

## IMPACTS FOR ROUSE HILL RESIDENTS OF THE DRAFT REPORT INTO THE REVIEW OF SYDNEY WATER'S PRICES

**Embargoed until 1.00am 16 March 2012**

The Independent Pricing and Regulatory Tribunal (IPART) today released its draft report on the prices that Sydney Water can charge for its services from 1 July 2012 to 30 June 2016.

Most customers will experience slight falls in real terms in their annual water and sewerage bills under the draft determination (or slight increases once inflation is incorporated into prices), with new pricing structures removing inequitable cross-subsidies between different users.

Rouse Hill customers are subject to many of the same charges as other Sydney Water customers. However, the nature of the services delivered in the Rouse Hill Development Area (RHDA) are different from the rest of Sydney.<sup>1</sup>

Many customers in the RHDA use recycled water for purposes such as garden watering. IPART has accepted Sydney Water's proposal to make no change to the Rouse Hill recycled water usage price, which is set at 80% of the drinking water price, and to remove the current recycled water service charge.

RHDA customers also pay a River Management Charge that covers the operating costs of Sydney Water's trunk drainage assets including flood prone land and wetlands in Rouse Hill. The River Management Charge will remain the same in real terms at \$128.58 (\$2011/12) over the next four years. It will increase at the same rate as CPI inflation over that time.

Sydney Water has invested significant capital to build stormwater drainage infrastructure in the RHDA. While Sydney Water has proposed to recover these capital costs from all sewerage customers, IPART's draft decision is to allow Sydney Water to recover the majority of capital costs from customers who purchase new property in the RHDA and the remaining costs from sewerage customers. As a result, owners of new property in the RHDA will be charged five annual payments of \$877 (\$2011/12) from when they move into the area.

The draft decisions described above mean that, in Rouse Hill:

- ▼ customers will continue to pay a recycled water usage charge that is 80% of the drinkable water charge, and will no longer pay the current recycled water service charge (saving \$11.91)
- ▼ customers will continue to pay an annual River Management Charge of \$128.58 (\$2011/12) in addition to their water and sewerage bills
- ▼ owners of new properties will pay \$877 (\$2011/12) each year for 5 years in addition to the water, sewerage and drainage bills of existing customers.<sup>2</sup>

---

<sup>1</sup> The services are not delivered to all residents of the RHDA. The charges are only applicable to those customers who are receiving recycled water services or who are within the drainage area defined in our Draft Determination.

IPART is proposing to update the regulation on recycled water prices to bring Rouse Hill into line with recycled water provision to other developments from 2016. From 2016 the same pricing policies will apply but prices would be set by Sydney Water rather than IPART. IPART's role would be to monitor Sydney Water's application of its guidelines rather than determine prices. IPART seeks comments from affected stakeholders on this proposal.

While Rouse Hill customers are subject to the unique outcomes listed above, IPART's draft determination also covers decisions which are common to all Sydney Water customers.

IPART Chairman Peter Boxall said that after a period of increasing prices, the new determination would result in reduced water bills for the vast majority of Sydney Water customers as a proportion of average earnings by 2016.

"Our draft decisions mean that the annual water and sewerage bill of a typical residential house will fall by \$57 in real terms by 2016," Dr Boxall said.

Pensioners are largely unaffected by the price changes with water and sewerage bills expected to rise by around \$1 a year in real terms due to concessions on the service charges.

Dr Boxall said the changes to the pricing structures are necessary to make the prices paid by each customer fair, and to ensure that costs of water usage are accurately reflected in customer bills.

"The price structure changes introduce a standard annual water service charge of \$77.44 for all residential customers, including apartment owners whose access to water has previously been subsidised by house owners," Dr Boxall said.

"Our draft decisions is that all residential customers will pay the same price for the right to access water, and those who use the most pay the most in usage charges."

The price structure changes affect non-residential customers in different ways, depending on the size of their meter and whether it is shared or not.

All non-residential customers will now pay a sewerage service charge depending on the size of their meter. The sewerage usage charge reduces.

Water and sewerage bills for non-residential customers with an individual 20mm meter and 260kL water usage a year decrease by 4.7% (or \$57) by 2016 in real terms. However, the bills for non-residential customers with an individual meter larger than 20mm may increase over the determination period. For example, an individually metered non-residential property with a 40mm meter and consuming 3,000 kL of water per year will face a water and sewerage bill increase of about 2.8%.

Dr Boxall said the main drivers of the difference are IPART's decisions about the costs of capital included in prices, different views about potential efficiencies in capital and operating

---

<sup>2</sup> It is likely that the existing customers of the Rouse Hill Development Area have already contributed to the capital costs through a developer charge (prior to December 2008).

expenditure, and the decision to include the costs of Sydney Desalination Plant (SDP) in water security mode.

