

SYDNEY WATER PRICES TO FALL FROM 1 JULY 2016

14 JUNE 2016

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

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

IPART Chairman Dr Peter Boxall said IPART has allowed an additional \$78 million in revenue over the 4-year period to that proposed in the draft determination released in March, due mainly to revised allowances for operating and capital expenditure. The final revenue allowance of \$9.6 billion over four years remains less than that proposed by Sydney Water in its June 2015 pricing proposal.

“This final determination strikes a good balance between increasing Sydney Water’s efficiency to enable savings to be passed onto customers, while maintaining the revenue required to meet its required service levels,” Dr Boxall said.

“Under our decisions, the annual water and wastewater bill of a typical residential house will fall by about \$100 in 2016-17, with small businesses using similar volumes of water and discharging similar volumes of wastewater to the sewerage system realising the same savings. Beyond 2016-17, bills will increase at the rate of inflation.”

IPART’s decisions include a reduction of \$0.31 per kL in water usage charges to \$1.97 per kL (or \$2.00 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 low dam levels.

From 1 July 2016, large non-residential customers will be able to negotiate unregulated pricing agreements with Sydney Water for the first time.

IPART has also released today a separate 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 for the next four years. Under IPART’s decisions, WaterNSW’s bulk water prices to Sydney Water will decline slightly due to lower financing costs and efficiencies in operating costs.

Copies of the reports for Sydney Water and WaterNSW are available on IPART’s website <<http://www.ipart.nsw.gov.au>>.

Over the coming months, IPART will also continue its separate review of wholesale water and wastewater prices. A draft report will be released for comment in August 2016.

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