



**GOSFORD CITY COUNCIL**

**SUBMISSION TO**

**INDEPENDENT PRICING AND  
REGULATORY TRIBUNAL**

**PROPOSAL FOR WATER, WASTEWATER AND  
STORMWATER PRICES**

**FOR PERIOD  
2006/2007 TO 2008/2009**

**OCTOBER 2005**

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## 1. INTRODUCTION

In May 2004, The Independent Pricing and Regulatory Tribunal (IPART) handed down a one-year pricing determination for Gosford City Council for the period 1 July 2005 to 30 June 2006. Gosford City Council had submitted a proposal covering 4 years from 1 July 2005 to 30 June 2009 however due to uncertainty regarding costs and likelihood of progression of major drought contingency works, IPART chose to make a one-year Determination with a view to allowing Gosford and Wyong Councils to firm up details of the drought contingency works.

This submission covers the period from 1 July 2006 to 30 June 2009.

The Central Coast catchment areas are in the grip of the most severe drought on record and works are being programmed for construction to provide additional supplies. Last year's submission allowed for the provision of a 20 ML per day desalination plant and other contingency works. The State Government through the Department of Planning (DoP formerly DIPNR) has deemed the desalination project a State-significant project. This means that development approval must be obtained from DoP. The Gosford and Wyong Council Water Authority (GWCWA) has decided to seek development approval so the project could proceed in the event of the drought continuing and water storage levels declining to a point that made the desalination project essential to the ongoing supply of water to the Central Coast. The GWCCA Board will not be in a position to make a decision to proceed with the desalination project until DOP makes a decision on the development application.

Pre-construction works are proceeding for the desalination plant and these costs have been included in this submission. However, due to the current uncertainty regarding the project's development approval, the costs for the construction and operating components of the project have not been considered in this submission. All other drought contingency projects, including groundwater development and a larger connection to the Hunter Water reticulation system, are proceeding and have been included in this submission.

IPART had expected that the Council would have made a decision on supply augmentation works by September of 2005. The key decision on a need for a desalination plant has not been made at this time as indicated. As such significant costs associated with this potential project have not been included in this submission. Should the drought continue and construction of the desalination plant be required, the impact on Council will be significant and the option to reopen the pending determination may have to be sought.

Council's current pricing proposal retains pricing equality by maintaining a pay for use pricing structure and increasing the proportion of water revenue attributable to usage rather than availability charges. While it is generally considered that the price for water is rather inelastic, Council considers a pricing structure that includes a higher proportion of usage charges, sends the appropriate demand management signals to the community.

The submission addresses the matters raised by the Tribunal, the impacts of the current determination and the Council's corporate objectives. These objectives are the result of an extensive consultative process, undertaken in accordance with the Local Government Act.

The submission complies with the Council of Australian Governments COAG reforms for the water industry.

## 2. COUNCIL'S OBJECTIVES

### 2.1. City Management Plan

The Council's prime objectives as contained within the City Management Plan are:

- *To meet the community's needs by providing a high quality water supply complying with recognised drinking water standards through the planning and development of water supply schemes and the operation and maintenance of existing installations;*
- *To transport and treat sewage for disposal by effectively planning and developing works and operating and maintaining existing installations to provide services fit for customers' purpose in an environmentally sustainable manner.*

Development of the City Management Plan involves a comprehensive program of public consultation to develop all aspects of the future directions from the corporate values to the levels of service and associated programs and budgets that reflect the community wishes while balancing resources and expectations.

As part of this process, Council regularly commissions independent surveys to assess community expectations and review customer satisfaction with Council services. In March 2004 Gosford City Council commissioned The Central Coast Research Foundation (CCRF) to conduct a community survey on the Central Coast to assess community opinions regarding the environment and water services. Micromex Research on behalf of both Gosford City Council and Wyong Shire Council completed telephone surveys in December 2003, April 2004 and April 2005 to assess the level of awareness of water restrictions in place at that time and attitudes towards water restrictions. These surveys were conducted to gain a greater insight into customer expectations and perceptions. In addition to this work, considerable community consultation has taken place relating to Gosford City Council's long-term water supply strategy WaterPlan 2050. This work highlighted the community's support for retention of all options that may help ensure the security and integrity of the Central Coast's water supplies.

These perceptions and expectations are translated into levels of service objectives and plans together with the necessary funding, balancing resources and expectations.

To assist in achieving Council's objectives Council has developed a best practice Strategic Business Plan for its water and sewerage business. The Plan has been prepared in accordance with the requirements of the Department of Energy, Utilities and Sustainability (DEUS) *Best Practice Guidelines for the Management of Water Supply and Sewerage*.

## 2.2. Strategic Business Planning

*Guidelines for Best Practice Water Supply and Sewerage Management*, as published by DEUS, provide for the development of a Best Practice Strategic Business Plan that addresses key issues, including:

- Pricing and Developer Charges;
- Demand Management;
- Drought Management;
- Performance Reporting;
- Integrated Water Cycle Management;
- Customer Services;
- Asset Management.

IPART through its determination and consultants reports has also encouraged the preparation of such plans.

The “*Guidelines for Best Practice Water Supply and Sewerage Management*” provide a triple bottom line focus ensuring a balanced view of the long-term sustainability of NSW water utilities. Triple bottom line accounting (social, environmental and economic) involves consideration of the business plan together with its social and environmental management practices. The Guidelines also advise that the community and governments are demanding increased accountability, increased levels of service and efficiency from water utilities. In addition, regulatory authorities are imposing more stringent environmental and health regulations. A Strategic Business Plan addresses these issues and provides a framework within which the Local Water Utility (LWU) can provide these services in an efficient manner and can continue to improve its performance. The plan must provide for “Active intervention” with regard to Demand Management – appropriate retrofit programs, rebates for water efficient appliances, rebates for rainwater tanks, effluent and stormwater reuse programs and building code programs, all of which require significant financial input. The implementation of improved asset management systems alone will incur substantial costs.

Council has progressed significantly in developing these plans at a cost, to date, of approximately \$250,000. The estimated total cost of developing final documents is \$400,000 excluding WaterPlan 2050 and documents associated with Integrated Water Cycle Management.

The Strategic Business Plan was audited independently by Department of Commerce during 2005 and deemed "substantially compliant" with DEUS's *Guidelines for Best Practice Water Supply and Sewerage Management*.

### 3. ISSUES IMPACTING FINANCIAL PERFORMANCE

#### 3.1. Current Environment

The major influence impacting the current operating environment is the continuing water supply drought that is the worst in recorded history. The drought has emphasised the need for and resulted in the following:

- Planning for future long term water security - WaterPlan 2050;
- Drought contingency planning;
- Drought management including water demand management;
- Review on the effects of water restrictions on water sales and development of community awareness of water conservation.

#### 3.2. Revenue

Total water and sewerage charges for the average residential consumer have reduced in real terms over the past decade. For example over the period 1997 to 2005 the average residential customer's total charge reduced in real terms by 30%. This represents a reduction of more than \$320 on the total charges that would have been incurred had charges increased by inflation over this period. This has been achieved by a combination of efficiency gains resulting from Council's workplace reform process, albeit not at the rates suggested possible by IPART, and savings in asset replacement and renewal programs as well as loan retirement. In its last Determination IPART appears to have recognised that continued reductions in charges cannot be sustained and the fees and charges structure should reflect the real value and cost of water services.

Council is faced with increasing costs arising from a combination of factors. The most significant of these are:

- Development of contingency measures associated with the current drought;
- Planning for the long-term water supply security;
- Addressing the implications of water sharing plans on water harvesting;
- Providing staff resources and information systems to meet regulatory reporting requirements;
- Responding to the State Government proposal to merge Gosford and Wyong Councils' water functions;
- Developing a Water Strategic Business Plan to meet DEUS regulatory requirements;
- Implementing improvement programs particularly in asset management focusing on asset replacement and renewal associated with ageing assets.

These cost factors along with the significant reduction in water consumption have impacted on Council's financial position.

The Council proposes that the existing pricing structure remain, including the mandated changes (DEUS) in Trade Waste charging that were accepted by IPART in the last Determination. Council had intended to examine in detail a proposal to move to an inclining block tariff, both of which have been identified in the *Guidelines for Best Practice Water Supply and Sewerage Management* as published by DEUS



and by IPART. However the delivery of a one-year Determination in May 2005 has left insufficient time to examine the implications to the community of an inclining block tariff structure.

It should be noted that Council resolved to support an inclining block tariff structure in September 2005 but acknowledged that the lack of time from the last Determination (May 2005) and the submission date for the latest pricing proposal (Oct 2005) left no time for appropriate analyses to be carried out. There are also logistical issues (difficulties with current Billing system) to be addressed to enable any revised structure to be introduced. As such Council is not currently in a position to either propose a two-tiered water usage price structure or state the likely impact of such a price structure. This analysis can be done over the next 12 months and a 2 tiered pricing structure formulated and submitted for consideration, if IPART so wishes.

Council proposes to meet the requirements for additional revenue for water supply activities and sewerage by an increase in the water usage component.

Council welcomed IPART determination for the period 1 July 2005 to 30 June 2006 that agreed with, in the main, and approved the majority of Council's requested fees and charges increases. The decision not to include the drainage transfer payments (forecast to be \$3.6M per annum) was again significant and directly affects the ability of the Water and Sewer funds to run in surplus. The drainage funding issue is dealt with in detail within this submission (refer sections 4.2, 6 and 8.4).

This submission provides for the payment of Tax Equivalents and a Dividend to the Council's "General Fund" which is now required and permitted respectively by changes to the Water Management Act. DEUS has an expanded role in the regulation of Council's activities, which is reflected in increased revenue requirements and changes to pricing structures.

### **3.2.1. Current Drought**

The drought has impacted water supplies since 1992, from which time water storages have fallen from 70% to their current level of about 24%. (More detail on the current situation is set out in the attached Appendix A).

By February 2002 the storages had fallen to 41%. This represented about 8 years of usable storage based on the rate at which the storages had drawn down over the previous 10 years. While system modelling, based on historical rainfall and revised stream flow data, indicated that with a return to normal rainfall patterns, the storages would recover, the Board of the Gosford and Wyong Councils' Water Authority considered it prudent to review the long term water supply strategy for the Central Coast which was then over 20 years old. Other factors such as Water Management Plans to provide environmental flows and climate change had also emerged. This involved the letting of a major consultancy to the Department of Commerce to review various options including:

- Reducing usage through demand management;
- Effluent re-use to substitute for potable water use;
- Further extractions from run of river flows;
- Use of groundwater;
- Desalination.

The reports resulting from this consultancy were public exhibited and form the basis of GWCWA's long term water supply strategy, "WaterPlan 2050".

Decisions in relation to longer term works associated with WaterPlan 2050 are expected to be made by early 2006 and will include significant future capital expenditure to ensure the long term security of water supply for the Central Coast.

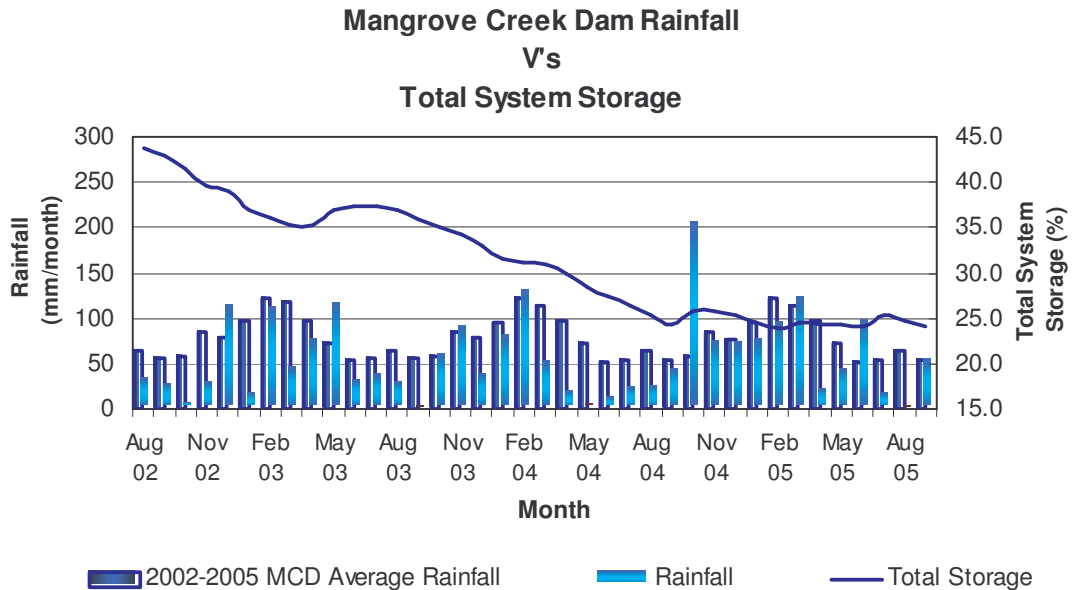
Major works required in the short term to improve system security and speed recovery from the drought include:

- Augmentation of the Lower Wyong River Pumping System;
- Construction of the Mardi High Lift Pump Station;
- Augmentation of the Mooney Mooney Transfer System;
- Raising of Mardi Dam.

The current drought is the major contribution to many factors associated with this pricing submission. Increased capital and operating expenses reflect works currently under construction and being planned to provide a sustainable water supply to the Central Coast. Revenue from water sales is significantly impacted by the current circumstances.

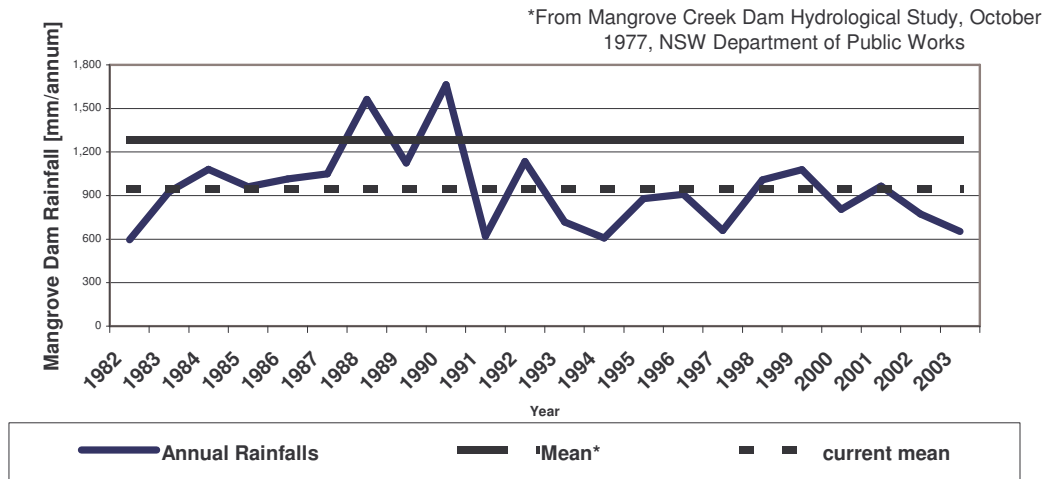
A separate paper appended to this submission details the potential impact of various water consumption scenarios on business revenue.

The following graphs show the continual fall in storage levels and the level and impact of rainfall patterns over the last three years.



Longer term analysis of rainfall also shows that the current drought is amongst the worst on record. The following graph compares the last 10 years rain to the average rainfall over the past 100 years.

### Annual Rainfall at Mangrove Dam



Note: "Mean" is the long term 100 year historical rainfall.  
 "Current Mean" is the average rainfall over the last 10 years.

This graphs show that recent rainfalls are not only significantly less than average but also that recent isolated periods of above average rainfall have little or no impact on available water supply.

From a hydrological perspective, average inflow could only result from higher probability rainfall events as the catchments are extremely dry. As a result of many years of below average rainfall a return to average rainfall will not produce average inflow in the short term.

Over the past four years the Board of the Gosford and Wyong Councils' Water Authority has undertaken a number of measures to deal with the drought and to provide for a sustainable water supply into the future. As part of its drought management plan the Board implemented Level 1 Water Restrictions in February 2002 and Level 2 / 2A Water Restrictions on 17 May 2004 and 1 August 2004 respectively. Level 2B Restrictions are expected to be introduce in November 2005. These Restrictions require all industrial, public and commercial customers using more than 6 ML/annum to have water management plans in place that target a 20% reduction in usage for these sectors.

Together with the water restrictions, the Councils have implemented a range of contingency measures targeted at managing the Central Coast's water reserves through the drought. These included:

- A number of community education initiatives to encourage water conservation;
- Retrofit of Council facilities with water efficient appliance and devices;
- A programme to refit residential homes with water efficient devices;
- A water audit program for major water users of the system;
- A programme to retrofit rainwater tanks to existing residential properties;
- Amendments to operational procedures to reduce water losses during mains and reservoir cleaning;
- A system leakage reduction programme;
- Investigations of effluent re-use opportunities;

- Investigation and development of bore water sites for both non-potable and potable uses;
- Purchase of water from the Hunter Water Corporation (via an augmented connection);
- Pre-construction activities associated with construction of a desalination plant;
- Construction works to access water in Mangrove Creek Dam when the level drops below 21%;
- Operational contingency planning associated with accessing low level supplies in Mangrove Creek Dam, Mardi Dam and Lower Mooney Dam.

**Table 1. Summary of Restriction Program.**

Total Storage	Restriction Level	Review	Date Introduced	Target Reduction
>40%	No restriction			
≤ 40%	Level 1	≥ 47%	February 2002	8%
≤ 30%	Level 2	≥ 40%	August 2004	16%
≤ 22%	Level 3	≥ 30%		24%
≤ 17%	Level 4	≥ 22%		32%
≤ 12%	Level 5	≥ 17%		38%

The above trigger levels are adjusted depending on the time of year.

Included in the analysis is the planning for a 600ML/month desalination plant along with the development and construction of a Hunter connection and groundwater projects to provide a minimum of 30 ML/day.

Even if median inflows were to be experienced it would be more than five years before water restrictions could be removed. Consequently, revenue will remain low due to restrictions. If sufficient rains are experienced to enable restrictions to be lifted, there will be lower than normal external use in the home due to the wet weather. Only after storage has recovered and a “normal” or dryer than “normal” year is experienced will revenue return to average. Restrictions are likely to be in place for at least the next five years. Even if a quick recovery is experienced, the current determination should recognise the available revenue will be below average and likely to be at a similar level to the past two or three years, even with the proposed increases in fees and charges identified in this submission.

Recent seasonal outlook projections by the Bureau of Meteorology and Queensland Centre for Climate Applications indicate a 55% chance of below average rainfall over October to December 2005 period. The seasonal projections also predict a 65% chance that the maximum temperatures for the October to December period will be higher than the median. The El Nino wrap-up of 5th October 2005 suggests that neutral conditions are likely to continue for the remainder of the year.

While the limitations of forecasting must be recognised, there is nothing to suggest that above average rainfall is likely in the near future.

### 3.2.2. Drought Contingencies

While the Council has introduced restrictions on the use of water it has also actively pursued demand management options and alternate sources of supply to preserve and supplement potable water supplies.

The capital works program includes investing in reducing system leakage, the establishment of potable and non-potable groundwater sources, and the use of reclaimed effluent from Sewage Treatment Plants and sewer mining. Other contingency expenditure includes provision of a system to transfer water from Mangrove Creek Dam to Wyong River via Bunning Creek in the event that the Mangrove Creek Dam storage level drops below the lower tunnel inlet level, increasing the capacity of supply from the Hunter Water Corporation, and the substitution of potable water at Vales Point Power Station.

The provision of a desalination plant to provide additional supply is progressing through the pre-construction phase to enable a plant to be commissioned at the earliest possible date if the project becomes necessary. While desalination is seen as a last resort to ensure water supply, a continuation of the current drought may leave the GWCWA with no option but to seek to proceed with the project. As a State-significant project, development approval is required by DoP. An application is currently with DoP. Given the current lack of approval to proceed, the desalination project construction and ongoing operation costs have not been included in this submission.

Expenditures are included in operating expenditure budgets.

### **3.2.3. Gosford Wyong Councils Water Authority**

The Gosford Wyong Councils' Water Authority Board has completed a number of reviews that will determine future expenditure requirements. The following studies were undertaken to inform the Board of options available to service the Central Coast:

- Review of Adopted Scheme and Surface water Systems;
- Water Reuse Initiatives;
- Potential for Desalination;
- Use of Groundwater;
- Water Saving Initiatives;
- Overall Options Report;
- Mardi Dam High Lift Pump Station;
- Forest Hydrology;
- Hunter Connection;
- Drought Management;
- Two Tier Environmental Flows;
- Water Saving Rebates.

The current submission includes funding for a number of initiatives identified in the reviews including:

- Construction of Mardi Dam High Lift pump station;
- Mooney Dam transfer system;
- Lower Wyong/Mardi Dam transfer system;
- Mardi Dam raising;
- Mardi Outlet Structure;
- Mardi Power Supply;

- Provision of a powdered activated carbon treatment facility;
- Provision of manganese removal treatment facility;
- Installation of groundwater extraction facilities;
- Undertaking of water audits;
- Undertaking leakage investigations and rehabilitation;
- Retrofit program of water saving devices in households;
- Augmented Hunter Water connection;
- Pre-construction work for provision of a desalination plant;
- Use of reclaimed water from Sewage Treatment plant;
- Provision of sewer mining plant.

#### **3.2.4. Reduction of Debt**

In previous submissions, Council has expressed its commitment to reduce indebtedness and not to rely on new debt to fund new or replacement capital works.

Council's objective with respect to debt remains;

- To minimise the reliance on new debt to fund new or replace capital works;
- To follow a strategy which minimises the cost of servicing this debt.

At the present stage Council is following a strategy of reducing its indebtedness at a rate that on an overall basis minimises the cost of provision of infrastructure to the community. However, as a result of significant reductions in revenue resulting from past and the current determination, this policy objective will of necessity be reviewed. The Council policy with respect to debt may be reviewed in light of the pending determination of the level of drainage charges proposed.

This does not eliminate Council's wish to maintain a strategy of debt management that equitably minimises the cost of providing services.

### **3.3. COAG Reforms**

Council's two part pricing structure based on consumption meets COAG requirements and National Competition Policy guidelines.

This pricing submission includes a calculation that satisfies COAG reforms:

- A return on investment in the infrastructure;
- Full cost recovery and competitive neutrality.

National Competition Policy requires Council to obtain a rate of return inclusive of tax equivalents and dividend calculations. Recent legislative changes now require and permit such payments and these have been included in the revenue requirements.

#### 4. ISSUES RAISED BY IPART

The issues paper released by IPART sought detailed information on the business performance and comment on a number of specific issues. The following comment is provided for the Tribunal's consideration.

##### 4.1. Future Water Supply

Drought conditions continue to affect the Central Coast, placing increasing pressure on the area's dwindling water storage levels. Storages continue to fall in the absence of significant rainfall in the catchments. As at Monday 17 October 2005, the available storages were as outlined in the following table.

Storage	Capacity Full (ML)	Volume in Storage (ML)	Percent Full (%)	Storage Change over last Week
Mangrove Dam	190,000	40,639	21.4	Down 163 ML
Mardi Dam	7,400	5,792	78.3	Down 201 ML
Mooney Dam	4,600	1,432	29.5	Up 73 ML
Total	202,000	47,863	23.8	Down 291 ML

Total stored water volume has fallen by 0.8% since last month. This week last year the volume stored as a percentage of total capacity was 0.6% higher. Hunter Water Corporation supplied 43.4 ML last week increasing this year's supply to 1668 ML.

Further detail on the current water supply situation is set out in Appendix A of this submission. Options for water supply augmentation are discussed below.

##### 4.1.1. Options for Supply Augmentation

###### Groundwater extraction

Considerable work has been carried out over the past 2 years in the development of groundwater bore fields throughout the Central Coast region. The yield from many of these bores can be used to supplement the current diminishing drinking water supplies, either by transfer to existing dams such as Mardi Dam, or by mixing and direct injection into the existing reticulation system. Bore fields that produce lower quality water or are difficult to connect to the reticulation system will be used as a source of water to be used as a replacement for town water. Production from some bore fields is expected in late 2005. Total yield from this project is expected to be in the order of 17 ML/day. Projected GCC capital expenditure in 2005/06 is \$6.2M (Council capital expenditure on this project in the period of the next Determination is forecast to be \$5M). GCC operating expenditure on groundwater activities is projected to be \$1.3M in each of 2006/07, 2007/08 and 2008/09.

