

REVIEW OF PRICE STRUCTURES FOR METROPOLITAN WATER UTILITIES

Embargoed until 10am 28 June 2011

The Independent Pricing and Regulatory Tribunal (IPART) is inviting public comment on prices charged for water and sewerage services provided by Sydney Water, Hunter Water and Gosford and Wyong councils.

The water utilities recover their costs through both service (fixed) charges, and charges that vary with usage. The term 'price structure' refers to the relative importance of these charges for different customer groups.

"In recent price reviews we have become concerned that some elements of the price structures for the four utilities may be unfair for some customer groups. Today, we commenced a review of these price structures for both residential and non-residential customers," said IPART CEO, Mr. James Cox.

"In particular we will be investigating:

- ▼ how detached houses, flats, units and townhouses are charged for water and sewerage services
- ▼ how the various types of non-residential properties are charged for water and sewerage services
- ▼ whether non-residential sewerage usage and sewerage service charges need to be rebalanced, and
- ▼ whether the current differences between the charging arrangements of the four water utilities are justified."

"Today, we released a discussion paper that sets out the current price structures, the inequities that arise from them, and some of the options available to resolve these issues," Mr. Cox said.

"This review is one of the few occasions where we look at all four utilities simultaneously. The outcomes from the review will have important implications for how we will set water and sewerage services charges in the current Sydney Water price review. These outcomes will also be considered in the reviews of Hunter Water, Gosford and Wyong Councils' prices that commence mid next year," Mr. Cox said.

"Submissions to this review are required by 29 July 2011, and we hope that people will take this opportunity to share their views with us so that they can be taken into account in our decision making", he said. "We are also inviting Sydney Water to make a proposal to the Tribunal on the changes to price structure they would like to introduce."

The Discussion Paper for the price structure review and the Issues Papers for the Sydney Water review are available on IPART's website <http://www.ipart.nsw.gov.au> or by calling 9290 8472.

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Notes

IPART is undertaking a separate review of Sydney Water's prices and released an issues paper for that review on 24 June 2011. IPART intends to complete the review into price structures by the end of October 2011, to allow the findings to be taken into account when determining prices for Sydney Water to apply from 1 July 2012.

IPART will be commencing pricing reviews for Hunter Water and Gosford and Wyong councils in July 2012 with new prices to apply from 1 July 2013. The findings of the price structures review will also be used in those pricing reviews.