

1 May 2018

WHAT

The Independent Pricing and Regulatory Tribunal of NSW (IPART) is reviewing the financeability test we use as part of our price regulation decisions.

In setting prices for regulated businesses, we currently use a financeability test to assess how our price decisions are likely to affect the business's financial sustainability and ability to raise funds to manage its activities, over the upcoming regulatory period.

WHY

We last reviewed our financeability test in 2013, and made small changes in early 2015.

Overall, we think our current test is working well, acting as a check on our regulatory decisions and providing us with information on the financial sustainability of the regulated business.

Nevertheless, we think it is timely to consider whether we can make improvements to the test if there is a clear net benefit from doing so.

WHO

In general, we apply our financeability test when we use our building block approach in determining revenue and prices for regulated businesses. We conduct a financeability test for regulated water utilities, and for some businesses in other industries. Under our current approach,

the results of our financeability test would only affect prices in very particular circumstances. This means that our test would not normally have a major impact on the customers of our regulated businesses.

HOW

We will consult with stakeholders through releasing an Issues Paper, holding a public round table, and releasing a Draft Report for comment, before releasing our Final Report.

We will consider all stakeholder feedback and undertake our own analysis before making our final decisions.

WHAT NEXT

The Issues Paper is the first step in our process. We invite interested parties to make written submissions by **1 June 2018**. Information on how to make a submission can be found on page iii of the Issues Paper.

We will also hold a public round table on **22 May 2018**, and you can register to attend the round table on our website.

An indicative timetable is below.

Date	Action
1 May 2018	Issues Paper released
22 May 2018	Public round table
1 June 2018	Submissions to Issues Paper due
August 2018	Release Draft Report
September 2018	Submissions to Draft Report due
November 2018	Release Final Report