###### Hunter Transfer Scheme

Work is well advanced on pre-construction work on a new link between the Hunter Water system and the North Wyong system. The link, which is programmed for completion during 2006/07, will allow the transfer of water between the Hunter and the Central Coast to be increased from the current 6 ML/day to an average of 20



ML/day by 2006/07. GCC capital expenditure on this project is projected to be \$5.2M in 2005/06 and \$3.8M in 2006/07. GCC operating expenditure including purchasing of water is projected to be \$1.6M in 2006/07, and \$2.5M in 2007/08 and 2008/09.

## Desalination

Pre-construction activities are continuing with the desalination project. Since the date of Council's last pricing submission (October 2004) this project has been classified a State-significant project, therefore requiring development approval by the Department of Planning. The GWCWA Board will only be in a position to make a decision on commencement of construction activities if the DoP grants development approval. As a result, Council has not included any projected construction capital or operating expenditure for the desalination project in this submission. Council maintains its position that desalination is seen as a "last resort" option to be exercised only in the event that continuing drought conditions make the project necessary to ensure the provision of water supply to the Central Coast. Should the current drought conditions continue and the desalination plant be required then the Council will seek a reopening of the determination to address this major expenditure.

### 4.1.2. Demand Forecasting

After a review of performance indicators by IPART consultants GHD it was determined that Gosford City Council had been submitting annual metered consumption figures over previous 3 years that had not been properly annualised (i.e. consumption may have been based on less than 365 days). Considerable work has also been undertaken on Council's consumption databases to ensure improved reliability of data. As a result, the consumption forecast (see Appendix B of this submission) has been revised to take this into account. In addition the GWCWA Board has not at this time made a decision to move to level 3 restrictions although the changes in the restrictions to Level 2B will target an overall 20% reduction in consumption. Also, Council's meter replacement program has resulted in the capture of previously unaccounted for water. These factors have combined to produce a revised set of consumption figures.

The following metered consumptions have been adopted for revenue forecasting:

Year	Forecast consumption	Previous forecast
Year ending June 2007	13,200 ML	11,955 ML
Year ending June 2008	13,345 ML	12,722 ML
Year ending June 2009	13,492 ML	13,506 ML

At this stage, it has been assumed that some form of water restrictions will be in place up to and including the 2010/11 financial year. A continuation of the current drought could result in a review and extension of these predicted water restrictions.

### 4.1.3. Long Run Marginal Cost (LRMC)

In the past the Tribunal has undertaken a study into the LRMC for Council's water supply the results of which highlighted the complexity and uncertainty of adopting this approach for pricing. If the Tribunal wishes to again pursue this matter then a working group may again be an appropriate forum.

The capital and operating costs data requested by the IPART are included in the AIR and SIR returns provided to the Tribunal.



## 4.2. Funding Arrangements for Stormwater/Drainage Services

The Tribunal's decision in the 2002 and 2004 determination did not provide for transfer payments (from Water and Sewer Funds to General Fund) and the management of drainage as part of the Water Business has subsequently been the matter of ongoing discussion between the Council and the Tribunal. As indicated to the Tribunal in February 2004 Council proposed to bring the Drainage financial management and accounting functions into the Water and Sewerage business and report on drainage in the same way as it currently reports on Water and Sewerage.

To facilitate appropriate setting of the Drainage Levy (currently set at \$42/property) IPART has requested that Gosford City Council clearly identifies its drainage activities and expenditure. For purposes of IPART pricing there was a lack of clarity on what constitutes a drainage asset. In September 2005 Council accepted in principle that the responsibility for drainage assets be transferred to the Director Water and Sewer and the definition of a drainage asset (and associated activities) be as follows:

- The design, construction and maintenance of stormwater collection and trunk drainage works including retention and pollution control structures;
- The design, construction and maintenance of flood mitigation works;
- The investigation and preparation of flood and drainage studies and associated management plans.

The transfer of responsibility for drainage assets to Water and Sewer Directorate will provide Council with the opportunity to have stormwater/drainage assets and activities fully included in the fees and charges reviewed by IPART. Council has accepted in principle that the provision of drainage asset management, construction and maintenance services remain with those sections in Council that currently perform these functions i.e. City Services Directorate and Environment and Planning Directorate. Council has also accepted in principle that management of provision of these functions will be via service agreements between the Water and Sewer Directorate and City Services and Environment and Planning Directorates.

IPART has been concerned with a lack of transparency in funding of drainage works in the past. This new arrangement will remove the current cross-subsidy from Council's Water and Sewer Funds to the General Fund for drainage works. It is proposed to seek an appropriately set Drainage Levy to fund current and forecast drainage operating expenditure. This is discussed further in section 6 - Drainage, and section 8.4 - Drainage Levy.

## 4.3. Revenue Requirements

The Council provides through the Annual Information and Special Information Returns (AIR/SIR) details of its past and projected performance. The Tribunal has indicated that it will be asking the agencies to inform them of the drivers behind any real projected increases and it is presumed that this will be through the information returns and IPART's consultant's review of expenditures.

Specific increases are addressed in the following sections of this submission under revenue requirements and expenditure.

#### 4.4. Price Structure

Council does not propose to seek changes to the structure of prices for Water and Sewerage services. Prices sought will allow Council's Water Business to achieve a reasonable return on assets and to function as a viable business.

The Tribunal's Investigation into *Price Structures to Reduce the Demand for Water in the Sydney Basin* has been reviewed. There is no fundamental disagreement that in relation to retail prices for residential consumption, a suitable price structure is an "inclining block" structure, which includes a two-tiered variable usage charge. This proposal is supported by DEUS *Best Practice Management Guidelines for Water Supply and Sewerage*, which sets a two-tiered structure with a doubling of water usage charge for residential consumers with water usage exceeding 400KL/year. However such a charge should only relate to domestic consumption as it is designed to be a demand management tool. To apply to non-domestic use would impose a significant unsubstantiated increase on commercial operating costs. As mentioned earlier, there has been insufficient time to carry out an analysis to determine a two-tiered price structure, the change in meter reading that may be required nor its impacts on consumers.

As discussed earlier, Council resolved to support an inclining block tariff structure in September 2005 but acknowledged that the lack of time from the last Determination (May 2005) and the submission date for the latest pricing proposal (Oct 2005) left little time for appropriate analyses to be carried out. There are also logistical issues (difficulties with current Billing system) to be addressed to enable any revised structure to be introduced. As such Council is not currently in a position to either propose a two-tiered water usage price structure or state the likely impact of such a price structure.

Council proposes to investigate the impact that a suitable increase on the base charge/KL for all water consumption over 400 KL per year has on large volume residential customers. Council may investigate other step price models e.g. Sydney Water and Hunter Water in the interests of parity with neighbouring water authorities. In the absence of such analysis, Council is not seeking the adoption of a step price increase in usage charges as part of this determination.

#### 4.5. Price Proposal

##### 4.5.1. Miscellaneous Charges

The IPART consultants review of Council's water and sewer miscellaneous charges found the current charges levied to be reasonable. In this submission Council seeks to maintain its policy of full cost recovery by seeking to increase the wages component of each charge by the projected award pay rises and increase any other components (e.g. materials, vehicle usage) by CPI over the period of the 3-year Determination. Details of methodology, assumptions and calculated proposed miscellaneous charges for each year of the 3-year Determination are set out in Appendix C of this submission.

#### **4.5.2. Trade Waste Charges**

Council revised its Trade Waste Policy in 2004 to reflect DEUS Trade Waste Model Policy and Best Practice Pricing. Council included this pricing structure in its pricing proposal of 2004. This pricing structure was accepted by IPART in the May 2005 Determination. Council wishes to maintain the current Trade Waste charges in real terms (i.e. increase each year by CPI). The one exception is the Liquid Trade Waste Re-inspection Fee, which has been calculated along the lines of the miscellaneous charges to achieve full cost recovery. Details are set out in Appendix D of this submission.

#### **4.5.3. Recycled water pricing**

Gosford City Council is currently in the process of upgrading its two sewage treatment plants with small scale tertiary filtration and disinfection plants with a view to provision of recycled water for internal Council industrial usage purposes e.g. construction site dust suppression, road construction, landscaping, parks and gardens irrigation. Council has not investigated in any great detail the possibility of supply of recycled water for external usage at this stage. There are health and liability issues that must be resolved before Council can sell recycled water to commerce or the public. It is not envisaged that recycled water will be sold external to Council within the timeframe of the next price Determination.

Council is about to embark upon a Water Recycling Initiatives project that will seek to identify specific water recycling projects. Both stormwater and wastewater will be investigated as a source of recycled water. In the event of viable projects being identified that may be able to be implemented within the timeframe of the upcoming price determination, Council will approach IPART in relation to setting of an appropriate recycled water charge.

### **4.6. Other Issues**

#### **4.6.1. Fire Service Charges**

Council acknowledges that the Tribunal chose to discontinue setting of separate fire service charges for Gosford non-residential properties in the May 2005 Determination. This brings Gosford into line with Sydney Water, Hunter Water and Wyong Shire Council, who have phased out such charges. Council acknowledges that the \$180,000 in lost annual revenue can be recovered from the general customer base through appropriately set general water prices. As such no request is made regarding reinstatement of fire service charges.

#### **4.6.2. Exempt Properties**

IPART was silent of the matter of Exempt Property Charges in the May 2005 Determination.

It is understood that the legislative changes to enable exempt properties to be charged an equivalent amount for the provision of a service has been under discussion for some considerable time. However Council has become concerned about the length of time this legislative change process is taking.

In June 2003 the Minister for Energy and Utilities approved Gosford City Council's water and sewerage fees and charges for 2003/04 and 2004/05. This approval

included a meter hire charge equal to the water service charge, which Council intended to levy on exempt properties. However DEUS intervened and the fee was not levied in financial years 2003/04 and 2004/05 pending resolution of the issue via legislative change. Council has foregone more than \$400,000 in annual revenue in each of the two years (\$860,000 in total) due to its inability to charge for a service that had, until 2003/04, always been levied for the services on exempt properties.

Gosford City Council implemented the meter hire fee on exempt properties for 2005/06 financial year in an effort to halt the significant revenue loss that this ongoing situation had created. Council currently does not levy a service charge on exempt properties but charges a fee under the Water Management Act 2000 Section 310 (2) and Water Management Act Regulation 196 Clause 196, as originally approved by the Minister in 2003. For exempt properties this fee is titled a "meter hire fee" (i.e. not a "service" charge) and is equal in value to the water service charge for the particular size of meter. This fee is similar in principle to water closet and cistern charges levied on exempt properties by Wyong Shire Council.

#### **4.7. Levels of Service**

The price proposal is largely based on maintaining the current levels of service provided to customers. The major expenditure is proposed to ensure the provision of water to Central Coast residents within the climate of the current drought conditions being experienced in the catchment areas. Expenditure on operation maintenance and asset renewal are at levels deemed necessary to enable the Council's service levels as detailed in the City Management plan to be achieved.

#### **4.8. Customer Impact Mitigation**

Council has an existing hardship policy. Applications to reduce, waive or defer water charges can be considered by Council's Hardship Committee (as per Council Policy A3.15 – payment of rates, charges and sundry debts). The Hardship Committee considers each application on a case-by-case basis to determine degree of hardship and ability to pay before determining a suitable special payment method or outcome. Size of household, level of income and other circumstances are taken into account.

Council has introduced programs that provide financial assistance to customers who install water saving devices. A residential retrofit program for a fee of \$39 is available to all residential customers and is targeted to reduce demand by approximately 20% and hence cost to consumers. A rebate is available to customers who install a rainwater tank on their property. An additional rebate is available if the tank supply is connected to the toilet and/or Washing machine. All savings in consumption are reflected in customer's bills.

## 5. REVENUE REQUIREMENTS

### 5.1. Operating Expenditures

The forward operating expenditure programs for water, sewerage and drainage for Gosford City Council are set out in the Gosford City Council 2005 Annual Information Return, which is submitted to the Tribunal at approximately the same time as this pricing submission. As such only a brief overview of key components of each program is discussed in this submission.

#### 5.1.1. General

Council has progressed significantly in developing a *Water and Sewerage Strategic Business Plan* at a cost, to date, of approximately \$250,000. The estimated total cost of developing final documents is estimated at \$400,000 (\$110,000/year). In addition in conjunction with Wyong Shire Council, Gosford City Council is developing a Strategic Master Plan to provide a road map for a sustainable water supply through to the year 2050. Gosford City Council's costs for WaterPlan 2050 documents and processes and implementing Integrated Water Cycle Management over the next four years is expected to cost \$400,000 per year.

In July 2004 the Council was requested by the State Government to review the management of its water supply and sewerage services with a view to an amalgamation between the Gosford and Wyong water businesses. Consultants have been engaged to examine the options. The cost of this review has totalled approximately \$300,000 to date.

#### 5.1.2. Water

Council is experiencing increased operating expenses as a direct result of the current drought, legislative requirements, the provision of improved service levels and governance issues associated with the structure review. Additional costs have been incurred as a result of the need to engage consultants to examine water cycle management, asset management and business planning. These matters are the subjects of the Department of Energy Utilities and Sustainability requirements.

As a result of the drought, various programs have been introduced to manage demand. A residential retrofit of water efficient appliances has been introduced (\$150,000 in 05/06), non-residential water usage audits initiated (\$100,000 in 05/06) and a rainwater tank rebate program introduced (\$200,000 in 05/06). These programs will continue over the period of the next Determination and have been accounted for in the AIR. The impact of these programs has been an increase in costs and a reduction in revenue.

To boost available supplies, water is being purchased from Hunter Water Corporation. In 2006/07 there will be an annual cost to Gosford City Council in the order of \$1,600,000 per annum rising to \$2,500,000 in 2008/09, as an average of 20ML/day will be provided to the Central Coast.

Consumption over the period of the upcoming Determination is expected to be constant at around 13.2 to 13.5 GL per annum (refer Appendix B of this submission). Therefore revenues from water consumption need to reflect the current high level of expenditure required to secure the Central Coast's water supplies. The GWCWA Board has not implemented level 3 restrictions but has moved to introduce level 2B restrictions that require commercial and industrial customers to implement plans to

target a 20% reduction in water usage in this sector. As such the effects of level 3 restrictions have not been incorporated in demand forecasts for the period 1 July 2006 to 30 June 2009. It should be noted that the forecast consumption figures are within 3% of the consumption figures predicted for level 2 restrictions by IPART consultant McLennan Magasanik in their 2004 review.

While production from existing sources is lower due to the restrictions and demand management initiatives, this does not reflect proportionately on operating costs, as variable costs are a small proportion of the overall operating expenditure.

A significant increase in operating expenditure of \$3.84M per annum (\$1.3M groundwater + \$2.54M Hunter water) will result when the groundwater project is commissioned and the upgrade of the Hunter connection allows for high volumes of water transfer. In addition increased operating costs will be incurred as a result of the projects listed in 3.2.

### **5.1.3. Sewerage**

#### **5.1.3.1. Odour & Septicity Control Measures**

Additional costs are being incurred from environmental compliance issues. Council is commissioning a septicity control system to reduce odours. The installation and commissioning costs are \$550,000 with annual recurrent costs of \$720,000 being paid to contractors to operate the facilities.

#### **5.1.3.2. Biosolids Reuse**

Biosolids reuse has continued to be a major cost to Council over the past few years, with an annual expenditure of around \$750,000, based on 25,000 tonnes at \$29.50 per tonne. Biosolids are fully reused through rehabilitation of mine sites in the Hunter Valley. Council's contract has been extended from February 2005 to May 2007 based on a reuse price of \$29.50 per tonne. If disposed to landfill, costs would be of the order of \$78 per tonne.

Future costs will depend upon the demand for biosolids and relevant environmental laws placed on reuse of biosolids. While Council may still have the same disposal opportunity, regulatory requirements and the price other Authorities pay will force prices higher. Recent costs as advised by Sydney Water are of the order of \$52 per tonne, which reflected changes in the "transport price index" over the previous years.

Odour complaint investigations have suggested that the full sludge lagoons at Kincumber Sewage Treatment Plant are a source of odour and that the emptying of the lagoons needs to be accelerated. Council will be calling additional tenders for sludge dewatering and disposal in addition to the present contract committed to above. These costs are estimated at \$170,000 for each lagoon, with one to be emptied in 2005/06 and one in 2006/07.

Alternative methods of biosolid removal are being pursued however no economically suitable substitute has been identified. This pricing submission is made on the assumption that costs will remain at the current or similar level. IPART is requested to note the potential impact of not being able to maintain the same level of contract payments per tonne will have on Council's revenue requirements.



#### **5.1.4. Energy Costs**

The Tribunal's current determination allowing the inclusion of green energy costs has allowed Council to maintain its support for the Cities for Climate Protection program. This is an international program focussing on local governments and their actions towards reducing greenhouse gas emissions. Council again seeks continued support to this commitment.

Council would like to reinforce an opinion it has maintained for sometime that operation, electricity, telemetry, maintenance and replacement costs of water and sewerage pump stations is higher per customer in Gosford than in Sydney or the Hunter due to the high number of pumping stations (water and sewer) required for its topography. Council would again appreciate IPART taking this into consideration when determining efficiency targets and making comparisons to other authorities.

#### **5.1.5. Contributions to Drainage Works**

Contributions from water and sewerage to the general fund for the purpose of funding some drainage works has been excluded from the Water and Sewer Fund operating expenses. Council now seeks to fund drainage operating expenditure and capital expenditure via an appropriately set and suitably determined Drainage Levy.

### **5.2. Capital Expenditures**

The forward capital works programs for water, sewerage and drainage for Gosford City Council are set out in detail in the Gosford City Council 2005 Special Information Return which will be submitted to the Tribunal at approximately the same time as this pricing submission. As such only a brief overview of key components of each program are discussed in this submission.

#### **5.2.1. Asset Management**

A designated team has been established to focus on asset management issues.

The longer-term asset replacements for water and sewerage are supported by a detailed review of asset accounting procedures. The asset register has been revised to provide for a larger range of asset classes and more detailed asset valuation and depreciation schedules. The detailed asset replacement program has been developed covering all classes of assets based on actual asset consumption rates. Each class of asset has been assigned in an asset degradation curve that best fits the actual asset consumption rate based on the available information. These curves can be adjusted as more information becomes available.

A detailed review of asset performance and condition is undertaken for the short-term replacement program (3 years) and the longer-term program financing requirements planned for the new register.

Drainage asset management is discussed separately in section 6 of this submission.

#### **5.2.2. Water Capital Works**

The Council's program for water supply capital works is the output from the review of the scheme undertaken by the Department of Commerce, the works associated with

development areas and asset renewals, and the current drought conditions resulting in reduced water resource availability in storages.

A significant driver of work resulting from the scheme review is the impact of the Water Sharing Plans drawn up by the State Government to allocate more water to the environment to protect the health of NSW Rivers. Increases in pump capacities are required to enable pumping from the high flows in streams when available. Works currently underway or committed include Lower Wyong River transfer system, Mardi high lift pump station, Mooney Dam transfer system, Mardi Dam transfer system, and the Mardi Dam raising.

Only the Water Sharing Plan for Ourimbah Creek has been completed to date but the direction within this plan is likely to be incorporated into other plans.

The Tribunal will note changes in the components of the planned capital expenditure in the detail of the AIR and SIR, although the total planned expenditure remains essentially the same as submitted in last year's pricing proposal. The 2004 submission included the construction of the desalination plant but did not include expenditure to provide additional transfer capacity from Hunter Water Corporation. The funding of a 20ML per day water transfer capacity from Hunter Water has substituted for the construction of a desalination plant at this point in time. Additional expenditure is proposed on the further development of groundwater bore fields throughout the Central coast. The ultimate need for the desalination plant will depend on the ability of alternate sources to supply demand. The Councils are however continuing to proceed with pre-construction activities to ensure that should the need arise the plant can be completed on a timely basis.

The following outlines the current status of projects:

### **Lower Wyong River Transfer System**

The Lower Wyong Transfer System involves the augmentation/replacement of the existing Pumping Station 1 near the lower Wyong weir and the construction of an additional rising main between the pumping station and Mardi Dam. Increasing the capacity of the pumping station is estimated to increase the yield of the Gosford Wyong water supply system by 850 ML/yr. The yield increase from the work, however, may be neutral when a water sharing plan is introduced for the Wyong River.

An initial investigation report was prepared for the work by the Department of Commerce. This report recommended the retention of the existing pumps and pumping station structure, and the construction of duplicate rising and suction mains. Because of the criticality of the pumping station in the operation of the system and the age of the existing pumps (approximately 30 years old), a detailed condition assessment of the pumps was undertaken.

This project has been given approval to proceed by the GWCWA Board with the project expected to be commissioned in mid to late 2007.

### **Mardi High Lift Pumping Station**

The proposed Mardi High Lift Pumping Station is to be constructed at Mardi Water Treatment Plant. The pumping station will pump water to the existing Tuggerah No. 2 reservoir, which will allow water from Mardi to be fed into the Gosford system. In addition, feeding the northern end of Wyong Shire from Tuggerah 2 reservoir will improve water pressures in the Warnervale area. The pumping station would increase the yield of the combined Gosford Wyong system by around 1100 ML/yr.



Concept design and detailed cost estimate for the high lift pumping station have been completed and detailed design and tender documentation are scheduled to commence in late 2005.

### **Mooney Dam Transfer System**

The Mooney Dam Transfer System project involves increasing the capacity of the existing pumping station at Mooney Dam. The initial concept also involved feeding water from lower Mangrove weir into the dam via the Somersby balance tanks, however subsequent investigation work has shown this work to be uneconomic.

An extensive program of pump testing was required to produce sufficient information for the project to proceed. An investigation report for the work has been prepared by the Department of Commerce. The report indicates that upgrading of the pumping station is feasible, but will require additional suction main capacity – this would be provided by a siphon over the top of the dam.

Yield issues have been finalised and the concept design report is anticipated to be completed in late 2005.

### **Mardi Dam Transfer System**

The Mardi Dam Transfer System project involves the construction of a new outlet tower in Mardi Dam, together with a pipeline and pumping station to convey water to Mardi Water Treatment Plant. The existing tower needs to be decommissioned due to structural issues. The new transfer system will have an initial capacity of 160 ML/d (to match the existing capacity at Mardi water treatment plant), compared with the 100 ML/d capacity of the existing outlet.

Tenders for the design and construction work have been called with a contract expected to be awarded in late 2005.

### **Mardi Dam Raising**

An initial feasibility study was prepared on the potential raising of Mardi Dam by 2 m. The initial work indicated that this would provide a significant increase in system yield (1400 ML/yr) at a low cost. Following on from that study, additional work was carried out on investigating raising of the dam by up to 4 m.

The adopted project is to raise the dam by 2m with detailed design and documentations expected to start in late 2005.

### **Additional Yield**

The current drought has resulted in additional urgent work to provide additional alternate sources and treatment of available resources. These include a desalination plant, Mangrove Creek Dam to Bunning Creek pump station, sewer-mining plant, groundwater extraction facilities and system leakage and rehabilitation works. Additional yield is also required to provide supplies for the expanding population on the Central Coast.

The following outlines the current status of some of these activities:

## **Groundwater**

Considerable work has been carried out over the past 2 years in the development of groundwater bore fields throughout the Central Coast region. The yield from many of these bores can be used to supplement the current diminishing drinking water supplies, either by transfer to existing dam such as Mardi Dam, or by mixing and direct injection into the existing reticulation system. Bore fields that produce lower quality water or are difficult to connect to the reticulation system will be used as a source of water to be used as a replacement for town water e.g. for watering of ovals. Production from some bore fields is expected in late 2005 with much of the groundwater scheme to be operational during 2006. Total yield from this project is expected to be in the order of 17 ML/day.

## **Hunter Connection**

Work is well advanced on pre-construction work on the augmentation of the current link between the Hunter Water reticulation system and the North Wyong reticulation system. The upgraded link will allow the transfer of water between the Hunter and the Central Coast to be increased from the current 6 ML/day to an average of 20 ML/day by 2008/09.

## **Desalination Plant**

A major desalination plant is being planned and pre-construction activities are underway with potentially construction to commence late 2005. This project could be vital to ensure the medium term minimum supply of water to the Central Coast community. If approved and built it will supply 20 ML per day to the Central Coast, supplementing supply to help ensure that storage levels in Mangrove Creek Dam and other water storages do not drop below levels needed to supply minimum water requirements to our customers.

This submission for prices includes planning and pre-construction costs but not construction and operating costs of the desalination plant. While it would appear that only a period of extremely wet weather over the next 12 months could provide sufficient water resources for consideration of the desalination project not proceeding, the responsibility for development approval rests with the Department of Planning. In the event of DoP providing development approval, the GWCWA Board will then decide whether the desalination project should proceed. Current forecasts do not suggest the likelihood of consistent heavy rain over the catchment in the short-term. The community consultation phase of the project is under way.

