

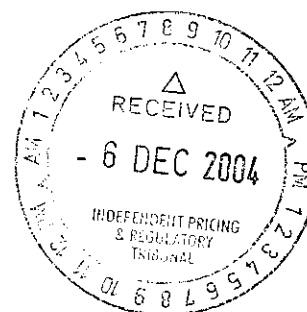


20/11/2018

Premier of New South Wales  
Australia

3 DEC 2004

Mr James Cox  
Acting Chairman  
Independent Pricing and Regulatory Tribunal  
PO Box Q290  
QVB Post Office  
NSW 1230

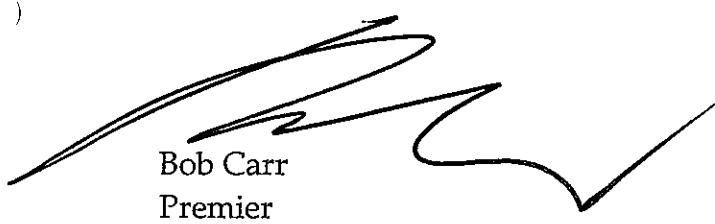


Dear Mr Cox

The Minister for Energy and Utilities has requested the provision of assistance by the Tribunal to provide advice on arrangements for the delivery of water and wastewater services in the greater Sydney metropolitan area, pursuant to section 9 of the *Independent Pricing and Regulatory Tribunal Act 1992*.

I hereby approve of IPART providing this assistance in accordance with the attached Terms of Reference.

Yours sincerely



Bob Carr  
Premier

## TERMS OF REFERENCE

Sydney Water Corporation is the statutory State-owned corporation responsible for delivering water and wastewater services to customers in Sydney, the Blue Mountains and the Illawarra. Since corporatisation, Sydney Water has made significant efficiency gains, leading to lower prices for its customers. At the same time, Sydney's demand for water now exceeds the sustainable yield of its catchment. The Government has developed the Metropolitan Water Plan which outlines a mix of actions which will deliver a long-term balance between supply of and demand for water. A key element of the Plan is encouraging the involvement of the private sector in developing innovative solutions to Sydney's water problems. These developments have important implications for the pricing of water and wastewater and for the structure of the water and wastewater services industry.

1. The Independent Pricing and Regulatory Tribunal (IPART) is requested, under section 9 of the *Independent Pricing and Regulatory Tribunal Act 1992*, to investigate and provide advice on possible pricing principles and alternative arrangements, including possible private sector involvement, for the delivery of water and wastewater services in the greater Sydney metropolitan area, with a view to making recommendations for providing these services in the most efficient, effective and sustainable way.
2. In conducting the review and developing recommendations, IPART is to
  - i. Have regard to:
    - i. The principles of integrated water cycle management;
    - ii. The roles and responsibilities of participants in the industry, both Government and private sector;
    - iii. Approaches taken in other jurisdictions to the pricing and delivery of water and wastewater services;
    - iv. Recent reforms in other industries with similar characteristics;
    - v. The costs and benefits of alternative industry structures, including transitional costs that may be incurred in changing to a new structure;
    - vi. The principles for pricing, including pricing for recycled water, that should be associated with existing and alternative industry structures;
    - vii. The principles for access that should be associated with alternative industry structures;
    - viii. Mechanisms for implementation of the pricing and access principles;

- ix. Any impacts (including service provision, operational or financial impacts) on existing asset owners and operators;
  - x. Any impact on customers and in particular any differential impact on large families or low income households, and how these may be addressed;
  - xi. Any impact on human health; and
  - xii. Any impact on the environment.
- ii. Consult with Government, the water and wastewater industry, water and wastewater customers, and other interested parties.
3. IPART is to provide a final report to the Minister for Energy and Utilities within 9 months of receipt of these Terms of Reference.