

# Media Release

13 September 2006

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## NSW BULK WATER PRICES DETERMINED

State Water Corporation (State Water) advised today that new prices for bulk water services will be effective from 1 October 2006. These prices apply to about 5,500,000 megalitres of water delivered each year on average, to regional and rural NSW.

With the release of the Independent Pricing and Regulatory Tribunal's (IPART) four-year determination on bulk water prices, State Water can introduce the new prices from the second quarter, and customers will receive their first bill with the new charges in January 2007.

The independent pricing regulator's setting of bulk water prices for the next four years will provide a reasonable period for planning, service delivery and review for the bulk water delivery business.

State Water's Chief Executive Officer, Abel Immaraj said bulk water charges will increase on average, across the State, by CPI + 5.8% a year over the next four years. Due to the emphasis on cost-recovery from usage charges and a premium on high security entitlements, some customers face significantly greater increases in years of higher water availability.

"There will be an increase in water charges in the majority of valleys; however, State Water will not achieve full cost recovery in all valleys," Mr Immaraj said.

"IPART has announced a reduction in the ratio of fixed charge to usage charge; this means that during dry conditions, the total water charges will be lower than under the current ratio. This fulfils the National Water Initiative's consumption-based pricing requirements and also recognises the customers' ability to pay in times of drought.

"The ratio for 2006/07 will reduce from the current 70% fixed, 30% usage, down to 50% fixed and 50% usage, and will reduce further to 40% fixed 60% usage by 2008/09. This means that the bills will be less in drier times when water usage is lower and brings the charges in line with other water utilities.

"The Final Determination equitably shares the costs between customers and the Government but there will be significant pressure on State Water's operating budgets as well as revenue in dry years.

# STATE WATER CORPORATION

"The determination has set new challenges and efficiency measures for State Water. The operating expenditure allowed for 2006/07 is limited to \$37.7 million excluding Murray-Darling Basin Commission. This further reduces to \$33.2 million in 2009/10. Combined with the impact of low revenue in dry years, State Water will need to be leaner and more resourceful in delivering its services to the community. A review of service levels will be undertaken and in doing this we will be consulting with the Customer Service Committees and IPART to determine what changes may occur."

There are significant changes in water billing being introduced this year. Customers will now be issued separate bills for State Water's charges and the Department of Natural Resources (DNR) charges. State Water is also billing on a quarterly basis for its regulated water customers, with the first quarter of 2006/07 billed using the 2005/06 prices.

"The transition period may create some confusion as a number of bills will be sent to customers during the next six months; some are now receiving bills according to the 2005/06 prices, and in January 2007 the bills will be according to the 2006/07 prices," Mr Immaraj said. "In order to ensure that the transitional charges are clearly accounted for, every Access Licence Account has been separately billed."

"We are trying to make the transition as smooth as possible with information sheets, a frequently asked question sheet and a ready-reckoner, which will be available on our website. Customers can also talk to their local Customer Service Officer if they have questions about the new charges or billing system," he said.

For more information on the IPART pricing determination process go to the IPART website at [www.ipart.nsw.gov.au](http://www.ipart.nsw.gov.au). Fact sheets and other information are available on the State Water website at [www.statewater.com.au](http://www.statewater.com.au).

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