

1. Introduction

1.2 Melbourne Water's Water Plan

Melbourne Water is a statutory corporation fully owned by the Victorian Government, and is a water resources manager, providing water, sewerage and recycled water services to retail water businesses and waterways and drainage services to the greater Melbourne Community.

On 1 January 2004, the Essential Services Commission became responsible for the economic regulation of the Victoria water industry. This responsibility includes setting prices and service standards for regulated services provided by the State's water businesses. Melbourne Water's Statement of Obligations requires the submission of a Water Plan to the Essential Services Commission. This Plan is designed to enable the Commission to determine prices for prescribed services for the Water Plan period.

Melbourne Water's first Water Plan, that covered the period between 2005/06 to 2007/08, summarises the outcomes Melbourne Water needs to deliver, the actions required to achieve these outcomes and the associated capital (CAPEX) and operating (OPEX) costs. The Water Plan also summarises the implications of these actions for the overall revenue requirement and prices. Water Plans are developed in consultation with Melbourne Water's customers, shareholders and regulators including:

- Retail water businesses
- Melbourne Water's Waterway and Drainage Advisory Committee
- Department of Treasury and Finance
- EPA Victoria
- Department of Human Services
- Essential Services Commission
- Department of Sustainability and Environment

The second Water Plan (Water Plan 2) will cover a 5-year period between 2008/09 to 2012/13, with a consultation draft released in October 2007. Within the Water Plan there are key program areas, including the Waterways Condition program. Outcomes Melbourne Water needs to deliver and actions required to achieve these Waterways Condition program outcomes are largely sourced from the Port Phillip and Westernport Regional River Health Strategy. Although the Regional River Health Strategy provides a pivotal role in establishing Waterways Condition Program budgets and targets for Melbourne Water, the 5-year and longer-term actions (and associated targets) do not align with the Water Plan periods.

The purpose of this document, the Port Phillip and Westernport Regional River Health Strategy Addendum, is to align RRHS priorities and targets for the Water Plan 2 period between 2008/09 to 2012/13. As the purpose of this Addendum is to establish budgets and targets for Melbourne Water, the Addendum only covers the actions and targets that are Melbourne Water's responsibility. Other than water quality (WQ) program actions, that will be revised and identified through Melbourne Water's Water Quality Strategy in a parallel process, the focus of the Addendum are actions relating to the riparian management (RM), aquatic habitat (AH), channel form (CF), flow management (FM), planning (P), stream health investigations and research (INV). Melbourne Water's Water Quality Strategy will be complete in time for the Water Plan 2 submission in November 2007. Although Water Quality targets were set in the RRHS and are presented in this document, it is expected that the majority of water quality improvements throughout the region will be as a result of actions identified in the Water Quality Strategy.



Yarra River at Richmond.