He said IPART is confident that the prices in the draft determination will allow Sydney Water to continue to provide quality services and to comply with its operating licence.

IPART is now seeking stakeholder feedback on the proposed prices, with submissions due by 13 April 2012. IPART expects to complete its review and release its final determination in June 2012.

The report, *Review of prices for Sydney Water Corporation's water, sewerage, drainage and other services, From 1 July 2012 to 30 June 2016* is available on IPART's website <<http://www.ipart.nsw.gov.au>>.

For further information, contact: Dr Peter Boxall, Chairman  
T (02) 9290 8411  
a/h 0409 514 643

**Table 1 IPART's draft decision on water charges (\$2011/12)**

	1 July 2012 to 30 June 2013	1 July 2013 to 30 June 2014	1 July 2014 to 30 June 2015	1 July 2015 to 30 June 2016
Residential water service charge				
Individually metered property	122.46	107.12	92.17	77.44
Common metered property	77.44	77.44	77.44	77.44
Non residential (20mm individually metered property) service charge	122.46	107.12	92.17	77.44
Non-residential meter based service charge <sup>a</sup>	209.35	190.28	171.46	153.21
Usage charge	2.10	2.10	2.10	2.10

<sup>a</sup> Meter based charge is based on a 25mm meter. Applicable meter charge is set using the following formula:  $(\text{Meter size})^2 \times \text{meter based charge}/625$

**Table 2 IPART's draft decision on sewerage charges**

	1 July 2012 to 30 June 2013	1 July 2013 to 30 June 2014	1 July 2014 to 30 June 2015	1 July 2015 to 30 June 2016
Residential sewerage service charge (\$2011/12)	543.73	546.52	548.36	550.22
Non residential (20mm individually metered property) service charge (\$2011/12)	543.73	546.52	548.36	550.22
Non-residential meter based service charge <sup>a</sup> (\$2011/12)	967.62	1110.20	1273.36	1460.28
Sewerage usage charge (\$nominal)	1.40	1.30	1.20	1.10

<sup>a</sup> Meter based charge is based on a 25mm meter. Applicable meter charge is set using the following formula:  $(\text{Meter size})^2 \times 25\text{mm service charge}/625$

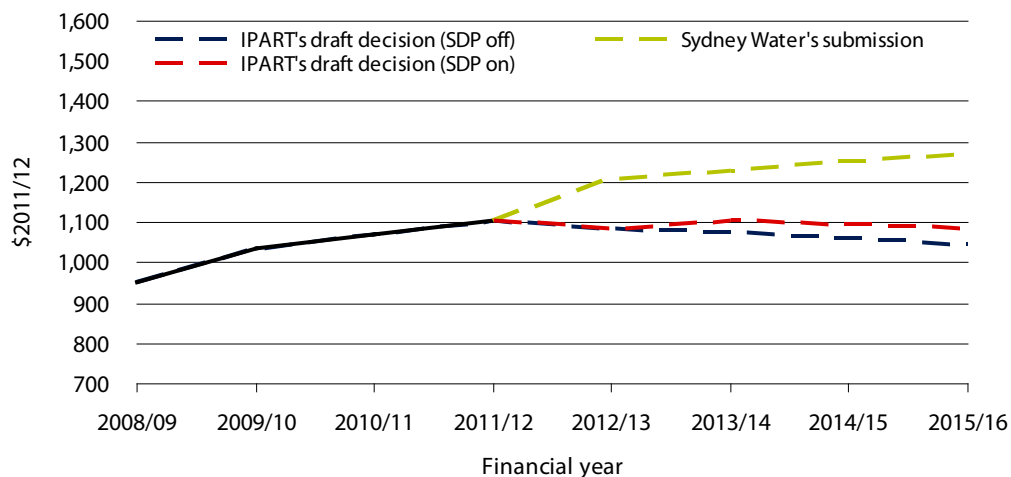
**Table 3 IPART's draft prices for stormwater drainage services (\$2011/12)**

	2012/13	2013/14	2014/15	2015/16
Apartments	\$50	\$43	\$28	\$16
Houses	\$60	\$73	\$80	\$86
Non-residential 0-200m <sup>2</sup>	\$50	\$43	\$28	\$16
Non-residential 201-1,000m <sup>2</sup> and low impact	\$60	\$73	\$80	\$86
Non-residential 1,001-10,000m <sup>2</sup>	\$200	\$350	\$500	\$580
Non-residential > 10,001m <sup>2</sup> per 100m <sup>2</sup>	\$3	\$8	\$13	\$17
	(min \$300)	(min \$800)	(min \$1,300)	(min \$1,700)

