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Facsimile

To	IPART	Ref	
Attention	Lil Cullen		
Fax	02 9290 2061	Tel	02 9290 8410
From	Simone Greenaway	Office	Policy & Governance
Fax	02 4725 4759	Tel	02 4725 4719
Date	24 November 2004	No. of pages	3
		(including cover)	
Subject	Review of the Operating Licence for State Water Corporation - Issues Paper		

Message:


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Ref: D2004/08852

Mr J Cox
A/Chairman
Independent Pricing and Regulatory Tribunal of NSW
PO Box Q290
QVB POST OFFICE NSW 1230


Dear Mr Cox

I refer to the Independent Pricing and Regulatory Tribunal's recent call for comments in relation to its review of the Operating Licence for State Water Corporation. The SCA has an interest in the proposed State Water operating licence as a bulk water customer of the Fish River Water Supply.

The Fish River Water Supply (FRWS) is an important component of the SCA's supply in the upper Blue Mountains. The FRWS gives the SCA flexibility in sourcing the best quality water, and consequently the SCA has an interest in the management and protection of the FRWS catchment. It also provides supplementary water supply during maintenance activities or periods of low rainfall in the Blue Mountains. Continued access to the FRWS is an important aspect of the SCA's longer-term supply strategy.

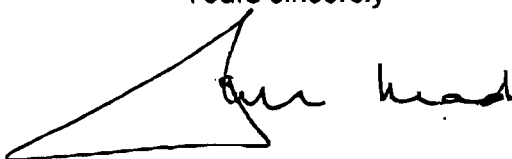
The SCA agrees with the view of State Water, that the Operating Licence "... needs to allow State Water to operate and manage FRWS as a discrete business..." Consequently it may be useful for the FRWS to be regulated in a separate part of the Operating Licence.

The FRWS being subject to the same asset management requirements as the rest of State Water and other water utilities would ensure appropriate maintenance and renewal of the FRWS infrastructure. However, performance standards and indicators may need to be specific to the FRWS, in accordance with the criteria outlined in State Water's IPART submission. The development of these standards, and the development of customer service requirements should involve the FRWS's major customers, in addition to DEUS, IPART and NSW Treasury.

The FRWS's existing customer relationships should continue as the agreement between the SCA and the FRWS has served the agencies well. The FRWS Customer Council, as noted by State Water, has high customer satisfaction and fulfils a particular purpose. This is an appropriate forum for the FRWS and its major customers to discuss issues associated with the operational management and longer term strategic planning of the FRWS.

If you require further information or clarification in relation to any of the issues raised in the SCA's submission, please contact Andrew Bryan, Executive Director, Policy & Governance on 4725 4700.

Yours sincerely

A handwritten signature in black ink, appearing to read "Graeme Head". The signature is written in a cursive style and is positioned to the right of a large, irregular scribble that resembles a stylized signature or a large mark.

GRAEME HEAD
Managing Director

24 NOV 2004