



IPART sets the **maximum prices** that Central Coast Council can charge for water, sewerage and stormwater services that it provides as a water supply authority.



This is the first time we have set prices for the **amalgamated Council**. We have made a draft decision to set prices for three years, from 1 July 2019.

## Our draft decisions mean **lower prices** for most customers

- ▼ Bills would fall for all residential customers.
- ▼ Bills would fall for non-residential customers in the former Gosford LGA.
- ▼ Bills would increase for some non-residential customers in the former Wyong LGA, for the next 3 years. The largest increases would apply to customers with land larger than 4.5 ha and with a small water meter.
- ▼ Non-residential bills would vary depending on meter size, usage, discharge factor and land area.

The next pages have more information on our draft pricing decisions for water, sewerage and stormwater services.



## What next?



We seek your feedback on our draft decisions.

The full draft report is available on our website: [ipart.nsw.gov.au](http://ipart.nsw.gov.au)

You can make a submission **by 24 April**, via our website or by post.

HAVE YOUR SAY

## Indicative annual residential bills – for water, sewerage and stormwater services

	In former <b>Gosford</b> LGA			In former <b>Wyong</b> LGA		
	Current prices 2018-19	Draft prices 2019-20	Change	Current prices 2018-19	Draft prices 2019-20	Change
 <b>Apartment</b> 105 kL annual usage 170 kL annual usage	\$1,236	\$868	-30%	\$985	\$830	-16%
	\$1,384	\$993	-28%	\$1,133	\$955	-16%
 <b>House</b> 170kL annual usage 250kL annual usage	\$1,384	\$1,058	-24%	\$1,166	\$1,020	-13%
	\$1,568	\$1,213	-23%	\$1,349	\$1,175	-13%

## Our key draft decisions



Reduce the Council's proposed revenue by 9%, or \$45 million over 3 years.



Align water and stormwater prices across the Central Coast



Maintain separate sewerage prices for the former Gosford and Wyong areas



Set a fixed stormwater price of \$105 for residential, farmland and low-impact properties.

Reduce the deemed amount of sewerage usage for residential customers.

Maintain retirement village charges based on meter sizes, rather than the number of retirement village units.

Reduce the water usage price to \$1.90/kL, and maintain the current sewerage usage price of \$0.83/kL.

Unconnected properties would not be charged for water and sewerage.

### How did we reach our draft decisions?

#### We consulted the community

- ▼ We released an Issues Paper in June 2018.
- ▼ The Council made a pricing proposal to us in September 2018.
- ▼ We received public submissions in October 2018 and held a Public Hearing in November, in Tumbi Umbi.

#### We assessed revenue needs

- ▼ We reviewed the Council's proposed expenditure for prudence and efficiency.
- ▼ We engaged industry experts to advise us.

#### We set prices



- ▼ We made draft decisions on prices for water, sewerage, stormwater, trade waste, and miscellaneous services.

## What price would I pay?

Water charges for all customers would be lower, because:

- ▼ The water usage price would fall by \$0.39/kL – or 17% – for all customers.
- ▼ Water service prices would fall next year for all customers, but by varying amounts.

**Sample residential water bills for 2019-20** (service + usage price)

		Draft prices	Compared to 2018-19 prices	
			Gosford	Wyang
 <b>Typical apartment</b>	Non-pensioner	\$314	-28%	-23%
	Pensioner	\$226	-36%	-29%
 <b>Typical house</b>	Non-pensioner	\$440	-25%	-21%
	Pensioner	\$352	-30%	-25%



The reduction in water bills for non-residential customers would vary, depending on their meter size and water usage.



### Service prices for typical non-residential customers

Meter size	Annual charge	Meter size	Annual charge
20mm	<b>\$109.16</b>	80mm	<b>\$1,746.58</b>
25mm	<b>\$170.56</b>	100mm	<b>\$2,729.03</b>
40mm	<b>\$436.64</b>	150mm	<b>\$6,140.31</b>

## What are IPART's draft decisions?

**Reduce the Council's proposed revenue** for supplying water services by around \$14 million, or 6%, over 3 years.

**Set the same water prices for Gosford and Wyong customers**, because the water supply system is connected across the Central Coast, so it is appropriate the costs are shared equally. Service prices are currently different in the two former Council areas.

