

## **FINAL REPORT: REVIEW OF WATER, SEWERAGE AND STORMWATER DRAINAGE PRICES FOR GOSFORD CITY AND WYONG SHIRE COUNCILS**

**Embargoed until 10am Tuesday 14 May**

The Independent Pricing and Regulatory Tribunal (IPART) today released its final report on the prices that Gosford City and Wyong Shire Councils can charge for water, sewerage and stormwater drainage services from 1 July 2013 to 30 June 2017.

Prices will be slightly higher than those proposed under the draft determination released in February, but still well below those proposed by both councils.

IPART Chairman Dr Peter Boxall said the annual water and sewerage bill of a typical residential house in Gosford City Council's area will rise by an average of 6.4% per year and by 28.0%, or \$297, over the 4 years to 2017. This increase includes inflation which accounts for \$127 of the total increase. The cost of stormwater drainage will increase by 54% or \$45 including inflation over the same four-year period.

Typical households in Wyong Council's area will see their water and sewerage bills rise by an average of 1.7% per year and by 7.0%, or \$73, over the next 4 years. This increase is less than the rate of inflation. Stormwater drainage bills will increase by 46% to \$131 over the same period.

Water and sewerage bills for small businesses operating in Gosford City will increase in line with residential charges, by 28.0%. While bills for most small businesses in Wyong Shire will increase by less than the rate of inflation, some trade waste customers may receive higher bills. This is a result of bringing the trade waste usage charge more in line with costs.

Dr Boxall said the increases are significantly lower than those requested by both councils, reflecting IPART's analysis of the costs to be met in providing water, sewerage and stormwater services in the most efficient way.

"Since the draft determination, we have increased the level of operating and infrastructure spending of the councils slightly. We have also updated our estimate of the appropriate rate of return on assets. This has led to a slight increase in prices over those in the draft determination" Dr Boxall said.

"However, we have still allowed for lower capital expenditure and operating costs than those requested by the councils."

Dr Boxall said the different outcomes for Gosford City and Wyong Shire reflect the varying costs faced by the 2 councils in providing water and sewerage.

"Over the past 4 years, Gosford City has been required to invest significantly in sewerage infrastructure, increasing the costs of maintaining this sewerage network. At the same time,

the cost of sludge disposal in Gosford City has increased significantly and will require more expenditure over the next 4 years.

IPART has investigated the causes of the cost increases in Gosford City in detail and is satisfied that the investments made are prudent and efficient.

“In Wyong Shire, while we have allowed for more capital construction than in the draft determination, our assessment that Wyong should have slightly lower operating costs over the next few years and fewer assets than Gosford means that prices in Wyong Shire are lower.”

The determinations also introduce new price structures to make the price paid by each customer fairer, ensuring that the fixed charges reflect the costs of providing water and sewerage services while the usage charge continues to reflect consumption.

“These pricing reforms will benefit certain customers who have been cross-subsidising others, whilst those who have not paid enough in the past will need to pay more in the future,” Dr Boxall said.

As a result of these changes, a fixed water service charge will be introduced for all residential customers regardless of the type of dwelling. This will affect a small number of Wyong Council’s residential customers with a shared water meter (such as buildings with a single owner), who will have higher than average increases. Service charges for some non-residential customers in Gosford City will also be higher, though this will be partially offset by reductions in the sewerage usage charge and the introduction of a free discharge allowance.

For both Councils the prices paid by small businesses with 20mm diameter meters have been pegged to residential customers’ prices as these customers impose the same costs on the Councils. The current structure of stormwater drainage prices has been maintained in both Councils’ areas.

As for the draft report, IPART has not allowed the costs of establishing the Central Coast Water Corporation to be recovered through the prices of Gosford and Wyong Councils. These costs should be recovered from the customers of the Central Coast Water Corporation once it has been established.

The report, *Gosford City Council and Wyong Shire Council - Prices for water, sewerage and stormwater drainage services from 1 July 2013 to 30 June 2017*, is available on IPART’s website <<http://www.ipart.nsw.gov.au>>.

Summary of the impacts of the determinations on different user groups, including graphs and tables, are available at [http://www.ipart.nsw.gov.au/Home/Industries/Water/Reviews/Metro\\_Pricing/Review\\_of\\_prices\\_for\\_Gosford\\_City\\_Council\\_and\\_Wyong\\_Shire\\_Council\\_from\\_1\\_July\\_2013](http://www.ipart.nsw.gov.au/Home/Industries/Water/Reviews/Metro_Pricing/Review_of_prices_for_Gosford_City_Council_and_Wyong_Shire_Council_from_1_July_2013).

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**Table 1 Summary of impacts of the determinatons**

	<b>Real</b>	<b>Nominal (includes inflation)</b>
Gosford residential (typical user individual meter using 200kL)	Up 16.0% or \$169 over 4 years	Up 28.0% or \$297 over 4 years
Wyong residential (typical user individual meter using 200kL)	Down 3.1% or \$33 over 4 years.	Up 7.0% or \$73 over 4 years
Gosford non-residential with individual meter	Depends on connection size and water usage. Based on sample customers modelled - up by between 16.0% and 31.4%	Depends on connection size and water usage. Based on sample customers modelled - up by between 28.0% and 45.1%
Gosford non-residential with common meter	Lower increases due to changes in price structure.	
Wyong non-residential with individual meter	Depends on connection size and water usage. Based on sample customers modelled - range between a decrease of 3.1% and an increase of 2.5%	Depends on connection size and water usage. Based on sample customers modelled - up by between 7.0% and 12.5%
Wyong non-residential with common meter	Depends on connection size, water usage and number of strata connections but generally decrease due to changes in price structure.	