

# Review of Water, Sewerage and Stormwater Drainage prices

## Gosford City Council's Pricing Submission to IPART 2012



IPART is currently reviewing Gosford City Council's prices for water, sewerage and stormwater drainage services. This review will set new prices to come into effect from 1 July 2013. Council has proposed prices will be set for a four year period.

Council has completed a detailed submission covering its future costs and price proposals in response to IPART's Issues Paper - *Review of prices for water, sewerage and stormwater services for Gosford City and Wyong Shire Councils*.

Council's submission is publicly available on IPART's website.

All monetary values in this fact sheet are presented in real 2012/13 dollars (i.e. they do not include inflation).

### Providing quality services

The funds raised by water, sewerage and stormwater drainage charges allow Council to:

- maintain, operate and improve the community's water, sewerage and stormwater drainage systems
- harvest, treat and deliver safe drinking water to over 68,000 properties through 1,000 kilometres of water mains
- transport and treat sewage from over 66,000 properties through 1,300 kilometres of sewerage mains and 185 sewage pump stations to protect public health and the environment
- collect, transport and dispose of stormwater, across an area of 1,020 square kilometres, in a safe and environmentally sound manner to reduce risk to life and damage to property

### Investing for the future

A number of major projects will be undertaken during the next price determination period to allow us to maintain and improve water, sewerage and stormwater drainage services. These projects include:

#### Water projects

- a major upgrade of the Mangrove Creek Dam Spillway to meet the latest requirements of the Dam Safety Committee (\$8.0 million)
- delivery of the Somersby Water Treatment Plant capital works plan including more than 70 projects over 5 years. Involves replacement and renewal of assets to improve reliability, efficiency, safety, asset performance and improve the treatment process (\$7.9 million)
- a Water Main Renewal Program to reduce the risk of water main failures (\$5.1 million)
- a Major Water Pump Station Renewal Program, to replace critical source water supply infrastructure (\$3.1 million).

## Sewerage projects

- an expanded Sewage Pump Station Renewal Program, including civil, mechanical and electrical refurbishments for aging sewerage infrastructure to reduce risk to the environment and public health (\$24.7 million)
- major upgrades to Kincumber and Woy Woy Sewage Treatment Plants including replacement of high voltage switchboards, refurbishment of digesters, installation of electricity cogeneration unit, and process improvement, to maintain regulatory compliance and avoid failure of critical plant components (\$16.2 million)
- provision of sewerage services to un-sewered properties in the Cockle Bay Towns under the Priority Sewerage Program (\$13.0 million)

- expanded Sewer Mains Renewal Programs to reduce the risk of critical asset failures (\$10.4 million)
- a comprehensive program to improve odour and septicity management throughout the sewerage system (\$4.9 million).

## Stormwater drainage projects

- improved trunk stormwater drainage in the Kincumber catchment (\$1.4 million) and the Riviera catchment (\$1.0 million) to reduce the risk of damage to property and road inundation
- a range of minor stormwater drainage improvement projects across the local government area to reduce the risk to public safety, private property and infrastructure assets (\$1.5 million).

For more information about these major projects and other projects see Council's submission at

[www.ipart.nsw.gov.au](http://www.ipart.nsw.gov.au)

## Forecast capital expenditure (\$12/13 millions)

	2013/14	2014/15	2015/16	2016/17
Water	9.2	13.0	9.2	10.3
Sewerage	31.4	28.6	17.0	15.4
Stormwater drainage	3.4	3.5	3.1	3.2

## Forecast operating expenditure (\$12/13 millions)

Council is experiencing rising costs pressures across the water, sewerage and stormwater businesses. Key drivers of increasing operating costs include electricity prices and usage, new regulatory requirements, and maintenance of ageing infrastructure. Council is also incurring costs associated with the establishment and transition to the Central Coast Water Corporation.

	2013/14	2014/15	2015/16	2016/17
Corporate	14.6	14.5	14.4	14.0
Water	18.4	18.6	19.9	19.9
Sewerage	20.4	21.2	22.3	22.8
Stormwater drainage	5.9	6.1	6.5	6.7

## Proposed prices

Proposed water, sewerage and stormwater drainage prices for residential customers (\$12/13)

		current 2012/13	2013/14	2014/15	2015/16	2016/17	Increase from 2012/13
Water	Service (\$/annum)	99.28	157.95	176.90	203.52	238.04	
	% increase		59%	12%	15%	17%	140%
	Usage (\$/kL)	2.12	2.35	2.50	2.60	2.70	
	% increase		11%	6%	4%	4%	27%
Sewerage	Service (\$/annum)	534.82	609.89	681.11	751.44	819.39	
	% increase		14%	12%	10%	9%	53%
Stormwater drainage	Service (\$/annum)	82.52	106.56	122.60	137.93	152.74	
	% increase		29%	15%	13%	11%	85%

