

## IPART RELEASES DRAFT WATER AND SEWERAGE PRICES FOR BROKEN HILL

**Embargoed until 2.30 pm, Monday 15 March 2010**

The Independent Pricing and Regulatory Tribunal (IPART) today released its draft determination of water and sewerage charges to apply from 1 July this year till 30 June 2013.

This is the first time that IPART has regulated water and sewerage prices to be charged by Country Energy in the Broken Hill area.

Under IPART's draft determination, customers' water and sewerage bills increase by less than 10% a year.

The annual water and sewerage bills for both pensioners and non pensioners who use 300 KLs of treated water each year will increase by \$233.23 in total (plus inflation) over the 3 years to 30 June 2013.

This represents an average increase of 7.7% a year (plus inflation) for non-pensioners and 9.5% for pensioners. Pensioner bills will continue to be offset by the NSW Government's pensioner rebate scheme.

Increases to bills for people at Silverton who use 300 KL a year of chlorinated water will be \$47.86 for pensioners and non-pensioners in total over 3 years, plus inflation, representing a little over 3% a year for non-pensioners.

IPART CEO Mr. Jim Cox said prices are set to increase but not as much as Country Energy has asked for.

Country Energy indicated that price increases of 45% a year would be needed to achieve full cost recovery in its water and sewerage business. They also suggested that transitional price increases of between 10% and 20% a year should be considered.

"However," Mr Cox said, "smaller increases are required to fund water and sewerage services in the Broken Hill area over the next 3 years to ensure that residents continue to receive a safe and reliable water service."

Mr Cox said that, IPART had found scope for Country Energy to reduce its operating costs over the 3 years to 2012/13 by 12%.

IPART has also found there is scope for reducing the cost of a number of Country Energy's planned capital projects but without reducing the scope of the work.

"Our investigations have found that there are a number of areas where the proposed amount of capital expenditure is excessive", Mr Cox said. "A key reason for this relates to the allocation of overheads and allowances. The allocations that Country Energy makes to its water and sewerage capital projects in Broken Hill are much higher than typically expected in the water industry".

Mr Cox said that while costs can be trimmed there is a need to increase bills.

“Our investigations show water and sewerage bills for Broken Hill residents using 200 kLs of water per year are the second lowest in NSW”.

“Even after adjusting for a higher level of average water consumption in Broken Hill, bills are still lower than in a number of other regional areas including Eurobodalla, Kempsey and Tamworth.”

“IPART is aware of the effects of its decisions on the high proportion of pensioners in the Broken Hill area,” he added.

Mr Cox said that while IPART does not decide on the size of the rebates deducted from the bills of pensioners, it has recommended to the NSW Government that it review the sufficiency of current rebates, and amend them to take account of the proposed increases to water and sewerage bills.

Mr Cox said prices for some types of water have gone up more than others, and in some cases prices have fallen. We have also reduced the gap between the Tier 1 and Tier 2 treated water prices.

At the same time the rate of increase in water service charges has been moderated.

- ▼ Water service charges for properties with a 20mm meter will rise from \$219.00 in 2009/10 to \$233.86 in 2012/13.
- ▼ Water usage charges for Tier 1 consumption will rise from \$1.05 per kL to \$1.55 per kL and prices for consumption above the Tier 1 level will rise from \$2.36 to \$2.60 per kL.
- ▼ Sewerage service charges for residential customers will increase from \$397.00 per year to \$465.37 per year.
- ▼ Non-residential customers using 1,000 KL of treated water each year will face increases of \$805 in total over 3 years or on average 5.4% each year.

The draft determination is available on IPART's website <<http://www.ipart.nsw.gov.au>>. Alternatively, a copy can be obtained by contacting Ms Jody Thornton on (02) 9290 8472. IPART is seeking comments on the various matters and decisions contained in its report and draft determination. Comments need be provided by **Friday 16 April 2010**.

IPART will release its final determination and report in June with price to apply from 1 July 2010.

For further information, contact: James Cox, Acting Chairman and Chief Executive Officer  
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**Prices and price increases for Country Energy's water and sewerage services under IPART's draft determination (\$2009/10)**

		2009/10	2010/11	2011/12	2012/13
<b>Water services</b>					
<b>Service charge for 20mm meter</b>	\$ /year	219.00	223.84	228.79	233.86
- % increase			2.2%	2.2%	2.2%
<b>Usage charge</b>					
Treated water					
Tier 1	\$ /kL	1.05	1.22	1.38	1.55
% increase			15.9%	13.7%	12.0%
Tier 2	\$ /kL	2.36	2.44	2.52	2.60
% increase			3.4%	3.3%	3.2%
Chlorinated water					
Tier 1	\$ /kL	0.89	0.93	0.96	1.00
% increase			4.1%	4.0%	3.8%
Tier 2	\$ /kL	2.24	2.06	1.88	1.70
% increase			-8.0%	-8.7%	-9.6%
Untreated water (non-residential)	\$ /kL	1.36	1.36	1.36	1.36
% increase			0.0%	0.0%	0.0%
Untreated water (Pipeline)					
Tier 1	\$ /kL	0.67	0.67	0.67	0.67
% increase			0.0%	0.0%	0.0%
Tier 2	\$ /kL	1.17	1.11	1.06	1.00
% increase			-4.8%	-5.1%	-5.4%
<b>Sewerage services</b>					
<b>Service charge for 20mm meter</b>					
Residential	\$ /year	397.00	418.59	441.36	465.37
% increase			5.4%	5.4%	5.4%
Non-residential	\$ /year	537.00	576.60	619.12	664.78
% increase			7.4%	7.4%	7.4%
<b>Usage charge</b>					
Non-residential	\$ /kL	0.95	1.00	1.06	1.11
% increase			5.4%	5.4%	5.4%

**Impact of draft determination on the annual water and sewerage bill for residential customers  
supplied with treated water (\$2009/10)**

	<b>Current bill (2009/10)</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>Total increase</b>
<b>Annual water consumption</b>					
100 kL	\$721.00	\$764.11	\$808.49	\$854.23	
- \$ increase		\$43.11	\$44.38	\$45.74	\$133.23
300 kL	\$931.00	\$1,007.44	\$1,085.16	\$1,164.23	
- \$ increase		\$76.44	\$77.72	\$79.07	\$233.23
500 kL	\$1,189.96	\$1,296.49	\$1,404.31	\$1,513.47	
- \$ increase		\$106.53	\$107.82	\$109.16	\$323.51
750 kL	\$1,779.96	\$1,906.49	\$2,034.31	\$2,163.47	
- \$ increase		\$126.53	\$127.82	\$120.16	\$383.51