## **Additional Works / Contingency Plans**

A range of contingency plans are being investigated or are under development covering use of recycled water, sewer mining and demand management options including rebate programs. Other contingencies being addressed include the provision of pumping facility to provide for transfers to Bunning Creek tunnel once the level drops below the inlet should the need arise. Another covers the operations needed to extract Mangrove Creek Dam storage below the selective withdrawal facilities available within the outlet tower. This procedure requires the use of the "Low Level Intake".

A major medium term project that is planned to commence after 2010 is the Lower Wyong to Mangrove Creek Dam via Bunning Creek tunnel. This is a \$50+ million project to supplement yield as demands increase. In times of high flow in Wyong River surplus volumes will be pumped to Mangrove Creek Dam for storage and subsequent release as required to satisfy demands.

A Water Meter Replacement Program has prioritised the replacement of all meters found to be unreliable or beyond their serviceable life within the system. The program has been developed to cover all meters at risk of being outside accuracy tolerances. This will assist in managing water usage and system losses and improve the revenue raised from water sales.

### **5.2.3. Sewer Capital Works**

#### **5.2.3.1. Hawkesbury Villages Sewerage Scheme**

The Hawkesbury Villages Sewerage Scheme will provide a sewerage service to the currently unserved properties on the Hawkesbury River.

Preliminary designs have been completed, with Sydney Water now in a position to proceed. State Government funding has been reduced from 67% to 50%. While Council is seeking the reinstatement of the original subsidy, it would appear unlikely that this objective will be achieved. However it is anticipated that the project will proceed to the approvals stage by late 2005/early 2006 and commissioning by late 2007/early 2008.

In addition to the reduced funding, Council is now required to accept increased risks and costs and provide more resources under the new criteria set by the State Government. Council will have to initially fund all pre-construction activities and apply for subsidy before construction commences. Also, Council will be required to provide additional project management services and will not receive subsidy for any variations or cost overruns.

Costs to property owners will increase, as residents are required to pay for any unsubsidised costs. Under the original subsidy arrangements under the country towns subsidy scheme the costs for Mooney Mooney and Cheero Point customers were estimated at \$8600 per property. The extent of subsidy has been reduced from 67% to 55% with the costs per property increasing to \$12,800 per lot.

Any outcome arising from the reopened Determination 4.2 is not included in this submission.

#### **5.2.3.2. Kincumber to North Avoca Catchments Augmentation**

Major upgrade works have been planned for the Kincumber to North Avoca sewerage catchments. A number of elements of the sewerage system have been identified as requiring augmentation including gravity carrier mains, major pump stations and rising mains.

However, further investigation work is required to determine the optimum strategy to carry out the upgrade work. This investigation work will need to consider a number of factors including:

- Minimising disturbance to the residents of the area and to the existing sewer system;
- The proximity of environmentally sensitive areas including designated wetlands;
- Integration and staging of works in respect to adjacent sewer systems.

Consultants have carried out an options study. Further evaluation using a multi-criteria analysis is being planned for a triple bottom line decision on the final option due to the sensitive waterways in the area. Following Council acceptance of the consultant's recommendations, it is proposed to fast track the design and construction work, which is anticipated to be completed in late 2006.

#### **5.2.4. Drainage Capital Works**

Drainage capital works are discussed in more detail in section 6. The detailed forward drainage capital works program is included in the Special Information Return.

### **5.3. Demand Management and Pricing**

An investigation of demand management options formed part of the Department of Commerce scheme review.

A number of programs have been initiated to date including an investigation into system leakage, water audits of large consumers, residential retrofit program in conjunction with Energy Australia and Wyong Shire Council and programs to manage unaccounted for water.

It has been recognised for sometime that water consumption is rather inelastic to price. The major driver behind water consumption is weather patterns and external use. Notwithstanding the limitations of price in controlling demand, Council has accepted in principle the value of stepped pricing as a demand management tool. Council is proposing investigation of a stepped price structure for large volume residential consumers, however is not seeking introduction of such a step price in this determination due to the lack of time available since the last Determination (May 2005) to assess the appropriate quantum of the second tier price or its impact on large, low income families. Council is willing to accept an imposed second tier price if the Tribunal believes this to be appropriate.

### **5.4. Residential sewer usage charges**

Previous submissions have clearly indicated the difficulty in linking the quantity of sewage discharge to the volume of water consumed through a residential meter and the variation between households use of water that does not find its way to the sewer. However, it is considered appropriate for non-residential customers to be volumetrically charged on a discharge factor based on water consumption. The smaller number of non-residential properties allows for management of the system and for meter testing of the discharge from a particular industry or property to ensure the factor is correct.

The discharge factor adopted is 90% of the meter reading. Where customers believe less water is discharged they may install a meter and be measured on the actual discharge volume.

### **5.5. Trade Waste Charges**

The New South Wales Government aims to improve the quality and efficiency of services to residents and strongly recommends the introduction of best practice

pricing by water utilities. To assist in achieving its goal, the Government has developed "Water Supply, Sewerage and Trade Waste Guidelines".

In 2004 Council adopted a revised Liquid Trade Waste Policy in line with DEUS Trade Waste Model Policy and Best Practice Pricing and proposed the introduction of the fees and charges for liquid trade waste in accordance with these DEUS guidelines in its October 2004 pricing submission to IPART. These proposed fees and charges were accepted by IPART in its Determination of May 2005 and subsequently approved by the Minister for Energy and Utilities in June 2005.

Council seeks to maintain these fees and charges in real terms over the period of the upcoming Determination (with the exception of the Liquid Trade Waste Re-inspection fee which is calculated using the same methodology as miscellaneous charges). Refer Appendix D of this submission for further detail on proposed Trade Waste fees and charges increases.

## **6. DRAINAGE**

### **6.1. State of Drainage Infrastructure**

The majority of existing drainage systems have a very limited capacity and can only adequately convey low intensity storm flows (well less than 1 in 10 year Average Recurrence Interval events). In years past this has simply been accepted as the norm.

In some urban areas there is still no formal drainage system at all, for example: parts of Woy Woy, Umina, Empire Bay and Davistown. These areas experience on-going nuisance flooding.

In recent years there has been rapid growth in urban development and urban consolidation. The development has put increased pressure on existing drainage systems. The development is associated with the higher standard of living, which has brought with it expectations for a higher level of service for drainage infrastructure.

### **6.2. The Drainage Levy**

The Drainage Levy is currently set at \$42 per property, which totals revenue of \$2.54M annually. The levy was introduced in 1991 following the severe flooding experienced in the late eighties and early nineties. It supplements Council's General Fund and any grant funding to upgrade the inadequate drainage systems.

As at June 2005 Council has collected a total of \$35M of Drainage Levy funds, which have been used to assist in planning and completing flood mitigation and drainage works. Also, with the assistance of government flood mitigation grants amounting to \$12.6M, many flood mitigation projects have been completed. But flood mitigation grants have reduced over recent years.

Council has been concentrating its funding to date on alleviating the most severely flood affected houses and town centres. Many of the drainage schemes for particular catchments require extensive upgrades costing millions of dollars. These works are planned for construction in stages in order to provide funds each year to the high priority areas.

A graph showing the funding assistance since 1991 from the Drainage Levy and government flood mitigation grants is shown in Figure 6.1. Also a graph showing Council's expenditure against Drainage Levy income is displayed in Figure 6.2. This demonstrates that the levy income has either been spent or has been committed to be spent. Projects completed with Drainage Levy funding are listed in Table 6.3.

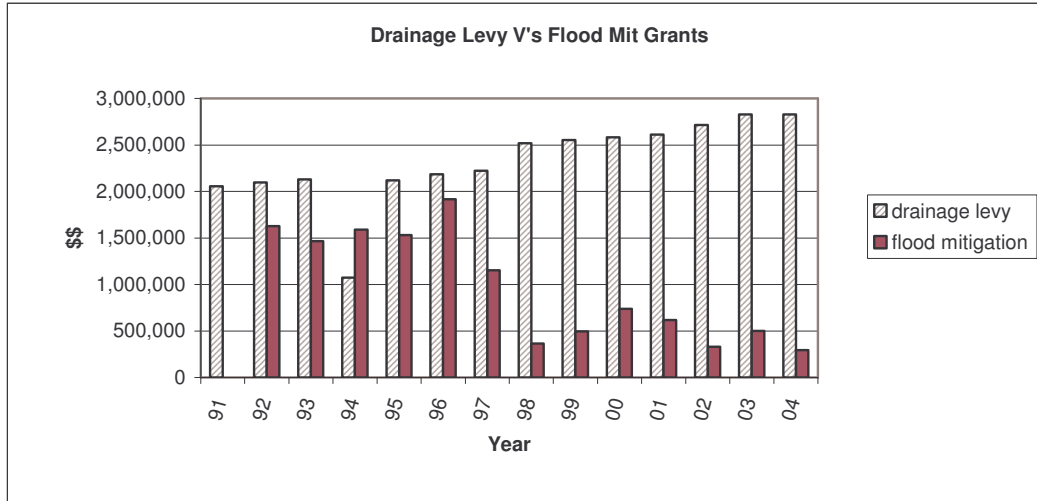


Figure 6.1: Funding assistance since 1991 from the Drainage Levy and Government Grant

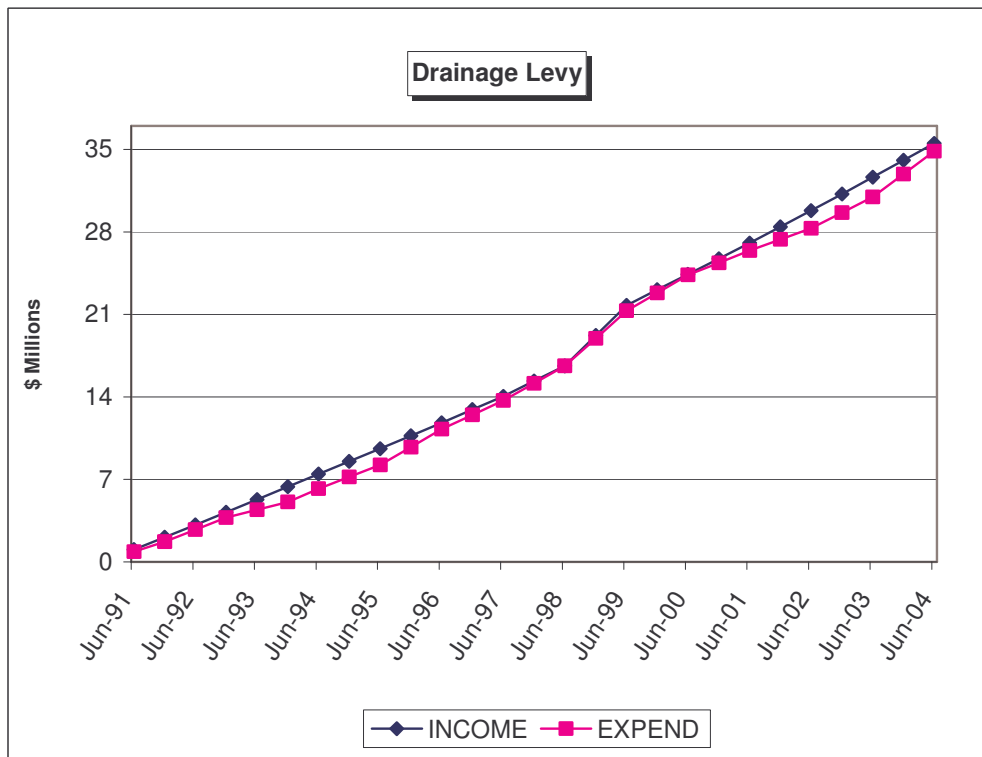


Figure 6.2: Council's expenditure against income for Drainage Levy

**Table 6.3 Projects successfully completed using Drainage Levy funding**

Althea Place Stage 1, Point Clare	Havenview Catchment, Terrigal, Stage Works u/s of Primary School
Althea Place Stage 2, Point Clare	Hillcrest Street Public School, Terrigal
Australia Avenue Drainage, Umina	Kincumber Trunk drainage (Carrak Road)
Avoca Bowl Trunk Drainage, Hunts Lane	Koolinda Avenue, Point Clare, Concrete Drains
Bounty Road, Avoca	Lake St, Avoca Trunk Drainage
Bradys Gully Creek, Wyoming Trunk Drainage	Narara Creek, Narara Trunk Drainage
Coburg Street, East Gosford Trunk Drainage	Nooree Lane, Avoca Trunk Drainage
Copacabana Area (Segura/Del Monte St) Trunk Drainage	Nooree Lane, Avoca
Copacabana Main Drain Trunk Drainage	Paton Street Drainage, Woy Woy
Copacabana Trunk Drainage (section)	Patonga Area Trunk Drainage
Cutrock Creek, Lisarow Trunk Drainage	Pearl Beach Area Trunk Drainage (Tourmaline Avenue Culvert)
Davistown Road Trunk Drainage	Peninsula Infiltration
Drainage Diversion, Henry Parry Drive/Lushington Street	Peninsula Infiltration Traps
Duke Street Drainage, Gosford	Point Clare Area Trunk Drainage
Easement Acquisitions under Lisarow DCP	Ross/Rowan Catchment, Woy Woy Trunk Drainage
East Gosford Trunk drainage - Hylton Moore Park	Surfrider Avenue, North Avoca Trunk Drainage
East Gosford Trunk Drainage (Section X)	Swagman/Billabong St, Woy Woy Trunk Drainage
East Gosford Trunk Drainage Stage 3 Hylton Moore to Coburg Street	Tourmaline Avenue Culvert, Pearl Beach
East Gosford Trunk Drainage, Hylton Moore Park	Veron/Dulkara (Catholic School) Culvert
Emerald Avenue Culvert, Pearl beach	Vista Avenue Drainage, Copacabana
Erina Street Drainage, Gosford CBD	Vista Avenue, Copacabana, pipe watercourse
Florence Avenue, Pt Frederick Trunk Drainage	Warwick/Wallaby Catchment, Woy Woy Major Drainage
Gosford CBD Trunk Drainage	Warwick/Wallaby Street 506, Woy Woy
Gosford CBD Trunk Drainage	Wingello Creek, Wyoming Trunk Drainage
Grassland Catchment, Terrigal Trunk Drainage	Woy Woy Peninsula Infiltration Works
Havenview Catchment stage 2 culverts	Wyoming Creek, Wyoming Trunk Drainage
Havenview Catchment (u/s hotel) Terrigal	

### 6.3. Forward Plan of Capital Works

In 1990 Council estimated that there were \$70M of outstanding flood mitigation and drainage works based on the identified drainage problems at that time. This estimate has continued to dramatically increase as knowledge is gained about the size of the problem. Catchment based detailed studies are undertaken each year to identify required drainage management measures in each area. These studies provide an estimate of the scope and cost of required works.



The current estimate for drainage capital works amounts to \$171M beyond the current year. This excludes the significant cost of providing the associated drainage collection systems, pollution control initiatives, and improvements to the asset management system. Note also that many catchments are still yet to have been studied. We speculate that the real total outstanding cost is of the order of \$300M or more. However this cannot be properly substantiated at this time.

Projects are listed on the capital program as a result of recommendations as part of strategic catchment studies, which are ongoing. These include Floodplain Risk Management Plans and Drainage Management Plans.

Each project on the forward plan has been assessed and ranked. The ranking system that has been developed is similar to that used by the Floodplain Management Authorities. The ranking system considers: hydraulic hazard category, number of dwellings affected, frequency of over floor flooding, structural damage, property damage, environmental damage, evacuation issues, impact on essential infrastructure, social impact, and maintenance issues.

The forward plan of Drainage Capital Works is included in the Gosford 2005 Special Information Return. Drainage asset and operating expenditure information is included in the Gosford 2005 Annual Information Return.

#### **6.4. Council's Ability to Fund**

To assist with the completion of drainage Capital Works Council resolved in 2001 to commence using Water and Sewerage available funds. The budget for 2005/2006 is \$3,631,000. This funding was provided in accordance with the provisions of the Water Management Act 2000. The balance of all drainage funding is from the Drainage Levy, and developer contributions.

At the current level of funding there is an average of \$3.0M available each year for drainage capital works, which is sourced from the Drainage Levy and General Funds. If we assume that an average of \$200,000 of developer contributions and \$500,000 of government grants continue to be available each year then the average total expenditure for drainage capital works is \$3.7M.

Assuming that no new projects are added to the present \$171M forward plan, and the level of funding remains at \$3.7M, then it will take 46 years to complete all the work. However this is misleading given that new projects are constantly being added to the forward plan. If we adopt the unsubstantiated total figure of \$300M of outstanding works then it will take 81 years. However, by that time all our drainage assets would be beyond their design life and due for replacement.

The cost of maintenance has not been included in the above figures. Council's annual drainage maintenance cost, excluding staffing costs, is in the order of \$1.7M. Maintenance activities include clearing pipe and culvert blockages, replacing damaged pipes, clearing pits and drains, cleaning pollution control devices, and clearing debris from creeks where there is potential flood damage to adjacent property. The cost of maintenance will continue to grow significantly in future years due to the growing asset base and the increasing need for better water quality outcomes.

It is therefore clear that at the current level of funding our drainage systems are simply not sustainable.

## 6.5. Funding Proposal

While the projects that have been completed with the existing Drainage Levy are beneficial, the backlog far exceeds the funding available. The Drainage Levy has been reduced in real terms over many years since its introduction. The reduction in value of the Drainage Levy in real terms by 40% since 1991 has limited Council's ability to complete identified capital works. An increase in the levy above CPI is sought to reflect the actual cost to deliver these services and to resolve a long-standing issue with IPART over funding of stormwater/drainage works.

To facilitate appropriate setting of the Drainage Levy (currently set at \$42/property) IPART has requested that Gosford City Council clearly identifies its drainage activities and expenditure. For purposes of IPART pricing there is currently a lack of clarity on what constitutes a drainage asset and who manages those assets within Council. In September 2005 Council accepted in principle that the responsibility for drainage assets be transferred to the Director Water and Sewer, and that the \$3.6M annual cross-subsidy from the Water and Sewer Funds to the General Fund for drainage works be removed and replaced with an appropriately set Drainage Levy.

The proposed Drainage Levy and calculation methodology is discussed in detail in section 8.4 - Drainage Levy.

Implementation of an accelerated capital works program is feasible. Council's ability to design and construct significant drainage projects within short timeframes has been demonstrated on several occasions where grant funding was offered at short notice providing the works could be completed within the end of financial year deadline.

The pricing proposal as outlined in this submission (refer section 8.4) is a first step towards developing charges along the building block methodology adopted by IPART in the setting of charges.

## 7. CURRENT PRICING STRUCTURE

### 7.1. Water Supply and Sewerage Services

It is Council's position that all properties with access to water and/or sewerage services supplied to the property, regardless of whether connection be made pay an availability charge for the services provided. In its May 2005 Determination IPART delivered the following water, sewerage and drainage fees and charges for Gosford City Council for the period 1 July 2005 to 30 June 2006.

### 7.2. Water Service Charges

All single residences and residential strata properties and vacant land with access to a water main are currently charged a water service charge of \$80.82 per annum (2005/2006), except for exempt properties (refer 7.13).

All non-residential properties with access to water services are charged in accordance with Table 7.2, relevant to the size of the meter servicing the property, except for exempt properties (refer 7.13). Where more than one meter exists on a property, the sum of all meter charges will be levied. Prior to the May 2005 Determination, large users with a number of connections that maintained fire services and normal water service meters, the property was subject to a Fire Service Charge, being half the water service charge. The property was charged with either the sum of fire service charges or the sum of water service charges, whichever is the greater.

The May 2005 Determination discontinued Fire Service Charges. The \$180,000 loss in annual revenue was notionally allowed for in the increases in general water prices.

**Table 7.2 Water Service Charges in 2005/06**

Meter Size	Water Service Charge	Fire Service Charge
20mm	\$80.82	Discontinued
25mm	\$126.28	Discontinued
32mm	\$206.90	Discontinued
40mm	\$323.28	Discontinued
50mm	\$505.13	Discontinued
65mm	\$853.66	Discontinued
80mm	\$1,293.12	Discontinued
100mm	\$2,020.50	Discontinued
150mm	\$4,546.13	Discontinued
200mm	\$8,082.00	Discontinued
>200mm	(service size) <sup>2</sup> x \$80.82/400	Formerly half service charge

### 7.3. Water Usage Charge

All water consumed, regardless of property type or land usage is currently charged at \$0.925 per kilolitre (2005/2006).

#### 7.4. Residential Sewerage Service Charge

All properties with sewerage access are charged \$363.99 per annum.

#### 7.5. Non-residential Sewerage Service Charge

All non-residential properties that are not strata properties, with access to sewerage services are charged in accordance with Table 7.5

**Table 7.5 Non-residential Sewerage Service Charges in 2005/06**

Water Meter Size	Charge
Minimum charge	363.99
20mm	271.92*
25mm	424.88
32mm	696.12
40mm	1,087.68
50mm	1,699.50
65mm	2,872.16
80mm	4,350.72
100mm	6,798.00
150mm	15,295.50
200mm	27,192.00
>200mm	As per formula below
	For meter diameter sizes not specified above, the following formula applies: $(\text{service size})^2 \times 271.92/400$ * \$271.92 has been set by IPART as the 20mm charge for use in above formula

#### 7.6. Non-residential Sewer Usage Charges

The non-residential usage charge is \$0.78 cents per kilolitre, based on recorded usage at the water meter. A discharge factor is applied to the recorded usage to calculate the relevant usage charge. The default factor is 90%, with the option for non-residential customers to install a separate meter to measure sewerage volume or to apply for an audit of volume discharged as a percentage of water usage recorded.

#### 7.7. Vacant land

For sewerage services available to a vacant property a charge of \$272.99.

#### 7.8. Trade Waste Charges

For non-residential properties classified as trade waste discharges, additional charges to the non-residential service and discharge charges apply per Tables 7.8 and 7.9

**Table 7.8 Trade Waste Charges in 2005/06**

Trade Waste Discharge	Charge
Trade Waste Usage Charge	\$1.30/kL
Septic/Portaloos/Mobile Cleaning Charge	\$11.00/kL
Other liquid wastes transported by disposal contractors	\$1.20/kL
Annual Trade Waste Agreement Fee	\$66.63
Liquid Trade Waste re-inspection fee	\$112.35
Charge for lack of pre-treatment facility	\$11.00/kL

**Table 7.9 Trade Waste Excess Mass Charges in 2005/06**

Pollutant	Excess Mass Charge/kg
Aluminium (Al)	\$0.54
Ammonia (as N)	\$1.60
Arsenic (As)	\$54.00
Barium (Ba)	\$27.00
Biological Oxygen Demand (BOD <sub>5</sub> )	\$1.30
Boron (B)	\$0.54
Bromine (Br <sub>2</sub> )	\$11.00
Cadmium (Cd)	\$250.00
Chlorinated Hydrocarbons	\$27.00
Chlorinated Phenolics	\$1,100
Chloride	No Charge
Chlorine (Cl <sub>2</sub> )	\$1.10
Chromium (Cr) (Total)#	\$18.00
Cobalt (Co)	\$11.00
Copper (Cu)	\$11.00
Cyanide	\$54.00
Fluoride (F)	\$2.70
Formaldehyde	\$1.10
Grease	\$6.68
Herbicides/Weedicides/Fungicides	\$540.00
Iron (Fe)	\$1.10
Lead (Pb)	\$27.00
Lithium (Li)	\$5.40
Methylene Blue Active Substances (MBAS)	\$0.54
Manganese (Mn)	\$5.40
Mercury (Hg)	\$1,800
Molybdenum (Mo)	\$0.54
Nickel (Ni)	\$18.00
Nitrogen (N) (Total Kjeldahl Nitrogen)	\$0.14
Pentachlorophenol	\$1,100
Pesticides – General	\$540
Pesticides – Organochlorine	\$540
Pesticides – Organophosphate	\$540

<b>Pollutant</b>	<b>Excess Mass Charge/kg</b>
PCB	\$540
Petroleum Hydrocarbons (non-flammable)	\$1.80
pH>10, or pH<7	\$0.54
Phenolic Compounds (excluding chlorinated)	\$5.40
Phosphorus (Total)	\$1.10
Polynuclear Aromatic Hydrocarbons (PAH)	\$11.00
Selenium (Se)	\$38.00
Silver (Ag)	\$11.00
Sulphate (SO <sub>4</sub> )	\$0.11
Sulphide (S)	\$1.10
Sulphite (SO <sub>3</sub> )	\$1.10
Suspended Solids (SS or NFR)	\$1.30
Temperature	No Charge
Tin (Sn)	\$5.40
Total Dissolved Solids	\$0.04
Zinc (Zn)	\$11.00

### 7.9. Drainage Levy

All properties within the Gosford City Local Government Area pay a stormwater drainage service fee - the Drainage Levy - of \$42.00.

