

Gosford City Council's Submission to IPART 2012

**Review of water, sewerage and stormwater
drainage prices**

Public Hearing
12 November 2012

Gosford City Council...

Council has a responsibility to:

- harvest, treat and deliver safe **drinking water** to over 68,000 properties through 1,000 kilometres of mains
- transport and treat **sewage** from over 66,000 properties through 1,300 kilometres of mains and 185 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

...a Water Supply Authority

Current pricing period

2009/10 – 2012/13



From water restrictions...



...to living water smart

Mardi Mangrove Link



A key component of WaterPlan 2050

Expanding sewerage services



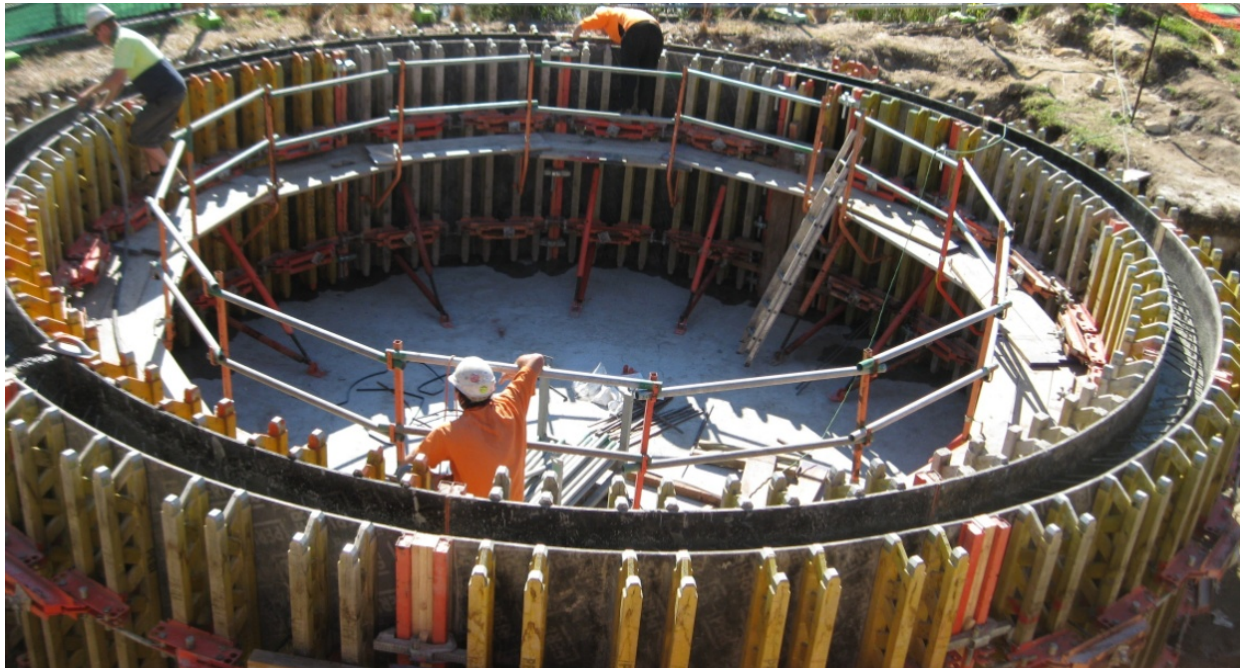
***Sewerage services provided to Mooney Mooney and
Cheero Point under the Priority Sewerage Program***

Sewage treatment works



***Significant upgrades to maintain compliance
and reduce odour***

Sewage pumping stations



***Sewage pump station renewals to minimise overflows,
protect the environment and public health***

EWON membership



***Council became a member of the Energy & Water
Ombudsman of NSW***

Central Coast Water Corporation

- 08/2010 Memorandum of Understanding (MoU)
Councils agree to establish CCWC subject to amendments to Act & IR framework
- 11/2010 Central Coast Water Corporation Amendment Act
- 07/2011 Central Coast Water Corporation commenced
- 12/2011 Board of Directors appointed
- 05/2012 Cost Benefit Analysis and model resolved by Councils
- 06/2012 Councils adopt Implementation Work Plan

