



**INDEPENDENT PRICING AND REGULATORY TRIBUNAL  
OF NEW SOUTH WALES**

**EMBARGOED UNTIL 11:00 am on Friday, September 2, 2005**

**IPART releases final Sydney water prices determination**

The Independent Pricing and Regulatory Tribunal of NSW (IPART) has issued its final determination on Sydney water prices – confirming a new two-tier pricing structure and significant price increases for average residential customers to promote water conservation.

The new prices will be introduced from 1 October. As a consequence residential customers using the average 250 kilolitres (kL) of water will pay \$59.10 (or 8.7 per cent including inflation) more for water and wastewater in 2005/06 than the previous year. There will be further increases of \$30.85 (4.2 per cent) in 2006/07, \$23.33 (3 per cent) in 2007/08 and \$26.20 (3.3 per cent) in 2008/09.

Prices will rise more sharply for residential customers using more than 100 kL of water per quarter or 1.096 kL per day.

Residential customers using 500 kL of water per year will pay an extra \$116.84 (or 12.6 per cent) in 2005/06, a further \$72.09 (6.9 per cent) in 2006/07, \$51.02 (4.6 per cent) in 2007/8 and \$56.88 (4.9 per cent) more in 2008/09.

These increases are slightly higher than IPART outlined in the draft determination released in June and follow additional submissions from a wide range of interest groups.

IPART also is proposing extra protection for large, families using more than 100 kL of water per quarter. Most large families will be eligible for assistance to install new fittings which help save water. In addition, low-income families who use more than 100 kL a quarter will be eligible for a \$40 annual rebate on their water bill.

Under the new price structure, Sydney householders using up to 100 kL of water per quarter will pay \$1.20 per kilolitre from October, rising to \$1.31 per kL in 2008/09.

Above 100 kL per quarter, residential consumers will pay \$1.48 per kL from October, rising to \$1.85 per kL in 2008/09.

To partially offset the water usage price increases, the fixed water service charge will be cut by 45 per cent over the four years of the determination.

The residential stormwater drainage tariff will rise by \$20 to \$45 over the next four years, while non-residential stormwater drainage will increase by \$45 to \$115.

Wastewater services charges for all customers will rise by \$42 to \$388 per year and the non-residential wastewater charge will go up by 8 cents to \$1.23 per kL by 2008/09.

The price increases will allow the Sydney Catchment Authority to spend \$267 million on the Shoalhaven Transfer Scheme, \$20 million on improvements at Warragamba Dam, \$72 million on Prospect Reservoir and increase water supplies to the Blue Mountains by building the Fish River pipeline.

It also means Sydney Water can invest \$400 million in extending, renewing and maintaining water mains, reduce mains breaks and water losses, invest \$169 million in water recycling, invest nearly \$200 million in wastewater infrastructure, upgrade sewage treatment plants, improve the reliability of the sewer network, spend \$94 million on preliminary work for Sydney's desalination plant and extend its demand management program.

IPART Chief Executive, Mr James Cox, said the new price structure reflects the need for everyone to save water.

"IPART has slightly increased the level of the proposed price increases after receiving submissions to the draft determination which was released in June," he said.

"Additional costs have come to light from those submissions and the drought has worsened since the draft determination was released.

"And the Tribunal also has taken into account submissions calling for further assistance for larger, low-income families which have less chance to cut their water use.

"Even when this drought breaks, there will be a need to manage the demand for water. Pricing can be used to send signals about the cost of water and the need to conserve it. Step increases in prices when consumption goes above a certain level can provide even more effective signals."

Mr Cox said average families will be able to reduce the impact of the price increases by saving water, while the needs of large, lower-income families also are taken into account.

"The Tribunal believes NSW should move towards cost-reflective prices, coupled with direct assistance for the most needy customers – and this is reflected in final the determination," he said.

**Further Information:**

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