

EMBARGOED UNTIL 1 AM FRIDAY 22 SEPTEMBER 2006

FINAL DETERMINATION ON RECYCLED WATER PRICES RELEASED

Sydney: September 22, 2006: The Independent Pricing and Regulatory Tribunal (IPART) today released the final Determination for the pricing of recycled water for Sydney Water, Hunter Water, Gosford and Wyong Councils.

The Determination will apply from January 1, 2007 for Hunter Water and Gosford City Council; and from July 1, 2007 for Sydney Water and Wyong Shire Council.

IPART CEO Jim Cox said “The severe drought conditions as well as population growth has placed greater urgency on recycled water strategies. The changes to the way urban water is managed means there will be increases in recycled water use and the pricing of recycled water needs to facilitate this change.”

Mr Cox said the Metropolitan Water Plan for Sydney included a recycled water strategy that aimed to recycle water for uses where drinking water is not required.

Under the Tribunal’s determinations and guidelines, water agencies will be able to recover part of the costs of recycled water schemes from customers not serviced by the schemes but will need to demonstrate that a scheme reduces the overall cost to the community.

He said the general community benefits from the availability of recycled water and it is reasonable they should pay a part of the cost.

The Tribunal has set pricing guidelines for ‘mandated schemes’ - where customers are required to connect to recycled water infrastructure. These guidelines will be used to calculate prices that are fair both to customers and the water agencies.

Customers who voluntarily elect to take recycled water from a scheme can negotiate prices directly with the water agency. Similarly, customers who want to connect to and extract wastewater from a water agency’s wastewater system (sewer mining) will also be free to negotiate a price. In such cases, if agreement cannot be reached then the option of arbitration is made available.

Sydney Water currently operates 14 recycled water schemes which recycle 15,000 megalitres of effluent per year.

IPART has sufficient information to set prices for Sydney Water’s Rouse Hill scheme.

Usage prices for recycled water at Rouse Hill will be progressively increased so that they equal 80 per cent of the drinking water usage charge. The fixed charge will be reduced to \$10.28 a year, by July 1, 2008.

Recycled water bills will increase for households using on average 105 KL of recycled water per annum by around \$35.41 in 2007-8; and a further \$37.35 in 2008-9.

Customers using 50 KL of recycled water will pay \$13 more in 2007-8. For high use customers using 250 KL per annum, their bills are likely to increase by \$94.48 in 2007/08 and a further \$99.69 in 2008-9.

Mr. Cox said “Rouse Hill residents will pay less on average for water, sewerage and recycled water services than residential customers in the rest of the city with water and sewerage services. However, an increase in the usage price for recycled water is needed to encourage people to make careful use of this scarce resource.”

A Rouse Hill resident using combined potable and recycled water volume of 300 KL a year will pay around \$141 less than customers who do not have recycled water.

The increases at Rouse Hill will generate revenue of \$4.18 million a year. Sydney Water will earn a pre-tax rate of return of 6.5 per cent for recycled water services at Rouse Hill.

Sydney Water will revise its developer charges downwards to reflect higher revenue from recycled water charges. The Determination also provides an approach for water agencies to use when calculating developer charges for recycled water services.

This Determination ensures that water agencies recover no more through, fixed, usage and developer charges than the cost of providing the recycled water services.

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