**Table 4 Annual water and sewerage bills for residential customers with an individual meter under the 2008 and draft 2012 determinations (\$2011/12)**

	2008 Determination				2012 Determination				Change 2011/12- 15/16
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	
<b>100 kL pa</b>	<b>777</b>	<b>836</b>	<b>866</b>	<b>895</b>	<b>876</b>	<b>864</b>	<b>851</b>	<b>838</b>	<b>-57</b>
% increase		7.6%	3.6%	3.3%	-2.1%	-1.4%	-1.5%	-1.5%	-6.4%
<b>150 kL pa</b>	<b>864</b>	<b>935</b>	<b>970</b>	<b>1,000</b>	<b>981</b>	<b>969</b>	<b>956</b>	<b>943</b>	<b>-57</b>
increase		8.2%	3.7%	3.1%	-1.9%	-1.3%	-1.4%	-1.3%	-5.7%
<b>200 kL pa</b>	<b>951</b>	<b>1,034</b>	<b>1,073</b>	<b>1,105</b>	<b>1,086</b>	<b>1,074</b>	<b>1,061</b>	<b>1,048</b>	<b>-57</b>
% increase		8.7%	3.8%	3.0%	-1.7%	-1.2%	-1.2%	-1.2%	-5.2%
<b>300 kL pa</b>	<b>1,126</b>	<b>1,232</b>	<b>1,280</b>	<b>1,315</b>	<b>1,296</b>	<b>1,284</b>	<b>1,271</b>	<b>1,258</b>	<b>-58</b>
% increase		9.4%	3.9%	2.8%	-1.4%	-1.0%	-1.0%	-1.0%	-4.4%
<b>400 kL pa</b>	<b>1,300</b>	<b>1,430</b>	<b>1,486</b>	<b>1,526</b>	<b>1,506</b>	<b>1,494</b>	<b>1,481</b>	<b>1,468</b>	<b>-58</b>
% increase		10.0%	3.9%	2.6%	-1.3%	-0.8%	-0.9%	-0.9%	-3.8%

**Figure 1 Impact of IPART's draft decision on annual water and sewerage bills compared to Sydney Water's submission for residential customers residing in individually metered properties consuming 200kL per year**



**Data source:** Sydney Water – Submission to IPART 2012 pricing determination p x and IPART.

**Table 5 Indicative annual water and sewerage service charges for residential customers with units in different sized blocks and sharing different sized meters (\$2011/12)**

Water use	Meter size	No of units	2011/12	2012/13	2013/14	2014/15	2015/16	Change 2011/12-15/16
150 kL pa per unit	40mm	10	913	936	939	941	943	30
				2.5%	0.3%	0.2%	0.2%	3.3%
150 kL pa per unit	65mm	26	914	936	939	941	943	29
				2.4%	0.3%	0.2%	0.2%	3.2%

**Note:** Residential customers on shared meters will not actually receive a bill from Sydney Water for the amounts shown above. They will receive an invoice from Sydney Water directly for their water and sewerage service charges, but will be paying for their water usage charge via their strata levies. The service charge for water and sewerage combined will increase by 1% from \$621.17 (\$2011/12) to \$627.66 (\$2011/12) by 2015/16.

**Table 6 Annual water, sewerage and stormwater drainage bills for residential customers residing in a house (\$2011/12)**

Water use	2011/12	2012/13	2013/14	2014/15	2015/16	Change 2011/12-15/16
100 kL pa	944	936	937	931	924	-20
%increase		-0.8%	0.0%	-0.7%	-0.7%	-2.1%
150 kL pa	1,049	1,041	1,042	1,036	1,029	-20
%increase		-0.7%	0.0%	-0.6%	-0.7%	-1.9%
200 kL pa	1,154	1,146	1,147	1,141	1,134	-20
%increase		-0.7%	0.0%	-0.5%	-0.6%	-1.8%
300 kL pa	1,364	1,356	1,357	1,351	1,344	-21
%increase		-0.6%	0.0%	-0.5%	-0.5%	-1.5%
400 kL pa	1,575	1,566	1,567	1,561	1,554	-21
%increase		-0.5%	0.0%	-0.4%	-0.4%	-1.3%

**Table 7 Indicative annual water, sewerage and stormwater service charges for residential customers with units in different sized blocks and sharing different sized meters (\$2011/12)**

Water use	Meter size	No of properties	2011/12	2012/13	2013/14	2014/15	2015/16	Change 2011/12-15/16
150 kL pa per unit	40mm	10	962	986	982	969	959	-3
%increase				2.5%	-0.4%	-1.3%	-1.0%	-0.3%
150 kL pa per unit	65mm	26	963	986	982	969	959	-4
%increase				2.4%	-0.4%	-1.3%	-1.0%	-0.4%

