

12 June 2018

## WHAT

IPART has begun its review of prices that the Central Coast Council can charge for its water, sewerage and stormwater drainage services.

We will set these prices, as well as the prices for: trade waste services; miscellaneous and ancillary services; and bulk water transfers between the Council and Hunter Water (and vice-versa). We will also decide whether to set prices now for recycled water services, and services supplied to WICA licensees.

This review will set maximum prices for the Council's services from 1 July 2019.

Our Issues Paper outlines issues for this review and provides initial views where we have them. Key issues for the review are summarised on the next page. The Issues Paper is available on [our website](#).

## WHY

We last set prices for the former Gosford City Council and Wyong Shire Council from 1 July 2013. These former Councils have merged to form the Central Coast Council.

This is the first time we will set prices for the Council as a merged entity, and we will consider whether prices should be aligned between the former Gosford and Wyong areas (and if so, how). We will also review the impact of the merger on the efficient costs of delivering water, sewerage and related services.

## HOW

We will engage expert consultants to assist our review of the Council's proposed capital and operating costs. We will then set prices to allow the Council to recover only the efficient

costs of supplying its services. We will also make decisions on:

- ▼ how many years to set prices for
- ▼ what form of regulation and other incentives to apply
- ▼ how much water is likely to be demanded by customers, and
- ▼ how the Council's prices are structured, including how its costs are shared between different types of customers.

In making our decisions, we will consider the impacts on the Council and its customers.

## WHEN

### Key dates for this review

<b>12 June 2018</b>	IPART releases Issues Paper
<b>7 Sept 2018</b>	<b>Council and Hunter Water</b> submissions due
<b>12 Oct 2018</b>	<b>Public</b> submissions due
<b>27 Nov 2018</b>	Public hearing
<b>Early April 2019</b>	IPART releases Draft Report and Determinations
<b>Late April 2019</b>	<b>Public</b> submissions due
<b>Late May 2019</b>	IPART releases Final Report and Determinations

## WHAT NEXT

We prefer submissions via our online [form](#). You can also send comments by mail to:

### Central Coast Council price review

Independent Pricing and Regulatory Tribunal  
PO Box K35  
Haymarket Post Shop NSW 1240

Unless they are identified as confidential, we plan to put all submissions on our website soon after the closing date for submissions.

If you would like us to add you to our stakeholder list for this review please email us at [Water@ipart.nsw.gov.au](mailto:Water@ipart.nsw.gov.au).

## Have your say

The following table lists some key issues we have identified for this review. We are interested in stakeholder views on these issues, and on the full list of questions in the Issues Paper.

Key issue	Summary	Questions for stakeholders
<b>The Council's expenditure</b>	We set prices to recover the revenue the Council needs to deliver its services efficiently. We will commission expert expenditure consultants to help us determine the Council's efficient costs, and the efficiency gains it can reasonably achieve. We are also interested in stakeholders' views on the Council's past and proposed expenditure, which we have asked it to outline in its pricing submission (due by 7 September 2018).	<ul style="list-style-type: none"> <li>▼ <i>Has the Council's expenditure over the current determination period delivered appropriate levels of service?</i></li> <li>▼ <i>Is the Council's proposed expenditure for the next determination period reasonable?</i></li> </ul>
<b>The Council's proposed prices</b>	Before setting prices, we will consider the impacts of any price changes on customers and the Council. In its pricing submission, we have asked the Council to outline the impact of its proposed prices on customers, and the details of any transitional arrangements for managing price changes.	<ul style="list-style-type: none"> <li>▼ <i>Are the Council's proposed price changes reasonable? Would they have any undue impact on any customer groups?</i></li> </ul>
<b>Aligning prices between the Gosford and Wyong areas</b>	<p>Customers pay a combination of usage prices (per kilolitre) and fixed service prices. Water and sewerage usage prices are the same across the Council's area of operations. However, fixed service prices differ between the Gosford and Wyong areas, especially for sewerage services.</p> <p>We will assess the Council's proposal against our key principle that prices should be cost reflective. Depending on the costs of servicing the two areas, it may be appropriate to maintain different prices or to set (or transition to) common prices.</p>	<ul style="list-style-type: none"> <li>▼ <i>Should water and/or sewerage service prices be aligned across the Council's area? Why or why not?</i></li> <li>▼ <i>Should stormwater drainage prices be aligned across the Council's area? Why or why not?</i></li> </ul>
<b>Water and sewerage service prices</b>	<p>Currently, all residential and small business customers pay the same service price. This includes each dwelling in a multi-unit building (such as apartment buildings and dual occupancies). The service price for other non-residential customers depends on their meter size.</p> <p>We consider that there would be merit in setting all service prices with reference to meter sizes. Our Issues Paper outlines options for doing this.</p>	<ul style="list-style-type: none"> <li>▼ <i>Should all water and sewerage service prices be set on a 20mm meter basis?</i></li> <li>▼ <i>Should residential service prices be lower for apartments than for houses?</i></li> <li>▼ <i>Should retirement villages continue to pay service prices on the basis of their meters?</i></li> </ul>
<b>Deemed sewerage discharge</b>	<p>Currently, there are differences in how sewerage service prices are set across customers:</p> <ul style="list-style-type: none"> <li>▼ All customers' fixed service prices include the costs of a deemed 150 kL of sewage discharge (ie, a fixed 'discharge allowance').</li> <li>▼ For non-residential customers only, a sewerage usage price per kilolitre also applies to usage above the 150 kL discharge allowance.</li> </ul> <p>Our preliminary view is that the 150 kL discharge allowance may be too high for residential customers. We have also found that because of the way the meter-based service price is currently calculated, non-residential customers with larger meters cross-subsidise those with smaller meters. We are interested in stakeholders' views on how sewerage prices should be set.</p>	<ul style="list-style-type: none"> <li>▼ <i>What is the appropriate deemed sewerage discharge volume to include in sewerage service prices?</i> <ul style="list-style-type: none"> <li>– <i>Should the deemed discharge volume be different for houses and apartments?</i></li> </ul> </li> <li>▼ <i>Rather than including a discharge allowance in service prices, should sewerage usage be billed separately for all customers? Why or why not?</i></li> </ul>

<p><b>Stormwater drainage prices</b></p>	<p>Currently, all customers in the Gosford area pay a standard price for stormwater services. However, customers in the Wyong area pay different prices depending on the type of property (house or multi-premises) for residential customers, and meter size for non-residential customers. Our preliminary view is that basing stormwater prices on the area (size) of each property would improve cost-reflectivity, and that customers should have the opportunity to receive a low-impact price where they reduce the cost of removing stormwater from their property.</p>	<ul style="list-style-type: none"> <li>▼ <i>Should the Council's stormwater prices be based on the area of a customer's property? Why or why not?</i></li> <li>▼ <i>Should there be a low impact customer category for stormwater drainage prices?</i></li> </ul>
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### Indicative review timeline