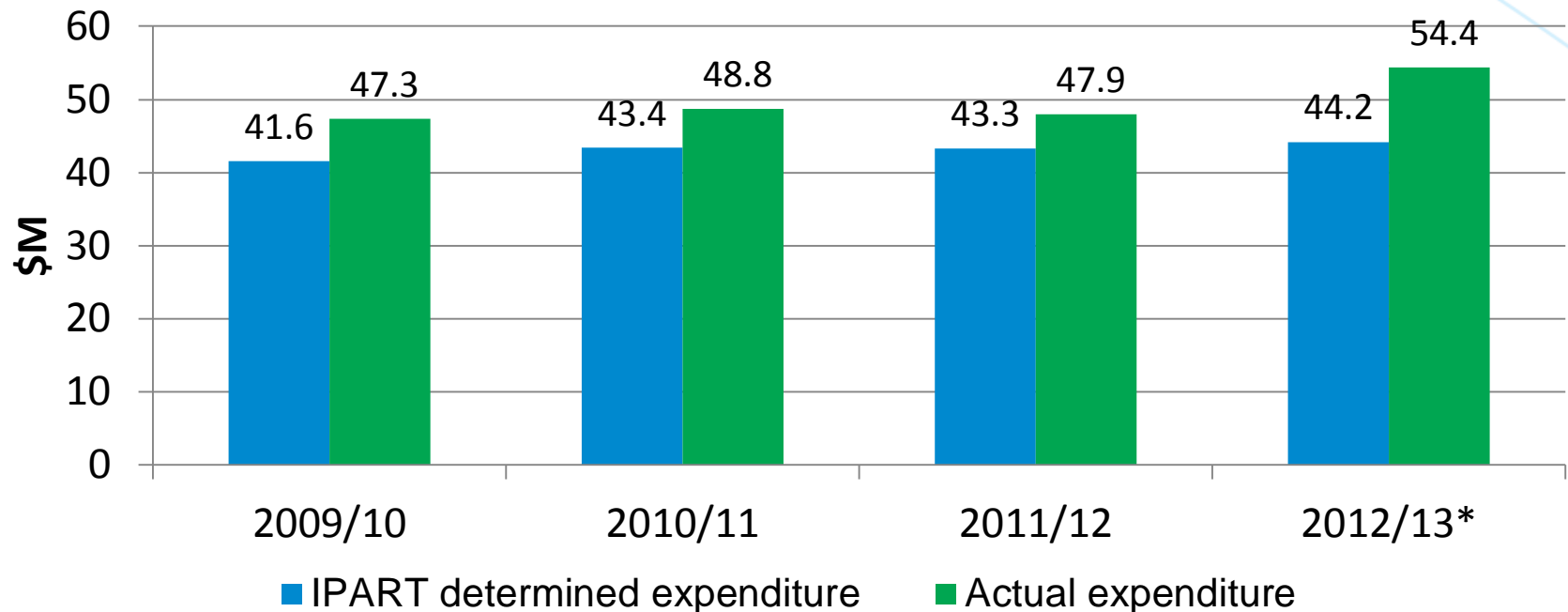
A catalyst for change on the Central Coast

CCWC operating model

- Staged transfer of water and sewerage functions from 1 July 2014 to 1 July 2017
- Stormwater drainage function remains with each Council
- Corporate services (IT, HR, Finance, Plant & Fleet) provided by a Joint Services Business (JSB) from 1 July 2017
- Councils retain asset ownership and lease assets to CCWC

‘Create a fully licensed water & sewerage entity by 1 July 2017’

