



Price submission summary

IPART's review of prices for Central Coast Council from 1 July 2019

Central
Coast
Council

Council's IPART Submission

Central Coast Council's submission to the Independent Pricing and Regulatory Tribunal (IPART) was lodged on 7 September 2018. It covers a forecast of future operating costs, capital investment and price proposals.

The submission takes into account efficiencies gained from the amalgamation of the former Gosford City and Wyong Shire Councils, and additional revenue received from government grants for key capital investment.

Council's overall aim is to provide customers with consistent charges for the water, sewerage and stormwater drainage services across the Coast.

Council is committed to listening to our community and has considered and included input provided through our *It's time to talk...water, sewerage and stormwater prices* community engagement program by over 2,600 Central Coast residents in the final submission.

Council reached more than 133,000 residents, held 10 community pop-up events, four workshops and surveyed more than 1,300 people as part of *It's time to talk....* Results of Council's community engagement can be found at

yourvoiceourcoast.com/WaterPricing

What happens next?

IPART is now preparing to set prices for water supply, sewerage services and stormwater drainage on the Central Coast.

It will be the first pricing review and determination since the amalgamation of the former Gosford City and Wyong Shire Councils in May 2016 and will come into effect from 1 July 2019.

In assessing Council's pricing proposal IPART will consider:

- the efficient cost of providing water, sewerage and stormwater drainage services
- the structure of water, sewerage and stormwater drainage prices to residential and non-residential customers
- the impact of prices on customers and the broader community
- Council's responses to the questions raised in IPART's *Issues Paper* issued in June 2018.

IPART is expected to finalise the Central Coast's water, sewerage and stormwater drainage prices in May 2019.

The final determination will be based on IPART's review of the former Councils' operations reports (2013 - 12 May 2016) and Central Coast Council's operations reports since 13 May 2016, Council's submission including responses to the *Issues Paper*, and the results of its community engagement program.

Background

Historically, IPART reviewed the former Gosford City and Wyong Shire Councils' operations and prices at the same time but issued separate determinations for each.

This resulted in commonly set water usage charges across both former local government areas (LGA) however all other charges were set separately. This led to differences between the prices for residents and businesses in the two former local government areas.

This document provides a brief overview of Council's proposed prices, key responses to the *Issues Paper* and an impact summary of what the changes will mean to non-residential and typical* residential customers.



What is Council proposing?

Central Coast Council is proposing to harmonise the prices it charges customers to ensure the costs of delivering water, sewerage and stormwater drainage services are consistent across the Central Coast.

Council is proposing that the:

- water usage price is reduced to \$2.20 per thousand litres (kL)
- water service charge for residents is reduced to \$113.20 per year
- residential stormwater drainage charge is reduced to \$110.77 per year
- residential sewerage service charge be set at \$538.70 per year
- non-residential sewerage usage charge is reduced to \$0.40/kL
- non-residential sewerage discharge volume is reduced to 112.5kL/year
- non-residential water services charges will be determined according to the size of the water meter
- non-residential sewerage service charges will reduce in the former Gosford LGA and increase in the former Wyong LGA
- stormwater drainage charges will be based on land size for non-residential customers.

Council is also recommending:

- IPART determines charges for a four-year period from 1 July 2019 - 30 June 2023
- IPART limit increases in bills for the determination period to the rate of inflation only
- retirement villages are charged based on their meter size
- trade waste customers in the former Gosford category 4 be aligned with the former Wyong category S.

Council has proposed to change the pricing structure by basing the non-residential water and sewerage service charges on a 20mm meter scale equivalent rather than the current 25mm meter.

In addition, all rateable properties will pay for stormwater drainage, as everyone benefits from the network.

Currently there are two designated Drainage Areas in place under the *Water Management Act 2000*. The former Gosford drainage area covered the entire former Gosford LGA, while the drainage area for the former Wyong LGA included all properties within 1.5km and/or east of the M1.

To enable the proposed change, Council will need to apply to the NSW Minister for Water to have the entire Central Coast LGA declared a Drainage Area under the *Water Management Act 2000*. Until this time, the drainage areas for both former LGAs will remain in place.

The prices IPART ultimately sets may be different to those proposed in Council's submission.

Information on how you can provide comments to IPART on these prices and any other aspect of Council's submission can be found on Page 5.

Note: All prices and monetary values in this document are expressed in real 2018-19 dollars and *do not include any allowance for future inflation*.

*For the purpose of this document – a typical residential customer has:

- a 3 bedroom house
- one 20mm meter
- an annual metered water usage of 150 thousand litres *kL) per year.

How will this affect my bill?

Residents

Most residential customers will see their total water, sewerage and stormwater drainage bills reduced after 1 July 2019.

This is assuming your water usage stays the same.

Residents in the former Wyong LGA will see a slight increase in their sewerage service charge. This increase will be offset by savings in water and stormwater drainage charges, ensuring the typical total residential bill will still decrease.

Residents that are not included in the current designated *Drainage Area* for former Wyong LGA will be required to pay the proposed stormwater drainage charge. This will only come into effect if the entire Central Coast local government area is declared a *Drainage Area*. Until then, the former drainage areas remain in place.

Table 1 below compares the current bill with the proposed 2019-20 bills for typical residential customers.