### 7.10. Recoverable Works

The maximum amount chargeable for recoverable works is the direct cost plus internal overheads in accordance with the charge out rates published annually by Council.

### 7.11. Miscellaneous Charges

Miscellaneous charges are charged in accordance with the Tribunal's determination of May 2005.

### 7.12. Developer Charges

Developer contributions are calculated in accordance with the Tribunal's determination of September 2000.

### 7.13. Exempt Properties

The 2002 and 2004 determinations did not result in a decision on charges for exempt properties. In previous years charges were approved on the basis of the service provided to those properties, which were equivalent to the appropriate residential or non-residential water and sewer service and usage charges. This has resulted in a revenue shortfall of in excess of \$400,000 per annum over each of those years.

Council currently does not levy a service charge on exempt properties but charges a fee under the Water Management Act 2000 Section 310 (2) and Water Management Act Regulation 196 Clause 196, as originally approved by the Minister in 2003. For exempt properties this fee is titled a "meter hire fee" (i.e. not a "service" charge) and is equal in value to the water service charge for the particular size of meter. This fee is similar in principle to water closet and cistern charges levied on exempt properties by Wyong Shire Council.

## **8. PROPOSED WATER, SEWERAGE AND DRAINAGE CHARGES FOR 2006/07 TO 2008/09**

The Tribunal has determined the length of the next price path as being from 1 July 2006 to 30 June 2009, and Council has based its requirements on detailed data for that period. There is within the estimates of future requirements, some uncertainty resulting from the current drought. These uncertainties have been dealt with within this submission and Council would seek the Tribunal's agreement within its determination to allow further interim determinations (specifically relating to desalination in the event of a worsening drought). As a minimum to maintain the viability of the operation, adjustment within future determinations to accommodate variability of actual circumstances being other than those on which the prices are determined is required.

While the Council's prices are regulated by IPART, Council is also regulated by the Department of Energy, Utilities and Sustainability. The Department's *Best Practice Management of Water Supply and Sewerage Guidelines* relate to Council water supply or sewerage businesses and apply to Gosford City Council. The proposed prices take into account the fact that these guidelines allow for payment of a dividend to Council.

The Department has developed and encourages water utilities to plan pricing using its financial model "Finmod" and this tool has been used to assist in determining the charges sought in this submission. While this model is different to that used by IPART it is of value in planning and smoothing the impact of large expenditure peaks.

With the change in legislation relating to dividend payments the Tribunal is requested to ensure that the rate of return used in its building block approach to determining revenue requirements reflect these additional requirements. The water and sewerage charges as submitted include payment of a dividend as provided for by the legislation. Drainage charges as submitted do not include a dividend payment, as legislation does not allow for such a dividend payment from a "Drainage Fund".

For the purpose of charging for water, sewerage and drainage services, the following properties be subject to residential charge:

- Single residential dwellings;
- Residential dwelling plus one non-strata flat;
- Residential strata unit;

All other properties will be subject to the non-residential charges.

### **8.1. Water Charges from 2006/07 to 2008/09**

#### **8.1.1. Water Service Charge**

All single residences with a 20mm water service shall be charged a water service charge of \$80.82 plus the CPI percentage change for the twelve month period to March 2006 for 2006/07. In subsequent years of the price path the water service charge is to be increased by CPI change for the twelve-month period.



All other properties with access to water services shall be charged a water service charge, being a multiple of the 20mm service charge based on the size of the water meter as shown in Table 8.1. The current 20mm service charge of \$80.82 shall be increased by CPI in 2006/07, and then by CPI in each of the years 2007/08 and 2008/09. The service charges for residential, commercial and industrial properties are to be as set out in Table 8.1. Exempt properties are discussed in section 8.8.

Council acknowledges that the Tribunal chose to discontinue setting of separate fire service charges for Gosford non-residential properties in the May 2005 Determination. This brings Gosford into line with Sydney Water, Hunter Water and Wyong Shire Council, who have phased out such charges. Council acknowledges that the \$180,000 in lost annual revenue can be recovered from the general customer base through appropriately set general water prices. As such no request is made regarding reinstatement of fire service charges.

**Table 8.1: Service Charge based on Water Meter Size**

Meter Size	Equivalent 20mm multiplier
20mm	1 X 20 mm charge
25mm	1.5625 X 20mm charge
32mm	2.56 X 20mm charge
40mm	4.00 x 20mm charge
50mm	6.25 x 20mm charge
65mm	10.5625 x 20mm charge
80mm	16 x 20 mm charge
100mm	25 x 20m charge
150mm	56.25 x 20mm charge
200mm	100 x 20 mm charge

For meter sizes greater than 200 the service charge is:

$$(\text{Nominal size})^2 / 400 \times 20\text{mm Service Charge}$$

The annual water base charge for each unit within a strata development and for vacant land with access to a water main shall be the same as the 20mm base charge.

### 8.1.2. Water Usage Charge

All properties shall be subject to water usage charges. Charges for water usage in 2006/07 shall be set at the current charge per kilolitre plus CPI % change plus 18%. This figure is to be increased by CPI plus 18% in each of the years 2007/08 and 2008/09 and then maintained in real terms (CPI) in future years.

## 8.2. Sewerage Charges from 2005/06

The residential sewerage charge shall be a residential sewerage service charge.

Non-residential Sewerage charge shall be comprised of a sewer service charge being an access charge and a usage charge with a minimum charge for any occupied property being the equivalent of a residential sewer service charge.

### 8.2.1. Residential Sewerage Service Charge

The 2006/07 sewerage service charge for residential properties with a 20mm water service shall be set at the current charge (\$363.99) plus CPI % change. This figure is to be maintained in real terms (CPI) in future years, 2007/08 and 2008/09.

Residential Sewerage service charge for vacant land shall be set at 75% of the residential sewer service charge.

### 8.2.2. Non-residential Sewerage Service Charge

Non-residential Sewerage Service Charge be a base access charge as determined by the property's water meter(s) size multiplier (refer Table 8.2), with a minimum charge equivalent to the residential sewer service charge for a property with a 20mm service.

The minimum non-residential sewer service charge for a property with a 20mm water service in 2006/07 shall be set at the current charge (\$363.99) plus CPI % change. This is to be maintained in real terms (CPI) in future years 2007/08 and 2008/09. The 20 mm meter charge to be used in the table below shall be set at current figure (\$271.92) plus CPI % change and maintained in real terms (CPI) in future years 2007/08 and 2008/09.

**Table 8.2: Non-res. Sewerage Service Charge based on Water Meter Size**

Water Meter Size	Sewer Service Charge Meter Size Multiplier 2006/07
Minimum charge	\$363.99 + CPI
20mm	\$271.92 + CPI
25mm	1.5625 X 20mm charge
32mm	2.56 X 20mm charge
40mm	4.00 x 20mm charge
50mm	6.25 x 20mm charge
65mm	10.5625 x 20mm charge
80mm	16 x 20 mm charge
100mm	25 x 20mm charge
150mm	56.25 x 20mm charge
200mm	100 x 20 mm charge
Meter diameter sizes not specified	For meter diameter sizes not specified above, the following formula applies: (service size) <sup>2</sup> x 20mm charge/400

### 8.2.3. Non-residential Sewer Usage Charge

Non-residential sewerage usage assessed for a property be the product of the metered water consumption and the Discharge Factor. The usage charge in 2006/07 shall be set at the current charge (\$0.78/KL) plus CPI % change. This is to be maintained in real terms (CPI) in future years 2007/08 and 2008/09.

The Discharge Factor shall be the proportion, determined by Council, of the metered water consumption of the property that approximates the volume of waste discharge to the sewers or with Council's agreement determined from direct metering. If direct metering is the method used to access the sewage volume, the property owner is responsible for all the costs associated with the metering system.

### 8.3. Miscellaneous Fees & Charges

The proposed Fees and Charges for 2006/07, 2007/08 and 2008/09 are attached in Appendix C of this submission.

### 8.4. Drainage Levy

As requested by IPART Gosford City Council has initiated the transfer of drainage assets to the Water and Sewer Directorate to facilitate setting of an appropriate Drainage levy to fund capital and operating expenditure in the area of stormwater and drainage. This will allow the cessation of transfer of funds from the Water and Sewer funds to finance drainage capital and operating expenditure i.e. removal of cross-subsidy.

Council has considered two options to fund drainage expenditure. These are outlined below.

#### 8.4.1. Drainage Levy to fully fund drainage Capex and Opex

To fully fund Council's projected drainage capital and operating expenditure the Drainage Levy shall be set at the values shown in Table 8.3.

**Table 8.3: Drainage Levy to fully fund capex and opex**

Year	Drainage Levy/property
2006/07	\$110
2007/08	\$120
2008/09	\$130

#### 8.4.2. Drainage Levy to fund drainage opex and capex loan repayments

To decrease the impact of the required increase in the Drainage Levy on customers, Council could adopt a model where drainage operating expenditure is fully funded by the current Drainage Levy (i.e. \$42/property) while securing loans to pay for drainage capital works. The Drainage Levy would then need to be increased to service the loan repayments. New loans would have to be taken out each year until the current backlog is made more manageable. To fund drainage operating expenditure and to

service drainage capital works loans the Drainage Levy shall be set at the values shown in Table 8.4.

**Table 8.4: Drainage Levy to fund opex and service capex loans**

Year	Drainage Levy/property
2006/07	\$70
2007/08	\$80
2008/09	\$90

### 8.4.3. Preferred Option to fund drainage business

The preferred option to fund the drainage business is to commence to set charges based on the building block methodology. Fundamental to the approach is an assessment of the asset base on which depreciation and return on investment will be determined. As the written down replacement value of the asset base is \$165M it is proposed that an adopted Regulatory Asset Base be this book value adjusted in proportion to the investment by Council and the grants received. This will result in a drainage Regulatory Asset Base of \$121M. It is proposed that IPART adopt this figure as Gosford City Council's initial RAB for Drainage.

It is proposed to phase in appropriate increases to the Drainage Levy to reach a point where sufficient funds are available to cover expenses and provide a return on investment. It is proposed that a Drainage Levy be set as per Table 8.4.

It is acknowledged that the resulting revenue will fall short of fully funding allowable requirements but to progress to full funding would have a much more significant impact on rate payers. A phased-increases approach to ultimately reach the total revenue requirement is preferred. The increase will provide for the funding of drainage operating expenditure, servicing of drainage capital works loans, an expansion of the capital works program and eventual reduction in the drainage backlog, and an appropriate return on the Regulatory Asset Base.

The legislation does not provide for payment of a dividend from drainage operations and a lower rate of return on investment than that applicable to the water and sewerage business is considered appropriate.

## 8.5. Trade Waste Services

In line with DEUS Best Practice Pricing and to maintain parity with Sydney Water and Hunter Water (as per their 2005 Determination), it is proposed that Trade Waste Charges for 2006/07 be increased by CPI and maintained in real terms (CPI) in future years, with the exception of the Liquid Trade Waste Re-inspection Fee which is calculated using the same methodology as miscellaneous charges. Proposed increases to Trade Waste fees and charges are detailed in Appendix D of this submission.

## 8.6. Recoverable Works

The maximum amount charged for recoverable works shall be the direct cost plus internal overheads in accordance with the charge out rates published annually by Gosford City Council.

### **8.7. Developer Charges**

Developer Charges shall be increased by CPI in accordance with the approved IPART methodology.

### **8.8. Exempt Properties**

Council currently does not levy a service charge on exempt properties but charges a fee under the Water Management Act 2000 Section 310 (2) and Water Management Act Regulation 196 Clause 196, as originally approved by the Minister in 2003. For exempt properties this fee is titled a "meter hire fee" (i.e. not a "service" charge) and is equal in value to the water service charge for the particular size of meter. This fee is similar in principle to water closet and cistern charges levied on exempt properties by Wyong Shire Council.

Council proposes to increase the meter hire fee for exempt properties by CPI in each of the three years of the Determination in line with proposed increases in the water service charge on other properties.

## 9. IMPACTS OF PROPOSED PRICING STRUCTURE

### 9.1. Water Charges

The increases in unit water charges are significant but are a direct result of the impacts of the current drought. This is possibly the most significant event of its kind experienced to date. In addition the Council is introducing revised asset management practices for existing assets. Consumers were not impacted significantly by last year's increase in the water usage charge due to reduced consumption between 2003/04 and 2004/05 of in the order of 9% (2003/04 consumption was 15.14 GL compared to 2004/05 consumption of 13.92 GL).

Due to the ongoing drought and low water storages, Council has a need to secure additional water resources to ensure provision of water for essential domestic purposes. This requires additional capital expenditure (and resultant higher operating expenditure) to secure these additional resources. Provision of water resources through major projects such as the groundwater program and the augmented Hunter Water connection is considerably more expensive than conventional surface water supplies, however is far more secure. The Council has at the same time actively pursued demand management alternatives for economic and environmental reasons.

A comparison of average water bills for residential properties for years 2004/05, 2005/06 and 2006/07 for various consumption categories are set out in the table below (Table 9.1). A property with an annual consumption of 225 KL/a represents an "average" property. If such a property maintained its current consumption pattern, this average annual water bill will increase by approximately \$46 in 2006/07. However, if a reduction in metered consumption is achieved then the table shows there is opportunity to move to a lower consumption category, thereby reducing the impact of the increased water usage charge.

The proposed water usage price increases are designed to reflect the cost of providing this valuable natural resource to the Gosford community, particularly in these current times of extended drought. IPART and DEUS have recognised that the water usage price is an important demand management tool. Clearly customers will pay more for this resource if they are not able to reduce their consumption.

Council has an existing hardship policy. Applications to reduce, waive or defer water charges can be considered by Council's Hardship committee (as per Council Policy A3.15 – payment of rates, charges and sundry debts). The Hardship Committee considers each application on a case-by-case basis to determine degree of hardship and ability to pay before determining a suitable special payment method or outcome. Size of household, level of income and other circumstances are taken into account.

Council has introduced programs that provide financial assistance to customers who install water saving devices. A residential retrofit program for a fee of \$39 is available to all residential customers and is targeted to reduce demand by approximately 20% and hence cost to consumers. A rebate is available to customers who install a rainwater tank on their property. An additional rebate is available if the tank supply is connected to the toilet and/or Washing machine. All savings in consumption are reflected in customers' bills.

**Table 9.1 - Comparison of average water bills between 2004/05 and 2006/07**

Water Use KL per year	Average Consumption KL per year	Percent of residential customers	2004/05 Water Account (\$ 03/04)	2005/06 Water Account (\$ 05/06)	2006/07 Water Account (\$ 05/06)
Vacant	0	2%	72.47	80.82	83.24
0 to 50	25	13%	91.35	103.95	111.24
50-100	75	8%	129.10	150.20	167.24
100-150	125	13%	166.85	196.45	223.24
150-200	175	15%	204.60	242.70	279.24
200-250	225	14%	242.35	288.95	335.24
250-300	275	12%	280.10	335.20	391.24
300-400	350	13%	336.72	404.57	475.24
400-500	450	5%	412.22	497.07	587.24
500-1000	750	4%	638.72	774.57	923.24
>1000	1500	1%	1204.97	1468.32	1763.24

## 9.2. Sewer Charges

The proposal to increase charges in real terms in each year of the price path will have minimal impact on customers. Customers will benefit from the additional funds available to the General fund of Council via a dividend payable from the Sewer Fund and also from levels of service maintained on sewerage assets.

## 9.3. Drainage Charges

The proposed increase in the Drainage Levy is significant but the revenue is now required to fund the operating expenses in addition to the capital works program. The level of charge is still below that required to fund all expenses and provide for a return on capital invested. The levy is below that which would have been available had the value of the initial levy been retained in real terms since its introduction in 1991.

The long-standing freeze on the Drainage Levy has stifled progress on the removal of Council's significant stormwater/drainage backlog. Given the overall circumstances, the increase is considered reasonable and will provide the community with improved stormwater and drainage services as well as much needed flood mitigation works.

## 9.4. Miscellaneous Charges

Miscellaneous charges are set to recover costs only and no "profit" component has been included. The charges represent an agreed common charge or a charge calculated using the agreed methodology.

## 9.5. Trade Waste Charges

The proposal to increase charges in real terms in each year of the price path will have minimal impact on customers. The impacts of increases in Trade Waste charges are discussed in more detail in Appendix D of this submission. The proposed changes will allow Gosford City Council to maintain a best practice Trade Waste pricing regime.

## **APPENDIX A**

# CURRENT STATUS OF CENTRAL COAST WATER STORAGE

Submission by Gosford City Council

October 2005



## Gosford Wyong Councils Water Authority

### Issue

Long term drought conditions have seen a significant decline in the town water supplies on the Central Coast. The councils are currently undertaking a range of drought management measures and preparing contingencies in the event the drought continues.

### Background

- Rainfall in the Mangrove Creek Dam catchment has been below average for 10 of the last 14 years.
- Storage levels in Mangrove Creek Dam have been generally declining from a high of 73% in 1991 to a current level of 21%.
- The scheme is configured to source significant proportions of its supplies from run of river flows with supplemental supplies being provided from Mangrove Creek Dam.
- Mangrove Creek Dam has a capacity of 190,000 ML. The catchment area of 101 KM<sup>2</sup> however is relatively small and can result in limited storage recovery. During 1998 when Sydney Water's total storage recovered from 57 % to 100% and Hunter Water's total storage recovered from 69% to 100 %, Mangrove Creek Dam storage increased from 37% to only 42 %. See attachment A.
- Over the last 12 months storage levels have remained relatively steady, declining by approximately 1%.
- Given the low storage volume and the slow recovery rate of Mangrove Creek Dam, even when the drought breaks, restrictions could be in place for a number of years and the system would also remain at risk to periods of below average rainfall.
- Restrictions have been applied as per the following:-

Restriction Level	Date Commenced	Date Ceased	Targeted reduction
1	24/2/02	17/5/04	8 %
2	17/5/04	1/8/04	16 %
2A	1/8/04	Current	16 %

- Level 2B restrictions are expected to be introduced in November 2005. These restrictions are only to be applied to commercial and industrial customers and require these customers to produce a Water Management Plan with a target of achieving a 20% reduction in water consumption.
- Level 3 restrictions (24 % reduction) are still an option in the event of another dry summer but have been deferred at this stage.

### Drought Management Initiatives

Initiatives related to demand reduction, emergency supplies and accessing low storage levels are being developed as drought management measures. Medium term works are also being developed to increase system yield, which could also assist in drought recovery.

#### Demand reduction:

- Residential refit program;
- Non-residential water audits;
- Installation of water efficient appliances at council premises;

- Effluent reuse for irrigation, road construction etc;
- Enhanced leakage detection and repair program;
- Rainwater tank rebates;
- Groundwater for non potable uses;
- Preparing pre-construction activities for effluent reuse at Vales Point Power station;
- DCP 100 and DCP 165 - includes water efficiency for new development;
- Restrictions and community involvement.

### Emergency Supplies

- Supply of 6 ML/d is currently being provided by the Hunter Water Corporation. This will be increased to an average of 20 ML/d after 2006/07 once augmentation works are completed on the link between Hunter and North Wyong;
- Production from groundwater bores will begin in late 2005 with full production expected to generate in the order of 17 ML/d;
- Investigating and preparing pre-construction activities for a desalination plant (nominally 20 ML/d capacity). Responsibility for approval currently resides with Department of Planning. If this approval is forthcoming, Council will assess the need to proceed with this project.

### Accessing Low Storage Levels from Mangrove Creek Dam

- Constructing a temporary pump station at Mangrove Creek Dam to maintain the ability to transfer water into Boomerang Tunnel once storage levels reach 21%;
- Preparing water treatment strategy to treat low level water from Mangrove Creek Dam.

### Medium Term Works

Medium term works are currently being developed involving modifications to existing infrastructure to increase system yield. These works could also assist in drought recovery.

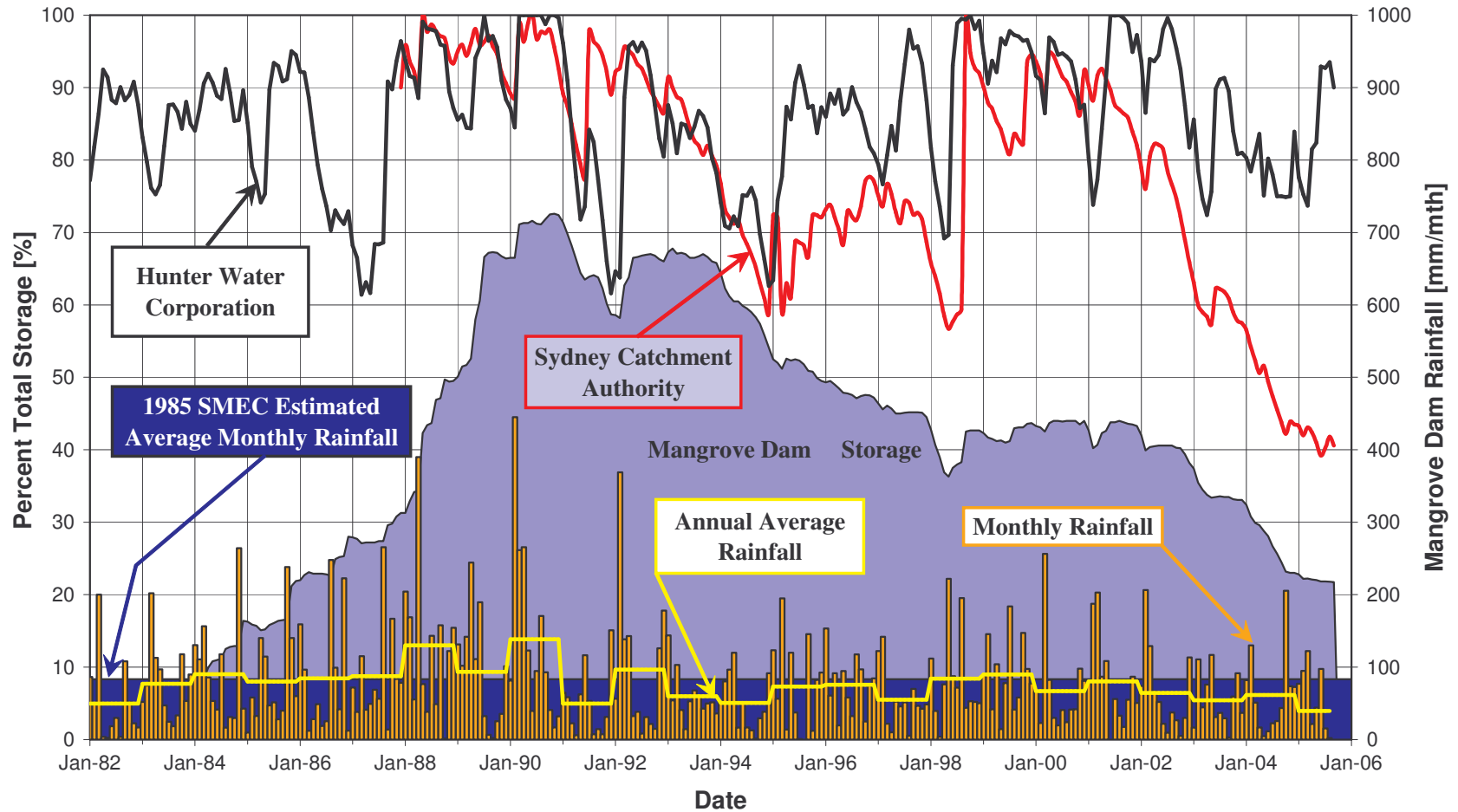
Proposed Works	Cost \$M	Decision to Proceed	Anticipated Commissioning Date	Estimated yield Improvement ML/Year
Improvements to the Lower Wyong Transfer System	5.8	Yes	Mid 2007	2800
Mardi High Lift Pumping Station	17.7	Yes	Late 2006	
Improvements to Mardi Dam Transfer System	19.0*	Yes	Early 2007	
Mooney Dam Transfers	1.3	Pending	Mid 2007	
Mardi Dam Raising	3.2	Yes	Mid 2007	1400

\* Requires a \$2M upgrade of electricity supply to Mardi Dam, in addition.