**Table 8 Indicative annual water and sewerage bills for non-residential customers with individual meters (\$2011/12)**

Water use	Meter size	Current (2011/12)	2012/13	2013/14	2014/15	2015/16	Total change
<b>260 kL pa</b>	<b>20mm</b>	<b>1,231</b>	<b>1,212</b>	<b>1,200</b>	<b>1,187</b>	<b>1,174</b>	<b>-57</b>
%increase			-1.5%	-1.0%	-1.1%	-1.1%	-4.7%
<b>350 kL pa</b>	<b>25mm</b>	<b>1,628</b>	<b>1,709</b>	<b>1,802</b>	<b>1,912</b>	<b>2,042</b>	<b>414</b>
%increase			4.9%	5.5%	6.1%	6.8%	25.4%
<b>1,000 kL pa</b>	<b>40mm</b>	<b>4,820</b>	<b>5,057</b>	<b>5,315</b>	<b>5,604</b>	<b>5,934</b>	<b>1,114</b>
%increase			4.9%	5.1%	5.4%	5.9%	23.1%
<b>10,000 kL pa</b>	<b>100mm</b>	<b>46,354</b>	<b>46,756</b>	<b>47,358</b>	<b>48,252</b>	<b>49,483</b>	<b>3,129</b>
%increase			0.9%	1.3%	1.9%	2.6%	6.8%

**Note:** We have applied an average discharge factor of 79%, calculated from information submitted by Sydney Water in early November 2011 in response to requests from IPART.

**Table 9 Indicative annual water and sewerage charges for non-residential strata units sharing a meter (\$2011/12)**

Water use	Meter size	Equal strata connections	2011/12	2012/13	2013/14	2014/15	2015/16	Change 2011/12-15/16
<b>350 kL pa per unit</b>	<b>25mm</b>	<b>3</b>	<b>1,515</b>	<b>1,232</b>	<b>1,268</b>	<b>1,306</b>	<b>1,347</b>	<b>-168</b>
% increase				-18.7%	2.9%	3.0%	3.1%	-11.1%
<b>350 kL pa per unit</b>	<b>40mm</b>	<b>8</b>	<b>1,667</b>	<b>1,347</b>	<b>1,357</b>	<b>1,371</b>	<b>1,391</b>	<b>-276</b>
% increase				-19.2%	0.7%	1.1%	1.5%	-16.6%

**Note:** Non-residential customers on shared meters will not actually receive a bill from Sydney Water for the amounts shown above. They will receive an invoice from Sydney Water directly for their water and sewerage service charges, but will be paying for their water usage charge via their strata levies.

We have applied an average discharge factor of 79%, calculated from information submitted by Sydney Water in early November 2011 in response to requests from IPART. We have also distributed the free threshold allowance for sewerage evenly between strata units.

**Table 10 Indicative annual water, sewerage and stormwater drainage bills for non-residential customers with individual meters (\$2011/12)**

Water use	Meter size	Stormwater drainage charge category	2011/12	2012/13	2013/14	2014/15	2015/16	Change 2011/12-15/16
<b>260 kL pa</b>	<b>20mm</b>	<b>0 - 200m<sup>2</sup></b>	<b>1,359</b>	<b>1,262</b>	<b>1,243</b>	<b>1,215</b>	<b>1,190</b>	<b>-169</b>
% increase				-7.1%	-1.5%	-2.3%	-2.0%	-12.4%
<b>350 kL pa</b>	<b>25mm</b>	<b>0 - 200m<sup>2</sup></b>	<b>1,756</b>	<b>1,759</b>	<b>1,845</b>	<b>1,940</b>	<b>2,058</b>	<b>302</b>
% increase				0.2%	4.9%	5.2%	6.1%	17.2%
<b>1,000 kL pa</b>	<b>40mm</b>	<b>201 - 1,000m<sup>2</sup> and low impact</b>	<b>4,948</b>	<b>5,117</b>	<b>5,388</b>	<b>5,684</b>	<b>6,020</b>	<b>1,072</b>
% increase				3.4%	5.3%	5.5%	5.9%	21.7%
<b>10,000 kL pa</b>	<b>100mm</b>	<b>1,001 - 10,000m<sup>2</sup></b>	<b>46,482</b>	<b>46,956</b>	<b>47,708</b>	<b>48,752</b>	<b>50,063</b>	<b>3,582</b>
% increase				1.0%	1.6%	2.2%	2.7%	7.7%

**Note:** We have applied an average discharge factor of 79%, calculated from information submitted by Sydney Water in early November 2011 in response to requests from IPART.