

Mr Sean Crees  
Director Regulation (Water)  
Essential Services Commission  
Level 2, 35 Spring Street  
MELBOURNE VIC 3000

12 May 2009

Dear Mr Crees

**Re: Draft Decision, Metropolitan Price Review.**

I wish to make the following comments on this matter.

The revenue received by the water retailers depends largely on the volume of water delivered and paid for. The Minister for Water has stated that Melbourne will receive 75 million litres of water from the Sugarloaf Pipeline in 2010 and I assume that the authorities have based their financial plans on this statement.

However there is considerable doubt whether any water will be allocated to flow down the pipeline in 2010.

I refer to the Senate Standing Committee Report titled "Water Amendment (Saving the Goulburn and Murray Rivers) Bill 2008" dated 7 May 2009.

On page 16 it is stated:-

"The Victorian and Commonwealth Governments have both taken steps to guarantee that any water extracted by the pipeline will come from savings generated by the NVIRP, and that only one third of savings will be allowed to go to Melbourne (up to a maximum of 75 GL). Whatever savings are realised and confirmed by external audit, these conditions will apply."

And on page 14, the Minister for the Environment, Heritage and the Arts, the Hon Peter Garrett MP, approved the construction of the pipeline with the condition that:-

“The person taking the action must provide by August each year an annual report on the compliance with these conditions, including independent audited reports of any water savings achieved and the amount of water allocated for extraction.”

I and many other people argue that the administration is unable to demonstrate the existence of any real water savings at this time. This water must be available at the pipeline site and nowhere else. The irrigation season ends on the 15 May 2009 after which the results of the present year's performance and water savings (if any) can be determined. We must wait until after August 2009 for the auditor to release the audit report.

Due to this uncertainty, it is impossible to estimate the volume of water to be sold by the water retailers in year 2010.

It seems to me to be prudent to delay the price determination until after August 2009 when the auditors report can be considered and acted on.

In the meantime, the water retailers should be required to submit revised pricing plans on the basis that no water will be received from the Sugarloaf Pipeline.

Yours faithfully,

A handwritten signature in cursive script, appearing to read "G. S. Gordon".

George Gordon