Attachment A

### Mangrove Dam Storage V's SCA & HWC Total Storage



## **APPENDIX B**

# REVIEW OF GOSFORD CITY COUNCIL'S WATER CONSUMPTION FORECASTS FOR 2006/07 TO 2008/09

Submission by Gosford City Council

October 2005

# INDEX

## SECTIONS

- SECTION 1**                      General Introduction
- SECTION 2**                      Summary of Current Consumption Issues

## APPENDICES

- APPENDIX 1**                      Graph of Consumption Scenarios  
for Period 2005/2006 to 2009/2010
- APPENDIX 2**                      Comparison of Forecast Consumptions  
(2005 Submission vs 2004 Submission)

## SECTION 1

### INTRODUCTION TO REVIEW

This Review has been prepared in response to the IPART requirement that the Council prepare forecasts of projected water sales for the period 1 July 2006 to 30 June 2009.

This Review represents an update of the Forecast document presented to IPART as part of Council's 2004 Pricing Submission (Appendix B).

In accordance with advice from IPART Council has prepared for the 2005 Submission a single consumption forecast in lieu of the high / medium / low paths prepared for the 2004 Submission.

An independent assessment was carried out by an IPART appointed consultant (MMA P/L) on Council's Consumption Forecasts (for 2005/2006 to 2009/2010) provided for the 2004 Submission.

MMA P/L subsequently produced forecasts for 2 restriction regimes based on:

- a) Council "Medium" restriction regime (MMA Case 1)
- b) A restriction regime based on higher than average rainfalls deeming Level restrictions unnecessary (MMA Case 2)

Subsequent weather patterns have confirmed that the "Medium" restriction regime is the more relevant assumption.

The assessment concluded that the differences between the MMA Case 1 and Council's "Medium" forecasts "are not substantial" (Executive Summary) with the MMA forecast varying by less than 3.2% (Section 6.4) of Council forecasts for the period 2005/2006 to 2009/2010. For this reason the Council methodology used in the 2004 Submission has been retained albeit with updated information where appropriate e.g. more accurate consumption figures and Unaccounted for Water.

It should be noted that the GHD review of performance indicators in early 2005 picked up the fact that Gosford had not been using "normalised" consumption figures over recent years in its reporting. It appears that for the past 3 years an actual metered consumption figure based on approximately 300 days usage had been reported. Gosford City Council appointed a statistics officer in late 2004 to, among other duties, determine robust performance figures including water consumption. This officer worked closely with Council IT and Rates sections over the past 9 months to determine a more accurate set of consumption figures over the past 3 years. This consumption forecast report has now been adjusted accordingly.

Council's consumption forecast for the specified period is presented in graphical form in Appendix 1 of this Review. The forecast is an update of the "Medium" scenario that formed the basis of the 2004 Council Submission.

## GENERAL INTRODUCTION TO GOSFORD CITY

Council's water supply business includes operation, maintenance and capital works activities associated with the water supply catchment, water harvesting, treatment and distribution to customers.

Major headworks components of the business such as dams, weirs, treatment plants and bulk water distribution reservoirs are shared with Wyong Shire Council and administered and overseen by the Gosford Wyong Councils' Water Authority (GWCWA) Board.

Other supply infrastructure associated with the distribution of water to customers is the responsibility of each individual Council.

Council provides water to a permanent population in excess of 160,000 via approximately 63,000 connections. Water restrictions were implemented in February 2002 and are expected to be in place for several more years. This is based on long-term weather forecasts and the water supply system storage characteristics that provide for a relatively slow change in stored volumes under all but extreme conditions.

Treated water supplied is in excess of 16,000 ML per day with peak demands ranging from 38 ML per day in winter to 110 ML per day in summer.

As the City has had significant reserves of available land for residential and non-residential purposes sustained growth has occurred over the past decade. Growth has however slowed in the past 5 years or so. Growth is expected to continue at about 1.1% p.a. over the period of this Determination.

## SECTION 2

### SUMMARY OF CURRENT CONSUMPTION ISSUES

In reviewing consumption and forecasting future consumption patterns / trends for Gosford several factors are highlighted;

- 1 Historic Metered Consumption
- 2 Future Metered Consumption (based solely on population growth)
- 3 Impact of Current and Future Restrictions
- 4 Unaccounted for Water (UAW)

Comments relating to each of these factors are outlined below;

#### 1. Historical Metered Usage

Review of metered usage patterns indicates a steady growth up to and including year ending 30 June 2001 and peaking at that time. Since then and with the initiation of restrictions in February 2002 metered usage has declined as indicated in the table below.

Year Ending	Metered Consumption (ML)	Total Consumption (ML)	Unaccounted for Water* %	Smoothed metered consumption (ML) total less 10.0% UAW
June 30 1997	15,124	17,490	13.5	15,741
June 30 1998	16,428	18,426	10.8	16,583
June 30 1999	14,689	16,689	12.0	15,020
June 30 2000	15,634	16,888	7.4	15,199
June 30 2001	17,051	18,250	6.6	16,425
June 30 2002	15,542	17,289	10.1	15,560
June 30 2003	14,954	16,774	10.9	15,097
June 30 2004	15,021	16,817	10.7	15,135
June 30 2005	13,919	15,154	8.1	13,919
			Average 10.0	

\* Unaccounted for water is made up of leakage, loss through main breaks etc, and unmetered authorised use within Council parks, reserves and facilities. "Smoothed" metered consumption figures are calculated from total consumption less average unaccounted for water.

These consumptions have been plotted (tagged "B") on the graph in Appendix 1.

The irregularities, on an annual basis, between total water consumption, metered water consumption and hence unaccounted for water are due to the different time at



which meters are read. The total water consumption figures are a true representation, subject to meter error, of water usage during the year. Metered consumption is influenced by the meter reading cycle. Average unaccounted water is a best estimate.

For this reason UAW, being the difference between these two readings, must be averaged over several years to be meaningful. Over the past 10 years UAW has averaged 10.0%.

Further projections of metered water consumption are therefore based on projected total water consumption less 10.0% for unaccounted for water.

## 2. Future Metered Usage (based solely on population growth)

Consumption forecasts based on an unrestricted demand regime have been projected. This takes into account past unrestricted usage and future population growth rate projections. The future population projections are based on Council Strategic Planning data that indicates the following:

- \* An actual average 1.3% pa population increase from 2001 to 2004
- \* A projected average 1.1% pa population increase from 2005 to 2010

The following table summarises estimated population and unrestricted demand. The reference point is June 30 2002 being the last year of unrestricted water usage.

Year Ending	Estimated Population Growth Rate (%)	Unrestricted Annual Demand (ML)	Metered Unrestricted Annual Demand (ML)**
June 30 2002	1.3	17,289	15,560
June 30 2003	1.3	17,514	15,762
June 30 2004	1.3	17,741	15,967
June 30 2005	1.1	17,937	16,143
June 30 2006	1.1	18,134	16,321
June 30 2007	1.1	18,333	16,500
June 30 2008	1.1	18,535	16,682
June 30 2009	1.1	18,739	16,865
June 30 2010	1.1	18,945	17,050

\*\* Allows 10.0% for Unaccounted for Water.

### 3. Current and Future Restrictions

Restriction regimes adopted by the GWCWA provide for the following target reductions in water consumption.

Restriction Level	Target Demand Reduction %
NIL	0
1	8
2/2A	16
2B	20
3	24
4	32

It should be noted that the restriction levels outlined above represent water savings achieved by all means i.e. restriction, water saving initiatives etc.

Level 1 restrictions were implemented on February 24 2002. Level 2 and 2A restrictions commenced on May 17 and August 1 2004 respectively.

Level 2A restrictions were initiated shortly (approximately 2 months) after the introduction of Level 2 restrictions. The reason for this situation was that Level 2 restrictions were not achieving target reductions. Subsequent reductions with Level 2A restrictions were in excess of target.

Level 2B restrictions are expected to be implemented in November 2005. These restrictions represent minor adjustments to the Level 2A restrictions and are intended to spread some of the burden of water conservation to industry and commerce and to maintain the reduced water consumption of approximately 21%.

### 4. Consumption Forecast

The consumption forecast for the period 1 July 2006 to 30 June 2009 is based on the "Medium" forecast principles detailed in Council's 2004 Submission with updated information based on the following:

- Level 2B Restrictions maintained until 30 June 2009.
- Level 1 Restrictions maintained 1 July 2009 to 30 June 2011 (at least)

The above restriction regime is based on the current level of restrictions being maintained after the major source of supply is available from the Hunter to provide an opportunity for storages to partially recover. It is anticipated that restrictions could be further relaxed to Level 1 after this time.

The nominated consumption forecast restriction regime assumes weather patterns gradually returning to normal.

The following table details projected metered water consumption under the above restriction regime.

Appendix 1 provides a graphical representation of the current forecast (1/7/06 – 30/6/09) with Appendix 2 providing a comparison between the current forecast and the forecast provided in the 2004 Submission.

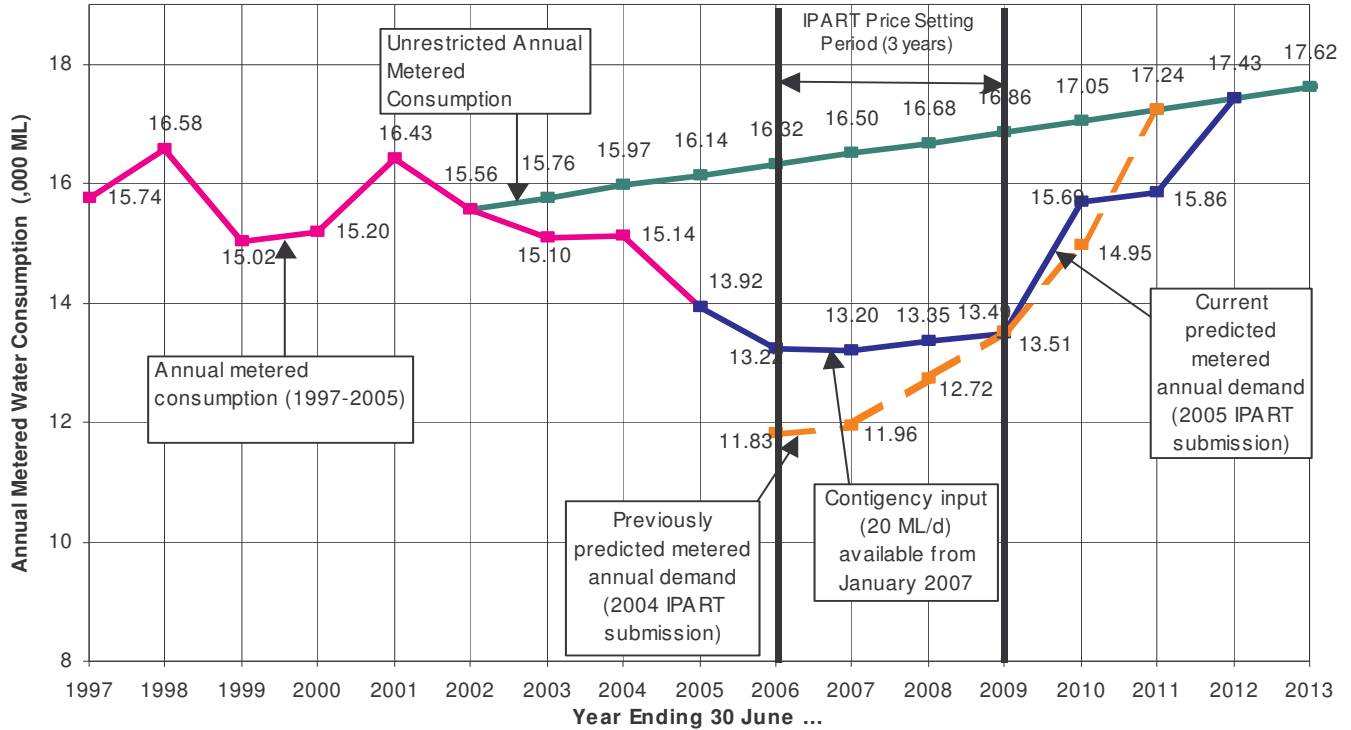
**Table - Forecast Restriction Regime**

<b>Year Ending</b>	<b>Existing / Anticipated Restriction Regime</b>	<b>Metered Unrestricted Annual Demand (ML)</b>	<b>Metered Unrestricted Annual Demand with nominated restrictions applied (ML)</b>
June 30 2002	Unrestricted then Level 1 restricted from February 24 2002	15,560	15,560
June 30 2003	Level 1 Restrictions from 1 July 2002 to 30 June 2003	15,762	14,501
June 30 2004	Level 1 Restrictions to May 17 2004 Level 2 Restrictions from May 18 to June 30 2004	15,967	14,541
June 30 2005	Level 2 Restrictions from July 1 to August 1 2004. Level 2A Restrictions from August 2 to June 30 2005.	16,143	13,560
June 30 2006	Level 2A Restrictions from July 1 2005 to September 30 2005. Level 2B Restrictions from 1 October 2005 to 30 June 2006.	16,321	13,220
June 30 2007	Level 2B Restrictions from July 1 2006 to June 30 2007. Contingency input (20MI/d) available by January 2007.	16,500	13,200
June 30 2008	Level 2B Restrictions from July 1 2007 to June 30 2008	16,682	13,345
June 30 2009	Level 2B Restrictions from July 1 2008 to June 30 2009.	16,865	13,492
June 30 2010	Level 1 Restrictions from July 1 2009 to June 30 2010	17,050	15,686
June 30 2011	Level 1 Restrictions from July 1 2010 to June 30 2011	17,238	15,859



**GOSFORD CITY COUNCIL**  
Appendix 1

**Metered Water Consumption Scenarios (1/7/06 - 30/6/13)**



**GOSFORD CITY COUNCIL**  
Appendix 2

**Metered Consumption Forecast Comparison (1/7/06 – 30/6/09)**

	2006/2007	2007/2008	2008/2009	Total 2006/2007 to 2008/2009	Comments
2005 IPART Submission	13,200 ML	13,345 ML	13,492ML	40,037ML	Level 3 restrictions no longer included
2004 IPART Submission	11,955 ML	12,722 ML	13,506ML	38,181ML	Forecast based on "Medium" Restriction Regime
McLennan Magasanik 2004 Forecast	13,637 ML	13,782 ML	13,847 ML	41,266 ML	Based on level 2 restrictions

The difference between predicted consumption (2006 to 2009) in the 2004 and 2005 IPART submissions is largely attributable to GWCWA Board's recent decision not to move to level 3 restrictions. If the drought continues and drought contingency works do not sufficiently supplement supply, Level 3 restrictions may again have to be considered.

## **APPENDIX C**

### MISCELLANEOUS CHARGES For 2006/07 to 2008/09

Submission by Gosford City Council

October 2005

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## 1. INTRODUCTION

IPART approved maximum charges for various monopoly Miscellaneous Charges in the May 2005 Determination. The range of charges and the amount of the charge have been reviewed. The charges are applied in many forms including application fees, inspection fees, registration fees etc.

This submission forms Appendix C of the Pricing Submission to IPART for prices from 1st July 2006 to 30 June 2009.

## 2. METHODOLOGY

### Background

In 1996 Gosford Council participated in the Water Miscellaneous Charges Working Group (WMCWG) convened by IPART. The WMCWG examined a common pricing methodology to gain consistency across the four metropolitan authorities for miscellaneous pricing. Further the group endeavoured to develop a list of common services and a corresponding list of common charges.

One outcome of the Group was the adoption of the following pricing methodology:

$$\text{Miscellaneous Charge} = \left( \begin{array}{l} \text{Direct cost of labour + oncost} \\ + \text{transport + equipment} \end{array} \right) \times \begin{array}{l} \text{business} \\ \text{overhead} \end{array}$$

+ Direct material costs  
+ Profit (if considered appropriate)

An agreed set of common services was developed for seventeen services with an agreed common charge for three of these services. The difficulty in achieving a complete set of common charges for all services include:

- different services being offered
- different levels of service offered for similar services

In June 2002, the WMCWG was reformed to identify common service categories for the 2003 Metro Water Determination. An agreed set of 20 common services were identified and are listed as such in this submission.

### Gosford Council's Methodology

Council has generally adopted the approach of full cost recovery of the service in accordance with the agreed formula used in the 2000, 2002 and 2004 submissions. It is not considered appropriate for Council to adopt a profit component at this stage and therefore no profit has been included.

In general, Council is seeking to achieve full cost recovery for its miscellaneous charges.

Where considered applicable, Council has adopted the Possible Common Charge or a similar charge to the other agencies for a common service.

Only monopoly charges have been included in the submission.

### 3. PROPOSED MISCELLANEOUS CHARGES

The proposed charges including description, summary of service provide, frequency, previous charge and proposed cost justification.

The business overhead of 50% adopted for the calculations was based on the overhead determined by Halcrow Pacific Pty Ltd in the NSW Water Agencies Review of late 2002 and accepted by IPART consultants RSM Bird Cameron Partners as part of their 2005 review of Miscellaneous Charges.

RSM Bird Cameron Partners review in early 2005 found that the miscellaneous fees and charges levied by Council were reasonable, and therefore a similar methodology for determination of miscellaneous fees and charges will be adopted for this pricing proposal. Under the current Award Rates of Pay agreement Council officers will receive a 3.5% pay increase in November 2005 and a further 3.0% in November 2006. In the last 6 years the annual pay increase has not been less than 3.0%. Therefore for the purposes of this pricing proposal, a pay increase of 3.0% is assumed for November 2007

#### Summary of Award increases:

Year	Award increase
2006/07	3.5%
2007/08	3.0%
2008/09	3.0%*

\* Projected Award increase

These Award increases have been factored into the proposed miscellaneous fees and charges for the period 1 July 2006 to 30 June 2009. A CPI of 3% has generally been applied to material costs. All calculated fees have been generally rounded up to the next \$1.00.

Council has phased in a number of charges in recent years to reflect actual work carried out. Fees for some of these charges have been set at levels below full cost recovery to minimise the impact of the introduction of the charge. Council now seeks to achieve full cost recovery with all miscellaneous charges (except those to which "asset protection" applies).



**Service: Issue of Conveyancing Certificate (Section 41 Certificate)**

**Common Service:** Agreed common service No. 1

**Monopoly Service:** Yes

**Frequency:** 6,800 Per Annum

**Current Fee:** \$25.00

**Narrative:**

Section 41 Certificates are a mandatory requirement of conveyancing. Council issue a combined Section 603 (Local Government Act 1993) and Section 41 Certificate (Water Management Act 2000) showing outstanding rates and usage charges for the purpose of sale or mortgage calculations. While Council now offers a small number of solicitors access to order certificates over the internet, the same process is followed to produce and deliver a hardcopy to the solicitor.

**Outline of Service:**

- ❖ Receipt of monies and request for certificates;
- ❖ Review outstanding accounts;
- ❖ Produce and issue certificate.

**Fee Justification:**

<b>Process</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
Receipt monies 5 min @ \$30.02/hr, \$30.92/hr, \$31.84/hr*	\$2.50	\$2.58	\$2.65
Review account and produce certificate 30 min @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$15.01	\$15.46	\$15.92
Business Overhead	50%	50%	50%
Postage and stationery costs	\$1.03	\$1.06	\$1.06
<b>Calculated fee:</b>	<b>\$27.52</b>	<b>\$28.34</b>	<b>\$28.96</b>
<b>Proposed fee:</b>	<b>\$28.00</b>	<b>\$29.00</b>	<b>\$29.00</b>
<b>Electronic Copies Common fee:</b>	<b>N.A.</b>	<b>N.A.</b>	<b>N.A.</b>

\* Hourly rates for this process with award rises applied

**Estimated income per annum: \$190,000 - \$207,000**

## **Service: Property Sewerage Diagram**

**Common Service:** Agreed common service No. 2

**Monopoly Service:** Yes

**Frequency:** 5,500 Per Annum

**Current Fee:** \$20.00 Non Certified Copy  
\$25.00 Certified Copy

### **Narrative:**

Council requires that all new sewer services to properties are inspected and that plumbers return a diagrammatic representation of the house service connections and internal plumbing.

These diagrams are then imaged into Council's computer network. Diagrams are requested for conveyancing, alterations and plumbing works.

Currently these services are not available electronically.

### **Outline of Service:**

- ❖ Payment processed;
- ❖ Check details of property in database;
- ❖ Search for diagram on computer;
- ❖ Print diagram;
- ❖ If for conveyancing, or via fax, type and issue letter.

### **Fee Justification:**

Please note that current charge was not based on full cost recovery. The proposed fee is based on full cost recovery.

<b>Process</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
Maintain records 30 min @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$15.01	\$15.46	\$15.92
Receive request, search and retrieve diagram 10 min @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$5.00	\$5.15	\$5.31
Type letter 10 min @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$5.00	\$5.15	\$5.31
Business Overhead	50%	50%	50%
Stationary, facsimile and postage charges	\$1.00	\$1.00	\$1.00
<b>Calculated non-certified copy fee:</b>	<b>\$31.05</b>	<b>\$31.98</b>	<b>\$32.94</b>
<b>Calculated certified copy fee:</b>	<b>\$38.55</b>	<b>\$39.71</b>	<b>\$40.90</b>
<b>Proposed non-certified copy fee:</b>	<b>\$32.00</b>	<b>\$32.00</b>	<b>\$33.00</b>
<b>Proposed certified copy fee:</b>	<b>\$39.00</b>	<b>\$40.00</b>	<b>\$41.00</b>

**Estimated income per annum:**

**\$170,000 - \$180,000**

**Service: Provision of Service Location Diagrams (Water and Sewer Location Plans)**

**Common Service:** Agreed common service No. 3

**Monopoly Service:** Yes

**Frequency:** 1700 Per Annum

**Current Fee:** \$15.00 for A4 and A3 copy per sheet

**Narrative:**

Council establishes information required regarding water and sewer locations, search records and provides a plan and any required long sections. Most property requests require three copies (i.e. one sewer main copy, one water main copy and at least one long section copy). Plans covering larger areas and with more than two long sections will incur additional fees. This is an agreed common service, with two options for purchase being over the counter (hardcopy) and electronic copies. At present this service is not available electronically.

**Outline of Service:**

- ❖ Establish information required;
- ❖ Search for records;
- ❖ Provide A4 or A3 copy of plan including any long sections required and available;
- ❖ Maintain records and equipment;
- ❖ Dispatch of plan by post or facsimile if required.

**Fee Justification:**

<b>Process</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
Take query, locate, photocopy plan and receipt 8 min per sheet @ \$30.02/hr, \$30.92/hr, \$31.84/hr*	\$4.00	\$4.12	\$4.25
Business Overhead 50%	\$3.00	\$3.15	\$3.20
Paper and photocopying cost	\$1.03	\$1.06	\$1.09
Postage or facsimile costs	\$1.03	\$1.06	\$1.09
<b>Calculated fee:</b>	<b>\$8.06</b>	<b>\$8.30</b>	<b>\$8.54</b>
<b>Over the Counter Common fee:</b>	<b>\$15/plan</b>	<b>\$15/plan</b>	<b>\$15/plan</b>
<b>Over the Counter Proposed fee:</b>	<b>\$15/plan</b>	<b>\$15/plan</b>	<b>\$15/plan</b>
<b>Electronic Copies:</b>	<b>N.A.</b>	<b>N.A.</b>	<b>N.A.</b>

**Estimated income per annum:**

**\$25,500**

## **Service: Special Water Meter Readings**

**Common Service:** Agreed common service No. 4

**Monopoly Service:** Yes

**Frequency:** 750 Per Annum

**Current Fee:** \$53.00

### **Narrative:**

Special meter reading requests are received from vendors and purchases of properties, as well as tenants either entering or leaving a premises. A certificate is issued showing the consumption and water usage charge up to the date of reading. The special reading requires a staff member to attend the property outside of the normal reading routes.

### **Outline of Service:**

- ❖ Receipt of monies and request for certificates;
- ❖ Staff member attends property to read meter;
- ❖ Meter reading entered into Council's mainframe;
- ❖ Special certificate issued showing consumption and charge applicable.

### **Fee Justification:**

<b>Process</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
Receipt monies and processing of request 10 min @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$5.00	\$5.15	\$5.31
Read meter 40 min @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$20.01	\$20.61	\$21.23
Vehicle costs (car) to read meter 40 min @ \$5.00/hr, \$5.15/hr, \$5.30/hr (CPI)	\$3.33	\$3.43	\$3.53
Update Council database and issue certificate 15 min @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$7.50	\$7.73	\$7.96
Business Overhead	50%	50%	50%
Postage and stationery costs	\$1.00	\$1.00	\$1.00
<b>Calculated fee:</b>	<b>\$54.80</b>	<b>\$56.44</b>	<b>\$58.14</b>
<b>Proposed fee:</b>	<b>\$55.00</b>	<b>\$57.00</b>	<b>\$59.00</b>
<b>Electronic Copies Common fee:</b>	<b>N.A.</b>	<b>N.A.</b>	<b>N.A.</b>

**Estimated income per annum:**

**\$41,000 - \$45,000**

## Service: **Bill Search Fee**

**Common Service:** **Agreed common service No. 5**

**Monopoly Service:** Yes

**Frequency:** 10 per Annum

**Current Fee:** \$17.05 (including GST) for General Fund Enquiries

### **Narrative:**

The fee is to cover the costs of searching for and replacing lost or misplaced water notices. There is very little demand for copies of water notices.

