

## NORTH AND SOUTH COAST DRAFT WATER PRICES RELEASED

The Independent Pricing and Regulatory Tribunal (IPART) is seeking feedback on its draft determination of prices that WaterNSW can charge for its monopoly water management services in the North Coast and South Coast valleys from 1 July 2017 to 30 June 2021.

IPART Chair Dr Peter Boxall said the draft determination means significant reductions in the overall revenue that WaterNSW can collect from its customers across NSW, with bill impacts depending on location and the type of licence held.

“This has resulted in increases for most WaterNSW rural customers in the North Coast and South Coast valleys being limited to between 2% and 4% per year (with inflation) under the draft decision, substantially less than the 10% per year increase in bills proposed by WaterNSW for both valleys,” Dr Boxall said.

“Rather than continuing to increase prices by 10% per year towards full cost recovery, we have decided to set prices within an efficient pricing band that considers WaterNSW’s customers’ ‘capacity to pay’ in these valleys, as well as WaterNSW’s avoided costs.”

For water licence holders in the North Coast and South Coast Valleys, the determination recognises that Water NSW would continue to be only able to recover around 10% and 40% of the customers’ share of its efficient cost per year.

“When possible, we aim to set prices that fully recover efficient costs. However, full cost recovery is likely to be unattainable in the North Coast and South Coast valleys over this determination or going forward,” Dr Boxall said.

Under IPART’s new efficient pricing band approach, prices for the North Coast would be frozen at the current 2016-17 price level in real terms, whilst there would be a small increase in high security entitlement and usage prices for the South Coast.

The draft decision would mean a shortfall in revenue (\$1.4 million per year) from these valleys as the draft prices do not fully recover the customers’ share of costs. This under recovery of costs and revenue shortfall would need to be borne by WaterNSW or recovered from the NSW Government as shareholder.

IPART is seeking comments from stakeholders on its Draft Report and Draft Determination. Submissions are due by 17 April 2017 and will be considered before final prices are released in June, to apply from 1 July 2017.

A public hearing will also be held in Sydney on 4 April 2017.