



**INDEPENDENT PRICING AND REGULATORY TRIBUNAL**  
OF NEW SOUTH WALES

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**I N V I T A T I O N   T O   T E N D E R**

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**ASSISTANCE WITH THE INVESTIGATION INTO THE PRICING OF  
BULK WATER SERVICES PROVIDED BY STATE WATER  
CORPORATION AND THE DEPARTMENT OF INFRASTRUCTURE,  
PLANNING AND NATURAL RESOURCES**

**BACKGROUND**

The Independent Pricing and Regulatory Tribunal of New South Wales (the Tribunal) was established in 1992 primarily to provide independent oversight of the prices charged by monopoly service providers.

The Tribunal is seeking suitably qualified consultants to assist with the management of the investigation into the pricing of bulk water services provided by State Water Corporation (State Water) and the Water Administration Ministerial Corporation (WAMC). The WAMC is under the control of the Department of Infrastructure, Planning and Natural Resources (DIPNR).

The specific services reflected in these prices are those involved with:

- making water available
- making WAMC's or State Water's water supply facilities available
- supplying water, whether by means of WAMC's or State Water's water supply facilities or otherwise.

**CONTEXT**

The Tribunal is conducting a price path review of the maximum prices to apply from 2005/06 for services relating to the provision and supply of bulk water undertaken by State Water and the WAMC. The maximum charges determined by the Tribunal will cover a period of up to four years. The precise duration of the determination will be determined by the Tribunal as part of the review.

In determining maximum prices, it is necessary for the Tribunal to ensure that State Water and the WAMC have sufficient revenue to maintain and expand their operations to ensure adequate service delivery. The Tribunal sets prices based, in part, on its estimates of the revenue required over the regulatory period. This, in turn, is established on projections of efficient operating and capital expenditure. In the context of monopolistic businesses, the Tribunal seeks to set prices which do not reward inefficient investment and asset management decisions, or inefficient operations and practices.

It is also necessary to determine what share of costs incurred by State Water and the WAMC should be passed onto water users and the pace of price reform.

A more detailed description of the investigation is provided in the relevant Issues Paper available from the Tribunal's website.

The Tribunal requires the consultant to provide services over the remaining period of the investigation equivalent to that performed by a Tribunal Program Manager. The primary purpose of the role of Program Manager is to manage IPART programs and resources to deliver relevant recommendations of appropriate quality to the Tribunal, according to agreed time schedules.

## **TERMS OF REFERENCE**

### **Objectives of Consultancy**

The primary objective of the consultancy is to project manage the Tribunal's investigation into bulk water prices to apply from 2005/06. This will involve:

- Developing and managing work programs for assigned projects to deliver relevant, quality, timely recommendations, and keeping relevant parties informed of progress
- Leading and managing the assigned team to undertake appropriate investigations, critically assess options, and develop comprehensive, high quality, well reasoned proposals to the Tribunal
- Coordinating external stakeholder relationships that affect or are affected by the Reviews undertaken
- Monitoring compliance with determinations
- Contributing to the management and development of IPART's overall capabilities
- Complying with ethical practices and IPART's EEO & OH&S policies and practices

## **OUTPUTS**

The required outputs from the consultancy are:

- Preparations of briefings and associated presentations to the Tribunal which outline the major issues and recommendations
- Arrangement of a public hearing and two workshops as part of the Tribunal's public consultation process
- Management of any other consultants engaged by the Tribunal to assist with the review (for example, to undertake a review of State Water's operating and capital expenditure)
- Preparation of and submission to the Tribunal of draft and final reports and determinations in satisfaction of the requirements of the IPART Act, as advised by the Tribunal's General Counsel
- Discussions and meetings with State Water, DIPNR, environment groups, customer representatives and other relevant stakeholders

- Other miscellaneous tasks as directed related to the Tribunal's water industry activities.

