

REVIEW OF HUNTER WATER'S PRICES FOR WATER, WASTEWATER, STORMWATER AND OTHER SERVICES

Embargoed until 10am, 20 June 2012

The Independent Pricing and Regulatory Tribunal (IPART) is starting its review of Hunter Water Corporation's prices for water, wastewater, stormwater and other services that will apply from 1 July 2013.

IPART today released an Issues Paper inviting submissions from the public before Friday 12 October 2012.

The Issues Paper identifies the key issues that will be considered as part of the review. These include the efficiency and prudence of Hunter Water's past and projected expenditures, forecast water sales, and the appropriate return on capital to apply to Hunter Water, as well as the impact on customers.

IPART expects to release draft prices for public comment in March 2013.

"There have been a number of significant developments since IPART reviewed Hunter Water's prices in 2009", said IPART CEO, Mr James Cox. "The former Government's decision not to go ahead with the construction of Tillegra Dam is probably the most substantial of these developments", he continued.

In November 2010, the then NSW Government decided that the Tillegra Dam project would be discontinued. Alternatives to ensure water security for the region are now being considered as part of the development of the Lower Hunter Water Plan, led by the Metropolitan Water Directorate within the Department of Finance and Services.

The Minister for Finance and Services, the Hon. Greg Pearce MLC, has approved a new Operating Licence for Hunter Water, applying from 1 July 2012 through 30 June 2017. Also of significance is IPART's recent review of the structure of charges for water and sewerage services for metropolitan water utilities.

"The aim of our price structures review was to ensure consistency across the utilities in the pricing structures, and that the prices are equitable and cost-reflective", Mr Cox said. "The findings from this review will feed into our decision making for Hunter Water's prices."

As part of the review, IPART will also determine prices for water transfer between Hunter Water and Gosford City Council and Wyong Shire Council. This link was established to provide an added level of drought security for water customers in the region.

"In making our pricing decisions, we will consider the impact on customers as well as the financial viability of Hunter Water", Mr Cox explained. "We are keenly aware of the cost of living pressures experienced by households as a result of rising electricity prices, and we will bear this in mind in our deliberations."

Hunter Water's submission to the review is due by Friday 14 September 2012 and will be available on IPART's website.

"We hope stakeholder organisations and members of the public will take this opportunity to share their views so that we can consider these when we're making our decisions", Mr Cox said.

The Issues Paper is available on IPART's website <http://www.ipart.nsw.gov.au> or by calling Emma Smith on 9290 8472.

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