

**Water Industry Act 1994**

**STATEMENT OF OBLIGATIONS (SYSTEM MANAGEMENT)**

I, Lisa Neville, Minister for Environment, Climate Change and Water, as Minister administering Part 1A of the **Water Industry Act 1994**, pursuant to Section 41(2) of the **Water Industry Act 1994**, make and issue the attached Statement of Obligations (System Management) to the following water corporations:

- City West Water Corporation;
- Melbourne Water Corporation;
- South East Water Corporation;
- Yarra Valley Water Corporation.



**Hon Lisa Neville MP**  
**Minister for Environment, Climate Change and Water**

Dated

16/1/15

## Statement of Obligations (System Management)

<b>1</b>	<b>Commencement and Term</b>
	This Statement is effective from the date it is signed and remains in effect until 31 December 2016, or until it is revoked, whichever occurs first.
<b>2</b>	<b>Authorising Provision</b>
	This Statement is issued by the Minister administering Part 1A of the <i>Water Industry Act 1994</i> under section 4I of that Act.
<b>3</b>	<b>Purpose</b>
	The purpose of this Statement is to impose obligations on City West Water Corporation, Melbourne Water Corporation, South East Water Corporation and Yarra Valley Water Corporation in relation to the performance of their water supply functions under Part 8 of the <i>Water Act 1989</i> and the operation of the North-South Pipeline.
<b>4</b>	<b>Interpretation</b>
4.1	The definitions of the terms contained in Schedule A to this Statement apply in this Statement.
4.2	This Statement imposes additional obligations on each Corporation to those specified in the Statement of Obligations (General) that commenced on 16 September 2012 and the Statement of Obligations (Bulk Water Reform) that commenced on 30 August 2014.
4.3	Nothing in this Statement should be interpreted to limit or otherwise amend the obligations imposed upon each Corporation under the Statement of Obligations (General).
<b>5</b>	<b>Availability of Statement</b>
	Each Corporation must publish this Statement on its website and make a copy of this Statement available at each of its offices.
<b>6</b>	<b>Security Guidelines</b>
6.1	<p>In performing its water supply functions, each Corporation must apply the following Security Guidelines:</p> <ol style="list-style-type: none"> <li>a. the North-South Pipeline cannot be used to transfer water that is part of the Northern water reserve from the period 1 December to 30 November in the following year unless: <ol style="list-style-type: none"> <li>i. Melbourne's total system storage level (excluding water held in the Northern water reserve) is less than 30% as at 30 November; and</li> <li>ii. allocations have been made against high-reliability water shares in the Goulburn system for the current irrigation season, and water is available in the Northern water reserve; and</li> <li>iii. sufficient storage capacity is forecast to be available within the Yarra Basin Reservoirs to accept water from the North-South Pipeline without materially increasing the risk of spills.</li> </ol> </li> <li>b. Notwithstanding sub-clause 6.1(a), to maintain the operational capability of the North-South Pipeline, up to 300 megalitres of water can be used per year to charge and test the pipeline system so that it is kept in good working order and is ready for fire-fighting purposes, provided that this water is sourced from the Northern water reserve.</li> </ol>

<b>7</b>	<b>Water Interface Agreement</b>
7.1	In respect of the Victorian Desalination Project, Melbourne Water must; <ol style="list-style-type: none"> <li>a. Do all things the State is required to procure that Melbourne Water does under the Project Deed; and</li> <li>b. Pay all monies payable by the State under the Project Deed</li> </ol>
<b>8</b>	<b>Complying With Obligations</b>
8.1	Each Corporation must monitor compliance with its obligations under Clause 6 of this Statement.
8.2	If a Corporation becomes aware of a material failure to comply with its obligations under Clause 6 of this Statement, the Corporation must give the Minister a written report, within 30 days after becoming aware of the failure, that includes: <ol style="list-style-type: none"> <li>a. The nature of and reason for the failure; and</li> <li>b. A plan to prevent the failure recurring.</li> </ol>
8.3	Each Corporation must make any variation to the plan referred to in subclause 8.2(b) requested in writing by the Minister.
8.4	Each Corporation must: <ol style="list-style-type: none"> <li>a. Implement the plan referred to in sub-clause 8.2(b), as varied by the Minister; and</li> <li>b. Report its progress in implementing the plan, whenever the Minister so requests in writing; and</li> <li>c. Summarise the contents of the plan, and its progress in implementing the plan, in its annual report.</li> </ol>

#### **SCHEDULE A – DEFINITIONS**

The following definitions apply in this Statement:

**“Corporation”** means City West Water Corporation, Melbourne Water Corporation, South East Water Corporation and Yarra Valley Water Corporation.

**“Minister”** means the Minister administering Part 1A of the *Water Industry Act 1994*.

**“North-South Pipeline”** means the water transmission pipeline between the Goulburn River and the Sugarloaf Reservoir.

**“Northern water reserve”** means the following bulk entitlements:

- Bulk Entitlement (Goulburn System - City West Water) Order 2012;
- Bulk Entitlement (Goulburn System - South East Water) Order 2012;
- Bulk Entitlement (Goulburn System - Yarra Valley Water) Order 2012;
- Bulk Entitlement (River Murray - City West Water) Order 2012;
- Bulk Entitlement (River Murray - South East Water) Order 2012; and
- Bulk Entitlement (River Murray - Yarra Valley Water) Order 2012.

**“Project Deed”** means the Victorian Desalination Project contract between the State of Victoria and AquaSure and associated documents.

**“Statement”** means this Statement of Obligations (System Management).

**“Yarra Basin Reservoirs”** mean the Upper Yarra, Sugarloaf, Silvan and Cardinia Reservoirs.