



4 June 2004

Mr John Feil  
Executive Director  
National Competition Council  
GPO Box 250B  
Melbourne VIC 3001

Dear Mr Feil

Total Environment Centre (TEC) welcomes the opportunity to comment on the application by Services Sydney for declaration of sewage transmission and interconnected services provided by Sydney Water. Comments in relation to issues raised in the Council's Issues Paper are provided below.

**s.44G92)(b) – that it would be uneconomical for anyone to develop another facility to provide the service**

TEC concurs with the view put by Services Sydney that Sydney Sewage Reticulation Network is a natural monopoly. The size and nature of the system would preclude the development of an alternative network. Given the fact that the current network provides services to all customers currently within the areas serviced by the network it is unlikely that sufficient customers would be available to make an alternative network economically viable. Furthermore, the environmental costs of excavation, construction activities etc are such as to make any duplication of the current sewerage network undesirable.

**s.44G(2)(a) – that access (or increased access) to the service would promote competition in at least one market, other than the market for the service**

TEC understands that Services Sydney proposes to gain access to the Sydney Sewage Reticulation Network in order to provide treated sewerage as a substitute for potable supplies for some uses. At present the market for recycled water is very small, with the vast bulk of sewage effluent discharged to oceans and rivers. Sydney Water is effectively the only provider of recycled water.

Providing access the Sydney Sewage Reticulation Network would allow the creation of a much larger recycled water market, to compete with potable water for suitable applications.

**s.44G(2)(c) – that the facility is of national significance**

TEC agrees that the size, number of properties and people serviced, along with the importance to trade and commerce are of such magnitude that the Sydney Sewage Reticulation Network is a facility of national significance. The potential size of the recycled water market and contribution to sustainability also indicate that there is a high level of national significance.

**s.44G(2)(d) – that access to the service can be provided without undue risk to human health or safety**

TEC believes that an essential condition of access would be that Services Sydney be required to adhere to the same, health and environmental standards, reporting requirements and regulations as Sydney Water. Providing such a condition was imposed it is difficult to envisage any threats to human health or safety.

**S44G(2)(d) – that access (or increased access) to the service would not be contrary to the public interest**

TEC believes that access to the service would not be contrary to the public interest. We believe that access would in fact offer substantial environmental and economic benefits. Sydney faces significant long-term water supply challenges. Current average annual consumption of 630 Gigalitres (GL) is already exceeding the 600 GL per annum sustainable yield of present resources. This is without considering the effect of urgently needed environmental flows for the stressed Hawkesbury-Nepean River system. It has been estimated that a minimum of 100 GL per annum is required for an effective environmental flow regime. The true sustainable yield is thus only about 500 GL per annum.

It is clear that Services Sydney's proposal offers substantial environmental benefits by substituting potable water use and easing pressure on supplies. This would prevent the environmentally destructive development of a new dam on the Shoalhaven River at Welcome reef. With the cost of a new dam estimated at \$1 billion, preventing augmentation of supply clearly offers major economic benefits.

At present Sydney Sewage Reticulation Network discharges large volumes of effluent to the ocean and rivers. By preventing the discharge of this effluent Services Sydney's proposal offers major benefits to the environment and community through cleaner oceans and waterways.

Yours sincerely

Leigh Martin  
Urban Campaigner