

08 June 2004

John Feil
Executive Director
National Competition Council
Level 9, 128 Exhibition Street
MELBOURNE NSW 3000

Dear Mr Feil

Services Sydney's application for declaration of sewage transmission and interconnection services provided by Sydney Water.

Please find attached Sydney Water's response to the National Competition Council's (NCC) Issues Paper of 7 April 2004 relating to Services Sydney's application for access to certain parts of Sydney Water's sewerage and waste water infrastructure under the *Trade Practices Act 1974* (TPA).

Sydney Water is the provider of the services identified in Services Sydney's application and in its submission it has examined the application against the criteria set out in section 44G of the TPA. In doing so, Sydney Water has not responded to all of the issues raised by the NCC in its Issues Paper, though it is happy to provide further information, where appropriate, to support the NCC's assessment of Services Sydney's application.

The NSW Government is responsible for policy development and regulatory issues in the area of water resource management and it has a process for evaluating private sector involvement in Government projects which are detailed in its Working with Government Guidelines. The underlying merit of Services Sydney's proposal is a matter of policy for the NSW Government to determine and not an issue on which Sydney Water expresses any view.

From Sydney Water's perspective, efficient management of the water cycle in order to provide safe, environmentally sound and best value water services to Sydney is crucial. Sydney Water is keen to facilitate developments, including further participation by the private sector which, consistent with NSW Government policy, bring such benefits to the community.

Sydney Water notes that there is already a mechanism by which Services Sydney could achieve the treatment and disposal outcomes outlined in its application. This is through the process of sewer mining, for which the NSW Independent Pricing and Regulatory Tribunal already grants free access for extracting untreated effluent from Sydney Water's system, other than the capital costs of providing access.

Please contact me on (02) 9350 5000 if you wish to discuss these matters further or alternatively Ms Angela Tsoukatos, General Manager, Corporate Services on (02) 9350 6228.

Yours sincerely

DAVID EVANS
A/Managing Director