

IPART RELEASES FINAL DETERMINATION OF WATER PRICES FOR GOSFORD AND WYONG

Embargoed until 10 am 15 May 2009

Sydney: May 15, 2009: The Independent Pricing and Regulatory Tribunal (IPART) has released its final determination of water, sewerage and stormwater charges to apply from July 1 this year till 30 June, 2013. In many cases the final price increases are less than those proposed in the March draft report.

IPART sought comments from interested parties before making its final decision on prices for the Gosford and Wyong local government areas.

Overall, Gosford households that consume around 200kL of water per annum will face increases totalling \$133 plus inflation between 2008/09 and 2012/13, down from \$166 in the draft report.

Households that consume over 750kL per annum will face increases totalling \$251 plus inflation over the four years to 2012/13, down from \$286.

Wyong Households that consume around 200kL of water per annum will face increases totalling \$175 plus inflation between 2008/09 and 2012/13, down from \$215 in the draft report.

Households that consume over 750kL of water will face increases totalling \$294 plus inflation over the four years to 2012/13, down from \$337.

The water usage charge in both the Gosford and Wyong Council areas will rise from \$1.67kL in 2008/09 to \$1.89kL in 2012/13, plus inflation. This is consistent with IPART's draft determination.

Other key pricing decisions for Gosford Council include;

- ▼ Water service charges for metered residential properties and metered non-residential properties with a 20mm meter will stay at \$88.48 in today's dollars for the period to 2012/13, rather than increase as proposed in the draft report.
- ▼ Annual sewerage service charges for residential properties will increase by 19 per cent (rather than 23 per cent) to \$476.62 plus inflation over the four years. Usage charges will increase by 19 per cent to \$1.01 per kilolitre of sewage discharged, plus inflation, for non-residential properties.
- ▼ Stormwater drainage service charges will increase by 21 per cent to \$73.54 (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.

Other key pricing decisions for Wyong Council include;

- ▼ Water service charges for metered residential properties and metered non residential properties with a 20mm meter will increase from \$97.31 in 2008/09 to \$149.13 plus inflation in 2012/13, rather than to \$175.06 as proposed in the draft report.
- ▼ Sewerage service charges will be set at \$413 p.a. plus inflation for residential properties for each of the next four years.
- ▼ 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 will be 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 CEO Mr. Jim Cox said: "Having considered the views of interested parties, we have concluded that 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."

We have also considered the financial viability of the Gosford and Wyong Council's water businesses, which need to be improved to allow them to replace assets when required.

Since the draft determination there has been a change in market conditions that has seen the cost of capital decrease for the two Councils. The lower cost of capital means that savings can now be passed on to residents through lower prices.

Mr. Cox said that generally speaking those who use more water will pay more. Those who use 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.

Increases in water, sewerage and stormwater prices 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 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.

Mr Cox said existing customers of Wyong Council will not be required to pay for all of this growth, and some of the price increases will be deferred until the growth takes place.

“This ensures that those who benefit from capital expenditure projects will be required to pay for them.”

Mr. Cox said that IPART considers 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 considers that both Gosford and Wyong Councils should have in place special payment measures for those customers who have difficulties paying their bills, particularly given the difficult economic climate we are likely to be experiencing over the coming 12 months,” said Mr Cox.

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

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IPART'S FINAL DECISIONS

Table 1 Gosford City Council: Final 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	88.48	88.48	88.48	88.48
	Usage per kL	1.67	1.71	1.76	1.82	1.89
Sewerage	Service pa	399.40	446.19	456.11	466.27	476.62
Stormwater drainage	Service pa	60.82	69.33	70.71	72.11	73.54

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	775	791	809	827	111
200 kL pa	883	945	967	991	1,016	133
750 kL pa	1,801	1,884	1,936	1,992	2,052	251

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: Final 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	97.86	114.03	130.53	149.13
	Usage per kL	1.67	1.71	1.76	1.82	1.89
Sewerage	Service pa	412.67	413.00	413.00	413.00	413.00
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	783	806	831	154
	200 kL pa	844	932	959	988	1,019	175
	750 kL pa	1,761	1,871	1,928	1,989	2,055	294

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

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