## Typical residential bill

Typical residential annual bill - combined water, sewerage and stormwater drainage charges for households consuming 200kL (\$12/13)

	current 2012/13	2013/14	2014/15	2015/16	2016/17	Increase from 2012/13
Water service charge	99.28	157.95	176.90	203.52	238.04	
Water usage charge	424.0	470.0	500.0	520.0	540.0	
Sewerage service charge	534.82	609.89	681.11	751.44	819.39	
Stormwater service charge	82.52	106.56	122.60	137.93	152.74	
<b>Total</b>	<b>1140.62</b>	<b>1344.39</b>	<b>1480.60</b>	<b>1612.88</b>	<b>1750.17</b>	
<b>Increase</b>		<b>18%</b>	<b>10%</b>	<b>9%</b>	<b>9%</b>	<b>53%</b>

Council is conscious of the impact that the proposed prices may have on customers. To mitigate these impacts Council has proposed prices based on smoothed revenue needs, to transition the price change through the period.

### Developer charges

Council, in its submission, has also responded to IPART's Issues Paper - *Review of developer charges for Gosford City Council and Wyong Shire Council*.

IPART's *Developer Charges Determination No 9, 2000* prescribes the methodology for calculating developer charges. IPART's current review considers the calculation parameters specified in the Determination, rather than the methodology itself.

Council has proposed that IPART retain most of the current calculation parameters. However, Council proposes that the water consumption parameter be adjusted to better reflect

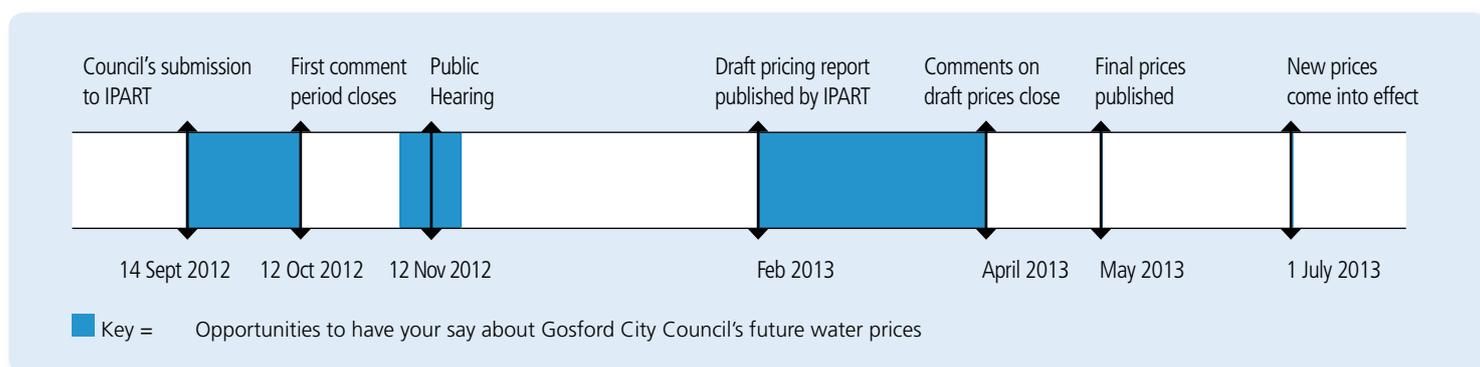
current water consumption volumes. Council also proposes that IPART remove the 85% cap currently applied to Wyong Council's developer charges.

### Have your say

IPART and Council welcome your contributions to the price setting process. As the timeline below shows, the main opportunities for you to have your say are between September and October 2012 and during February, March and April 2013.

You can:

- provide a submission in response to IPART's Issues Paper
- provide a submission in response to Council's Pricing Submission
- attend a public hearing
- provide a submission in response to IPART's Draft Pricing Report



### More information

For more information about IPART's price setting role and how to lodge a submission go to

 [www.ipart.nsw.gov.au](http://www.ipart.nsw.gov.au)

IPART can be contacted on

 (02) 9290 8400



**Gosford City Council**  
 49 Mann Street, Gosford, NSW, 2250.  
**Phone:** 4325 8222 **Fax:** 4323 2477  
**Website:** [www.gosford.nsw.gov.au](http://www.gosford.nsw.gov.au)