

SYDNEY WATER AND WATERNSW DRAFT PRICES FOR 1 JULY 2016

22 MARCH 2016

The Independent Pricing and Regulatory Tribunal (IPART) today released, and is seeking feedback on, its draft decisions on the prices that Sydney Water can charge its customers from 1 July 2016 to 30 June 2020.

Most Sydney Water residential customers would see their bills decrease by about \$100 a year from 1 July 2016 under the draft decisions, due primarily to reduced operating expenditure, reduced capital expenditure and lower financing costs.

The overall revenue that IPART has allowed in the draft determination is \$118 million (1.2%) lower than Sydney Water's proposal over the 4-year period.

"We aim for Sydney Water to be as efficient as possible and to pass those savings onto customers, while maintaining the revenue required to meet its current service levels," Dr Boxall said.

"Under our draft decisions, the annual water and wastewater bill of a typical residential house would fall by \$103 in 2016-17, with small businesses using similar volumes of water realising average savings of \$98. Bills would increase thereafter at the rate of inflation."

IPART's draft decisions include a reduction of \$0.31 per kL in water usage charges to \$1.97 per kL (or \$2.01 per kL in 2016-17, with inflation), and lower fixed water and wastewater service charges for most customers. In the event that the Sydney Desalination Plant (SDP) is required to operate, IPART has also decided to include an explicit amount in the water usage charge to reflect the additional costs of water in times of drought.

"We are also encouraging Sydney Water to be responsive to its customers", Dr Boxall said. IPART has introduced price flexibility so large non-residential customers could negotiate unregulated pricing agreements with Sydney Water on mutually beneficial terms.

IPART has also released today a separate draft report on the prices that WaterNSW can charge Sydney Water and its other customers for managing dams in the Sydney Catchment and providing bulk water. Under our draft decisions, WaterNSW's bulk water prices to Sydney Water are declining due to lower financing costs and efficiencies in operating costs.

Stakeholder feedback on the proposed prices for Sydney Water and WaterNSW is due by 18 April 2016. Copies of the reports for Sydney Water and WaterNSW are available on IPART's website <<http://www.ipart.nsw.gov.au>>. IPART will complete its review and release its final determinations for Sydney Water and WaterNSW in June 2016.

Over the coming months, IPART will also conduct a separate review of wholesale water and wastewater prices.

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