

## IPART RELEASES DRAFT DETERMINATION OF WATER PRICES FOR SYDNEY CATCHMENT AUTHORITY

**Embargoed until 11am 20 March 2009**

**Sydney: 11am 20 March 2009:** The Independent Pricing and Regulatory Tribunal (IPART) today released a draft determination of the prices that the Sydney Catchment Authority charges Sydney Water and its other customers for providing water from Sydney's dams. The draft determination sets prices that will apply from 1 July 2009 until 30 June 2012.

IPART requests that comments on the draft determination be provided by 10 April 2009.

The draft determination increases SCA's prices by approximately 7 per cent in 2009/10 and by a total of 14 per cent plus inflation by 2011/12.

SCA's costs are only one component of the costs of providing water and sewerage services to Sydney Water's customers. There will therefore be only a moderate increase in water and sewerage bills as a result of this draft determination. Household water bills will increase by about \$7 per annum in 2009/10, \$10 in 2010/11 and \$16 in 2011/12. This represents a real increase (\$2008-09) in the water and sewerage bill of a typical household of 1.6 per cent by 2011/12.

SCA's prices need to increase to:

- ▼ fund SCA's contribution to the upgrade of sewage treatment plants within Sydney's drinking water catchment, which are needed to protect water quality
- ▼ upgrade and refurbish dams to provide for environmental flows and comply with dam safety requirements
- ▼ upgrade and replace other ageing infrastructure, such as electrical wiring, fencing, roads and bridges, to protect SCA's workforce and the general public and to enable SCA to carry out its catchment management and water supply functions, and
- ▼ maintain SCA's financial viability.

IPART Chairman Dr Michael Keating said: "price increases are necessary to enable SCA to carry out its important role of protecting the quality of water in the catchment and meeting the supply needs of Sydney Water and its other customers."

The SCA's main customer is Sydney Water, which purchases about 99 per cent of SCA's supply. Other customers include Shoalhaven City Council, Wingecarribee Shire Council and some small customers. The SCA plans to provide water to Goulburn Mulwaree Council from 2010.

"The SCA needs to be able to provide adequate quantities of safe drinking water to all households and businesses across Sydney, the Shoalhaven and Wingecarribee", said Dr Keating.

IPART has made its draft determination on the basis of a proposed capital expenditure program by SCA of \$128 million over three years.

IPART's report also signals its interest in introducing an innovative form of pricing at the 2012 determination of SCA's prices. Under such an approach, SCA's prices to Sydney Water would be higher when dam levels are low, and lower when dam levels are high. This would mean that SCA's price would reflect the relative scarcity of water in its dams. In times of drought, Sydney Water would have an incentive to engage in water conservation measures and obtain water from alternative sources of supply, where possible.

IPART is requesting comments on this new approach from interested stakeholders and members of the public.

IPART will release its final report in June, with new charges to be introduced on 1 July 2009.

IPART's draft report can be viewed on its website [www.ipart.nsw.gov.au](http://www.ipart.nsw.gov.au) or obtained by contacting IPART on 9290 8472.

IPART Contact: Dr Michael Keating 9290 8411. Media Contact Tony Rasman 0418-208-770.