



Independent Pricing and Regulatory Tribunal  
New South Wales

# Maximum prices for bulk water transfers between Hunter Water Corporation and Central Coast Council

Draft Determination

April 2019

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# Preliminary

## 1 Application of this determination

### 1.1 This determination applies to bulk water transfers between Hunter Water and Central Coast Council

This determination fixes maximum prices for bulk water transfers between Hunter Water and Central Coast Council. This determination applies to both Hunter Water and Central Coast Council.

### 1.2 Bulk water transfers the subject of a Negotiated Services Agreement are excluded from the scope of this determination

This determination does not apply to bulk water transfers provided pursuant to a Negotiated Services Agreement.

## 2 Commencement and term of this determination

- (a) This determination commences on the later of:
  - (1) 1 July 2019; and
  - (2) the date that it is published in the NSW Government Gazette (**Commencement Date**).
- (b) The maximum prices under this determination apply from the Commencement Date to 30 June 2022. The maximum prices under this determination prevailing at 30 June 2022 continue to apply beyond 30 June 2022 until this determination is revoked or replaced.

## 3 Replacement of other determinations

This determination replaces the following parts of determinations:

- (a) clause 10 of Schedule 1 to the 2013 Gosford Determination;
- (b) clause 10 of Schedule 1 to the 2013 Wyong Determination; and
- (c) Schedule 6 to the 2016 Hunter Water Determination

## 4 Pricing schedule

The maximum price that Hunter Water and Central Coast Council each may charge the other for bulk water transfers is set out in Schedule 1.

## **5 Legislative background**

### **5.1 IPART may set maximum prices for government monopoly services supplied by specified government agencies**

Section 11(1)(a) of the IPART Act provides IPART with a standing reference for the determination of maximum prices for government monopoly services supplied by a government agency specified in Schedule 1 to the IPART Act.

### **5.2 Bulk water transfers between Hunter Water and Central Coast Council are government monopoly services**

Bulk water transfers between Hunter Water and Central Coast Council are government monopoly services because they are water supply services that fall within the scope of the Order.

### **5.3 Hunter Water and Central Coast Council are specified in Schedule 1 to the IPART Act**

IPART has a standing reference to set maximum prices for Hunter Water and Central Coast Council because Schedule 1 to the IPART Act specifies:

- (a) Hunter Water; and
- (b) Water Supply Authorities, and Central Coast Council is a Water Supply Authority.

**[Note: Schedule 3 to the Water Management Act lists 'Gosford City Council' and 'Wyong Council' as Water Supply Authorities. Under clause 6 of the 2016 Proclamation, these references are taken to be a reference to Central Coast Council.]**



## Schedule 1 Bulk water transfers between Hunter Water and Central Coast Council

### 1 Bulk water transfers between Hunter Water and Central Coast Council

The maximum price that either Hunter Water or Central Coast Council may charge the other for the transfer of bulk water is the price set out in the table below for the applicable Period.

**Table 1**

1 July 2019 to 30 June 2020 (\$ per kL)	1 July 2020 to 30 June 2021 (\$ per kL)	1 July 2021 to 30 June 2022 (\$ per kL)
0.70	0.70 x CPI <sub>1</sub>	0.70 x CPI <sub>2</sub>

## Schedule 2 Definitions and Interpretation

### 1 Definitions

#### 1.1 General definitions

In this determination:

**2013 Gosford Determination** means IPART's determination No. 2 of 2013 entitled 'Gosford City Council Prices - 1 July 2013 to June 2017' published in New South Wales, *Gazette*, No 73, 21 June 2013, 2763.

**2013 Wyong Determination** means IPART's determination No. 3 of 2013 entitled 'Wyong Shire Council prices - 1 July 2013 to 30 June 2017' published in New South Wales, *Gazette*, No 73, 21 June 2013, 2818.

**2016 Hunter Water Determination** means IPART's determination No. 4 of 2016 entitled 'Hunter Water Corporation - Maximum prices for water, sewerage, stormwater drainage and other services from 1 July 2016' published in New South Wales, *Gazette*, No 53, 24 June 2017, 1592.

**2016 Proclamation** means the *Local Government (Council Amalgamations) Proclamation 2016* (NSW).

**Central Coast Council** means the council by that name under the *Local Government Act 1993* (NSW).

[Note: The former Gosford City Council and Wyong Shire Council were amalgamated to form Central Coast Council in 2016.]

