

HUNTER WATER CORPORATION PRICE REVIEW – ISSUES PAPER RELEASE

7 September 2015

The Independent Pricing and Regulatory Tribunal (IPART) today released its Issues Paper on its review of the prices that Hunter Water Corporation can charge its customers from 1 July 2016. Submissions from the public are due by Monday 5 October 2015.

The Issues Paper identifies the key issues that will be considered as part of the review. It also summarises what Hunter Water has proposed and sets out our preliminary views on some of these issues.

Hunter Water's pricing proposal sets out its proposed prices for its water, sewerage, stormwater drainage and other services, for the period 1 July 2016 to 30 June 2020.

Under Hunter Water's proposal, most residential and non-residential customers would see their bills increase generally in line with inflation over the 4-year period. However, for flats and units, residential customers would face bill increases above inflation, with the typical water and sewerage bill for these customers increasing from around \$826 per year in 2015-16 to \$1084 per year in 2019-20 under Hunter Water's proposal. This is due to a proposed increase in both the water service and sewerage service charges. The proposed increases in sewerage service charges are to bring these charges for flats and units into line with those of houses by 2019-20.

IPART Chairman, Dr Peter Boxall, said IPART will review Hunter Water's expenditure to ensure that its proposed prices reflect the most efficient costs of providing services to customers.

"Our review of Hunter Water's pricing proposal is focused on ensuring that customers pay no more than necessary for the standard of water and sewerage services they need, both now and in the future, and that these prices are fair across all customer groups," Dr Boxall said.

The review is occurring a year earlier than originally scheduled, following a request by Hunter Water last year. In conducting the review, IPART will be mindful of any price impact that bringing forward Hunter Water's price review might have on its customers, particularly in the first year of the new pricing period.

"Amongst a range of other issues, as part of this review we will also decide whether we should determine charges for Hunter Water's wholesale water and wastewater services to licensed retail suppliers of water and/or wastewater services under the *Water Industry Competition Act 2006* (NSW). With new water and wastewater retailers entering the market, this issue is becoming increasingly important," Dr Boxall said.

Dr Boxall encouraged all stakeholders to make a submission to the review. IPART will consider all comments made in submissions and at the public hearing before making its draft decisions on Hunter Water's prices. The Public Hearing will be held in Newcastle on 2 November 2015. The Draft Report will be released in March 2016.

