

The Hon. Phillip Costa MP
Minister for Water
Minister for Corrective Services
Level 34, Governor Macquarie Tower
1 Farrer Place
SYDNEY NSW 2000

21 DEC 2010

Dear Minister 

As you would be aware the Government has recently decided that it will not proceed with the proposed Tillegra Dam. As Tillegra was to be funded through Hunter Water's bills, urgent action is now required to refund that money already collected, and to ensure that future bills are adjusted accordingly.

Under Section 9 of the *Independent Pricing and Regulatory Tribunal Act 1992* (the Act) I request that you engage IPART's assistance, to:

- calculate a refund for money already collected for Tillegra, to be returned in Hunter Water's 2011 bills; and
- advise on a price adjustment for Hunter Water's customers to exclude Tillegra Dam from future water bills until such time as a new determination takes effect.

Enclosed is a terms of reference for the provision of IPART's services.

Under Section 18(2) of the Act, the Treasurer's approval must be sought to reduce prices below the maximum determined by IPART's 2009 *Review of prices for water, sewerage, stormwater and other services for Hunter Water Corporation*. As such, I have also written to the Hon John Hatzistergos MLC, Acting Treasurer, to advise of the Government's action on this issue.

Yours sincerely



Kristina Keneally MP
Premier

Terms of Reference

Adjustment to the current water charges for Hunter Water customers

Reference to the Tribunal

I, Kristina Keneally, Premier of New South Wales approve the provision of services by the Independent Pricing and Regulatory Tribunal (IPART), under section 9 of the *Independent Pricing and Regulatory Tribunal Act 1992*, to the Minister for Water by providing advice in accordance with the following terms of reference.

Matters for consideration

IPART is requested to consider Hunter Water's current water charges, and calculate and advise the Minister for Water on:

- a refund of money already collected from customers, by Hunter Water, for the Tillegra Dam project. This is to be repaid to Hunter Water customers effective in their 2011 water bills; and
- a price adjustment for Hunter Water customers to exclude Tillegra Dam from future water bills until such time as a new determination takes effect.

Timing

IPART is to provide a final report to the Minister by 24 January 2011.



The Hon Kristina Keneally MP

Premier

Dated at Sydney 21 Dec. 2010