

HUNTER WATER FINAL PRICES FROM 1 JULY 2016

14 JUNE 2016

The Independent Pricing and Regulatory Tribunal (IPART) today released its final decision on the maximum prices that Hunter Water can charge its customers from 1 July 2016 to 30 June 2020.

Typical bills for Hunter Water customers in houses will increase by \$25 for the year starting 1 July 2016, with annual bills then increasing by between \$54 and \$58 per year from 2017-18 to 2019-20, including inflation. For apartments, typical bills will increase by \$36 in 2016-17, and then by between \$63 and \$69 per year from 2017-18 to 2019-20, including inflation.

IPART Chairman Dr Peter Boxall said the increases for customers in houses were less than those proposed in the draft determination released in March. For customers in apartments, the increases are higher than proposed in March. Hunter Water had proposed significantly higher increases for those living in apartments, and lower increases for those in houses.

The impacts on Hunter Water's business customers will depend on how much water they use, how much wastewater they are estimated to discharge to the sewerage system, and the size of their meter.

Hunter Water's costs have increased since IPART last set prices in 2013, primarily because of higher financing costs and a reduction in the estimated life-span of Hunter Water's assets.

"IPART has identified ways for Hunter Water to reduce operating expenditure by \$9 million and capital expenditure by \$23 million, while still allowing sufficient revenue for it to provide services of appropriate standards to its customers" Dr Boxall said.

"We have responded to the feedback we received on the draft report by reducing the price impacts of the change to the life-span of Hunter Water's assets, and continuing to transition the sewerage service charge for apartments towards that of houses.

"We have reformed the way service charges are calculated to better reflect the costs different users impose on the system."

Dr Boxall said the price review was brought forward by one year at Hunter Water's request, so smaller increases have been applied in 2016-17 for most residential customers in recognition of the limited increases that would have otherwise occurred.

Hunter Water's prices have been set at the same time as prices for Sydney Water and WaterNSW. As a result, IPART has made a number of decisions to ensure greater consistency of regulation. These include increasing pricing flexibility so large non-residential customers can negotiate unregulated pricing agreements with Hunter Water directly from 1 July 2016.

Copies of the report, the determination and factsheets are available on IPART's website <<http://www.ipart.nsw.gov.au>>.

IPART is also conducting a review of Hunter Water's operating licence, and a separate review of its wholesale water and sewerage prices.

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