

## IPART RELEASES DRAFT DETERMINATION ON RECYCLED WATER PRICES

**UNDER EMBARGO until 10am Wednesday 12 July 2006**

**Sydney: July 12, 2006:** The Independent Pricing and Regulatory Tribunal (IPART) today released draft determinations on the pricing of recycled water for Sydney Water, Hunter Water, Gosford and Wyong Councils.

IPART CEO Jim Cox said the NSW Government and the four key water agencies are undertaking more integrated approaches to meet water demands as populations grow. The changes to the way urban water is managed means there will be increases in recycled water use and the pricing of recycled water needs to change to facilitate this.

Mr. Cox said the Metropolitan Water Plan for Sydney includes a recycled water strategy that aims to maximize the use of recycled water to replace drinking quality water where feasible in the residential and industrial sectors.

The Tribunal has developed draft pricing guidelines for 'mandated schemes', where customers are required to connect to recycled water infrastructure. These guidelines will be used to calculate prices that are fair both to customers and the water agencies.

Sydney Water currently operates 14 recycled water schemes which recycle 15,000 megalitres of effluent per year.

IPART has sufficient information to set prices only for Sydney Water's Rouse Hill scheme. Usage prices for recycled water will be progressively increased so that they equal 80 per cent of the drinking water usage charge. The fixed charge will be reduced to \$10 a year, by June 30, 2009.

The increases at Rouse Hill will generate revenue of \$4.58 million a year. Recycled water bills will increase for households using the average amount of 105 kilolitres a year by \$12.89 annually this year, \$22.59 in 2007-8, and \$37.94 in 2008-9.

Customers with recycled water will pay less than similar properties with only drinking quality water available.

Sydney Water will revise its developer charges downwards to reflect higher revenue from recycled water charges.

The draft determination also provides an approach for water agencies to use when calculating developer charges for recycled water services.

This determination ensures that water agencies recover no more through, fixed, usage and developer charges than the cost of providing the recycled water services.

Mr. Cox said "The Tribunal will not make a determination for those voluntary recycled water schemes where the customers have a choice whether to use recycled water."

"It will be up to the water agencies to negotiate a mutually acceptable outcome with customers", Mr. Cox said.

"The pricing guideline will give the water agencies a degree of flexibility in determining suitable pricing structures to best recover costs," he said.

The Tribunal is interested in obtaining the views of the public and other interested parties on its pricing proposals. Submissions to IPART will be open until August 2, 2006 with the release of the final report due on September 21, 2006.

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