

## **IPART SETS HUNTER WATER PRICES 2013-17**

**11am, Tuesday 11 June 2013**

The Independent Pricing and Regulatory Tribunal (IPART) today released its Final Report on the maximum prices that Hunter Water can charge for water, sewerage and stormwater drainage services from 1 July 2013 to 30 June 2017.

For Hunter Water customers living in residential houses, typical water and sewerage bills will rise in line with inflation. Bills will rise by 10.1% or \$104 over the next 4 years including inflation. Excluding inflation that means a slight fall of \$2.32.

Typical water and sewerage bills for flats and units<sup>1</sup> will increase by 19.3% or \$140 over the next 4 years, or by \$58 above inflation, due to changed price structures to ensure that flats and unit owners pay their fair share of the costs in providing water and sewerage services to their homes.

The majority of small businesses operating in the Hunter region will see significant decreases in their combined water and sewerage bills, down 13.1% or \$177 including inflation, or down by 21.3% or \$288 over 4 years when inflation is excluded. This is due to a reduction in the sewerage service charge to put them on par with residential houses. Most other non-residential customers will see their bills restrained below the rate of inflation.

IPART Chairman, Peter Boxall, said the final prices are slightly higher than those proposed in the draft report in March 2013 mainly due to an increase in the rate of return on Hunter Water's assets.

"We have increased Hunter Water's return on its assets by 0.4 percentage points since the draft report due to updated market information and a revised methodology," Dr Boxall said.

"This is still a lower rate of return than that proposed by Hunter Water, but overall we have accepted Hunter Water's expenditure proposal with some minor adjustments.

"After analysis of the capital expenditure requirements and efficient operating costs in the Hunter, we are confident that our decision will allow Hunter Water to continue to provide quality services and meet regulatory standards.

"Hunter Water's planned capital expenditure for the upcoming period is less than half of what it spent in the current period. Over the next 4 years, Hunter Water customers will be able to reap the benefits of past large expenditure," Dr Boxall said.

Hunter Water's prices exclude all costs related to Tillegra Dam.

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<sup>1</sup> Flats and units have different ownership structures. A block of units has many individual strata owners, whereas a block of flats has one owner with many tenants.

The relative increase in prices for flats and units compared to houses reflects new price structures to bring prices more into line with the cost of delivering water and sewerage services to different customers.

“The new price structures will benefit customers living in houses and small businesses, while those in units and flats who have paid less than the costs of delivering their services in the past will now need to pay a bit more”, Dr Boxall said.

The typical bill for residential units and flats is estimated to be \$862 by June 2017, which will remain lower than the typical bill of \$1,130 for a house. This reflects lower consumption by flats, on average, and IPART’s acceptance of Hunter Water’s proposal that the sewerage service charge be transitioned to 75% of the charge for houses by the end of the 4-year determination period.

Table 1 provides a summary of customer impacts of the Determination.

The Final Report and Determination, *Hunter Water Corporation - Prices for water, sewerage and stormwater drainage and other services from 1 July 2013 to 30 June 2017*, is available on IPART’s website.

Fact Sheets of the impacts of the Determination on different customer groups are also available on IPART’s website

[http://www.ipart.nsw.gov.au/Home/Industries/Water/Reviews/Metro\\_Pricing/Review\\_of\\_prices\\_for\\_Hunter\\_Water\\_Corporation\\_from\\_1\\_July\\_2013](http://www.ipart.nsw.gov.au/Home/Industries/Water/Reviews/Metro_Pricing/Review_of_prices_for_Hunter_Water_Corporation_from_1_July_2013)

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**Table 1 Summary of impacts of the Determination**

	<b>Nominal (includes inflation)</b>	<b>Real (excludes inflation)</b>
<b>Residential houses (typical user: individual meter using 200kL)</b>	Up 10.1% or \$104 over 4 years  Typical Bill in 2017 = \$1,130 (\$2016/17)	Down 0.2% or \$2.32 over 4 years  Typical Bill in 2017 = \$1024 (\$2012/13)
<b>Residential flats and units (typical user: individual meter using 150kL)</b>	Up 19.3% or \$140 over 4 years  Typical Bill in 2017 = \$862 (\$2016/17)	Up 8.1% or \$58 over 4 years  Typical Bill in 2017 = \$781 (\$2012/13)
<b>Pensioners (typical user: individual meter using 100kL)</b>	Up 10.0% or \$53 over 4 years  Typical Bill in 2017 = \$577 (\$2016/17)	Down 0.3% or \$1.72 over 4 years  Typical Bill in 2017 = \$523 (\$2012/13)
<b>Non-residential – small business (20mm standalone meter using 200kL)</b>	Down 13.1% or \$177 over 4 years  Typical Bill in 2017 = \$1,179 (\$2016/17)	Down 21.3% or \$288 over 4 years  Typical Bill in 2017 = \$1,068 (\$2012/13)
<b>Non-residential (meter size greater than 40mm)</b>	Depends on connection size and water usage.  Up 8.2% or \$489 over 4 years (40mm meter using 1,000 kL)  Typical Bill in 2017 = \$6,465 (\$2016/17)	Depends on connection size and water usage.  Down 2.0% or \$120 over 4 years (40mm meter using 1,000 kL)  Typical Bill in 2017 = \$5,857 (\$2012/13)