



Please address correspondence to:
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Executive Director,
National Competition Council,
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26 September 2004

Dear Sir,

Re: Services Sydney Request for Declaration of Sewage Transmission and Interconnection Services

The Sydney Branch of the Australian Conservation Foundation (ACF) writes to express its support for your draft resolution on this matter.

We have been concerned at the lack of progress towards large scale water re-cycling in the Sydney Area. Whilst we would not always support the outcomes resulting from unregulated commercial competition we note the following in relation to this case.

- Appropriately regulated competition can be an effective measure for ensuring the appropriate distribution of scarce resources. In this case the scarce resource is water and the lack of competition is preventing it from being treated as scarce and is preventing it from being distributed in a rational manner.
- There has been little progress towards the establishment of large scale sewage treatment in Sydney for the purpose of recycling water.
- The request for declaration meets all set out in section 44G(2) of the TPA. The level to which the criteria are met is overwhelming, as demonstrated by the summary in your draft recommendation and many of the submissions from other parties.

We note that criterion (f) [that access (or increased access) to the service would not be contrary to the public interest], is somewhat neutral in its effect and contend that access is substantially in the public interest for the following reasons:

- The lack of large scale recycling is leading to the pursuit of solutions to Sydney's water problems which have negative environmental impacts – such as the greenhouse emissions that would be created by a desalination plant.
- There is no structure of framework in place that would be likely to promote competition in the sewage treatment market due to Sydney Water's monopoly of elements of this market. Therefore intervention by the National Competition Council to declare access is the only near term option to correct this situation.

Yours sincerely

John Boothroyd
Convenor, ACF Sydney Branch