

IPART RELEASES DRAFT DETERMINATION OF WATER PRICES FOR GOSFORD AND WYONG

Embargoed until 11am 5 March 2009

Sydney: 11am 5 March 2009: The Independent Pricing and Regulatory Tribunal (IPART) has released a draft determination of water, sewerage and stormwater charges to apply from July 1 this year till 30 June, 2013.

IPART requests that comments on the draft determination be provided by 27 March 2009.

The draft determination includes increases in water, sewerage and stormwater prices.

These increases are required to:

- ▼ Improve water security on the Central Coast by constructing the Mardi to Mangrove pipeline and undertaking a suite of works at Mardi Dam including the construction of a high lift pump station.
- ▼ Undertake water mains and sewerage renewal projects in Gosford and Wyong.
- ▼ Undertake a range of upgrades in the area, including to the Kincumber, Woy Woy, Wyong South and Charmhaven sewerage treatment plants.
- ▼ Improve the financial sustainability of the water businesses of Gosford and Wyong Councils.

IPART CEO Mr. Jim Cox said: "These increases are necessary to fund the large capital works programs in the Gosford/Wyong areas that deliver improved services and reliability, and new infrastructure for expected population growth."

At the same time the financial viability of the Gosford and Wyong water businesses need to be improved to enable them to finance the replacement of their assets when this is required.

Mr. Cox said IPART has recommended that the NSW Government should review the sufficiency of current pensioner rebates and amend them to account for the increases to water, sewerage and stormwater bills.

"IPART is also recommending that both Gosford and Wyong Councils should have in place special payment measures for those customers who have difficulties paying their bills."

The water usage charge in both the Gosford and Wyong Council areas will rise from \$1.67 KL in 2008/09 to \$1.89KL in 2012/13, plus inflation.

Households in Gosford that consume around 200 KL of water per annum will face increases totalling \$166 between 2008/09 and 2012/13 (or 4.4 per cent on average in each year over four years). Households that consume over 750kL per annum will face increases totalling \$286 over the four years to 2012/13.

Households in Wyong that consume around 200kL of water per annum will face increases totalling \$215 between 2008/09 and 2012/13 (or 5.8 per cent per year on average over 2009 determination period). Households that consume over 750kL of water will face increases totalling \$337 over the four years to 2012/13.

Mr. Cox said that generally speaking those who used more water will pay more. Those who used more modest amounts of water will have lower dollar increases.

“It is important to balance charges across all households to maintain fairness. But if you consume more water then you will face higher charges,” he said.

Gosford Council key pricing decisions;

- ▼ Water service charges will rise from \$88.48 in 2008/09 to \$103.78 in 2012/13 for metered residential properties and metered non-residential properties with a 20 mm meter.
- ▼ Sewerage service charges for residential properties will increase by 23 per cent to \$493.07 over the four years. Usage charges will increase by 22 per cent to \$1.04 per kilolitre of sewage discharged for non-residential properties.
- ▼ Stormwater drainage service charges will increase by 22 per cent to \$74.29 (in today's dollars) in 2012/13.
- ▼ Trade waste approval charges will increase by 41 per cent to \$329 (in today's dollars) by 2012/13, and other trade waste charges will also increase.

Wyong Council key pricing decisions;

- ▼ Water service charges will increase from \$97.31 in 2008/09 to \$175.06 in 2012/13 for metered residential properties and metered non residential properties with a 20mm meter,
- ▼ A stormwater drainage charge will be introduced at \$80 per annum in 2009/10 for all residential properties. Customers in multi-residential properties will pay 75 per cent of this charge. Corresponding reductions have been made to water and sewerage service charges so that there is no increase in overall bills because of the introduction of this new charge,
- ▼ Category 2 trade waste compliant charges will increase by 129 per cent from \$0.31/kL to \$0.71/kL.

IPART has made its Gosford determination on the basis of a proposed capital expenditure program by Gosford Council of \$181.5 million over four years.

Gosford Council is proposing a water main renewal program for the Gosford CBD to improve water reliability, and also cater for expected increases in population.

IPART has made its Wyong determination on the basis of a proposed capital expenditure program of \$227 million over four years. About 70 per cent of this program is needed to cater for growth in the Wyong Shire including the satellite city of Warnervale.

“However, existing customers of Wyong Council will not be required to pay for all of this growth” Mr Cox said. “Inclusion of some growth costs into prices has been deferred until the growth takes place. This ensures that those who benefit from capital expenditure projects will be required to pay for them.”

IPART’s draft report can be viewed on its website www.ipart.nsw.gov.au or obtained by contacting IPART on 9290 8472.

IPART will release its final report in May with new charges to be introduced on July 1, 2009.

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IPART's Draft Decisions

Table 1 Gosford City Council: Draft determination on water, sewerage and stormwater drainage charges for residential customers (\$ 2008/09)

		2008/09	2009/10	2010/11	2011/12	2012/13
		Current Charges				
Water	Service pa	88.48	98.39	101.77	102.85	103.78
	Usage per kL	1.67	1.71	1.76	1.82	1.89
Sewerage	Service pa	399.40	440.08	457.10	474.76	493.07
Stormwater drainage	Service pa	60.82	65.08	68.01	71.08	74.29

Note: Water Service charge is based on a 20mm meter.

Table 2 Gosford City Council: expected residential annual bills for customers with varying water consumption (\$ 2008/09)

	2008/09	2009/10	2010/11	2011/12	2012/13	Change 2008/09 to 2012/13
	Current Bills					
IPART draft decision						
100 kL pa	716	774	803	831	860	144
200 kL pa	883	945	978	1,013	1,049	166
750 kL pa	1,801	1,886	1,945	2,016	2,087	286

Note: This excludes charges related to Gosford Council's contributions to the Climate Change Fund.

Source: Gosford City Council Submission and IPART calculations.

Table 3 Wyong Shire Council: Draft determination on water, sewerage and stormwater drainage charges for residential customers (\$ 2008/09)

		2008/09	2009/10	2010/11	2011/12	2012/13
		Current Charges				
Water	Service pa	97.31	98.00	121.12	146.16	175.06
	Usage per kL	1.67	1.71	1.76	1.82	1.89
Sewerage	Service pa	412.67	412.81	416.93	421.08	425.29
Stormwater	Service pa	0.00	80.00	80.00	80.00	80.00

Table 4 Wyong Shire Council: expected residential annual bills for customers with varying water consumption (\$ 2008/09)

		2008/09	2009/10	2010/11	2011/12	2012/13	Change 2008/09 to 12/13
		Current Bills					
IPART draft decision							
	100 kL pa	677	762	795	830	870	193
	200 kL pa	844	932	971	1,013	1,059	215
	750 kL pa	1,761	1,872	1,941	2,018	2,098	337

Note: This excludes charges related to Wyong Council's contributions to the Climate Change Fund.

Source: Wyong Shire Council Submission and IPART's calculations.