Table 1: Current and proposed typical residential bills^a

Assumptions	Current charge 2018/2019	Current charge 2018/2019	Proposed 2019/2020
3 bedroom house	Former Wyong LGA	Former Gosford LGA	Central Coast LGA
1x20mm meter			
Annual metered water usage of 150kL ^b	(\$)	(\$)	(\$)
Water service charge	164.63	197.81	113.20
Water usage charge <i>Based on a typical 150kL/year</i>	343.50	343.50	330.00
Sewerage service charge	483.28	672.66	538.70
Stormwater drainage charge	128.32	124.68	110.77
Total annual bill	\$1,119.73	\$1,338.65	\$1,092.67

a. All values are in \$2018-19

b. kL = kilolitre = thousand litres

Non-residential customers

Non-residential customers will be affected in different ways depending on how much water they use, whether they are connected to the sewerage network, the size of their property and whether they use trade waste services.

Non-residential customers across both former local government areas will see a reduction in their water service charge, sewerage usage charge, the discharge allowance (used to calculate sewerage usage) and their water usage charge.

The sewerage service charge will be:

- reduced for customers in the former Gosford LGA
- increased for customers in the former Wyong LGA. Most of these customers will see an overall reduction in their total bill, depending on overall water usage, due to the reduction in the water service and water and sewerage usage charges above.

Stormwater drainage charges for non-residential customers will:

- change to a land size approach for customers in the former Wyong LGA. On average, the price for these customers will decrease. Approximately 400 customers will receive an increase in this charge.
- reduce for the majority of customers in the former Gosford LGA. Around 2,000 customers will receive an increase in this charge, many of which will be offset by the proposed reductions in other charges. A small number of customers may see a significant increase in their charges.
- be introduced for customers that are not included in the current designated *Drainage Area* for former Wyong LGA. This will only come into effect if the entire Central Coast LGA is declared a *Drainage Area*.

Trade waste customers will see a change in charges, depending on the Category they fall within.

The proposed pricing for most non-residential customers is provided in **Table 2**.

Table 2: Proposed charges^a

Charge description	Unit of measure	Former Wyong LGA 2018-19 (\$)	Former Gosford LGA 2018-19 (\$)	Proposed Central Coast LGA 2019-20 (\$)
		[current] ^b	[current] ^b	
Water				
Usage				
Residential and non-residential	/kL	2.29	2.29	2.20
Service				
Residential				
Houses, flats and units	/dwelling	164.63	197.81	113.20
Non-Residential				
20mm	/meter	146.01	176.67	113.20
25mm	/meter	228.15	276.05	176.87
40mm	/meter	584.09	706.68	452.79
80mm	/meter	2,336.34	2,826.71	1,811.17
Other (meters 25mm and greater not shown above)	/20mm equiv ^c	See note c below		
Sewerage				
Usage				
Non-residential ^d	/kL	0.83	0.83	0.40
Service				
Residential				
Houses, flats and units	/dwelling	483.28	672.66	538.70
Non-residential				
20mm	/meter	284.15	987.09	538.70
25mm	/meter	443.99	1,542.33	816.41
40mm	/meter	1,136.61	3,948.37	2,019.80
80mm	/meter	4,546.43	15,793.47	7,944.21
Other (meters 25mm and greater not shown above)	/25mm equiv ^c	See note c below		
Stormwater drainage				
Residential properties				
Houses	/property	128.32	124.68	110.77
Strata/flat/multi premise	/property	96.24	124.68	83.08
Non-residential properties				
Low impact	/property	128.32	N/A	110.77
Small (<1,000m ²)	/property	200.50 to 12,832.09 subject to meter size	124.68	110.77
Medium (1,001 - 10,000m ²)	/property		124.68	276.93
Large (10,001 - 45,000m ²)	/property		124.68	1,716.96
Very Large (>45,000m ²)	/property		124.68	5,427.81
Trade waste				
Annual fee				
Category 1	/occupancy	91.29	73.52	100.16
Category 2	/occupancy	365.16	234.44	346.04
Category 3	/occupancy	613.39	1,968.86	1,337.60
Category S / 4	/occupancy	99.09	N/A	165.93

Notes:

- a. The amounts shown in the table are in \$2018-19 terms and are proposed to change in line with actual inflation in future years.
- b. Prices for 2018-19 are provided for comparative purposes only. Prices published on Council's websites prevail where there is a difference.
- c. This is the charge for a 20mm meter equivalent. Customers with larger meters will pay a multiple of this charge depending on the size of the water meter. Charges for larger meters can be calculated as the charge shown in the table multiplied by (meter size)²/ 400. A full list of meter sizes and proposed charges are available in Council's submission.
- d. This charge only applies for the imputed volume of sewage discharged in excess of the discharge allowance. In 2019-20 the discharge allowance is proposed to be 112.5kL per annum.



Additional activities proposed

Since IPART's 2013 determinations issued to the former Councils, approximately \$90 million has been collected for operational and capital works which has not been spent.

This was due to various factors including delays in capital works programs such as the Mardi to Warnervale pipeline, operational savings in reduced sludge management costs and higher than expected water sales.

Council is proposing to allocate this money to deliver an accelerated program of upgrades to the water, sewerage and stormwater drainage networks throughout the Coast, including increased water and sewer main renewals and the construction of the Mardi to Warnervale water pipeline which is crucial to ensuring future water supply to the north of the region.

How can I have my say?

IPART have invited stakeholder and public comment by **12 October 2018**.

For information on further opportunities to have your say in the IPART process and provide a submission, visit: **ipart.nsw.gov.au/Home/Industries/Water/Reviews/Metro-Pricing/Prices-for-Central-Coast-Council-from-1-July-2019**.

IPART can be contacted on (02) 9290 8400.

Details of the public hearing on **27 November 2018**, including location and times, will be advertised in local papers as well as on IPART's website.

For information on Council's current water, sewerage and stormwater drainage prices and how and where these charges are applied please visit **centralcoast.nsw.gov.au**