**Commencement Date** is defined in clause 2(a) of the Preliminary section of this determination.

**Hunter Water** means the Hunter Water Corporation constituted under the Hunter Water Act.

**Hunter Water Act** means the *Hunter Water Act 1991* (NSW).

**IPART** means the Independent Pricing and Regulatory Tribunal of New South Wales established under the IPART Act.

**IPART Act** means the *Independent Pricing and Regulatory Tribunal Act 1992* (NSW).

**Negotiated Services Agreement** means a written agreement between Hunter Water and Central Coast Council, a copy of which is provided to IPART jointly by those

agencies, under which one or both of those agencies agrees to provide bulk water transfers to the other at prices that are not the maximum prices set out in this determination.

**Order** means the *Independent Pricing and Regulatory Tribunal (Water; Sewerage and Drainage Services) Order 1997* published in New South Wales, *Gazette*, No 18, 14 February 1997, 558.

**Period** means, as the case may be:

- (a) 1 July 2019 to 30 June 2020;
- (b) 1 July 2020 to 30 June 2021; or
- (c) 1 July 2021 to 30 June 2022.

**Water Management Act** means the *Water Management Act 2000* (NSW).

**Water Supply Authority** has the meaning given to that term under the Water Management Act.

## 1.2 Consumer Price Index

- (a) CPI means the consumer price index All Groups index number for the weighted average of eight capital cities, published by the Australian Bureau of Statistics, or if the Australian Bureau of Statistics does not or ceases to publish the index, then CPI will mean an index determined by IPART.
- (b) The maximum prices in this determination are to be adjusted for inflation by multiplying the specified price by the specified CPI multiplier:
  - (1)  $CPI_1$ ; or
  - (2)  $CPI_2$ .
- (c) In this determination:

$$CPI_1 = \frac{CPI_{March2020}}{CPI_{March2019}}$$

$$CPI_2 = \frac{CPI_{March2021}}{CPI_{March2019}}$$

Where:

$CPI_{March2019}$  means CPI for the March quarter of 2019;

$CPI_{March2020}$  means CPI for the March quarter of 2020; and

$CPI_{March2021}$  means CPI for the March quarter of 2021.

## 2 Interpretation

### 2.1 General provisions

In this determination:

- (a) headings are for convenience only and do not affect the interpretation of this determination;
- (b) a reference to a schedule, clause or table is a reference to a schedule to, clause of, or table in, this determination unless otherwise indicated;
- (c) a construction that would promote a purpose or object expressly or impliedly underlying the IPART Act is to be preferred to a construction that would not promote that purpose or object;
- (d) words importing the singular include the plural and vice versa;
- (e) a reference to a law or statute includes regulations, rules, codes and other instruments (including licences) under it and consolidations, amendments, reenactments or replacements of them or of the law or statute itself;
- (f) where a word is defined, other grammatical forms of that word have a corresponding meaning;
- (g) a reference to a month is to a calendar month;
- (h) a reference to a financial year is a reference to a period of 12 months beginning on 1 July and ending on the following 30 June;
- (i) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including, but not limited to, persons taking by novation), replacements and assigns; and
- (j) a reference to a body, whether statutory or not:
  - (1) which ceases to exist; or
  - (2) whose powers or functions are transferred to another body;is a reference to the body which replaces it or which substantially succeeds to its powers or functions.

### 2.2 Explanatory notes and clarification notices

- (a) Explanatory notes do not form part of this determination, but in the case of uncertainty may be relied on for interpretation purposes.
- (b) IPART may publish a clarification notice in the NSW Government Gazette to correct any manifest error in this determination. Such a clarification notice is taken to form part of this determination.

### 2.3 Maximum prices exclusive of GST

- (a) Maximum prices set out in this determination do not include GST.

- (b) For the avoidance of doubt, where GST is lawfully applied to maximum prices set out in this determination, the resulting GST inclusive price is consistent with this determination.

## **2.4 Rounding Rule**

- (a) Any maximum price calculated in accordance with this determination is to be rounded to the nearest whole cent.
- (b) For the purposes of rounding a maximum price under clause 2.4(a), any amount that is a multiple of 0.5 cents (but not a multiple of 1 cent), is to be rounded up to the nearest whole cent.
- (c) The CPI multipliers calculated under clause 1.2 are to be rounded to three decimal places before adjusting a maximum price for inflation.
- (d) For the purposes of rounding the CPI multipliers under clause 2.4(c), any amount that is a multiple of 0.0005 (but not a multiple of 0.001) is to be rounded up to three decimal places.