rainfall harvesting and treated stormwater, the requirement for a minimum of Class A water for the majority of construction activities significantly restricts viability of many of these options.

Currently John Holland (Southern Region) have implemented an inhouse procurement policy of utilising harvested rainfall where viable, in preference to purchased recycled water, which is driven both by our environmental governance process and commercially as a result of price advantage. The quantity accessible on a given site and quality requirements however often serve to restrict the opportunities to use harvested rainfall and stormwater, hence purchased recycled water becomes a necessary consideration. Irrespective of our environmental governance process it remains an ongoing challenge to prioritise the use of non potable water over potable due to the common price differential which is offered by water retailers. Until such time as the use of non potable (specifically Class A) water becomes competitive with potable water it is difficult to imagine how an industry wide shift to more sustainable water sources such as recycled water will be achieved.

Construction sites enter into Trade Waste Agreements where water cannot be treated to a standard suitable for discharge elsewhere, for example, groundwater with elevated salt levels. These TWAs are generally temporary and extend for the duration of construction activities only. The costs of trade waste disposal are based on the quantity and quality of trade waste discharged (load), e.g. dollars / kg salt. Despite the quality of trade waste discharges being monitored in accordance with a regime nominated in the Trade Waste Agreement, charges, are generally based on industry averages not the specific construction site discharge. As such, there is very little financial incentive to increase the quality of water discharged to sewer, a cost which is no doubt born elsewhere in the system.

Yours sincerely

JOHN HOLLAND PTY LTD



David Moran
General Manager
Southern Region