On completion of the consultation, the consultant's reports, working papers and advice provided to the Tribunal will become the property of the Tribunal.

## CONDITIONS OF TENDER

### Timing

An indicative timetable for the review is shown below.

**Indicative review timetable**

<b>Task</b>	<b>Timeframe</b>
<i>Release issues paper (completed)</i>	<i>September 2004</i>
<i>Receive submissions from State Water and DIPNR</i>	<i>October 2004</i>
<i>Start review of State Water and DIPNR capex &amp; opex</i>	<i>October 2004</i>
<i>Receive public submissions</i>	<i>December 2004</i>
<i>Release consultant's report into operating and capital expenditure</i>	<i>January/February 2005</i>
<i>Hold public hearing and workshops</i>	<i>March 2005</i>
<i>Release draft determination</i>	<i>May 2005</i>
<i>Receive submissions on draft determination and consultant's report</i>	<i>June 2005</i>
<i>Release final determination</i>	<i>August 2005</i>

\*Indicative dates – subject to Tribunal decision.

It is proposed that this consultancy will commence on 8 November 2004 and terminate on 31 August 2005.

### Fee

The fee quoted is to be inclusive of all staff costs including Goods and Services Tax, incidental expenses and disbursements. The Tribunal will arrange and pay such non staff costs as office accommodation, provision of IT services and travel expenses for the period of the consultancy. Payments will be due within 28 days of receiving an invoice as per an agreed payment schedule. The consultant may wish to outline a draft payment schedule.

A detailed breakdown of the consultancy costs is required with the proposal. The proposal should include consultants to be involved in the project, their rates, and a total fee estimate.

### Proposal

The consultancy proposal should:

- demonstrate an appreciation for the task
- list the personnel to be involved, including resumes detailing their experience
- outline any potential conflicts of interest.

## **Criteria for selection**

In selecting the successful consultant the Tribunal may consider any relevant matter including:

- extent of knowledge of rural bulk water business
- experience in similar projects
- understanding of State Water's and WAMC's operating, regulatory and financial frameworks
- proposed consultancy fee and value for money
- performance in any previous work for the Tribunal
- adequate resourcing and ability to provide results within the stated time frame
- proposed quality assurance procedures
- guaranteed availability of key staff
- demonstrated ability to enlist stakeholders' cooperation whilst engendering a sense of acceptance of the relevant outcomes.

## **Acceptance of Tender**

The Tribunal reserves the right to:

- accept no tender at all
- postpone indefinitely the acceptance of a tender
- call for new tenders
- appoint one or more tenderers to undertake the review
- approve or reject any sub-contractors the tenderer may wish to appoint.

## **Consultancy Contract**

The successful tenderer will be obliged to enter into a contract with the Tribunal prior to commencing the consultancy.

The Tribunal has a consultancy contract that covers issues including, but not limited to:

- consultancy information and documentation
- ownership of intellectual property
- conflicts of interest
- confidentiality
- insurance.

The Tribunal reserves the right to modify contract terms for the final contract as it considers appropriate. A copy of the Tribunal's draft contract is available on request.

## **PARTIES TO THE CONSULTANCY**

The party managing and commissioning the consultancy is the Independent Pricing and Regulatory Tribunal of New South Wales. The primary contact is:

Mr Colin Reid                      Director Water & Transport  
   tel: 61-2-9290-8414  
   e-mail: colin\_reid@ipart.nsw.gov.au

## **LODGEMENT OF TENDER**

Three bound copies and 1 loose-leaf copy of the tender should be lodged in a sealed envelope marked 'Assistance with the investigation into the pricing of bulk water services commencing 2005/06' and addressed to:

Ms Meryl McCracken  
General Manager, Support Services  
Independent Pricing and Regulatory Tribunal of NSW

at,                                      PO Box Q290  
   QVB POST OFFICE NSW 1230

or,                                      Level 2  
   44 Market Street  
   SYDNEY NSW 2000