### **Outline of Service:**

- ❖ Fee is paid and receipted;
- ❖ Account details and histories are retrieved from system, compiled and sent to customer.

### **Fee Justification:**

<b>Process</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
Receipt monies and issue account notice 20 min @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$10.01	\$10.31	\$10.61
Business Overhead	50%	50%	50%
Postage and stationery costs	\$1.03	\$1.06	\$1.09
<b>Calculated fee:</b>	<b>\$16.04</b>	<b>\$16.52</b>	<b>\$17.01</b>
<b>+ GST</b>	<b>\$1.60</b>	<b>\$1.65</b>	<b>\$1.70</b>
<b>Calculated fee + GST</b>	<b>\$17.64</b>	<b>\$18.17</b>	<b>\$18.71</b>
<b>Proposed fee:</b>	<b>\$17.70*</b>	<b>\$18.20*</b>	<b>\$18.80*</b>

\* Including GST

**Estimated income per annum:** **\$200**

**Service: Building Over or Adjacent to Sewer Advice (Building Over Sewer Main Letter)**

**Common Service:** Agreed common service No. 6

**Monopoly Service:** Yes

**Frequency:** 25 Per Annum

**Current Fee:** Nil

**Narrative:**

Council issue on request a letter regarding a building's compliance or pipe protection provided to Council's standards where the building is near or over a Council water or sewer main.

**Outline of Service:**

- ❖ Establish property and asset effected;
- ❖ Search WAE records to determine whether pipe protection provided to Council standard;
- ❖ Search development records related to the property if required;
- ❖ Provide letter to advise outcome of investigation;
- ❖ Provide technical advice to owner / developer.

**Fee Justification:**

<b>Process</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
Receipt monies and issue account notice 5 min @ \$35.19/hr, \$36.25/hr, \$37.33/hr	\$2.93	\$3.02	\$3.11
Search records and evaluate situation 30 min @ \$35.19/hr, \$36.25/hr, \$37.33/hr	\$17.60	\$18.12	\$18.67
Write reply detailing conditions 15 min @ \$35.19/hr, \$36.25/hr, \$37.33/hr	\$8.80	\$9.06	\$9.33
Business Overhead	50%	50%	50%
Postage and stationery costs	\$1.03	\$1.06	\$1.09
<b>Calculated fee:</b>	<b>\$45.02</b>	<b>\$46.37</b>	<b>\$47.76</b>
<b>Proposed fee:</b>	<b>Nil*</b>	<b>Nil*</b>	<b>Nil*</b>

\* Due to asset protection

**Estimate income per annum:**

**Nil**

## Service: Water Reconnection Fee

**Common Service:** Agreed common service No. 7

**Monopoly Service:** Yes

**Frequency:** 2 Per Annum

**Current Fee:** \$ 50.00 During business hours  
\$100.00 Outside business hours

### Narrative:

Where a customer's water supply is restricted or disconnected due to non-payment, Council will reconnect the service either inside or outside of normal business hours. Disconnection does not happen without dunning letters and contact being made with the property owner to try and establish a repayment option.

### Outline of Service:

- ❖ Phone contact made where possible to inform customer of possible disconnection;
- ❖ Staff member attends property to disconnect meter;
- ❖ Details entered into Council mainframe;
- ❖ Meter Reconnected upon payment of outstanding debt or agreement to repayment schedule.

### Fee Justification:

Please note that current charge was not based on full cost recovery. The proposed fee is based on full cost recovery.

<b>Process</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
Re-connect meter (Business Hours) 1 hr @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$30.02	\$30.92	\$31.84
Vehicle costs 1 hr @ \$5.00/hr, \$5.15/hr, \$5.30/hr	\$5.00	\$5.15	\$5.30
Update Council database and receipt monies 15 min @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$7.50	\$7.73	\$7.96
Re-connect meter (outside Business Hours - minimum 4 hours) 4 hrs @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$120.04	\$123.66	\$127.37
Business Overhead	50%	50%	50%
<b>Calculated fee (during Business Hours):</b>	<b>\$63.77</b>	<b>\$65.68</b>	<b>\$67.66</b>
<b>Calculated fee (outside Business Hours):</b>	<b>\$198.84</b>	<b>\$204.80</b>	<b>\$210.95</b>
<b>Proposed fee (during Business Hours):</b>	<b>\$64.00</b>	<b>\$66.00</b>	<b>\$68.00</b>
<b>Proposed fee (outside Business Hours):</b>	<b>\$199.00</b>	<b>\$205.00</b>	<b>\$211.00</b>

**Estimated income per annum:**

**\$130 - \$150**

## Service: *Meter Testing*

**Common Service:** *Agreed common service No. 8*

**Monopoly Service:** Yes

**Frequency:** 30 per annum

**Current Fee:** 20mm to 80mm meter - \$134.00 plus actual courier and meter testing fees

### **Narrative:**

Where a consumer does not accept the amount of water registered to their property, they are given the opportunity to have their meter tested. The meter is removed from the property and sent to an independent agent for testing. Should the meter be found to be incorrectly recording in excess of the water passing through during testing, the full testing fee is refunded and any consumption accounts adjusted.

### **Outline of Service:**

- ❖ Fee is paid by owner;
- ❖ Meter removed and replaced;
- ❖ Meter sent to test site (currently Brisbane City Council);
- ❖ Respond to applicant on receipt of test results;
- ❖ Refunds processed if required.

### **Fee Justification:**

<b>Process</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
Receipt monies and prepare documents 20 min @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$10.01	\$10.31	\$10.61
Remove and replace meter 1.5 hrs @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$45.02	\$46.37	\$47.46
Vehicle costs (crew truck) 1.5 hrs @ \$8.93/hr, \$9.20/hr, \$9.47/hr (CPI)	\$13.40	\$13.80	\$14.21
Prepare meter & documents for courier & tester 20 min @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$10.01	\$10.31	\$10.61
Respond in writing to applicant, informing results 20 min @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$10.01	\$10.31	\$10.61
Business Overhead	50%	50%	50%
Postage and stationery costs	\$1.03	\$1.06	\$1.09
Meter testing (external contract)	At cost	At cost	At cost
Courier fees	At cost	At cost	At cost
<b>Calculated fee:</b>	<b>\$133.68</b>	<b>\$137.69</b>	<b>\$141.82</b>
<b>Proposed fee:</b>	<b>\$134.00*</b>	<b>\$138.00*</b>	<b>\$142.00*</b>

\* Plus actual courier and meter testing fees

**Estimated income per annum:** **\$4,000 - \$4,400**



## Service: Water Service Disconnection Fee

**Common Service:** Agreed common service No. 9

**Monopoly Service:** Yes

**Frequency:** < 10 per annum

**Current Fee:** Application fee \$38  
Disconnection fee NA

### Narrative:

Connect water services to new or redeveloped premises and upsize/downsize services to existing premises on application.

### Outline of Service:

- ❖ Receive application and review the completeness of detail provided;
- ❖ Liaison with applicant regarding site conditions or details on application including timing of disconnection;
- ❖ Receive payment;
- ❖ Record details of connection for rating purposes.

### Fee Justification - Application fee for disconnection of meter

<b>Process</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
Administration fee - receipt monies, process documents, assign crew and adjust records 80 mins @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$40.02	\$41.22	\$42.46
<b>Calculated fee:</b>	<b>\$40.02</b>	<b>\$41.272</b>	<b>\$42.456</b>
<b>Proposed application fee for all meters:</b>	<b>\$41.00</b>	<b>\$42.00</b>	<b>\$43.00</b>

### Fee Justification - Disconnection of meter

Please note that current charge was not based on full cost recovery. The proposed fee is based on full cost recovery.

<b>Process</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
Administration fee - receipt monies, process documents and assign crew 80 mins @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$40.02	\$41.22	\$42.46
Install meter (2 crew members) 2 hr @ @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$60.03	\$61.83	\$63.69
Vehicle (crew truck) costs 1 hrs @ \$8.93/hr, \$9.20/hr, \$9.47/hr	\$8.93	\$9.20	\$9.47
Business Overhead	50%	50%	50%
<b>Calculated fee:</b>	<b>\$163.47</b>	<b>\$168.37</b>	<b>\$173.43</b>
<b>Proposed fee:</b>	<b>\$164.00</b>	<b>\$169.00</b>	<b>\$174.00</b>

**Estimated income per annum: \$1000 - \$1200**

**Service: Water Service Connection Application Fee (up to and including 25mm)**

**Common Service:** Agreed common service No. 10

**Monopoly Service:** Yes

**Frequency:** 1,000 Per Annum

**Current Fee:** \$38

**Narrative:**

Connect water services to new or redeveloped premises and upsize/downsize services to existing premises on application.

**Outline of Service:**

- ❖ Receive application and review the completeness of detail provided;
- ❖ Organise site inspection;
- ❖ Preparation of a quotation, where required;
- ❖ Liaison with applicant regarding site conditions or details on application including timing of connection;
- ❖ Send quotation to applicant;
- ❖ Receive payment;
- ❖ Record details of connection for rating purposes.

**Fee Justification - Application Fee to connect up to and including 25mm meter**

<b>Process</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
Administration fee - receipt monies, process documents and assign crew 80 mins @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$40.02	\$41.22	\$42.46
<b>Calculated fee:</b>	<b>\$40.02</b>	<b>\$41.272</b>	<b>\$42.456</b>
<b>Proposed application fee:</b>	<b>\$41.00</b>	<b>\$42.00</b>	<b>\$43.00</b>

**Estimated income per annum:**

**\$41,000 - \$43,000**

## **Service: Water Service Connection Application Fee (32 to 65 mm)**

**Common Service:** Agreed common service No. 11

**Monopoly Service:** Yes

**Frequency:** 50 per Annum

**Current Fee:** \$38

### **Narrative:**

Connect water services to new or redeveloped premises and upsize/downsize services to existing premises on application.

### **Outline of Service:**

- ❖ Receive application and review the completeness of detail provided;
- ❖ Organise site inspection;
- ❖ Preparation of a quotation, where required;
- ❖ Liaison with applicant regarding site conditions or details on application including timing of connection;
- ❖ Send quotation to applicant;
- ❖ Receive payment;
- ❖ Record details of connection for rating purposes.

### **Fee Justification - Application Fee to connect 32mm to 65mm meter**

<b>Process</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
Administration fee - receipt monies, process documents and assign crew 80 mins @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$40.02	\$41.22	\$42.46
<b>Calculated fee:</b>	<b>\$40.02</b>	<b>\$41.272</b>	<b>\$42.456</b>
<b>Proposed application fee:</b>	<b>\$41.00</b>	<b>\$42.00</b>	<b>\$43.00</b>

**Estimated income per annum:** **\$2,000**

**Service: Water Service Connection Application Fee (80 mm or greater)**

**Common Service:** Agreed common service No. 12

**Monopoly Service:** Yes

**Frequency:** 10 per Annum

**Current Fee:** \$38

**Narrative:**

Connect water services to new or redeveloped premises and upsize/downsize services to existing premises on application.

**Outline of Service:**

- ❖ Organise site inspection;
- ❖ Preparation of a quotation, where required;
- ❖ Liaison with applicant regarding site conditions or details on application including timing of connection;
- ❖ Send quotation to applicant;
- ❖ Receive payment;
- ❖ Record details of connection for rating purposes.

**Fee Justification - Application Fee to connect 32mm to 65mm meter**

<b>Process</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
Administration fee - receipt monies, process documents and assign crew 80 mins @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$40.02	\$41.22	\$42.46
<b>Calculated fee:</b>	<b>\$40.02</b>	<b>\$41.272</b>	<b>\$42.456</b>
<b>Proposed application fee:</b>	<b>\$41.00</b>	<b>\$42.00</b>	<b>\$43.00</b>

**Estimated income per annum: \$400**

## **Service: Approval for Adjustment of Sewer/Water Mains**

**Common Service:** Agreed common service No. 13

**Monopoly Service:** Yes

**Frequency:** 10 Per Annum

**Current Fee:** \$270.00

### **Narrative:**

Water/sewer main relocations can result from requests by developers to accommodate new buildings, other infrastructure etc.

### **Outline of Service:**

- ❖ Request for conditions of adjustment received by letter or fax;
- ❖ Applicants proposal assessed;
- ❖ Prepare and issue letters of conditions;
- ❖ Review/condition/approve design plans (if required).

### **Fee Justification:**

<b>Process</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
Review applicants request 1 hr @ \$39.33/hr, \$40.51/hr, \$41.73/hr	\$39.33	\$40.51	\$41.73
Prepare and issue letter of conditions 45 min @ \$39.33/hr, \$40.51/hr, \$41.73/hr	\$29.50	\$30.38	\$31.29
Review design plans and issue construction requirements and adjust Authority records 3 hrs @ \$39.33/hr, \$40.51/hr, \$41.73/hr	\$117.99	\$121.53	\$125.18
Business Overhead	50%	50%	50%
<b>Calculated fee:</b>	<b>\$280.23</b>	<b>\$288.63</b>	<b>\$297.29</b>
<b>Proposed fee:</b>	<b>\$281.00</b>	<b>\$289.00</b>	<b>\$298.00</b>

**Estimated income per annum:**

**\$2,800 - \$3,000**

## **Service: Standpipe Hire – Security Bond**

**Common Service:** **Agreed common service No. 14**

**Monopoly Service:** Yes (metered standpipes can be used across both Gosford City and Wyong Shire)

**Frequency:** 25 Per Annum

**Current Fee:** Deposit (1 off refundable) \$596

### **Narrative:**

Private water carters and contractors hire metered standpipes to allow them to draw large quantities of water quickly from Council's water hydrants.

### **Outline of Service:**

- ❖ Arrange purchase of metered standpipes from manufacturer;
- ❖ Provide hire agreement documentation to applicant;
- ❖ Receive hire fee and issue standpipe;
- ❖ Read metered water usage quarterly;
- ❖ Issue account for water usage and receive payment;
- ❖ Determine and monitor designated hydrants for use by water carters;
- ❖ Liaise with other contractors, eg. directional drilling contractors, on the appropriate hydrant for them to draw water.

### **Fee Justification:**

GCC wishes to apply CPI to the standpipe security deposit

<b>Process</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
Standpipe security deposit for all meter sizes	\$596.00 + CPI <sub>1</sub>	2006/07 fee + CPI <sub>2</sub>	2007/08 fee + CPI <sub>3</sub>

**Proposed fee:** **Deposit: \$596.00 + CPI (over 3 years)**

**Estimated income per annum:** **Nil – Held as Deposit only**

## **Service: Annual Metered Standpipe Hire**

**Common Service:** Agreed common service No. 15

**Monopoly Service:** Yes (metered standpipes can be used across both Gosford City and Wyong Shire)

**Frequency:** 25 Per Annum

**Current Fee:**

< 50 mm	\$80.82
>= 50 mm	\$505.13

### **Narrative:**

Private water carters and contractors hire metered standpipes to allow them to draw large quantities of water quickly from Council's water hydrants.

### **Outline of Service:**

- ❖ Arrange purchase of metered standpipes from manufacturer;
- ❖ Provide hire agreement documentation to applicant;
- ❖ Receive hire fee and issue standpipe;
- ❖ Read metered water usage quarterly;
- ❖ Issue account for water usage and receive payment;
- ❖ Determine and monitor designated hydrants for use by water carters;
- ❖ Liaise with other contractors, eg. directional drilling contractors, on the appropriate hydrant for them to draw water.

### **Fee Justification:**

The registration fee as an availability charge. Therefore the current water service charge (according to the most recent IPART Determination) applies. For simplicity, standpipes have been divided into two categories - less than 50 mm meter and greater than or equal to 50 mm meter. GCC has requested a CPI increase over each of the next 3 years for water service charge, which will apply to this charge.

<b>Process</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
Annual hire fee for standpipe less than 50 mm	\$80.82 + CPI <sub>1</sub>	2006/07 fee + CPI <sub>2</sub>	2007/08 fee + CPI <sub>3</sub>
Annual hire fee for standpipe greater than or equal to 50 mm	\$505.13 + CPI <sub>1</sub>	2006/07 fee + CPI <sub>2</sub>	2007/08 fee + CPI <sub>3</sub>

**Proposed fee:**

< 50mm	\$80.82 + CPI (over 3 years)
>=50mm	\$505.13 + CPI (over 3 years)

**Estimated income per annum:** \$20,000

## **Service: Metered Standpipe Usage**

**Common Service:** *Agreed common service No. 16*

**Monopoly Service:** Yes (metered standpipes can be used across both Gosford City and Wyong Shire)

**Frequency:** 25 Per Annum

**Current Fee:** Water usage charge \$0.925/kL

### **Narrative:**

Private water carters and contractors hire metered standpipes to allow them to draw large quantities of water quickly from Council's water hydrants.

### **Outline of Service:**

- ❖ Arrange purchase of metered standpipes from manufacturer;
- ❖ Provide hire agreement documentation to applicant;
- ❖ Receive hire fee and issue standpipe;
- ❖ Read metered water usage quarterly;
- ❖ Issue account for water usage and receive payment;
- ❖ Determine and monitor designated hydrants for use by water carters;
- ❖ Liaise with other contractors, eg. directional drilling contractors, on the appropriate hydrant for them to draw water.

### **Fee Justification:**

All water extracted from Council's reticulation system via standpipes is metered and charged at the standard water usage charge according to the most recent IPART Determination.

**Proposed fee:** *As per standard water usage charges per kilolitre*

**Estimated income per annum:** *\$22,000*



## **Service: Backflow Prevention Application and Registration**

**Common Service:** Agreed common service No. 17

**Monopoly Service:** Yes

**Frequency:** 100 Per Annum

**Current Fee:** \$60.00 (including GST)

### **Narrative:**

Register of Backflow Prevention devices is required under AS3500.

### **Outline of Service:**

- ❖ Receive application for registration of Backflow Prevention Device;
- ❖ Inspector to inspect, review and audit device;
- ❖ Database of registered devices is kept and updated annually.

### **Fee Justification:**

Please note that current charge was not based on full cost recovery. The proposed fee is based on full cost recovery.

<b>Process</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
Receipt monies and process application 10 min @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$5.05	\$5.15	\$5.31
Inspection and testing of device 1 hr @ \$39.33/hr, \$40.51/hr, \$41.73/hr	\$39.33	\$40.51	\$41.73
Vehicle rate 1 hr @ \$5.00/hr, \$5.15/hr, \$5.30/hr	\$5.00	\$5.15	\$5.30
Process information into database 10 min @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$5.05	\$5.15	\$5.31
Business Overhead	50%	50%	50%
<b>Calculated fee:</b>	<b>\$81.50</b>	<b>\$83.94</b>	<b>\$86.46</b>
<b>Proposed fee:</b>	<b>\$82.00</b>	<b>\$84.00</b>	<b>\$87.00</b>

**Estimated income per annum:**

**\$8,000 - \$9,000**

## **Service: Backflow Prevention Registration Renewal**

**Common Service:** Agreed common service No.18

**Monopoly Service:** Yes

**Frequency:** 1000 Per Annum

**Current Fee:** \$25.00

### **Narrative:**

Annual audit of all Backflow Prevention devices are required under AS 3500. Inspectors receive results of tests performed by accredited plumbers. A review and audit of the results is undertaken. Council plumbing inspectors undertake random audits of the tests received from licensed plumbers. Complying systems are then re-registered, with the information entered into Council's database.

### **Outline of Service:**

- ❖ Inspectors to review and audit test results;
- ❖ Information entered into Council's register.

### **Fee Justification:**

Please note that current charge was not based on full cost recovery. The proposed fee is based on full cost recovery.

<b>Process</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
Review and audit of test results 15 min @ \$39.33/hr, \$40.51/hr, \$41.73/hr	\$9.83	\$10.13	\$10.43
Test results entered into database 15 min @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$7.50	\$7.73	\$7.96
Letter of compliance issued 15 min @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$7.50	\$7.73	\$7.96
Business Overhead	50%	50%	50%
Postage and stationery	\$1.03	\$1.06	\$1.09
<b>Calculated fee:</b>	<b>\$38.29</b>	<b>\$39.44</b>	<b>\$40.62</b>
<b>Proposed fee:</b>	<b>\$39.00</b>	<b>\$40.00</b>	<b>\$41.00</b>

**Estimated income per annum:**

**\$3,900 - \$4,100**

## Service: Major and Minor Works Inspection

**Common Service:** Agreed common service No. 19

**Monopoly Service:** Yes

**Frequency:** Development Driven

**Current Fee:**

Private Works Inspection Water	\$8.00/metre min \$140
Private Works Inspection Sewer	\$9.00/metre min \$140
Re-inspection fee	\$108.00

### Narrative:

Council inspect water and sewer works carried out by private developers for compliance with Council's standards. Should the works not comply with Council standards, a re-inspection is required. A common service for major works inspections has been identified for inspections of mains longer than 25 metres and/or greater than 2 metres in depth. Council does not differentiate in price for major or minor works inspections.

### Outline of Service:

- ❖ Review private developers plans;
- ❖ Carry out routine inspections during construction;
- ❖ Carry out acceptance test;
- ❖ Carry out final inspection;
- ❖ Provide technical assistance;
- ❖ Chlorinate main.

### Fee Justification: Water Main Inspections

<b>Process</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
Routine inspection of main / meter 4 min/m @ \$39.33/hr, \$40.51/hr, \$41.73/hr	\$2.62	\$2.70	\$2.78
Acceptance Test 2.5 min/m @ \$39.33/hr, \$40.51/hr, \$41.73/hr	\$1.64	\$1.69	\$1.74
Final Inspection 1.25 min/m @ \$39.33/hr, \$40.51/hr, \$41.73/hr	\$0.82	\$0.84	\$0.87
Chlorination of main 1 min/m @ \$39.33/hr, \$40.51/hr, \$41.73/hr	\$0.66	\$0.68	\$0.70
Vehicle rate 8.75 min/m @ \$5.00/hr, \$5.15/hr, \$5.30/hr	\$0.73	\$0.75	\$0.77
Business Overhead	50%	50%	50%
<b>Calculated fee/m:</b>	<b>\$9.70</b>	<b>\$9.99</b>	<b>\$10.29</b>
<b>Proposed fee/m:</b>	<b>\$9.70*</b>	<b>\$10.00*</b>	<b>\$10.30*</b>
<b>Minimum fee (refer junction cut-in charge - service 24):</b>	<b>\$151.00</b>	<b>\$155.00</b>	<b>\$160.00</b>

\* Rate per m

### ***Fee Justification: Sewer Main Inspections***

<b><i>Process</i></b>	<b><i>2006/07</i></b>	<b><i>2007/08</i></b>	<b><i>2008/09</i></b>
Routine inspection of main / meter 5 min/m @ \$39.33/hr, \$40.51/hr, \$41.73/hr	\$3.28	\$3.38	\$3.48
Acceptance Test 2.75 min/m @ \$39.33/hr, \$40.51/hr, \$41.73/hr	\$1.80	\$1.86	\$1.91
Final Inspection 1.25 min/m @ \$39.33/hr, \$40.51/hr, \$41.73/hr	\$0.82	\$0.84	\$0.87
Vehicle rate 9 min/m @ \$5.00/hr, \$5.15/hr, \$5.30/hr	\$0.75	\$0.77	\$0.79
Business Overhead	50%	50%	50%
<b><i>Calculated fee/m:</i></b>	<b><i>\$9.97</i></b>	<b><i>\$10.27</i></b>	<b><i>\$10.58</i></b>
<b><i>Proposed fee/m:</i></b>	<b><i>\$10.00*</i></b>	<b><i>\$10.30*</i></b>	<b><i>\$10.60*</i></b>
<b><i>Minimum fee (refer junction cut-in charge - service 24):</i></b>	<b><i>\$151.00</i></b>	<b><i>\$155.00</i></b>	<b><i>\$160.00</i></b>

\* Rate per m

### ***Estimated income per annum:***

<b><i>Fee</i></b>	<b><i>2006/07</i></b>	<b><i>2007/08</i></b>	<b><i>2008/09</i></b>
Water mains - 2500 m per annum	\$24,200	\$25,000	\$25,800
Sewer mains - 4000 m per annum	\$40,000	\$41,200	\$42,400
<b><i>Estimated total income per annum</i></b>	<b><i>\$64,000</i></b>	<b><i>\$66,000</i></b>	<b><i>\$68,000</i></b>

### ***Fee Justification: Re-Inspection Fee***

<b><i>Process</i></b>	<b><i>2006/07</i></b>	<b><i>2007/08</i></b>	<b><i>2008/09</i></b>
Re-inspection per visit 1.75 hrs @ \$39.33/hr, \$40.51/hr, \$41.73/hr	\$68.83	\$70.89	\$73.02
Vehicle rate 1.75 hrs @ \$5.00/hr, \$5.15/hr, \$5.30/hr	\$8.74	\$9.00	\$9.27
Business Overhead	50%	50%	50%
<b><i>Calculated fee:</i></b>	<b><i>\$116.35</i></b>	<b><i>\$119.85</i></b>	<b><i>\$123.44</i></b>
<b><i>Proposed fee:</i></b>	<b><i>\$117.00</i></b>	<b><i>\$120.00</i></b>	<b><i>\$124.00</i></b>

### ***Estimated income per annum:***

***\$1,200***

## **Service: Statement of Available Pressure Flow**

**Common Service:** Agreed common service No. 20

**Monopoly Service:** Yes

**Frequency:** 40 per Annum

**Current Fee:** \$110

### **Narrative:**

Council provides information regarding the available water pressure in the Council's water mains at a given location for fire flow demands required for design purposes by a developer. This is carried out utilising Council's Plans, the GIS and Hydraulic model.

