



Media Release

Date: 19th July 2011

Re: CMW Releases Draft Pricing Plan

Cradle Mountain Water today announced the release of a summary of its Draft Price & Service Plan for consultation purposes. The plan covers the three years commencing 1 July 2012 to 30 June 2015

Cradle Mountain Water, CEO, Andrew Kneebone, said the summary document was being released to give customers the opportunity to provide feedback prior to the finalization of the Draft Plan and lodgment with Tasmanian Economic Regulator.

The Draft Plan reflects both the need to remove the current pricing inequities and also the need for increased revenues to enable Cradle Mountain Water to both improve water quality and overcome the environmental damage caused by ageing wastewater treatment plants.

The pricing system inherited by Cradle Mountain Water directly reflects the water and sewerage charges applied previously by the nine councils in North West Tasmania.

With Councils applying differing approaches, residential customers are paying in the range of a few hundred dollars to thousands of dollars for the same services. This plan commences the process of addressing these issues.

"The underlying principle established by the Tasmanian Parliament is that of equitable pricing. Cradle Mountain Water's aim is, that in time, all North West Coast customers will be paying the same price for the same service," Mr Kneebone said.

"Further, we are required to implement two part pricing from 1 July 2012, where all customers will pay a combination of fixed and variable (volumetric) charges."

The Tasmanian Economic Regulator undertakes an independent review of the Plan and may request the Plan be amended prior to approval.

The Draft Plan details the draft pricing proposals for both residential and commercial customers.

"We believe that our Draft Plan achieves an appropriate balance between securing the transition to fairer pricing whilst providing for the additional revenues needed to fund service improvements," Mr Kneebone said.

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Tasmanian Water & Sewerage Corporation (North-Western Region) Pty Ltd trading as Cradle Mountain Water

Cradle Mountain Water has set a target residential tariff for 2012/13 of \$978. Those residential customers currently paying below the target tariff will have their charges increased by a maximum of \$100 (no more than \$50 per water and sewerage services) or 10% per annum, until they are paying the target tariff.

The target tariff will be made up of a fixed charge for water services of \$384, a fixed charge for sewerage services of \$594. In addition, there will be a volumetric charge which is based on usage of 200kl (200,000 litres) charged at 90 cents per kl.

The target residential tariff for 2013/14 will be \$1037 and for 2014/15 will be \$1099.

Those customers paying more than the target tariff will not receive any increase.

This methodology is identical to that which was recently approved by the State Government as being applicable to tariffs in the 2011/12 financial year.

Mr Kneebone said the transition to a fairer basis of charging will take some years, but the extended transition period was necessary to ensure that the price adjustment for individual residential customers, using 200kL per annum, was kept at or below \$2 per week.

Target tariffs have also been established for non residential customers and the same transition process will apply.

Customers paying below the target tariff will have their charges increased by a maximum increase of \$100 (or no more than \$50 per water and sewerage service) or 10% whichever is the greater, and customers paying more than the target tariff not receiving any increase.

"Cradle Mountain Water welcomes feedback on the summary of the Draft Plan from our customers. The consultation period runs until Tuesday August 16, 2011," Mr Kneebone said.

The summary of the Plan can be downloaded from the Cradle Mountain Water website – www.cmwater.com.au or is available for collection at one of our Customer Service Centers in Burnie, Devonport & Queenstown.

Written comments should be received no later than 16 August 2011 and forwarded to either psp@cmwater.com.au or addressed to:

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