

DRAFT SYDNEY AND HUNTER WHOLESALE WATER PRICES RELEASED

1 November 2016

The Independent Pricing and Regulatory Tribunal (IPART) is seeking feedback on the proposed prices that Sydney Water and Hunter Water can charge for wholesale water and sewerage services from 1 March 2017 to 30 June 2021.

These services are purchased by wholesale customers who provide water and/or sewerage services to end-use (or 'retail') customers such as households and businesses. Wholesale customers are typically new, smaller water utilities licensed under the *Water Industry Competition Act 2006* (NSW) to service a specific development area. The emergence of these smaller water utilities has created competition for end-use customers.

The prices that Sydney Water and Hunter Water can charge their retail customers for water and sewerage services for the period 1 July 2016 to 30 June 2020 have already been set by IPART through separate reviews.

IPART Chair, Dr Peter Boxall, said this is the first time that IPART has reviewed and set wholesale water and sewerage prices.

"Competition is important in encouraging greater efficiency in the supply of water and sewerage services. As competition develops over time, this will deliver benefits to customers," Dr Boxall said.

"The draft decision is to set system-wide prices to reduce the need for potentially costly scheme-specific reviews, while also allowing parties to seek scheme-specific price reviews from IPART or enter unregulated agreements."

These system-wide prices would apply to new wholesale arrangements, while the opportunity to seek a scheme-specific price review from IPART or agree to an unregulated agreement would be open to all wholesale arrangements – existing and new.

"The draft decisions are designed to encourage efficient entry and competition in the market, given its early stage of development," Dr Boxall said. "We are interested in hearing industry and stakeholder views about the proposed approach and prices."

Stakeholder submissions on the draft decisions are due by 7 December 2016. Copies of the report and accompanying determination are available on IPART's website <<http://www.ipart.nsw.gov.au>>.

A Public Hearing will be held on 28 November 2016 at the Wesley Conference Centre in Sydney's CBD.

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