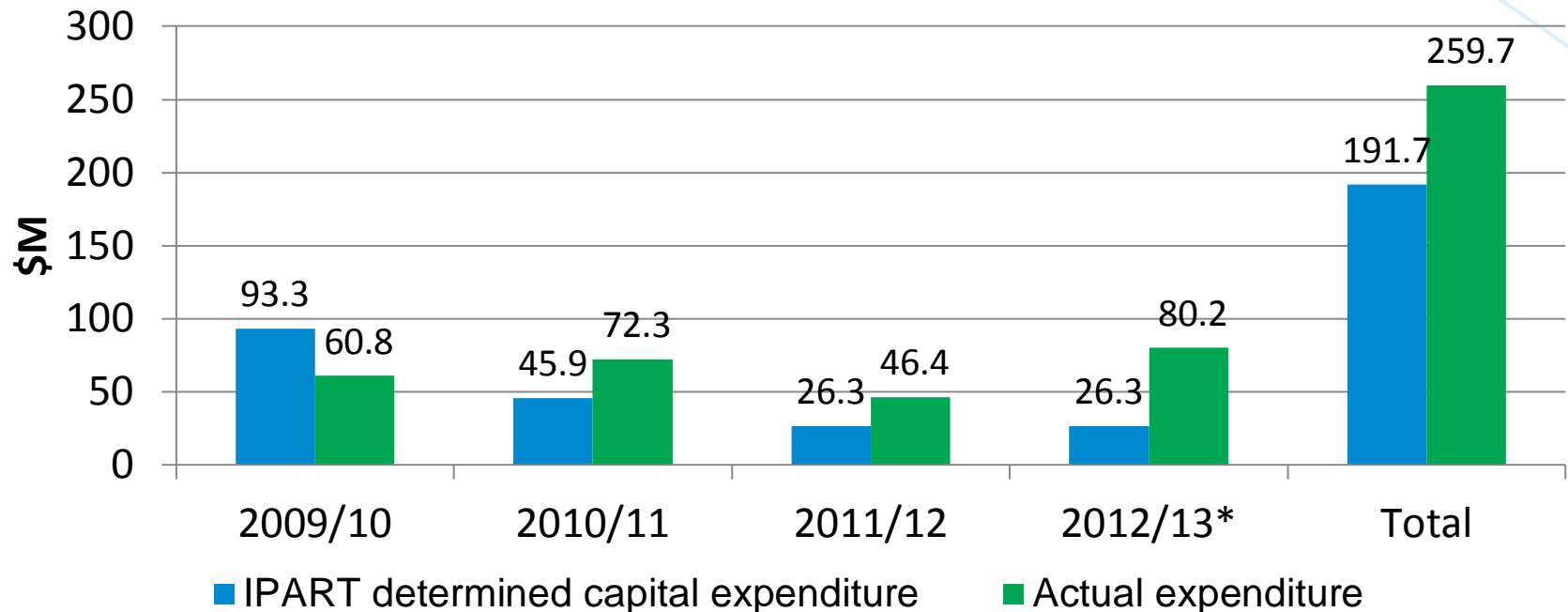
Total operating expenses



*2012/13 'actual' is budgeted value

Rising costs during the current period

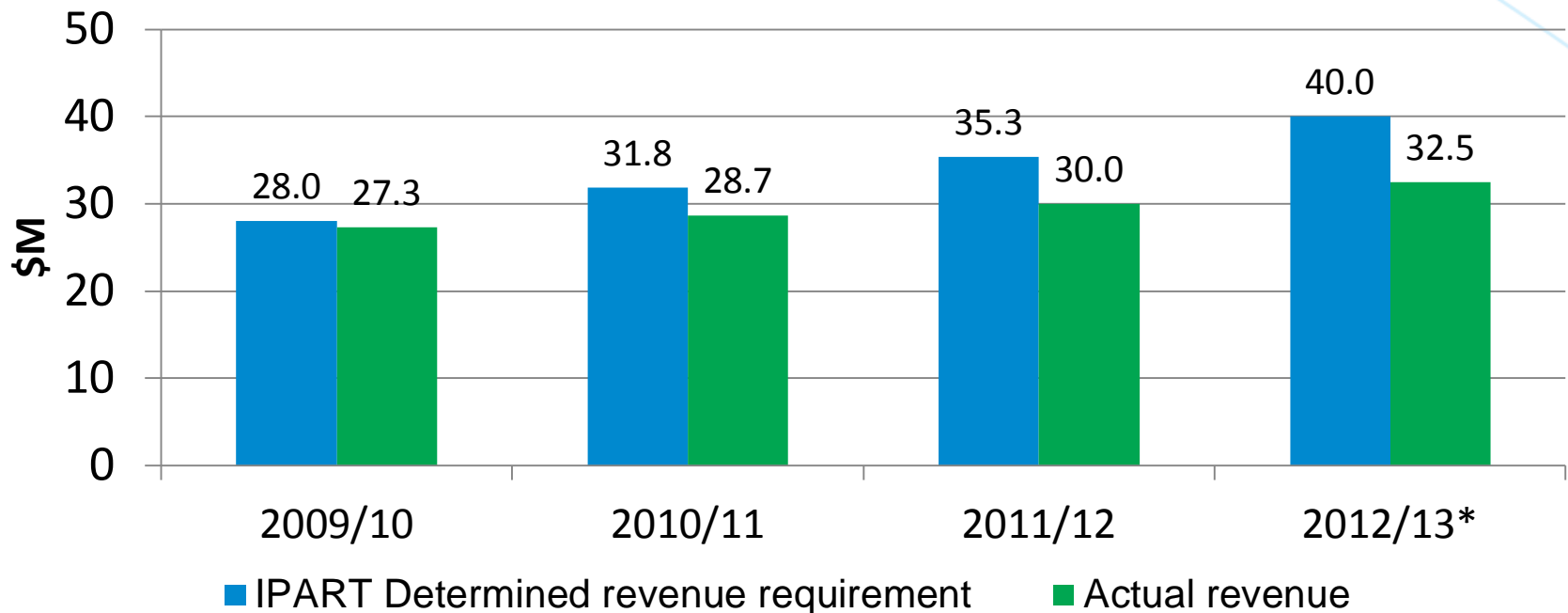
Total capital expenses



*2012/13 'actual' is budgeted value

Expanded capital program

Water revenue



*2012/13 'actual' is budgeted value

Reduced water revenue due to reduced water usage

Next pricing period

2013/14 – 2016/17



Key cost drivers

- Electricity
- Sludge management
- New regulatory requirements
- Establishment and transition to CCWC
- Renewing aging infrastructure

Forecast operating costs

	2013/14	2014/15	2015/16	2016/17	Total
Corporate	14.6	14.5	14.4	14.0	57.5
Water	18.4	18.6	19.9	19.9	76.8
Sewerage	20.4	21.2	22.3	22.8	86.7
Stormwater drainage	5.9	6.1	6.5	6.7	25.2
Total	59.3	60.4	63.1	63.4	246.2

Forecast capital costs

	2013/14	2014/15	2015/16	2016/17	Total
Water	9.2	13.0	9.2	10.3	41.7
Sewerage	31.4	28.6	17.0	15.4	92.4
Stormwater drainage	3.4	3.5	3.1	3.2	13.2
Total	44.0	45.1	29.3	28.9	147.3

Major water projects

- Mangrove Creek Dam Spillway (\$8.0M)
- Somersby Water Treatment Plant (\$7.9M)
- Water Main Renewal Program (\$5.1M)
- Major Water Pump Station Renewal Program (\$3.1M)



Major sewerage projects

- Sewage Pump Station Renewal Program (\$24.7M)
