

## FACT SHEET

# Draft water and sewerage prices for Gosford City Council's residential customers

*Based on Draft determinations and report: Gosford City Council and Wyong Shire Council - Prices for water, sewerage and stormwater drainage services from 1 July 2013 to 30 June 2017*  
February 2013

On 19 February 2013, IPART released its draft determination on the prices that Gosford Council can charge for providing water and related services to its customers during the 4 years from 1 July 2013 to 30 June 2017.

This fact sheet provides information specific to Gosford City Council's residential customers and explains how this determination will affect the water and sewerage prices they will pay. Customers are invited to make written comments on our draft decisions by 15 March 2013. The draft report and determination is available on our website ([www.ipart.nsw.gov.au](http://www.ipart.nsw.gov.au)). We expect to complete our review and release our final determination in May 2013.

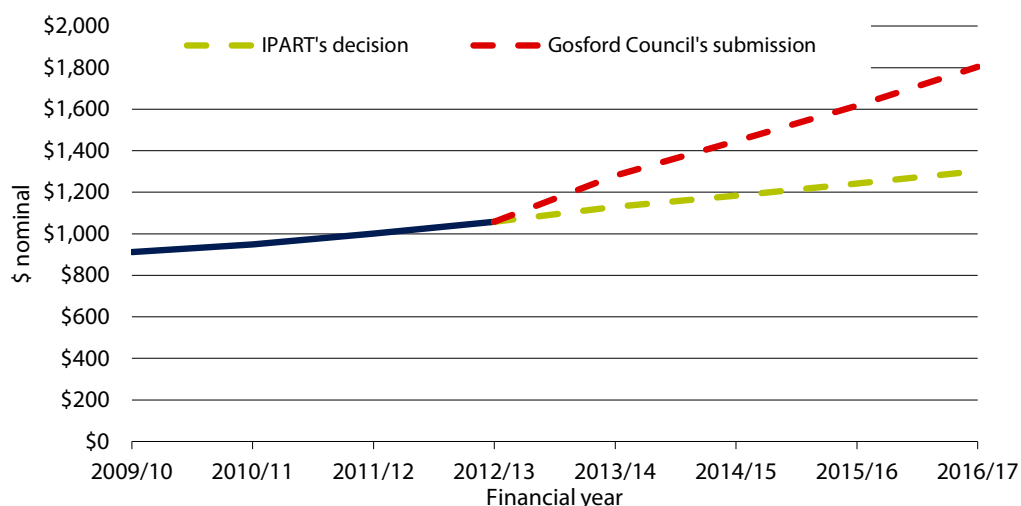
To provide prices including inflation we have used an expected inflation rate of 3.1% for 2013/14 and then 2.5% per year after that.

### Draft prices

Under our draft determination, a typical residential customer using 200 kL of water per year will see their water and sewerage bills increase by an average of 5.3% per year, and by 23.1% over the 4 years to 2017. This is a total increase of \$244. This includes inflation which accounts for \$129 of the total increase.

Figure 1 shows how the bill of a typical household consuming 200 kL per year changes over time.

**Figure 1 Impact of IPART's draft decision on annual water and sewerage bills for households consuming 200 kL per year, compared to Gosford Council's submission (\$nominal)**



**Note:** Includes expected inflation of 3.1% in 2013/14 and 2.5% per year after that.

Table 1 shows the impact on household bills with various levels of water usage.

**Table 1 Household annual bills – water and sewerage – for residential customers with individual meters (\$nominal)**

Water usage kL per year	Current (2012/13)	2013/14	2014/15	2015/16	2016/17	Change 2012/13 to 2016/17	% Change 2012/13 to 2016/17
100	846	912	960	1,012	1,067	221	26.1%
200	1,058	1,130	1,184	1,242	1,302	244	23.1%
300	1,270	1,349	1,408	1,471	1,538	268	21.1%

**Note:** Includes expected inflation of 3.1% in 2013/14 and 2.5% per year after that.

Table 2 shows household annual stormwater drainage bills.

**Table 2 Household annual bills – stormwater drainage (\$nominal)**

	Current (2012/13)	2013/14	2014/15	2015/16	2016/17	% Change 2012/13 to 2016/17
\$ per year	83	92	102	114	126	53.2%

**Note:** Includes expected inflation of 3.1% in 2013/14 and 2.5% per year after that.

## Key changes

The water usage charge will rise in line with inflation, expected to be 3.1% in 2013/14 and 2.5% per year after that. It will be \$2.35 per kL in 2016/17.

The water service charge increases by \$78 (78%) over 4 years, including inflation. This is significantly lower than Gosford Council's proposal but still higher than current prices.

The sewerage service charge increases by \$120 (22%), including inflation over the determination period.

The annual residential stormwater drainage bill increases by \$44 (53%), including inflation over the determination period.

## Reasons for the changes

Gosford Council's efficient costs of delivering water, sewerage and stormwater services have increased due to:

- ▼ Increased costs relating to management and disposal of sludge from sewerage treatment plants.
- ▼ Recovery of the costs of delivery of a large amount of necessary capital expenditure on sewerage assets.

We set prices based on our assessment of efficient costs. The prices and costs are much lower than Gosford Council's proposal mainly because:

- ▼ Our Weighted Average Cost of Capital (WACC) of 4.2% is lower than Gosford Council's proposal of 5.6%.
- ▼ We have excluded \$46.3 million (18.9%) of Gosford Council's proposed operating costs over the 4 years of the determination.

We consider that the prices in the determination will allow Gosford Council to continue to provide quality services, maintain its financial viability and comply with its environmental and service obligations.