### Reduce the water service prices.

Water **service** prices:

	Council proposed	Current price	
		Gosford	Wyang
<b>Residential customers (20mm meter)</b>	\$113.20	\$197.81	\$164.63
<b>Our change</b>	-4%	-45%	-34%

### Reduce the water usage price from \$2.29/kL to \$1.90/kL

This price balances the objectives of cost reflectivity and price stability. It is informed by the long-run cost to Council of supplying a kilolitre of water.

Water **usage** price:

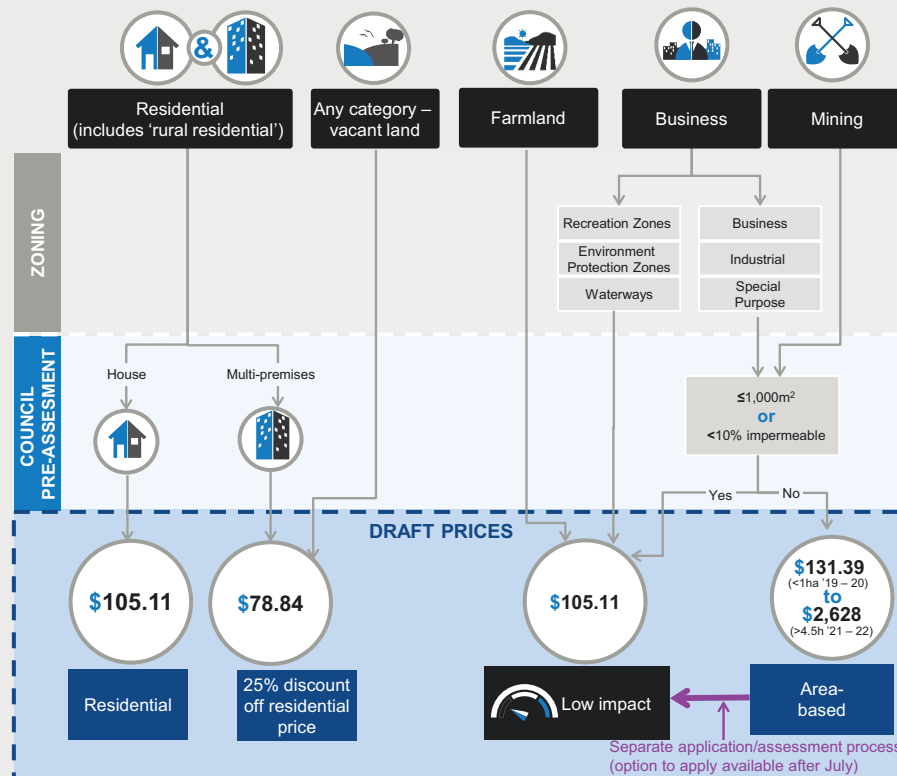
	Council proposed	Current price (both fmr Councils)
<b>Price per kL:</b>	\$2.20	\$2.29
<b>Our change:</b>	-14%	-17%

### Change in the price structure:

Deem all residential properties to have a 20mm meter, so that prices for residential and non-residential customers are set more consistently.

## What price would I pay?

- Residential and farmland customers would pay a fixed annual price of \$105.11 (with a 25% discount for multi-premises).
- Low impact non-residential properties – all land zoned for environmental protection, recreation, and waterways – would also pay a fixed price of \$105.11.
- Other non-residential properties larger than 1,000m<sup>2</sup> would pay area-based charges – unless they are assessed as low-impact by the Council.
- Most prices would only increase with inflation after the first year. Some area-based prices would increase by a greater amount each year.



## What are IPART's draft decisions?

- Reduce the Council's proposed revenue for stormwater services by 12%, or \$6.5 million over 3 years.
- Set the same prices for Gosford and Wyong customers, as the costs are similar (on average) across the two regions.
- Include a transition path for area-based charges to reduce large annual price shocks.