- Sewage Treatment Plant Upgrades (\$16.2M)
- Sewerage services to Cockle Bay Towns (\$13.0M)
- Sewer Mains Renewal Program (\$10.4M)
- Odour and Septicity Management (\$4.9M)



Major drainage projects

- Improved trunk stormwater drainage in the Kincumber (\$1.4M) and Riviera (\$1.0M) catchments
- Range of minor stormwater drainage improvement projects across the local government areas (\$1.0M)



Forecast water sales

GL	2013/14	2014/15	2015/16	2016/17
Residential	10.4	10.7	11.0	11.0
Non Residential	2.0	2.0	1.8	1.9
Total	12.4	12.7	12.8	12.9



Proposed prices

REAL\$12/13 - prices	2012/13	2013/14	2014/15	2015/16	2016/17
Water service charge	99.28	157.95	176.90	203.52	238.04
Water usage charge	2.12	2.35	2.50	2.60	2.70
Sewerage service charge	534.82	609.89	681.11	751.44	819.39
Sewerage usage charge	1.13	1.13	1.13	1.13	1.13
Stormwater service charge	82.52	106.56	122.60	137.93	152.74

Typical residential bills

REAL\$12/13 - typical bill*	2012/13	2013/14	2014/15	2015/16	2016/17
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
Total	1,140.62	1,344.39	1,480.60	1,612.88	1,750.17
Increase		18%	10%	9%	9%

*assuming consumption of 200kL per annum

Mitigating customer impacts

- Smoothed prices
- Pensioner rebates
- Payment plans
- Hardship committee
- EWON membership



Investing for the future