### **Outline of Service:**

- ❖ Establish information required;
- ❖ Locate exact location of the property;
- ❖ Establish the water main which will service the property;
- ❖ Determine the reduced level (RL) of the property;
- ❖ Enter data into the hydraulic model, run and record the information;
- ❖ Type up and record information;
- ❖ Dispatch and file information.

### **Fee Justification:**

<b>Process</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
Take query, locate and use data collected to provide the information required 1.75 hrs @ \$39.33/hr, \$40.51/hr, \$41.73/hr	\$68.83	\$70.89	\$73.02
Type up information, send and file information 15 min @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$7.50	\$7.73	\$7.96
Business Overhead	50%	50%	50%
Paper and photocopying cost	\$1.03	\$1.06	\$1.09
Postage and facsimile	\$1.03	\$1.06	\$1.09
<b>Calculated fee:</b>	<b>\$116.56</b>	<b>\$120.05</b>	<b>\$123.66</b>
<b>Proposed fee:</b>	<b>\$117.00</b>	<b>\$121.00</b>	<b>\$124.00</b>

**Estimated income per annum:**

**\$4,600 - \$5,000**

## **Service: Cancellation Fee – Water and Sewerage Applications**

**Common Service:** No - GCC service No. 21

**Monopoly Service:** Yes

**Frequency:** 50 Per Annum

**Current Fee:** \$50.00

### **Narrative:**

Where application for services are cancelled by the applicant a request is made on Council to refund water and sewer application fees. This fee is also charged due to double paying of an application fee, where the process has been initiated twice due to the double payment.

If the application was lodged on incorrect advice from Council no cancellation fee to apply. (Statutory cancellation fee to apply where applicable and current development application fee refund procedures to remain).

### **Outline of Service:**

- ❖ Processing of original request;
- ❖ Receipting of original request;
- ❖ Receive request for refund;
- ❖ Check payment details and prepare refund voucher, circulate copies to relevant areas;
- ❖ Prepare and process cheque refund.

### **Fee Justification:**

Please note that current charge was not based on full cost recovery. The proposed fee is based on full cost recovery.

<b>Process</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
Update of database and checking for payment 20 min @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$10.01	\$10.31	\$10.61
Prepare letter for refund and prepare cheque 20 min @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$10.01	\$10.31	\$10.61
Business Overhead	50%	50%	50%
Postage or facsimile costs	\$1.00	\$1.00	\$1.00
Initial Administration Works completed	\$40.37	\$41.58	\$42.82
<b>Calculated fee:</b>	<b>\$71.41</b>	<b>\$73.55</b>	<b>\$75.75</b>
<b>Proposed fee:</b>	<b>\$72.00</b>	<b>\$74.00</b>	<b>\$76.00</b>

**Estimated income per annum: \$3,600 - \$3,800**

## **Service: Sales of Building Over Sewer and Water Guidelines**

**Common Service:** No - GCC service No. 22

**Monopoly Service:** Yes

**Frequency:** 30 Per Annum

**Current Fee:** \$10.10 (including GST)

### **Narrative:**

Property owners/developers must take special precautions when proposing to build a structure near or over Council sewer or water mains. The guideline booklet "Building Over or Near Council Sewer and Water Mains" outlines the various special precautions.

### **Outline of Service:**

- ❖ Technical review of guidelines to ensure current standards are applied;
- ❖ Word processing and CAD amendments.

### **Fee Justification:**

<b>Process</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
Review and update guideline as required 40 min @ \$39.33/hr, \$40.51/hr, \$41.73/hr	\$26.22	\$27.01	\$27.82
Collate, copy and bind specification 12 min @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$6.00	\$6.18	\$6.37
Business Overhead	50%	50%	50%
Materials	\$1.03	\$1.06	\$1.09
<b>Calculated fee:</b>	<b>\$49.36</b>	<b>\$50.85</b>	<b>\$52.37</b>
<b>Proposed fee:</b>	<b>\$10.10*</b>	<b>\$10.10*</b>	<b>\$10.10*</b>

\* Including GST and due to asset protection

**Estimate income per annum:** **\$300**

## Service: Section 307 Certificate

**Common Service:** No - GCC service No. 23

**Monopoly Service:** Yes

**Frequency:** 308 Per Annum

<b>Current Fee:</b>	Dual Occupancies,	\$87.00
	Commercial Buildings, Factories, Torrens Subdivision of Dual Occupancy etc	\$130.00
	Boundary Realign with Conditions	\$212.00
	Subdivisions	\$631.00
	Development without Requirement Fee	\$51.00

### Narrative:

Developers are to obtain a Section 26 Certificate which states that the development complies with the Water Management Act 2000.

### Outline of Service:

- ❖ Establish location of development in relation to existing water and sewer mains;
- ❖ Determine whether requirements are to be set;
- ❖ Review development impact on water and sewerage systems;
- ❖ Determine requirements for development;
- ❖ Provide requirements letter to applicant;
- ❖ Monitor compliance with the requirements;
- ❖ Liaise with developer;
- ❖ Provide technical support;
- ❖ Receipt money.

Additional services for subdivisions and other developments including mains extensions:

- ❖ Review and approve developer plans;
- ❖ Additional technical support;
- ❖ Review and approve Work-as-Executed records.

### Fee Justification: Dual occupancies

<b>Process</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
Technical evaluation 45 min @ \$39.33/hr, \$40.51/hr, \$41.73/hr	\$29.50	\$30.38	\$31.29
Clerical - filing, typing and receipting 1 hr @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$30.02	\$30.92	\$31.84
Business Overhead	50%	50%	50%
Postage or facsimile costs	\$1.03	\$1.06	\$1.09
<b>Calculated fee:</b>	<b>\$90.30</b>	<b>\$93.01</b>	<b>\$95.80</b>
<b>Proposed fee:</b>	<b>\$91.00</b>	<b>\$94.00</b>	<b>\$96.00</b>



**Fee justification: Commercial buildings, factories and Torrens subdivision of dual occupancies**

<b>Process</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
Technical evaluation 1.5 hrs @ \$39.33/hr, \$40.51/hr, \$41.73/hr	\$59.00	\$60.76	\$62.59
Clerical - filing, typing and receipting 1 hr @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$30.02	\$30.92	\$31.84
Business Overhead	50%	50%	50%
Postage or facsimile costs	\$1.03	\$1.06	\$1.09
<b>Calculated fee:</b>	<b>\$134.55</b>	<b>\$138.58</b>	<b>\$142.74</b>
<b>Proposed fee:</b>	<b>\$135.00</b>	<b>\$139.00</b>	<b>\$143.00</b>

**Fee justification: Boundary re-alignments without mains extensions**

<b>Process</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
Technical evaluation 2.5 hrs @ \$39.33/hr, \$40.51/hr, \$41.73/hr	\$98.33	\$101.27	\$104.31
Clerical - filing, typing and receipting 1 hr @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$30.02	\$30.92	\$31.84
Linen release 30 min @ \$35.19/hr, \$36.25/hr, \$37.33/hr	\$17.60	\$18.12	\$18.67
Business Overhead	50%	50%	50%
Postage or facsimile costs	\$1.03	\$1.06	\$1.09
<b>Calculated fee:</b>	<b>\$219.93</b>	<b>\$226.53</b>	<b>\$233.33</b>
<b>Proposed fee:</b>	<b>\$220.00</b>	<b>\$227.00</b>	<b>\$234.00</b>

**Fee justification: Subdivisions, developments involving main extensions:**

<b>Process</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
Technical evaluation 8 hrs @ \$39.33/hr, \$40.51/hr, \$41.73/hr	\$314.64	\$324.08	\$333.80
Clerical - filing, typing and receipting 2 hrs @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$60.03	\$61.83	\$63.69
Adjustments to Authorities records 2 hrs @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$60.03	\$61.83	\$63.69
Business Overhead	50%	50%	50%
Postage or facsimile costs	\$1.03	\$1.06	\$1.09
<b>Calculated fee:</b>	<b>\$653.08</b>	<b>\$672.67</b>	<b>\$692.85</b>
<b>Proposed fee:</b>	<b>\$654.00</b>	<b>\$673.00</b>	<b>\$693.00</b>

**Fee justification: Developments Without Requirements**

<b>Process</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
Technical evaluation 30 min @ \$39.33/hr, \$40.51/hr, \$41.73/hr	\$19.67	\$20.25	\$20.86
Clerical - filing, typing and receipting 30 min @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$15.01	\$15.46	\$15.92
Business Overhead	50%	50%	50%
Postage or facsimile costs	\$1.03	\$1.06	\$1.09
<b>Calculated fee:</b>	<b>\$53.04</b>	<b>\$54.63</b>	<b>\$56.27</b>
<b>Proposed fee:</b>	<b>\$54.00</b>	<b>\$55.00</b>	<b>\$57.00</b>

***Estimated Income per Annum:***

<b><i>Fee</i></b>	<b><i>2006/07</i></b>	<b><i>2007/08</i></b>	<b><i>2008/09</i></b>
Dual Occupancies - 80 per annum	\$7,300	\$7,600	\$7,700
Commercial buildings, factories and Torrens subdivision of dual occupancies - 40 per annum	\$5,400	\$5,600	\$5,800
Boundary realignments without mains extension - 20 per annum	\$4,400	\$4,600	\$4,700
Subdivisions & developments involving mains extensions - 50 per annum	\$32,700	\$33,700	\$34,700
Developments without requirements - 60 per annum	\$3,200	\$3,300	\$3,500
<b><i>Estimated total income per annum</i></b>	<b><i>\$53,000</i></b>	<b><i>\$54,800</i></b>	<b><i>\$56,400</i></b>

## **Service: Inspection of Concrete Encasement and Additional Junction Cut-ins**

**Common Service:** No - GCC service No. 24

**Monopoly Service:** Yes

**Frequency:** 60 Per Annum

**Current Fee:**

Inspection of concrete encasement	\$140
Additional inspection	\$48
Inspection of concrete encasement greater than 10m	\$140 plus \$14 per metre

### **Narrative:**

Private developers maybe required to concrete encase sewer mains and provide additional sewer junctions. Council inspect the works to determine that works are in accordance with Council standards.

### **Outline of Service:**

- ❖ Provide technical advice on Council standards and procedures;
- ❖ Inspect site for compliance with Council standards;
- ❖ Measure and record amendments;
- ❖ Incorporate amendments in Council's Work-as-Executed records for concrete encasement and additional junction cut-ins (inspections up to 10m determined).

### **Fee Justification: Two site inspections required as a minimum requirement**

<b>Process</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
Two site inspections 2 hrs @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$60.03	\$61.83	\$63.69
Adjustments to Authorities records 1 hrs @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$30.02	\$30.92	\$31.84
Vehicle costs (car) 2 hrs @ \$5.00/hr, \$5.15/hr, \$5.30/hr	\$10.00	\$10.30	\$10.60
Business Overhead	50%	50%	50%
<b>Calculated fee:</b>	<b>\$150.07</b>	<b>\$154.56</b>	<b>\$159.19</b>
<b>Proposed fee:</b>	<b>\$151.00</b>	<b>\$155.00</b>	<b>\$160.00</b>

### **Fee Justification: Inspections of encasements greater than 10m.**

<b>Process</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
Service as per inspections up to 10m	\$151.00	\$155.00	\$160.00
Additional inspections at an average of inspection fee divided by 10 m	\$15.10 per m	\$15.50 per m	\$16.00 per m
<b>Calculated fee:</b>	<i>As above</i>	<i>As above</i>	<i>As above</i>
<b>Proposed fee:</b>	<b>\$151.00</b>	<b>\$155.00</b>	<b>\$160.00</b>
<b>Fee per m &gt; 10m</b>	<b>\$15.10</b>	<b>\$15.50</b>	<b>\$16.00</b>

***Fee Justification: Additional Inspection due to non-compliance***

<b><i>Process</i></b>	<b><i>2006/07</i></b>	<b><i>2007/08</i></b>	<b><i>2008/09</i></b>
Site inspection 1 hr @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$30.02	\$30.92	\$31.84
Vehicle costs (car) 1 hr @ \$5.00/hr, \$5.15/hr, \$5.30/hr	\$5.00	\$5.15	\$5.30
Business Overhead	50%	50%	50%
<b><i>Calculated fee:</i></b>	<b><i>\$52.52</i></b>	<b><i>\$54.09</i></b>	<b><i>\$55.71</i></b>
<b><i>Proposed fee:</i></b>	<b><i>\$53.00</i></b>	<b><i>\$55.00</i></b>	<b><i>\$56.00</i></b>

***Estimated income per annum***

<b><i>Fee</i></b>	<b><i>2006/07</i></b>	<b><i>2007/08</i></b>	<b><i>2008/09</i></b>
Concrete encasement/junction cut-ins - 30 per annum	\$4,500	\$4,800	\$4,900
Additional inspections - 10 per annum	\$530	\$560	\$580
Concrete encasements greater than 10m - 2 per annum (average 15 m over)	\$750	\$795	\$820
<b><i>Estimated total income per annum</i></b>	<b><i>\$5,800</i></b>	<b><i>\$6,200</i></b>	<b><i>\$6,300</i></b>

## **Service: Sale of Specification for Construction of Water and Sewerage Works by Private Contractors**

**Common Service:** No - GCC service No. 25

**Monopoly Service:** Yes

**Frequency:** 15 per Annum

**Current Fee:** \$78.00 (incl. GST) per volume - total of two volumes

### **Narrative:**

Contractors carrying out private works are required to purchase Council's "Specifications for Construction of Water and Sewerage Works by Private Contractors". Volume one contains specifications for construction standards. Volume two contains standard schedules to the specification.

### **Outline of Service:**

- ❖ Technical review of specification to ensure current standards are applied;
- ❖ Word processing and CAD amendments to specification;
- ❖ Maintain distribution list.

### **Fee Justification:**

<b>Process</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
Review and update specification as required 30 hrs @ \$37.26/hr, \$38.38/hr, \$39.53/hr	\$1117.80	\$1151.33	\$1185.87
Collate, copy and bind specification 8 hrs @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$240.12	\$247.32	\$254.74
Maintain distribution records 1 hr @ \$37.26/hr, \$38.38/hr, \$39.53/hr	\$37.26	\$38.38	\$39.53
Business Overhead	50%	50%	50%
Materials (CPI)	\$103	\$106	\$109
<b>Calculated fee:</b>	<b>\$2196.80</b>	<b>\$2262.70</b>	<b>\$2330.59</b>
<b>15 copies x 2 volumes per annum</b>	<b>30</b>	<b>30</b>	<b>30</b>
<b>Calculated fee per volume:</b>	<b>\$73.23</b>	<b>\$75.42</b>	<b>\$77.69</b>
<b>GST</b>	<b>\$7.32</b>	<b>\$7.54</b>	<b>\$7.77</b>
<b>Calculated fee + GST</b>	<b>\$80.55</b>	<b>\$82.96</b>	<b>\$85.46</b>
<b>Proposed fee (including GST)</b>	<b>\$80.60</b>	<b>\$83.00</b>	<b>\$85.50</b>

**Estimated income per annum:**

**\$2,200 - \$2,400**

## **Service: Private Developers Plan Resubmission**

**Common Service:** No - GCC service No. 26

**Monopoly Service:** Yes

**Frequency:** 10 Per Annum

**Current Fee:** \$58 for first hour and \$30 for each hour thereafter.

### **Narrative:**

Council review and approve developers request for changes to previously approved water or sewer plans.

### **Outline of Service:**

- ❖ Review proposed changes for compliance;
- ❖ Provide technical support;
- ❖ Re-issue approval letter if required.

### **Fee Justification:**

<b>Process</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
Technical evaluation 30 min @ \$39.33/hr, \$40.51/hr, \$41.73/hr	\$19.67	\$20.25	\$20.86
Administrative input and record revision 30 min @ \$39.33/hr, \$40.51/hr, \$41.73/hr	\$19.67	\$20.25	\$20.86
Business Overhead	50%	50%	50%
Postage or facsimile costs	\$1.03	\$1.06	\$1.09
<b>Calculated fee:</b>	<b>\$60.03</b>	<b>\$61.83</b>	<b>\$63.68</b>
<b>Proposed fee for 1<sup>st</sup> hour:</b>	<b>\$61.00</b>	<b>\$62.00</b>	<b>\$64.00</b>
<b>Hourly rate after 1st hour:</b>	<b>\$39.33</b>	<b>\$40.51</b>	<b>\$41.73</b>

**Estimated income per annum:**

**\$600 - \$650**

## **Service: Approval of Developers Sewer Pump Station Rising Main Design**

**Common Service:** No - GCC service No. 27

**Monopoly Service:** Yes

**Frequency:** 2 per Annum

**Current Fee:** \$220

### **Narrative:**

Council reviews and approves private developers proposals for provision of sewer; pump stations/rising mains for assessment of:

- i) suitability for integration within the existing sewerage system;
- ii) proposed works conform to both industry and Council standards.

### **Outline of Service:**

- ❖ Confer with owners representative on design standards/site specific issues;
- ❖ Review technical data, design criteria and design plans. Identify required amendments;
- ❖ Review, condition, approve final design plans.

### **Fee Justification:**

<b>Process</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
Preliminary discussion re design standards/site specific requirements 2 hrs @ \$39.33/hr, \$40.51/hr, \$41.73/hr	\$78.66	\$81.02	\$83.45
Review final design plans, preparation of letter of conditions 1.5 hrs @ \$39.33/hr, \$40.51/hr, \$41.73/hr	\$59.00	\$60.76	\$62.59
Clerical assistance 30 min @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$15.01	\$15.46	\$15.92
Business Overhead	50%	50%	50%
<b>Calculated fee:</b>	<b>\$228.99</b>	<b>\$235.86</b>	<b>\$242.94</b>
<b>Proposed fee:</b>	<b>\$229.00</b>	<b>\$236.00</b>	<b>\$243.00</b>

**Estimated income per annum: \$500**

## **Service: Approval of Private Internal Residential Sewer Pump Station Rising Main Design**

**Common Service:** No - GCC service No. 28

**Monopoly Service:** Yes

**Frequency:** 2 per Annum

**Current Fee:** \$85

### **Narrative:**

Council reviews property owners proposals for provision of minor internal sewer; pump stations/rising mains for assessment of:

- iii) suitability for integration within the existing sewerage system;
- iv) proposed works conform to both industry and Council standards.

### **Outline of Service:**

- ❖ Confer with owners representative on design standards/site specific issues;
- ❖ Review technical data, design criteria and design plans. Identify required amendments;
- ❖ Review, condition, approve final design plans.

### **Fee Justification:**

<b>Process</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
Preliminary discussion re design standards/site specific requirements 45 min @ \$39.33/hr, \$40.51/hr, \$41.73/hr	\$29.50	\$30.38	\$31.29
Review final design plans, preparation of letter of conditions 30 min @ \$39.33/hr, \$40.51/hr, \$41.73/hr	\$19.67	\$20.25	\$20.86
Clerical assistance 20 min @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$10.01	\$10.31	\$10.61
Business Overhead	50%	50%	50%
<b>Calculated fee:</b>	<b>\$88.75</b>	<b>\$91.41</b>	<b>\$94.16</b>
<b>Proposed fee:</b>	<b>\$89.00</b>	<b>\$92.00</b>	<b>\$95.00</b>

**Estimated income per annum: \$200**



## ***Service: Approval of Extension of Sewer/Water Mains to Properties Outside Service Areas***

***Common Service:***     ***No - GCC service No. 29***

***Monopoly Service:***    Yes

***Frequency:***            5 Per Annum

***Current Fee:***         \$120

### ***Narrative:***

In addition to subdivisions and site redevelopments, water/sewer main extensions can result from requests by property owners for connection of unserved properties. Generally, these properties were created when water and sewer facilities were not available in the area but as a consequence of ongoing developments, water and/or sewer facilities have been progressively constructed to the point where it is financially viable to connect. The process is the same as that for subdivisions and redevelopments, being the requirement to pay a developer charge and construct works, generally being for one property only with one residence connecting to either the water or sewer system.

### ***Outline of Service:***

- ❖ Request for conditions of connection received by letter or fax;
- ❖ Applicants proposal assessed and system capabilities reviewed;
- ❖ Prepare and issue letters of conditions;
- ❖ Review/condition/approve design plans (if required).

### ***Fee Justification:***

<b><i>Process</i></b>	<b><i>2006/07</i></b>	<b><i>2007/08</i></b>	<b><i>2008/09</i></b>
Review applicants request and investigate systems capabilities 45 min @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$22.51	\$23.19	\$24.88
Prepare and issue letter of conditions 30 min @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$15.01	\$15.46	\$15.92
Review design plans and issue construction requirements 45 min @ \$39.33/hr, \$40.51/hr, \$41.73/hr	\$29.50	\$30.38	\$31.29
Clerical assistance 30 min @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$15.01	\$15.46	\$15.92
Business Overhead	50%	50%	50%
<b><i>Calculated fee:</i></b>	<b><i>\$123.04</i></b>	<b><i>\$126.73</i></b>	<b><i>\$130.53</i></b>
<b><i>Proposed fee:</i></b>	<b><i>\$124.00</i></b>	<b><i>\$127.00</i></b>	<b><i>\$131.00</i></b>

***Estimated income per annum:***

***\$600 - \$700***

## **Service: Sale of Sewer Plan Books**

**Common Service:** No - GCC service No. 30

**Monopoly Service:** Yes

**Frequency:** 3 CD's per annum

**Current Fee:** CD copy \$65

### **Narrative:**

Council produce and sell a CD set of sewer reticulation plans.

### **Outline of Service:**

❖ Copy sewer reticulation plans in electronic format.

### **Fee Justification:**

<b>Process</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
Plan preparation 1 hr @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$30.02	\$30.92	\$31.84
Business Overhead	50%	50%	50%
Materials (CPI)	\$20.60	\$21.22	\$21.85
<b>Calculated fee:</b>	<b>\$65.62</b>	<b>\$67.59</b>	<b>\$69.62</b>
<b>Proposed fee per volume:</b>	<b>\$66.00</b>	<b>\$68.00</b>	<b>\$70.00</b>

**Estimated income per annum:** \$250

## **Service: Trade Waste Approval Applications**

**Common Service:** No - GCC service No. 31

**Monopoly Service:** Yes

**Frequency:** 100 Per Annum

**Current Fee:** \$160

### **Narrative:**

As a result of applications for Commercial or industrial Development Approvals, the applicant is required to obtain approval for discharge into Council's sewers. Council inspect the property and issue approval where compliant. The approval is current for 3 years, in which time the properties are inspected twice annually for compliance.

### **Outline of Service:**

- ❖ Inspectors receive and review application;
- ❖ Site inspection is required;
- ❖ Approval notice is prepared;
- ❖ Information entered into Council's register;
- ❖ Two site inspection per annum.

### **Fee Justification:**

Please note that current charge was not based on full cost recovery. The proposed fee is based on full cost recovery.

