

FACT SHEET

Water and sewerage prices for Wyong Shire Council's residential customers

Based on *Determinations and Final Report: Gosford City Council and Wyong Shire Council - Prices for water, sewerage and stormwater drainage services from 1 July 2013 to 30 June 2017*
May 2013

On 14 May 2013, IPART released its 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 Shire Council's residential customers and explains how this determination will affect the water and sewerage prices they will pay. The final report and determination is available on our website (www.ipart.nsw.gov.au).

To provide prices including inflation we have used an expected inflation rate of 2.5% per year.

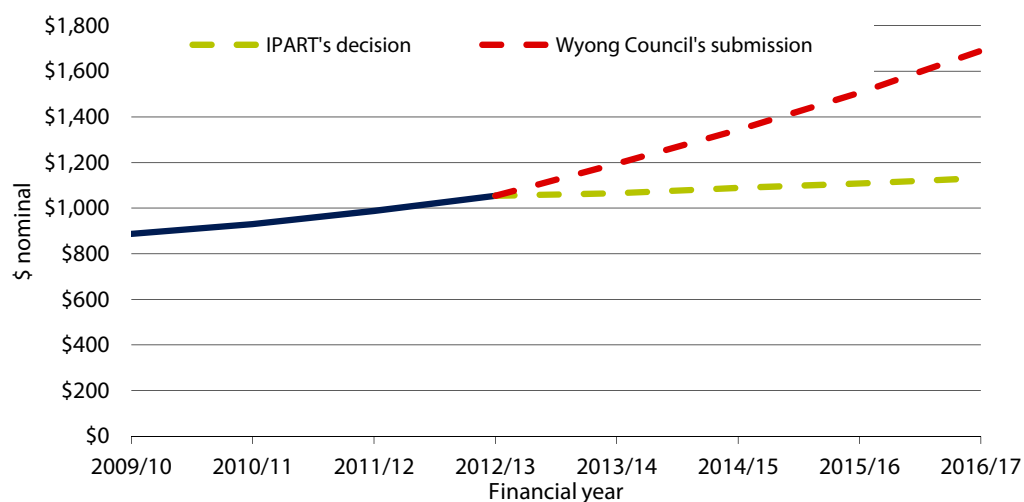
Prices

Under our determination, most Wyong Council residential customers' annual water and sewerage bills will increase. A typical residential customer using 200 kL of water per year will see their water and sewerage bills increase by an average of 1.7% per year, and by 7.0% over the 4 years to 2017. This is a total increase of \$73. The increase in bills is lower than the rate of inflation.

Customers with water consumption that is higher than the average will see slightly greater increases in their bills by 2016/17 due to the higher proportion of the water usage charge in their bill and the impact of inflation.

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

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



Note: Includes expected inflation of 2.5% per year.

Table 1 shows household bills with individual meters and 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	843	844	863	877	894	51	6.1%
200	1,055	1,062	1,086	1,105	1,128	73	7.0%
300	1,267	1,279	1,309	1,334	1,362	95	7.5%

Note: Includes expected inflation of 2.5% per year.

Table 2 shows household annual stormwater drainage bills for residential properties and multi premises.

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
Residential Properties						
\$ per year	90	99	108	119	131	45.6%
Residential Multi Premises						
\$ per year	67	74	81	89	98	45.6%

Note: Includes expected inflation of 2.5% per year.

Impact on flats

Our determination includes some 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.

As a result, many households in units with a common meter (flats) will now pay a higher water and sewerage service charge than before. Those in houses and individually metered units will pay a lower water service charge. For multi premises currently paying a share of a meter based charge we have decided to transition the charge. To minimise customer impacts the charge will increase from around 50% of the standard residential charge to 100% over the 4-year determination.

Table 3 shows indicative water and sewerage bills for owners of residential flats under a number of different combinations of number of flats, meter size and consumption. The table shows that the annual water and sewerage bill is likely to increase by slightly more than inflation over the 4-year determination period.

Table 3 Annual water and sewerage bills per flat within a single owner multi-premise property with a common meter (\$nominal)

Water usage kL per year	Meter size	No. flats	Current (2012/13)	2013/14	2014/15	2015/16	2016/17	% Change 2012/13 to 2016/17
100	25mm	4	417	529	645	759	894	114.3%
150	40mm	10	564	638	757	873	1,011	79.3%
150	65mm	26	566	638	757	873	1,011	78.7%

Note: Includes expected inflation of 2.5% per year.

Key changes

The water usage charge will rise in line with inflation, expected to be 2.5% per year. It will be \$2.34 per kL in 2016/17.

The water service charge for single dwellings and individually-metered units remains largely unchanged, increasing by less than \$1 (0.2%) over 4 years, including inflation.

The sewerage service charge for single dwellings and individually-metered units increases by \$29 (6.2%), including inflation over the determination period.

The annual residential stormwater drainage bill increases by \$41 (45.6%), including inflation over the determination period.

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 4.6% is lower than Wyong Council's proposal of 5.6%.
- ▼ We have excluded \$22.1 million (11.3%) of Wyong Council's proposed operating costs over the 4 years of the determination.
- ▼ We have excluded \$41.0 million (24.5%) 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.