### Area-based prices

	2019-20	2020-21	2021-22
<b>Medium</b> (1,001 - 10,000m <sup>2</sup> )	\$131	\$158	\$184
<b>Large</b> (10,001 - 45,000m <sup>2</sup> )	\$359	\$613	\$867
<b>Very Large</b> (>45,000m <sup>2</sup> )	\$946	\$1,787	\$2,628

### Customers subject to area-based prices could apply for the low impact rate. We would request the Council to:

- publish relevant information and an application form by 1 July 2019.
- ensure affected customers are informed in their bills about the low-impact rate.
- assess applications within 15 working days.

We would also ask the Council to pre-assess some non-residential properties as low impact.

### Why are all properties included under our decisions?

- All customers benefit from stormwater services, such as reduced flooding, and costs are incurred across the entire Council area.
- Some commercial and industrial customers create a larger need for stormwater management, as they have larger properties with higher impervious surface areas. These properties should pay area-based prices.

## What price would I pay?

### Residential customers

All residential prices would fall, but the actual prices depend on whether you live in:

- ▼ a house or apartment, and
- ▼ the former Gosford or Wyong council areas.

	Wyong area		Gosford area	
	Draft price	Reduction	Draft price	Reduction
<b>House</b>	\$466	-4%	\$503	-25%
<b>Apartment</b>	\$428	-11%	\$466	-31%

### Non-residential customers

The price for your property would depend on a number of factors, including meter size, discharge factor and whether it is in the former Gosford or Wyong LGA.

In the **Gosford** area, prices would fall next financial year, then increase with inflation the following years.

Meter size	2019-20	Change	Meter size	2019-20	Change
<b>20mm</b>	\$532	-38%	<b>80mm</b>	\$8,518	-46%
<b>25mm</b>	\$832	-41%	<b>100mm</b>	\$13,309	-46%
<b>40mm</b>	\$2,129	-44%	<b>150mm</b>	\$29,945	-46%

In the **Wyong** area, prices would increase for customers with larger meters (25mm and above).

Meter size	'19-20	Change from current	'20-21	'21-22
<b>20mm</b>	\$483	0%	\$483	483
<b>25mm</b>	\$445	39%	\$526	621
<b>40mm</b>	\$1,140	13%	\$1,346	1,591
<b>80mm</b>	\$4,560	3%	\$5,384	6,364
<b>100mm</b>	\$7,125	2%	\$8,413	9,944
<b>150mm</b>	\$16,031	1%	\$18,928	22,373

**Note:** Non-residential customers would typically pay 70% -90% of the above prices. The Council applies a discharge factor for each customer (<100%). Trade waste charges may also apply (see Ch 12 of our Draft Report)

## What are IPART's draft decisions?

We reduced the Council's proposed revenue requirement by around \$25 million, or 10%, over 3 years. This is based on our assessment of Council's prudent and efficient costs of supplying sewerage services.

### We set separate prices for the Gosford and Wyong areas, because:

- ▼ We are not convinced that harmonising prices would reflect the Council's costs of providing sewerage services in each area.
- ▼ We see merit in setting sewerage prices by catchment in future (the Council has eight sewerage catchments).

### Change in the price structure:

Deem all residential properties to have a 20mm meter, so that prices for residential and non-residential customers are set more consistently. To ease the bill impact for Wyong customers, we transitioned this change over three years.

Prices have two components: a fixed service component - an annual price for all customers; and a usage component - to recover the variable costs for sewerage treatment.

### We would reduce the deemed usage amount for residential customers.

**Why deem usage?** We deem a usage amount because properties generally don't have a sewerage meter to measure each residential property's actual sewerage volume.

**How?** We would set it at 75% of average water usage for houses and for apartments. The average water use of houses and apartments is quite different, and therefore deeming separate sewerage usage improves the equity and cost-reflectivity of sewerage prices.

	current	draft	change
<b>House</b>	150kL	125kL	-17%
<b>Apartment</b>	150kL	80kL	-47%

The sewerage usage price (\$0.83/kL) would be unchanged (before inflation). This is multiplied by the deemed usage amount for residential properties, and, for non-residential properties, their sewage discharge.