



Premier of New South Wales
Australia

13 JUN 2007

Dr Michael Keating AC
Chairman
Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB POST OFFICE NSW 1230

Dear Dr Keating

Pursuant to section 12 of the *Independent Pricing and Regulatory Tribunal Act* 1992, I write to request the Independent Pricing and Regulatory Tribunal (the Tribunal) to make a new price determination for Sydney Water Corporation's monopoly services.

My intention is for the Tribunal to make a full determination, which considers all aspects of Sydney Water's revenue and expenditure. The determination should take into account the effects of climatic conditions on Sydney Water's revenue position since the current determination was made on 1 October 2005. The determination should also take into account the desalination project being undertaken by Sydney Water. Sydney Water is already incurring costs relating to this project, and as such I request that the determination be made in a timeframe that is consistent with the construction and commissioning of the project, and the financial sustainability of Sydney Water. The determination should consider financial information that will become available on the award of contracts for the desalination project.

The determination should also take into account several recycling projects, including the Western Sydney Recycled Water Initiative Replacement Flows Project and Camellia Recycled Water Project. Other matters, such as the extension of the Water Savings Fund as part of the new Climate Change Fund and the extensions to existing rebates, should also be considered when making the new determination.

Yours sincerely



Morris Iemma MP
Premier