

FACT SHEET

Draft water and sewerage prices for Wyong Shire Council's non-residential customers

Based on Draft determinations and draft 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 Wyong 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 Wyong Council's non-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). 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

Non-residential customers vary in their use of water, sewerage and stormwater services. Some have their own meter and some share a common meter, with different meter sizes. Rather than define a 'typical' non-residential customer, this fact sheet provides information about the impact of our draft prices on the bills of non-residential customers with their own meter (20mm, 25mm, 40mm and 100mm) and on customers who share a meter (25mm and 40mm).

Water, sewerage and stormwater drainage charges

Under our draft determination, the water and sewerage bills of individually metered non-residential customers will rise at less than the rate of inflation, expected to be 3.1% in 2013/14 and 2.5% per year after that.

The prices paid by non-residential customers are also impacted by proposed changes to price structures to remove inequitable cross-subsidies. This price restructuring does not increase the total revenue received by Wyong Council for services, but will ensure that customers in all groups pay bills that represent the costs they impose on Wyong Council.

The main impacts of these changes on non-residential customers are:

- ▼ A new sewerage usage discharge allowance of 150kL per year before a volumetric charge is levied.
- ▼ Hold the sewerage usage charge constant (in nominal terms) so it better reflects the costs of collecting, transporting and treating sewage.

Table 1 shows the indicative impact on non-residential water and sewerage bills for customers with individual meters, various levels of water usage and average sewerage discharge percentages.

Table 1 Annual water and sewerage bills for non-residential customers with individual meters

Water usage kL per year ^a	Meter size	Current (2012/13)	2013/14	2014/15	2015/16	2016/17	% Change 2012/13 to 2016/17
Without inflation							
200	20mm	1,055	1,028	1,007	986	967	-8.3%
300	25mm	1,356	1,395	1,370	1,344	1,319	-2.8%
1,000	40mm	4,137	4,080	4,046	4,018	3,987	-3.6%
10,000	100mm	36,610	36,799	36,509	36,254	35,978	-1.7%
With expected inflation							
200	20mm	1,055	1,059	1,064	1,068	1,074	1.8%
300	25mm	1,356	1,434	1,441	1,448	1,455	7.3%
1,000	40mm	4,137	4,206	4,276	4,353	4,426	7.0%
10,000	100mm	36,610	37,940	38,582	39,270	39,946	9.1%

^a We have applied an average discharge factor of 90%.

Note: Totals may vary due to rounding. Includes expected inflation of 3.1% in 2013/14 and 2.5% per year after that.

Non-residential customers with a shared meter will experience different impacts on their bills, depending on whether or not they are in a strata property, the number of customers that share the property's meter, and their sewerage volumes.

Table 2 shows the indicative impact of the draft determination on non-residential water and sewerage bills for customers in strata properties with shared meters, various levels of water usage and average sewerage discharge volumes.

Table 2 Annual water and sewerage bills for non-residential customers in strata units sharing a meter

Water usage kL per year ^a	Meter size	Equal strata connections ^b	Current (2012/13)	2013/14	2014/15	2015/16	2016/17	% Change 2012/13 to 2016/17
Without inflation								
75kL per unit	25mm	3	481	393	384	375	367	-23.7%
300kL per unit	25mm	3	1,106	1,033	1,020	1,007	995	-10.0%
75kL per unit	25mm	8	412	281	276	272	269	-34.8%
300kL per unit	40mm	8	1,103	1,008	1,001	994	987	-10.5%
75kL per unit	40mm	14	425	302	299	297	295	-30.7%
With expected inflation								
75kL per unit	25mm	3	481	405	406	406	408	-15.2%
300kL per unit	25mm	3	1,106	1,065	1,078	1,091	1,105	0.0%
75kL per unit	25mm	8	412	289	292	295	298	-27.6%
300kL per unit	40mm	8	1,103	1,039	1,057	1,077	1,096	-0.6%
75kL per unit	40mm	14	425	311	316	322	327	-23.1%

^a We have applied an average discharge factor of 90%. We have also distributed the threshold allowance for sewerage evenly between strata units.

^b We have shown indicative water and sewerage charges for strata units that are equal in size and water consumption as an example so customers can gauge the impact of our decisions on total charges.

Note: Non-residential customers on shared meters will not actually receive a bill from Wyong Council for the amounts shown above. They should receive an invoice from Wyong Council directly for their water and sewerage service charges, but will be paying for their water usage charge via their strata levies. Includes expected inflation of 3.1% in 2013/14 and 2.5% per year after that.

Non-residential customers also pay stormwater drainage charges that are based on the meter size. The annual bill of a non-residential individually metered property (20mm) will increase by 34% or \$31 by the end of the 4-year determination period, including inflation.

Table 3 shows non-residential annual stormwater drainage bills.

Table 3 Non-residential annual bills – stormwater drainage

	Current (2012/13)	2013/14	2014/15	2015/16	2016/17	% Change 2012/13 to 2016/17
Without inflation						
Metered property (20mm)	90	94	99	103	108	20.7%
Multi premises	67	71	74	78	81	20.7%
With expected inflation						
Metered property (20mm)	90	97	104	112	120	34.0%
Multi premises	67	73	78	84	90	34.0%

Note: The non-residential charge increases proportionately with water meter size. Includes expected inflation of 3.1% in 2013/14 and 2.5% per year after that.

Trade Waste

Trade waste is wastewater from commercial and industrial customers with pollutant concentrations that exceed a domestic equivalent. We have adopted Wyong Council's proposed trade waste charges except for Category 2 (compliant) trade waste usage charge where we extended the transition period from 3 years to 4 years. The Category 2 (compliant) trade waste usage increases from \$0.80 in 2012/13 to \$1.58 in 2016/17 (\$2012/13).

Reasons for the changes

Wyong Council's efficient costs of delivering water, sewerage and stormwater services have remained stable over the determination period.

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

- ▼ Our Weighted Average Cost of Capital (WACC) of 4.2% is lower than Wyong Council's proposal of 5.6%.
- ▼ We have excluded \$26.5 million (13.2%) of Wyong Council's proposed operating costs over the 4 years of the determination.
- ▼ We have excluded \$74.4 million (\$2012/13) of Wyong Council's proposed capital expenditure over the 4 years of the determination.

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