

11 March 2014

Mr Jason Fitts
Water Regulation
Essential Service Commission
Level 37, 2 Lonsdale Street
MELBOURNE VIC 3000

Dear Jason

This letter responds to a number of the issues raised in the submissions from the City of Kingston to the Essential Service Commission related to Melbourne Waters Pricing Proposal.

The Patterson Lakes pricing proposal is based firmly on the recommendations of the Patterson Lakes Independent Review. The key goal of the Independent Review was to "recommend actions to create a sustainable management framework based on a fair and equitable funding model this includes recognition of all beneficiaries of both the Patterson Lakes Tidal Waterways and Quiet Lakes" (Independent Review Terms of Reference).

The independent review made 13 conclusions and 26 recommendations which require implementation in order to achieve the goal of the review. Along with these recommendations and conclusions the review broke down the individual activities that should be carried out by the most appropriate authority. The Patterson Lakes Pricing proposal aligns with these conclusions and recommendations.

An excerpt from the Independent Review showing the activities that have been assigned to each of the relevant authorities can be seen in appendix 1 of this letter.

The Independent Review was conducted by members of Panels Victoria, they considered historical context and current issues relating to the management of Patterson Lakes. In addition during the review process all stakeholders were given the opportunity to make submissions to the panel this included local government, state agencies, industry, community groups and residents. The review's conclusions and recommendations were formed following the consideration of all of this information.

In response to Kingston City Council's submission, neither the Independent Review nor the Melbourne Water Pricing Proposal outline "cost shifting" from State Government to Kingston City Council. There are no activities that were previously funded by the Waterways and Drainage Charge in Patterson Lakes that has been recommended by the Independent Review or the Patterson Lakes Pricing proposal to be shifted to another agency or to residents.

The original funding framework in Patterson Lakes saw residents directly funding the majority of services under the Precept Charge. The Independent review has outlined that these costs should be attributed to residents if deemed private in nature and Parks Victoria, Kingston City Council or Melbourne Water where there is a public benefit. The

service accountabilities attributed to Kingston City Council is reallocated from residents to Kingston City Council.

The proposed Management Plan specified by the Independent Review and to be developed by the Steering committee of which Kingston City Council is a member would be the most appropriate place to discuss the level of service and public benefit activities that Kingston City Council will deliver to residents.

It should be noted that there has been a reallocation of some activities that were originally funded directly by residents through the Precept Charge to the Waterways and Drainage Charge for example the maintenance and capital replacement of the retaining walls and the Tidal Gates.

The Independent review is very clear on the responsibilities that should be provided by Melbourne Water, Kingston City Council and Parks Victoria (refer to appendix 1). The review also outlines the activities that are appropriate for the Waterways and Drainage Charge to fund. That is, with respect to waterways and flood plain management "The Melbourne Metropolitan Waterways and Drainage Charge funds should be applied to these assets in the same manner as for Melbourne Water's entire broader catchment jurisdiction, and be treated as public assets" (p93 PLIR).

The Independent Review investigated the 1973 agreement and made the following conclusions (p44, PLIR);

- The 1973 Agreement is no longer operational, it was brought to an end when the obligations were discharged
- The 1973 Agreement was never binding on Melbourne Water
- In any case the 1973 Agreement has been overtaken by events of time and requires replacement through a new management framework.

The review recommends that the agreement be replaced with a longer term management plan which the steering committee is working through. According to the review this requires Kingston City Council to manage the responsibilities that it has been assigned by the review to function equitably.

Melbourne Water has undertaken extensive consultation with our customers since the review was released on the 8th March 2013 to develop the Patterson Lakes Pricing Proposal

The Independent Review provides for more equitable funding and an appropriate way forward for Patterson Lakes. Melbourne Water supports the outcomes of the Independent Review and feels we have reflected the intent of the Review in the Patterson Lakes Pricing Proposal.

Melbourne Water looks forward to working collaboratively with residents of Patterson Lakes, Kingston City Council and Parks Victoria to create a sustainable management framework to underpin the future use of the area.

Yours sincerely



DAVID RYAN
GENERAL MANAGER, WATERWAYS

Appendix 1

Table 6: Allocation of Management Responsibilities for the Patterson Lakes Waterways

	Tidal canals, including Whaler's Cove & Pier One	Mariner's Cove/Inner & Town Centre Harbour	Quiet Lakes
Kingston Council	Beach raking. Promenade maintenance & cleaning. Litter & debris removal. Beach weed control. Grass mowing at access points. Maintenance of	Beach raking. Promenade maintenance & cleaning. Litter & debris removal. Beach weed control. Grass mowing at access points. Maintenance of	Beach raking. Litter & debris removal. Beach weed control. Grass mowing at access points. Maintenance of drains and pits. Civil works outside MW

	drains and pits. Enforce Planning ordinance compliance.	drains and pits. Enforce Planning ordinance compliance.	Title. Enforce Planning ordinance compliance.
Parks Victoria	Dredging. Waterweed control. Retaining wall maintenance. Jetty maintenance and replacement. Waterway Management (under the Marine Safety Act).	Dredging. Waterweed control. Retaining wall maintenance. Jetty maintenance and replacement. Waterway Management (under the Marine Safety Act).	Sand retrieval (if deemed appropriate). Waterweed control.
Melbourne Water	Tidal floodgates operation and maintenance. Interconnecting pipelines and pumps maintenance & operations.	Tidal floodgates operation and maintenance. Interconnecting pipelines and pumps maintenance & operations.	Bore and groundwater supply. Interconnecting pipelines and pumps maintenance & operations. Water quality monitoring and improvement program. Algae monitoring. Solar Bee. Civil works within MW Title.