



21 April 2009

Dr Ron Ben-David
Chairperson
Essential Services Commission
Level 2, 35 Spring Street
MELBOURNE VIC 3000

Dear Dr Ben-David

Inquiry into an Access Regime for Water and Sewerage Infrastructure: Issues Paper

I write in support of the submission by the Victorian Water Industry Association on behalf of its 19 industry members, which includes Southern Rural Water.

I also make two separate comments arising from our experience as a rural water business and as the operator of several major storages.

Firstly, 'third party access' has been a crucial element of our contingency arrangements for the Bacchus Marsh and Werribee Irrigation Districts where

The Werribee basin has been drought-affected for a decade. This became very evident in 2003, when all reserves in the system were called upon, and virtually no water was available to carry forward into the 2003/4 irrigation season. This unprecedented lack of carry forward has, since then, become the norm – as inflows and seasonal allocations have plummeted. Since 2003/4, yearly seasonal allocations have been 40%, 100%, 80%, 10% and 8%. In 2008/9 the allocation is 5% – the worst on record.

SRW has been working with irrigators and stakeholders to maintain basic levels of production in Bacchus Marsh, amidst concerns that a significant interruption to production could threaten the continuity of farm businesses and thus the viability of the district, and to moderate the salinity of the Class A recycled water available in Werribee.

We are now in our third year of contingency supply arrangements for this purpose, which have included:

- access to unallocated water in Lake Merrimu; and

- the transfer of water from SRW's drought reserve in the Thomson Reservoir into Bacchus Marsh via the Melbourne supply system (with assistance from Melbourne Water, Western Water and City West Water).

In both arrangements we have received unswerving support from other water businesses – Western Water, Melbourne Water and CityWest Water – whose infrastructure has been employed to bring water into our irrigation channels.

We believe that this demonstrates the opportunities that might arise through third party access, notwithstanding that the lower capacity of urban supply systems limits possibilities for irrigators.

Secondly, we believe it important to consider third party access, particularly to water storages, in the light of the bulk entitlement framework that applies to many dams.

This means that whilst Southern Rural Water may own a dam such as Blue Rock, the actual storage capacity is owned by the various parties (power generators, urban supplier, rural authority etc) with bulk entitlements in the system. It would appear that these entitlement holders should be the parties consenting to third party access to their share of the storage. We suggest that the Commission consider the interests and powers of both entitlement holders and the owner of the dam.

I would be pleased to answer any questions or provide any further information that would assist. I can be contacted on 0409 875 653.

Yours sincerely



(DR) MARTIN KENT
Managing Director