<b>Process</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
Review application, inspect site, prepare and issue approval 1 hr @ \$39.33/hr, \$40.51/hr, \$41.73/hr	\$39.33	\$40.51	\$41.73
2 inspections per year for three years (30 min each inspect) 3 hrs @ \$39.33/hr, \$40.51/hr, \$41.73/hr	\$117.99	\$121.53	\$125.18
Vehicle costs 4 hrs @ \$5.00/hr, \$5.15/hr, \$5.30/hr	\$20.00	\$20.60	\$21.20
Business Overhead	50%	50%	50%
<b>Calculated fee:</b>	<b>\$265.98</b>	<b>\$273.96</b>	<b>\$282.15</b>
<b>Proposed fee:</b>	<b>\$266.00</b>	<b>\$274.00</b>	<b>283.00</b>

**Estimated income per annum:**

**\$26,600 - \$28,300**

## Service: Sewer Connection fees

**Common Service:** No - GCC service No. 32

**Monopoly Service:** Yes

**Frequency:** 800 per annum

**Current Fee:**

New Sewer	\$170
Plus each additional WC	\$65
Alterations	\$122
Units/Villas (1 WC each flat or unit)	\$140
Plus for each additional WC	\$65
Caravan Connection Fee	\$82
Sewer Re-Inspection Fee	\$94

### Narrative:

Developments requiring connection to, or alteration to existing connection to Council's sewer requires inspections to provide protection to Council's sewerage system.

### Outline of Service:

Inspections are carried out of the following:

- ❖ Internal Drainage Line;
- ❖ External Drainage Line;
- ❖ Final Inspection.

The changes where alternations are carried out may not involve the connection to Council's sewer. Villas, units and caravans may not require the same number of inspections for internal nor external line inspection and final connection.

### Fee Justification - New Sewer (1 WC):

<b>Process</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
Minimum 3 inspections at 1 hour per inspection 3 hrs @ \$39.33/hr, \$40.51/hr, \$41.73/hr	\$117.99	\$121.53	\$125.18
Clerical/Administration 20 min @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$10.01	\$10.31	\$10.61
Business Overhead	50%	50%	50%
<b>Calculated fee:</b>	<b>\$191.99</b>	<b>\$197.75</b>	<b>\$203.68</b>
<b>Proposed fee:</b>	<b>\$192.00</b>	<b>\$198.00</b>	<b>\$204.00</b>

### Fee Justification - Additional WC:

<b>Process</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
1 additional inspection for line and connection to internal system 1 hr @ \$39.33/hr, \$40.51/hr, \$41.73/hr	\$39.33	\$40.51	\$41.73
Clerical/Administration 20 min @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$10.01	\$10.31	\$10.61
Business Overhead	50%	50%	50%
<b>Calculated fee:</b>	<b>\$74.00</b>	<b>\$76.22</b>	<b>\$78.51</b>
<b>Proposed fee:</b>	<b>\$74.00</b>	<b>\$77.00</b>	<b>\$79.00</b>

**Fee Justification - Alterations:**

<b>Process</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
Minimum 2 inspections (internal and external) 2 hrs @ \$39.33/hr, \$40.51/hr, \$41.73/hr	\$78.66	\$81.02	\$83.45
Clerical/Administration 20 min @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$10.01	\$10.31	\$10.61
Business Overhead	50%	50%	50%
<b>Calculated fee:</b>	<b>\$133.00</b>	<b>\$136.99</b>	<b>\$141.10</b>
<b>Proposed fee:</b>	<b>\$133.00</b>	<b>\$137.00</b>	<b>\$142.00</b>
<b>Additional WC (as above)</b>	<b>\$74.00</b>	<b>\$77.00</b>	<b>\$79.00</b>

**Fee Justification - Units, Villas:**

<b>Process</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
2 inspections per unit/villa 2 hrs @ \$39.33/hr, \$40.51/hr, \$41.73/hr	\$78.66	\$81.02	\$83.45
1 inspection for final inspection to Council's sewer 15 min @ \$39.33/hr, \$40.51/hr, \$41.73/hr	\$9.83	\$10.13	\$10.43
Clerical/Administration 20 min @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$10.01	\$10.31	\$10.61
Business Overhead	50%	50%	50%
<b>Calculated fee:</b>	<b>\$147.75</b>	<b>\$152.18</b>	<b>\$156.74</b>
<b>Proposed fee:</b>	<b>\$148.00</b>	<b>\$153.00</b>	<b>\$157.00</b>
<b>Additional WC (as above)</b>	<b>\$74.00</b>	<b>\$77.00</b>	<b>\$79.00</b>

**Fee Justification: Caravan Connection Fee:**

<b>Process</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
1 inspection for external line 1 hr @ \$39.33/hr, \$40.51/hr, \$41.73/hr	\$39.33	\$40.51	\$41.73
1 inspection for final inspection to Council's sewer 15 min @ \$39.33/hr, \$40.51/hr, \$41.73/hr	\$9.83	\$10.13	\$10.43
Clerical/Administration 20 min @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$10.01	\$10.31	\$10.61
Business Overhead	50%	50%	50%
<b>Calculated fee:</b>	<b>\$88.75</b>	<b>\$91.41</b>	<b>\$94.16</b>
<b>Proposed fee:</b>	<b>\$89.00</b>	<b>\$92.00</b>	<b>\$95.00</b>

**Fee Justification: Sewer Re-inspection Fee:**

<b>Process</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
1 inspection 1 hr @ \$39.33/hr, \$40.51/hr, \$41.73/hr	\$39.33	\$40.51	\$41.73
Inspection report completion 30 min @ \$39.33/hr, \$40.51/hr, \$41.73/hr	\$19.67	\$20.25	\$20.86
Clerical/Administration 10 min @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$5.00	\$5.15	\$5.31
Business Overhead	50%	50%	50%
<b>Calculated fee:</b>	<b>\$96.00</b>	<b>\$98.88</b>	<b>\$101.84</b>
<b>Proposed fee:</b>	<b>\$96.00</b>	<b>\$99.00</b>	<b>\$102.00</b>

**Total estimated income per annum: \$120,000**

## Service: Location of Water and Sewer Mains

**Common Service:** No - GCC service No. 33

**Monopoly Service:** No

**Frequency:** 25 Per Annum

**Current Fee:** Actual cost with a minimum of \$175.00

### Narrative:

Private developers/contractors request the on-site indication of the alignment, and often depth, of water and sewer mains and services.

### Outline of Service:

- ❖ Inspect available plans/long sections of main;
- ❖ Attend site to physically identify alignment of main by measurement or use of pipe locating equipment;
- ❖ Determine depth of main, if required, by accessing existing fittings on mains or by excavation/probing.

### Fee Justification:

<b>Process</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
Inspect plans/long section of main 1.5 hrs minimum @ \$39.33/hr, \$40.51/hr, \$41.73/hr	\$59.00	\$60.76	\$62.59
Site inspection to identify main position 1.5 hrs minimum @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$45.02	\$46.37	\$47.76
Vehicle costs 1.5 hrs minimum @ \$8.93/hr, \$9.20/hr, \$9.47/hr	\$13.40	\$13.80	\$14.21
Business Overhead	50%	50%	50%
<b>Calculated minimum fee:</b>	<b>\$176.12</b>	<b>\$181.40</b>	<b>\$186.84</b>
<b>Proposed fee:</b>	<b>Actual cost</b>	<b>Actual cost</b>	<b>Actual cost</b>
<b>Proposed minimum fee:</b>	<b>\$177.00</b>	<b>\$182.00</b>	<b>\$187.00</b>

**Estimated income per annum:** **\$5,000**

## Service: Water Service Connection Fee

**Common Service:** No - GCC service No. 34

**Monopoly Service:** Yes

<b>Frequency:</b>	20 - 25mm meter	1,000 Per Annum
	32mm meter or greater	100 Per Annum
<b>Current Fee:</b>	20 - 25mm meter	\$300 (incl. admin. fee)
	32mm or greater	\$38 administration fee + quoted actual cost

### Narrative:

Connect water services to new or redeveloped premises and upsize/downsize services to existing premises on application.

### Outline of Service:

- ❖ Receive application and review the completeness of detail provided;
- ❖ Site inspection;
- ❖ Preparation of a quotation, where required;
- ❖ Liaison with applicant regarding site conditions or details on application including timing of connection;
- ❖ Send quotation to applicant;
- ❖ Receive payment;
- ❖ Install connection;
- ❖ Record details of connection for rating purposes.

### Fee Justification - up to 25 mm connection:

<b>Process</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
Administration fee - receipt monies, process documents and assign crew 80 mins @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$40.02	\$41.22	\$42.46
Install meter (2 crew members) 3.5 hrs @ @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$105.05	\$108.20	\$111.45
Vehicle (crew truck) costs 1.75 hrs @ \$8.93/hr, \$9.20/hr, \$9.47/hr	\$15.63	\$16.10	\$16.58
Equipment (CPI)	\$46.35	\$47.74	\$49.17
Business Overhead	50%	50%	50%
<b>Calculated fee:</b>	<b>\$310.58</b>	<b>\$319.89</b>	<b>\$329.49</b>
<b>Proposed fee:</b>	<b>\$311.00</b>	<b>\$320.00</b>	<b>\$330.00</b>

### ***Fee Justification - 32mm meter or greater***

<b><i>Process</i></b>	<b><i>2006/07</i></b>	<b><i>2007/08</i></b>	<b><i>2008/09</i></b>
Administration fee - receipt monies, process documents and assign crew 80 mins @ \$30.02/hr, \$30.92/hr, \$31.84/hr	\$40.02	\$41.22	\$42.46
Install meter - quoted actual cost (including labour, vehicle costs, materials and business overhead)	Quote	Quote	Quote
<b><i>Calculated fee:</i></b>	<b><i>\$40.02 + quote</i></b>	<b><i>\$41.22 + quote</i></b>	<b><i>\$42.46 + quote</i></b>
<b><i>Proposed fee:</i></b>	<b><i>\$41.00 + quote*</i></b>	<b><i>\$42.00 + quote*</i></b>	<b><i>\$43.00 + quote*</i></b>

***\*Quoted actual cost to install meter > 25mm***

***Estimated income per annum:***

***\$520,000 - \$550,000***



## **APPENDIX D**

### TRADE WASTE CHARGES FOR 2006/07 to 2008/09

Submission by Gosford City Council

October 2005

## CHARGING STRUCTURE

As per May 2005 Determination; Trade Waste charges shall be levied as described in following equations.

### Category 1 Dischargers

Payment of total trade waste fees and charges as follows

$$TW1 = A + I$$

Where:- TW1 = Total annual trade waste fees and charges  
 A = Annual trade waste agreement fee (\$)  
 I = Re-inspection fee (\$) (where required)

### Category 2 Dischargers

Payment of trade waste fees and charges as follows

$$TW2 = A + I + C \times Uctw \times TWDF$$

Where:- TW2 = Total annual trade waste fees and charges  
 A = Annual trade waste agreement fee (\$)  
 I = Re-inspection fee (\$) (where required)  
 C = Customers annual water consumption (kL)  
 Uctw = Trade waste usage charge (\$/kL)  
 TWDF = Trade waste discharge factor

### Category 3 Dischargers

Payment of trade waste fees and charges being the maximum of :-

$$TW3 = A + I + EMC$$

Where:- A = Annual trade waste agreement fee (\$)  
 I = Re-inspection fee (\$) (where required)  
 EMC = Total excess mass charge.

or TW2.

### Trade Waste usage charge

In line with the Department of Energy Utilities & Sustainability (DEUS) Best Practice Guidelines and IPART May 2005 Determination, Gosford City Council currently applies a trade waste usage charge of \$1.30 / kL. Council seeks to increase this charge by CPI over each of the 3 years of this pricing proposal.

### Pollutant Charge

In line with the Department of Energy Utilities & Sustainability (DEUS) Best Practice Guidelines and IPART May 2005 Determination Gosford City Council applies Excess Mass Charges for non-complying liquid trade waste as per the table below. Limits for pollutants are set out in Gosford City Council Liquid Trade Waste Policy. Council seeks to increase this charge/pollutant by CPI over each of the 3 years of this pricing proposal.

POLLUTANT	Excess Mass Charge /kg 2005/06	Excess Mass Charge /kg 2006/07	Excess Mass Charge /kg 2007/08	Excess Mass Charge /kg 2008/09
Aluminium (Al)	\$0.54	+ CPI <sub>1</sub> *	+ CPI <sub>2</sub> *	+ CPI <sub>3</sub> *
Ammonia (as N)	\$1.60	+ CPI <sub>1</sub>	+ CPI <sub>2</sub>	+ CPI <sub>3</sub>
Arsenic (As)	\$54.00	+ CPI <sub>1</sub>	+ CPI <sub>2</sub>	+ CPI <sub>3</sub>
Barium (Ba)	\$27.00	+ CPI <sub>1</sub>	+ CPI <sub>2</sub>	+ CPI <sub>3</sub>
Biological Oxygen Demand (BOD <sub>5</sub> )	\$1.30	+ CPI <sub>1</sub>	+ CPI <sub>2</sub>	+ CPI <sub>3</sub>
Boron (B)	\$0.54	+ CPI <sub>1</sub>	+ CPI <sub>2</sub>	+ CPI <sub>3</sub>
Bromine (Br <sub>2</sub> )	\$11.00	+ CPI <sub>1</sub>	+ CPI <sub>2</sub>	+ CPI <sub>3</sub>
Cadmium (Cd)	\$250.00	+ CPI <sub>1</sub>	+ CPI <sub>2</sub>	+ CPI <sub>3</sub>
Chlorinated Hydrocarbons	\$27.00	+ CPI <sub>1</sub>	+ CPI <sub>2</sub>	+ CPI <sub>3</sub>
Chlorinated Phenolics	\$1,100	+ CPI <sub>1</sub>	+ CPI <sub>2</sub>	+ CPI <sub>3</sub>
Chloride	No charge	+ CPI <sub>1</sub>	+ CPI <sub>2</sub>	+ CPI <sub>3</sub>
Chlorine (Cl <sub>2</sub> )	\$1.10	+ CPI <sub>1</sub>	+ CPI <sub>2</sub>	+ CPI <sub>3</sub>
Chromium (Cr) (Total)#	\$18.00	+ CPI <sub>1</sub>	+ CPI <sub>2</sub>	+ CPI <sub>3</sub>
Cobalt (Co)	\$11.00	+ CPI <sub>1</sub>	+ CPI <sub>2</sub>	+ CPI <sub>3</sub>
Copper (Cu)	\$11.00	+ CPI <sub>1</sub>	+ CPI <sub>2</sub>	+ CPI <sub>3</sub>
Cyanide	\$54.00	+ CPI <sub>1</sub>	+ CPI <sub>2</sub>	+ CPI <sub>3</sub>
Fluoride (F)	\$2.70	+ CPI <sub>1</sub>	+ CPI <sub>2</sub>	+ CPI <sub>3</sub>
Formaldehyde	\$1.10	+ CPI <sub>1</sub>	+ CPI <sub>2</sub>	+ CPI <sub>3</sub>
Grease	\$6.68	+ CPI <sub>1</sub>	+ CPI <sub>2</sub>	+ CPI <sub>3</sub>
Herbicides/Weedicides/Fungicides	\$540.00	+ CPI <sub>1</sub>	+ CPI <sub>2</sub>	+ CPI <sub>3</sub>
Iron (Fe)	\$1.10	+ CPI <sub>1</sub>	+ CPI <sub>2</sub>	+ CPI <sub>3</sub>
Lead (Pb)	\$27.00	+ CPI <sub>1</sub>	+ CPI <sub>2</sub>	+ CPI <sub>3</sub>
Lithium (Li)	\$5.40	+ CPI <sub>1</sub>	+ CPI <sub>2</sub>	+ CPI <sub>3</sub>
Methylene Blue Active Substances (MBAS)	\$0.54	+ CPI <sub>1</sub>	+ CPI <sub>2</sub>	+ CPI <sub>3</sub>
Manganese (Mn)	\$5.40	+ CPI <sub>1</sub>	+ CPI <sub>2</sub>	+ CPI <sub>3</sub>
Mercury (Hg)	\$1,800	+ CPI <sub>1</sub>	+ CPI <sub>2</sub>	+ CPI <sub>3</sub>
Molybdenum (Mo)	\$0.54	+ CPI <sub>1</sub>	+ CPI <sub>2</sub>	+ CPI <sub>3</sub>
Nickel (Ni)	\$18.00	+ CPI <sub>1</sub>	+ CPI <sub>2</sub>	+ CPI <sub>3</sub>
Nitrogen (N) (Total Kjeldahl Nitrogen)	\$0.14	+ CPI <sub>1</sub>	+ CPI <sub>2</sub>	+ CPI <sub>3</sub>
Pentachlorophenol	\$1,100	+ CPI <sub>1</sub>	+ CPI <sub>2</sub>	+ CPI <sub>3</sub>
Pesticides – General	\$540	+ CPI <sub>1</sub>	+ CPI <sub>2</sub>	+ CPI <sub>3</sub>
Pesticides – Organochlorine	\$540	+ CPI <sub>1</sub>	+ CPI <sub>2</sub>	+ CPI <sub>3</sub>
Pesticides – Organophosphate	\$540	+ CPI <sub>1</sub>	+ CPI <sub>2</sub>	+ CPI <sub>3</sub>
PCB	\$540	+ CPI <sub>1</sub>	+ CPI <sub>2</sub>	+ CPI <sub>3</sub>
Petroleum Hydrocarbons (non-flammable)	\$1.80	+ CPI <sub>1</sub>	+ CPI <sub>2</sub>	+ CPI <sub>3</sub>
pH>10, or pH<7	\$0.54	+ CPI <sub>1</sub>	+ CPI <sub>2</sub>	+ CPI <sub>3</sub>
Phenolic Compounds (excl. chlorinated)	\$5.40	+ CPI <sub>1</sub>	+ CPI <sub>2</sub>	+ CPI <sub>3</sub>
Phosphorus (Total)	\$1.10	+ CPI <sub>1</sub>	+ CPI <sub>2</sub>	+ CPI <sub>3</sub>
Polynuclear Aromatic Hydrocarbons (PAH)	\$11.00	+ CPI <sub>1</sub>	+ CPI <sub>2</sub>	+ CPI <sub>3</sub>
Selenium (Se)	\$38.00	+ CPI <sub>1</sub>	+ CPI <sub>2</sub>	+ CPI <sub>3</sub>
Silver (Ag)	\$11.00	+ CPI <sub>1</sub>	+ CPI <sub>2</sub>	+ CPI <sub>3</sub>
Sulphate (SO <sub>4</sub> )	\$0.11	+ CPI <sub>1</sub>	+ CPI <sub>2</sub>	+ CPI <sub>3</sub>
Sulphide (S)	\$1.10	+ CPI <sub>1</sub>	+ CPI <sub>2</sub>	+ CPI <sub>3</sub>
Sulphite (SO <sub>3</sub> )	\$1.10	+ CPI <sub>1</sub>	+ CPI <sub>2</sub>	+ CPI <sub>3</sub>
Suspended Solids (SS or NFR)	\$1.30	+ CPI <sub>1</sub>	+ CPI <sub>2</sub>	+ CPI <sub>3</sub>
Temperature	No charge	+ CPI <sub>1</sub>	+ CPI <sub>2</sub>	+ CPI <sub>3</sub>
Tin (Sn)	\$5.40	+ CPI <sub>1</sub>	+ CPI <sub>2</sub>	+ CPI <sub>3</sub>
Total Dissolved Solids	\$0.04	+ CPI <sub>1</sub>	+ CPI <sub>2</sub>	+ CPI <sub>3</sub>
Zinc (Zn)	\$11.00	+ CPI <sub>1</sub>	+ CPI <sub>2</sub>	+ CPI <sub>3</sub>

\* CPI<sub>1</sub>, CPI<sub>2</sub> and CPI<sub>3</sub> as calculated under IPART formula and applied to previous year's charge.

### Septic/Portaloo/Mobile Cleaning Charge

In line with DEUS Model Licence and Best Practice Guidelines and IPART May 2005 Determination Gosford City Council applies a charge for accepting septic, portaloo & mobile cleaning effluent at Council sewage disposal sites. Council seeks to increase the current \$11.00/KL charge by CPI over each of the 3 years of this pricing proposal.

### Other Liquid Wastes Transported by Disposal Contractors

In line with DEUS Model Licence and Best Practice Guidelines and IPART May 2005 Determination Gosford City Council applies a charge for accepting other liquid wastes at Council sewage disposal sites. Council seeks to increase the current \$1.20/KL charge by CPI over each of the 3 years of this pricing proposal.

### Trade Waste Agreement Fee

In line with DEUS Model Licence and Best Practice Guidelines and IPART May 2005 Determination Gosford City Council charges an annual Trade Waste Agreement Fee. Council seeks to increase the current \$66.63 charge (excl. GST) by CPI over each of the 3 years of this pricing proposal.

### Liquid Trade Waste Re-inspection Fee

Gosford City Council proposes a revaluation of the current level of the Trade Waste Re-inspection Fee to reflect proper cost recovery.

#### ***Fee Justification - Liquid Trade Waste Re-inspection Fee:***

<b><i>Process</i></b>	<b><i>2006/07</i></b>	<b><i>2007/08</i></b>	<b><i>2008/09</i></b>
Re-inspection 2hrs @ \$36.23/hr, \$37.31/hr, \$38.43/hr	\$72.45	\$74.62	\$76.86
Vehicle costs 1 hr @ \$5.05/hr, \$5.20/hr, \$5.35/hr	\$5.05	\$5.20	\$5.35
Business Overhead	50%	50%	50%
<b><i>Calculated fee:</i></b>	<b><i>\$116.25</i></b>	<b><i>\$119.73</i></b>	<b><i>\$123.32</i></b>
<b><i>GST</i></b>	<b><i>\$11.63</i></b>	<b><i>\$11.97</i></b>	<b><i>12.33</i></b>
<b><i>Calculated fee + GST</i></b>	<b><i>\$127.88</i></b>	<b><i>\$131.70</i></b>	<b><i>\$135.65</i></b>
<b><i>Proposed fee + GST:</i></b>	<b><i>\$127.90</i></b>	<b><i>\$131.70</i></b>	<b><i>\$135.70</i></b>

### Charge for Lack of Pre-treatment Facility

Where Gosford City Council is aware of connected businesses not having pre-treatment facilities as required by Gosford City Council's Liquid Trade Waste Policy or the DEUS Model Policy and that business type, Council charges offending businesses \$11.00/kL (based on metered water usage or discharge flow meter reading) in line with DEUS Model Policy and Best Practice Guidelines and IPART May 2005 Determination. Council seeks to increase the current \$11.00/KL charge by CPI over each of the 3 years of this pricing proposal.

### Impact of the Proposed Pricing Structure

#### **Trade Waste Pollutant Charge**

The impact of the proposed increase to the Trade Waste Pollutant charge/excess mass charge is minimal, as only CPI increases have been sought. All companies have the opportunity to apply improved liquid trade waste practices to minimise any impact of the proposed price changes. Good liquid trade waste management is critical to minimising damage to Council infrastructure and reducing the risk to safety of Council employees.

It is estimated that the total additional revenue raised by the proposed prices charge will be in the order of \$300 per annum.

#### **Septic/Portaloo/Mobile Cleaning Charge**

Proposed annual CPI increase to septic charge will raise additional revenue in the order of \$100 per annum i.e. minimal impact to dischargers.

Proposed annual CPI increase to Portaloo/Mobile cleaning charge will raise additional revenue in the order of \$20 per annum i.e. minimal impact to dischargers.

#### **Other Liquid Wastes Transported by Disposal Contractors**

Proposed annual CPI increase to other liquid waste charge will raise additional revenue in the order of \$10 per annum i.e. minimal impact to dischargers.

#### **Trade Waste Re-inspection Fee**

Currently Council conducts 50 re-inspections per year. Proposed annual award increase (and CPI increase in vehicle costs) to the trade waste re-inspection fee will raise additional revenue in the order of \$200 per annum i.e. minimal impact to dischargers.

#### **Charge for Lack of Pre-treatment**

There are a small number of businesses likely to be affected by this charge. If these companies install pre-treatment no additional revenue will be raised. Proposed annual CPI increase to the lack of pre-treatment charge will raise additional revenue in the order of \$100 per annum. This is seen as representing minimal impact.

#### **Summary**

Gosford City Council is committed to negotiating better business practices with all of its commercial customers to ensure the integrity and protection of our staff and sewerage infrastructure. If businesses do not wish to comply with Liquid Trade Waste Policy and quality standards then Council seeks opportunity to appropriately charge such companies as per the DEUS Model Licence and Best Practice Guidelines and IPART May 2005 Determination, and to maintain parity with Sydney Water and Hunter Water Corporations.